

THE ORANGE COUNTY REGISTER

Anaheim's Taxing Issue: How to Keep the Angels

Officials Struggle to Find a Way to Satisfy the Team Without New Levies

March 25, 1996

By Marla Jo Fisher, The Orange County Register

This is the second in a two-part series examining Anaheim's efforts to build a \$ 1 billion entertainment complex.

The city's promise to spend no tax money in its quest to keep the California Angels could cost it the team, according to sports analysts and baseball officials.

Much larger cities than Anaheim, and even entire states, are eagerly seeking major-league franchises, throwing in hundreds of millions of dollars to sweeten the pot.

"You guys are jaded. You already have a team," said Michael Scanlon, executive vice president of the Virginia Baseball Club, an investor group trying to obtain a franchise for northern Virginia.

"We're waiting for jaded cities like yours to lose their teams to people like us. "

The state of Virginia is putting together a financing package to build a baseball stadium, hoping to lure the Houston Astros or another team unhappy with its current situation.

"There are so few teams, and so many cities want them," said Chris Dunlavey of Brailsford and Dunlavey, a Washington D.C.-based sports-facilities consulting group. "In Maryland, the state is building a stadium for the (formerly Cleveland) Browns and leasing it to them virtually for free. The thing Anaheim has to understand is there are a lot of communities which will do that sort of thing. "

The Anaheim City Council two weeks ago rejected an offer from the Walt Disney Co. to spend \$ 70 million of its own money to renovate Anaheim Stadium for the Angels—if the city would chip in \$ 30 million. Council members said the deal could not guarantee a return on the \$ 30 million the city would have invested.

Angels owner Jackie Autry, angry over the city's failure to cut a deal with Disney, said she will move the team when its lease expires in 2001. Potential buyers are coming out of the woodwork, looking to move the team to greener pastures, she said.

Why would a community be willing to put up hundreds of millions in tax dollars just to get a Major League Baseball team?

Industry experts give three reasons: National identity, pride and economic development.

Consider the slang to describe successful businesses and people: "It's a major-league deal. He's in the big leagues. "

Sports fans in Phoenix can now look at television or local newspapers and see the name of their new expansion baseball team, the Arizona Diamondbacks, prominently displayed. It cost them \$ 238 million for a new stadium, mostly paid for through sales taxes levied on residents of Maricopa County.

But Anaheim city officials have vowed they will not spend tax dollars to keep the Angels. "Orange County is not going to raise a half-cent sales tax to keep the Angels in Anaheim," Anaheim Councilman Bob Zemel said. "We've got to look for new, creative opportunities. "

Anaheim council members say they believe a new owner can be found who will keep the Angels in the city without an infusion of tax money. They say one lure is their dream of Sportstown Anaheim, a 174-acre retail and entertainment complex that would surround the stadium and connect it to Arrowhead Pond of Anaheim.

But that dream relies on an as-yet-unknown private developer willing to build the project, and the hope of luring a football team to replace the Rams.

Experts question whether Anaheim, population 295,000, recovering from a statewide economic recession, can compete in the game of baseball musical chairs.

The city already lost the Los Angeles Rams last year to St. Louis, a city willing to pay big to attract a team.

Industry analysts and team owners, including the Autrys, also are critical of the city for rejecting the Disney deal.

"I don't think either baseball or football stadiums can be done privately," said Jerry Reinsdorf, owner of the Chicago Bulls and White Sox. "In baseball, you can't sell enough suites, and you need that money." Meanwhile, Anaheim officials are struggling with twin factors that have driven up the price of attracting and keeping baseball teams: competition from other cities and the increasing cost of fielding a competitive team.

COMPETITION

Around the nation, sports teams and their attendant stadiums have become trendy methods to cure downtown blight and bring new development.

It worked in Baltimore, where a renovated Oriole Park at Camden Yards has helped rejuvenate the seedy Inner Harbor district.

The head of the Maryland Stadium Authority said the new stadium for the Orioles helped nearly double the number of fans.

"Since 1954, the Orioles drew an average 2 million or less in annual attendance," said Bruce Hoffman, executive director of the Maryland Stadium Authority. "We've had over 3.6 million fans since the new stadium opened, and we expect a virtual sellout. "

Maryland created a special state sports lottery, with a \$ 1 scratch-off instant ticket, to help raise the money for the project.

"The state recognizes the importance of sports," Hoffman said.

"And you don't get a team without money. "

Stadium-as-urban-regenerator also worked in Cleveland, where the Gateway sports complex opened in 1994. It included a new baseball park for the Indians and helped bring people back to a dormant downtown.

"Unlike a football stadium, where games are only played eight or 10 times a year, baseball stadiums do have a positive economic benefit," Scanlon said. "There are 80 games played each season.

Because it's so busy, a baseball stadium attracts businesses to a scene. And it can be used for other things. It's a public facility. "

Anaheim would like to cash in on that synergy, building new shops and restaurants in its lifeless stadium district filled now with vacant lots, tile warehouses and business parks.

But first, city officials have to negotiate a new lease with the Angels—something they have been unable to do.

For years, Anaheim considered handing the stadium over to a newly created Orange County Sports Authority, to spread the financial burden throughout the county. But that idea died on Dec. 6, 1994, when the county went bankrupt. With the county broke and its cities losing millions, Anaheim was left to go it alone.

TEAM COSTS

Traditionally, public agencies and sports teams split most stadium profits. There was enough money to go around, both for the stadiums to pay their debts and for the teams to make a profit.

That has now changed.

"Basically, free agency has driven up the players' salaries to the point that maintaining a team's profitability requires controlling all the revenues coming into a facility _ TV rights, gate receipts, parking, skyboxes," Dunlavey said. "That leaves little or no money to pay leases on a facility. Teams are in trouble and looking for help. "

Autry's is one of those teams, Autry said. The team is losing millions each year, she said, and something must be done to staunch the flow.

Anaheim city officials remain optimistic they can help the Angels improve the bottom line—without raising taxes.

But they also say they are aware that they can't compete on the same playing field with entire states that are willing to help fund a team.

"You have the state of Arizona building a stadium for the Arizona Diamondbacks," Zemel said, referring to a new ballpark under construction for the expansion baseball team. "This is Anaheim with 300,000 residents. This isn't Orange County or the state of California."