

Current Issues in Sports Law

A seminar brought to you by the National Sports Law Institute's Sports Law Alumni Association and sponsored by the Sports & Entertainment Law Section of the State Bar of Wisconsin

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Purpose of this Report

- To determine whether the creation of Miller Park has had any impact on the adjacent mixed-use development on Miller Park Way in West Milwaukee and the industrial development along Canal Street in the Menomonee Valley
- To comment on what the future may hold for the development of the property leased by the Brewers from the District

Definitions

- **Concentric Circles:** the phenomenon of planned or happenstance real estate development occurring near or adjacent to constructed or renovated sports facilities

Lo Do

Home of the Colorado Rockies



Cleveland Gateway

Home of the Cleveland Indians and Cleveland Cavaliers



LA Live

Home of the LA Lakers and LA Clippers



Definitions

- **Receptive Communities:** governmental units that have the ability and willingness to utilize financial incentive tools and subsidies to promote real estate and economic development as part of a sports facility

Definitions

- **Sports Community (Sports.comm):** a preplanned sports community where the sports facility is the anchor for mixed-use real estate development
 - A place where people can live, work, eat, watch, learn, congregate, buy, and socialize

Patriot Place

Home of the New England Patriots



Nationwide Arena

Home of the Columbus Blue Jackets



Definitions

- **Staged Sports Community (Staged Sports.comm):** the phenomenon of sports owners and/or governmental units acquiring, leasing, or developing land that is already owned adjacent to or surrounding stadiums subsequent to stadium construction resulting in the creation of a sports community

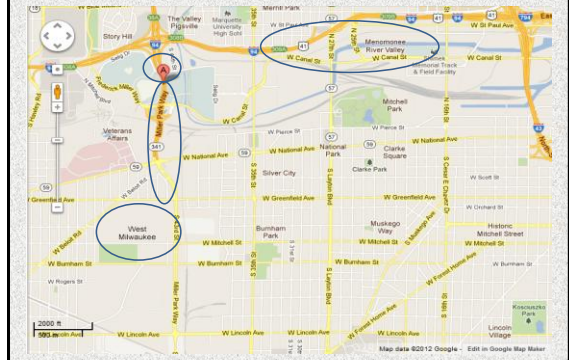
Definitions

- **Special Activity Generator (SAG):** a method of assessing the economic success of a sports facility by analyzing whether the sports facility created district development in the area that surrounds the sports facility
 - Spillover spending benefits
 - New construction within the district
 - Rejuvenation of a blighted area
 - SAG establishes baseline conditions to compare against the conditions following investment using a but-for analysis
 - SAG can be used for a facility that is not located in a core-downtown area, like Miller Park

Important Dates

- Southeast Wisconsin Professional Baseball Park District
 - Created in 1995
- 5-County 0.1% Sales Tax
 - Passed by Wisconsin legislature: 1995
 - State began levying the tax: January 1, 1996
- Miller Park's Construction
 - Commenced: October 22, 1996
 - First MLB-sanctioned Game: April 6, 2001

The Importance of Miller Park's Location



Sports facility development IS real estate development

- The creation of stadiums in Baltimore, Denver, and Cleveland during the early and mid-1990s led to the phenomenon of concentric circles
- Concentric circles have continued to occur with the construction of other MLB stadiums since then

Sports facility development IS real estate development

Ballpark – MLB Team	Year Opened	Development
Target Field – Minnesota Twins	2010	<ul style="list-style-type: none"> •Target Plaza allows fans to spend time there before and after games •More than \$70 million in building permits for improvement projects •“Revitalized bar scene” •Additional development– apartments, retail, condos, office space
National's Park – Washington Nationals	2008	<ul style="list-style-type: none"> •The Capitol Riverfront is a growing district •New residents have moved in and more development is planned •6.5 million square feet of office space, 150,280 square feet of retail space and 2,427 residences have been completed
Citizens Bank Park – Philadelphia Phillies	2004	<ul style="list-style-type: none"> •Philly Live/XFINITY Live – outdoor theater, NBC Sports Arena, NBC Sports Field, dining, and pubs and grills •“Fourth Stadium Experience”
PETCO Park – San Diego Padres	2004	<ul style="list-style-type: none"> •Over \$1 billion in development around the park and downtown area •Parking spaces, retail space, hotels, residential units, parks, retail, entertainment, and office development
Great American Ball Park – Cincinnati Reds	2003	<ul style="list-style-type: none"> •The Banks is under construction and contains residential areas, retail, restaurants, offices, and hotels

Ballpark – MLB Team	Year Opened	Development
PNC Park – Pittsburgh Pirates	2001	<ul style="list-style-type: none"> •Greenways, Great Lawn to hold outdoor events, Water Steps, and a trail connecting offices, restaurants, and more
Minute Maid Park – Houston Astros	2000	<ul style="list-style-type: none"> •Hotels, churches, apartments, parking garages/spaces, Houston Pavilions, library, promenade, and more
AT&T Park (Pacific Bell Park) – San Francisco Giants	2000	<ul style="list-style-type: none"> •“Mission Bay neighborhood has begun a dramatic urban transformation” •600 apartments, 6 million square feet of office space, 40 acres of parks, and a hospital
Chase Field (Bank One Ballpark) – Diamondbacks	1998	<ul style="list-style-type: none"> •Located in the “Warehouse District” with over 13 places to eat near the field or within walking distance
Angel Stadium of – Angels	Renovated 1998	<ul style="list-style-type: none"> •“Platinum Triangle” will include mixed-use space and envisions a new Downtown OC, where people can walk to offices and sports fans will benefit from nearby entertainment venues
Safeco Field – Mariners	1999	<ul style="list-style-type: none"> •New plan to further develop area within 15 minute walk of the stadiums within SoDo, Chinatown, and International Square

Sports Facility Development

- Baseball stadiums attract people
 - 73,425,557 fans attended MLB games in 2011
 - 3,071,373 fans attended Brewers games in 2011
- Baseball stadiums should be an anchor tenant for development districts
- Sports districts, and their benefits, should help ameliorate the controversy with taxpayer-supported sports facilities
- Blighted, environmentally impacted, and underutilized areas will benefit and profit most

Sports Facility Development

- Redevelopment can occur in a core, downtown area, or outside that area
- Must have a receptive community that opens its development toolbox
- Based on Miller Park's location, development can be measured only to the south (West Milwaukee), to the east (Menomonee Valley), and on the property leased by the District to the Brewers
 - This development is an example of concentric circles

The Village of West Milwaukee

The Village of West Milwaukee

Owner	Tenant	2011 Real Estate Taxes (\$)	2011 Assessed Value (\$)	Date Property Improved
IHOP	IHOP	40,687.82	1,351,600	2001/2002
McDonald's Corp.	McDonald's	26,752.94	888,700	2001/2002
Ogden/Multi-tenant building	Starbucks	48,915.09	1,624,900	Original: 2004 Improved: 2007
	Hilti, Inc.			
	Sprint			
	Martha's Vineyard			
	Smoker's Hub			
	Cousins Subs			
Ogden Dev. Group, Inc.	Panda Express	20,023.40	698,100	2002
MEI Holdings		298.02	9,900	
MEI Holdings	Motion Industries	17,384.76	577,500	Original: 1955 Improved: 1966
MEI Holdings		1,959.75	65,100	

Valuation since the Opening of Miller Park

TID	Base Value (\$)	Total Value 2011 (\$)	Change in Valuation (\$)
2	15,737,000	36,866,900	21,129,900
3	167,200	2,080,800	1,913,600
4	11,116,100	21,916,500	10,800,400

IHOP --
1110 Miller Park Way



McDonald's --
1120 Miller Park Way



Multi-Tenant Building --
1110 Miller Park Way
Panda Express --
1210 Miller Park Way



Westgrand Apartments --
1900-2027 Miller Park Way



**Multi-Tenant
Building --**
2145-2159 Miller
Park Way



Target --
1501 Miller Park
Way



**Multi-Tenant
Building --**
1621-1633 Miller
Park Way



Chili's --
1601 Miller Park
Way



The Menomonee Valley

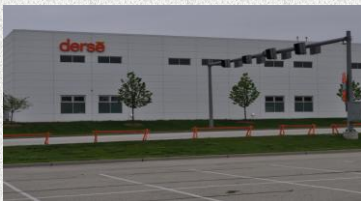
Badger Railing--
13880 W.
Milwaukee Rd.



Caleffi --
3883 W.
Milwaukee Rd.



Derse Wire --
3800 W. Canal St.



**Palermo Villa,
Inc. --**
3301 W. Canal St.



Charter Wire --
3754 W.
Milwaukee Rd.



Ingeteam --
3757 W.
Milwaukee Road



Recent Developments in the Menomonee Valley

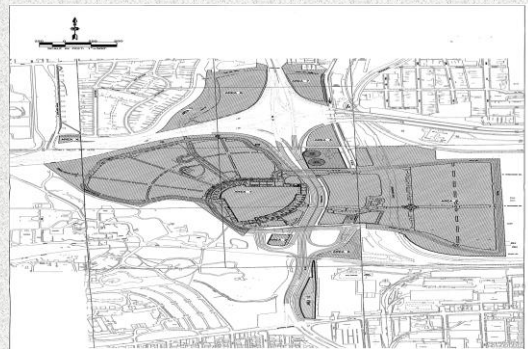
Tenant	2011 Real Estate Taxes (\$)	2011 Assessed Value (\$)	Date Property Improved (\$)
Badger Railing	47,264.10	1,662,100	2007
Caleffi	72,711.89	2,600,000	2007
Taylor Dynamometer	93,301.85	3,364,400	2008
Palermo Villa, Inc.	394,142.33	14,564,100	2006
Derse Wire	230,579.21	8,375,400	2009
Charter Wire	249,201.06	9,239,900	2009
Ingeteam	51,084.21	1,800,000	2011
Harley Davidson	332,965.37	12,368,000	2008
Falk/Rexnord	272,686.71	10033900	2006
Zimmerman Architectural Studios, Inc.	124,786.66	4535000	2010

The Milwaukee Brewers

Miller Park Improvement Projects

Year	Project Title
2008	Homeplate Fan Zone, 300 Club Renovation, Children's Play Area, Friday's Front Row Patio Expansion, Gehl Club Renovation, Homeplate Weight Room and Swimex
2009	Wild Card Themed Party Suite, Club Level Suite Renovations, Hot Corner Fan Zone Renovations, Harley Deck
2010	Baseball Operations Offices & War Room, Plaza Pavilion, Terrace Level Fan Zone, Braves Wall of Honor, Batters Eye, Brewers Home Clubhouse, Commissioner Selig Statute, Parking Lot Signage, Player Parking Lot Fencing, Left Field Wall Padding, Children's Play Area Renovations, Flat Panel TVs for Press Box/Media Relations, Terrace Level Bar
2011	New Scoreboard, Founder's Suite Renovations, Media Interview Room Renovations, Field Level Interior Ticket Window
2012	Gehl Club Renovations, Press Box Renovations, Bernie's Chalet Addition, Club Level Retail Store Expansion

The Milwaukee Brewers



The Recession

The Recession has had a chilling effect on real estate development, including real estate development auxiliary to sports facility development

Glendale, Arizona



Ballpark Village

Home of the St. Louis Cardinals



New Meadowlands (Xanadu)

Home of the New York Giants and New York Jets



Final Thoughts

- Before Miller Park, the land on Miller Park Way and in the Menomonee Valley was contaminated, environmentally tainted, an eyesore, or legally blighted
- Miller Park created a new identification and focal point for the area
- The surrounding areas were directly impacted and benefited from the government investment
 - New infrastructure, transportation, access, aesthetics
 - Rebirth of a business and industrial corridor
- Intergovernmental cooperation can help drive real estate and economic development
- Miller Park has experienced concentric circles in a non-downtown area by rejuvenating blighted areas

Conclusion

- The numbers speak for themselves
- Compare the baseline statistics pre-construction of Miller Park to the 2011 statistics relative to assessed valuation and real estate taxes
- Make your own conclusions

Thank you!

Questions?