

CBJ/Arena District Backgrounder

History

- 1997: John H. McConnell leads private investors to bring the National Hockey League to Columbus; Nationwide finances the \$150 million arena.
- 2000: Team kicks off inaugural season.
- 2000: Blue Jackets Foundation founded. Since its inception, the Columbus Blue Jackets Foundation has donated more than \$2.5 million to Central Ohio non-profit organizations.
- 2004: ESPN The Magazine rates Nationwide Arena the No. 1 “Stadium Experience” in professional sports. The Arena also hosts the NCAA Division I Men’s Basketball First and Second Round games.
- 2004 – 2009: Arena hosts major entertainment events featuring world class acts such as the Rolling Stones, U2, Elton John, Billy Joel, Tim McGraw, Hannah Montana, the Jonas Brothers, Ringling Bros. Barnum & Bailey Circus, Disney on Ice and more.
- Arena also hosts:
- Two public rallies for President George W. Bush during his 2004 re-election campaign
 - Two pre-tournament games for 2004 World Cup of Hockey featuring Team Russia, Team USA and Team Canada. In preparation, Team USA conducted their 10-day training camp at Nationwide Arena.
 - 2004 NCAA Men’s Basketball First and Second Rounds
 - 2007 National Hockey League Entry Draft
 - 2007 NCAA Men’s Basketball First and Second Rounds
 - 2009 NCAA Women’s Basketball First and Second Rounds
- 1998 – 2008: Arena “District” developed with commercial real estate, restaurants and retail, increasing property value by more than 200 percent.

Summary

Acquisition of the Columbus Blue Jackets (CBJ) team was critical to the development of Nationwide Arena and the Arena District, which has significant positive economic impact on the Columbus region. In addition, the presence of the team enhances Columbus’ image nationally, and attracts tourism revenue.

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Economic Impact

- As of 2006, more than \$630 million had been invested in the district
- More than 5,500 workers were employed with annual wages of more than \$350 million
- The district generated \$30 million in state and local tax revenue annually. (Additional planned investments of \$400 million could double this revenue.)
 - a. 50 percent or \$15 million allocated to State
 - b. 25 percent or \$7.5 million to the City of Columbus
 - c. 25 percent or \$7.5 million to school districts and Franklin County
- Over a 10-year period (1998 to 2008), property values increased by 267% (\$21 per square foot to \$76 per square foot).
- The Arena hosts more than 60 non-hockey events each year

**Note: 2006 is the most recent year for which the Glenn study had data*

Situation

The Columbus Blue Jackets experience a loss of at least \$12 million annually, which is not sustainable through current private investment. CBJ and Nationwide Arena are one of few remaining examples of purely private ownership. Structures from other NHL communities may offer alternatives for Columbus. **At risk: Loss of the team likely would result in significant negative economic impact including loss of jobs and tax revenue.**

The Columbus Chamber contracted with Stephen A. Buser, Ph.D., Emeritus Professor of Finance, The Ohio State University Fisher College of Business. Buser's assignment was to collect, organize and present information and perspectives on various options for (a) retaining the Blue Jackets in Columbus and (b) continuing the economic development of the Arena District.

Report on CBJ

Information considered in the development of the report includes:

- COLHOC Limited Partnership audited financial statements
- Blue Jackets reports
- Comparable NHL communities/arenas
- John Glenn School of Public Policy research

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The report offers nearly 20 **options** in three categories:

1. Continuing existing ownership structure
Examples: hockey revenue, hockey operating costs, non-hockey revenue and costs and Arena usage costs
2. Alternative private ownership structure
Examples: options to sell shares of partnership to other private investors and consideration of selling part or all of ownership to general public
3. Implementing public-private partnerships
Examples: sales tax, Arena sin tax, bed tax revenues, tax increment financing, bonds and strategic structuring of debt and debt services

Summary

Buser feels that *significant financial relief (from options in existing ownership structure) seems unlikely. Different forms of public-private partnerships that have been successfully employed in host cities might be equally beneficial if employed in the case of the Columbus Blue Jackets.*

Next steps

Buser's report is being shared with community stakeholders to begin a public discussion and ultimately resolution. The report is available at www.columbus.org.

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