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Whether Building a New Sports Arena Will Revitalize Downtown and Make the Team a Winner

Brian P. Yates

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**WHETHER BUILDING A NEW SPORTS ARENA WILL
REVITALIZE DOWNTOWN AND MAKE THE
TEAM A WINNER**

BRIAN P. YATES*

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I. INTRODUCTION

As cities across the United States begin to take steps toward revitalizing their downtown areas, the installation of new stadiums and arenas are playing large roles in that movement.¹ This article will attempt to determine whether there is any correlation between building a new sports venue and the economic and social revitalization of a city’s downtown. In addition, this article will discuss the effects of a new facility on a team’s winning percentage, its bottom line, and the differences in impact on a professional, as opposed to an National Collegiate Athletic Association, sports team. This

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¹ Sports venues are not the only catalyst of downtown renewal. Cultural and performing arts centers are also being used as centerpieces of urban regeneration plans. See DAVID THROSBY, ECONOMICS AND CULTURE 124 (2001) (stating that a “cultural district” may act as a node for development in the local area and cultural industries, especially the performing arts, may constitute a vital component of a city’s economy).

article will argue that, where a sports venue is built as a part of a comprehensive redevelopment plan, it can be successful in attracting investment and revitalizing a city's downtown area.

Proponents of new sports facilities typically make four basic arguments. First, the proposed stadium or arena will bring citizens, tourists, and dollars downtown, providing a boost to downtown businesses and the local economy. Second, the new stadium is necessary to either attract a new professional team or to retain the current franchise. Third, having a sports team brings prestige to a city and qualifies it as "major league." Finally, a new stadium or arena will make the existing team more competitive in their respective league.² These new venues are increasingly publicly financed, through state and local government tax incentives and subsidies, bonds, and through additional taxes, such as sales taxes or taxes on hotels and rental cars.³

This article will examine a number of the claims surrounding the building of these new sports facilities. Section I presents a brief history of the stadium movement in the United States and examines the current trends in that movement. Section II focuses on the financing issues surrounding new sports venues. Although an increasing number of new sporting facilities are built with public funds, not all new sports venues are built with public subsidies. Therefore this section also discusses alternative approaches, such as tax increment financing and the use of enterprise zones. Section III examines some arenas that have been built entirely with private funds, and the practicality of such an option for most cities. Further, from the 1970s until the early 1990s, the majority of new stadiums and arenas were built in suburban areas, following their fans' exodus from city centers. Section IV, therefore, will address the effect of a new sports venue on the revitalization of a city's downtown and the reasons behind major league and college sports' return to downtown areas, as well as claims of newly-created jobs and the effect of commonly implemented redevelopment plans. Finally, Section V examines the issue of whether a move into a brand new facility will translate

² See, e.g., Matthew J. Parlow, *Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center*, 10 U. MIAMI BUS. L. REV. 483, 486 (2002); Kenneth Shropshire, *Sports Facility Construction in the Coming Millennium: The Lawyer's Role*, 16-FALL ENT. & SPORTS LAW 1 (1998); Kenneth Shropshire, *Stadium and Arena Financing, Including the Problem of Franchise Relocation*, SD58 A.L.I.-A.B.A. 473, Jan. 7, 1999.

³ See, e.g. Martin J. Greenberg, *Sports Facility Financing and Development Trends in the United States*, 15 MARQ. SPORTS L. REV. 93, 110 (2004) (stating that financing of baseball stadiums typically comes from the issuance of bonds supported through "increased sales and use taxes, tourist development taxes, sin taxes, car rental taxes, hotel and bed accommodation taxes, ticket surcharges, and contractually obligated income").

into greater success on the field or court for the hometown team, an issue of prime concern to many fans.

While economists and city leaders can debate the economic impact of a new venue, the team's fans are much more likely to care about wins and losses. Along with the information gathered from facilities that have already been built, examples from the University of Louisville's planned new downtown basketball arena and the ongoing debate over a new stadium in Miami, Florida, for Major League Baseball's Florida Marlins will be interspersed throughout this article. Additionally, the plans in those respective cities will be compared and contrasted with those which have already been completed.

II. THE BUILDING BOOM

While the sports debate has always raged around who would take the field (or court) for one's favorite team, the present debate has been as much about where that field would be located as who would be playing on it. The sports industry in the United States is in the midst of a building boom of new ballparks, stadiums, and arenas. Since 1990, ninety-five major league stadiums or arenas have been built or planned, and it has been estimated that more than \$21.7 billion has been spent on these facilities.⁴ Just between 1999 and 2003, twenty-nine sports venues were opened at an estimated cost of \$9 billion.⁵ To compare, public sector spending on sports venues in the late 1970s and early 1980s was approximately \$850 million⁶ and spending on new stadiums and arenas in the 1960s was only \$500 million.⁷ The boom is not limited to professional franchises. More and more of the nation's colleges and universities are seeking to improve their facilities as well. National Collegiate Athletic Association (NCAA) programs in the major Bowl Championship Subdivision (BCS) conferences⁸ have raised more than

⁴ John Scigfric & Andrew Zimbalist, *The Economics of Sports Facilities and Their Communities*, 14 J.ECON.PERSP. 95, 95-114 (2000), available at <http://www.jstor.org/view/08953309/di014723/01p0232z/0>.

⁵ Peter Asselin, Note, *Supporting the Home Team...In More Ways Than One: An Analysis of the Public Financing of Philadelphia's New Sports Stadia*, 3 RUTGERS J. L. & URB. POL'Y 389, 389 (2006). Of this amount, taxpayers funded \$5.7 billion, or nearly two-thirds of the total cost of stadium building between 1999 and 2003. *Id.*

⁶ *Id.*

⁷ Kerry Fraas, "Bankers Up!" Professional Sports Facility Financing and Other Opportunities for Bank Involvement in Lucrative Professional Sports, 3 N.C. BANKING INST. 201, 204 (1999).

⁸ The NCAA has adopted the BCS format for its Division I football championships. Each BCS conference champion receives an invitation to one of five BCS bowl games, including the national championship game. Two at-large schools are also invited, and can come from either BCS conferences or smaller non-BCS conferences. BCS conferences include: Atlantic Coast Conference (ACC), Big 10, Big 12, Big East, Southeastern Conference (SEC), and the Pacific 10 (Pac 10). BCS Selection

\$3.9 billion for new sports facilities over the past five years.⁹ More than fifteen Division I¹⁰ basketball programs have moved into new arenas over the past decade.¹¹ This facilities arms race currently encompassing college athletics is not limited to traditional powers or rising programs. Institutions *not* building are now in the minority.

To illustrate, the University of Louisville has spent \$160 million on new athletic facilities since 1990.¹² Compare how the university's Belknap campus looks today with what it looked like in the late 1980s and one will notice a striking difference. An eastern border that had been an outdated dormitory, a gravel parking lot, and a copy shop is now home to stadiums for softball, track and field, soccer, and field hockey.¹³ Similarly, a drive down the street to Papa John's Cardinal Stadium, the football stadium which opened in 1998, shows practice facilities for football and basketball, a lacrosse field, and a natatorium for swimming and diving, rather than dilapidated factories that were present not too long ago.¹⁴ Moreover, a downtown basketball arena is scheduled to open in 2010.

A. Paying for the Building Boom

So who pays for this building largesse presently underway in professional and collegiate athletics? In the 1950s, the stadiums and arenas used by professional sports franchises were predominantly privately-financed.¹⁵ Since that time however, as the number of professional teams have multiplied and the facilities grew larger and more elaborate, teams have

Procedures, <http://www.bcsfootball.org/bcsfb/eligibility> (last visited Mar. 9, 2009).

⁹ Jon Weinbach, *Inside College Sports' Biggest Money Machine*, WALL ST. J., Oct. 19, 2007, at W1, available at http://online.wsj.com/article/SB119275242417864220.html?mod=hps_us_inside_today.

¹⁰ Colleges and universities belonging to the NCAA are divided into Division I, Division II, and Division III. Separate championships are held for each division, with Division I being the largest schools. For football purposes, Division I schools are subdivided into the Football Bowl Subdivision (formerly Division I-A) and the Football Championship Subdivision (formerly Division I-AA). The schools discussed in this article will all be Division I programs, and unless otherwise noted, in the Football Bowl Subdivision. What's the Difference Between Divisions I, II, and III?, <http://www.ncaa.org/wps/ncaa?ContentID=418> (last visited Mar. 9, 2009).

¹¹ Marcus Green, *Arenas Bring Costlier Tickets*, LOUISVILLE COURIER-J., Sept. 18, 2007, at 1A.

¹² Eric Crawford, *Making Home Field an Advantage*, LOUISVILLE COURIER-J., Nov. 4, 2007, at 1C, available at <http://docs.newsbank.com/s/InfoWeb/aggdocs/AWNB/11CC18F55F765A10/0E3DD8B102176220>.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ Peter A. Groothuis, Bruce K. Johnson & John C. Whitehead, *Public Funding of Professional Sports Stadiums: Public Choice or Civic Pride*, 30 E. ECON. J. 515 (2004), available at http://college.holycross.edu/ccj/Volume30/V30N4P515_526.pdf.

come to play in facilities increasingly subsidized or entirely financed by tax revenues.¹⁶ Of the \$21.7 billion that has been spent on professional stadiums and arenas since 1990, approximately two-thirds will come from government subsidies.¹⁷ Critics are quick to point out that although all the taxpayers of a community help pay for these facilities, due to the ever-escalating ticket prices of professional sports, not all taxpayers are able to reap the benefits of actually seeing the team play.¹⁸ The average cost for a family of four to attend a National Football League (NFL) game rose to \$329.82 in 2005.¹⁹ The other major professional sports have slightly lower prices, primarily due to a greater number of home games, but they are increasing as well. The National Basketball Association (NBA) will cost the average family of four \$267.37 to attend basketball games.²⁰ The average cost of a Major League Baseball (MLB) game is \$171.19.²¹ And the National Hockey League (NHL), the least popular of the major professional sports, is no more of a bargain, costing the average family \$258.08 to attend a game.²²

It is not only professional fans that have seen ticket prices increase when their team moves into a new facility. The typical college fan will pony up more cash as well, both in the cost of their tickets and in the donation that many universities require as a prerequisite to purchasing season tickets. Ticket prices at the University of Pittsburgh have risen as much as 60 percent since the university's basketball team moved into the Peterson Events Center in 2002, and season ticket holders at Creighton University have paid as much as 20 percent more since their new arena opened in 2003.²³ Historically, moving to a new basketball arena will mean an increase in the price of tickets, according to Jim Grinstead, publisher of *Revenues from Sports Venues*.²⁴ While University of Louisville fans do not yet know how much, if at all, the price of their basketball tickets will increase, they

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Ian Dobson, *Minnesota Progressive? The Wrong Gameplan: Why the Minnesota Vikings' Failure to Understand Minnesota's Values Dooms Their Proposal for a New Stadium and How the Team Can Improve Its Future Chances*, 33 WM. MITCHELL L. REV. 485, 497 (2006).

¹⁹ Team Marketing.com, 2005 National Football League Fan Cost Index, <http://www.teammarketing.com> (last visited Feb. 27, 2009).

²⁰ Team Marketing.com, 2005-2006 National Basketball Association Fan Cost Index, <http://www.teammarketing.com> (last visited Feb. 27, 2009).

²¹ Team Marketing.com, 2006 Major League Baseball Fan Cost Index, <http://www.teammarketing.com> (last visited Feb. 27, 2009).

²² Team Marketing.com, 2006-2007 National Hockey League Fan Cost Index, <http://www.teammarketing.com> (last visited Feb. 27, 2009).

²³ Green, *supra* note 11, at 1A.

²⁴ *Id.*

will pay at least a \$2 per ticket surcharge for men's basketball to cover the arena's debt.²⁵

III. FINANCING NEW SPORTS VENUES

Most stadiums and arenas built today have both a private and public financing aspect.²⁶ One analysis has placed the public-private split in stadium financing at 57 percent to 43 percent.²⁷ Nearly all receive some public financing and very few are entirely privately financed. While the owners of sports teams often pitch in (generally to the tune of \$30 to \$100 million), those amounts are a mere pittance next to the total cost of the new facility, which can run from \$250 million to more than \$500 million.²⁸ And, of course, where public universities are concerned, there are no "owners" to step in and contribute to the overall cost of a new venue. They must rely on state and local funding, as well as the generosity of private donors.²⁹

A. Public Financing for Stadiums and Arenas

The question as to whether expending funds to build a stadium or arena for use by a private for-profit sports franchise is a legitimate usage of public funds is addressed every time a new stadium proposal is placed on the table.³⁰ Courts have continually held against these challenges, finding the construction of a stadium serves a public purpose.³¹ For example, the

²⁵ Marcus Green & Brian Bennett, *U of L Basketball To Go Downtown*, LOUISVILLE COURIER-J., Aug. 23, 2006, at 1A.

²⁶ Frank A. Mayer, III, *Stadium Financing: Where We Are, How We Got Here, and Where We Are Going*, 12 VILL. SPORTS & ENT. L.J. 195, 196-97 (2005).

²⁷ *Id.* at 211.

²⁸ Andrew H. Goodman, *The Public Financing of Public Sports Stadiums: Policy and Practice*, 9 SPORTS LAW. J. 173, 185 (2002).

²⁹ Private donors generally include both individuals and corporations.

³⁰ Although numerous lawsuits are filed each time a stadium is proposed, challengers have not had much success as municipalities and sports authorities have won nearly every case filed against them. Martin J. Greenberg, *Sports Facility Financing and Development Trends in the United States*, 15 MARQ. SPORTS L.J. 93, 97 (2004).

³¹ See, e.g., *Lifteau v. Metropolitan Sports Facilities Comm'n*, 270 N.W.2d 749 (Minn. 1978) (holding that construction of publicly owned sports facility for use by professional sports organizations and others had public purpose for which public funds could be expended); *Meyer v. City of Cleveland*, 171 N.E. 606 (Ohio App. 1930) (holding that a "stadium is a public building within the power of a chartered municipality like Cleveland to construct and maintain"); *Martin v. City of Philadelphia*, 215 A.2d 894 (Pa. 1966) (holding city was authorized to construct large stadium and to lease it to one or two major league football clubs and to one or two professional baseball clubs having major league franchises); see also *Poc v. Hillsborough County*, 695 So. 2d 672 (Fla. 1997) (holding that the existence of a clause in stadium lease granting NFL team the first \$2 million in net revenues from non-football events net of

Minnesota Supreme Court found a public purpose in the expenditure of public funds to “induce private development in an urban development district.”³² That court took judicial notice of the important role that professional sports plays in a person’s social life and noted the use of the facilities by diverse groups of citizens.³³ Although building a stadium for a professional sports franchise would seem to greatly benefit the team, courts have found that simply because a benefit is realized by a private entity, the predominant public purpose of the act is not thereby destroyed.³⁴ Even courts which had at one point held for the challengers have seemingly reversed course, as illustrated by the Florida Supreme Court. After holding in 1966 that building a baseball stadium was not a municipal service for which a city could issue bonds,³⁵ the Court in 1997 allowed the City of Tampa, Florida, to issue bonds in order to build a new NFL stadium.³⁶

Public funding for new sports facilities comes from state and local governments. The 1986 Tax Reform Act took the federal government out of the stadium and arena funding business when it eliminated sports stadiums as facilities qualifying for federal tax subsidies.³⁷ Under the 1986 Act, a bond issuance is considered a private-activity bond, and therefore taxable, if more than 10 percent of the bond proceeds are used by a nongovernmental entity and more than 10 percent of the debt is secured by property used directly or indirectly by the nongovernmental entity.³⁸ Because very few, if any, sports franchises will use less than 10 percent of the arena’s services, in order to remain eligible for a tax-exempt bond issuance, they must satisfy the securities test.³⁹ This means that no more than 10 percent of the debt service on the bonds may be secured directly or indirectly by any private business.⁴⁰ Although the 1986 Act intended to put a stop to the taxpayer-financing of stadiums and arenas, Congress left in place a gigantic loophole by allowing payments on the debt to be made with

direct costs, without more, did not justify finding that stadium did not serve paramount public purpose); *Libertarian Party of Wisconsin v. State*, 546 N.W.2d 424 (Wis. 1996) (holding that Stadium Act did not unconstitutionally pledge state credit for private business).

³² *Lifteau*, 270 N.W.2d at 754.

³³ *Id.* at 754–55. The Court also commented on the usage of the facility by groups other than professional sports and noted that “[i]mproved facilities will undoubtedly increase the use by diverse nonprofessional sports users.” *Id.* at 755.

³⁴ *Libertarian Party of Wisconsin*, 546 N.W.2d at 434.

³⁵ *Brandes v. City of Deerfield Beach*, 186 So. 2d 6 (Fla. 1966).

³⁶ *Poe*, 695 So. 2d at 672.

³⁷ *Mayer*, *supra* note 26, at 209.

³⁸ *Goodman*, *supra* note 28, at 182.

³⁹ *Id.* at 183.

⁴⁰ *Id.*

general municipal revenues such as taxes or lottery receipts.⁴¹ Rather than eliminating publicly subsidized sports facilities, the 10 percent litmus test has instead put taxpayers on the hook for at least 90 percent of the necessary debt service.⁴² Because of this 10 percent securities test, state and local governments are often forced to create new revenue streams in order to cover the costs of building the stadium or arena. In comparison, the burden on the team is relatively small.⁴³

B. Tax Increment Financing

Many municipalities use what is known as tax increment financing (hereinafter “TIF”) to fund sports facilities building projects. The idea behind TIF is that the redevelopment of blighted areas will increase property values⁴⁴ and present other revenue streams, such as those from income and occupational and sales taxes generated from the renewed area.⁴⁵ Tax increment financing is a tax incentive provided by a local government wherein “the increased tax revenue derived from a project is set aside into a special fund to pay for infrastructure, remediation, or other costs associated with that project.”⁴⁶ In our case, the increased tax revenue derived from the so-called TIF zone would be used to pay the debt service on the new stadium or arena. When using a TIF, the taxable worth of real property at the moment of approval of the authorizing legislation becomes locked in, and any payments derived from the increased assessed value of that property are directed to a separate fund, in this case, an arena fund.⁴⁷ Additionally, municipalities can designate a “development district”, in which property values across an entire neighborhood are locked in for a set number of years, rather than just one property.⁴⁸

In the case of a new downtown basketball arena for instance, a municipality can designate an “arena district” in order to pay down the debt

⁴¹ *Id.* at 184.

⁴² *Id.* at 185.

⁴³ *Id.* at 186.

⁴⁴ An increase in property values will produce a corresponding increase in property tax revenues realized by municipal governments. See Christian Harris, *Constitutional Amendments*, 24 U. ARK. LITTLE ROCK L. REV. 635, 636 (2002).

⁴⁵ Owen Covington, *New World' of Finance: From its California Roots, TIF Spreads to Other States*, OWENSBORO MESSENGER-INQUIRER, Sept. 2, 2007.

⁴⁶ Julianne Kurdila & Elise Rindfleisch, Note, *Funding Opportunities for Brownfield Redevelopment*, 34 B.C. ENVTL. AFF. L. REV. 479, 496 (2007).

⁴⁷ Ohio Department of Development, Tax Increment Financing, <http://www.odod.state.oh.us/edd/tif/> (last visited Feb. 25, 2009).

⁴⁸ St. Louis Development Corporation, Tax Benefit Programs: Tax Increment Financing, <http://stlouis.missouri.org/slde/busdev/tif.html> (last visited Feb. 25, 2009).

through TIFs, and thereby generate revenue from nearby restaurants, stores, and other businesses.⁴⁹ Moreover, TIFs include not only incremental property taxes, but also a percentage of new Economic Activity Taxes, such as local sales taxes, earnings taxes, and utility taxes.⁵⁰ The “arena district” therefore, can entice not only a new sports venue to an area, but numerous other businesses that can expect to benefit from the higher pedestrian traffic generated by sporting events in the area.

Critics complain that TIFs simply shift the tax burden away from the wealthy and onto those with less means with which to pay.⁵¹ As the costs of services increase, the amount of taxes paid by those in the designated “development district” do not rise in a correlating manner, as one might expect.⁵² Arena districts fail to spread the wealth, and additional tax revenue that is generated from the development fails to benefit other areas of the city.⁵³ Proponents of the TIF concept counter such arguments and assert that without the new development, the municipality would not have had that additional revenue anyway, and therefore, nothing is really lost.⁵⁴ Of course, a new stadium or arena could also drive economic development outside of the TIF district, with the development or expansion of properties such as hotels, which would be required to pay tax at full value.

C. *Privately-Financed Success Stories*

In the early days of professional sports, private funding was the norm.⁵⁵ That trend however, has taken a hard shift toward the use of public funds for new stadiums, as illustrated by Major League Baseball.⁵⁶ In the four-year period between 1999 and 2002, only one ballpark, PacBell—now AT&T

⁴⁹ See, e.g., Beverly Fortune, *How Tax Increment Financing Could Help: Money to Boost Downtown Development*, LEXINGTON HERALD-LEADER, Oct. 23, 2007, at A8; Darryl Enriquez, *Project Seeks Funding Help; Costs of Proposed Waukesha Eatery Exceed Expectations*, MILWAUKEE JOURNAL SENTINEL, Aug. 23, 2007, at B1.

⁵⁰ St. Louis Development Corporation, *Tax Benefit Programs: Tax Increment Financing*, <http://stlouis.missouri.org/sldc/busdev/tif.html> (last visited Feb. 25, 2009).

⁵¹ Daniel McGraw, *Tax Increment Financing: A Bad Bargain for Taxpayers*, REASON MAGAZINE, Jan. 2006, available at http://reclaimdemocracy.org/articles/2006/tax_increment_financing.php.

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ Phillip Miller, *Private Financing and Sports Franchise Values: The Case of Major League Baseball*, 8 J. SPORTS ECON. 449, 457 (2007), available at <http://krypton.mnsu.edu/~millep1/papers/Public%20Funding%20and%20Sports%20Franchise%20Values.pdf> (noting historic ballparks Yankee Stadium, Wrigley Field, and Fenway Park were all privately financed).

⁵⁶ See *id.*

Park—in San Francisco, California, was built with entirely private funds.⁵⁷ To compare, six MLB teams built new stadiums during that period.⁵⁸

One of the best examples of a successful privately-financed sports venue is the \$357 million AT&T Park in San Francisco.⁵⁹ The home of the MLB's San Francisco Giants was financed through a \$170 million bank loan, \$70 million from charter seat licenses, \$102 million from naming rights and other sponsorships, and \$15 million from tax increment financing provided by the city's redevelopment agency.⁶⁰ Additionally, the Pepsi Center, built in Denver, Colorado for the NBA's Denver Nuggets in 1999, cost over \$180 million and was paid from largely private funds.⁶¹ Even with the bulk of construction costs coming from private sources, however, the team received substantial tax subsidies, including more than \$2 million annually for property tax exemptions.⁶²

D. *Funding a Basketball Arena for the University of Louisville*

In the case of the University of Louisville's new downtown basketball arena, which will be built at a maximum cost of \$254 million, funding will be shared among the state and local governments, as well as private interests.⁶³ Metro Louisville has pledged at least \$206 million to the project and an estimated \$265 million will come from a TIF district.⁶⁴ The arena authority also expects an additional \$279 million from other sources, such as advertising and building naming rights.⁶⁵ The total estimated debt service over the life of the project is estimated at \$573.2 million.⁶⁶ Bonds in the amount of \$339.3 million will be issued to cover that cost⁶⁷ through the nonprofit Kentucky Economic Development Finance Authority.⁶⁸

⁵⁷ *Id.* at 456.

⁵⁸ *Id.* at 458.

⁵⁹ Ballparks.com, AT&T Park, <http://www.ballparks.com/baseball/national/pacbel.htm> (last visited Feb. 25, 2009).

⁶⁰ *Id.*

⁶¹ Pepsi Center, Arena Facts, <http://www.pepsicenter.com/Facility/ArenaFacts/Default.aspx> (last visited Feb. 25, 2009).

⁶² Ballparks.com, Pepsi Center, <http://basketball.ballparks.com/NBA/DenverNuggets/newindex.htm> (last visited Feb. 25, 2009).

⁶³ Marcus Green, *Cap Put on Cost of Arena Downtown*, LOUISVILLE COURIER-J., Sept. 18, 2007, at 1A.

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ Press Release, Louisville Arena Authority, Goldman Sachs to Underwrite Louisville Arena (Jan. 17, 2007), available at <http://www.arenaauthority.com/docs/PressRelease%20Goldman.pdf>.

⁶⁷ *Id.*

⁶⁸ Green, *supra* note 63, at 1A.

E. *Funding a New MLB Ballpark for the Florida Marlins*

Major League Baseball's Florida Marlins have also reached an agreement with Miami-Dade County and the city of Miami to build the team a new ballpark, scheduled to open in time for the first pitch of the 2011 season.⁶⁹ The 37,000 seat, retractable roof ballpark will be located at the site formerly occupied by the Orange Bowl.⁷⁰ The Marlins and Major League Baseball originally wanted a stadium located downtown, but agreed to accept the Orange Bowl location.⁷¹

Funding for the \$515 million⁷² stadium would be shared among Miami-Dade County, the city, and Marlins owner Jeffrey Loria.⁷³ Under the deal, reached on February 21, 2008, the county would bear two-thirds of the cost, or \$347 million;⁷⁴ Loria 30 percent, or approximately \$155 million;⁷⁵ and the city would be on the hook for roughly \$10 million, or three percent.⁷⁶ Miami-Dade County's portion of the total funds will consist of \$297 million of County tourist tax revenues and \$50 million of Building Better Communities General Obligation Bonds.⁷⁷

⁶⁹ Charles Rabin, Matthew Pinzur & Michael Vasquez, *Marlins Sweep as City, County OK Stadium*, MIAMI HERALD, Feb. 22, 2008, at A1, available at 2008 WLNR 3464122.

⁷⁰ *Id.*

⁷¹ Mike Berardino, *Marlins Park Top Priority*, S. FLA. SUN-SENTINEL, Oct. 25, 2007, at 3C, available at 2007 WLNR 20967286.

⁷² Although at least one Miami Herald article lists the planned stadium's cost as \$525 million, the Baseball Stadium Agreement drafted for Dade County commissioners gives the price as \$515 million, which is the number this article will use. See Yudy Pinciro, *West Kendall: Incumbent Talks Issues*, MIAMI HERALD, Apr. 17, 2008, at 4.

⁷³ Memorandum from George M. Burgess, County Manager, Miami Dade County, to Honorable Chairman Bruno A. Barreiro and Members, Board of County Comm'rs (Feb. 16, 2008) (on file with The Miami Herald), available at http://media.miamiherald.com/smedia/2008/02/16/20/marlins_doc.source.prod_affiliate.56.pdf [hereinafter Burgess]; Marc Edelman, *Deal Expensive, Maybe Unconstitutional*, MIAMI HERALD, Mar. 4, 2008, at A19, available at <http://www.miamiherald.com/851/story/443020.html> [hereinafter Edelman].

⁷⁴ See Burgess, *supra* note 73.

⁷⁵ The Marlins' contribution of \$155 million to the project includes a total of \$35 million in annual lease payments the team pays Miami-Dade County under the terms of the Management Agreement. See *id.*

⁷⁶ Edelman, *supra* note 73. In addition, this amount does not include \$10 million for Orange Bowl demolition and site preparation or an estimated \$94 million for a parking garage to be built adjacent to the stadium. Burgess, *supra* note 73.

⁷⁷ Burgess, *supra* note 73.

IV. REVITALIZING DOWNTOWN

The earliest ballparks were built for convenience, and in the 1940s, this meant they were built downtown where most people lived.⁷⁸ Parking was not a concern, as people either walked the short distance to the park or utilized public transportation.⁷⁹ As more people began to own automobiles, and the population began to migrate away from city centers into the suburbs, the stadium movement went with them. New ballparks were of the cookie-cutter variety, built in a manner which allowed the facility to be utilized for several sports, and built in suburbs or near interstate interchanges where they were easily accessible to suburbia.⁸⁰ In the 1990s however, the trend reversed and cities began to place new stadiums and arenas at the forefront of their urban renewal plans. With Baltimore's Camden Yards in 1992, Cleveland's Jacobs Field and Gund Arena in 1995, and Colorado's Coors Field, also in 1995, city planners began to recognize the value of a new stadium or arena as the centerpiece of a revitalized downtown.⁸¹ These facilities were built to fit seamlessly into the downtown area, as opposed to repudiating it.⁸²

A. *Why Downtown?*

Locating these new sports venues in city centers, rather than building them in suburbia as had been the trend, would appear to fly in the face of sound economic wisdom. Greater congestion, a lack of adequate (and inexpensive) parking, and in light of the fact that the majority of loyal ticker holders live in suburbia, are all factors which seem to make a suburban arena or stadium more practical. There is no question that building downtown is more expensive than an alternate suburban location. Yet, despite these concerns, political factors like the increased support for public financing and the linkage of economic development to arena projects have become a major determinant in the location of new sports venues.⁸³

The current trend has been toward revitalizing the deteriorated downtown areas of cities across the country. With many urban centers

⁷⁸ David E. Cardwell, *Sports Facilities and Urban Redevelopment*, 10 MARQ. SPORTS L.J. 417, 418 (2000).

⁷⁹ *Id.*

⁸⁰ *Id.*

⁸¹ Michael Janofsky, *Washington Starts to Build a Downtown Sports Arena*, N.Y. TIMES, Oct. 19, 1995, at 16.

⁸² Cardwell, *supra* note 78, at 421.

⁸³ Tim Chapin, *The Political Economy of Sports Facility Location: An End of the Century Review and Assessment*, 10 MARQ. SPORTS L.J. 361, 364 (2000).

having become nothing more than a place where people come to work, and then return to the suburbs at the close of business hours, city leaders began to realize the need to attract people, both citizens and tourists alike, to downtown areas in the evenings and on weekends. The idea, as expressed by proponents of new downtown stadiums and arenas, is that sports facilities will keep downtown workers in the area for evening events and bring them back on weekends and holidays.⁸⁴ Sports such as baseball and basketball have a great number of home games during their respective seasons, drawing fans downtown and boosting business for nearby bars and restaurants. Fans will—proponents of the stadium-led downtown renewal efforts argue—go downtown for a sporting event and remain there to eat or have a post-game adult beverage.

Reflecting this hope, fifteen of the last seventeen major arenas built in the United States have been built in downtown locations.⁸⁵ This is the case even though property and labor are more expensive in an urban setting versus building a facility in the suburbs.⁸⁶ The greater cost of acquiring land downtown, as well as the substantial improvements to the land which often have to be completed before any actual building can begin, plays a large role in the skyrocketing cost of new sports venues.⁸⁷ Another reason cited for the move downtown is that teams are looking to locate their venues close to their core constituencies.⁸⁸ Whereas the middle class's move to the suburbs fueled the relocation of sports facilities to locations outside of a city, the huge revenues created by the sale of luxury boxes have driven the trend to build in city centers, as those boxes are being purchased by corporations, law firms, and financial institutions which are generally found in skyscrapers downtown.⁸⁹

B. *New Jobs Created by Sports Facilities*

Supporters of building a new stadium or arena in a city's downtown often argue that the facility will bring new jobs to the area, in addition to providing a boost in downtown consumption.⁹⁰ The Tampa Bay Rays

⁸⁴ Cardwell, *supra* note 78, at 422.

⁸⁵ Louisville Arena Authority, <http://www.arenaauthority.com/faq.htm> (last visited Feb. 26, 2009).

⁸⁶ Kenneth L. Shropshire, *Stadium and Arena Financing, Including the Problem of Franchise Relocation*, A.L.I. (2001).

⁸⁷ Chapin, *supra* note 83, at 374.

⁸⁸ *Id.* at 378.

⁸⁹ *Id.* at 378-79.

⁹⁰ Truly accurate data is difficult to find on this subject. Employees hired directly by the arena project include temporary workers during the construction phase, and seasonal employees during the

baseball club, which has finished dead last in the American League East Division every year except two since their start in 1998, is asking St. Petersburg to build them a new bay-front ballpark in the heart of downtown. The Rays' management claims that a new stadium will pump \$1 billion into the St. Petersburg economy, create 2,500 permanent jobs, and will attract a million square feet of retail, office, and commercial development.⁹¹ Jobs created directly by the new sports facility, however, are often seasonal and low-paying, such as food and beverage vendors or stadium ushers. While the importance of these jobs to the people holding them is not to be underestimated, it should be noted that the creation of jobs does not necessarily mean permanent careers. When the Rays claim that 2,500 permanent jobs will be created, presumably they are referring to people working at retail outlets and offices built within the entire development district. Regardless, the claim of job creation continues to receive widespread support from downtown stadium proponents. Florida Governor Charlie Crist, who backs state financing for new ballparks for both the Rays and the Florida Marlins, said that he views "as a significant part of economic development what sports does for Florida. It provides jobs, jobs, jobs for a lot of people."⁹²

A city's unemployment rate is another point for consideration in whether a new sports venue will create valuable new jobs. A high rate of unemployment will certainly provide a large availability of labor to work in the jobs created by the project. However, in cities with low unemployment rates, workers will either leave their current jobs for new ones, or new employers will have to look outside the city to attract new workers. A sports venue could prove beneficial in attracting new labor to an area, and not solely for work in or on the project itself.⁹³ Those who enjoy taking in a ballgame or having a hometown team to root for may be willing to forgo

sports season. In addition, proponents of arena projects give them credit for new jobs at hotels, restaurants, and other retail locations surrounding the new arena. See, e.g., Tania Valdemoro, *Coconut Grove: Miami Commissioner Joe Sanchez Stumps for Votes in Coconut Grove*, MIAMI HERALD, Mar. 8, 2009, available at 2009 WLNR 4426311 (noting that Miami City Commissioner supported the new ballpark because of the 3,500 jobs that it is supposed to create, "Little Havana and the entire city will benefit from the stadium. Restaurants, cafeterias and hotels will open around it.").

⁹¹ Carlos Moncada, *Stadium Proposal: A Year in the Works*, TAMPA TRIBUNE, Nov. 17, 2007.

⁹² David Royse, *Crist Wants to Help Team Build Park*, ORLANDO SENTINEL, Nov. 15, 2007, at D3.

⁹³ The creation of a vibrant and attractive city does not rest solely on the construction of new sports venues. See DAVID THROSBY, *ECONOMICS AND CULTURE* 125 (Cambridge University Press) (2001). A host of cultural development can make a city "major league." See *id.* (the economic ramifications of some manifestations of culture may play a role in improving the profile or image of a city as a desirable location for immigration of capital and establishment of new businesses).

some of their income in exchange for access to these perks.⁹⁴ A rich cultural experience may entice new development in a city, as firms seek a quality of life for their employees that depends in part on a wide array of sports and entertainment options.⁹⁵ A Brookings Institute study on Seattle's downtown initiative, which included building or renovating three sports stadiums, found that the result was a "street scene that visitors and residents find appealing, and that high tech companies definitely view as an asset in recruiting employees."⁹⁶

Critics argue however, that a new stadium or arena will not produce additional income to the local economy, but rather, divert spending that would otherwise have gone to different forms of entertainment.⁹⁷ This leads to economic activity remaining at or near levels before the new sports facility.⁹⁸ Detractors also claim that the facility will not be self-financing and that revenue forecasts are not as certain as advertised. While many of the arguments surrounding the building of new sports facilities are open for debate, there are several "givens." According to a Wharton School professor, these so-called "givens" are that arenas will give more bang for the buck compared to other sports facilities;⁹⁹ multipurpose facilities would be the next best option, but these are usually deemed unacceptable to their tenants; baseball stadiums rank immediately behind arenas because of the greater amount of home games; and, finally, a municipality should not build a stadium in hopes a team will come.¹⁰⁰

⁹⁴ See Bille Trine, & Gunther Schulze, *Culture in Urban and Regional Development*, in HANDBOOK OF THE ECONOMICS OF ART AND CULTURE 1066 (Victor Ginsburgh & David Throsby ed., 2006) (arguing that a lively cultural atmosphere may attract people and firms to particular regions).

⁹⁵ Paul Sommers & Daniel Carlson, *Ten Steps to a High Tech Future: The New Economy in Metropolitan Seattle*, BROOKINGS INSTITUTION CENTER ON URBAN AND METROPOLITAN POLICY (2000), available at http://www.brookings.edu/~media/Files/rc/reports/2000/12labormarkets_sommers/sommersreport.pdf. In Seattle, a mix of public and private dollars have funded three new or revamped sports venues, a concert hall, and downtown parks and outdoor spaces. *Id.*

⁹⁶ *Id.*

⁹⁷ Matthew Parlow, *Publicly Financed Sports Facilities: Are They Economically Justifiable? A Case Study of the Los Angeles Staples Center*, 10 U. MIAMI BUS. L. REV. 483, 512 (2002).

⁹⁸ *Id.*

⁹⁹ Arenas are seen as best because they are more suitable to host additional events, such as concerts and conventions, beyond simply their sports tenants' games. Basketball and hockey teams often share arenas, while football and baseball stadiums are unsuitable for all but the largest events. To illustrate, the Louisville Arena Authority estimates that Louisville's new arena will host events 115 nights per year, or approximately one event every three nights. Louisville Arcna Authority, *supra* note 85.

¹⁰⁰ Shropshire, *supra* note 86.

C. Arenas and Stadiums as Centerpieces of Redevelopment Plans

While a number of academic studies have shown that a new sports facility by itself will not drive much additional economic growth, where those facilities are built as the centerpiece of a holistic redevelopment plan, as with Baltimore's Camden Yards or Cleveland's Jacobs Field, they can provide an economic boost. Brad R. Humphreys, an economics professor at the University of Alberta, has studied the economic impact of major league baseball, football, and basketball teams in thirty-seven cities over a 30-year period and has found no evidence that "stadiums and arenas are an important engine of local economic growth."¹⁰¹ However, if the sports project is integrated with a "complete local redevelopment plan," including residential housing and retail outlets, Dr. Humphreys has found that the facility can provide some benefits to the city's economy.¹⁰²

Cities utilizing a new downtown stadium or arena as the centerpiece of a comprehensive redevelopment plan can expect much better results than those municipalities which simply throw a new facility onto whatever block it will fit on.¹⁰³ Michael White, Mayor of Cleveland, Ohio, seconded the opinion of Dr. Humphreys, saying that the building of a new arena must be done in accordance with a comprehensive economic development plan for downtown.¹⁰⁴ Mayor White estimated that for every dollar that had gone into creating the \$750 million Gateway Arena Sports Complex, four more dollars went into the surrounding neighborhoods.¹⁰⁵ Cities that have had success spurring downtown redevelopment by building new stadiums or arenas include Cleveland, Ohio; Baltimore, Maryland; Memphis, Tennessee; Los Angeles, California; and Detroit, Michigan. Detroit, rated as one of the most dangerous cities in the United States, has lost nearly a million people since 1950, but that exodus has been slowed—although not reversed—due in part to its downtown redevelopment plan that included

¹⁰¹ Jennifer V. Hughes, *Newark Arena's Economic Impact Unclear*, N.Y. TIMES, Nov. 4, 2007, at 14NJ, available at 2007 WLNR 21766547.

¹⁰² *Id.*

¹⁰³ *Cf.* ESPN.com, *Vegas, Baby? Arena Envisioned to Draw Pro Team to City*, <http://sports.espn.go.com/espn/news/story?id=2986775> (last visited Feb. 27, 2009) (stating that although a great deal of the available information suggests that a city should have a team to use the venue before building it, Harrah's Entertainment, Inc., and AEG are planning to build a \$500 million arena in order to attract an NBA team to the city).

¹⁰⁴ Ronald Smothers, *Cleveland Mayor Warns Newark an Arena is No Cure-All*, N.Y. TIMES, Oct. 20, 1999, available at <http://query.nytimes.com/gst/fullpage.html?res=9C04E5DB1239F933A15753C1A96F958260>.

¹⁰⁵ *Id.*

Ford Field, used by the Detroit Lions of the NFL, and Comerica Park, home to Major League Baseball's Detroit Tigers.¹⁰⁶

While arenas at the center of a comprehensive revitalization plan have proven successful for many cities, building a new stadium or arena with nothing more than the hope that it alone will drive economic growth in the city appears to be a mistake. The city of San Antonio, Texas, built the \$186 million AT&T Center for the NBA's San Antonio Spurs in 2002.¹⁰⁷ The arena, which received a mix of private and public funding, was supposed to "spark 'economic development opportunities' for the neglected East Side" of San Antonio.¹⁰⁸ Instead, five years later, the Spurs were already asking for more tax breaks to improve the arena while the neighborhood has seen almost no change or new investment.¹⁰⁹ The AT&T Center was not built downtown, but rather, about three miles away.¹¹⁰ San Antonio increased hotel and rental car taxes in order to pay for the arena and supporters claimed that the arena would be a "new node for economic development."¹¹¹ Instead, a tattoo parlor which opened in 2006 in the midst of numerous boarded-up buildings is essentially the extent of development, or lack thereof, which has occurred around the arena.¹¹²

While San Antonio chose to locate the AT&T Center just outside of downtown, Oklahoma City, Oklahoma, placed its Ford Center in the Bricktown District of downtown. Completed in 2002, the \$89.2 million arena¹¹³ was built upon nothing more than the promise that the arena would create economic revitalization to the downtown area. Although built with the hope of attracting either an NHL or NBA franchise, today the Ford Center is home only to minor league hockey and arena football.¹¹⁴ The

¹⁰⁶ David N. Goodman, *Detroit Declared Most Dangerous US City*, FREE REPUBLIC, Nov. 18, 2007, <http://www.freerepublic.com/focus/f-news/1927610/posts>.

¹⁰⁷ Ballparks.com, AT&T Center, <http://basketball.ballparks.com/NBA/SanAntonioSpurs/newindex.htm> (last visited Feb. 27, 2009).

¹⁰⁸ John Tedesco, *An Arena Wasteland*, SAN ANTONIO EXPRESS-NEWS, Nov. 4, 2007, at 1A, available at 2007 WLNR 21853194.

¹⁰⁹ *Id.*

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Id.*

¹¹³ Ford Center Fast Facts, http://www.okfordcenter.com/arenainfo_fastfacts.html (last visited Feb. 27, 2009).

¹¹⁴ *Id.* The city spent nearly six years trying to attract an NBA franchise without success. See, e.g., ESPN.com, Officials to Visit Oklahoma City as Part of Sonics Relocation Request, <http://sports.espn.go.com/nba/news/story?id=3280237> (last visited Feb. 27, 2009). After the writing of this article, the Seattle Supersonics relocated to Oklahoma City and are now known as the Oklahoma City Thunder. CBSSports.com/nba/teams/history/OKC (last visited Aug. 1, 2009).

promises of spurring huge development so far unfulfilled, city officials were forced to ask voters to approve an extension of a one cent sales tax for \$120 million worth of improvements to the barely six-year-old arena.¹¹⁵ Although Oklahoma City has seen a great deal of improvement downtown, the Ford Center continues to be viewed as a shortcoming of the city's revitalization plan.¹¹⁶

While the AT&T Center in San Antonio and Oklahoma City's Ford Center have failed as catalysts for economic development of their neighborhoods, at least so far, the Verizon Center in Washington, D.C., has proven much more successful. The \$200 million sports and entertainment center, home to the NBA's Washington Wizards and the NHL's Washington Capitals, opened in 1997. Because the city was essentially broke at the time, Wizards owner Abe Pollin financed the entire project, although the city spent \$60 million on infrastructure improvements.¹¹⁷ In addition to the Wizards and Capitals, the arena is home to the WNBA's Washington Mystics and the Georgetown University Hoyas basketball team. All told, the Verizon Center hosts events 220 nights out of the year.¹¹⁸ Prior to the arena being built, the downtown area was a slum, largely dilapidated and avoided by the public. Vagrants slept in the park and urinated publicly.¹¹⁹ Today, however, nearly \$5 billion in development has been completed within a 6-block radius of the arena.¹²⁰ The city has received more than \$1 billion in tax revenue as a result of that development and created an estimated 41,000 new jobs.¹²¹ Additionally, the number of visitors to the area has tripled and the number of restaurants has doubled.¹²² All involved parties agree that the Verizon Center has been a catalyst for downtown development.

¹¹⁵ Brian Brus, *OKC-Based Ford Center Upgrade: The Ball is in the Voters' Court*, OKLA. CITY J. REC., Jan. 3, 2008, available at http://findarticles.com/p/articles/mi_qn4182/is_20080103/ai_n21187891. Voters approved the ballot initiative on March 4, 2008. Bryan Dean & John Estus, *Mayor Declares Victory for Ford Center Upgrades*, THE OKLAHOMAN, Mar. 5, 2008, available at <http://newsok.com/article/3212041>.

¹¹⁶ Steve Lackmeyer, *How Team, Building Changed Indianapolis Image*, THE OKLAHOMAN, Jan. 8, 2008, at 4B, available at 2008 WLNR 467830. With the relocation of the Seattle Supersonics to Oklahoma City last season, it is too soon to know the economic impact on the city's downtown revitalization.

¹¹⁷ VerizonCenter.com, Verizon Center Facts, <http://www.verizoncenter.com/about/> (last visited Feb. 27, 2009) [hereinafter Verizon Center Facts]; Tim Lemke, *Change on the Verizon: After Arena Revived D.C., City Set to Return the Favor*, WASH. TIMES, Oct. 29, 2007, at A01, available at 2007 WLNR 21302126; see Michael Janofsky, *Washington Starts to Build a Downtown Sports Arena*, N.Y. TIMES, Oct. 19, 1995, at 16, available at 1995 WLNR 3835361.

¹¹⁸ Verizon Center Facts, *supra* note 117.

¹¹⁹ Lemke, *supra* note 117.

¹²⁰ *Id.*

¹²¹ *Id.*

¹²² *Id.*

Memphis, Tennessee, built the \$250 million FedEx Forum to serve as the home of the NBA's Memphis Grizzlies in 2004.¹²³ Built on famous Beale Street, the city hoped that the arena would bring new life to downtown. While a great deal of investment has taken place in the immediate vicinity of FedEx Forum, a few blocks away, the neighborhoods south of the arena continue to struggle.¹²⁴ Hopes for the SoFo district, the area south of FedEx Forum, have not yet materialized. However, the downtown neighborhoods around the arena itself are booming. Hotels, Blues clubs, and a multitude of bars and restaurants have opened and reinvigorated the Beale Street area.¹²⁵

San Diego, California, opened the \$411 million Petco Park, home to Major League Baseball's Padres, in 2004.¹²⁶ The ballpark was built to fit seamlessly into downtown San Diego, even incorporating the historic Western Metal Supply Company building, which holds the left-field foul pole.¹²⁷ Since the ballpark's opening, an estimated \$4.3 billion has either been spent on development or allocated for such purposes.¹²⁸ Moreover, the downtown growth is not just commercial. San Diego's downtown population has nearly doubled to around 30,000 over the past seven years, as well.¹²⁹

The standard for downtown sports facilities is Oriole Park at Camden Yards in Baltimore, Maryland. Opening in 1992, the home of Major League Baseball's Orioles ushered in the new era of stadium construction and moved away from the cookie-cutter philosophy of the 1970s to a more innovative, fan-friendly stadium. The stadium famously incorporates the historic 1898 B&O Warehouse building, which can be seen beyond right field.¹³⁰ The ballpark cost \$106.5 million to build and was paid for by the state of Maryland.¹³¹ Today, a report conducted for the Maryland Sports

¹²³ Ballparks.com, FedEx Forum, <http://basketball.ballparks.com/NBA/MemphisGrizzlies/index.htm> (last visited Feb. 27, 2009).

¹²⁴ Amos Maki, *Incentives to Jump-Start Growth South of FedEx Forum*, COMMERCIALAPPEAL.COM, June 24, 2007, <http://m.commercialappeal.com/news/2007/Jun/24/incentives-to-jump-start-growth-south-of/>.

¹²⁵ *Id.*

¹²⁶ BallparksofBaseball.com, Petco Park, <http://www.ballparksofbaseball.com/nl/PetcoPark.htm> (last visited Mar. 1, 2009).

¹²⁷ The Official Site of the San Diego Padres, Petco Park, <http://sandiego.padres.mlb.com/sd/ballpark/index.jsp> (last visited Mar. 1, 2009).

¹²⁸ James Hebert, *The Lights Are Much Brighter There; Downtown's Hot New Scene is Getting a Boost From a Newly Vibrant Player*, SAN DIEGO UNION-TRIBUNE, July 1, 2007, at E1.

¹²⁹ *Id.*

¹³⁰ BallparksofBaseball.com, Oriole Park at Camden Yards, <http://www.ballparksofbaseball.com/al/CamdenYards.htm> (last visited Mar. 1, 2009).

¹³¹ Doug Pappas, *New Stadia: Baltimore*, BOSTON BASEBALL, May 2000, available at

<http://www.roadsidephotos.com/baseball/bb00sta-2.htm>.

¹³² Brandon Weigel, *Study: O's Economic Impact "More Valuable than the Numbers Suggest,"* BALTIMORE BUSINESS JOURNAL, Apr. 9, 2007.

¹³³ *Id.*

¹³⁴ Stadiumsofthenfl.com, M&T Bank Stadium, <http://www.stadiumsofnfl.com/afc/M&TBankStadium.htm> (last visited Mar. 1, 2009).

¹³⁵ Beverly Fortune, *City Development: Learning from Lively Louisville, Lexington Can Look to the West for Downtown Vitality Tips*, LEXINGTON HERALD-LEADER, July 22, 2007, at A1.

Id. for *Downtown Vitality Tips*, LEXINGTON HERALD-LEADER, July 22, 2007, at A1.
Jaffrey Lee Puckett, *Positively 4th Street Live*, LOUISVILLE COURIER-J., Nov. 2, 2007, at 17W, available at [http://www.courier-journal.com/apps/pbcs.dll/article?AID=/20071102/SCh\(4rT004/a\)-8\(t\)TJ-0.0-23.043426.9851-1.3\[\(\)-0](http://www.courier-journal.com/apps/pbcs.dll/article?AID=/20071102/SCh(4rT004/a)-8(t)TJ-0.0-23.043426.9851-1.3[()-0)

university to field a more competitive team.¹³⁹ A pair of economists studied the correlation between new sports facilities and postseason appearances and found that many teams moving into a new stadium or arena do see better on-field or on-court results within a few years, but only if they invest the increased revenues produced by their new facility into an increased payroll.¹⁴⁰ Baade and Matheson examined the results of twelve Major League Baseball teams which moved into new stadiums between 1989 and 2000. Of the twelve teams, only two failed to make the postseason within two years of their move.¹⁴¹ One of the two teams, the Baltimore Orioles, had their second season cut short due to the 1994 strike and made the postseason in their third year.¹⁴² The Tampa Bay Rays, the other failure, began play in 1998 as an expansion franchise and played in the much-maligned Tropicana Field, which actually opened in 1990 and was not built specifically to host a baseball team.

Simply building a new stadium was not enough, however, to assure a team of reaching the postseason. The increased revenues resulting from the move into a new facility must be invested in the team's payroll.¹⁴³ Baade and Matheson found that the new revenue being generated provides "the potential for a more competitive team, but it is necessary that the money be used for payroll."¹⁴⁴ However, Baade and Matheson did conclude that the on-field success experienced by the builders of the 1990s may not necessarily be duplicated by the most recent builders.¹⁴⁵ With room for only eight teams in baseball's postseason, and more and more teams building new stadiums, "it is clear that not every team with a new stadium can support an above

¹³⁹ While studies have been done on the effect of a move into a new venue on the win-loss records of professional sports teams, no reliable study on similar effects on college teams has been done. While a university is unable to simply buy more free agents or invest additional revenue in its payroll (at least, not legally!), it would seem logical that the additional revenue would also give a university a competitive advantage over other schools, even if the correlation between a new venue and a higher winning percentage is not as direct.

¹⁴⁰ Robert A. Baade & Victor A. Matheson, *The Paradox of Championships: "Be Careful, Sports Fans, What You Wish For,"* <http://www.williams.edu/Economics/wp/mathesonparadox.pdf> (last visited Mar. 1, 2009).

¹⁴¹ *Id.*

¹⁴² *Id.*

¹⁴³ Team executives must be taking note. Florida Marlins president David Samson said of their pending move to a new ballpark: "I expect our attendance to be much higher. Our revenue will be higher. Our payroll will be higher—all of the things we will be able to enjoy as a team that has a new competitive building." Barry Jackson, *Marlins Permanently Saved in South Florida*, MIAMI HERALD, Feb. 22, 2008, at D1.

¹⁴⁴ Baade & Matheson, *supra* note 140, at 7.

¹⁴⁵ *Id.*

average payroll and the above average on-field performance that accompanies a large payroll.”¹⁴⁶

A study done by the Orlando Sentinel newspaper of the win-loss records of National Basketball Association franchises that moved into new arenas found the teams’ records did show some improvement following their moves.¹⁴⁷ The study found that twelve of the twenty NBA teams that moved into new arenas since the 1989-90 season had a better regular season winning percentage in the five years following their moves.¹⁴⁸ Eleven of the teams had more playoff wins after their move than they had in the five preceding years.¹⁴⁹ Six teams actually performed worse in the playoffs post-move and three of the twenty had worse records overall.¹⁵⁰ Even the San Antonio Spurs, mentioned previously as an example of a new arena which failed to substantially improve the surrounding locale, won three championships in the five years following its move to the AT&T Center after having only won one title while in the Alamodome.¹⁵¹ The reason for the greater on-court success following a move into a new arena is likely the same reason that Baade and Matheson discovered boosted MLB franchises: a brand new arena means greater revenues which can be invested in luring top talent. Frank Layden, former president of the NBA’s Utah Jazz, believed that to be the case after moving into the Delta Center for the 1991-92 season. “I think that a new arena generates more money. More money gives an opportunity to gain new free agents and to retain free agents. So, in that sense, a new arena is a positive,” he told the Sentinel.¹⁵²

VI. CONCLUSION

While building a new arena, ballpark, or stadium will not by itself revitalize a city’s downtown area, when the facility is built as a part of a coordinated redevelopment plan, it can surely drive economic development in an area. The success stories follow the same general pattern: an arena or stadium built with a mixture of public and private funding, followed by the city’s investment¹⁵³ into the surrounding neighborhoods. The arena attracts

¹⁴⁶ *Id.* at 5.

¹⁴⁷ Josh Robbins, *New Arena Might be Win-Win for the Orlando Magic*, ORLANDO SENTINEL, July 25, 2007, at D1, available at <http://www.orlandosentinel.com/sports/orl-arenawins2507jul25,0,845074.story>.

¹⁴⁸ *Id.*

¹⁴⁹ *Id.*

¹⁵⁰ *Id.*

¹⁵¹ *Id.*

¹⁵² *Id.*

¹⁵³ For instance, in addition to the 22,000 seat basketball arena that Louisville is building

a huge number of fans downtown, from 20,000 to 60,000 people, who then eat, drink, and shop in surrounding bars, restaurants and retail outlets throughout the neighborhood. Taken together, the complex provides a huge economic boon to the community. Conversely, if built independently, as a stand-alone facility, such as the AT&T Center in San Antonio or without a major sports tenant such as the Ford Center in Oklahoma City, the achievement of economic revitalization will be less likely.

Building an arena is likely the best option in an attempt to achieve economic revitalization, as arenas are less expensive and more versatile than either baseball ballparks or football stadiums. Also, many arenas are home to both basketball and hockey teams, making them the last form of acceptable multipurpose facilities. Since the era of cookie-cutter stadiums of the 1970s gave way to the modern era of stadium-building, no multipurpose facilities for football and baseball have been built, even though they would be arguably the better financial option for municipalities.

As Louisville plans its downtown arena, as a part of Mayor Jerry Abramson's grand plan for downtown development, it has followed the model of cities such as Baltimore, Cleveland, and San Diego, and has made it one attraction that builds upon a wide variety of complementary entertainment options downtown. Miami-Dade County, however, in planning to build the Florida Marlins' new stadium at the site of the Orange Bowl, will likely not see the same degree of economic development. In Little Havana, the stadium would largely be by itself, lacking the retail outlets and commercial centers that are typically within walking distance of most successful downtown sports facilities.¹⁵⁴ If economic development or the revitalization of downtown is to be the goal of building a new sports facility, that facility must be designed and built to complement its neighborhood, and it is imperative that other development be invested around it.

downtown, other attractions, such as shops and restaurants, and housing options, such as condominiums and new hotels, are also being built or have already opened. See, e.g., John R. Karman III, *Mayor Says State of City a Mixed Bag*, BUSINESS FIRST (Louisville), Jan. 17, 2008, available at 2008 WLNR 941830; *Around Kentucky*, LEXINGTON HERALD-LEADER, Mar. 2, 2009, available at 2009 WLNR 3972780; Brent Adams, *Business Leaders Support City Center*, BUSINESS FIRST (Louisville), Nov. 5, 2008, available at 2008 WLNR 21134584.

¹⁵⁴ In comparison, American Airlines Arena, home to the NBA's Miami Heat, is located downtown and linked directly with the shops and restaurants of Bayside Marketplace. Bayside Marketplace, <http://www.baysidemarketplace.com/html/> (last visited Mar. 1, 2009).

