



Economic Impact of Building a Downtown Stadium

Baseball Stadium Construction Impact - Assume a Construction Cost of \$50 million				
	Direct	Indirect	Induced	Total
Output	\$50,000,000	\$12,893,667	\$13,910,144	\$76,803,811
Labor Income	\$14,288,200	\$4,062,852	\$4,309,810	\$22,660,862
Employment	400.9	91.6	119.2	611.7

Assumption: 1) All impacts are based on 2010 model data; 2) All construction is assumed to occur in 2012. If construction is phased out over several years, impacts are likely to be slightly smaller due to inflation effects; 3) IMPLAN Sector used was Sector 34: Construction of new nonresidential commercial and industrial construction.

Notes: 1) All impacts are temporary (impacts last the length of the construction period); 2) Dollar values are reported in 2012 dollars; 3) Labor Income reflects income (i.e. wages, salaries, and employer paid benefits) to employees and self-employed individuals; 4) Output reflects the value of production, and therefore includes labor income (i.e. output and labor income cannot be summed); 5) Values presented above reflect the economic impact of building rehabilitation only. Other benefits, such as the impact the improvement of existing buildings has on surrounding property values is not considered. Similarly the impact of tourism generated by a Childrens Museum and the local impact of operating that Museum are a few of the other benefits not considered in this analysis.



Economic Value of AAA Baseball Team

Pacific Coast League (2005-2011 Season)	
Number of games	71
Annual average attendance	450,000
Average attendance per game	6,400
Average ticket sales	\$4,050,000



Impact of Stadium and Quality of Life Assets on Lodging (Per SMG)

- While the proposed 2% increase in Hotel Occupancy Tax (HOT) is dedicated to a minor league stadium project, the City is also proposing approximately \$500M in quality of life improvements which include aquatic centers, tournament fields for soccer, baseball, and softball, museum improvements, downtown improvements and a multipurpose event center. The lodging industry will benefit from these investments in our community as well as the stadium.
 - A minor league stadium would host 71 home games per season plus additional special events. Visiting teams, officials, media and visitors will stay in El Paso as part of this investment.
 - The estimated economic impact of swim meets, relays and other competitions can range from \$300,000 to over \$1.1 million per event which are likely to occur multiple times in one calendar year.
 - Potential economic impact from soccer tournaments could also bring in roughly \$800,000 per event.
 - One of the largest portions of visitor monies spent in El Paso is for lodging.



ECONOMIC IMPACT – SPORT & AQUATICS COMPETITION (Per SMG)

OF ATTENDEES x # OF TOURNAMENT DAYS x \$180.10 PER DAY*

EXAMPLE 1

USA Swimming Section Championship (Short Course)

1650 x 4 x \$180.10 = \$1,188,660

EXAMPLE 2

High School Regional Swimming Championship 4A

950 x 2 x \$180.10 = \$342,190

EXAMPLE 3

Allianza Invitational Soccer Tournament

1500 x 3 x \$180.10 = \$810,450

*Per person per day estimate includes transportation, food, lodging, shopping, entertainment and miscellaneous expense.

Metropolitan Statistical Area Data provided by the Office of the Governor, Economic & Tourism Division.



ECONOMIC IMPACT FOR AAA BASEBALL TEAM

Average Attendance per Game	6,152
x Number of Games	71
Average attendance	436,792
Average Ticket Price	\$ 10.00
Average spending per person*	31.17
Event-Related Spending per attendee	\$ 41.17
Estimate Annual Event-Related Spending x Average Attendance	\$ 17,980,543
*Based on 2007 Arts and Culture Study by Americans for the Arts., adjusted for CPI	

Estimate only based on prior study, adjusted for CPI.



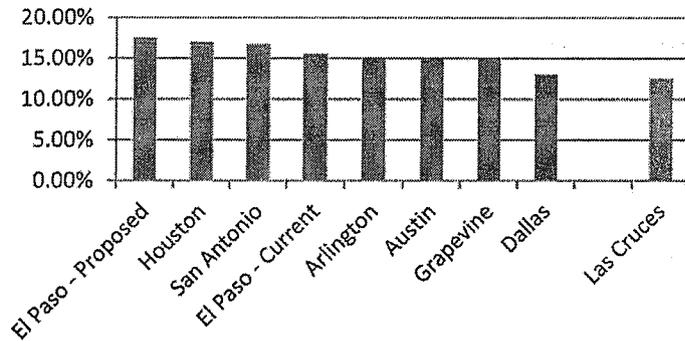
ECONOMIC IMPACT FOR AAA BASEBALL TEAM

Sources of Direct Spending		
In-Facility	Out-of-Facility	Construction
<ul style="list-style-type: none"> • Tickets/Rentals • Concessions • Merchandise • Parking • Premium seating • Advertising • Naming Rights • Sponsorships • Others 	<ul style="list-style-type: none"> • Hotel • Restaurant/bars • Retail • Entertainment • Transportation • Parking 	<ul style="list-style-type: none"> • Materials • Supplies • Labor • Professional Fees

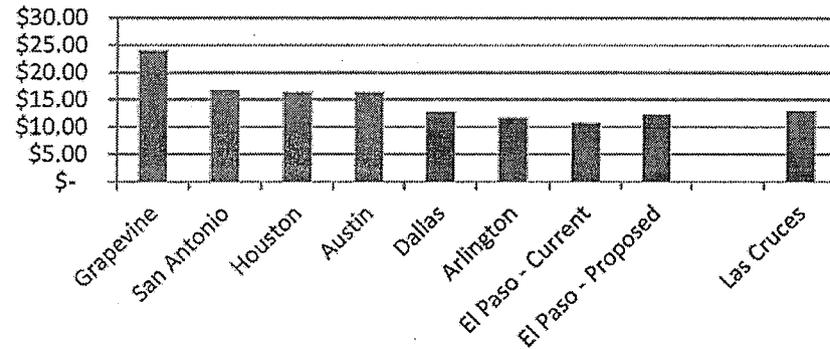


Impact on HOT Revenues

HOT %



HOT Revenue Collected per Night



If venue project approved, \$2.4 million in additional HOT revenues would be generated from the additional 2% imposed



HOT Revenue Information

Largest Texas Cities Hotel/Motel Occupancy Tax Rate

	<u>Local</u>	<u>County</u>	<u>State</u>	<u>Total</u>
Arlington	9.00%	-	6.00%	15.00%
Austin	9.00%	-	6.00%	15.00%
Corpus Christi	9.00%	-	6.00%	15.00%
Dallas	9.00%	-	6.00%	15.00%
El Paso	7.00%	2.50%	6.00%	15.50%
Fort Worth	9.00%	-	6.00%	15.00%
Garland	7.00%	-	6.00%	13.00%
Houston	9.00%	2.00%	6.00%	17.00%
Irving	9.00%	-	6.00%	15.00%
Laredo	8.00%	-	6.00%	14.00%
Lubbock	7.00%	-	6.00%	13.00%
Plano	7.00%	-	6.00%	13.00%
San Antonio	9.00%	1.75%	6.00%	16.75%



Non-Quantitative Benefits

- Enhances affordable entertainment alternatives for families in the local area
- Enhances City economic growth and private sector development in ballpark area
- New advertising opportunities for local businesses
- Increases civic and community pride
- Promotes positive self-image, exposure and reputation
- Complements the existing entertainment areas



Authorizing Resolution

SERVICE SOLUTIONS SUCCESS



Terms of Agreement



Term Sheet

- Term Sheet outlines the basic terms of a proposed agreement
- Calls for a new, first class, state of the art, natural turf, open-air minor league baseball ballpark to be located in downtown El Paso, Texas
- Triple-A team to be acquired by Mountain Star Sports Group



Ownership and Management

Parties	<p>City of El Paso (“City”) Mountain Star Sports Group, LLC (“Ownership Group”)</p>
Project Ownership	<p>The Ballpark shall be owned by the City.</p>
Public Facility	<p>To the extent that the Ballpark is not under a contractual obligation to the Team or other entities, specific areas of the Ballpark will be available to the public in a manner to be identified and mutually agreed upon by the parties.</p>
Team Ownership	<p>The Ownership Group shall form and control an appropriately capitalized affiliated entity (the “Club”) to own, manage and operate the Team as a MiLB Triple A franchise and to operate the Ballpark.</p>
Lease	<p>The Club shall lease the Ballpark and manage and operate the Ballpark in a first class manner, similar to and consistent with that of other comparable Triple-A ballparks. The Club shall be solely responsible for all aspects of the Ballpark operation.</p>



Team Name

- The name of the team will include “El Paso” as part of the team name
 - For example, the name of the team will be the “El Paso _____”



Ballpark Development and Design

- City to lead and be responsible for the construction and development of fully completed and operational Ballpark
- Ballpark will meet all requirements of MiLB and of MLB which are imposed on a Triple-A Baseball team
- Parties will mutually agree to a ballpark design through a design approval process
 - Ballpark will meet respective requirements and achieve best possible project within the agreed upon program description and budgeted cost
 - Parties agree to mutually select a qualified architectural firm or other design consultant to design the Ballpark.
 - “Quality Standard” for the Ballpark shall be first-class and state-of-the art, comparable to other newly constructed Triple-A ballparks which opened within the last five years.



Cost of Ballpark

- The City shall be solely responsible for securing the financing and other funding sources required for the planning, development, and construction of the Ballpark in accordance with the terms hereof.
- The City and the Club shall determine a mutually acceptable project budget for the design, development and construction of the Ballpark including demolition, site preparation, any necessary land acquisition, associated infrastructure and a reasonable contingency amount, such total cost currently estimated not to exceed \$50 million (the “Budgeted Cost”).



Cost of Ballpark (continued)

- The City shall be responsible for payment of the Budgeted Cost, except as expressly stated herein.
 - Any cost associated with specifically requested changes in the scope of the Base Ballpark Plan shall be the responsibility of the party making the request.
 - Otherwise, the City shall be responsible for any cost overruns above the Budgeted Cost.
 - Each party may retain an owner's representative to oversee the project, the reasonable cost of which shall be included in the Budgeted Cost.
 - Any surplus (i.e. the difference between Budgeted Cost and actual cost) from the construction of the Ballpark shall be utilized to construct additional Ballpark controlled parking, deposited into the Capital Repairs Reserve Fund, or deposited into the debt service fund associated with the City's Ballpark financing upon completion of the Ballpark as mutually agreed upon by the parties.



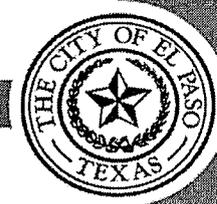
Location of Ballpark

- The location of the Ballpark will be on the City Hall site
- Other land acquisition necessary for the ballpark and related use will come from the Budgeted Cost
- An alternative location may be considered by the City but must be approved by the Club ownership



Description of Ballpark

- The Ballpark shall be a new, first class, state-of-the-art, natural turf, open-air facility that will serve as the home of the Team and will also host concerts, sporting events, and community oriented events. The Ballpark will have the following basic characteristics, and other features and amenities consistent with other new Triple-A ballparks:
 - 7,000 to 9,000 Seats (Including Fixed and Berm Seating)
 - 20 to 30 Luxury Suites
 - 250 to 500 Club Seats
 - Team Office Space
 - Retail Store



Timeline

- The parties will work cooperatively and make good faith efforts to open the Ballpark to be ready by the opening of the 2014 season
 - Currently slated to begin in April 2014



Non-compete Clauses

- Except for the existing agreement with the current tenant of Cohen Stadium, the City (or affiliated City entity) shall not operate, or allow others to operate, Cohen Stadium, or any other facility that would accommodate affiliated or independent professional baseball, in competition with the Ballpark.
- The City shall not extend the existing agreement with the current tenant of Cohen Stadium beyond April 16, 2016. The City (or other City entity) shall not develop, finance, or facilitate the development of any other outdoor concert venue in downtown El Paso that will compete with the Ballpark, except for the possibility of an MLS professional soccer stadium.



Term of Lease

- The Team shall play all pre-season, regular season and postseason home games at the Ballpark, for a minimum initial term of 25-years. The Club shall have the option to extend the term for three (3) consecutive, five-year (5) renewal terms. The City understands that the Team may play a limited number of neutral site games during the course of a MiLB season.
- During the initial term of the Ballpark Agreement, the Team shall not relocate to another city.



Team Transfer

- Upon any transfer of a majority interest in the Team or the Club, the new owner must assume any and all obligations of the Ballpark Agreement and agree to the non-relocation requirements described herein.
- The City and the Club shall enter into a separate Non-Relocation Agreement which will govern the Team location during the term of the Ballpark Agreement.
- MiLB will acknowledge in writing such agreement and the limitations on the Team location contained therein and in the Ballpark Agreement.



Use and Occupancy

- The Ballpark will serve as the home of the Team and will also host concerts, other sporting events, and community oriented events. The Ballpark Agreement shall specify certain dates and terms on which the City will have use of the Ballpark for civic-oriented events at no additional cost to the City other than direct expenses of such use.



Rent

- The initial term, the Club shall pay a fixed rental fee of \$200,000 annually, payable in two (2) semi-annual payments of \$100,000. Such rent shall total \$5,000,000 during the initial term of the Ballpark Agreement.
- Beginning in Year 2 of the Ballpark Agreement, \$150,000 of such annual rent payments shall be deposited by the City into a Capital Repairs Reserve Fund. The method of calculating rent with respect to any renewal term shall be determined by the parties at the appropriate time.



Ticket Surcharge

- Tickets sold for events at the Ballpark shall be subject to a 10 cent per ticket surcharge which will be paid to the City without deduction or offset. The City shall not impose on all or any portion of the Ballpark or the Club any additional targeted or special taxes, fees or assessments, including special district taxes, fees or assessments.



Ballpark Revenues

- The Club shall market, control and be entitled to receive and retain all revenues, net of taxes, relating to the operations of the Team and the Ballpark, including, but not limited to, revenues generated from Team events, other events, and ancillary revenues.
 - Naming rights and advertising revenues
 - Certain restrictions shall be placed
 - Sponsorships
 - Premium seating
 - Concessions
 - Merchandise
 - Vendor Agreements



Parking

- Both parties will agree to develop a strategic plan to address parking issues
- City will provide parking in City-owned or controlled lots
 - City shall provide access to a minimum of 500 spaces
- Club will retain revenues from these lots to the extent possible
- Surrounding area to be considered
 - UPTT and Convention Center Parking
 - City-owned lots



Ballpark Operating Expenses

- Club shall be responsible for any and all game day expenses associated with Team games and other events hosted by the Team or MiLB (such as the All Star game, MiLB post-season games, international games, etc.).
- Club shall be responsible for all operating expenses and routine maintenance and repairs of the Ballpark. The Club shall operate and conduct routine maintenance of (or cause others to operate and conduct routine maintenance) the Ballpark in a safe, clean, attractive, and first class manner comparable to that of other Triple-A facilities.



Ballpark Operating Expenses (continued)

- The Club shall operate (or cause others to operate) the Ballpark in a manner that is consistent with all applicable requirements imposed by Triple-A rules and regulations.
- The City shall have a right to periodically audit or assess the status of the Ballpark's condition. The City shall have the right to approve any third party management company engaged by the Club to manage the operations of the Ballpark, such approval shall not be unreasonably withheld.



Ballpark Capital Repair

- City will be responsible for making all major capital improvements to the Ballpark during the initial term of the agreement
- City will utilize the Capital Reserve Funds and any other available resources to ensure that the Ballpark is maintained at a Triple-A quality level.
 - Capital Reserve Fund partially funded from rent from Club



Municipal Services

- Customary police, traffic control, fire prevention, emergency medical, street cleaning/street trash removal, and other similar City-based services, outside of the Ballpark, for all Ballpark events shall be provided and paid for by the City (using City employees or contract services, as determined by the City), at a general level and manner reasonably determined appropriate by the City for Ballpark events. The City shall be responsible for any and all costs incurred for such municipal services provided outside of the Ballpark for Ballpark events. The Club shall pay for security, emergency medical, and other required services inside the Ballpark (using City employees, Club employees or contract services, as determined by the Club).



Utilities

- City and Club shall each pay one half of annual water and sewer costs associated with the operation of the Ballpark. The City shall make commercially reasonable efforts to provide reclaimed, treated wastewater (“purple pipe” water) to the Ballpark for irrigation purposes. The City shall pay for electric expenses associated with the operation of the Ballpark; provided, however, the Club shall reimburse the City for such electric expenses. The Club shall pay for all other utilities associated with the operation of the Ballpark.



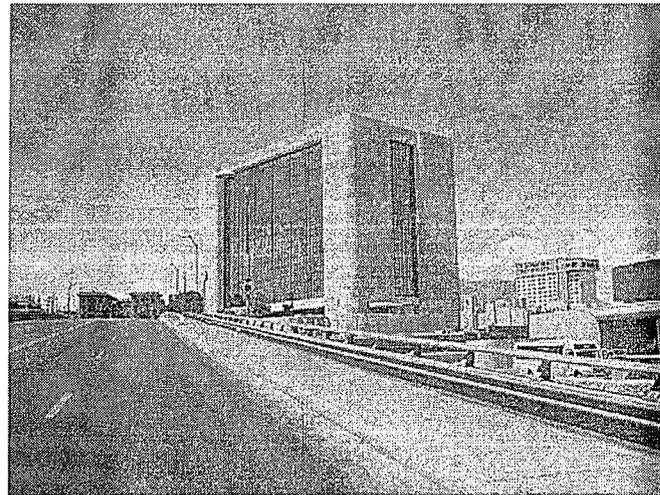
Other terms

- Signage
 - City is responsible for providing signage
- Insurance
 - City is responsible for providing insurance coverage for the Ballpark
 - Club is responsible for providing insurance for the management and events at the Ballpark
- Property taxes
 - To the extent possible, the Ballpark shall be exempt from property (or other similar) taxes
- Affordable programs for patrons will be made available

S E R V I C E S O L U T I O N S S U C C E S S



Proposed Relocation of City Hall





Improvement Description

- City Hall Statistics:
 - Gross Building Area 237,859 sq. ft.
 - Land area 172,343 sq. ft.
 - Date Built: 1979
 - Date of last appraisal: March 14, 2007
 - \$13,800,000 for improvement
 - \$1,130,000 for Insights Museum land and Parking lot
- Improvements to City Hall needed in near future (deferred maintenance)
 - \$12 to \$15 million per Engineering estimate



Improvement Description

- Current market value of City Hall site
(based on last appraisal in 2007)
 - \$13,800,000 for City Hall Office Building
 - \$1,130,000 for Insights Museum land and Parking Lot

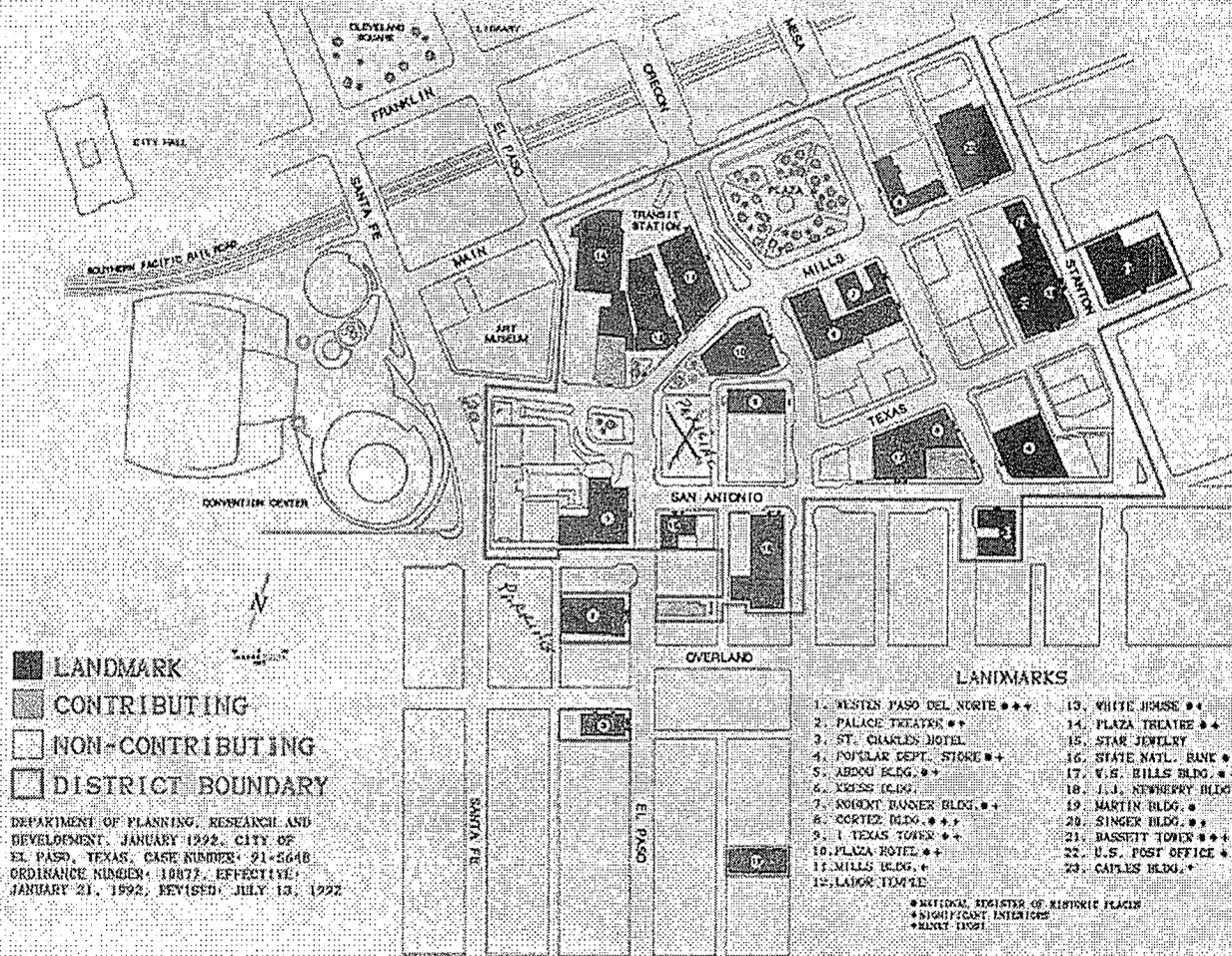
- Book Value of City Hall

Original Cost	\$14,277,000
Accumulated Depreciation	<u>\$9,280,050</u>
Net Book Value	<u>\$4,996,950*</u>

*Additional notable improvements since 2001	\$11,995,563
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DOWNTOWN HISTORIC DISTRICT

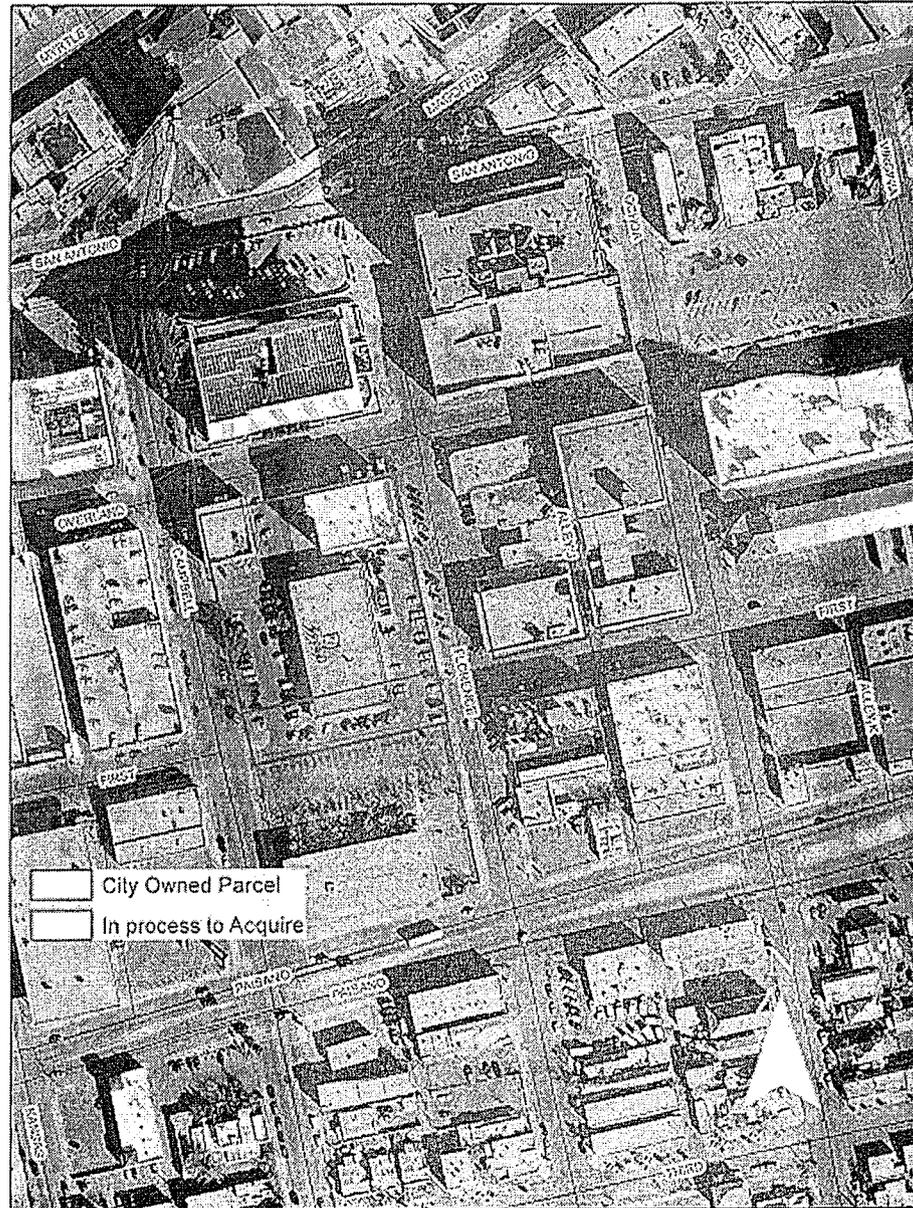


■ LANDMARK
■ CONTRIBUTING
□ NON-CONTRIBUTING
□ DISTRICT BOUNDARY

DEPARTMENT OF PLANNING, RESEARCH AND DEVELOPMENT, JANUARY 1992, CITY OF EL PASO, TEXAS, CASE NUMBER: 91-2648, ORDINANCE NUMBER: 10872, EFFECTIVE: JANUARY 21, 1992, REVISED: JULY 13, 1992

- LANDMARKS**
- | | |
|-------------------------------|----------------------------|
| 1. WESTERN PASO DEL NORTE *** | 13. WHITE HOUSE ** |
| 2. PALACE THEATRE ** | 14. PLAZA THEATRE ** |
| 3. ST. CHARLES HOTEL | 15. STAR JEWELRY |
| 4. POPULAR DEPT. STORE ** | 16. STATE NATL. BANK *** |
| 5. ABDUL BLDG. ** | 17. V.S. HILLS BLDG. ** |
| 6. WEISS BLDG. | 18. J.J. NEWBERRY BLDG. ** |
| 7. SCHMITT BLDG. ** | 19. MARTIN BLDG. |
| 8. CORTEZ BLDG. *** | 20. SINGER BLDG. ** |
| 9. TEXAS TOWER ** | 21. BASSETT TOWER *** |
| 10. PLAZA HOTEL ** | 22. U.S. POST OFFICE ** |
| 11. MILLS BLDG. * | 23. CAPLES BLDG. * |
| 12. LABOR TEMPLE | |
- * NATIONAL REGISTER OF HISTORIC PLACES
 ** SIGNIFICANT INTERIORS
 *** MASSY 1989

City Hall Location Possibilities



City Hall Location Possibilities



City Hall

- Cost of building or rehabbing similar size building without land acquisition (approx. 150,000 sq.ft.)
 - New Construction \$220/sq ft \$33.0 million
 - Luther Building
 Renovations* \$182/sq ft \$28.4 million
 - Remodel (Interior) \$130/sq ft \$19.5 million

*Interior and exterior work

Note: All three comparisons do not include land acquisition costs



Costs to Relocate

- Moving expenses
 - Capital expense approximately \$2 to \$3 million
 - 650 employees located in City Hall
- Temporary rental costs
 - Annual lease cost – general fund expense – approximately \$3.5 million annual
- Potential renovation or purchase of building in downtown



Recent Lease Downtown Comparison

Lease Term Rent Calculations for LUTHER BUILDING

"NOT TO EXCEED" RATES

Rentable Square Footage

73,667

Years 1-5*	Project Cost	Annual Rent	Per Sq.Ft.
• Base Rent (Land & Building Shell)**	\$ 525,000.00	\$ 73,667.00	\$ 1.00
• Building Shell Rehabilitation	4,752,328.00	484,728.86	6.58
• Basic Tenant Improvements	6,697,262.00	682,893.09	9.27
• City IT Specific Improvements	1,975,410.00	201,847.58	2.74
Totals	\$ 13,950,000.00	\$ 1,443,136.53	\$ 19.59

*Base Rent increases as listed:

Years 6-10	1.10
Years 11-15	1.22
Years 16-20	1.35

** Land & Building Shell: El Paso Central Appraisal District appraised value for 2012 is \$678,054



Additional Considerations

- Terminate all leases in surrounding area that will affect the Ballpark
 - Insights Museum
 - Community Garden
- Set aside all City-owned parking or vacant lots in the area for possible Ballpark parking use
- Develop short and long-range plan of relocation of City Hall

S E R V I C E S O L U T I O N S S U C C E S S



Financing the Ballpark



Financing the Ballpark

- Alternative One:
 - Finance through general obligation bonds if approved by the voters
 - Supported 100% by property taxes
 - Debt service could be supplemented from other available revenues
 - Concerns regarding burden on tax payers and timing issues
 - Prior City Council action directed staff to seek alternatives



Financing the Ballpark

- Alternative Two:
 - Finance through subject-to-appropriation obligation of the City (lease revenue bonds)
 - Lease payments by City supported by lawfully available revenues, including TIRZ & DMD (if applicable), ticket surcharge, owner rental payments and other general fund revenue as needed
 - Requires creation of a local government corporation by the City to own the facility and lease to City which then leases to Team



Financing the Ballpark

- Alternative Three:
 - Voter approval of Ballpark as a “venue” project and 2% increase in Hotel occupancy tax
 - City-owned facility
 - Additionally supported by ticket surcharge, rent from team and other lawfully available revenue as needed (e.g., general revenues)
 - Revenues from property taxes cannot support approved venue project (unless subsequently approved by voters)



Projected Revenues

Assuming Alternative Three:

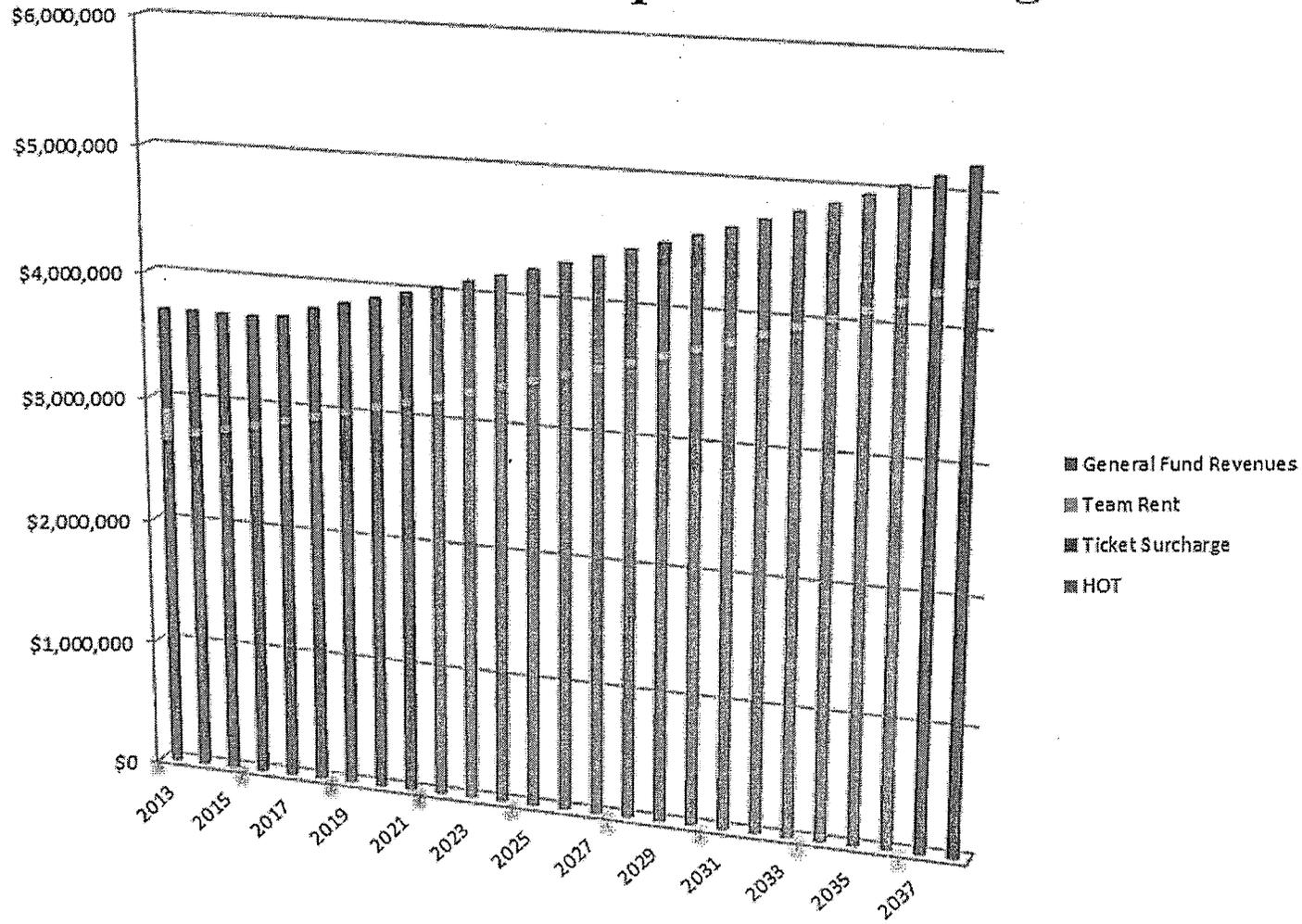
- Bonds secured by HOT revenues
- Annual debt payment of approximately \$3.7 million*
 - Tax exempt and taxable debt
- Payable from approximately \$2.6 million* HOT revenues, \$40,000* in ticket surcharge & \$50,000 in rent**; remaining from general revenues of the City

* Estimates based on City projections & current market conditions

**\$250,000 in first year from rent



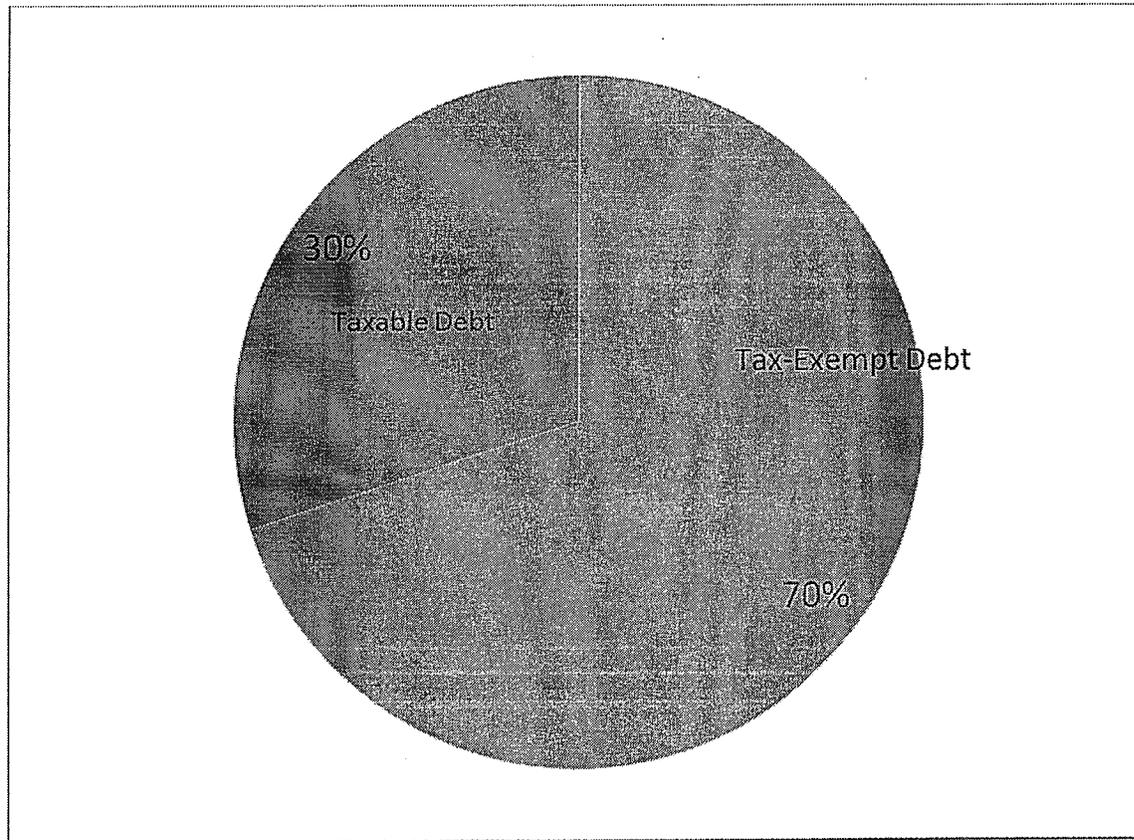
Revenues for Ballpark Financing



Note: Model assumes 2% of HOT revenue growth



Alternative Three: Key Assumptions for Lease Revenue Bonds



- *\$15 Million (Taxable) and \$35 million (Tax-exempt) = \$50 Million Total*



Resolution for Venue Project

- Discussion and action on a resolution providing for the planning, acquisition, establishment, development and construction of a sports and community venue project and designating the method of financing the project pursuant to Chapter 334 of the Local Government Code.

(Paul Braden)



Approvals needed:

- Approve resolution authorizing the City Manager to sign a Term Sheet with respect to the relocation of a Triple A baseball team to El Paso and the development of a public sports facility in Downtown El Paso, on the site currently occupied by City Hall, and to move forward with other specified matters related thereto.
- Approve resolution providing for the planning, acquisition, establishment, development and construction of a sports and community venue project and designating the method of financing the project pursuant to Chapter 334 of the Local Government Code.

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Additional Presentation from Team Ownership

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Questions?