

BASEBALL AND THE AMERICAN CITY:

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

By

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<http://www.stadiummouse.com/>

ANALYSIS

The key is finding the right site. As long as the right site is chosen where traffic and environmental impact will not be an issue, for the most part people are in favor of such structures. It is always beneficial to attract and draw people to the city. Certain projects once built can bring a lifetime of recurring revenue to the city that will help build infrastructure in the future. Imagine the revenue that would be lost if, for example, the Flushing Meadows tennis stadiums were never built or if there never was a Yankee Stadium in New York City. As long as the proper site and revenue sources are chosen, building such facilities is a plus.

-- Michael Abel (Questionnaire response)

All across the nation, local officials are being asked to support the construction of major sports stadiums, at taxpayer expense; the New York/New Jersey region is no different. There are currently seven different proposals to build new stadiums under consideration in the New York/New Jersey region. They include:

- A proposal to build a new stadium for the New York Yankees (baseball)
- A proposal to build a new stadium for the New York Mets (baseball)
- A proposal to build a new stadium for the New York Jets (football)
- A proposal to build a new arena for the New Jersey Nets and New Jersey Devils (basketball/hockey)
- A proposal to redevelop and enhance the Meadowlands Complex (multi-sport)
- A proposal to replace the Nassau Coliseum (home to the New York Islanders/hockey)
- A proposal to replace Madison Square Garden (home to the New York Knicks and New York Rangers – multi-use).

Mayor Giuliani's January 1999 Preliminary Financial Plan earmarked \$882 million for stadium projects for Fiscal Years 2000-2004.¹ In announcing his budget for the 2001-2001 Fiscal Year, Giuliani "would not say how much of the three stadiums' \$2.2 billion price tag the city would fund."² Former New Jersey Governor Christine Todd Whitman offered to provide \$215 million towards the construction of a new arena in Newark. Nassau County has proposed an even three-way split between county, state, and team for a new \$210 million Islanders hockey arena; the team is insisting on a higher public subsidy.

To date, none of the proposed projects have been agreed upon, and debate continues over which proposals are most deserving of public funding, and which projects are best for the region. At a press conference on April 25, 2001, Mayor Giuliani said he was "very close to completing" the lengthy stadium talks after finally figuring out the complicated financing puzzle. But, he continued "I'm not foolish enough to give you a ballpark estimate when I'm in negotiations with the Mets, Yankees and who knows who else."³

¹ Budget Plan available online at <http://www.ci.nyc.ny.us/html/omb/html/budpubs.html>

² Wilner, Richard and Seifman, David. "Rudy Lookin' to Turn Triple Play." *New York Post* (April 26, 2001)

³ Ibid.

What remains, is to identify what critical economic, political, and social questions need to be asked about local stadium and arena construction projects, and more importantly, determine how each of these projects addresses those questions.

BACKGROUND: New Baseball Stadiums

The New York/New Jersey region is home to two major league baseball franchises: the New York Yankees who play at Yankee Stadium in the Bronx, and the New York Mets, who play at Shea Stadium in Queens.

Yankee Stadium was originally constructed in 1923 and remodeled during the 1970's. In addition to being home to 26 World Championship baseball teams, Yankee Stadium has played host to boxing, music concerts, and was an important stop for religious conventions including major conventions of the Jehovah's Witnesses in 1950. The New York football Giants called Yankee Stadium home from 1956 through 1973 as well. Shea Stadium, named for attorney William Shea, who was instrumental in bringing a NL expansion franchise to New York in 1962, was constructed in 1964 and was home to the New York Jets football team for many years before becoming solely the Mets' home stadium. It is circular, but unenclosed in the outfield, and features natural grass, symmetrical fences, and baseball's largest scoreboard behind the right-centerfield fence.

The owners of the New York Mets, whose lease at Shea Stadium expires in 2004, have proposed that a new stadium with a retractable roof be built for them adjacent to the existing ballpark. In addition to building the new stadium, Mets President and Chief Executive Fred Wilpon has proposed that Shea Stadium be retrofitted into an 80,000-seat football stadium suitable for an NFL team. The Mets have requested significant public financing for this project, which is estimated to cost approximately \$500 million. Mayor Guiliani has said that the City of New York would offer to pay one-third of the costs of a new stadium and that one-third would be contributed by the State of New York. The Mets would be responsible for the remaining costs.

In April 1996, a private consultant hired by the New York Yankees proposed the construction of a dual sport facility to be shared with the New York Jets (see below). After surveying four different sites, the Yankees determined an underdeveloped lot along the Hudson River (known as the West Side Rail Yards) would generate the most stadium revenue and to produce the most overall economic development. The study estimated the cost of constructing a dual-sport facility to be just over \$1 billion; baseball-only stadium to be roughly \$800 million.

NOTE: The New Jersey Sports and Exposition Authority gave the Yankees a plan for a new baseball-only stadium that would hold about 50,000 people and cost about 50 percent less than a multipurpose sports stadium in Manhattan. No action has been taken on this proposal, but Yankees owner George Steinbrenner has threatened to move the team to New Jersey if a new stadium is not built for the Yankees in Manhattan.

In addition, Bronx Borough President Fernando Ferrer offered his own alternative proposal for upgrading Yankee Stadium, focused on maximizing the impact the Yankees (and Yankee Stadium) have on the South Bronx neighborhood where the stadium is presently located. At an estimated cost of \$535 million, Ferrer's "Yankee Village Plan" features a restored and modernized stadium, major access and parking improvements, a revitalized neighborhood and a year-round regional shopping complex. On April 25, 2001, Guiliani claimed "the Yankees will remain in The Bronx in a 'beautiful new stadium,'"⁴ but stopped short of endorsing Ferrer's plan.

BACKGROUND: New Football Stadium

The New York Jets, who currently play at the Meadowlands complex in New Jersey, have proposed the construction of a new stadium on the Upper West Side of Manhattan. As discussed above, one such plan involves sharing a dual-sport facility with the Yankees. The Jets proposal includes a 75,000-seat pro football stadium, an expansion of the Jacob Javits Convention Center to 1.6 million square feet, and significant surface and below ground (i.e. subway) transportation improvements. According to local officials, the redeveloped area would serve centerpiece of New York's bid for the 2012 Olympics. The proposal is expected to cost nearly \$1 billion with taxpayers picking up approximately two-thirds of the tab.

The facility would be operated in conjunction with the Javits Convention Center, creating a new facility that could host major events including the NCAA Final Four and the Super Bowl, as well as large conventions and similar events that are currently beyond the capacity of any facility in the region. Reports indicate that stadium design plans include a retractable roof and a "turf farm" for sunning removable sections of natural stadium grass, and could be converted within 24 hours to exhibition space and would be connected to the Javits Center by a footbridge over 34th Street.

BACKGROUND: New Newark Arena

The proposal for a new sports and entertainment center is the most dramatic piece of a full-scale urban renewal in downtown Newark. The New Jersey Nets (NBA) and New Jersey Devils (NHL), who currently play at Continental Airlines Arena at the Meadowlands, have agreed to relocate to Newark if a new arena is built.

Former governor Christine Todd Whitman agreed to give YankeeNets, owners of the Nets and Devils (as well as the New York Yankees), \$125 million in cash and tax breaks toward a proposed \$325 million arena; the plan

also called for an additional \$90 million in county and city funding, and required 25-year leases and a non-competition agreement with the state-owned Continental Airlines Arena. However, acting Governor Donald DiFrancesco disavowed the agreement, indicating that he wanted to review it and make his own deal. Now, the YankeeNets have asked for \$300 million, which includes road improvements, cash, low-interest loans and tax breaks. Further, they have given the State until the end of this year to cut a deal on the financing, or may consider moving the teams out of the region. Prudential Insurance has promised to lead an investment group that will provide up to \$170 million in financing for a new arena in Newark, including \$80 million of its own money.

Alternative Proposals. The Devils originally proposed the construction of a new single-use arena in Hoboken as part of a \$270 million entertainment and retail development. The arena would have 18,500 seats, 100 luxury suites, and 3,000 club seats and theme restaurants. It would open by 2003. The Devils say they will invest \$200 million in the project and want the public to pay \$30 million. Private investors will put up parking structures, retail and theater space.

BACKGROUND: Other Proposals

The Meadowlands. Opened in 1971, the Meadowlands instantly became a regional magnet for the sports, racing and entertainment, hosting more than 800 events annually. The facility, located approximately 5 miles from the edge of Manhattan, is home to Giants Stadium (where the Jets and Giants play) as well as the Continental Airlines Arena, (where the Nets and Devils play). “The Meadowlands is the only Sports Complex with five major professional sports franchises resulting in the largest critical mass of sports organizations in one location in the world which totaled \$116,000,000 in gross ticket sales in 1998.”⁵ In total, the complex generates some \$950 million in economic activity in the region, and supports thousands of jobs.

The New Jersey Sports and Exposition Authority (NJSEA) has proposed a master-plan including the construction of a new arena and the remodeling of Giants Stadium. Funding for the new \$200 million Arena adjacent to Giants Stadium and for the family sports and entertainment center on the existing Arena site would come from the private sector. \$72 million in parking, traffic, and infrastructure improvements which will be considered for public funding within the context of a negotiated agreement to privately fund the Arena. The economic impact of the “New” Meadowlands is estimated to be in excess of \$1.9 billion. Significantly more jobs will be created, resulting in approximately 12,750 full-time equivalent jobs compared to the current 7,590. State sales and income taxes would be expected to increase by \$24.2 million to \$82.2 million in 1998 dollars.

⁴ Wilner, Richard and Seifman, David. “Rudy Lookin’ to Turn Triple Play.” *New York Post* (April 26, 2001)

Madison Square Garden: The New York Knicks (NBA) and New York Rangers (NHL) currently play at Madison Square Garden, the busiest and self-proclaimed “most famous arena in the world,” which opened in 1968. Cablevision Systems Corp., which owns both teams and the arena, says it plans to build a new arena on the same site or over the nearby rail yards on the West Side of Manhattan (the site proposed for the Yankees and/or Jets stadium). Investor Harvey Schulweis and developer Jerry Speyer are reportedly negotiating with the National Basketball Association for a 33-floor office tower, to be built in conjunction with the \$315 million redevelopment of Penn Station (in the ex-Post Office building at the corner of 34th Street and 7th Avenue).⁶ Proposals for a new Madison Square Garden complex were shelved until plans for Penn Station, which currently lies below Madison Square Garden, were completed.

Nassau Coliseum. The New York Islanders (NHL) call Nassau Veterans Memorial Coliseum, at the end of Long Island, home, albeit reluctantly. The multi-use facility was built on Mitchel Field Army/Air Force base, and opened in 1972 at a cost of 32 million dollars. In 1998, the Islanders moved out of Nassau Coliseum claiming the facility was unsafe. A state judge ordered the team to return to Nassau Coliseum, ruling that the building was safe to play in. Local officials agree that the arena is outdated and near condemnation – the team's owners are demanding a new arena, but have refused to pay one-third of construction costs, as requested by the county. Nassau County has proposed an even three-way split between county, state, and team for a new \$210 million Islanders hockey arena; the team is insisting on a higher public subsidy.

ANALYSIS: Economic

There is no area in the nation like the New York/New Jersey region -- home to a population of nearly eight million, (about 8% of the national population), the region also features the largest media market in the world. That said, proposals to build new stadiums or arenas in the local area are no different than proposals to build similar facilities elsewhere.

Teams in the New York/New Jersey region are high-revenue operations, because of the region's huge fan base and television audience. The Yankees are the richest team in baseball, earning \$28 million more than any other team in Major League Baseball in 1996 as well as sporting the highest payroll as well as the greatest value of any baseball team at \$491 million; the Mets are not far behind with \$249 million, ranking them 10th⁷. Still, New York's Independent Budget Office (IBO) estimates that the Mets and the Yankees generate only about \$14 million for the city's treasury – approximately 0.04 percent of the total city budget.⁸ Meanwhile, the NJSEA

⁵ New Jersey Sports & Exposition Authority Annual Report, 1998 - available online at <http://www.njsea.com/98annual/>

⁶ Council on Tall Buildings and Urban Habitat - <http://www.lehigh.edu/%7Einctbuh/inctbuh.html>

⁷ Fortune Magazine.

⁸ New York Independent Budget Office - Double Play: The economics and Financing of Stadiums for the Yankees and Mets. Available online at <http://www.ibo.nyc.ny.us/>

estimates that New Jersey collects \$58 million a year in sales and income tax from the entire Meadowlands complex, including the Giants, Jets, Nets, Devils, concerts and other events, but acknowledges that most of that revenue comes from the lower profile facilities such as the Meadowlands Racetrack.⁹

Proponents of constructing the new stadiums argue that there are significant economic benefits. They claim linking a new Yankees/Jets stadium to the convention center generates \$7.7 million annually. Added to the football game benefits of \$14.6 million, this yields total benefits of \$22.2 million.¹⁰ All told, the city and state stand to gain \$6 billion in business, \$800 million tax money a year, and 33,000 new jobs, not including hotel employees at new hotels and restaurants that locate in the area.¹¹ Additionally, a new Yankees/Jets stadium and the potential redevelopment of Shea Stadium (assuming a new stadium is constructed for the team), create venues that could host “major events.” The economic benefits from gaining one such events are clear; the City of San Diego, which has played host to events ranging from the 1992 America’s Cup, Major League Baseball All-Star Game, the Super Bowl and the 1996 Republican National Convention estimate benefits nearing \$300 million annually from major events¹²

Bronx Borough President Fernando Ferrer calls the Yankees/Guiliani proposal the “West Side Gambit.” Ferrer argues that “increased traffic, (10,000 more cars estimated), would overwhelm the West Side Highway on game days. Congestion would be compounded when events at the stadium coincided with events at Madison Square Garden and/or the Javits Center...West Side businesses and theaters would likewise suffer from impaired access, congestion and competition for scarce parking resources.”¹³ In addition, Ferrer notes that “it is unlikely that most of the fans from Long Island, New Jersey, Westchester, Connecticut and upstate, who now drive to Yankee Stadium and park within four blocks of the stadium, would ride trains or buses to Grand Central, Penn Station or the Port Authority and travel down and/or cross-town by foot, bus or subway.”¹⁴

Economic Benefit: Local Teams. Like most cities considering stadiums construction, it is likely that teams in the region will benefit financially from their the construction of a new sports facility. Consider that baseball stadiums typically receive a public subsidy of 71 percent of building costs. If this share were to hold true for New York City’s planned facilities for the Yankees and Mets, New York’s taxpayers would be forced to pay a \$55 subsidy – enough to meet the Yankees payroll for 6.5 years and that of the Mets for 3 years.¹⁵ Meanwhile,

⁹ The Sporting News – “New York, New Jersey fight over the Giants.”
<http://fantasy.sportingnews.com/nfl/articles/20010119/288844.html>

¹⁰ Citizens Budget Commission Report - <http://www.cbcny.org/lettersandmemos/stadium990421main.html>

¹¹ Dyer, John, “The Jets and the Javits.” (West Side Spirit – March 22, 2001).

¹² City of San Diego Fiscal Report 2001 – available online at
<http://www.sannet.gov/budget/annual/volume1/pdf/v1profile.pdf>

¹³ Ferrer, Fernando. “West Side Gambit,” in Yankee Village Plan. Available online at
<http://www.bpferrer.org/Yankees/Gambit.asp>

¹⁴ *ibid.*

¹⁵ Gessing, Paul J. “Public Funding of Sports Stadiums: Ballpark Boondoggle.” National Taxpayers Institute Policy Paper No. 133 -- February 28, 2001

Mark Rosentraub says the Yankees could afford to finance a new stadium costing as much as \$500 million and still make a profit of \$7 million to \$32 million a year. While other teams with sweetheart leases make as much or more inside their new stadiums, the Yankees also earned \$69.8 million from their radio and television contracts, twice as much as any other team.¹⁶

Economic Benefit: Local Community. One benefit of Mayor Guiliani's financing proposals – for the Yankees, Mets and/or Jets stadiums (individually or collectively) -- is that the individual taxpayers will not be targeted as much as they have been in other cities. Seattle and Denver, for example, increased local sales taxes, the hotel and/or rental car tax, the tax on tobacco products and/or increased parking fees to bankroll stadium development, targeting visitors to their city, but also affecting local residents. Guiliani's plan, by contrast, calls for an expansion of the commercial rent tax -- assessed on about 11,000 Manhattan businesses that pay at least \$100,000 a year in rent. That money would be channeled to an independent agency that would oversee stadium construction, subject to approval by the City Council.

The plan for the Nets and Devils to move from the Continental Airlines Arena at the Meadowlands to a newly constructed facility in Newark, by contrast, has potential to create economic activity in Newark as well as maximize the economic success of the teams themselves, by increasing attendance and local marketing opportunities. Newark is in the midst of a revival, with new business and entertainment interests slowly moving back into the city. The presence of a new sports arena and two major sports franchises will surely speed up that process and bring new economic benefits with it. Additionally, among the commitments made by local as well as state and federal officials is for significant infrastructure repairs including road and light rail construction, which will facilitate commerce in Newark above and beyond just the interest generated by the new arena.

A new arena in Newark is nearly certain to generate more interest, and more revenue, than a re-development of the Meadowlands, for two reasons. First, "the Meadowlands is on the edge of a huge market," but lacks the dining and recreation activities that will compel people to expand their visit to the area. Unlike the proposal in Newark, where infrastructure plans will proceed without the construction of the new arena, the Meadowlands has received no commitments from state or federal agencies to make the necessary rail and/or road improvements needed to spur the necessary growth. Second, the most successful components of the Meadowland complex are not the major sports events at Giants Stadium or the Continental Airlines arena, but rather the special events at both and other related events including horseracing, concerts and major events. For example, in 1998, the Meadowlands racetrack generated \$ 81,653 compared to only \$35, 756 for Giants

¹⁶ Mark S. Rosentraub, "Why Baseball Needs New York to Just Say No," *Nation*, August 10 & 17, 1998.

Stadium and \$ 39,403 for the arena.¹⁷ NJSEA Director John Samerjean adds: “the summer concert business is the biggest off-season seller.”

ANALYSIS: Political

New York City is the largest city in the country and is recognized as a leader in the worlds of finance, theater, international affairs, and of course, sports. Despite its reputation and size, New York City is not immune to the issues that plague other cities in relation to stadium and arena construction, nor can it ignore the political considerations that must be made in order to ensure stadiums construction benefits not only the sports teams, but the taxpayers who are asked to contribute to their construction.

Urban Development. The proposed neighborhood for the construction of a new Yankees/Jets stadium already features a dense network of commercial and residential interests, In addition, significant redevelopment is already underway – as a result of the Penn Station project as well as ongoing development in the Times Square area. In other words, arguments that the Upper West Side would suffer without the construction of a new facility and/or the expansion of the Javits Center are exaggerated. Meanwhile, the Bronx neighborhood where Yankee Stadium is located has developed around the stadium – both economically and culturally. The loss of Yankee stadium would have a significant impact. Simply, removing Yankee Stadium from the Bronx would have dire effects on the development of the area, and the placement of either team on the Upper West Side could have very destructive effects on the local community, most notably car and foot traffic.

Meanwhile, in New Jersey, the re-development of downtown Newark is proceeding rapidly –with or without the construction of the new arena. Economic and social problems over the past several decades that have plagued America's third oldest city and New Jersey's largest urban community have given way to new signs of growth and renewal – crime rates are at historically low levels, commercial activity is healthy, property values are rising, and investors are injecting capital back into the economy.¹⁸ Already Newark features the new New Jersey Performing Arts Center and a new minor league baseball stadium for the Newark Bears that have put Newark back on the map as a cultural destination. And, with upgrades to Newark's seven highway systems (I-280, I-78, I-95 (NJ Turnpike), Garden State Parkway, U.S. Routes 1 and 9 and Route 21) and enhancements to light and regional rail being planned and underway, Newark is rapidly becoming the destination city for northern New Jersey. Total bricks and mortar investment in Newark between 1995 and 2010 is estimated to total several hundred million dollars per square mile – with or without the construction of a new downtown

¹⁷ NJSEA Annual Report 1998 “Statements of Revenues and Expenses Years ended December 31, 1998.” – available online at <http://www.njsea.com/98annual/statement1.html>

¹⁸ Newark Sports & Entertainment, LLC, “The Case for a Newark Sports and Entertainment Center.” (McKinsey & Company 1999.) page 8

arena. The construction of a new arena in Newark would act as only one component of the already existing urban development scheme.

The opposite is true for planned redevelopment of the Meadowlands and the construction of a new arena for the Islanders. In each of these cases the construction of the sports facility is the leading interest in the development plan. Simply, the team(s) that occupy the stadium are the primary party requesting the redevelopment (the Nets & Devils for example will relocate from the Meadowlands without the construction of a new arena there; the Islanders have already left once), and therefore have trouble justifying the benefits a new facility will provide to fans – who, for the most part, are visiting these facilities less and less over time.

Political Priority and process. Officials in both New York City and the State of New Jersey face tough decisions in terms of public financing of sports infrastructure; their actions could define the strength of the region for the next decade. In New York, Mayor Giuliani has already committed significant public funds to the construction of a new stadium for the Yankees, Mets and Jets, as well as offered his interest and support in plans for a new Madison Square Garden. However, plans will not likely be considered or approved until after the next mayor is elected. All four Democratic candidates for Mayor support the local sports teams, but stop short of supporting the public financing for new stadiums in Manhattan. Most notably, New York City Public Advocate and (current) Democratic frontrunner Mark Green is on the record opposing a new stadium in downtown Manhattan saying “it’s time to...start looking to a future where New York builds on its competitive advantages beyond just Manhattan.”¹⁹ And, as mentioned above, Bronx Borough President and mayoral candidate Fernando Ferrer has proposed an economic investment plan for the neighborhood surrounding Yankee Stadium as opposed to the construction of a new facility.

Local officials in Newark as well as around the state have lent their support to the plan to build a new arena and move the Nets and Devils to Newark. Additionally, since the state is not facing the loss of any of the benefits that it currently receives from hosting the two teams (because neither is planning to relocate outside the state assuming the arena plan is approved), the decision appears to be much easier than those faced by local officials in other cities. Acting Governor Donald DiFrancesco, who still has to decide whether or not to allow a plan already approved by Governor Whitman (prior to her leaving office to head the EPA) announced he would not seek re-election to his position, removing much of the political pressures that would have been associated with a state-wide campaign. Still, it is not known whether DiFrancesco will agree to the Yankee/Nets proposal, or even meet their deadline.

What is known, and can be considered by both local officials in New York and New Jersey, is that sports is important to local citizens. The construction of new stadiums at taxpayer expense is considerably less popular. In August 1998, an overwhelming majority of City Council Members supported keeping the New York

¹⁹ Green, Mark. Announcing report: “Downtown Brooklyn 2015: A Plan to Grow New York’s Third Central Business District” Speech, November 15, 2000.

Yankees in the Bronx by overriding Mayor Giuliani's veto of a proposal to create a referendum to ask voters if they want to spend city funds to build a new stadium for the New York Yankees in Manhattan.²⁰ A November 2000 Quinnipiac poll showed that, citywide, New Yorkers oppose the use of tax dollars to build a new West Side stadium for the Olympics and the Jets by a 71-25 percent split.²¹ In New Jersey, a Star-Ledger/Eagleton poll showed that "71 percent of New Jersey's residents oppose a move if it means closing the Continental Airlines Arena."²² The poll indicated that Nets fans were more supportive than Devils fans.

ANALYSIS: Social

As in most cases, many of the factors that ultimately determine whether or not local officials in New York and New Jersey supply public funds approve plans to build new stadiums will not be quantifiable. Among the considerations local officials will have to consider will be the effect of stadium construction on the region's "major league status," the preservation of each team's fan base," and whether or not the effect on team performance realized by a team after moving into a new facility, justifies the costs.

Major League City Status. The least debatable of all the arguments about stadiums construction in the New York/New Jersey region is that any noticeable percentage of the support for the region as the "Sports Capital of the World," would erode if the proposals for new stadiums were not adopted. "New York City is the number one international tourist destination world wide," and a record 39.4 million visitors are expected in 2001. The city's tourism board added "nearly 40 percent of all domestic visitors and 70 percent of all overseas visitors participated in a cultural activity while in New York City, supporting more than 131,000 jobs and bringing in nearly \$14 billion in direct spending."²³ In other words, anything short of the impossible – all eight professional sports team relocating to another region – is unlikely to tarnish New York City's standing in the eyes of the world..

Newark is quite the opposite. In 1967, Newark had the nation's highest percentage of bad housing; the heaviest per capita tax burden; the highest rates of maternal mortality and new cases of tuberculosis; the most crime per 100,000 people; second in birth rate and infant mortality; and ranked seventh in the number of drug addicts.²⁴ Shortly thereafter, the city erupted in some of the nation's worst rioting. Thirty-three years later, the

²⁰ New York City Council

²¹ Mobilizing the Region: A publication of the tri-state transportation campaign (no. 229 – December 26, 2000). "Trains, Parking Critical to West Side Plans, But a Priority for Anyone but Developers?"

²² Jordan, George E., and Guy Sterling. "Moving Nets to Newark has few Jersey fans: most don't want state to fund arena in city." *Newark Star-Ledger*, Sunday, January 24, 1999, pp.21, 22

²³ Office of the Mayor - Press Release: New York City 1997 Tourism numbers at all-time high as 33 million international and domestic travelers visited." Available online at <http://www.ci.nyc.ny.us/html/om/html/2000b/pr466-00.html>

²⁴ History of Newark

editorial page of the New York Times proclaimed “Newark is finally, and unmistakably, back.”²⁵ The Newark Star Ledger explained, “large corporations are moving to Newark, families are returning to Newark, and new developments on the way.”²⁶ In addition, Newark has always been a great baseball town – and recently revived its historical minor league franchise, the Newark Bears, supported by a new \$30 million ballpark. In other words, Newark is on the rise, and the construction of a new arena could secure the City as a regional powerhouse.

Team Performance and Fan Base. Sports fans in New York and New Jersey are passionate about their teams. No statistical evidence is needed to support that; anecdotal evidence abounds. The diversity of Yankees and Mets fans is well noted, in many ways reflecting the diverse makeup of the neighborhoods in which they play. Fans who attend Giants, Jets, Nets and Devils are decidedly less diverse, a product of the suburban location of their facilities – the Meadowlands – some five miles from the edge of Manhattan.

One justification for spending public dollars on stadium construction is the value of the stadiums to the teams' fans. New stadiums constructed across the United States during the 1990s have yielded sharp, sustained increases in attendance, proving they are popular attractions. But such improvements are hardly needed for the local sports teams. The Yankees have drawn more than three million fans in each of the past two seasons and won four of the past five World Series in aging Yankee Stadium. The Mets attracted nearly three million people last season at Shea, when they won the National League pennant. Similarly, the Knicks and the Rangers consistently sell out Madison Square Garden, even when they play badly, while the Jets and the Giants have long waiting lists for season tickets at Giants Stadium in East Rutherford, N.J., where both teams play.

At the same time, the IBO found estimate 67 percent of Yankees fans live outside the city and nearly 61 percent of Mets fans are non-city residents – a factor attributed mostly to the rising costs of sports that, which tends to price out local, and minority residents (See Appendices 4A, 5A). Because new stadiums are expected to increase attendance and stadium revenue, the annual take from non-city residents should increase as well. Either way, the cost of new or substantially renovated stadiums, however, is likely to exceed those revenue amounts as more benefits are realized by the citizens living beyond the neighborhood immediately surrounding the stadium.

In New Jersey, the construction of a more dedicated fan base for the Nets and Devils is a realistic and achievable goal. The Devils, who have won two Stanley Cup trophies in recent years, have enjoyed a substantial increase in attendance of late, and attracting a record 641,340 for the 2000-2001 season.²⁷ Meanwhile, the Nets have seen a consistent drop off in attendance over the past several seasons, resulting in

²⁵ *New York Times*, February 2, 2001

²⁶ *Newark Star-Ledger*; February 2, 2001

²⁷ New Jersey Devils

levels that rank below the league average.²⁸ Not surprisingly, a recent Star-Ledger/Eagleton Poll showed that a majority of Nets fans think a new arena in Newark is a good idea, but a larger number of fans say they would be “more likely” than “less likely” to go to Newark to see a game if the team moved from the Meadowlands. Meanwhile, just four-in-ten Devils fans think moving to a new arena is a good idea. And a greater number of fans say they would be “less likely” rather than “more likely” to go see a game if the team moved from its home in the Meadowlands.²⁹

Recommendations

There are no easy choices for the local officials or citizens in the New York/New Jersey region in terms of new stadium construction for their teams. Local officials in both New York City and New Jersey will have to decide on how much to spend on new stadiums. The city's other spending needs and its overall fiscal condition must be considerations as well.

The proposed stadiums – individually and collectively – follow the same patterns, and include many of the same components, of sports construction projects across the nation. Each plan is based on a series of risky economic projections, that other stadiums projects have proven cannot be sustained. Most of the projects either overstate their potential role as a part of neighborhood or regional development scheme or underestimate the potential negative effects the construction of their new facility will cause. And, because of both the diversity of the local populations and the diversity of interests represented in the New York/New Jersey region, it is unlikely that new sports construction projects can live up to the expectations in terms of community development and fan unity that other teams realize when their projects come to fruition.

That said, there are some aspects of each project that offer benefits to the fans, the teams, and the community at large and should be considered for a limited amount of public funding. For instance, Yankee Stadium could benefit from significant renovation and Shea Stadium could arguably be replaced. Both teams have enjoyed success in recent years, and new and/or redeveloped facilities would theoretically allow the teams to sustain that success and provide for a better experience for fans. More importantly, however, the neighborhoods surrounding both stadiums deserve enhancement – and the proposal offered by Ferrer is the most viable to date.

Since the Mets seem more willing to support their initiative with private funds, the priority should be given to that project. Still, the IBO offers the most interesting of alternatives for the construction of new baseball stadiums explaining, “it might make the most fiscal sense to build one stadium and have the teams share it.”

²⁸ New Jersey Nets

²⁹ “Sports Stars Wars: Where to Build the New Arena(s).” *Newark Star-Ledger*, Sunday, May 23rd, 2000

“While undoubtedly controversial,” they add, “such a plan would be possible because...the teams rarely play home games on the same day.”³⁰

As far as the Jets are concerned, it is hard to argue that the “Men in Green” do not deserve their own stadium. Currently the Jets share a stadium with one of their chief regional rivals. Further, the Javits Center is in need of an expansion, and New York would be a terrific host for an Olympic games. However, constructing a massive sports complex on the Upper West Side of Manhattan has greater potential for harm than for benefit. The costs – an estimated \$1 billion, as well as increased congestion and potential for neighborhood destruction -- are simply too high. Instead, significant funds should be invested to build the Jets a new facility at, or near, the Meadowlands as well as provide sufficient transportation infrastructure and development to make for an enjoyable facility.

The most exciting of the possible plans is the placement of a new arena in Newark. From an economic standpoint, a privately funded arena with ancillary support from local, state and federal governments provides the most protection to taxpayers. Additionally, because Newark’s development is already proceeding rapidly-- with little concern given to whether or not the Nets and Devils will choose to relocate – proves that the placement of an arena would serve as an enhancement of a regional development plan, and not the anchor of it. Most importantly, perhaps, Newark provides a new and emerging market for the National Basketball Association and the National Hockey League, and in return can provide Newark with the attention and recognition that they deserve after nearly 35 years in the shadows.

³⁰ IBO – Double Play