

DEPARTMENT: Convention & Sports Facilities

DEPARTMENT HEAD: Patricia Muzquiz Cantor

COUNCIL DISTRICTS IMPACTED: Council District 2

SUBJECT:

Second Amendment to the Revised and Restated Alamodome License Agreement for the UTSA Intercollegiate Football Games

SUMMARY:

This Ordinance authorizes a second amendment to the Revised and Restated Alamodome License Agreement for the UTSA Intercollegiate Football Games to implement an annual buyout fee that covers Alamodome ticket and parking fees, and addresses the Ticket Service Charge Fee, which will expire in December 2019 in accordance with the First Amendment. The buyout fee proposed will provide a guaranteed \$2.6 million in revenue over the term of the agreement and ensures UTSA's contribution to the Alamodome Debt Service payment. In addition to the buyout fee, UTSA will continue to pay for all game day expenses such as event support staff and security costs. Before the start of the 2025 football season, the City will evaluate whether this agreement is mutually beneficial and will make recommendations to Council regarding the remaining term of the contract ending in 2035. The revenues collected from buyout fees will be deposited in the Community & Visitor Facilities Fund.

BACKGROUND INFORMATION:

Ordinance 2012-09-06-0676, approved September 6, 2012, authorized a License Agreement with UTSA beginning September 12, 2012 to December 2035. Ordinance 2015-08-13-0695, approved on August 13, 2015, authorized an Amendment to the License Agreement with UTSA to provide for collection of the ticket service charge fee through December 2019, for the purpose of funding significant upgrades and renovations to the Alamodome.

Over the last six years the attendance at UTSA football games declined by 16%. The implementation of an increase to the Alamodome ticket fees in 2015 resulted in higher ticket prices, which may have affected attendance. In addition, UTSA's event-related costs over the last six years have increased approximately 151% as a result of the department transitioning event staffing from City staff to contracted staff. As such, UTSA approached the City in June 2019 with a plan to increase attendance while it made further investments in its growing football program. An increase in attendance will benefit the Alamodome with increased Food & Beverage Commissions.

The annual buyout fee associated with this amendment will cover debt service obligations paid for through Alamodome ticket fees and will cover parking fees associated with hosting UTSA football games at the Alamodome. The annual buyout fee proposed is \$419,998 for the 2019 season; \$435,002 for the 2020 season; and \$449,997 for the 2021 through 2024 season. This equates to about \$70,000 to \$75,000 per game (six games per season), which covers UTSA's contribution to the Alamodome Debt Service payment and will provide \$2.6 million in revenue over the term of the agreement. This amendment is expected to waive fees, if UTSA is unsuccessful on increasing attendance beyond current levels, totaling approximately \$232,000 in the 2019 season and an average of \$113,000 in the 2020 through 2024 season. If proposed attendance goals are met, the increase in food and beverage commissions from increased attendance will offset a portion or all of the waived fees.

Reducing the ticket fees through this buyout will allow UTSA to reduce prices to UTSA students, alumni, San Antonio families and the San Antonio community. UTSA will also invest additional funds to increase marketing efforts. In an effort to increase attendance, UTSA will reduce the ticket price on two of the lowest-priced season tickets by \$15 and two of the lowest-priced individual tickets by \$2 to \$3. The Ticket Service Charge Fee of \$5.50 will be waived in the 2019 season to all individual tickets and will result in the price of a single game day ticket being reduced anywhere from \$7.50 to \$8.50. UTSA will also focus on improving the fan experience by moving to 5 p.m. kickoffs in an effort to drive revenue to downtown businesses, engage local partners to develop detailed themes to increase game day activations, and reevaluate scheduling of non-conference games particularly in-state and regional matchups.

UTSA's goal is to increase attendance by 56% in the next 6 years from 15,935 to 24,795. The increased attendance will result in an increase in food and beverage sales and commissions to the City. By 2023, if the attendance goal is met, the increased revenues from food and beverage commissions of approximately \$146,000 would offset the waived fees projected in the 2023 season. UTSA's attendance goals by season are as follows:

Season	Attendance Goal	% Increase
2018 (Current)	15,935	
2019	16,732	5%
2020	17,568	5%
2021	18,974	8%
2022	20,492	8%
2023	22,541	10%
2024	24,795	10%

ISSUE:

These terms have been negotiated with UTSA in order to partner to increase attendance at football games. This joint effort between the City and UTSA will help UTSA grow its football

program by implementing a fixed buyout of ticket and parking fees in order to facilitate UTSA's lowering of ticket prices and increase attendance. As attendance grows, Alamodome revenues will benefit from increased commissions from food and beverage.

ALTERNATIVES:

Alternatives to the proposed action include not amending the current agreement with UTSA and maintaining the fee structure as well as directing staff to renegotiate the terms of the amendment to the license agreement. The current agreement is not likely to be sustainable over the long run and the proposed action will form a mutually beneficial business model for both UTSA and the City.

FISCAL IMPACT:

This Ordinance authorizes a second amendment to the Revised and Restated Alamodome License Agreement for the UTSA Intercollegiate Football Games. The buyout fee proposed is \$419,998 for the 2019 season, \$435,002 for the 2020 season, and \$449,997 for the 2021 through 2024 season or about \$70,000 to \$75,000 per game and will provide \$2.6 million in revenue over the term of the agreement.

Assuming the attendance at UTSA football games remains the same and does not increase per the goals set above, this amendment is expected to waive fees totaling approximately \$232,000 in the 2019 season and an average of \$113,000 in the 2020 through 2024 season for a total of \$800,000. By 2023, if the attendance goal is met, the revenues from food and beverage commissions of approximately \$146,000 would offset the waived fees in the 2023 season. Revenues collected from annual buyout fees will be deposited in the Community & Visitor Facilities Fund.

RECOMMENDATION:

Staff recommends authorizing an Amendment to the Revised and Restated Alamodome License Agreement for the UTSA Intercollegiate Football Games.