

Sport Facilities, A New Arena In Edmonton, And The Opportunities For Development and A City's Image:

Lessons From Successful Experiences

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Biography

Mark S. Rosentraub, Ph.D.

Dr. Rosentraub has been studying and writing about the economics of professional sports and the link between sports and urban development for more than 30 years. He has written or co-authored three different books and more than 30 academic articles and book chapters on different aspects of sports economics and urban development. He is currently writing a fourth book dealing with cities that have successfully used sports facilities as anchor developments for changing urban centers and city images.

Dr. Rosentraub's professional work has not been limited to academic studies and books. He worked with the San Diego Padres and the City of San Diego in designing the Ballpark District plan that has brought more than \$2 billion in real estate development to downtown San Diego. He has also advised two different mayors of Indianapolis across more than a decade on their sports strategy that has successfully led to the redevelopment of that city's downtown area and overhauled its image.

Dr. Rosentraub has also helped other sports organizations such as the Indianapolis Motor Speedway and the arts and cultural organizations consider how their assets and activities can advance urban redevelopment and a city's image. In the 1990s he helped the Mayor's office of Los Angeles with some of its downtown redevelopment work involving the Staples Center and has helped other communities from Dallas to Brooklyn and to Green Bay. He has visited Edmonton twice before to discuss redevelopment possibilities. Dr. Rosentraub has testified before congressional and state legislative committees focused on urban redevelopment and he has worked with cities across North America to develop plans for rebuilding cities.

In 2003 the Cuyahoga County Commissioners appointed Dr. Rosentraub to the board of Gateway. "Gateway" is the public agency responsible for Jacobs Field, home to the Cleveland Indians baseball team, and Quicken Arena, home to the Cleveland Cavaliers basketball team. He helped rewrite the lease for both teams that avoided financial problems for Cleveland and Cuyahoga County.

Introduction

Across the past four decades state, provincial, and local governments across North American have invested billions of dollars to build and maintain arenas, ballparks, and stadiums for teams from the four major sports leagues. The first set of investments was for facilities frequently surrounded by vast open parking areas making them convenient for vehicle access for fans from suburban areas. These facilities were often located far from a region's urban center. However, when these facilities were built scant attention was given to strategies to include these large investments and physical facilities into plans for more comprehensive economic development or for the enhancement of the image of a region. This was the "build it and they will come era," where community leaders thought (or hoped) that the mere presence of a sports facility would change a city's image and induce economic development. Independent assessments of the benefits from these facilities, predictably found no economic development enhancements, and no real shifts in a city image. This meant that public expenditures for a sports facility or for the infrastructure required when teams paid for the arena, ballpark, or stadium became little more than subsidies which substantially increased the value of teams, enhanced profits levels, and indirectly helped to increase players' salaries.

The city of Indianapolis, Indiana took a different path and used a series of sports facilities to construct an entirely different image for itself, and by the 1990s several communities understood that if a sports facility was to be an asset for a community's economic and community development and image, these large facilities had to be part of an integrated strategic plan. These cities charted a new course developing unique public/private partnerships and plans that insured that new facilities would change the

location of economic activity within the city and region and the broader image of a city or its downtown area. These community leaders recognized that an arena represents a 30-year planning decision relative to the use of land and resources in an urban center. If used as an anchor for an overall strategy these facilities could change the location of economic activity, support development, and change the image of an entire city or an under developed part of a metropolitan area.

Edmonton's community leaders and its National Hockey League (NHL) franchise, the Oilers, are now presented with an opportunity similar to ones that existed for Indianapolis, San Diego, Los Angeles, Columbus (Ohio), and Washington, DC. Those communities hosted franchises that needed or wanted new facilities, and each capitalized on the opportunity to create strategic plans that satisfied the team's financial goals while also enhancing a city's image and certain critical economic and community goals. The following summary is designed to help Edmonton's community leaders, the Oilers, and other key stakeholders understand how unique public/private partnerships in other cities might create some important ideas to help Edmonton and the Oilers achieve a unique redefinition of the city and its downtown area that could have lasting economic and community development effects while also insuring the team's future financial stability.

The summary is divided into three sections. First, the logic or theory that underscores why cities and teams should capitalize on the unique role of sports for development and the enhancement of a region's identity is outlined. That is followed by discussions of successful public/private partnerships for new sports facilities that succeeded in changing development patterns while also enhancing the image of a city or

its downtown area. Each of these case studies also describes the returns to the public sector from its investment of tax revenues. The last part of the summary identifies some possible development options that could be available to Edmonton and the Oilers to change the city's image, enhance downtown development, and advance the team's financial stability.

Theory Before Practice: Why Edmonton and the Oilers Should Care About Sports and Entertainment for the Region's Future

Suggesting that cities should develop public/private partnerships to use sports facilities to advance economic development has generated important criticism. Some believe that when cities include a focus on sports or entertainment as part of their public policy agenda that the purpose of government is fundamentally realigned. Those critical of an emphasis on sports argue that local governments' primary responsibilities for economic and image development should be limited to:

- (1) Insuring the availability of clean water and other public utilities,
- (2) Protecting the public's health,
- (3) Building and operating quality schools,
- (4) Maintaining roads and other forms of transportation,
- (5) Insuring the public's safety from crime and improperly built and maintained buildings, and;
- (6) Enhancing the quality of life through the construction and support of public parks, libraries, and selected other amenities.

Insuring the success and presence of professional sports teams is not on this list of these responsibilities (Eisinger, 2000).

How and why did professional sports become part of the public agenda?

In the 1960s and 1970s with the explosive growth of suburban areas across North America and the decentralization of economic activity away from the center of most regions, maintaining a vibrant downtown became a greater challenge. As residents and businesses found they could locate in areas distant from a region's core a decentralized structure emerged which frequently made it more difficult for many regions to create and sustain a distinct image and a sense of centrality from any core area. In some instances the decentralization also contributed to excessive land use patterns that produced unnecessary sprawl and the loss of open space. Suburban lifestyles, office parks, and shopping malls provided a level of convenience and in many instances reduced land development, housing, and office costs. But the ensuing sprawl left many areas without a concentrated critical mass of activity that could establish a region's image through central meeting areas with unique architecture that also offered unique social and cultural experiences at theatres, museums, and at facilities that hosted sporting events. These are the elements that often distinguish cities from one another. Toronto, Montreal, Vancouver, New York, Chicago, Seattle, and San Francisco each have suburban areas, but they insured that downtown areas remained vital through the provision of unique experiences that could not be replicated in suburban malls. After decades of growth, cities like San Diego, Phoenix, Dallas, and Los Angeles began to wonder what their image was and how it could be sustained without a vibrant core. These areas, similar to slower-growth regions in America's Midwest, began to focus on strategies to build or rebuild downtown areas to establish an identity and to advance the region's overall development. This process was even more critical for cities reliant on traditional

industries or lacking physical features that made them among the most desirable places to live and work.

The focus on downtown development – even in fast growth areas – was also tied to a new competition for human capital and business location. For many communities it was becoming increasingly clear that in the competition for the human capital that will drive the 21st century economy vibrant urban cores and downtown areas are vital assets. The companies that will define the future growth of every nation were choosing to locate where the best and brightest workers wanted to live, and increasingly this is in or near the downtown areas of urban centers that have made the investments to make their core areas vital and unique. The very human capital that drives the future of the 21st economy, described by some as “the creative class (Florida, 2002)” or simply “idea generators” have clearly “voted with their feet (Tiebout, 1956)” and their choice is to leave in cities with vibrant downtown areas. Why?

The human capital needed to advance the service economy is attracted by and to what Pine and Gilmore (1999) described as the “experience economy.” With the emphasis on video and audio, the worlds of work, education, and entertainment have become wedded to experiences. As a new middle class emerged with higher levels of disposable income but increasingly less bundles of time in which to enjoy experiences, there exists a demand for cities to insure that within their borders are the mix of experiences that the creative class or idea-generating workers demand. A profound shift in the battle for economic dominance has taken place and the regions and cities that offer opportunities of unique experiences are the areas corporations seek for their locations. Corporations choose these locations, as they are the one where the most productive and

dynamic workers want to live. Corporations can insure their success by having access to a pool of talent, and if that talent wants to live in areas with unique experiences and vibrant downtown areas, that is where future development and economic expansion will occur. Cities that offer the full range of these experiences concentrated in a downtown areas are, simply put, more desirable. Businesses are worried about being to attract and retain the best talent sought locations that had the highest quality of life, the best mix of amenities, and a set of large-scale and neighborhood-based entertainment experiences that the “creative class (Florida, 2002)” or “idea generators” want when they chose places to live. People still live where the jobs are, but companies that created those jobs wanted to locate where they are confident there will exist the right mix of amenities that would appeal to the idea generators they need to advance their business. As a result, leading corporations choose areas with vibrant downtowns for their headquarters.

Professional sports remain an integral part of quality of life and the production of these unique experiences. Communities must make public safety and education their highest priorities and can have a very high quality of life without being home to a professional sports team. Yet, virtually all of the cities on the myriad of “best places to live lists” are located close to the facilities that that are home to professional sports teams. The real opportunity for a city’s leadership is not to choose between sports and public safety or education, but to understand how some communities were able to use sports facilities to advance the quality of life, community development, and their image without minimizing their responsibilities for other public services. As Eisinger observed,

“Few people would argue with the proposition that facilities that bring high or even mass culture, sports, and recreational opportunities to a city

may enhance the quality of life. Stadiums and performing arts centers and festival malls help to transform places that would otherwise simply be markets or dormitories The issue, then, is not whether to spend public money [for sports or entertainment facilities]; rather the issue is a matter of balance and proportionality (2001: 330-331).”

Theory Before Practice: Is Sports A City’s Fool’s Gold?

The ability of sports to anchor urban development strategies that can change a city’s image and refocus economic activity lies in its timeless importance. While some disdain the importance of sports or simply ignore it, sports have been and remain an integral part of most if not all societies. Its history as a central part of societies and civilizations spans thousands of years. Some might think the mass popularity of sports is a product of the modern media age, ESPN, and fantasy leagues. Sports, however, had a similar level of importance for past civilizations that probably matches the zeal among those with fantasy teams and those willing to pay premium prices for the best seats to important games or championship contests. To be sure, at no other time in history have athletes earned the financial rewards now available, and never before have prices for tickets to some events been so expensive as demand for experiences continues to exceed supply. Some professional sports teams have become so popular that their market value exceeds a billion dollars. That too is a new phenomenon, but what is not new is people’s focus on and interest in sports.

For example, ancient Rome used sports to showcase its technological achievements as well as its wealth through the building of a facility replete with luxury

seating, the ability to host both aquatic and land-based spectacles, and room for 50,000 spectators. The Colosseum, built more than 1,900 years ago, was larger in terms of spectator capacity than the home fields of every MLB team except the New York Yankees and the Los Angeles Dodgers.¹ Its incorporation of luxury seating with colorful cloth coverings to protect the elite from the sweltering sun was said to be part of the inspiration for the building of America's first indoor stadium, Houston's Astrodome. It was not unusual for crowds of 50,000 to attend events at the Colosseum.

For Western societies, written records from as early as 776 BCE document the importance placed on sport; those records are the earliest reports of the competition known as the Olympics. Some believe, however, that the Olympic competitions might have been held even earlier. Regardless, the games continued for more than six centuries before being abolished by the Romans in 393 CE. The Roman contribution to sport – sometimes credited with making sports a profession – begins in 310 BCE with the onset of gladiatorial games and the establishment of training centers for combatants. By 183 BCE major gladiatorial contests involved as many as 60 pairs of fighters with far larger spectacles to follow in later years. The apex of sports in the Roman Empire involved the building of the Colosseum and the staging of events involving boats, animals, and gladiators. Beyond the brutality of gladiatorial games and the construction of facilities throughout the empire to underscore the Empire's prowess, the Romans also used sport facilities as a central component of the design of cities from Rome through the Decapolis (the 10 cities on the Eastern edge of the empire) to Pula (Croatia). Roman cities had

¹ While Shea Stadium, home to the New York Mets from 1964 to 2008 had more seats than Rome's Colosseum, their new home, Citi Field, has a planned seating capacity of 45,000. Toronto's Rogers Centre seats 46,105 for baseball.

sports facilities or performing arts venues at their center and this design for cities was one emulated in the 1980s and 1990s when several cities that were old centers of manufacturing focused on plans to rebuild declining downtown areas. The Romans professionalized sports not only through the establishment of training centers (schools) for gladiators, but developed a system where “rookies” were sent to contests in small cities and the winners promoted to matches in larger cities. Those who eventually made it to Rome could actually win their freedom if they survived. The technological mastery of flooding the lowest levels of the Colosseum to permit water games established the prowess of the Empire’s engineering skills and was an early forerunner of the design of facilities to handle many different types of events. In the modern era arenas are designed for basketball and other platform-type events, ice hockey and shows, and events involving dirt racing and “monster trucks.”

Sport events also became part of religious or holiday celebrations. The Great Ball Court at Mexico’s Chichen-Itza is more than 1,000 years old and was the site of games tied to religious rites including human sacrifices that took place at the conclusion of the matches. The Hippodrome of Constantinople was the sporting and social center built in the second century (CE) and then expanded by Constantine in 324. The races held at this location began at least 1,700 years ago making sport a central part of urban life in the Byzantine period and extending through the years of the Ottoman Empire. The city’s largest religious center faces the Hippodrome. Lacrosse as a game was invented by Native Americans and received its modern name from French missionaries. When play began is unclear, but what is apparent is that the native population of North, Central, and South America played sports long before the Europeans arrived. Sports have been part of

numerous societies and assuming central religious, political, and social roles for at least 2,500 years. Today, sports remain an integral part of holiday celebrations with featured games on Christmas Day and the celebration of the New Year dominated by college football's bowl games.

**Sport Facilities And A Society's Image: Rome's Colosseum (72 CE),
Berlin's Olympic Stadium (1936), and Beijing's Bird Nest (2008)**





Source: Wikipedia, Author

While some might dislike sports, its enduring importance and the physical value placed on the facilities used for games is what makes sports part of the social capital of a society. Social capital has been defined as institutions that facilitate “the development of

relationships of mutual reciprocity embedded in social networks that enable action...generate trust, establish expectations, and create norms. Social capital's value centres upon the fact that it identifies certain important aspects of community social structure and the significance of social organization (Misener and Mason, 2006: 43). Thus, one does not need to be a sports fan to benefit from the social capital sport can produce for a city. Sports are also part of the social capital of society through their role as socializing institutions that increase stability and as tool to underscore the political values and strength of a society (Wilson, 1994; Rosentraub, 1997; Andrews, 2004). Lefebvre (1991, 1996) has concluded that places within a city that encourage identification with a group facilitate the ability of individuals to build relationships that enhance identities and reduce the stress of isolation that can be endemic in large urban societies. In the case of Edmonton, the recent playoff success and Stanley Cup finals in the spring of 2006 provides an example of the effects of sport on a community, Young children learned the national anthem and engaged in school crafts associated with the team. People moving to the city could engage their new neighbours and co-workers in conversations about the team. Motorists honked and waved at other vehicles adorned with flags and team colours as they drove throughout the city. The team became a point of articulation between groups within the city.

How do sports and the facilities they use create this type of social capital? Any community can point to celebrations when teams win major games or championships and the "electricity" that seem to change daily life (Euchner, 1993; Chema, 1996). The power or strength of a society is underscored by games, points familiar to students of Roman history as when the gladiatorial games were held in the large structures built by

the engineering expertise of the Roman empire or when different governments and regimes seek to stage major athletic events to underscore the superiority and accomplishments of their society. Examples could include the Greeks staging of the original Olympics to proclaim the virtues of their civilization to the modern era and international events in Berlin and Beijing. America's return to some level of normalcy life after the 9/11 attacks was inexorably tied to the resumption of MLB games and the staging of the World Series. The outpouring of emotion at these sporting events is probably the most poignant example of the role of sports as social capital. While social scientists will continue to point to baseball's role in socializing immigrants to American life in the early parts of the 20th century and soccer's role in relieving the drudgery of industrial life in England and maintaining stability. Yet the opportunities for grieving and celebrating America in the days and weeks after 9/11 served as a reminder of the importance of sports for bonding and in the maintenance of images of normalcy.

From Theory to Practice: Making Sports Work For A City

This brief review identifies the historic role sports facilities and sports have played and can assume in (1) establishing the identity of areas and societies, (2) changing the location of economic activity, and (3) contributing to the building of unique experiences in downtown areas that become important attractions for the human capital that will shape a region's economy. Some cities have capitalized on these understandings and used sports to accomplish an important set of goals for economic and community development. A brief summary of these programs and policies can provide other cities

and regions with ideas as they incorporate new sports facilities into the fabric of their plans for economic and community development.

Columbus, Ohio: How An Arena Made Downtown Development A Reality

Columbus, Ohio, through annexation of vast tracts of land within its county avoided many of the challenges that confronted other Midwest US cities. As the middle and upper classes moved away from the center parts of the cities these wealthier taxpayers were still part of Columbus's tax base. However as the city continued to decentralize its downtown area deteriorated despite a substantial base of public employees working for the state of Ohio. Columbus is not only Ohio's capital but it is home to Ohio State University (OSU) one of America's largest post-secondary institutions. The University is located several miles north of the downtown area and as the area decentralized and was devoid of any image, OSU found little incentive to unify with development efforts organized by the city. Thus, over time, Columbus developed several very attractive suburban areas, a very large university, but lacked a cohesive identity for the city and no identity for its downtown area other than as the state capital with large numbers of public sector workers who vacated the area at the end of the workday. In addition, while the OSU campus is quite vibrant, the area around the university had never development in a way to maximize the benefits possible from the presence of 50,000 students and a huge medical complex.

Columbus's effort to create an identity and rebuild its downtown area followed a predictable course. A new downtown mall was developed using subsidies and with a location adjacent to the capital and its large base of public employees it was hoped retail

success and new residential development would follow; however, neither did. During the years after the downtown mall was built (opening in 1989) two new large suburban malls opened to serve customers who had made the decision to live in areas located 10 miles or more from the downtown area. A retail center was also built adjacent to OSU. As a result there was really no need for a downtown mall and it attracted few shoppers. By November 2007 the mall was leasing just 10 percent of its total space and its anchor tenant announced it would close after the 2007 holiday season leaving its future in jeopardy. Further, even though OSU graduated more than 10,000 people each year, the city was unable to build a large base of employers able to retain this ongoing stream of well-trained workers. To be sure there were several successful companies in the area, and some OSU graduates remained to build their own companies. However, Columbus had not built an area to compete with the attractions in other cities and the University seemed content to look internally and build from within its reputation and image. The public sector remained the city's largest employer a rather depressing indictment of its inability to build a base of industries despite producing 10,000 highly-skilled college graduates every year. In this context the number of residents in downtown decreased from 40,000 in 1960 to less than 3,500 in the 1990s (Sheban, 2004, p. 1E).

The city did explore the possibility of publicly financing a new arena in the late 1990s, but the project was defeated in a referendum. However, the defeat became the catalyst for the redefinition of Columbus's image. In fact the electoral defeat established an incentive to create a unique public/private partnership and built the base for a new partnership with OSU that has led to the renewal of a large part of inner city Columbus and helped to refine the city's image.

When the public refused to finance the facility (56.3 percent voted against the tax subsidy), several meetings were held and eventually Columbus-based Nationwide Insurance agreed to pay 90 percent of the cost of building the new arena with the local newspaper's ownership agreeing to finance the balance. In exchange, the City of Columbus agreed to pay for all of the needed infrastructure improvements and fund the needed environmental remediation (with help from the state of Ohio). However, Nationwide and its real estate development division wanted one other incentive before agreeing to pay for the arena. Nationwide wanted to be designated as the master developer of an area adjacent to the arena and to have the convention center – a public agency – use its power of eminent domain to acquire any additional parcels of land. While the designated “arena district” would be exempt from property taxes it would hold the local public schools harmless and through a tax on tickets sold to arena events (which represented a loss of income to Nationwide not higher ticket prices to events). The ticket tax insured that the public schools received the same amount of revenue had the arena district properties paid property taxes. This ensured that Columbus' other civic needs were not compromised by the Arena District's development. With these agreements in place, Columbus's arena district became its new downtown redevelopment plan.

What happened? *First*, a new downtown entertainment district was created through the investment of more than \$350 million. Those funds paid for the arena, a new multiplex theatre, and scores of new restaurants and retail shops that located in an area extending from the arena district north towards OSU. *Second*, the area immediately north of the arena district is known as “Short North” also became a hub of development and with a few years more than 350 new residential units were opened and occupied. *Third*,

more importantly, OSU decided to become an anchor in the effort and at the opposite end of “Short North” built its own Gateway Center to link to Short North and the downtown area’s new core, the Arena District. The Gateway Center was itself anchored by the OSU bookstore which was moved off-campus and as the nation’s largest college bookstore gives the area from the arena district to the campus a large retail anchor open daily until midnight. The Gateway complex also includes hundreds of new residential units fully occupied by OSU graduate students and recent graduates eager to be part of the new downtown area that has been created running from the arena district through Short North and to Gateway. At the other end of the development corridor stands the Nationwide Arena, new residential development projects, and new commercial office centers.

More than one million new square feet of office space has been built in the now 95-acre Arena District. It is now estimated that new construction exceeds \$1 billion with more residential projects planned for the next few years. While the downtown mall continues to suffer and there has been no development of residential properties in the downtown area, Columbus has a new downtown, Bohemian area and reputation linked to OSU. That image and reputation is anchored by a sports facility that integrated into a development plan not only created a new image, but also launched a score of residential, retail, and commercial developments in a part of the city that was economically stagnant for decades. In addition, OSU has become a full partner in creating a vibrant area that benefits both the University and the city. Thus a sports facility – the new arena – became a catalyst for a new public/private partnership that has produced a redeveloped downtown area and new magnet for human capital and economic development. In addition,

Columbus now has a new urban reputation and a mixed use area that is attracting and retaining the human capital needed to advance a 21st century economy.

Indianapolis: Sports Facilities and Sports For Image and Development

No city has relied on sports facilities and sports to change its image, land use patterns, and economic development as much as Indianapolis. Across three decades the city's public policy agenda included a focus on sports and the experience economy to create an entirely new image and advance its economy while also encouraging development of its downtown area. Beginning in 1974 and continuing through 2009 – spanning the administrations of four different mayors – Indianapolis formed a series of public/private partnerships to use sports to turn a deteriorating downtown areas into a commercial, residential, and hospitality center which, when combined, transformed Indianapolis's identity.

In 1974 Indianapolis's leaders paid for a study that disclosed the city had no real identity with Americans – it was relatively unknown and considered a nondescript part of America's Midwest. Such an image, however, was a vast improvement since at the end of World War II John Gunther had described the city as a racist, dirty urban center, more recognized for its intolerant history than the Indianapolis 500. Dramatic changes would be required to remake the city's image and improve its identity and chances for economic development.

Indianapolis's problems were not limited to its poor image. The city was also losing residents. In 1950, Indianapolis was the 23rd largest city in the nation with 427,173 residents. In 1960, the city had more residents, 476,258, but it was growing

more slowly than other urban areas in the nation, and was then the 26th largest city. To absorb more of the suburban growth in the region, Indianapolis and Marion County consolidated in 1969 giving the city 744,624 residents and making it the 11th largest urban center in the nation. Had the city not consolidated, by 1990 approximately one-third of Marion County’s population would have lived within Indianapolis.

Consolidation, however, did not end the downsizing of the core area of the city and did not stop the outmigration. By 1980 the population of the consolidated city had declined to 700,807 residents making Indianapolis the 12th largest city in the country (see Table 1). While the population of the consolidated city did increase in the next two decades, the city’s population as a proportion of the region had declined from 67 percent in 1970 to 50 percent by the end of the 20th century. Consolidation had failed to reverse the declining role of Indianapolis in Indiana and as a major urban center for the nation, and something else was needed to enhance Indianapolis’s image and centrality in the region.

Table 1: Population Changes in Indianapolis, Marion County, and the Region

| AREA | YEAR | | | | | |
|--------------------------|---------|---------|-------------------|-----------|-----------|-------------------|
| | 1950 | 1960 | 1970 ^a | 1980 | 1990 | 2000 ^b |
| <i>Indianapolis</i> | 427,173 | 476,258 | 744,624 | 700,807 | 731,327 | 752,000 |
| <i>Marion County</i> | 551,777 | 697,567 | 793,769 | 765,233 | 797,159 | 823,173 |
| <i>MSA</i> | 723,122 | 944,475 | 1,111,000 | 1,167,000 | 1,250,000 | 1,504,000 |

Notes: ^a Indianapolis consolidated with a substantial portion of Marion County; ^b 2000 population counts from the US Bureau of the Census

Indianapolis also suffered from a downtown that was deteriorating; new malls were opening in the suburban areas of the consolidated city and the surrounding counties following the middle and upper classes that had moved to escape the boundaries of the Indianapolis Public Schools. (Indianapolis's consolidation did not effect public education. The consolidated city is served by 11 independent school districts. Each of the suburban areas that consolidated with Indianapolis maintained an independent school system. This organizational structure has remained intact to the present day). Business expansion was also following the area's wealthiest residents to areas outside of the central city. If downtown Indianapolis was to be reinvigorated and if the city was to remain a central component of the region's economy and civic life, a new redevelopment strategy was needed.

Before turning to sports to change its image and development patterns Indianapolis's leaders had hoped consolidation would address its challenges. When that did not work an arts and culture district was created, but that too did not reverse the decline as those facilities between the downtown core and the expanding suburbs did nothing to blunt suburbanization trends or change Indianapolis's image. The new facilities were simply too far apart to create any coherent image or synergy and may have even fostered a greater emphasis on a decentralization of economic activity and suburbanization. In addition, the city's remaining downtown business interests feared the continuing decline of the core area would reduce the value of their assets. Many community leaders also feared that the remaining businesses in downtown Indianapolis including the city's largest private and most prominent employer in the downtown area,

the Eli Lilly Corporation (one of North America's largest pharmaceutical companies), would follow other firms to the suburbs or worse, leave the region.

Indianapolis's sports and downtown development strategy was comprised of three components. *First*, there was the building of new facilities. In 1974 Market Square Arena opened as the home for the Indiana Pacers bringing the team downtown from its mid-city location. Earlier, the state and city had agreed to build a convention center. A modest facility was planned in 1966 and initiated after the private sector committed \$2 million for the project. The balance of the center's costs was financed with a hotel room tax and financed with bonds guaranteed by the state. In latter years the Hoosier Dome would be added to the convention center substantially increasing exhibition space and providing a prestigious anchor for the attraction of conventions.

The scale and scope of the downtown and sports development program is summarized in Table 2. From 1974 to 1999 more than \$3 billion was spent on new construction projects as a result of the sports strategy. Eliminated from this tabulation were projects that would have taken place even if no specific strategy existed. Not every project identified or included in Table 2 is sports-related. Indeed, if that were the case then the program would not have achieved its objective of attracting and stimulating economic development. A review of the development projects between 1974 and 2000 indicates that slightly more than one-quarter of the buildings (measured in construction dollar terms), 26.0%, or \$1.2 billion was specifically related to making downtown Indianapolis a "fun place." An early measure of the successful impact of the programs can be seen in the continuing increases in hotel rooms. In 1974, downtown Indianapolis was not a destination for tourists. By 1996 there were 3,557 rooms in downtown

Indianapolis; this reached 5,225 rooms by 2001. The notion or idea that downtown Indianapolis would someday have more than 5,000 hotel rooms was likely seen as an unattainable dream to those involved with the initial plans for the rebuilding of Indianapolis and the sports strategies. Residential construction a direct result of the redevelopment of downtown, accounted for \$88.9 million in new investment.

The data in Table 2 also underscore the extent to which Indianapolis's sports and downtown redevelopment program involved both governmental and non-governmental funds. Indianapolis did provide subsidies for a number of projects including the new home for the Indiana Pacers. However, the city of Indianapolis's expenditures accounted for just 13.2 percent of the \$4.4 billion expended to rebuild the downtown area. More than half of the funds, 58.9 percent, came from the private sector and when combined with the investments from the philanthropic sector, 70 percent of the cost of the downtown redevelopment program came from private sources. As a result, Indianapolis was able to leverage more than \$7.58 for every \$1 its taxpayers committed. Relative to the leveraging of funds, Indianapolis accomplished something that would be the envy of most cities in the United States. The city was able to rebuild its downtown area with the extensive support of the private and nonprofit sectors and the state through its investments in Indiana University's Indianapolis campus and a new government center.

**Table 2: Projects and Sources of Funds for Downtown Development in Indianapolis
(in 2000 \$0,000,000)**

| Projects | Year | Source of Funds | | | | | Total |
|------------------------------|-------|-----------------|-------------|--------------|---------------|---------------|---------------|
| | | Federal | State | City | Private | Philanthropic | |
| Sports Related | | | | | | | |
| Market Square Arena | 1974 | 0.0 | 0.0 | 16.0 | 0.0 | 0.0 | 16.0 |
| Sports Center | 1979 | 0.0 | 0.0 | 4.0 | 1.5 | 1.5 | 7.0 |
| IU Track and Field Stadium | 1982 | 0.0 | 1.9 | 0.0 | 0.0 | 4.0 | 5.9 |
| IU Natatorium | 1982 | 1.5 | 7.0 | 0.0 | 0.0 | 13.0 | 21.5 |
| Velodrome | 1982 | 0.5 | 0.0 | 1.1 | 0.0 | 1.1 | 2.7 |
| Hoosier/RCA Dome | 1984 | 0.0 | 0.0 | 48.0 | 0.0 | 30.0 | 78.0 |
| Nat'l Institute of Sports | 1988 | 0.0 | 3.0 | 3.0 | 0.0 | 3.0 | 9.0 |
| Conseco Fieldhouse | 1999 | 0.0 | 38.0 | 71.0 | 69.0 | 0.0 | 178.0 |
| Victory Field | 1997 | 0.0 | 5.0 | 9.0 | 9.0 | 0.0 | 23.0 |
| RCA Dome Improvements | 1999 | 0.0 | 0.0 | 20.0 | 0.0 | 0.0 | 20.0 |
| NCAA Headquarters | 1999 | 0.0 | 5.0 | 0.0 | 0.0 | 70.0 | 75.0 |
| Pan American Plaza | 1987 | 0.0 | 0.0 | 5.7 | 25.0 | 4.5 | 35.2 |
| <i>subtotal</i> | | 2.0 | 59.9 | 177.8 | 104.5 | 127.1 | 471.3 |
| Culture/Entertainment | | | | | | | |
| Children's Museum | 1976 | 0.0 | 0.0 | 0.0 | 0.0 | 25.0 | 25.0 |
| Indiana Theater | 1980 | 1.5 | 0.0 | 0.0 | 4.5 | 0.0 | 6.0 |
| Zoo | 1988 | 0.0 | 0.0 | 0.0 | 0.0 | 37.5 | 37.5 |
| Zoo Additions | 1999 | 0.0 | 0.0 | 0.0 | 0.0 | 6.6 | 6.6 |
| Aquarium | 1999 | 0.0 | 0.0 | 0.0 | 0.0 | 60.0 | 60.0 |
| Eiteljorg Museum | 1989 | 0.0 | 0.0 | 0.0 | 0.0 | 60.0 | 60.0 |
| Eiteljorg Museum Expansion | 2000 | 0.0 | 0.0 | 0.0 | 0.0 | 15.0 | 15.0 |
| Indiana State Museum | 2000 | 0.0 | 1.0 | 0.0 | 0.0 | 104.0 | 105.0 |
| Walker Building | 1985 | 2.0 | 0.0 | 0.0 | 0.0 | 1.4 | 3.4 |
| Union Station | 86-00 | 0.0 | 0.0 | 0.0 | 0.0 | 8.8 | 8.8 |
| <i>subtotal</i> | | 3.5 | 1.0 | 0.0 | 4.5 | 318.3 | 327.3 |
| Hotels/Commercial | | | | | | | |
| Hyatt Hotel/Bank | 1977 | 0.0 | 0.0 | 0.0 | 55.0 | 0.0 | 55.0 |
| 2 W. Washington Offices | 1982 | 1.2 | 0.0 | 0.0 | 11.8 | 0.0 | 13.0 |
| 1 N. Capitol Offices | 1982 | 3.2 | 0.0 | 0.0 | 10.4 | 0.0 | 13.6 |
| Embassy Suite Hotel | 1985 | 6.5 | 0.0 | 0.0 | 25.0 | 0.0 | 31.5 |
| Westin Hotel | 1989 | 0.5 | 0.0 | 0.0 | 65.0 | 0.0 | 65.5 |
| Farm Bureau Insurance Co. | 1992 | 0.0 | 0.0 | 0.0 | 0.0 | 36.0 | 36.0 |
| USA Funds, Incorporated | 1996 | 0.0 | 0.0 | 0.0 | 16.6 | 0.0 | 16.6 |
| | 2000 | 0.0 | 0.0 | 0.0 | 50.0 | 0.0 | 50.0 |
| Adam's Mark Hotel | | | | | | | |
| | 2000 | 0.0 | 0.0 | 0.0 | 90.0 | 0.0 | 90.0 |
| Marriott Hotel | | | | | | | |
| | 2000 | 0.0 | 0.0 | 0.0 | 33.6 | 0.0 | 33.6 |
| Anthem Corporation | | | | | | | |
| Heliport | 1985 | 2.5 | 0.1 | 0.6 | 2.4 | 0.0 | 5.6 |
| Lilly Corporate Expansion | 92-00 | 0.0 | 0.0 | 0.0 | 893.5 | 0.0 | 893.5 |
| <i>Subtotal</i> | | 13.9 | 0.1 | 0.6 | 1253.3 | 36.0 | 1303.9 |

Table 2 (continued): Projects and Sources of Funds for Downtown Development in Indianapolis (in \$0,000,000)

| Projects | Year | Source of Funds | | | | | Total |
|----------------------------------|-------|-----------------|--------------|--------------|----------------|---------------|----------------|
| | | Federal | State | City | Private | Philanthropic | |
| Retail Complexes | | | | | | | |
| Lockerbie Market | 1986 | 1.8 | 0.0 | 0.0 | 14.0 | 0.0 | 15.8 |
| Union Station | 1986 | 16.3 | 0.0 | 1.0 | 36.0 | 0.0 | 53.3 |
| City Market | 1986 | 0.0 | 0.0 | 0.0 | 0.0 | 4.7 | 4.7 |
| Circle Centre Mall (6) | 1995 | 0.0 | 0.0 | 290.0 | 0.0 | 10.0 | 300.0 |
| <i>subtotal</i> | | 18.1 | 0.0 | 291.0 | 50.0 | 14.7 | 373.8 |
| Convention Center | | | | | | | |
| Expansion | 1999 | 0.0 | 0.0 | 0.0 | 45.0 | 0.0 | 45.0 |
| Residential Projects | | | | | | | |
| Lower Canal Apartments | 1985 | 7.9 | 0.0 | 10.3 | 0.0 | 2.0 | 20.2 |
| Lockfield Apartments | 1987 | 0.0 | 0.0 | 0.6 | 24.6 | 0.0 | 25.2 |
| Canal Overlook Apartments | 1988 | 0.0 | 0.0 | 0.0 | 11.0 | 0.0 | 11.0 |
| Canal Apartments | 1999 | 0.0 | 0.0 | 0.0 | 10.0 | 0.0 | 10.0 |
| Lombardi Row | 1999 | 0.0 | 0.0 | 0.0 | 1.4 | 0.0 | 1.4 |
| Meridian Row | 1999 | 0.0 | 0.0 | 0.0 | 6.8 | 0.0 | 6.8 |
| Ryland Homes | 1999 | 0.0 | 0.0 | 0.0 | 9.1 | 0.0 | 9.1 |
| Watermark Homes | 1999 | 0.0 | 0.0 | 0.0 | 5.2 | 0.0 | 5.2 |
| <i>subtotal</i> | | 7.9 | 0 | 10.9 | 68.1 | 2.0 | 88.9 |
| State of Indiana Projects | | | | | | | |
| Capitol Tunnel | 1982 | 1.4 | 0.0 | 0.0 | 0.0 | 0.0 | 1.4 |
| Indiana University | 75-00 | 0.0 | 357.0 | 0.0 | 0.0 | 0.0 | 357.0 |
| State Office Center | 1992 | 0.0 | 264.0 | 0.0 | 0.0 | 0.0 | 264.0 |
| <i>subtotal</i> | | 1.4 | 621.0 | 0.0 | 0.0 | 0.0 | 622.4 |
| <i>Other Projects</i> | 74-98 | 0.0 | 0.0 | 0.0 | 1,066.9 | 0.0 | 1,066.9 |
| <i>Property Tax Abatements</i> | 74-99 | 0.0 | 0.0 | 98.0 | 0.0 | 0.0 | 98.0 |
| TOTAL | | 46.8 | 682 | 578.3 | 2592.3 | 498.1 | 4397.5 |
| PERCENT | | 1.1 | 15.5 | 13.2 | 58.9 | 11.3 | 100 |

Second, the plan included an export component designed to bring new employment opportunities to downtown Indianapolis and a substitution component to move intra-regional recreational spending to the downtown area. The goals for the export component were to enhance job creation and attract firms. The substitution effect components was designed to make downtown Indianapolis the center of the region's

recreational and cultural life. To that end, the symphony moved to a renovated theatre, the Pacers relocated to a new arena, several other theatres were built, and in 1985 the National Football League's Colts moved to the Hoosier Dome (now the RCA Dome) from Baltimore.

Third, the redevelopment plan also included a retail and residential component in an effort to make downtown a home for many people as well as a tourist destination for visitors. In this way the plan for a new downtown Indianapolis included new homes, recreational and cultural amenities, and the attraction of new businesses to the inner city.

Fourth, all of the development noted in Table 2 (with the exception of the Children's Museum) took place within a two-mile radius from the center of downtown Indianapolis (denoted by a Civil War monument and a traffic circle that surrounds the memorial). In this sense Indianapolis also concentrated its redevelopment efforts in a very narrow area and thus its tourism or sports policy established a set of resources or venues that could be easily accessed by pedestrians. The proximity of the venues also meant that tourists and area residents mingle together in enjoying the activities hosted at the sites and in visiting the retail operations.

Fifth, there can be little doubt, debate, or disagreement with the conclusion that the focus on sports, tourism, and the hospitality industry led to a rebuilding of downtown Indianapolis and the investment of a substantial amount of private money in commercial and residential facilities. As the data in Table 2 illustrates, \$88.9 million in new residential construction took place in an area that had been abandoned by families who could move to other areas. The \$1.3 billion investment in new commercial buildings and hotels also slowed a trend toward development in the suburban sections of the region that

would not have taken place without the concentrated focus on downtown and the sports strategy. None of these observations are meant to minimize the subsidies provided to encourage this development, but it is also fair to observe that the level of private investment was quite substantial and completely altered the shape and use of space in downtown Indianapolis.

At the beginning of the 21st century Indianapolis, the counties that surround the city, and Indiana agreed to provide \$300 million in support to help the Indianapolis Colts build a \$400 million stadium. This facility also insures that Indianapolis would continue to host the NCAA's Men's basketball championship at least once every five years. The investment also emphasized the city's continued support for maintaining the vibrancy of its downtown area.

The development associated with the sports strategy continues today. From 1999 through 2006 a total of \$819.1 million (2006 dollars) was invested by the private sector throughout the consolidated city for commercial development. More than third of these investments – 36.1 percent or \$317.6 million – was invested in new buildings in the downtown area. In terms of residential development, less than 2 percent of the new units built in the early 1990s were in the downtown area. However, by 2006, 13.7 percent of all new residential units were in the downtown area, and from 2000 through 2006 in no year did the downtown area account for less than 5.4 percent of the new residential units built in the consolidated city. The sustained success of the sports strategy for redevelopment and the image of downtown, is underscored by the lasting effect of the emphasis on the continued investment in commercial and residential development by the private sector. At a time when the economy has continued to decentralize and the state's

fastest growing county is immediately to Indianapolis's north, the level of investment in the downtown area in both residential and commercial properties illustrates the success of the sports strategy relative to the restoration and reinvigoration of the city's core area. Few North American cities can point to a graph like the one below which shows that commercial investment in its core or downtown area is rising and falling in a pattern similar to what is taking place throughout the city. What this means is that Indianapolis has been able to achieve a balanced growth program with private investment taking place in the downtown area at the same time that investment continues throughout the consolidated area.

Figure 1. Commercial Development Across Indianapolis

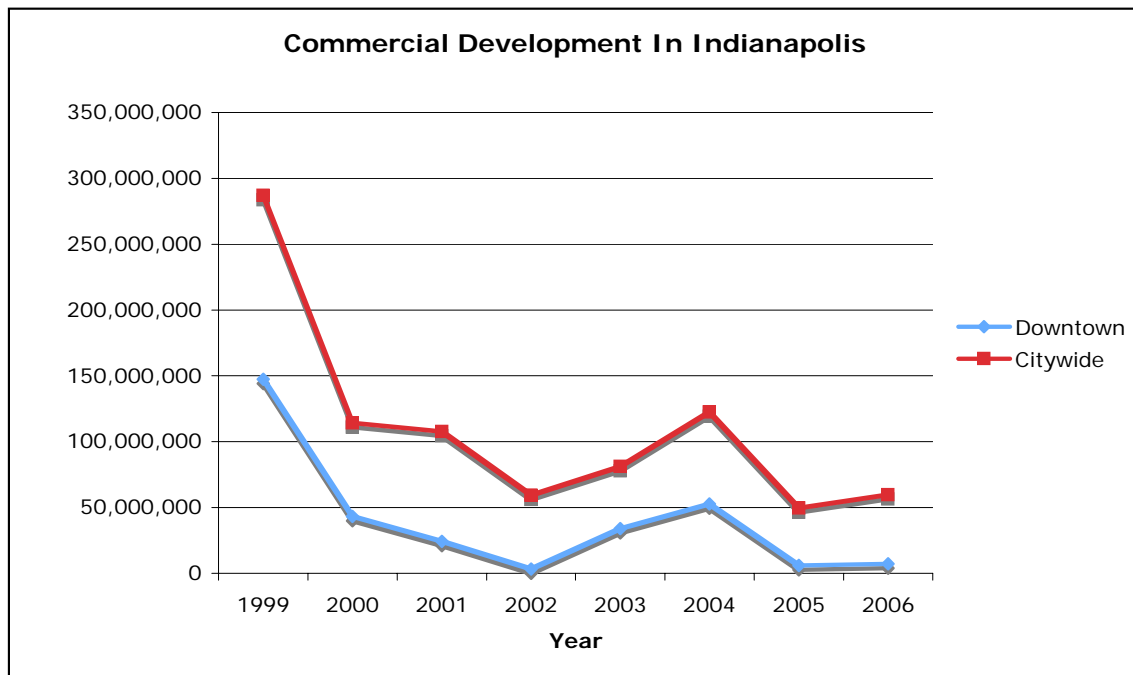


Figure 2. Conseco Fieldhouse, Home of the Indiana Pacers



Figure 3. The Indianapolis Arts Garden Connecting Downtown Indianapolis Assets While Bridging Major Streets



Figure 4. A Bed and Breakfast In One Of Downtown Indianapolis's Historic Districts



Los Angeles: Creating An Image For A New Downtown

Los Angeles is among a small set of cities that has a pronounced world image. Yet, despite its image and an economy larger than that of Australia and New Zealand combined, Los Angeles's downtown area was a deteriorating and unsafe place in the late 1980s and early 1990s. A redevelopment plan was created that included the building of a new arena built years after a convention center owned. Plans for a new home for the Los Angeles Philharmonic Orchestra were developed and the facility completed as part of the overall plan for rebuilding downtown's image and creating a new residential and office center.

The new arena was to be the home of the Los Angeles Lakers and the Los Angeles Kings. Both of those franchises agreed to leave The Forum in suburban Inglewood. As the new arena became a reality the Los Angeles Clippers also agreed to move their home games to the new facility making it the only one in North America that is home to two NBA franchises and an NHL team. Combined, the teams provide for more than 125 events each year giving the arena a strong base for its operations and profitability.

The public sector committed a total of \$71.1 million to the project. The developer of the new arena agreed that certain fees that would be collected from fans attending events would be dedicated to retiring the bonds supporting \$58.5 million of the public's investment. Those user fees reduced income or profits to the owner, and if additional revenue were generated from the streams dedicated to the public sector, those funds would also be retained by the public sector and might be sufficient to offset the entire \$71.1 million. An independent assessment of the arena deal illustrated that Los Angeles sufficient revenue from the dedicated streams to repay its debt (Baade, 2003).

The arena development deal was a financial success from the perspective that the public sector's investment was completely repaid from revenue streams generated by the arena's presence and the crowds attracted to events. However, the real impact or contribution of the arena has been in the new image it helped create for downtown Los Angeles, the unique architectural projects that were part of the redevelopment plan, and the creation of a renewed commercial and residential neighborhood in an area that was previously deteriorating and regarded as unsafe.

The cost of building the Staples Center was \$375 million; the public sector's investment in the project, which included needed infrastructure improvements, was equal to 19 percent of the cost of the facility. As part of the redevelopment of downtown the public sector also invest \$287 million to build a new convention center. Disney Hall, the new home of the Los Angeles Philharmonic Orchestra and designed by famed architect Frank Gehry cost more than a quarter of a billion dollars. Although the public sector was repaid for all its investment in the building's construction, the County is responsible for the annual \$10 million operating budget, drawing revenues to offset this expense only from the 2,000 parking spaces under the hall.

Staples Center, while an integral piece of the redevelopment of downtown Los Angeles, was not the only new facility built in an effort to change the image of the city's core. However, the arena was the most expensive asset and with three professional sports teams and numerous shows generating substantial user traffic. The Staples Center has become one of the most successful and profitable arenas in North America hosting more than 250 events per year. Across the last several years there have been, on average, 4 million paid admissions to events at the Staples Center insuring a large number of visitors to the downtown area almost every day.

The success of the redevelopment effort is best underscored by two recent statistics. In 2007, at the height of the mortgage and credit crisis in the US, and after the refurbishing of two large but dated office towers, commercial rents in downtown Los Angeles are rising and attracting tenants from other parts of the county (Vincent, 2007). In 2005, the vacancy rate for residential properties in downtown Los Angeles was in the 2.9 to 3.6 percent range, comparing favorably to other very desirable areas in the region

and after hundreds of new units have been built (Tierra Properties, 2007). A new \$3 billion privately financed commercial and residential project is underway and tenants will be able to move in before the end of the decade.

The photographs below feature the Staples Center with new commercial buildings in the background and Disney Hall and the residential and commercial development that has taken place as a result of its construction. A new image and neighborhood has been created in downtown Los Angeles, and recently developers agreed to a new \$3 billion project that will add offices and more residences to the downtown area.

Figure 5. The Staples Center, Downtown Los Angeles



Figure 6. Disney Hall and New and Refurbished Residential and Commercial Building In Downtown Los Angeles



San Diego: A Revolution In Public/Private Partnerships for Identity, Development and the Fiscal Health of A Sports Franchise

A review of San Diego and its Ballpark District is critical because it not only changed the image and development outcomes of a part of a city but revolutionized the relationship between cities and teams for economic and community development. The Padres (of Major League Baseball) played their home games in a stadium that was also used by a football team, the National Football League’s Chargers. Facilities built in the 1960s and 1970s were frequently designed to host both baseball and football teams and as

a result, these stadiums were never really satisfactory for either. Baseball action is concentrated in an infield area that is a 900 square yard diamond. Football's action is spread across a 6,000 square yard rectangle. Very different seating patterns are needed to maximize the views fans have of the action on the field. To accommodate both sports circular facilities were designed which are never really satisfactory for either sport. In addition San Diego despite its growth is still a relatively small market for professional sports with few large corporations and a relatively narrow base of businesses and individuals who can afford to purchase luxury seating and suites.

The Padres' ownership realized it would be very difficult to convince voters to support a new ballpark. The city's relationship with its other professional team, the NFL's Chargers was marked by repeated demands from the team for subsidies and the reconstruction of their shared home with the Padres. While the baseball team had made few demands, the political environment was quite hostile and without an innovative and different approach to a public-private partnership a new ballpark would never be built. What was presented to San Diego's voters, as Proposition C in 1998, was something never before contemplated. The proposal called for a public investment in a new ballpark, but the team's owner guaranteed \$450 million in new real estate development. The taxes from this new development would be sufficient to cover the cost of the public sector's investment in the ballpark and the required new infrastructure. The owner's guarantee involved a letter of credit from a bank meaning that if the real estate was not built, he would in effect be liable for the tax payments required to service the debt on the public's investment.

PetCo Park was built for \$411 million with San Diego responsible for \$169 million and the Center City Redevelopment Corporation – a public corporation – responsible for an additional \$132 million. The real estate development guaranteed by the Padres’ owner, John Moores would generate sufficient new tax money to retire the bonds supporting the public sector’s investment. The Padres, through their real estate development subsidiary had invested \$2.02 billion by 2006 and other investors had spent \$1.46 billion. A public investment of approximately \$300 million had produced almost \$3.5 billion in private sector spending for real estate development.

While this new real estate produces far more in new tax revenues than is need to retire the bonds used by the public sector to support its investment, there were other important goals for this development strategy that was also achieved. San Diego’s growth was spiraling away from the center and downtown area creating sprawling patters of development and increased commuting times. San Diego’s growth patterns – a result of substantial job growth that helped to produce escalating land values – resulted in widespread urban sprawl. San Diego wanted to avoid development patterns that were similar to those in the Los Angeles metropolitan area. Despite the existence of several large inner-ring residential communities, the demand for new housing led to the generation of new developments north, south, and east of the older parts of the communities. This led to increases in commuting times and concern among some community leaders that San Diego’s sprawling development patterns would undermine the quality of life and change the character of the community and region. A redevelopment corporation created in 1975 had had little success in reducing the spiraling

patterns of development and an area adjacent to downtown, the Eastern Warehouse district, was a symbol of the lost opportunities for inner city redevelopment.

By the 1990s, the East Village had become an area dominated by artists' studios, galleries and shops. Many of the warehouses have been converted into live/work lofts. Relative to urban development theory, the aging warehouse district was performing a role described by Jane Jacobs in her classic work *The Life and Death of Great American Cities*. In that work she described the vital role assumed by land that depreciates in value within an urban region. Lower-priced land serves as a home for the much-needed regeneration process by which new business and artists can thrive within a metropolitan region. These new start-up activities lead to the regeneration of economic activity and if a region deprives itself of lower valued land it loses a vital resource for its own long-term development.

This perspective is juxtaposed by other views that champion the value and impact of iconic activities that relocate economic activity and reverse undesirable patterns of development. As explored by other urban theorists, intrusions into market processes by the public sector through incentives or the location of specific facilities can help redirect economic activity and reverse or retard undesirable patterns dictated by market if not hegemonic pressures. For San Diego, its warehouse district was an area where these two theories would collide when the Padres introduced their plan for a new ballpark coupled with an unprecedented guarantee for private sector investment in exchange for a public investment in the ballpark.

However, even critics concede that this unique partnership built around a sports facility has been an extraordinary success. "Tens of thousands of condos, town homes,

and apartments have been built as part of hundreds of housing projects. Retail and entertainment projects have injected vitality into downtown. This effort has transformed downtown from its gritty past into the hottest neighborhood around” (Change the mix, 2004, p. B-8). With an overall public sector investment of 13 percent of the total, for every public dollar invested the private sector committed \$6. That level of investment insured that new tax money was produced and that development patterns changed while San Diego build a new image for its downtown area complete with parks, a new reliance on mass transportation, and expanded neighborhood retail services in the downtown area. It is now anticipated that as many as 90,000 people may live in the downtown area before 2020 and a new large-scale supermarket has even opened.

The photo below illustrates the ballpark nestled between new residential buildings and a park built to serve the neighborhood and visitors. The mass transportation system has stops located less than 400 yards from the facility. San Diego’s Convention Center appears in the top right hand side of the photograph just beyond several residential facilities. San Diego’s Ballpark District created an entirely new image for the warehouse district and downtown, and we achieved with a unique public/private partnership that produced sufficient revenues to completely repay the public’s investment and to generate an impressive return through the billions of dollars in private investments. The district and the ballpark was also built adjacent to two train stations which insures that the millions of fans and visitors to the area reach it without having to rely on automobiles.

Figure 7. PetCo Park and the Ballpark District In San Diego



Concluding Observations

The building of a new sports facility is a 30-year planning decision. It is described as a “30-year planning decision” because what a community decides relative to an arena’s fit into an overall development plan and strategy and where the facility will be located has a very long-term effect on development and land use patterns. What has been learned from the experiences of numerous cities across more than four decades of the building of new sports facilities is that stand-alone arenas surrounded by acres of open parking lots tend to become lost opportunities for development and the building of a city’s image. If a sports facility is not part of an integrated and comprehensive plan to redevelop an area and enhance a city’s image its construction becomes a largely missed planning opportunity. The consequences of that missed opportunity last for several decades.

There are examples, however, where cities made a facility an anchor part of an integrated plan, and their success in terms of development impacts and changes in their image highlight the opportunities that exist for Edmonton. The examples of success from Columbus, Indianapolis, Los Angeles, and San Diego identify some of the factors that any community should consider before an arena is built.

1. A new sport facility – especially an arena – that can host hundreds of events each year has the potential to be an anchor for commercial and residential development of an entire downtown area or a section of a city. No facility should be built without a carefully designed plan that includes neighborhood retail facilities,

- related commercial developments, and residential facilities that can turn the area in a 24 hour, 365 day-a-year community filled with people and events.
2. A new sport facility should also be an anchor for recreation for the entire region. San Diego insured that a new park was part of the Ballpark District, and Los Angeles plans to add a new 16-acre park to its downtown area. Edmonton should think about building park areas with ice hockey and skating areas that host youth and community events. Those facilities should be directly incorporated into the residential and retail plans to form a “central park area” for the development related to the arena.
 3. To create a pedestrian-friendly community, the plans for access to the arena, the park area, and the retail centers should maximize reliance on mass transportation. While care must be taken to deal with extreme weather conditions, the plans should focus on building an arena into a community where people can mix with others.
 4. Special attention must be directed towards the architectural plans. Indianapolis, Los Angeles, and San Diego achieved new images through unique designs.
 5. The creation of a new community can create an entirely different image for Edmonton and change the downtown area into a neighborhood community that is also a destination for recreation, tourism, and retail activity.
 6. The funding plan for any arena and a new community should insure that the revenue streams received by the public sector are sufficient to repay the investments made with tax dollars. Los Angeles and San Diego were both able to

- make the needed public investments and receive revenue streams that created positive cash flows for local governments.
7. The building of any new arena has to be part of a redevelopment plan wedded to large-scale private sector investments. In the absence of commitments it is possible that the desired retail and commercial developments will not take place. The plans implemented in Columbus and San Diego guaranteed there would be new residential, retail, and commercial development financed with private dollars. Edmonton's plan must be similarly structured to insure that an entirely new downtown area capable of creating a new image for the city becomes a reality.
 8. The future of Edmonton's economy – like those of other cities in North America – lies in capitalizing on short-term benefits to create an environment that attracts the best-trained human capital. The “idea generators” and leaders that leading corporations seek are attracted to cities with vibrant areas filled with lively neighborhoods, parks, and facilities that help to define the experience economy of tourism and entertainment. Toronto, Vancouver, and Montreal have created such assets for their regions. Those assets create reputations and images for their region that make the cities “world leaders.” Edmonton has an opportunity to use a new arena to rebuild its downtown area into one that redefines the city and region for the 21st century. That is an opportunity that should not be lost.

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