

Legislation Text

File #: 15-22932, Version: 1

Bank of America Stadium Improvements Project

Action:

- A. Authorize the City Manager, or his designee, to negotiate and execute agreements between Panthers Football, LLC (PFL), DT Soccer, LLC (DTS), and Panthers Stadium, LLC (StadCo) (collectively referred to as Tepper Sports & Entertainment (TSE)) and the City of Charlotte in an amount not to exceed \$650,000,000 for Bank of America Stadium improvements and a new Field House to include terms listed below. The Stadium and Field House are collectively referred to as "Stadium Facilities", and**
- B. Adopt a Budget Ordinance appropriating \$650,000,000 from proceeds of debt in the Convention Center Capital Fund for Bank of America Stadium improvements and a new Field House.**

Committee Chair:

Malcolm Graham, Jobs and Economic Development Committee

Staff Resource(s):

Tracy Dodson, City Manager's Office

Explanation

- Bank of America Stadium (stadium) has been an economic and cultural anchor for nearly 30 years and has helped grow Charlotte.
- The city's investment does not require any new taxes to be collected for the contribution.
- The funding source for the project, Convention Center Fund, is derived from hospitality and tourism taxes that are legally required to be spent on projects to support the city's tourism economy, which includes funding and maintenance for the Convention Center, venues that seat 60,000 people or more, and amateur sports facilities.
- The renovation project is planned to invest in the community asset through maintaining and enhancing the stadium and building a new Field House. The project will also improve accessibility and increase sustainability.
- The renovations will help to deliver world-class entertainment and related economic impacts to our city for years to come.
- This project will require future Council actions. In order to issue debt, the Local Government Commission requires specific approvals at the time of the proposed debt issuance. Based on project timing and cash flow needs, Council will be asked to make approvals regarding debt issuance in the future. Project agreements will be made available prior to any future Council action (s).

Terms

- **Project Timing:** StadCo's goal is to commence the Stadium Work in 2025 and is expected to complete the Stadium Work in 2029, based on team schedules and seasons. Field House work commences in late 2024 and early 2025 and is expected to be completed in 2026.
- **City Funding:** The city will contribute \$650 million towards the renovation and development of certain defined areas within the Project, as an example of but not limited to, Field House construction, repair and replacement of existing mechanical, electrical and plumbing infrastructure,

updates to bowl seating, vertical transportation improvements, modernization of safety and security equipment, updating of team locker rooms and operational space, addition of new spectator viewing areas, updating of restroom facilities, updates to scoreboard/videoboard, control room, and sound and associated tech, and elevated exterior façade, all of which would be owned by the city and then leased to and maintained by StadCo. The Project will be completed in several phases and draw schedule(s) for city funding will align with construction schedule(s) for each phase.

- **Source of City Funding:** The sources of the city contribution amount will be debt and/or credit facilities as determined by the city (City Debt). The city anticipates that a primary source of funds to be used to satisfy the City Debt will be revenues generated from the Mecklenburg County (County) tax on prepared food and beverages (Meals Tax) and the County tax on accommodations (Occupancy Tax), which funds are currently specifically designated for the Convention Center, venues that seat 60,000 people or more, and amateur sports facilities.
- **Payments to Contractors/Vendors:** City funds are paid after work/specific projects are completed. City funds are paid directly to companies doing work/project.
- **TSE Funding between 2025-2029:** StadCo will contribute a minimum of \$150 million towards the renovation and development of areas of the Stadium Facility that are on either the City Mandated List, City/Owner Elected List, or Owner Elected Only List. Funding will be expended by 2029. StadCo will contribute its contribution proportionately as City funds are contributed. StadCo may use up to \$75M to fund cost overruns on City mandated and funded projects. Any of the \$75M not used for cost overruns can be applied to stadium improvements from the City Mandated, City/Owner Elected, or Owner Elected Only Lists.
- **TSE additional funding during non-relocation:** StadCo will expend no less than \$421 million on capital repairs, renewals, replacements and improvements, and on operations and maintenance expenses at the Stadium Facility relative to both teams. If at expiration or earlier termination of the non-relocation term, TSE has expended less than the \$421 million, any such shortfall shall be paid to the city. Any amount TSE spends in excess of the TSE Minimum Contribution (\$150 million), excluding cost overruns, shall be credited towards the \$421 million commitment. Such commitment is not a cap on StadCo's capital, repair and maintenance obligations under the Stadium Facility Ground Lease or StadCo's other obligations regarding the Stadium Facility.
- **Field House Construction Funding:** After execution of the Project agreements, the City agrees to pay \$15 million of its \$650 million contribution to be used for Field House construction and project costs. Funding source is consistent with previously cited city funding sources.
- **Non-Relocation:** TSE agrees to a 20-year non-relocation term for both the Carolina Panthers and Charlotte FC. Should the teams leave at any time after the 15th anniversary of the non-relocation agreement, any remaining City Debt associated with the \$650 million investment must be paid by TSE.
- **Lease Payment for City-owned Improvements:** TSE agrees to pay the city \$500,000 annually for use of city-owned improvements at the Stadium Facilities.
- **Traffic Management:** The city will pay up to \$1 million annually to assist with traffic management costs associated with year-round activities and events at the stadium and Field House. TSE will be responsible for cost in excess of \$1 million annually. A traffic management study will be completed to evaluate best strategies for traffic management at and around the stadium and study will be re-evaluated every three years. Study will be done in partnership with the city, and costs will be equally distributed between the city and TSE.
- **Access to CATS Lot:** TSE will enter into an agreement for use of the CATS lot to include uses within the rezoning approved on June 17, 2024.
- **New Stadium:** On or before April 1, 2037, the City of Charlotte and TSE will commence good faith negotiations regarding the design and construction of a new stadium to be located in the City of Charlotte that would be completed in time for the 2046 season. In furtherance of such good faith negotiations, the parties understand the need for potentially new funding sources. The parties will negotiate the use of hospitality funds for the purposes of studies and analysis regarding a new stadium.
- **Community Benefit Plan:** TSE agrees to enter into a Community Benefits Plan that sets forth

commitments TSE will continue to provide to the city and surrounding communities. Full details are available in the Community Benefits Plan and are summarized below.

MWSBE Strategy

- Through a MWSBE Participation Plan, to be negotiated between the parties, the Project will have a targeted participation goal of 27% (15% MBE & 12% WSBE) of the materials and services relating to the portion of the Project funded by the city contribution that are eligible to be provided or performed by MWSBE contractors.
- The Participation Plan will also provide for TSE to use commercially reasonable efforts to utilize MWSBE firms for those portions of the Project funded by StadCo and StadCo's ongoing operating maintenance of and capital projects for Stadium Facilities, with consideration to the impacts of costs and time constraints, market realities, available MWSBE capacities and partner relationships.
- To address market availability of certified vendors, specialized scopes of work will be developed with individual MWSBE goals set for each.
- Initiatives within the Participation Plan may include:
 - Structure bid packages to maximize MWSBE utilization and meet the goals of the MWSBE Participation Plan;
 - Work with the city to enable the expeditious payment of MWSBE subcontractors;
 - Work with the City of Charlotte to ensure its prime contractors track and report payments made to MWSBE subcontractors. This includes, TSE ensuring contractor(s) report MWSBE utilization in B2Gnow. The city will use this reporting for tracking accountability and subcontractor payment verification.
 - Consider engaging CBI in early-stage decision-making meetings related to bid packages to ensure adequate time for CBI to provide feedback, discuss package breakdowns and individual participation goals;
 - Consider the addition of an MBE joint venture partners who shares the project risks and possesses their own surety bonding;
 - Participate in state-wide MWSBE recruitment events targeting Project scopes over the life of the Project. including a commitment to host up to two of these recruitment events annually and no less than eight over the life of the Project;
 - Engage in a marketing and communications strategy with respect to the Project that targets MWSBEs and facilitates their participation, which would include the development and maintenance of a website that will host bid information that will allow MWSBEs to be well informed and advised of potential opportunities associated with the Project;
 - Support capacity-building strategies for new and existing MWSBE firms that could include, working with the Contractor Development Program and AMP UP Charlotte, and the Small Business Growth Fund with MWSBEs, which programs focus on building the operational and financial capacity of MWSBEs firms to increase the number of MWSBEs for the Project; and
 - Assess areas of business and stadium operations where registered MWSBEs could be utilized.
- TSE is committing to 10 apprenticeships and working with contractors that prioritize utilizing local workforce throughout the Project.
- TSE is committed to supporting existing small business capacity-building programs such as the Contractor Development Program, AMP Up Charlotte and the Small Business Growth Fund for potential project vendors.
- TSE is committed to working with local small business partners to recruit other historically underserved small businesses (i.e. LGBTQ+-owned, veteran-owned, and

disability-owned) to work on the project.

Civic Support and Community Engagement

- Seven annual city usage days of stadium and/or field house, one of which could include the HBCU Classic, as the NFL schedule, MLS schedule and any previously scheduled marquis events permit;
- Annual events that support the local hospitality industry including, by way of example, Carolina Panthers games, Charlotte FC matches, collegiate football, youth football, concerts and additional events;
- Community programs for veterans and military families, disadvantaged and at-risk youth, and low-income residents (e.g., no cost or discounted admission tickets, programs for students at Charlotte-Mecklenburg Schools, neighborhood engagement strategies for game day participation, and hosting annual local high school games, as the NFL schedule, MLS schedule and any previously scheduled marquis events permit);
- Programs at local schools that are designed to encourage students to sharpen their skills both on the field and in the classroom, such as the Greater Goals program, Play60 events, NFL Character Playbook program, and 3rd grade literacy programs (such as 3rd & Goal program), which TSE participates in currently;
- Increased engagement with Historically Black Colleges and Universities (HBCU), such as:
 - Developing sports management seminar;
 - Hosting the Black Sport Business Academy for HCBU students, which includes:
 - Job shadowing during a Carolina Panthers game with our major departments (Community Service, Ticketing, Partnerships)
 - Networking event with senior leaders of the Charlotte community.
 - Sales & account management workshop.
 - Cancer awareness programs and initiatives and related fundraising;
 - Local food drives, such as providing holiday meals to disadvantaged members of the community;
 - Visits to the stadium by the Make-A-Wish Foundation and/or similar charitable organizations that provide children in need the opportunity to spend time with players or other team personnel;
 - Player safety clinics for area youth football coaches; and
 - Charitable donations to organizations including local scholarship funds, holiday programs, and youth and veterans organizations.

The civic support and engagement initiatives listed above are designed to provide guidance for TSE's continued commitment to support both the local Charlotte community and communities across the Carolinas, similar to the civic support and engagement initiatives it currently participates in:

- Supporting no less than 15 non-profits working locally in Charlotte;
- Carolina Panthers programming serving thousands of CMS and other youth across the Carolinas;
- Charlotte FC programming serving thousands of youth across the Carolinas (7,000 were served in 2023);
- Utilizing local artists in artist initiatives and activations; and
- No less than 15,000 tickets distributed to various non-profits and community organizations for team associated events, whether occurring at Bank of America Stadium, the team practice facilities or elsewhere (i.e., Charlotte FC distributes no less than 5,000 tickets for matches at Bank of America Stadium alone).

Council and Committee Discussion

- On June 3, 2024, Jobs and Economic Development Committee meeting, the committee received information on the Bank of America Improvements Project. Information included financial terms, city protections, stadium projects, the Community Benefit Plan, and MWSBE Strategy for the project.
- At the June 3, 2024 City Council Committee Discussions, Council received a presentation and held discussion on the proposed investments for the Bank of America Stadium.
- At the June 10, 2024 City Council Action Review, Council received a presentation and held further discussions on considerations related to the Bank of America Stadium Improvements Project. Council heard input from Inner Circle Sports, LLC on the sports/stadium industry perspective, was provide with an update on public feedback received through the website, and discussed additional project updates.
- At the June 12, 2024 JED committee meeting, the committee heard from the hospitality and tourism industry and small business owners about the economic benefits of Bank of America Stadium's activation, heard from additional contractors about their experiences working with certified MWSBEs, and held discussion with Tepper Sports and Entertainment leadership. The Committee (CM Graham, Mitchell, Bokhari, Driggs and Molina) then voted unanimously to recommend the Bank of America Stadium improvements project and associated public investment be moved to consideration of approval by the full City Council.
- On June 17, 2024 Council held a special meeting to receive public comment about the project.

Fiscal Note

Funding: Convention Center Capital Fund

Attachment(s)

June 3rd Jobs and Economic Development Committee Presentation
June 10th City Council Action Review Presentation
June 12th Jobs and Economic Development Committee Presentation
Budget Ordinance