



# Feasibility Study Examining the Return of Major League Baseball to Montréal

KINS 4520

April 12, 2014

## Table of Contents

	Page
Executive Summary.....	3
Operation Costs.....	4
Historical Costs.....	4
Personnel, Management, Acquisition Costs.....	5
Direct/Indirect Costs.....	6
Stadium Costs/Financing.....	7
Revenue Streams.....	11
New Facility Usage and Competition with other Facilities.....	15
Predicted Ticket Demand.....	17
Would We Pursue or Abandon this Project?.....	20
Analysis of Economic Impact.....	25
References.....	31
Appendix A.....	36
Appendix B.....	37
Appendix C.....	38
Appendix D.....	39
Appendix E.....	40

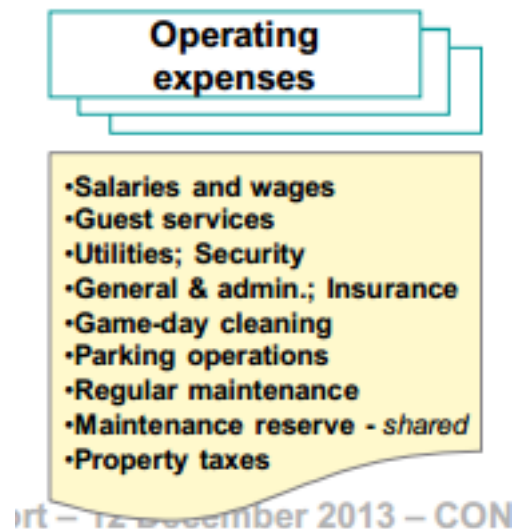
## Executive Summary

The report entitled “Feasibility Study Examining the Return of Major League Baseball to Montréal” was created by Ernst & Young, a multinational professional services firm and global leader in assurance, tax, transaction, and advisory services. It was completed on December 12, 2013, and presented to the Board of Trade of Metropolitan Montréal and the Montréal Homerun Project Inc., a group formed by the Board of Trade of Metropolitan Montréal in charge of pursuing the project of bringing a Major League Baseball team back to Montréal.

After examining this feasibility study, our group found it to be lacking in quality, especially in the areas of revenue streams and costs. The report consistently omits essential data that must be examined and taken into consideration if one is to realistically determine the feasibility of this project. Its economic impact, although originating from a reliable source, has inflated, optimistic goals. Furthermore, it is an imperfect view of the influence a new facility and sports team will have. This study also does not have all of the components and sections that need to be present in a properly made feasibility study. After analyzing this feasibility study and completing our own research to fill in the gaps that were not addressed by the study, our group would abandon this project because of the lack of a level playing field a team in Montréal would face, and the lack of fan passion/support that citizens in Montréal would give to a Major League Baseball team.

## Operation Costs

Under the MLB hybrid model that is proposed in this study, the owner of this team would be responsible for all operating costs of the facility, even though the municipality would own the stadium. Some common operating expenses for Major League Baseball teams include salaries and wages, guest services, utilities/security, parking operations, gameday cleaning, maintenance, and property taxes. Team operations and stadium operations are broken down into two separate categories in this study. Team operations, which include all expenses on gamedays as well as those necessary to run the team year round, are projected at \$66 million in year one. This expense is expected to grow to \$80 million by year 11. Stadium expenses are expected to be just below \$16 million in year one, which includes regular maintenance of \$1.5 million annually. Property tax in year one would equal \$2.1 million, which is determined by the municipality, and would remain fairly consistent according to the study's projections (Feasibility).



## Historical Costs

Because financial information for the Montréal Expos is not currently available to the public, other comparables must be used when equating historical costs for this new team. The main comparable used in the study is between the city of Montréal and the city of Minneapolis, Minnesota, which we feel was as close of a comparison to a Major League Baseball franchise as possible. As of April 3, 2014, one Canadian dollar was equal to \$0.91 USD (Bank of Canada, 2014). This remoteness of currency allowed for the cost structure of the Minnesota Twins stadium to be accurately compared to a potential stadium in Montréal. As we will further detail in this report, Minneapolis, with 3.4 million people, and

Montréal, with 3.8 million people, have similar market sizes. Perhaps the most important figure, however, are the very similar climates in Minneapolis and Montréal. This was one of the major factors taken into account by the Minnesota Ballpark Authority when deciding whether or not to have an open-air stadium (Minnesota Ballpark Authority, 2011). Due to the small number of cancelled games in Minnesota since the stadium opened, Ernst & Young propose that Montréal's new ballpark be an open-air facility. The study estimates that not including a retractable roof would cut costs anywhere from \$150-180 million (Feasibility).

<b>Minneapolis and Montreal: Similar Weather Patterns</b>		
<b>April to October Season</b>	<b>Montreal</b>	<b>Minneapolis</b>
Average temperature (°C)	15.5	16.2
Average precipitation (mm)	91.8	82.8

As for the cost of the stadium itself, the study misrepresents the actual cost of Minnesota's facility. According to the Minnesota Ballpark Authority, the amended budget for Minnesota's stadium called for \$435 million in ballpark construction costs and \$120 million in infrastructure costs (Minnesota Ballpark Authority, 2011). Although the total cost in the feasibility study was similar to the actual number, the breakdown of construction and infrastructure costs was grossly misstated.

### Personnel, Management, Acquisition Costs

A figure of \$525 million is given for the acquisition cost of a current MLB team for the city of Montréal. The origin of this number raises a few questions. The feasibility study offers this amount in only a few small areas of the study, and it is not located under the major heading of "Team Acquisition Cost." Another issue is that there is no formula given for how this number was picked or calculated. The study presents the 10 lowest valuations of current franchises in Major League Baseball, and we calculated the mean value of these teams to be \$515 million. So our best guess is that the \$525 value was decided upon after simply averaging these values together and picking a number close to this average for the team acquisition cost. We cannot be certain because no rationale is expressly stated in the document. The final problem with this number is that it assumes that of the 10 lowest valued teams, all of them would be immediately available to be sold and moved. However, of the teams mentioned, only the Tampa Bay Rays and Oakland Athletics have been in serious discussions regarding relocation due to their lack of ardent fan bases and their inability to gain support to build new stadiums. The other would-be candidate, the Miami

Marlins, just completed a new, \$639 million ballpark in 2012 that would prevent them from moving to Montréal anytime soon (Hanks, 2013, para. 2).

The report mentions that the Montréal team should ideally be placed in the American League East Division because then the team would have natural rivalries with several cities, including Toronto, Boston, and New York. The report also states that playing in this division would be a significant boost to tourism and would allow the city to receive positive exposure in key northeastern U.S. cities. Given this information, our group is curious as to why the report would not specifically suggest that the Tampa Bay Rays be the team that Montréal should attempt to attract. The Rays are already in the AL East, so no division realigning would be necessary, and the Rays have the lowest valuation of all current MLB franchises. Furthermore, the Rays have poor attendance figures even though the team plays well: in 2013, the Rays finished second in their division and made it to the playoffs. Despite this impressive performance, the team averaged only 18,646 fans per game, ranked last in American League attendance (“Tampa Bay Rays Attendance, Stadiums, and Park Factors,” 2014, p. 1). If the report had actually selected Tampa Bay or another realistic team that could move to Montréal, the team acquisition cost could be much more accurate and reliable.

As for personnel costs, the study calls for a “modest but competitive payroll,” and cites the recent success of the Pittsburgh Pirates, Tampa Bay Rays, and Oakland Athletics, all of which are small market teams. An estimate of \$75 million is given for player payroll costs in year one. A payroll of this amount would be ranked 29<sup>th</sup> out of 30 teams if the team played in 2014 (“MLB's 2014 Team Payrolls,” 2014, p. 1).

The feasibility study does not mention how much money it would cost the team to staff non-player positions, such as full- and part-time/seasonal workers. Our group could not find any public information on these figures.

### Direct/Indirect Costs

Most of the costs associated with this project would be direct costs such as construction and infrastructure costs. A seemingly glaring absence from the study is the absence of an infrastructure cost. Because there was no determination made on where the stadium would be located, the feasibility study did not include any estimates – it only mentions two possible locations. This omission also leads to misleading numbers for the construction costs. Included in the estimated construction cost is a \$33 million value for land acquisition. This number cannot be considered reliable since the location for the stadium has not yet been determined. Another cost associated with construction is the determination on whether or not to build a roof for the stadium. Ernst & Young recommend to not include a roof, but if one was proposed in actual negotiations,

it would cost somewhere between \$150-180 million, as previously mentioned. Other direct costs include security, maintenance, gameday clearance, parking operations, and insurance, which are projected under team operations expenses. Some indirect costs that would be incurred but that are not mentioned in the study include marketing, public/media relations, product depreciation, and accounting and payroll services.

### Stadium Costs/Financing

A major focus of the feasibility study is the construction of a new baseball stadium. Instead of moving the team back into the Olympic Stadium that is already available in Montréal, the feasibility study strongly recommends building a new stadium. The proposed venue would be an open-air ballpark that can seat about 36,000 people. This 880,000 square foot stadium would seat 36,000 people, contain 44-60 luxury suites, 5,000 square feet of retail space, 30,000-35,000 square feet of office space, and also have state of the art scoreboards and video boards (Feasibility). While the study failed to address some issues with the new stadium, it did do a proper job of researching recently built ballparks to have a comparison for this new stadium. The study cites Minneapolis' Target Field built in 2010, Miami's Marlins Park built in 2012, Washington's Nationals Park built in 2008, and the New York Met's Citi Field built in 2009, all of which were more expensive than the proposed Montréal stadium would be. By looking at recently built stadiums in MLB, the researchers were able to get an idea of what to do and what not to do in a new stadium and how much it would cost.

As we have discussed, the feasibility study does not actually select a location for where the stadium should actually be built. The study started with five potential locations, and eventually narrowed it down to two locations without actually picking a final destination for the ballpark. The two locations that were selected for the potential locations for the ballpark were the Wellington Basin and the Montréal Children's Hospital area. The reasons for selecting these two locations include close walking proximity to the downtown area, available public transportation, available space, easily constructed areas, and areas that have the most potential for urban growth. The study stated that these were the reasons why a new team should not use Olympic Stadium. The researchers stated that Major League Baseball has expressed many concerns that without a downtown facility, a new team would not be successful in Montréal. While the study seemed to do an acceptable job of researching potential locations, we feel it failed by not actually selecting an exact location for the proposed ballpark. By not selecting an exact location, the study loses accuracy in its financial projections of land costs and some of the construction costs.

The study presents three different models for stadium financing and stadium ownership. These three models are the fully private model, the stadium authority

model, and the MLB hybrid model. Of these three, the study selects the MLB hybrid model for the Montréal stadium, which is the most popular of the three models in Major League Baseball. The fully private model states that the team owner pays almost entirely for the new stadium, while the stadium authority model is where the owner finances some of the money while a stadium authority finances the rest and has most of the control of the stadium (Feasibility). The MLB hybrid model is a mix of the two aforementioned models. In this model, the team owner finances a portion of the stadium and signs a long-term lease with the stadium authority that finances the rest of the stadium. This model is more favorable for the team owner in that the team owner retains control of stadium operations, including non-baseball events, in which the team owner can receive a large portion of the revenues. With this model, between 67%-75% is financed through public taxes, grants, or loans, and a small portion of the financing comes from the team owner. So in terms of the Montréal stadium proposal, the city of Montréal will own the stadium, with some equity stake given to the team owner. Also, the team owner would be in complete control of stadium operations, which also means the team owner would be responsible for operating costs. This model works in favor of the team owner by placing most of the financial risks on the stadium authority, but allowing the owner to still have operational control of the stadium.

The total cost of the new stadium in Montréal is estimated to be approximately \$500 million, \$467 million covering total construction costs and \$33 million covering land acquisition and other costs. Of this \$500 million, 33%, or \$165 million, will be financed by the team owner, and the other 67%, or \$335 million, by the government (see Appendix A). By agreeing to use the MLB hybrid model, the team owner will sign a lease of 30 years and pay a fixed rate of \$2.3 million per year. In terms of construction, while the government would be financing most of the project, the team owner would be in charge of overseeing and delivering the construction of the stadium. This fixed rental rate is determined based on how much the team owner contributes to the construction costs. In this case, the team owner is contributing 33% of the construction and land acquisition costs, which would be financed through personal seat licenses, team owner equity, and long-term debt (Feasibility).

As stated earlier, the government will finance the other 67% of the construction. The government would be investing \$335 million and would be repaid through stadium revenues in eight years according to the study. The study states that the government can expect to have stadium revenues annually of \$18 million from in-stadium sales taxes, \$26 million from fiscal impact, and \$10 million from income tax on Montréal players, totaling \$54 million annually. The in-stadium sales taxes include sales taxes on ticket and merchandise sales and broadcasting, advertising, and sponsorship contracts. The annual \$26 million from the fiscal impact includes taxes on revenues generated by employees and tourism during the operation of the stadium. These are direct taxes that will be levied on the citizens of Montréal, thus raising their taxes. After the government has been



repaid fully through these revenues, the study estimates that the government will earn \$1.188 billion over the following 22 years from investing in the stadium. Something we found interesting through outside research was that in 2000 when the Expos were in Montréal, the local governments vetoed public funding for a new stadium in the downtown Montréal area. However, this feasibility study does not mention the current level of support the Montréal government would be willing to provide in regards to funding a new stadium. This report made us wonder if the government of Montréal would actually be willing to fund a new stadium, and if not, this whole project could be proven to be unfeasible. If governments are to reap the maximum benefits from any investment in a facility at the lowest cost possible, they need to do their homework before making commitments, carefully assessing the economic, financial, and political dimensions and establishing a credible governance structure before making commitments. The report should have helped with this process.

The \$10 million in taxes that is to be collected per year from players is steep, but not uncommon. Twenty-two states, excluding Washington, Florida, and Texas, levy extra income taxes on their athletes (Wilson, 2014). Many states that have professional sports teams also tax players who are visiting the stadium to play in a game. It does seem logical that the people benefitting directly from the stadium should help pay for it; this is the benefit principle. However, it seems unfair that athletes who do not even reside in the state they are playing in, or are just there for five to six days out of the year at most, should have to pay a tax. Opponents of the tax claim that this is “taxation without representation” (Wilson, 2014). This is something that needs to be monitored closely; it is legal now, but growing unrest could limit this significant source of revenue or even eliminate it completely.

On page 1190 of their book, *Power Play: The Business Economics of Pro Sports*, Hodgson and Lefebvre state that government investment is justified through positive economic impact. It follows, then, that the government that is financing the facility must conduct research on possible socio-economic benefits to the community, and come up with financial structures that make sense economically, politically, and financially if they want public support for the facility. There are also other reasons for government financing. Building the facility/owning the sports team can provide a cornerstone for economic development in a blighted or underutilized area (Brown, Rascher, Nagel, & McEvoy, 2010). This is mentioned in the actual feasibility study itself: the metropolitan areas in Denver, San Francisco, and San Diego all received both an economic and psychic boosts to the residents of that city, especially among those in close proximity to the ballparks, experiencing a rise in median income, tax revenue, and real estate price. While the economic impact can be measured, the emotional effects cannot. Adding a sports team can foster pride and loyalty to the city, and it can increase the quality of life significantly. People are more inclined to move into a city where the people living there are happy and connected. These are possible

future benefits that are hard to measure, but must be discussed when thinking about government financing.

However, proper evaluation would be needed to consider whether the investment in a new professional sports facility would create new or incremental impact, or would simply displace public or private investment that would have occurred in the community anyways. Opportunity cost must be considered. If the local government uses revenue to finance this facility, other priorities in the community could no longer be financed. While positive economic benefits to building a new stadium exist, there are also significant economic costs associated with such projects. One such cost is that the public money used to construct and operate the facility is supported by the tax base, and is often diverted from other uses in the local economy. This could decrease the quality of life of these residents. Some of the projected revenues of the stadium must be balanced out by what the government is giving up to finance it, which deflates economic impact analyses. Positive economic impact is at the core of whether or not financing a large investment in a facility is feasible or not for the government, so this is extremely important information (Brown, Rascher, Nagel, & McEvoy, 2010). This feasibility study does not discuss the opportunity cost of what would be given up to build this facility, and in this respect, the discussion of financing is lacking and incomplete.

The political aspect of public facility financing is an added dimension that needs to be discussed in a feasibility report. A government must ask itself if the future project will make constituents happier, more loyal, and more inclined to vote. Winnipeg is an example given by Hodgson and Lefebvre. Citizens thought the return of an NHL franchise was extremely important, and that it would significantly enhance their quality of life. These citizens are passionate about the team, and now many outsiders who are sports fans, specifically NHL fans, view Winnipeg as a viable city. This is a point of pride for these citizens, but is a difficult factor to quantify. There is an obvious conflict of interest politically as well: if the new team or stadium will make the citizens happier, but could be a bust in the long-run, then which side will, for example, the mayor (who probably will only be in office a decade at most) take? Even if the projected impact is not as positive as it needs to be, officials may distort the findings or present them in such a way as to make them look better, even if it may not be the right decision.

While this study does an acceptable job of researching financing options for the new Montréal stadium, we still have our speculations of whether or not it would be feasible to build a new stadium and bring back a Major League Baseball team to Montréal based off this section of the study. The study did state that there will be no construction or financing done until the city of Montréal has officially obtained a new team, but we believe more work is still to be done to determine if it is truly feasible.

## Revenue Streams

Revenue is distributed to Major League Baseball teams through multiple facets of the MLB revenue sharing model. Over the last 10 years, Major League Baseball teams have shared significant revenue from a new national television broadcasting deal, new advanced media revenues, and shared merchandise revenues. The MLB revenue streams – MLB Central Fund, MLB Advanced Media, and MLB Properties – have all increased significantly since the Expos left Montréal; these are paid to all teams in U.S. dollars (Feasibility).

The MLB Central Fund consists of MLB's national broadcasting rights deal and its satellite radio deal. With a new national broadcasting deal taking effect for the 2014 season, it is expected that this stream will represent approximately \$35-40 million per year per team. However, our group discovered that MLB's Central Fund is disproportionately allocated to teams based on their relative revenues, so we are not sure why this feasibility study states that each team will be receiving the same amount of \$35-40 million per year from this revenue stream (Jacobson, 2011, p. 1). This figure is clearly erroneous. MLB Advanced Media consists of MLB.com and all team websites. The report predicts this entity to produce approximately \$3-4 million per year per team. MLB Properties is made up of the merchandise sales split by all 30 teams across the league, and this figure is estimated to represent approximately \$8-9 million per year per team (Feasibility).

Revenue sharing to assist smaller teams in MLB has existed for several years. MLB wants to create a more even playing field among its franchises. The relationship between revenue sharing and competitiveness within professional sports is simple: the more that revenue is shared among the teams, the more the playing field is leveled, both financially and competitively. Leagues were created to foster fair competition among teams by imposing a uniform set of rules, so revenue sharing is aligned philosophically with the concept of a sports league (Hodgson & Lefebvre, 2014, p. 188). MLB has a formula in place to ensure parity and competitive balance among smaller market teams in the league: all clubs contribute 34% of local net revenue (including broadcasting revenues) to the base plan, which is then distributed back to all clubs in equal one-thirtieth split shares. Clubs with higher revenues contribute an additional percentage of their net local revenue to a supplemental plan, and low revenue clubs receive an additional percentage from money secured from the high revenue clubs from the supplemental plan (Feasibility).

The feasibility study has a conservative revenue sharing assumption of \$20 million for a team that moves to Montréal. According to the study, it is expected that a franchise in Montréal would likely be a receiver of MLB's revenue sharing as a smaller market team, but that the team would receive less revenue sharing dollars than what some other small market teams are receiving today. But the

feasibility study does not explain how it calculated its revenue sharing assumption of \$20 million for the team.

In addition to these current revenue sharing streams available to MLB teams, the proposed team in Montréal would have to create its own revenue streams to support its operations. These created revenue streams include broadcasting rights, ticket sales, suite sales, concessions, pouring rights, merchandising, parking, advertising, and sponsorships. Local television broadcasting rights are a major source of revenue for MLB organizations; however the current broadcast deals of MLB teams range from an approximate net of \$280 million in revenue per year (the Los Angeles Dodgers) to \$12 million per year (the Milwaukee Brewers) (Thurm, 2012, para. 6-13). Considering how extensive this range in local television revenues is among current teams, it would have been prudent for Ernst & Young to have included a reasonable prediction of how much a local television deal in Montréal would net the team per year. However, the report did not include an even a rough estimate/prediction of what this figure would be, making their revenue projections somewhat less accurate and realistic.

In Canada, Sportsnet holds the national contract with MLB to carry all national MLB broadcasts, including the MLB All-Star Game and the postseason, a deal that was just renewed in 2014 for eight years (“Rogers Renews partnership with Major League Baseball,” 2014, para. 1). Sportsnet also holds all Canadian broadcast rights to Toronto Blue Jays games. So a realistic assumption is that Sportsnet would also want to be the broadcast rights holder to an MLB team in Montréal since they currently have a monopoly of MLB broadcasting rights in Canada, and would likely want to be able to maintain this advantage to ensure that the new team in the country does not cannibalize their viewership. The Blue Jays’ current broadcasting deal with Sportsnet is for \$36 million per year (Thurm, 2012, para. 12).

However, the demographics of Toronto and Montréal are different, so looking at current MLB teams, the city with an MLB team with demographics most similar to those of Montréal is Minneapolis, Minnesota, where the Minnesota Twins play. As previously mentioned, Minneapolis has 3.4 million people in its metro area, while Montréal has 3.8 million. Thirteen percent of the population in Minneapolis is aged 65+ (Robertson, 2012, p. 8). The portion of the population in Montréal aged 65+ is 15.1% (“Census subdivision of Montréal, V - Quebec,” 2013, para. 4). This data is important to note because MLB has the highest percentage of older-aged viewers out of any of the major professional sports leagues in North America aside from the PGA (Thompson, 2014, para. 6). This data shows that these cities have similar percentages of older-aged individuals, so they have the demographics present to share similar numbers of MLB fans. Although, many other factors would also have to be considered in order to determine how many MLB fans are in each city; this is just one such consideration. Furthermore, Minneapolis also has four professional sports teams, which Montréal will have as well if an MLB team is placed in the city. Because of the aforementioned

similarities between Minneapolis and Montréal, the Minnesota Twins' local television broadcasting deal is a proper comparable for Montréal's. The Twins' television deal is for \$29 million per year (Thurm, 2012, para. 11).

Another factor to consider when predicting the value of a local television broadcasting contract in Montréal is how much new MLB franchises usually receive. The most recently relocated franchise was the Montréal Expos moving to Washington, D.C., and becoming the Washington Nationals. In the National's first season in 2005, the team received \$20 million from its local television broadcasting rights deal (Wagner, 2012, para. 15).

So after examining the revenue returns in Toronto, Minneapolis, and Washington, it appears as though the new Montréal team could possibly expect a local television broadcasting deal in the \$20-36 million range, most likely in the lower end of this range since the team will be new with a yet to be established, historically rocky fan base. However, it also must be noted that only 56% of the population in Montréal can speak both French and English, with French being the official, most-spoken language of the city. Twelve percent of Montréal's population can speak only English ("Census Metropolitan area of Montréal, Quebec," 2012, p. 1). Even though people in Montréal predominantly speak French, a disproportionate number of hardcore baseball fans in the city are Anglophones (Kay, 2003, para. 6). This means that the team would most likely need two main rights holders for broadcasts to properly reach the available markets, which could complicate negotiations. All of this specific research should have been included in the report instead of simply mentioning a television contract as a revenue source in passing.

As for ticket sales, on page 40, the feasibility study predicts that an average of 28,080 tickets will be sold per game, with the average attendance per game being 26,676. However, on page 3 of the feasibility study, the predicted average attendance is listed at 28,500 fans per game. By listing two very different predicted average attendance figures, the report loses some of its credibility and calls into question how Ernst & Young gathered this data and predicted average attendance. One of the major reasons why the Expos vacated Montréal is because of horrible attendance, so researching and presenting a reliable, reasonably accurate attendance figure is essential in evaluating the feasibility of bringing a team to Montréal. Listing two different predicted attendance figures with no accompanying explanation is a major oversight in this report and severely damages its quality as well as the argument it is trying to make.

On page 15 of this study, the average ticket price to a game is listed to be to be \$29.57, with regular seats costing \$25 and premium seats costing \$50 (the report does not explain what makes a seat "premium"). However, it should be noted that on page 13 of the report, the realistic average ticket price based on number of premium seats sold is listed as \$50.39 (see Appendix B for a detailed table on projected ticket sales). The report used the \$29.57 average ticket price and the

predicted number of tickets sold for the year being 2,328,102. So revenue from ticket sales per year would be \$68,841,976.14. The report predicts that the average number of suites rented per game will be 55 out of 60 (or 92%), with the average suite price excluding catering being \$2,000 per game. The report states that the support of the business community through the purchase of season tickets and suites is essential to the viability of a team in Montréal, but the only evidence provided in the report that this support exists is a brief mention that among corporations, 81% support a return of professional baseball to Montréal, with 31% of business interested in buying a brick, and 24% “likely” to own a seat license to finance the future stadium in Montréal. These are very vital numbers that need to be as accurate as possible, since corporate demand and involvement significantly affect luxury and club suite sales, which are huge sources of revenue for professional teams. Given the importance of these numbers, the report should have placed more emphasis on them and discussed them further. For example, the report should have explained where these numbers came from, how they were obtained, and how many businesses were surveyed. Using terminology saying that a business is “likely” to do something does not seem very convincing.

For merchandising revenue, the report does not actually provide a projection on how much the team could earn in revenue from these sales when the team’s products are first released for purchase by the public, a major oversight in our opinion since this could be an important source of revenue in the team’s first years in Montréal. One of the few forecasted revenue numbers present in the report is the forecasted net merchandising revenue per head per game at \$1.50. But it is difficult to take this \$1.50 and further project how much the team should expect to earn since there is not a definitive average attendance number present in the report. The report also does not list merchandise sales from online or off site locations as a source of revenue, nor does it provide predictions on how much these sales could net the team per year.

The forecasted net concession revenue per head per game is predicted to be \$7.50 for regular seats and \$45 for suites (Feasibility). The report predicts the average parking occupancy will be 1,425 of 1,500 spaces (95% full) with a \$15 parking fare.

For predicted sponsorship and advertising revenues, the report lists stadium naming rights, in-stadium signage, and behind home plate signage/advertising as sources of revenue, but doesn’t mention how much revenue is expected from these sources. The report also mentions that revenue can come from partnerships with other brands, but does not elaborate on possibilities or what types of brands in Montréal would mesh well with the new team. Listing specific, possible partnership ideas would make the study more convincing.

Lastly, the study mentions pouring rights as a source of revenue, but does not say how much the team expects from this stream. Coca-Cola had pouring rights

with the Expos in Montréal, and is currently the pouring rights holder in the vast majority of MLB parks (“Cola Wars: Pouring Rights at Sports Venues,” 2002, para. 2-30). In Montréal, Coca-Cola also has pouring rights at Bell Centre (where the Montréal Canadiens play), at Percival Memorial Stadium (where the Montréal Alouettes plays), and at Saputo Stadium (where the Montréal Impact plays) (“Stadium Journey,” 2014, para. 8).

After reading this report, it is difficult to determine whether enough revenue would be generated from ballpark events to justify building it because no specific, overall projected revenue numbers are listed, a strange and glaring oversight to the reliability of this report. The feasibility study also states that it is assumed that there will be an insignificant amount of “additional revenues” generated at the ballpark from other events. Not addressing how much specific revenue would be generated from the new venue is a major omission considering that the city has Olympic Stadium, a venue that is maintained and vacant in which a baseball team could easily play. To garner more support for building such an expensive new stadium when an empty one already exists, the report should have detailed and compared the estimated short and long-term revenue streams that would come from both a new venue and from the team playing at Olympic Stadium. Showing that a new venue would bring in more revenue and result in a higher profit margin than the team would experience operating out of Olympic Stadium would have bolstered the argument and justification for building a new stadium.

When a city is determining whether or not to support a professional sports team moving into the area, a major consideration is where the team will play and how much revenue will be generated. By omitting this information, the report failed to make a convincing argument for bringing a team to Montréal in this section of the study. It is hard to determine the feasibility of a project without first determining how much revenue will come from the project, especially since projected revenue should be taken into account when determining how much money to spend to bring a team to a new city.

### [New Facility Usage and Competition with Other Facilities](#)

The report states that little other revenue is expected from additional events at the ballpark, and any such revenue would be considered negligible to team operations. Because of this, the study states that building a retractable roof is not necessary: “There are very few large stadium-style musical acts that tour North American cities and these acts still would not produce enough revenue on an annual basis to justify the construction of a retractable roof.” Not having a retractable roof means that an outdoor stadium in Montréal will not likely be used at all after the baseball season ends in October. The report does not mention this, but average low temperatures in Montréal in the winter months in both Celsius and Fahrenheit are as follows:

Month	Average Low Temperature (Celsius)	Average Low Temperature (Fahrenheit)
November	-2	28
December	-9	16
January	-14	7
February	-13	9

Data from *World Weather Online*.

With these extremely low temperatures, the venue will probably not be used often, if at all, during any of these months, as it is assumed that any show or event requiring a large venue during this time period in Montréal would utilize Bell Centre, a large and popular indoor facility in Montréal. Having a new facility built that can only be used for seven months out of the year may deter the city from wanting to build a new venue when it already has plenty of infrastructure. Please see Appendix C for a graphical representation of Montréal's year round average high and low temperatures.

Bell Centre is located in Montréal, within close proximity to the proposed locations for the new baseball stadium. Since it opened in 1996 in downtown Montréal, it has consistently been listed as one of the world's busiest arenas, usually receiving the highest attendance of any arena in Canada (Bouchard, 2006, para. 3). In 2012, it was the 5th busiest arena in the world based on ticket sales for non-sporting events ("Year End Worldwide Ticket Sales," 2012, p. 1). The study states that this competition will likely limit the number of other events at the new ballpark besides baseball. The report does not elaborate on this problem or why building a new venue so close to this facility still makes sense. The close proximity to this facility is yet another reason why revenue derived from other events at the stadium would be insignificant. Even if the weather was appropriate and an event chose to take place at the new baseball venue instead of Bell Centre, the report states that there are very few large stadium musical acts touring North America, with there usually only being one or two per year at best.

The report states that the construction of an open-air ballpark would not put the new venue in competition with the Olympic Stadium, so the presence of a facility dedicated for baseball would not cannibalize any future revenue for Olympic Stadium. However, our group believes that adding a new facility in a city that already has so many will certainly create competition between all of the facilities to host tenants. We also thought it interesting that the report viewed Bell Centre, an indoor facility, as competition for event hosting with this new baseball stadium,



but does not view Olympic Stadium as competition because, as the report states, “An open air ballpark would not put the new venue in competition with the Olympic Stadium.” So the report directly contradicts itself, not taking a side on the argument of whether an open-air ballpark will face competition from nearby indoor arenas. It is clear that the group putting together this study did not think through the competition that a new ballpark would face with other venues and arenas in the area, since it cannot even decide if local facilities will be competition simply because they are indoors.

The report states that a new ballpark and MLB team in Montréal will be for the benefit of the city. However it is hard to believe these assertions when the group has overlooked the possibility that there may not be enough demand to fill all of these facilities, and that building a new facility would most likely cannibalize sales and revenue at other Montréal venues. Building a new stadium may also mean that Bell Centre could lose its title of being in the world’s top arena venues if the new stadium cannibalizes its sales. The feasibility study should have included an in-depth section presenting research showing the number of vacant days other Montréal venues have per year to determine if the demand is present to justify the construction of a new facility, especially since the report assumes government assistance on paying for the new facility.

### Predicted Ticket Demand

Properly estimating the demand for tickets to an MLB team’s games in Montréal is essential to determine the feasibility of moving a team to the city, especially since Montréal’s last professional baseball team left only 10 years ago, and almost solely because of poor attendance figures.

The size of Montréal’s population makes it the 15<sup>th</sup> largest market in North America, and the largest without a team in Major League Baseball (Feasibility). However, this is the only demographic information the report provides about the city. There is no discussion in the report mentioning further demographic information such as age distribution, population growth, or average household income, the latter of which should have been included since it is a large determinant of how tickets to the games of the new baseball team should be priced. An overall look at the health of Montréal’s general economy was also excluded.

Our group’s examination of Montréal’s economy showed that the city has the slowest GDP growth, at 37%, among Canada’s six most populated cities (Calgary, Edmonton, Ottawa, Toronto, Vancouver, and Montréal). The city also has the highest unemployment rate of those cities at 8.5%, and its demographic growth rate is half of the other cities (Cousineau, 2014, para. 6). Since 1970, middle-income neighborhoods in Montréal and the surrounding suburbs shrank

from 64% to 49%. Accompanying this decline is the significant uptick in the proportion of low-income neighborhoods, which nearly doubled, from 18% to 32%. Very low-income households increased slightly from 2.5% to nearly 4% (Mendleson, 2012, para. 7). In 1970, nearly two-thirds of the Montréal metropolitan area's neighborhoods were middle income; today that number has dropped to below half (Mendleson, 2012, para. 8).

Additionally, we discovered that despite being such a large city, Montréal actually holds little sway over Quebec's provincial politics, so a new MLB team's request to the Quebec government to support funding for a new stadium in Montréal has a diminished chance of being granted since the city is not a political powerhouse or epicenter in Quebec (Cousineau, 2014, para. 13). The aforementioned demographic and economic factors should be used as major determinants in deciding whether a team would succeed in Montréal; their omission makes the feasibility study seem incomplete and unconvincing.

An outside marketing company, Leger Marketing, predicted that average attendance at Montréal MLB games would range from 27,600 to 31,600 people per game (Feasibility). In the report it states that these estimated average attendance numbers come from a survey of the general population as well as small and medium enterprises and large corporations. The following is a

**What would be the projected attendance (tickets sold)?**

	Total capacity	% tickets sold	Tickets sold per game	Annual tickets sold	Average price	% no shows	Attendance	MLB average (2011-2013)	Comparables average (2011-2013)
Regular seats	30,600	75%	22,950	1,858,950	\$25.00	5%	21,802	30,574 per game	29,011 per game
Premium seats	5,400	95%	5,130	415,530	\$50.00	5%	4,874		
Sub-total	36,000	78%	28,080	2,274,480	\$29.57	5%	26,676	2,476,494 annually	2,349,913 annually
Number of suites	60	92%	n/a	n/a	n/a	n/a	55		
Seats per suite	12	100%	n/a	n/a	n/a	5%	11		
<b>Total attendance</b>	36,720	78%	28,742	2,328,102	n/a	5%	27,281	\$ 27.73 avg. ticket	\$ 22.95 avg. ticket

Source for MLB and Comparables: ESPN.com. Comparables include: Seattle, Minnesota, Milwaukee, San Diego and Arizona.  
Note: Montreal projected attendance figures in this table exclude complimentary tickets. Values are in 2014 dollars.

summary of Leger's projected attendance figures:

In the above forecasts, Leger uses a 5% no-show rate. But the company does not explain why this percentage was used. This 5% rate seems very low, especially since the stadium will not have a retractable roof, so weather conditions in this semi-continental climate could significantly affect attendance.

Our group completed our own research and found that the average no-show rate in Major League Baseball is 17%, so using a value of 5% no-shows in attendance projections in Montréal is not sensible (Brown, 2011, para. 5). Yet again, the report has presented and relied upon an arbitrary number, not one back by proper research.

The report assumes that “a strong and engaged season ticket base” will be present in Montréal, and that season ticket holders will represent 60% of total tickets sold per game. This 60% figure seems very high, and the report does not explain how the company came up with this number or why they arbitrarily chose it. Our group completed some research and discovered that across other MLB teams, season ticket holders usually account for around 37.5-42.9% of ticket sales, with this figure dropping in recent years due to a decrease in season-ticket holder retention (Helliker, 2009, p. 1). So our group is curious why the report is predicting that 60% of ticket sales will come from season ticket holders, and how the report came to the conclusion that this “large” base of season ticket holders will be “strong” and “engaged.” Having a realistic season ticket holder number is a very important determinant on whether a baseball team can be successful. Mark Fernandez, senior vice president of the Tampa Bay Rays said, “The season-ticket holder represents an annuity that is the lifeblood of the organization” (Helliker, 2009, p. 1). Since season-ticket holders would be the “lifeblood” of the team in Montréal, having an accurate and fact-based prediction of how many there would be should have been discussed, with both pessimistic and optimistic ranges of the number of predicted season-ticket holders listed.

On page 11 of the study, it is mentioned that the Expos’ fan base was alienated due to “various factors,” but it does not elaborate on those factors, nor address how to fix them, failing to demonstrate that the demand for baseball in Montréal has changed over the past 10 years. In 2001, the Montréal Expos set their franchise record for lowest season attendance, with the team drawing only 640,000 total fans, or less than 8,000 per game (Borawski, 2004, para. 27). Also, for the entire period the Expos played in Montréal (1969-2004), their average season attendance was higher than the National League average only six times (“Montréal Expos Attendance Per Year,” 2014, p. 1). According to the feasibility study and Leger Marketing’s survey work for this study, the return of professional baseball to Montréal would be embraced by both fans and the business community. Nearly 70% of Quebecers are in favor of professional baseball returning to Montréal, with only 11% opposed (Feasibility). However, these numbers do not prove that a large number of people, at least a larger number than 10 years ago, would be willing to actually buy tickets and attend a large percentage of the team’s 81 home games. Supporting the return of a team to a city and actually attending the team’s games are not the same action. It also seems strange that this survey questioned residents throughout Quebec on their opinion for the return of a team to Montréal instead of just asking Montréal residents for their opinion and their likelihood to support the team since the study

states that only 5-10% of attendance is predicted to come from outside of the Greater Montréal Area.

The report states that all three of Montréal's existing sports teams – Montréal Canadiens, Montréal Alouettes, and Montréal Impact – are playing at nearly 100% capacity, showing a significant appetite for live sports in Montréal. However, according to the authors in *Power Play: The Business Economics of Pro Sports*, “There is a limit to how far any one market can be stretched by adding additional pro sports teams to the mix. Market saturation will occur at some point” (Hodgson & Lefebvre, 2014, p. 287). The feasibility study does not discuss this possibility. Also, the study does not mention what the specific appetite for the sport baseball currently is in Montréal. The study states that other similar metropolitan areas such as Minneapolis, Denver, and Phoenix support four major sports teams, whereas Cleveland, St. Louis, Tampa Bay, Pittsburgh, and Kansas City are significantly smaller metropolitan areas supporting three major sports teams, including an MLB franchise. But again, the study does not address why the city had declining attendance when the Expos played in Montréal, nor does it address why fans would be interested more now in baseball than they were 10 years ago when so few people attended games.

A great comparable the report could have used to prove that there is a demand for baseball in Canada, widely known as a hockey-obsessed country, is the attendance figures of the Toronto Blue Jays. The Blue Jays are present in the report, but only on the chart that lists MLB's bottom 10 in team valuations. If the report wanted to convince others that there is a demand for baseball among Canadians, the successful aspects of the Blue Jays' business should have been showcased, especially since the report makes it seem as though the Blue Jays are not a successful franchise by listing them as one of the bottom 10 in team value. The feasibility report also could have included studies and surveys on the general popularity of baseball in Montréal, as well as how many people play baseball in the area since it widely known as a “hockey town.” If studies of this nature were presented and showed that many in the area play and love baseball, it would make the report's argument that a baseball team in Montréal would be popular and successful more convincing.

### Would We Pursue or Abandon this Project?

Every local or regional market has fundamental characteristics that can be assessed to determine whether a pro sports franchise can succeed in that particular market. When assessing such a market, we want to know whether it has what we call the “market conditions for success.” But of course the local population's love or passion for the game has to be a part of the equation. No matter how populous a fortunate a region is, if fan passion for the game does not exist, the team will fail (Hodgson & Lefebvre, 2014, p. 250). The success of a

professional sports organization in any market relies on five pillars of support: market size, income levels (market wealth), a strong corporate presence, a level playing field, and fan passion/fan support (Hodgson & Lefebvre, 2014, p. 250). All five of these pillars must be met in order to truly predict success of a professional sports team in a given market. If all five pillars are met, this shows a strong foundation for a professional sports franchise's financial success over the long run. There are a few wealthy owners for whom money is not a concern and for whom the possibility of losing millions of dollars a year on their sports franchises is not a cause for concern. But because the Montréal feasibility study has not named a potential owner of this nature, we have to assume that market fundamentals will matter to the team's owner, as it does for the majority of franchise owners (Hodgson & Lefebvre, 2014, p. 374). After examining these five pillars in Montréal, not all were met, so our group would abandon this project.

The first of the five pillars we examined is market size. The Expos' problem in Montréal was not the size of the team's market, just as market size is not an obstacle to MLB returning to the city in the future (Hodgson & Lefebvre, 2014, p. 1190). According to the book *Power Play: The Business Economics of Pro Sports*, a population of 2.5 million is the minimum fan requirement in a city to support an MLB team (Hodgson & Lefebvre, 2014, p. 1190). Montréal's population is at 3.8 million, so this factor is not an issue preventing the team from returning. Furthermore, a market not only needs a large enough population today, the population needs to be growing as well. As citizens age they become less likely to attend professional sports events due to physical and income restraints. It is therefore imperative for the success of a professional sports franchise that the community posts solid population growth, thereby ensuring that it will possess the required fan base for years into the future. As previously mentioned, Montréal's population growth rate is not nearly as high as it is in Canada's other major cities, but it is growing. Immigration rates are also an important consideration, and professional sport franchises must adjust to this new reality. Foreign-born Canadians are less likely to have grown up with baseball, so they are less likely to be passionate or even know about the sport of baseball like Canadian-born citizens might (Hodgson & Lefebvre, 2014, p. 264). Montréal has a significant share of Canada's growing immigrant population, and is one of the reasons why Major League Soccer is believed to have taken off in this city (Hodgson & Lefebvre, 2014, p. 1439). While Montréal meets the market size pillar, it is important to note that ignoring the demographic realities of today – as this feasibility study does – could hurt the financial viability of a professional sports team in the future.

Income levels/market wealth is the second pillar that we examined that is used to predict the success of a professional sports organization. For a market to be able to support a professional sports team, especially multiple professional sports teams like in Montréal, it must have a relatively high-income population. There is no known minimum per capita income needed to support a professional sports franchise, and this would require data-driven research. However, there is an

observed relationship between income level and franchise success. Montréal currently ranks 9<sup>th</sup> among large Canadian metropolitan areas in disposable income per capita at 26,722, and has remained in this position since 1995 (Hodgson & Lefebvre, 2014, p. 310). So this pillar is not particularly strong in comparison to other Canadian cities, but it certainly does not mean that people in Montréal are too poor to afford baseball tickets. As previously mentioned in this report, middle class neighborhoods in Montréal and the surrounding suburbs shrank from 64% to 49%, accompanied by an uptick in the proportion of low-income neighborhoods. But the city still remains ranked 9<sup>th</sup> among large Canadian metropolitan areas in disposable income per capita despite these factors, so we believe the city to be just wealthy enough to support a team, even if it is not the wealthiest market in Canada.

The next pillar we examined to determine whether an MLB team in Montréal would be successful is a strong corporate presence, and again, we did not find this pillar to be a factor in preventing an MLB team from returning to Montréal. In addition to fan support, a successful pro sports franchise will generally need strong corporate or business support in order to survive (Hodgson & Lefebvre, 2014, p. 250). Filling regular seats at a ballpark every night is important, but filling corporate boxes every night is even more imperative since the rental rate for corporate boxes is high relative to the rates for other seats in the stadium. The same holds true for the price of food and drinks served in the boxes. Plus, boxes can generate sponsorship and other revenues. It is also helpful to have the relatively higher income of employees in head offices present in the fan base (Hodgson & Lefebvre, 2014, p. 315). Montréal ranks 3<sup>rd</sup> in corporate presence among Canada's largest urban centers. The city holds 97 corporate headquarters, or 12.1% of Canada's corporate offices, trailing only Toronto (31.6%) and Calgary (16.9%) (Hodgson & Lefebvre, 2014, p. 322). These numbers show that a team in Montréal could have a strong corporate backing since the city holds so many corporate headquarters. Although when trying to lure a team to a certain city, a strategic move would be to secure corporate engagement beforehand by lining up a list of would-be corporate sponsors behind a bid to bring an MLB franchise to the city; the feasibility study failed to do this.

However, when we reached the fourth pillar – a level playing field – we found a major factor working against a return of MLB to Montréal. If a metropolitan area like Montréal has the fan base, both in size and relative income, and the necessary corporate presence, that does not guarantee a team's success (Hodgson & Lefebvre, 2014, p. 324). Two important items in this pillar are the exchange rate and the tax burden. When a league operates in more than one country, the exchange rate and tax burden can become significant barriers to the success of a franchise. The weakness of the Canadian dollar can be devastating for a franchise, creating a negative exchange rate, which will lead to sharp rises in revenue requirements to cover player salaries. In fact, this variable did play a large role in the departure of the Expos. The exchange rate will be a problem in

the future for any baseball team in Montréal because while most revenues for the team will be in Canadian dollars, players are paid in U.S. dollars, a huge financial disadvantage since MLB does not provide equalization payments.

In the 1970s, the Canadian dollar started its descent. Since 1970, the Canadian dollar has only been higher in value than the U.S. dollar four times, all in the early 1970s (Hodgson & Lefebvre, 2014, p. 1240). The steady decline in the Canadian dollar brought along a significant rise in costs for the Expos, with the bulk of the pain coming from players' salaries. For example, in 1986 the Expos' team payroll stood at roughly \$10 million U.S. dollars. This amounted to \$14 million in Canadian dollars. And with most of the franchise's revenues in Canadian dollars, the Expos saw the erosion in their capacity to field a strong team. At the same time, MLB player salaries were starting to increase rapidly.

As the Expos started to slide in the standings, attendance began to decline in tandem (Hodgson & Lefebvre, 2014, p. 1242). This shows that attendance at MLB games in Montréal depends strongly on the team's on-field performance, and in their first years they are unlikely to be very successful, meaning the team may not build a large, supportive fan base. The team would also have to cope with a much higher tax burden than their U.S. counterparts. While the Canadian dollar might be stronger than it was a decade ago, it would be tough to find an individual or corporation willing to bring an MLB team back to Montréal knowing the club would struggle to be competitive and could face fluctuations in the value of the Canadian dollar, which has the possibly to severely hamper a Montréal baseball team's success yet again. Furthermore, in the feasibility study, player payroll is estimated at \$75 million, but outside sources claim that a more realistic player payroll expectation would be about \$65 million (Hodgson & Lefebvre, 2014, p. 1286). Because the report does not explain how it reached a conclusion of a \$75 million player payroll, it is difficult to rely on this number. Smaller payroll teams like the Ray and A's made the playoffs in 2013, but this was largely due to exceptional management, which will have a hard time reproducing those results consistently against teams with much larger player payrolls. With such a small payroll that may cause the team to struggle to be competitive in a city with a historical record of attendance being affected by on-field performance, and the potential for a soft Canadian dollar to exacerbate this problem, this pillar prevents us from endorsing an MLB team move to Montréal.

Furthermore, MLB does not do an effective job of creating a level playing field among franchises: less than 25% of all revenues are distributed evenly among the 30 teams. More than three-fourths of the league's annual revenues are earned and kept at the local level, with a disproportionate share going to teams in large markets with strong team brands and greater on-field success. Compare this to the National Football League, where almost 80% of the league's revenues are divided evenly among all teams (Dubner, 2007, p. 1). MLB also does not have a hard salary cap. The lack of a cap means that the richest teams are free to outbid the others in the battle to sign the top free agents, which undermines

the role of free agency leveling the MLB playing field. This would make it difficult for a Montréal team to be competitive for a number of years because the franchise needs time to build a farm system and earn the revenue that can afford big-name players. However, fans in Montréal may lose what little patience they have left for Major League Baseball if another extremely unsuccessful team is brought into the city. Fans may not want to eagerly hand over their money and their hearts to another losing team. We believe that a team in Montréal with a history of having poorly attended games because of poor on-field performance would need to be a winning team to sustain and re-grow fan interest in this market. The absence of a hard salary cap as a share of expected revenues in MLB has led to enormous differences in team payrolls, severely limiting the ability of a team with a small payroll to compete on the field on a regular basis with the league's big spenders.

The last pillar, fan passion/fan support, also prevents us from wanting to pursue the plan to move an MLB team to Montréal. Economists refer to this as "consumer taste" (Hodgson & Lefebvre, 2014, p. 610). Individuals and corporations that try to bring professional teams to their communities have to first prove that there is a love for the game in the area, something this feasibility study did not do (Hodgson & Lefebvre, 2014, p. 250). Fan passion is critical to the success of a pro sports franchise. Fans must faithfully buy the tickets and the merchandise and watch the television coverage that brings in the advertising revenues. There are many sociological factors than can influence fan support for a team in a given area. The first and most important factor is local tradition and history. Hockey is popular in Canada because it is part of the country's national culture. Hockey was created in Canada, has been part of Canadian winter recreation since the mid-19<sup>th</sup> century, and is the natural sport of choice in a region covered by ice and snow for up to six months of the year. If you were born in Canada, the sport is part of your identity – whether you played it or not. Also, hockey talk in Canada is everywhere, from evening newscasts to the water cooler at work (Hodgson & Lefebvre, 2014, p. 622). The multitude of minor hockey organizations and junior leagues gives hockey a strong local presence in even the smallest of Canadian communities (Hodgson & Lefebvre, 2014, p. 622). Because of these factors, hockey is an easy sell in Canada.

But the history of baseball in Canada is very different from the Canadian history of hockey. Baseball's brand is particularly tied to tradition (Hodgson & Lefebvre, 2014, p. 599). For Montréal, this is not encouraging because the baseball tradition in the city is weak. The history of the sport in Canada is limited. Kids play hockey in the streets – not baseball. It cannot be played after a snowstorm unless indoors. And with such a limited tradition there is no guarantee that even with the proper demographics that a baseball team in this city could succeed. Further exacerbating matters, many fans in Montréal had their trust with MLB broken in 1994 when the Expos were picked to win the World Series and late in the season the league went on strike, wiping out the remainder of the 1994 season. This angered and alienated many baseball fans in Montréal, and many



showed their displeasure the following season by not going to any games. This marked the beginning of a long downward slide for the franchise. These observations shows that many Montréal fans may feel too aggravated with MLB to invest emotionally in a new team.

Furthermore, it is possible that diehard baseball fans in Montréal who were fans of the Expos became Toronto Blue Jays fans after the Expos' departure, especially since Toronto and Montréal are in the same time zone, making it easy for these fans to watch these games on television. These converts may not switch allegiances back to a new team in Montréal. And because attendance for the Expos was tied heavily to on-field performance, it shows that fans in Montréal are not a truly loyal or passionate baseball fan base if they are willing to divest from the game because their team is performing poorly. We believe that most of the initial intrigue in the team would not be sustained past one or two seasons because the team would most likely not be winning many games in these first seasons. Two franchises in the same league can have similar demographic pillars, yet achieve widely different competitive and financial results over time due to whether or not the fans are actually loyal or passionate about their team or the sport, no matter what the team's performance on the field looks like.

So while Montréal is both large and wealthy enough and has a healthy corporate presence, the lack of a level playing field in MLB and the lack of fan passion for baseball in the city of Montréal make the site unappealing as a location for an MLB franchise. Because only three of the five pillars for success can be met, we do not recommend the continued pursuit of this project. Some ardent fans and groups dream of the return of baseball to Montréal, but there are few signs of this becoming a reality.

### [Analysis of Economic Impact](#)

When conducting a feasibility study and evaluating its quality, a thorough analysis of the economic impact is crucial. Officials look to economic impact sections to explain to constituents and citizens of the designated impact area the monetary benefits of a proposed new sport team or stadium, so it is an extremely important portion of any feasibility study. This section is what many look to first to determine whether the project is feasible or not.

Many public finance economists believe that the figures produced in economic impact studies used to analyze baseball stadiums are wildly inflated (Matheson & Baade, 2005). This is not just the positing of a single academic journal; there are numerous papers written by experts in the field, such as Baade and Dye (1990), Rosentraub (1994), Baade (1996), Noll and Zimbalist (1997), and Coates and Humphreys (1999) that corroborate this evidence. Furthermore, their conclusions are generally the same, and follow this rhetoric:

In stark contrast to the benefits claimed by most economic impact studies commissioned by teams or stadium advocates, the academic research overwhelmingly concludes that the presence of professional sports teams has no measurable positive impact on economic growth as measured by the level of real income in cities over a 35-year period (Humphreys & Coates, 2004, p. 4).

In fact, some argue that the introduction of a new sports team or facility can sometimes result in a net loss of jobs and an economic loss. Humphreys and Coates state that the presence of professional sports teams had a statistically negative impact on the retail and services section of the local economy (2004). This is an interesting conclusion for such a large majority of well-respected professors and scholars to arrive at because it so strongly contradicts what many economic impact studies almost universally claim.

The great majority of economic impact studies claim that building a new stadium or luring a sports team into the city will have a significant positive effect on GDP and job outlook. This feasibility study definitely concludes this positive effect (see Appendix D).

The income tax benefit in relation to player salaries will have a significant impact on both provincial and federal tax revenues. The income tax benefit in the feasibility study is estimated based on a player payroll of \$75 million (which, as we previously mentioned, may be an unrealistically high figure). Considering that half of the team's games would be played within Quebec, this team would produce nearly \$9.8 million in income tax revenue for the provincial government, and nearly \$9.1 million in income tax revenue for the federal government. In addition, foreign players playing at Montréal's home ballgames would also be subject to a Quebec income tax withholding. Income tax on revenues from the employment of the team's employees (not including players) and benefits to employers, as well as sales tax generated by their spending, will generate the following revenues to the government during construction and operation:

- During construction (total):
  - Provincial revenues: \$55.6 million
  - Federal revenues: \$51.3 million
- During operation (annual):
  - Provincial revenues: \$19.621 million
  - Federal revenues: \$18.275 million

Tourism includes benefits to employers as well as sales tax that can be assigned to tourists attending baseball games. Provincial revenues from this source are predicted by the study to be \$6.281 million, while federal revenues are predicted to be \$6.384 million.

Many scholars present the idea of economic impact studies as being strongly biased. Officials who are often heading these studies, or at the very least requesting their completion, often have a robust incentive to make them seem as

appealing as possible. Therefore some embellishment, or inflation of numbers, occurs frequently. There are numerous examples of two separate economic impact studies being in stark contrast to one another based on the agenda of who is completing it. John L. Crompton, in his study titled, *Economic Impact Analysis of Sports Facilities and Events: Eleven Sources of Misapplication*, discusses one of the more stark instances of this problem. In 1992, the San Francisco Giants considered leaving to build a new stadium in San Jose. Two separate studies were conducted: one by the San Francisco budget director, and one by the mayor of San Jose. The San Francisco budget director estimated that the economic impact on San Jose would only be \$3 million. In contrast, the San Jose mayor's study announced that the stadium would bring between \$50-150 million a year in economic benefits (Crompton, 1995). It was misinformation like this that drove Crompton to identify 11 misapplications of economic impact analyses. Many of them are in regards to the validity of the multipliers. As we have shown, some of the errors Crompton has identified when interpreting economic impact numbers occur in the feasibility study that we are examining.

One of Crompton's strongest claims is that employment multipliers are the least reliable. They make a massive assumption that all existing employees are fully utilized, so an increase in external visitor spending will lead to increase in employment (Crompton, 1995). This is inherently wrong; all employees, and even most employees, are not fully utilized, and this makes the assumption that additional demand cannot be met by the greater utilization of the current labor force. Another key point about sports employment is that it is unlikely to lead to long-term employment as a result of the type of work it creates. The report predicts that the operation of a new ballpark would annually support 825 direct jobs, plus 600 indirect and induced jobs with an approximate contribution of \$96 million to Quebec's GDP. However, these jobs will mainly be low-level, seasonal positions such as vendor, ticket clerk, and parking attendant that are low paying and part time. Often, the part-time nature of these jobs will prevent new hires, and will then force the extra efforts of another employee (Crompton, 1995). Errors in the analysis of employment are quite common when conducting economic impact studies, and the relatively high estimates throughout this feasibility study suggests that some of these employment projections are erroneous. For example, the study estimates that there will be 1,500 jobs annually in Quebec during the construction phase of the new stadium. This is misleading. Many of these jobs would not be full-time or very high paying. Humphreys and Coates, by evaluating economic numbers from strike-shortened seasons of 1981 and 1994/1995, also find that building a new stadium, particularly a baseball stadium, will reduce wages in eating/drinking establishments by \$162 a year, while raising wages in hotel/lodging establishments by \$10 a year (p. 4). The increase and/or decrease in wages is something that needs to be accounted for when discussing the number of new jobs created, and the fact that it is not is extremely misleading.

Another misapplication Crompton discusses that is relevant to our study is the inclusion of the actual area of impact. Our study on baseball returning to Montréal does list an area of impact; however, it severely overstates the area, which includes the entire province of Quebec along with the city of Montréal. Quebec is an area of 595,000 square miles, while the city of Montréal only covers about 141 square miles. The area included in the economic impact analysis extends beyond a reasonable distance from the city itself. This also distorts the economic numbers because it severely limits the number of incremental visitors the study can safely include in its estimation. They cannot be incremental if they are in the area of impact, and with an area of impact the size of the entire province of Quebec, the high number of incremental visitors to achieve such positive economic numbers is highly optimistic. Only \$37.9 million of the reported \$105.3 million estimated impact of the Montréal Expos came from outside of Montréal in 2004, while the St. Louis Cardinals report that only 32% of their fan base comes from outside the St. Louis metropolitan area, with that percentage being one of the highest in the league (Matheson & Baade, 2005). In some parts of this study, Ernst & Young are assuming that a large number of visitors from outside Quebec will populate the event, and this notion seems highly unlikely given estimated numbers and historical data. This is another cause of overstatement as far as the employment GDP economic numbers are concerned.

A third and very significant error when calculating the economic impact is disregarding opportunity costs. An opportunity cost in this scenario would be the ability to use the tax revenue elsewhere in the community to fund things such as infrastructure, education, other buildings, etc. However, there is no mention of how the public funds they are drawing upon to build the stadium can be used elsewhere. This is referred to as the substitution effect, or spending money on sport (either building a stadium or for leisure) that is replacing the money spent on something else. So the spending does not create anything of new value (Matheson & Baade, 2005). There is a nearly universal agreement among independent economists that spending by local residents must be excluded from economic impact calculations due to this substitution effect. Thinking of the money and impact this way should deflate the numbers considerably. The construction of a stadium and acquisition of a sports team could impact the local community; however, using these taxes to fund the stadium takes away from them being used somewhere else. Expenditures by local governments are costs because they are financed by residents within the host community who have to forego something else, and there is no extra generation of income (Crompton, 1995). Also, one must consider the types of jobs the project creates (vendor, ticket clerk, parking attendant, etc.) and realize the opportunity cost of creating those relatively low-paying, unstable jobs compared to creating other jobs by building another facility or investing the money elsewhere. This lost "impact," economically, must be accounted for and subtracted from the total, because these funds would have been used elsewhere regardless.

Another opportunity cost for residences is the increase and use of their tax dollars. While no specific plan was mentioned in the study, Humphreys and Coates state, "Major league sports teams are certainly not mom-and-pop operations and can pay entirely for the construction of their own stadiums" (2004, p. 2). When analyzing numbers, one must take into account these opportunity costs, because they are vital in determining the total impact of a facility. Our study on the feasibility of the Montréal Expos returning disregards these costs, and it therefore distorts their positive economic outlook.

One of the aspects in which the study succeeds in is comparing the building of a new ballpark in Montréal with that of recently built baseball stadiums in Denver, San Francisco, and San Diego. These urban stadiums serve as an anchor for bustling downtowns, which has been accomplished by placing viable, authentic, and architecturally appealing venues in urban neighborhoods, leaving a lasting impact on the people, businesses, and future of these cities. These stadiums all had very positive impacts – especially on population increases and on the real estate market – on the downtown areas they occupy. The construction and operation of an MLB ballpark could bring substantial urban development benefits to Montréal and serve as a catalyst to stimulate a previously dilapidated or rundown area of the city. Restaurants, bars, and hotels usually go where stadiums go (Feasibility). Office buildings will tend to move closer to these new districts and housing ultimately develops to meet the standards of residents (although the report notes that there are not very many restaurants or shopping districts near Olympic Stadium, so this is not an automatic occurrence). To make this argument stronger, the report could have mentioned what specific areas of Montréal need to be redeveloped, and mentioned if these areas match the proposed locations for a new stadium mentioned in the report. This would have allowed stakeholders to better visualize the project and its benefits.

The psychic impact of bringing a new team to Montréal is something that should be mentioned in the feasibility study but was not even touched upon briefly. Psychic impact is the emotional impact felt by the community because of the team. This creates city loyalty, goodwill, and if tampered with, can cause severe downturn and disillusionment with local government. The group pushing for relocation in Montréal now points to these prior successes as proof that this enterprise will succeed. However, a vital point that is left out of this comparison is the negative economic costs that arise from the relocation of the stadiums into new districts. Examples of this are increased traffic congestion, accidents, vandalism, decreased police and fire protection, environmental degradation, and disruption of residents' lifestyles (Crompton, 1995). All of these negative externalities are a product of increased population and density that accompanies the production of a new ballpark. These seem like minor costs, but they must be discussed when determining the net impact a new facility will have, a more important and realistic figure than the gross impact.

A final problem with the economic impact study is in its use of attendance figures. This misinformation/lack of accurately predicted attendance figures applies to the study as a whole, but it especially distorts the figures in the economic analysis. This is problematic because people coming into Montréal to watch the games, incremental visitors, are a key piece of economic impact: their spending multiplies and has direct, indirect, and induced effects. This is probably the largest section of the economic impact analysis. If a stadium can continuously draw substantial crowds, the area surrounding a stadium grows to accommodate visitors. This economic impact can be quantified through the increase in hotel occupancies, tax proceeds, increased property values, and new housing, as well as through the increased sales and revenue from adjacent retail and restaurant businesses. The table in Appendix E puts Montréal's attendance problem in its last few years into context.

Not only do the predicted attendance figures in this study seem wildly inflated compared to what the Expos drew historically, but league-wide average attendance last year was only about 30,000 per game (Brown, 2013). A comparable, the Toronto Blue Jays (being the other Canadian team), only averaged 25,921 in 2012, according to *Baseball Almanac* (2014), and another comparable mentioned in this report, the San Diego Padres, only drew an average of 26,218 in 2012 according to the *Baseball Almanac* (2014). The study must look beyond the first couple of years to determine viability; the opening of a new stadium and the excitement of a new team could at first bring in a solid number of curious fans, but over time, will the lofty projections hold? That is a question that must be answered, and the rather high expectation the study has for attendance is a huge factor in the somewhat inflated economic impact numbers.

In conclusion, this feasibility study contains an economic impact study that has some flaws and seemingly inflated numbers. Academia contends that most studies are inflated by a variety of different factors; that hold true here. Most experts in the field of public economics agree that a new sports team or facility usually has a negative or negligent economic impact on the area in question. Individuals and officials who are commissioning these studies have a massive incentive to distort or inflate numbers to make them seem more positive. Scholars have identified several common misinterpretations of numbers, and this report commits a number of them, including overstating employment multipliers, disregarding opportunity costs, and overstating the area of impact. A detailed breakdown of both negative externalities and opportunity costs is not undertaken, severely limiting the validity of these numbers. Finally, the attendance numbers used to gauge estimated impact seem slightly inflated, which causes the estimated effect on GDP to be overstated. Overall, these economic impact numbers are optimistic, and most research and historical data suggests that the actual costs and benefits long-term will not be as positive as proposed in this feasibility study.

## References

- Borawski, B. (2004, December). National Attention: The Expos' 35-Year Journey to Washington D.C. (Part 1). *The Hardball Times*. Retrieved from <http://www.hardballtimes.com/national-attention-the-expos-35-year-journey-to-washington-dc-part-1/>
- Bouchard, D. (2006, January). The Incredible Belle Centre. *Canoe*. Retrieved from <http://fr.canoe.ca/divertissement/arts-scene/nouvelles/2006/11/01/2197151-ca.html>
- Brown, M. (2011, August 10). Your Eyes Aren't Lying, But MLB Attendance Numbers Are. *The Biz of Baseball*. Retrieved from [http://bizofbaseball.com/index.php?option=com\\_content&view=article&id=5373:your-eyes-arent-lying-but-mlb-attendance-numbers-are&catid=26:editorials&Itemid=39](http://bizofbaseball.com/index.php?option=com_content&view=article&id=5373:your-eyes-arent-lying-but-mlb-attendance-numbers-are&catid=26:editorials&Itemid=39)
- Brown, M. (2013, October 3). The good, the bad, and the ugly of MLB's 2013 attendance. *Forbes*. Retrieved from <http://www.forbes.com/sites/maurybrown/2013/10/03/the-good-the-bad-and-the-ugly-of-mlbs-2013-attendance/>
- Brown, M., Rascher, D., Nagel, M., & McEvoy, C. (2010). *Financial Management in the Sport Industry*. Scottsdale, AZ: Holcomb Hathaway Publishers, Inc.
- Census Metropolitan Area of Montréal, Quebec (2012). *Statistics Canada*. Retrieved from <http://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-cma-eng.cfm?LANG=Eng&GC=462>
- Census Subdivision of Montréal, V - Quebec (2013). *Statistics Canada*. Retrieved from <https://www12.statcan.gc.ca/census-recensement/2011/as-sa/fogs-spg/Facts-csd-eng.cfm?LANG=Eng&GK=CSD&GC=2466023>
- Coates, D., & Humphreys, B. R. (2004, October 27). Caught stealing: debunking the economic case for D.C. baseball. *Cato Institute*. Retrieved from <http://www.cato.org/publications/briefing-paper/caught-stealing-debunking-economic-case-dc-baseball?print>
- Coates, D., & Humphreys, B. R. (2003). Professional sports facilities, franchises and urban economic development. *Public Finance & Management*, 3(3), 335-357.

- Coates, D., & Humphreys, B. R. (2003). The effect of professional sports on earnings and employment in the services and retail sectors in US cities. *Regional Science and Urban Economics*, 33(2), 175-198.
- Cola Wars: Pouring Rights at Sports Venues (2002, September). *Sport Business Journal*. Retrieved from <http://www.sportsbusinessdaily.com/Journal/Issues/2002/09/20020930/For-The-Record/Cola-Wars-Pouring-Rights-At-Sports-Venues.aspx>
- Conference Board of Canada. (2011, July 8). Montréal has the market to support Major League Baseball, but league conditions are not right. *The Conference Board of Canada*. Retrieved from [http://www.conferenceboard.ca/press/newsrelease/11-07-08/Montr%C3%A9al\\_has\\_the\\_market\\_to\\_support\\_major\\_league\\_baseball\\_but\\_league\\_conditions\\_are\\_not\\_right.aspx](http://www.conferenceboard.ca/press/newsrelease/11-07-08/Montr%C3%A9al_has_the_market_to_support_major_league_baseball_but_league_conditions_are_not_right.aspx)
- Cousineau, S. (2014, February). Montréal's Economy Lagging, Study Shows. *The Globe and Mail*. Retrieved from <http://www.theglobeandmail.com/report-on-business/Montr%C3%A9als-economy-lagging-study-shows/article17073747/>
- Crompton, J. (1995). Economic impact analysis of sports facilities and events: eleven sources of application. *Journal of Sport Management*, 9(1), 14-35.
- Dubner, S. (2007). MLB as a Labor Market. *Freakonomics*. Retrieved from <http://freakonomics.com/2007/11/28/nfl-vs-mlb-as-a-labor-market-a-freakonomics-quorum/>
- Exchange Rates. (2014, April 3). *Bank of Canada*. Retrieved from <http://www.bankofcanada.ca/rates/exchange/>
- Food & Drink Information (2014). *Stadium Journey*. Retrieved from <http://www.stadiumjourney.com/stadiums/percival-molson-memorial-stadium-s965/>
- Hanks, D. (2013, January 24). How a \$91 million loan on the Marlins ballpark will cost Miami-Dade \$1.2 billion. *Miami Herald*. Retrieved from <http://www.miamiherald.com/2013/01/24/3199018/how-a-91million-loan-on-the-marlins.html>
- Helliker, K. (2009, April). Loyal Fans Are Batting Cleanup. *The Wall Street Journal*. Retrieved from <http://online.wsj.com/news/articles/SB124105291169271341>



- Hodgson, G., & Lefebvre, M. (2014). *Power Play: The Business Economics of Pro Sports*. Ottawa, ON: The Conference Board of Canada.
- Hodgson, G., & Lefebvre, M. (n.d.). The future of Major League Baseball in Canada. *The Conference Board of Canada*. Retrieved from <http://www.conferenceboard.ca/reports/briefings/bigLeagues/briefing-6.aspx>
- Jacobson, D. (2011, July). MLB's Revenue-Sharing Formula. *CBS News*. Retrieved from <http://www.cbsnews.com/news/mlbs-revenue-sharing-formula/>
- Kay, J. (2003). Separatism and the Expos. *Project Muse*. Retrieved from <http://muse.jhu.edu/journals/nin/summary/v012/12.1kay.html>
- Matheson, V., & Baade, R. (2005). Striking out? The economic impact of Major League Baseball work stoppages on host communities. *Faculty Research Series- College of the Holy Cross, Department of Economics, 05(07)*. Retrieved from <http://ideas.repec.org/p/hcx/wpaper/0507.html>
- Mendleson, R. (2012, April). Canada's Income Inequality: Montréal's Poor Fall Further Behind As Industrial Jobs Disappear. *The Huffington Post Canada*. Retrieved from [http://www.huffingtonpost.ca/2012/04/12/canada-income-inequality-Montréal-study\\_n\\_1415838.html](http://www.huffingtonpost.ca/2012/04/12/canada-income-inequality-Montréal-study_n_1415838.html)
- Minnesota Ballpark Authority (2011, December 31). *Minnesota Ballpark Authority Annual Financial Report*. Retrieved from <http://www.ballparkauthority.com/PDFs/2011CAFR.pdf>
- Mitchell, M. (2004, November 17). Pro sports stadiums don't bolster economies, scholars say. *News Bureau | University of Illinois*. Retrieved from <http://news.illinois.edu/news/04/1117stadiums.html>
- MLB Fan Demographics (2008, April 2). *Sport Business Journal*. Retrieved from <http://www.sportsbusinessdaily.com/Daily/Issues/2008/04/Issue-133/The-Back-Of-The-Book/Scarborough-Sports-Marketing-Examines-MLB-Fan-Demographics.aspx>
- MLB's 2014 Team Payrolls (2014, March). *Sports Illustrated*. Retrieved from <http://sportsillustrated.cnn.com/mlb/photos/1403/mlb-2014-team-payrolls/>

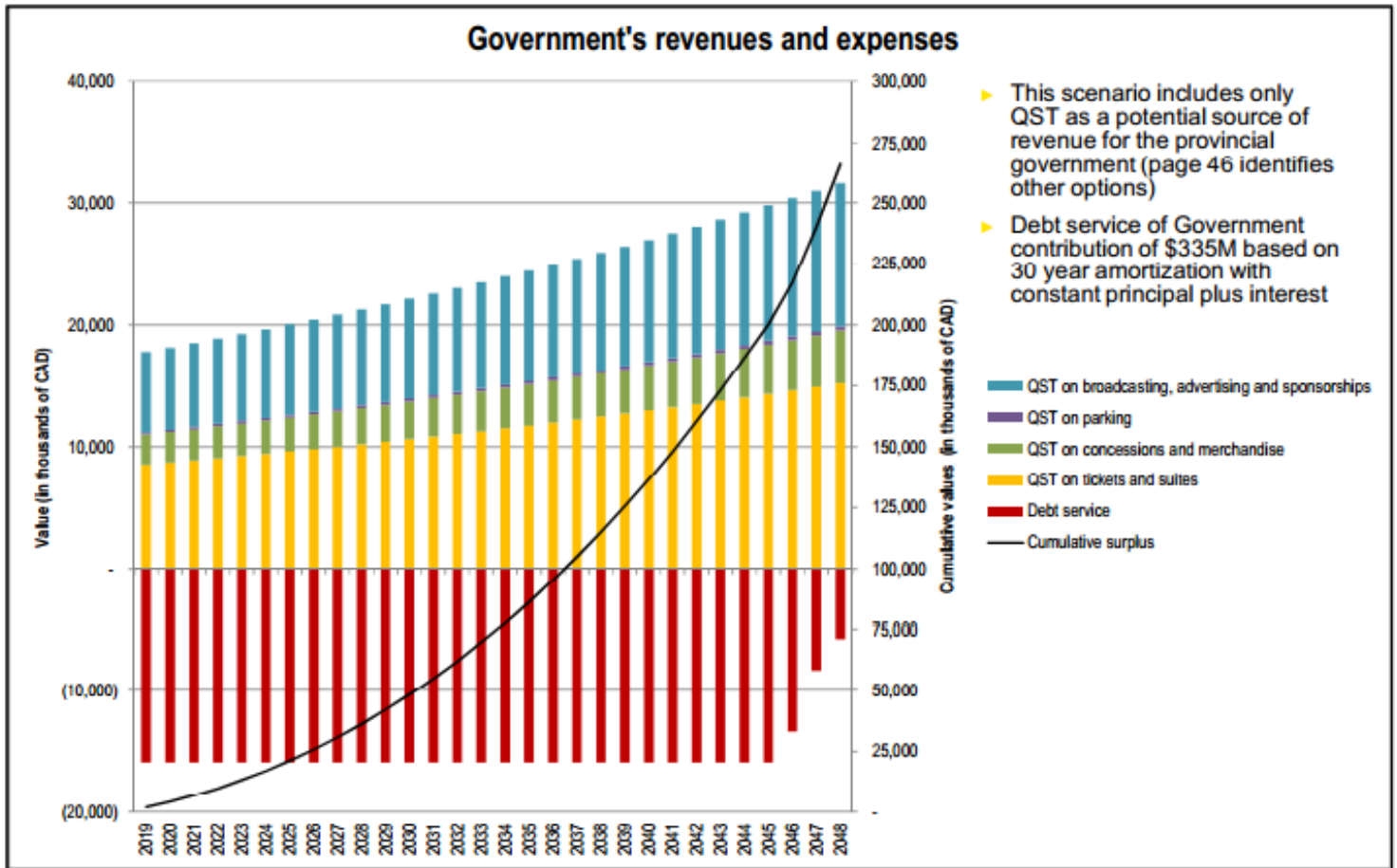
- Montréal Expos Attendance Per Year (2014). *ExposNation*. Retrieved from <http://exposnation.com/en/Montréal-expos-attendance-per-year/>
- Montréal Monthly Climate Average, Canada (2014). *World Weather Online*. Retrieved from <http://www.worldweatheronline.com/Montréal-weather-averages/Quebec/CA.aspx>
- Partners of the Montréal Impact (2014). *Montréal Impact*. Retrieved from <http://www.impactMontréal.com/en/partners>
- Robertson, M. (2012, October). Minnesota Population Projections: 2015 to 2040. *Minnesota State Demographic Center*. Retrieved from <http://www.demography.state.mn.us/PopulationPyramids2015-2040/Projecxtions2012Paper.pdf>
- Rogers Renews Partnership with Major League Baseball (2014). *Sportsnet*. Retrieved from <http://www.sportsnet.ca/rogers-renews-partnership-with-major-league-baseball/>
- San Diego Padres attendance records (n.d.). *Baseball Almanac*. Retrieved from <http://www.baseball-almanac.com/teams/padratte.shtml>
- Tampa Bay Rays Attendance, Stadiums, and Park Factors (2014). *Baseball Reference*. Retrieved from <http://www.baseball-reference.com/teams/TBD/attend.shtml>
- Thompson, D. (2014, February). Which Sports Have the Whitest/Richest/Oldest Fans. *The Atlantic*. Retrieved from <http://www.theatlantic.com/business/archive/2014/02/which-sports-have-the-whitest-richest-oldest-fans/283626/>
- Thurm, W. (2012, November). Dodgers Send Shock Waves Through Local TV Landscape. *Fangraphs*. Retrieved from <http://www.fangraphs.com/blogs/dodgers-send-shock-waves-through-local-tv-landscape/>
- Wilson, R. (2014, January 27). Seahawks, Broncos will pay New Jersey taxes. *GovBeat*. Retrieved from <http://www.washingtonpost.com/blogs/govbeat/wp/2014/01/27/seahawks-broncos-will-pay-new-jersey-taxes/>

Wagner, J. (2012, August). Washington Nationals, Baltimore Orioles Split over MASN Cable, TV Rights Fee. *The Washington Post*. Retrieved from [http://www.washingtonpost.com/sports/nationals/washington-nationals-baltimore-orioles-split-over-masn-cable-tv-rights-fee/2012/08/14/2e91845e-d810-11e1-b8ce-16e9caa8b86a\\_story.html](http://www.washingtonpost.com/sports/nationals/washington-nationals-baltimore-orioles-split-over-masn-cable-tv-rights-fee/2012/08/14/2e91845e-d810-11e1-b8ce-16e9caa8b86a_story.html)

Year End Worldwide Ticket Sales (2012). *POLLSTAR*. Retrieved from <http://www.pollstarpro.com/files/charts2012/2012YearEndWorldwideTicketSalesTop100ArenaVenues.pdf>

Appendix A

Revenues and expenses for Provincial Government – MLB Hybrid



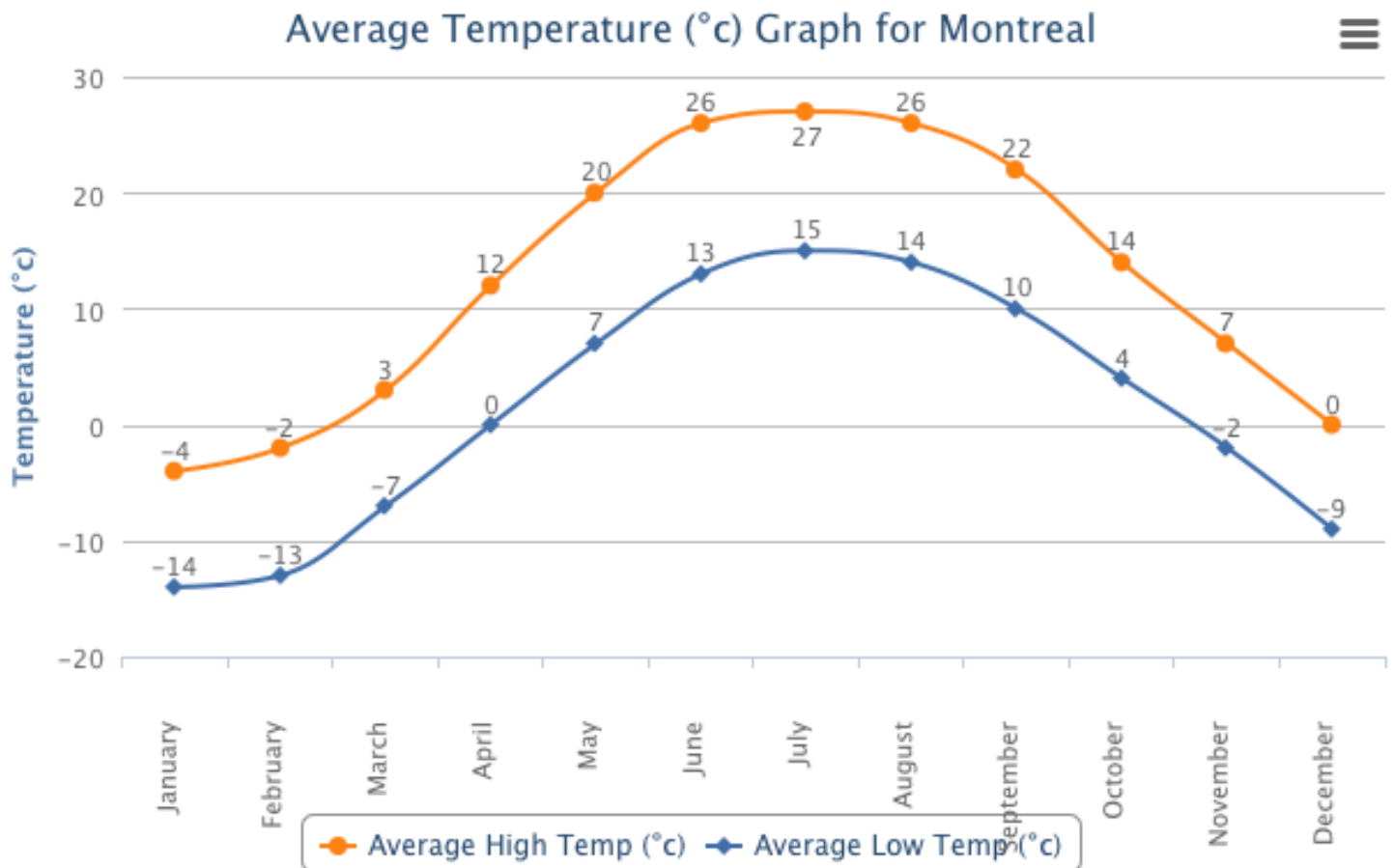
## Appendix B

### Leger Marketing's Projected Ticket Sales

Léger's Realistic Forecast	General Population		Corporate		Total	
Ticket value range:	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
\$25 tickets	6,936	7,928	522	596	7,459	8,524
\$50 tickets	6,679	7,633	5,115	5,845	11,794	13,478
\$75 tickets	1,096	1,253	6,784	7,755	7,880	9,008
Total tickets sold	14,712	16,814	12,421	14,196	27,133	31,010
Average ticket price	\$40.08		\$62.60		\$50.39	
Number of suites	-	-	45	52	45	52
People per suite	-	-	12	12	12	12
<b>Total attendance</b>	<b>14,712</b>	<b>16,814</b>	<b>12,961</b>	<b>14,820</b>	<b>27,673</b>	<b>31,634</b>

Appendix C

## Average High/Low Temperature for Montreal, Canada



## Appendix D

### Projected Economic Impact

GDP	During construction (annual)			During operation (annual)			Tourism (annual)		
	M\$	Montreal	Rest of QC	Total QC	Montreal	Rest of QC	Total QC	Montreal	Rest of QC
Direct	64.5	0	64.5	50.3	0	50.3	11.0	1.4	12.4
Indirect	23.1	15.3	38.4	14.3	8.0	22.3	2.4	3.1	5.5
(Induced)	17.1	10.0	27.1	14.7	5.3	23.0	2.6	2.0	4.6
<b>Total</b>	<b>104.7</b>	<b>25.3</b>	<b>130.0</b>	<b>79.3</b>	<b>13.3</b>	<b>95.6</b>	<b>16.1</b>	<b>6.5</b>	<b>22.5</b>

Jobs	During construction (annual)			During operation (annual)			Tourism (annual)		
	#	Montreal	Rest of QC	Total QC	Montreal	Rest of QC	Total QC	Montreal	Rest of QC
Direct	720	0	720	825	0	825	295	36	331
Indirect	292	179	471	269	36	305	42	30	72
(Induced)	271	77	348	245	50	295	34	25	59
<b>Total</b>	<b>1,283</b>	<b>256</b>	<b>1,539</b>	<b>1,339</b>	<b>86</b>	<b>1,425</b>	<b>371</b>	<b>91</b>	<b>462</b>

In total, the new ballpark would expect approximately 1,500 jobs annually in Quebec during the construction phase with

## Appendix E

### Montréal Expos Average Attendance (1969-2004)

Season	Expos' average attendance	MLB average attendance	Difference	Expos' final divisional standing	Value of C\$ vs. US\$
1969	14,970	15,530	-559	6	0.929
1970	17,589	17,142	446	6	0.958
1971	15,938	17,824	-1,886	5	0.990
1972	14,643	16,592	-1,949	5	1.009
1973	15,393	17,156	-1,762	4	1.000
1974	12,582	17,467	-4,886	4	1.022
1975	11,213	17,079	-5,865	5	0.983
1976	7,984	17,140	-9,156	6	1.014
1977	17,701	19,620	-1,919	5	0.94
1978	17,617	20,686	-3,069	4	0.877
1979	25,953	21,788	4,164	2	0.854
1980	27,261	21,733	5,529	2	0.855
1981	28,418	19,257	9,161	2*	0.834
1982	28,621	22,127	6,494	3	0.811
1983	28,650	22,170	6,480	3	0.811
1984	19,834	21,380	-1,546	5	0.772
1985	18,549	22,934	-4,385	3	0.732
1986	13,938	22,977	-9,039	4	0.720
1987	22,844	25,447	-2,603	3	0.754
1988	18,255	25,205	-6,950	3	0.813
1989	22,019	26,053	-4,034	4	0.845
1990	16,952	25,197	-8,245	3	0.857
1991	11,540	25,408	-13,868	6	0.873
1992	20,607	24,806	-4,199	2	0.827
1993	20,265	32,561	-12,297	2	0.775
1994	22,390	32,341	-9,950	1	0.732
1995	18,189	24,911	-6,722	5	0.729
1996	19,959	26,789	-6,830	2	0.733
1997	18,489	28,118	-9,629	4	0.722
1998	11,295	29,650	-18,355	4	0.674
1999	9,540	29,388	-19,848	4	0.673
2000	11,435	30,620	-19,184	4	0.673
2001	7,935	30,634	-22,699	5	0.646
2002	10,031	28,510	-18,478	2	0.637
2003	12,662	28,072	-15,410	4	0.714
2004	9,241	31,021	-21,780	5	0.768