Feeding the downtown monster: (Re)developing Baltimore’s “tourist bubble”

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ABSTRACT

Baltimore has been long recognized as an innovator in downtown redevelopment, with the transformation of its Inner Harbor starting in the late 1960s, and including such visitor-oriented amenities as Harborplace, the National Aquarium, and the Camden Yards sports complex (Norris, 2003). These facilities anchor Baltimore’s ‘tourist bubble,’ through which the city rebuilt its once industrial core into an enchanted center of post-industrial urban consumption (Ritzer, 2010): an appealing site for visitor outlay and corporate investment (Harvey, 1989). However, such is the halflife of late capitalism’s ensnared cultural and economic logics, that consumption sites almost unavoidably experience a diminution of their very uniqueness—hence, their ability to enchant—as their success becomes compromised by a combination of consumer fatigue and indifference, and competitor imitation and innovation. Cities such as Baltimore are compelled to engage in never-ending cycles of urban redevelopment and investment towards maintaining and enhancing their appeal to potential consumers. As outlined within this paper, Baltimore is clearly engaged in this process, through its hosting of a new Indy Car Race—the Baltimore Grand Prix (BGP)—and, the proposed development of a new downtown arena, convention center, and hotel complex, whose combined cost could exceed $900 million. In examining the BGP and new arena complex within the historical context of Baltimore’s visitor-oriented development strategies, this discussion locates these empirical sites as the corollaries of contemporary conditions of inter-urban or “inter-local” competition, and examines them as exemplars of entrepreneurial urban governance strategies (Kipfer & Keil, 2002).

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Introduction

On September 4, 2011, Indy Racing League cars thundered through the streets of Baltimore, Maryland in the inaugural Baltimore Grand Prix (BGP). The BGP marked the culmination of 3 years of planning by race organizers and members of Baltimore’s government, which, for much of 2011, interrupted the everyday flows of city life and traffic (Scharper & Fenton, 2011). When the race was announced in June 2010, Mayor Stephanie Rawlings-Blake claimed it would be a “game changer,” impacting both the city’s declining economic fortunes and the negative perception of the city held by potential visitors (Economic Impact Report: Baltimore Grand Prix, 2010; Scharper, 2010a). With estimated crowds nearing 160,000 for the 3-day “festival of speed,” the event initially appeared to deliver on the grandiose promises of the race organizers and city administration. However, subsequent analyses (see Coates & Friedman, 2011; Forward Analytics, 2011) and events—most pointedly the bankruptcy of Baltimore Racing Development (BRD) (Broadwater & Scharper, 2012)—call into question, not only the BGP’s impacts upon Baltimore but, as we examine in this paper, the underlying logics of neoliberal urban redevelopment policy that are mobilized by civic leaders to justify the event.

While this was Baltimore’s first Indy Car race, it represented the latest manifestation of a four-decade tradition of subsidizing tourism and recreation for urban redevelopment purposes. From the late 1960s through 2000, a succession of city mayoral regimes have collectively invested more than $2 billion of publically-derived resources in the Inner Harbor and its immediate environs, as part of an unapologetically visitor-oriented redevelopment strat-
economy (Harvey, 2001b; Hula, 1990; Levine, 1987; Norris, 2003). Although sport was not originally planned to be an important element in Baltimore's downtown redevelopment efforts, the Camden Yards Sports Complex featuring Oriole Park at Camden Yards (OPCY) and M & T Bank Stadium became a central feature during the 1990s as the stadiums attract more than two million people annually into the Inner Harbor and are key sites from which appealing images of Baltimore are transmitted to national and international sports audiences.

By some measures, this strategy has been successful: The city attracted 21.3 million visitors in 2010, many doubtlessly enticed by the Harborplace, the National Aquarium, the Baltimore Convention Center, the Camden Yards Sports Complex, and other amenities around the Inner Harbor (Crossroads Consulting Services, 2012). Tourism, which was an insignificant sector of the Baltimore economy in 1960, has grown to be the fourth largest industry in the city, now generating $86 million in tax revenue for the state annually, and employing 25,000 people (Fry, 2011; Sage Policy Group, 2011). Significantly, Baltimore's success has fostered widespread imitation by other cities, with Harborplace providing the template for waterfront festival marketplaces during the 1980s, and OPCY being Major League Baseball's first retro-designed ballpark thereby providing the model for subsequent baseball stadium development (Friedman, Andrews, & Silk, 2004).

A broader view of Baltimore shows that more than a half-century of entrepreneurial policies has done little to slow Baltimore's overall decline. Between 1950 and 2010, the city's population fell from 950,000 to 620,000, while almost 90% of the city's manufacturing jobs disappeared (Civilian Labor Force, 2011; US Census Bureau, 2011). In 2010, Baltimore had the fifth-highest rate of homicide of any United States city and the seventh-highest rate for violent crime (Making the city safe, 2011). Additionally, the city has 11.1% unemployment and poverty rates exceeding 21% (Civilian Labor Force, 2011).

Clearly, these statistics indicate the ineffectual impact of decades of entrepreneurial urban governance. Nonetheless, civic leaders continue advocating entrepreneurial solutions – in which public investments in downtown redevelopment schemes played a central role – to Baltimore's ailments. In addition to events such as the BGP, Baltimore is considering a $900 million arena-convention center expansion-hotel project, which would receive $400 million in public subsidies. Evoking the sentiments of Mayor Rawlings-Blake, Greater Baltimore Committee CEO Donald Fry described this amenity-based initiative as a "game changer" (Marbella, 2011, p. C1), since it would purportedly allow the city to be competitive for conventions and major sporting events for the next 20 years (see also Mossburg, 2011).

Baltimore is certainly not unique among cities in its search for proverbial "game changers" derived from public investment in events and amenities targeted at slowing the downward spiral of disinvestment, depopulation, and decay. Faced with trends of suburbanization, deindustrialization, and decreased support from the Federal Government, municipal and state governments have responded by adopting neoliberal strategies as the motors of improving urban services and the general quality of life within cities (Harvey, 2001a; Kipfer & Keil, 2002; Peck & Tickell, 2002). As cities became centers of concentrated poverty and associated social ailments of high unemployment and crime, city administrations sought to break this spiral through attracting jobs and investment from corporations, and consumption from visitors, by adopting neoliberalism's market-based approaches that framed policy solutions through discourses of competition, deregulation and privatization (Hackworth, 2007; Harvey, 2001a, 2005; Peck & Tickell, 2002; Ward, 2003).

According to Smith (2003), entrepreneurial governance embeds "the logics, threads, and assumptions of capital accumulation more deeply than ever in the urban landscape" (p. xxi) as economic growth, which it is believed can be best achieved through attracting corporate and individual spending, is posited as the necessary precursor to improving public services, and thereby the quality of life of the citizenry. To achieve this growth, cities develop strategies and expend public resources towards becoming centers of production, spaces for consumption, places for command and control functions in the global economy, or pursue central government spending (Harvey, 2001a). However, the pursuit of economic growth occurs through a process of "trial-and-error experimentation" that Peck, Theodore, and Brenner (2009) state often leads to "deep regulatory failures and highly disruptive consequences" (p. 52).

The growth-oriented strategies identified by Harvey (2001a) are evident within the competition between cities to transform themselves into destinations for suburbanites, tourists and business travelers through investing significant public resources to develop visitor-oriented infrastructures, subsidize events, market and re-imagine themselves, and create secure environments (Judd, 2003; Ritzer, 2010; Zukin, 1995). The pursuit of short-lived competitive advantage is frequently seen within the competition for consumer spending, as many cities have essentially transformed themselves into multi-faceted consumer products (or, at the very least highly commodified spaces) for the enjoyment of suburbanites, business travelers and tourists (Hannigan, 1998; Waitt, 2001). These efforts are concentrated within highly planned, highly subsidized downtown "tourist bubbles," which offer a wide range of activities within festival marketplaces and other shopping, dining and entertainment spaces, hotels, museums, sports facilities, and convention center (Judd, 1999).

Sports play a particularly important role within the tourist bubble (due to its ability to regularly attract predictably large crowds), and within urban marketing efforts (the broadcasting of sporting events providing opportunities for the mass communication of city images and narratives to local, national and international audiences) (Hall, 2006; Waitt, 1999). Moreover, the structures of North American professional leagues and circuits (such as the Professional Golf Association Tour, or the Indy Racing League) limit the number of teams and events available to cities. This (relative) scarcity of sporting events is believed to enhance
the ability of cities sporting events to rise above the cluttered marketplace – an opportunity for which cities governments are expected to pay leagues and circuits a premium through public subsidies (Noll & Zimbalist, 1997; Quirk & Fort, 1999; Rosentraub, 1999).

In addition to image benefits, sporting events and facilities can provide the spectacle and novelty that Ritzer (2010) suggests enhances the ability of consumption-oriented spaces to attract visitors. However, the impacts of spectacle and novelty quickly fade as amenities age and become commonplace, especially as other cities replicate successful amenities within their tourist bubbles (see Hannigan, 1997; Zukin, 1998). Thus, given the promiscuous nature of contemporary consumption habits, and the imitability of amenities within a cluttered travel market, cities have found that tourist areas cannot be successfully maintained without continued public investments in developing new amenities and activities. David Harvey (2000) describes this requirement as “feeding the downtown monster”, in which “every new wave of public investment is needed to make the last wave pay off” (p. 141). Although the ability of visitor-oriented amenities to attract consumers may not be durable, the logics of neoliberal development become self-replicating within tourist areas, as their inevitable stagnation can only be remedied through new swathes of public investment.

Within this context, it is tempting to focus on the managerial competence of civic leaders, geographic factors, and/or historical circumstances as determining the relative ‘success’ or ‘failure’ of visitor-oriented redevelopment strategies. In doing so, it would be easy to lose sight of the broader structural factors of neoliberal urbanism that force cities into a counterproductive form of competition that punishes victors, losers, and non-competitors to varying degrees. In this competition, public resources are frequently channeled towards sport-focused redevelopment policies, which extensive research has determined to be ineffectual and benefitting relatively narrow interests (see Rosentraub, 1999), and away from other choices that could better serve the broader public good. In this way, our examination of the Baltimore Grand Prix is more than just a critique of the wisdom or competence of Baltimore’s leaders, as, more importantly, we evaluate their policy choices as responses to the pressures of governing within the context of neoliberalization.

Hence, in elucidating the logics surrounding Baltimore’s downtown redevelopment within a broader project examining the Baltimore Grand Prix and the 2011 mayoral election in Baltimore, we employed multiple qualitative methodologies, involving the examination of media reports and planning documents, participant observation at the Baltimore Grand Prix, campaign events, and public meetings, and conducting interviews with key decision makers. Within this research, we found several similarities between the discourses surrounding the Grand Prix and the GBC’s proposal for the arena-convention center expansion-hotel project, so we discuss both together.

Sport and Baltimore’s renaissance

During the mid-late 1950s, Baltimore began its long, steady economic decline to which civic leaders have responded with a series of entrepreneurial initiatives to redevelop downtown and change the city’s image. These included the Charles Center plan of the 1960s, the transformation of the Inner Harbor during the late 1970s and 1980s, and the construction of the Camden Yards sports complex in the 1990s. As each of these projects has been extensively examined elsewhere (see Friedman et al., 2004; Harvey, 2001b; Levine, 1987; Norris, 2003; Walters & Miserendino, 2008), we will not reprise this history here, rather we will simply frame it as a series of publicly-funded trial-and-error experiments occurring under, and seeking to address, crisis conditions within Baltimore city.

Baltimore was flourishing in the 1950s with almost 950,000 residents, 130,000 workers employed in the manufacturing sector, and two major league sports teams: Major League Baseball’s (MLB) Orioles, and the National Football League’s (NFL) Colts. Yet, Baltimore’s downtown lagged behind, with slow commercial and retail development, a high vacancy rate, and decreasing property values (Walters & Miserendino, 2008). In response, the Greater Baltimore Committee (GBC) – comprised of the city’s commercial, industrial and professional leadership – formed in 1955 and proposed the Charles Center project to create 400,000 square feet of high quality office and retail space within the heart of the city’s downtown district (Greater Baltimore Committee, 2008). The $185 million plan relied on government participation as the Baltimore City government (“Baltimore City” provided more than $40 million through property tax reductions and other financial incentives (Harvey, 2001b; Levine, 1987).

The obsolescence and decay of the Inner Harbor waterfront, and urban rioting in 1968, presented city officials with another development opportunity precipitated by a time of crisis. Following a strategy developed in part by the GBC, William Donald Schaefer’s mayoral administration (1971–1986) embraced a visitor-oriented strategy for revitalizing the Inner Harbor. Under Schaefer, Baltimore City invested hundreds of millions of public money to create a tourist infrastructure, which included the Baltimore Convention Center, seven hotels, three major museums, and the Harbortplace festival marketplace (Harvey, 2001b). Subsequent mayors Kurt Schmoke (1987–1999) and Martin O’Malley (1999–2006), with assistance from the Maryland state government, continued investing public resources to maintain and grow Baltimore’s tourism infrastructure with varying degrees of success.

Three projects exemplify Baltimore’s uneven record of success of entertainment development along the Inner Harbor: Harbortplace, the National Aquarium, and the Power Plant. In its first year of 1980, Harbortplace attracted 18 million people and was hailed by Time Magazine as symbolic of Baltimore’s renaissance (Demarest, Stoler, & Grieves, 1981). However, by 2010, attendance had dropped to 11 million as lack of upgrades led the Baltimore Business Journal to describe it as “a shell of its once vibrant self” (Revitalizing Harbortplace a priority, 2010, n. pag). Since its 1981 opening, the National Aquarium has consistently drawn between 1.4 and 1.6 million visitors, but two major expansions have failed to increase attendance beyond this range (Gunts, 2010; Rosen, 2011). While the first two are recognized as successes, the city-owned Power Plant has been renovated twice, featured high vacancy rates and an...
ever-changing roster of tenants, and the current lessee is requesting $3 million in tax breaks from the city in order to renovate the building a third time (Gunts, 1994, 2011). While sport was not important within the early development of Baltimore’s tourist bubble, it played an increasing role as the amenities within the Inner Harbor began aging. From the 1950s, the Colts and Orioles shared Memorial Stadium; located approximately three miles out of downtown. However, by the 1980s, Memorial Stadium could not generate sufficient revenues for its tenants, precipitating the Colts relocation to Indianapolis in 1984, and increasing fears that Orioles’ owner Edward Bennett Williams would move the team to Washington, DC. Responding to this crisis, Schaefer (who was elected State Governor in 1986) finalized an agreement with the Orioles in 1987 to build a new stadium for the team in Camden Yards with $210 million in state subsidies (Richmond, 1993). In so doing, Schaefer ensured that Baltimore would retain its “major league” status, the loss of which would have directly contradicted the image of renaissance promoted by civic leaders.

Oriole Park at Camden Yards (OPCY) marks the convergence of Baltimore’s Renaissance with professional sports.\(^2\) With its location across from the convention center and next to the entrance to downtown from I-95, OPCY’s proximity to the Inner Harbor offered synergistic possibilities that Memorial Stadium lacked as attendees at the 48,000-seat stadium could use downtown parking, shop and dine around Inner Harbor before and after the game, while hotels would be conveniently located for out-of-town fans (Friedman et al., 2004). Moreover, through incorporating design elements that recalled stadiums from baseball’s history, made esthetic references to Baltimore, and celebrated Orioles history, OPCY became a tourist attraction as well as MLB’s first retro-designed stadium and became the template for subsequent facilities (Hamilton & Kahn, 1997; Van Rooij, 2000).

Baltimore further developed infrastructure for professional sports in 1995 as the State of Maryland committed another $229 million to build a football stadium next to OPCY to attract the NFL’s Browns from Cleveland. As M&T Bank Stadium opened in 1998, the Camden Yards Sports Complex was the location of more than 90 sports events which were broadcast to local, national and global television audiences and attracted almost four million people to downtown. Despite the hope that this volume of activity would generate revenues beyond the public’s costs, Hamilton and Kahn (1997) estimated that the Camden Yards Sports Complex required public subsidies exceeding $30 million annually.

The efforts of Baltimore’s civic leaders to develop a consumption-oriented downtown through creating a vibrant Inner Harbor can be considered successful on some metrics as the city’s tourism industry serves more than 20 million people and generates $86 million in tax revenue annually (Crossroads Consulting Services, 2012; Fry, 2011). However, the redevelopment of the Inner Harbor has, in many ways, “generated pervasive market failures” and “new forms of social polarization” (p. 51) that Peck et al. (2009) ascribe to the process of neoliberalization. For example, although Baltimore city’s property tax rate is the highest in Maryland, few properties around the Inner Harbor pay this rate as developers routinely receive tax abatements as incentives (Hopkins, 2012). This market distortion prevents a reduction in overall rates, which burdens other landowners, serves as a drag on the housing market, and puts taxing building at a cost disadvantage (Hopkins, 2012; Scharper, 2011b; personal communication). Socially, the city’s focus on the Inner Harbor has created what Hula (1990) described as “Two Baltimores.” Within the gentrifying core, Baltimore City has expended substantial public resources to upgrade infrastructure, develop amenities, and reassure potential visitors and residents of their safety. However, much less attention has been given to the city’s other neighborhoods in which residents’ quality of life has deteriorated due to poverty, crime, drug use, and poor public services, such that Szanton (1986) describes the juxtaposition between the city’s neighborhoods and downtown as the “rot beneath the glitter” (p. 12).

**Feeding the downtown monster: Baltimore Grand Prix and the New Arena Project**

Baltimore City has continued experimentation within the Inner Harbor under Stephanie Rawlings-Blake, who became mayor in 2010 when Sheila Dixon resigned as part of a plea bargain agreement prompted by legal proceedings related to the misuse of public funds. Rawlings-Blake has been less aggressive than her predecessors Schaefer, Schmoke and O’Malley in promoting major development projects, as, in her first 2 years in office, Rawlings-Blake faced a series of crises, including restoring faith in the city’s government following Dixon’s resignation, two major blizzards in 1 week, and attending to a $180 million budgetary shortfall. This focus does not indicate a shift in the city’s priorities as, during the 2011 mayoral campaign – and in her promotion of the Baltimore Grand Prix and the proposed arena-hotel-convention center expansion project – Rawlings-Blake clearly demonstrated her support for continuing the city’s entrepreneurial efforts centered on the Inner Harbor (see Scharper, 2011a; For Rawlings-Blake, 2011).

**The Baltimore Grand Prix**

Few events exemplify Baltimore City’s trial-and-error neoliberal experimentation as the Baltimore Grand Prix. The BGP started as the idea of Steven Wehner, who conceived of the race in 2005 while working in his auto repair shop on Martha’s Vineyard (Scharper & Fenton, 2011). A Baltimore native who traces his ancestry back to the first European settlers of Maryland, Wehner believed that the Inner Harbor would be the “perfect setting for an Indy-style race”, as it would make money for him and his partners and present a positive image of Baltimore to the world (Scharper & Fenton, 2011). In February 2008, Wehner presented his idea to council member William Cole, in whose district the race would be run. Cole expressed skepticism, stating, “I really don’t see how this will work” (as qtd in Scharper & Fenton, 2011, n. pag). Undeterred, Wehner found willing

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\(^2\) The Baltimore Civic Center (now 1st Mariner Arena) is located just two blocks from the Convention Center and hosted the NBA’s Baltimore Bullets (1963–1973) along with minor league teams. However, the Civic Center, which was completed in 1962, was outside of the GBC’s original plans for downtown.
investors and received letters of support from city officials, including Dixon, Rawlings-Blake and Cole, which caught the attention of officials from the Indy Racing League (IRL). By September 2008, Baltimore Racing Development (BRD) was recognized by the Indy Racing League (IRL) and Baltimore City as credible and in negotiations with both to stage a 2011 event. As negotiations progressed, on August 9, 2009, the Baltimore City Council, following Cole and then-Council President Rawlings-Blake, unanimously approved a resolution supporting the race (Baltimore City Council, 2009).

Cole’s initial skepticism of holding an IRL race in Baltimore was warranted for two related reasons. First, neither Wehner nor the other members of BRD had any experience managing an IRL race, or, for that matter, any event of this magnitude (A Grand Mess ..., 2011). Jay Davidson, who replaced Wehner as BRD president, was a corporate lawyer, who had never worked within the sports or entertainment industries (Bawroski, 2011). Second, IRL street events have had a mixed record at best, with long-term success in Long Beach, California and St. Petersburg, Florida, but high-profile failures in Cleveland, Denver, Detroit, Houston, Las Vegas and Washington, DC (Scharper & Fenton, 2011; Baltimore hopeful, 2010). Located 35 miles to the south, Washington’s experience was particularly relevant as, in 2002, the city spent $5.1 million to construct a racetrack at RFK Stadium as part of a 10-year contract. However, the race was canceled after 1 year due to low attendance and neighborhood complaints (Scharper, 2010b).

Despite significant reasons for doubt, city leaders, Rawlings-Blake, and Governor O’Malley embraced and promoted the BGP. O’Malley was excited for the race as it “will bring eyes from all around the world to Baltimore and to Maryland” (as quoted in Scharper, 2010a, p. D1). Rawlings-Blake stated the race would be a “game changer” for the city’s image. Council President Jack Young predicted the city would see a positive economic return as “the city needs a shot in the arm... and the majority of the community seems to be onboard” (as quoted in Scharper, 2010c, p. A1). Echoing Rawlings-Blake’s comments about the race being a game changer for the city, Cole stated “[the Grand Prix] is going to put us on the front page of newspapers all around the country for the right reasons” (as quoted in van Valkenberg, 2010, p. D1).

The support for the race was based on promises made by race promoters of significant economic and image benefits and the contract in which BRD paid the full cost of public safety services and a rights fee to Baltimore City. With the BGP being held on Labor Day weekend (a slow time for tourism in Baltimore), BRD’s economic impact report promised 100,000 attendees, 80% of whom would be from out-of-state, and $70 million in new economic activity at a slow time (Economic Impact Report: Baltimore Grand Prix, 2010). Rather than conducting its own assessment, the city accepted and repeated BRD’s claims, despite, according to sports economist Dennis Coates, the report having basic and fundamental errors (Erickson, 2011; personal communication).

Moreover, for a city whose broader public image largely derived from the dystopic media narratives of the “drug-ravaged neighborhoods portrayed in TV shows such as ‘The Wire’ and ‘Homicide’” (Davidson, 2011, n. pag), the race would be, according to Rawlings-Blake, a “game changer” as a global audience would see the beauty and amenities of the Inner Harbor, and, perhaps, some would decide to visit Baltimore (Scharper, 2010a). This promotion was needed as, according to a Travel + Leisure magazine on-line survey, Baltimore ranked 33rd of 35 American cities for “quality of life and visitor experience” and finished in the bottom ten of several categories, including nightlife, shopping, and restaurants (Deal-Zimmerman, 2010). Responding to the survey, Visit Baltimore CEO Tom Noonan stated, “we’ve got to change people’s perceptions about us” and cited the Grand Prix as one event in that effort (as qtd. in Deal-Zimmerman, 2010, p. R1). Terry Hasseltine, Director of Maryland’s Office of Sports Marketing, also explained that the race would help make Baltimore more prominent as an “international sports destination,” as the city’s “name now resonates outside the geographical region” (as qtd in Baltimore hopeful, 2010, p. D1).

Within the 5-year contract, Baltimore City seemingly had little financial risk or expenses. In addition to privately financing, organizing, and running the event, BRD guaranteed the city a $250,000 rights fee, agreed to pay the full cost of public safety services, offered an annual $100,000 "Community Benefits Fund" to mitigate the race’s impact on surrounding neighborhoods, and promised the city a portion of its profits (Baltimore Board of Estimates, 2010; Scharper, 2010b). In return, Baltimore was required to design, bid, and construct necessary infrastructure and street improvements, which essentially obligated the city to spend $7.75 million to repave the roads around the Inner Harbor to meet IRL standards (Baltimore Board of Estimates, 2010). However, as the area qualified for state and federal transportation funding and BRD promised the event would allow the city to recoup this funding through taxes and fees related to the event, the roadwork could become a direct source of profit for the city, costing little more than the inconvenience experienced by downtown workers, residents, and visitors (Baltimore Board of Estimates, 2010).

In addition to its contractual obligations, Baltimore City provided substantial logistical support to BRD. Kaliope Parthenos, the city’s deputy mayor for economic development, spent as much as half her time during the summer of 2011 preparing for the race (Scharper & Fenton, 2011). The city’s office of transportation management had substantial challenges coordinating road closures for repaving for almost a full year, while north-south traffic through the city was made virtually impossible and the city’s light rail was closed during the week of the race (Dresser, 2011; Scharper & Fenton, 2011; personal communication). Public safety services were also strained as the race required substantial presence from the police and fire departments, both of which paid overtime to employees working on Labor Day weekend. Finally, both Visit Baltimore and the Maryland Office of Sports Marketing provided considerable marketing support to BRD, with Visit Baltimore featuring the race on the cover of its September publication.

As the city invested considerable resources into preparing for the race, many people were concerned that the city had not fully considered its costs (Dresser, 2011). While roads around the Inner Harbor would eventually need repairing, the race forced the work into a compact schedule that disrupted transportation around downtown for almost...
Assessing the 2011 Baltimore Grand Prix

The race initially seemed successful with 160,000 attendees claimed for the weekend. Davidson admitted, "the weekend exceeded our wildest expectations" (Scharper, Hermann, & Linskey, 2011, p. 1A) as long lines were at each of the four entrances into the race grounds and, while large crowds enjoyed the "party atmosphere" inside (Reimer, 2011, p. 1A). In a post-race press conference, Rawlings-Blake addressed skeptics as she stated, "the naysayers certainly had their day... until the race started" (as quoted in Scharper et al., 2011, p. 1A).

Despite initial indications, media reports, and political statements, a lack of secondary activity outside the race-track suggested that the event’s economic impact would be much less than anticipated. Although the disembarkation point for the parking lot buses and two gates into the race grounds were located near Harborplace, lines at eateries were short and the pavilions were not crowded. Employees at the Maryland Science Center and National Aquarium remarked that attendance at the attractions was much less than typical on weekends because “the locals are staying away and the visitors are at the race” (personal communication). Anticipating large crowds, bars in Fell’s Point added shifts for the weekend, but sent most additional servers home due to the lack of business. According to Baltimore Sun columnist Kevin Cowherd (2011), Little Italy was “largely a ghost town” (p. 5D), and one restaurant owner described the previous night to one of the authors as “one of the slowest Friday nights in Little Italy ever” (personal communication). One street vendor in Little Italy blamed the media as it “told everyone to stay away from coming downtown” in anticipation of traffic problems.

Quantitative analyses of the Grand Prix confirmed that the economic activity surrounding the race fell far short of BRD’s initial estimates of $70 million despite crowds that were 60% higher than predicted. Coates and Friedman’s (2011) survey of race attendees estimated their spending between $15–27 million as just 30% of race attendees were from out-of-state. Forward Analytics’ (2011) more comprehensive assessment commissioned by Visit Baltimore estimated spending of $28 million from non-local visitors and vendors and race organizers. Television exposure was less than expected as the American television audience was below 600,000 – less than 1/6 of the domestic viewers cited in the city’s May 2010 press release about the race (Zurawik, 2011). While these results may have been disappointing, BRD lost $12 million managing the race, and failed to pay Baltimore City $1.7 million, which included the rights fee, reimbursements for the city’s public safety expenses, and amusement taxes owed on ticket sales. In addition, BRD owes another $2 million to various state agencies that directly lent money to BRD or served as third-party guarantors on other loans (Broadwater, 2011).

In retrospect, there were numerous warning signs beyond the inexperience of BRD’s management and the mixed record of success for IRL road events. In February 2010, race founder Wehner stepped aside in favor of Davidson in order to present a more polished image to potential investors (Scharper & Fenton, 2011). In December 2010, BRD missed a required $500,000 payment to the Maryland Stadium Authority and received a loan from the Maryland Economic Development Corporation to cover it (Scharper & Fenton, 2011). In July 2011, the Baltimore Business Journal reported that BRD had not secured a title sponsor for the race, had commitments for just 20 of 35 expected sponsorships, and was 35% short of reaching its corporate sales goal (Jackson, 2011a). Also that month (though not publicly revealed until December), BRD took a 2-month, $1.1 million high interest loan (for which BRD would pay almost $500,000 in interest and fees) in order to pay the IRL’s sanctioning fees, without which the race would have been canceled (Broadwater & Scharper, 2011). Whether these warning signs were apparent to city officials or just ignored at the time does not matter, as the Rawlings-Blake administration focused on ensuring the event occurred and was much less concerned about BRD’s financial viability. As Rawlings-Blake’s subsequent efforts would show, the city was fully committed to the event as part of its promotional efforts to the point that it would do just about anything to ensure that it happened.

The 2012 Grand Prix of Baltimore

Choosing to focus on the shortcomings of BRD as the city canceled its contract, Rawlings-Blake believed that the Grand Prix could be successful with “better business acumen” and continued to expend political capital promoting the event for 2012 (Broadwater, 2011). Although a Balti-
more Sun editorial recognized that “it’s better to risk having no race at all than to put on another entertaining but costly event,” the newspaper also noted “the only way Baltimore could recoup its investment is if the race goes forward for the next several years” (Learning from, 2012, n. pag). Towards recouping its investment, Parthemos requested bids to manage the 2012 race in early January.

Although Rawlings-Blake was committed to having a race in 2012, Council President Young (2012) reconsidered his early support for the event by stating, “to continue to pursue the race…is not the best option at a time when so many other important programs and services lack much-needed support” (p. A17). While recognizing that Baltimore made a significant investment in holding the Grand Prix, he noted that Washington DC had made a similar expenditure in 2002, but chose to end its support after 1 year. By discontinuing the race, Young suggested the city would have an opportunity to “focus more of our attention toward our neighborhoods and work to improve the everyday lives of our citizens” (p. A17).

Despite Young’s opposition and position on the five-person Board of Estimates, the city moved forward with finding a new promoter that would allow the Grand Prix to continue. After reviewing several proposals, the Rawlings-Blake administration selected Downforce Racing. The new contract included several measures to protect the city’s interests: monthly and quarterly reporting; annual audits; and a percentage of sales going directly into a city-controlled escrow account (Baltimore Board of Estimates, 2012). The proposal was supported by representatives from surrounding communities, the Baltimore Development Corporation, and Visit Baltimore, whose CEO Tom Noonan identified an estimated $47 million economic impact, 37,000 hotel room bookings and “free media value” estimated “in the tens of millions of dollars” from the event (Baltimore Board of Estimates, 2012). Rawlings-Blake also argued the race should continue, explaining, “a lot has been said about this new agreement as well as about the past, but now it is time to move forward. This contract minimizes the City’s risk and it is what’s best for our local economy” (Baltimore Board of Estimates, 2012). With the Mayor and her two appointees voting in favor and Young and City Comptroller Joan Pratt in opposition, the Board of Estimates approved the contract with Downforce Racing and the Grand Prix was seemingly back on track.

In its contract with Downforce Racing, the city agreed to terms that were vastly inferior to those in its deal with BRD. According to Reutter (2012a), the city would excuse the new promoters of $4.25 million in fees over 5 years that had been guaranteed within the previous contract, including the $250,000 event fee, the $100,000 community benefits fee, and $500,000 for the use of city services. In place of those guarantees, the city would receive a $3.50 per ticket surcharge (escalating 25 cents per year) that, along with the city’s tax revenues, would go into the escrow account (Reutter, 2012a). As the surcharge would cover just half of the city’s expenses, Rawlings-Blake essentially agreed that Baltimore would subsidize the race.

Despite these generous terms Downforce Racing failed to “meet city-imposed benchmarks” as the company had not sold any sponsorships or started selling tickets for the event by mid-April (Scharper, 2012). After canceling its agreement with Downforce Racing, the city contracted on May 9 with yet another group, Race On, which was led by the single largest donor to Rawlings-Blake’s (2011) mayoral campaign, J.P. Grant (Reutter, 2012b). Within this new contract with Race On, the city made further concessions, as, instead of a ticket surcharge, that based on 2011 attendance of 160,000 would have paid $560,000 for city services, race organizers would pay a flat fee of just $350,000 (Lambert, 2012a).

Given its late start on ticket and sponsorship sales, Race On attempted to limit expectations for the 2012 event. Explaining that “most events suffer a bit of a sophomore slump” as the novelty wears off and that many of the 2011 attendees had received free tickets from BRD, race general manager Tim Mayer stated that the race would experience lower attendance and that “our measure of success has always been, ‘can we stabilize the event?’” (Lambert, 2012b). Learning from the 2011 experience, the city made more efforts to encourage race attendees to spend money in surrounding neighborhoods, by rearranging event times, making the course more accessible for pedestrian traffic, and strategically rerouting the city’s free “Charm City Circulator” buses through entertainment and dining areas like Federal Hill and Little Italy (Meehan, 2012a).

Although Race On has chosen not to release attendance figures, it has acknowledged that attendance at the 2012 race was lower than 2011, citing threats of bad weather and the “sophomore” status of the race, and have estimated gate receipts at $2.8 million (Lambert, 2012c). Television viewership declined by 27% for events shown on NBC Sports Network, which at 292,000 was its lowest number for any IndyCar event since 2009, while ABC’s viewership for races shown on ABC was 17% lower than 2011 (Korman, 2012). Despite efforts to move people towards neighborhoods after the race, the race’s impact disappointed many restaurants (Meehan, 2012b). Overall, Grant claimed that Race On lost a “significant amount” of money producing the race, but did pay all of its bills. Nonetheless, Race On, the Rawlings-Blake administration, and the IRL have committed to the Grand Prix of Baltimore for 2013, while city leaders remain optimistic that the race will become a “signature event” for Baltimore (Korman, 2012).

The New Arena Project

Just as the Grand Prix illustrates the persistent trial-and-error experimentation within neoliberal urban governance, the proposal for expanding the Baltimore Convention Center (BCC) represents the necessity that cities have to upgrade their existing facilities in order to maintain the value of previous investments. In October, 2011, GBC Chief Executive Officer Donald Fry proposed another “game changer” for the city: a $900 million arena-convention-center-hotel project that would be funded with $400 million in public funds (Marbella, 2011, p. C1). This would represent the public’s third major investment in the BCC, which opened in 1979 and completed a $151 million expansion in 1997 (Crossroads Consulting Services, 2012).

BCC chairman Robert Hillman promised that the 1997 expansion would “make [Baltimore] competitive for at least 20 or 25 years” (as qtd in Arney, 2002a, n. pag)
the cluttered convention and trade show marketplace. However, the expansion only briefly returned the BCC’s performance to level it enjoyed during the late 1980–early 1990 when the building attracted 600,000–700,000 attendees annually. By 2010, annual attendance fell below 400,000 (Sage Policy Group, 2009). Part of the reason for the BCC’s decline is competition from other cities in the United States which have expanded their facilities to the extent that the BCC’s square footage ranking has fallen from 28th in 1997 to 73rd in 2011 (Fry, 2011). Visit Baltimore claims this slippage has diminished the attractiveness of the city as a convention destination with 243 potential meetings, trade shows, sporting events and conventions, which would have booked 700,000 hotel room nights, bypassing Baltimore due to the BCC’s lack of capacity (Crossroads Consulting Services, 2012; Marbella, 2011; Sernovitz, 2011).

Towards securing future business, proponents argue the $900 million project is a necessary investment to keep Baltimore’s tourist industry “competitive” and that failure to act would result in the city losing its already declining convention business and entertainment bookings to other cities (Marbella, 2011; Stone, 2011). According to Fry (2011), the project “goes beyond simply enabling Baltimore to keep up with competitors. It would catapult Baltimore into a leading competitive position in major convention and event markets to which it now doesn’t even have access” (p. A13) and offered that the city would be “in a position to be competitive for the next 20–25 years” (as qtd in Mossburg, 2011, p. A21). By moving forward with the project, Crossroads Consulting Services (2012) forecasts that the BCC’s annual bookings at the BCC would increase by 44% and attendance by as much as 45%, which would produce as much as $248 million of economic activity and create up to 2500 jobs. However, if Baltimore does nothing, Crossroads Consulting predicts that BCC usage will continue to slide with each 5% decline costing the state $6 million in annual tax revenue.

Assessing the downtown monster

For more than 40 years, Baltimore has aggressively pursued a consumption-oriented redevelopment strategy with billions in public investment and countless hours spent by government officials focused on downtown and the Inner Harbor. While it is impossible to prove that other types of development would have produced a better result for Baltimore, tourism has become an important industry for the city: the GBC claims it generates annually $581 million of economic activity, $23 million in city hotel-tax receipts, and employs more than 25,000 people. It may also be argued that without its focus on consumption, Baltimore would be in a much worse condition than it is today due to a lack of effective alternative strategies.

Yet, the tautological nature of neoliberal urban governance foretells the search for any viable alternatives, as – despite experiences to the contrary – the overarching logics of neoliberalization offer easy solutions to urban problems through the provision of public resources to support city-rescuing private enterprises. Almost unavoidably however, as cities embark on consumption-oriented redevelopment strategies, civic leaders are soon faced with an unpalatable choice: feed the downtown monster with continual infusions of public resources with the hope of the city can maintain its position or do nothing and watch potential visitors bypass the city. Rather than watch Baltimore decline further, the Rawlings-Blake administration decided to feed the monster with a partially baked idea for an auto race. The GBC’s hotel-arena-convention center expansion proposal is just the next item on the menu.

The BGP promised to be a spectacular event that would attract visitors into downtown on a slow weekend, and thereby showcase the city to potential tourists. This dual enticement prompted city leaders to provide substantial public resources (though not direct subsidies) to the 2011 race. Then, despite its expense to the city and the BRD’s high profile failure, Mayor Rawlings-Blake pursued the event for 2012 and offered public subsidies to attract race promoters. Given its late start and the 2011 experience, no one was surprised that both attendance and viewership declined for the 2012 Grand Prix of Baltimore, yet all parties seem eager to offer the race again in 2013.

As for the hotel-arena-convention center expansion proposal, more than $400 million in public monies would be spent to ensure the Baltimore’s competitiveness “for the next 20 to 25 years” in an already oversaturated market for trade shows, conventions, and meetings. This increased competitiveness, however, will not improve the BCC’s balance sheet, as once the expansion is complete, the BCC’s operating deficit will increase from the $8 million annually paid by the city and state. In the best-case scenario, operating an expanded BCC will cost the public an additional $1.4 million annually (Crossroads Consulting Services, 2012). Given the rapid erosion of the BCC’s competitiveness since its 1997 expansion, this figure will likely rise in the medium term.

The process of neoliberalization creates a self-perpetuating cycle that – as it provides substantial benefits to corporations and visitors – obscures its true costs that are borne by urban residents. In the case of the BGP, the city directed $7.75 million of federal highway funds to repair roads around the Inner Harbor although there are other streets throughout the city that would have been eligible for those funds that were in much greater need of repair. While the streets surrounding the Inner Harbor will eventually need to be repaved, poor road conditions throughout the city burden residents with significant expenses for repairs and force them to spend more time in traffic. As for the hotel-arena-convention center expansion project, Crossroads Consulting promises additional tax revenues to the city and state between $17 million and $22 million annually. However, Arney (2002a) highlighted similar promises made during the 1990s to secure $151 million for the previous BCC expansion, yet those benefits never materialized. While the city’s and state’s benefits from this expansion are not certain, the project’s costs are virtually guaranteed: annual debt service on $400 million (which may decrease city and state capacity to borrow money for other projects) and increased subsidies for BCC operations.

Both the BGP and the hotel-arena-convention center expansion project exist within the context of Baltimore’s
broader downtown strategy and are indicative of the clear shifts in the city’s priorities since the 1960s. Faced by the challenges of neoliberal urbanism, the city has moved away from providing services to residents in favor of an approach which provides significant tax breaks, public subsidies, and other resources to those developing the tourist infrastructure, which civic leaders promise will generate the tax revenues necessary to address urban problems and provide services. Thus, Rawlings-Blake announced on October 1, 2012 that the city would reverse a previous decision and not close fire company, Truck 10, through June 2013 due to $1.4 million realized from taxes, fees reimbursing the city for its services, and lower-than-expected costs from the Grand Prix (Broadwater, 2012). At first glance, Truck 10 seems to be a manifestation of the Grand Prix’s success, but the actual benefit is much less than it appears, as most of the funds would have been available for this purpose without the Grand Prix. The expenses for which the city was reimbursed and budget savings could have been originally budgeted to the fire company. In terms of taxes, substitution effects suggest that much of the revenues Baltimore received from the race would have been realized by the city from other sources.

Despite the appearance of tangible benefits, the reality is that the downtown monster has a voracious appetite and requires constant care and feeding. Moreover, due to its vulnerability from competing cities, the downtown monster demands a steady flow of new investments to (re)create the amenities and attract the events it needs to reproduce itself, lest it otherwise diminish and die. In this context, the Baltimore Grand Prix must be renewed, even if the city was unpaid in 2011 and new race promoters had just 4 months to organize the 2012 event. The city and state government must consider spending another $400 million on the Baltimore Convention Center, even if the benefits never materialized from the last $151 million investment, because it is the only way for Baltimore to remain competitive for tourism and major sports events. Yet, in many ways, the ‘success’ or ‘failure’ of policies and projects actually does not matter as the tautological processes of urban neoliberalization will, in any case, only engender further policies and projects that continue to prioritize downtown (re)development ahead of public services and the citizens of Baltimore. Thus, instead of new providing new revenues that will enable cities to better serve the needs of its residents, the “monster” and those who support it will continue to demand precious public resources from a citizenry, who according to Harvey (2000), “wait for benefits that never materialize” (p. 141).

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Downtown Downtown. And you may find somebody kind to help and understand you. Someone who is just like you and needs a gentle hand to guide them along. So maybe I'll see you there. We can forget all our troubles, forget all our cares. So go downtown. Things will be great when you're downtown. Don't wait a minute more. Downtown everything is waiting for you, downtown. Downtown (downtown) Downtown (downtown) Downtown (downtown) Downtown (downtown). More on Genius. Downtown Baltimore. Brand Publisher.

Baltimore’s sports and social leagues turn co-workers into competitors. Even weekend warriors can look like pros when outfitted in hometown company Under Armour. 2. Caffeine. Tap to play or pause GIF. Via undoubtedly.tumblr.com. Craft coffee isn't precious in Baltimore. Just good, like Zeke's good. They're developing potential cures for everything from ALS to cancer. Now THOSE are some good drugs. 6. Crack(ed) Crabs. kslee / (CC BY 2.0) / Via Flickr: leeks. We know what you've heard about Baltimore, and it's true— it has the best crack(ed) crabs in the world. Trust only a local to be your guide. They're mounds of fudge on shortbread cookies that should come with a warning label. (Yes, they're that addictive.)