

# PSV PROPOSAL

## CONTEMPORARY MLS STADIUM FUNDING

- ✓ Contemporary MLS projects have an average project cost of \$205 MM
- ✓ Average public contribution totals \$72 MM or 35% of total project cost

| #                           | Stadium                        | Market (MSA)   | Year Built | Project Cost | Public Contribution | Private Contribution | Public Share | Private Share |
|-----------------------------|--------------------------------|----------------|------------|--------------|---------------------|----------------------|--------------|---------------|
| 1                           | [1, 2] Allianz Field           | Minneapolis    | 2019       | \$ 218.0     | \$ 18.0             | \$ 200.0             | 8%           | 92%           |
| 2                           | [1] Audi Field                 | Washington, DC | 2019       | \$ 400.0     | \$ 150.0            | \$ 250.0             | 38%          | 63%           |
| 3                           | [2] Banc of California Stadium | Los Angeles    | 2018       | \$ 350.0     | \$ -                | \$ 350.0             | 0%           | 100%          |
| 4                           | [2] Orlando City Stadium       | Orlando        | 2017       | \$ 156.0     | \$ -                | \$ 156.0             | 0%           | 100%          |
| 5                           | Avaya Stadium                  | San Jose       | 2015       | \$ 99.7      | \$ 1.5              | \$ 98.2              | 2%           | 98%           |
| 6                           | BBVA Compass Stadium           | Houston        | 2012       | \$ 101.0     | \$ 41.0             | \$ 60.0              | 41%          | 59%           |
| 7                           | Children's Mercy Park          | Kansas City    | 2011       | \$ 203.2     | \$ 183.0            | \$ 20.2              | 90%          | 10%           |
| 8                           | Red Bull Arena                 | New York       | 2010       | \$ 300.0     | \$ 85.0             | \$ 215.0             | 28%          | 72%           |
| 9                           | Talen Energy Stadium           | Philadelphia   | 2010       | \$ 122.0     | \$ 73.0             | \$ 49.0              | 60%          | 40%           |
| 10                          | Rio Tinto Stadium              | Salt Lake City | 2008       | \$ 117.5     | \$ 72.5             | \$ 45.0              | 62%          | 38%           |
| 11                          | Dick's Sporting Goods Park     | Denver         | 2007       | \$ 183.0     | \$ 162.0            | \$ 21.0              | 89%          | 11%           |
| <b>Minimum</b>              |                                | -              | -          | \$ 99.7      | \$ -                | \$ 20.2              | 0.0%         | 9.9%          |
| <b>Average</b>              |                                | -              | -          | \$ 204.6     | \$ 71.5             | \$ 133.1             | 34.9%        | 65.1%         |
| <b>Maximum</b>              |                                | -              | -          | \$ 400.0     | \$ 183.0            | \$ 350.0             | 90.1%        | 100.0%        |
| <b>Proposed MLS Stadium</b> |                                | -              | -          | \$ 200.0+    | TBD                 | \$ 200.0             | -            | -             |

Source: Internet research; B&D database

[1] Under construction; final budget TBD

[2] Project cost does not include land and infrastructure contributions by public agencies

# PSV PROPOSAL

## KEY TERMS

- ✓ PSV's proposed term sheet calls for a project with construction costs not to exceed \$200 MM
- ✓ The City is responsible for site preparation and remediation, presently estimated at \$2 MM by the City
- ✓ PSV will privately finance construction of the stadium
- ✓ PSV will take responsibility for cost overruns on the stadium project
- ✓ The team will have rights to all revenues and be responsible for both ongoing operational and capital expenses (allowing for a fixed number of City event dates)
- ✓ The initial term is 20 years with options for three renewals of the same duration
- ✓ PSV will donate the stadium to the City and pay \$1 in rent each year but be exempt from property tax

# PSV PROPOSAL

## RECOMMENDATIONS TO COUNCIL

- ✓ Examine opportunities to maximize on-site affordable housing
- ✓ In order to eliminate the cost overrun risk associated with site development and off-site infrastructure, the City should require a clear list of utility / infrastructure design specifications in advance.
- ✓ The City should also require a more clear definition of site preparation, in order to eliminate ambiguity that may result in added cost to the City.
- ✓ To establish a clear quality standard for the facility it will own, the City should require the identification of an agreed-upon list of other MLS stadia representing the desired quality of architecture and construction.
- ✓ For the same reason, the City should also require approval rights over a set of basis architectural documents that will represent the standard to be maintained throughout construction.
- ✓ During the stadium development process, the City should require (and agree to participate collaboratively in) the development of a Transportation and Parking Plan for stadium events.
- ✓ The City should include a non-relocation lease provision for the Team, requiring that if the Team should break the lease during its term that it would be obligated to repay city's cost of and development and / or demolition of stadium and clearing of site for another use.

# INTRODUCTIONS

## B&D VENUES AND PROJECT PERSONNEL



**Specialized practice group** within  
Brailsford & Dunlavey that focuses  
exclusively on the planning and project  
management of public assembly venues

# 70+

**Municipal Venues  
Projects**



**Chris Dunlavey, FAIA  
President**

- ◆ Co-Founder of B&D
- ◆ Leader of B&D VENUES
- ◆ Recipient of SBJ's "40 under 40" award

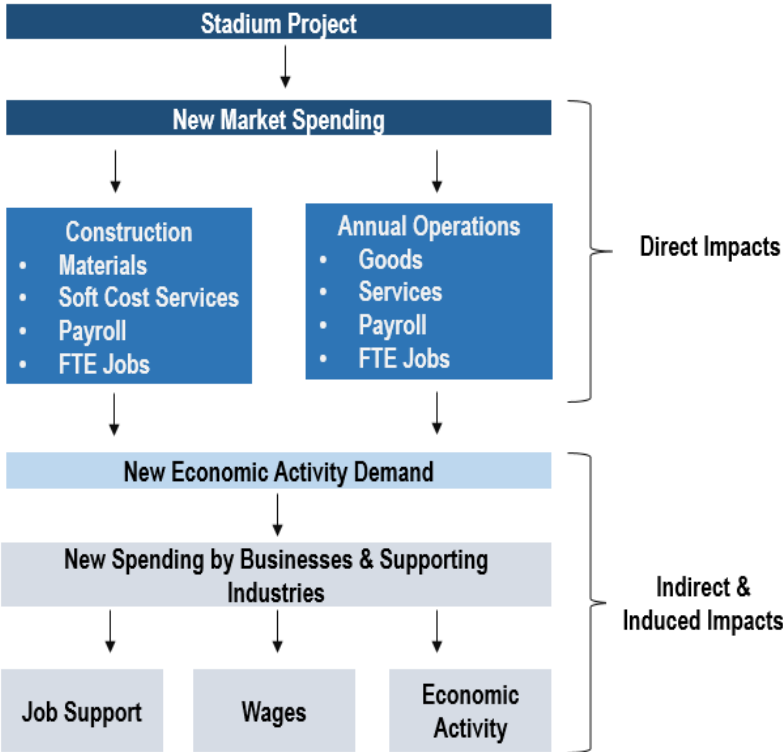


**Bryan Slater  
Senior Project Manager**

- ◆ Eight years with B&D
- ◆ Experience with MLS, NBA, NHL, and MLB Facilities
- ◆ Over 75 public assembly venue projects

# METHODOLOGY

## ECONOMIC AND FISCAL IMPACT ANALYSIS



*Economic Impact Flow Chart*

- ✓ Economic and fiscal impacts are calculated based on net new spending in a market
- ✓ Impacts are measured during construction (one-time) and on a recurring basis
- ✓ Economic impacts are expressed in terms of output, wages, and FTE jobs
- ✓ Fiscal impacts are public tax revenues generated by various spending patterns
- ✓ Impacts to the County are *inclusive* of those to the City; totals are not additive

# CONSTRUCTION PERIOD

## ECONOMIC IMPACTS

✓ Direct spending during the construction period will generate meaningful impacts

| Construction Period Totals | City of Austin | Travis County |
|----------------------------|----------------|---------------|
| Direct Output              | \$ 39,200,000  | \$ 53,600,000 |
| Direct Wages               | \$ 28,000,000  | \$ 33,600,000 |
| Direct Employment          | 491            | 589           |

✓ City totals:

- \$54.2 million in economic activity
- \$49 million in wages
- 934 FTE Jobs

|                     |               |               |
|---------------------|---------------|---------------|
| Indirect Output     | \$ 14,962,640 | \$ 34,773,000 |
| Indirect Wages      | \$ 20,970,320 | \$ 40,786,560 |
| Indirect Employment | 443           | 938           |

|               | Totals        | Totals        |
|---------------|---------------|---------------|
| Output:       | \$ 54,162,640 | \$ 88,373,000 |
| Wages:        | \$ 48,970,320 | \$ 74,386,560 |
| Jobs (FTE):   | 934           | 1,528         |
| Average Wage: | \$52,418      | \$48,691      |

✓ Impacts from site preparation **are not** included

✓ Fiscal impacts are not quantifiable; construction materials will not be subject to sales and use taxes based on PSV's proposal

# RECURRING OPERATIONS

## PATRON SPENDING TOTALS

- ✓ Patron spending will provide the basis for a large portion of recurring impacts

| Spending Category     | In-Market Day Trippers | 213,077             | Out-of-Market Day Trippers | 170,462             | Overnight Patrons | 42,615              |
|-----------------------|------------------------|---------------------|----------------------------|---------------------|-------------------|---------------------|
| Lodging               | \$ -                   | \$ -                | \$ -                       | \$ -                | \$ 93.33          | \$ 3,977,439        |
| Food and Beverage     | \$ 10.00               | \$ 2,130,771        | \$ 20.00                   | \$ 3,409,233        | \$ 38.00          | \$ 1,619,386        |
| Retail                | \$ 5.00                | \$ 1,065,385        | \$ 7.00                    | \$ 1,193,232        | \$ 8.00           | \$ 340,923          |
| Transportation        | \$ 3.00                | \$ 639,231          | \$ 4.00                    | \$ 681,847          | \$ 5.00           | \$ 213,077          |
| <b>Gross Spending</b> |                        | <b>\$ 4,221,623</b> |                            | <b>\$ 5,816,458</b> |                   | <b>\$ 6,770,232</b> |
| <b>Displacement</b>   | <b>100%</b>            | <b>\$ -</b>         | <b>0%</b>                  | <b>\$ 5,816,458</b> | <b>\$ -</b>       | <b>\$ 6,770,232</b> |
| Total Spending        | \$ 16,808,313          |                     |                            |                     |                   |                     |
| Adjusted Spending     | \$ 12,586,690          |                     |                            |                     |                   |                     |
| Local Market Purchase | 80%                    |                     |                            |                     |                   |                     |
| Direct Spending       | \$ 10,069,352          |                     |                            |                     |                   |                     |

- ✓ All spending from in-market day trippers is considered displacement spending

| Spending Category     | In-Market Day Trippers | 255,692             | Out-of-Market Day Trippers | 127,846             | Overnight Patrons | 42,615              |
|-----------------------|------------------------|---------------------|----------------------------|---------------------|-------------------|---------------------|
| Lodging               | \$ -                   | \$ -                | \$ -                       | \$ -                | \$ 93.33          | \$ 3,977,439        |
| Food and Beverage     | \$ 10.00               | \$ 2,556,925        | \$ 20.00                   | \$ 2,556,925        | \$ 38.00          | \$ 1,619,386        |
| Retail                | \$ 5.00                | \$ 1,278,462        | \$ 7.00                    | \$ 894,924          | \$ 8.00           | \$ 340,923          |
| Transportation        | \$ 3.00                | \$ 767,077          | \$ 4.00                    | \$ 511,385          | \$ 5.00           | \$ 213,077          |
| <b>Gross Spending</b> |                        | <b>\$ 5,065,947</b> |                            | <b>\$ 4,362,344</b> |                   | <b>\$ 6,770,232</b> |
| <b>Displacement</b>   | <b>100%</b>            | <b>\$ -</b>         | <b>0%</b>                  | <b>\$ 4,362,344</b> | <b>0%</b>         | <b>\$ 6,770,232</b> |
| Total Spending        | \$ 16,198,523          |                     |                            |                     |                   |                     |
| Adjusted Spending     | \$ 11,132,576          |                     |                            |                     |                   |                     |
| Local Market Purchase | 85%                    |                     |                            |                     |                   |                     |
| Direct Spending       | \$ 9,462,689           |                     |                            |                     |                   |                     |

- ✓ Patron spending provides an estimated \$10.1 MM in direct spending to the City

# RECURRING OPERATIONS

## ECONOMIC IMPACTS

- ✓ Net new direct spending will create meaningful recurring impacts
- ✓ City totals:
  - \$25.6 million in economic activity
  - \$22.1 million in wages
  - 342 FTE Jobs
  - 20-Year NPV: \$384 million in economic activity and \$332 million in wages
- ✓ Other considerations:
  - The scope of MLS team operations is likely to expand in 2022 with a new television agreement
  - The approach to displacement spending is conservative and may slightly understate impacts

|  | Annual Totals | City of Austin | Travis County |
|--|---------------|----------------|---------------|
| Franchise & Stadium Operation Direct   | \$            | 8,458,861      | \$ 10,163,864 |
| Franchise & Stadium Operation Indirect | \$            | 3,559,002      | \$ 5,183,858  |
| Patron Spending Direct                 | \$            | 10,204,298     | \$ 9,591,075  |
| Patron Spending Indirect               | \$            | 3,410,140      | \$ 6,688,063  |

|                                 | Sub-Total     | Sub-Total     |
|---------------------------------|---------------|---------------|
| Team Operation Direct Wages:    | \$ 12,699,582 | \$ 14,371,882 |
| Team Operation Indirect Wages:  | \$ 6,447,175  | \$ 12,383,351 |
| Patron Spending Indirect Wages: | \$ 2,971,668  | \$ 3,972,443  |

|  | Sub-Total | Sub-Total |
|--|-----------|-----------|
| Franchise & Stadium Operation Direct Jobs (FTE): | 131       | 144       |
| Team Operation Indirect Jobs (FTE):              | 109       | 232       |
| Patron Spending Indirect Jobs (FTE):             | 102       | 130       |

|               | Totals        | Totals        |
|---------------|---------------|---------------|
| Output:       | \$ 25,632,302 | \$ 31,626,860 |
| Wages:        | \$ 22,118,425 | \$ 30,727,675 |
| Jobs (FTE):   | 342           | 507           |
| Average Wage: | \$ 64,614     | \$ 60,613     |

|         | 20-Year NPV at 4.5% | City of Austin | Travis County |
|---------|---------------------|----------------|---------------|
| Output: | \$ 384,368,980      | \$ 474,260,322 |               |
| Wages:  | \$ 331,676,661      | \$ 460,776,604 |               |



# RECURRING OPERATIONS

## FISCAL IMPACTS

- ✓ The 20-Year NPV of fiscal impacts measures \$11.4MM to the City and \$5.4 MM to Cap Metro
- ✓ The City and Cap Metro each benefits from \$349,000 in sales and use tax in 2021
- ✓ The City will also receive \$322,000 in HOT and \$58,000 from the mixed beverage tax in 2021

| Category                 | Jurisdiction  | 2019 | 2020 | 2021       | 2025       | 2030       |
|--------------------------|---------------|------|------|------------|------------|------------|
| Sales & Use Tax          | City          | \$ - | \$ - | \$ 348,518 | \$ 394,355 | \$ 462,741 |
| Sales & Use Tax          | CMTA          | \$ - | \$ - | \$ 348,518 | \$ 394,355 | \$ 462,741 |
| Mixed Beverage Tax       | City          | \$ - | \$ - | \$ 58,377  | \$ 66,344  | \$ 77,849  |
| Hotel Occupancy Tax      | City          | \$ - | \$ - | \$ 322,426 | \$ 366,430 | \$ 429,973 |
| [1] Property Tax         | County / City | \$ - | \$ - | \$ -       | \$ -       | \$ -       |
| <b>City Tax Impact</b>   | -             | \$ - | \$ - | \$ 729,322 | \$ 827,130 | \$ 970,563 |
| <b>CMTA Tax Impact</b>   | -             | \$ - | \$ - | \$ 348,518 | \$ 394,355 | \$ 462,741 |
| <b>County Tax Impact</b> | -             | \$ - | \$ - | \$ -       | \$ -       | \$ -       |

| 20-Year NPV         | Total               |
|---------------------|---------------------|
| City Tax Impact     | 4.50% \$ 11,406,201 |
| CMTA Tax Impact     | 4.50% \$ 5,438,898  |
| Property Tax Impact | 4.50% \$ -          |

[1] Property taxes are presently not collected on the proposed project site