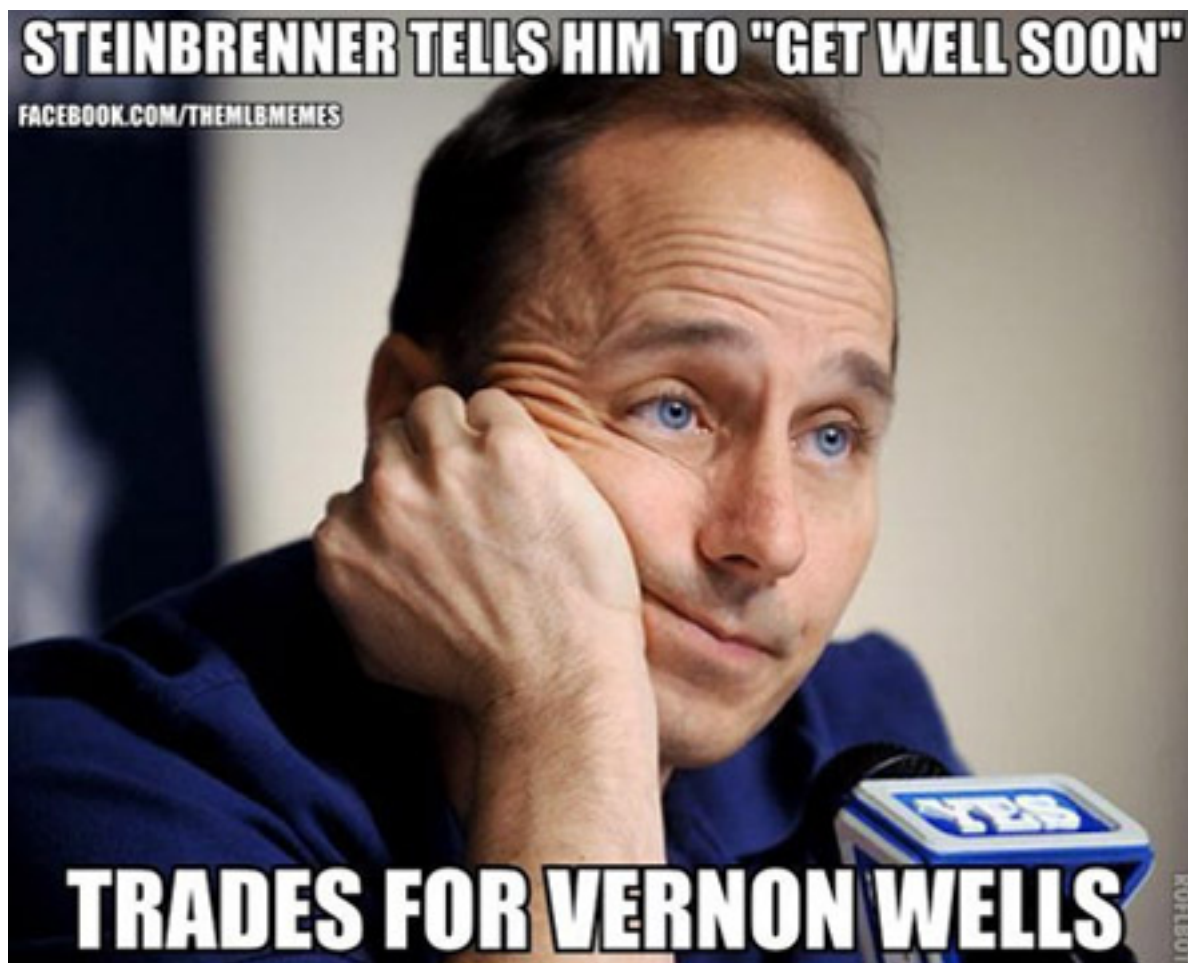


## Why the Yankees are Smarter Than You Think for the Vernon Wells Trade

Written by Maury Brown

Tuesday, 26 March 2013 13:45

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While Brian Cashman [and the Yankees](#) are being slammed for the trade, they're smarter than you think

This isn't to disparage Mr. Vernon Wells, but at this point in his career—both in terms of performance and his contract—he's not exactly seen as a good bargain. In fact, talk to most and they would argue that his contract is one of the worst in recent memory. So when word of the pending trade that would see Wells move coasts from the Angels to the Yankees, many bemoaned that Brian Cashman and the Yankees brain-trust had lost their minds. It may be crazy, but in reality if contract structures are setup correctly it has the potential to be crazy like a fox.

While the "player" is certainly not going to bring any long-term benefits, the contract structure against the backdrop of injuries, does. While the Yankees would never publically admit it, this year is not a hard push to be competitive, but rather priming the pump for the future. The trade has not yet been approved, although it's possible it could be done as early as today (Wells has already flown to Tampa to be with the club).

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Wells is owed approximately \$42 million (\$21 million in each of the next two seasons), but the Angels are reportedly picking up \$29 million of it, leaving the Yankees to cover \$13 million over the life of the contract. It's here that things get tricky and play into the Yankees overall plans to address getting under the Luxury Tax threshold.

According to initial reports, the Angels are picking up \$9 million for 2013, and the remaining \$20 million would come in 2014. On paper, it appears that the Wells deal works as a "credit" as the clubs are charged the Average Annual Value (AAV) of multi-year contracts (base salary, plus any deferred comp, and signing bonus money) for Luxury Tax purposes. Since the Wells deal is for \$126 million the AAV is \$18 million. Throw the money in that the Angels are sending, plus the section in the CBA dealing with cash considerations that reads that the "assigned Player shall include such cash consideration in its Actual Club Payroll in the Contract Year in which the cash consideration is paid," and you suddenly could think, "the Yankees are actually getting a \$3.5 million "credit" by the Angels sending cash in the manner that they are.

But, in speaking with a source close to the deal that could not go on record, this "credit" aspect will not occur. It will in fact be a "net zero" and there will be no credit aspect. As the source said, if that were allowed to be approved, you'd get clubs taking on player contracts that appear to have actual dollars that increase them over the Luxury Tax threshold, but on paper would work to put them under.

Still, with the changes in the latest CBA that now add extra penalties for exceeding the Luxury Tax threshold, the Wells deal with cash considerations from the Angels plays against the Yankees efforts to get below the \$189 million threshold in 2014. As Hal Steinbrenner said recently to *The New York Times*, "My firmly held belief is that you don't have to have a \$200 million payroll to be world champion," he said. "And the historical data that led me to that conclusion is rock solid." As to that "historical data", one need only look at the last two World Series to see what he means. In 2012, the Giants had a player payroll of \$131,980,298 while the Tigers' player payroll was just slightly higher at \$132,994,000. In 2011, the Cardinals player payroll was \$109,798,000 while the Rangers saw a player payroll of \$96,713,370.

Don't expect Wells (or for that matter, recent add [Kevin Youkilis](#) ) in a Yankees uniform in 2014. In fact, when you couple in that

[Mariano Rivera](#)

is retiring and that

[Robinson Cano](#)

,

[Curtis Granderson](#)

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,  
[Hiroki Kuroda](#)

,  
[Boone Logan](#)

,  
[Phil Hughes](#)

, and

[Andy Pettitte](#)

are all free agents after this season, it plays into the grand plan of getting under that \$189 million threshold in 2014. But, here's something worth watching out for. Here's something to consider. Sure, Hal Steinbrenner said you don't need a \$200 million payroll to compete for a World Series. Sure, the player payrolls of recent World Series teams have been almost half or more of what the Yankees have been known to saddle. That doesn't mean that you won't see the Yankees break the Luxury Tax threshold again. In fact, getting under the threshold in 2014 ostensibly does a "reset" on the steep tax rate the Yankees have hit year in and year out. It wouldn't be \$200 million, but he didn't say they wouldn't break the Luxury Tax threshold in the future, either. The most interesting time for the Yankees isn't now... it could be in 2015.

One could argue that prospects would be better served in pinstripes than Vernon Wells. Maybe. But, this year is not quite like any other in recent memory for the Yankees. In fact, one could argue that this year shouldn't be a barometer on which way the club is going. You get the sense that this season is nothing more than a tact to get stronger winds in the future that pushes the *Bronx Bombers* upstream.

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He looks forward to your comments via email and can be

[contacted through the Business of Sports Network \(select his name in the dropdown provided\)](#)

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