

A DOWNTOWN STADIUM FOR THE AUGUSTA GREENJACKETS BASEBALL TEAM

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About 17 acres of prime riverfront real estate lies padlocked and overgrown since the demise of Georgia Golf Hall of Fame's Botanical Gardens in Augusta, Georgia. What is the best use for this land? Mayor Deke Copenhaver has advocated a Sport and Entertainment Complex centered on a new ball park for the local Class A affiliate of the San Francisco Giants, the Augusta GreenJackets. Is this the best available option?

The Georgia Golf Hall of Fame's Botanical Gardens were initially constructed in 1999 with \$13 million of taxpayers' money and \$7 million of private donations. It included a park with a variety of flowers and six statues of golfing greats. A 70,000 square foot interactive museum and exhibition center was included in the original plans but never built. The Georgia Golf Hall of Fame officially opened in 2001, but a garden path around the six statues failed to attract enough visitors. Bob Young, a former Mayor of Augusta, also described design faults such as a wall that separated the gardens from the rest of downtown saying "The wall separated it from the community, and anytime you put up a wall like that, it separates people. They should take down the wall and open up the area for the community." The gardens closed their gates on June 30th, 2007. The statues spent two years in a storage facility before being transferred to the Augusta History Museum. Figure 1 provides a timeline of the Georgia Golf Hall of Fame's Botanical Gardens.

Since the closure, several attempts have been made to help find a use for the site. State Senator Hardie Davis proposed transferring the 17 acre site to the city government. The price would be \$1 as long as the land was "used for public purposes." Unfortunately, the bill that passed said the land could not be sold for less than the bond debt the state owed associated with the property - \$2.8 million – or fair market value. The interest on the debt and repayment of principal was estimated to be about \$500,000 per year over six years. The bill did not specify that the land be sold to the city of Augusta, but could be put up for public bids. Initially, only one party showed any interest in the site – Jacoby Group and Ripken Baseball.

A feasibility study into a Sports and Entertainment Complex was published on February 29, 2008. The committee that put together the report included the Mayor, employees of the Ripken Group, representatives of the Georgia Golf Hall of Fame's Botanical Gardens, local politicians, -

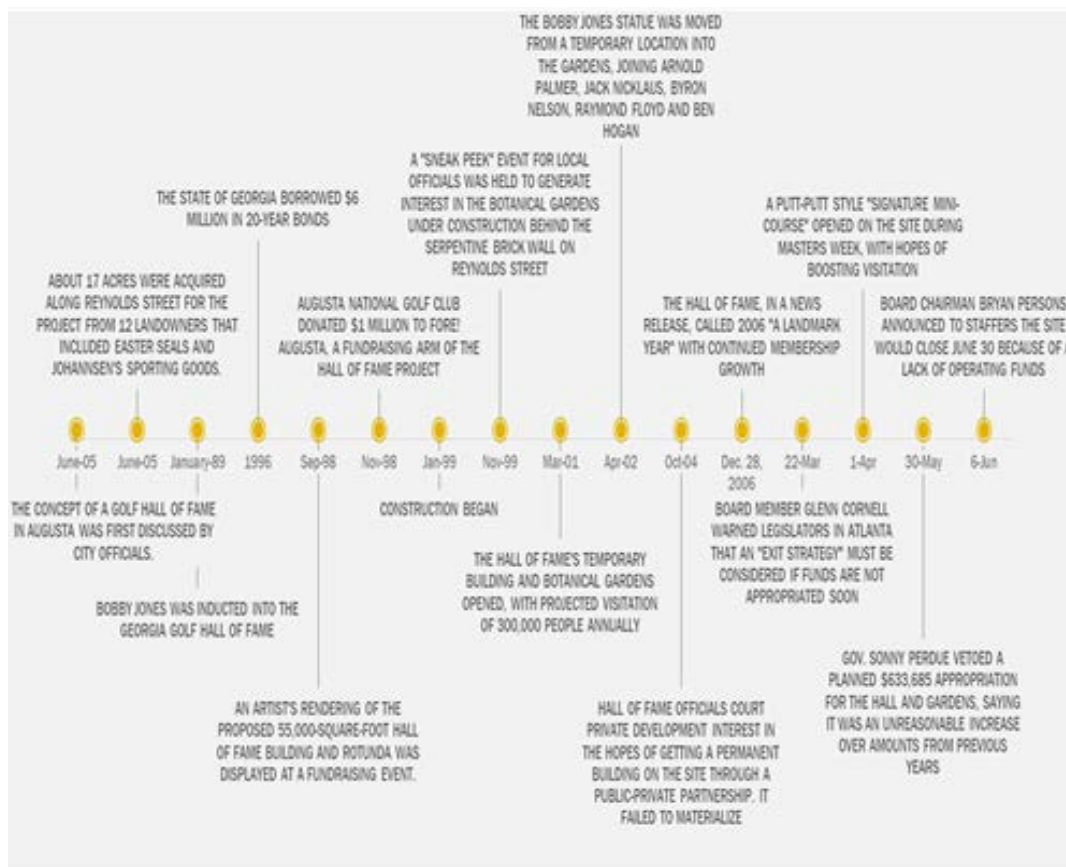
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report envisioned a baseball stadium as well as a 150-room limited service hotel, 80,000 square feet of office facilities and 60 condominiums in conjunction with a revitalized Botanical Gardens. The stadium and associated facilities would take up seven of the seventeen acres of land, leaving the Botanical Gardens with the remaining current footprint of ten acres (see Figures 2 through 6). Figure 7 shows the Master Plan for Augusta drawn up by Augusta Tomorrow. The stadium would be located next to the 13th street bridge in the top left corner of the downtown (yellow) area.

Figure 1: TIMELINE

Jacoby Group and Ripken Baseball \$38.7 million multiuse minor league baseball stadium proposal.



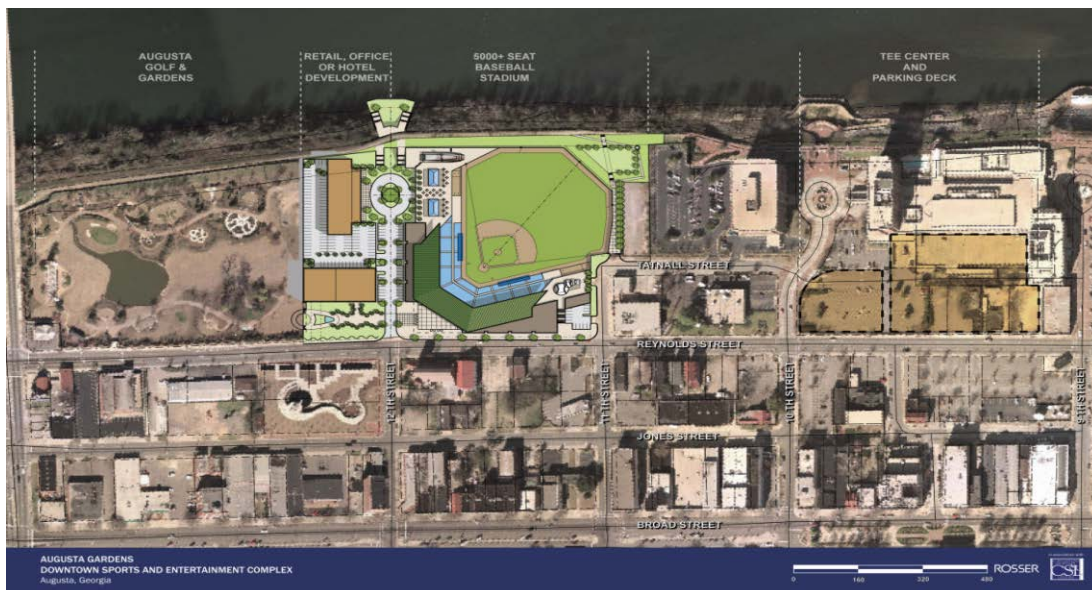
Source: Pavey, R. (2007, June 24) What Went Wrong With the Golf Hall of Fame? *Augusta Chronicle*.

Figure 2: Portion of Downtown Augusta showing Golf and Gardens Site



Source: Sports and Entertainment Complex Phase 1 Feasibility & Study (2008, February 29)

Figure 3: Basic Site Plan of Development Adjacent to Existing Botanical Gardens



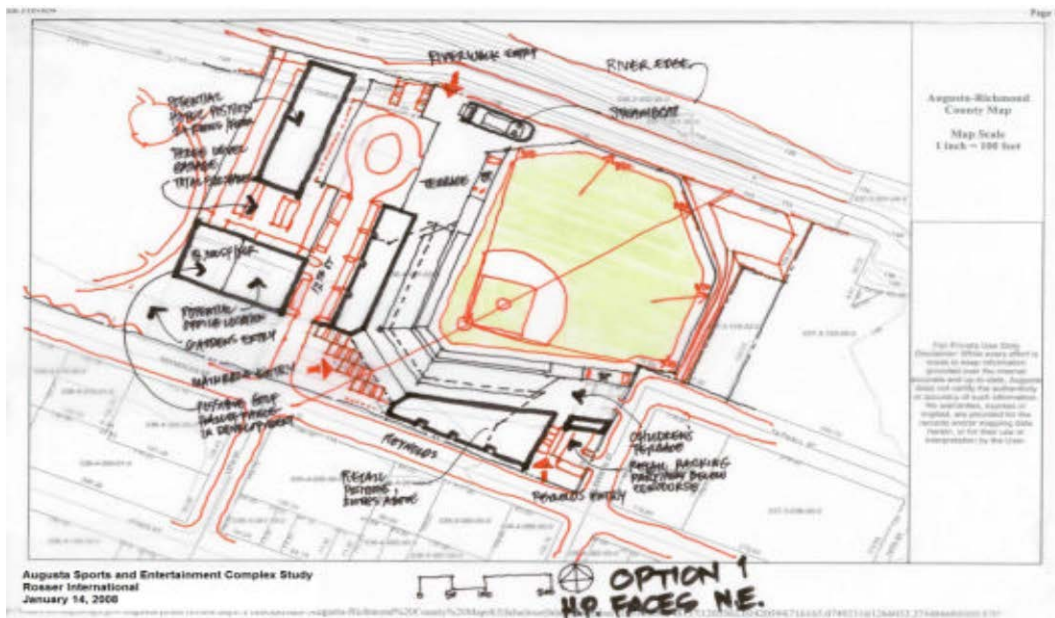
Source: Sports and Entertainment Complex Phase 1 Feasibility & Study (2008, February 29)

Figure 4: Overview Site Plan with Entire Botanical Gardens Park extending to Trade, Exhibition and Event Center



Source: Sports and Entertainment Complex Phase 1 Feasibility & Study (2008, February 29)

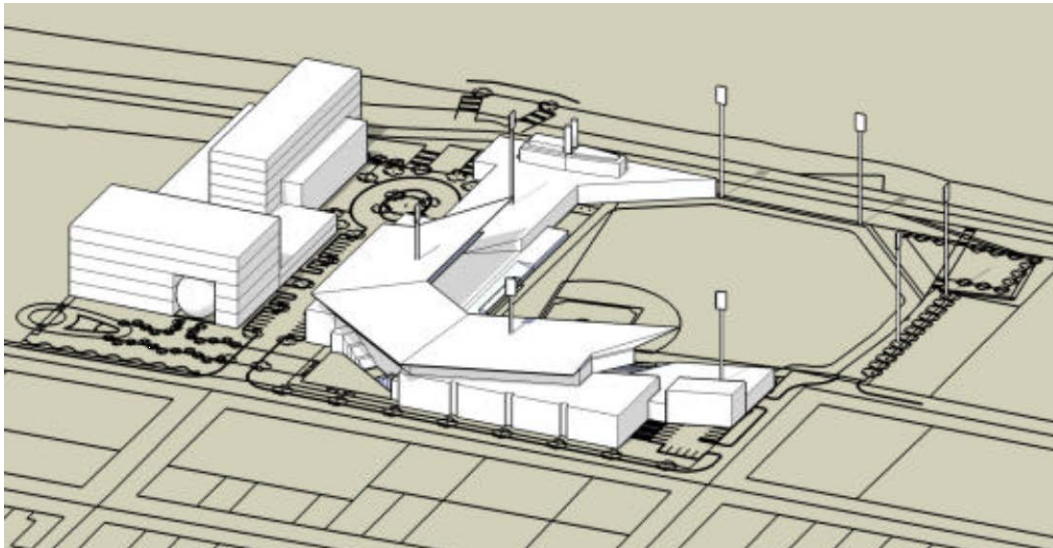
Figure 5: Proposed orientation



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Source: Sports and Entertainment Complex Phase 1 Feasibility & Study (2008, February 29)

Figure 6: Artist Rendition.



Source: Sports and Entertainment Complex Phase 1 Feasibility & Study (2008, February 29)

Figure 7: Augusta Master Plan



Source: Augusta Tomorrow 2009 Master Plan (retrieved from augustatommorrow.com)

The actual baseball stadium would include 4,600 seats as well terrace areas that would accommodate an additional 700 fans. The plan promoted the use of the stadium as a year-round facility with a restaurant (possibly shaped like a steamboat) and terrace and plaza space that could be rented out. The stadium also includes 10 skyboxes, four party suites and a club room with seating for 400 patrons. The current facility of the Augusta GreenJackets did not have a restaurant (it did have concessions) or private boxes. Table 1 provides a comparison between the current GreenJackets home at Lake Olmstead and the proposed new stadium, while Figure 8 provides a bird's eye view of Lake Olmstead.

Nick Brown, the GreenJackets General Manager expanded on these differences saying in the *Augusta Chronicle* "Lake Olmstead does not have the ability to offer fans the modern experience: There are no climate controlled areas; there is very limited group areas with no expansion room; there are no dedicated corporate/private hosting spaces. We have tight concourses with obsolete infrastructure for menu expansion in concessions, technology

enhancements, fan comforts in seating, player development, larger entertainment zones as well as ingress and egress issues on larger nights.”¹

Table 1: Comparison of facilities at the current and proposed facilities.

	Facilities Available, Existing Lake Olmstead Stadium	Programmed Facilities, Proposed Sports and Entertainment Complex
Seating Capacity	4,300	5,500
Private Suites	0	10, each seating up to 16
Party Suites	0	4, each seating up to 16
Club Room/Meeting Room	0	8,000 SF, supporting 400 seats
Concession Area	2	8
Food Court Areas	0	2
Team Store	1	1
Attached retail Spaces	0	5
Restaurant Facilities	0	2 (themed restaurant and food service in club spaces)
Entertainment Decks	1	4
Children’s Area	1	1
Available Parking within ¼ mile	Approx 500	Approx 2,000

Figure 8: Lake Olmstead.



Source: Sports and Entertainment Complex Phase 1 Feasibility & Study (2008, February 29)

The cost of the development of this multi use stadium included construction costs of \$25,570,000 and soft costs (fees, contingencies, etc) of \$6,310,000. If a Golf Hall of Fame was actually built, it would cost an extra \$3,750,000 in construction and soft costs. Infrastructure development would add \$3,100,000. The cost of office and residential facilities and a hotel are not included in the cost, nor is parking for 500 cars.

At the time the study was released it was not certain how the public funds would be raised. One option would be a revenue bond, where the revenues generated by the stadium would be used to repay the debt. Alternatively, the government could issue a general obligation bond which could be paid out of all available resources, including tax revenues. A general obligation bond would require a referendum.

Two attempts to gauge interest in the proposal have been less than enthusiastic. In July 2010 5,845 voters out of 7,918 (77%) people who cast their ballots in the Richmond County Democratic primary rejected “spending public monies to build a new stadium replacing the Lake Olmstead baseball stadium”. There were 101,770 registered voters at the time. An unscientific survey of 382 fans going to a GreenJackets game in 2010 reported in the *Metro Spirit* found just 111 fans were in favor of moving the baseball stadium downtown.²

Local leaders have been outspoken against the plans: State Senator Hardie Davis said “I stand committed to my belief that during these tough economic times that we should not be placing that burden on taxpayers to fund a new stadium. I therefore urge Mayor Copenhaver to give some assurances that any proposals to build a baseball stadium either receive voter approval or not be financed at taxpayer expense.”³ The *Augusta Chronicle* itself has written several editorial

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pieces against the proposed move. They suggested as long ago as March 2008 that residential dwellings may be a possible development on the land. Yet, three years later, and four years after the Golf Hall of Fame and Botanical Gardens closed, no other firm development plan had been put forward by an interested investor.

Georgia Health Sciences University mentioned the idea of building a Bio technology park on the land. Since the university is a state institution this would make transfer of the land a moot point. However, no firm plans were developed or published.

The feasibility study envisions 350,000 people being encouraged to visit the downtown area with a new ballpark. The multi-use stadium would be in use for 70 baseball games a year and an additional 200 other events such as high school and collegiate sports, festivals, weddings, and concerts. Ripken Baseball also owned the Ironbirds in Aberdeen, Maryland. They were able to book events for that stadium for about 250 days per year.

Augusta

Augusta is the second largest city in Georgia. The Census Bureau estimates that the 2009 population of the Augusta Metropolitan Statistical Area (MSA) was 539,652. The MSA includes Richmond, Columbia, McDuffie and Burke counties in Georgia, and Aiken and Edgefield counties in South Carolina. The population of Richmond County where the current stadium and proposed future stadium are located was estimated by the Census Bureau to be 189,366 in 2006. The median age of the MSA population was 36 years. Median household income was \$42,146.

GreenJackets

The Augusta GreenJackets are the Class A affiliate of the San Francisco Giants in the South Atlantic League and have been playing at Lake Olmsted since 1995. Previously, they were affiliated with the Boston Red Sox (1999-2004) and the Pittsburgh Pirates (1984-1998). Major League players such as Dustin Pedroia and Kevin Youkilis (Red Sox), Brian Wilson and Madison Bumgarner (Giants) have played in Augusta. In 2005 the Ripken Baseball Group bought the franchise and spent \$1.5 million renovating the stadium by building a Budweiser Party Pavilion, Kids Zone, Cintas Cool Zone, and the installation of six industrial fans in the rafters of the stands.

In May, 2011 the GreenJackets under the Ripken Group welcomed their one millionth fan. Attendance records were broken in 2008 when 200,222 fans paid to see the GreenJackets win the South Atlantic League (SAL) title. The record was broken again in 2010 when paid attendance was 201,760. Despite the best overall record in their division, the GreenJackets missed out on the playoffs in 2009 and 2010 because the SAL plays a split season and only the winners of the first half and second half of the season advance to the playoffs. There is a tendency within baseball and elsewhere to believe in the old saw "If we build it they will come." The feasibility report lends some weight to this argument by presenting attendance figure for Class A affiliates overall, and those in new stadiums (opened since 2000). The information is repeated in Table 2.

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Table 2: Attendance at various minor baseball leagues with new ballparks.

League	Average Attendance per Game					
	2007	2006	2005	2004	2003	Five year average
Midwest						
Overall	3,800	3,500	3,700	3,700	3,700	3,700
New Ballpark	4,400	4,200	4,200	4,100	4,800	4,300
% increase over overall	16%	20%	14%	11%	30%	16%
Carolina						
Overall	3,100	3,100	3,000	3,000	2,900	3,000
New Ballpark	n/a	n/a	n/a	n/a	n/a	n/a
% increase over overall	n/a	n/a	n/a	n/a	n/a	n/a
California						
Overall	2,400	2,300	2,400	2,200	2,300	2,300
New Ballpark	3,100	3,100	3,100	n/a	n/a	3,100
% increase over overall	29%	35%	29%	n/a	n/a	35%
South Atlantic						
Overall	3,600	3,600	3,400	3,100	3,100	3,400
New Ballpark	5,100	5,100	5,200	5,600	5,600	5,300
% increase over overall	42%	42%	53%	81%	81%	56%
Overall Average						
Overall	3,200	3,100	3,100	3,000	3,000	3,100
New Ballpark	4,200	4,100	4,200	4,900	5,200	4,200
% increase over overall	31%	32%	35%	63%	73%	35%

Seven new ball parks have opened in the SAL: Greensboro, NC; Greenville SC; Charleston, WV; East Lake, OH; Rome, GA; Lexington, KY; and Lakewood, NJ. Of these seven teams, three ballparks were built for existing teams (as opposed to attracting a relocating franchise). These teams saw an increase in average attendance of 184% (Greenville Drive), 124% (Virginia Power), and 117% (Greensboro Grasshoppers) between the last three years in their old stadium and the first three years in their new stadium.

In September 2010 the GreenJackets announced a renewal of their Player Development Contract with the San Francisco Giants.⁴ However, the two year extension (through the 2012 season) was shorter than it could have been. Giants' vice president for baseball operations, Bobby Evans, said "in order for us to make a longer term commitment, we are hopeful that a new ballpark will be built" adding "developing our top prospects in a top notch facility remains a priority as we look towards the future". If the Giants did not renew their player development contract in 2012, Augusta would still be guaranteed an affiliation with another major league team through their membership of the Minor League Association.

Economic Development

One of the main selling points of the sports and entertainment complex was that it would have a positive impact on economic development in the downtown area. It will complement the Trade, Exhibit and Event Center (TEE Center) currently being built two blocks away (see Figures 2 & 3). The 40,000 square foot TEE Center was originally budgeted to cost \$38 million and due to open in spring 2012 accompanied by a \$25 million Hyatt Place hotel. Voters approved a \$20 million special purpose local option sales tax in 2005 and groundbreaking took place in June 2010. The TEE Center and associated parking decks would be operated by Augusta Riverfront LLC.

Delays in construction pushed the opening day into late 2012, and possibly into 2013. The lack of a completion date had made it difficult to acquire bookings. Further, requests for an extra \$1 million to increase fire safety were rejected twice by the Augusta Commission before finally passing.

The associated parking deck had not been without controversy: a series of complex transactions meant the deck was built on private land, with the exception of one small parcel, and was built using air rights. Building on air rights allowed the city to issue tax-exempt bonds for construction while allowing the landowner to retain floor space for its use. The landowner eventually donated the land (free of liens) to the city as originally planned in 2009.

The feasibility study estimated costs and the associated economic impact of constructing and operating the sport and entertainment complex. Construction itself would support 300 jobs and generate \$30 million of economic activity. (The report did not estimate the economic impact of the construction, but Mark Thompson, an economist writing in the *Augusta Chronicle* on August 4, 2008,⁵ calculated the economic impact to be \$42.7 million implying a multiplier of 1.42.) The actual annual operations of the ballpark were estimated at \$15.5 million and would have a \$21 million impact every year. Other ancillary operations (hotel, restaurants, retail outlets etc.) would add a further \$11 million per year in economic impact based on direct spending of \$8.3 million. All these calculations of economic impact imply a multiplier of about 1.35. The ballpark and ancillary operations would represent a Net Present Value of \$623 million over 30 years (using a discount rate of 6%). The project would support about 900 jobs and generate \$3.3 million in state, county and city taxes. It was not obvious from the report whether the authors took into account the novelty effect of new stadiums on attendance (see Table 2).

Previous studies of the use of sports facilities to generate economic development have “uniformly found that there is no statistical significant positive correlation between sport facility construction and economic development”⁶ of their impact. Mark Rosentraub, sports author, suggested some advice for “cities looking to sports, entertainment, and cultural amenities for revitalization.”⁷ His main nine points are summarized in Table 3.

Table 3: Advice for cities looking to sports, entertainment, and cultural amenities for revitalization.

1. Value of Advertising

Appropriate locations of public space can be marketed and leased to firms that sell opportunities for advertising to other firms which can generate revenues for the public sector. For example, the city Cleveland allowed the Indians to receive broader rights to lease space for advertising inside and outside the ballpark in exchange for annual maintenance expenses. It is estimated the city saved \$4 million a year.

2. Concentrate Amenities and Make Detailed Plans

Revitalizations concentrated in a small geographic space are generally more successful as they create an image of success and vitality represented by crowds that are essential to impressions of safety. For example, Indianapolis has a convention center, three sport facilities, retail mall, two theatres, an arts garden, a multiplex movie theatre, several hotels, museums, two parks, and numerous restaurants within its redevelopment area.

Documents allowing investors to understand the redevelopment vision create confidence that dreams will become a reality. Although Indianapolis' plans were deemed unrealistic at the time, they helped people understand the direction the city wanted to move in.

3. Build Neighborhoods or Iconic Architecture

Two approaches are identified here: either build new facilities that fit in with new neighborhoods, or iconic structures. New facilities in residential neighborhoods that have been successful are street-level entrances (Cleveland's Progressive Field), open air vistas (San Diego's Petco Park) or large glass wall that allows viewing into or out of the facility (Indianapolis' Conseco Fieldhouse). Iconic facilities are important in cities that have many venues competing to attract events such as New York City or Los Angeles.

4. Link Private Sector Investments to a Commitment of Tax Money

Columbus, OH secured commitments from private sector partners for new investments that supported its revitalization effort and the building of a downtown arena. Further, they bought insurance from Nationwide Insurance Company that would cover a portion of bond repayments if there was a shortfall in tax revenues.

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5. Organizations Needed to Succeed as a Broker City

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Without guaranteed private investment, Indianapolis aggressively sought events and investments from private and nonprofits to ensure that the subsidies they provided became strategic investments.

Table 3 continued.

6. Prudent Risk-Taking for Confidence Building

One building is not going to change long term regional and national trends. For example, Cleveland is still losing people and jobs despite a united group of business leaders (Cleveland Tomorrow), local government, and universities. Besides new amenities and the elimination of blight, cities need to create an environment where entrepreneurial activity can be successful.

7. “Uber-Plans” Unifying Public and Private Capital

Evolutionary approaches to urban planning are inferior to large-scale plans.

8. Constructively Involve Business Leaders in Downtown and Community Development

The revitalization effort in Reading, PA was spearheaded by a group of people committing their personal wealth and resulted in a performing arts center and arena. The evidence suggests that without this commitment the revitalization of downtown may never have occurred.

9. Level the Negotiating Table

Sports teams have traditionally had the upper hand in negotiations through the cartel nature of sports. Threats to leave town have led to large public subsidies. Some cities have been able to level the playing field by securing real estate investments that have allowed revitalization efforts to be realized. For example, San Diego got a commitment from the owner of the Padres for over \$300 million in new real estate development.

Source: Rosentraub, M. S. (2010) *Major League Winners: Using Sports and Cultural Centers as Tools for Economic Development*, CRC Press. Boca Raton.

Given these nine points, Mayor Copenhaver needs to determine if a baseball stadium is the best use of the real estate. Even if he decides it is the best use of the land, he still faces several obstacles such as the transfer of the land from the state to the city, and probably a referendum of the county inhabitants. But before he goes to the state or the people he needs to know if this is the right decision for the city.

¹ Byler, B. (2011, June 20) GM speaks about GreenJackets, Stadium. *Augusta Chronicle*.

² Eidsin, S. (2010, May 19) Stadium Debate Continues. *Metro Spirit*.

³ Jones, W.C. (2010, April 29) Senator Urges Vote on Augusta Baseball Stadium. *Augusta Chronicle*.

⁴ Byler, B. (2010, September 15) GreenJackets, Giants Still Linked. *Augusta Chronicle*.

⁵ Thompson, M.A. (2008, August 4) Will Proposed Sports Complex Contribute to Economy? *Augusta Chronicle*.

⁶ Siegfried J, and Zimbalist, A. (2000) 'The Economics of Sports Facilities and Their Communities', *Journal of Economic Perspectives*, Vol. 14 No. 3, pp.95-114.

⁷ Rosentraub, M. S. (2010) *Major League Winners: Using Sports and Cultural Centers as Tools for Economic Development*, CRC Press. Boca Raton.