

Business Insights

Going for the NFL Gold

Looking at the bottom line, it seems almost inevitable the Chargers will follow the money trail out of town.

By Mike Drummond

In the world of professional sports, nothing lasts forever. Dynasties come and go, as do players—in the case of Ryan Leaf, thankfully so. Teams, like players, follow the money. Art Modell, owner of the storied Cleveland Browns, gave loyal fans the proverbial finger when he moved his team to Baltimore in 1995 because that city was willing to buy him a new stadium packed with cash-generating luxury seating and other high-end amenities. That same year, the Raiders and the Rams abandoned Los Angeles for Oakland and St. Louis, respectively.

The National Football League makes no secret that it wants a professional team back in Los Angeles. The City of Angels is the nation's second-largest fan and media market, an all-important factor for the NFL, which shares television revenue equally among the 32 clubs. Although the L.A. group that initially courted the Chargers earlier this year has since backed off, interests there are still hunting for a professional team. So are civic leaders in San Antonio, Las Vegas and even Birmingham, Alabama, for that matter.

But Los Angeles is where the NFL gold is buried. So it should surprise no one if sooner, rather than later, the San Diego Chargers organization rekindles its for-now-aborted courtship with Los Angeles.

The Los Angeles Chargers. Might have to get used to the idea.

After posting four losing records and two pedestrian 8-8 showings over the last six excruciating seasons, team owner Alex G. Spanos says he will be "forced" to relocate the Chargers if he doesn't get a new stadium built. It's all economics, he and other team officials say. Just business. And make no mistake, professional football is first and foremost a business. The Chargers are talking like they want to stay in San Diego, but the subtext and simple math make the rhetoric as porous as the team's offensive line.

"Right now the basic message is pretty clear," says Mark Fabiani, whom the Chargers hired this year to generate public support for a new stadium the team would like taxpayers to help pay for. "We want to stay in San Diego and want to work as hard as we can to make that happen."

Fabiani made a name for himself handling the daunting public relations task for then-President Bill Clinton during the commander-in-chief's Monica Lewinsky travails. If nothing else, the guy knows how to spin a story. But no amount of doctoring can mask the catalog of facts that point to an inevitable move.

Two years ago, Alex Spanos began paving the way for a move when he said the team needed a new stadium. Spanos, who made his millions building apartments, is no moron. He knew the city and the public would react with predictable outrage. He was merely softening the ground. His plea, recall, came just three years after Qualcomm Stadium underwent a major facelift as part of a \$78 million public-private renovation project. (The stadium is undergoing more NFL-mandated modifications to accommodate 70,000 seats in preparation to host Super Bowl XXXVII next year—the third time the arena has hosted the nation's biggest sporting event.) This on top of the widely ridiculed civic giveaway when the city bent over and signed the now-infamous 60,000-seat ticket guarantee.

Earlier this year, the Chargers signed a contract to abandon a fan-friendly training site at UCSD (widely considered one of the best off-season training grounds in the nation, by the way) for a new training camp in the Los Angeles County burg of Carson. In April, team President Dean Spanos sent a letter to San Diego Mayor Dick Murphy, essentially saying team revenue had slipped in relation to other teams, thereby satisfying a condition in a contract that frees the Chargers to move.

In May, Anschutz Entertainment Group, which is building the Carson training facility, said it wanted to build a downtown stadium in Los Angeles and contacted the San Diego Chargers as a potential tenant. Civic infighting in LaLa Land, and a legal threat from San Diego City Attorney Casey Gwinn, killed AEG's stadium aspirations ... but only for now. Fabiani says Los Angeles interests created local controversy surrounding the potential move. But Spanos' April letter to Murphy was nothing if not an open telegraph to Los Angeles that the Chargers are, for lack of a better phrase, in play.

Fabiani says that without a new stadium, the Chargers can't compete financially with other teams. He adds that teams with new stadiums are raking in more revenue, pushing the Chargers from the middle of the money-making chart closer to the bottom. "Other teams are doing better [financially] because they're playing in newer stadiums," avers Fabiani.

He notes that 17 new stadiums were built in the last decade or so, and more are on the way. If the trend continues, and every team—including the Chargers—ends up with a new stadium, then the best the Chargers can hope for is a return to the middle of the revenue pack, should the team stay in San Diego.

"On a pure economic comparison, you could make a lot more money in Los Angeles than in San Diego," Fabiani concedes. "But the Chargers are part of San Diego. We don't want to be at the top [financially], but we don't want to be at the bottom, either."

That statement means owner Alex Spanos would be content with middle-of-the-road financial mediocrity. Successful businesspeople are rarely, if ever, satisfied with mediocrity when it comes to the balance sheet. A telling portent of what's in store for the Chargers is found in the pages of Spanos' autobiography, *Sharing the Wealth*. He writes about how he quit his job in his father's bakery when his dad refused to give him a raise. He vowed never to return.

The book notes that Spanos' first venture was selling bologna sandwiches to migrant workers, and he earned \$700,000 annually just five years after he left the bakery. He ultimately made his fortune in construction, "becoming the number 1 builder of apartments in America."

Leaving the bakery was a smart move. Spanos was, after all, following the money.

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