

Lets begin with diagnosing what Soto has done thus far, and using that to project what he could potentially do moving forward. Soto has had one of the best starts to his career of any player in the modern era, with a career 153 wRC+ through the 2022 season, which ranks 20th all time. Soto's 19% career BB% is only 1.6% behind Ted Williams for the best ever. Paired with a 16.8% K%, Soto is one of two active players with a higher career BB% than K%. Soto's .401 career wOBA is 4th among active players, and his wRC+ is 5th. Soto has accumulated 3 top 10 MVP finishes through 5 seasons and is still only 24 years old. Simply put, Juan Soto is one of the best era adjusted hitters ever, and he's doing it while being younger than almost all of his peers.

The projection systems also love Juan Soto moving forward. PECOTA gives Soto a 50th percentile projection for 171 DRC+ and 7.2 WARP, both the highest 50th percentile projection in the league. Even his first percentile projection of 136 DRC+ and 4.5 WARP would put him 11th among 50th percentile projections and in the top 30 of 80th percentile projections in both categories. ZIPS views Soto similarly for 2023, giving him 50th percentile outcomes of a .396 wOBA, 161 OPS+, and 6.6 fWAR. His 20th percentile ZIPS outcomes would be a 5 fWAR season, a number that has been reached by 20 players per season on average over the last 5 full MLB seasons. Soto's floor is projected as one of the top players in baseball, and his ceiling is MVP caliber play.

Combining Soto's strong history with his robust 2023 projection can also paint a picture of who Soto can be even further down the line. Looking at the works of Neil Weinberg and Jeff Zimmerman at FanGraphs, we see that median wRC+ production for players tends to remain relatively stable from the time a player enters the league until around age 26/27, followed by a slight drop off to age 29/30, with more noticeable declines after that. That means Soto still has 4 more years of wRC+ seasons in/around the 150s, plus another 3 after that in the upper 130s/mid 140s. To take this a step further – considering almost all of Soto's WAR comes from offensive production, and we can directly calculate offensive run value from wRC+, we can reasonably expect Soto's aging curve for WAR to follow a similar pattern to his wRC+. If we keep in mind that ZIPS had a median 2023 projection of 6.6 fWAR and a 20th percentile projection of 5 fWAR, this means reasonably projecting Soto for another 4 seasons with fWAR values in the mid 5s/mid 6s, plus another 3 seasons of fWAR values in the upper 4s/low 5s.

To circle back to an earlier point about almost all of Soto's WAR production coming from his offensive. Soto does not grade out well as a defender. His career OAA, UZR, and DRS are -14, -8.7, and -7. It would not be surprising if Juan Soto spends part of his career as a DH. While this shouldn't impact his actual offensive production, it will probably have some kind of negative affect on his WAR totals. That being said, other primary DHs like David Ortiz or Shohei Ohtani, players who are similar in Soto's pure hitting ability, have still been able to produce top end WAR seasons.

One of the easiest ways to convert these projections into contract value is using dollars/WAR. Looking at the projections shown, a conservative estimate would give Juan Soto 5 fWAR/season from 2023-2026, 4 fWAR/season from 2027-2029, and then a median change in fWAR of -0.5/season after 30 (Weinberg). Following these numbers, that gives us a conservative median estimate of Juan Soto accumulating 44.5 fWAR from 2023-2034, which lines up with the timelines of the other Padres stars. Per Ben Clemens at FanGraphs, open market free agent value puts us somewhere between \$8 million and \$9 million per fWAR. However, that study was done before the luxury tax threshold increases were implemented in the new CBA, so let's assume the high end of that interval. Based on 44.5 fWAR over the next 12 seasons at \$9 million/fWAR, this would be a 12 year, \$400.5 million contract, which would carry an AAV, and a luxury tax amount, of \$33.375 per season.

This potential contract extension is probably the best compromise of all our goals. Given the reputation of Soto as a player, Scott Boras as an agent, and the state of contracts around the league, Soto and Boras will want to either reach a total contract value over \$400 million, or an AAV of \$40 million. As demonstrated above, Soto is a superstar, and will want to be compensated as such. This proposed deal gives them what they're looking for, the second largest total value contract in MLB history, while minimizing the luxury tax number on the Padres payroll. Furthermore, since the projection uses Soto's 20th percentile ZIPS fWAR value for 2023 and subsequent seasons as the basis for building our contract value, this contract allows a lot of room for surplus value, as calculated by fWAR/dollar.

Unfortunately, as stated previously, this projection, and subsequent contract calculation, is using Soto's 20th percentile projected WAR output. If we, as fans and analysts of baseball, know anything about how players and agents view and value themselves, particularly players of Juan Soto's caliber with Scott Boras as his agent, we know that a 20th percentile projection is

not going to be good enough. Even if we only go up to the 50th percentile projection of 6.6 fWAR in 2023 and follow the same age adjustments (approximately the same for 4 years, slightly lower for the next 3, -0.5 every year after), we get that Soto will accumulate (roughly) a whopping 62.5 fWAR from 2023-2034. Using the same \$9 million/fWAR, we get that this contract would be 12 years for \$562.5 million (\$46.875 AAV). Now, like I stated earlier, there is a strong possibility that at some point in his career, probably post-30 years old, Soto will have to move to DH. However, even if we factor that in and subtract 1 full fWAR from his projections for every season over the age of 30, we still get 57.5 fWAR/ \$517 million/ \$43.125 AAV from 2023-2034.

One of these two contracts is probably a more realistic expectation for what Soto and Boras will be after, as compared to the 20th percentile projection of 12 years, \$400.5 million. Either one of these contracts would break every record; not only would Soto be the highest paid player by overall dollars and AAV, he would blow past the \$500 million mark, a number that he has reportedly been eyeing for a while. For the sake of this exercise, we will use the lesser of the two contracts - 12 years/\$517 million - moving forward, as that is the one that does a better job of making Soto the highest paid player ever while minimizing the luxury tax number, while also providing some room to create surplus value.

Despite this projection being constructed in a way to minimize the luxury tax threshold dollar amount, I don't think that this contract will figure well in the Padres future plans, especially given that we also don't want to take on too much risk financially. From 2023 to 2027, 5 players will account for \$119.55 million against the tax. That doesn't include the \$17.26 million that will be added on by retaining Eric Hosmer's contract, which will be on the payroll until 2025. Adding \$43.125 million for Juan Soto would mean that 7 contracts (6 active players) would account for ~\$180 million through at least 2025, or ~77% of the first luxury tax amount of \$233 million in 2023, and ~74.6% of the first tax threshold in 2025. This is before accounting for other high value contracts like Blake Snell, Jake Cronenworth, and Josh Hader, two of whom will be free agents after 2023. While those luxury tax thresholds will be increasing after 2023 for every remaining year of the current CBA, it would still be very difficult to maintain a roster that is both competitive and isn't constantly breaching at least that first level, if not the upper levels, incurring harsher penalties.

Juan Soto is a generational player, and his free agency situation is one of a kind. Not only is he already among the game's greats as far as offensive production, he will be hitting the open market much younger than your typical player, meaning a larger chunk of his prime will be happening during the new contract. If money wasn't an issue, any and every team should be getting in line to bring him into their organization. If the Padres could find a way to free up some money, potentially by moving on from some high priced aging veterans (i.e. Xander Boegarts. I know they just signed him, but still, he makes the most sense of the group to try to move on from) and have faith in their player development to find and produce young, price controlled talent to fill the gaps, then they should absolutely give Soto this contract. If you, as an organization, are serious about winning at all costs, who he is as a player and what he brings to the lineup should supersede financial penalties. However, with the financial commitment he would require in the current landscape, paired with the financial situation of the current roster and the penalties incurred by continuing to maintain a payroll over the luxury tax thresholds for multiple years in a row, and the organizational goal of mitigating financial risk, Juan Soto does not appear to be a good fit for the long term plans of the Padres organization.