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FEASIBILITY OF A MAJOR LEAGUE SPORTS STADIUM FOR KING COUNTY, WASHINGTON

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Prepared for:

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Section I

INTRODUCTION

Members of the Governor's Sports Advisory Committee of the State of Washington and other interested individuals and groups have requested the Board of Commissioners of King County to consider submitting to the voters of the county a general obligation bond issue to authorize construction of a multipurpose stadium costing approximately $15 million.

The proposed stadium would be used for major league baseball and football and for other sporting, recreational, public service, and cultural activities, such as music festivals, conventions, civic or religious gatherings, and circuses. It would have an initial seating capacity of 40,000 to 50,000 persons, with provisions for expansion. It would also be so designed that it could be covered, provided that the idea of covering is feasible from an engineering and financial standpoint, so that it could be used in all kinds of weather.

The Board requested Stanford Research Institute to make a study to provide facts upon which it could base a decision as to the economic feasibility of the proposed stadium. The City Council of the City of Seattle voted to pay half the cost of the study.

The objectives of the study were threefold:

1. To investigate, insofar as possible, the position of the Seattle area with respect to candidacy for major league baseball and/or football franchises.

2. To investigate the prospective demand for the proposed facility in terms of stadium-oriented events and their annual duration, and, based on this demand, to estimate the yearly use factor for the facility.

3. On the basis of this demand and estimated use factor, to prepare a range of estimates of attendance, operating revenues and expenses, and resultant operating surplus or deficit (exclusive of debt service).

Site selection and technical engineering considerations were excluded from the scope of the study.

The research was conducted in the Economics Research Division of the Institute by Eric E. Duckstad, Project Manager, Bruce Waybur, Project Leader, and Keith E. Duke. The project team visited 12 cities having major league franchises, and seven cities having municipal stadiums. The team also interviewed nearly 50 persons associated with Organized Baseball and professional football, including the Commissioner of Baseball, the presidents of both major baseball leagues, and the commissioners of both major football leagues. The project team wishes to acknowledge gratefully the advice and assistance of all those who contributed so generously to the study.

An oral report on the findings of the study was presented to the Board of Commissioners of King County in Seattle on Monday, September 12, 1960; and on Tuesday, September 13, 1960, to an advisory committee of local citizens.

Section II

CONCLUSIONS AND SUMMARY

Conclusions

The Seattle area meets the requirements of Organized Baseball and professional football for a major league franchise, except for the existence of an adequate sports stadium. It has sufficient population and is considered a better-than-average "sports town." Assurance was given by officials of both major league sports that a franchise application from financial interests in Seattle would receive serious consideration. However, it is expected that Seattle will be a candidate for a franchise only on the "second round" of major league expansion.

The proposed stadium for King County should have a maximum seating capacity of 50,000. Its over-all construction cost was estimated to range from $11 million to $20 million, including the cost of covering and the price of the site.

It was estimated that, if there were a major league baseball tenant, the multipurpose facility would at least generate sufficient operating revenue to meet the costs of operation. The stadium would have an estimated 85 to 95 days of use annually, if there were both major league baseball and football tenants.

The existence of the stadium would not only provide a source of entertainment for the people of the community, but would also attract many thousands of nonresidents. This would bring significant amounts of new dollars into the area.

Summary

Baseball Expansion

Officials of Organized Baseball have announced that the National and American Leagues will expand from 8 to 10 teams each by the 1962 season, and probably to 12 teams each by 1964 or 1965. It appears that New York, Los Angeles, Houston, Minneapolis-St. Paul, Toronto, and Buffalo are the leading candidates for franchise selection on the first round of expansion, with the first four mentioned having the best chances. On the second round, Dallas-Ft. Worth, Seattle, Montreal, Atlanta, and Buffalo and Toronto (if the last two named are not selected on the first round) are believed to be the leading candidates.

Football Expansion

Professional football is also expanding. The new American Football League (AFL) opened its schedule on an 8-team basis in 1960; it plans to expand to 10 teams in 1961 and may eventually add more. Also, in 1960, the National Football League (NFL) expanded from 12 to 13 teams; it is to add its 14th in 1961, and expects eventually to have 16 clubs. However the timing and direction of future professional football expansion will depend heavily on the ultimate success or failure of the sport operating on a two-league basis. This same two-league situation existed for four years in the late 1940's, with the result that the second league, the All-America Conference, amalgamated with the NFL because of over-all financial difficulties.

Seattle's Qualifications for Major League Status

The Seattle area has experienced a rapid and healthy population growth in the postwar years. Its population, which exceeds that of several existing major league cities as well as of some of the other leading candidates for franchises under the expansion program, meets the franchise requirements of both major league baseball and football. The per capita income and level of employment of the populace are also above average.

The area's economic base, however, is quite narrow, and depends heavily on a single industry, aircraft, and on a single company, Boeing. Nearly all the increase in King County's manufacturing employment in the 1948-58 period was in the aircraft and missile industry, which also represented nearly 60 percent of the over-all rise in nonagricultural employment in the same period. An additional danger in this heavy dependence on a single industry lies in the fact that the aircraft and missile industry is vulnerable and sensitive to changes in federal spending policies and to the effects of rapid technological advances in this field. On the other hand, the aircraft-missile complex in the Seattle region is so large and plays such an essential role in the over-all picture of national defense that it appears doubtful that any measures would be taken which would have a drastic or long-lasting adverse effect.

Seattle enjoys a reputation nationally as being a better-than-average "sports town." Although attendance at minor league baseball games has dropped off in recent seasons in keeping with the national trend, the people of the area have given excellent support to the local minor league club over the years. The Rainiers have led the Pacific Coast League in attendance several times since World War II. The average attendance per game at the University of Washington football games, though somewhat

short of the UW stadium's capacity (55,500), has at times exceeded that of some West Coast universities and has compared favorably with others. This is particularly noteworthy, in that UW, in recent years, has won its conference championship only once, in 1959.

Local support of other sporting events, such as professional hockey and boxing, and university basketball, has ranged from average to better-than-average. With respect to the once-a-year spectacles, such as the appearance of the Harlem Globetrotters, the NFL exhibition game, the ice shows, and the circus, the people of the area have generally supported these events well, although the gate at the professional football game, a charity affair, has at times been disappointing.

Direct Economic Impact of a Stadium on a Community

On the basis of the experience of the newer major league cities, a multipurpose sports stadium has an impact on a community similar to that of a medium-sized industry. It provides full-time employment for 15 to 20 persons, and part-time employment for several hundreds of people, such as ticket takers, vendors, ushers, parking attendants, and cleanup crew. These jobs generate substantial payrolls, much of which is spent for goods and services in the community. Some major league club officials, team members, and other club employees live in the community the year round, while others live there during the season. All these people, as well as the members of the visiting teams, make a significant number of purchases in the area.

As with an industrial plant, a stadium consumes a substantial amount of utilities, supplies, and services, and requires considerable maintenance and repair, all of which have an economic impact on the community.

Also, the events held in the stadium are a potential source of entertainment for local residents and have encouraged hundreds of thousands of persons not residing locally to visit the stadium and the community annually. These out-of-town people purchase large amounts of goods and services in the stadium's community. This "new money" brought into the city has a significant direct as well as indirect economic impact, such as the creation of new jobs and the encouragement of new enterprises. Three major league baseball cities, Milwaukee, Baltimore, and San Francisco, have made studies to learn the amount of this direct impact. Their reports show that each out-of-town stadium visitor during the baseball season spent amounts ranging from $5 to nearly $30 per visit. These visitors, who accounted for an average of about 30 percent of total annual attendance, spent a season total of $2.5 to over $8 million per community.

Cost of Stadium

The newer major league sports stadiums cost in the general range of $10 to $20 million. Three variable factors account for the wide range in the total cost: land prices, seating capacity, and type of seating--all permanent, or some permanent and some temporary.

Cost of land is related directly to the location of the stadium. If the facility is located in or near the downtown area, the price per acre is high, but the total amount of land required for the structure and the parking area may be small, depending on the public transportation system and on the extent of existing parking facilities in the immediate vicinity. If the stadium is located in an outlying or suburban area, the cost per acre is correspondingly lower, but the size of the site is proportionately larger, in order to provide parking for the increased number of attendees coming in private autos.

For the proposed Seattle stadium, land prices were used which are believed to indicate reasonable upper and lower limits of the range of costs per acre for a downtown site and a location in an outlying area. (Site selection was not included in the scope of this study, so these two alternatives were chosen to illustrate only the general effect of location on over-all cost.) The cost range used for a downtown site was $150,000 to $250,000 per acre; for a suburban location, $5,000 to $35,000 per acre. A site in the downtown area would require only about 20 acres minimum if adequate parking space existed in the vicinity, while one in an outlying area would occupy 75 to 100 acres. Parking space should be provided for 7,500 to 12,000 cars.

On the basis of a general review of construction costs for the newer stadiums, costs range from $175 to $200 per seat, excluding land cost for the structure and parking area. It appears from this review that minimum permanent seating capacity is 25,000 to 30,000; the maximum, about 50,000. Beyond the latter figure, the cost per seat rises, primarily because of additional structural requirements.

Some stadiums have reduced the over-all cost per seat by means of temporary seating (bleachers) in conjunction with the permanent seats. The best temporary seats can be bought and installed for $20 each; however, certain permanent facilities, such as turnstiles and rest rooms must be built to accommodate the temporary portion of the stadium capacity, so that the total cost per temporary seat is about $30 to $40. In this study, a stadium of 50,000 maximum capacity was used, under one alternative using all permanent seats, and under another using 35,000 permanent and 15,000 temporary.

Costs of covering the facility were estimated to range from $4 million to $5 million, $1 million of which is required for structural additions to the conventional stadium design in order that it can support the cover. However, a cover would aid in reducing the loss of ticket revenue experienced by conventional facilities, in cases where events are rained out or the attendance is below expectations because of the threat of bad weather.

Financial Feasibility--Operating Revenues and Costs

The major items of stadium operating revenue are rentals, a share of concession sales, and parking income. The magnitude of each of these is extremely dependent on the type and number of days of use of the facility and the attendance.

For the multipurpose sports stadium, the major league baseball tenant provides the facility with the vast majority of its annual event-days, 65 to 75 on the average, and usually accounts for the largest portion of total attendance.

Major league football and other events, such as circuses, conventions, spectaculars, and public service activities, use the stadium for a much smaller number of days (10 to 20 per year), but often the attendance per event, especially at professional football games, is considerably higher than that of major league baseball.

Attendance at professional sporting events, particularly among U.S. and Canadian cities with a population of a million or more in the metropolitan area, appears to have little correlation with the size of the populace. Population, therefore, is not the key determinant. Rather, the level of attendance is usually much more sensitive to the team's standing in the league throughout the season, or to the excellence or reputation of the attraction being held. For example, a perennial pennant-contending club may draw twice the annual attendance of a last-place team; and the Harlem Globetrotters can be expected to attract thousands more persons in a stadium than the city high school championship baseball game.

The amount of attendance is the primary determinant of stadium revenue. The rental agreement, particularly with the major tenants, is usually based on a certain fixed percentage of the gross dollar gate (after certain deductions), while gross concession sales and parking revenues vary according to the number of fans attending stadium events. Therefore, in this study, the operating revenues generated by the

proposed stadium in a normal year[1/] were estimated under various sets of conditions or combinations of alternatives, both with respect to the major tenant or tenants and to team standing. An additional alternative, relating primarily to baseball, dealt with financial performance of a stadium with or without a cover which, or course, would vary the number of days of use. These alternatives were as follows:

1. The existence of a major league baseball tenant with varying attendance levels if the team were (a) a pennant-contender, (b) a first division club, or (c) a second division club; and/or

2. The existence of a major league football tenant with varying attendance levels under the same conditions given for baseball.

Other stadium events and attendance levels for each event were also assumed. One set of events was used if there were two major tenants; another, and more extensive, set was used for the situation in which there was only one major tenant.

Conservative figures were used with respect to (1) the percentage of adjusted gross admissions paid as rental by the tenants, (2) average ticket price paid per attendee, (3) average concession expenditure per attendee and the percentage of gross concession sales accruing to the stadium as income, (4) parking charges per auto, and (5) other miscellaneous items, such as number of attendees per car.

Estimated annual operating revenue, based on the foregoing combinations of assumptions, ranged from a high of $565,000 when the stadium had two major league tenants, both of which were pennant- or championship-contenders, plus a set of "other events," to a low of $175,000 when the facility has only a second division professional football team and a more extensive set of other events.

Estimated annual operating expenses, which fall into two main categories--salaries, and maintenance and repair--fluctuated much less widely with variations in attendance and days of usage than did operating income. The range was from a high of $300,000 in years of peak usage to a low of $225,000 under minimum use conditions. It was estimated that operating expenses for an average year would be $275,000.

1/ After two to five years of operation.

In comparing estimates of annual operating revenue of the various combinations with the relatively fixed operating expenses, it becomes apparent that any combination which assumes the regular use of the stadium by a major league baseball team at least permits the facility to break even financially, from an operational standpoint. It was assumed that the proposed Seattle facility would be financed by general obligation bonds which would not require that debt servicing be accomplished from revenue. If a major league football team is the only major tenant, it must be a perennial championship contender in order for the stadium to break even regularly.

Therefore, the financial success of the stadium appears to be contingent upon the acquisition of a major league baseball franchise. Otherwise, the annual operating deficit might be substantial, which would necessitate the subsidizing of the operation regularly and extensively; this might not be possible, feasible, or in the best interests of the taxpayers.

On the other hand, if the use of the funds raised by the bond issue for building the stadium were made contingent upon Seattle's being awarded a major league franchise for baseball or football, and if the football franchise were awarded first, the stadium would enhance the area's position with respect to candidacy for a baseball franchise.

The safest course of action appears to be one which permits the use of the funds only if a major league baseball franchise is awarded.

Section III

HISTORICAL BACKGROUND OF MAJOR LEAGUE BASEBALL AND FOOTBALL

Before analyzing the position of the Seattle area with respect to candidacy for major league baseball and/or football franchises, a discussion of the structure of the major leagues, past and present, is warranted. Organized Baseball, often called the U.S. "National Pastime," has had the same general configuration of big league teams since 1900, while the make-up of the National Football League, though not as constant as that of professional baseball, has had a fairly static structure since 1950.

However, 1960 has been a historic year for both these major league sports--a year wherein the word expansion (or rumors of expansion) has excited the imagination of the entire sports world, and has been the subject of many news stories as well as editorial comment. This discussion is concerned with the possible over-all impact and direction of expansion by these two professional sports.

Organized Baseball

Since the formation and recognition of the American League (AL) at the turn of the century, Organized Baseball (OB) has been made up of two major professional leagues, the National (NL) and the American, of eight teams each, and a variable number of minor leagues of several classifications. Until 1953, the 16 teams which made up the two major leagues had remained the same for decades, representing ten of the largest U.S. metropolitan areas in the East and Midwest. (See listing on following page.) The minor league teams, some of which are "farm" teams or wholly owned "subsidiaries" of the various major league clubs, where potential major league players receive their training, were scattered in hundreds of cities and towns throughout the United States and Canada.

In 1953, however, the owners of the Boston Braves requested and received permission to move that NL franchise to Milwaukee. The reason for this move was primarily one of economics--the team was receiving poor attendance support in Boston. The change of locale proved not only

committee hearings have been held to investigate the workings of professional sports organizations, to ascertain if they should or should not come under the purview of antitrust legislation, to look into the legality of the so-called reserve clause in players' contracts and of the player draft rule, and, in general, to determine whether or not this field of business endeavor should be subject to certain legislative restrictions.

Other circumstances have been working to bring about changes in major league sports, especially in recent years. These include rapid growth of population, both in the United States and Canada; subsequent demand by fans in nonleague cities for major league sports; and a general increase in the amount of leisure time of the populace.

Expansion

Two events of 1960 have been an indirect outgrowth of these complex external stimuli, and both of these happenings are directly related to expansion of major league baseball and football. These events were the formal organization of the American Football League (AFL) and the Continental Baseball League (CL), both organized on an 8-team basis.1/

The underlying purpose of both these movements was to expand major league baseball and football and bring them to more of the larger U.S. cities than the 15 and 11, respectively, which then had franchises.2/ This concept pointed up one question which has been expressed in several quarters--why have not major league club owners, particularly the 16 in baseball, expanded the structure of their leagues to embrace more cities, when U.S. population has grown from 76 million in 1900 to nearly 180 million in 1960?

The answer, according to authorities in the world of sports, is apparently the danger of lowering the performance standards of the sport as played in the major leagues, by too rapid expansion. Although it is questioned in some quarters, many of those close to the sport believe

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1/ The CL was formally organized on July 27, 1959, but the eighth city, Buffalo, was not added until January 1960.

2/ Some of the AFL and CL cities, such as New York, already had NL, AL, or NFL franchises, but were believed to be large enough to have more than one.

that the game and the quality of play have improved markedly through the years. This high standard of performance is one of the main factors which has sustained the level of attendance at major league parks[1/] while the fan interest in the minor leagues has waned.[2/]

The major league club owners say that in order to maintain this excellence, they must have active player rosters and a reserve player pool whose members are of a caliber which would permit them to perform with the desired skill. Although league restrictions on player limits do not permit all players of this caliber to be on major league rosters, those currently in the minor leagues will be needed to fill in the gaps on major league teams created through injuries or retirement of older players. Therefore, in the interests of the future of the major leagues, the club owners must maintain a strong minor league system.

The increasing rate of urbanization, a changing pattern of personal interests, the current level of starting wages in industry, and earlier marriages with the attendant increase in financial responsibilities all appear to be factors which have tended to keep the numbers of potential major league players from growing at the same rate as our nation's population.[3/] Despite the growth of and interest in Little Leagues, Babe Ruth and Connie Mack leagues, and Junior American Legion baseball, all of which receive support from OB, fewer boys and young men are participating seriously or in a continuing way in baseball during their formative years. In college and high school, baseball lacks the glamour and interest of football and basketball. Some of those amateurs with exceptional ability are being attracted to other pursuits because of lack of interest in the game or a desire to start on a longer-lived or an initially more remunerative profession.[4/]

1/ Total major league attendance from 1948 through 1959 is shown in Appendix A, Table A-I.

2/ For example, attendance at minor league parks dropped by over one million from 1958 to 1959.

3/ The decline in the number of minor leagues has, of course, also been a factor.

4/ Minimum monthly player salaries in the minor leagues range from $500 in Class AAA to $250 in Class D. However, certain young players of exceptionally promising ability are being paid huge bonuses, some in excess of $100,000, to sign major league contracts, even though many of these potential stars are "farmed out" immediately to minor league clubs for "seasoning."

Therefore, there is a real and sometimes spoken fear among club owners and other sports leaders that drastic, sudden changes in the structure or the organization of the game, such as immediate, widespread expansion, would bring about a readily apparent lessening of excellence on the playing field and result in serious loss of fan interest. Expansion of major league baseball, for example, with the immediate addition of eight new teams, could well bring into the game subcaliber players or players not yet ready to make the step from the minors to the majors. This lowering of performance standards could harm all of baseball where it would hurt the most--at the box office.

American Football League. The AFL was the first of the new leagues to get into action. It gave franchises to eight cities (New York, Buffalo, Boston, Denver, Houston, Dallas, Los Angeles, and Oakland), showed interest in others (such as Minneapolis-St. Paul), and announced early expansion plans into Chicago and Atlanta. Team squads were formed and the league opened in the 1960 season.

This action, of course, had a direct effect on the NFL, which almost simultaneously had established a 13th franchise in Dallas for the 1960 season, and had announced it would open its 14th franchise in Minneapolis-St. Paul in 1961. The NFL and the AFL are competing directly at the box office in four metropolitan areas (New York, Los Angeles, San Francisco-Oakland, and Dallas), which could have adverse financial repercussions on either or both leagues. The AFL also has tried through the courts to prevent the NFL from establishing its Dallas franchise. After the NFL moved the weak Chicago Cardinal franchise to St. Louis in 1960, there was no NFL city which had more than one franchise--and there is no real evidence that any U.S. city is large enough to support with sufficient attendance more than one major league football or baseball[1/] franchise.

The two leagues are also competing directly for players. The AFL has signed some former NFL players as well as a number of recently graduated college stars who had been drafted by NFL clubs at the end of the 1959 season. This action caused a number of lawsuits over contractual obligations. It has also resulted in increased operating costs for some clubs which have bid for players to induce them through higher salaries, longer contracts, or other benefits to sign with one club rather than with a club in the other league. There is not believed, however, to be the degree of danger of lowering the performance standards with the

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1/ Chicago is the only city having both an NL and AL franchise.

establishment of the new football league as there is in baseball. It has been said that there is a larger potential player pool for football and that there are enough unsigned players of major league caliber to provide the excellence of play needed for both leagues to satisfy the fans. Only time will tell whether the two leagues as presently constituted (with, of course, some subsequent expansion and/or franchise changes to strengthen one or both circuits) will survive, or whether there will ultimately be an amalgamation of the two leagues as there was with the NFL and the All-America Conference.

Continental Baseball League. The avowed, primary purpose of the Continental League was to bring back a second major league team to the largest U.S. city, New York, and also to bring major league ball to some of the larger, more successful minor league cities, such as Houston, Dallas-Ft. Worth, Buffalo, Toronto, and Minneapolis-St. Paul. The CL awarded eight franchises (including Atlanta and Denver, in addition to the six just mentioned) and announced its intention to open in the 1961 or 1962 season, and the "battle" with OB was joined.

Many related actions and side-actions, including a new threat of Congressional action, were to follow before the matter was "resolved" to the "satisfaction" of all concerned--but there is strong belief in some quarters that the "battle" is not yet completely over. OB, which had rules governing the minimum requirements, both physical (population, stadium) and financial, of new major league franchise cities and club owners, drafted and passed similar rules governing the minimum requisites of a new major league. These had to do primarily with such factors as population of league cities and seating capacities of ball parks, the latter of which, though realistic from an attendance and financial standpoint, could well have worked a hardship on some CL franchise cities, particularly in the early years of operation. After much comment in the press, conjecture in the sports world, and many published statements attributed to officials of both sides, both the NL and AL members passed regulations permitting expansion of each league beyond the former limit of eight teams. Subsequently, the members of the NL and AL expansion committees met with CL officials on August 2, 1960, in Chicago. At that time, those present agreed that the two existing leagues would expand initially to ten teams each in one or two years and at a later date to twelve teams, some of the new franchises to be awarded to CL cities.

A number of conflicting interpretations have been published concerning the meeting, and the real meaning and method of implementation are not yet clear. Some have interpreted the statements released from the joint meeting to mean that the first four new teams would be chosen from

the ranks of CL cities; others believe that four of the eventual eight new franchises would be from CL cities; still others expect that the eight new franchises would all be from the CL roster.

This matter will, of course, eventually become clear. At any rate, the result of the meeting was that the CL became defunct, and the NL and AL called for sessions to be held about a month after August 2, 1960, to adopt formal steps to implement the expansion. Later in the same month, club owners of the AL met and officially announced that the league will expand to ten teams for the 1962 season, with plans and details for expansion to be fully completed before December 1, 1961. No selection of new franchise cities was announced at that time. The NL has called for a similar meeting in late September 1960, and there is to be a joint NL-AL conference on the subject of expansion after the 1960 World Series. 1/

1/ Later information on major league baseball expansion plans is included in the note appearing on page 34 at the end of Section IV.

It should be pointed out, however, that minor league baseball attendance seems not to have been too great a factor in the selection of cities for some of the newer major league franchises. For example, in 1952, the year before the Braves moved from Boston to Milwaukee, the Milwaukee Brewers (AA)[1/] drew slightly less than 200,000 paid admissions, and had been at or below that level for several years. Yet, in 1953, the Braves in Milwaukee drew over 1,8 million fans. The Kansas City Blues (AA) were drawing only 200,000 to 255,000 annually for the years just prior to the move of the Athletics to Kansas City from Philadelphia, but the Athletics in their first year in Kansas City, drew nearly 1.4 million. Minneapolis (AA), which appears to have an excellent chance to get one of the first new major league franchises, drew only 160,000 at the Millers' games in 1959; however, including the attendance of the neighboring St. Paul Saints (AA), the area's total minor league gate in that year was over 276,000. On the other hand, in Buffalo, which is reportedly a marginal major league candidate city, the Bisons drew over 413,000 paid last year.

In discussing expansion, one must also consider the possibility of moving one or more of the existing weaker NL or AL franchises to other cities to strengthen the leagues financially. In the opinion of a number of people connected with the sport, Chicago, Philadelphia, and Cincinnati in the NL, and Kansas City, Washington, and possibly Baltimore in the AL fall into the category of weaker franchise cities. This opinion is based primarily on records of attendance.[2/] It has also been reported that Cleveland's management has been dissatisfied with lack of local support for the Indians (AL). However, it was believed doubtful that any of these franchises, with the exception of Kansas City and possibly Philadelphia and/or Cleveland, will be moved in the near future--this opinion was based on special circumstances, some of a personal nature, which surround the ownership of the other four clubs.

The death of the principal owner of the Kansas City Athletics, the team's failure to move out of the second division in league standings, and subsequent disappointments at the size of the annual paid attendance make that franchise a definite candidate for change, at least in ownership if not in location. The widow of the late principal owner has formally announced her desire to sell her interest to a group that will

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1/ American Association.

2/ Attendance figures, by team, for the seasons 1958, 1959, and 1960 appear in Appendix A, Tables A-II and A-III.

There is a heavy concentration of industrial payrolls in metropolitan Seattle; in 1957, an estimated 45 percent of all workers covered by the Washington State Employment Security Act[1/] was in King County alone. An additional 12 percent was in Pierce and Snohomish counties.

The large number of highly skilled aircraft and missile workers receive generally better wages than employees in many other industries, which aids in enhancing the area's over-all average income. This higher-than-average income and concentration of industrial payrolls favor the support of major sports and recreation activities in the Seattle area. It follows the general pattern of the more successful major league franchise cities.

Attendance at Sporting Events and Other Spectator Attractions

Seattle has the reputation of being a better-than-average "sports town." This reputation is based largely on the attendance records of the Seattle Rainiers minor league (Class AAA) baseball club, and the University of Washington football team.

Seattle Rainiers

In a 20-year period, 1940-1959, the Seattle club led the Pacific Coast League (PCL) in attendance for seven years and was among the top four teams no less than 14 times. The Rainiers once led the league in attendance in a year when the club finished 5th in the standings, and in another year when it finished 6th. These were in the "golden years" of Organized Baseball, and particularly of the minor leagues, immediately following World War II. The Rainiers' attendance record during the entire period of the 1940's and 1950's paralleled the trend of the PCL as a whole.

Over the 20-year period, attendance at Rainiers' games averaged 322,400 per year (about 5,400 per date), which was higher than attendance at Seals Stadium, San Francisco, during the same period (an average of 319,300 or about 4,600 per date), and represented an even better showing on a per capita basis, considering the larger population the Seals had to draw upon. In 1950, Seattle drew 492,647 paid admissions (about 8,200 per

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1/ Employees covered by state unemployment compensation program; excludes farm laborers, domestic servants, government workers, railroad employees, and certain minor groups.

date); in its last pennant winning year (1955) it drew 342,101 (about 5,700 per date); and in 1959 it drew only 172,725 (about 2,900 per date).[1/]

Sick's Stadium in Seattle is considered one of the best minor league stadiums in the country. It is easy to reach both by city bus and private automobile, and it offers free parking to patrons. These are factors which appear to have aided in encouraging attendance at Rainiers' games through the years.

The PCL team of neighboring Tacoma, the Giants, in its first year in the league in 1960, finished the season second in team standings and first in total attendance. It drew over 270,000, surpassed nationally only by Buffalo in the minors.

University of Washington

The University of Washington football team, the Huskies, plays its home games in the university stadium of 55,500 seating capacity.[2/] The stadium was fairly well filled during the 1950, 1951, and 1952 seasons, when attendance averaged well over 40,000 per game. In the following years--except for 1959, when the Rose Bowl-bound Huskies drew an average per game of over 40,720 and reached a single game stadium record of 55,782 for their meeting with Washington State--attendance averaged less than 35,000 per game, but has rarely dropped below 25,000 at any one game even when the university was playing the smaller schools on its schedule.[3/] Attendance at the early season home games in 1960 has been encouraging. For example, Idaho reportedly drew 34,500, and press accounts indicated that the game with the U.S. Naval Academy on October 1 attracted about 57,000 fans.

The university's recent attendance record compares favorably with that of other large West Coast universities, as indicated in Table III.

1/ The club attendance record is 548,368 (about 9,100 per date), set in 1947 when the team finished 5th.

2/ The original concrete bowl holds 34,500; to this was added in 1949 a double-decked section of 21,000 seats.

3/ Attendance at the 1959 Idaho game was 24,476.

Section VI

DIRECT ECONOMIC IMPACT OF MAJOR LEAGUE SPORTS STADIUMS ON SELECTED U.S. CITIES

A major league sports stadium has an economic impact on a community similar to that of a medium-sized industry. It provides employment, generates payrolls, and requires supplies, utilities, and other services in the course of its operation. In addition to the entertainment opportunities it offers local residents, it attracts to its events many persons not living in the community who spend significant amounts of money locally during the course of their visit. This section contains a discussion of the orders of magnitude of the direct impact of a stadium on several major league cities.

Employment[1/]

Full-Time Stadium Employees

Fifteen to twenty employees, most of whom live permanently in the area, generate an average annual payroll of $100,000 to $175,000.

Part-Time Stadium Employees

Several hundreds of persons are engaged in stadium operation, repairs, and maintenance before, during, and after events. These include ushers, special police, ticket takers, ticket sellers, ground and cleanup crews, parking attendants, and vendors. Many of these are local residents; some are transients. A large number of the part-time employees living in the community have other jobs as well. Sources in Milwaukee indicate that at stadium events with peak attendance, over 1,000 part-time workers are needed; at Candlestick Park in San Francisco, nearly 500 maximum are used, excluding vendors and parking attendants. The payrolls for part-time workers may reach several hundreds of thousands of dollars annually for each stadium--Milwaukee County Stadium officials report that the annual payroll for stadium cleanup and parking alone averages $120,000; at Candlestick Park, in its first year of operation, part-time labor costs averaged nearly $2,200 per game or $6.33 per

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1/ See also Appendix C.

employee. Much of this payroll money, of course, is spent in the local community.

Baseball and Football Club Employees

During baseball season (April through September), many of the officials of the baseball clubs (5 to 10) and all the players, coaches, and trainers (30-35) maintain temporary or permanent residences in the stadium's community. Some have their families with them during this time, while others live in the area the year round, have jobs there in the off season, and/or maintain business establishments. It would be difficult to estimate income of club officials, and players' salaries are confidential--however, median major league players' salaries range from about $10,000-$18,000 annually, depending on the player's team; averages are slightly higher than these figures.[1/] At least a portion of this is spent locally, especially during the period when the team is "at home," 75 to 80 days during the season.[2/]

The club also employs office or clerical personnel (it is reported that the Milwaukee Braves employ over 40 in their administrative and ticket offices), and many clubs have full-time and part-time ground crews on their payrolls (the Braves have 10 to 12 full-time and 18 to 20 on a stand-by, part-time basis).

Professional football teams have a similar impact. There are 5 to 10 club officials, 45 to 50 players, coaches, and trainers, as well as office and clerical workers. The season is slightly shorter than for baseball (August or September through December) and the average number of event-days in the stadium is considerably fewer (8 to 10 compared with 65 to 75 for baseball)--but the players' salaries are comparable, and the players are living in the community during the season. Some of the club officials, players, and other employees also live and work in the community in the off season.

Operating Expenditures

The stadium, just as any industrial or commercial establishment, requires considerable amounts of operating supplies and equipment, maintenance, repair, and modification or expansion. Of course, at the outset,

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1/ The minimum annual salary was raised in 1958 from $6,000 to $7,000.

2/ The visiting team members also make local purchases during this period.

the initial stadium construction project creates many local jobs and causes the purchase of large amounts of materials locally (most of the structures of this type which are being built today cost $10 million to $20 million). Once built, the facility (the structure, playing field, and parking lot) requires constant attention necessitating a great deal of labor (some by full- and part-time stadium or club employees and some by local contractors), and materials. This includes painting, repair and replacement of seats and light fixtures, repair and maintenance of playing-field turf and parking-lot surface, and similar work.

In addition, supplies and services are required, such as office and rest room supplies, cleaning materials, insurance, postage, telephone and telegraph services, advertising, printing and binding, travel services, and utilities.

Milwaukee County Stadium maintenance and repair activities and services and supplies have amounted to $125,000 to $150,000[1/] per year; stadium maintenance and repair supplies and utilities costs alone at Cleveland's Municipal and Kansas City's Municipal average about $50,000 annually.

Expenditures by Attendees

The basic expenditure at stadium events, of course, is the ticket cost (part of which is federal, and in some cases, local, tax) which is shared by the home club, the visiting team, the league office, and the stadium. However, the stadium's share (plus a rental fee in some cases) is the only major portion of the ticket income which stays in the community. To give an example of the gross magnitude of this item, total baseball ticket sales for the San Francisco Giants in 1958 were nearly $3.5 million.

Concession sales have a much greater impact on the stadium's community than do ticket sales. In addition to the fact that the stadium shares in the gross concession sales (sometimes figured after sales tax) and that a number of the vendors are local residents, many of the items sold, particularly food and beverages, are local products or are purchased locally. Also, in most instances, the sales taxes (state and sometimes local) resulting from these expenditures represent a considerable sum. When these

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1/ This figure includes some labor salaries.

local taxes are paid by out-of-town visitors to the stadium, it aids in easing the local tax burden. Figures indicate that the average concession expenditure per ticket holder at a professional baseball or football event ranges from 70 cents to $1.10, depending on the length of the game and whether it is a single game or double-header. Gross concession sales at Milwaukee County Stadium in 1957 amounted to $1.7 million or an average of about 85 cents per attendee.

Parking is another important expenditure. In many instances, the stadium receives the entire gross income from parking, and this activity also provides a large amount of part-time employment for parking attendants. Gross parking income at Milwaukee County Stadium has ranged from $180,000 to $235,000 per year in recent years (at 25 cents per car or $45 per season), and as many as 150 parking attendants were used at peak events. Gross parking revenue at Candlestick Park from April 12 to July 15, 1960, was $229,000 (at 75 cents per car), and the annual revenue is estimated at over $300,000.

The out-of-town ticket holder at stadium events is a very important factor for the community. Baltimore has estimated that 25 to 30 percent of all attendees at Orioles baseball games come from outside the metropolitan area; San Francisco estimates that 35 to 40 percent are out-of-towners; and Milwaukee estimates that 30 to 50 percent of its Braves home game ticket holders come from outside the city. These estimates are based on actual sample surveys in which questionnaires were returned by nonlocal visitors to these stadiums.

Baltimore's 1954 survey showed that each out-of-town attendee[1/] at an Orioles game spent between $20 and $30 per visit, or a season total of $5.5 million to $8.3 million. The type of expenditure, its percent of the total, and the dollar amounts were as follows:

1/ This amounted to 276,898 of 1,060,910 total home attendance. An out-of-town attendee is defined as one whose minimum driving time to the stadium is 45 minutes.

	Percent of Total	Thousands of Dollars Based on: $20/Visit	$30/Visit
Restaurants	25%	$1,375	$2,075
Hotels	17	935	1,411
Retail Stores	14	770	1,162
Gasoline Stations	10	550	830
Miscellaneous, Including Local Transportation	34	1,870	2,822
Total	100%	$5,500	$8,300

San Francisco's 1958 survey showed that out of that year's total home attendance of 1,272,625, an estimated 509,000 were from out-of-town. Based on an average expenditure of $5 per nonlocal attendee, this category of Giants' ticket holder brought over $2.5 million into San Francisco that year, broken down by type of expense as follows:

	Percent	Thousands of Dollars
Food	26.7%	$ 680
Hotels, Motor Hotels	22.0	560
Department Stores and Others	17.9	436
Gasoline Stations, Garages	12.0	305
Recreation and Sightseeing	12.0	305
Beverages and Refreshments	4.0	102
Sundries	3.7	94
Laundry, Cleaning, Personal, Professional	1.7	43
Total	100.0%	$2,545

Milwaukee's 1958 study indicated that each nonlocal attendee[1/] in 1957 (based on about 30 percent of the total or approximately 665,000 fans) spent $10.92 each time he came to see a Braves game. This amount was broken down as follows:

	Dollars per Person	Percent	Thousands of Dollars
Restaurants	$ 3.27	29.9%	$2,173
Retail Stores	2.66	24.4	1,768
Night Clubs	1.53	14.0	1,017
Hotels	1.07	9.8	711
Gasoline	0.92	8.4	612
Local Transportation	0.18	1.7	120
Miscellaneous	1.29	11.8	857
Total	$10.92	100.0%	$7,258

There are, of course, a number of limitations inherent in this type of data--for example, some "out-of-towners" are really only from neighboring cities, and a significant number of others visiting the stadium are in the community for reasons other than to watch a baseball game (estimates are that up to 50 percent or more of the fans at Yankee Stadium in New York on any given date are visitors--businessmen, vacationers). However, the figures give at least an order of magnitude of the direct economic impact of a major league stadium on a community, particularly with respect to "new" money brought into the area by nonresidents who come to the city just for the purpose of seeing the ball game or other stadium event. As mentioned earlier, most of their purchases in the area are taxable, which also helps to lessen the tax burden on the local residents.

It should be emphasized that the aforementioned expenditures by nonresident stadium attendees represent only the direct economic impact on the community. This added volume of trade also helps indirectly to create new jobs which are needed to provide the materials or services purchased. Therefore, the several millions of dollars of direct expenditures will

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1/ One who comes from a distance of 50 or more miles.

revolve several times more in the city and environs before they leave the area. How many times they revolve will vary from region to region, and it would require a detailed economic study to determine this number with any degree of accuracy.

There is evidence of other indirect effects of major league sports on a community. Because of local interest in sports in general and the community's team or teams in particular, there is a tendency on the part of resident families to buy more newspapers and sporting periodicals, sports equipment, portable radios, and similar items. The existence of the team also adds to local pride and, for many people, makes the community a better place to live and work. It has been reported by some of the newer franchise cities that a significant number of people decided to move to those communities in preference to nonleague cities; other people not living in the city do their shopping for major items there (in conjunction with a visit to the ball park) rather than in nonleague communities; while still others have opened new commercial ventures or branch plants there, basing their decisions partly on the existence of the franchise and the economic stimulus it provides.

but adds to the flexibility of the stadium for multiple uses. Ultimately, if desired, the temporary seats can be replaced with those of a permanent type.

The best temporary seating can be provided at a maximum per seat cost of $20, which includes the cost of concrete pilings on which the seats would rest. Added to this cost, of course, must be the expense of providing that portion of the permanent stadium facilities, such as parking lot surfacing, turnstiles, and rest rooms needed to accommodate the patrons occupying the temporary seats. In this study, a cost range of $30 to $40 per temporary seat was used, which includes both the cost of the seat and a share of the related permanent facilities.

Based on the foregoing, it is estimated that the cost of the stadium structure will range from about $6.5 million to $10 million.

Cover

In order to permit stadium events to be presented during inclement weather, it was decided at the outset of the study to consider a facility for Seattle which could be covered. A number of designs for stadium covers exist which are said to be technically feasible. None are known to have been built at this time, although it is reported that Dynamo Stadium in Moscow is being covered, and that preparations are being made to cover a sports stadium in Japan. Several U.S. cities are also contemplating covered stadiums, including Boston, Houston,[1/] and Oakland.

From an economic standpoint, a stadium that can be covered is advantageous, particularly as far as attendance and ticket revenue are concerned. For example, major league baseball teams are scheduled to play their 77 home games on 65 to 75 dates (the difference being made up with scheduled double-headers). Whenever a scheduled date is rained out, that game (or games) must be made up on an open date, or as part of a doubleheader if all the open dates have been used. In the latter instance, the club owner, the visiting team, the league, and the stadium lose all (or nearly all) the revenue which the make-up or second game would have produced if it could have been played as a single game. Considerable revenue is also lost when the game is actually played on schedule but attendance has been discouraged by threatening weather. The loss of revenue

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1/ May also be air conditioned.

from these causes would be significantly reduced if the stadium could be covered in bad or threatening weather, and if the "outdoor atmosphere" of the sport could be preserved when the cover is in place; however, a complete reduction of this loss is probably impossible, since some fans will stay away in bad weather regardless of the cover because they do not like to travel under those conditions or to walk in the rain to and from the parking lot. The estimated reduction in loss of income over the life of the stadium cover must be weighed against its initial cost and the expense of its operation and maintenance in order to determine the economic feasibility of the system.

The capability of a stadium to be covered also permits more flexibility in the types of events to be held there. It allows for a range of events normally held indoors and, in turn, accommodates larger crowds than most auditoriums or arenas. For example, a covered stadium could handle heavily attended events, such as trade shows, wherein large amounts of heavy machinery and equipment are displayed, and consumer shows, like the Boat Show and the Home Show. Events such as these usually last about a week, draw thousands of people, and thus can be an additional source of stadium revenue.

On the basis of opinions of architects and engineers interviewed, it appears that a stadium cover will cost about $4 million to $5 million. This figure represents a cost of $3 million to $4 million for the cover itself and about $1 million additional structural expense in order for a conventional stadium to be able to support the cover. Of course, it is possible when building the stadium to so construct it that the cover may be added later.

Cost of Land

Site selection was excluded from the scope of this research effort. However, since land cost can be a major portion of the over-all cost of the stadium, unless the site is already owned by the building agency, it appeared appropriate to consider a range of probable land costs in the Seattle area in order to aid in a determination of the size of the bond issue required for the project. A range of $5,000 to $35,000 per acre was believed to be reasonable for land in suburban or outlying areas, and $150,000 to $250,000 per acre was used for a site in or near the central district of the city.

Table V

ESTIMATED COST OF CONSTRUCTION OF PROPOSED STADIUM
(Millions of Dollars)

	Cost per Permanent Seat[1]		Range of Total Cost	
	$175	$200	Lower Limit	Upper Limit
Stadium Structure				
Number and type of seats				
50,000 permanent	$8.75	$10.0		
35,000 permanent plus 15,000 temporary	6.125 0.45[2]	7.0 0.6[3]		
Total, Permanent and Temporary	$6.575	$ 7.6	$6.575	$10.0
Stadium Cover[1]				
Cost of built-in stadium structural members to support cover, whether or not cover is eventually added			1.0	1.0
Cost of cover			3.0	4.0
Stadium Site				

	Cost per Acre					
	Suburban		Downtown			
	$5,000	$35,000	$150,000	$250,000		
Acres needed						
20	$ --	$ --	$3.0	$5.0		
75	0.375	2.625	--	--		
100	0.500	3.5	--	--		
Suburban					0.375	3.5
Downtown					3.0	5.0
Total Cost - Suburban Location					$10.95	$18.5
Total Cost - Downtown Location					$13.575	$20.0

1/ Excludes cost of land, but includes architect's fee, contingencies, and, in the case of the stadium structure itself, the parking lot surfacing and the playing field preparation.
2/ At $30 per temporary seat.
3/ At $40 per temporary seat.

Table VIII

ALTERNATIVE COMBINATIONS OF MAJOR LEAGUE BASEBALL AND FOOTBALL ACTIVITY AND ESTIMATED PROFIT OR LOSS POSITION FOR STADIUM

Combination			Estimated Annual Operating Income	Profit, Loss, or Break Even[3]
Major Tenant(s)	Annual Days of Use[1]	"Other Events" Schedule[2]		
Pennant-contending baseball and football teams	(a) 75 dates for baseball	Regular (7 events)	$565,000	Profit
	(b) 65 " " "	"	515,000	"
Pennant-contending baseball and 1st division football teams	(a) 75 " " "	"	525,000	"
	(b) 65 " " "	"	480,000	"
Pennant-contending football and 1st division baseball teams	(a) 75 " " "	"	455,000	"
	(b) 65 " " "	"	425,000	"
Pennant-contending baseball and 2nd division football teams	(a) 75 " " "	"	490,000	"
	(b) 65 " " "	"	445,000	"
1st division baseball and football teams	(a) 75 " " "	"	415,000	"
	(b) 65 " " "	"	385,000	"
1st division baseball and 2nd division football teams	(a) 75 " " "	"	385,000	"
	(b) 65 " " "	"	350,000	"
1st division football and 2nd division baseball teams	(a) 75 " " "	"	315,000	"
	(b) 65 " " "	"	295,000	Break Even
2nd division baseball and football teams	(a) 75 " " "	"	275,000	"
	(b) 65 " " "	"	255,000	"
Pennant-contending baseball, no league football	(a) 75 " " "	Augmented (18 events)	495,000	Profit
	(b) 65 " " "	"	450,000	"
1st division baseball, no league football	(a) 75 " " "	"	385,000	"
	(b) 65 " " "	"	350,000	"
2nd division baseball, no league football	(a) 75 " " "	"	275,000	Break Even
	(b) 65 " " "	"	250,000	"
Pennant-contending football, no baseball		"	255,000	"
1st division football, no baseball		"	215,000	Loss
2nd division football, no baseball		"	175,000	"

1/ Football tenant uses stadium annually for seven regular season games.

2/ See Table VI.

3/ Estimates of stadium operating expense are $275,000 per year. These expenses include salaries of permanent staff (about 17) and part-time employees, utilities (excluding stadium lights), insurance, maintenance and repair, equipment rental, and supplies (see Table IX). Under conditions of maximum use of the stadium, operating expenses might range as high as $300,000, while under conditions of minimum use they might be as low as $225,000 per year.

Table C-I

MILWAUKEE COUNTY STADIUM OPERATING REVENUES AND EXPENDITURES

	1953	1954	1955	1956	1957	1958	1959
Revenues							
Rents							
Braves	$ 25,000	$250,000	$129,400	$130,500	$136,200	$205,500	$186,100
Green Bay Packers	26,700	16,300	26,600	23,800	20,200	13,600	20,000
Special Events	15,800	4,500	6,200	5,000	21,200	14,900	11,300
Concessions	13,500	8,000	83,000	79,500	87,600	225,800	206,500
Advertising and Locker Rentals	10,700	8,600	10,200	14,700	14,100	15,700	19,000
Parking	121,500	159,400	180,200	200,400	234,100	220,200	202,400
Total	$213,200	$446,800	$435,600	$453,900	$513,400	$695,700	$645,300
Expenditures							
Operation and Maintenance	89,000	149,200	149,000	182,700	251,000	272,000	306,900
Profit	$124,200	$297,600	$286,600	$271,200	$262,400	$423,700	$338,400

Total Income 7 Years	$3,403,900
7 Year Expenses	1,399,800
7 Year Net Income	$2,004,100