

Item 1
CM Pool



City of Austin

Late Backup

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Soccer Stadium Proposal: PSV Terms vs. Miami Terms

	Austin Deal Under PSV Terms (Over 20 Years)	Austin Deal Under Miami Terms (Over 20 Years) ¹
Local Government Costs (Direct Spending and Forgone Revenues)	Total Unknown	\$23 million to \$43 million
Known Local Government Direct Spending	\$32 million to \$36 million	\$14 million
Insurance	\$3 million	-
*Capital Repairs	\$3 million	\$0
Area-Wide Water, Wastewater, Water Quality Infrastructure	\$2 million	\$0
CapMetro Infrastructure	\$14 million	\$14 million
Event Services Outside Stadium ²	\$10 million to \$15 million	\$0
Unknown Local Government Costs	Unknown	\$0
Remediation ³	Unknown	\$0
*Infrastructure Requirements	Unknown	\$0
Training Complex: Land, Structure, Infrastructure, Revenue	Unknown	\$0
Forgone Local Gov. Revenues (Potential Revenues Not Collected)	\$199 million to \$300 million	\$10 million to \$30 million
*Forgone Rent ⁴	\$38 million	\$0
Forgone Property Taxes ⁵	\$151 million to \$233 million	\$0
To the City of Austin	\$30 million to \$47 million	\$0
To Other Local Governments	\$121 million to \$186 million	\$0
Forgone Revenue-Sharing Opportunities ⁶	\$10 million to \$30 million	\$10 million to \$30 million
Forgone Ticket Revenue-Sharing Opportunities ⁶	\$9 million to \$26 million	\$9 million to \$26 million
Forgone Parking Revenue-Sharing Opportunities ⁶	\$1 million to \$4 million	\$1 million to \$4 million
Team Spending	\$71 million to \$83 million	\$202 million to \$283 million
Rent & Property Taxes	\$8 million	\$198 million to \$279 million
*Rent ⁴	\$8 million	\$47 million
Property Taxes ⁵	\$0	\$151 million to \$233 million
To the City of Austin	\$0	\$30 million to \$47 million
To Other Local Governments	\$0	\$121 million to \$186 million
Community Benefits⁷	\$63 million to \$74 million	\$4 million
*Community Benefits Package ⁷	\$59 million to \$71 million	\$0
Parkland Investment	\$4 million	\$4 million

See other side for footnotes.

Notes

⁺ Some numbers may not add due to rounding.

* Denotes a provision that changed in the negotiated deal.

- Capital Repairs: PSV initially proposed covering all capital repairs; in negotiations, the City agreed to cover roughly \$3 million over 20 years.
- Infrastructure Requirements: PSV initially proposed having the City cover infrastructure requirements; in negotiations, PSV agreed to fund "certain" infrastructure requirements, but did not specify which or how much.
- Rent: PSV initially proposed paying \$1 per year in rent; in negotiations, PSV agreed to pay \$550,000 in rent annually, with no escalation in rent over time and with a portion of that returned to a capital repairs reserve fund (See "Capital Repairs" above).
- 'Community Benefits': PSV initially proposed allowing the public sector two rent-free uses of the stadium per year; in negotiations, they agreed to five (valued at \$50,000 per rent-free-use).

¹ The source for the Miami terms comparison is the July 17, 2018 term sheet for the "Proposed Ground Lease and Master Development Agreement between the City of Miami and Miami Freedom Park, LLC."

² The PSV proposal would require the city to fund event services outside the stadium. District 7 staff estimated event services outside the stadium by working with the relevant departments to determine what resources would reasonably be needed to serve the area on game days and then removing from the estimates resources that would likely be utilized inside the stadium. The lower figure assumes no increase in the cost of these resources over 20 years; the higher figure assumes a cost increase every five years based on the rate of cost increases for these services over the past decade.

³ City staff have reported that the city does not expect significant remediation costs. However, the PSV proposal would require the city to fund “any necessary remediation activities arising from the presence of existing environmental conditions, whenever arising” and does not include a cap on the potential remediation costs.

⁴ The source for total rent costs is the Office of Real Estate Services' "McKalla Place 2016 Draft Appraisal," which estimates rent at \$1,917,500 in the first year, escalating at 2 percent a year thereafter. Over 20 years, this would total roughly \$47 million. The forgone rent under the PSV terms (roughly \$38 million) is an estimate of the total rent that would normally be received by the City of Austin over 20 years (roughly \$47 million) minus the amount of rent paid (roughly \$8 million).

⁵ Forgone property taxes were calculated by estimating the value of the property using the cost approach, applying today's tax rates for each relevant local governmental entity, and then estimating the escalation of tax burden annually over 20 years. The lower figure estimates a 4 percent annual growth in tax burden (slightly higher than Austin-area inflation, which is at roughly 3 percent); the higher figure estimates an 8 percent annual growth in tax burden. District 7 staff worked with city staff to confirm that this model's methodology and assumptions are reasonable. For context, city staff have reported that over the past decade the amount Austin taxpayers paid in the city's maintenance and operations (M&O) property taxes has grown an average of 6.8 percent over the effective M&O rate annually. To the extent that a property grew faster or slower than average, the increase in their tax burden would be higher or lower than this average.

⁶ Forgone revenue-sharing opportunities were estimated by analyzing the revenue-sharing options used in other stadium deals. Of the stadiums that included ticket revenue-sharing terms in their deals, the flat per-ticket surcharge is the most prevalent mechanism and ranged from \$1 per ticket (in the Los Angeles area) to \$3 per ticket (in the Denver area). The lower figure uses a \$1 per ticket forgone surcharge assumption; the higher figure uses a \$3 per ticket forgone surcharge assumption. Of the stadiums that included parking revenue-sharing terms in their deals, a percentage of parking revenues is the most prevalent mechanism. The analysis here uses the parking revenue-sharing percentage currently paid by the Columbus Crew (30 percent) and uses the City of Austin's Variable Special Event Parking fees at the Austin Convention Center from the city's FY 2018 fee schedule to estimate the charge per parking space per game. The lower estimate included here assumes the lowest parking fee from the fee schedule (at \$5 per space) while the higher estimate assumes the highest parking fee from the fee schedule (at \$20 per space).

⁷ There are still questions over how to properly value PSV's proposed 'Community Benefits' package. It is fairly standard to value community benefits at different rates based on the specifics of their proposals (for instance, in Planned Unit Development applications). While District 7 staff are currently working on that analysis, the values included in this sheet assume all proposed community benefits are given full credit over the initial 20-year term. The \$59 million figure estimates the fully credited net amount that PSV would be spending (adjusting for tax deductions and donations from third-party entities), whereas the \$71 million figure estimates the fully credited total value of the package (without adjusting for tax deductions and donations from third-party entities).