

Downtown adieu packs punch

Driving on South Meridian Street with daughter Elizabeth a few weeks ago, during one of her visits back home again to Indy from Chicago, she posed a question: what had become of the Hollywood Bar & Filmworks? The popular joint, a landmark, a fave rave, was still there, I assured her; somehow we had just missed the sign, I said.

I was wrong. Owner Ted Bulthaup has called it quits, after 15 years of not only energetically and creatively serving the public but also taking the hits as point man for the myriad issues that bedevil the owners of small Downtown establishments. Sign of the times? You be the judge.

Bulthaup is not only a successful businessman; he is every reporter's dream. He's never been reluctant to go on record with his views or to challenge the powers that be; he is a meticulous researcher who hones in on a problem and then analyzes it to produce solutions. Hence the lengthy email he sent Friday pretty much nails it: parking prices Downtown and the politics that drive those prices sky high forced him to shut down his Indy operation (he has another successful venture in suburban Chicago).

Bulthaup promises an ad in an upcoming issue of the Indianapolis Business Journal that will further elaborate on his experience, but here are some of his main points:

--Parking rates are inflated during special Downtown events, sometimes as much as 735 percent. Bulthaup regular patrons simply couldn't afford to pay \$60-\$80 a month just to see movies Downtown.

"Councilor Phil Borst conducted a fact finding mission and found there was a big problem," writes Bulthaup. "The City Council held a hearing and found there was a very real problem, Mayor Peterson said he realized there was a big problem when he addressed a large group of us at the now defunct Majestic Oyster Bar..."

"Over three dozen local restaurants signed a petition to the Mayor saying this was the biggest problem they faced; two thirds of them have either closed or sold to get out of downtown. I'm next."

--Bulthaup lays the blame squarely on Mayor Bart Peterson's shoulders and takes to task Peterson's former director of development Melina Kennedy and Downtown Inc's Tamara Zahn.

He writes: "While Peterson pays lip service to the importance of the industry I am in, (for public consumption he pays lip service to everything good in the world) he comes from a big money developer family, and a wealthy background (his father donated about \$1,000,000 to his first campaign). Peterson just doesn't understand the importance of small businesses. Small business is the back bone of any resurgent downtown because they make up the tenants for any developer and provide the largest area for job creation. Likewise the restaurant industry is the second largest employer in the state. You would think he'd understand, but he treats all small businesses as expendable, they can all be easily replaced. He just doesn't get it. His attitude just doesn't work, even with the downtown propoganda machine in full gear. That theory also leaves a lot of broken, bitter and unemployed people in its wake."

Finally, among the straws that broke his theater's back --

Kennedy "would not solve the parking problems created by the Capital Improvement Board who are largely funded by food & beverage taxes taken from my industries customers; but she found \$11 million dollars so the Simons, (wealthy campaign contributors) could have free parking at their new city funded headquarters. I agree the Simons needed to be kept downtown, but I resent the government who would give them free parking on taxpayer funded improvements while the businesses who work hard and provide the source of that revenue get screwed by Peterson and the CIB."

--"Peterson doubled the food & beverage tax so that now both sports teams make more from my business than I do. There is something fundamentally wrong with his administration when Jim Irsay makes more money from my own customers than I do. I don't have anything against either sports team for getting whatever money they can; I do have something against a government that takes the money from my customers, uses it in a way that discourages non-sports related visits to downtown and won't listen to (and even reneges on promises to) the business guys on the front line."

I've heard bits and pieces of these arguments over the years. That is because Bulthaup worked tirelessly to educate the media and anyone who would listen about the shared problems his business and others suffered. What a crying shame that his final sermon must come in the form of a farewell.

He will be missed. So will Hollywood Bar & Filmworks. But most of all, Indianapolis will miss Bulthaup's intense candor.

I wish him the best! And maybe Elizabeth can catch his show near Chicago.

Indianapolis Star Letter to Editor

Nov 16, 2006

I have been a long time visitor to the Hollywood Bar and Filmworks. I am going to miss it terribly. I have also found that I go less often in recent years because of the parking situation. Many visits were postponed or cancelled because of a game or event, due to the cost of parking.

I live out past Fort Harrison but would regularly drive into downtown just to visit the Hollywood. I don't suppose I will be going downtown now for much of anything unless I need to go to the City County Bldg.

IF any part of Ted Bulthaup's claims are true shame on the mayor and his staff. And shame on the "investigative" news persons in Indianapolis. And shame on the public too. Especially those of us, like me, who know we have been affected and have failed to voice our objections.

It does seem as though the current thinking is to make downtown a great place for visitors and to hell with the taxpayers, but if we, the taxpayers, don't tell OUR government and/or hold them accountable, then we have only ourselves to blame.

I hope this does get some kind of investigation going. I don't think that it will come from the Mayor's or Miss Melina's impetus. So, that leaves the local media and I sure hope they are ready to get off the stick and let the public know what is really going on.

Sheila Miles

Advance Indiana

Saturday, May 15, 2010

It's Official: IRS Says Pacers Had Catastrophic Impact on Downtown Restaurant

I've admired over the years the tenacity of former Hollywood Bar & Filmworks Ted Bulthaup in standing up to the insiders in this city who continue to press their case that the professional sports teams are the be all, end all for downtown Indianapolis. Bulthaup, the former president of the Downtown Restaurant Association, made the case over several years that the building of Conseco Fieldhouse actually had a negative impact on his and other downtown businesses. Bulthaup eventually threw in the towel and closed his business. He took out a full page ad in the Indianapolis Star in an effort to explain to the general public what was really taking place as opposed to the propaganda being spread by the IDI, the ICVA, the Mayor and other civic leaders. Unfortunately, his one day ad purchase wasn't enough to sway the editors of the Star in their opinion that this spending must occur in order to keep downtown vibrant. Bulthaup, however, gets the last laugh. In a comment he posted at Indy Tax Dollars, Bulthaup explains how he successfully took his case to the IRS. He filed a claim for relief under the same provision of the tax code that gave relief to businesses that suffered losses as a result of Hurricane Katrina and other types of catastrophic occurrences. **AND HE WON!** Bulthaup says he got his refund check from the IRS last month. Here's what Bulthaup wrote:

"I and over 20 others closed their downtown businesses citing Fieldhouse related problems as a primary reason. As a matter of fact, the IRS code provides tax relief to businesses if there is a catastrophic occurrence, such as a flood, earthquake, or Katrina like hurricane. In my filing for that relief, I extensively detailed those problems and the lack of any net positive economic benefit, and conclusively proved the many negatives in a report so thorough and complete the attorneys said it was the best documented case they had ever seen and later the hearing officer did not even question if the relief should be granted. It was just a matter of "how much". In the proverbial "Miracle on 34th Street" tradition, an official agency of the US Government pronounced that the Capitol Improvement Board and its facilities had the same catastrophic economic effect on downtown Indy as a hurricane did to New Orleans. It took three years, but I got the refund checks just last month."

Bulthaup's comment completely points up how studies recently commissioned by the City at a cost of \$30,000 have been completely discredited over time. He points to the \$100,000 study by the IU's Kelly School of Business the City and Colts owner Jim Irsay deep sixed after it showed quite the opposite while they were making the case for the construction of a new stadium. He said IDI blamed his and other downtown restaurant's loss of revenues on 9/11 for several years until figures elsewhere in the city, state and nation showed otherwise. IDI dropped sharing downtown revenues altogether when it became patently obvious it didn't serve its needs he says. He also reminds us that the CIB forgave the Pacers from their legal obligation to pay \$3.45 million a year for Conseco parking, which he says has saved the Pacers about \$40 million to date. And of course, the City negotiated a deal with the Simons on the construction of their new headquarters for Simon Property Group that included free parking for its employees at another cost of at least \$14 million. Bulthaup is no friend of Melina Kennedy, the former deputy mayor to Bart Peterson for economic development. He notes she

helped negotiate that deal for the Simons while showing complete indifference to the problems cited by other downtown businesses. Kennedy is now the Democratic front-runner for Indianapolis mayor in 2011 and probably stands a good chance of winning at the rate Ballard is going in completely alienating all of us who worked so hard to elect him in 2011.

I think it's an absurdity Bulthaup qualified for this tax credit just as much as I think it's an absurdity to continue plowing what has amounted to billions of dollar over the years into supporting professional sports team owners and the facilities that support them and other downtown investments in the name of keeping downtown Indianapolis vibrant. The proponents of the latter are disingenuous beyond belief, such as Mayor Ballard's claim the City would lose more than 60,000 jobs but for the CIB's investments in them. The fact of the matter is our city is broke. Many of our neighborhoods are in decline. And people continue to flee these neighborhoods for safer, suburban neighborhoods. It's hard to believe that Mayor Ballard grew up in one of these working class neighborhoods after the way he has saddled up next to these elitist downtown insiders and accepted all of their offers of free tickets, meals and country club memberships, along with their platform. They are the same people who laughed at him before he became mayor.

Who will have the last laugh, Mr. Mayor?

Monday, November 06, 2006

City Played Hardball With Hollywood Bar & Filmworks Owner

Ted Bulthaupt, owner of the now-defunct Hollywood Bar & Filmworks, shares a disturbing account of what the City of Indianapolis did in retaliation for his and other local business efforts for pressing the parking issue in his full-page ad in the *Indianapolis Star*. This is the passage that really caught my eye:

. . . Just after the meeting adjourned we found that a CIB official had lied to us and we went to the press with the lie. The minutes for that last meeting for the last IDI Task Force meeting were never issued, even though I requested a transcript. [Tamara] Zahn refused because they would have proven that official had lied. That CIB official later told a neighborhood businessman that if we thought we were bad off now; just wait until he was done with us (meaning getting even for the blowing of the whistle). At the time, I received the casket company brochure through the mail which I am sure was an implied threat for someone. My business then also became a target for every state and city inspector available. Within weeks my business was inspected by agencies that had never looked at us before. Anybody who had signed the petition was contacted by either Zahn or the head of the IDI Parking Partnership who tried to pressure them to take their name off the petition. This effort also included both IDI and other government officials contacting the Landlords of many of the restaurants in an effort to solicit their help in suppressing their tenant's vocal unrest with the situation. In two cases the pressure tactics worked and restaurateurs asked (or should I say were forced to ask) that their names be removed from the petition. This was a despicable pressure tactic unethical by any standard . . .

And you probably thought that these kinds of things only happened in Chicago.

UPDATE: Because some people who work for Mayor Peterson have felt compelled to comment on Mr. Bulthaupt and his business, I feel compelled to share the story about his little appearance on WIBC the other morning. It seems the Mayor was talking to Terri and the Pidge on WIBC when he suddenly started having trouble hearing after Pidge asked him about the parking question. When Terri jumped in and repeated a question the question to him, the Mayor said he couldn't hear her either and hung up, which provoked laughter and disbelief in the WIBC studio and listening audience.

The Mayor's popularity with the Indianapolis public is a thing of the past. If the Republicans field a serious, well-financed candidate next year, they will be able to defeat him. AI is quite concerned about a rumor on the street that some people are talking up a certain partner at Ice Miller to take outgoing Mike Murphy's place as county GOP chairman. If that happens, Republicans can kiss the mayor's race goodbye. Ice Miller has a vested interest in the re-election of the Mayor. Peterson used to be a partner at the firm, and Ice Miller partner Lacy Johnson is one of the biggest beneficiaries of that relationship--having been handed the keys to the Indianapolis Airport Authority as its board president with control over the billion dollar midfield terminal project.



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IRS SAYS PACERS CRUSHED HOLLYWOOD BAR & FILMWORKS

May 15th, 2010 by [Bart](#)

Hat tip to Fred at [Indy Tax Dollars](#) via Gary at [Advance Indiana](#)'

Ted Bulthaupt, who successfully ran the Hollywood Bar & Filmworks for many years, had to roll up the big screen not long after the Conseco Fieldhouse was finished. Business dried up, despite the popular mantra of Pacers (and pro sports in general) that they generate massive positive financial impact throughout the downtown area.

The reason? Parking sucked and his loyal patrons stopped coming.

For years, the cause-effect was poo-poo'ed by the Pacers, Indianapolis Downtown Inc, and then-mayor Bart Peterson's 'Economic Director, Melina Kennedy. The popular excuse was that Ted's business failed because Ted didn't keep up with the changing downtown landscape. The IRS has just recently decided a 'catastrophic occurrence' resulted in HB&F's demise and provided tax relief to Ted in the form of a substantial tax refund.

Ted's lengthy comment on Indy Tax Dollars reads, in part:

And when I pulled out of Indianapolis 4 years ago I was generating over \$250,000 annually in taxes, some of which went to the Tax Increment Financing District. Many others left the district for greener pastures too, revenue the CIB could now surely use and would have had if they had listened to the neighborhood.

I and over 20 others closed their downtown businesses citing Fieldhouse related problems as a primary reason. As a matter of fact, the IRS code provides tax relief to businesses if there is a catastrophic occurrence, such as a flood, earthquake, or Katrina like hurricane. In my filling for that relief, I extensively detailed those problems and the lack of any net positive economic benefit, and conclusively proved the many negatives in a report so thorough and complete the attorneys said it was the best documented case they had ever seen and later the hearing officer did not even question if the relief should be granted. It was just a matter of “how much”. In the proverbial “Miracle on 34th Street” tradition, an official agency of the US Government pronounced that the Capitol Improvement Board and its facilities had the same catastrophic economic affect on downtown Indy as a hurricane did to New Orleans. It took three years, but I got the refund checks just last month.

Ted published his grievances in an ad in the Indianapolis Star, and for a few years afterwards, on the HB&F website (which is no longer online).

You can read Ted’s story here: [Say Goodbye to Hollywood](#)

Local activist and friend of the taxpayer, Melyssa Donaghy, tracked down Ted and his ad and kindly forwarded a copy to us a couple years ago.

More on Former Downtown Business Gets Disaster Relief Caused By Pacers

Well, this doesn't fit the propaganda spread by Don Welsh, Tamara Zahn, Mayor Greg Ballard and all of the other wallet snatchers who think it's part of your civic duty as Indianapolis taxpayers to give billions of dollars in subsidies to the billionaire sports team owners. Give credit to Norm Cox for bucking the tide and doing a story based on facts rather than fiction when it comes to the latest request by the Simons to fork over \$15 million a year in additional subsidies to their losing Indiana Pacers basketball team. Cox picks up on a blog post I ran the other day discussing former Hollywood Bar & Filmworks' owner Ted Bulthaup's successful effort to get disaster credit relief from the IRS as a result of the catastrophic economic loss his business occasioned by the Pacers moving nearby to the newly-constructed Conseco Fieldhouse. Cox reports:

A former downtown Indianapolis business owner successfully lobbied the IRS for disaster relief funds, citing the plight of the Indiana Pacers.

Four years ago, Ted Bulthaup was forced to close Hollywood Bar and Filmworks, a downtown restaurant and movie fixture, after financial difficulties, 6News' Norman Cox reported.

Bulthaup had long blamed Conseco Fieldhouse for eating up parking in the area and making it more difficult for patrons to find his venue.

After looking at the law governing victims of disasters like Hurricane Katrina, he said he decided he was a disaster victim too, and filed for relief.

"It's not specifically the Katrina Act, but it is an IRS code that allows for relief from disasters," he said. "I filed for it, based on the fact that the Capital Improvement Board and the Conseco Fieldhouse, in particular, were a disaster for downtown."

Bulthaup said he convinced the IRS to refund a portion of his federal taxes for the period he had competed against the Fieldhouse, a figure that he will only say went well into five figures. Not surprisingly, the Simons' stooge on the CIB and former mayoral chief of staff Paul Okeson says downtown businesses are not hurt by the Pacers, notwithstanding the ruling by the IRS in favor of Bulthaup. John Livengood, who is supposedly paid to lobby for downtown restaurants, also seemed less than enthused about the ruling. Bulthaup left town and opened another similar restaurant/movie theater in Woodridge, Illinois that is enjoying more success than his Indianapolis venture. Don't expect Jim Shella to do a story like this for WISH-TV. He wouldn't want to stop getting free tickets to sporting events.

Fieldhouse feud results in tax refund for theater owner

May 24, 2010

[Scott Olson](#)



The Internal Revenue Service has refunded part of a former downtown movie theater owner's payroll tax payments after he argued that Conseco Fieldhouse caused an undue hardship on his business.

Ted Bulthaup, who operated Hollywood Bar and Filmworks on South Meridian Street before closing it in 2006, touted the IRS decision in an advertisement he purchased in the May 17 issue of *IBJ*. His ad was a lengthy diatribe refuting the results of a recent study that found the Indiana Pacers have a positive economic impact on the city.

What's unusual about the tax case is that such refunds, which are based on economic hardship, more typically are associated with natural disasters such as earthquakes and hurricanes.

"It boils down to something like [Hurricane] Katrina," Bulthaup told *IBJ*. "That's what the general rule was put together for. You just have to prove your disaster, which we did admirably well."

The IRS granted Bulthaup's refund in early April after he convinced the agency that increased parking rates following the opening of Conseco Fieldhouse in 1999 led to a severe downturn in his business. Bulthaup said he was tardy on payroll tax obligations in order to keep his theater open.

Bulthaup estimated he owed as much as \$90,000, which he paid before filing for a refund. He declined to divulge exactly how much was refunded, describing it as "mid five figures."

The IRS decision came three years after Bulthaup and his attorney made the request for relief.

"The reasonable cause that was established was based upon the economic circumstances that resulted from Conseco Fieldhouse opening less than two blocks from Hollywood," said his attorney, James Gilday. "That was considered and accepted to be a circumstance beyond the taxpayer's control."

A spokeswoman for the Indiana office of the IRS declined to comment on Bulthaupt's case, citing federal disclosure regulations that prohibit her from divulging details about individual tax matters.

The Capital Improvement Board, which commissioned the economic impact study and is wrangling with the basketball team over who will pay at least \$15 million in annual fieldhouse operating costs, was among Bulthaupt's targets in the newspaper advertisement. Pacers executives, who say the team is losing money, want CIB to assume the cost.

CIB President Ann Lathrop said the board never received any type of notification from the IRS about Bulthaupt's claim. She declined to comment further.

Bulthaupt closed the 15-year-old downtown fixture in October 2006 to focus on a similarly styled theater that serves alcohol and food, which he opened in the suburban Chicago community of Woodridge in 2003. He since has opened another theater, in nearby Naperville.

Bulthaupt had a long-standing feud with the city of Indianapolis and CIB over parking issues following the arena's opening, which he blamed for driving patrons from his theater.

While operating Hollywood Bar and Filmworks, Bulthaupt founded the Indianapolis Downtown Restaurant Association, which spearheaded an unsuccessful effort to persuade the city and CIB to lower event parking rates.

The downtown restaurant association that Bulthaupt founded is affiliated with the Indiana (State) Restaurant Association, led by John Livengood. He recalled Bulthaupt as being "very aggressive" in standing up for what he believed.

Livengood agrees with Bulthaupt's assessment that the Pacers' economic impact on downtown is minimal, at least for bars and restaurants. Livengood pointed to the recent study commissioned by CIB, which shows the team's home games generate just \$175,300 annually in city food and beverage taxes.

The food and beverage tax, which applies to sales at restaurants and bars, was raised by one percentage point, to 2 percent, in Indianapolis to help fund the construction of Lucas Oil Stadium.

Livengood said he hopes the Pacers stay but also wants the public to realize sports teams often don't create as much business for downtown establishments as one might think.

"Everybody always comes to us to pay for this stuff," he said, "and we're not the big beneficiary, in every case."

The study, released May 10 by Chicago-based Hunden Strategic Partners, found the city would lose nearly \$18 million in tax revenue and other expenses if the Pacers were to leave Indianapolis.

It also said the Pacers and Indiana Fever contribute an estimated \$55 million a year to the Indianapolis economy.

The Indianapolis Bond Bank paid Chicago-based Hunden Strategic Partners to perform the study. The firm is led by Rob Hunden, a former economic development official for the bond bank during the Goldsmith administration.

That relationship has led critics of any plan to provide financial assistance to the Pacers to question the results.

Thursday, November 02, 2006

The Closure Of Hollywood Bar & Filmworks

Ted Bulthaup, owner of Hollywood Bar & Filmworks takes out a full page ad in the Star today to let Indianapolis residents know why it is closing after 15 years of operating on South Meridian Street. He has a lot of things to say about Mayor Peterson (D) and Melina Kennedy (D), and none of them are very flattering. It really is depressing to hear a small business owner like Bulthaup explain how everything in this city revolves around what the Simon family wants, and when those interests collide with the small business owners in downtown Indy, the Simon's always prevail.

Parking demand after the new Conseco fieldhouse opened, Buthaup explains, drives up parking costs so much during special events that many long-time customers of businesses like Bulthaup's no longer come downtown for their entertainment and dining. Attempts to get parking concessions from the city to help these small business owners were unsuccessful, leading to the ultimate demise of Hollywood Bar & Filmworks. At the same time these small business owners were seeking relief, Mayor Peterson and Melina Kennedy awarded the Simons an \$11 million taxpayer give-away so Simon employees could park for free in their new corporate tower shadowing the State House.

I highly recommend you take the time to read what Bulthaup has to say. The *Star* chose to keep its readers in the dark as to what's really been going on in [this meaningless report](#) in today's paper. Curiously, the *Star* article says nothing about the challenges Bulthaup and other small business owners downtown have had in getting their problems addressed by the Peterson administration. I know the *Star* was one of the original investors in the Simon family's Circle Centre Mall--they used to provide a disclaimer whenever they reported on any news item involving the mall. I'm not sure how that investment was handled after the *Star* was purchased by Gannett.

his item from the Indiana Daily Insight will help get your blood boiling about our hard-earned taxpayers being handed out to the Simons:

The Wall Street Journal reveals that "Democratic activist and businesswoman Bren Simon, wife of shopping-mall magnate and Indiana Pacers co-owner Melvin Simon, is looking to sell a mansion in Los Angeles's Bel-Air neighborhood for \$17.5 million, \$4.5 million more than she paid for it last year. The 18,000-square-foot home was built in 1995 and modeled after the Petit Trianon at Versailles. It has nine bedrooms, a library, a gym and a pool. A spokesman for Ms. Simon says she spent more than \$1 million remodeling the house and added a small adjacent lot for parking. Ms. Simon runs MBS Associates, a property-management and development company in Indiana, and is known for raising money for Democratic candidates. Earlier this year, she and her husband held a fundraiser at their Indiana estate that featured Democratic National Committee Chairman Howard Dean. Her own contributions this year have included \$50,000 to New Mexico Gov. Bill Richardson and \$25,000 to the Democratic Congressional Campaign Committee. A spokesman said Ms. Simon bought the property so she and her husband could visit their grandchildren, but found the three-story house did not suit Mr. Simon, who turned 80 last week; they recently bought another home nearby, at the Bel-Air Country Club."

11:04 PM GMT-5

May 12, 2010

INDY TAX DOLLARS: The purpose?

The leading sports columnist in today's local daily tells us he hopes the CIB will not roll over and play dead on the Pacers demand for an additional subsidy of \$15 million annually.

He asks a question. "Please, tell me, what was the purpose of spending 30 grand so that Rob Hunden and his company could tell us the Pacers bring in \$55 million a year.?"

It seems rather obvious to us that the purpose was to continue to mislead the general public as to the whole scenario. It gave his boss the opportunity to run a front page story, totaling about 40 column inches, simply laying out the content of the report without asking questions about it.

Despite the fact that the report itself starts with the disclaimer that the authors have been denied any data from the Pacers, and the fact that assumptions, estimates and projections appear 70 times in a 33 page printout, this front page story carries one, single question.

"So, would the CIB have enough money to pay for a new deal for the Pacers?"

Couldn't there have been at least one challenge as to whether the CIB **should** bail out the Pacers?

As usual, instead of investigative activity of its own concerning professional sports, the paper prints allegations which support its long-time editorial position (in spite of a couple of very recent, and very surprising, editorials). The report was bought and paid for by the CIB. Did the paper's editors really expect it to recommend any kind of surprise - like maybe thinking of the taxpayers?

Disregarding usual hype about the civic psychology of having a team here, we might guess that a company would be loath to move into a community which closes libraries and schools for financial reasons while handing multi-million dollar bailouts to a private business - especially without even seeing its books!

It is pretty easy to guess (assume, estimate, project) that, with the help of such biased reporting by the paper, the CIB will probably cave in.

Would that Indianapolis powers-that-be could find money for books as easily as they do for balls.

Posted by: Leslie Baker | **May 12, 2010 at 07:03 PM**



Letter to the Editor

I took out a half page ad in our local paper regarding public funding of private sports teams. A recent IBJ Editorial titled "Shed More Light on Pacers' Plight" regarding the possible increase of public funding for the Indiana Pacers, the Editor states factually that "the franchise has been an economic engine for downtown" as if that was an indisputable fact.

I had a business in downtown Indy and was President of the Downtown Restaurant Association, and had plenty of problems with the teams, the taxation on my business to support them and finally left town for greener pastures after 15 otherwise successful years at that location. I thought you might appreciate the following information.

If that is true, then the Pacers are the only sports team that has ever been an economic engine for any city.....as every independent academic study every done comes to just the opposite conclusion. So let me shed the real light.....

By way of example, Jim Irsay thought the Colts were an obvious economic engine and hired the Kelly School of Business at IUPUI to document it. So anxious was he to demonstrate this fact that he scheduled a press conference to tout the study to the tax-paying world. Problem is, he hadn't read the report and when he did, the results so clearly demonstrated there was no significant economic impact that he cancelled the press conference and the study never saw the light of day. The chief author of that study later released a book titled "Major League Losers" using the Colts as one of the primary examples where he documented that any team's effect is "minuscule on the economy of a city or even a region" and that "they produce few jobs, little tax revenue, and a negligible positive impact even on their own immediate neighborhood". That was also a book produced by the Brookings Institute called "Sports, Jobs, and Taxes: The Economic Impact of Sports Teams and Stadiums" which I purchased and sent to Peterson and every sitting City Council Member. Quoting from the Brookings summary; "15 collaborators from universities across the nation, examined the local economic development argument from all angles: case studies of the effect of specific facilities, as well as comparisons among cities and even neighborhoods that have and have not sunk hundreds of millions of dollars into sports development. In every case, the conclusions are the same. A new sports facility has an extremely small (perhaps even negative) effect on overall economic activity and employment. No recent facility appears to have earned anything approaching a reasonable return on investment. No recent facility has been self-financing in terms of its impact on net tax revenues. Regardless of whether the unit of analysis is a local neighborhood, a city, or an entire metropolitan area, the economic benefits of sports facilities are de minimus." (For more info check out www.brookings.edu/articles)

Later, the Capital Improvement Board purchased a study at a cost of over \$100,000 from Coopers Lybrand whose task was not to produce an independent analysis but rather was told by the Peterson administration to prove there was a big positive impact. That firm dutifully saluted and at an average taxpayer cost of \$13,000 per page most people would take dictation. It is just a shame the press did not actually read it. The primary basis for their assertion was an exit poll of over 800 Colts ticket holders at a winning game asking the probing question, "Do you think there is a positive economic impact by the team on Indianapolis?" and the resounding answer was "Yes"! I don't know how anyone can call a public opinion survey of the attendees an econometric study, but it sure shows you can fool all of the people at least some of the time. Unless the economic benefit the ticket holders were referring to was having the cost of a ticket subsidized through the public coffers. Never once did the study group ask any hotel, restaurant or retail establishment who was paying taxes to Irsay what their

opinion was and I hope everyone remembers that Irsay also refused to open his team's books at the same time he was holding his hand out.

Even though receipts were truly smaller than other NFL franchises, it was widely reported (except here in town) that since his team was not carrying any major long term debt load, that the Colts were actually one of the most profitable teams, if not the most profitable team, in the league.

Now after the Conseco Fieldhouse was built, Indianapolis Downtown Inc reported in their annual reports about downtown that sales at the Top Ten downtown restaurants declined for the next three years by an average of 10% each year (they checked sales tax records) which amounted to millions of dollars in lost tax revenue to the Tax Increment Financing District.

IDI then blamed the downturn on the economy after 9/11, but when I pointed out that in the same period the industry enjoyed an average 4% annual growth in sales nationally, in our state, and even in Marion County (according to the increases in the food & beverage tax collections), IDI had run out of excuses and got right on solving the problem – they stopped checking and reporting on the sales decreases in their annual report. Their answer was the traditional see no evil, hear no evil, so don't report about the evil. This, despite the fact that over 3 dozen downtown restaurants, the ISO and the IRT signed a petition to the Mayor listing all the problems, many related to parking and traffic, the Fieldhouse had created for downtown which was causing a net loss of business. IDI was well aware that the neighborhood knew what the problem was and their own expert on parking agreed with us, so they fired him and got a new guy who would respect where his paycheck came from. IDI was a major roadblock and, along with the Pacers themselves, had a fully funded, independent study on the problems created by the Fieldhouse killed by Peterson's Economic Director, (that would be Melina Kennedy). As an aside, will somebody please tell me why a neighborhood group like IDI continues to get \$1,000,000 annually in taxpayer subsidy, especially in these times, instead of relying on the membership like for instance the Chamber of Commerce?

The Pacers smiled politely at neighborhood meetings and said they would do anything the Mayor wanted them to do to solve any problems, while all the time insisting there was no problem and having the clout behind the scenes to make sure nothing was done, especially about some nasty parking situations they had created. To add insult to injury, this was at a time they were not paying the contracted for \$3.45 million per year for the Fieldhouse parking garage so they had a free parking garage and lots of unwarranted parking profits which they somehow did not disclose and for which they are now in arrears for almost \$40 million dollars. And to further add insult to injury, Melina Kennedy made sure the Simons got their own parking garage at their new headquarters so they would have free parking at a tax payer cost of another \$14 million dollars. The Simons were also claiming at that time they would leave Indianapolis if they did not get a free parking garage for their employees. Will Indianapolis never learn?

And what do you want to bet that if the team's books were examined as the IBJ suggests a big part of the losses the Pacers say they are experiencing is a line item for a \$3.45 million annual cost they should be repaying to the taxpayer for that parking garage but never will? Some pretty good sums of public money have already been paid out for bouncing that big rubber ball.

And when I pulled out of Indianapolis 4 years ago I was generating over \$250,000 annually in taxes, some of which went to the Tax Increment Financing District. Many others left the district for greener pastures too, revenue the CIB could now surely use and would have had if they had listened to the neighborhood.

I and over 20 others closed their downtown businesses citing Fieldhouse related problems as a primary reason. As a matter of fact, the IRS code provides tax relief to businesses if there is a

catastrophic occurrence, such as a flood, earthquake, or Katrina like hurricane. In my filing for that relief, I extensively detailed those problems and the lack of any net positive economic benefit, and conclusively proved the many negatives in a report so thorough and complete the attorneys said it was the best documented case they had ever seen and later the hearing officer did not even question if the relief should be granted. It was just a matter of "how much". In the proverbial "Miracle on 34th Street" tradition, an official agency of the US Government pronounced that the Capitol Improvement Board and its facilities had the same catastrophic economic affect on downtown Indy as a hurricane did to New Orleans. It took three years, but I got the refund checks just last month.

Now don't get me wrong, I do understand there is a big bonus to a city through any team's publicity value (at least when the team members are not pulling guns or throwing punches) but the public cost of that publicity is very, very, high. It is great to have the team's name on TV and T-shirts. A population, or at least its sports fans, can all come together and cheer, feel warm and cozy and sing kumbaya. All a public subsidy really does is free up cash for a team's owner and whichever franchise has the most free cash can afford the highest priced players. That's it. It has been proven time and time again by every single truly independent study ever done.

So if the publicity is really worth the price tag, pay it. If it's not worth it, don't. But to say that the public cost is really an 'investment' that pays for itself due to some big economic benefit is a big lie.

You can fool some of the press all the time, and you can fool all the public some of the time, but you can't fool all the Hoosier's all the time, can you? I hope not, because if ever there was a big lie, this is it. Don't get fooled again.

Ted Bulthaup
Former owner, Hollywood Bar & Filmworks
Former President, Downtown Restaurant Association

INDIANAPOLIS STAR LETTER O EDITOR

Look into claims made by owner of closed theater

Nov. 9, 2006

I've never been to Hollywood Bar & Filmworks, partly due to the cost of parking Downtown, and partly because I had more convenient alternatives. I did, however, take the time to read Ted Bulthaup's voluminous "Say Goodbye to Hollywood" published in The Star.

As I read through his account of how cronyism, and what sounds like racketeering, has played out between Indianapolis Downtown Inc., private parking interests, the CIB, and Mayor Peterson's administration and Melina Kennedy in particular, I wondered why Bulthaup's statements would not lead to full-scale investigations by the press, and possibly the Indiana Attorney General, to corroborate his allegations and see if laws have been broken. Let's investigate and if Bulthaup's information is as accurate as he portrays it to be, hold those involved accountable.

David Brinson
Indianapolis

Professional Sports Teams Do Not Have A Net Positive Economic Impact

Ted Bulthaupt's recent success in obtaining economic disaster credits for his former Hollywood Bar & Filmworks business in downtown Indianapolis demonstrates exactly what every objective, economic study has shown--there is no positive economic impact from professional sports teams. Bulthaupt reminds us of the study performed by the respected and local Kelly School of Business at IU on the impact of building the Lucas Oil Stadium for Jim Irsay, financed entirely with public tax dollars. As Bulthaupt observed, city leaders deep-sixed the study it had originally requested to make its case after learning its findings. The City later got Coopers & Lybrand to do a study showing a big positive economic impact at a cost of \$100,000, which was badly flawed.

A 2004 study by the University of Illinois and the University of Maryland, like the Kelly School of Business study, found a net negative economic impact from sports stadiums and arenas. "Our conclusion, and that of nearly all academic economists studying this issue, is that professional sports generally have little, if any, positive effect on a city's economy," Brad Humphreys and Dennis Coates wrote in a report by the Cato Institute in Washington, D.C. The study looked at the economic impact professional sports facilities had on 37 cities across America. There were continuing negative patterns of business activity that the study found in all of the cities, including:

- a statistically significant negative impact on the retail and services sectors of the local economy, including an average net loss of 1,924 jobs;
- an increase in wages in the hotels and other lodgings sector (about \$10 per worker year), but a reduction in wages in bars and restaurants (about \$162 per worker per year).

As a long-time downtown resident, I can attest to the negative economic impact. I enjoy shopping at Circle Centre Mall and eating out at our many, fine downtown restaurants. But if I know there is a Colts or Pacers game going on, I avoid the downtown area like the plague as do many others. Most of the people who attend sporting events drive in, park and leave without frequenting downtown businesses. Those who do frequent them typically create a rush before the game, but the businesses become ghost towns while the events are taking place. A smaller rush occurs after the games end, but it's not significant. If you ask any downtown business whether they would prefer expanding convention business versus investing in sports teams, you would get 9 out of 10 of them to choose the convention business. Conventions take place year round, create a captive audience lasting days and increase foot traffic downtown tremendously.

Humphreys noted that studies which show the opposite of his tend to ignore what economists call the "substitution effect." As he points out, as spending for sports events increases, other spending declines. "If the stadium simply displaces dollar-for-dollar spending that would have occurred otherwise, there are no net benefits generated." People have so much in discretionary money they spend for sports and entertainment. They don't stop spending that money in the community if the sports team goes away; they just spend it elsewhere.

Bulthaupt's business was the victim of what economists call "crowding out," which results when congestion caused by a game discourages local residents from going near the playing venue. Bulthaupt's customers couldn't justify paying higher event parking fees to come into his establishment when games were taking place downtown at Conseco Fieldhouse.