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Yankees deal a case of inside baseball with Rendell pitching

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Emerging details about the evolution of the deal to keep professional baseball in Northeast Pennsylvania show Gov. Ed Rendell had a more active role than previously disclosed in the process that has left Lackawanna and Luzerne counties at loggerheads.

The new information also demonstrates the depth of the raw schism between leaders in the two counties over the future of the Triple-A franchise and the Lackawanna County Multi-Purpose Stadium, with accusations of secrecy, mistruths, misrepresentations and missed opportunities.

"I don't feel animosity toward anyone, but I am disappointed that some of the statements being made are not borne out by the facts of the situation," said Mike Washo, chairman of the Lackawanna County commissioners.

His counterpart in Luzerne County, Maryanne Petrilla, said she and fellow Commissioners Thomas Cooney and Steve Urban are simply looking out for the interests of their taxpayers.

"I cannot for the life of me understand why the Lackawanna County commissioners think we're wrong and can't see the logic in our thinking," she said.

Under the proposed deal announced last week, the Stadium Authority will sell its Triple-A franchise for \$14.6 million to SWB Yankees LLC, which in turn will sign a 30-year lease for PNC Field, home of the Scranton/Wilkes-Barre Yankees.

Between the purchase price and the long-term lease agreement, it will represent an investment of at least \$37 million by SWB Yankees, a management partnership owned by the New York Yankees and Mandalay Baseball Properties, which received an option to buy to the team in 2007.

At the same time, the stadium will undergo a \$40 million makeover, a project anchored by \$25 million in state funding promised by Mr. Rendell.

The outcome will be played out against a backdrop of litigation filed by both counties.

On Aug. 30, Luzerne County sued Lackawanna and the stadium authority, contending it is entitled to half - \$7.3 million - of the proceeds from the sale of the franchise, which was purchased in 1986 with \$1 million in seed money from each county.

Lackawanna countersued on Oct. 1, arguing Luzerne should pay half of the more than \$20 million Lackawanna County taxpayers have invested in baseball.

With the litigation looming, only \$4.3 million from the franchise sale will be used toward the stadium project, and \$7.3 million will be set aside.

In a brief interview, Mr. Rendell pointed out his administration has had a hand in several minor league baseball projects and called his involvement in the deal announced last week nothing unusual.

"Geez, I didn't hide anything," the governor said. "I remained resolute - no more or no less. If I was active, I was and still am a pretty activist governor. That is my style."

Mr. Rendell said his first involvement came last spring, when SWB Yankees contacted his office, expressed its intention to purchase the Triple-A franchise and asked for help with a new stadium.

At the time, Andrew Giorgione of Buchanan, Ingersoll & Rooney, a consultant hired by the stadium authority, and Penny Lee, a former Rendell aide working for SWB Yankees, had already been lobbying for money for the ballpark.

In a conference call with Mr. Washo and Ms. Petrilla on April 30, the governor expressed the state's willingness to help in renovations of the stadium.

On May 25, at the governor's invitation, Mr. Washo and Ms. Petrilla joined Mr. Rendell for a game at Metro Bank Park, home of the Double-A Harrisburg Senators. The commissioners went to Harrisburg together, with Mr. Washo driving.

The Harrisburg stadium had just undergone a major renovation - similar to what is planned at PNC Field - and both commissioners said Mr. Rendell wanted to show them what could be done with the money the state was offering.

Mr. Rendell gave each commissioner an initial letter of intent to provide \$20 million from the Redevelopment Assistance Capital Program, provided the counties came up with matching funds.

"The first thing the governor said, when we got into the car to go to the stadium, was 'no strings attached,'" Ms. Petrilla said. "He told us the grant was there. I said, 'All well and dandy, but where do we get the match?'"

Mr. Washo thought it was clear from the conversation Mr. Rendell believed the match could come from the stadium authority's sale of the franchise, then pegged at \$13 million under the 2007 purchase option agreement.

At the time, Lackawanna County officials were still of the mind that overturning SWB Yankees' option agreement offered the best chance of protecting baseball, and Mr. Washo said he told the governor he was not certain there were enough votes on the stadium authority to go forward with a franchise sale.

"I was wondering if this could go," he said of the sale. "Maryanne wasn't expressing any objections. At one point, she said that we had to make this work; baseball is too important to lose it. ... The governor said, 'I want you guys to go back and think about it.'"

Ms. Petrilla said the governor asked for no commitment and she didn't give one, but explained a public official has an obligation to listen any time the governor wants to hand out \$20 million.

On June 16, Mr. Washo and fellow majority Commissioner Corey O'Brien went to New York to sit down with SWB Yankees officials, whom the commissioners had never met face to face. The meeting would not be publicly disclosed until Aug. 4.

"We were taking each other's temperature," Mr. Washo said. "We were not hammering out any type of agreement. We were



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just throwing ideas across the table."

Mr. O'Brien said the meeting dealt mainly with SWB's management performance, which the commissioners thought was poor and hurting attendance at the ballpark.

"We were talking to each other in a general way," Mr. O'Brien said.

However, during the meeting, Mr. Rendell phoned in. The commissioners have said they were unaware of what the governor was going to say prior to the call.

In August, Mr. Rendell acknowledged he made a pitch during the conversation for the sale of the Triple-A franchise to SWB Yankees and the use of the proceeds to match the \$20 million state grant. The governor said his support for the sale was in line with his belief sports franchises should not be publicly owned.

Mr. Washo said it was around the same time that SWB Yankees, in discussions with the county's baseball negotiating team, indicated a willingness to make concessions on the 2007 purchase option agreement.

The team, led by attorney Steven Labovitz of Atlanta, had been hired by the county after the stadium authority gave the commissioners the right to negotiate on its behalf.

The concessions would eventually include lengthening the stadium lease from 20 to 30 years, substantially increasing the annual lease payments and altering the terms for a potential repurchase of the franchise by the authority or its assignee should SWB Yankees ever decide to relocate the team.

At that point, Mr. Washo said, the commissioners began to consider the franchise sale a viable option for ensuring the future of baseball.

"It was concession after concession," he said. "So they are making concessions to make it work, and we are trying to do a stadium."

In the meantime, Ms. Petrilla said June and July passed with nothing being discussed with the Luzerne County commissioners.

"We didn't hear much about it," she said. "At no point in time did anybody say anything about selling the franchise to the Yankees."

Then the news broke of the governor's participation in the New York City meeting between SWB Yankees and Mr. Washo and Mr. O'Brien, and Ms. Petrilla said she learned the franchise sale was on the table.

On Aug. 13, Mr. Rendell conducted another conference call with Mr. Washo and Ms. Petrilla.

Mr. Washo said the governor did most of the talking, essentially laying out what his administration could bring to the deal. Again, Ms. Petrilla did not raise objections, Mr. Washo said.

Ms. Petrilla said she mostly listened.

"I was pretty silent on that call, knowing we did not have any interest in the stadium," she said. "I knew Luzerne County owned half the franchise, and I didn't have the power to say yea or nay."

It was apparently after that call - Ms. Petrilla could not recall the exact date, but said it was prior to a meeting of the bicounty board that oversees the Wilkes-Barre/Scranton International Airport, possibly on Aug. 26 - that she said she confronted Mr. Washo and Mr. O'Brien about the New York trip.

"I said, 'Well, look guys, why haven't we been at the table? Why haven't we been part of the negotiations?'" Ms. Petrilla said.

She said Mr. O'Brien told her there were no negotiations, and there was nothing on the table. Later that day, she received a call on her cell phone from Ms. Lee, the SWB Yankees lobbyist.

According to Ms. Petrilla, Ms. Lee said Mr. Rendell wanted her to call "and see what it what it would take to get the commissioners to the table and discuss the transaction." Ms. Lee also said there had been negotiations and Mr. Washo and Mr. O'Brien were involved, Ms. Petrilla said.

"I have to tell you I was very disturbed," she said. "I felt like I was lied to by Corey O'Brien, right to my face. I've held back on saying that."

On Friday, Ms. Lee acknowledged she was asked by Mr. Rendell to reach out to Ms. Petrilla in an attempt to gain her support for the stadium project.

While she did tell Ms. Petrilla there had been conversations with the Lackawanna County commissioners, Ms. Lee said she would not have used the word "negotiations" because none had occurred and SWB Yankees' legal counsel had pointedly advised its representatives to avoid using the term.

"I told her we have a regional baseball team and would like to have both counties supportive," Ms. Lee said.

For his part, Mr. O'Brien said he has a high level of respect for Ms. Petrilla, but his recollection of the conversation is she was upset that she had not been invited to the New York meeting.

"That put her over the edge - the fact she was not invited to that meeting," Mr. O'Brien said. "Her ego was bruised."

On Sept. 9, Ms. Lee and Mandalay executive Art Matin met with the Luzerne commissioners at the courthouse in Wilkes-Barre. Ms. Petrilla said the commissioners listened, but at that point Luzerne County had already filed its lawsuit.

Mr. Rendell called officials from both counties to the Capitol in Harrisburg five days later, on Sept. 14, in a last attempt to break the impasse.

Ms. Petrilla, who attended with Mr. Cooney and Mr. Urban, said the governor asked what the state could do to bring Luzerne County on board. The commissioners were adamant, she said, that they wanted half of the franchise sale proceeds.

"That was a pretty stressful meeting," she said. "What we thought would be an hour lasted 15 minutes."

Mr. Washo, who was accompanied to the meeting by Mr. Giorgione, stadium authority solicitor Frank Tunis and county chief of staff Maria Elkins, said Mr. Rendell told the group he was leaving the room and wanted them to talk among themselves. Shortly after, the Luzerne County delegation got up and left.

"I was pretty surprised," Mr. Washo said. "It's not just the fact they weren't willing to negotiate - they were peeved. You would have thought every effort would have been made to maximize this opportunity."

Mr. Urban said it is clear Luzerne County was repeatedly shut out of the process, but he denied there are ill feelings between the commissioners in the two counties.

"There's no animosity, not at all," he said. "We just want what we are entitled to - that's all."

He said the solution is to get an appraisal of the franchise to determine its true value before the sale.

"It's as easy as that," Mr. Urban said. "By not having an appraisal, they are cheating the residents of both Luzerne and Lackawanna counties."

Minority Lackawanna County Commissioner A.J. Munchak said it is a black-and-white issue: Luzerne County believes it is entitled to half of the sale proceeds; Lackawanna County believes it isn't and should actually be on the hook for half the cost

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of maintaining the team.

"It's like you want half of the apple pie, but you didn't pay for half of the ingredients to make it," he said.

Ms. Petrilla said she doesn't oppose the baseball deal, but she cannot give away money that belongs to Luzerne County.

"Personally, I think the opportunity to put \$40 million into a stadium is something no one wants to turn down," she said, "but we own half of that franchise and I have a responsibility to the taxpayers of Luzerne County."

Mr. Rendell said it is unfortunate the two counties are at odds but is satisfied the deal going forward will be a good one for Northeast Pennsylvania.

"The thing people have to understand is this is a win for the area," the governor said.

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