



# City of San Antonio

## Legislation Details (With Text)

**File #:** 18-2078

**Type:** Miscellaneous Item

**In control:** City Council A Session

**On agenda:** 3/8/2018

**Title:** Ordinance authorizing the payment of a Major Events Reimbursement Program Local Contribution of \$1,852,743.00 related to the 2018 NCAA Men’s Final Four Basketball Tournament, a Reimbursement Agreement with the San Antonio Local Organizing Committee to reimburse the City an estimated \$5.3 million from the amount SALOC receives from the Major Events Reimbursement Program and appropriating funds in the amount of \$1,852,743.00 from the City’s State Reimbursement Fund. [Carlos Contreras, Assistant City Manager; Patricia Muzquiz Cantor, Interim Director, Convention & Sports Facilities]

**Sponsors:**

**Indexes:** Alamodome, Events Trust Fund

**Code sections:**

**Attachments:** 1. Final Four Reimbursement Agrmnt, 2. NCAA RFCA Exhibit A, 3. Draft Ordinance, 4. Signed Agreement, 5. Ordinance 2018-03-08-0184, 6. Staff Presentation

Date	Ver.	Action By	Action	Result
3/8/2018	1	City Council A Session	adopted	Pass

**DEPARTMENT:** Convention & Sports Facilities

**DEPARTMENT HEAD:** Patricia Muzquiz-Cantor

**COUNCIL DISTRICTS IMPACTED:** Council District 2

**SUBJECT:** Authorizing the payment of a Major Events Reimbursement Program Local Contribution of \$1,852,743.00 related to the 2018 NCAA Men’s Final Four Basketball Tournament and a Reimbursement Agreement with the San Antonio Local Organizing Committee (SALOC) to reimburse the City an estimated \$5.3 million from the amount it receives from the Major Events Reimbursement Program and appropriating funds in the amount of \$1,852,743 from the City’s State Reimbursement Fund.

**SUMMARY:**

The San Antonio Local Organizing Committee (SALOC) will be submitting a reimbursement request of \$13,432,385.00 to the State’s Major Events Reimbursement Program for the 2018 NCAA Final Four. This reimbursement request covers SALOC Expenses, City Expenses and the City’s Local Required Contribution. This ordinance appropriates \$1,852,743.00 from the City’s State Reimbursement Fund for payment of the local contribution and authorizes a Reimbursement Agreement with SALOC. Upon receipt of funds, SALOC will reimburse the City its local required contribution of \$1,852,743.00, and an estimated \$3.5 million for event-related City services and City facility rental costs.

**BACKGROUND INFORMATION:**

The Major Events Reimbursement Program (MERP) created through statute, Vernon's Texas Civil Statutes 5190.14, provides municipalities and counties the opportunity to obtain reimbursement for eligible expenses related to hosting and attracting high-visibility, high-tax impact events to the State of Texas that could otherwise have taken place outside of the state. The MERP may be utilized to pay for eligible expenses incurred preparing for and conducting an event, such as equipment or security services or improvements to facilities.

The MERP applies local and state gains from sales and use, auto rental, hotel and alcoholic beverage taxes generated over a 12-month period from certain major sporting championships or events to help pay for eligible costs incurred from hosting the event. Reimbursable dollars for these events are based on anticipated tax gain for a particular event. In order to obtain reimbursement for eligible expenses, municipalities are required to match funds that are deposited in the Major Events Reimbursement Program on a ratio of 1:6.25. SALOC is responsible for coordinating reimbursement efforts and submitting the required documentation to the Governor's Office.

#### **ISSUE:**

The City of San Antonio, through SALOC, will submit qualified expenses related to the 2018 NCAA Final Four which will take place from March 30 - April 2, 2018. This event is expected to attract over 93,000 visitors from outside the San Antonio region. This event has been approved by the Governor's Office as eligible under the Major Events Reimbursement Program for reimbursement of up to \$13,432,385.00 in qualified expenses related to hosting the event. Most expenses related to the 2018 Final Four will be paid by SALOC through an open line of credit they have with Frost Bank. However, SALOC has requested the City submit the local contribution portion and wait to get reimbursed for internal City services related to the event in order to reduce the amount that is drawn from the line of credit, and therefore reduce the loan interest owed on the loan as the interest is not a reimbursable expense under the MERP. In order to assist SALOC, this action will authorize the payment of the local contribution share of \$1,852,743.00 to the Major Events Reimbursement Program and the execution of a Reimbursement Agreement with SALOC allocating an estimated \$5.3 million of the MERP disbursement to the City to cover the City's local contribution (\$1.8M), City facility rental costs (\$1.8M) and event-related City costs (\$1.7M).

The economic impact report for this event estimates the economic activity of the visitors will generate total spending of about \$185M and with multiplier effects the total economic impact is projected to be over \$346M. Furthermore, the Alamodome is projecting to generate about \$1M in revenue related to this event from food and beverage commissions, a \$1 ticket fee and parking revenue.

#### **ALTERNATIVES:**

If the matching funds are not deposited within the MERP, the City loses its opportunity to obtain reimbursement for eligible expenses related to hosting this event. Lack of financial support to the San Antonio Local Organizing Committee (SALOC) will result in them having to increase the amount drawn on the line of credit and therefore increasing the loan interest owed on the loan which is not a reimbursable expense under the MERP.

**FISCAL IMPACT:**

This Ordinance appropriates \$1,852,743 from the City's State Reimbursement Fund and approves a local contribution in the amount of \$1,852,743.00 to the Major Events Reimbursement Program in anticipation of reimbursement of up to \$13,432,385.00 from the MERP for eligible expenses related to hosting the 2018 NCAA Final Four at the Alamodome. Upon receipt of the reimbursement from the Governor's Office, SALOC will reimburse the City for the local contribution, with those funds being deposited back into the City's State Reimbursement Fund, and compensate City departments for their event-related services.

**RECOMMENDATION:**

Staff recommends approval of the local contribution in the amount of \$1,852,743.00 to the Major Events Reimbursement Program to qualify for reimbursement of eligible expenses in an amount up to \$13,432,385.00 related to the 2018 NCAA Final Four and the execution of a Reimbursement Agreement with SALOC providing for reimbursement of the local contribution, event-related City services, and City facility rental costs from the resulting MERP disbursement.