

# The Columbus Dispatch

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## Nationwide Arena juggles repair projects while awaiting fate of ticket tax

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Nationwide Arena should scratch out a profit this year, but it will have to tap its rainy-day fund to address a growing backlog of capital projects as it waits to see if it will get a lifeline in the form of a ticket tax.

Ahead of its only public meeting of the year Wednesday, Columbus Arena Management projects that it will end its fiscal year June 30 with a \$108,897 profit.

That profit and most of the organization's \$2.3 million rainy-day fund will be eaten up this summer by a \$1.2 million project to replace two of the three chillers used to cool the arena. That's because the local portion of the casino tax dedicated to the arena has never met expectations.

"After six years, the pattern is set in. We don't expect it to change," said Don Brown, executive director of the Franklin County Convention Facilities Authority.

The authority is hopeful that a ticket-tax proposal it is floating along with the Greater Columbus Arts Council will buoy the arena's finances and pay for a capital project backlog that would take about \$4 million a year to address.

"We are counting on that," Brown said. "We can't rely solely on operating reserves to meet the (capital expenditure) needs."

The initial proposal outlined in January was for the city to levy a tax of 3 to 8 percent on tickets to arts, cultural, entertainment and professional sporting events within the city limits and for Franklin County to contribute sales-tax revenue.

Together, those sources could generate \$15 million to \$20 million a year, with \$4 million being earmarked for the arena and the rest going to artists and organizations that the arts council supports.

A final plan hasn't materialized out of that proposal, though, despite several meetings between the authority, the arts council and their lobbyists and city and county officials.

"We still have some work to do. We're still in active meetings on the topic," said Tom Katzenmeyer, president of the arts council.

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The Columbus City Council would have to sign off on the ticket tax, which would generate \$3.75 million to \$10 million, and Franklin County commissioners would have to agree to contribute a portion of the county's sales-tax revenue.

"We are giving it every consideration," Commissioner John O'Grady said. "We don't have the kind of money they've asked us for."

Council President Shannon G. Hardin wants any ticket-tax money to support other arts venues, including local theaters and the Columbus Museum of Art, along with the arena, accessibility to the arts and local artists, said Michael Brown, his chief of staff. The council does not have legislation to consider yet, Brown said, though he expects that to come this year.

Without additional revenue, capital projects at Nationwide Arena likely will have to be deferred until it can rebuild reserves. The capital plan calls for spending \$5 million on scoreboard upgrades in 2021 and another \$5 million to replace the roof in 2022.

A little more than \$1 million will be left in that account after paying for new chillers this summer. The arena management group spent about \$190,000 out of reserves this year for smaller capital projects.

Arena revenue far outpaced conservative budget estimates in the past year, but it would not have turned a profit without \$4.6 million in casino-tax revenue the city and county pledged. The city and county agreed to use a portion of the tax to buy and operate the arena in 2012.

Officials believed that cash would be sufficient to support the arena's operations, pay for maintenance and repay two loans used to buy it. Those loans are last in the pecking order for arena revenue.

No payments have been made on the \$44 million loan from Nationwide Realty Investors. Half of the \$10 million the state lent for the purchase is forgivable based on job and revenue targets, and the two sides struck a deal in January to repay the rest with five \$200,000 payments and advertising at the convention center.

Even though it's been unable to pay on the Nationwide loan, Brown said the arena has had a successful year.

"To keep that magic happening, we have to keep reinvesting in the arena itself," he said.

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