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Experts say Major League Soccer in Austin not the ‘cash cow’ city officials think

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The attorney general of Ohio and the city of Columbus early this week filed a [lawsuit](#) to prevent the owners of the professional soccer team, Columbus Crew SC, from moving their franchise to Austin.

The move was not unexpected in Columbus, where high powered state and local politicians have stepped in to save one of the original and still very popular Major League Soccer franchises.

All it has done in Austin is further confuse officials at the highest levels in the city, who remain open, even enthusiastic, about the idea of a professional sports franchise in the largest American city without one, but who complain they have been given precious little information to know if the project is going to cost taxpayers \$25 or \$250 million.

“I can’t help thinking we’re being gamed here, with these people playing Austin off of Columbus,” Richard DePalma, vice-chairman of the Austin Parks and Recreation Board, told The Texas Monitor. “We haven’t seen anything yet, not a real package for consideration. We definitely need more information.”

Austin Mayor Steve Adler [told the Austin American-Statesman last week](#) he thinks a deal can get done, although he provided no specifics for how that might happen

“I think soccer would be very important for our community because it would bring our city together,” he said Thursday. “Putting this in a park is a heavy lift. But my sense is that we are going to find a place that works for everybody.”

At the time of publication, Adler had not responded to a request by The Texas Monitor for an interview.

In his [statement](#) on the lawsuit, Columbus Mayor Andrew Ginther inadvertently offered up information that has been missing on the Austin end of the discussion. “The team,” he said, “plays in a taxpayer-supported facility, and Precourt Sports Ventures and Major League Soccer have accepted financial assistance from the state of Ohio and the City of Columbus. State law provides us with this protection.”

No one has so far broached the subject and it would be unlikely the state of Texas would offer any support for a local sports project. But after six months of speculation, no one in Austin city government has provided more than framework for how any of this would work.

Anthony Precourt, president of Precourt Sports Ventures, owner of the Columbus Crew, has so far promised only good things for Austin. “Based on our analysis,” he said in a statement he issued on Feb. 27, “ a public-private partnership of this nature could deliver community benefits in excess of \$400 million in the club’s first 25 years, in the form of community investments, park improvements, soccer wellness and programming, wages and construction services, among others.”

Precourt has insisted from the start his company is prepared to find \$200 million in private financing for a “world-class” soccer park and grounds. That is, if the company and the city of Austin can agree on the right site.

“As we have said from the onset of this exploratory process, a location in the vibrant urban core where people live, work, and play is of paramount importance,” he said in his statement. “This stadium location is a critical driver to the club’s long-term success.”

A call by The Texas Monitor to Richard Suttle, an Austin attorney representing Precourt Ventures as a lobbyist, for comment was not returned.

Given that there has been so little tangible information, Austin officials have busied themselves trying to find a suitable location for the stadium. The city Parks and Recreation Department developed a list of eight potential sites, including the Toney Burger Activity Center, a high school football and soccer stadium not owned by the city.

Precourt Ventures submitted to the city a very preliminary plan to build a 20,000-seat stadium on one of the proposed sites, Butler Shores, a large park with a lovely location on the Colorado River, just west of Auditorium Shores and the Palmer Events Center.

In less than two months, the plan was dead, killed by citizen groups and led by Ann Kitchen, the council member representing the area. “Parks are a legacy for the people of Austin’s future and losing valuable parkland for private, for-profit uses is not appropriate for our city,” Kitchen wrote at the time.

After agitated neighbors jammed City Hall to voice their displeasure, the Parks Board voted 11-0 to take the 400-acre Roy Guerrero Metropolitan Park on the city’s east side off of the list.

DePalma said he and other board members were piqued the Parks and Recreation Department didn’t consult the board before creating the list. “We’ve been absolutely left out of the process so far,” he said. “So far it’s been frustrating.”

DePalma likes the idea of professional soccer in Austin. He understands why the promise of a larger, younger market would be a lure for Precourt Ventures. But with the growing population decreasing the ratio of park land acres to people, “I don’t think it will ever be a community benefit to put park land on the table.”

The issue much larger than an appropriate site is whether or not Austin is prepared to support a professional soccer franchise, Andrew Zimbalist, an economics professor and sports industry expert at Smith College told The Texas Monitor.

Having been shown a summary of what Precourt has so far outlined, Zimbalist said it would be impossible for Austin to make any informed decisions. “I didn’t have enough detail to make head or tail of their outlandish claims.”

Zimbalist has studied dozens of examples of arrangements between municipalities and different sports franchises and found precious few whose economic impact offset its costs. “It’s virtually unanimous that as a general proposition it can’t work.”

The libertarian Cato Institute has tracked the bad deals cities have endured to lure and keep franchises for nearly 20 years. As Cato fellow Raymond Keating concluded in one groundbreaking early study, “The results of studies on changes in the economy resulting from the presence of stadiums, arenas, and sports teams show no positive economic impact from professional sports — or a possible negative effect.”

A five-part series done for The American Spectator by the Taxpayers Protection Alliance last year on the largest subsidy ever for a sports franchise – \$750 million to bring the NFL to Las Vegas – predicts the pain will linger on for years for the taxpayers underwriting it.

The Alliance built its series on a 2015 study detailing how professional sports franchises failed time and again to keep their promises of economic stimulus to the cities they’ve looted.

“It’s the most blatant form of corporate welfare we see,” David Williams, president of the Alliance in Washington, D.C. told The Texas Monitor. “Taxpayers should not be funding sports stadiums for any sports.”

Williams says this as a season ticket holder for the United, D.C.’s Major League Soccer franchise. He’s been a United fan since 1997, but opposed the more than \$150 million the district gave up in land value and infrastructure for the stadium site.

“I’m not some anti-soccer guy, I’m an anti-subsidy guy,” Williams said. “This is not going to be some cash cow for Austin. It’s not a good deal for Austin and it’s not a good deal for Texas.”

It’s one thing to be dazzled by the promise of a major league football, basketball or baseball franchise. It’s another to covet a team in what is, by overall estimates, the seventh most popular American sports league.

When MLS opened the bidding for an expansion franchise in December, cities tripped over one another making promises. Cincinnati pledged up to \$75 million in tax money for infrastructure and helped secured \$200 million in private funds to build a stadium. Sacramento estimated its taxpayer cost at \$46 million and Nashville \$25 million.

Austin was not even among the top 10 cities considered for expansion by MLS.

The league itself has been losing money for years, even though its franchise values are soaring, according to a story in Reason in August. “That business model and this financial trajectory

suggests that MLS's sea of red ink is either a loss leader or a Ponzi scheme," author Neil deMause, whose book, *Field of Schemes*, details stadium boondoggles, told Deadspin.

It's unlikely the evidence from the league's past or the history of sports stadiums in other cities, or the latest lawsuit will halt discussions between the owners of the Crew and the city of Austin.

"We are going to need a lot more before we can make any reasonable decisions," DePalma said. "And we won't be pressured. "We're not going to give everything away under this froth of having to do something right away."