The Democratic or Undemocratic Public Referendum

and Publicly Funding Private Sports Facilities

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Abstract

Direct democracy and the public referendum in particular, are intended to provide citizens with a mechanism for influencing the day-to-day actions of their local governments. Referenda have been used multiple times when a city is considering providing funding for professional sports stadiums. The idea is that the people will then have some power over how their tax dollars are spent rather than being held prey to the wishes of wealthy team owners to have their stadiums fully funded by tax money. Critics of direct democracy fear that the ordinary person may be victim to the expensive and clever advertising campaigns of the upper class; which in this case is the team owners. There were some very aggressive advertising campaigns put forth by owners and public officials, but citizens were wise to these tactics and these campaigns did not have the impact that team owners would have liked and that critics of the public referendum feared. The owners did not stop with the media. They threatened their home cities with their departure if they did not receive new facilities. Still, citizens held their ground against the demands of owners and officials. After looking at a few cities, it seems as if when used in these instances, the public referendum may not allow the people to be heard. This project examines three cities, San Diego, Pittsburgh, and Seattle respectively; to discover just how democratic the referendum process was or was not in each situation.
Table of Contents

Advice to Future Honors Thesis Students....................Page 1

Acknowledgments..............................................Page 3

Authors Reflections..........................................Page 4

Thesis.............................................................Page 7

Bibliography.....................................................Page 56
Advice to Future Honors Thesis Students

Going into this project, I wish that I had paid more attention to the advice that I had gotten from others who had finished their thesis projects. So firstly, do not take any advice that you hear lightly. You are hearing it for good reason. Aside from telling you to actually listen to the valuable advice that people give you, the greatest piece of information that I could give is to tell you to know what you are going into in writing this thesis and to not attempt to “bite off more than you can chew.” Going into my junior year and again into my senior year I added on several new responsibilities that not only delayed me in finishing my thesis but also from enjoying my project. I saw it as another item on a very long list of obligations rather than an exciting project that I was creating. There may be other potential obligations that may be great opportunities, but at some point you must learn that enough is enough and that it is better to do a few things very well than to spread yourself too thin. That being said, my next piece of advice is to make this project something that you actually enjoy doing. This is a project that is all your own and though it is an added responsibility it should be one that you like. Going along with the concept of enjoying your project, because it is a piece of work that is entirely yours, the end result should be one that you are proud of. This is something that you can look back on with pride if you know your limits, can manage your responsibilities, and make sure that you enjoy doing the project. You will not create a paper that you are proud of if you do not manage your responsibilities correctly in order to make time for the project and pick a topic that you are passionate about. You will have bumps along the way, but following these pieces of advice will make this project well worth your time. Good luck.
Acknowledgments

This is my opportunity to personally thank all of those who have helped me along the way. First and foremost a most sincere thank you goes out to my thesis advisors Dr. Altschuler and Dr. Dighe. Without them this thesis would not have been possible. A second thank you goes out to my lady “Lakers” on the cross country team. Cross country, track and field, and running in general, turned out to be the best way for me to unwind and release stress. Lastly, I would like to thank my older brothers and my father for raising me to enjoy sports, which in turn was the source of inspiration for the topic of this paper.
Author’s Reflections

At the start of this project I had some difficulty in selecting a topic. I was debating between regulating calories in restaurant foods, compliance issues in National Collegiate Athletic Association, and the topic that eventually evolved to became my paper, Major League Baseball (MLB) and its exemption to antitrust legislation. First, I noticed that the topic of food regulation was very different from the other two and I eliminated it. Also, discussing the potential topic with Dr. Weiner helped me to realize that this topic was far too big for the project at hand. I then took a class on the economics of baseball with Dr. Dighe to learn more about my potential topic concerning MLB and its exemption. I loved the class and wanted to write about what I had learned.

Aside from being in the College Honors Program I was also a McNair scholar and MLB and its exemption to antitrust legislation became my topic for that paper, but I wanted a topic for my Honors project that had some overlap, but had a bit more emphasis on the political side of sports since my major was political science. I then consulted with Dr. Altschuler on how I could do this. Before speaking with Dr. Altschuler, I had never even thought of how these stadiums impact the cities that they are in. Like most people, I thought that major league sports teams had large positive impacts on local economies. I was shocked to learn that not only did they bring a substantial amount of profit to their cities, but that by building these stadiums with the use of money from local taxes they were actually hurting the local economy. I discovered this link between sports, economics, and politics that I had no idea existed. Aside from learning all of the information that I used to write my paper, I learned the great importance of the social
sciences. It is not as if I ever thought that the social sciences were unimportant, but I had not realized just how much of our everyday lives were impacted by these fields in ways that we could not see. Knowing this made me value my major and all of the social sciences that much more because I could now see just how important and present they really were.

I also learned that at times I overestimate how much I can do at one point. I learned how much I can do until I need to say “no” and limit my number of responsibilities. I also learned how to react when I do put too much on my plate. Honors students seem to have this idea that they need to do every activity and project possible to make themselves look better on paper and I was no exception to the rule. I learned that I only got out of a group or a project what I was able to put into it. That being said, there are some activities that I participated in during my undergraduate career that I was not able to fully appreciate because I could not dedicate the necessary amount of time to them. Instead of being a fulfilling experience, these activities became more obligatory and added stress.

Another major learning experience was the actual process of doing this project. I had never done such a large project before and learning how to do so much research in an organized manner was a necessary skill to learn. I plan on going on to graduate school and I feel as if this experience will prove to be helpful. My “thesis binders” filled with carefully labeled sections of research and notes are vastly different from my messy piles of notes that I usually keep for research projects. However, I quickly learned that organization was key in large projects. I cannot express how happy I am that I learned
this skill in undergraduate school than having a much more painful experience trying to learn this skill later on.

My experience writing this paper has been a learning one to say the least. In selecting the topic and by doing the basic research, I found an interesting connection between the world of academia and sports, which some find to have no academic aspect at all. It also sparked a new curiosity. If there was this hidden link here, it makes me wonder what other connections may exist that I have yet to learn about. Aside from discovering my new interest I learned about myself. I now know my limits. More importantly, I know that I have limits. I also know how to be most efficient and how to get the most done that I possibly can within my limits by being organized and learning the most productive ways to do research. Having said all of this, among all of the things that I have done in my undergraduate career, completing my thesis project has been one of the most fulfilling and greatest learning experiences of them all and I am glad that I put in the effort to finish it.
Introduction

To many sports fans, the idea of their favorite team obtaining a new state of the art facility may be rather exciting. While it is easy to get caught up in the fanfare, it is important for sports fans and non-sports fans alike to step outside of the whirlwind of the excitement and media headlines to intelligently examine the more factual political, social, and economic impacts of these new stadiums. In the 1920s, local governments built sports stadiums to encourage athletic participation among citizens and also to promote the growth of the city.\(^1\) As we will see, governments still have the idea that sports stadiums will help promote the growth of the city, but in a slightly different sense. In the 1920s the idea was more likely to promote civic pride directly among the people, whereas the idea of growth that is commonly associated with building new stadiums is economic and hopefully would bring new businesses to the city. Also, the stadiums that are built with government funding are now often either privately owned by the team or are publicly owned but with very favorable conditions for the team that sometimes actually harm local economies.

An aspect of stadium building that is never forgotten is that someone has to provide the funding to build the facility. Since it is increasingly more common for government money to be used to build private stadiums, one of a few instances may

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occur. There may be a change in taxes, meaning a new tax or an increase in a previously existing one, or funding will be diverted from another publicly funded project. Another possibility is using bond money to support funding the project, which could possibly be costly to future generations. If there is potential harm to the citizens, both those who are and are not sports fans, it is wise to question whether or not the new stadium and supposed social or civic pride benefit that the city might gain is worth the cost. After all of this is said, it is important to examine and understand the battle between economic and civic pride benefits when building a new stadium.

We will first examine what has in the past seemed to be the stronger of these two, the supposed economic benefits. Professional sports, mainly the four major ones, football, baseball, basketball, and hockey, are highly visible entities. Teams and players are seen everyday on billboards, in magazines, and on television. You can buy a toaster with the New England Patriots logo on it and diehard New York Yankees fans can even purchase toilet paper emblazoned with the Boston Red Sox logo. Given the major presence of these sports, it may seem as if the teams must make up a large part of their home city’s economy. In fact, this common assumption is false. Sports economist Andrew Zimbalist points out that as of 1994, the average National Football League (NFL) team would only be responsible for .6 percent of the effective buying income (EBI) of a smaller major league city such as Jacksonville, Florida and a mere .05 percent of the EBI of a major metropolis such as New York City. Therefore, the idea of either

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building a new stadium in an attempt to draw in a new team or to convince an existing to stay is necessary to prevent to loss of a large portion of a cities economy, is false.

This is also true of the belief that creating the stadium will create jobs. It may seem logical to assume that a stadium that seats tens of thousands of people will need a large number of full time employees to build and then maintain it and therefore, job opportunities will become available. The first issue here is that the employment opportunities for construction workers are only temporary and are often the result of halting construction on another public project and then shifting the. Instead of keeping all necessary workers on the construction of one public project, workers may be dispersed in order to provide workers for the construction of the stadium. Overall, professional sports account for only roughly .2 percent of total employment in any given city with a professional team.\(^4\) Kevin Delaney illustrates the impact of sports teams on employment by stating, “If a nonsports business that employed 150 people left town, hardly anyone would notice.”\(^5\) This becomes clearer when we realize that even in baseball, the professional sport with the most home games, the full stadium staff would only be needed on roughly 80 of the 365 days in a year and though baseball games can sometimes be rather lengthy, most professional sports games only last a few hours. These facts shine light on the fact that professional sports stadiums certainly do not have a large impact on local job markets.

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Next, we consider the idea that by drawing people to games more money is spent within the city, which then helps the city’s economy. The reality is that families have set entertainment budgets. This means that money that a family spends attending a game is not spent at a local movie theater or restaurant. This is especially true since stadiums contain restaurants, concession stands, and souvenir shops. Locals and visiting tourists alike will likely get souvenirs and their meal while at the stadium and as we will see later on, it is not likely that a new stadium will create tourism that will add to money that will be spent in the city. This creates a sort of substitution effect. Consumers do not spend money at stadiums in addition to money that they might have spent on other forms of local entertainment, restaurants, and souvenir shops. They spend money at stadiums instead of spending it elsewhere, substituting other forms of entertainment in a person or family’s entertainment budget. There is a problem with this. Unlike money that is spent at local souvenir shops and restaurants, money that is spent within the stadium does not make its way back into the city’s economy. Most of the players and owners do not live and do not spend their money in their teams’ cities. Even charitable foundations that are started by sports stars may not have as much of an impact as they might seem. For example, New York Giants wide receive Amani Toomer’s charitable foundation took in $133,000 only $392 actually went to charity. Without simply writing personal checks, which does not get the athletes as much recognition no matter how much more of an impact it has, the charity foundations of professional athletes are often not so able to have

\[\text{\textsuperscript{6}}\text{ Mark S. Rosenstraub, Major League Losers: The Real Cost of Sports and Who’s Paying For It (n.p.: Basic Books, 1997), 154.}\]
\[\text{\textsuperscript{7}}\text{ Kevin J. Delaney and Rick Eckstein, Public Dollars, Private Stadiums (New Brunswick, New Jersey: Rutgers University Press, 2004), 30.}\]
substantial impacts. In short, all of this means that money that could have potentially been spent within the city and been put into the local economy has been diverted instead to the professional team.

After examining all of this evidence, it can now be seen that professional sports teams do not have the type of large positive impact on their home cities that they may seem to have. Though economic benefits may in the past have been the most common way to generate support for a new stadium, there has been a growing awareness among the citizens that this is not so. People have become more suspicious of new stadiums largely because of two major factors, people actually witnessing the lack of an economic boom that is promised after the construction of a new stadium and an increase in academic research stating the truth about the relationship between teams and local economies. As there has been a rise in the amount of public funding for private stadiums, there has also been a rise in the public resistance to the increase in taxes that results from these new stadiums. Because of this, politicians, growth coalitions, and CEOs hoping


to generate public support for these stadiums have more recently turned to the idea of civic pride and the prestige of the city to muster such support.\(^{11}\)

This growing awareness of the people has also resulted in the increase in allowing a referendum when deciding whether or not to allocate funds for a new stadium, a topic that will eventually become the more important portion of this paper. However, at the moment it is important to note the shift in methodology of generating support, and therefore to note the argument for the prestige of major league cities. The main argument is that by becoming a so called “major league city” a city will gain a spot on the map and hopefully draw more positive attention and possibly tourism. This can be difficult to accomplish. Teams will not move to a city that does not have the potential fan base to make a profit from, meaning that there is likely at least a growing, if not already strong, business sector within the city. This being said, it can be rather difficult for a team to transition a major manufacturing city to a city with many cultural attractions and a hotspot for tourism.\(^{12}\) It is therefore unlikely that a sports team would be what would pull the city onto the map as a cultural center and popular tourist destination.

Many politicians have turned to the tourist strategy in hopes of promoting support for new stadiums. In fact, a national study of city halls has shown that the tourist strategy is the main method used by politicians to handle a drop in population or tax base.\(^{13}\) The

issue with tourist dependent economy of course is that tourism depends upon other variables such as weather, the state of the economy, etc. Also, the argument that a new attractive stadium will “put heads in beds and feet in the streets” is often only valid for the first year after the new stadium is constructed, unless of the course the team wins championships. Kevin J. Delaney and Rick Eckstein point out that Pittsburgh’s PNC Park saw a decrease from 30,000 to 20,000 ticket sales from its first season in the new stadium to the second and a similar drop for Milwaukee’s Miller Park from 31,635 to 22,281.\(^\text{14}\) These facts leave the tourism strategy that stems from the hope of possible prestige to the city unstable and not a solid base for an argument. Also, those who go to games who are visiting the city for reasons other than specifically to see a game cannot be considered as a part of increased tourism resulting from the new stadium. For example, owners of local corporations who entertain visiting clients usually rent out luxury boxes to entertain visiting clients. Those clients who are in the city for other reasons merely happen to be going to the stadium. The stadium did not draw them into the city. Those who attend games while in the city for other reasons cannot be counted as tourists. That is unless they extended their stay in the city in order to see a game, but then it is difficult to know if the fans would have made the trip to the city to see the game had they not other reasons for visiting the city. Since it is difficult to calculate just how many of those who attend games are in the city for other purposes, it is difficult to know how much of an impact on tourism the stadium has had.\(^\text{15}\)


In many cities that already possess professional teams, CEOs are often members of growth coalitions that support building new stadiums. Like politicians, CEOs and growth coalitions, partnerships between private corporations and government entities that influence local public policy, are aware of the increasing ineffectiveness of using economic growth as justification for the new stadium and therefore, use the idea of prestige as their platform. Not only would their fight for their cause be troublesome due to increased public awareness, voters are often wary of economic propositions brought by large companies and fear a scheme for corporate welfare. Their mistrust is not always misguided; CEOs push for new stadiums with more luxury boxes to impress prospective clients that they might bring into the city.

Again, after an examination of the economic and prestige arguments for the construction of a new sports stadium, it seems as if neither one would have substantial support for forcing the construction of the stadium unless the citizens of the particular city truly supported the cause. One study asked users and nonusers of professional sports and found that most people, both users and nonusers, believe that professional sports can have a positive impact on a city in terms of generating civic pride. However, few people, again, both users and nonusers, would be willing provide the money for the new stadium through tax increases.

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19 Peter A Groothis, Bruce K Johnson, and John C Whitehead, "Public Funding of Private Sports Stadiums: Public Choice or Civic Pride?" *Eastern Economic Journal* 30, no. 4
This brings me to the three cities that I have chosen to examine. I will examine each city’s referendum process used to decide whether or not to provide public funding for the stadium in order to see just how fair and democratic each was. In San Diego, to very briefly summarize, the fans agreed and voted to build the stadium yet the process was delayed. In Seattle, the fans expressed a great deal of support for their team, yet the city declined and the team relocated. Lastly, in Pittsburgh, the city voted that it was not willing to foot the bill for two new stadiums, and still the stadiums were built. If the increase in public awareness has brought about more public referenda, it then seems curious that the results of the referenda are not being adhered to, but before we examine the circumstances in each of these cities, we must first be certain that we understand what a referendum is and its purpose.

A referendum is a form of direct democracy in which the voters are given the ability to vote on and decide an issue for themselves. For the most part, those who support direct democracy, and referenda in particular, believe that there is a need for knowledge and deliberation among the people concerning their local government. People are given a greater ability to impact their government when they are able to vote on an issue. This increase in the people’s ability to impact the day-to-day governmental issues in their local communities is believed by supporters of direct legislation to make voters more enthusiastic about local politics. This idea is supported by Daniel Smith (Fall 2004): 525, accessed August 17, 2011, http://college.holycross.edu/eej/Volume30/V30N4P515_526.pdf.


21 Daniel A. Smith and Caroline J. Tolbert, Educated by Initiative: The Effects of Direct Democracy on Citizens and Political Organizations in the American States (Ann Arbor,
and Caroline Tolbert in their book, *Educated by Initiative: The Effects of Direct Democracy on Citizens and Political Organizations in the American States*. In their research, they found that when initiatives were added to ballots for electing government representatives, there was a higher voter turnout. Also, in general, voters who reside in areas that have direct democracy such as the referendum process feel as if their government is more responsive to their needs. This is very ironic considering each of the three cities that I will be examining did not experience this sort of responsiveness to the wants and needs of the voters.

David Magleby recognizes some important issues concerning direct democracy including whether or not people will participate intelligently, the over dramatization or over simplification of the initiative, and whether or not direct democracy will preempt political party machines and powerful interest groups. In fact, direct democracy was called for in the 20th century by Progressives in an attempt to control the impact of wealthy interest groups on the legal process.\(^{22}\) Proponents of direct democracy believe that the referendum process will in fact reduce the power of special interest groups and large corporations while educating people on issues and lessening public apathy. However, doubters of the process believe that special interest groups have adapted to the initiative process and that especially with the use of the media, their impact will increase.\(^{23}\)

The opinion of special interest groups through advertising campaigns also varies.

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\(^{23}\) Ibid.
John Matsusaka believes that the media can help voters make an informed decision. According to his idea, voters can overcome the massive amount of information that is presented on initiatives by turning to certain groups that often share their values. For example, someone who firmly believes in bettering the environment might turn to an organization such as the Sierra Club to understand the initiative.\textsuperscript{24} This method, though it at times may be one of the ways for the average voter to understand an initiative, is problematic in that a person may then only be exposed to one side of the argument. Because this method still puts the role of informing the voter into the hands of a large organization, it can be dangerous. These groups are usually impacted by some aspect of the initiative and therefore it is in their best interest to make an investment in gaining support from the public prior to the referendum.\textsuperscript{25} It is true that though the media may be the only way for voters to get acquainted with an issue before a vote and can be a useful tool. This is especially true when learning about an issue from a respected source, but it may be problematic as getting a well rounded view of the initiative from all angles may require some careful research and consideration on the voters part.

Another problem with the media is the inequality in spending between supporters and opponents of stadium construction. Naturally, teams and businesses in support of building the stadiums have much more money at their disposal for advertising. This would mean that the public would be much more exposed to advertising that was in favor of stadium construction, making relying on advertising alone for information problematic. For example, though as we will see that the referendum in Pittsburgh failed, 

\textsuperscript{24}John G. Matsusaka, \textit{For the Many or the Few: The Initiative, Public Policy, and American Democracy} (Chicago, Illinois: The University of Chicago Press, 2004), 20.

supporters of the new stadiums had $4 million at their disposal whereas the opposition
was left to rely on the sales of T-shirts, bumper stickers, and even door-to-door
advertising.\textsuperscript{26} Though in this case the amount of money that was spent in advertisements
did not change the outcome of the vote, we can still see how those supporting the
stadiums could make the media an uneven source of information.

I point out these ideas on the impact of the media on direct legislation because the
media may not have as much of a role as one might think. In each of the three cases that
I will be examining, it is not the media impact or the education of the voters that is the
issue, as it commonly is with direct legislation. The voters were educated and then voted
according to their beliefs. Their input then in the end did not have an impact on the
outcome as politicians and growth coalitions saw to it that it was their own interests that
were followed through with. The media may have an impact after the fact when there is a
need to resolve any hard feelings that voters might have about the outcome of the
referendum before the next election, but other than that, if the voter’s voice in actuality
does not have an impact then the media influence on \textit{how} they vote also does not matter.
If this is the case, then it would seem that through the media, growth coalitions might
simply be hoping to influence the public to vote as they would prefer them to, but if the
voters vote otherwise, it does not seem to matter. This means that any propaganda
created by politicians or interest groups may exist as a formality and to make the job of
getting their stadium built \textit{easier}. This raises the paper’s key question, just how
democratic is the referendum process when it comes to using public funding to construct
private stadiums?

\textsuperscript{26} Robert C. Trumpbour, \textit{The New Cathedrals: Politics and the Media in the History of
Stadium Construction} (Syracuse, New York: Syracuse University Press, 2007), 142.
Body

San Diego

The case of the construction of Petco Park in San Diego is one in which the voters actually voted in favor of funding the construction of a new stadium for the local Major League Baseball team, the San Diego Padres. At first glance, this may seem like a fair process. The City Council put the proposition on the ballot for the voters’ approval and after that the new stadium was built. When put so briefly, it seems as if there is nothing undemocratic about the process. However, after careful examination, and even though we will see that voters in other cities have gotten far worse deals, it becomes evident that the voters in San Diego were not actually given as fair a deal as it might have seemed.

The city of San Diego has a history in structuring its redevelopment. In 1945, the state of California created the California Community Redevelopment Act. The Act was created to give cities and counties the ability to establish their own redevelopment agencies to address urban decay and the ability to apply for federal funding for redevelopment projects. Since that time, the city of San Diego has used the abilities granted to it in the Act. In 1958 the Redevelopment Agency of the City of San Diego was created as a legal means of overseeing redevelopment projects with the city council serving as the Agency’s board of directors and the mayor serving as the executive.

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director as of 2005.\textsuperscript{28} Then, in 1975 the city created the Centre City Development Corporation (CCDC) with the intent of using the organization as a means of bypassing regulatory procedures. The CCDC hires outsiders to manage and oversee redevelopment projects that officials felt made redevelopment too burdensome and time consuming. This is ironic because as we will see, the construction of Petco Park was eventually delayed for 14 months.\textsuperscript{29} The person hired to oversee and be responsible for the portion of the project that was to be managed by the public sector, Mike Madigan, became the highest paid public official in San Diego.\textsuperscript{30} After the city council had gotten approval from the taxpayers for public officials to use public funding for this project, the council allowed the project to be monitored by an unelected official. It can be argued that the oversight of a project that was voted on by the citizens by an official that the voters did not elect is undemocratic. The city took careful measures, as we will see, to ensure that the voters agreed to funding the new stadium and yet such a large and pricey project that would drastically alter downtown San Diego was then placed into the hands of someone who had no responsibility to the voters.

It is now important to address what would seem to be the most democratic portion of the redevelopment process in San Diego, the public referendum. The time leading up to the referendum was crucial to the end result of the vote. It is important that public

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officials do not frame campaigns as being supported by teams as this can be perceived by voters to be a sign of corporate welfare somewhere behind the scenes.\textsuperscript{31} Likewise, during the time leading up to the vote it is best that the team is not overly vocal and the argument for the new stadium is portrayed to be in the best interest of the community and not only the team. Also, in order to make the project more presentable and desirable to the voters, the local government shifted where the funding for the stadium would be coming from. Originally, city officials promised voters that the city would contribute no more than $275 million to the project. The share that the city would finance was then reduced from $225 million to $205 million. However, the budget of the CCDC, which is still run by the city council and the mayor and is essentially the same group of individuals that is determining the amount to be contributed by the city itself, was set at $76.4 million.\textsuperscript{32} Combined, these amounts exceeded the amount that officials promised voters they would not exceed. The voters were made to believe that the city had really lowered the amount of money that it would put into the project when in reality it had increased because the CCDC is run by the city council and is funded by the city.

Even with the amount of funding provided by the city being set aside, the terms of the agreement that the people were actually voting on were not laid out clearly for the voters to see. Officials agreed in August 1998 to place the funding for Petco Park on the ballot the following November as a part of Proposition C. Officials shrewdly decided not

\textsuperscript{32} Steven P Erie, "Redeveloping Downtown San Diego: Millennial Dreams or Nightmares?" \textit{Conference Papers -- Western Political Science Association} (January 2008): 33.
to only include the ballpark as a part of the proposition.\textsuperscript{33} It was listed as a part of a full redevelopment project that happened to include a new ballpark. Also, the specific details of the redevelopment project were not actually listed on the ballot. Instead, the details were laid out in a memorandum of understanding between the San Diego Padres and the city council. Voters who wished to see these details could access the MOU, but the voters did not actually vote on the details of the MOU.\textsuperscript{34} The MOU was intended to outline the details of the “Ballpark District,” the construction of the ballpark within this new district, along with the development of the district, which would be in the previously underdeveloped downtown district of San Diego. The MOU stated that the Padres would implement it no later than August 3, 1998, which was before the November vote.\textsuperscript{35} With the stadium project being carefully blended into Proposition C as a part of a general downtown redevelopment plan and the specific details of the project safely tucked away in a MOU that the voters did not directly vote on, the proposition a good chance of passing. Though the voters did have the opportunity to carefully dissect the proposition and examine the MOU, the referendum process here does not necessarily hold true to democratic ideas, which would encourage an open exchange of thoughts. This sort of

\textsuperscript{33} Steven P Erie, "Redeveloping Downtown San Diego: Millennium Dreams or Nightmares?" \textit{Conference Papers -- Western Political Science Association} (January 2008): 29.


smoke and mirrors illusion of democracy created by the city council is not truly a
democratic process.

Another fact to point out is that throughout the process there were 17 lawsuits
brought by opponents of construction that may not have stopped the construction of Petco
Park but did manage to delay the construction for 14 months.\textsuperscript{36} Interestingly enough, one
of these lawsuits pertained to the amount of money that the city was to be contributing to
the stadium. The claim was that the first referendum was not legal because the public
was misled about the amount of money that was to be contributed by the public sector.
After seeing how the money was shifted, it is understandable that this lawsuit came to be.
However, this lawsuit and all the others were ultimately decided in favor of either the city
or the Padres and did not actually halt construction. Nevertheless, handling the lawsuits
did take serious money and construction time.\textsuperscript{37}

Even worse, the fact that the voters were not granted the opportunity to vote on
the details of the MOU when they voted on the decision to provide public funding for the
stadium becomes less relevant when considering that the MOU changed from what the
voters originally believed it to be. In addition to the ballpark, a public park for people to
enjoy during the day and then get cheap tickets to watch the game from at night was to be
built. Though the MOU did not actually specify the dimensions of the “park at the park,”
voters were led to believe that the proposition they were voting on would bring a 3-4 acre
public park,” with quaint 6-floor buildings around the park. The final plan did not

\textsuperscript{36} “Padres open their new park, and 41,400 show up,” \textit{USA Today}, April 9, 2004, accessed May 26, 2011,
login.aspx?direct=true&db=n5h&AN=J0E046654807804&site=ehost-live&scope=site.
\textsuperscript{37} Kevin J. Delaney and Rick Eckstein, \textit{Public Dollars, Private Stadiums} (New
resemble the original. In the final plan, the dimensions of the park at the park decreased to less than 2 acres and some of the small 6-floor buildings grew to 20 stories or more.\textsuperscript{38}

Another issue with the MOU occurred after a vote took place as to how much the Padres should be contributing to the new stadium. After this vote, Councilwoman Valerie Stallings was investigated to examine the propriety of gifts that she had been receiving from the Padres.\textsuperscript{39} It was believed that these gifts had been used to persuade Stallings to cast a crucial vote that minimized the contribution to be made by the Padres. Later on, Stallings pled guilty to two misdemeanor charges along with resigning her seat on the city council whereas Padres owner John Moores was more fortunate. Moores was exonerated by the ruling that giving gifts to politicians is not illegal.\textsuperscript{40} Again, the investigating scandal did not stop construction entirely, but it did cause some serious delays. The scandal also, along with several other lawsuits and a turnover of council members since the first referendum, led the council to reconsider 28 different issues related to the construction of the ballpark. During this time both supporters and opponents of the stadium were given the opportunity to participate in public meetings pertaining to these issues.\textsuperscript{41} Although the city council eventually voted unanimously in support of all of the reconsidered issues, this process was certainly more democratic than other portions of the process of the construction of Petco Park as calls for a new

\textsuperscript{39} Steven P Erie, "Redeveloping Downtown San Diego: Millennial Dreams or Nightmares?" \textit{Conference Papers -- Western Political Science Association} (January 2008): 30.
\textsuperscript{40} Kevin J. Delaney and Rick Eckstein, \textit{Public Dollars, Private Stadiums} (New Brunswick, New Jersey: Rutgers University Press, 2004), 142.
referendum and public criticism at least brought about some form of reconsideration and the public was given the opportunity to weigh in on these issues. Allowing and encouraging opposition is democratic; however, it does have a downside in these circumstances. Lawsuits and extensive delays in construction accrue additional costs during the construction process costing taxpayers more money while not actually halting the project. This was especially true in San Diego. The indeterminate outcome of the lawsuits made securing funding particularly difficult after initial funding was depleted. In order to generate additional funding, the city of San Diego wanted to sell bonds. The city was not able to find a company to underwrite the bonds until February of 2002, which is over three years after the city decided to partially fund the stadium.42

With so much speculation about the public funding for Petco Park, it would be foolish to ignore how the city intended to supply the funds that it had pledged to the project. A major part of the city’s redevelopment plan was to build a hotel to help generate new tax revenue to repay the city’s investment in the new stadium.43 This transient occupancy tax (TOT) was meant to cover the money that was to be supplied by


the city itself. As a part of the original plan, a large hotel with 1,000 rooms was to be built in order to provide the needed TOT revenue. Had the proper number of hotel rooms been built with ample tourists to rent them, the TOT might have been a successful plan. However, one of the downfalls of this plan is that it was far too dependent on potential revenue. According to Steven P. Erie, in order to provide the proper amount of revenue through the TOT 2,400 hotel rooms would need to be built.\textsuperscript{44} With this in mind, the market changes that occurred after the 9/11 attacks caused the city of San Diego to accept some changes in the plan and by 2008 only 747 total hotel rooms in two hotels had been built.\textsuperscript{45} Though not an impact of the democratic process used to provide funding for the new stadium in San Diego, it is fundamental to know the harmful flaws of the plan that arguably was not decided on in a democratic manner. If a government is to deviate from what the voters want, then it ought to be a decision that would be for the best interest of the constituents.

It is difficult to know whether or not the actions of the city council were out of such interest. This is especially true when considering that civic pride and similar social goods are not quantifiable. Therefore, saying that the pride of the city was worth the dollar amount that the city contributed to the project was worth is impossible to prove. Also, not only was the MOU put into action prior to the vote thereby not allowing the people to vote on its contents, the funding was shifted to give the illusion of a lesser contribution on the city’s behalf, and sever aspect of the project altered after the vote, the

\textsuperscript{44} Steven P Erie, “Redeveloping Downtown San Diego: Millennial Dreams or Nightmares?” Conference Papers -- Western Political Science Association (January 2008): 32.

city also released an accounting report of projected economic benefits that did not take into consideration the sort of substitution effects that I discussed in the introduction, corporate subsidies, or the impact of displacing preexisting businesses and residencies.\textsuperscript{46} I have already pointed out the importance of considering these possible outcomes and if the city had not actually considered such possible consequences, then clearly the city should have considered them. With all of this in mind, it seems as if the city had taken the entire matter into its own hands. Also, if the accounting report put forth prior to the November vote is what the city council believed to be the results of the development plan, then it did not take enough into consideration about the possible economic impact of the project to make any decisions while disregarding public opinion. Especially with the MOU being put into effect before the vote, it seems as if the referendum was only meant to give the illusion that the process was entirely democratic.

\textbf{Pittsburgh}

Moving on from San Diego, the next city I examined was Pittsburgh. Like its west coast counterpart, the plan in Pittsburgh was to include the stadiums as a package in a deal to include other improvements not only to the city of Pittsburgh but also the ten counties surrounding Allegheny County as a regional development plan.\textsuperscript{47} The project did make the river area of the city more attractive, improved infrastructure, and created

\textsuperscript{46}Steven P Erie, "Redeveloping Downtown San Diego: Millennial Dreams or Nightmares?" \textit{Conference Papers -- Western Political Science Association} (January 2008): 33.

\textsuperscript{47}Timothy John Curry, Kent Schwirian, and Rachel A. Woldoff, \textit{High Stakes: Big Time Sports and Downtown Redevelopment} (Columbus, Ohio: Ohio State University Press, 2004), 117.
easier access between what were once more separated portions of the city. Economist Roger Noll pointed out that if the project became successful it would be due to these changes more than the new stadiums that the project produced. If this is true, it would indicate that the money spent on other necessities in the city is better spent than money that is spent funding new professional sport facilities. This being said, the public money spent on stadiums could be better justified had it been approved by the taxpayers in a democratic referendum. We are about to discover just how democratic the process of providing funding for Heinz Field and PNC Park in Pittsburgh was or was not.

The story began in 1985 when a local group of banks, businesses, and private individuals purchased the Pirates in an attempt to keep the team in Pittsburgh. Preventing the team from relocating proved to be a task not to be taken lightly as the team suffered financially. Citing a poor financial outlook the owners of the previous decade sold the team in 1995. Kevin McClatchy, the heir to a newspaper fortune, gathered 40 local business owners to pay $25 million to the existing owners and assume all current debts. As a part of the agreement, the team would receive a new baseball only stadium for which the funding had to be in place by February of 1998. Having previously turned down McClatchy’s offer to purchase the team, MLB approved the sale after McClatchy had gotten the agreement for a new stadium.

50 William Beaver, "Building Sports Stadiums in Pittsburgh: A Case Study in Urban
Before the sale of the Pirates had been mad final, Pittsburgh Mayor Tom Murphy, who plays a major role throughout the process, had put together a task force to gather and ensure funding for the new stadium to keep the Pirates in Pittsburgh. The group consisted of the owners of both the Pirates and Steelers along with the Allegheny Conference on Community Development and a few local civic groups was titled the Regional Renaissance Partnership (RRP).\textsuperscript{51} Though at first the Steelers condemned the move by the Pirates to extract funding from the public for their new stadium, the Steelers came to believe that it was only fair for them to receive a new football only stadium.\textsuperscript{52} They then made the same threat as the Pirates. Either the city would give them a new stadium or they might have to seek a new stadium in another city. It is difficult to know how credible this threat would have been since the Steelers waited until a mere two months before the vote to pose this threat. However, given the level of success that the Steelers had in the past, it is likely that had they sought out a city to move to it is likely that they would have been welcomed with open arms. Now Pittsburgh public officials were fighting a multi-front war. In 1991, when Murphy was serving a term as a state representative, the Mayor at the time, Sophie Masloff, put forward a proposal for a new stadium for the Pirates. At that time Murphy disapproved of such use of public funds. After becoming Mayor himself and especially after both the Pirates and Steelers had threatened to relocate, Murphy did not want to be blamed for the loss of two of Pittsburgh’s beloved

\textsuperscript{52} Robert C. Trumpbour, \textit{The New Cathedrals: Politics and Media in the History of Stadium Construction} (Syracuse, New York: Syracuse University Press, 2007), 139.}
professional teams. Murphy’s pole-to-pole switch in opinion clearly demonstrates that even those in places of political power may truly believe that the use of public money for sports stadiums is not the best way to spend taxpayer dollars. Before his time in office Murphy advocated against funding stadiums because of its cost to the public. However, out of fear that the loss of Pittsburgh’s teams might reflect poorly on Murphy, he became a major promoter for funding the construction of stadiums for both teams.

The plan was to increase the sales tax by .5% to become 6.5%. The increase would include Allegheny County and the ten other counties surrounding it for a period of seven years and would generate approximately $600 million in revenue. The tax would not only cover the cost of the stadiums, but the large majority of the tax money would be used to cover the cost of construction. This, combined with the unpopularity of the proposed increase, the tax became infamously known as the stadium tax. This put Mayor Murphy between a rock and a hard place. The Mayor did not want to be held responsible for losing the teams. On the other hand, despite Pittsburgh’s already existing $30 million deficit, he had promised during his campaign to not raise taxes. Here was Murphy with his promise to fix the deficit and not raise taxes in one hand and a tax for two stadiums in the other. With election around the corner, Murphy knew to tread lightly on the stadium turf. He knew that his best bet for reelection was to make it seem as if the RRP was controlled and driven by private parties. This perhaps becomes even more

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important when considering that at the time Pittsburgh had the fourth highest tax rate of any city in the United States.\textsuperscript{56} Wanting the RRP to seem privately driven was not as successful as Murphy might have hoped. The RRP used the argument that the stadiums would bring about economic growth, which, as we have seen, is a tactic that voters can see through. The growth coalition became obvious and the “stadium tax” came to be viewed as a sort of corporate welfare.\textsuperscript{57} Murphy was right in one sense. Voters did not take kindly to politicians who openly supported the proposed tax. After the vote, which we will discuss momentarily, many of the politicians who had supported the tax were voted out of office. Mayor Murphy was reelected, but barely.\textsuperscript{58}

Before we have even approached the actual referendum, these circumstances do not give a promising outlook for the democratic process. Mayor Murphy had known beforehand that using public funding for private stadiums was not in the best interest of the people and yet he became one of the strongest advocates for the funding. Also, knowing that the people would not be happy with new taxes because taxes were already so high, he not only promised the people that there would be no tax increases but also attempted to make private business seem to be solely responsible for a tax that he secretly supported for the sake of his reelection. In short, he wanted credit for the same Pittsburgh teams and keeping them in the city, but he wanted his name to not be attached

\textsuperscript{56} Timothy John Curry, Kent Schwirian, and Rachel A. Woldoff, \textit{High Stakes: Big Time Sports and Downtown Redevelopment} (Columbus, Ohio: Ohio State University Press, 2004), 118.
to the dirty work that was done to keep them there. Unfortunately, this is not the end of
the undemocratic process in Pittsburgh.

As you may have already foreseen, the voters on November 2, 2007 did not
approve the new tax. The tax was shot down despite the advertising efforts of those
supporting the tax. In the time shortly before the election, advertisements comparing
Pittsburgh’s past as a factory city to its potential as growing city with compelling
photographs and an announcement saying, “We can continue to live in the shadow of the
past and go downhill, or we can change and make our region strong again.” Along with
these were ads in which both Pirates and Steelers owners boasted their commitment to
Pittsburgh by wanting to sign a 25-year lease.\textsuperscript{59} These ads were meant to show that
Pittsburgh needed to move forward and that its professional teams with new state of the
art facilities would help that process. The blue-collar mentality of Pittsburgh citizens did
not warm up to the expensive advertising campaign of the stadium supporters. Stadium
opposition relied on door-to-door pamphlets, bumper stickers, yard signs, etc. to fight
against the corporate welfare of the proposed stadium tax and in the end it was the
opposition who won in the referendum.\textsuperscript{60}

Initially, Mayor Murphy had given voters a sort of ultimatum by saying that there
would be no alternative if the referendum failed, both the Pirates and the Steelers would
be lost. In reality there was a “Plan B.” Conveniently, since Plan B did not require any
new taxes, there would be no vote for this new plan.\textsuperscript{61} Pittsburgh politicians claimed that

\textsuperscript{59} Robert C. Trumpbour, \textit{The New Cathedrals: Politics and Media in the History of
Stadium Construction} (Syracuse, New York: Syracuse University Press, 2007), 141.
\textsuperscript{60} Ibid.
\textsuperscript{61} Kevin J. Delaney and Rick Eckstein, \textit{Public Dollars, Private Stadiums} (New
Brunswick, New Jersey: Rutgers University Press, 2004), 162.
they believed that the failed referendum was a sign that the people of Pittsburgh wanted
the stadiums to be built as long as there were no new taxes created.\footnote{Robert C. Trumbour, \textit{The New Cathedrals: Politics and Media in the History of Stadium Construction} (Syracuse, New York: Syracuse University Press, 2007), 147.} It seems odd that
they did not consider that perhaps the voters did not want \textit{any} public funding, preexisting
or not, to be used for these new stadiums. This sentiment made by Pittsburgh politicians
seems more like a cop out than a belief that they actually held.

Mayor Murphy and two out of the three Allegheny County Commissioners, Mike
Dawida and Bob Cranmer, created Plan B. Instead of creating a new tax, this plan
redirected money from the Regional Asset District (RAD) tax, which provided funding
for cultural events, local parks, museums, libraries and also a $10 million subsidy for
Three Rivers Stadium.\footnote{Kevin J. Delaney and Rick Eckstein, \textit{Public Dollars, Private Stadiums} (New Brunswick, New Jersey: Rutgers University Press, 2004), 162.} This reallocation of preexisting tax dollars would provide $13.4
million a year over a 30-year period to pay back bonds used to fund the construction.

The road to ensuring this funding was not completely smooth. In order to get the
reallocation of tax money six out of seven members of the RAD board needed to approve
of the action. It became known early on that two of the board members were not in favor
of redirecting the tax money. One of those board members resigned and when a reporter
asked him why he resigned he stated that Allegheny County Commissioner Bob Cranmer

Public officials had found a way to circumvent an unhappy public through the
reallocation of the RAD tax, and if Cranmer had really convinced a board member to
resign, then they had also found a way to circumvent the checks and balances of the democratic system. After knowing the position of the Mayor and County Commissioners and just how far they were willing to bend the rules to achieve their goals, another fact becomes somewhat frightening. The RAD board members are not elected officials; the County Commissioners and the Mayor appoint them.\(^6^5\) Meaning, after the resignation of the board member, they were able to appoint someone who would do specifically as they wished. Coincidentally, they were well aware that what they wished to happen was unsupported by the people. A public poll revealed that only 32% of people supported Plan B.\(^6^6\) As I have already pointed out, it is clear that Murphy knew of the potential ill effects of publicly funding a private stadium and we now know that neither plan was supported by the public. Despite the lack of public support, he was bound and determined to strong arm the system to get the funding for two new stadiums. Not only is this process undemocratic, it simply does not make sense.

The tangled web does not end here. During his election campaign, Pennsylvania Governor Tom Ridge had promised to provide one third of the funding needed for new professional stadiums in Pittsburgh and Philadelphia. Like Mayor Murphy, he did not want to be blamed for the loss of any teams. In order to make this happen, the state legislature would need to approve raising the state’s debt ceiling.\(^6^7\) This bothered many citizens of Pennsylvania. It would mean that there would be a great deal of money put


into only two cities and for something that not all would deem necessary. Also, many rural residents might not ever be able to take full advantage of the project that this money was spent on. It quickly became clear that the state legislature was not going to let Governor Ridge have his way. Again, an alternate plan was devised. A proposed amendment to the Allegheny County code to remove “obscure language” would ultimately grant the governor the ability to provide funding for the stadiums in Pittsburgh without first getting legislative approval. Not taking careful notice of the effect the amendment would have, the Pennsylvania House and Senate approved the bill “routinely.” Had Governor Ridge signed this bill, he would have been able to get the funding that he promised. However, because the public was infuriated Governor Ridge did not sign the bill. At least in this situation public opinion had an impact, but perhaps only because Governor Ridge feared for his job as an elected official. There is a bright side here. Although this shows that though the opinion of the voters may have been ignored at some points throughout this process, here democracy and the reason for having publicly elected officials held strong. This potentially damaging amendment did not come to be because of public opinion.

Eventually Ridge, Murphy, and the County Commissioners got what they wanted. On February 3, 1999 state legislators approved $650 million in state projects by way of raising the state’s debt ceiling by $650 million, which included $75 million for each

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stadium in Pittsburgh. Seventy-five million per stadium was about one third of the total cost. Governor Ridge was true to his word. Between this newly achieved funding and Mayor Murphy successfully ensuring that Plan B was implemented, the path was clear to construct both PNC Park and Heinz Field.

An overview of this process in Pittsburgh shows that funding these stadiums was largely undemocratic. For the most part, voter opinion was ignored even when public officials were aware of the potential negative impact of publicly funding professional stadiums and the negative opinion voters had of doing so. The two instances that we saw in which officials paid careful attention both had to do with fears of not being reelected. Murphy was careful to at first not be so open about his support for financing both stadiums and Ridge feared public backlash if he signed the new amendment. This is why having elected officials is important. Even if the only reason that officials listen to voters is for job security rather than because it is what they truly believe is right it is better than not listening at all. Having elected officials still means that the public has some sort of opinion. Even so, the money was still provided by public funding to build these new stadiums despite public opinion.

Seattle

We have seen that funding new stadiums by extending present taxes rather than creating new ones can be successful, though not necessarily democratic. The city of Seattle also wanted to construct a new stadium for its National Basketball Association

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(NBA) team, the Seattle Supersonics, without creating any new taxes. House Bill 3233 provided funding for cultural programs, sports and entertainment facilities, and “other civic amenities” through the extension of preexisting taxes on sales, hotels, rental vehicles, and restaurant bills. These taxes would be extensions of the taxes that were used to fund Safeco Field and Qwest Field for the Seattle Mariners and Seahawks respectively in the mid 90s. These first two experiences with funding stadiums were not pleasant ones for Seattle voters. Each time, the public voted “no” in the referendum to decide whether or not to publicly fund the stadiums. Despite the vote, taxpayer money was used to fund $340 million of the construction costs for Safeco Field and $430 million of the cost for Qwest Field.

Having been ignored twice over, voters were given the opportunity to make certain that their voices were no longer ignored. In November of 2006, Seattle voters passed a resolution that restricted the public financing of sports stadiums. Initiative Measure 91 (I-91) requires that all public investments in sports stadiums have a fair rate of return. Before the vote, those on both sides of the issue campaigned for support. It was actually a citizen run group, Citizens for More Important Things, that got the measure put on the ballot to begin with. The group used its website, www.citizensformoreimportantthings.org, to gather volunteers donations in exchange for

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yard signs which then advertised their cause. The group’s message was simple. Their title was quite literal. These citizens believed that money that could be used to build stadiums could be spent on “more important things.” The measure passed with 70% of the vote. This time, the voters were heard and could not be ignored. This vote ended a plan to use $200 million to build a new stadium for the Supersonics forcing the owners of the Supersonics to look elsewhere for a location. The initiative was created because, “the City of Seattle in the past has experienced a return below fair value for some foods or services it has provided or leased to professional sports teams.” The measure defined fair value as not being any less than the rate of return that would exist on a thirty year U.S. Treasury bond. To further clarify any further situations, the measure made certain that the estimated value of return excluded all intangibles such as civic pride or cultural value.

Also similar to the Pittsburgh Pirates, the Supersonics had experienced some changes in ownership and with each change fans hoped that the new owners would keep the team in their city. At first, the Supersonics were successful in doing exactly that when Starbucks owner Howard Schultz purchased both the Supersonics and the Women’s National Basketball League (WBNA) team the Seattle Storm. What Schultz eventually came to realize was that the formula for making a coffee business a success

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76 Ibid.
78 Ibid.
79 Dave Zirin, *Bad Sports: How Owners are Ruining the Games We Love* (New York: Scribner, 2010), 66.
does not work for professional sports teams. Claiming that the facilities were the reason behind the lack of success both financially and on the hardwood, Schultz eventually requested $220 million to make significant upgrades to Key Arena, the home of both the Sonics and the Storm. However, Schultz was not able to secure the funding to upgrade Key Arena. Schultz then did what he claimed to be his only financial option left; he began to look for a new owner. Schultz sold the Sonics to a consortium from Oklahoma City for $350 million. The new owner of the Sonics was a man named Clay Bennett. At the very beginning, Bennett claimed that despite he and the rest of the investors being from Oklahoma they sincerely hoped that they would be able to keep the team where it had always been, in Seattle. Of course, keeping the Sonics in Seattle would have a cost. Bennett requested $300 million to construct an entirely new facility for the Sonics. Mind you, Bennett did not keep both teams. The Seattle Storm was sold by Bennett to a group of Seattle businesswomen and was safe from being relocated. However, the Sonics were now in serious danger of being relocated across the country.

Bennett naturally made the argument that so many owners before him had made. He claimed that the success from a competitive team in a new stadium would bring economic success to the rest of the city. More specifically, it would “contribute to the economic vitality of the landscape and not be a drain on the tax base.” We have noticed before that this argument is no longer viable. Voters have become wise to this argument

81 Dave Zirin, Bad Sports: How Owners are Ruining the Games We Love (New York: Scribner, 2010), 67.
82 Dave Zirin, Bad Sports: How Owners are Ruining the Games We Love (New York: Scribner, 2010), 62.
and recognize its flaws. This could not be truer of Seattle citizens. This was the third time that a team had attempted to strong arm funding from them. The first two times the teams were successful and Seattle’s citizens did not see any grand economic transformation from either Qwest Field or Safeco Field. This time, Seattle voters became proactive about the situation. In addition to approving I-91, some fans sued the new owners for breach of contract after fans had purchased season tickets and then the team planned to leave.\(^84\) Other fans protested on the steps of the state house or formed demonstrative groups such as Citizens for More Important Things.\(^85\) In fact, it was Citizens for More Important Things that got I-91 placed on the November ballot.\(^86\) In short, the fans made certain that this time their voices were heard. This being said, it is no surprise that I-91 passed with such a large portion of the vote. When considering how vocal the public was on this issue, it seems as if I-90 was just the icing on the cake. However, considering that Seattle public officials had twice already ignored voters on the stadium issue and how attentive the officials of both San Diego and Pittsburgh had been to the voters’ wishes, the icing may have been all too necessary. Judging from the evidence, I-91 was in fact necessary to ensure that this process did not end as we saw in Pittsburgh.

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One thing is certain, that Bennett was a man of his word when he stated that if the Supersonics were not given funding for a new stadium the team would then relocate to Oklahoma City. There was evidence that Bennett and his group had actually planned to move the team since before the sale had been made final. Though examining this may be important for someone who is examining the entirety of the sale and relocation of the Supersonics, since I am only analyzing the democratic and political process involved, the intent of the owner in this situation is beyond the scope of this paper. What is within the scope of this paper is how Bennett and his group broke their lease to the publicly owned Key Arena. Voters in Oklahoma City had approved $126 million in improvements to a preexisting stadium and Bennett was ready to move the team.87

Understandably, the city wanted to be compensated for the loss of the remaining two years of the lease that had been agreed to by the Supersonics. Where the city faltered was that it claimed that it also should be compensated for the loss of civic and cultural benefits that comes with having the team.88 With the lawsuits in action, it was now time for the lawyers to battle it out. Paul Lawrence, the lawyer representing the city of Seattle, argued not only that the Supersonics needed to compensate the city for violating the lease but also that the Supersonics were “unique tenants” and that the city was “entitled to their performance.”89 There is a certain amount of irony in this. What we have seen thus far is that team owners have claimed that a having a professional team is good for the cultural

87 Dave Zirin, Bad Sports: How Owners are Ruining the Games We Love (New York: Scribner, 2010), 70.
and economic well being of a city. As we will see shortly, Bennett’s lawyer will argue exactly the opposite. Are the team was denied a stadium because, as we have seen, the economic benefits are simply not there. Now, the city asks to be compensated for something intangible. They want to be compensated for the loss of these “unique tenants” that are a source of cultural pride for the city. We know that the city is aware of this intangibility. In I-91 the measure that required all public investments made towards sports teams to have a fair rate of return, intangibles were acknowledged in that teams could not claim the cultural value of the team as a return to the city. However, now that the shoe is on the other foot, the city wants the ability to assess the value of this intangible asset and benefit monetarily from it.

The morality of Bennett moving the team is irrelevant. Professional sports teams are businesses, not Boy Scout troops and cities are not “entitled to their performance” when their business wants to move elsewhere. Brad Keller, the lawyer representing the owners of the Supersonics, made an argument that brought the irony full circle. Keller argued that there would be no economic loss to Seattle if the team were to relocate. The defense claimed that people would still have entertainment budgets even after the Supersonics leave and that their money will then be spent elsewhere in the city.90 The defense even brought economics professor Brad Humphreys as an expert witness to prove this point.91 This argument is the exact opposite of the argument that Bennett made while he was attempting to secure funding for a stadium. It will be interesting to see if using

this argument in court ever comes back against Bennett in the event that someday he wants a new stadium or significant renovations to the facilities in Oklahoma City. This argument will possibly help the democratic process in another city by acting as a sort of precedent when the fans do not want to fund a new stadium.

Though the turnout would have been interesting to know, the case drew to a settlement just hours before the judge would have handed down the decision. Up until this time, the situation in Seattle, at least when considering the Supersonics, has been the most democratic of the three that we have examined. The voters were able to ensure that their money was not used to fund a stadium and that their voices were heard. Here however, the city of Seattle drops the ball. Perhaps a settlement would have been a smart move had Seattle gotten a good deal out of the agreement. The settlement required that Bennett pay $75 million and in exchange the lease was ended. Bennett was only required to pay $45 million up front and the remaining $30 million over a period of five years only if the Washington State Legislature approves public funding to update Key Arena the following year and the city of Seattle does not receive a new NBA team by 2013. Granted, the $45 million upfront was more money than the city would have received had the Supersonics remained in Key Arena for the last two years of the lease; however, not only did the legislature not approve funding for Key Arena, which could

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94 Ibid.
have been at least used for other public purposes, Washington State never even put the issue to a vote. Clay Bennett was then off the hook for the remaining $30 million.95

When looking at this portion of the Seattle stadium issue, it is important to note that the city would not have made the actual improvements to the stadium unless the team had been secured. The funding only needed to be put into place by the state legislature.96 Considering the fact that the NBA was not looking to expand and no teams would likely to be trying to relocate to a city that did not want to provide funding for a new stadium at least putting the funding into place would have probably given the city of Seattle an easily made $30 million. If there were legitimate concern for the financial wellbeing of Seattle, it would be foolish to not jump at this opportunity. Though $45 million is better than nothing in that it covers the rent money that was due for the remaining two years, there was certainly a missed opportunity to do better either by King County or the state legislature. Why exactly the legislature and King County did not take this opportunity is unclear.

An interesting fact to keep in mind for the future is that there was another group of potential investors could have potentially kept the Supersonics in Seattle. Microsoft CEO Steve Ballmer had offered to buy an NBA team and put $150 million towards a new stadium with the remaining $150 million to be split between the city of Seattle and the State of Washington. Some believe that this plan may have been able to meet the requirements of I-91. Because of the small amount that would have been put forth by the

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city, it would have been possible for the city to turn a profit. The problem with this offer was that it came after Bennett had already purchased the team and though Bennett had sold the Storm he was not looking to resell the Supersonics. Though Ballmer’s original offer has expired, there is hope that if the opportunity arises that perhaps the city will be able to take advantage of it and once again host an NBA team. To shed a bit more hope, some Washington State Representatives have created the Sonics Taskforce to begin the task of locating and planning funding for a new stadium to draw a team. It would not be surprising if these plans somehow included Steve Ballmer.

Although, Seattle public officials may have stood strong in terms of not giving into the demands of wealthy team owners on behalf of their constituents; the city has not always been worthy of a gold star for its behavior in this situation. Twice before this Seattle gave in to the teams despite the results of public referenda. Considering how Seattle had hoped that the state legislature would fund the project after I-91 was passed, I believe that if I-91 was not approve by the voters then public officials would have approved the funding of a new stadium or at least major renovations to Key Arena as Howard Schultz had requested. I-91 was what forced officials to listen to the people and this came only after the people had been cornered for the third time and rose up to get the


measure put on the ballot. However, the fact that I-91 was put on the ballot, passed by the voters, and then obeyed is representative of democracy.

Seattle could be viewed as a success or a failure depending on the angle from which you are looking. If you are asking the question, “Was Seattle able to save its NBA team or at least attract a new team?” Then clearly the answer is no. There were many fans who were very upset with the fact that Seattle lost the NBA team that it had hosted for over 40 years. However, judging by the vote from I-91, there were even more fans that felt as if protecting public money was more important than protecting the city’s identity as an NBA city. Therefore, if you look at the situation and ask “Was the public money protected and public voice honored?” The answer to this question is closer to a “yes.” Seattle was able to settle out of court for an amount that more than covered the remaining rent on Key Arena, though we cannot know what the city would have gotten if they had not settled. Also, Clay Bennett was let off the hook for $30 million that could certainly be of use to any city. However, it was not up to the city to secure this money. The state legislature let Seattle’s $30 million slip away and the city putting the control of the fate of this money into hand other than their own was not a wise gamble. It is still safe to say that letting this $30 million walk away and gaining $45 million was better for the city’s finances than funding Bennett’s $500 million stadium as he requested.

Disregarding the previous two experiences with funding sports stadiums in Seattle, the process of denying funding to Clay Bennett and the Supersonics was a more democratic one than the others that we have examined.
**Conclusion**

The excitement that surrounds new sports stadiums has always been visible. Now it is easy to see that there is always more excitement than team spirit during stadium construction. As we saw in the introduction, despite the amount of exposure people have to professional sports teams, these teams do not create any serious benefits for local economies. These stadiums use a great deal of local money, divert money from other projects, and do not create a lot of job opportunities. The decision to take on projects that drain public resources so much should be left at least in part to the people who pay the taxes that would fund these projects. This is especially true when considering that a sports stadium is not a necessity and would not be of use to everyone. This is especially true in the situation that we saw in Pittsburgh. Many of the people who would be taxed as a part of Plan A for the new stadiums did not even live in the county that the stadiums would be built in and therefore would not have as much access to the facilities as those who lived in the city of Pittsburgh. This is why there is a need for a public referendum when a city is considering a project such as building a new stadium.

The public referendum is a process of direct democracy. It is meant to give people more of a say in the actions of their government. Progressives hoped that direct democracy would help keep the interests of wealthy individuals, special interest groups, and large corporations at bay while allowing the voice of the people to be heard. As we have seen in each of these cities, direct democracy has not had that desired effect, but why?

In Pittsburgh, wealthy team owners were able to strong-arm tax dollars from Pennsylvania voters even when the citizens had voted down funding for the new stadiums.
after team owners had presented their ultimatum. Had the results of the referendum been followed, the stadiums would not have been built. Critics of direct democracy fear that voters would too easily fall prey to media tactics. However, the expensive and clever advertising tactics of politicians and team owners pushing for the new stadiums did not sway Pittsburgh voters. Despite the aggressive media campaign put forth by stadium supporters, the initiative for the stadium tax was voted down. As we saw, it did not matter that the vote was against the tax, the fear of the power of the wealthy and powerful groups proved to be legitimate, but the ignorance of the voters proved to not be the issue.

Again, in Seattle the people were not ignorant to the issue at hand. Voters turned to groups of citizens with different ideas on the issue such as Save Our Sonics and Citizens for More Important Things for information and were able to participate in these groups and the vote depending on the opinions that they formed based on information from these groups and other sources. This is evidence of Matsusaka’s idea that people could use the media to become informed on an issue by turning to groups that shared values similar to their own. As this was only one particular set of circumstances, using this method to become informed on an issue may be problematic in other situations in terms of getting a well-rounded view of the issue. However, it seemed here to work in favor of the voters in Seattle. After informed voters made their decision in the vote on I-91, the initiative was followed. Public officials and wealthy owners did not impede on voter interests in Seattle as they did in Pittsburgh. Of course, this was the third time that Seattle citizens had played the stadium game.

The situation in San Diego was a bit different. Voters felt that they were informed on the issue considering that the information that they were taking in was from
the local government. City officials falsely portrayed where the funding would be coming from, the size and layout of the stadium and the grounds surrounding it, and the number of hotels that would be built to help cover the costs of construction. It was not the same as the advertising campaign in Pittsburgh. The people voted with information that they thought they could trust. This being said, the problem of having informed voters in this situation is difficult to analyze. Here the problem lies in the fact that direct democracy was not really in existence from the start. The citizens voted in favor of a new stadium, but the plan they voted for was not the one that the city and team owners had in mind. The voters could not be accused of being uninformed and it was not wealthy individuals or special interest groups that impeded direct democracy, but the supposedly democratic local government. In Pittsburgh the plan was changed after the people voted. In San Diego the people were misled beforehand. In both situations the democratic process was not followed. The difference between these situations is the point in the process at which democracy was betrayed.

It is undeniable that major businesses such as professional sports teams are not charity cases. The fact that they attempted to obtain new facilities at the least possible cost to themselves is not shocking. It is the job of the elected officials to protect the people from these practices. Citizens elect these officials into office and it is the duty of these officials to do the will of the people. In Pittsburgh and in San Diego we saw that the will of the people was not done and that the ideas of direct democracy were not adhered to. Direct democracy was best followed in Seattle. Citizens may feel a cultural loss, but their government did not force on them a tax for a stadium that the people did not agree to. This is of course considering only the case of the Supersonics and not
regarding the previous two cases of the Mariners and the Seahawks. Direct democracy was mostly effective in one if the three situations that we examined and failed in the other two situations not because of any flaw in the process itself. It is not that direct democracy cannot be effective in the case of decision making for professional sports arenas, rather, it is that it was not as strictly followed by the democratically elected government representatives as it should be.
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