

CITY OF ALACHUA PROJECT LEGACY MULTISPORTS ARENA PLAN

A REPORT TO THE
ALACHUA CITY COMMISSION
NOVEMBER 10, 2014



BACKGROUND:

The City of Alachua Hal Brady Recreation Complex (HBRC) encompasses approximately 25 acres and is located at the corner of Peggy Rd (CR 2054) and NW 146th Terrace. Facilities at the complex include five (5) softball/baseball fields, gymnasium, outdoor basketball courts, football/soccer field, multipurpose field, skatepark, splashpark and playground. With a growing population, existing recreational facilities have been outgrown. Thus, a current and future need existed to expand facilities. The 25-acre footprint of the HBRC has little area available for expansion due to the footprint of facilities on site. The HBRC is bordered on three of its four property lines by roadways. Contiguous expansion of the facility could only be accomplished via vacant land on the western property line.

The vacant land to the west of the HBRC is one (1) parcel totaling 105 acres. The property was privately owned by a land development company and was planned for development of approximately 200 homes. On June 28, 2010, the City Commission directed staff to enter into negotiations and agreement to acquire said property at a purchase price of \$1,150,000. The City Commission specifically directed the use of General Fund monies were prohibited to accomplish the acquisition. The acquisition of the property became known as “Project Legacy.” The provisions of the agreement called for a one-year option period for the City to identify funding avenues. The option period was extended by six (6) months by City Commission authorization on June 27, 2011.

The City began its Project Legacy campaign immediately after the property owner agreement authorization in June 2010. The City applied for both Land and Water Conservation Fund (LWCF) and Florida Recreation Development Assistance Program (FRDAP) grants to aid in the acquisition costs. The City did not receive funding from the LWCF. The City was one (1) of only six (6) applicants awarded FRDAP funds with a total of 167 applicants; however, due to only \$300,000 in total FRDAP appropriations from the State, the City’s amount awarded was \$3,272. The City did not move forward with the FRDAP grant due to the costs to administer and monitor the grant would exceed the awarded amount.

After approximately seventeen (17) months of work, the City was able to acquire the property on December 8, 2011. The project was funded by:

Wild Spaces, Public Places Surtax:	\$500,000
Alachua County Tourist Development Tax Fund:	\$500,000
Privately Donated Funds:	\$200,000 (includes option funds)

Wild Spaces, Public Places Surtax:

Alachua county voters approved a two-year, half-cent sales surtax beginning Jan. 1, 2009 and sun setting Dec. 31, 2010 to fund conservation and recreation initiatives. The proceeds of the surtax were distributed via formula to the County and municipalities of Alachua county. In order to receive funding, the municipalities were required to enter into an interlocal agreement

with Alachua County, including a project list for which the funds could only be directed. The City's project list included the acquisition of property for recreation purposes.

Alachua County Tourist Development Tax Fund:

The Tourist Development Tax (TDT), which is commonly referred to as the "bed tax", is a local sales tax applied to the rental of living quarters or accommodations for a term of six months or less. The funds are received by the County. The City made request to the Alachua County Board of County Commissioners for monies from the TDT for the purchase of the Project Legacy property. After presentations to the Alachua County Tourist Development Council and to the Board of County Commissioners, a funding allocation was approved on Oct. 25, 2011 by the Board of County Commissioners. In order to effectuate the allocation, the City and the County entered into an interlocal agreement on Nov. 22, 2011, providing the funding and terms thereof (The City Commission approved the interlocal agreement on Nov. 14, 2011 and the Board of County Commissioners approved the interlocal agreement on Nov. 22, 2011).

Privately Donated Funds:

The City developed a donor campaign to receive funds for the property acquisition. The campaign included a kickoff event held on Nov. 30, 2010 on the Project Legacy site. Engineering and architect services were donated to provide conceptual renderings of the potential future use of the property. Print and digital materials were developed to assist in soliciting donor funds. Additionally, a media campaign was launched to share the project with community stakeholders and potential donors. Privately donated funds were applied to the purchase price as well as to option funds required to maintain an option agreement with the property owner.

OBLIGATIONS OF INTERLOCAL AGREEMENT FOR TDT:

The City has certain obligations contemplated in the interlocal agreement for Tourist Development Tax Funds. A general summary includes:

- Use the \$500,000 of TDT revenues to acquire the 105-acre property
- Construct a three-field multisports arena by Jan. 1, 2015
- Own and operate the arena to attract multiday events at least six (6) times a year
- Only sell the acquired property with written consent of the County
- Provide a written report annually of activities occurring at the multisports arena

The agreement specifies the requirements of the facilities to be included at the multisports arena. These facilities include the construction of the three (3) fields (to be able to host lacrosse, football, soccer and other multiday events), permanent seating, field lighting and irrigation. Furthermore, the agreement details the performance criteria to be achieved once

the construction of the facility is complete. The agreement stipulates the City must host six (6) multiday events a year with a minimum of 20 teams participating. Multiday events are defined as a minimum of two (2) consecutive days. Furthermore, these performance criteria are to be met at least three (3) years following the completion of the construction of the facilities. This is to provide a “ramp-up” period for the opportunity for the City to market the facility to attract multiday events.

ACTIVITIES POST ACQUISITION:

Upon acquisition of the 105-acre Project Legacy property, the City began to examine potential options to fund the construction of the multipurpose fields as prescribed in the interlocal agreement with the County for TDT funds. The City Commission specifically provided direction that the acquisition was not to be funded by any General Fund monies. As it relates to the construction of the facilities, no funding source was specifically prohibited. The primary focus for funding became a naming rights agreement. To accomplish this end, renderings and cost estimates needed to be developed to determine the potential value of a naming rights agreement, and marketing necessary to solicit a partner. Again, engineering and landscape architect services were donated to the City to focus on the design of the facilities and cost impacts of construction. The City worked over several months to ensure the design met the requirements of the interlocal agreement and minimized cost impacts without jeopardizing the ability to attract multiday events.

The City also applied for a LWCF grant as authorized by the City Commission on Feb. 27, 2012 to offset a portion of construction costs for the multipurpose arena. The grant amount requested was \$200,000; the City was not awarded funding for the project.

The probable cost estimate for the multisports arena totals approximately \$2 million. This includes earthwork, entry road and drive aisles, signage, restroom/concession facility, seating, donor wall, site lighting, field lighting, landscaping (including turf for fields), irrigation, related utility infrastructure and contingency funds. This cost estimate was pared down from a higher level finish option.

With the conceptual design and cost figures developed, the City was prepared to pursue naming rights opportunities. The City reached out to professionals at the University of Florida who have particular focus on naming rights. The University of Florida generally utilizes private naming rights – individuals or families donating funds and receiving name recognitions on facilities. This is commonplace for a premier post-secondary educational institution with a strong alumni base. This was not the case for the City’s position. The City’s naming rights format was more aligned with corporate naming rights agreements – facilities bearing the name of a corporation in exchange for monetary value.

The corporate naming rights industry is niche, with a handful of firms focusing solely on naming rights. The City explored its options and solicited assistance of a naming rights firm to develop

a value for the City's multipurpose arena. The City Commission authorized the engagement of Premier Partnerships on Nov. 18, 2013 for this purpose in an amount not to exceed \$17,000. Premier Partnerships performed a site visit and research to develop a report to the City detailing inventory available to create a naming rights agreement as well as a corresponding market value. This work resulted in a 44-page report provided to the City on Dec. 31, 2013, detailing a market analysis and recommendations to the City. Furthermore, the report indicated the term of a naming rights agreement, based upon the market, should be for a period of fifteen (15) years. Utilizing such a term, the results of the report indicated the following value for the multisports arena base naming rights:

Asset Class	Annual Value	15-Year Total
Signage	\$ 32,367	\$ 485,508
Landmarks	\$ 3,850	\$ 57,750
Merchandise	\$ -	\$ -
Media & Technology	\$ 6,582	\$ 98,730
Hospitality	\$ 5,310	\$ 79,650
Business Development	\$ 2,100	\$ 31,500
Product & Service Integration	\$ -	\$ -
Promotions	\$ 150	\$ 2,250
Intellectual Property	\$ 4,900	\$ 73,500
Acquired Content	\$ -	\$ -
Database Marketing	\$ 1,250	\$ 18,750
Presenting Sponsor	\$ 3,125	\$ 46,875
Total	\$ 59,634	\$ 894,513

It's important to note the base naming rights agreement valuation is approximately \$60,000; however, Premier Partnerships recommended the City market the opportunity at 15-30% above the base, for purposes of negotiations. Additional naming rights opportunities were provided in the report, which included the commitment of inventory on a broader basis throughout Alachua. The report indicated a potential total revenue impact of \$121,638 annually or a 15-year total of \$1,824,575. Again, this figure is much more inclusive of City-wide inventory and not specific to the multisports arena. The report also detailed recommendations for the City to consider, including potential industries to target, structure of the agreement, business-to-business options, etc.

The results of the report indicated it would be particularly challenging for the City to secure a naming rights agreement to cover the complete costs of facility construction over a 15-year term. Furthermore, the national economic recession created a lagging economy over the past several years and Premier Partnerships reported naming rights agreements became more difficult to secure. Additionally, those agreements which were secured during the recessionary period and subsequent years contained terms less favorable to facility owners.

In an effort to prepare for the multisports arena, the City aggressively pursued attracting multiday sports activities to the HBRC over the past three (3) years. This included collegiate-level rugby events, high school lacrosse tournaments, youth-level regional soccer tournaments, high school regional cross country meets and national baseball and softball tournaments. These efforts over the past three (3) years generated thousands of visitors to Alachua county and resulted in thousands of room nights at hotels, as documented by the Gainesville Sports Commission. Furthermore, by continuing to attract multiday events, the City will be better positioned to attract additional events once the construction of the multisports arena is complete.

The City's culture and recreation program has been funded at an average level of \$683,000 over the past four (4) years. This is funded directly from the City's General Fund and provides staff and operational funding for programs and facilities. Additionally, the City has expended substantial funds for capital improvements to recreation facilities over the past several years. In Fiscal Year 2013-2014, the City expended \$156,000 to replace the roof and refurbish the front façade of the gymnasium at the HBRC. Furthermore, the City provided funding to reconstruct a new press box at the World Series Field at the HBRC at a price tag of nearly \$60,000 (\$20,000 in funds from Visit Gainesville capital grants program). The City also enhanced the Hitchcock Baseball Park at Skinner Field with renovations of approximately \$70,000. These projects, along with others, have demonstrated a clear financial commitment by the City to improve infrastructure and facilities which affords the ability to offer a high quality of life and attract sports tourism.

During the Fiscal Year 2014-2015 budget process, the City Commission allocated \$150,000 from the General Fund to design the multisports arena. While conceptual design and engineering services were donated in 2013, the development of construction-level documents requires a significant amount of expert time and talent beyond that which would typically be performed pro bono. This reality necessitates an allocation of funding for design services to deliver a bid-ready document.

CONSIDERATIONS AND RECOMMENDATIONS:

The City has certain obligations as contemplated in the interlocal agreement for TDT funds with the County. The City is not feasibly able to construct the multisports arena by Jan. 1, 2015. The City Commission has demonstrated a commitment to the project and recently allocated \$150,000 in FY 2015 funds to have the construction design work performed for the multisports arena. An available and appropriate next step would be for the City to request an extension of time for the construction of the multisports arena from the County. This would allow for the construction-level design documents of the facility and construction to be completed.

As it relates to the funding of the construction, the City can explore options from its General Fund and/or other revenue streams. Regardless of funding mechanism, the City can continue to pursue a naming rights partner to offset construction costs and future operating costs

moving forward. With the continued recent national economic recovery, the market for a naming rights opportunity is becoming more viable than the past several years.

If this is the direction the City Commission desires to pursue, a recommended timeline of activities would be:

Request extension of time for construction completion with the County. Providing a new completion date of Jan. 1, 2017 (two-year extension).	By Dec. 31, 2014
Design and develop construction-level documents of multisports arena	By Sept. 30, 2015
Finalize funding of construction of the multisports arena	By Sept. 30, 2015
Bid and award construction of the multisports arena	By Dec. 31, 2015
Construct the multisports arena	By Jan. 1, 2017