

that fail to offer more attractive benefits than socially integral projects.

## F. Examples of Bad Sports Facility Investment Deals

### 1. Overview

The Edward Jones Dome in St. Louis and the unsuccessful proposed football stadium for the New England Patriots in Hartford provide two examples of new sports facilities that are or would have been bad investments \*518 for their respective cities. [FN179][FN179] In St. Louis, the three levels of government involved in the deal with the Rams do not collect enough yearly or up-front revenue from the team or other sources to cover their debt payments. From an investment standpoint, this financial deal could not generate enough revenue to cover its expenses, much less create new revenue for the city. In both cases, the respective government authorities do not or would not receive a break-even investment, much less an economic boom for their cities. On the other hand, the major league sports teams involved receive or would have received significant amounts of money from various sources of revenue, ones that in similar deals in other cities are shared with the host city.

### 2. The Edward Jones Dome in St. Louis

The \$258 million Edward Jones Dome was financed before St. Louis even secured a major league sports team to play in it. [FN180][FN180] The stadium was wholly financed by a series of bonds issued by the State of Missouri, the County of St. Louis, and the City of St. Louis. [FN181][FN181] However, the governments' financial obligation did not end there. The three levels of government also committed to pay \$4 million a year over a thirty-year period to the stadium's "Asset Preservation Fund." [FN182][FN182] The total governmental obligation, then, for the construction of the stadium plus the over thirty-year life of the supplemental financial agreement, reaches \$720 million dollars. [FN183][FN183]

With such a hefty financial commitment, the city might hope to recoup some of its expenditures through one of the revenue generating sources detailed in Part III. However, the revenue-sharing facet of the financial agreement between the three governments and the Rams is lopsided in favor of the team. The agreement provides for the Rams to receive all \$74 million generated by the sale of PSLs, 100% of the revenue generated by the dome's 122 suites and 6,200 club seats, and 75% of the stadium's advertising \*519 revenue. [FN184][FN184] The city, county, and state governments, on the other hand, only collectively receive \$250,000 in annual rent, an estimated \$1 million in annual admission taxes, and 25% of the stadium's advertising revenue. [FN185][FN185] This deal provides tremendous financial benefits for the Rams, enabling them to maximize profits and thus improve the worth of the franchise. Such profitability has allowed the Rams to increase their payroll and thus improve the team - with the team playing in the Super Bowl in 2000 and 2002. However, the deal costs the taxpayers hundreds of millions of dollars, while providing a minuscule amount of return revenue which does not even constitute 10% of the governments' yearly expenditures on the new stadium. In this case, despite the success of the Rams, the Edward Jones Dome in St. Louis was clearly a bad investment for the taxpayers.

### 3. The Hartford Football Stadium

#### a. Introduction

taxpayers would have had to cover an additional financial burden for the stadium, the only sports facility proposed for the NFL that included taxpayer money for \*522 the purchase of luxury boxes and club seats. Therefore, the state, in addition to the \$25 million yearly debt payments, may have had to subsidize special seating options for a Patriots team which would have spent nothing on the construction or maintenance of the stadium.

d. The Related Expenses Left Unaccounted for in the Agreement

Finally, the financial plan did not account for the added expense and strain the new stadium and subsequent downtown redevelopment projects would have had on Hartford municipal services such as traffic control, fire and police protection, and litter clean-up. [FN196][FN196] Moreover, other expensive infrastructure considerations might have also arisen. For example, the state's Capital City Economic Development Authority had begun planning a \$65 million program to add another five thousand parking spaces to accommodate the influx of fans and shoppers to the revitalized downtown area. [FN197][FN197] In addition, the Patriots might have asked the state or the city to develop a mass transit system in downtown Hartford. [FN198][FN198] Therefore, there might have been substantial extra costs to the city and state that were not accounted for in the financial **deal**. These added expenses increased the amount of necessary stadium-generated revenue that the state would have had to raise in order to at the very least meet its debt payments, if not profit from the stadium.

e. Conclusion

The Patriots' owner sought to keep the team in Massachusetts and was willing to pay \$200 million to build a new stadium there. [FN199][FN199] Yet, instead of striking a **deal** that was beneficial to both the state and the Patriots, the State of Connecticut entered into an initial **deal** with the Patriots that imposed heavy financial burdens. On the other hand, the aforementioned independent study conservatively estimated that the stadium would have generated more than \$90 million in gross revenue for the Patriots. [FN200][FN200] In fact, \*523 several economists in this field say that the proposed stadium **deal** appeared to be among the most lucrative ever made by a government to an NFL owner. [FN201][FN201] The benefits reaped from this **deal** would have made the Patriots the fourth most valuable franchise in the NFL.

These benefits for the franchise hold even further importance when one realizes how one-sided the **deal** was. The Patriots would not have contributed any up-front money to the **deal**, but rather would have reaped the aforementioned benefits through various revenue sources. The Patriots' sole financial obligation detailed in this agreement was the cost of operating the stadium. The state, on the other hand, had only the hope that the optimistic in-stadium revenue projections would have come to fruition and thus paid for the extensive costs of the stadium. However, this occurrence did not seem likely. Instead, the state would likely have fallen significantly short of its debt payment for at least the first ten years of the stadium. Also, the state may have had to subsidize the Patriots for the special seating options which went unsold each year. Finally, extra infrastructure costs would have added to the state's already hefty financial burden. Given that the stadium would have been wholly funded by the state, and that the financial **deal** almost ensured the state of lingering debt for more than a decade to come, if it became profitable or self-sustaining at all, this proposed stadium was clearly a bad investment for the State of Connecticut and its taxpayers.

## VI. Successful Sports Facility Investments