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A sustainable plan for the CIB

To better understand the Capital Improvement Board's difficulties, a bit of history is in order:

The Indiana General Assembly created CIB as a municipal body in 1965 to construct and operate facilities to promote cultural, recreational or civic well-being. Until 2005, CIB managed the Indiana Convention Center, RCA Dome, Conseco Fieldhouse, Victory Field and some parking facilities.

In 2005, the General Assembly created the Indiana Stadium and Convention Building Authority, a majority of whose members are gubernatorial appointees, to construct and own Lucas Oil Stadium. Once completed, Lucas Oil Stadium was leased to CIB, which manages the venue. The legislation also permitted ISCBA to demolish the RCA Dome and construct and own an expansion to the Indiana Convention Center. Once completed, the Convention Center expansion may be leased "to or for the benefit of" CIB.

This short history provides the construct for a sensible and sustainable resolution to the problems created by the state.

Once the administration of Gov. Mitch Daniels secured control of the construction of Lucas Oil Stadium and the Convention Center expansion in 2005, it began reassessing the project budgets developed by then-Mayor Bart Peterson. In a spectacularly obtuse move that has been compounded by the current credit market and



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Commentary

economic crisis, the Daniels administration eliminated from the project budget and funding mechanism the interim operating costs needed to sustain CIB.

On April 30, 2005, Gov. Daniels said at a press conference: "Why did [CIB and Mayor Peterson] ask for hundreds of millions more than it turns out was really necessary? What were they planning to do with that money? I didn't know. We only discovered in the last week or two they were planning to borrow the money for operation and maintenance. That didn't happen at Conseco. It didn't happen at the [RCA] Dome. It didn't happen ... ever. That's like having your mortgage covering your grocery money or your car loan to cover your gas and oil."

The problem with Gov. Daniels' statement is twofold. First, it is inaccurate. Funding for the Hoosier Dome did include maintenance and operating costs and the Indianapolis Colts agreed to pay those costs the first 10 years, making local funding unnecessary. Second, his analogy is off base. The correct analogy would be the entrepreneur who develops a capital structure that recognizes it is highly unlikely that on the first day of operations, his or her new business will be cash-flow positive. Including operational costs is wise. Excluding them is irresponsible.

A reasonable and workable solution to the challenges confronting Marion County and CIB should include the following:

■ The elimination of the Indiana State Building and Convention Authority and the reversion of ownership of Lucas Oil Stadium and the Convention Center to CIB. The state should also reimburse the taxpayers of Marion County \$80 million.

■ The bonds issued to support the construction of Lucas Oil Stadium and the Convention Center should be divided, and the principal and interest associated with the specific facility allocated to that facility's bond offering.

■ Financing sources to pay for the bonds should come from those constituencies that benefit from the expanded facilities. Also, it should be considered whether the income tax on players and/or owners who participate in professional sporting events at Lucas Oil Stadium should be increased.

■ The state should allocate a larger percentage of all taxes generated by the Convention Center and Lucas Oil Stadium to the city. That additional revenue will support paying for the facilities themselves and for improving the infrastructure, amenities and facilities that draw economic activity here.

■ Finally, CIB should no longer fund professional sports activities. CIB was established to promote "civic well-being" and should establish a permanent viable funding mechanism to support the arts.

The proposals floated by members of the General Assembly and by Mayor Greg Ballard do not address the fundamental problems of this crisis: state confiscation of municipal assets and the siphoning of revenue generated by municipal resources to state coffers to support non-Marion County prerogatives. A vibrant Indianapolis powers a dynamic Indiana and the governor, the mayor and the members of the General Assembly should all recognize that. •

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