

Talkin' Payroll

Written by {ga=paulcousineau}
Friday, March 16 2007 7:00 PM -

Much of the talk this spring surrounding the Indians has been about the pending free agency of three members of the team: Travis Hafner, C.C. Sabathia, and Jake Westbrook. In Paul Cousineau's latest piece, he completely and thoroughly breaks down the Indians payroll situation, laying out a case where two or three of these players could be resigned. An expansive and interesting piece from Paul this morning ...



Due to the topic du jour this spring being the contract negotiations with Westbrook, C.C., and Pronk, I'll keep on that topic with a little series. I know that some people are jonesing for some talk about what's happening on the field, but it's just too early to make any determinations.

At this point all we've learned so far this Spring is that David Dellucci and his 1.379 OPS could win the Triple Crown if he keeps this pace up, Hector Luna and the spare tire he arrived to camp toting is unlikely to win the Futility job, and Adam Miller is looking to be as good as advertised.

But back to the contract talk, which took its usual doom and gloom tone from the Indians' writers. You know, the Indians are cheap, they'll be lucky to sign one, won't it be tough to see C.C. in pinstripes, blah, blah, blah.

Well, how about the contrarian view?

Why couldn't the Indians sign 2 or all 3 of them to extensions?

Is it really that far-fetched?

In the Land of Pessimism (of which Clevelanders are card-carrying citizens) that we live in, how about some hope?

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It's time to take a look at the environment and the salary structure of the Indians going into the negotiations to explore the financial feasibility; then take a look at each of the three individually, examining comparable players and contracts to see what kind of money these three could command on the open market.

The Tribe Payroll

The Indians payroll going forward is actually exceptionally flexible because the Indians have locked up so many of their other young players to affordable, long-term deals. Thanks to the tremendously helpful [salary chart here at the Blurbs](#), we can see that in 2008, for instance, when Westbrook would be a FA, the only contracts (not pertaining to the minimum salary schedule or arbitration) locked into place are:

Sabathia - \$9M
Hafner - \$4.95M
Victor - \$4.45M
Lee - \$4M
Dellucci - \$3.5M
Sizemore - \$3.167M
Peralta - \$2.5M
Michaels - \$2.2M

That comes to about \$34M concretely committed to those players since Borowski, Hernandez, Fultz, and Byrd all only have club options. Byrd's (\$8M) is unlikely to be picked up if Miller or Carmona is ready and the relievers have to earn their options, so if they're picked up it means that they've proven themselves worthy to be a part of the bullpen going forward. If not, it doesn't cost the Tribe a dime.

The fact that Sowers, Marte, Garko, Barfield, Cabrera, and Shoppach will probably each make about \$400K means that there's money to spend. Take out the \$6.1M Westbrook will earn this year and the amount of committed dollars looks even smaller.

Why couldn't the Indians take the \$8M Byrd option and the \$6.1M that comes free from Jake's current contract to re-apportion that money to extend Westbrook and more?

Wouldn't that be more desirable to do? That is, cut Byrd loose, extend Westbrook, let Carmona and Miller fight it out for the 5th spot next Spring and go to bed with smiles on our faces?

But that's getting too far out ahead of it and I know what you're saying, "that's only one year (2008), looking at Westbrook's walk year; what about the heavy hitters in C.C. and Pronk?"

Consider this - the players under contract until 2010, are:

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Victor - highest contract number is a \$7M option in 2010
Peralta - highest contract number is a \$7M option in 2011
Grady - highest contract number is a \$8.5M option in 2012!!!
Lee - highest contract number is a \$8M option in 2010

Let's fast-forward to the year 2010. Pick up all of those options and the 2010 payroll spoken for is:

Victor - \$7M
Peralta - \$4.6M
Grady - \$5.6M
Lee - \$8M

That's about \$26M to those 4 players in 2010 (which is still 4 seasons away). Assuming that the farm system can produce players to play under contracts typical of younger players (like Barfield, Sowers, Marte, Crowe, and Adam Miller), the payroll won't ever spin drastically out of control.

Following ShapiroSpeak for a while, that seems to be another basic tenet of the wildly popular Plan – to augment a core of players with youngsters that fill holes on the team effectively and without breaking the bank.

With the way that payrolls (and revenue streams in a TV deal, revenue sharing, Internet dollars, and international income – not to mention STO and the promise of years of labor peace) have leapt forward, a much larger payroll in 4 seasons, in 2010, is not out of the question.

But how much larger?

If the Indians' 2007 payroll ends up around \$70M when it's all said and done, let's figure that the payroll will rise about 10% a year with the sport flush with money.

The projected payrolls could roll on like this:

2007 - \$70M
2008 - \$77M
2009 - \$84M
2010 - \$92M
2011 - \$101M

Granted, 10% is a healthy annual bump, but you get the idea. If the Indians have Victor, Grady, Lee, and Peralta taking up only \$26M of that 2010 payroll, there's a lot of wiggle room. Sure, guys like Sowers will get paid when they hit arbitration (or before), but not huge numbers that will throw those numbers significantly off.

So, could the Indians afford to pay (at the high end of most projections) Westbrook \$11M,

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Hafner \$13M, and C.C. \$18M annually? Who knows, but that extra \$43M on top of the \$26M for the other four players give you a core of 7 players (who have now played together for multiple seasons) for about \$69M. In 2010, if the payroll is around \$92M, that number doesn't look that big as long as the complementary players are provided via the farm system and not FA.

It means that the team has about \$23M to pay the complementary players. Might be a stretch for 18 players, but if those 18 include a number of farm products, that money can go a long way.

But what of the aforementioned contract negotiations and the participants?

The Snake

The lone FA on the Tribe roster after the 2007 season that will be approached by the club for an extension is Jake Westbrook.

The Numbers

Over a 3-year stretch (from 2004 to 2006), Westbrook has gone 44-34 with a 4.01 ERA and a K/BB ratio of exactly 2/1. Opponents have hit .272 against him over 638 1/3 innings (average of about 213 innings a year, over which he's posted a WHIP of 1.32.

Westbrook's numbers are indicative of an excellent middle of the rotation starter – an innings-eater who keeps his team in games and saves the bullpen due to his tendency to pitch late into games.

Contracts to Comparable Players

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The wildness of the past off-season can be summed up with the words, "Gil Meche"; but there were a number of big contracts given out to similar pitchers to Jake.

A breakdown of the deals, with \$7M per being the low number:

Gil Meche – 5 years, \$55M

Jeff Suppan – 4 years, \$42M

Ted Lilly – 4 years, \$40M

Vincente Padilla – 3 years, \$33.75M

Adam Eaton – 3 years, \$24.5M

Jason Marquis – 3 years, \$21M

Interestingly, [Baseball Reference lists Marquis and Eaton](#) as two of his closest comparables, so the point of reference isn't far off. Two of his other comparables are Aaron Harang (who signed a 4-year, \$36.5M deal in February) and Bronson Arroyo (who signed a 2-year extension for 2009 and 2010 worth \$25M, again this February).

You could argue that Westbrook is a superior pitcher to any of these, but this at least sets the

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ballpark, because it's unlikely that Westbrook is going to get Barry Zito/Jason Schmidt money (\$16M-\$18M), as he's not an ace. Some team may see him as an ace and pay him as an ace, but that's on them.

Interestingly, the White Sox recently extended Javier Vazquez, who was also in the last year of his deal. His deal looks like this:

Javier Vazquez – 3 years, \$34.5M

It gives hope to those that think that Westbrook is going to be looking for a 5 or 6 year deal as Westbrook and Vazquez are very comparable pitchers, in terms of age and recent performance.

Who Would Be Interested?

Just about any team interested in having a solid #2 or #3 starter, but teams that play in notorious hitters' parks (or famed launching pads) figure to be even more interested in the groundball-inducing Westbrook (he was 4th in MLB last year in his Groundball/Flyball ratio, behind Cy Young winner Brandon Webb, Derek Lowe, and Chien-Ming Wang).

[Teams that play in parks with high HR rates](#) would be particularly interested and teams on that list are teams that have expressed interest in Westbrook in the past.

Most notable among those (with the ways and the means) who would be interested include:

Arizona Diamondbacks

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Chicago Cubs

Cincinnati Reds

Colorado Rockies

Houston Astros

Philadelphia Phillies

Texas Rangers

What would those teams offer? It depends on whether they think that Westbrook can anchor a rotation or if he's another cog in the wheel. The D-Bags would love to couple Westbrook and Webb in their launching pad and if the Cubs lose Zambrano, Westbrook is an attractive replacement.

But that's further down the road.

Just remember, as we've all learned...it only takes one to pay more (or offer more years) than the Tribe

Bottom Line

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Westbrook has gone on the record that he enjoys playing for the Indians and the stability that the team provides him may lead to the extension being talked about. BUT...that's a line straight from the "going into contract negotiations" handbook to feed to the media.

The Indians are likely to approach C.C. and Hafner before getting to Westbrook and, if they are rebuffed or if they have money left over to spend on Westbrook – they'll come to the table in the range around the Vazquez deal (\$34.5 over 3 years). Going much longer than that may be something that Shapiro shies away from, particularly with Miller and Carmona sitting in AAA.

Whether Westbrook is sincere about his feelings toward Cleveland will be tested this Spring; because if a deal isn't reached in Winter Haven, Jake will hit the FA market in the top tier of FA pitchers behind Zambrano (alongside the likes of Mark Buerhle, Bartolo Colon, and Jason Jennings).

With the possibility that Westbrook could be the second-most desirable pitcher in the FA class (or 1st, if the Cubs extend Zambrano) after 2007, the fact that many teams go into FA looking to spend some money (wisely or not) to make a splash means that Jake would become the subject of a bidding war that will likely price the Indians (and most other prudent teams) out of the Westbrook Sweepstakes.

RePronkulous

While the Indians are well stocked with young arms in the Minors as potential replacements for Jake and C.C., replacing a player like Hafner, one of the best hitters in all of MLB, may prove to be eminently more difficult.

The Numbers

Over a 3-year stretch (from 2004 to 2006), Hafner has AVERAGED 31 HR and 111RBI while hitting .308 with a stratospheric 1.030 OPS. His 2006 season (cut short by the injury) was his best to date with 42 HR, 117 RBI and a 1.097OPS in only 454 AB. Only Albert Pujols had a higher OPS as Hafner outdistanced Ryan Howard, Manny Ramirez, David Ortiz, Lance Berkman, and Jim Thome. So, we're talking some rarified air here.

Hafner is a middle of the order monster whose impressive power is only eclipsed by his batting eye (he earned the 10th most BB in MLB last year in significantly less AB than the players with more), making him a perfect #3 or #4 hitter for any team.

Contracts to Comparable Players

There have been multiple large contracts signed by lesser hitters than Hafner in the past few years, but the primary difference between Hafner and say, an Albert Pujols or a Paul Konerko, is the fact that those players play the field while Hafner is strictly a DH due to his "bull in a china shop" defense.

Thus, the only real comparables for Hafner are AL DH's, most of which are dealing with contracts signed a few years back. Most notable among these would be:

Jason Giambi – 7 years, \$120M (signed in 2002)

Jim Thome – 6 years, \$85M (signed in 2003)

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Even Gary Sheffield or Magglio Ordonez, who figure to DH at some point in Detroit, don't really figure to be comparable as they'll play the majority of their contracts while playing the field. So, the best comparable is the other elite DH (with Hafner, Giambi, and Thome) – Big Papi.

Ortiz signed a 4-year, \$52M extension last April, which runs through 2010 with a \$12.5M option for 2011. That contract, over all of the others mentioned above would serve as the basis for any negotiations with Pronk.

That type of contract would lock Hafner into the middle of the Tribe lineup for the next 6 years – 1 more year under the contract, 4 years of the base contract, and 1 more with the option.

Who Would Be Interested?

Due to Hafner being only able to DH, it limits the number of teams that could bid on Pronk (though we thought the same thing about Thome), so we're only talking about AL teams. However, pretty much every AL team would welcome a hitter of Hafner's caliber to their lineup.

Let's start eliminating some teams first. Because of the money involved and the, shall we say, spending tendencies, of certain teams we can rule out Kansas City, Tampa Bay and Oakland. The Red Sox are tied into Ortiz until after 2008, so they're out.

Pretty much everyone else is fair game. Just to make you break out in a cold sweat consider that Giambi's contract runs through the end of 2008 (as Hafner's does), assuming that the Yankees don't pick up his \$22M option for 2009. Same for Thome, who has a \$13M option for 2009.

That would put the Yankees and White Sox (assuming that Ozzie can get over Hafner's "I was puking when they got their World Series rings" comment) at the forefront of the potential suitors. Picturing Hafner in either of those uniforms just caused a shudder.

Factor in teams like Baltimore, Seattle (Richie Sexson, who may be a full-time DH by 2008, also has a contract that runs out after 2008), Los Angeles of Anaheim, and Texas (where Hafner would simply mash...as if he doesn't already) and we've got a bidding war on the docket.

Bottom Line

Like Westbrook, Hafner has said that he's happy in Cleveland and that he's comfortable with his new bride on the North Coast. But, will he follow the path of Manny and Thome as sluggers who felt that they were underpaid by the Indians while they were wildly productive (Pronk will make just \$3.75M this year and \$4.75M when his 2008 option is picked up) and go after every last dollar?

It will likely take a deal comparable to that of Ortiz to extend Hafner and, looking at the alternatives down the pipeline, his bat is very nearly irreplaceable. Talk that Ryan Garko could shoulder Hafner's load is just overly optimistic. Taking into account that his 1.098 OPS last year was the 91st best season by a hitter of ALL-TIME, this isn't like we're replacing Ronnie Belliard.

Hafner's mere presence anchors a lineup and the Indians have to realize this. More than Westbrook and possibly more than Sabathia, Pronk's value to the lineup and the team is immeasurable. A lineup with Pronk and a still maturing Sizemore would be lethal for the next 5 years, regardless of the pieces and parts that would surround them.

Part III – The Crooked Cap

Rare in MLB is the true “ace” – the pitcher that you put down every five days with the expectation to win, or at least be in EVERY game that he pitches. You can count the aces in MLB fairly easily (Santana, Carpenter, Webb, Oswalt, Halladay, Peavy, Zambrano), so the development of Sabathia to that level of the elite pitchers is nothing to dismiss. While it may be premature to lump C.C. with that group, he's not far off.

The Numbers

Last year, C.C. was 5th in MLB for OPS allowed, ahead of Halladay and Zambrano among others as he posted a 12-11 record. His 1.17 WHIP ranked 9th in 2006 and his 3.91 K to BB ratio ranked 8th

. Considering that C.C. won't turn 27 until July and has 81 career victories, it seems that C.C. is entering the next stage of his career, that of an anchor.

He can anchor a rotation, averaging over 192 innings over the past 3 years (oblique muscles be damned) while his ERA, WHIP, and HR allowed have decreased each year as his strikeouts have incrementally risen. That's what referred to as trending upwards.

For a 26-year old, perhaps just hitting his stride, there's going to be quite a market for a ready-made ace if C.C. continues his development into his pending Free Agency.

Contracts to Comparable Players

This is a hard area to address, because few would have thought that Barry Zito would have received his 7-year, \$126M deal from the Giants this off-season, completely throwing the idea

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that any contract over 5 years for a starting pitcher is insane (see Hampton, Mike) and even 5 years is a stretch (see Park, Chan Ho).

How out of whack is the 7-year deal? Omar Minaya, the Mets GM who is certainly not averse to giving out long-term deals, said that he dropped out of the Zito talks when the years hit 5.

How about the fact that Jason Schmidt signed a 3-year, \$47M deal with the Dodgers just prior to Zito getting his 7 years?

Need more proof that the 7-year deal broke the mold? Look at the deals signed in the past year by elite pitchers:

Roy Halladay – 4 years, \$42M signed March 2006

Roy Oswalt – 5 years, \$73M signed in August 2006

Chris Carpenter – 5 years, \$63.5M signed in December 2006 (admittedly with injury concerns)

These are the types of contracts that were the norm for the quality of these arms until the Zito deal. Again, take a look at [the OPS allowed leaders from last year](#), and tell me that the Zito deal isn't completely outrageous (Zito ranked 48th).

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But is the Zito deal the natural progression of the way that contracts are going or is it the aberration that the Hampton and Park deals were, one that will be reviewed as a one-time deal, a regrettable contract?

There's plenty of time (and at least one off-season until C.C. becomes a FA) to find out, so if Shapiro and the boys find the number that Sabathia is looking for, they'll help determine the direction that the market will take.

Will it continue to go up and force the Tribe to give C.C. a deal in the range of 6 years, \$108M (that's a ton of money and way too many years) or will it regress back to the mean of the Oswalt deal and figure in around 5 years, \$80M?

If the Indians can figure that out, it will go a long way in determining the values for the very talented class of Free Agent pitchers after the 2008 season.

Who Would Be Interested?

Simply – any and every team that has a starting rotation.

What team couldn't use a 28-year old power LH ace?

But there's something that complicates the matter. C.C. will hit Free Agency with a ridiculously talented group of pitchers, headed by Johan Santana. After Santana, there are also Jake Peavy, Ben Sheets, Brad Penny, Derek Lowe, Jon Garland, and John Lackey – and that's just the upper crust.

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What becomes complicated is that when the Santana Sweepstakes finds its winner and the market is set, there are going to be teams that lost out on Santana that are sitting on a mountain of money looking for someone to take it.

What if the Red Sox outbid the Yankees for Santana?

Will the Yanks be OK not adding a stud to the rotation?

Or what if Peavy moves on from San Diego and heads elsewhere, leaving the Padres a huge hole in the rotation? Signing C.C. to pitch in his native California (where he would put up absurd numbers at Petco in the NL West) would pacify a fanbase upset about losing Peavy.

Or what if the Giants decide that they need a yin to Barry Zito's yang to anchor a rotation that will, by then, include Noah Lowry, Matt Cain, and Tim Lincecum? C.C.'s Bay Area roots aren't going to hurt that negotiation process.

Just thinking about the prospective suitors makes my head hurt and my heart heavy...and he's not even a Free Agent for another 18 months.

Bottom Line

Hearing the comments from C.C. about his excitement hearing the riches of the Zito deal don't really bode well for the contract extension. If he's looking for a 7-year deal to match Zito's deal, it's unlikely that the Indians would offer a contract of that length. Regardless of any concerns about Sabathia's long-term health (which could certainly have some validity with his weight and body type), it's doubtful the Tribe would give a 7-year, or even a 6-year deal, to any pitcher.

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The dollars per year that C.C. will be in the market for (\$16M to \$18M) may not be the ultimate problem in the contract extension talks; it will be the years that will be the stumbling block. The Indians' comfort level for those 6th and 7th years (and whether C.C. includes them in his demands) in the negotiations will be what ultimately decides whether he is wearing a Tribe uniform in 2009.

What it All Means

Good teams win with superstar players complemented by a handful of good players with a sprinkling of role players and youngsters. By locking up the players already playing in Cleveland, the Indians have the opportunity to do just that. The superstars (C.C., Hafner, Grady) are complemented by a handful of good players (Westbrook, Lee, Peralta, Victor, Barfield, Sowers) with a sprinkling of youngsters (who knows who that will be 4 seasons from now – Marte, Crowe, Miller, etc. would be the examples).

The question as to how far the Indians are willing to go on the length of their contracts (and whether a 7-year deal for C.C. or a 4th year for Jake is even prudent) should play just as large of a role as to whether the players are willing to sign the extension. Extending these players, at the right price and for the right length, may be closer than the mainstream media would have you believe

The skeleton of this body of work is in place; the feasibility of locking down these main components may not be as far off as you think. Let the rest of the league burden themselves with the contracts being signed this off-season, on lesser players than those on the current Indians' roster.

By signing these 3 players to substantial extensions (as long as the club doesn't lose their mind on guaranteed years or money), the continuity and potency of this young team stays intact without overpaying for that "one missing piece". These pieces are already here – keeping them here should be the focus this Spring and the state of the Tribe payroll going forward may allow them to do just that.

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