



April 26, 2015

Dear Fellow East Siders:

Two months ago, the new Pawtucket Red Sox President announced the team wanted to “give back” to Providence by moving the team into our City. Two weeks ago, the team presented a proposal it touted as a home run for the City and the State. A preliminary review leaves it looking more like a wild pitch.

The proposal calls for the State to provide a 30-year income stream of \$4 million annually. These payments could support a 30-year, \$60 million mortgage at 5% interest. In addition, the owners propose taking an intentional walk with regard to City taxes, which on a \$85 million dollar property would exceed \$3 million annually, a second income stream that could support more than \$45 million in mortgage financing. In this way, the ownership is asking the State and City to invest the equivalent of more than \$105 million in financing to underwrite an \$85 million stadium (plus or minus a few million dollars for the site’s land). Under these terms, the team owners will not “give back” to the City and State, instead, they will execute a double steal.

I also question the team’s approach towards the City’s role in the review and approval process. The owners met with the Governor prior to submitting their proposal, and this week will meet with the I-195 Commission. The owners have not met with the City Council, nor are there any plans to do so. With that in mind, I will submit a resolution for the City Council to invite the team’s owners to meet and answer our questions.

The I-195 development district law requires developers to pay full City taxes unless they reach a separate agreement with the City, but I wonder whether the proposal’s complicated sale/lease/sublease framework tries to circumvent this requirement – perhaps a real estate version of the “hidden ball trick.” Regardless of whether such a loophole exists in the I-195 law; the City has other ways to balk at the stadium deal. The City’s zoning laws do not permit a stadium at the proposed location. Similarly, Peck Street runs through a portion of the parcel, and only the City Council can authorize the abandonment of a City street. In short, if the owners wish to “touch all the bases,” they cannot avoid the Providence City Council, who can throw the team ownership out of the game if they do not wish to play ball with the City.

Another possibility is that the team is planning a “squeeze play”, in which momentum from a deal with the State is so powerful that the Providence city officials have no choice to approve or else take the blame for “losing” the PawSox. The current dynamic is reminiscent of the Providence Place Mall, in which the developer and the State combined to sell the City of Providence down the Woonasquatucket River to collect only nominal property taxes until 2025. This is a high stakes strategy (a “suicide squeeze”), and I will encourage my colleagues to put on our batting helmets if the team and/or the State seek to play hardball.

Some of us do not want the Red Sox in Providence at all, while others want the City and State to do whatever it takes to keep them, and yet others have various positions between these two extremes. I believe there are terms under which Providence and Rhode Island would benefit from having a new stadium; however, they are very different from the team’s proposal. I am hopeful the State and City will work together to make a clear, public, joint counter-offer for the team (and the public) to review and respond to. It may contain a “home team discount” compared to alternatives elsewhere, but the team’s owners are free to choose not to “give back” to Providence and Rhode Island.

Last weekend, my wife Lauren and I took our 5-year old nephew to see his first PawSox game at McCoy Stadium. He got a stuffed bear, a Pawsox jacket, a pretzel and ice cream and saw the PawSox mash four home runs. We had a wonderful time, and it did not matter that the ballplayers were affiliated with the Boston Red Sox or that they were playing at the highest minor league level. I hope we can keep the top Red Sox minor league team in

Providence, and I believe we can propose reasonable terms to accomplish exactly that. With that said, just as this team can leave the State if they think our offer is too low, so can we attract another one if this one's price is too high.

Sincerely,

Samuel D. Jones
