



Baseball players pass the time at an Orange County Gas Station, circa 1939.

Not Just Fun and Games Anymore: Pro Sports as an Economic Development Tool

by J. Barlow Herget and Mike McLaughlin



Local officials—armed with claims of impressive economic impact—are going to bat for professional sports franchises and single-shot sporting events like never before in North Carolina. Even state government has gotten into the act with the establishment of a Sports Development Office in the Department of Economic and Community Development.¹

But how much impact can sports really have on the economy of a community? The North Carolina Center for Public Policy Research explores this question and finds that the economic impact of a professional sports franchise or event can be very real. The NBA's Charlotte Hornets, for example, have been a boon to the City of Charlotte, providing substantial economic impact and enhancing the city's image.

Minor league sports are more likely to have a minor impact, although they help round out a city's entertainment offerings. Local officials are advised to proceed with caution when negotiating leases with sports franchises or investing funds for stadium construction.

The mayor of Charlotte, Sue Myrick, and her staff were calling on the executive of an out-of-state company that the city was courting to relocate in North Carolina. Boyd F. Cauble, executive assistant to the Charlotte city manager, remembered the familiar awkwardness at the beginning of the meeting as the room grew silent.

"You know how it is when nobody really knows each other and everyone is trying to be polite," he says. "We all had just been seated in his office, and there was this lull in the conversation. Before it got embarrassing, the guy we were visiting asked us about the Hornets. 'How's your new basketball team doing?' he said, or something like that. It broke the ice, and we got on with our meeting."

Cauble told the story to illustrate one of the subtle, intangible benefits that a professional sports franchise brings to a city. A national team brings with it national recognition and can even help a city in recruiting new business. "Even when you're losing, it's still nice to go anywhere in the U.S. and people will ask us how the Hornets are doing."

The Charlotte Hornets are a National Basketball Association team and the only major league professional sports franchise in the state of North Carolina. The team's presence and history in Charlotte reflect the interest in sports as a significant part of the state's overall economic development strategy. Sports—both amateur and professional—no longer are just fun and games but are viewed as big dollars and cents for the communities that host teams and events.

The search for new jobs or, in modern parlance, "economic development," has become one of the magic phrases of politics and politicians. Business and political leaders have refined this search over the years, and have identified different segments of the economy on which to focus interest and resources.

For example, travel and tourism was spotlighted as a special industry to develop as far back as the 1940s, and a state office and advertising budget were established to promote North Carolina as a tourist destination. Today, the Division of Travel and Tourism employs about 20 people, and it is reflected in convention and visitors bureaus in most major cities throughout the state. Division officials say travel and tourism represents the state's second largest industry, generating more than \$6.9 billion in spending each year.

In 1979, the state identified the movie and television film business as a piece of economic

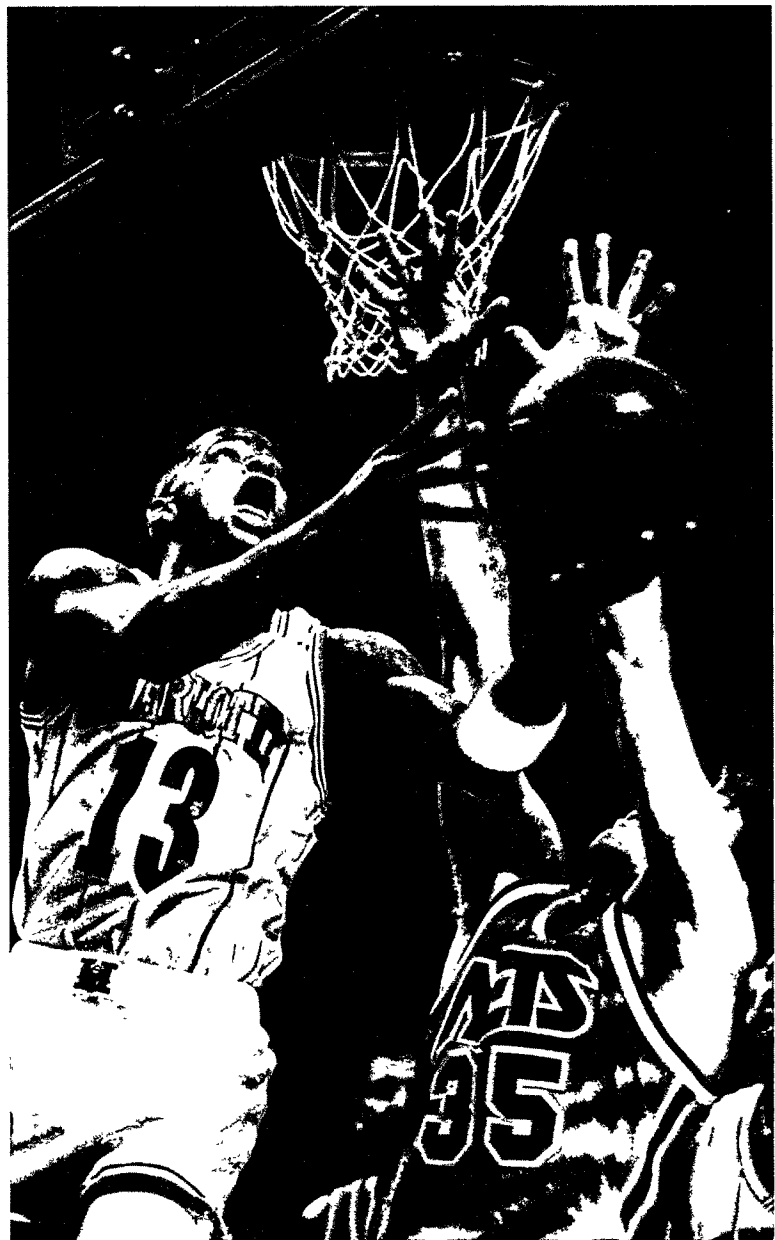
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development pie, and the subsequent North Carolina Film Office has been successful enough to earn the state the nickname "Hollywood East," according to Film Office director William Arnold. In 1991, the North Carolina movie industry generated some \$202.5 million in spending, according to the film office.

The latest jobs sector to attract special notice is that of spectator sports. In 1990, the state established the Sports Development Office in the Department of Economic and Community Development, and municipalities such as Greensboro and Charlotte began forming their own sports development programs. Take Greensboro for ex-

ample. "We've made a major commitment to make our sports facilities top-notch in the Southeast," says Dick Grubar, a Greensboro City Council member and former collegiate basketball player at the University of North Carolina at Chapel Hill. "The economic impact has been phenomenal. With the Chamber of Commerce, county, and city, we formed a sports commission, and we've hired an executive director. I think that the national and regional tournaments that have come here as a result have been immensely helpful to our hotel and restaurant industry."

This new interest—and especially the use of public monies—in sports development has raised



Kendall Gill takes it to the hoop for the Hornets.



Racers and dignitaries gather at the starting line of the original Charlotte Motor Speedway, a wooden racetrack that opened in 1924.

questions: How can the economic impact of such activities be measured? Are there benefits over and above new jobs? What are the drawbacks? Finally, what is the role of public money in sports ventures?

Economic Impact

The appearance of consultants is one sure sign of a successful economic development trend. One of the veteran consultants in North Carolina is Hill Carrow, president of Carrow Sports and Marketing Company of Raleigh. Carrow is a nationally ranked amateur swimmer and an attorney who helped organize and direct the 1987 U.S. Olympic Festival in Raleigh. The two-week festival was centered in the Triangle cities of Raleigh, Durham, and Chapel Hill, but events were staged in cities as far away as Greensboro.

In a good year, the Olympic Festival breaks even, but the 1987 festival ended with a \$1.7 million surplus and produced a publicity bonanza for the Triangle area.² This triumph accelerated local and statewide interest in sports as an economic development issue, and Carrow subsequently wrote the business plan for the state Sports Development Office.

"First Union Bank did a study after the 1987 festival," Carrow says, "and the study showed that there was \$41 million spent in conjunction with that event. That includes money spent on tickets, sponsorships, hotel rooms, even purchases of au-

tomobiles by Buick and sold later by local dealerships. That amount doesn't include the multiplier effect of the number of times a dollar turns over in a community. A conservative multiplier figure is 2.5 times, and if you use that figure, then the total impact of that one event in the local economies was over \$80 million."³

Economists acknowledge that applying a multiplier to actual spending is an inexact science. John Connaughton, an economist at the University of North Carolina at Charlotte, has estimated the impact of the Hornets on the Charlotte area economy, as well as the potential impact of a National Football League franchise. Connaughton says a rough rule of thumb is to figure \$2 in economic impact for every \$1 in actual spending. "You've got to be real careful about whether you're recycling dollars that already exist or bringing new dollars in," says Connaughton.

Connaughton says he sometimes sees projections of economic impacts of \$6 and \$7 for every dollar spent. These estimates, he says, are vastly inflated. "Where there is a judgment to be made," says Connaughton, "I err on the conservative side."

In general, estimates of tremendous economic impact should be interpreted cautiously. The studies these estimates are based on typically are commissioned by supporters of a franchise or event. They typically include rosy assumptions about how much money will be spent on concessions, meals at off-site restaurants, gasoline or other transportation, motel rooms, retail shopping, and so on.

All of these hypothetical expenditures are added up and doubled, tripled, or even quadrupled to come up with an impressive sounding but entirely hypothetical economic impact.

These studies generally *do not* point out some of the disadvantages of investing in sports franchises—that building stadiums and providing infrastructure usually requires investment of public funds; that public funds committed to sports development may be diverted from other more important public purposes; and that teams can lose money and move or even go out of business, leaving a community holding the bag with an underused and expensive stadium.

Geraldine Sumter, a Charlotte lawyer and a member of the Charlotte Coliseum, Auditorium, and Convention Center Authority, says she has questions about who benefits from dollars generated through sports ventures, although she does not oppose them if supported by the voters. “Other than ‘quality of life,’ what does the average taxpayer get from this?” she asks. “Can any person employed in the area expect to be able to send children to college, increase savings for retirement, or even buy a house?” In a nutshell, Sumter asks, “can average citizens expect to improve their

individual economic situations because of that activity?”

Charlotte City Council member Don Reid questions the value of economic impact estimates prepared by paid consultants for facilities like coliseums and convention centers. “Here is what I think happens,” says Reid. “The bureaucrats want more and more ‘things and functions’ to be in charge of. They know that no one, that is before I came along, is going to go back and check on the justification they used to sell a project. Therefore, they employ the consultant to prepare the justification and the consultant prepares whatever the bureaucrats want. Am I too cynical?”

Still, figures showing exponential economic impact for sports development cause salivation among business and political leaders. Max Muhleman, a Charlotte consultant instrumental in the city’s emergence as a market for major league sports, considers a report on Philadelphia’s four major league sports franchises to be among the most convincing studies of this genre. The study’s authors estimate the impact of ice hockey’s Flyers, basketball’s 76ers, football’s Eagles, and the Phillies baseball franchise on the Philadelphia area economy at nearly \$600 million annually.

Table 1. Five Most Heavily Attended N.C. Sporting Events, 1991

Event	Sport	Estimated Attendance*
Greater Greensboro Open	golf	250,000
Coca-Cola 600 (Charlotte)	auto racing	160,000
Winston 500 (Charlotte)	auto racing	133,500
PGA Championship (Pinehurst)	golf	120,000
Atlantic Coast Conference men’s collegiate Tournament	basketball	94,128

*Attendance estimates should be interpreted cautiously. Only the ACC Tournament estimate represents a turnstile count.

Table based on research by N.C. Center intern Richard Harrill

Carrow cites other studies: "You can also look at on-going sporting events such as a college athletic program. A report by University of Georgia professors in 1991 measured the economic impact of all of the university's sports programs and showed that they pumped in excess of \$10 million annually into the Athens [Ga.] economy.⁴ There has been a study done on the motor sports industry that shows it generates over \$100 million a year in North Carolina."⁵

Indeed, motor sports may provide the greatest economic impact of any sport in North Carolina, says Paul McGuire, director of the state's sports development office. North Carolina is home to three speedways that hold major NASCAR events—the Charlotte Motor Speedway, the North Carolina Motor Speedway in Rockingham, and the North Wilkesboro Speedway. A total of 891,200 people attended 10 events at Charlotte Motor Speedway in 1991, according to speedway officials. (See Table 1, p. 6, for the five most heavily attended sporting events in North Carolina in 1991.)

A Raleigh sports columnist reports that the May 1992 Coca-Cola 600 stock car race alone meant \$22 million to the Charlotte economy.⁶ "During the nine days that included track events before the 600, race fans spent more than \$50 million," writes Caulton Tudor in *The News and Observer* of Raleigh. "The fall 500-mile race should bring in another \$20 million to \$30 million. Major chain motels were booked solidly through Monday as far northeast as High Point; south to Greenville, S.C., and north to Winston-Salem. Many hotels are already sold out for the three days before the fall CMS [Charlotte Motor Speedway] race."

A study by the Division of Travel and Tourism put the impact of motor sports on the North Carolina economy at \$541.4 million in 1987 alone. And McGuire points out that it doesn't take a franchise or a super speedway to have a major economic impact. The K-Mart Greater Greensboro Open, North Carolina's only regular stop on the men's Professional Golf Association tour, means big money to the Greensboro economy, and the senior PGA tour stops in Winston-Salem for the Vantage Championship and Charlotte for the Paine Webber Invitational. Another major event is the Crosby National Celebrity Golf Tournament at Bermuda Run near Winston-Salem.

Pinehurst played host to the PGA TOUR Championship in 1991 and 1992 and is negotiating for the U.S. Open in 1997. "It's second only to the Super Bowl," says McGuire. "It's the second best



Karen Tam

yearly sporting event people could attract."

Even sports like bass fishing can have a profound impact on an area economy, says McGuire. He says the Bass Anglers Sportsman Society is seeking bids from Charlotte and Raleigh to host the 1994 Bass Masters Classic, a fishing tournament that features the top 35 anglers in the country and draws raucous crowds of fishing fans. The climax of the tournament, says McGuire, is "the big weigh-in, where they crown the champion." In 1987, says McGuire, 19,000 people packed Louisville's Freedom Hall to witness this event.

***"Our niche shouldn't be
pro sports. It's college
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TODD TURNER, ATHLETICS DIRECTOR,
NORTH CAROLINA STATE UNIVERSITY

McGuire's office also is encouraging North Carolina communities to pursue events connected with the 1996 Olympics in Atlanta. Communities with the right facilities might attract teams looking for a place to practice or even play host to preliminary events.

Such events can have a surprising impact. An example is the national volleyball championships, held in Raleigh in May 1990. The nine-day tournament and convention attracted 1,500 players and, according to Carrow, "had the biggest impact of any convention in all of Raleigh that year."

Al Baldy, convention director for the Greater Raleigh Convention and Visitors Bureau, agrees that the tournament represented a coup for Raleigh. "Certainly it was one of the major events" of 1990, Baldy says. He says the event—which featured a four-day meeting followed by competition in 10 different amateur divisions—had a number of advantages over traditional conventions.

Many players brought along their families for a vacation, so they were more willing to spend money on entertainment and retail purchases than the typical conventioneer. And the participants stayed in hotels of every size and price range, which broadened the economic impact, says Baldy. "We would like to go after more of these types of events because it was such a huge economic generator," he says.

Another example is the United States Canoe/Kayak Olympic Trials, conducted at Raleigh's Lake Wheeler in April 1992, which featured 200 of the nation's top competitors vying for an Olympic berth. Here's how Carrow described the economic impact of the event in a column appearing in the *Triangle Business Journal*:

"The competition budget is approximately \$75,000 to be spent on local companies and supplies. Race Technical Director Chic Dambach reports that over half the participants will come from distant locations, will fly in on local airlines, and will stay for almost a week at the downtown Radisson Plaza Raleigh. Assuming standard Greater Raleigh Convention & Visitors Bureau

daily spending figures for out-of-town hotel guests (average \$140 a day), this group will spend over \$56,000 while in town. Adding up all the economic impacts results in a total that is in the hundreds of thousands of dollars."⁷

Other major events mentioned by sports enthusiasts have included college basketball's Big East Challenge tournament—now suspended, which pitted the Big East Conference against the Atlantic Coast Conference for national bragging rights; the early season Diet Pepsi Tournament of Champions held in Charlotte each year; and, of course, the ACC Tournament, the grandfather of college basketball conference tournaments. The ACC tournament, in fact, is so prized that Greensboro voters agreed to a 7,000-seat coliseum expansion in 1991 to lure the four-day event back from Charlotte, says Greensboro Sports Commission director Tom Ward. Conference officials have since committed the tournament to Greensboro for three years, Ward says, beginning in 1995.

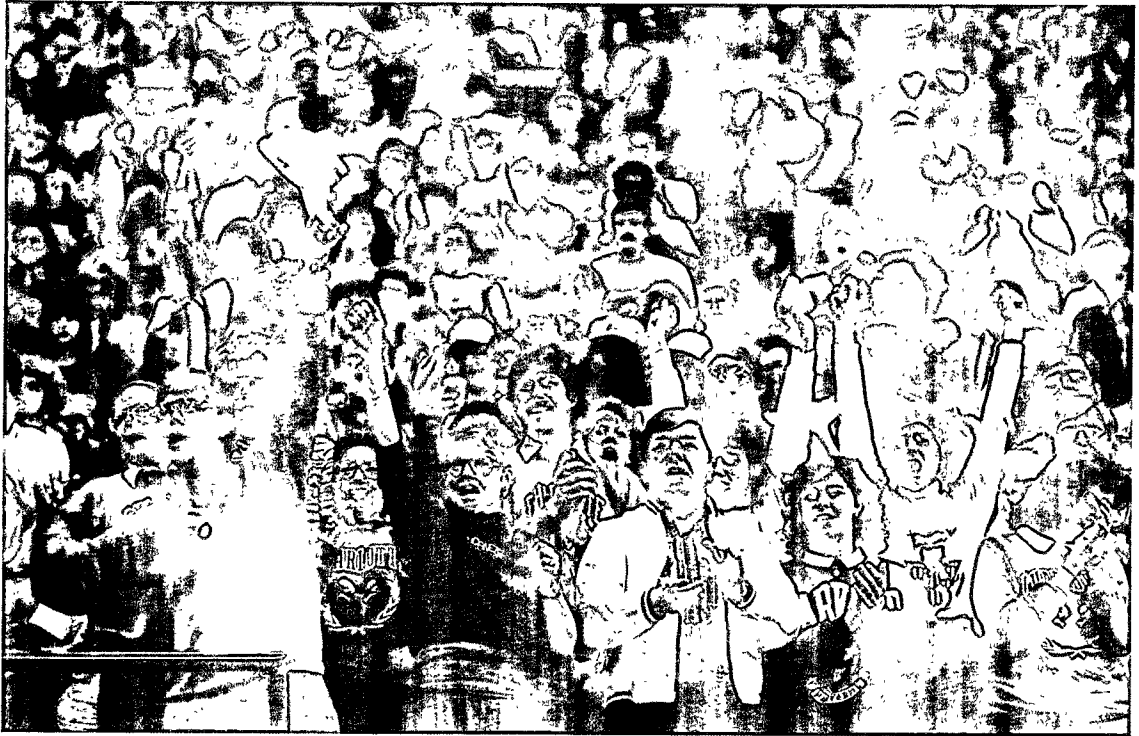
These are a sampling of the few plums available to cities from the tradition-steeped world of college sports. But unlike the professionals, college sports teams do not move, nor do leagues offer expansion teams. There is relatively little opportunity for those communities that don't already have a well-established team to pursue college sports as an economic development tool.

Still, college sports administrators caution against neglecting a thriving industry in the pursuit of professional sports. "The value of intercollegiate athletics is immense for our community," says Todd Turner, athletic director at North Carolina State University in Raleigh. "I fear that we take it for granted. Our niche shouldn't be pro sports. It's college sports."

Major League Sports Teams

Compared to the Triangle, however, Charlotte's collegiate sports market is largely undeveloped. That leaves the market wide open for pursuing professional sports. UNCC economist Connaughton's research on the Hornets basketball team led him to explore other areas of pro sports development, including football and minor league baseball.

Despite his caution about using conservative estimates of economic impact, Connaughton believes that the dollars that flow from sports can be quantified. "There is measurable change in the funds that come into an economy," says Connaughton. "The variance is predicated on sev-



Hornets fans cheer the action at Charlotte Coliseum, which opened for the team's inaugural season in 1988-89.

eral factors: the price of the ticket; the draw of the event; and where the people come from."

For example, if the sport is a major league event such as an NBA or NFL game, a large percentage of people typically come from outside the community. More money from outside the community will flow into the local economy. If the event is not a "big ticket" event and most of the people come from within the community, as is often the case with minor league baseball, Connaughton says the effect is very small.

In the Charlotte Hornets study, Connaughton reported that the team brings almost \$100 million annually into the area economy.⁸ "Thirty to 35 percent of the fans come from outside the seven-county metro region," he says. "We found that a bunch of people come from Spartanburg and Greenville, S.C., and Cleveland County [N.C.]." Connaughton says professional football has an even bigger economic impact, though the number of games is far smaller and the season shorter than professional basketball. The audiences are larger and the tickets cost more per game. He estimates that an NFL team in Charlotte would have an impact in excess of \$280 million on the Mecklenburg economy during its first season.

Muhleman of Muhleman Marketing, Inc. believes the market for major league sports for Charlotte and the Carolinas remains largely untapped, even with the advent of the Hornets. "This is due to both the extraordinary population concentration along the I-85 corridor between Greenville and Raleigh and an equally extraordinary history in the Carolinas of sports enthusiasm, participation, and production of professional stars who leave the area but take their passionate Carolinas following with them," says Muhleman.

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JOHN CONNAUGHTON,
ECONOMIST, UNC-CHARLOTTE

Muhleman helped win the Hornets franchise for Charlotte and is now at work on the region's NFL bid. "It would be difficult to think of a better economic development tool than a properly constructed professional sports franchise, particularly a major league franchise, but also minor league professional sports, if correctly positioned," says Muhleman. "The direct economic effect probably is not as significant as the magnet effect or the recognition value which these franchises produce."

The city of Cincinnati, Ohio, attempted to measure the worth of its major league sports franchises to the local economy in a 1989-90 study. City leaders came at the issue from a different perspective. They were concerned that the city might lose one of its professional franchises to a competing city. Cincinnati, although a mid-sized city of 364,040 citizens, is home to the Reds baseball team and the Bengals football team. According to the report, the Reds "alone have been estimated to bring in \$135 million annually in direct revenue. . . . According to a 1989 survey by the University of Cincinnati's Center for Economic Education, Reds baseball contributes . . . an average of about \$1.7 million per home game."

The report noted that one city, Oakland, Calif., that had lost its NFL franchise was prepared at one point to pay \$600 million over 15 years to lure the Raiders back home. The report cited one estimate that put the revenues to Cincinnati from the Bengals football team at \$20 million annually. Average ticket sales alone totaled \$416,958 per game. "Professional athletics, especially football and baseball, is very big business," says the report.

Still, not everyone agrees that securing a major league franchise is a sure financial windfall for

a local economy. John Wilson, a Duke University professor who studies leisure and its relationship to politics, is one critic of sports-related economic impact claims. Wilson cites a 1988 study of a cooperative effort by the cities of Irving and Arlington, Texas, to build a stadium for the Dallas Cowboys football team in the early 1970s. Wilson says Irving and Arlington have since suffered greater increases in sales and property taxes than comparable Texas cities because of the debt undertaken to build the stadium. "Was the money well spent?" asks Wilson. "The weight of the evidence leads you to believe it made no sense whatsoever."¹⁰

Minor League Sports Teams

Of more relevance to most North Carolina cities is minor league baseball. Including the Charlotte Knights, who actually play their games in Fort Mill, S.C., 10 North Carolina cities have such teams (See Table 2, p. 11 for a list of professional sports franchises operating in North Carolina.) A total of 174 minor league franchises operate in the U.S., Canada, and Mexico. Of all of these teams, the Durham Bulls are perhaps the best known because of the hit movie "Bull Durham," which was filmed in the city and its venerable Durham Athletic Park.

According to one special report by the International City Management Association, "Interest in minor league baseball over the past several years has been high and continues to grow. Attendance at minor league baseball games in 1989 was 23,103,593, which is the highest overall attendance since 1952. . . . Franchises, which sold for tens of thousands of dollars only a few years ago, are now attracting offers of hundreds of thousands of dollars for A-level teams and of several millions of dollars for AA- and AAA-level teams."¹¹

Minor league hockey also is proving popular in some North Carolina cities. The Greensboro Monarchs of the East Coast Hockey League, for example, drew an average of 5,305 fans per game in the 1991-92 season, according to team president Morris Jeffries. And the Raleigh Ice Caps, in their inaugural season in 1991-92, reported 14 sellouts of 5,400 in 32 home games.

Unlike major league sports, there have been few systematic studies about the impact for minor league baseball, according to the ICMA report. "Belief in the positive impact of minor league teams is based on assumptions drawn from the major league experience," the study says. "The

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MAX MUHLEMAN, SPORTS MARKETER

Table 2. Pro Sports Franchises Operating in North Carolina

Team or Facility	Sport	Estimated 1991 attendance*
Asheville Tourists	baseball**	117,625
Burlington Indians	baseball	57,613
Carolina Mudcats (Zebulon)	baseball	218,054
Charlotte Heat	team tennis	20,000
Charlotte Hornets	basketball***	971,618
Charlotte Knights	baseball	313,791
Charlotte Motor Speedway	auto racing	891,200
Charlotte Rage	arena football	66,000****
Durham Bulls	baseball	301,240
Fayetteville Flyers	basketball	57,600
Fayetteville Generals	baseball	88,380
Gastonia Rangers	baseball	44,060
Greensboro Hornets	baseball	191,048
Greensboro Monarchs	hockey	206,893
Kinston Indians	baseball	100,857
N.C. Motor Speedway (Rockingham)	auto racing	120,000
North Wilkesboro Speedway	auto racing	105,000
Raleigh Bullfrogs	basketball	38,400****
Raleigh Edge	team tennis	19,600
Raleigh Ice Caps	hockey	155,000
Winston-Salem Spirits	baseball	111,333

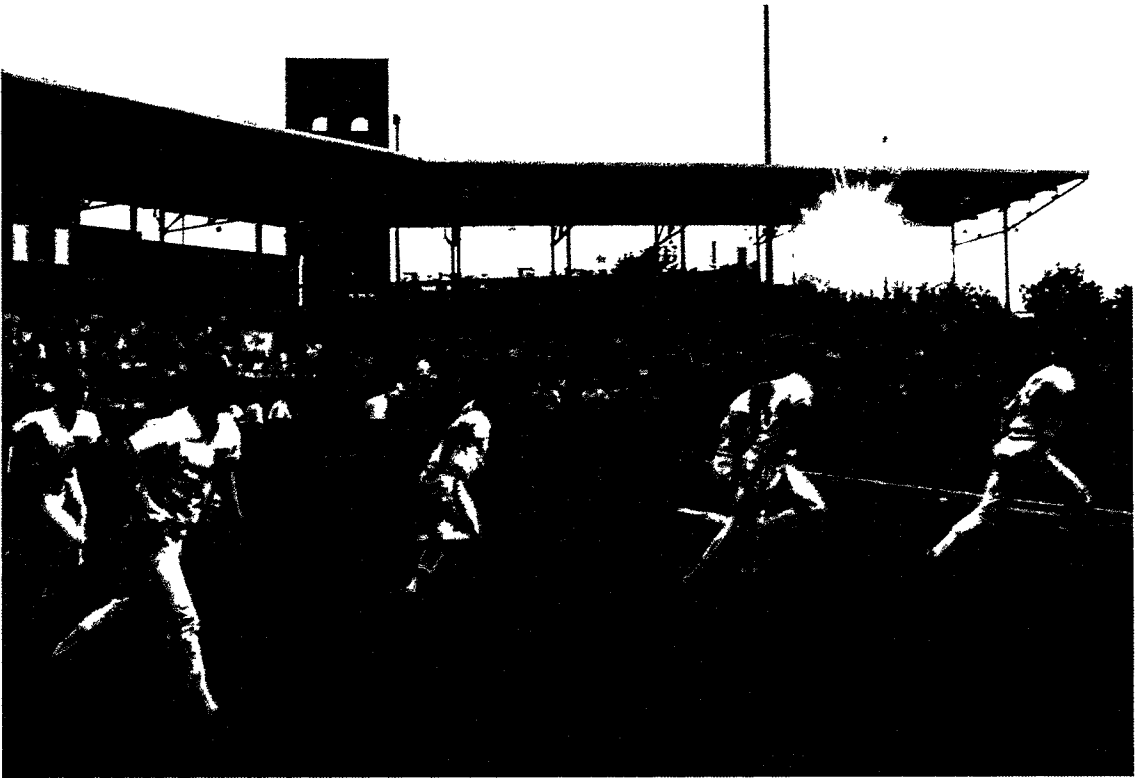
* 1991-92 for teams with seasons that fall in two calendar years.

** All baseball teams are class A with the exception of the Carolina Mudcats and the Charlotte Knights, which are class AA. The Knights move to AAA in 1993, the highest level of minor league baseball.

*** The NBA's Charlotte Hornets are the only major league franchise operating in North Carolina.

**** The Rage began inaugural season in 1992. The Bullfrogs are now defunct.

Source: N.C. Sports Development Office, N.C. Department of Economic and Community Development, 430 N. Salisbury St., Raleigh, N.C., 27603 (919) 733-4171. NC. Center intern Richard Harrill also conducted research for this table.



Karen Tam

Durham Bulls take the field in 1988, the year of the hit movie "Bull Durham."

studies which have been done generally have been done by the teams themselves or consultants hired by the teams. For example, interviewees, when talking about the benefits to their community, often cited major league studies which they had heard about or read, and often simply assumed as a given the positive impact of a team and ignored its public cost."¹²

Among the reasons for the relatively low economic impact of minor league teams, the report says, are that much employment created by a franchise is seasonal, that workers in concession stands and vendors may be part-time or volunteers, and that profits of a team with out-of-town owners likely will be invested elsewhere. Except for the so-called "bonus babies," players often receive minimal salaries and a low per diem when traveling. And few fans are likely to follow a team on a road trip, so the impact on local hotels and restaurants is likely to be small, the study says.

"Based on the interviews conducted for this report, the unavoidable conclusion is that if the team is important economically, it is due more to image-shaping than to direct economic impact." The report did provide income and revenue from two AAA teams. Team A posted revenues of

\$1.98 million and net income of \$358,778; Team B, \$1.4 million in revenue and \$228,019 in net income.¹³ Figures like these—from a financial standpoint—make minor league baseball comparable to a typical small business.

The North Carolina Center for Public Policy Research sought financial information from North Carolina's 10 minor league baseball teams, but only the Class A Fayetteville Generals chose to reveal net revenue figures. The Generals took in about \$612,000 for the 1991 season but ended the year \$12,692 in the red, says office manager Linda Frye. A more typical response came from Harold Greene, general manager of the Gastonia Rangers. "Information regarding our revenues is between us and the banker," says Greene.

Franchise operators are much more outgoing about estimating attendance, even though minor league ball parks rarely have turnstiles and attendance figures are widely perceived to be optimistic guesses. In 1991, the Class AA Charlotte Knights reported 313,791 fans in attendance, followed by the Class A Durham Bulls, with 301,240 fans, and the AA Carolina Mudcats, which drew 218,054. Worst among the 10 were the Class A Gastonia Rangers, who drew only 44,060 fans.



Inside Durham Athletic Park, the heart of the Bull city.

And several teams had impressive-sounding economic impact claims at the ready. The Rangers, for example, claimed an impact of \$2.5 million, more than \$56 dollars per fan. The Asheville Tourists, which drew 117,000 fans, claimed an eye-popping economic impact in excess of \$5.4 million.

Here's how the figures added up: The Tourists claimed a player and staff payroll of more than \$500,000, plus \$122,000 in so-called "outside" spending. Then came the new math. A multiplier of seven was applied to the outside dollars, bringing the total to \$4,354,000. The Tourists then tallied an additional \$295,000 in "local" spending and multiplied that times four to get \$1.18 million. Outside and local spending were combined to arrive at the grand total.¹⁴

There is another important economic impact other than direct revenue from outside sources, according to Connaughton. "One of the things that a local professional sport does is it locks the leakage of entertainment dollars into the community," he says. "If local dollars are spent on a Kenny Rogers concert, for example, much of that money will get on the bus and head out of town with Kenny."

Connaughton contrasts that scenario with the local dollars that go to pay Charlotte Hornets power forward Larry Johnson's salary. "When we pay Larry Johnson \$3 million, we know he just bought a house . . . and he gave \$180,000 to the [Charlotte-Mecklenburg] United Way." As for minor league teams, says Connaughton, "They will not draw like major league sports, nor will the revenue from ticket and concession sales be on a major league scale, but they plug the leakage." Still, it's worth noting that not every Hornet is as generous as Johnson, and many players live elsewhere in the off season, so their investment in the community is not as great.

Quality of Life Issues

In addition to economic benefits, sports developers and boosters invariably cite other factors in their quest for attracting athletic teams and events. These factors vary according to the imagination of the promoter, but they usually are related to the community's "quality of life." An example is this excerpt from the Greater Cincinnati Chamber of Commerce study: "Their impact on the pride, cultural enrichment, and economy of

Cincinnati is much greater than direct revenues and cannot be readily calculated."¹⁵

Jim Goodmon, president of Capitol Broadcasting Co. in Raleigh and owner of the Durham Bulls, discovered firsthand the good and bad of such intangibles. Goodmon and his broadcasting companies played a big role in the 1987 Olympic Festival, and the event left him a big believer in sports development. "Communities really need to take a look at those things that complete the leisure time activities if those communities expect to get the economic development they want," says Goodmon. "In the big picture, the art museum, amphitheater, and sports are part of the total quality of life. When we were talking to Sears about coming here, they wanted to know

"Communities really need to take a look at those things that complete the leisure time activities if those communities expect to get the economic development they want."

JIM GOODMON, BROADCAST EXECUTIVE

what their employees would do once they got here. That is now a very important part of bringing business to the Triangle. Sports are becoming a bigger and bigger part of everybody's life, and amateur sports in particular."

Goodmon sought to translate his belief in sports development into action with his ambitious plan for a Triangle sports park that would be home to minor league baseball, soccer, and eventually tennis and ice hockey. He drew heavily on eager public support for the park from the Capital Area Soccer League's 7,000-plus players and their families. Soccer fans spoke at a Raleigh City Council public hearing about the value of having professional soccer available for young players and the intangible benefit of having such role models in the community.

Conversely, Durham leaders, fearful of losing the Bulls from the heart of the city's downtown, dug in their heels and waxed eloquent about how the Bulls had become the symbol of the city's 1980s resurgence. To remove the team from the

city to even a nearby Triangle park, they argued, would be to cut the heart out of the Bull City. (For more on the tug-of-war over the Bulls and the fate of the Triangle Sports Park, see "Inside Baseball," pp. 16-18.)

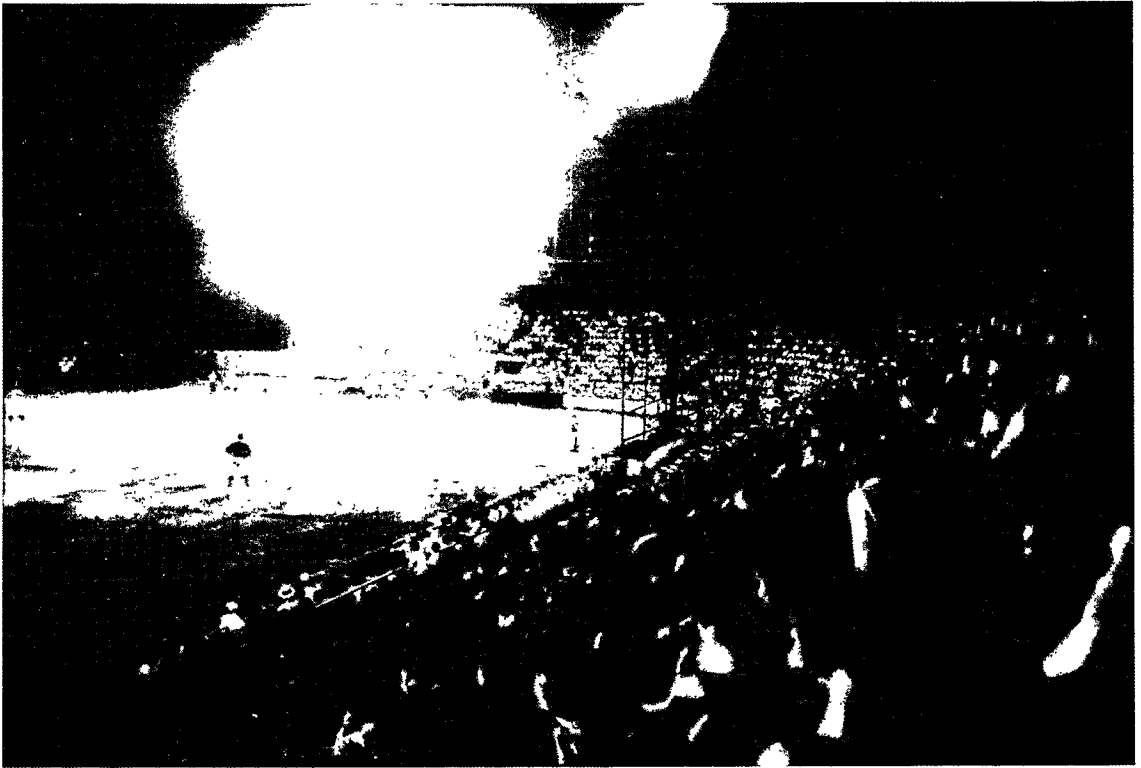
Intangibles are important. Connaughton points to the "qualitative factor" in the Charlotte Hornets experience. Landing the Hornets, he says, has raised the level of Charlotte's game. The city is now playing in the big leagues. "I can't put a number on it," says Connaughton. "Being one of a few cities with a pro team makes a difference. Kids in Seattle are wearing Hornets T-shirts, not NCSU T-shirts. Charlotte for years struggled and was compared to cities such as Raleigh, Richmond, and Birmingham. With an NBA franchise and an NFL franchise in the wings, Charlotte starts competing with cities like Atlanta. It clearly separated itself by adding major league entertainment."

Ward, the director of the Greensboro Sports Commission, notes that Charlotte, the Triad, and the Triangle have traditionally been fierce competitors in sports and entertainment. Now Charlotte is pulling ahead. "They are placing themselves in the big time sports arena," says Ward of the Charlotte area's success in luring the NBA, AAA baseball, a premier NASCAR facility, and, quite possibly, the NFL. "This type of sports activity draws heavily from the Piedmont," he says. "There is no way we can compete unless we start working basically toward the same type concept."

The answer, Ward believes, might be a greater reliance on regionalism. A committee representative of 11 Piedmont-Triad counties is studying the region's sport and entertainment facility needs with an eye toward a regional complex to serve the area's 1 million-plus population, Ward says. A stadium to attract a higher level of professional baseball, an amphitheater for outdoor concerts, perhaps even a race track are possibilities for the complex, says Ward.

Ward believes more is at stake than how far Triad residents have to drive to enjoy their fun and games. He believes sports development has become another engine driving the Charlotte economy. "The country is sure giving them a lot of looks for what they've been able to pull off with the NBA," Ward says. "Sports is a big key to the future of all of these areas."

For consultant Hill Carrow, a sports team can affect a city's self-image, elevate its national image, and provide a common interest for citizens. Goodmon agreed. "You really see communities



Baseball at Devereaux Meadows in Raleigh in 1947.

come together," he says, recalling the euphoria that gripped Atlanta during the Braves' 1991 drive to the National League pennant and appearance in the World Series.

Indeed, some people place great stock in the ability of sports to build community. Neal Shine, now publisher of the *Detroit Free Press*, once postulated that the Detroit Tigers helped prevent a repeat of the previous summer's deadly race riots with a drive to the 1968 World Series championship.

The Public's Role

The public increasingly has been drawn into the politics of sports development. Not surprisingly, citizens are being asked to bring their pocketbooks, and for many North Carolina taxpayers, this is a new and rude request. This is especially the case when the sport is professional and owned by private investors.

Durham citizen Forrest Johnson, for example, offered his objection to that city's proposal to build a new stadium for the Durham Bulls in a letter to the *News and Observer* of Raleigh. "Many residents believe that the city has pressing social, environmental, and educational needs that should

be addressed before building a stadium," Johnson wrote. "Other residents believe that a private business enterprise such as the Durham Bulls should pay a fair market value for its place of business. Still other residents never see the Durham Bulls play and prefer not to subsidize them."¹⁶

Similar objections had surfaced a month earlier in a public hearing in Raleigh on whether to build a stadium for the Bulls in the capital. Greensboro City Council member Dick Grubar says his city will have to be innovative to win financing for future new athletic facilities. "Because of the cost of everything and people being anti-tax, we're going to have to be creative in raising money; maybe something like a prepared food tax to help pay for it." But Grubar says some public funding is essential to financing a facility. "I don't think you would have it if you left it up to the private sector alone," he says.

Even in larger cities with long sports histories, there is sentiment against using public monies to build stadiums for private sports franchises owned by wealthy individuals. Donald Schumacher, director of the Greater Cincinnati Sports and Events Commission and treasurer of the National

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A Personal Account

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fact that the public would own the facility also was cited as a positive by proponents.

Among the opposing arguments were that the public shouldn't build a stadium for a private, rich businessman, that the public should vote on the project in a bond referendum, that the city and county had more pressing needs than a sports complex, and that the timing was wrong for raising taxes.

Ironically, what began as a dream for regional cooperation and sports development evolved into a divisive inter-city, intergovernmental feud. Durham was fighting Raleigh,

state legislators were pointing fingers at local officials, and the public was split over whether to spend public funds.

When support among the Wake County legislative delegation collapsed, the deal was dead. Durham city officials offered to build a new stadium for Goodmon somewhere in the city, and that's where the project stands in September 1992.

I still believe a Triangle sports park is a prudent, progressive idea. I am convinced, however, that the public must be informed and educated on its role in worthwhile sports projects if such projects are to succeed in the future. That is the burden on public officials if they want to play ball.

—J. Barlow Herget

Association of Sports Commissions, says such an argument already has begun concerning the need for a new baseball or football stadium in that city. "Several articles have already been written to that effect," he notes.

An ICMA survey of cities that contained minor league baseball teams found that the biggest negative factors cited by city officials concerned public funds being spent on stadium costs. Disputes over stadium conditions and concerns over public subsidies to such teams were mentioned most often.¹⁷

The record shows the public often *does* become a partner in both professional and amateur sports ventures, although this varies some depending on the sport. Motor speedways, golf courses, and horse and dog tracks typically are privately held and operated, although betting at horse and

dog racing tracks is illegal in North Carolina. North Carolina's three major motor speedways are privately owned. The Charlotte speedway cost about \$2 million when first constructed in 1960. It would cost \$250 million to build today, says Bruton Smith, one of its owners.¹⁸

Even though these facilities have been built with private capital, they often ask the public to provide infrastructure expenses such as access roads and water and sewer. An example is Charlotte Motor Speedway, which will benefit from a \$10.6 million interchange to be constructed on the Cabarrus-Mecklenburg County line north of Charlotte. The speedway is to pick up nearly a third of the construction cost (32 percent), while another third will be paid by a group of developers who also will benefit. The remaining third will be paid by the taxpayers, according to Larry Goode, chief engineer for programs in the N.C. Department of Transportation.

In another perk, taxpayers pitch in \$100,000 annually for traffic control for major events at Charlotte Motor Speedway. Rep. Coy Privette (R-Cabarrus) questions this use of taxpayer funds for a private sporting event that grosses millions of dollars in revenue. "Charlotte Motor Speedway is the only one that gets it," says Privette. "We can't find resources for good causes but we can find resources to control traffic at a sporting event."¹⁹

Sports such as baseball, football, and basketball almost always require the public to share in the cost of building stadiums or coliseums. Of the

"Many residents believe that the city has pressing social, environmental, and educational needs that should be addressed before building a stadium."

FORREST JOHNSON, DURHAM CITIZEN

major league franchises, only a handful play in privately financed facilities, according to consultant Hill Carrow and sports commission director Don Schumacher. Two examples are the NFL's Miami Dolphins, and the NBA's Minnesota Timberwolves. A possible NFL franchise in Charlotte could become yet another example. Although city, county, and state taxpayers have put up some \$60 million for a downtown stadium site, the Richardson Sports Group plans to spend \$160 million in private funds to build the stadium.²⁰ Cauble says the public's share includes: \$35 million from the city for land, a practice field, and 2,400 parking spaces; \$14 million from the county to relocate a rest home and an old jail, and \$11 million from the state for roads and infrastructure.

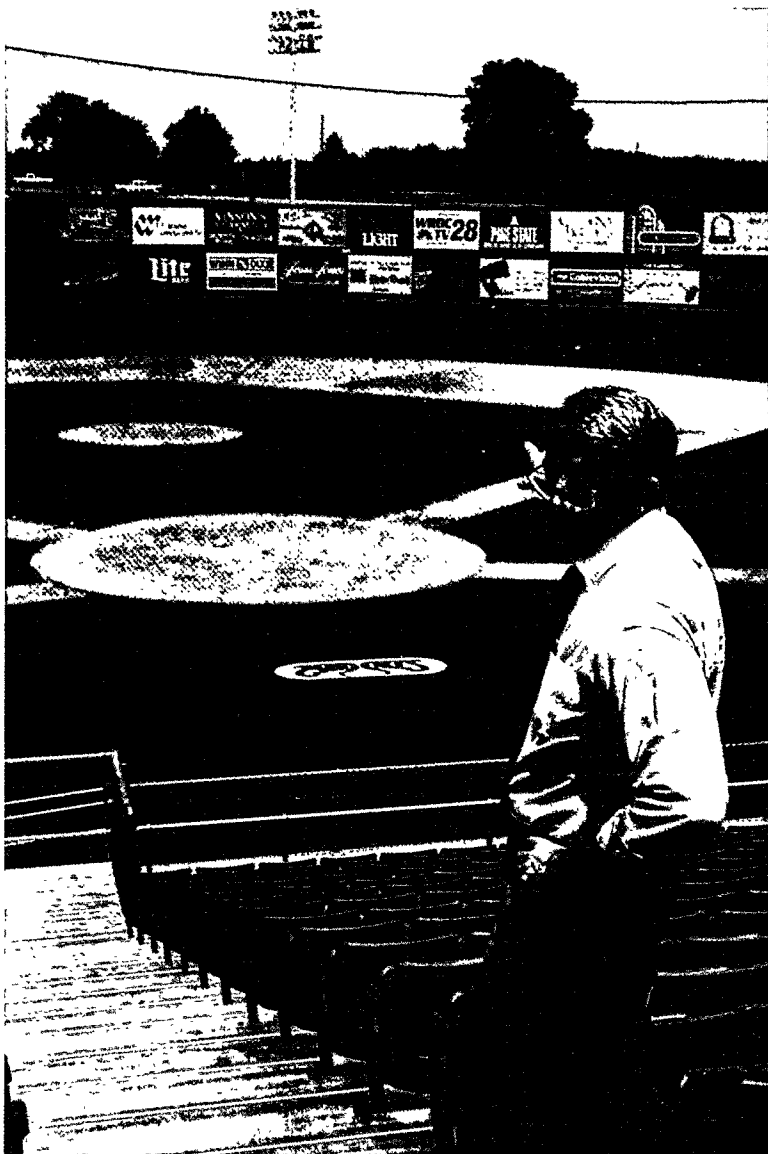
Competing cities have tried to make an issue of the Charlotte proposal's heavy reliance on private financing, charging that the franchise would be strapped with long-term debt and thus be less stable. But the Richardson group has reiterated its commitment to private financing. "We are not even looking at any more public participation," says Mark Richardson of Richardson Sports.²¹

And even in the case of Charlotte's NFL bid, the public investment in land acquisition, rerouting roads, and other site preparation represents no paltry sum. "I think the Richardsons and the families involved with them are fine business people, and I have no argument with how they've handled the situation," says Don Reid, the Charlotte City Council member. Reid has criticized the city's decision to help finance the project without voter approval. "The question is: How can we spend money like that when we can't even afford to hire extra police officers? The answer is that the special interests in Charlotte think it's good, and they have a lot of clout."²²

Muhleman, however, cites figures showing Charlotte and Mecklenburg County would realize an increase in tax revenue of at least \$8 million per year, meaning the public's investment in the stadium would be recouped by 1998.²³ Property taxes alone would generate approximately \$1 million per year, Muhleman says. These revenues will not materialize if Charlotte is not awarded a franchise and no stadium is built, so the city is making a major investment of public funds without voter approval.

But public participation in projects of the magnitude of Charlotte stadium is the rule. The exception is the amount of *private* money committed to

Zebulon town manager Charlie Horne sees a number of advantages in having the Mudcats in town.



Mike McLaughlin

If you build it, they will come.

—MYSTIC VOICE FROM THE MOVIE
"FIELD OF DREAMS"

the Charlotte stadium. Cauble points out that besides saving the taxpayers money, the fact that the stadium would be privately owned would represent a sort of insurance policy for Charlotte against the team abandoning its facility and jumping to a different market. Adds Carrow, "It's rare, if ever, that a facility gets done totally with private money."

Minor league facilities also typically benefit from some type of public funding. "Nearly all minor league baseball teams benefit from some level of public subsidy," says an ICMA report. "This public subsidy commonly takes the form of a substantial investment of public funds in a stadium, whether it is publicly or privately constructed or publicly or privately owned."²⁴

Five County Stadium in Zebulon, N.C., represents a different twist on the public participation theme—a town that wants to buy into a baseball stadium that already exists. The stadium, which seats 6,000, was constructed largely with private funds and opened in July 1991. The town initially pitched in some \$540,000 in public funds, and now town officials have decided to borrow \$2 million bond issue to buy the stadium. Wake County has committed \$3.1 million from hotel and meal taxes to pay for future stadium expansion.²⁵

Town Manager Charlie Horne says the town is following through on a commitment it made to Mudcats owner Steve Bryant to bring the team to Zebulon. "It offers additional capacity for us recreationally that we don't have now," Horne says of the 54-acre stadium site.

Horne envisions a regional park with facilities for baseball, softball, and other sports, with the stadium serving as a site for concerts and other community activities. Ultimately, Horne hopes other neighboring towns will join in to help finance a regional facility.

Securing the Mudcats franchise, Horne says, has helped put Zebulon on the map. The town of 3,200 is among the smallest in the nation with a minor league team, Horne says. This has led to national media exposure and aided efforts to recruit industry, he says. So far it's been only

inquiries, Horne says, but the 12-inch water main installed to serve the stadium has opened up 760 acres for potential industrial development.

Still, enthusiasm about footing stadium costs for the Mudcats is not universal. "I don't really think government funds should be involved in private enterprise," says Larry Loucks, a Zebulon resident who has led the opposition. "If it was such a good business venture, you would get investors." Loucks says the deal had been structured so that the town would carry a majority of the expense of stadium financing, plus water, sewer, and electrical service expenses, while the franchise skimmed off the cream. "There is little or no return [to Zebulon], other than potential development," says Loucks, who adds that this promised development may well turn out to be wishful thinking.

Loucks also questions whether the town, which has other pressing needs, can afford such a level of indebtedness for a baseball stadium. "From what I can tell, Zebulon is the world's smallest town to get into something like this," he says.

Joe Kremer, Mudcats general manager, says participation by Zebulon is important because the team cannot cover its operating costs plus the cost of financing the ball park. "You don't make that much money in minor league ball," says Kremer. "If somebody really wanted to make money and had \$2 million, they wouldn't put it into a minor league team. Maybe a Buffalo [New York] would have a shot at financing a stadium, but they draw 1 million fans a year."

Through July 10, Kremer says, the Mudcats were drawing 3,750 fans a night, third best in the league behind Chattanooga and Charlotte, but still not enough. Despite seeking public support for the franchise, however, Kremer declined to reveal information about team revenues.

Public-Private Partnerships

While most sports development efforts require some amount of public funding, the nature of the public-private partnership varies widely. Charlotte, for example, built its new coliseum with tax dollars to attract the fabled Atlantic Coast Conference Tournament to town. But midway through the process, the city's leaders found themselves with the opportunity to fill the building with an NBA franchise.

The experience of Charlotte and the NBA Hornets is instructive to those interested in sports development. Former Mayor Eddie Knox initiated the drive to build a new coliseum by forming



Baseball Fans!

Last year the Tourists player and staff payroll was over \$500,000. The Houston Astros funneled the money into our area, and it was spent here.

"I didn't know that!"

And the Tourists spent \$20,000 for bats, balls, training supplies, and laundry; plus \$18,000 in medical supplies.



I didn't know that either.

Plus, visiting ball clubs spent \$25,000 for hotel rooms, \$24,000 for meals, and \$10,000 for goods and services.



"I certainly didn't know that."

Add another \$25,000 for rooms, meals, and expenses for umpires, scouts covering the clubs, news media, sports dignitaries, Major League personnel, and players' families.

No, I guess I haven't done that either.



That brings the outside dollars to \$622,000, which, according to economic theorists, turns over seven times in a community, equating \$4,354,000.

No, I didn't know that.



Add to that another \$295,000 the Tourists spent for printing, sign painting, advertising supplies, concession goods, heat, power, light, telephones, cleaning, and miscellaneous park help. This local money turns over four times in the community for a total of \$1,180,000.

I certainly didn't know that.



This means that last year's total economic impact of the Tourists on Asheville amounted to:

\$5,434,000.00

SURE, I KNEW THAT!

Doesn't everyone???



It's fun to be a fan!

COME SEE THE "GREATEST SHOW ON DIRT"

46

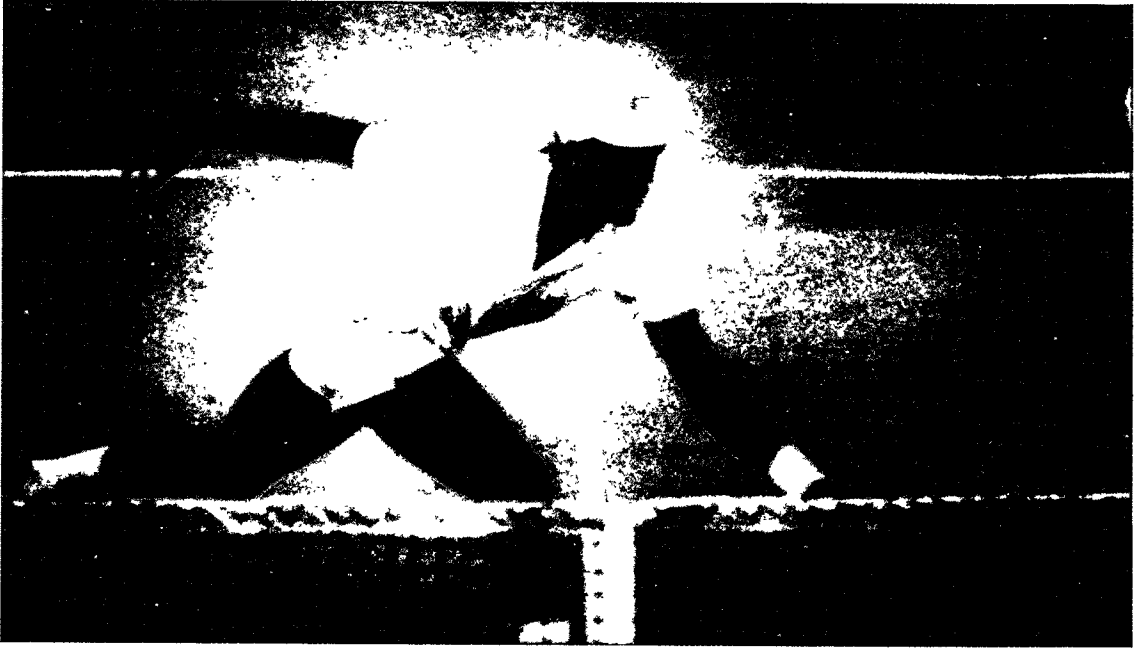
A bold claim of major economic impact in Asheville, pulled from the Tourists' 1992 souvenir program.

a committee of 100 to consider the idea. The committee determined that because other bonds were being retired, the city could finance a new facility without an increase in the property tax. This finding proved irresistible to the city's voters, who approved the issuance of new general obligation bonds in 1984 to pay for the coliseum's construction at a cost of \$48 million, plus \$16 million in street improvements.

A vigorous debate ensued over the location of the building—downtown or elsewhere? The city built the coliseum elsewhere, according to Boyd Cauble, primarily because it already owned the property and projected it could make more money

off parking at the new location. Businessman George Shinn stepped in when these issues already were decided and asked the city to join his effort to lure an NBA franchise to Charlotte.

Then-Mayor Harvey Gantt took the lead in the campaign for a team and persuaded the city council and coliseum authority to approve a contract with these main points: the city would lease the building to Shinn for \$1 a year for five years with a renewal option of five years; Shinn would receive proceeds from novelties such as T-shirts; the city would receive money from all food concessions; the city would receive parking revenues; and the city and Shinn would split revenues from



Tim Wilkerson, also known as Dr. Dirt, digs for a forehand volley in a Raleigh Edge team tennis match.

advertising within the coliseum and from 12 corporate boxes.

Cauble describes the contract as a "win-win" situation. "The city has benefited financially," he says, "and Shinn's benefited by getting a franchise, and Charlotte residents have a professional team."

Steve Camp, director of the Charlotte Coliseum, Auditorium, and Convention Center Authority, estimates that after expenses, the city makes \$3 million annually off the three facilities under the authority's control. Only the coliseum operates in the black, Camp says, and about half the revenue comes from Hornets games.

Despite these rosy figures, Reid, the Charlotte City Council member, argues that the coliseum doesn't really pay for itself. "The taxpayers of Charlotte, through property taxes, are paying for the coliseum and its infrastructure to the tune of \$5 million per year or more," says Reid. The authority, he says, *should* be helping to pay the debt service on the coliseum, but isn't. By Reid's math, that means a net *loss* of \$2 million per year.

Still, Spencer Stolpen, president of Shinn Enterprises, which owns the Hornets, believes both parties have prospered since the Hornets debuted in the new coliseum in 1988. "We have had 119 sellouts," Stolpen says. "According to the NBA, we've reached 100 consecutive sellouts faster than

any other sports franchise ever—football, baseball, or basketball. We have \$13 million in payroll annually. The coliseum itself does about \$6 million a year in food concessions and parking. More than 50 percent of the attendance at the coliseum is from Hornets' games."

Clearly, though, not every sports venture is a gleaming success. The Raleigh Skyhawks, also a Shinn Enterprises venture and the Triangle's entry in the fledgling World League of American Football, were in fact a flop and folded after a single season. A number of factors may have contributed to the Skyhawks' failure to take flight. The team played its home games at North Carolina State University's Carter-Finley Stadium, and university officials refused to permit the sale of beer; the Skyhawks lost every game; and the team played in a second-tier league that lacked the panache of the NFL.

WLAF officials say the Skyhawks drew 12,066 fans on average, the worst home attendance figures in the league. "They were the last team to get a front office," says league spokesman Bob Rose. "They were very late in establishing themselves and only had a couple of months to get everything together." Rose says the Skyhawks assembled their coaching staff "very late" and surmises that ticket prices may have been too high for the Triangle market.

Stolpen attributes the Skyhawks' failure primarily to a "short time frame" for developing and implementing a business plan. "You have to know your market—its limitations and strengths—and you have to capitalize," says Stolpen. He says years of planning went into the establishment of the Hornets franchise and the Charlotte Knights minor league baseball team, both of which have been successful. That contrasts sharply with the Skyhawks experience. "We lost a couple of million dollars—in operating losses. Forget about investments. I'm just talking about pure operating losses."

Still, Stolpen doesn't think the Skyhawks experience damaged perceptions of the Triangle market enough to discourage future investment in sports development. "If it were major league or something like that, it might have tainted the market... but the league in general has not been that successful," he says.

Raleigh City Manager Dempsey Benton says the folding of the Skyhawks franchise had no direct impact on the city's finances. "We didn't provide any funds to it, nor did we see any direct negative impact when it was discontinued," says Benton. He says there may have been an indirect impact from the loss of a community activity, but that would be a subjective judgment.

The demise of the Skyhawks did, however, have an impact on North Carolina State University, which rented its football stadium to the team. "The biggest implication was, we lost rental income from their participation," says Turner, NCSU athletic director. Turner estimates the loss at \$175,000 to \$200,000, although he believes the money may have been made up elsewhere. "That

A Pocket Guide to Pros and Cons of Sports Development

Advantages of Sports as an Economic Development Tool

- 1) Increased business for restaurants, hotels, service stations and others.
- 2) Increases an area's profile, which may help recruit industry, attract conventions, or otherwise boost economic development.
- 3) Builds sense of community/regionalism if team wins.
- 4) Another alternative for use of leisure time.
- 5) More dollars stay in the community than for some other forms of entertainment.
- 6) More fun than investing in widget-making factory.

Disadvantages of Sports as an Economic Development Tool

- 1) Cost of taxpayers' money in stadiums and other infrastructure; could result in higher property tax rate.
- 2) Teams can lose money, fold, or leave town.
- 3) Opportunity cost of other uses of public money for more important needs in the community.
- 4) Public dollars may be used to enrich private individuals.
- 5) Unlike major league teams, minor league teams bring in few dollars from outside the community, thus lessening their economic impact.
- 6) Is sports a public purpose?

might be offset by the fact that there is not another player in the marketplace taking advertisers and potential ticket buyers," Turner says. He says football season ticket sales are up about 3 percent over 1991, when the Wolfpack shared the market with the Skyhawks.

Other recent casualties in the sports entertainment wars include the East Coast Hockey League's Winston-Salem Thunderbirds, who moved to West Virginia, and the Greensboro City Gators of the

Global Basketball Association. Like the Skyhawks, these teams played in existing facilities, so the impact of their failure was limited. Playing host to the Thunderbirds, for example, had been a losing proposition for the Winston-Salem coliseum. "Overall, when you plug all the numbers in, it has been a money loser," says Bucky Dame, the coliseum's assistant director. "Having a pro team of any type adds to the quality of life, so obviously, it takes away from that."

The Charlotte Heat has taken a one-year sabbatical from professional team tennis, while the Raleigh Bullfrogs, yet another Global Basketball Association franchise, are now defunct. The Bullfrogs suffered through an inaugural 1991-92 season of poor attendance and heavy financial losses, capped off by the loss of their home court, Dorton Arena at the N.C. State Fair grounds.²⁶

Conclusion

Given the fits and starts of minor league sports franchises, experts recommend caution in developing public-private ventures. In negotiating minor league baseball contracts, for example, the ICMA advises city officials to work with league officials and "attempt to deal with more than one franchise owner." The city should seek information about the owners and "avoid those who relocate frequently or have little experience in the entertainment industry or otherwise are not known for being successful operators."

In building a facility, ICMA advises, city leaders should reject "an owner's demand to finance a stadium completely with government funds." And if public funds must be used, "officials should expect to invest from \$3 million to \$20 million . . . and should seek as many government and private sources as possible to share the costs." ICMA also advises cities to plan the stadium with broader community goals in mind such as amateur events, to have these other uses clearly spelled out in the contract, and to have the lease in hand before investing any public money.²⁷

Durham Bulls owner Jim Goodmon adds that a long-term lease provides stability to a franchise and thwarts costly city hopping. Recent examples of changes of address at the major league level include the Los Angeles Raiders (from Oakland), the Indianapolis Colts (from Baltimore), and the Phoenix Cardinals (from St. Louis), all of the NFL. The average lease in professional sports is seven years. Goodmon was prepared to negotiate a 20-year lease at Triangle Central Park or lease the stadium for as long as it took to pay the debt service.

But most important in negotiating public facilities, says Goodmon, is "to make sure you have a team." Some cities build first solely in the hope of finding a team later. As Spencer Stolpen observes, that doesn't always work. "St. Petersburg, Fla., built a domed, 45,000-seat stadium, and they don't have a team," says Stolpen. "That's how *not* to do it." Still St. Pete may land on its feet with an

Making a fashion statement in bygone days at Pinehurst No. 2.



offer by local investors to buy and move the San Francisco Giants.²⁸

The success of amateur and professional sports in North Carolina has prompted concentrated interest in this segment of the state's economy. This interest is manifest in the state's own Sports Development Office and in similar local municipal offices, some of which are supported by tax revenues. Many observers believe that popular spectator sports have measurable economic benefits to their host cities and that sports also have less tangible cultural advantages that enhance a community's entertainment opportunities. These are the major pluses of using sports as an economic development tool.

Among the minuses are that tax dollars may be required to secure a team or event, even from citizens who have no interest in sports, that these dollars may be diverted from other, more noble public purposes, and that public dollars may be placed at risk in the event that a franchise folds or moves.

Still, to recruit sports developments, local governments usually are expected to provide use of public facilities, whether existing or new. These public-private partnerships may be unfamiliar to many North Carolinians, but they are the rule in traditional major and minor league sports.

Finally, the arrangements between public bodies and sports organizations usually are negotiated on a case-by-case basis. Thus, *caveat emptor*. ▣▣

FOOTNOTES

¹ The 1992 General Assembly passed a law changing the name of the Department of Economic and Community Development to the Department of Commerce effective Jan. 1, 1993.

² Carrow says the Olympic Festival lost an undisclosed amount in 1981, earned \$100,000 in 1982, earned \$75,000 in 1983, lost \$500,000 in 1985, and earned \$20,000 in 1986 before the successful festival in the Triangle. The 1991 Olympic Festival in Los Angeles produced the event's worst ledger sheet ever. There, festival organizers lost more than \$1.2 million, declared bankruptcy, and paid creditors 10 cents per dollar of debt.

³ Tish Stoker, "U.S. Olympic Festival: Economic Impact," First Union National Bank, Charlotte, November 1987, pp. 1-3.

⁴ As reported in *The Atlanta Journal-Constitution*, Atlanta, Ga., Sept. 21, 1991, p. 2D.

⁵ A 1987 report commissioned by the North Carolina Division of Travel and Tourism indicated motor racing contributed \$541.4 million to the state's economy in 1987 alone.

⁶ Caulton Tudor, "Charlotte Has a Man of Vision," *The News & Observer*, Raleigh, N.C., May 27, 1992, p. 1C.

⁷ Hill Carrow, "Big Event or Small, Sports Offer a Financial Hit," *Triangle Business Journal*, April 20, 1992, p. 9.

⁸ John E. Connaughton, "The Economic Impact of the

Charlotte Hornets on Charlotte, North Carolina," 1989, p. 23.

⁹ Jaqui Brumm *et al.*, "Prologue to a Report to the Greater Cincinnati Community on Keeping the Reds and the Bengals in Cincinnati," Leadership Cincinnati Class XIII (1989-90), Greater Cincinnati Chamber of Commerce Long-Range Planning Committee, Cincinnati, Ohio, 1990, p. 8.

¹⁰ As quoted in Chip Alexander, "Franchise Could Cost You, Too," *The News and Observer*, Raleigh, N.C., Oct. 13, 1991, p. 11B.

¹¹ "Local Government and the Business of Minor League Baseball," the International City Management Association, Washington, D.C., 1990, p. 3. Durham Bulls owner Jim Goodmon was widely reported to have paid \$3 million when he purchased the single-A team from former owner Miles Wolff in 1991. Goodmon acknowledges that figure is in the ballpark, although he declines to reveal the exact purchase price.

¹² *Ibid.*, pp. 7-8.

¹³ *Ibid.*, p. 6.

¹⁴ Outside expenditures are comprised of payroll expenditures by the Houston Astros, plus spending for: bats; balls; training supplies; laundry; medical supplies; and spending for lodging, meals and goods and services by visiting teams, scouts, umpires, and other visitors. Local spending includes printing, sign painting, advertising, concession goods, utilities, cleaning, and miscellaneous park help, according to the Tourists' business office.

¹⁵ Brumm, note 9 above, at p. 2.

¹⁶ Forrest Johnson, "Some Spirits Not Lifted," *The News and Observer*, Raleigh, N.C., July 8, 1992, p. 6A.

¹⁷ Arthur T. Johnson, "Local Government and Minor League Baseball: A Survey of Issues and Trends," International City Management Association, Washington, D.C., 1989, p. 11.

¹⁸ Tudor, note 6 above.

¹⁹ In 1992, the appropriation was made through a special provision in the legislature's capital budget bill (SB 1205). It authorizes statewide highway maintenance money to be spent for traffic control at events drawing 30,000 or more cars per day. Besides the Charlotte Motor Speedway, only the State Fair draws such a large number of cars in a single day. Privette says the appropriation is for the speedway and decries the use of "pothole money" for this purpose.

²⁰ Julie Powers Rives, "Charlotte Builds on Dream Team," *The News and Observer*, Raleigh, N.C., June 28, 1992, p. 1A.

²¹ As quoted in Charles Chandler and Liz Clarke, "Vinroot: NFL Bid OK Without Public Funds," *The Charlotte Observer*, Charlotte, N.C., July 1, 1992, p. 1B.

²² As quoted in David Mildenberg, "Goal to Gold Play," *Business / North Carolina*, Charlotte, N.C., July 1992, p. 41.

²³ Excerpted from a report by UNCC economist John Connaughton. Connaughton declined to provide a copy of the report, which he prepared for Richardson Sports, the group attempting to bring an NFL team to Charlotte. Muhleman, who also works with the Richardsons, provided excerpts.

²⁴ Arthur T. Johnson, "Local Government and the Business of Minor League Baseball: A Guide for Decisionmakers," International City Management Association, Washington, D.C., 1990, p. 13.

²⁵ Tim Simmons, "Taxpayers Help Foot Bill for Pro Sports," *The News and Observer*, Dec. 29, 1991, p. 8A.

²⁶ A.J. Carr, "Bullfrogs' GBA Franchise Nearly Dead in the Water," *The News and Observer*, Raleigh, N.C., July 15, 1992, p. 1C.

²⁷ Johnson, note 24 above, p. 13-15.

²⁸ Four separate bond issues to replace windswept Candlestick park have been rejected by Bay Area voters. Giants owner Bob Lurie says he is ready to sell and let the team leave, but there is also a movement to keep the team in San Francisco. One potential investor in this effort is Hornets' owner George Shinn.