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--Free Buffalo News Alert No. 1--

The Bass Pro Memorandum of Understanding Raises More Questions Than it Answers

By James Ostrowski

May 11, 2005

The Buffalo Common Council recently approved the Memorandum of Understanding (MOU) (<http://www.cityofgoodneighbors.com/bpro.html>) concerning the proposed Bass Pro project.

The first notable thing about the MOU is that it is not legally binding. Our leaders urge us to support this project and those who have expressed opposition have been chastised. Apparently we are supposed to endorse this fuzzy project either on blind faith or the sterling track record of our leaders on major development projects.

There are similarities to the ill-fated Adelpia Waterfront Project. Secret negotiations take place; then an apparent *fait accompli* is announced and all are expected to climb on the bandwagon. Only later does it become clear that the details are unclear and that no binding agreement exists. Finally, the leaders express astonishment when such an ill-conceived mode of policy-making backfires and public opposition arises.

According to the MOU, the goal is to "develop the Memorial Auditorium". Of course, the Aud was already developed. Its owners, however, decided to close it and build another Arena nearby with a mixture of private and public funding. If you combine

the huge sum of money spent on the (money-losing) Arena with the huge amount of money needed to convert the Aud to a sporting goods store, one wonders why the Aud, for a small fraction of that combined sum, was not simply retooled to accommodate the needs of the Buffalo Sabres. Leaving technicalities aside, when people are spending *other people's money*, they tend to be very liberal. When they are spending *their own*, they can be real tightwads.

Anyway—the City and County (both broke) will spend \$14 million to demolish the “interior seating bowl.” Sounds inflated to me but it’s just other people’s money.

The Feds (who are broke) will build a Canal/Great Lakes museum nearby for \$16 million. Bass Pro will staff the museum with an unknown number of staffers. We all love museums. But should they be built with tax money and for the purpose of aiding a specific business?

“Empire State Development Corp., [a creature of New York State which is broke], agrees to commit a minimum of \$21 million towards the Outdoor World.” Emphasis on the “minimum.” This is apparently a cash payment.

“Bass Pro agrees to invest not less than \$57 million dollars inclusive of any enabling funding received from the parties as outlined herein to redevelop Memorial Auditorium....” Does this mean that this figure “includes” the \$21 million from the state and \$14 million from the locals? (Sources tell me the issue is unresolved.) Doesn’t that mean Bass Pro is really investing \$22 million? And Bass Pro’s investment is not defined. Does it include inventory? Insiders don’t know. Who does?

Bass Pro is not obligated to include a hotel or restaurant, contrary to popular belief.

An “Intermodal Transportation Center” will be built nearby for about \$16 million, primarily from federal and state funds. The justification for this Center is unclear other than to make funds available to build a free parking lot for Bass Pro with free parking for 50 years. That is, the parking facility will be part of the Center. The Center has to be rationalized as a way to connect the subway to Amtrak.

Both the subway and Amtrak are failed government transit projects: inefficient and expensive. There is simply no demand to connect these two dinosaurs together. They are already together! Amtrak runs directly underneath the subway. For perhaps \$500,000, a hole could be punched through the street and a nice pre-fabbed, nonskid stairway installed. Few would use it, but it’s a lot cheaper than \$15 million. Again, no one would spend their own money that way; but they will readily spend other people’s money. That’s why other people have been taking themselves and their money out of here for 45 years!

To build the glorified parking ramp, the state is demolishing the Donovan Building. I don't know much about Donovan other than it's a nondescript modern office building. But I was in the building recently and it appears to be in good condition.

Finally, the City is giving the Aud to Empire. Empire gives it to Bass Pro for fifty years rent-free and with unspecified property tax exemptions for some period of years. (Can "improvements" be taxed?)

This project is supposed to create 400 (low-wage?) jobs for \$66 million in public money. That's \$165,000 per job. Why not just buy those people an annuity?

As I read the cryptic agreement, Bass Pro is spending \$22 million and getting a rent-free building and free parking for 50 years. The government is spending \$66 million.

The most disturbing thing about the Bass Pro proposal is the frequent inflation of the amount of money Bass Pro intends to invest. The press has variously reported that figure as \$57 million and \$66 million.

Of course, if the Bass Pro share of the deal has been trebled, then the frequently cited \$123 million total cost of the deal has been inflated as well.

This old model of bribing wealthy companies to come here and creating great press conference photo ops for politicians hasn't worked. It actually hinders economic development by stalling projects until all the complex details are worked out. It diverts funds from their most productive use in voluntary and mutually beneficial free market transactions and consigns such funds to projects based on the political pull of the recipients and their assorted allies.

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