

Arlington plays the stadium game with fear and arrogance

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December 5, 2016

It's that Bart Giamatti time of year.

Baseball, the late commissioner and professor Renaissance literature, famously observed, “is designed to break your heart. The game begins in the spring, when everything else begins again, and it blossoms in the summer, filling the afternoons and evenings, and then as soon as the chill rains come, it stops and leaves you to face the fall all alone.”

Publicly financed baseball stadiums are a lot like that, too. At least the “break your heart” part.

But that doesn't seem to stop voters from signing up for the heartbreak.

Last month Arlington residents approved a city bond issue to pay for half of a new \$1 billion retractable-roof stadium for the Texas Rangers. The yes side won almost 60 percent of the vote. The ballpark is expected to open in 2020 or 2021.

City and team officials worked hard and spent freely to persuade voters the stadium was a good idea, even though the Rangers current home — Globe Life Park — is only 22 years old. *The Dallas Morning News* reported pro-stadium forces spent more than \$1 million during the campaign, including a \$500,000 donation from the Rangers. Stadium opponents spent a little more than \$7,000.

As Crash Davis explained to Nuke LaLoosh, the stadium game — like baseball itself — must be played with fear and arrogance.

The fear is that a city's beloved team will abscond to another locale. In this case, the other locale was just Dallas, only a few miles up the pike, but civic pride knows no bounds, especially in Texas.

The arrogance is the persistent assurance that new stadiums bring new economic development and serve as engines for growth.

Study after study after study has shown that not to be the case.

“The presence of pro sports teams had a statistically significant negative impact on the level of real per capita income in our sample of metropolitan areas,” the authors of a Cato Institute study wrote more than a decade ago, as Washington, D.C., was contemplating building a new

ballpark for the recently relocated Nationals. “The presence of pro sports teams had a statistically significant negative impact on the retail and services sectors of the local economy. The average effect on employment in the services sector of a city’s economy was a net loss of 1,924 jobs as a result of the presence of a professional sports team.”

This was an issue the region struggled with after building two other venues.

Opponents of the new ballpark in Arlington argued that city officials broke their own promises over how much economic development would happen once AT&T Stadium, home of the Dallas Cowboys, opened for business in 2009. *The Dallas Morning News* has also chronicled Dallas’ struggle to get economic activity booming in Victory Park, near the American Airlines Center, home of the NBA’s Mavericks and NHL’s Stars.

“Touted as one of the biggest urban renewal projects in the country, Victory Park replaced an old rail yard, power plant and grain elevators on the northwest corner of downtown,” *DMN’s Steve Brown wrote* in June. “And a decision to focus initially on high-end retailers and restaurants didn’t sit well with consumers. A decade since the original grand opening, Victory Park 2.0 is hoping for a second chance at success.”

This goes along with what the CATO authors suggested in 2004 on how sports stadiums and the economy don’t always mix.

“Dubbed by economists John Siegfried and Andrew Zimbalist as the ‘leakages and multipliers’ effect, the theory suggests that — to the extent sport spending has a multiplier effect at all — spending on sports may have a much lower local multiplier than spending on other entertainment goods,” the Cato study found. “In other words, non-sports entertainment spending has a bigger ripple effect in the economy than sports-related entertainment spending. Therefore, the economic gains from sports-related spending will never be large enough to fully offset the economic loss from a decline in non-sports entertainment spending.”

The agreement between Arlington and the Rangers calls for a 50-50 split of the costs of the \$1 billion stadium project. But more than half of the Rangers’ costs are expected to be covered by surcharges on event tickets and parking, although no final decision has been made on that. Proponents and opponents disagree over whether those new fees are effectively a tax — they’ll be borne by the public, but only by people who go to games. If those fees are counted as part of the public’s portion, the split would be closer to 80-20 than 50-50.

“If it really is a tax and could be used by the municipality, then in essence it’s just transferring revenue from the public sector to the private sector,” Villanova University professor Rick Eckstein told WFAA. “There’s a sleight of hand here. There’s verbal gymnastics going on.”

That’s the arrogance part.

As for the fear, it was spelled with a big D, little A, double L, A-S.

“On several occasions, I did meet with [Dallas] Mayor [Mike] Rawlings, who was interested in gauging the Rangers’ interest in considering a move to Dallas at some point in the future,”

Rangers minority owner Ken Hersh told the *Fort Worth Star-Telegram*. “There was no real urgency to the discussion.”

That didn’t stop stadium supporters from warning about Dallas’ interest in Arlington’s baseball team, and using the city’s heavy hitters to make the point.

“Fortune 500 companies that might buy boxes or rent suites are mostly based in the ‘sweet spot’ of the market from downtown Dallas north to Plano and Frisco along both sides of the Dallas North Tollway,” *Star-Telegram* columnist Bud Kennedy wrote days before the election. “Major League Baseball has been solely an Arlington experience. It’s at risk of becoming an Arlington memory.”

Instead, thanks to a half-cent sales tax, 2 percent hotel occupancy tax and 5 percent car rental tax that will pay off the city bond over 30 years, baseball in Arlington will continue to bloom in the spring and blossom in the summer through at least 2053.

Why?

“It’s like we want to show it’s a real city, so we have these big sports teams and that shows that we’re for real,” economist Joel Kotkin from the Center for Opportunity Urbanism said after looking at the campaign in Arlington. “It may be a way to position a region to be important. That’s always been one of the lures of these things.”

Image overpowers reality, politicians promise too much, and voila, you have a sparkling new stadium.

Once the games begin, people tend to forget about the costs, which tend to rise beyond projections.

“In Atlanta, costs of the Falcons’ new stadium have risen to \$1.4 billion from \$950 million,” said Jason Pye, the Georgia-based director of communications for Freedom Works. “Because Atlanta Mayor Kasim Reed spent political capital on corporate welfare for the Falcons, the Braves — who also wanted a new stadium — went to the Cobb County government to seek funding for a new stadium. Cobb County obliged, committing to \$300 million of the \$672 million project.”

Hamilton County, Ohio borrowed more than \$300 million to pay for the Cincinnati Bengals and Cincinnati Reds stadiums, which opened in 2000 and 2003. Nashville borrowed \$10 million last year to cover cost overruns for the Nashville Sounds minor league ballpark. And, lest one get the idea this is a uniquely American phenomenon, the city of London is launching an investigation of persistent cost overruns for refurbishing West Ham United’s stadium.

In Arlington’s case, the Master Agreement puts the onus for cost overruns on the team, although the Rangers can ask the city to pay upfront and then be reimbursed.

Both sides have the right to audit the finances of the other, so there is at least some promise of financial transparency.

But that really depends on whether the data is made public. If it is, then both sides can be held accountable for how much the project ends up costing. If the data is kept private, then the public may never know how much of their money is going to the new ballpark in Arlington.

Then voters will indeed be left to face the fall all alone.