

T-MOBILE CENTER CAPITAL IMPROVEMENTS

TRANSPORTATION, INFRASTRUCTURE AND
OPERATIONS COMMITTEE

ORDINANCE NO. 210937

ARENA MANAGEMENT AGREEMENT

- Arena Management Agreement governs management and operations of T-Mobile Center
 - Between City, as Owner and AEG Kansas City Arena, LLC, as Manager
 - Capital repairs and improvements split between City/Manager 65%/35%
- Manager has submitted a five year capital improvement plan totaling \$19,035,129
 - City Share = \$12,372,834
- Ordinance No. 210937 approves a memorandum of understanding to cover Years 1 and 2 of five year CIP

PROPOSED MOU

- Year 1 Improvements = \$2,138,810 (City Share - \$1,390,226.50)
 - Exterior LED Signage
 - Point of Sale System
- Year 2 Improvements = \$4,311,116 (City Share - \$2,802,225)
 - Building Automation System
 - Interior LED Signage
 - LED Scorer's Table (basketball)
 - Building Enhancements
- MOU allows Manager to fund Year 2 improvements in advance (City share to be repaid via FY2022-23 budget request)

DOWNTOWN ARENA DEBT FUND – SUMMARY

Established in the early 2000's to collect voted arena license fees

Sources of revenue

- Car Rental License Fee - \$4.00 per day
- Hotel License Fee - \$1.50 per occupied room per day
- User Fees from T-Mobile Center operations

Uses of funds

- Debt Service on bonds issued to finance arena construction and improvements
- Pass Thru to VisitKC – 12.5% of car rental license fee (\$0.50 per day)
- Capital improvements to arena – planned and unplanned

FY2020-21

- Revenues down 52% from adopted budget
- Ending fund balance \$4.9 million (down from \$13.2 million in FY2019-20)

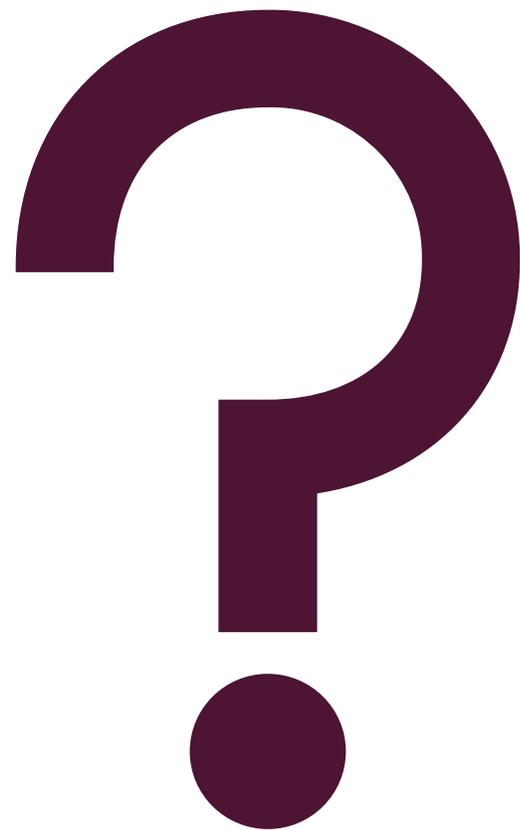
FY2021-22

- Revenues still projected to be down 32% from FY21 adopted budget
- General Fund subsidy of \$2.5 million budgeted in FY22 and beyond depending on revenue recovery

American Rescue Plan (ARP)

- Allowed for restoration of General Fund balance (recovery of lost revenue category)
 - Recommendation is to use General Fund to fund Year 1 of the CIP for the Arena
- Year 2 funding would be part of the FY2022-23 budget request for use of Tranche 2 of ARP (recovery of lost revenue category)

DOWNTOWN ARENA DEBT FUND – IMPACT OF RECESSION



QUESTIONS?