



Last Week In Bizball by Pete Toms

This week in LWIB, Wrigley Field renovations, amateur draft slot recommendations, mid season MLB attendance, the All-Star Game Home Run Derby and Bank of America's relationship with MLB.

WRIGLEY FIELD RENOVATIONS

LWIB saw [much conjecture concerning the finalizing of an agreement](#) transferring ownership of the Chicago Cubs, Wrigley Field and a minority stake in Comcast Sportsnet Chicago from Tribune Co. to a group headed by Thomas Ricketts. Reports of a nearly completed sale led to renewed speculation concerning the future of Wrigley Field. It is expected that increasing revenues at Wrigley Field will be a necessity for new owners in light of the demands of a reported near \$900 million purchase price for all the assets. LWIB

[Fran Spielman](#)

reported for the Chicago Sun-Times (HT

[Shysterball](#)

);

On the table is a \$250 million makeover timed to celebrate the ballpark's 100th anniversary and update the shrine of Major League Baseball to last for another century -- and possibly host the 2014 All-Star Game.

Known as Wrigley 2014, the plan calls for new concourses, washrooms, concessions, skyboxes and a club seating lounge.

Adjacent to the ballpark, the team would finally develop the so-called triangle building and turn the street in between into a Fenway Park-style pedestrian promenade bustling with shops and

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restaurants.

The five-story triangle building promised to Wrigleyville residents in exchange for a bleacher expansion was supposed to house a 400-space garage, upscale restaurants, retail stores and rooftop garden and below-ground batting cages, pitching mounds and player workout facilities.

The \$100 million building has since been redesigned to include more retail and office space at the expense of parking, with a stadium club replacing the rooftop garden. A smaller garage could be built on less valuable land away from Wrigley.

Sources said Tom Ricketts, the family's point man on the Cubs sale, has seen all of the renderings, but has not yet signed off on a specific renovation plan.

How the Wrigley Field renovations and development surrounding the ballpark will be financed remains unknown. Ms. Spielman points out in her report, *"But after paying nearly \$900 million for the Cubs and struggling to secure debt in a worldwide credit crunch, how extensive of a renovation would the Ricketts family be able to afford or be willing to bankroll?"*

Reacting to reports that the sale of the Cubs had been finalized,

[Bruce Levine](#)

reported for ESPN Chicago, "

New revenue sources,

including personal seat licensing (PSLs)

will be a part of the aggressive way the new owners will look for more cash".

[Last year](#), Tribune Co. and the State of Illinois discussed a proposal that would see the State purchase Wrigley Field and then sell tax-exempt bonds to finance renovations to the ballpark. According to Ms. Spielman, Ricketts family spokesman Dennis Culloton, "... *reiterated that the family has no interest in reviving an ill-fated plan to have the state buy and renovate Wrigley.*"

Neil deMause, at his Field of Schemes blog, is not convinced that the Cubs new owners will not seek government cooperation in financing a Wrigley Field renovation.

[Mr. deMause](#)

notes that should Cubs ownership resume negotiations with the State over purchasing and renovating Wrigley, a key deadline looms as the ability to access financing via

[PILOTS](#)

(payments-in-lieu-of-taxes) expires at the end of the 2009 calendar year. (The Yankees

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obtained a favourable ruling from the IRS which allowed them to finance most of the construction costs for the new Yankee Stadium via tax exempt – i.e. cheaper - municipal bond financing. The Yankees repay the borrowing costs via PILOTS)

Maury Brown at [The Biz of Baseball](#) detailed how the purchase of the Cubs and any subsequent renovations to Wrigley Field could be impacted by MLB's rules governing debt at the individual club level. Mr. Brown quotes from the current CBA.

No Club may maintain more Total Club Debt than can reasonably be supported by its EBITDA. A Club's Total Club Debt cannot reasonably be supported by its EBITDA if Total Club Debt exceeds the product of the average of that Club's EBITDA over the most recent two years multiplied by the Cash Flow Multiplier applicable to that Club

The CBA then continues to explain the Cash Flow Multiplier

Cash Flow Multiplier. *“Cash Flow Multiplier” means the number to be multiplied by the average of a Club's EBITDA over the most recent two years ... in order to determine the maximum Total Club Debt that reasonably can be supported by that Club's EBITDA. The Cash Flow Multiplier shall be ten (10), except that any Club which incurs (or has incurred within the last ten years) stadium-related debt to finance construction of a new ballpark or the major renovation of its existing ballpark may use a Cash Flow Multiplier of fifteen (15) for the first ten (10) fiscal years after that ballpark's opening or re-opening*

Select [Read more](#) to see the latest on amateur draft slot recommendations, attendance at the Major and Minor League levels at the All-Star Break, the All-Star Homerun Derby, and the latest on Bank of America and MLB

AMATEUR DRAFT SLOT RECOMMENDATIONS

Commissioner Selig has renewed his efforts to control the escalating dollars being awarded to amateur players selected in the Rule 4 amateur draft via his office's "slot recommendations". The "slotting program" has been a divisive and controversial issue within ownership (and obviously with the PA) since it was introduced in 2002. Many clubs have opted to ignore the "slots" in previous years. Subsequent to the most recent "June draft", [Liz Mullen](#) reported in

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The SportsBusiness Journal.

Major League Baseball is recommending to clubs a 10 percent reduction in the signing bonuses paid to players who were selected in the first four rounds of this month's amateur draft and even steeper reductions for players selected in the fifth round or later, multiple sources said.

One source said MLB's recommendation for the slots for the upper rounds represents a decrease of more than 15 percent over last year's slot numbers.

AND

Agents said clubs were citing the downturn in the economy as the reason for the decrease in the slot recommendations.

"For the first round, they are saying the slot is 10 percent down, and that is consistent with the offers I have received," said one prominent agent. "The teams definitely use the commissioner's office as an excuse. They say, 'We love the player. We love the slot, but the commissioner's office won't let us [sign above slot].'"

AND

MLB for years has made recommendations about how much drafted players should be paid and maintained that the league is not prohibited from reducing the amount of the recommendation. MLB reduced the recommendation in 2007 by about 10 percent but increased it last year by about 10 percent.

While it remains early in the signing season (the signing deadline is August 17), the deals agreed to so far indicate that clubs are largely adhering to the commissioner's "slots". (Whether this is a result of concerns about the economy and diminished attendance in MLB this season or the influence of Commissioner Selig is not known to LWIB.) LWIB, [Jim Callis](#) at Baseball

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America assembled some facts on the state of the market for this year's amateur draftees.

Commissioner Bud Selig's decision to slash bonus recommendations by 10 percent this year hasn't significantly delayed the signing of first-round picks. In the first four weeks after the draft, 11 first-rounders had signed pro contracts.

At the same point, 12 first-rounders had agreed to terms in 2008 and 13 had signed in 2007.

AND

The 11 first-rounders who have signed averaged \$1.449 million in bonuses, compared to \$1.509 million in MLB recommendations for their slot and \$2.065 million in bonuses for those picks in 2008.

None of the four players signed in the first 20 picks.....received a full-slot bonus.

AND

Expect a lull until a week or so before the Aug. 17 deadline. The last time MLB arbitrarily cut slots 10 percent, in 2007, several first-rounders held out for the previous year's numbers and received them at the deadline.

There also are many players....seeking more than twice MLB's guidelines for their slots. While all of them are expected to sign, MLB won't approve significantly above-slot deals until shortly before the deadline.

In a [separate piece](#), Mr. Callis reported that MLB has "set a \$150,000 ceiling" for all picks subsequent to the fifth round.

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MID-SEASON ATTENDANCE

LWIB [Brian Borawski](#) of The Hardball Times examined MLB's mid season attendance numbers.

Coming in at number one are the New York Yankees. While that's not a big surprise, the fact that they're below 90 percent of their capacity is. They're drawing almost 8,000 fewer fans per game than they did in their record breaking season last year. Coming in at number two are the Philadelphia Phillies, who are cashing in on their World Series win last year. They're looking to dethrone the perennial National League leader, the Los Angeles Dodgers, who despite sporting the best record in baseball, sit at number three as they've drawn almost 3,000 fewer fans per game.

Another big disappointment are the New York Mets. After drawing over 51,000 fans per game last year, they're bringing in just over 39,000 fans this year. Granted their stadium is smaller, but they're still operating at 93 percent of capacity.

Coming in at the bottom are the Florida Marlins, who are getting a new stadium in a couple of years. The Oakland Athletics are just a notch above them and rounding out the teams with an average of fewer than 20,000 are the Pittsburgh Pirates.

The Chicago Cubs are the best draw on the road, although it's close between them and the New York Yankees. The Boston Red Sox, who have had the best road record the past two seasons, sit in third place.

If you total up all of the games to date, overall attendance sits at 36.6 million. While it's not exact, that would put overall attendance in the 73 million range if that trend holds. This is well below last year's mark of 78.6 million and it's quite a bit lower than the 75 million I predicted in the THT Annual. There's some reason to be encouraged though. There are several tight division races (see the NL Central) and the warmer weather should bring out more fans to the more northern cities. Still, it's safe to say that attendance is going to be at a multi-year low for the season.

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Is the decline in attendance associated with fan dissatisfaction over ticket prices? LWIB saw the release of a poll commissioned by the AP which interviewed “655 adults interested or very interested in MLB.” The interviews happened between June 26 and July 5. (See a PDF of the poll results [here](#)) [Maury Brown](#) reported on the findings of the poll;

Of the four questions asked, a staggering 63 percent of those polled said the cost of attending games represents the biggest problem with Major League Baseball, up from 45 percent just before the season started when the same poll questions were asked. That compared with just 18 percent saying players made too much money (down from 29 percent at beginning of the season), 14 percent saying player use of PEDs (down from 19 percent at beginning of the season), and 4 percent saying games take too long (down from 6 percent at the beginning of the season).

Mr. Brown also reports that according to Team Marketing Report the league-average ticket price has increased 5.4% in 2009. But when the Mets and Yankees are subtracted from the equation “*the average ticket for the other 28 teams (\$23.07) would be up just .09 percent.*”

Due to the recession, MLB clubs anticipated declining attendance this season and responded with a large amount of ticket-discounting. The decline in attendance, combined with ticket-discounting, is having a very significant impact on MLB’s largest single source of revenue. [Eric Fisher](#) reported in The Sports Business Journal in May;

A heavy wave of team-level ticket discounts and promotions has helped lessen, but not eliminate, the declining attendance numbers. That same discounting, however, has contributed to MLB’s aggregate ticket revenue being down an even greater percentage than the attendance decline, perhaps something closer to 6 percent to 7 percent, industry sources said.

Declining attendance could be impacting player personnel decisions. LWIB saw both White Sox General Manager [Kenny Williams](#) and Rays owner [Stuart Sternberg](#) making comments to the press linking disappointing fan support at the gate this season with the inability to acquire players near-term (Williams) and retain players in future seasons (Sternberg).

ALL-STAR GAME HOME RUN DERBY

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Has MLB's All-Star Game [Home Run Derby](#) become more popular than the game itself? Probably not, but the exhibition has evolved into a fan favourite both at the gate and on TV.

LWIB the [St. Louis Business Journal](#) reported (HT [Shysterball](#));

The average ticket price to the [Major League Baseball](#) All-Star game in St. Louis is down more than 50 percent from last year, while the ticket price to the Home Run Derby is up more than 9 percent.

The average ticket to the All-Star game July 14 is \$679, down from \$1,460 last year when the game was played in New York, according to [RazorGator.com](#), a ticket market site.

The average ticket price to the July 13 derby, where the league's top hitters square off to determine who can hit the most home runs, is \$491 this year, up from \$449 last year.

LWIB [Michael Hiestand](#) reported in USA Today that the Home Run Derby is, "**often cable TV's highest-rated summer event**

”.

Mr. Hiestand also reports that ESPN will use the Home Run Derby to showcase its new “Ball Track” technology.

[Glen Dickson](#) reported on “Ball Track” in Broadcasting & Cable:

The network will introduce a new graphic, “Ball Track”, which uses Doppler radar to track the flight of a baseball off the bat. The Ball Track graphic will indicate the real-time distance the ball is traveling, from the point of impact to the final resting point; display the arc of the ball as it travels through the air; and, by using the mid-flight path of the ball, project whether the hit will be a home run or fall short.

The Ball Track data will both be presented as an on-screen graphic and stored for reference throughout the telecast. ESPN has displayed home-run distances in the past, but Ball Track will mark the first time that information is presented in real time.

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ESPN will use 20 cameras in total to cover the Derby action, including "Ultra Mo," an ultra-high-frame rate camera that captures images at 1,000 frames per second to generate slow-motion replays with fine detail.

BANK OF AMERICA AND MLB

The [February collapse](#) of Bank of America's deal with the New York Yankees for ["in-stadium" naming rights](#) of the new Yankee Stadium was one of the most high profile examples of the [popular and political backlash](#) against the financial services sector's sponsorship of professional sports. The value of the sponsorship deal was widely reported to be approximately \$20 million annually. Government (TARP) bailouts of lending institutions turned sports sponsorships in to public relations disasters for the financial services sector. (I.E. CitiField)

[Ben Casselman](#) reported in the WSJ on BofA's decision to walk away from the premier sponsorship opportunity available at the new Yankee Stadium, "*Bank of America spokesman Joe Goode said the decision to walk away from the negotiations was due in part to the economic environment and **the mood of the country***"

."

Nonetheless BofA remains very active in MLB. LWIB Tom Van Riper reported in Forbes that "[Bank Of America Is Bullish On Baseball](#)"

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Despite engendering acres of bad press for spending on sports while collecting \$45 million in taxpayer TARP funds, [Bank of America](#) ([BAC](#) - [news](#) - [people](#)) maintains sponsorship deals with 10 MLB teams, including the high profile Yankees, Dodgers and [Red Sox](#)

. It also officially sponsors 23 minor league teams, not to mention Little League.

AND

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Bank of America claims every dollar it spends on sports yields \$10 in revenue and \$3 in net income. More than 10% of BofA's checking accounts in the U.S. are sports branded through teams and leagues. The bank has raised \$18 billion in debt and private equity for stadium construction and renovation since 2002. Despite the tough times for financials, banks and financial services companies still represent the broadest presence in MLB with 13 firms spending on 22 official sponsorships. No other industry has more than six.

AND

With the notable exception of passing on a chance to up its deal with the Yankees to sponsor a big part of the team's new stadium, the bank is forging ahead with the most baseball sponsorship deals in the financial industry while holding its overall sports spending steady from last year. The "official bank of [Major League Baseball](#)" will be active at the July 14 All-Star Game in St. Louis, Mo., running promotions around former Cardinal greats like Ozzie Smith and Lou Brock, and passing out free tickets to the local Fan Fest party to those opening accounts.

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