

1-1-2006

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Recommended Citation

Dr. Sharianne Walker and Dr. Michael Enz, *THE IMPACT OF PROFESSIONAL SPORTS ON THE LOCAL ECONOMY*, 29 W. New Eng. L. Rev. 149 (2006), <http://digitalcommons.law.wne.edu/lawreview/vol29/iss1/10>

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THE IMPACT OF PROFESSIONAL SPORTS ON THE LOCAL ECONOMY*

DR. SHARIANNE WALKER & DR. MICHAEL ENZ

INTRODUCTION

Sports is big business both nationally and internationally. Evidence of this fact abounds in the daily sports and business pages of any newspaper. News outlets have reported record-breaking television ratings for NASCAR's Daytona 500,¹ high-stakes negotiations to broker a labor agreement for the National Football League,² and estimates of Tiger Woods' endorsement and appearance revenues exceeding \$80 million.³ In 2000, the estimated gross domestic sports product in the United States alone was \$213 billion.⁴

Scholars who examine the economic impact of professional sports on local economies often look at team economic value determinations with respect to public contribution to stadium construction. Team owners and supporters seeking to secure tax dollars and other public support for stadium construction or renovation often cite economic impact as the primary justification for public expen-

* This paper summarizes the moderated discussion that took place during "The Impact of Professional Sports on the Local Economy" panel, a component of the Issues in Community Economic Development Symposium held at Western New England College School of Law, on March 24, 2006. Dr. Sharianne Walker, Associate Professor and Chair of Management and Sports Management at Western New England College School of Business, moderated the panel discussion. Panel participants included: Mr. Russell F. Denver, President of the Affiliated Chambers of Commerce of Greater Springfield, Inc.; Mr. Christos Nikolis, Vice President of the American Hockey League; and Dr. Michael Enz, Assistant Professor of Economics at Western New England College. Statements not specifically attributed to a panel member represent either the shared view of all panelists or the interpretation of the authors. A recording of the panel discussion is currently on file with *Western New England Law Review*.

1. *Nielsen Weekly Sports Ranking*, STREET & SMITH'S SPORTSBUSINESS J., Mar. 6-12, 2006, at 14.

2. Liz Mullen, *Winding Road to NFL Labor Peace*, STREET & SMITH'S SPORTSBUSINESS J., Mar. 13-19, 2006, at 1.

3. Jonah Freedman, *The Fortunate 50*, SPORTS ILLUSTRATED, July 4, 2005, at 65, available at <http://sportsillustrated.cnn.com/more/specials/fortunate50/index.html>.

4. Matthew T. Brown, *An Analysis of Online Marketing in the Sport Industry: User Activity, Communication Objectives, and Perceived Benefits*, SPORT MKTG. Q., 2003, at 48.

diture on stadium-related projects. This argument has been well received in some communities and dismissed in others.

In the last decade, while the question of economic impact has continued to be the subject of much public debate, there has been a subtle shift away from primary source public funding of stadiums and arenas and toward increased private sector contribution. Although private sector investment in professional sports facilities continues to increase, public contribution is still significant, sometimes coming in the form of infrastructure improvements or favorable tax incentives. This trend away from public funding seems to indicate that there may be a growing reluctance for taxpayers to financially support direct facility construction costs for professional teams.

The trend raises several important questions: Is the public becoming more skeptical about the benefits of taxpayer dollars invested in stadiums and arenas? Has public sentiment about the value of professional teams to a community swayed? Does the public feel that wealthy professional team owners are simply taking advantage of irrational public attachment to sports teams? Is public investment in professional sports facilities good public policy?

I. THE DOLLARS AND SENSE OF SPORTS

For business leaders, politicians, and taxpayers who debate the role of government in sports facility construction for professional teams, the type and amount of public investment in these facilities hinges on the realistic valuation of the economic impact that the tenant-team brings to the host city and the local economy. Such valuation is illustrated by examining the economic impact of a minor league hockey team in Springfield, Massachusetts. Springfield is home to the Springfield Falcons, an American Hockey League (AHL) team, and the AHL headquarters.

Russell Denver, president of the Affiliated Chambers of Commerce of Greater Springfield, argues that the Springfield Falcons exemplify how professional sports teams can bring benefits to the community and serve as unique economic engines. He suggests that empirical academic studies examining the question often fail to recognize significant unquantifiable intangible benefits.⁵ According

5. See Benjamin A. Okner, *Subsidies of Stadiums and Arenas*, in GOVERNMENT AND THE SPORTS BUSINESS 325, 327-29 (Roger G. Noll ed., 1974) (stating "intangible benefits . . . cannot be disregarded just because it is not possible to put a price tag on them"); see also Robert A. Baade, & Richard F. Dye, *Sports Stadiums and Area Devel-*

to Mr. Denver, one such intangible is the often-forgotten publicity perk that accompanies hosting a team. An AHL team, participating in a league with twenty-six other teams, enjoys name and brand recognition in the other market cities. For example, references to Springfield appear in newspaper stories, league standings, and other advertising literature in the twenty-six AHL markets. However, Mr. Denver cautions that each team, including the Springfield Falcons, must be viewed foremost as a business that must generate revenue to survive.

The Springfield Falcons have ten full-time employees and hire an additional twenty-five part-time employees for approximately forty home games annually. Operators of the MassMutual Center, the sports facility where home games are played, hire approximately 130 part-time employees for game nights. These part-time employees include the ice crew, ushers, ticket takers, concession workers, scoreboard operators, camera operators, firefighters, police officers, and security personnel. Because supplemental income is often returned to the local economy, part-time positions offered by professional sports venues add real value to the community.

In addition, game officials are hired and individual teams employ as many as thirty-five players per year. In turn, these players normally rent or purchase homes in the local community. Christos Nikolis, vice president of the AHL, stated that while the average AHL contract is \$65,000 per year, some league players with National Hockey League (NHL) contracts earn as much as \$90,000 per year. Often, this money returns to the local economy through regular purchases of goods and services. In some cities, including Springfield, the average AHL player's contract is more than twice the annual earnings of the average resident.⁶ Players' salaries are taxable at the local and state level. Cumulatively, a state may realize additional economic benefit as a result of hosting these teams.⁷

The local economic benefits derived from routine operating ex-

opment: A Critical Review, ECON. Q., Aug. 1988, at 265, 271 (noting conflict over whether to include intangibles as benefits).

6. In 2005, the median earnings for an individual in Springfield, Massachusetts, were \$26,518. U.S. Census Bureau, *Springfield city, MA, 2005, Industry by Sex and Median Earnings in the Past 12 Months (In 2005 Inflation-Adjusted Dollars) for the Civilian Employed Population 16 Years and Over*, American Community Survey Table S2403 (on file with *Western New England Law Review*).

7. For example, when combining the payroll assessments of other Massachusetts sports teams, including the Boston Red Sox, Boston Celtics, and New England Patriots, the Commonwealth of Massachusetts realizes significant economic benefit in hosting these teams.

penses are often overlooked. For example, the Springfield Falcons spend over \$150,000 in bus transportation with Peter Pan Bus Lines, a local transportation vendor. The team also retains a variety of local medical providers, including physical therapists, MRI centers, and other sports-related treatment specialists. Baystate Health System, a local hospital network, also enjoys related ancillary benefits, using team endorsements to drive other users to the facility. Additionally, the Falcons spend approximately \$150,000 a year on local media buys, or advertisements.

According to Mr. Denver, this direct and measurable benefit to the local economy is supplemented by economic spin-off in terms of fan-related spending. The Springfield Falcons compete at the recently renovated MassMutual Center in downtown Springfield. On game nights, fans patronize local restaurants and bars. Mr. Denver reports that at Samuel's Sports Bar and Tavern, located one block from the MassMutual Center, business increases by 65 percent on nights when the team plays at home. Mr. Denver also offered the example of a downtown restaurant, The Student Prince, which serves an additional sixty-five to seventy-five meals as a direct result of Springfield Falcons fans being in the downtown area.

Mr. Denver notes that the city itself benefits from game-night fan spending. The Springfield Parking Authority (SPA) reports an additional 150 to 375 parked vehicles on nights when the Springfield Falcons play at home.⁸ The added revenue generated from forty home-game nights each year contributes to the SPA's ability to pay off its bond obligations.

Visiting teams, Mr. Denver adds, also make important contributions to the local economy. For example, Mr. Denver noted that a local hotel reports that visiting teams book approximately 1,500 room-nights at two major downtown hotels in Springfield each season. Visiting players and team officials not only stay in local hotels, but they also eat in local restaurants and rent cars locally. The fact that the AHL headquarters are in Springfield provides further direct benefits to the city. The League hosts conferences, meetings, and other events in Springfield, which draw additional league personnel and visitors to the city. Lastly, according to Mr. Denver, the team has made a significant economic contribution to the Spring-

8. The Springfield Parking Authority, established in 1981 by the City of Springfield and the Commonwealth of Massachusetts, "is . . . responsible for the development and management of . . . off-street parking . . . in support of economic development [efforts] in downtown Springfield." Springfield Parking Authority, About Us, <http://www.parkspa.com/aboutus.shtml> (last visited Dec. 26, 2006).

field area through its support of many non-profit agencies. The Springfield Falcons Charities, the team's charitable arm, has donated over \$400,000 to the local community in the past ten years. Mr. Denver points to the investment of Springfield's leading employer, MassMutual Financial Group (MassMutual), as further evidence that the Falcons are an important partner in Springfield's economic development.⁹ Mr. Denver noted that MassMutual paid \$5 million in a naming-rights sponsorship deal,¹⁰ not only for the purpose of supporting and recognizing the Falcons' contribution to the Springfield community, but also for the opportunity to ensure that the 225,000 people who attend events in the MassMutual Center will see the MassMutual name prominently featured in and around the building. For Mr. Denver, the Springfield Falcons provide a tangible example of how a professional sports team can contribute both directly and indirectly to the local economy.

In addition, the Springfield Falcons are affiliated with the Tampa Bay Lightning Hockey Club, an NHL franchise.¹¹ Each year, the Lightning pre-season training camp is held in Springfield. During this camp, over forty professional players stay in Springfield for two weeks.

Economists suggest that these direct economic benefits, including employment opportunities, tax revenue, and local spending, are no different from those provided by other small to mid-size businesses.¹² Through the league structure, however, professional sports have the unique ability to attract and sustain large numbers of visitors over a long period of time. This sets the Springfield Falcons apart from other businesses in Springfield. Mr. Nikolis, the vice president of the AHL, identifies Springfield as one of the smaller market cities in the AHL, but notes that larger AHL market cities such as Toronto, Chicago, Philadelphia, Houston, and San

9. MassMutual Financial Group is headquartered in Springfield, Massachusetts. MASSMUTUAL FIN. GROUP, 2005 ANNUAL REPORT 28 (2005), available at http://massmutual.com/mmfg/pdf/mm_annual_report.pdf. In 2005, the Fortune 500 Company reported nearly thirteen million clients and approximately \$396 billion under management. *Id.* at 1, 15. According to Mr. Denver, its more than five thousand employees make MassMutual Springfield's largest employer.

10. Press Release, Mass. Convention Ctr. Auth., MassMutual Center Opens for Business: New Facility Puts Pioneer Valley on the Convention and Meetings Map (Sept. 30, 2005), available at <http://www.mccahome.com/pdf/Massmutualgrandopening.pdf>.

11. Nat'l Hockey League Affiliates, <http://www.theahl.com/theahl/nhlaffiliates> (last visited Dec. 26, 2006).

12. MARK S. ROSENTRAU, MAJOR LEAGUE LOSERS: THE REAL COST OF SPORTS AND WHO'S PAYING FOR IT (Basic Books, rev. ed. 1999).

Antonio report similar economic benefits related to their AHL teams.

Many businesses choose to support sports teams and reap benefits from these alliances. While major corporations are the best-known supporters of professional teams, smaller businesses also support teams, and are often important beneficiaries of related economic spin-off. Indeed, the relative economic impact on small businesses created by alliances with sports teams may be more significant than the impact on major corporations. Many stadiums are surrounded by small businesses. For example, sandwich shops, pizza places, and sports bars around stadiums receive significant revenue from fan-related spending. Most AHL cities experience an average nightly attendance of approximately five thousand fans. With forty scheduled home games each season, most AHL teams draw approximately two hundred thousand total visits by fans to their communities.

According to Mr. Nikolis, the spending behavior of AHL fans supports many small businesses around AHL stadiums, including those businesses providing pre-game and post-game meals, drinks, and entertainment. Mr. Nikolis also suggests that the availability of a professional team as an anchor tenant often supports stadium construction and renovation. For example, Mr. Nikolis reports that a new arena was built in Manchester, New Hampshire, to support a team. While the building provides the opportunity for economic contribution related to professional hockey, the local community also receives economic benefits from other events including concerts, trade shows, and college athletic contests, which are now held in the building. Mr. Nikolis adds that the community-relations benefits described by Mr. Denver should not be underestimated. Specifically, AHL teams across the league make significant contributions to their host communities. Players, coaches, and even mascots contribute to their communities by hosting hockey clinics, visiting hospitals and schools, and directly contributing to charitable causes. Mr. Nikolis suggests that such local involvement is not only the right thing to do, but is also good for business in that it helps the teams and the league raise their profiles in their communities.¹³

13. The league and its franchises raise money through a wide variety of events ranging from online auctions to benefit events. Charitable concerns include youth hockey, children's charities, educational efforts, and medical organizations. For more information about the league and member team philanthropic activity, visit <http://www.theahl.com> to access individual team websites. To find community service activity for each member team, follow the "community" link on each team's website.

Mr. Nikolis notes that AHL teams raise and donate over \$2 million for various charities every year. Quantifying direct contributions and dollars raised through fundraising events, such as food, clothing, and equipment drives, is relatively easy. Though more difficult to estimate, Mr. Nikolis emphasizes the intangible, yet significant, value teams deliver to their communities through their presence and involvement.¹⁴

II. MEASURING THE IMPACT OF SPORTS

One of the challenges of assessing the economic impact of sports teams lies in the accurate measurement of indirect economic benefits. Sports often create indirect economic benefits through fan spending. Scholars have long used a multiplier to estimate how money circulates in a local economy. The multiplier is, at most, a best-guess estimate of the effect subsequent spending on sports will have in the community.¹⁵ Additionally, studies that attempt to isolate sport-specific spending within a large local economy often rely on consumer reporting of such spending patterns.

Dr. Michael Enz, Assistant Professor of Economics at Western New England College, suggests that there is theoretical support for using a smaller multiplier in sport-specific studies. As such, he suggests that derived estimates should be conservatively stated. Critics of higher multipliers point out that, for a variety of reasons, individuals performing these studies may have incentives to produce optimistic findings.¹⁶ Specifically, there is potential bias when these studies are commissioned by sports or business professionals who want to put forward the best-case scenario, presumably to secure funding or garner support for sports-related projects. Professor Enz notes that since the empirical work depends on including certain variables or using certain assumptions that could alter the results, they should be viewed with a critical eye. For this reason, he says, these studies are far from perfect and it is important to look closely at their underlying assumptions.

Even though they are hard to quantify, Professor Enz explains

14. Mr. Nikolis comments that it is impossible to place a value on the smiles brought to children's faces when a local professional hockey player makes an appearance in a classroom to read a book by Dr. Seuss, a native of Springfield, Massachusetts. While such a benefit cannot be measured in dollars, Mr. Nikolis adds that this is an important element of the AHL's mission.

15. See ROSENTRUB, *supra* note 12, at 161-69.

16. See *id.* at 137-70; ANDREW ZIMBALIST, *BASEBALL AND BILLIONS* 136-46 (1992).

that the intangible benefits from hosting a professional sports team can nonetheless be significant to a community. Placing a dollar value on the sense of civic pride that comes from following a local sports team may appear impossible. From an economist's perspective, however, Professor Enz suggests that because people spend time following teams, and time has a monetary value, citizens place value on personal engagement with the team. While it is difficult to measure in a dollar amount what that value is to any one individual, it is important to acknowledge that for some people, the mere existence of a team in their home city adds value to their lives.

Professor Enz finds that quantifying economic impact is difficult. Before relying on economic impact studies, it is important to look at how the studies were conducted, to question the underlying assumptions of those studies, and to carefully examine issues of related spending. Leading critics of sport economic-impact theory, including Andrew Zimbalist, suggest that it is important to recognize that economic-impact studies often fail to account for the source of the money being spent.¹⁷ For Professor Enz, it is important to determine how and where fans would have otherwise spent that money. He suggests that the effect of economic impact is maximized when visitors spend money because they bring "new" money to the local economy. Professor Enz comments that money measured in some studies is often the same money that already existed in the economy and has merely been redirected rather than generated or brought into the community. If money is not "new" to the economy, then the fans are simply taking away from other local spending to support a team. This practice may have a neutral effect on the economy.

However, Mr. Nikolis reports that where the construction of a new building to support a team results in a city's ability to host family shows, concerts, and collegiate athletic events, the economic effect can be significant.¹⁸ He referred to a study completed by the University of Southern New Hampshire School of Business. The study examined the impact of the previously mentioned Manchester, New Hampshire facility that houses another AHL team. According to this report, the new building has brought \$40

17. ZIMBALIST, *supra* note 16, at 136-40. See generally John Siegfried & Andrew Zimbalist, *The Economics of Sports Facilities and Their Communities*, 14 J. ECON. PERSP. 95 (2000).

18. DOUGLAS BLAIS, ECONOMIC IMPACT REPORT: VERIZON WIRELESS ARENA 2004 (2004), available at <http://www.manchesternh.gov/CityGov/MED/econinfo/files/887F8C2885AC4A438627996F2B21EE4E.pdf>.

million of new spending to Manchester.¹⁹ The new building made it possible for Manchester to host the 2005 AHL All-Star game, which brings thousands of fans and visitors to the host city. Mr. Nikolis adds that such marquee events bring additional publicity and marketing benefits to the local community that are difficult to quantify.

Mr. Denver views the creation of sport facilities not only as a way to attract visitors, but also as a way to improve the quality of life for city residents. These facilities may encourage local residents to spend hard-earned money in the local community instead of traveling to other markets. As an example, he points to the resurgence of the MassMutual Center in Springfield, and a recent string of sold-out concerts and events. In all likelihood, he adds, those attending the events would otherwise have gone to nearby Hartford, Connecticut, or to Boston or Worcester, Massachusetts to spend their entertainment dollars.

Another important benefit of downtown and local area development is increased public perception about the quality of life in Springfield. Mr. Denver reports that the Chamber of Commerce has been interested in keeping local college students in the area after graduation, thereby preventing the "brain drain" that occurs when they leave. The Chamber of Commerce believes many graduates move, in part, because of their belief that there is little to do in Springfield. For Mr. Denver, an active and vital downtown that offers restaurants, clubs, theaters, concerts, a convention center, and professional sports makes Springfield a more attractive place to live, and may attract more young professionals who are valuable resources to the local economy.

Mr. Denver also suggests that professional teams attract "new" money through visiting teams. By way of anecdotal evidence, he points to a recent visit by four busloads of booster-club hockey fans who traveled to Springfield from Pennsylvania to support their team. The fans stayed for two nights in a local hotel, ate at local restaurants, and shopped at local malls during the day. These fans left their money in Springfield.

Economic theorists suggest that the question of "new" money and how it is measured in economic-impact studies must be viewed on a sport-by-sport basis.²⁰ Consumer behavior varies widely across sports and must be considered in any attempt to determine

19. *Id.* at 4.

20. DENNIS R. HOWARD & JOHN L. CROMPTON, FINANCING SPORT 58 (1995).

economic impact. For example, fans of professional football often arrive early to tailgate, but bring their own food and beverages. This fan behavior pattern suggests that there may be little opportunity for increased local spending. Additionally, frequency of contests and stadium capacity may influence revenue capture. Mr. Denver suggests that stadium location, and the nature and quality of local businesses surrounding the facility, greatly affects economic impact. He points to the Boston Red Sox as a franchise that has successfully generated foot traffic for local businesses and attracted significant visitor spending to the area.

III. SPORTS STADIUM CONSTRUCTION AS A CATALYST FOR URBAN DEVELOPMENT

Creating a vibrant sports-related development is often the goal of urban planners. In some cities, such as Baltimore, sports stadium construction has been used as a catalyst for urban development.²¹ Mr. Denver notes that, in the past, the Springfield Chamber of Commerce supported efforts to construct a baseball stadium downtown. According to Mr. Denver, the Chamber saw a stadium in the downtown area as an economic tool to complement existing tourism destinations, including the new MassMutual Convention Center, the entertainment district, and the Basketball Hall of Fame. Supporters envisioned a stadium that would not only host a minor league team, but would also be a venue for other events, including tournaments and concerts. A baseball stadium could also attract new businesses to the area as part of a broad economic-development plan for the city. Although the stadium plan fizzled due to questions related to financing and the relocation of area businesses, the Chamber supported the concept of a multi-use stadium as a tool for economic development.

Some taxpayers saw the necessary relocation of businesses and property owners through eminent-domain land-taking as especially problematic.²² Such takings would require additional public fund-

21. Bill Atkinson, *Beltway Ballgame Special Report*, BALTIMORE SUN, June 13, 2004, at 1A, available at 2004 WLNR 1497405 (Westlaw).

22. Some cities have attempted to use eminent domain for private land taking in support of stadium or arena construction projects. In these cases, eminent domain requires that the government prove that stadium or arena construction is for the public good. A city that exercises eminent domain for sports facility construction often justifies this approach by arguing that the facility and tenant franchise contribute significantly to the local economy, city image, and quality of life. See DEAN V. BAIM, *THE SPORTS STADIUM AS A MUNICIPAL INVESTMENT* 219 (1994).

ing and alienate those citizens who do not agree that taking land for sports facilities is in the public's interest. The location of the stadium and access roads in certain neighborhoods could raise the public's ire.²³ In the right location, however, Mr. Nikolis reports that he has seen sports-facility-related development work effectively. He cites to Manchester, Scranton, Springfield, and other AHL cities where new restaurants, hotels, malls, and clubs have sprung up near AHL team facilities. He notes that while sports facilities are not a magic-bullet or cure-all for economic development, they can be effective development tools where chambers of commerce, politicians, business leaders, and others carefully and diligently do their homework and plan the appropriate development on the right site.

Although sports facility projects have had success in some areas, public contribution to such projects continues to be the subject of great debate. Mr. Denver suggests that while he firmly believes that sports stadiums and their associated teams can play an important role in economic development, he also recognizes that public detractors have clearly articulated their opposition. Professor Enz suggests that while one can argue that there is a net benefit to the community resulting from public contribution to sports stadiums, it is difficult to compare that to what can be realized by contributing to other critical public concerns such as education, public safety, and public works projects. Where resources are scarce, citizens must carefully estimate the return on public investments and consider the opportunity costs of alternate spending. Lack of support for such projects may stem from a concern that public resources should be used to support other municipal projects.

To illustrate the public debate over prioritizing public spending, Mr. Denver points to a presentation that Arthur Rolnick, vice president of the Federal Reserve Bank in Minneapolis, Minnesota,

23. Nikolis suggests that citizens in Springfield could object to any plans for a downtown baseball stadium for the same reasons Connecticut residents worried when the University of Connecticut investigated the possibility of constructing a new on-campus football stadium in support of the football program's move from Division I-AA to Division I-A. At the time, Athletic Director Lew Perkins explored a variety of possible sites for construction, including sites on campus and near Hartford. The stadium was ultimately built in East Hartford. Residents worried the stadium project would generate unwanted traffic, create noise pollution, and devalue their property. See Christopher Keating, *Some Residents Wary as Stadium Construction Progresses*, HARTFORD COURANT, Apr. 30, 2001, at B1, available at 2001 WLNR 10682660 (Westlaw) (discussing the concerns of residents in the East Hartford neighborhood where the stadium was ultimately built).

gave to over nine hundred Springfield business people.²⁴ Mr. Rolnick explained a proposed taxpayer-funded trust fund that would provide for an early education program, open to every child in Minnesota. The proposed plan would cost \$600 million, an amount, the presenter noted, exactly equal to the amount that the Minnesota Vikings were seeking from the state to pay for the construction of their new stadium. Mr. Denver relates that the audience was silenced by the sharp contrast of proposed uses for the same amount of taxpayer dollars.

Some have argued that public contribution to new sports facilities is tantamount to welfare for the elite—a subsidy for millionaire athletes who are sometimes spoiled and poorly behaved.²⁵ In some cities where athletes have run into trouble with the law, opponents to stadium funding bills have pointed to such transgressions when arguing against stadium projects. Specifically, those opponents suggest that stadium funding will simply put money in the pockets of criminals.²⁶ Professor Enz suggests that the impact of sports-related misconduct on a specific community can be more subtle. He posits that, while local athlete misconduct may have a negative local impact, local communities may ultimately benefit following national incidents involving high profile athletes. In the aftermath of a national sports scandal, local teams and athletes are likely to redouble their efforts in public service to counteract bad publicity, action that ultimately benefits the community.

By being socially responsible and active in the community, Mr. Nikolis suggests, teams and owners may get a better public response when they seek public funding. On the other hand, Mr. Nikolis suggests that sports teams that respond slowly to allegations of local athlete misconduct may add to negative public perception.

24. This speech was one given by Mr. Arthur J. Rolnick, Senior Vice President and Director of Research, Federal Reserve Bank of Minneapolis, in his keynote address, *Economics of Early Childhood Development*, at the Affiliated Chambers of Greater Springfield Super 60 Luncheon and Recognition Program, which was held on October 29, 2004.

25. See, e.g., League of Fans, <http://www.leagueoffans.org/index.html> (last visited Dec. 26, 2006) (encouraging sports reform, including an end to taxpayer subsidies for new stadiums).

26. Criticism of the criminal activity of professional athletes has proliferated with the popularity of exposé websites. See, e.g., The Smoking Gun, <http://www.thesmokinggun.com> (last visited Dec. 26, 2006). Opponents of public funding of stadiums have long argued that such subsidies are tantamount to corporate welfare and when the character of the owner or players become fodder for the tabloids, the claim that ill-behaved athletes and owners are undeserving of public support may become part of the public debate. See, e.g., League of Fans, *supra* note 25.

Mr. Nikolis referenced allegations that several members of the Minnesota Vikings behaved inappropriately during a social outing.²⁷ In that case, the players and the owner of the franchise were slow to respond to public concerns, perhaps amplifying criticism of the franchise.²⁸

In Springfield, where hockey has been a part of the community experience since the 1930s, and ownership takes great pride in being part of the community, the franchise is likely to be viewed as a community asset. The media also plays a key role in shaping public opinion about sports franchises. Mr. Nikolis suggests that many athletes do good work in their communities, but their stories receive little media attention. Perhaps there are statistically no more bad individuals in sports than there are in society at large; however, in sports, the cameras and microphones are constantly aimed at the players. Perhaps to counter the impact of negative athlete behavior, or at least to recognize the positive impact of well-intentioned athletes and organizations, ESPN and *Sports Illustrated* now publicize and acknowledge the good deeds of athletes more frequently. Unfortunately, sensational and negative stories continue to sell newspapers and garner high viewer ratings.

The current trend toward securing private funding for sports facilities suggests that teams know that public dollars are difficult to secure, and they have become savvier in seeking such funding. One thing teams may have learned is that public support for sports projects may increase when municipal infrastructure improvements are part of the funding package. For example, Massachusetts taxpayers supported road and utility improvements related to the construction of Gillette Stadium in Foxboro²⁹ and the Basketball Hall of Fame in Springfield.³⁰ Teams and local governments will likely

27. *NFL Notebook: Vikings' Boat Ride Goes Wild: Crews Complain of Lewd Behavior*, SEATTLE POST-INTELLIGENCER, Oct. 13, 2005, at C7, available at http://seattlepi.nwsource.com/football/244415_nfln13.html.

28. Brandt Williams, "Sex Boat" Allegations Rock Vikings, MINN. PUB. RADIO, Oct. 12, 2005, available at http://news.minnesota.publicradio.org/features/2005/10/12_williamsb_vikings.

29. "Massachusetts taxpayers paid \$72 million for infrastructure improvements and road construction around Gillette Stadium, but the team is required to pay that money back over 25 years." Dave Copeland, *Patriots Teach Lesson about Stadium Financing*, PITTSBURGH TRIBUNE-REV., Jan. 5, 2004, available at http://www.pittsburghlive.com/x/pittsburghtrib/s_173094.html. The remainder of the cost was covered by Patriots owner Robert Kraft. *Id.*

30. Gov. of Mass., Capital Outlay, Fiscal Year 2001, http://www.mass.gov/bb/fy2001h1/capital_outlay/default.htm (last visited Dec. 30, 2006) (discussing funds provided by the Commonwealth to assist in "the construction of a new facility, renovation

continue to explore creative financing arrangements, including various economic incentives and visitor-related taxes, such as hotel and rental car taxes, as an alternative to direct taxpayer funding of facility construction.

Professor Enz and Mr. Nikolis agree that, while teams and the media will continue to try to shape public opinion, it is important that public debate about the economic impact of sports facilities continue. It is only through public discussion that a well-considered decision can be reached. Individual communities must decide what priority they wish to place upon sports-related project spending. According to Professor Enz, stadium design should be factored into the equation. For example, a covered arena that has the ability to host hockey and basketball as well as year-round concerts, tournaments, family shows, and other events, is much more likely to benefit the local economy. In contrast, he suggests that it would be difficult for a small business located next to a single-use open-air football stadium to rely on sports-related spending.

Mr. Nikolis also suggests that team management has a responsibility to facilitate the local community's realization of economic benefits. He adds that a city's ability to realize economic benefits related to a local sports franchise depends on the team's ability to provide a quality product, sell tickets, enhance the experience for fans, and leverage corporate partnerships. For the team, the ability to be creative, add value to the product, and market effectively not only affects its own bottom line, but the community's as well.

CONCLUSION

Mr. Denver, Mr. Nikolis, and Professor Enz all agree that as long as there is a high level of public interest in professional sports, cities will continue to line up for the privilege of hosting professional sports teams, and debate over public contribution to sports stadiums will continue. Although investors appear eager to purchase franchises and as major markets compete for existing major league franchises, only a handful of major market cities appear to be looking for professional sports franchises. Real growth opportunities, however, seem to exist in small and mid-size market cities and at the minor league level.³¹

Little evidence exists to demonstrate a slowdown in stadium or

of infrastructure around the Hall of Fame, and road improvements adjacent to the Hall of Fame").

31. Erik Spanberg, *Midsized Markets Could Be the Start of Something Big: Success*

arena construction and renovation in the foreseeable future. Existing facilities will be expanded and enhanced.³² New facilities will be built. It is even likely that facilities built in the last ten years will be replaced with more expensive facilities as they become outdated or obsolete due to innovations in stadium design and integration of technology. As long as owners and leagues are careful to control the number of franchises, they will be able to retain their value as a limited commodity.

Currently, there is no indication that elected city officials will stop coveting professional sports teams as catalysts for economic growth, as the root of civic pride, as contributors to quality of life, or as sources of political gain. Whether such an assessment of the value of a professional sport franchise is realistic, logical, or even realizable seems to depend on a variety of factors including facility design and use, location, franchise management, community involvement, thoughtful planning, financing, and coordination with a broader economic development plan. Ultimately, the citizens and representatives of specific communities will make the complicated determination of a professional sports franchise's value to a local economy.

of New Arena in South Carolina City Bodes Well for Others, STREET & SMITH'S SPORTS-BUSINESS J., Apr. 27-May 3, 1998, at 26.

32. See, e.g., Arizona Cardinals, Stadium Construction, <http://www.azcardinals.com/stadium> (press releases) (last visited Dec. 26, 2006); Arizona Cardinals, Cardinals Stadium Design, <http://www.azcardinals.com/stadium/design.php> (stadium design and photographs) (last visited Dec. 26, 2006); Arizona Cardinals, Quick Facts, <http://www.azcardinals.com/stadium/quickfacts.php> (quick facts, including figures of economic impact of stadium construction phase) (last visited Dec. 26, 2006); see also Invesco Field at Mile High—Facts and Figures, COLO. SEC. NEWS (Am. Soc'y of Mechanical Engineers, Wash., D.C.), Sept. 2005, at 4, available at <http://sections.asme.org/Colorado/NL/News/letterSept05.pdf> (including stadium information on Invesco Field at Mile High, home of the National Football League's Denver Broncos, which was opened in 2001, and boasts "1.8 million square feet of space," as well as "530 TV monitors displayed throughout the stadium").