



Legislation Text

File #: 3042-2013, Version: 1

To enact the ordinance proposed by Initiative Petition entitled "Arena Bailouts Demand a Vote" to amend Section 2 of Ordinance #1596-2011, passed October 5, 2011, to prohibit appropriations for the purpose of financing Nationwide Arena effective January 1, 2016, absent a prior electoral vote in favor of such appropriations, and to repeal the existing Section 2 being amended.

WHEREAS, the electors of the City of Columbus and Franklin County have on five occasions rejected public funding for a sports arena in Columbus; and

WHEREAS, upon rejection of the most recent ballot effort to provide public funding for a downtown arena in 1998, Nationwide Insurance Company, the Columbus Dispatch, and other private sector partners collaborated to build a privately-financed and privately-operated arena; and

WHEREAS, the citizens of Columbus received assurances from the private parties and governmental officials that there were no expectations of any contribution of public funding for the operation of such an arena; and

WHEREAS, said Nationwide Arena was built and successfully operated from 2002 through 2011 with no contribution of public funding for operations; and

WHEREAS, in the absence of such public funding there are now over 1.2 million square feet of office space comprising 80 percent of the leased space in the Arena District, which contributes greatly to the Arena District's success and that those businesses' success is not driven by the activities of the Nationwide Arena or Columbus Blue Jackets; and

WHEREAS, there are more than 1,000 residents who lived in a thriving Arena District prior to any public funding of the Nationwide Arena and whose presence does not depend solely on the operations of the Nationwide Arena or Columbus Blue Jackets; and

WHEREAS, Stephen Buser, Ph.D. completed a study that stated that the Arena District and Nationwide Arena generate \$20.4 million annually in state and local income tax revenue, but that there is no information that determines what amount of those tax revenues pre-dated, and would have existed in the absence of, Nationwide Arena; and

WHEREAS, city leaders came to the conclusion in 2009 that "the city had reached the breaking point and faced unprecedented sacrifice from city residents ...and the city responded with a three-point plan to maintain core city services which included passage of a 0.5 percent income tax on August 4, 2009;" and

WHEREAS, the leasing and/or subleasing of an entertainment venue is not a core city service; and

WHEREAS, from 2009 to 2011 there were a series of private meetings held between City of Columbus officials and private business interests to discuss public ownership and public financing of the Nationwide Arena; and

WHEREAS, members of the public were excluded from those private meetings which were not public meetings; and

WHEREAS, on October 5, 2011, the Columbus City Council passed resolution #1954-2011 to authorize the City to enter into a variety of lease and other agreements designed to provide financing for public ownership of Nationwide Arena by the Franklin County Convention Facilities Authority, and

WHEREAS, public input was circumvented as the Columbus City Council did not hold any public hearings prior to the October 5, 2011 meeting at which the ordinance was enacted and the rules of Council permitted only three speakers in opposition to the ordinance the night of the meeting; and

WHEREAS, the people of Columbus believe the Columbus City Council acted in an unfaithful and undemocratic manner to preclude public input into this projected \$236,000,000 investment of public funds into an entertainment venue as a diversion from neighborhood improvement at a time in which Columbus neighborhoods are suffering from vacant and abandoned properties and homeowners lost an estimated \$4.9 billion in home equity and wealth from June 2007 through September 2011; and

WHEREAS, the City of Columbus is facing operating budget deficits announced at \$30 million in the 2013 budget comprised in part of an \$18 million reduction in State of Ohio Local Government Fund and the elimination of estate taxes, and

WHEREAS, anticipated payments under the existing terms of the Lease Agreement result in a loss of \$3.6- \$7.9 million per year, including \$4.5 million in 2012, and approximately \$131,165,157 over the remaining term of the Lease Agreement from the City Treasury that could otherwise be used for core city services or to support the neighborhoods and housing values of Columbus residents; and

WHEREAS, General Fund annual operating revenues of the City of Columbus in 2012 are approximately \$736 million, and the Annual Revenues of Nationwide Insurance Company are approximately \$20 Billion with annual profits of approximately \$1 Billion; and

WHEREAS, with such staggering differences in annual revenues and net income between this public and private entity that there is little financial basis for the taxpayers to provide corporate welfare as the stability of Nationwide Insurance Company is not at issue but the maintenance of services to residents of the City of Columbus is at issue; and

WHEREAS, pursuant to the Lease Agreement there are no negative ramifications or penalties to the City of Columbus should the people of Columbus elect to not continue appropriations for the Lease Agreement other than surrendering of the City's leasehold interests in the facility; and

WHEREAS, the publicly funded City of Columbus is still governed as a democracy and the people have ultimate authority over the priorities for the expenditure of the peoples' funds: now, therefore

BE IT ORDAINED BY THE PEOPLE OF THE CITY OF COLUMBUS:

Section 1. That the existing Section 2 of Ordinance Number 1596-2011 shall be and is hereby amended to read as follows:

Section 2. That the terms and conditions of the Lease and Sublease, which may be contained in one consolidated agreement or in multiple agreements, shall be in a form approved by the City Attorney and shall include the following:

- a) All City lease Payments SPECIFIED UNDER THE LEASE AND SUBLEASE FOR PAYMENTS TO BE MADE AFTER JANUARY 1, 2016, SHALL REQUIRE A VOTE OF THE ELECTORS OF THE CITY OF COLUMBUS TO CONTINUE; THEREFORE, THE CITY AUDITOR SHALL NOT CERTIFY THE AVAILABILITY OF SUCH FUNDS, NOR SHALL THE CITY OF COLUMBUS MAKE ANY SUCH PAYMENTS FROM ANY SOURCE OF FUNDS TO THE CFA OR ANY OTHER ENTITY FOR THE PURPOSE OF SUPPORTING NATIONWIDE ARENA, AFTER JANUARY 1, 2016, WITHOUT THE PRIOR ELECTORAL VOTED APPROVAL OF SUCH PAYMENTS BY THE PEOPLE OF COLUMBUS AT A REGULAR MUNICIPAL ELECTION HELD PRIOR TO JANUARY 1, 2016. ~~shall be based solely on a percentage of the City Casino Taxes, subject to the yearly appropriation of the funds by City Council and certification of availability by the City Auditor as required by Section 159 of the Columbus City Charter. Such percentage of the City Casino Taxes shall begin at 25% through 2015, then increasing annually in 1% increments to a maximum of 32% beginning in 2022. These agreed percentages may be subject to reduction after retirement of the Bonds and the State Loan.~~
- b) The Lease and Sublease shall be effective for a period of twenty-seven (27) one-year terms, each term automatically renewing subject to and upon the appropriation of funds by City Council and certification of availability of funds by the City Auditor. The Lease and the Sublease may provide that the term of the Lease and Sublease may be subject to extension based on the actual amount of City Casino Taxes being less than projected.
- c) Such other terms and conditions as required or as approved by the City Attorney and the City Auditor, provided such other terms and conditions are consistent with this Ordinance, with the execution and delivery of the Lease and Sublease on behalf of the City to be conclusive evidence of such requirements, approvals and consistency.

Section 2. That existing Section 2 of Ordinance #1596-2011 be and is hereby repealed.

Section 3. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.