

**SUBSIDIZING PROFESSIONAL SPORTS TEAMS AND BUILDING NEW  
FACILITIES: FLAGSHIP PROJECTS FOR URBAN RENEWAL OR  
CORPORATE WELFARE?**

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**Kurt Sargent**

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# **Subsidizing Professional Sports Teams and Building New Facilities: Flagship Projects for Urban Renewal or Corporate Welfare?**

**Kurt Sargent**

## *Abstract*

The issue of taxpayer support of professional sports teams and for building new downtown facilities is a contentious one. Proponents argue this practice is beneficial to the community in terms of municipal revenue, economic growth and job creation because new money is spent in the economy. Further, this new money is subject to an economic multiplier effect, which greatly increases the economic impact of the initial expenditures by creating more jobs and more tax revenue for local governments. Thus, the cost to the taxpayer is said to be much less than the benefits. Many scholars refute these claims and, based on empirical research, suggest that quite the opposite is true. They take issue with the idea of team expenditures as new money, and suggest that the economic multipliers are overstated. They also argue that the cost of ongoing subsidies and capital investment in the construction of new facilities are underestimated. Furthermore, the sustainability of teams and facilities must be questioned in light of rapidly escalating costs; both players' salaries and ticket prices continue to increase. Fierce competition among cities increases teams' demands for newer facilities and more funding, leaving cities with small market thresholds out in the cold.

## **Introduction**

The issue of subsidising professional sports teams and building new facilities is not new. In the 1970s, academics such as Roger G. Noll (1974) and Bruce Kidd (1977) raised concerns about this issue, yet the situation is now worse than ever. The big supporters of public subsidies for professional sports are the team owners, the players and media, and, to a lesser extent, the fans themselves. Supporters suggest that the funding of teams and new stadiums is good for a city. They claim these initiatives stimulate economic growth and create new jobs. Ultimately, it is argued, the costs to the taxpayers are outweighed by the benefits.

Cities that buy into these claims tend to make these initiatives the main focus of downtown revitalisation efforts. Many scholars have conducted empirical studies to test these claims. Robert Baade, Mark S. Rosentraub, and Roger G. Noll are widely cited in the literature available on this subject. Most of these studies draw the same conclusions: that the benefits of professional sports teams and the building of new sports facilities are few, and the impacts can be negative.

The purpose of this research paper is to examine the supposed benefits of such development for the city as a whole, and for the downtown specifically. These claims will be evaluated in light of the body of research that refutes them. The hidden costs associated with public investment in

professional sports will also be examined, as will issues of sustainability. The research clearly demonstrates that the economic impact of professional sports on a city amounts to no more than a redistribution of existing wealth. While this redistribution may be beneficial to the downtown area, the research will further demonstrate that the costs may negate the benefits.

## **Economic Benefits**

### **Catalysts for Economic Growth**

Proponents of publicly-supported professional sports teams argue that building new professional sports complexes downtown acts as a catalyst for economic development. This can occur in two ways. First, the initial investment in construction adds to the economy, provided this money would not have been spent elsewhere on other public projects. Secondly, the new facility must attract new money that otherwise would not have been spent in the local economy (Hudson, 2000). If this is true, then presumably the addition of a new stadium will result in some measurable increase of business activity in the city. Economist Robert Baade has studied this issue extensively. In his 1996 article “Professional Sports as a Catalyst for Metropolitan Economic Development”, Baade developed a mathematical model to study the economic impact of professional sports complexes in 30 US cities from 1958 to 1987. Using a statistical regression analysis, Baade found that, with few exceptions, these projects were insignificant to economic growth overall.

Baade is not the only economist to study this issue. Many prominent scholars have conducted studies with similar results. Recently, the Government of Ireland conducted a review of literature available on the subject. According to the documents reviewed, most of the revenue generated from stadiums comes from the local entertainment market (Government of Ireland, 2000). In the absence of a professional sports team, these entertainment dollars are spent elsewhere within the local market and, therefore, remain in the economy. Put simply, the economic activity associated with professional sports is, at best, a redistribution of money within the local economy and does not represent an increase in aggregate spending.

In light of this finding, a strong argument could be made in favour of new downtown facilities. After all, is it not desirable to draw economic activity away from the sprawling suburbs and back into the downtown? This may seem a reasonable assumption. However, there are many more issues that must be discussed before drawing any conclusions.

### **Employment**

The proponents of publicly-supported sports teams and complexes argue that the industry brings new jobs to the downtown area. As with the previous discussion of net economic growth, in order for this claim to be valid, it must be shown that there is a net increase in jobs within the local economy. This, too, has been the subject of many scholarly studies. For example, economists Robert Baade and Allen Sanderson (1997) designed an economic model to determine the influence of sports teams and stadiums with respect to employment in ten American cities from 1958 to 1993. Their studies concluded that in most cases, stadiums have little or no influence on employment. They also studied employment associated with sports teams and complexes (that is, concessions, ushers, managers, cleaners, etc.) in relation to the entertainment sector. The study concluded that any gains in employment were at the expense of other entertainment industries in the market. This is due to the fact that, as pointed out earlier, there is no increase or decrease in aggregate spending in the city as a result of the presence of a professional sports team.

Recently, studies have been published on the issue of employment in relation to the existence of professional sports teams. Baade's 1998 study (cited in Hudson, 1999) looked at changes in job growth in 48 US cities as teams entered and exited the market. His study concluded that the arrival and departure of teams had no impact on employment growth. Economist Ian Hudson studied the issue of employment spin-offs using statistical regression analysis to determine the extent to which different variables affect employment (1999). Using 340 observations of 17 American cities over a period of 20 years, Hudson used variables such as wages, taxes, education, income growth, energy costs and, of course, the presence of professional sports teams. His analysis concluded that the presence of professional sports in general, and leagues in particular, had very little impact in terms of employment. This finding would seem to indicate that changes in employment related to the presence or absence of professional sports are merely an effect of redistribution. Since aggregate spending does not change appreciably, these jobs would exist regardless of where people are spending their recreation dollars.

As in the case of economic growth, one could argue that the redistribution of spending would still benefit the downtown. However, an earlier study of the city of Indianapolis by Rosentraub undertaken in 1994 looked at salary levels after a large sporting initiative was completed, as compared to nine similar centres without professional sports. Although Indianapolis experienced greater growth in employment than most of the other cities studied, the jobs were in the low wage sector (cited in Hudson, 2000, p. 3) and so the overall benefits to the community are debatable.

## **Economic Impact Studies**

While scholarly research appears to consistently reject the notion that professional sports teams contribute to the economy, economic impact studies commissioned by teams and their proponents tend to paint a very different picture of sports teams' economic importance to the downtown area and to the city as a whole. For example, before the Winnipeg Jets moved to Phoenix, Arizona, there was considerable debate as to whether public money should be spent to purchase the team and build a new arena downtown. Proponents of the plan argued that the loss of the team would be a huge economic blow to the city and to the province as a whole. In 1990, an economic impact study was prepared for the Winnipeg Jets by Coopers and Lybrand. In the study, the aggregate annual impact of the Jets was pegged at \$18.9 million in direct revenue. Supposing an economic multiplier of 2.5, the total impact was said to come to \$47.2 million per year (Black, 1994). Given these figures, it is easy to see why so many Winnipeggers jumped on the bandwagon to "save the Jets".

There are, however, several problems with such economic impact studies. One problem is that the bulk of the \$18.9 million per year comes from ticket sales, the majority of which comes from the pockets of Winnipeggers who would likely spend it elsewhere in the economy (Black, 1994). Another problem is the fact that players' salaries are included as making positive contributions to the local economy. This is problematic in that it is highly doubtful that millionaire athletes will spend all of their income locally. A further problem lies in the use of economic multipliers that measure the "multiplier effect" from the indirect impact of *new spending*, as it passes through subsequent rounds in the local economy. Since much of the money generated by teams is not new, a multiplier cannot be appropriately applied to the entire amount of revenue. There is also a problem with the value chosen for economic multipliers. Since the smaller the centre, the smaller the multiplier, Statistics Canada pegs the value to be between 1 and 1.5 for a city the size of Winnipeg (Black, 1994). These estimated are much smaller than the 2.5 used by Coopers and Lybrand.

Economic multipliers can only be appropriately applied to new spending in the economy. It could certainly be argued that expenditures by out-of-town visitors would be new money. However, this is only true if the money would not have been spent in the city otherwise. Studies by teams and their proponents typically assess the amount of outside spending by polling people at games to see who is from out of town. In the case of Winnipeg, the Coopers and Lybrand Report of 1990 pegs the expenditures of out-of-town patrons at \$5.5 million per year (Black, 1994). These studies are problematic in that they do not take into consideration whether or not the out-of-town visitors came

specifically to see a game (Black, 1994). Furthermore, they tend to attribute all expenditures by these visitors to the economic impact of the team (Noll & Zimbalist, 1997).

The questions of costs and benefits are not simple, and often the answers depend on whom you ask. For example, Table 1 shows the economic and employment impact of the Baltimore Orioles football team according to three different studies. As can be seen, the numbers range from modest to staggering with respect to cost per job, number of jobs created and total cost of investment.

**Table 1: Economic Impact of Baltimore’s Football Team**

Source of Estimate	Economic Benefits	Total # of Jobs Created	Total Cost of Investment	Cost per Job
Department of Business and Economic Development	\$110,600,000	1,394	\$177,000,000	\$127,000
Department of Fiscal Services	\$33,000,000	534	\$177,000,000	\$331,000
Sunny Day Fund Development Activities	n.a.	5200	\$32,000,000	\$6,2500

Source: Zimmerman, 1997, p. 123.

### **Municipal Ownership Equals Municipal Revenue?**

Proponents argue that public investment in and ownership of stadiums generates revenue for the municipalities in which they are located. Given that earlier discussion suggests that the redistributive effects of downtown stadiums can result in possible benefits to the city, one might expect that it would be to the municipality’s advantage to lend financial support. However, this has not been the experience of most North American cities.

Table 2 lists 15 stadiums in US cities, all but two of which are publicly owned. With the exception of the Los Angeles Dodger Stadium, all show fairly dismal returns. This phenomenon is not new. In 1973, Benjamin Okner conducted a similar study that produced similar results. Furthermore, in many centres where stadiums are owned by a public-private partnership, any revenue the public sector receives is counted as part of the private sector’s contribution to the partnership (Rosentraub, 1998). That is, the public sector tends not to receive a monetary return on its investment. In Winnipeg, for example, the Winnipeg Blue Bombers successfully negotiated larger revenue shares from the Winnipeg Stadium, which will reportedly put Winnipeg Enterprises in the red. The Manitoba

Moose are now seeking a similar deal to increase revenue from arena concessions. Despite these financial inequities, the vast majority of professional teams play in publicly-owned facilities, effectively absolving the teams of responsibility for the capital and operating costs of the facility in which they play (Rosentraub, 1999).

**Table 2: Financial Survey of Selected Stadiums**

<b>Stadium</b>	<b>Years in Survey</b>	<b>Years of Positive Return</b>	<b>%</b>
Milwaukee County	15	5	33.3
Baltimore Memorial	32	7	21.9
Buffalo War Memorial	20	2	10
Denver Mile High	22	12	54.5
Los Angeles Dodger*	34	33	97.1
Washington RFK	25	9	36
Anaheim	25	8	32
Atlanta-Fulton County	22	0	0
Oakland-Alameda Coliseum	25	9	36
San Diego Jack Murphy	23	4	17.4
Cincinnati Riverfront	20	7	35
Foxboro*	20	0	0
Orchard Park Rich	10	0	0
Louisiana Superdome	16	0	0
Minneapolis Metrodome	10	6	60

Source: Government of Ireland, 2000  
 (\* Private Ownership)

## **Benefits to the Downtown**

In addition to economic and job impacts, it is argued that the activity generated by sports complexes is episodic in nature, and does not contribute significantly to the 24-hour downtown environment needed to successfully revitalise an area. Rosentraub (1997) argues that the downtown areas of most cities do not benefit greatly from the presence of stadiums, and any gains are short-lived due to the constant movement of sports teams. There are, however, some exceptions. Hudson (2000) discusses the experiences of Cleveland and Baltimore in successfully increasing economic activity in the downtown area. He cites three factors as key to these successes. First, there is no parking adjacent to the stadiums, so people have to walk through the business district on their way to and from events. Secondly, the stadiums are built in areas where complementary businesses and services already existed. Thirdly, construction of the stadiums was part of a broader downtown economic strategy.

One of the most difficult factors for economists to measure is the amount of pleasure, joy, or “utility” citizens receive from having a professional sports team in their city. Whether or not a new complex is worth public money depends on whether or not the price of utility is greater than the cost of the subsidy (Hamilton & Kahn, 1997). Those who favour building new professional sports complexes as a way to retain or attract teams assert that the pride, prestige and the nation-wide, or even world-wide, recognition as being a “big league city” are invaluable in attracting corporate investment to a city (McLaughlin, 1998). It may be something of a stretch to say that large corporations will make important business decisions based solely on the existence of, or lack of, a professional sports franchise. There must be many factors that determine whether or not a corporation will invest in a particular community. It could be argued, however, that once a corporation or business has decided to invest in a community, quality of life issues could affect decisions on site location (Rosentraub, 1998). If this is the case, then a downtown sports complex may attract the said corporation or business into the downtown area, which would arguably be a positive thing.

## The Costs

### Construction Costs

The cost of constructing a new facility is huge and can easily run into the hundreds of millions of dollars. The public sector is often required to pay the majority of the expenses. Table 3 shows the projected public costs of several North American stadiums. The contribution required by team owners varies widely from city to city and from state to state. In recent years, owner contributions have ranged from none in Chicago to \$100 million in Minneapolis (Vikings) and \$262 million in San Francisco (Minnesota State Senate, 2000). These cost projections are merely estimates. As we will see, the actual costs can be much higher.

**Table 3: Projected Public Costs of Selected North American Stadiums**

City	Team	Projected Public Cost
Montreal	Expos	\$270m
Minneapolis/St. Paul	Twins	\$368m*
Minneapolis/St. Paul	Vikings	\$300m
Hartford	Patriots	\$350m
St. Louis	Rams	\$276m
Cleveland	Indians	\$275m
Denver	Broncos	\$270m

Source: Mc Laughlin, A, 1998

\*Source: Minnesota State Senate, 2000

### Cost Overruns

One of the problems that arise when governments get involved in the construction of new stadiums and arenas is cost overruns, for which the public sector is usually responsible. Table 4 shows the projected cost of several US stadiums, as well as their actual cost and the percentage difference. The figures presented are in current Irish Pounds. The percentages indicate that high overruns occur in most cases.

The majority of stadiums listed in the Government of Ireland study were over budget, in some cases by substantial amounts. Although cost overrun agreements differ, the public sector is often required to cover most of the difference. In the case of the proposed new stadium for the

**Table 4: Projected and Actual Construction Costs of Selected Stadiums**

<b>Stadium</b>	<b>Projected Cost (^m)</b>	<b>Actual Cost (^m)</b>	<b>Amount Over/ Under Budget (^m)</b>	<b>Percentage Over/ Under Budget (%)</b>
Atlanta-Fulton County Stadium	13.9	14.3	0.4	2.8
Houston Astrodome	13.9	34.9	21.1	151.9
Indianapolis Hoosierdome	53.6	61.6	8.0	14.9
Kansas City, Harry Truman Complex	33.1	41.6	8.5	25.6
Louisiana Superdome	27.0	126.0	99.0	367.1
Milwaukee County Stadium	3.9	4.4	0.6	15.4
Minneapolis Metrodome	39.3	40.6	1.3	3.3
New York Shea Stadium	11.6	19.3	7.7	66.7
New York Yankee Stadium	18.5	75.9	57.4	310.4
Orchard Park, Rich Stadium	15.4	17.0	1.5	10.0
Philadelphia Veterans Stadium	23.1	37.0	13.9	60.0
Pittsburgh Three Rivers Stadium	34.8	34.7	(0.1)	(0.4)
San Diego Jack Murphy Stadium	21.2	21.6	0.4	1.8
Seattle, Kingdome	30.8	51.9	21.1	68.4
Washington, DC RFK Stadium	4.6	16.7	12.1	261.7
<b>Total</b>	<b>344.6</b>	<b>597.4</b>	<b>252.8</b>	<b>73.4</b>

Source: Government of Ireland, 2000

Note: All money values are in Irish Pounds (^m).

Minnesota Vikings, the projected costs are \$400 million dollars in total. However, there is a stipulation that the public sector would be responsible for \$75 million (almost 25 percent) in cost overruns (*USA Today*, 1999b). Capital investments by the public sector can be especially high when cost overruns are taken into account.

### **Interest**

Whatever the projected or actual costs may be, long-term interest payments associated with new construction are not generally included in the estimates. Many US cities issue bonds to raise the capital necessary to fund the construction of these facilities. This practice gives the illusion that

public money is not being used. However, taxpayers are responsible for the interest payments, which can be quite high. For example, the interest cost of financing the two proposed Minnesota stadiums is estimated at roughly \$35 million each per year (Minnesota State Senate, 2000). In 1995, the City of St. Louis issued, without taxpayer support, \$276 million in bonds to pay for a new football stadium, which reportedly cost \$30 million per year in interest (Siekman, 1995). This may not be a bad thing if the bonds are sold locally, as the money would remain in the local economy. However, bond markets are accessible globally and, if the majority of the purchasers live elsewhere, then the interest expenditure will result in a net loss to the economy. If a city builds a new facility, the costs may not end at the grand opening.

## **Sustainability with Rising Costs**

### **Facility Lifespan**

Cities spend considerable amounts of money on building new sports facilities in order to attract or retain professional sports teams. But it seems that before long, in many cases less than 20 years, the present facilities are considered obsolete by the franchises, raising demands for yet another new facility. These demands are usually followed by the team's threats to leave the city if a new facility is not built. For example, the Minneapolis Metrodome was built in 1982 to replace the 26-year-old stadium that housed the Vikings, and to provide a venue for the Twins (Charland, 1997). In recent years, both the Minnesota Twins and the Minnesota Vikings have complained that they need new and separate facilities (*USA Today*, 1999a). The Metropolitan Sports Facilities Commission (MSFC), which runs the Metrodome, put forward two proposals to renovate the current facility at a projected cost of about \$200 million (*USA Today*, 1999a). Two weeks later, this proposal was rejected by the Minnesota in favour of the \$400 million facility mentioned earlier Vikings (*USA Today*, 1999b). Furthermore, the team has threatened to leave the state if a new stadium plan is not in place within two years (*USA Today*, 1999c).

There are many more such examples that are far too numerous to list. In fact, as of 1995 there are more stadiums and arenas than there are teams, and new facilities continue to be built with public subsidies (Siekman, 1995). In 1999 it was estimated that US taxpayers would be on the hook for over \$9 billion in public subsidies for professional sports over the following three years (Armburst, 1999). Such scenarios have also played out in Winnipeg with the Jets in the mid-1990's, and more recently

with the Manitoba Moose. Unfortunately, as we saw with the Jets, the demands for public support do not end at the construction of new facilities. Other factors contribute to teams demanding more funding from local governments.

### **Player Salaries**

Team owners claim new stadiums increase the fan base and, therefore, increase the revenues needed to keep the team profitable. However, it takes more than just a new facility to increase the fan base. Although a new facility may increase attendance in the short term, once the novelty wears off, attendance is determined by how well the team performs. Currently, the teams with the largest payrolls also have the most wins (Rosentraub, 1999). This is important given the findings of a 1998 statistical analysis of the Minnesota Twins and four other baseball teams conducted by the University of Minnesota. The study examined the relationship between attendance, win/loss record and player salaries. There was found to be a strong positive relationship between player salary and winning. As well, there was a strong positive relationship between attendance and winning. The study concluded that new stadiums on their own do not increase attendance unless the team is able to increase profits enough to spend more money on player salaries.

**Table 5: Recent Salary Trends in Major League Baseball (MLB)**

<b>Year</b>	<b>Average Salary</b>	<b>Increase</b>
1989	<b>\$512,804</b>	<b>----</b>
1990	<b>\$578,930</b>	<b>12.9%</b>
1991	<b>\$891,188</b>	<b>53.9%</b>
1992	<b>\$1,084,408</b>	<b>21.7%</b>
1993	<b>\$1,120,254</b>	<b>3.3%</b>
1994	<b>\$1,188,679</b>	<b>6.1%</b>
1995	<b>\$1,071,029</b>	<b>(-9.9)%*</b>
1996	<b>\$1,176,967</b>	<b>9.9%</b>
1997	<b>\$1,383,578</b>	<b>17.6%</b>
1998	<b>\$1,441,406</b>	<b>4.2%</b>

Source: University of Minnesota, 2000.

\*negative salary increase is due to a strike that lasted several months, for which the players were not paid.

We have all witnessed the rapid escalation of player salaries in professional leagues. Using baseball as an example, Table 5 shows the increases in players' salaries from 1989 to 1998. Salaries have increased almost 300% during the nine-year period represented in Table 5. This trend is not restricted to baseball. In 1996, the average player salary was over \$1 million in the National Basketball Association (NBA) and \$850,000 in the National Hockey League (NHL), and contracts in the neighbourhood of \$100 million are common for star players in professional sports (Rosentraub, 1997). Given this escalation of salaries, professional sports are becoming increasingly out of reach for small market centres. Smaller cities with existing teams are subject to increasing pressure to provide subsidies as teams threaten to leave.

### **Team Subsidies**

In addition to asking for new facilities, professional sports teams, which claim to be losing money, also ask governments for financial support to cover their losses. In some cases, team owners ask government to buy a share of the team or, if the government already has a share, it may be asked to purchase a larger share. In the case of the Winnipeg Jets, the community owned a share of the team. When the team began losing money, the community bought a larger share of the team and set up several agencies to run the team. The community also set up other agencies to work towards buying the team outright and planning a new arena. Table 6 details the contributions of the City of Winnipeg and the Province of Manitoba to these various agencies.

According to Table 6, close to \$42 million was spent over four years (\$10 million per year on average) either directly on the team or indirectly on efforts to keep the team in Winnipeg. Of that amount, \$25 million (or \$6.25 million per year) went toward team losses and payments to the owners. This has two implications. First, although the team was losing large amounts of money, the majority owner, Barry Shenkarow, was still paid about \$7 million over the four-year period. This leads one to question the nature of the shared ownership relationship: did the community own the part of the team that was losing money and Shenkarow the part that was making money? Secondly, the team losses presumably go to player salaries, most of which probably leave the local economy. This is important because, according to Coopers and Lybrand, the Jets brought in \$5.5 million per year (Black, 1994 p. 4), which would be a net gain to Winnipeg's economy. It could be argued, however, that the government spent \$6.25 million per year on an organisation that only brought in

**Table 6: Shared Costs for the Winnipeg Jets from July 1, 1991 to September 30, 1995**

<b>Entity</b>	<b>Total Shared Cost to the Province of Manitoba &amp; the City of Winnipeg</b>
<i><b>Money spent to “save” the Jets</b></i>	
Interim Steering Committee*	\$279,108
Jets Private Sector Inc.*	\$8,360,638
Spirit of Manitoba Inc.*	\$3,090,195
Direct Expenses*	\$240,714
Manitoba Entertainment Complex Inc.**	\$4,509,195
<i>Subtotal</i>	<b>\$16,479,850</b>
<i><b>Money spent on the team itself</b></i>	
Team Losses*	\$17,710,879
Payments to Owners*	\$7,285,365
<i>Subtotal</i>	<b>\$24,996,244</b>
<b>Total Cost to Taxpayers</b>	<b>\$41,557,094</b>

\*Source: Report of the Provincial Auditor of Manitoba and the City Auditor, City of Winnipeg, 1996.

\*\*Source: Spirit of Manitoba, 1996.

\$5.5 million to the Winnipeg economy per year, resulting in a net loss. The practice of underwriting team losses is a slippery slope when one looks at the escalating costs of operating a team. This can only grow worse in the future, as salaries continue to increase while team revenues fall (Beress, 1992).

### **Lessons for Winnipeg and Other Small Market Centres**

Winnipeg and other small market centres can learn a number of lessons from this research. It has been demonstrated that the presence of professional sports team(s) in a city results in a redistribution of entertainment dollars. Therefore, the presence of a downtown stadium will bring people and their money to the downtown area. For this reason, Winnipeg is considering building a downtown arena for The Manitoba Moose. In light of the rapid and widespread abandonment of retail and office space in Winnipeg’s Central Business District, it could be argued that an investment of this kind in the downtown area would be beneficial. In theory, if people and their money can be brought back to the downtown area, businesses will also return.

The problem with this theory is that hockey teams only play 40 to 50 home games per season, leaving the facility empty for over 300 days a year. This simply will not generate enough activity to entice businesses back to the downtown area. In order for a new sports facility to be successful, it needs to be a multi-use facility that is active at least 300 days per year. In Winnipeg, this would be difficult to achieve even if the facility housed both the Manitoba Moose and the Winnipeg Cyclone. Local supporters of the initiative assume the new facility will bring more rock concerts to the city, which would help fill in the gaps. However, the issue of bringing big-name concerts to Winnipeg is more about market size than venue. There are simply not enough people in Winnipeg and the surrounding area willing to pay \$70 to \$90 for a concert ticket.

Given the redistributive economic nature of sports teams and facilities, governments should not allow themselves to be pressured or bullied into making concessions or giving subsidies under the threat of teams leaving. The major theme of the “Save the Jets” campaign was the huge economic blow the city would suffer as a result of the team leaving. The research, and Winnipeg’s own experience, suggest this was not the case. In fact, it could be argued that with player salaries and team profits no longer leaving the local economy, the loss of the Jets may have had a positive economic impact on the city.

In light of this discussion, Winnipeg must be careful in entering into a downtown arena construction initiative. As discussed, the facility would have to be multi-use and active most of the year. More importantly, it must be part of a broad overall downtown revitalisation plan. Further, in order for such an initiative to be successful, there must be long-term commitments from the teams to be housed in the facilities to ensure long-term viability. If any of these conditions are not met, the city could end up with just another big empty space downtown.

## **Conclusions**

Although there is much evidence to refute claims that the economic benefits of professional sports outweigh the cost to the taxpayer, many cities continue to invest in new facilities to entice new teams or to retain existing ones. In many cases, these projects become the main focus of downtown revitalisation with no other comprehensive long-term plan. Given the enormous construction and long-term costs associated with these projects, it would seem to defy logic for cities to partake in these endeavours. Is it logical to spend half a billion dollars or more on a facility, only to blow it up 20

years later and build another one? Given the fact that teams will always move to the city of the highest bidder, is it prudent to make a downtown sports complex the flagship project for urban renewal? The simple answer may be no, at least for small- to medium-sized markets. Rosentraub (1999) argues that urban centres with markets of less than five million people are simply too small for the long-term viability of teams, given the ever-escalating costs associated with them. One could argue strongly that much more pressing issues in our decaying inner cities are in greater need of resources, such as housing, health, and education. Investments in these areas pay much higher dividends in the long run.

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