

Community Venues Overview

Vision for a Revitalized Downtown and Parramore Heritage Neighborhood

Over the past three years, the City of Orlando has invested significant time and resources advancing the vision for a revitalized Downtown and Parramore Heritage Neighborhood and building Community Venues to benefit the entire Central Florida region.

It has been exciting to watch these plans come together as the community considers the strategic investment the City of Orlando and Orange County can make through a unique public/private partnership for enhanced entertainment, sports and cultural Venues including a new Performing Arts Center, Events Center and updated Citrus Bowl.

Orlando has a world class airport, theme parks and attractions, but lacks modern Venues which add to the quality of life for locals and will attract high-profile, economic generating events currently bypassing Orlando.

Since September 2006, when Mayors Dyer and Crotty stood along with City and County Commissioners to announce a funding plan for the Venues, staff has been working to finalize the funding, development and operational agreements. This past May, the Orlando City Council approved the Development and Operational Agreements for each of these projects. Both Mayors are confident that after the comprehensive due diligence, input of financial experts and intense negotiations, a fiscally responsible Interlocal agreement has been developed for citizens.

Downtown Master Plan

Over the past year, the City of Orlando has provided detailed reports on the historic growth of Downtown, an analysis of Downtown infrastructure such as the current parking available to meet the needs of the proposed Venues; and a detailed comparison of facilities from around the country.

In the fall of 2006, Glatting Jackson, a national urban planning and design firm, completed Phase III of the Downtown master planning process for the three Community Venues and surrounding areas. This included an overview of the results of the City's most comprehensive Downtown Transportation Plan ever completed.

Economic Impact

The Metro Orlando Economic Development Commission in conjunction with Conventions, Sports & Leisure International conducted an important study on the economic impact of the three Community Venues. Initial findings include:

- The operations of the proposed Venues will generate approximately \$619.4 million in total annual output, including approximately \$247 million in earnings and supporting approximately 7,500 jobs per year. This level of spending will also generate approximately \$3.5 million in County Tourist Development Tax (TDT) revenues per year and \$24.2 million in State Sales Tax and \$2 million in County Sales Tax per year – meaning more sales tax revenue for our County and State to use on other priorities such as roads and education.
- Considering the impacts over time, the operations of the Venues will generate approximately \$9.9 billion in total output, \$4 billion in earnings, \$357.1 million in State Sales Taxes, \$30 million in County Sales Taxes and \$52.3 million in County TDT revenues.
- Over a four-year period, the construction of the proposed Community Venues is estimated to generate approximately \$1.1 billion in total output, including approximately \$453.1 million in personal earnings, and would support approximately 10,800 jobs during the three to four year construction period.

The Blueprint for A Sustainable Economic Impact

The development and construction of the Community Venues presents an opportunity for the Orlando City Council and Orange County Board of Commissioners to make a significant and long-term, positive economic impact in the minority communities in Orlando and Orange County, along with the local community at large.

It is the intent of Mayor Dyer and the entire City Council that the Venue projects serve as a framework and model for inclusiveness and community building throughout the various levels of contracting. Special emphasis will ensure that maximum opportunities are afforded to local, small and disadvantaged businesses, as well as minorities and women, in the areas of job creation and training, business development and the procurement of goods, professional and construction services in association with the construction of the new Venues.

The goals of the Blueprint are the framework for implementing and ensuring broad-based community participation related to the Venues.

Goal 1 – Assist the development and support of local, small and historically disadvantaged businesses as an important aspect of the continuing growth and development of the community.

Goal 2 - Develop a local workforce initiative to provide trained workers for Venues construction and retail options created by development.

Goal 3 – Collaboratively work with the Venue partners and other community stakeholders to identify and explore long-term business opportunities in the affected areas.

Goal 4 – Explore the creation of local vendor development/mentor programs through partnerships with contractors, vendors and community-based organizations (CBOs).

Goal 5 – Identify development tools that will result in creating a wide variety of attainable and market housing units that will ensure economic diversity for all residents to work, live and recreate in the area.

Key Activities

The Orlando City Council hosted nearly a dozen public workshops on Venue-related topics including: Venue overviews from our partners; the master planning process; the financing plan; the draft Events Center agreement; and plans for a Creative Village. The City also launched a dedicated Community Venues web page and issued a Community Venues Findings & Report to ensure information was accessible to City and County Commissioners and the general public.

The Orange County Board of Commissioners also held work sessions about the Community Venues and the proposed financing plan. And, several County Commissioners hosted Town Hall meetings, similar to the Neighborhood Updates the City held, to continue to educate residents and obtain input.

In addition to the City of Orlando and Orange County, OPAC and the Orlando Magic have independently held their own workshops and public forums to educate and listen to the community.

Quality of Life/Missed Opportunities

Downtown Orlando serves as the economic hub of Central Florida and improving Downtown gathering spaces not only benefits surrounding neighborhoods, but also contributes to the region's quality of life. Offering a diverse array of cultural and community amenities is necessary to provide for an ever-growing population and to remain globally competitive. Currently, events such as sports championships, top-tier concerts and shows are going to other cities and have resulted in a significant loss of economic, educational and cultural opportunities. A few examples include:

- Many first-run Broadway shows go to Tampa or Jacksonville before Orlando. This includes the hit show *Wicked*, which will play in Tampa twice before ever coming to Orlando.
- A new Performing Arts Center will provide local students with new cultural experiences. This educational component of the Venue is based on the idea that children don't just learn using books, but also need to touch, hear and see things in order to enhance their understanding of the world around them.
- The Atlantic Coast Conference basketball tournament this past year was held in Tampa, generating \$30 million in economic impact and 22,000 hotel room night stays.
- The NBA All-Star Game in Las Vegas generated \$90 million in non-gaming economic impact.
- In 2012, Tampa will host the NCAA men's hockey championships known as the "Frozen Four." The economic impact of this event has been estimated at approximately \$4 million.
- In 2006, the NCAA Men's Final Four tournament had an estimated impact of nearly \$40 million in Indianapolis, IN. That included attracting close to 45,000 visitors to the city.
- Between 1991 and 2000, the Citrus Bowl hosted 18 international soccer matches, 10 regular season college football games, six major concerts, five NFL preseason games and one professional soccer all-star game. All of these events were in addition to the bowl games and UCF football. Since Tampa and Jacksonville had new facilities open in the late 90's, Orlando has lost out on the majority of these events. This is because these competing facilities have more seats, club suites and club seats that can be sold for a much higher ticket price.
- In 2005, Tampa attracted 21 concerts that never came to Orlando. These events had an economic impact of \$14.7 million. Orlando also hosted some concerts that didn't go to Tampa, however these 13 concerts only had an impact of \$5.9 million. Tampa is attracting higher caliber and more profitable shows.
- Of the concerts held in Tampa and not Orlando, three standouts were U2, the Rolling Stones and Paul McCartney. These three shows had a collective impact of \$7.1 million. Orlando's current venues could not structurally handle the technical requirements and/or the crowd generated by these high-caliber shows.

Community Venues: Answering the Questions

How are the transportation needs for the new Venues being addressed?

Ensuring convenient access to parking while meeting the transportation needs to and from the new Community Venues is a top priority of the City and each Venue partner. Our goal has been to create a seamless system that incorporates multiple options and choices, an improved road network, a pedestrian-friendly culture, parking that is easy to access, and mass transit options. Through the development of a Community Venues Master Plan, the City has planned for more than double the current parking availability for both the events center and performing arts center.

How are you ensuring that local residents benefit from the Community Venues projects?

Specifically, the Orlando City Council has approved the Memorandum of Understanding (MOU) with Workforce Central Florida to serve as the lead “umbrella” agency to plan and implement the workforce development plan outlined in “the Blueprint for a Sustainable Economic Impact.” Through the Blueprint, Mayor Dyer and the City Council intend that the Venue projects serve as a framework and model for inclusiveness and community building throughout the various levels of contracting.

Workforce Central Florida is dedicating resources at no cost to ensure our local workforce is trained and ready for the billions of dollars of economic benefit the venues will bring through construction. As the lead umbrella agency, Workforce Central Florida will:

- Dedicate a full-time position to developing a Community Venues specific plan;
- Coordinate meetings with regional and local construction associations and apprenticeship programs to determine types of positions needed;
- Coordinate outreach, recruitment and support of potential job applicants with community based organizations (“CBO’s”), public agencies and private businesses;
- Identify the need for and coordinate the training of area residents. Upgrade the current occupational skills of local workers to improve chances of hire and success on the job;
- Connect employers working on the Community Venue construction projects with the potential applicant pool; and
- Encourage employers to take advantage of available services, including the Employed Worker Training Grants for continuing employee training after hire

Not only will local residents gain employment opportunities, they will also see quality of life benefits. Residents no longer will have to go to Tampa, Jacksonville or Miami for entertainment. These Venues will bring them to their own backyard.

How do the property tax cuts and millage rollback impact the funding plan for the three venues?

A significant portion of the funding for the new Community Venues comes from tourist development tax dollars, which results in only a portion of the funding for the Venues being potentially impacted by the property tax rollback. Once we determined that tax reform might reduce CRA bonding capacity by up to \$10,000,000, OPAC agreed to provide additional private donations to make up the difference.

Will using CRA funds hurt its ability to support new downtown projects?

No. The financial plan for the Community Venues will not reduce the CRA's capacity to support other projects like commuter rail, new development and job creation efforts. In fact, the Economic Impact Study suggests the Venues projects will serve as a catalyst for additional growth within the CRA district, and each new building provides additional revenue that can be used for economic development.

Is the likelihood remote that more City or County property or other taxes, above what is projected in the finance plan, will be needed for either capital or operational costs?

The likelihood is remote that additional City, County or CRA contributions (either capital or operational) will be required based upon the analysis and the projections that have been carefully reviewed and considered during this due diligence and negotiation process. Considerable attention has been paid to providing for potential building and infrastructure cost increases and ample contingency funds have been provided as well.

How has the City minimized the risk of default of these Venues bonds?

The rate of default on municipal bonds in the United States is extremely low, less than one-tenth of one percent (.1%). It is safe to say the likelihood of default on bonds issued under this plan of finance is extremely small. The following summarizes how the City, with its financial experts, has worked to minimize the financial risk.

The City's goal in structuring this finance plan was to work aggressively to find ways to mitigate any risk of default and to shield the City, the County and the CRA from the risk that would otherwise be present in these kinds of financial transactions. First, the City is issuing revenue bonds, rather than general obligation or covenant bonds. The fact that the bonds are revenue bonds means that the legal access bondholders have to resources of the City or the CRA is limited to the revenue stream named in the bond indenture for the issue. Similarly, because these are revenue bonds, and neither the City nor the County is issuing or guaranteeing debt, in the event of default, there is no recourse to the City or the County. Thus, there is no risk that revenues other than TDT, reserves, or insurer payments – discussed below -- will ultimately be legally accessible to pay the debt.

Second, the City has established ample bond reserves for all the bonds that will be issued under the Community Venues financing plan. The CRA Tax Increment bonds and the 6th Cent Contract TDT bonds will have reserves equaling one year's annual debt service. The 1st through 4th Cent TDT bond reserves will be two and one-half times one year's debt service. Through these reserves, the City and County are protected from the volatility inherent in using TDT as a revenue source.

Finally, the Community Venues Interlocal Agreement requires that all debt issues be insured. If there is a revenue shortfall such that the debt service cannot be made, the insurer steps in to pay the debt until the revenue stream recovers and can pay future debt service and repay the debt service paid by the insurer.

Why is the Community Venues plan a prudent deal?

The Venues financing plan has been developed with the assistance of many experts in bond finance, including bond counsel, bond advisors, insurers, underwriters and many other contributors. In conjunction with the development of the financing plan for the Community Venues, the City addressed numerous risk issues and formulated appropriate mitigation strategies. The plan of finance that resulted is prudent, conservative and comprehensive, and has adequately mitigated risk.

What happens to the Amway Arena and Bob Carr after the new facilities are built?

A final decision has not been made as to whether the Amway Arena or Bob Carr will be demolished. In fact, the City will determine the potential for reuse of these facilities in conjunction with the implementation of the vision developed by the Creative Village Concept Team. Building on the existing UCF School of Film and Digital Media and the Florida Interactive Entertainment Academy, the plan is to initiate a digital media neighborhood where innovative, high-tech digital media businesses come together with residential, retail and academia.

What if the City of Orlando is unable to sell the current arena site for the projected sales price of \$90 million?

First, the planned redevelopment that will produce the \$90 million is considerably more than just the arena site. This includes all the City-owned land that will be part of the Creative Village, including not only the Amway Arena site but also the Bob Carr Performing Arts Centre site, a number of surface parking lots, certain property adjacent to both the arena and Bob Carr Performing Arts Centre, and some right-of-way that will be made available as a result of street realignments.

The City is projecting that the sale of this property will commence sometime in 2011 and will continue for several years. Accordingly, the projects will likely be complete at the point that we determine the actual sales price for this property. However, the City has mitigated the risk that the committed funding will not be realized by (1) using a very conservative price per square foot and (2) not counting on any appreciation of this property in the assumed price. Prices for similar property have ranged from \$86 to over \$100 per square foot recently and the City's assumption is \$80 per square foot. Further, the City's real estate consultants have said a conservative estimate would be to expect at least 3% appreciation annually.

How does the Magic contribution compare to other cities?

The Orlando Magic's contribution to the proposed Events Center is more than any other professional sports team in a similar sized market in regard to population/corporate base. In Memphis, the team contributed \$16.2 million. In Indiana the team contributed \$21 million. In Charlotte the team pitched in \$23.2 million. And, in San Antonio, the organization contributed \$42 million.

Why can't the funds from the Tourist Development Tax be used for public safety or schools?

By state law, the TDT can be used only for convention centers, professional sports arenas, sports stadiums, and auditoriums; for the promotion of and advertisement for tourism in the State of Florida; for auditoriums; and tourist bureaus.

What if the tourist industry slows down?

As a part of the plan of finance, the City modeled the effects of a terrorist attack similar to September 11, 2001—a worst case scenario—and determined that, with the reserves, the City will be able to recover without accessing our insurance, spending revenues beyond those already committed, or defaulting on our debt.

How will you ensure that the Venue Partners will meet the guidelines outlined in the Development & Operations Agreements?

Mayor Buddy Dyer will establish the Mayor's Citizens Oversight Committee (MCOC) to provide public oversight and review of the Community Venue projects. The MCOC is an ad hoc advisory board that will provide leadership, input and recommendations to the Mayor and City Council, as necessary, to help ensure that the three Community Venue projects are:

- Completed in accordance with the development agreements in place;
- Completed on time, with the highest investment in quality possible; and
- Completed within the budget allocated.

The MCOC is designed to ensure accountability and transparency of the administrative and fiscal activities throughout the development and construction process.

What is the timeline for construction?

Upon approval of the Interlocal Agreement, the construction planning and design for the Performing Arts Center will be completed in April 2009, begin construction in June 2009, and open to the public in 2012.

Construction on the Events Center will commence by summer 2008. The Magic and the City will work together to cause Substantial Completion to be achieved by the target opening date of 2010.

The design will begin on the renovation of the Citrus Bowl in 2007 with construction anticipated to be substantially complete no later than November 2011. Construction activities on-site are planned to begin in 2009 and will be performed during the periods of February 1 through October 31 of each year to enable the Florida Classic, Champs Sports Bowl and Capital One Bowl to be played in the Citrus Bowl each year during the renovation.