

# One Development Project, Two Economic Tales: The St. Louis Cardinals' Busch Stadium and Ballpark Village

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## Introduction

This article focuses primarily on the interrelated economic development project of the St. Louis Cardinals' new Busch Stadium (2006) and Ballpark Village (2014). While the new Busch Stadium officially opened on April 10, 2006, and Ballpark Village officially opened on March 27, 2014, nearly eight years later, since the opening of Ballpark Village only included the completion of Phase 1, this interrelated development is actually ongoing and yet to reach fully planned and promised project completion. While originally proposed and envisioned as one simultaneous but layered project, the building and realization of the two entities eventually became two separate but interrelated projects, resulting in public financing of both. Through this evolution, the overall economic development project changed dramatically, including key actors, funding, design, and goals. This research examines both the individual and combined economic impact, both tangible and intangible, of the two entities, including in regard to sustainability.<sup>1</sup>

## Economics of Professional Sports

This section focuses on the big four major league sports: Major League Baseball (MLB), National Basketball Association (NBA), National Football

League, and National Hockey League (NHL). Relative to the ongoing subsidization of these leagues, particularly stadiums/arenas, Raymond J. Keating, who serves as chief economist with the Small Business & Entrepreneurship Council (SBE Council), argues:

What is the most subsidized industry in all of America? Arguably, it is an industry dominated by small and mid-sized businesses. I would say that the Kings of the subsidies game are the four major league sports—the National Football League (NFL), Major League Baseball (MLB), National Basketball Association (NBA), and the National Hockey League (NHL)—along with minor league baseball and hockey. After all, what other industries—other than those actually operated by the government, like public schools—have the government subsidize almost all of the buildings in which they operate? Answer: None. It's only pro sports.<sup>2</sup>

Regarding the stadium building boom that started in the 1980s, Adam M. Zaretsky, Economist at the Federal Reserve Bank of St. Louis, states:

Between 1987 and 1999, 55 stadiums and arenas were refurbished or built in the United States at a cost of more than \$8.7 billion. This figure, however, includes only the direct costs involved in the construction or refurbishment of the facilities, not the indirect costs—such as money cities might spend on improving or adding to the infrastructure needed to support the facilities. Of the \$8.7 billion in direct costs, about 57 percent—around \$5 billion—was

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<sup>1</sup> Much of this research builds on and complements the in-depth analysis of my dissertation, *The Impact of the Growth Machine on Public Financing of Professional Sports Facilities: The Case of the St. Louis Cardinals* and related research on LUTV's *Books 'N' Strikes*: <https://www.youtube.com/user/thericclick>.

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<sup>2</sup> Raymond J. Keating, "Taxpayers, Are You Ready for Some Football?" Small Business Survival Committee, Weekly Cybercolumn, The Entrepreneurial View #116, September 7, 2000 ([www.sbcs.org](http://www.sbcs.org)), quoted in Ansel M. Sharp, Charles A. Register, and Paul W. Grimes, *Economics of Social Issues*, 20th ed. (New York, NY: McGraw-Hill, 2013), 246.

financed with taxpayer money.<sup>3</sup>

Further, from 2000 to 2010, twenty-eight new stadiums were built for approximately \$10 billion, with \$5 billion coming from public funders. Thus, taxpayers covered nearly half the cost to either maintain or attract a team.<sup>4</sup>

While local or state officials, elected and non-elected, may often claim they are satisfying the demand for sports entertainment, their primary underlying argument is that these professional sports teams bring major league status to their communities. With this status, public officials argue teams bring positive local, state, regional, national and even possible global exposure, both in branding and marketing, which can translate to additional opportunities and revenue generation for local businesses. Thus, news jobs and business are attracted to the area.<sup>5</sup> However, Eric Click contends, “Regarding this public investment and the economic benefits of professional sporting facilities, academic studies have found little, perhaps even a negative economic effect, with investment simply being reallocated, not generated.”<sup>6</sup>

Even though very little economic evidence exists that public stadium investments generate new revenue from either local or non-local residents, including relative to tourism, the opposing belief is often propagated by the misuse of the “Multiplier Effect.” Zaretsky articulates, “Of the three circumstances described that purportedly generate new revenues, the third—funds keep turning over locally, thereby ‘creating’ new spending—is probably the most spurious from an economist’s viewpoint. Such a claim relies on what are called *multipliers*. Multipliers are factors that are used as a way of predicting the ‘total’ effect the creation of an additional job or the spending of an additional dollar

will have on a community’s economy.”<sup>7</sup> In 1976, economist Robert Lucas, who won the 1995 Nobel Prize in Economics, disproved the validity and applicability of the multiplier in macroeconomics, which is known as the “Lucas Critique.”<sup>8</sup> In essence, these multipliers are one giant variable generally calculated through many smaller variables (inputs), which can result in skewed and unreliable predicted outcomes—especially based upon who is calculating them and what they are being used for.

Since high-paying jobs are isolated to primarily the players and management, who may or may not live in the area throughout the year, the jobs created by professional sports franchises are generally low-paying seasonal service sector jobs.<sup>9</sup> Further, Sharp, Register and Grimes point out the occurrence of a “substitution effect,” stating, “Finally, when a new sports team arrives in town, a substitution effect will occur with respect to consumer spending. Local fans who purchase tickets, concessions, parking, and souvenirs will have less to spend on other forms of entertainment. Thus, fewer dollars are available for spending at businesses such as local restaurants, theaters, and bowling centers.”<sup>10</sup>

Despite the overall multi-billion dollar professional sports industry, including some teams valued at over \$1 billion, individual teams, not leagues, are relatively small businesses. Average team revenue in millions is: \$260.78 (NFL), \$204.57 (MLB), \$126.78 (NBA), and \$97.63 (NHL). Note, this is only revenue, not net income (revenue minus expenses). Hence, these numbers are small in comparison to the billions of dollars generated by individual market leading firms throughout the nation in corporate America.<sup>11</sup>

With public officials increasingly having a hard time justifying public stadium subsidies, the justification is moving beyond economics benefits (direct and tangible) to possible social benefits (indirect and intangible). Click contends, “Recently, since economic

<sup>3</sup> Adam M. Zaretsky, “Should cities pay for sports facilities?” *The Regional Economist*, (April 2001), accessed October 15, 2014), <http://www.stlouisfed.org/publications/re/articles/?id=468>.

<sup>4</sup> Ansel M. Sharp, Charles A. Register, and Paul W. Grimes, *Economics of Social Issues*, 20th ed. (New York, NY: McGraw-Hill, 2013), 246.

<sup>5</sup> Ibid.

<sup>6</sup> Eric Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities: The Case of the St. Louis Cardinals” (PhD diss., University of Texas Dallas, 2009), 8.

<sup>7</sup> Zaretsky, “Should cities pay for sports facilities?”

<sup>8</sup> Dennis Coates and Brad R. Humphreys, “The Growth Effects of Sport Franchises, Stadia and Arenas,” *Journal of Policy Analysis and Management* 18, no. 4 (Fall 1999): 603.

<sup>9</sup> Sharp, Register, and Grimes, *Economics of Social Issues*, 257.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid., 246 and 257.

benefits have not been adequate to justify public financing of professional sports facilities, analysts have explored intangible benefits (benefits beyond economic) to justify public investment. Intangible benefits include non-user benefit, non-use value benefit, indirect benefit, public good benefit, public externality, public good externality, public consumption externality, social benefit, or social spillover benefit.<sup>12</sup> Specific claims of possible intangible benefits include civic pride, reputation, and image, but placing a value on these benefits is daunting.<sup>13</sup> As a result, Sharp, Register and Grimes state, “Because the primary benefits of a professional sports team to its local community are intangible and hard to measure (how much is civic pride worth?), the debate concerning the use of public funds to support professional sports is likely to continue. However, many economists argue that public investments in new factories and schools would generate greater and longer-term economic returns to the community than investments in new stadiums and arenas.”<sup>14</sup>

Despite the complexity of measuring these intangibles, some scholars are using contingent valuation method (CVM) on professional sports teams/stadiums.<sup>15</sup> Since standard market-based valuations do not apply, CVM attempts to monetarily quantify public goods and services through hypothetical market values that ask respondents willingness to pay (WTP) for a non-market good or service.<sup>16</sup> Click states, “Further, even though CVM studies have found WTP for intangible benefits, total WTPs (intangible WTPs combined with tangible WTPs) have generally been far less than current public stadium subsidies.”<sup>17</sup>

In order to further understand not only the public stadium subsidies debate but also the overarching

professional sports subsidies debate, citizens and decision makers must also examine the unique structure of the four major league sports, particularly relative to their product and resource markets. While the leagues are comprised of contractually obligated teams, these member clubs are actually franchises that have “an exclusive right to product and market specific commercial goods and services within a specified geographic territory.”<sup>18</sup> The leagues are controlled by owners that hire a commissioner (non-owner), whose primary task is to serve the best interest of the league in daily operations. The league rules governing the relationship between teams and players most directly affect member club operations and prosperity.<sup>19</sup>

Professional sports operate in imperfect markets, which operate somewhere between competitive markets and monopolistic markets.<sup>20</sup> First, in the imperfect product markets, “buyers and sellers engage in the exchange of final goods and services.”<sup>21</sup> Teams cooperate through league rules to limit economic competition among member clubs.<sup>22</sup> As a result, Sharp, Register and Grimes write, “Professional sports leagues are economic cartels. Through the leagues, teams formally agree to behave as if they were one firm—a shared monopoly. By forming cartels, sports clubs can increase the joint profits for all members of the league by restricting output and increasing price relative to a competitive market. By sharing the joint profits from the sale of their output, leagues can ensure the long-term survival of member teams.”<sup>23</sup> Through cooperative joint marketing and revenue sharing, member team profits result from three primary revenue streams: ticket and concession sales, merchandising rights for team souvenirs and novelties, and radio and television broadcast rights.<sup>24</sup> Second, in the imperfect resource markets, “buyers and sellers engage in the exchange of the factors of production.”<sup>25</sup> As a result, Sharp, Register and Grimes comment:

<sup>12</sup> Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities,” 9.

<sup>13</sup> Ibid.

<sup>14</sup> Sharp, Register, and Grimes, *Economics of Social Issues*, 257.

<sup>15</sup> Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities,” 10-11.

<sup>16</sup> Richard W. Schweser, “An Examination of the Public Good Externalities of Professional Athletic Venues: Justifications for Public Financing,” *Public Budgeting and Finance* 27, no. 3 (September 2007): 97.

<sup>17</sup> Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities,” 11.

<sup>18</sup> Sharp, Register, and Grimes, *Economics of Social Issues*, 247.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid., 248.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid., 249.

<sup>23</sup> Ibid., 270.

<sup>24</sup> Ibid., 251.

<sup>25</sup> Ibid., 248.

In the resource market, professional sports leagues enforce employment rules that grant member clubs exclusive rights to player contracts. When a club holds the exclusive rights to contract with an athlete, the club is a monopsony—the single buyer of labor in the market. A monopsony is able to employ workers at wages below what would be observed in a competitive market. In recent years, professional athletes have the right to free agency, which reduces the monopsony power of the clubs. In response to free agency, the average salaries in professional athletes have dramatically increased. The size of a professional athlete's paycheck reflects the player's contribution to his club's revenue.<sup>26</sup>

Since the 1970s, professional athletes have fought the monopolistic powers of the league cartels. In response to team owners, players formed labor unions that are “a formal organization of workers that bargains on behalf of its members over the terms and conditions of employment.”<sup>27</sup> Labor disputes between the owners and players' unions sometimes result in strikes (labor work stoppages) or lockouts (management work stoppages). The stoppages primarily revolve around disagreements with salary caps. By attempting to limit team spending, player compensation is also limited, especially during free agency.<sup>28</sup> A free agent is “a player whose contract is no longer held exclusively by one professional sports club.”<sup>29</sup>

The league cartels can continue to operate due to their unique exceptions, especially baseball, relative to antitrust laws.<sup>30</sup> These laws are “legislation designed to promote market competition by outlawing and regulating anticompetitive business.”<sup>31</sup> In 1922, the Supreme Court ruled in *The Federal Baseball Club of Baltimore v. The National League of Professional Baseball Clubs* that interstate commerce does not apply to MLB, resulting in antitrust exemption and precedence that continues to be upheld in legal

challenges. While MLB's blanket exemption is not applicable to other professional sports leagues, additional legal precedence continues to grant limited antitrust exemption to other leagues. For example, the Sports Broadcasting Act of 1961 permits the leagues to sell game broadcast rights in a “package deal” instead of teams competing against each other for broadcasting. Legal precedence implies that a team's economic prosperity is dependent on the league's economic prosperity.<sup>32</sup> Further, recent debate involves the ability of leagues to control the number of teams, including expansion and contraction, and also location and relocation.<sup>33</sup> Regarding this issue in MLB and its impact on stadium funding, Zimbalist comments:

Further, the commissioner's office has not refrained from threatening host cities again and again that a team will be allowed to move (to a vacant, viable market) if it does not get funding for a new stadium. And the commissioner's Blue Ribbon Panel recommended that MLB follow a more lenient relocation policy. More recently, of course, the commissioner's office has added the threat of contraction.<sup>34</sup>

### Busch Stadium and Ballpark Village

In 2006, the St. Louis Cardinals' new Busch Stadium (Busch III) opened in MLB, costing approximately \$400 million. Public funding of 20-25% came from a combination of Missouri, St. Louis County, and St. Louis City governments through subsidies and/or incentives.<sup>35</sup> Regarding Mark Lamping, then president of the Cardinals, and Bill DeWitt Jr., principal owner of the Cardinals, Tritto observes:

In a last-minute scramble, the owners changed their plans. They had completed the sale of \$200.5 million in private bonds to finance the project. Now DeWitt Jr. decided to eliminate

<sup>26</sup> Sharp, Register, and Grimes, *Economics of Social Issues*, 270.

<sup>27</sup> *Ibid.*, 264.

<sup>28</sup> *Ibid.*, 262-264.

<sup>29</sup> *Ibid.*, 263.

<sup>30</sup> *Ibid.*, 249.

<sup>31</sup> *Ibid.*, 212.

<sup>32</sup> *Ibid.*, 249.

<sup>33</sup> *Ibid.*, 255.

<sup>34</sup> Andrew S. Zimbalist, “Baseball's Antitrust Exemption: Why It Still Matters,” *NINE: A Journal of Baseball History and Culture* 13, no. 1 (Fall 2004): 4.

<sup>35</sup> Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities,” 11.

Bank One from the equation and bump the owner's equity investment in the \$387.5 million park from \$43.5 million to \$90 million. The county's \$45 million loan, \$30.4 million in state tax credits and the \$12.3 million from the Missouri Department of Transportation would fund the balance of the project. DeWitt's understanding of the plan's financial components and his relationships in the banking industry kept the deal together, Lamping and DeWitt III said.<sup>36</sup>

Beyond the stadium, shortly after its completion and opening, per the Cardinal's agreement with the city, Ballpark Village was originally scheduled and required to break ground on a two-part construction project with commercial development as the first phase and residential development as the second phase. Originally, the Cardinals would have paid penalties for missing Ballpark Village building deadlines.<sup>37</sup> However, the Cardinals, along with co-developer Cordish Companies of Baltimore, have renegotiated Ballpark Village's overall terms and structure on multiple occasions with the city and state, most recently agreeing to current terms in 2012. These terms finally produced the actual construction and eventual opening of Ballpark Village in 2014.<sup>38</sup> Moreover, while the initial agreement did not have public subsidies for Ballpark Village, the newest agreement does, as Rivas asserts:

The project has received a generous amount of local and state subsidies. It received \$17 million in bonds from the Missouri Downtown Economic Stimulus Authority (MoDESA). The

city authorized a one-percent sales tax at Ballpark Village, which is expected to generate \$14 million over 25 years. About \$5.5 million of that sales revenue would go to the city and the rest to the developers. Ballpark Village also benefits from a St. Louis City TIF (tax increment financing), which also puts taxpayer money back into the project.<sup>39</sup>

Further, while the bonds are secured by the Cardinals and Cordish, beyond the first phase, in additional possible phases, if the developers hit project benchmarks on retail, office, residential and other offerings, state and local incentives could eventually hit \$183.5 million.<sup>40</sup>

Busch Stadium and Ballpark Village significant happenings include:

- 1) In September 1994, the August Busch III regime hires Mark Lamping as team president who hires Walt Jocketty as general manager (GM) who hires Tony LaRussa as manager.<sup>41</sup>
- 2) On March 21, 1996, the Gateway Group, Inc. purchases the Cardinals, which includes principal owner Bill DeWitt Jr. He has previous investments in the Baltimore Orioles, Cincinnati Reds, and Texas Rangers (the latter of which he was a co-owner with friend President George W. Bush). The \$150 million team purchase includes the stadium (Busch II), adjacent parking garages, and land. The group eventually sells the parking garages and land parcels for \$101 million for a \$49 million net cost. Additionally, August Busch III includes in the purchase \$8 million in stadium improvements, including eliminating artificial turf and returning to grass. In 2001, the estimated ownership group worth exceeded \$4 billion.<sup>42</sup>
- 3) In 1997, the Cardinals, led by Mark Lamping, first pitch the idea of a new ballpark, stressing stadium

<sup>36</sup> Christopher Tritto, "Ballpark MVP: Lamping Overcame Harsh Criticism, Political Wrangling to Make the New Busch a Reality," *St. Louis Business Journal*. March 12, 2006, accessed October 18, 2014, <http://www.stlouis.bizjournals.com/stlouis/stories/2006/03/13/foocus1.html>.

<sup>37</sup> Click, "The Impact of the Growth Machine on Public Financing of Professional Sports Facilities," 108.

<sup>38</sup> Tim Bryant, "What's Next for Ballpark Village?: Developers Say a Residential Tower and Office Buildings Could Come Later," *St. Louis Post-Dispatch*. March 23, 2014, accessed October 18, 2014, [http://www.stltoday.com/business/local/what-s-next-for-ballpark-village/article\\_93853c8f-15da-5861-a66b-e67368d988cc.html](http://www.stltoday.com/business/local/what-s-next-for-ballpark-village/article_93853c8f-15da-5861-a66b-e67368d988cc.html).

<sup>39</sup> Rebecca Rivas, "Millions in Ballpark Village Construction Dollars Not Monitored," *St. Louis American*. January 23, 2014, accessed October 18, 2014, [http://www.stlamerican.com/news/local\\_news/article\\_9b224d2e-83d1-11e3-8af9-001a4bcf887a.html](http://www.stlamerican.com/news/local_news/article_9b224d2e-83d1-11e3-8af9-001a4bcf887a.html).

<sup>40</sup> Bryant, "What's Next for Ballpark Village?"

<sup>41</sup> Click, "The Impact of the Growth Machine on Public Financing of Professional Sports Facilities," 74.

<sup>42</sup> *Ibid.*, 75-77.

- maintenance and improvement costs and proposing a public-private partnership to finance.<sup>43</sup>
- 4) In 2000, the Cardinals, with Mark Lamping, start to pursue public stadium funding in the state Legislature (Jefferson City, Missouri).<sup>44</sup>
  - 5) In May 2001, Fred Lindecke, retired political reporter for the *St. Louis Post-Dispatch*, and Jeannette Mott Oxford, grassroots coordinator and future state representative (D-St. Louis City), formed the Coalition Against Public Stadium Funding, encompassing members from all parties and backgrounds that were united by their opposition against “wasting tax revenue on subsidizing millionaires to build ball parks.” Throughout the summer, in St. Louis City, the coalition start circulating initiative petitions to get on the ballot an ordinance mandating a citywide vote for any public financing for a new ballpark or any professional sports facilities.<sup>45</sup>
  - 6) On June 19, 2001, the Cardinals sign a memorandum of understanding (MOU) with the St. Louis City, St. Louis County, and Missouri covering plans for the new Ballpark and Ballpark Village in the downtown.<sup>46</sup> Gov. Bob Holden, recently-elected Mayor Francis Slay, County Executive Buzz Westfall, and the Cardinals announce the tentative \$646 million redevelopment.<sup>47</sup>
  - 7) In early 2002, the Cardinals continue to pursue and lobby, including using lobbyists Tom McCarthy and Jon Bardgett, for public stadium funding through Mark Lamping in the state Legislature, but the Legislature (House) fails to vote on a \$100 million stadium funding bill package known as the Sport Center Redevelopment Act (SCRA). House Minority Leader Catherine Hanaway (R) and Representative Jim Foley (D) co-sponsored the 41-
- page failed bill with Peter Kinder (R-Cape Girardeau) leading the charge.<sup>48</sup>
- 8) By late May 2002, the Cardinals and Mark Lamping start to seriously pursue other financing options in locations outside of downtown St. Louis. By mid-June, the Cardinals have fifteen financing proposals, narrowing them down to nine sites (cities) by late August. Illinois Gov. George Ryan proposes five possible Metro East area sites: East St. Louis (two locations), Madison, Dupo, and Fairmont City. By late September, the East St. Louis Riverfront site of the Casino Queen emerges as the Illinois location, with a full plan in place calling for the Cardinals to pay \$103.9 million total and the state stadium authority to pay the remaining \$266.9 million of the \$370.8 million total cost.<sup>49</sup>
  - 9) In May 2002, the Coalition Against Public Stadium Funding submits petitions totaling 18,000 signatures to the St. Louis Election Board, with 14,000 found valid. The Coalition’s ordinance, Proposition S, qualifies for the November ballot voting.<sup>50</sup>
  - 10) On November 4, 2002, the Cardinals and the City of St. Louis sign a deal, including the finalization of two agreements. The agreements include penalties if the Cardinals sell the team or move after stadium completion, and also requirements to make available 486,000 tickets at \$12 a ticket in year 2000 dollars, redevelop two nearby stadium blocks for a \$60 million Ballpark Village, donate at least \$100,000 for neighborhood ballpark building, and donate 100,000 tickets to both St. Louis City and County youth and charitable organizations.<sup>51</sup> Further, by this point in the stadium funding process, nearly all articles regarding the stadium funding included a disclaimer, “Pulitzer Inc., which owns the *Post-Dispatch*, and Pulitzer’s chairman, Michael E.

<sup>43</sup> Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities,” 77.

<sup>44</sup> *Ibid.*, 78.

<sup>45</sup> Fred Lindecke, “Coalition Against Public Funding for Stadiums. Coalition Chronology,” (March 2009): 1.

<sup>46</sup> The Cordish Companies, “\$100 Million First Phase of Ballpark Village Opens,” media release, accessed October 18, 2014, [http://www.stlballparkvillage.com/images/press/Press%20Release\\_\\$100%20Million%20First%20Phase%20of%20Ballpark%20Village%20Opens\\_3.27.14.pdf](http://www.stlballparkvillage.com/images/press/Press%20Release_$100%20Million%20First%20Phase%20of%20Ballpark%20Village%20Opens_3.27.14.pdf).

<sup>47</sup> Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities,” 82.

<sup>48</sup> *Ibid.*, 80-88.

<sup>49</sup> Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities,” 88-89.

<sup>50</sup> Fred Lindecke, “Coalition Against Public Funding for Stadiums. Coalition Chronology,” 1.

<sup>51</sup> Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities,” 90.

- Pulitzer, are part-owners of the Cardinals. Their combined stake is slightly less than 4 percent.”<sup>52</sup>
- 11) On November 5, 2002, the Coalition Against Public Funding for Stadiums referendum passes (55 to 45 percent). The passage cannot affect the public financing passed the day before, but all future public professional sport facility assistance is affected.<sup>53</sup>
  - 12) In late 2002, the St. Louis Board of Aldermen rescinds the five percent amusement tax, clearing the way for redevelopment of land south of Busch Stadium. In November, the Missouri Developmental Finance Board (MDFB) approves \$29.5 million in tax credits for relocation costs of utilities and roads. In December, the Missouri Highways and Transportation Commission approves \$12.3 million for a highway ramp relocation for the new stadium.<sup>54</sup>
  - 13) In March 2003, the Coalition Against Public Funding for Stadiums begins work on an initiative petition in St. Louis County, proposing a charter amendment county-wide vote for any taxpayer-financed professional sports facility. The petition requires 25,000 voter signatures with signature distribution relative to the seven County Council districts.<sup>55</sup>
  - 14) By December 2003, the Cardinals had secured 10-year leases for corporate suites with annual income of \$135,000-\$180,000 for each. In late December, the Cardinals also complete the sale of \$200.5 million in private bonds and utilize \$90 million in owner’s equity investment to combine with St. Louis County’s \$45 million loan, \$30.4 million in Missouri tax credits, and the \$12.3 million from the Missouri Department of Transportation to finally fully fund the Busch Stadium/Ballpark Village Project.<sup>56</sup>
  - 15) On January 17, 2004, the Cardinals break ground on the new stadium.<sup>57</sup>
  - 16) In August 2004, the Coalition Against Public Funding for Stadiums files a petition with 35,000 signatures to the St. Louis County Election Board. On August 18, 2004, the St. Louis County Election Board certifies 30,000 valid signatures, resulting in the charter amendment, Proposition A, going onto the upcoming November 2 ballot.<sup>58</sup>
  - 17) In November, Proposition A passes 72 to 28 percent, being approved by 366,000 voters. Further, on November 17, 2004, bondholders, particularly UMB Bank, file suit in St. Louis County Circuit Court against the Coalition Against Public Funding for Stadiums. Fred Lindecke and state Representative Jeannette Mott Oxford are defendants/appellants. St. Louis County serves as a defendant/respondent. The bondholders seek declaratory judgment that Proposition A cannot be retroactively applicable to the Cardinals ballpark bonds.<sup>59</sup>
  - 18) On March 3, 2005, the court finds in favor of the bondholders with the Coalition appealing to the Missouri Court of Appeals. St. Louis County has already paid out \$2.3 million (2004) and \$2.4 million (2005) in bond costs.<sup>60</sup>
  - 19) On June 2, 2005, the Cardinals announce Cordish as co-developer on Ballpark Village.<sup>61</sup>
  - 20) On January 17, 2006, the Missouri Court of Appeals again finds in favor of the bondholders and not the Coalition Against Public Funding for Stadiums.<sup>62</sup>
  - 21) On April 10, 2006, the new Busch Stadium, with the stadium naming rights sold to Anheuser-Busch for twenty years, has its grand opening ceremony on MLB’s opening day.<sup>63</sup>

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<sup>52</sup> Heather Cole, “Cardinals, City Sign Stadium Deal on Day Before Election,” *St. Louis Business Journal*. May 25, 2002, accessed October 18, 2014, <http://www.stlouis.bizjournals.com/stlouis/stories/2002/11/11/story8.html>.

<sup>53</sup> Lindecke, “Coalition Against Public Funding for Stadiums,” 1.

<sup>54</sup> Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities,” 90-91.

<sup>55</sup> Lindecke, “Coalition Against Public Funding for Stadiums,” 2.

<sup>56</sup> Click, “The Impact of the Growth Machine on Public Financing of Professional Sports Facilities,” 91.

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<sup>57</sup> *Ibid.*

<sup>58</sup> Lindecke, “Coalition Against Public Funding for Stadiums,” 2.

<sup>59</sup> *Ibid.*, 3.

<sup>60</sup> *Ibid.*

<sup>61</sup> The Cordish Companies, “\$100 Million First Phase of Ballpark Village Opens.”

<sup>62</sup> Lindecke, “Coalition Against Public Funding for Stadiums,” 3.

<sup>63</sup> The Cordish Companies, “\$100 Million First Phase of Ballpark Village Opens.”

- 22) On May 3, 2006, the Missouri Supreme Court refuses to hear the Coalition's case.<sup>64</sup>
- 23) On October 27, 2006, Mayor Slay, and co-developers the Cardinals and Cordish announce initial Ballpark Village agreement.<sup>65</sup>
- 24) On September 23, 2007, Mayor Slay announces Centene, Clayton, Missouri, Fortune 500 healthcare-based corporation, will build a new headquarters in Ballpark Village, anchoring the development.<sup>66</sup>
- 25) In October 2007, the Cardinals fire GM Walt Jocketty and replace him with the assistant GM, John Mozeliak.<sup>67</sup>
- 26) In March 2008, Cardinals President Mark Lamping resigns to become chief executive of the New Meadowlands Stadium Company, which is responsible for building the new NFL's New York Giants and New York Jets stadium complex. The Cardinals replace him with Bill DeWitt III, son of Bill DeWitt Jr., who is the Cardinal's chairman of the board and general partner.<sup>68</sup>
- 27) On May 26, 2008, Centene announces it will no longer anchor or build new headquarters in Ballpark Village, instead choosing to look at options elsewhere.<sup>69</sup>
- 28) In July 2008, the Cardinals finally agree to fill in the giant mud hole in the Ballpark Village site.<sup>70</sup>

- 29) In April 2009, the Cardinals transform Ballpark Village site into a softball field and parking lot, which is available to rent.<sup>71</sup>
- 30) In July 2009, the Cardinals host the 2009 MLB All-Star Game and Week.<sup>72</sup>
- 31) On September 18, 2012, after the Missouri Downtown Economic Stimulus Act (MODESA) and then the St. Louis Board of Aldermen gave approval on back-to-back days in July, the Missouri Development Finance Board (MDFB) approves the Ballpark Village project, finalizing the \$17 million in bonds.<sup>73</sup>
- 32) On December 19, 2012, the co-developers of the Cardinals and Cordish finalize their most recent agreement with St. Louis City.<sup>74</sup>
- 33) On February 8, 2013, the co-developers break ground on the first phase of Ballpark Village.<sup>75</sup>
- 34) On March 27, 2014, the first phase of Ballpark Village opens, which is a 120,000 square-foot structure containing nine marque venues. The first phase includes development of the site infrastructure for possible future construction of the entire 10-acre site.<sup>76</sup>

In growth machine theory, elite actors unite in their common goal of growth, leveraging significant influence and power over land areas and non-elites.<sup>77</sup> Relative to the local growth coalition (LGC) components: public officials (strong: pro driver), media (moderately strong pro), corporations/businesses (weak pro), and Cardinals (strong pro: catalyst), Click concludes,

Regarding the push of the growth machine for public funding, public officials (driver) feared being blamed for the loss of an iconic

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<sup>64</sup> Lindecke, "Coalition Against Public Funding for Stadiums," 3.

<sup>65</sup> The Cordish Companies, "\$100 Million First Phase of Ballpark Village Opens."

<sup>66</sup> Ibid.

<sup>67</sup> Joe Strauss, "Familiar Name, Fresh Approach: Unabridged Mozeliak Presser," *St. Louis Post-Dispatch*. November 1, 2007, accessed October 18, 2014,

[http://www.stltoday.com/sports/baseball/professional/birdland/familiar-name-fresh-approach-unabridged-mozeliak-presser/article\\_934f066d-e7d8-5033-9d9e-c86fc9e1c2f5.html](http://www.stltoday.com/sports/baseball/professional/birdland/familiar-name-fresh-approach-unabridged-mozeliak-presser/article_934f066d-e7d8-5033-9d9e-c86fc9e1c2f5.html).

<sup>68</sup> St. Louis Business Journal, "Mark Lamping Resigns as Cardinals President, DeWitt III Named Replacement," *St. Louis Business Journal*. March 14, 2008, accessed October 18, 2014, <http://www.stlouis.bizjournals.com/stlouis/stories/2008/03/10/dayly79.html>.

<sup>69</sup> Lisa R. Brown, "Centene Pulls Out of Ballpark Village Development," *St. Louis Business Journal*. March 26, 2009, accessed October 18, 2014,

<http://www.stlouis.bizjournals.com/stlouis/stories/2008/03/24/dayly26.html>.

<sup>70</sup> Click, "The Impact of the Growth Machine on Public Financing of Professional Sports Facilities," 93.

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<sup>71</sup> Ibid.

<sup>72</sup> Ibid.

<sup>73</sup> Greta Weiderman, "Ballpark Village Project Approved, November Groundbreaking Planned," *St. Louis Business Journal*. September 18, 2012, accessed October 18, 2014, <http://www.bizjournals.com/stlouis/news/2012/09/18/ballpark-village-project-approved.html>.

<sup>74</sup> The Cordish Companies, "\$100 Million First Phase of Ballpark Village Opens."

<sup>75</sup> Ibid.

<sup>76</sup> Ibid.

<sup>77</sup> Click, "The Impact of the Growth Machine on Public Financing of Professional Sports Facilities," 15.



institution in the Cardinals (catalyst), which they not only perceived as an anchor to a city and downtown that had significantly declined, both in population and business, but also the primary positive image/brand of St. Louis throughout the community, State, Country, and possibly even globally. Even if the Cardinals' new stadium was within visual distance in East St. Louis (IL), public officials viewed the departure of the Cardinals as a terminal blow to what was left of the City, a historic city no longer viewed as a corporate headquarters capital or a tier one city, but a branch and tier two city. To public officials, if St. Louis even had a chance of maintaining or creating positive momentum, much less recapturing its former glory, the Cardinals represented that last vestige of hope and promise. As a result, public officials and the overall growth machine did not see the need for a public vote or even a willingness to pay study, ignoring and working around two eventual and resulting public referenda that would suggest otherwise.<sup>78</sup>

## Impact

Relative to impact, particularly economic, the numbers available are generally either outdated projections or primarily unexplained or explained only by the Cardinals. With at least thirteen variations of a Ballpark Village proposed since the turn of the century,<sup>79</sup> not including also the numerous proposed stadium variations, much of the impact data relies heavily on Ballpark Village inclusion. As a result, some information is increasingly unreliable and debatable as time passes and Ballpark Village changes dramatically. Note, while some data is for a standalone stadium, recall that Ballpark Village is an initial required part of the building of the stadium and public funding, so it is a package deal.

Fred Lindecke and Tom Sullivan contend the media simply did not report the entire stadium story. The Cardinals put up an estimated \$420 million in initial private funding: bonds cost plus retirement and owner's equity investment. However, the Cardinals also receive significant returns through an estimated \$520 million in public subsidies: \$350 million from St. Louis City's five percent admission tax 30-year waiver, \$20 million from St. Louis City's 25-year property tax abatement, \$108 million paid by St. Louis County to retire the \$45 million in stadium bonds, and \$42 million from Missouri tax credits and highway ramp construction. Further, the Cardinals also receive an additional estimated \$150 million in new stadium selling sources: \$100 million over 30 years on stadium naming rights, \$40 million from the Ballpark Founders Program that charges season ticket holders \$2,000-\$7,500 for new stadium seats, and \$10 million from old Busch Stadium memorabilia sales. Moreover, these amounts do not include increased Cardinal revenue from sources such as higher ticket prices, premium seats, luxury suites, concessions and advertising.<sup>80</sup>

In 2002, the Missouri Department of Economic Development (MDED) produced economic impact studies through the Missouri Economic Research and Informational Center (MERIC) on proposed versions of the new Busch Stadium/Ballpark Village<sup>81</sup> and new Busch Stadium<sup>82</sup> at the time. While the studies make a number of assumptions and projections, follow-up post economic studies on the actual produced entities are seemingly not available. In particular, the studies rely significantly on three primary assumptions, MERIC concludes, "Annual ticket sales have averaged approximately 3 million over the past 20 years. More than 90% of all visitors to Busch Stadium reside outside the City. Almost 40% of all visitors to Busch

<sup>78</sup> Click, "The Impact of the Growth Machine on Public Financing of Professional Sports Facilities," 211.

<sup>79</sup> Kelsey Volkman, "Slideshow: The 13 Versions of Ballpark Village," *St. Louis Business Journal*. August 10, 2011, accessed October 20, 2014, <http://www.bizjournals.com/stlouis/news/2011/08/10/slideshow-the-13-versions-of-ballpark.html>.

<sup>80</sup> Fred Lindecke and Tom Sullivan, "What the Public Paid for the Cardinal's Stadium: The Media Never Told the Whole Story," *St. Louis Journalism Review* 37, no. 296 (June 2007): 22-23.

<sup>81</sup> Missouri Economic Research and Information Center. Missouri Department of Economic Development, *Economic Impacts of the Proposed St. Louis Ballpark Stadium and Village*, David J. Peters. (March 2002): 1-34.

<sup>82</sup> Missouri Economic Research and Information Center. Missouri Department of Economic Development, *Economic Impacts of the Proposed St. Louis Ballpark Stadium: Update for November 2002*, David J. Peters: 1-10.

Stadium reside outside the State of Missouri.”<sup>83</sup> These studies and primary assumptions are often utilized in Cardinal economic figures.

In 2009, the current Cardinals President Bill DeWitt III states, “The provisions in the 2002 Redevelopment Agreement requiring the Cardinals to expend or cause to be expended \$60 million of costs within the Ballpark Village area were conditioned upon the receipt of acceptable tax incremental financing in connection with such expenditures and the proposed project described in the agreement.”<sup>84</sup> The five years before the Redevelopment Agreement were 1997-2001, which serve as a tax baseline for the old stadium versus the first three years of the new stadium (2006-2008).<sup>85</sup> Before dropping the admissions tax, the Cardinals were paying 12% to St. Louis City and Missouri, which was the highest team tax rate in MLB.<sup>86</sup> Regarding St. Louis City revenue projections, DeWitt III writes, “City revenue projections were based on using the average tax flows received from the period 1997-2001. This figure was grown at a 3% rate until 2005. From 2005 to 2006, the city’s 5% admissions tax was dropped, but all other taxes were increased by 25%. For 2007 and beyond, a 3% growth rate resumes off of 2006 levels.”<sup>87</sup> With the city amusement tax gone, in 2006, the Cardinals (team and its affiliates) paid \$10.8 million in direct city taxes, over \$3.8 million beyond the original projection (\$1.8 million resulted from the post-season World Series championship run). With no playoffs in 2007 and 2008, the Cardinals exceeded tax revenue projections by \$1.7 million (\$8.9 million total) and \$1.9 million (9.4 million total) respectively. Further, from 1997-2001, the Cardinals averaged \$7.7 million in yearly taxes, but, from 2006-2008, the Cardinals averaged \$9.7 million, which represents a 26% average increase.<sup>88</sup>

<sup>83</sup> Missouri Economic Research and Information Center. Missouri Department of Economic Development, *Economic Impacts of the Proposed St. Louis Ballpark Stadium: Update for November 2002*, 1.

<sup>84</sup> Bill DeWitt III, St. Louis Cardinals, *Talking Points re State Funding for Ballpark Village*. (April 9, 2009): 1.

<sup>85</sup> *Ibid.*, 2.

<sup>86</sup> Bill DeWitt III, St. Louis Cardinals, *Financing the New Busch Stadium: A Public Policy Home Run for the City of St. Louis and the State of Missouri*, (April 9, 2009): 2.

<sup>87</sup> *Ibid.*, 5.

<sup>88</sup> *Ibid.*, 4-5.

Regarding Missouri revenue projections, DeWitt III adds, “State revenue projections were based on using the average tax flows received from the period 1997-2001. This figure was grown at 3% until 2005. From 2005 to 2006, the taxes were increased by 25% to reflect new ballpark revenue. For 2007 and beyond, a 3% growth rate resumes off of 2006 levels.”<sup>89</sup> In 2006, the Cardinals paid the state \$19.8 million in direct taxes (\$3.2 million from postseason taxes). This figure exceeds the projection by \$7.1 million. In 2007 and 2008, the Cardinals exceeded state tax revenue projections by \$2.9 million (\$16 million total) and \$3.35 million (16.9 million total) respectively. Further, from 1997-2001, the Cardinals averaged \$9 million in yearly taxes, but, from 2006-2008, the Cardinals averaged \$17.6 million, which represents a 96% average increase.<sup>90</sup> Moreover, in regards to the public policy and financing of the new Busch Stadium, DeWitt III declares:

Looking back at the deal, the Cardinals, the city of St. Louis, and the State of Missouri can all point to the success of the partnership. The facility opened to great reviews, and the Cardinals continue to put a winning team on the field. The city and state each benefit from growing streams of tax revenue and the project has sparked new adjacent development. And Ballpark Village, which is now possible because the new stadium opens up to the old ballpark site and creates views into the game, will add significant new tax growth in the future and solidify downtown St. Louis as one of the great urban revitalization stories in the country.<sup>91</sup>

Assuming similar underlying principles apply to the projected and actual tax results provided by the Cardinals through their website (Busch Stadium Financing Report Card), the Cardinals continue to generate significant additional tax revenue for both St. Louis and Missouri. While some of the numbers previously provided by DeWitt III above are slightly up or down in comparison to these provided numbers,

<sup>89</sup> *Ibid.*, 8.

<sup>90</sup> *Ibid.*, 7-9.

<sup>91</sup> DeWitt III, *Financing the New Busch Stadium*, 9.

they are very similar and likely only minor correctional adjustments were made. However, since the methodology on these numbers is not available, one is left to speculate. The Cardinals' contend, "With eight years of actual results now in, it is clear that the tax revenue produced by the new ballpark to the City and State have exceeded expectations. The Cardinals and their affiliates have paid over \$244 million in sales, income, real estate and other taxes to the City and State from 2006 to 2013."<sup>92</sup> One, St. Louis City average direct taxes paid from 2006 to 2013 are \$11,179,000 versus \$7,700,000 from 1997-2001. Playoff year average taxes (2006, 2009, and 2011-2013) are \$12,750,400 versus \$9,645,333 in non-playoff year average taxes (2007-2008, and 2009). The two highest tax years are World Series years: 2011 (14,256,000) and 2013 (\$14,432,000). Two, Missouri average direct taxes paid from 2006 to 2013 are \$18,439,000 versus \$9,100,000 from 1997-2001. Playoff year average taxes are \$20,422,800 versus \$16,584,667 in non-playoff year average taxes. The two highest tax years are again 2011 and 2013 respectively: \$22,156,000 and \$22,795,000.<sup>93</sup>

According to the Cardinals, in the building of Busch Stadium, 84% of the construction firms used were from the St. Louis area.<sup>94</sup> A representative of the Cardinals declares:

The Ballpark construction project was the most successful project of its size in St. Louis history with respect to the participation of minority and women-owned businesses. Eighty minority and women-owned firms received 130 contracts totaling \$65 million. In addition the mentor-protégé program was a tremendous success with leaving the market stronger by helping small start-ups. Every prime contractor on the project was required to actively mentor at least once city-certified minority or women-owned firm. Twenty-two protégé firms

received a total of \$21 million in contracts, for an average of more than \$800,000 per contract.<sup>95</sup>

Minority and women-owned business participation exceeded Mayor Slay's goal of both 25 percent minority-owned and five percent women-owned business participation.<sup>96</sup> Further, relative to Ballpark Village, the Cardinals and Cordish write,

A priority commitment of the Ballpark Village development team has been to ensure an inclusive approach in all aspects of the construction and operation of the district. Ballpark Village developers have worked in partnership with the city, community leaders and others to ensure that the economic benefits of the project reach historically disadvantaged sectors of the community. The developers used a variety of proactive strategies to maximize minority participation and workforce diversity during the construction, as well as to achieve a diverse operational workforce reflective of the St. Louis region. The first phase of the project is projected to achieve 21.62% MBE, 7.78% WBE contractor participation and 31% minority workforce utilization for the core and shell construction.<sup>97</sup>

The Cardinals and Cordish have also asked each tenant to voluntarily meet the state's Minority and Women Owned Enterprise (M/WBE) and workforce goals in their interior construction. Ballpark Village has worked with the St. Louis Agency on Training and Employment (SLATE) to create a permanent recruitment and training office to assist city residents, especially historically disadvantaged populations.<sup>98</sup>

Regarding Ballpark Village, the Cardinals write, "The construction of Ballpark Village, which began in February 2013, has been a welcome boost to our local economy. Over a thousand construction workers collaborated to build the first-phase of Ballpark Village, and close to a thousand permanent new jobs

<sup>92</sup> "Busch Stadium Financing Report Card- Busch Stadium Financing: A Look Back," St. Louis Cardinals, accessed October 21, 2014,

[http://mlb.mlb.com/stl/ballpark/ballpark\\_financing.jsp](http://mlb.mlb.com/stl/ballpark/ballpark_financing.jsp).

<sup>93</sup> St. Louis Cardinals, "Busch Stadium Financing Report Card."

<sup>94</sup> Cardinals. St. Louis Cardinals, *The Cardinals and the City of St. Louis—A History of Shared Success*, (2008): 2.

<sup>95</sup> Ibid.

<sup>96</sup> Ibid., 4.

<sup>97</sup> The Cordish Companies, "\$100 Million First Phase of Ballpark Village Opens."

<sup>98</sup> Ibid.

have been created with the new businesses operating within the district.”<sup>99</sup>

Note, in addition to being a co-developer, the Cardinals are utilizing some of the space for businesses, which also allows them to capture additional spending. Cardinals Nation is 34,000 square feet and four levels, featuring a two-story restaurant and bar, an 8,000 square foot Cardinals Hall of Fame and Museum, a Cardinals Authentics store and a 334-seat rooftop deck to watch the games all-inclusively.<sup>100</sup> Further, Busch Stadium is also available for special event bookings.<sup>101</sup> The Cardinals have recently even started hosting international soccer games.<sup>102</sup>

Before Ballpark Village, the 2009 All-Star game serves as an example of local economic user trends. Parker shares, “Those whose job it is to promote the city billed the five days of All-Star events as an overwhelming success, saying the estimates they used going in of 230,000 people spending \$60 million appeared on target. But the businesses that boasted the biggest bumps in sales seemed to be those located near America's Center or Busch Stadium, or on the route between the two. Otherwise, downtown businesses reported mixed results.”<sup>103</sup> Now, the “Ballpark Village Effect” is occurring. A number of bars, especially older and sports or baseball seasonal, are reporting a decline in sales, including some losing employees to Ballpark Village.

Even newer bars are having a hard time competing with Ballpark Village’s validated parking and massive marketing budget. One newer bar cites a 20-25 percent decline this year. With its non-game day and year

around events, Ballpark Village is on pace to meet its projection of six million visitors this year. While Bill DeWitt III believes Ballpark Village is absorbing the majority of the game day crowd, he also believes Ballpark Village is increasing traffic in the area to other bars and restaurants. In response, many bars are attempting more innovative ideas or providing food and drink discounts, hoping this trend will start to wear off over time (honeymoon effect).<sup>104</sup>

From a marketing and branding standpoint, the Cardinals have a long and storied history, not only in St. Louis but also throughout baseball. Only the Yankees have won more World Series Titles. The Cardinals state, “The St. Louis Cardinals are one of the most storied franchises in all of baseball. Since they joined the National League in 1892, the Cardinals have won more than 9,500 games, 11 World Series Championships and 19 N.L. Pennants, 3 N.L. Eastern Division Titles, 8 N.L. Central Division Titles and 2 N.L. Wild Card Titles. Over 40 former Cardinals players and managers are enshrined in the National Baseball Hall of Fame.”<sup>105</sup> “The Cardinal Way” is often referred to, even recently receiving a *Sports Illustrated* cover and themed issue. However, not everyone agrees with or likes the Cardinal Way. In this year’s not overly scientific *Wall-Street Journal* (WSJ) Hateability Index, relative to the ten playoff teams, the Cardinals ranked the most hateable. The team primarily achieved this ranking through recent success (winning), being called Cardinal Nation, and also being referred to as having the best fans in baseball.<sup>106</sup> In response, Mayor Slay used this opportunity to write an open semi-humorous letter in WSJ informing everyone of why St. Louis is not simply “flyover country” or a “big deal in October” but for other

<sup>99</sup> The Cordish Companies, “\$100 Million First Phase of Ballpark Village Opens.”

<sup>100</sup> Ibid.

<sup>101</sup> “Special Events at Busch Stadium,” St. Louis Cardinals, accessed October 21, 2014,

<http://stlouis.cardinals.mlb.com/stl/ballpark/events/>.

<sup>102</sup> “Busch to Host Man City, Chelsea Match in May,” St. Louis Cardinals, accessed October 21, 2014,

<http://m.cardinals.mlb.com/news/article/43517394/busch-stadium-to-host-manchester-city-chelsea-match-in-may>.

<sup>103</sup> Steve Parker, “What’s the Bird Say About the All-Star Game’s Economic Impact?,” *St. Louis Post-Dispatch*, July 15, 2009, accessed October 18, 2014,

[http://www.stltoday.com/news/multimedia/birds-nest/what-s-the-bird-say-about-the-all-star-game/article\\_d6a72a83-5f25-56e3-a568-3d457bab48bd.html](http://www.stltoday.com/news/multimedia/birds-nest/what-s-the-bird-say-about-the-all-star-game/article_d6a72a83-5f25-56e3-a568-3d457bab48bd.html).

<sup>104</sup> Tim Bryant, “Ballpark Village: Competitors are Feeling the ‘Ballpark Village Effect’,” *St. Louis Post-Dispatch*, June 13, 2014, accessed October 21, 2014,

[http://www.stltoday.com/business/local/competitors-are-feeling-the-ballpark-village-effect/article\\_9b3cc96c-4f13-5257-9208-747caa5a6c49.html](http://www.stltoday.com/business/local/competitors-are-feeling-the-ballpark-village-effect/article_9b3cc96c-4f13-5257-9208-747caa5a6c49.html).

<sup>105</sup> The Cordish Companies, “\$100 Million First Phase of Ballpark Village Opens.”

<sup>106</sup> Brian Costa, “The 2014 Baseball Playoffs Hateability Index; Which Teams Should You Root Against This October?,” *Wall Street Journal*, September 30, 2014, accessed October 21, 2014, <http://online.wsj.com/articles/the-2014-baseball-playoffs-hateability-index-1412008971?tesla=y>.

highlighted reasons. In short, the Cardinals do garner publicity and exposure.<sup>107</sup>

The more the Cardinals win, the more likely they are to increase taxes paid and publicity, so spur both tangible and intangible economic benefits. Since the current ownership started in 1996, the Cardinals are winning a lot, translating into increased attendance before and after the new stadium. The last nine years (1997-2005) the old stadium attendance averaged 3,113,653 versus 3,367,058 new stadium attendance averaged for the first nine years (2006-2014). Further, the first four years (2006-2009) the new stadium attendance averaged 3,433,955 versus 3,313,540 the last five years (2010-2014). Overall, since 1996, the average yearly attendance is 3,209,532, with the team attendance reaching 3.5 million plus in 2005, 2007, and 2014.<sup>108</sup> Moreover, relative to community impact, as previously disclosed, while some of the charitable work of the Cardinals is a contractual obligation, the Cardinals do substantial charitable work in the community, especially through Cardinal Care.<sup>109</sup>

According to *Forbes*, in 2005, before the new Busch, the Cardinals' team value was \$370 million (10<sup>th</sup> in MLB) with a 18% change increase and a -\$3.9 million operating income.<sup>110</sup> The current team value is \$820 million (8<sup>th</sup> in MLB) with a 15% change increase and a \$65.2 million operating income.<sup>111</sup> With a \$49 million

net team cost in 1995, the team is now worth 16.7 times more.<sup>112</sup>

Since the Cardinals only recently completed and opened Phase 1 of the initially promised Ballpark Village, economic impact, both tangible and intangible, is difficult to measure for the overall Busch Stadium/Ballpark Village Project. In essence, led by government entities, the impact of this project will need to be measured incrementally and sometimes separately, as this now decade-old project may be complete unless another phase(s) of Ballpark Village is built. Relative to taxes and Busch Stadium, the Cardinals have certainly met and exceeded tax projections, which should continue and possibly even grow if the Cardinals maintain winning baseball and/or keep capturing additional revenue both in the stadium and out. However, how Ballpark Village will affect forthcoming taxes paid by the Cardinals is unclear, as this future number(s) could be separate from the stadium. Since this is the first year of operation and the Cardinals are the co-developers and also operate a number of venues within Ballpark Village, the overall numbers Ballpark Village yields after this fiscal year and how these numbers are broken down is pertinent to analysis. Further, relative to economic analysis by the governments, how do current tax gains offset the public subsidies, including debt retirement and St. Louis County? Overall, current economic analysis of the Busch Stadium/Ballpark Village Project lacks depth and needs a more integrated approach to put both numbers provided and numbers not provided in context.

## Final Remarks

Especially relative to recent regional unrest, St. Louis City needs to continue to be cognitive of how these kinds of economic development projects fit into larger ongoing economic and social issues, particularly education, crime, and the deeply related poverty and discrimination. The city faces unique challenges by continuing to be separated from St. Louis County and

<sup>107</sup> Francis G. Slay, "St. Louis to America: Don't Be Jealous," *Wall Street Journal*. October 2, 2014, accessed October 21, 2014, <http://online.wsj.com/articles/st-louis-to-america-dont-be-jealous-1412273454?KEYWORDS=francis+slay>.

<sup>108</sup> "Year by Year Results," St. Louis Cardinals, accessed October 21, 2014, [http://stlouis.cardinals.mlb.com/stl/history/year\\_by\\_year\\_results.jsp](http://stlouis.cardinals.mlb.com/stl/history/year_by_year_results.jsp).

<sup>109</sup> "Cardinals in the Community," St. Louis Cardinals, accessed October 21, 2014, <http://stlouis.cardinals.mlb.com/stl/community/index.jsp>.

<sup>110</sup> Michael K. Ozanian, "Baseball's Most Valuable Teams," *Forbes*. April 7, 2005, accessed October 18, 2008, <http://www.forbes.com/2005/04/06/05mlbland.html>.

<sup>111</sup> Kurt Badenhausen, Michael Ozanian, and Christina Settimi, "Baseball's Most Valuable Teams," *Forbes*. March 26, 2014, accessed October 23, 2014, <http://www.forbes.com/2005/04/06/05mlbland.html>.

<sup>112</sup> Fred Lindecke and Tom Sullivan, "What the Public Paid for the Cardinal's Stadium: The Media Never Told the Whole Story," 23.

from the overall fragmented structure of government in St. Louis.

While the city is often known for beer and baseball, St. Louis needs to ensure that beer and baseball serve only as distraction from everyday problems instead of as an excuse not to deal with other pressing issues in the city and beyond. St. Louis City, St. Louis County, Missouri and other applicable governments, including in Illinois and possibly even federal, must work together to ensure not only positive economic impact but also positive social impact for all citizens, not just elites. While one project cannot be expected to be the solution, this overall holistic approach can start to bridge the gap and help to make St. Louis not only a gateway but also a sustainable destination.