

The Rays and MLB's No-Win Situation in Their New Stadium Efforts

Written by Maury Brown
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Tampa Bay Rays principal owner Stuart Sternberg went into battle again on Thursday. The former Wall Street investor, who in 2005 purchased the majority interest in the club, has been looking for a way to get out of Tropicana Field, but to no avail. His audience was one with a keen interest in the Rays as he was invited by the Hillsborough County commissioners to speak about the health of the club as the county has been targeted as a possible relocation destination.

"Major League Baseball doesn't believe anymore in the Tampa Bay area," Sternberg said, and that was backed shortly thereafter by a statement from the Commissioner's Office

"The Commissioner has had conversations with Stuart Sternberg and is disappointed with the current situation in the Tampa Bay market.

The status quo is simply not sustainable. The Rays have been a model organization, averaging nearly 92 wins per year since 2008 and participating in the Postseason three times, including their inaugural World Series in 2008.

Their .565 winning percentage over the last five years is second among all American League Clubs and third in all of Major League Baseball. Last year, the 30 Major League Clubs averaged nearly 2.5 million in total attendance; the Rays, who finished with a 90-72 record, drew 1,559,681, which ranked last in the game.

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The Club is an eager contributor to worthy causes in the Tampa and St. Petersburg communities and takes pride in meeting the social responsibilities that come with being a Major League franchise. We are hopeful that the market will respond in kind to a Club that has done a marvelous job on and off the field.”

The matter brings up a host of issues, none of which are as clear-cut as the league not believing in the Tampa Bay market any longer. For every argument, there seems to be a counter-argument.

- “Tropicana Field is in a bad location and is a bad ballpark experience.”... “No matter what, when the Rays are in playoff contention or seeking a playoff berth, fans should be showing up.”

- “The economy in the area has impacted discretionary income, and that means fans aren’t buying tickets.”... “The dour economy impacts many markets around the country, so why is Tampa Bay all that different?”

- “Current ownership knew what they were getting into when they purchased the club.”... “When you purchase a club that has had lackluster performance on the field, when you get them winning, that should right the ship. Winning cures all ills... except for in Tampa Bay.”

- “Tampa Bay/St. Pete has a large transient population. It takes time before you build fan loyalty.”... “Then how is a new ballpark going to really fix this?”

But, the real issues run deeper. Far deeper.

If you want to get down to it, one of the largest issues is getting to Hillsborough County, which bumps into a conflict with Pinellas County where the Rays currently reside in Tropicana Field. To add to matters, St. Petersburg Mayor Bill Foster has been adamant about the Rays staying put going so far as threatening to sue the Hillsborough County commissioners from meddling. For Foster, the issue is about the Rays sticking to their lease at the Trop which runs till 2026.

So, what is one to make of it all? What can one read from Selig’s and Sternberg’s comments? What actions, if any, can they act upon? The reality is, there’s not much either can do, short of some nuclear options. Here’s a Q&A:

Can the league dissolve the Rays via contraction? The short answer is, no. At least not for a

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while and maybe, never. At the very least, contraction is off the table within the latest CBA which expires in 2016. But even then the odds are exceptionally long. The MLBPA would likely sue over loss of jobs to the players, as would Pinellas County and others that have a vested interest such as Sun Sports.

Is the Rays' lease "ironclad"? – Yes, the lease on Tropicana Field doesn't expire for another 14 years. Does that make it "ironclad"? The answer is no. What it does mean is it's likely too expensive to buy the lease out at this point, but the closer and closer one gets to that expiration date, the easier it is to negotiate out of it. Politicians love to rattle sabers, but the truth is, if a deal can be reached to buyout the lease, it would seem hard to not consider allowing for it.

Why can't the Rays simply look to put pressure on by seeking relocation options outside of their broadcast territory? They could, but it would be a veiled threat. Broadcast rights fees have continued to escalate, and with it, the club territories have become highly guarded. Look at what happened with Peter Angelos and the Orioles when the Expos relocated to DC and became the Nationals. It took the creation of an regional sports network (MASN) where the Orioles controlled the lion's share to placate them.

If you could indemnify the TV issue, could you then relocate? Well, sure, but they say the devil you know is better than the devil you don't. In other words, the Rays have a good understanding what their market is capable of. Other markets, Northern New Jersey the exception, would be smaller in one capacity or the other. You might get attendance up, but your television deal may not be as strong. You might get higher overall attendance, but corporate sponsorships and suite sales would be an unknown.

Are there any markets that the Rays could move to now? Not really. For one, you'd need to get out of the lease, move into an interim facility and then wrestle with the same issue that the Rays face now which is funding for a new ballpark.

You mentioned "nuclear options". What are those? The one that's occurred before with the Expos being the example is, the league and its owners could purchase the Rays, and then work to sell or relocate them. While this seems like a contradiction, the difference is that when a league purchases a club, they have no intention of holding onto it for any period of time. If the shorter is better, then municipalities that are really in the hunt for an MLB club have more political cover to work from. The Rays going it alone becomes a "possible sale" while a derby for a club by the league comes off as "really going to happen."

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Any other options? Bankruptcy? The one that is hanging out there, but would seem a reach, is bankruptcy. In that case, it would fall to the courts and in that, an auction by which an owner comes up with a method to not only purchase the club but satisfy debt comes into play. This is an extreme longshot at this point. There's been no wind of the Rays missing their lease payments, so it's a farfetched scenario.

So, what are the options? It's a stalemate. At this point, the league and Rays don't seem to have a lot of options. It seems clear they need a new facility, but getting it on the public dime is going to be tough, as if it wasn't before the Marlins pulled their stunt with public funding. No, much like the A's, the Rays are in a state of purgatory. The most dramatic thing that could happen is a possible sale of the club, but as Schott and Hoffman did in selling the A's to Wolff and the Fishers, all you're really doing is changing deckchairs on the Titanic.

You have to feel for the Rays. They continue to be the most creative club with player development and contract structure that has allowed them to be very competitive for some time. They'll likely be playing to an empty warehouse called Tropicana Field (again) this year. At some point, one wonders about Sternberg selling or cutting his margins. If it's the latter, you wind up getting the current state of the Astros or what has gone on historically over the last decade with the Pirates. The logic goes, if you're going to play to an empty room, getting revenues in alignment to counter the abysmal gate numbers at least keeps you in the black. Let's pray that's not the case. The Rays are a great story in every fashion... except the empty seats at the Trop.



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