

Chapter 1

The Stadium in Orchard Park and the 1998 Lease Agreement

While the history of the Buffalo Bills dates back to the late 1950s when Mr. Ralph Wilson placed his team in Buffalo, Erie County's history with the team started a decade later. In the late 1960s, discussions in the community began regarding the building of a new football stadium to replace the old "Rockpile" at the corner of Best Street and Jefferson Avenue in Buffalo.

The history of what eventually resulted in the construction of Ralph Wilson Stadium could be the subject of a book in and of itself: from the announcement of the construction of a domed stadium in Lancaster, to allegations of corruption and graft by county legislators that led to the abandonment of that plan (and the eventual convictions of two county legislators on bribery charges), to the eventual selection in 1971 of approximately two hundred acres of vacant land on Abbott Road in Orchard Park as the location for a stadium, and finally to the construction of an eighty-thousand-seat, open-air stadium at the cost of \$23 million—at the time, an astronomical sum.

When county executive B. John Tutuska and Bills owner Ralph C. Wilson signed a twenty-five-year lease for the new municipal stadium (soon to be named Rich Stadium after Erie County sold the naming rights to Rich Products), a long-term relationship began that would eventually result in my administration's efforts to negotiate a new lease in 2012 and 2013. Back then, though, the new stadium was a state-of-

the-art facility that was different from the other facilities being built at the time. It was designed for football *only*, it was open to the air—not domed—and it could hold many more people than other stadiums constructed during that era. Other than Kansas City and Buffalo, most cities were building dual-purpose stadiums, some of which were domed, that held approximately 65,000 seats.

The true benefit of the choice of stadium is clear today: nearly every other stadium built at the time has since been replaced, with most of the original facilities demolished (think of Houston’s Astrodome, Seattle’s Kingdome, Cincinnati’s Riverfront Stadium, and Pittsburgh’s Three Rivers Stadium, just to name a few). Their replacements occurred not just because these cities wanted to build new facilities, but because the configuration of most domed or dual-purpose stadiums made major renovations to these facilities impractical. Any significant alteration to these stadiums was rendered almost impossible by their rounded design or dome, and every single one of these facilities no longer exists.

From this era, only Arrowhead Stadium in Kansas City and Ralph Wilson Stadium in Orchard Park remain. It is no coincidence that both of these facilities are similar in design: open-air, single-purpose facilities dedicated to football. Each could accommodate major renovations without destroying the structural integrity of the stadium.

The same can be said of two other older stadiums that recently underwent major renovations: Chicago’s Soldier Field and Green Bay’s Lambeau Field. While Soldier Field and Lambeau are significantly older than the Wilson and Arrowhead stadiums, both were designed as single-purpose, open-air stadiums that made a renovation or major retrofit economically viable.

The design of Ralph Wilson Stadium makes for one of the best features of attending a game there: you won’t find a bad seat in the house. Ralph Wilson Stadium is known for having the best sightlines of any stadium in the NFL. The seats are much closer to the action than other stadiums, with no obstructed views, and offer a panoramic view of the entire facility. When I attended my first Bills game at age twelve, even though I was five rows from the top, I did not feel too far away to watch the action, and I clearly remember being mesmerized by both the facility and the fans.

On top of all this, the vast majority of the stadium, including the entire lower bowl, is below grade and built on top of shale bedrock. While this might not much impress the average fan in the seat, it means a tremendous amount regarding the structural integrity of the stadium. Although the stadium is nearing its forty-sixth year of continuous operation, its concrete and steel skeleton remain in great shape. In fact, based on assessments from the Erie County Department of Public Works, the stadium could last another twenty-five to thirty years before its structural integrity is compromised.

The primary reason is that the stadium was built fifty feet into the ground and on top of the local shale bedrock base. As a result, the vast majority of the infrastructure at the base of the stadium is sheltered from weather conditions by the ground, and the bedrock forms an extremely stable base without much movement or exposure to the elements. All in all, the engineers and designers hit a home run—or, rather, they threw and caught a ninety-nine-yard touchdown pass—when they designed the facility. It has survived more than forty winters very well, and probably much better than if it had been built at grade on top of dirt rather than fifty feet below grade on shale.

Another feature that leads to the incredible game-day experience at Ralph Wilson Stadium is the ample parking nearby, which makes for one of the best tailgating venues anywhere in the country, be it for professional or college football.

The County did not necessarily do this out of the kindness of its heart. The County owns all of the lots on the east side of Abbott Road between Southwestern Boulevard and Big Tree Road. It also owns the lots on the west side of the road, with those lots abutting Erie Community College's south campus. During the initial lease of twenty-five years, the County controlled the parking lots and benefitted from this term as it collected the revenue generated from parking. This was negotiated away during the 1998 lease renewal, but was a beneficial feature to the County for the first twenty-five years and helped to pay for the initial debt service construction costs of \$23 million plus interest.

Prior to the 1998 lease, Erie County generated revenue from a variety of sources at the stadium. It sold the naming rights to the stadium to Rich Products. It generated revenue through contracts for the

concession rights. It controlled the parking lots and shared in parking revenue and sold rights to private vendors to sell merchandise in the lots. All of this provided a nice revenue stream for the County, at least until the 1998 lease extension was signed.

Entering the last year of the first twenty-five-year lease agreement, County Executive Dennis Gorski was in a position similar to mine in 2012: no matter what he did otherwise, if the Bills moved, he would be blamed for the loss of the team. And to complicate matters, the NFL of 1997–98 was not the NFL of 1973. The league had progressed from being one of four major professional sports to being *the* major professional sport, with revenues generated from many sources unanticipated in 1973.

During the first twenty-five years of the stadium's existence, a number of major additions to the stadium and its surrounding campus occurred. Some of these, like the field house and the grass practice facility, were done to make the team more competitive on the field. A few were intended to assist the fans, such as restroom additions and the construction of a new parking lot. Others, such as the suites on the west side of the stadium and the “Red Zone/Goal Line” clubs, were designed to make the team more economically viable in the changed economic environment of the time.

Yet even after these additions, it was evident entering the 1998 lease negotiations that if the goal was to retain the team in western New York, additional revenue sources would be needed to keep the team economically viable compared to other much larger markets. While I was not a part of the formal lease discussions during this era, it is clear from an examination of the changes in the lease documents from the original twenty-five-year term to the 1998 lease extension that Erie County gave almost every revenue source it controlled to the team, and that the County further agreed to take on additional capital and operating costs.

It is important to understand the 1998 lease because the terms therein comprised a starting point for the lease negotiations of my administration. My team understood the Bills would not want to part with many of the concessions they received during the 1998 lease, and many other terms reached in 1998 would also continue from a practical standpoint (e.g., control of construction manager, choice of architects) during our discussions.

Additionally, when the 1998 lease agreement was finalized, a new partner entered the equation: New York State. During the first twenty-five-year lease term, Erie County leased the stadium directly to the Bills. Under the 1998 lease agreement, the County entered into a master lease agreement with the Erie County Stadium Corporation (“ECSC”), a not-for-profit public benefit corporation created by New York State, through its Empire State Development Division, to be the State’s arm during the transaction, and then ECSC subleased the facility to the Bills.

Why was this done in the 1998 lease? Because New York State agreed to pay \$63,250,000 for the cost of construction for a number of projects, including, but not limited to, the construction of six new club seating areas, all new dugout suites, and a new training facility. In order for the State to pay for the costs of construction, it had to have a legal interest in the stadium and adjoining facilities, and that legal interest was a “leasehold interest,” in legal parlance. That is why New York State “leased” the stadium facility from the County and then subleased it to the football team.

However, the “cost” of the 1998 lease agreement to all public entities did not end there, especially as it pertained to Erie County’s portion of expenses. New York State also agreed to provide the Bills \$3 million annually for “working capital,” and an additional \$14,677,000 in other costs during the first year of the 1998 lease for construction overruns, additional rent to the Bills (yes, the State paid rent to the Bills for a stadium the Bills leased from the State), and additional rent costs to the County to make up for the County’s cost in forfeiting revenue it expected to receive during the 1998 and 1999 budget years.

Additionally, Erie County agreed to make an annual capital payment to the Bills for costs associated with maintaining the stadium, which averaged \$2.55 million per year, and totaled \$38,291,000 during the fifteen-year life of the 1998 lease. The County’s annual capital contribution went toward basic preventative maintenance costs, such as shoring up concrete work, as well as the purchase of large capital items, such as the new Mitsubishi scoreboard during the last years of the 1998 lease agreement.

The County also agreed to pay the Bills a capped amount annually for costs associated with the Bills’ game-day and other operating

expenses. The game-day and operating expenses could be used by the Bills for just about any expenses related to the operation of the facility during each lease year. This “game-day” expense increased annually, and averaged approximately \$3.5 million per year for a combined fifteen-year total of \$53,108,000 during the life of the lease.

In the end, the 1998 lease did not cost just \$63 million, as was reported repeatedly by media sources, but \$214,326,000: \$122,927,000 from New York State and \$91,399,000 from Erie County. The split of public funds was roughly 57 percent from the State and 43 percent from the County (this ratio calculation would come into play during the 2013 lease negotiations). The County also gave up the right to collect revenues from every stadium-related source it had before. So, the true cost to the County was even more than the \$91,399,000 the County paid out. But what is difficult to quantify is how much the cost to the region would have been if the team moved to another city back in 1998. Economically, the impact of losing the team would not be the same as when Bethlehem Steel closed up its operations in my hometown of Lackawanna. However, the impact on the region’s psyche would be substantial and a significant blow to the city’s view nationwide.

Finally, the 1998 lease introduced a new concept to the parties: a buyout provision. Starting in the sixth year of the 1998 lease agreement (2004), the team could inform the County and the State by February 28 that it was invoking its right to buy out the remaining years of the lease by paying a “termination fee.” The buyout provision was not a one-time only option; the Bills could invoke the provision in each year remaining in the lease. As each year passed, the termination fee was reduced significantly. During the first year of the buyout, the fee was \$20 million. It was subsequently reduced by \$3 million during the second and third years of the buyout, and by \$2 million for each year thereafter. As a result, by the last year of the buyout (2012), the termination fee diminished to \$2 million. In other words, for the cost of a backup linebacker, Mr. Wilson or a subsequent owner could have moved the team, and the community would have had no recourse.

All the cards lay in the hands of the Bills’ owner. Mr. Wilson insisted he would never move the team while he was alive, nor would he ever sell the team. If he had passed away before the end of the 1998 lease’s term, and the team was sold to an out-of-town owner, the team

might have been moved simply through payment of the termination fee. No one could have stopped it. No specific performance provision required the team to stay during the final years. Thankfully, Mr. Wilson survived the 1998 lease and kept his promise to the city—he never moved the team—but as the 1998 lease neared expiration, the possibility of losing the Bills once again loomed heavy.