

Stadium Feasibility Study and Hospitality Tax Competitive Process Updates

Board of Commissioners Work Session

October 14, 2019



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Stadium Feasibility Study Proposed Scope of Work



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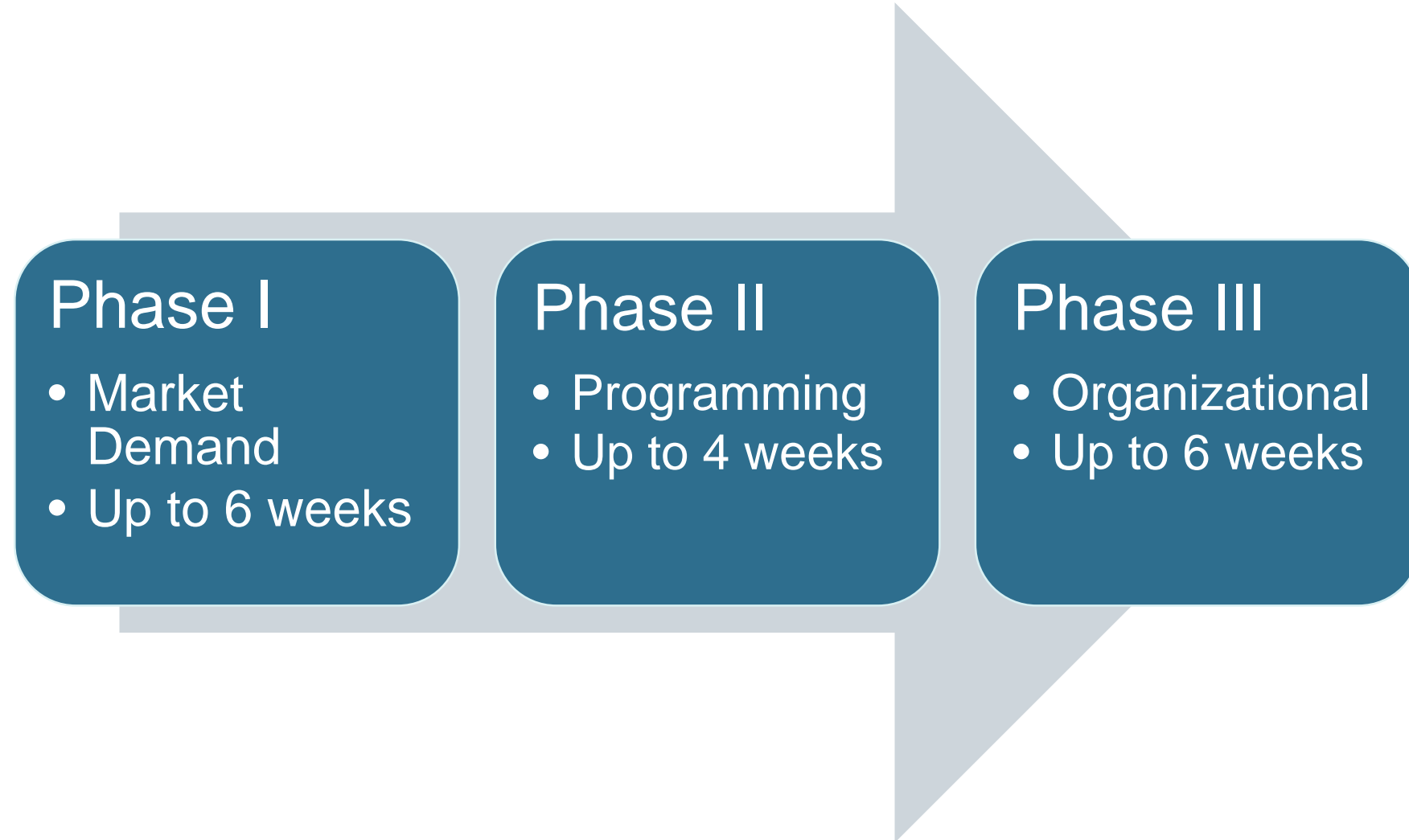
Introduction

- The Wake County Board of Commissioners and Raleigh City Council authorized the City and County Managers to conduct a joint feasibility study on the proposed soccer and entertainment stadium and the surrounding properties in the Downtown South project.
- Staff has jointly developed a project approach and scope of work.

Project Approach

- City lead process
- Share project cost 50% City/ 50% County
- Direct contract with JLL Group
 - Recently completed Wake County Destination Strategic Plan
- Contract not to exceed \$100,000
- Complete within 4 months

Study Scope and Phases



Phase I – Market Demand

- Local market characteristics
- Economic, demographic, and socioeconomic trends
- Industry trends
- Site analysis
- Comparables and competitive facilities within 90 minute drive time
- Review best practice examples
- Impact on surrounding properties particularly property values, traffic impacts and parking impacts

Phase II – Programming

- Programming options for sports, entertainment and meetings
- Impact to existing venues

Sports Venues	Performing Arts and Convention Venues
WakeMed Soccer Park	Raleigh Convention Center
PNC Arena	Red Hat Amphitheater
Five County Stadium	Duke Energy Center for the Performing Arts
Proposed indoor sports facility	Koka Booth Amphitheater
	Coastal Credit Union Music Park at Walnut Creek

- Economic impact of stadium on Raleigh and Wake County markets
 - New job creation and salary levels
 - Tax revenues
 - Direct/indirect spending

Phase III – Organizational

- Facility ownership and management
 - Explore models
 - Include potential roles of public sector and developer
 - Financial and operational liability of each model to taxpayers
- Financing models
 - Explore financing models used in comparable markets
 - Include long term operational model and anticipated return on investment
- High level proforma

Next Steps

- Brief Raleigh City Council - October 15
- Raleigh engage consultant
- City/County staff team meet regularly with consultant
- Provide study outcomes to elected officials - Feb/March

Multipurpose Indoor Sports Complex City/County RFP



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Multipurpose Indoor Sports Complex

- Minimum 100,000 sqft multi-use indoor sports complex to host youth and amateur events and tournaments
- Recommended in 2018 Destination Strategic Plan
- Included in 21st Amendment
 - Provides up to \$2.36 million annual funding for 25-years
 - Leverages approximately \$35 million in debt
- Competitive process to be jointly conducted by City and County – led by County

Proposed Process

Timeline

- October 14/15, 2019 BOC/RCC briefed on process
- **October 23, 2019** **RFP Released**
- November 14, 2019 Pre-submittal Meeting
- **January 16, 2020** **Submittals due**
- January 23/24, 2020 Presentations to Evaluation Team
- February 10/ 11, 2020 Recommendations Presented BOC/RCC
- **February 17/18, 2020** **BOC and RCC Decisions**
- March 2/3, 2020 Alternative date for BOC and RCC Decisions

Evaluation Team

Wake County Staff

County Manager's
Office (Lead)
Budget/Finance
Facilities, Design and
Construction

City of Raleigh Staff

Budget/Finance
Special Events
Convention Center

Community

Greater Raleigh
Convention and
Visitors Bureau
Wake County
Hospitality Alliance
Wake County
Municipality

Minimum Criteria

- Project fully located in Wake County
- Consistent with statutory uses of revenues
- Capital in nature (minimum value of \$50,000,000)
- Maximum hospitality tax funding of 45% of total project cost
- Request shall not exceed annual payment of \$2.36 million for up to 25 years

Minimum Criteria

- Minimum of 100,000 square feet
- Minimum of 12 courts
- Seat minimum of 4,000 spectators
- Capable of accommodating e-sports competitions
 - Minimum of 7,500 square foot ballroom space
 - Minimum of 6 multi-purpose meeting rooms for event support
- Four full-size locker rooms with showers

Proposal Requirements

Overview & Objectives

- Project concept and approach
- Alignment with Operating Principles and Destination Strategic Plan

Operating Plan

- Long-term viability
- Management of operation
- Marketing plan
- Financial statements

Budget & Funding

- Project cost
- Funding sources
- Funding commitments
- Expenditure plan

Visitor Estimates

- Local, day and overnight
- Return on investment
- Performance targets

Timeline

- Total timeliness
- Project readiness
- Start construction in 2 years
- Completion in 3 ½ years

Organization

- Organization structure and leadership
- Prior experience
- Letters of support

Evaluation Process

- Team members review each proposal
- Team members receive presentation from all proposers
- Team will develop consensus score for each project based on submittal requirements
- Consensus scores will be shared with elected officials at Work Sessions

Proposal Scoring

Category	Maximum Point Value
Overview and Objectives	15 points
Budget and Funding Sources	20 points
Timeline	15 points
Operating Plan	20 points
Visitor Estimates, Return on Investment and Performance Targets	20 points
Organizational Information	10 points

Questions?



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Medium Projects City/County RFP



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Medium Projects Competitive Process

- Competitive process to be jointly conducted by City and County
- Provide capital funding to support “medium projects” with a total capital project cost of greater than \$20 million
 - Process open to any projects that meet minimum criteria, not just those that responded to 2018/2019 RFI Process
- Included in 21st Amendment
 - Provides up to \$46.6 million between FY20 and FY26
 - Funding distributions will have to be timed based on funding availability

Proposed Process

Timeline

- October 14/15, 2019 BOC/RCC briefed on process
- **December 4, 2019** **RFP Released**
- December 13, 2019 Pre-submittal Meeting
- **February 13, 2020** **Submittals due**
- February 20/21, 2020 Presentations to Evaluation Team
- March 9/10, 2020 Recommendations Presented BOC/RCC
- **March 16/17, 2020** **BOC and RCC Decisions**
- April 6/7, 2020 Alternative date for BOC and RCC Decisions

Evaluation Team

Wake County Staff

County Manager's
Office (Lead)
Budget/Finance
Facilities, Design and
Construction
Wake County
Economic
Development

City of Raleigh Staff

Planning
Economic
Development
Budget/Finance

Community

Greater Raleigh
Convention and
Visitors Bureau
Wake County
Hospitality Alliance
Wake County
Municipality
United Arts Council

Minimum Criteria

- Project fully located in Wake County
- Consistent with statutory uses of revenues
- Capital in nature (minimum value of \$20,000,000)
- Maximum hospitality tax funding of 45% of total project cost

Minimum Criteria

- Per Destination Strategic Plan, if considering sports facility:
 - If soccer or lacrosse – minimum of 4 tournament sized fields (at least one lighted)
 - If tennis – minimum of 8 courts
 - If volleyball – minimum of 8 indoor courts
 - If baseball/softball – minimum of 4 fields (at least one lighted)
 - If basketball – minimum of 6 indoor courts

Proposal Requirements

Overview & Objectives

- Project concept and approach
- Alignment with Operating Principles and Destination Strategic Plan

Operating Plan

- Long-term viability
- Management of operation
- Marketing plan
- Financial statements

Budget & Funding

- Project cost
- Funding sources
- Funding commitments
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Project Overview and Objectives	15 points
Project Budget and Funding Sources	20 points
Project Timeline	15 points
Project Operating Plan	20 points
Project Visitor Estimates, Return on Investment and Performance Targets	20 points
Organizational Information	10 points

Small Projects Process

Anticipate beginning process May 2020 with decisions by Board of Commissioners September 2020

Questions?



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