

City of Dallas' Regional Super Bowl Bid Participation

Dallas City Council Briefing
February 7, 2007

Purpose

To provide information on a regional bid for Super Bowl XLV.

Goal

- City of Dallas' support for the Super Bowl XLV regional bid effort.
- Full recovery of the City of Dallas incremental expenses in support of Super Bowl regional bid.

Background

The North Texas Super Bowl XLV Bidding Committee, Inc., is a Texas non-profit corporation with the following initial directors:

Mike Baggett – Winstead, Sechrest & Minick

Denis Braham – Winstead, Sechrest & Minick

George Bayoud – President of Bayoud & Company

The corporation will seek to persuade the NFL to choose the new Dallas Cowboy stadium in Arlington and the North Texas region as the site for the 2011 Super Bowl.

Background (cont)

The Corporation is aided by various individuals, as members, to help in its efforts. These members have no voting or other legal or equitable rights in the corporation, and include:

Rodger Staubach - Chairman
Chairman and CEO of the Staubach Company

Dan Petty – Secretary and Treasurer
President and CEO of the North Texas Commission

Charlotte Anderson – Executive Vice-President of the Dallas Cowboy Football Club

Robert Cluck – Mayor of Arlington

Michael Eastland – Executive Director of the North Texas Council of Governments

Bob Estrada – Chairman of Estrada Hinojosa

Dan Farrell – Chairman of the North Texas Commission

Ron Kirk – Partner, Vinson Elkins

Wendy Lopez – CEO Lopez Garcia Group

Rosie Moncrief – Civic Leader

Norma Roby – Co-Founder of Texas Star Quality Foods

Upon award of Super Bowl XLV to the region, a Host Committee will be established in February 2009.

Background (cont)

- The Bidding Committee submission date to the NFL is April 2, 2007.
- The NFL Team Owners will award Super Bowl XLV on May 23, 2007.

Background (cont)

The Bidding Committee has solicited six cities to participate in the regional effort:

Dallas

Arlington

Ft. Worth

Irving

Grapevine

Grand Prairie

Four counties are also being solicited to participate:

Dallas

Denton

Collin

Tarrant

The First Ask

The Bidding Committee is seeking from the City of Dallas:

- Its participation, as an endorsing municipality, to initiate the establishment by the Texas Comptroller of Public Accounts of an Other Events Trust Fund, pursuant to State law.

Signature Events

As an endorsing municipality, the City of Dallas is eligible for several key events:

- NFL Headquarters Hotel which requires a 900 room block in a single hotel
- NFL Experience with an estimated attendance of 200,000 will require an estimated 850,000 square feet of exhibit space
- Friday night Commissioners' party with an estimated VIP attendance of 5,000 will require 125,000 square feet of space
- Saturday night event with an estimated attendance of 10,000 will require an outdoor venue for a concert and fireworks

Other Events Trust Fund

- Tarrant County, Dallas County and the City of Dallas are the endorsing counties and endorsing municipality for an Event as currently defined under Article 5190.14 Vernon's Texas Civil Statutes, Section 5A.
- An endorsing municipality must have a population of one million or more and be selected as a site for a qualifying special event.
- The purpose of the Other Events Trust fund is 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.

Other Events Trust Fund (cont)

- The use of the funds as provided by state statute require:
 - Each endorsing municipality must enter into a event support contract with the Host Committee to authorize the disbursement of the funds.

Other Events Trust Fund (cont)

- An economic study is submitted to the State Comptroller that estimates the incremental tax revenues to result from holding the Event in the City and County, and the State Comptroller accepts the results and determines that the market area consists of the endorsing municipalities.
- The State may deposit the lesser of (1) the estimated incremental State tax revenue or (2) 6.25 times the total City/County estimated incremental tax revenue.

Other Events Trust Fund (cont)

State vs. Local Money

- As an example, if the total estimate City/County taxes is \$150,000 and the estimated State tax is \$110,000, then
- $6.25 \text{ times } \$150,000 = \$937,500$
- The State Comptroller will deposit the lesser amount of \$110,000
- The total City/County deposit required to maximize the state deposit is \$17,600 (\$110,000 [maximum state dollars] divided by 6.25)

The Second Ask

- The Bidding Committee is requesting of the City of Dallas governmental assurances to ensure that all services for Super Bowl XLV activities held within the City of Dallas are provided at no cost, expense, or liability to the NFL or the Host Committee.

Governmental Assurances

- Ambush Marketing
 - To provide a one-mile anti-ambush marketing “Clean Zone” around the stadium and around area airports, and a 6-block radius “Clean Zone” around the headquarters hotel and NFL Experience.
- Public Safety
 - To provide all law enforcement and fire and medical services during Super Bowl activities within the City of Dallas.
- Airport Authority
 - To provide cooperation to the NFL in establishing information booths, providing meeting space and responding to special service requests.

Governmental Assurances (cont)

- Tax Exemptions

Gross receipts derived from official NFL activities will be exempt from all state, county, city and other local taxes.

- Vehicle Licensing

All fees for special licensing of official NFL vehicles be waived.

- Temporary Flight Restrictions

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

Governmental Assurances (cont)

- Transportation
 - Rates for buses and limousines may not exceed existing tariff rate as June 1, 2010.
 - 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 NFL Experience and day of Super Bowl at no cost to the NFL.

Governmental Assurances (cont)

- Venue Reservation Agreement
 - Venues with a seating capacity of 1,000 seats or greater agree to honor a reservation period which ends September 1, 2010 for activities held in conjunction with the Super Bowl.
 - 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.

Governmental Assurances (cont)

- Venue Rental Requirements
 - NFL retains rights to designate the food and beverage provider and retain 100% of all proceeds from sales.
 - NFL to retain 100% of proceeds from admission ticketing, novelty, signage and advertising sales.
 - NFL permitted to select security personnel.

Impact

- Per NFL estimates, hosting a Super Bowl will generate an estimated \$400 million of economic impact to the region.
- Global exposure from media broadcasts will allow the City of Dallas to showcase the investment in its image and infrastructure.
- The City of Dallas will 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.

Recommendation

- Authorize the City Manager to enter into negotiations with the Bidding Committee to address the following:
 - City of Dallas' participation as an endorsing city to initiate the Other Events Trust Fund.
 - City of Dallas' contribution of its incremental sales and excess mixed beverage tax revenue to the Other Events Trust Fund.

Note: The hotel occupancy tax is restricted by bond covenants and contractual requirements. The mixed beverage 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 Super Bowl Host Committee which provides that the City of Dallas has first priority position for payment of its incremental expenses from the Other Events Trust Fund.
- City's full recovery of its incremental expenses in support of Super Bowl XLV in 2011.
- To modify the reservation requirements to comply with existing facility contracts and fee structures.