**Write 3 full pages in APA style with at least 2 references.**

**Choose just one of the two following options that you find easier:**

Option 1:

**Accounting Process Automation**

Employees in all businesses train for years on ways to obtain efficiency without sacrificing accuracy. “Best practices” and standardized procedures were once the human employees’ goals. With the increasing capabilities in business intelligence technology, organizations can turn human best practices into machine-driven processes. By doing so, it is possible to harness the massive quantities of information already contained within an accounting system in a more strategic manner.

As part of the initial process to automate accounting tasks, accounting staff knowledgeable about the organization’s operations and conventional methods needed to assess which tasks could be automated and how quickly. For this assignment, you will formulate a “mapping” plan as if you were beginning the process of accounting system automation for a governmental unit. Utilizing the required reading content on process automation, assess the following and provide support for your response.

1. What overall considerations do you think you would make in deciding whether or not to automate an organization?
2. How will you assess a particular task on its ability to be automated?

For the next 3 questions, please create a table in MS Word to summarize your responses with your written response and rationale to follow in the Word document.

1. Which of the accounting entries covered in this or previous modules would be suitable for process automation? Provide at least 5 along with your rationale.
2. Which entries could be automated but might require human interaction to review for accuracy? Provide at least 5 along with your rationale.
3. Which entries are nearly impossible to automate? Provide at least 5 along with your rationale.

**Option #2: “Fund”amentals of Fund Accounting**

In the required reading for this module, the article “[If You Build It, They Will Relocate: Public Private Partnerships in Sport Stadium Financing (Links to an external site.)](https://search.proquest.com/openview/9f4ed3ffc22a2b54e9e068bfaa69b689/1?pq-origsite=gscholar&cbl=34355" \t "_blank)”

Find below the article:

Describes the unique relationship formed between a jurisdiction and a sports franchise that is potentially “on the move” with the common goal of attracting/retaining lucrative revenue streams for the related public and private sector businesses.

Public private partnerships are one recommended mechanism for brokering the financial side of the transaction where public funding and private funding combine to sponsor the construction/rehabilitation efforts of a sporting facility. Using taxpayer dollars for such projects can often be a tenuous proposition, so as accountants, we need to make sure this project’s accounting will withstand potentially intense scrutiny.

Please respond in MS Word to the following questions related to this scenario:

1. In your own words, summarize the “If You Build It…” article in two to three paragraphs, specifically evaluating the financing vehicle of the public private partnership.
2. Based on the article content, how would you set up the public private partnership financing arrangement on the books of the jurisdiction using fund accounting? What items should you consider in your decision?
3. Assume instead that the sports franchise and private donors will sponsor the entire cost of the project on a reimbursement basis, but the local government will handle the management of the project, including handling the bookkeeping and paying the bills. What factors would you need to know to properly account for the transaction? For each possible type of fund, identify the factors that determine the classification of the project into a particular fund.
4. The construction of major facilities like a sports stadium often encounter challenges during the construction process that create budget overruns. When additional public funds will be needed to cover some or all of these overruns, what are the jurisdiction’s options for obtaining additional funds to finance large projects were discussed in the textbook Chapter 5? How would those options be accounted for on the jurisdiction’s books?
5. What is your opinion on whether taxpayer funds should be utilized for building sports arenas that benefit a for-profit business for a limited period before the facility starts to become undesirable and obsolete? (There is no right or wrong answer here, but make sure your side is well supported.) If there were any other opinions, thoughts, commentary from the authors that you agreed or disagreed with, feel free include them in this section!

IF YOU BUILD IT, THEY WILL RELOCATE: PUBLIC PRIVATE PARTNERSHIPS IN SPORT STADIUM FINANCING

I. INTRODUCTION

It looks like the Green Bay Packers will soon be the Chicago Packers.

Although this scenario remains nearly impossible in the real world, the Madden NFL 16 video game allows for the possibility of team relocation for any team within the game.1 While the Packers may not actually be moving,2 the National Football League (NFL) recently considered three teams for relocation to Los Angeles: the Chargers from San Diego, the Rams from St. Louis, and the Raiders from Oakland.3 On January 12, 2016, the NFL approved the St. Louis Rams' move to Los Angeles.4 With this deal, the NFL also gave the San Diego Chargers the right to move, contingent on the two franchises negotiating a deal to share the planned stadium in Inglewood, California.5 Otherwise, the Chargers receive $100 million to help finance a stadium in San Diego.6 The San Diego Chargers confirmed the team's move to Los Angeles in January 2017.7

As stadium renovation and construction costs continue to rise, many sports franchise owners turn to public financing to fund these projects.8 Over the past twenty years, approximately 101 new sports facilities opened in the United States, amounting to a ninety percent replacement rate for sports facilities.9 The majority of these facilities received public funding.10

Furthermore, some leagues exempt "income from luxury seating, naming rights, retail, parking, and concessions" from being included in sport league requirements for pooling and sharing revenue.11 As a result, team owners desire more amenities to take advantage of this revenue opportunity.12 At times, the desire for new stadiums and modern amenities entices professional sport franchises to abandon their host city and move to one that offers to finance their preferred facilities, leaving the former host city with an empty stadium and an array of costs.13 "New facilities . . . bring in dollars to the city, but perhaps they bring in only a feeling of pride and economic redistribution of wealth."14 To realize the benefits of public-private partnerships (PPP or P3), such as those used to finance sports arenas, the partnership agreement must properly allocate the risks, rights, responsibilities, and revenue between the public and private partners. Risk should be allocated to the party most able to mitigate it.15 This, however, might not be the case for current relationships between municipalities and sports franchises. Unfortunately, while professional teams pay for some of the costs associated with building new, luxurious stadiums, many local governments and taxpayers find themselves stuck with most of the bill.16

This Note seeks to find a balancing solution to the current asymmetric risk in sports stadium financing. Part II offers a general background on PPPs. Part II.A discusses types of PPPs, and Part II.B discusses three successful PPPs: the Dulles Greenway, the Chicago Skyway, and the Indiana Toll Road. These three contractual partnerships serve as case studies on how to achieve a successful and viable partnership between the private and public sector.

After setting the table with background on PPPs and case studies, Part III presents the current status and allocation of risks in sport stadium financing- an issue that affects a myriad of municipalities, cities, and teams. Specifically, this Note will touch upon the team-city relationship of the Arizona Coyotes, part of the National Hockey League (NHL); the New England Patriots, a member of the National Football League (NFL); and the Post-OlympicPost-Braves-Turner Stadium in Atlanta.

Finally, Part IV offers a solution to better balance the risk involved with sport stadium financing. Part IV.A brings in the successes of the Dulles Greenway, Chicago Skyway, and Indiana Toll Road PPPs into the sport stadium arena. Part IV.B continues the discussion on creating effective PPPs by assessing Availability Payments PPPs and their application to sport stadium financing partnerships. Finally, Part IV.C evaluates possible amendments to contract clauses that can further benefit municipalities while still providing appropriate contracts and amenities to professional teams.

II. BACKGROUND

The process of developing and rebuilding cities can be costly.17 Accordingly, private participation in public works and services plays an important role in providing infrastructure and service systems.18 Many infrastructure projects, such as roads, bridges, and airports, "have been successfully developed through PPPs."19

With PPPs, the public sector enters into contractual agreements with members of the private sector for construction or management of public infrastructure facilities or services.20 These agreements may be either mediumterm or long-term contracts.21 PPPs are growing in popularity for the delivery of goods and services provided to citizens by the government.22 Currently, twenty-six states and Puerto Rico passed laws allowing the government to enter into agreements with private sector parties to "finance an infrastructure project through risk sharing."23

PPP agreements can be used to construct an entirely new project or to renovate existing ones.24 These risk sharing contractual agreements incentivize investment in cost and encourage risk reduction and efficiency, making them attractive to governments.25 Public and private financing allows for "both entities [to] share in the [contractual] responsibility, and both can benefit in the end."26

Public entities select private entities in PPP agreements for their expertise in the project area or service to be performed.27 By incorporating specialized technical skills and innovation from the private sector, PPPs help accelerate project completion and quality, and PPPs fill funding gaps.28 Consequently, the public sector can shift risk burdens to the private sector and focus on the desired outcome of the project rather than detailed specifications.29

Two characteristics define all PPP agreements: (1) financial investment from the private sector and (2) a transfer of risk from the public sector to the private sector.30

Typical "payment mechanisms" can include any/or a combination of: full rights to collect user fees, rights to secondary revenue collection (e.g. parking, advertising, commercial rentals), subsidies tied to the usage of the facility (e.g. shadow tolls), upfront subsidies, payments for reaching certain construction milestones, flexible lease periods (lasting until a target [Net Present Value] of revenues is reached) and availability payments.31

Nonetheless, unfavorable fiscal decisions by municipalities demonstrate an asymmetric allocation of risk between local governments and the private sector arises when constructing and maintaining sports facilities.32 This asymmetry exists because in many instances the government holds most of the debt and the private sector most of the rewards.33

A. Types of PPPs

"Public-Private Partnerships (P3) come in a variety of forms and no two P3 projects are exactly alike."34 PPP agreements can involve transfer of control of a facility to the private sector, building or renovating public facilities, or use of the public facilities by the private sector for a defined period of time.35 Typically, the type of PPP responds to the scope of responsibility and degree of risk assumed by the private partner.36 The primary types of PPPs include: Private-Contract-Fee-Services, Design-Build, Design-BuildOperate-Maintain (DBOM), Design-Build-Finance-Operate-Maintain-Transfer (DBFOMT), and Build-Operate-Transfer.37

1.Private-Contract-Fee-Services

Private Contract Fee Services PPPs shift the responsibility for operations, maintenance, programming, and/or financial management services to the private sector.38 Common examples of shifting responsibility include Operations and Maintenance PPPs and Operations, Maintenance, and Management PPPs.39 Operations and Maintenance PPPs provide the private partner with operation and maintenance of a service system or facility.40 On the other hand, ownership and overall management of the facility remain in the public sector.41

Water treatment services contracts typically use Operations, Maintenance, and Management PPPs.42 This type of PPP, similar to Operations Management Contracts, transfers maintenance and operation to the private sector.43 The public sector retains ownership of the service system or facility.44 However, unlike in an Operations and Maintenance agreement, under this contract option the private partner may invest its own capital in the facility or system.45

2. Design-Build and Similar Models

Design-Build and DBOM agreements incorporate construction into the risk sharing structure of the PPP, bundling the design and construction into one fixed-fee contract46 under FAR 16.201.47 Under Design-Build and DBOM contracts, the government retains the ownership, planning, financing, operations, and maintenance responsibilities.48 Design-Build and DBOM agreements, therefore, "can reduce time, save money, provide stronger guarantees and allocate additional project risk to the private sector."49 DBOM agreements add operations and maintenance responsibilities to a Design-Build PP.50 Under a DBOM agreement, the public sector retains ownership and significant oversight over the operations through the term of the contract.51

DBFOM agreements go one step further than DBOM agreements by adding project financing into the structure of the PPP.52 DBFOM contractual agreements shift the financing to the private sector, in addition to the responsibilities shifted with DBOM and Design-Build contracts.53 With no two PPPs identical, DBFOMs come in various types, especially differing in the degree of financial responsibilities transferred to the private sector.54 However, debt leveraging revenue streams dedicated to the project,55 such as direct user fees, finance most DBFOM projects in part or in whole.56 Public transportation agencies commonly use DBFOM contracts because "they can provide access to new sources of equity and financing, and deliver similar schedule and cost-efficiency benefits as design-build and DBOM procurements."57

3. Build-Operate-Transfer

Under Build-Operate-Transfer contractual agreements, the private partner builds a facility to the specifications of the public partner.58 The private sector partner operates the facility until the end of the contract or a designated franchise period.59 At the end of the private operation stage, the public partner may undertake operations and responsibilities for the facility or award a new contract to the original franchisor or a new partner.60 In many cases, the private sector provides all or some degree of the financing.61 Therefore, the length of the contract or franchise period generally mirrors the period of time necessary for the private partner to realize reasonable returns on its investment.62

Although similar in most aspects to the Build-Operate-Transfer model, a Build-Transfer-Operate contract63 transfers the property after the completion of construction rather than at the completion of a contract or franchise period.64

4. Availability Payment PPPs

Availability Payment PPP agreements transfer the design, build, financing, operating, and maintenance risks to the private partner while ownership rights remain with the government.65 Availability of a facility can be categorized in two ways: pure availability or constructive availability.66 Pure availability requires the asset, or portion of it, "to be open, functioning and unobstructed, permitting full use by the public."67 On the other hand, constructive availability requires meeting the pure availability requirements in addition to the asset, or part of it, "meet[ing] performance, safety and quality criteria specified in the contract."68 Constructive availability allows for higher metrics and management tools to guarantee higher quality services.69

An availability payment is based on performance unrelated to demand.70 The Availability Payment PPP structure can be an attractive alternative for projects that may not be feasible or advisable using user-fee based allowances.71 In other words, Availability Payment PPPs may be attractive for projects "where the rev- enue stream is not self-sustaining."72 Ideally, in a well-structured PPP, the contractor or concessionaire profits when the infrastructure fully meets the government's objectives.73

In availability payment procurement agreements, contractors "bid the maximum availability payment amount they would earn for providing 100 percent availability in a given year" in order to determine the price.74 The yearly payment decreases if a contractor fails to meet the pure or constructive availability requirements set forth in the contract.75 A pre-determined formula takes into account the circumstances surrounding the incident, including the duration and severity, and calculates the payment reduction.76 Under availability payment agreements, significant or continuous underperformance can result in a contract's termination by default.77 Therefore, this agreement ties payments to performance, ensuring "investors make money only if they keep their part of the agreement,"78 as seen in the reconstruction of I-595 in Florida.79

B. Successful PPPs

The availability payment PPPs have proven successful in projects such as the Dulles Greenway, the Chicago Skyway, and the Indiana Toll Road. This Part discusses elements and characteristics of each project in order to understand how these three projects effectively executed availability payments.

1.Dulles Greenway

The Dulles Greenway is a privately owned road in Northern Virginia.80 Built under the Virginia Highway Act of 1988, the Greenway became the first of its kind in 1816.81 The Greenway extends the Dulles Toll Road (DTR), which the Virginia Department of Transportation (VDOT) built and owns.82 Although privately owned, the Greenway forms a portion of the publicly owned Virginia State Route 2 67.83 Users criticize the Greenway for its high toll rates,84 with already-approved travel demand increases through 2020 and expectations of future escalation.85 However, the DTR remains subject to regulation by the Virginia State Corporation Commission (SCC).86

After an indicated period, the Greenway will transfer over to the Commonwealth of Virginia at no cost to the Commonwealth.87 After the transfer, the private investors will have no additional involvement in Greenway nor will they receive proceeds from the Greenway's operations.88 Prior to the transfer, the Greenway owners benefit from the toll's revenues while paying real estate taxes on the property on which the road is built.89 In 2013, the owners of the Greenway paid $3.28 million in real estate taxes.90 Between 2005 and 2010, the Greenway mainline plaza experienced some traffic reduction.91 Notwithstanding controversies, however, traffic remained constant the past few years despite further toll increases.92

2.Chicago Skyway

The Chicago Skyway, an eight-mile toll road, connects the Dan Ryan Expressway, located south of Chicago, with the Indiana Toll Road.93 A private group of Spanish and Australian toll road developers operate and maintain the Skyway.94 In 2005, the agreement contracted operation and maintenance of the Skyway to the private consortium for ninety-nine years, after which it will return to the city.95

The private contractors paid the city $1.8 billion at the start of the agreement; in exchange, they will collect all revenue during the ninety-nine-year period.96 The agreement also established toll rate increases, capped at "the greater of 2 percent, the consumer price index or per capita gross domestic product."97 The City of Chicago used the $1.8 billion payment to repay outstanding road debt and pay general city obligations, placing $875 million in reserve funds.98

3. Indiana Toll Road

The Indiana Tollway, an example of a successful BOT agreement PPP,99 connects the Chicago Skyway to the Ohio Turnpike.100 Since 2006, the same Spanish-Australian developers operating the Chicago Skyway have been operating the Indiana Tollway as well.101 Outbidding ten other proposals, the company offered an upfront payment of $3.8 billion in exchange for a seventyfive year BOT agreement.102 Like the Skyway, the Indiana Tollway agreement established toll increases up to "the greater of 2 percent, the percentage change in the consumer price index, or the percentage increase in per capita nominal GDP."103

The Indiana Department of Transportation used the $3.8 billion upfront payment to fund "200 highway construction projects and 200 highway major preservation projects under a 10-year program called Major Moves."104 Additionally, the seven counties the toll road passes through receive payments, ranging from $40 million to $120 million, for local transportation projects.105

Successful PPPs can improve services offered by the government at a lower cost to taxpayers due to the shift of parts of the financial burden onto the private sector, as seen by the three examples discussed above.106 The successes of the Dulles Greenway, the Indiana Toll Road, and the Chicago Skyway can be transferred to sport stadium financing to address the current asymmetric arrangements.

III. PPPS AND SPORTS ARENAS

PPP agreements raise the concern that "if a private company fails to [properly] manage [the project], the state would be forced to step in, sticking taxpayers with the bill."107 Although not necessarily a failure in the agreement, this concern extends to the funding and management of sports stadiums because taxpayers often do end up footing the bill.108 Based on facts and current situations discussed below, the government and professional sports team partnerships, structured in a combination of Design-Build, DBOP, and BOT Agreements, best benefit the sports franchises.

Moreover, opportunity costs109 are the fundamental social issue associated with government spending on sports facilities since taxpayer funds are involved.110 Tax dollars spent on sports stadiums could be expended on other government-provided services or retained by the taxpayer.111 Without sport stadium contracting expenses, the most likely alternative would be rescinding tax increases associated with the stadium contract rather than authorizing the increase and redirecting the funds to other services and community needs.112

A. The Facts: Sport Stadium Financing

In 2013, stadium investment totaled an estimated $12.9 billion, of which public tax funds contributed $6.7 billion.113 In addition to venue construction costs, many nuanced costs, such as property taxes and costs for maintenance and operations, remain under the radar when contracts are first negotiated for these stadiums.114 Furthermore, the expense goes beyond the stadium itself: teams also contract for parking facilities, luxury boxes, dedicated highway ramps, and other amenities.115 The overburden on local governments to cover these costs demonstrates the need for a solution to the asymmetric risk involved in contracts between municipalities and professional sports teams.

For example, Glendale, Arizona, contractually must pay $15 million per year over two decades to the owner of the Coyotes hockey team as well as a $12 million annual debt payment for construction of the team's arena, despite facing a budget deficit of $35 million.116 In return, the city "receives $2.2 million in annual rent payments, ticket surcharges, sale taxes, and other fees."117 Unfortunately, the city still loses $9 million annually from this deal-even if the Coyotes go to the NHL championships for twenty consecutive years.118 In June 2015, a five-to-two vote by the Glendale City Council ended the fifteen-year, $225 million agreement with the Arizona Coyotes.119 Immediately after the decision, the team filed a lawsuit against Glendale and speculations concerning the team's relocation arose.120

One month later, the Glendale City Council unanimously approved an arena management deal between the Arizona Coyotes and the city.121 Instead of a $15 million annual payment, the city will now pay the Coyotes $6.5 million to manage the arena while the contracting team retains all revenue from ticket, parking, and naming rights.122 This totals approximately $6 million that the city would have collected under the old agreement.123 However, the new deal ends the contract with the city a year earlier than the previous one, leaving the Coyotes free to move elsewhere.124 Team president, Anthony LeBlanc, expressed some uncertainty regarding the Coyotes future in the Glendale arena, leaving unresolved the issue of relocation and its effects.125 Furthermore, tension between Glendale and the Coyotes remains strong after the city issued a new request for proposals to manage the Glendale arena, which is currently managed by the Coyotes.126 archive/2012/09/if-you-build-it-they-might-not-come-the-risky-economics-of-sportsstadiums/260900/

Glendale's call for proposals ignores the revenue spilt agreement with the Coyotes.127 Correspondingly, the Arizona Coyotes began discussions with possible partners and organizations for the prospect of a new arena.128 Whether the new city contract ensued from better negotiation, cooperation, desperation, or transfer threats, the results of the new Coyotes-Glendale agreement will be seen over the next few years. Unfortunately, the amount of negotiating power and tools held by the teams and leagues aggravates the financial burden on municipalities.129

B. Aggravating the Problem: Too Much Power

Since professional leagues control the supply of teams, the threat of relocation acts as a powerful and credible tool when negotiating new stadiums or renovations.130 Additionally, "urban populations have been growing faster than professional sports leagues have been adding teams. As a result, [they] hold a great amount of sway over localities."131 The relocation trend is not a new phenomenon in the sports industry.132

In the late 1990s, the governor of Connecticut attempted to lure the New England Patriots to Hartford.133 The governor signed a bill binding the taxpayers to pay $374 million for a new riverfront stadium in a very public deal.134 Yet, the same bill also committed $250,000 per year for the team's insurance, $15 million for a practice facility, a capital replacement fund of $115 million to pay for renovations, and $800,000 for the owner's legal fees, among other costs.135 Although the Patriots ultimately refused Connecticut's enticing deal,136 this situation provides a clear example on how easily the government's financial risk can increase in these contracts.137 Overlooking additional costs such as these "is roughly equivalent to a certified public accountant omitting a balance sheet's liabilities and then touting the success of the company."138

Furthermore, due to the increase in stadium replacements, cities and counties find themselves stuck with costly sports stadiums, unable to find a new tenant when a contracted team abandons a stadium.139 Upkeep of these unused stadiums costs local governments millions of dollars in maintenance and missed property tax revenue.140 Judith Grant Long, a professor at Harvard University, and Andrew Zimbalist, a sports economist, estimate that stadiums built between 2000 and 2006 add up to an average of $319 million in public expenditures.141

Creating an even larger problem, abandoned sports facilities might not be useful for anything other than sports.142 For example, Atlanta built Turner Stadium for the 1996 Summer Olympic Games and later converted it into a baseball-only stadium.143 Although the conversion extended the stadium's lifespan for twenty years, the Braves moved to a new stadium earlier this year.144 Unable to repurpose the newly abandoned baseball field, Atlanta decided to demolish the field.145 Unfortunately, the stadium's demolition does not lift the burden from the city-many municipalities carry the debt payments for years to come even after replacing or demolishing the stadiums.146

IV. BALANCING THE RISK

The Arizona Coyotes, New England Patriots, and Turner Stadium in Atlanta illustrate the asymmetric risk and power involved in agreements between professional sport teams and municipalities. The easy solution would be for governments to say "no" and not give in to a sports team's demands. Without a doubt, many factors impact relocations; however, when a sport franchise relocates, the public can reasonably assume that the government declined to meet the owner's demands.147 The resulting relocation can have political, social, and community morale effects.148

Subsidizing teams proves problematic because the social benefit of hosting and building public stadiums weighs in favor of the wealthy and consequently levies the costs on the middle and lower classes.149 Along with stadium improvement come increases in ticket prices, meaning the new cost of attending professional sporting events precludes attendance from the lower and middle class segments of the population-the very individuals financing the stadium.150

Politicians have proposed numerous solutions to help reduce sports teams' upper hand in contractual negotiations with local governments.151 Generally, the proposed solutions include "enforcing state lending of credit and public purposes doctrines; ordering league expansion; requiring breakup of the big leagues (divestitures); and implementing congressional statutes."152 Moving forward, the disparity can be optimally remedied by reconsidering the structure of the partnership between the government and professional sports.

A.Balancing the Risk: Greenway, Chicago, and Indiana in Sports

A successful contract requires the right PPP structure. The Greenway's contractual structure assigns the financial risks on the private party entirely, whereas the current sports stadium contracts skew the financial risks asymmetrically toward the government.153 For instance, Connecticut's attempt to lure the New England Patriots to Hartford demonstrates how much risk local governments assume in order to host professional teams.154 Although surrounded by controversies, the Commonwealth of Virginia's experience with the Greenway can be adopted, with some modifications, to government contracts with sports teams.

To balance the financial risk, governments should require the private sports teams to contribute more financial resources toward building, operating, and/or managing the arenas. For example, instead of burdening local governments with future maintenance or renovation costs, the contract, similar to that used in the Greenway structure, can set forth a fund subsidized by the sports team to be used when those needs arise. Using the New England Patriots example, this transfer of financial allocation toward the stadium could reduce the city's costs by $115 million.155

Another way to eliminate unnecessary tax burdens on local governments would be to require teams to pay real estate taxes on the stadiums the same way the Greenway owners pay taxes to the Commonwealth of Virginia. Even though the professional teams do not enter into an ownership contract with the government, the lease agreement should account for tax payments in order to underwrite government debt issued for the arena's financing. Additionally, tying the real estate tax revenue collected from the contracted teams reduces the burden on the city's taxpayers. For example, if the Patriots relocated, the City of Hartford could have retained up to $250,000 a year of taxpayer's money to pay for the team's insurance under the proposed plan.156

In the alternative, if the Greenway structure does not seem amenable to sports franchises, BOT agreements, such as the ones used in the Indiana Toll Road and Chicago Skyway, offer a more balanced relationship.157 Although BOT agreements require a large lump sum payment upfront, it can be beneficial to both the government and sports teams without substantially altering current practices. Under such an agreement, the team can receive concession, ticketing, and other revenues for the lease period while the local municipality can use the upfront payment to pay off debt or fund other projects. Additionally, the lump sum payment from the team can fund city needs and expenses instead of cutting costs elsewhere, such as public hospitals, school budgets, or jobs.158

B.Balancing the Risk: Availability Payment PPP

Using availability payments in sport stadium contracts can balance the risk currently asymmetrically allocated to local governments. Availability Payment PPPs guarantee long-term budget certainty because payments will never exceed the maximum availability payment, and payments classify as binding obligations subject to appropriation rather than debt.159 Since payments begin at the start of the project and continue to be tied to performance, it incentivizes the public partner to provide faster delivery and a specified standard of service.160

Although sport stadium agreements do not involve tolls, various revenue options exist using this type of agreement, including revenue from ticket sales, luxury seating, parking, retail, or concessions. The league revenue pooling shared with the athletes would likely include ticket sales,161 and it would be unrealistic to think teams would agree to give up an additional percentage of those earnings to the government. However, revenue sources such as luxury seating, naming rights, retail sales, parking, and concession stands may be negotiable. Furthermore, because league revenue pooling excludes these revenue sources, profits depend on the performance of the facility-a key characteristic of Availability Payment agreements.162 Availability Payment PPPs can also be combined with a BOT or Lease-Agreement structure to further incentivize teams while keeping the risk sharing balanced.

C.Balancing the Risk: Contract Clause

In addition to mirroring successful aspects of other PPPs, the contracts between the government and the teams should include clauses to limit public investment and prevent teams from leaving to reduce city competition and relocation. For example, Hartford's mayor offered to pay for the owner's legal fees among other additional costs.163 Offering to cover additional costs such as parking facilities, hotels, and legal fees serves as bargaining chips in negotiations.164 However, to reduce competition among cities on who can offer the best deal, contractual agreements should include a clause limiting the investment ratio.

For example, the clause can set a limit that no more than sixty percent of the investment can come from the government. Within this limit, cities would still enjoy some wiggle room on what they can offer teams. Further, the clause could also set a limit ranging from five percent to ten percent on the "additional things" the government can expense, such as legal fees, roofs, or holographic replay machines.165

Establishing a penalty on teams that abandon their stadiums before the debt repayment serves as another important contract clause available to reduce teams leaving. For instance, if a team, like the Braves,166 leaves or requests a new stadium before the repayment of debt, the team would be responsible for the debt repayment. In the Braves' case, the team would be responsible for the remaining $110 million.167 In the case of a team relocating and a city finding a team to occupy the empty stadium, the leaving team can be released from the penalty as long as the incoming team agrees to take over the outstanding debt. Furthermore, given that the government invests a substantial sum into sports arenas, the penalties and limits on government costs should be tied to the team's expected estimated revenue.

V. CONCLUSION

Americans love sports. The professional sports franchise has a hypnotic effect over its fans, whether they are watching football on a Sunday afternoon, going to a baseball game with the family, or spending a night out at a basketball game. However, the current relationship between professional sports teams and local governments calls for change. For years, teams have misused billions of dollars in subsidies by local governments for their stadiums.168 "[T]his isn't about whether we love our teams in our towns; we all have a great and passionate love for our home team. But this is a separate issue as to where do we put our infrastructure money."169 Given the excessive power teams exert over cities and communities, there exists a need for new efforts to discontinue this behavior. Adding limits on public financing and increasing revenue collected by the government can incentivize teams to stay. Furthermore, a balanced PPP agreement structure between the sport franchise and local municipalities would help reduce the burden on the public sector while best achieving the true purpose of these deals: increase morale and pride from hosting a professional team.