

Memorandum



DATE October 10, 2008

TO The Honorable Mayor and Members of the City Council

SUBJECT Other Events Trust Fund: NCAA Men's and Women's Final Four Briefing

The Convention & Event Services Department will be briefing you on the Other Events Trust Fund: NCAA Men's and Women's Final Four on October 15, 2008.

Please let me know if you have any questions regarding this matter.



Ramon F. Miguez, P.E.
Assistant City Manager

Attachment

c: Mary Suhm, City Manager
Thomas P. Perkins, Jr. City Attorney
Craig Kinton, City Auditor
Deborah A. Watkins, City Secretary
Judge C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
David O. Brown, Interim Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Dave K. Cook, Chief Financial Officer
Frank Poe, Director, Convention & Event Services
Helena Stevens-Thompson, Assistant to the City Manager – Council Office

Other Events Trust Fund – NCAA Men’s and Women’s Final Four

Dallas City Council
October 15, 2008



Purpose

- To provide information and review the process for the City of Dallas to:
 - participate in city-wide or regional games which qualify for the establishment of the Other Events Trusts Fund and
 - provide governmental assurances in support of city-wide or regional special events
- To notify the City Council that two local/regional bidding committees have submitted bids for the NCAA Women's and Men's Final Four and consideration is being given for a future NBA All-Star Game

Goal

- To secure the City of Dallas' support for qualified city-wide and regional special events.
- To become an endorsing municipality as provided for under state law for establishment of the Other Events Trust Fund (OETF)
- Full recovery of the City of Dallas incremental expenses in support of qualified city-wide or regional special events.

Background

- The City of Dallas has participated in city-wide and regional special events.
 - In March 2007, City Council authorized resolutions regarding governmental assurances to the NFL concerning support for Super Bowl XLV and
 - The initiation of the OETF with respect to Super Bowl XLV.

Why Participate

- Hosting City-wide and regional special events generate millions of dollars of economic impact.
- Sanctioning organizations sponsor Community Awareness programs/initiatives.
- Global exposure from media broadcasts will allow the City of Dallas to showcase the investment in its image and infrastructure.
- The City of Dallas can benefit by providing the majority of the required hotel room nights. A large portion of the visitors to the region will visit the city's restaurants and other entertainment venues.

Current Opportunities

- NCAA has selected Dallas as one of eight finalist cities for one of the games between 2012 - 2016 for the NCAA Women's Final Four (all events will be in the City of Dallas).
 - Mid November - decision date and announcement
- Additionally, the NCAA has selected the North Texas Region as one of ten finalists cities for one of the games between 2012 – 2016 for the NCAA Men's Final Four (game is proposed for the Cowboy Stadium and the National Association of Basketball Coaches Convention, NCAA headquarters hotel, NCAA Hoop City at the Dallas Convention Center and Men's Final Four Salute event are proposed be held in the City of Dallas).
 - Mid November – decision date and announcement
- Consideration is underway for a future NBA All-Star Game

Other Events Trust Fund (OETF) – What is it?

- A legislatively available process to access incremental state and local taxes in support of qualified special events.
- State of Texas statute, Article 5190.14 Vernon's Texas Civil Statutes, Section 5A, provides for the establishment of the OETF to access the incremental state and local sales and use tax, hotel occupancy tax, and mixed beverage tax revenues that are attributable to a qualifying special event within the State of Texas.
- An endorsing municipality or county may restrict taxes that are determined necessary to meet obligations of the municipality or county.
- The City of Dallas' hotel occupancy tax is restricted by bond covenants and contractual requirements. The mixed beverage tax is also restricted by bond covenants to the extent needed for operation and maintenance of the convention center complex.

Other Events Trust Fund (cont.)

- To request the establishment of the OETF, a site in Texas must be selected by a site selection organization for a qualifying event pursuant to an application by a Local Organizing Committee (LOC) or a municipality or county.
- A site selection organization as defined by the state statute is:
 - National Football League
 - National Collegiate Athletic Association
 - National Basketball Association
 - National Hockey League
 - Major League Baseball
 - United States Olympic Committee

Other Events Trust Fund (cont.)

- In the state statute, the following events are identified as a qualifying games:
 - Super Bowl
 - NCAA Final Four game
 - NBA All-Star game
 - NHL All-Star game
 - MLB All-Star game
 - NCAA Bowl Championship Series game
 - World Cup
 - World Games
 - Events sanctioned by US Olympic Committee

Other Events Trust Fund (cont.)

- The Texas Comptroller of Public Accounts (Comptroller) shall determine (based upon the LOC's proposal) the geographic boundaries of the market area in which there is a reasonable likelihood of economic impact directly attributable to the preparation for and presentation of the game and related events, including areas likely to provide venues, accommodations, and service in connection with the game.
- Upon the request of an endorsing municipality and an endorsing county, the Comptroller shall provide an estimate not later than three months before the date of the game or six months before the date of the game the incremental increase in certain tax revenues directly attributable to the game and its related events, for the two week period ending on day after the game the estimate serves as the basis for determining amounts to be deposited in the OETF.

Other Events Trust Fund (cont.)

- The OETF is established outside the state treasury and is held in trust by the Comptroller and may be disbursed without appropriations, as provided by state statute.
- The use of the funds as provided by state statute require:
 - Each endorsing municipality or county must enter into a event support contract with the LOC to authorize the disbursement of the funds.
- The estimate of incremental taxes determined by the Comptroller is for a two-week period ending one day after the event.
- The Comptroller shall deposit to the trust fund a portion of the state incremental tax revenue in an amount to equal to the lesser of (1) the state portion of the estimate or (2) 6.25 times the amount of the local City/County incremental tax revenue contributed to the fund.

Other Events Trust Fund (cont.)

State vs. Local Money

- As an example, if the total estimated City and County incremental taxes are \$150,000, and the City and County (as determined by each jurisdiction) agreed to the deposit of only \$50,000 into the trust fund, then
- $6.25 \text{ times } \$50,000 = \$312,500$
- The Comptroller will deposit into the trust fund \$312,500, to the extent that amount of State tax increment is available.
- Under this example, the total amount deposited into the trust fund from City, County and State incremental taxes for the game and related events would be \$362,500.

Note: The hotel occupancy tax is restricted by bond covenants and contractual requirements. The mixed beverage tax is also restricted by bond covenants to the extent needed for operation and maintenance of the convention center complex.

Governmental Assurances

- The LOC may be asked to submit a list of governmental assurances to the sanctioning organization.
- The City of Dallas may be called upon to ensure that all governmental services for the game and related events held within the City are provided at no cost, expense, or liability to the Site Selection Organization.

Governmental Assurances

- Governmental assurances the City may be asked by the LOC to consider are:
 - Ambush Marketing – (a term used in industry circles when one brand pays to become an official sponsor of an game and related events (most often athletic) and another competing brand attempts to cleverly connect itself with the game and related events, without paying a sponsorship fee)
 - To provide a anti-ambush marketing “Clean Zone” around the event venues during the period of the event
 - Public Safety
 - To provide all law enforcement, fire and emergency medical services during the game and related events within the City of Dallas
 - Airport
 - To provide cooperation in establishing information booths, providing meeting space and responding to special service requests

Governmental Assurances (cont.)

□ Vehicle Licensing

- All fees for special licensing of official vehicles be waived

□ Temporary Flight Restrictions

- Airspace above and around the event facility must be protected by restricting access to all aircraft, with the exception of aircraft used for television and security

□ Transportation

- Rates for buses and limousines may not exceed existing tariff rate as of an established date
- Governmental authorities must commit to providing variable message signs for the purpose of traffic management and public messaging
- Park and Ride shuttle must be operated during the certain activities at no cost to the sanctioning organization

Governmental Assurances (cont.)

□ Venue Reservation Agreement

- Venues for the game and related events agree to honor a reservation period for activities held in conjunction with the game and related events.
- Venues agree not to solicit, negotiate, act upon or entertain in any way any offers to lease any part of the venue during the reservation period.
- Venues can request the LOC or the site organization to release a date if there is an event (non-ambush) that is requesting the use of the venue.

Recommendation

- Seek City Council approval on its October 22, 2008 agenda for a resolution supporting (1) the NCAA Men's and Women's Final Four bids and (2) with respect to the Men's and Women's Final Four, the City of Dallas' participation as an:
 - Endorsing municipality under the OETF and
 - City of Dallas' contribution of its incremental sales tax revenue to the OETF for the NCAA Women's and Men's Final Four Bidding Committee's efforts to secure this event.

Note: The hotel occupancy tax is restricted by bond covenants and contractual requirements. The mixed beverage tax is also restricted by bond covenants to the extent needed for operation and maintenance of the convention center complex.

Recommendation (cont.)

- And, authorize the City Manager to work closely with the NCAA Women's and Men's Final Four LOC's as a City-wide and/or regional event, which qualifies under State of Texas statute, Article 5190.14 Vernon's Texas Civil Statutes, Section 5A to address the following:
 - City of Dallas' participation as an endorsing municipality under the OETF
 - City of Dallas' contribution of its incremental sales tax revenue to the OETF

Note: The hotel occupancy tax is restricted by bond covenants and contractual requirements. The mixed beverage tax is also restricted by bond covenants to the extent needed for operation and maintenance of the convention center complex.

Recommendation (cont.)

- ❑ City of Dallas' requirement to enter into an event support contract with the LOC, which provides that the City of Dallas has priority position for reimbursement of its incremental expenses from the OETF.
- ❑ To the extent not reimbursed from the OETF, the City's incremental expenses shall be reimbursed from the LOC.

Questions