

CITY COUNCIL RESEARCH DIVISION

LEGISLATIVE SUMMARY



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Bill Type and Number: 2021-892

Introducer/Sponsor(s): Council President at the request of the Mayor and Co-Introduced by Council Vice President Freeman, Council Member Carlucci and Council Member Salem

Date of Introduction: December 14, 2021

Committee(s) of Reference: NCSPHS, F

Date of Analysis: December 13, 2021

Type of Action: Appropriation, agreement authorization, designation of oversight agency and emergency passage upon introduction

Bill Summary: This bill is an appropriation of \$500,000 from contingency for SMG-Gator Bowl Game to trust fund authorized expenditures for the annual TaxSlayer Bowl football game and represents funding that was placed below the line during the budget process pending the negotiation of the final amended lease agreement with Gator Bowl Sports, Inc (GBS). A Second Amended and Restated Lease between the City of Jacksonville and Gator Bowl Sports, Inc. is authorized. The Office of Sports and Entertainment will oversee the project. Emergency passage upon introduction of this legislation is requested because the 2021 game occurs on December 31, 2021 and the parties desire to enter into the Amended Lease before that date.

Background Information: The purpose of this legislation is to provide funding for the annual TaxSlayer Bowl Football Game that was placed below the line in the budget process pending final lease. The Amended Lease extends the term of the lease to March 31, 2026, sets forth the terms and conditions as agreed to between the City and GBS for its annual TaxSlayer Bowl Game, and sets forth an inventory of in-game advertising assets, game tickets, and hospitality and parking passes to be used for City purposes. The lease term is through the 2025-26 college football season and expires March 31, 2026. The amended lease includes:

- Base rent for the stadium was \$114,737.65 for the January 2, 2021 game and will increase 3% per year thereafter.
- Gator Bowl Sports shall have administrative office space in the stadium year-round and 10 parking spaces (except on Jaguar game days).
- COJ shall have use of one stadium suite and GBS shall have 4 suites at no cost for its use and for the two participating universities on game day.
- COJ shall provide all parking operations and shall receive \$3 per space sold from GBS, which keeps all other parking revenue. COJ shall provide GBS with 650 parking spaces in or near current Parking Lots M and N for use by media, staff, and others assigned by GBS. Language in the lease recognizes that the number of parking spaces may be reduced or reconfigured during the term of the lease due to redevelopment, which shall not constitute a default of the City's obligations under the lease.
- GBS shall get 35% of gross concession revenues and shall control use and revenues for advertising via programmable electronic signage and temporary signs that shall not obstruct permanent stadium signage controlled by other parties.
- COJ shall pay all game day operating costs up to \$425,000 for 2021-22, increasing by 3% per year thereafter.
- GBS may terminate the lease by providing written notice to the City between April 1 and August 31 each year. Within 6 months of the impending expiration of the lease term, either party may initiate negotiations to renew the lease by written notice to the other party.

- COJ shall make best efforts to have the Tourist Development Council make an annual allocation of no less than \$250,000 to the game.
- Each year prior to June 1, GBS shall submit a budget for the game to COJ with pro forma revenue, expenses, profit and losses. Following completion of GBS's fiscal year it shall provide its audited financial report to COJ.
- COJ shall establish a Trust Fund for the benefit of GBS and the bowl game with a deposit of \$500,000 within 90 days of the commencement of the contract.
- If GBS experiences a loss on the game, COJ will pay GBS from the Trust Fund up to the amount available in the Fund to make up for the loss and will thereafter replenish the Fund with an appropriation in the next annual budget back to \$500,000. If GBS experiences a profit from the game, GBS and COJ shall share the profit based on a designated hierarchy of uses: GBS first replenishes its cash reserve account up to \$2,500,000, then half of the remainder is deposited into COJ's Trust Fund and GBS gets the other half.

Policy Impact Area: TaxSlayer Bowl

Fiscal Impact: Appropriation of \$500,000 as initiated by B.T. 22-038

Analyst: Hampsey