



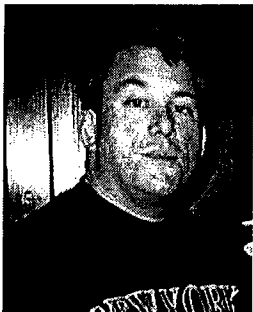
# Outside the Lines

A publication of the Society for American Baseball Research Business of Baseball Committee

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Spring 2004 - SPECIAL EDITION

## Doug Pappas, SABR Baseball Business Chair, Passes Away



Doug Pappas, 42, the chairman of SABR's Business of Baseball Committee since its inception in 1994, passed away while vacationing at Big Bend National Park in Texas.

A nationally recognized authority on the business of baseball, with over fifty published articles on the subject, Doug joined SABR in 1983 and served as the Society's pro bono legal counsel and as parliamentarian at many Annual Business Meetings. He also chaired the committee whose work produced the current SABR by-laws.

Among his many research interests was ejections, and he compiled and updated a database of ejections. His research presentation on the subject, "111 Years of Baseball Ejections" won the USA Today Baseball Weekly Award for best research presentation at the 2000 SABR convention in West Palm Beach, Florida.

He edited "Outside the Lines" the SABR's Business of Baseball Committee newsletter, and also wrote for **Baseball Prospectus**. His article, "White Sox Suspended from the American League," will be published in the forthcoming issue of **The National Pastime #24**.

He maintained his own web site and web log, where many of his baseball writings can be read. At his web site he also wrote of his many road trips and posted photos from the many places he traveled.

Doug was an attorney at Mintz & Gold, where his practice concentrated on general civil and commercial litigation. A graduate of the University of Chicago, Doug graduated magna cum laude from the University of Michigan Law School in 1985, where he was Executive Note Editor of the Law Review.

He started writing about sports at Hackley School in Tarrytown, New York, where he wrote under editor Keith Olbermann, who recalls Doug as "a good kid and a better man, always generous, inquisitive, and creative."

He is survived by his mother, Carolyn Pappas of Eastchester, New York.

— John Zajc, SABR Executive Director (Dan Newman contributed to the obituary)

## Portland Makes Great Strides in Stadium Finance Completion by Maury Brown

In the Expos relocation derby, Portland finally came out of the dark and presented an update of the stadium finance plan, which now sits at \$344 million out \$350 million.

Below is a breakdown of the finance plan as of the mid-May meetings update:

State Income taxes: \$125 million

Portland had lost a great deal of momentum since last August when the Oregon Legislator passed Senate Bill 5, a piece of legislation that is de-

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## From the Front Office *by Don Leyboldt* An interview with San Diego Padres CFO Fred Gerson

It has been a very eventful year for the San Diego Padres. In 2003, they were one of the last teams playing in a "spaceship"- a 1970s concrete, multi-purpose stadium that they shared with the San Diego Chargers. This season, the club moved into a beautiful, \$474 million ballpark- Petco Park

Behind the CFO desk is Fred Gerson. Although an avid baseball fan, his background is as a Controller and an Accountant; not in a sports role. He previously served in CFO functions at Atari and Norton before taking the Padres job. Mr. Gerson graciously and candidly talked with me about his job, the new ballpark and the CFO's perspective on the game.

**Outside The Lines:** What are some of the day-to-day responsibilities for either you, or a CFO in general?

**Fred Gerson:** We have financial responsibilities, the same way a CFO would of other companies. We're responsible for the Treasury, for reporting to shareholders/ownership. I guess it would vary, depending on the baseball organization, what other responsibilities (we have) outside of finance. I'll step back to finance in a second but here, I have responsibility for IT for the organization. Within the finance group, one of the major responsibilities obviously is budgeting, and helping to set the guidelines and payrolls for the coming years. The biggest line item we have, on the expense side, for any of us in baseball is player compensation.

**OTL:** How will Petco Park change both your job and

change the Padres financial situation?

**FG:** Petco is going to have a big impact on the Padres. We're moving out of an old facility. Old by California standards, built in 1969. Qualcomm was a multi-purpose stadium, like Veterans in Philly or Riverfront in Cincinnati or Three Rivers in Pittsburgh. They were called the "flying saucers". They were supposed to serve everybody and in fact, really didn't serve the fans of either the football team or the baseball team. The sight-lines were not good. We had no premium seating. In our case, we had some disadvantages that others might not have had. San Diego is not a huge media market, and it's a two team town. It's us and the Chargers.

**OTL:** What do you think is the biggest misconception that fans have about the business of baseball?

**FG:** I think the biggest misconception is that fans think the owners are greedy, that they are just sucking in money and they don't care about the product that goes out on the field. (Most) owners are fans as well; that's why they're in the business now. It isn't because (a ballclub is) such a money making entity. They're in business because they're fans, its something they want to do, and some of them are civic minded...Yes, historically there have been owners that have done well through their teams. George Steinbrenner certainly.... But on the whole a lot of teams have spent on big payrolls and not many of them have done it as well (as he).

## Takin' Care of Business *by Anthony Salazar* An interview with Visalia Oaks GM Jennifer Whiteley

Jennifer Whiteley is the General Manager of the California League Visalia Oaks, a high Class A affiliate of the Colorado Rockies. Jennifer is one of the few women GMs in the minors and at 26 years of age, she is the youngest in the league. This season marks her second with the Oaks, after serving three years with the Stockton Ports, where she came in as Director of Finance, and later as assistant General Manager. Jennifer is a Bronx native and holds degrees in Management and Finance from Tulane University.

**Outside the Line:** The Oaks have been affiliated with the Colorado Rockies for a couple of years now.

**Jennifer Whiteley:** This is our second year of the affiliation. The last time was in 1993 and 1994, when the Rockies opened up as an expansion team, and we were affiliated with them. In between, we were with the

Oakland A's. During the first Rockies stint, the team was known as the Central Valley Rockies. Then they went back the Oaks, when the A's were here.

**OTL:** This year is the last year with the Rockies. Are you looking to extend that (agreement) or will you be shopping somewhere else?

**JW:** We love our experience with the Rockies and welcome them back with open arms.

**OTL:** I had a chance to see some of the improvements on the ballpark. Tell me about the renovation – what was done to the ballpark?

**JW:** We're one season removed from the first major

WHITELEY: continued on next page

## A View from Japan *by Yoshihiro Koda*

### *American Managers Spark Attendance at Japanese Games*

Japan's 2004 season kicked off for the Pacific League on March 27, with the Central League following a week later. Total attendance for these games in the first month was announced by the each league in the late April. Results indicated that two of the PL clubs which are piloted by American skippers succeeded catching more fans at the ballpark.

One of the clubs is the Hokkaido Nippon-Ham Fighters, which is managed by Trey Hillman, who had belonged to the Yankees organization before coming to Japan in 2002. As I wrote here previously, the Fighters have just started their very first year at their new home town of Sapporo. Fortunately, the fans in the northern city welcomed the new comer. The Fighters watched 321,000 fans come through their gates over 12 games. It represents a 45.7% increase in attendance per game, compared to the same period last year.

Another PL club piloted by an American skipper is the Chiba Lotte Marines. They are managed by former New York Mets/Texas Rangers skipper Bobby Valentine, who comes back to the Marines for a second time. It was 9 years ago he had led the club for the first time. They were at the second place then. It was the best record the Marines had in the last 15 years. Even though he had proved his ability, and was a favorite with the players and fans, He wasn't a favorite with the general manager. He was fired after the season, but the General Manager was also fired after the next season. Unfortunately, the Marines have never come back again. Marine fans have awaited Bobby to come back for a long time. With Bobby V. back as manager, Marine fans responded with an increase of 34.6% attendance over the same period of the last year.

Though they had succeeded in garnering more attention, the Marines faced a crucial moment. The Marines had started well, winning seven of their first ten games. But, since mid-April, they had suffered 10 consecutive defeats. Since then, they have never recovered and are mired in last place in league play through May. Without quality performances on the field, it is hard keeping the fan's attention.

The Fighters haven't started well, but are recovering. They won 24 games and lost 22 games through May 24., and are in third, five games from first place. I think they are not a bad club, but at a recent home more than 80% of seats at their home looked empty. It may be one of the reasons why they can't increase their attendance in losing against the higher ranked teams at home. They won one and lost two games against the top team, and never won four games against the second place team until May 24. I hope more fans attend the game and cheer their team.

**WHITELEY:** continued from previous page

renovation of the stadium in 35 years. About \$800,000 was spent renovating the park. We have new seats, a new picnic area, and we moved the fences in closer. This makes a huge difference in sight lines for the fans here. We also upgraded the stadium lights, put in new speakers, a new computer system to run the music, the whole nine yards. The parameter fencing was new, too. It used to be chain-linked fence, and now it wrought iron. It makes you feel like you are coming to an event. It's more comfortable.

**OTL:** Do you think the renovations will help quell rumors of the team moving to some place like Reno, Chico or Redding, as it's been reported?

**JW:** Absolutely. The previous ownership was looking for a new stadium only. Renovation was not really an option, and they didn't think it would be successful. When we came in, we said, 'If the city wants to renovate, let's give it a try. Let's make Recreation Park work, and if it doesn't, then we know.' And you know what, Recreation Park is working. We've had three sell outs

within ten home games already, so that's 30 percent of our games sold out. That's phenomenal. Last season, we sold out a total of five, and the year before, we sold out three. So, we're looking good.

**OTL:** Attendance hasn't looked to good these past few years. In fact, the team has come in last place in the league in terms of average attendance last season with an average of under 900 fans. What will the team do differently to increase the number of fans in the seats?

**JW:** My perspective on attendance is that it's looking great. We're looking for small increases each year. There's no need to have what may be unrealistic expectations on what we could do here.

Our capacity is just over 1,600 and for us to be averaging right now 1,100 is great. That's fantastic. If we could make small increases, and increase our loyal base of fans, that's what we need to do here. We've got a lot of community programs that could make it affordable for everyone to come to a game.

## The Business of Baseball *edited by Anthony Salazar*

### *Business News in the Majors and Minors*

#### **Fate of Expos Still Unclear**

The Montreal Expos are no closer to a new home than they were last year, as MLB's quarterly owners meetings concluded recently, however the proponents of the Washington, DC committee may have scored more points.

After a 2½-hour meeting with the relocation committee, MLB President Bob DuPuy stated that candidates would not be required to produce a ratified stadium legislation plan to be approved by MLB.

Officials in D.C. had said that they would be willing to provide full public financing for a possible ballpark, however the the D.C. City Council's unwillingness to vote on a financing package before MLB approves the Expos relocation to the District is a major obstacle.

The relocation committee, which includes DuPuy, as well as Chicago White Sox owner Jerry Reinsdorf and Tom Hicks, owner of the Texas Rangers, spent the meeting looking at proposals presented by D.C., Northern Virginia, Portland, Las Vegas, Norfolk, Va., and Monterrey, Mexico. Recommendations will be forwarded to Commissioner Bud Selig within the next month.

MLB has continued to say that they will have a city selected by the All-Star break.

Selig said he feels 'comfortable' with the likelihood that the Expos will have a permanent home in 2005.

#### **Baseball's World Cup**

MLB has been vague on providing much information on a proposed World Cup, slated to take place next March.

MLB's International Committee met with owners to update them on the progress of the 16-country tournament.

Officials are hopeful in efforts to stage a tournament in less than 10 months, however a number of obstacles remain.

Among the obstacles are how the revenue from the event will be shared with the MLB Players Association. Reporting dates, insurance coverage and venues have already been agreed upon between the league and the union.

With regard to TV and sponsorships MLB has not been able to talk formally with prospective media partners because no one knows yet what players will participate, and

when and where the event will take place

#### **MLB TV**

At this same meeting, owners were briefed by MLB executive vice president of business Tim Brosnan on the state of the league's TV deals and a proposed MLB channel. Selig has not offered a time frame, but indicated that MLB was proceeding with plans to start a baseball network.

#### **Houston Projects All Star Boost**

With the All-Star Game and its related events, officials have predicted that the week could bring in revenue of more than \$85 million to the state, according to the estimates from the Texas state comptroller's office.

#### **Brewers May Look to Develop Parking Lot**

In a financial review of the Milwaukee Brewers, the Audit Bureau in the Wisconsin Legislature has recommended that the club might consider developing portions of their 265 acres of parking lots and lands adjacent to Miller Park. The report indicated that the team would increase its revenue base and attract a new owner. The development could include restaurants, sports bars, a hotel, retail stores or parking ramps. The Miller Park complex is baseball's second largest, and includes 12,800 parking spaces.

#### **M-Braves Break Ground on New Stadium**

The Mississippi Braves (Southern League - Atlanta Braves, beginning in 2005), have broken ground on their new state-of-the-art stadium in Pearl, Mississippi this past month. Officials from the Atlanta Braves were on hand for the ceremony, along with Mississippi governor Haley Barbour. The 6,000-seat stadium includes private suites, recessed seating, a lawn berm, and open concourse with restaurant and fan interactivity areas. HOK is the designer with Dale & Associates and W.G. Yates & Sons Construction as architect and contractor, respectively.

#### **Padres Sell Out 50 Percent of Home Games**

The San Diego Padres have announced that they have sold out half of their 22 home dates at their new stadium, Petco Park. The club has surpassed the 750,000 mark in attendance faster than ever. It took just 21 dates to reach the mark, one fewer than in 1985 at then-Jack Murphy Stadium. With attendance at 796,058 through 22 dates this season, the Padres are averaging 36,184 fans a game in the 42,000-seat park, or nearly 50 percent more than last season, when the average was 24,456 through 22 dates.

## The Business of Baseball *edited by Anthony Salazar*

### *Business News in the Majors and Minors*

#### **JUDGEMENT ALLOWS ASTROS TO LEAVE FSN**

A district court judge in Texas has ruled in favor of the Houston Astros, which sought to break an agreement with Fox Sports Net Southwest, in order to form a new regional sports network with the Houston Rockets of the NBA.

The deal the club had with FSN would have lasted until 2009, but it provided that in the event the Astros accepted an offer from a third party beginning with the 2006 season, with Fox having the option of matching any offer. The contract's stipulation came into play when the Rockets approached the Astros with a 60-40 split to form a new network. The basketball team also offered the Astros a rights fee of \$18 million that would commence in 2006. The amount is 50 percent higher than what FSN would pay out.

When the Astros asked FSN to match the rights fees on top of an additional \$213 million that represented an equity stake of the prospective network's worth, FSN refused. Both sides instead, wound up in court.

The judge's summary ruling kept the case from going to trial. FSN has lost a number of team from all the major league sports over the past year due to the creation of regional sports networks.

#### **MLB SIGN TV AND BEER DEALS IN THE DR**

Major League Baseball International has signed multiyear deals with Canal de Noticias, Dominican Republic news channel and with Grupo Leon Jimenes, the makers of Presidente beer.

The four-year network deal gives exclusive rights to the broadcaster that covers up to nine MLB games per week, the All-Star Game and all post-season games. The beer deal, meanwhile, is a three year agreement that makes Presidente the official beer of MLB in the Dominican Republic.

As part of the deal, the beer maker will host balloting for the All-Star Game with 500,000 ballots that will be distributed in 300 locations

## **FUNDING THE BALLPARK: New Stadiums Since 1992**

FACILITY	TENANT	YEAR OPEN	TOTAL PROJECT COST (\$M)	PUBLIC CONTRIBUTION (\$M)*	PERCENT PAID WITH PUBLIC FUNDS
Cardinal Stadium**	St Louis Cardinals	2006	346	208	60.1
Petco Park	San Diego Padres	2004	474	301	63.5
Citizens Bank Ballpark	Phil Phillies	2004	460	228	49.6
Great American Ballpark	Cincinnati Reds	2003	352.6	267.9	76
Miller Park	Milwaukee Brewers	2001	423.3	328	77.5
PNC Park	Pittsburgh Pirates	2001	277.2	226.8	81.8
Comerica Park	Detroit Tigers	2000	326.5	125.2	38.3
Minute Maid Field***	Houston Astros	2000	270	183.9	68.1
SBC Park^	SF Giants	2000	359.1	10.9	3
Safeco Field	Seattle Mariners	1999	600.7	418.4	69.7
Bank One Ballpark	Arizona D'backs	1998	407	290.9	71.5
Turner Field	Atlanta Braves	1997	274.4	0	0
Coors Field	Colorado Rockies	1995	264.4	206.6	78.1
Ballpark at Arlington^^	Texas Rangers	1994	241.5	203.6	84.3
Jacobs Field	Cleveland Indians	1994	221.3	221.3	100
Oriole Pk at Camden Yds	Baltimore Orioles	1992	313.9	293.9	93.6

\*Includes cost related to infrastructure, site acquisition and other applicable expenses. Converted to 2004 dollars using Bureau of Labor Statistics calculations.

\*\*Under construction, scheduled to open in 2006. Costs are projected, although the team is responsible for cost overruns.

^Prior: PacBell Park.

^^Naming rights recently obtained by Ameritrust Mortgage.

\*\*\*Prior: Enron Field

Source: Sports Business Journal

**PORTLAND:** continued from page 1

signed to earmark the personal income taxes paid under Oregon's existing tax structures. The initial projections on the yield of \$150 million was down graded to \$100 million over the winter, but the Portland plan has been revised by rolling other revenue streams together with these funds and now projections are \$125 million.

While discussions of a 'Jock Tax' rankled the MLBPA, Gene Orza, the association's COO, reiterated this past week that the structure of this revenue stream is not the creation of a new tax, and thus the association will not take issue with it.

**Ticket tax: \$75 million**

Projections for a 10 percent tax on tickets have been raised. The city of Portland views this as a "reasonable fee" due to the lack of a sales tax in Oregon.

**Concessions and merchandise tax: \$25 million**

This is a new eight percent tax on goods sold inside the stadium -- again, in lieu of sales taxes that most states collect.

**Stadium district: \$75 million**

This is a big, still somewhat amorphous chunk, where the city hopes to collect revenue from businesses within a (rough) half-mile radius of the stadium.

All manner of mechanisms, from business fees to the restructuring of existing debt systems will be used.

"We haven't closed down the issue between the hospitality industry and the hotels and general business -- how we complete the package," David Logsdon, City facilities manager said.

The hospitality industry quickly and permanently shot

down the early idea of increasing the hotel and vehicle rental tax rates.

"We have to estimate business growth in the area, figure out a mechanism to capture a portion of that growth and roll that back into the finance plan," Logsdon added.

There continues to be discussion in the hospitality industry regarding other methods of Hotel/VRT re-direct.

**Other sources: \$40 million**

Projections for charter seat licenses, tax increment financing and local improvement districts remain unchanged.

**Out of pocket owner equity: \$0**

MLB-to-Portland proponents continue to try to keep out-of-pocket owner equity at, or near zero, pointing to the numerous revenue streams listed above as potentially being ownership's.

These details were presented at a recent press conference. Portland mayor Vera Katz, Oregon Stadium Campaign chief negotiator, David Kahn, and several prominent members of the Portland business community were present, with Kahn stating that the last \$6 million will happen "in short order."

HOK Sport is finalizing their site analysis which is now down to two or three potential sites within Portland's downtown core.

Proponents reiterated that the Expos remain the target. Portland views their effort as on-going, regardless of MLB's outcome, mentioning that franchises such as the A's, Twins and possibly the Devil Rays, may at some point, be candidates for further relocation.

## Minor League Baseball Attendance Up 5.8 Percent This Season

Through May 31, 2004	Total Attendance	Openings	AVG./ Opening
<b>TRIPLE-A</b>			
IL	1,864,467	334	5,582
PCL	2,125,791	395	5,382
MEXICAN	2,272,266	521	4,352
<b>CLASS AA</b>			
EASTERN	1,180,332	277	4,261
SOUTHERN	926,891	240	3,862
TEXAS	918,716	197	4,664
<b>CLASS A</b>			
CAL	522,976	251	2,084
CAROLINA	527,173	191	2,760
FSL	402,692	302	1,333
MWL	991,397	333	2,977
SAL	1,092,216	388	2,815
<b>TOTAL</b>	<b>12,824,917</b>	<b>3,429</b>	<b>3,740</b>

Source: MinorLeagueBaseball.com

## *Doug Pappas: In Tribute*

### **Claudia Perry**

I thought about all the things I wanted to tell Doug that I figured I would have ample time for. We talked about politics, baseball, intersection of those two topics, his road trips, hypocrisies of all sort and the ongoing minutiae of SABR.

Knowing I won't be able to do that again makes me very sad. Knowing that I won't be able to tell Doug about the Brewers' desperate attempt to get people to come see their team – free tickets for salad dressing labels, seniors getting discount tickets and the opportunity to walk the warning track for free – also stings.

It does make me feel better to know I am not alone in this loss. I'm not going to be in Cincinnati this year for a variety of reasons, but can't imagine Marvin Miller speaking to SABR without Doug being there.

### **Skip McAfee**

Doug chaired the SABR Constitution and Bylaws Committee last year. I was impressed with Doug's handling of sensitive matters in a compassionate, yet business-like manner, ensuring that everyone on the committee had an opportunity to express opinions and suggestions. Somehow he was able to bring together a mass of information so that a consensus could be met. Often I had to remind myself that Doug was a lawyer because his approach to problems and people was done in a fair, civil, quiet and respectful demeanor. SABR was fortunate to have such a competent legal advisor.

### **Joe Sheehan**

Three days after first getting the news of it, the death of Doug Pappas seems no more real than it did on Friday. I know that denial is a stage of grief, but it's easy to get stuck there when you find your friend quoted in the paper, as Doug was in [the] Denver Post, the words from an interview conducted well before his passing.

The man is gone, and we're all less for that loss, but what remains, what will remain, is his amazing work. Doug spent much of his life sharing his knowledge with others. Without fanfare, every day Doug made the world a little smarter, a little better, and did so for nothing more than the fact that he enjoyed it.

Of all the people I have worked with, I am proud to have been able to work with Doug Pappas. His efforts to get at the truth of baseball's economic, labor and public policy issues were ceaseless, their impact lasting.

### **Maury Brown**

Over the course of three years I had requested data of Doug, and like I am seeing from others within the group, he was forthcoming and always provided more than I requested.

He and I corresponded via email, pretty much as he was heading out the door for his trip. I asked if he wouldn't mind doing an interview for the website I do for the Oregon Stadium Campaign, and he, as expected, accepted with the caveat that it would have to wait until he was back from his trip.

Sadly, I will not get that interview, but more than that, I think SABR has lost a voice and a champion for the business of baseball committee.

**PLEASE NOTE:** There were quite a number of tributes posted by members of BRSP and the BaseballBiz group. For those wishing to add a memory of Doug Pappas for a book to be presented to his mother, please contact Leon Battista at: [leonbattista@sbcglobal.net](mailto:leonbattista@sbcglobal.net). Thank you.

## *The Future of the Business of Baseball Committee by Don Coffin*

I will be unable to attend the SABR convention in Cincinnati, so John Zajc and Andy McCue will chair the committee meeting.

As a consequence of Doug's untimely death, the first order of business will be to identify a new chair for the committee. I've been vice-chair this year and have sort of assumed the role of interim chair, but my work and personal lives make it impossible for me to do more than that.

One of the important immediate tasks of the new chair will be arranging to maintain the databases that Doug had developed on his web site.

If you have an interest in chairing the Business of Baseball Committee, please send me an email ([dcoffin@iun.edu](mailto:dcoffin@iun.edu)) with a subject line indicating it's about the Business of Baseball Committee. Please include in your email a brief statement about your ideas for the Committee's work over the next year or so.

I thank you for your interest in the Committee and in SABR. I look forward to hearing from you.

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### *Thank You to Our Contributors*

Maury Brown   Don Leypold   Yoshihiro Koda   Anthony Salazar

*Outside the Lines* is published quarterly. Future contributions should be sent to [salazar8017@yahoo.com](mailto:salazar8017@yahoo.com).

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