

City of San Antonio
ALAMODOME
Interdepartmental Memorandum

AGENDA ITEM NO. 38

TO: Mayor and City Council

FROM: Michael Abington, Director, Alamodome

THROUGH: Terry M. Brechtel, City Manager

COPIES: Roland A. Lozano, Assistant to the City Manager

SUBJECT: Agreement to purchase electronic systems and other assets from the San Antonio Spurs

DATE: November 14, 2002

SUMMARY AND RECOMMENDATION

This ordinance authorizes the City Manager to negotiate and execute an agreement to purchase from the San Antonio Spurs certain assets, improvements and equipment located and installed at the Alamodome, for a sum total of \$800,000. Staff recommends approval.

BACKGROUND

In accordance with the Multi-Purpose Dome Facility Sublease Agreement approved by the San Antonio City Council on September 15, 1990, the San Antonio Spurs made certain improvements to the Alamodome in the form of finish-out and equipping of various areas such as office space, luxury suites, and those hospitality areas known as the "Sports Club" and "Top of the Dome." Additionally, the Spurs installed certain fixtures and equipment for the purpose of electronic display and advertising signage, including backlit advertising panels, electronic message panels, Sony JumboTron video system, video walls, the outdoor electronic marquee, and the associated control room equipment.

More recently the Spurs installed a system of shutter-controlled lights in the Alamodome Arena, for instantaneous production blackouts and other special lighting effects for Spurs games and other events.

POLICY ANALYSIS

With the termination of the San Antonio Spurs agreement, all rights previously owned and controlled by the Spurs revert to the City. Among these are the rights to market and sell permanent advertising in and around the Alamodome facility and the outdoor electronic marquee, and the operation of the electronic scoreboards, video and messaging systems for Alamodome events; and the operation of all food and beverage services, including the "Sports Club" and "Top of the Dome" restaurant.

Additionally, the Spurs agreements provide the City the opportunity to purchase the equipment and systems for use as revenue producers and marketing tools, which are integral components for the ongoing successful operation of the Alamodome. The Spurs have agreed to sell these assets to the City for future continued use by the Alamodome.

Additionally, this purchase agreement resolves all outstanding matters relating to the Hemisfair Arena Lease Agreement, the Alamodome Master Executive Suite Agreement, and all facility access fee issues under the Alamodome Lease Agreement.

Sony JumboTron, Video Walls, Electronic Message panels

These systems represent an essential element in the overall marketability of the Alamodome, and are a mandatory requirement to host events such as the Alamobowl, Monster Jam, Arena Cross, X Game and NCAA Regionals and Men's and Women's Final Four.

As importantly, they form the basic platform for Alamodome advertising and sponsor development. Such equipment is a key element in maximizing revenues and fulfillment of sponsorship opportunities. Without such resources it will be impossible for the facility to satisfy the needs of many events and future corporate partners.

Although the current market value of this equipment (scoring and display equipment, large screen video displays, video replay system and accompanying hoists and structures) is estimated at \$315,450, the cost to replace these systems would be approximately \$8,631,400.

Sports Club and Top of the Dome Restaurants

Dining establishments are equally fundamental to hosting large-scale events and new business development. Additionally, both areas are essential values to the property. Corporate sponsorship packages must include areas for client entertainment and employee hospitality. Significant worth can be placed on access to a special event or VIP opportunity. In addition, these facilities offer extensive signage and logo display advantages to prospective sponsors. The Spurs finished out these areas and installed all equipment at their cost.

Replacement cost for the furniture, fixtures and equipment in these two facilities is approximately \$210,600.

Outdoor Marquee

Texas Department of Transportation studies estimate 131,000 motorists travel the IH35/IH37 south interchange daily. Given these statistics, the outdoor marquee can be considered a highly profitable resource. As a showcase for upcoming events, the marquee is an invaluable advertising medium. It also offers the Alamodome a competitive advantage over facilities with a smaller average traffic count.

Although the current market value of the marquee is estimated at \$20,000, the cost to replace this equipment would be approximately \$357,500.

Musco Shutter-controlled Lights

These fixtures provide the capability for instantaneous blackouts to service events that require special effect lighting such as Ringling Bros. Circus, Disney on Ice, Barney's Tree House, and certain concerts.

This lighting system was installed in 1998 at a cost of approximately \$382,000.

Concourse Advertising Panels

Included in the equipment package are 174 backlit advertising panels located throughout the facility. On-site signage is the single, most valuable component of a sponsorship package. Concourse signage provides guaranteed visibility for corporate sponsors' products and services. It is the foundation for the Alamodome's future corporate sponsorship program and a primary factor in determining the all-important advertising ratio of visitors' impressions. Ownership of these existing panels will assure greater net revenues from future Alamodome advertising. Current market value of these fixtures is approximately \$24,265 and the cost of replacement is approximately \$241,650.

FINANCIAL IMPACT

The estimated cost to replace these systems and equipment is \$9,823,150, and is detailed below.

Scoring and Display Equipment	\$1,220,400
Large Screen Video Displays	4,796,800
Hoists and Structure	1,805,000
Video Replay System	809,200
Concourse Ad Panels	241,650
Outdoor Marquee	357,500
Sports Club and Top of Dome FFE	210,600
Musco Shutter Lights	382,000

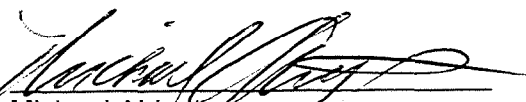
The City and the Spurs have agreed to a sale price of \$800,000 for these assets. Funding is available from Wolff Stadium and Alamodome concessions Certificates of Obligation.

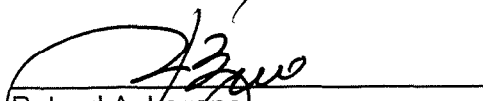
COORDINATION


This item was coordinated between the City Attorney's Office and the Alamodome Department.

SUPPLEMENTAL INFORMATION

The required City of San Antonio Discretionary Contracts Disclosure Form is attached.


Michael Abington
Alamodome Director


Roland A. Lozano
Assistant to the City Manager

APPROVED:

Terry M. Brechtel
City Manager

City of San Antonio
Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

State "Not Applicable" for questions that do not apply.

** This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.*

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

N/A

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

SAN ANTONIO SPURS, LLC

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

N/A

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

N/A

(3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the

discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

N/A


Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current or former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
N/A	N/A	N/A

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature: 	Title: <i>EXECUTIVE VP</i> Company: <i>SAN ANTONIO SAVINGS</i>	Date: <i>10-28-02</i>