

Mandalay makes minor league baseball major fun

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Wearing his Dayton Dragons hat and T-shirt, 4-year-old Nolan Swan stood in front of his seat behind home plate, a tiny glove covering his hand. His baby brother lay cuddled in his mother's arms, drinking a bottle as the sun set and the game turned to the seventh inning.



Photo by [Shelby Sebens](#)

Heater, the Dayton Dragons mascot, dances with fans during a minor league game in Dayton, Ohio.

Since he was 6 weeks old, Nolan has been coming with his mom and dad to see the Dragons play. After getting on the waiting list when the Dragons opened in 2000, the Swans eventually received their 17-game package and now make it a regular family outing.

They live in Dayton, Ohio, and Dragons games are something fun they can do with the whole family. The team broke the consecutive sellout record for a professional franchise last year with 815 sold-out games in a row.

The 7,500-seat stadium in downtown is operated by Mandalay Baseball Properties, the same company that is working to bring a minor league Atlanta Braves team to Wilmington. Mandalay has the same management mantra of good customer service, community engagement and professionalism for all its stadiums. But how each one fares depends largely on the desire of the community and the quality of the stadium.

A line stretched outside Fifth Third Field on a warm April evening. Young adults full of energy and dressed in green ball shirts gently tossed large plastic balls to small children and recruited them to sing "Take Me Out to the Ballgame."

Gail Cayn of Yellow Springs, a suburb of Dayton, stood with family and friends outside the stadium about an hour before the game would start.

"It's absolutely the best family event that we have," she said. It's not boring at all."

Not boring is the goal.

With four mascots and two-minute "shows" at every inning break, the games are high-energy even before the first pitch. Crowds fill the stadium, families spread out on three different stretches of lawn. A small boy carries a bag of popcorn half as big as he is. It's all about the experience, not necessarily the game. The Dragons don't win that much, but they can boast a massive fan base.

"When we have a team that goes 48-92, people still have a good time," said Eric Deutsch, the Dragons' executive vice president. "You can't do it in the major leagues. We can get away with this. It's fun."

The Dayton effect

Even Mandalay's top officials admit the Dayton domination is an animal all its own. And in Dayton, a Rust Belt city of about 140,000 that was crushed by the departure



of heavy manufacturing, the Dragons helped turn downtown from a place families were scared to go to a destination for spring and summer fun.

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Of the teams Mandalay owns, operates or consults for, the average attendance in 2011 ranged from Dayton's 571,886 to the Erie (Pa.) SeaWolves' 224,443.

"Every market has their own characteristics. Every market has their own dynamics," said Rich Neumann, president of baseball development for Mandalay.

In Dayton, Frisco and Oklahoma City, where attendance is highest for Mandalay, newer, nicer stadiums and a lacking history of minor league baseball in the community helped, Neumann said.

"That's really a recipe for success," Neumann said, adding that even though Wilmington has had a couple short-lived minor league teams, he sees the Port City as a virgin market.

In Dayton, the community had not seen a minor league team in nearly 50 years and the hint of a baseball team drew excitement, with people quickly jumping on the waiting list for season packages.

"The planets aligned," Deutsch said. "People are pretty loyal. We have really good fans."

To be exact, 7.7 million over 12 years. "We definitely have created this love affair with the community," he said.

The Dayton Dragons are up against the Texas Rangers, Boston Bruins, Stewart-Haas Racing and Sporting Kansas City for the Sports Business Journal's Pro Sports Team of the Year award.

Things haven't been as successful in the Northeast. Lackawanna County recently sold the Triple-A Scranton/ Wilkes-Barre Yankees to the New York Yankees and Mandalay for \$14.6 million after years of political back and forth and concern in the community that the sale would send the team elsewhere.

Although the vote for sale by the local multipurpose stadium authority was 4-1, the dissenting member expressed distrust that Mandalay could pull the team out of a slump. Mandalay has been managing the team since 2007. Christopher Munley told the Scranton Times-Tribune last month that Mandalay did a "lousy job" managing the franchise over five years.

Neumann said the company believes a planned \$40 million renovation of the stadium and the Yankees/Mandalay's 30-year commitment to the team will help re-energize minor league ball in Scranton.

A lot of making the stadium work has to do with understanding the community and getting it engaged.

Casey Wells, executive director for the Erie County Convention Center Authority, acknowledged the SeaWolves' lower attendance numbers and said many things go into whether or not it works, including trial and error with events that might work at other parks but not for Erie.

"There's so many factors that will affect whether it's successful or not," he said.

Wells called Mandalay a "first-class operation" and said Erie has seen economic development spur from its downtown stadium.

Who is Mandalay?

When it comes to the business of minor league baseball, Mandalay is making a major imprint.

"They're at virtually every level and every league," said Kevin Reichard, publisher of Ballpark Digest, an online publication that closely follows the baseball industry.

Mandalay owns and operates the Dragons (Single-A affiliate of the Cincinnati Reds), the Erie Seawolves (Double-A affiliate of the Detroit Tigers), Frisco Rough-Riders (Double-A of the Texas Rangers) and Oklahoma City RedHawks (Triple-A of the Houston Astros).

The Braves and Mandalay would be looking to relocate the Advanced Single-A Hillcats from Lynchburg, Va., to Wilmington.

Mandalay is not the only minor league baseball operator, but it may be the biggest and most aggressive.

"There are very few who have the desire to be at every league," Reichard said. "They're a solid outfit. I can't think of an instance where there's been an attempt to mislead. They negotiate well, but I don't think anyone in the industry thinks they go out of their way to deceive anyone."

Mandalay Baseball Properties is under the umbrella of Mandalay Entertainment Group, which produces movies and TV as well and has part ownership in the NBA's Golden State Warriors.

Peter Guber, CEO of Mandalay Entertainment, is a minority owner of the Los Angeles Dodgers, recently bought by Earvin "Magic" Johnson and Chicago-based Guggenheim Partners for \$2.15 billion, according to media reports. Mandalay Baseball Properties formed in 1995 as a partnership between L.A.-based Mandalay Entertainment and New York-based private equity firm Seaport Capital.

Mandalay has been on the cutting edge of working with major league teams to bring teams to various communities, Reichard said. But the Braves usually make deals on their own.

"This is kind of odd for the Braves to do this," he said. "I think it's more pragmatism on the Braves' part."

Mandalay approached the Braves about coming to Wilmington and members said yes. Heavy hitters from the team, including former manager Bobby Cox, have made several trips to the Port City to promote the idea.

It's typical of Mandalay, making a big media blitz to promote its plans.

Dayton pulled out all the stops when Mandalay announced the team in 1999, and then again with the team name was unveiled. It was fanfare with big crowds and live entertainment.

"Nothing is really minor about minor league," Deutsch said. And he is meticulous about the Dragons. From the green mints in the box suites to the friendly seat greeters and cleanup crews, every game is carefully choreographed, from the toddler races to keeping in line the folks who have "too much fun" – like the guy who jumped the fence mid-game and dashed across the field only to be tackled by Dragons security.

As the Dragons entered the 11th inning against West Michigan, a banana in black tights took the sidelines. The speakers blasted "Peanut Butter Jelly Time, Peanut Butter Jelly Time."

Two young girls standing in front of a concession stand wildly shook their ponytails and danced to the upbeat song.

In the end the Dragons lost, and many families with tired babies had long been gone after the seventh-inning stretch. But they'll be back. Back for the \$6.50 beers and

little plastic helmets filled with Dippin' Dots. Back to see Heater, the 7-foot Dragon, and his sidekick, Gem or Roofman, a cape-wearing, foul-ball-catching hero who throws squishy signed balls to eager fans in the stands.

They'll be back because, well, what else is there to do?

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National Sports making presence felt

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With no time to waste, National Sports Services began embedding itself in all things related to minor league baseball in Wilmington.

Company officials made their way to the Port City from Topeka, Kan., shortly after the city council hired them in April to negotiate with the Atlanta Braves and Mandalay Baseball. The Braves and Mandalay want to relocate the Lynchburg (Va.) Hillcats, but to do that Wilmington needs a new stadium. But how to pay for that stadium, where it should be located and what impact it would have has yet to be determined.



Photo by Mike Spencer

Matt Perry, President of National Sports Services, speaks at the start of a public meeting about the proposed baseball stadium May 8, 2011 at City Hall in Wilmington.

That's where National Sports comes in.

On May 8, before the first public hearing on the proposed baseball stadium, Matt Perry, president of National Sports Services, was meeting with various players in the push for baseball. In addition to city staff, he met with Mandalay and Braves representatives and even New Hanover County officials who left talks about baseball funding last year after the city decided to annex an apartment project previously struck down by the county commissioners. Since then, county officials have had little involvement with the exception of some interest from commissioners Jonathan Barfield and Jason Thompson.

"The county's interested in jobs and economic development," Perry said. "We as the third party analysis team are communicating with them, too."

The goal, Perry said, is to get everyone – including the Braves and Mandalay's development team that is expected to propose a financing plan to the city council on Tuesday – on the same page.

"Everyone is a potential cog in the wheel," he said.

National Sports is a full-service consulting firm for baseball team and stadium operations. It is here to help Wilmington staffers negotiate with Mandalay and the Braves and to ultimately recommend to the city council in June whether to move forward.

The firm works for the city and is representing Wilmington's interest as baseball talks move along. The council has appropriated \$178,650 so far for National Sports' services.

The company has gathered a team to help the city research the feasibility of the stadium independently of the varying interests in the project – namely Mandalay, the Braves and a group of private developers.

"They're Switzerland," said Kevin Reichard, publisher of Ballpark Digest, an online publication that closely follows the baseball industry. He said this is right up National Sports' alley and that the firm has a reputation for facilitating this type of endeavor.



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National Sports, whose principals have more than 50 years of experience in development and operations of sports franchises, has recruited a team to help Wilmington make a decision. The team includes:

360 Architecture, which will be in charge of site and cost analysis as well as planning, has more than 20 years of experience in ballpark construction.

BKP Consulting will serve as a subcontractor to National Sports, helping with the negotiation process. Brian Parker, BKP principal, has worked on more than 150 sports and public assembly projects.

Convention Sports and Leisure will work on market demand as well as funding analysis. Since the 1980s, CSL has provided research expertise in the sports and entertainment industries.

Perry said many times stadiums can be an economic boon for an area but that at times the firm has found areas where they do not work because the market is too small or a location isn't feasible.

The firm will be looking at six different sites in Wilmington and how a ballpark might fit into each, whether it's accessible by car and foot, what the impact to the neighbors might be, environmental concerns and the potential for ancillary development.

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Field of dreams a funding nightmare

By [Shelby Sebens](#) & [Shannan Bowen](#)

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With the warm sun beating on their ball caps, young men swung aluminum bats, sending yellow softballs into the blue sky just feet from the Cape Fear River in downtown Wilmington.

The pickup softball game, organized last weekend to support a proposed baseball stadium that could be built in that very spot, attracted families with small children who sat in folding chairs and others who scarfed grilled hot dogs.



Courtesy image

Baseball enthusiasts and most city officials want that scene to evolve into a more concrete one – a stadium seating 6,000 fans who cheer on players for an Atlanta Braves minor league team.

But that dream of a professional team playing in a downtown baseball stadium is mired in Wilmington's budget struggles – including crumbling infrastructure and underpaid employees – and the unpopular prospect of having to raise taxes to pay for it. Skeptics fear the burden of paying for the stadium will fall to city taxpayers alone, even though some New Hanover County leaders have balked at using public dollars for a stadium.

By the end of July, the Wilmington City Council is expected to make decisions about where to build the stadium and whether it can come up with the estimated \$34 million to pay for it during a time when the city's needs are growing faster than money is coming in.

Despite the tough times, officials say a firm commitment from a successful major league franchise and an established entertainment company, in this case Mandalay Baseball, is worth exploring.

"A city, in order to grow and thrive, has to take advantage of opportunities independent of circumstances," City Manager Sterling Cheatham said. "We have to do the very same thing here."

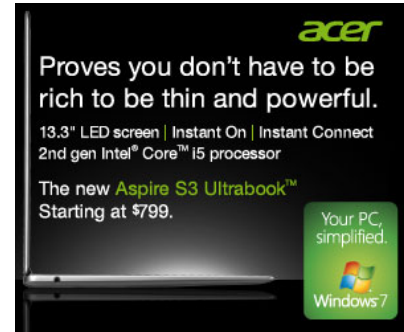
That means likely using taxpayer dollars to fund a stadium for the Braves, who would agree to bring a minor-league team to Wilmington for 20 years.

While the city plans to explore all funding options, including private donations, tax financing and more, the bottom line is that property tax revenue will have to be used. Practically no one builds stadiums without public money these days.

"Property tax is the only reliable source," Cheatham said, adding that the goal will be to find a way to reduce the amount of taxes that have to be used by finding other sources of revenue or regional partners. "We've got to narrow that bottom line."

FINDING FUNDING

Many questions remain over how this stadium could become a reality, where it would be located, what kind of traffic it would bring and whether it would spur economic rebirth. But chief among them is how does Wilmington pay for it?



As of Friday, Mandalay estimated the stadium could cost up to \$34 million.

When Mayor Bill Saffo said “it might be a tax increase to pay for it,” the fiscal sharks began circling.

The city is projecting nearly \$13 million in budget shortfall for fiscal year 2013, which starts July 1. Compounding that is a recent revaluation by the county that saw an approximately 8 percent drop in city property values.

The bleak fiscal picture has not only drawn out the critics but also property owners who carried blue signs at a recent protest stating, “We can't afford it.” Opponents said they don't hate the idea. They just don't want to pay for it.

“I love baseball, but by the same token in these tough times of cost and expenditures, we don't seem to be getting anything in return except maybe people will go down and spend money,” said Robert McLaughlin, who participated in the recent protest on the lawn of the Wilmington Convention Center.

But Cheatham says the city has choices. In planning for this fiscal year, the city originally had a shortfall of about \$7 million but ended up balancing the budget without a tax increase. If the city council decides to pay for the stadium, it will come down to prioritizing.

“This city could do it without raising property taxes,” Cheatham said. “It's a matter of making choices.”

Behind closed doors, some options have been discussed.

New Hanover County Manager Bruce Shell floated a funding scenario to city officials when they met late last year and presented details in closed session at the New Hanover County Board of Commissioners' Dec. 5 meeting, according to minutes.

Shell wanted to minimize any hit on the county's budget and avoid increasing county property taxes, so he calculated revenues from a lease, parking fees, naming rights, sales tax generated in the stadium and property taxes from development around the stadium.

Shell also proposed using a synthetic tax increment financing district, or TIF, where county property taxes realized from the area around the stadium would go toward the debt.

“There were a lot of things talked about, but the entire objective centered around how to build it and have it pay back itself,” Shell said.

But he said his proposal never went anywhere because county officials left the table when the city considered accepting an involuntary annexation request from a developer who was tangled in a lawsuit with the county over a rezoning denial.

Cheatham said the city already has an artificial TIF – meaning it doesn't need state approval and there is nothing binding the city to using those tax revenues for the debt service – in the area where a baseball stadium has been suggested. He added that nothing would preclude the county from creating its own district, and that the city would be open to that.

The city has invested \$17 million in public infrastructure in the northern riverfront area – \$13 million of which was issued in 2010 and \$4 million that will be issued in 2013 and 2014. And the city is waiting on about \$134.5 million in tax base that has yet to be realized. The city put in the infrastructure hoping to recoup property tax revenue from PPD and Coastline Inn expansions, a convention center hotel and development of the old Almont site.

The city projects \$266,842 in revenues from that district in the 2013 fiscal year. But about

\$1.1 million is owed on the debt service from the infrastructure. The TIF area is bounded by Red Cross Street, North Third Street, the Isabel Holmes Bridge and the river. Money realized from property taxes in that district goes toward paying off the debt of projects such as the Riverwalk and Nutt Street realignment.

REVENUE SHARING?

Without county help or extra taxes, something else will have to go, and councilwoman Laura Padgett has concerns about that. She has repeatedly said she doesn't want to see the city bear the total burden and be hurt in a time when roads need repaired and sidewalks built.

Finding revenue to offset the cost to taxpayers won't be easy. The Braves' quick time line – they want to open for the spring 2014 season – means options are limited. A special district imposing an additional sales tax on the area would take approval of the General Assembly, as would a special seat tax on tickets.

Padgett mentioned taking the concept to a vote of the public but, depending on what the city asks, that could also require Raleigh's approval. If it's an advisory referendum – for example, the city asking taxpayers if they would support a stadium – it needs legislative approval. A bond referendum, however, does not.

But to meet the time line for the May ballot – roughly March 9, according to elections officials – council would need to act at its March 6 meeting and unanimously agree.

That doesn't seem likely, given the council doesn't know yet what the debt would be.

A more probable avenue for stadium revenue, officials say, would be through negotiations with Mandalay. In closed-door meetings, Mandalay and the Braves have offered the city a guarantee of a 20-year lease if the city builds a stadium. The companies would own the team and operate the facility, while the city would own the stadium.

The city council recently voted to hire an outside firm to help negotiate with Mandalay and research the stadium's feasibility. Those negotiations will include potential ways for the city to recoup money from the stadium when it's being used for other events.

"We're open to some type of revenue sharing with the city on non-baseball events," said Rich Neumann, principal of Mandalay Baseball.

It's unlikely Mandalay would add a surcharge to tickets that would go back to the city. Neumann said ticket prices already have a sales and admission tax.

"That's as far as we're comfortably going," he said.

But, it's possible Mandalay could pay an extra dollar for tickets sold above a certain threshold, Neumann added. He also said the city would not be responsible for operating costs. Maintenance of equipment such as scoreboards would be negotiated in the contract between the team and the city.

Neumann balked at the idea that the whole project would be taxpayer funded, saying the Braves and Mandalay will be spending significant dollars to buy and relocate the team.

"By the time you factor in the cost of buying the team, all of the start-up costs involved in relocating it to Wilmington and getting it up and running, and then our guaranteed rent payment over a minimum of 20 years, that represents a significant

percentage of the overall project cost," he said. "Whoever is saying this is all city money or all public funds, the Braves and Mandalay represents the private sector."

'CLEAR DIRECTION'

In 2007, Winston-Salem City Council meetings sounded similar to recent ones held here.

Residents attended a meeting in January of that year to speak for and against building a minor league baseball stadium, some disapproving of the city using taxpayer dollars for the project, according to the meeting's minutes.

The city initially contributed about \$12 million to Brookstown Development Partners LLC and Sports Menagerie LLC to build the stadium, where the Winston-Salem Dash now plays.

But later, when the developer had trouble securing financing because of the economic downfall in the middle of 2008, the city council voted unanimously to give an additional \$15.7 million to finish the stadium's construction.

Winston-Salem borrowed money to contribute those funds, but city leaders have avoided raising taxes to pay the debt.

"That was a very clear direction from our council," City Manager Lee Garrity said Thursday.

Winston-Salem expects to pay off its debt service entirely with revenue from taxes and rent paid by the team owner, a ticket surcharge and money from selling the city's former baseball field to Wake Forest University, he said.

In this public-private partnership, the city owns the stadium, but the team's lease is taxable because the owner paid more than \$22 million to help build and upgrade the stadium, Garrity said.

In addition to the tax revenue received from the team, the city rakes in about \$700,000 each year from the team's lease for the stadium.

Also, Winston-Salem receives revenue from a \$1 surcharge on each ticket sold for games at the stadium, which adds up to more than \$300,000 a year if attendance remains steady.

And, if future development occurs around the stadium, the property tax revenue in that area would go back to the city's coffers to pay off the stadium debt because of an artificial tax increment financing district established in that area.

But the deal was still controversial, even without proposals to increase property taxes, Garrity said.

"Even though it is fully funded by the project, the city had to go out and borrow the money," he said. "There's always the risk. What if the team is sold or goes under?"

Garrity added that the city has guarantees from the team in its contract.

And he said the \$45 million baseball stadium – named BB&T Ballpark because of its corporate sponsorship – has played out well in downtown Winston-Salem since opening in 2010.

"It was a blighted area. Drugs, prostitution, dilapidated housing. All of that was redeveloped," Garrity said. "It was an area where it used to be high crime and now is the jewel for the city," he said.

As for other cities considering using public money to build a baseball stadium, Garrity suggests they act carefully and weigh costs when negotiating with team owners, developers or operation managers.

Questions about baseball in Wilmington will be answered in the next few months after the city chooses an outside firm to facilitate the negotiations.

"We're just as anxious and interested as anybody to find out more through the city's efforts with whoever they hire to find out the necessary information about the site and possible site acquisition," Neumann said.

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