

THE BOND BUYER

Worcester officials say ballpark bond investment will pay off, eventually

By

[Thomas Nocera](#)

Published

October 10, 2023, 11:37 a.m. EDT

After a tough start-up, officials in Worcester, Massachusetts, say the city's new Triple-A ballpark's tax district will soon produce enough revenue to cover debt service on bonds sold for its construction.

Polar Park, home of the Worcester Red Sox, the minor-league affiliate of the Boston Red Sox, opened in 2021 after the team relocated from Pawtucket, Rhode Island.

The \$160 million stadium was developed along with the surrounding downtown area by a public-private partnership and largely [financed by municipal bonds](#) issued by Worcester.



Polar Park, home of the minor-league baseball Worcester Red Sox, opened in the Massachusetts city in 2021. **City of Worcester**

Those bonds are backed by an incremental tax funding structure linked to an improvement district established around the stadium. Proponents said at the time it would ensure Polar Park could pay for itself without eating into existing tax revenues, even after the city has to [issue more bonds](#) to fund cost overruns.

Thus far, that hasn't been the case.

Tax revenue generated by the stadium district has so far been insufficient to cover debt service payments as they come due. In 2021, the city sold off publicly-owned land around Polar Park to cover obligations.

As those funds are set to all but run dry at the end of fiscal 2024, some city officials promise 2025 will be a watershed year for revenues.

City Manager Eric Batista presented updated revenue figures to Worcester's City Council Standing Committee on Finance in June, [according to published reports](#), following increasing criticism of the stadium's financing structure.

Batista told councilors the stadium would still pay for itself as originally planned based on his office's projection showing revenues would overtake obligations by fiscal 2025.

Data showed that while the gulf between tax district revenues and debt service grew annually between 2021 and 2023 from \$230,000 to \$1.3 million, 2024 would be the last year of negative performance with expectations for \$5.6 million revenue on \$6.2 million of debt obligations — a \$600,000 shortfall.

Positive growth will accelerate going forward, he said, covering debt service obligations while adding \$50 million to city coffers over the 30-year life of the bonds.

Batista's office's optimistic projections factor in the start of operations at several residential properties, hotels, and other businesses within the tax district, along with a general increase in traffic driven by Polar Park.

The Worcester team's average attendance of 7,290 in 2022 was sixth-best in the minor leagues, [according to Ballpark Digest](#), and 19% higher than the team's 2021 debut season, played in the shadow of the COVID-19 pandemic.

The city manager's office did not respond to a request for comment.

Batista's presentation before City Council was spurred in part by a research report published this summer by Robert Baumann, an economics professor at the Worcester-based College of the Holy Cross, and John Charles Bradbury, economics professor at Kennesaw State University in Georgia.

[The report](#) found that the stadium's financing scheme was flawed and estimated "substantial negative returns" for Polar Park in the arena of \$40 million to \$60 million.

The publication looked at Worcester's Polar Park development and the Major League Baseball Atlanta Braves ballpark that opened in 2017. The model the researchers used came out far less optimistically than those used to justify the ballpark subsidies.

"Using reasonable assumptions and standard conventions for conducting cost-benefit analysis, the model estimates that both stadiums are expected to produce substantial negative returns on investment," the authors wrote.

"Fiscal surpluses derive from chosen assumptions and not the stadiums' complementary developments," the report said, and "pro forma estimates do not provide credible forecasts of fiscal impacts and ancillary developments do not improve the fiscal returns of stadium projects."

Batista told lawmakers the negative report didn't account fully for the development, planned and still-to-come, of the area around Polar Park.

The city sees enough activity around Polar Park that it is seeking federal funds to finance a transportation study for the surrounding area.

The Vernon Hill neighborhood where the ballpark is located has "exploded with activity," said Worcester Mayor Joseph Petty in a statement announcing a joint partnership between the city, Massachusetts' Department of Transportation, and the Central Massachusetts Regional Planning Commission, in seeking federal funding for a transportation to addressing infrastructure deficiencies in the area as traffic increases.

The group expects to hear back on the grant application sometime in December or January MassDOT communications analyst Marshall Hook told The Bond Buyer. If the application is successful, the partners plan for a 30-month study.

Cost and timeframe for any resulting infrastructure projects couldn't be estimated until locally driven efforts to propose alternatives are given time to make a response, Hook said.

On Tuesday, Worcester's City Council delayed a vote permanently establishing Polar Park's Ballpark Commission, a non-elected advisory panel that oversees stadium finances and acts as a liaison with the City Manager's office.

Some lawmakers want the non-elected commission replaced by the Department of Public Facilities.

Councilmembers had until Oct. 6 to render a decision before or the Commission is automatically dissolved.