

Columbus Blue Jackets and Arena District Report

Executive Summary

The Columbus Blue Jackets and Nationwide Arena have been the catalysts of a remarkable transformation of an area of Columbus that was once home to an abandoned prison and showed little probability for growth.

The physical change for this core area of Columbus has been accompanied by an equal, if not more impressive, financial transformation. Using 2006 data, researchers at the John Glenn School of Public Policy at The Ohio State University identified more than \$630 million in investments in the Arena District. As a result of these investments, the Arena District is home to more than 170 businesses that employ more than 5,500 people and generate sales of \$1.6 billion annually. Conservative estimates identify \$30 million generated in state and local taxes annually.

The physical and financial transformation of the Arena District has been so dramatic and successful that the Columbus experience is viewed as a desirable model that other cities –including Kansas City, Newark, Louisville and Anaheim in the United States and Edmonton and Toronto in Canada – are attempting to emulate.

Despite these successes, Columbus is challenged to retain the Columbus Blue Jackets and continue the economic growth of the Arena District. The Blue Jackets team has suffered operating losses of roughly \$12 million during each year of its existence. The team was founded by the late John H. McConnell, through private investment. At that time, Nationwide financed \$150 million for the development of the arena. Today, John P. McConnell is the majority owner of the Columbus Blue Jackets.

The Columbus Chamber's mission is to lead and support economic growth and development. Because the economic impact of the team and the Arena District is significant, the Chamber sought to forward options for public consideration. With that in mind, the 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.

The report offers nearly 20 options in three categories: continuing existing ownership structure; development of an alternative private ownership structure; and implementing public-private partnerships.

Buser offers the majority of options and information in the category of public-private partnerships. He concludes that significant financial relief (from options in existing ownership structure) seems unlikely. According to Buser, 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 Blue Jackets.

This report is designed to be a catalyst for public discussion and community engagement on a subject that is critical to the economic growth and development of the Columbus region. The loss of the team likely would result in significant negative economic impact including job loss and tax revenue.