



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 21-00193

City Council

2/25/2021

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

AMENDMENT NO. 5 TO THE NORTHWEST FLORIDA PROFESSIONAL BASEBALL LLC (NFPB) AGREEMENT AT COMMUNITY MARITIME PARK (CMP)

RECOMMENDATION:

That City Council approve Amendment No. 5 to the Northwest Florida Professional Baseball LLC (NFPB) lease agreement for the stadium at the Vince S. Whibbs Community Maritime Park (CMP), which provides for the redistribution of park revenues, the shift of responsibility for maintenance and capital improvements, and extends the lease for an additional two 5-year terms. Further, that City Council authorize the Mayor to execute all necessary documents related to the implementation of this lease amendment.

HEARING REQUIRED: No Hearing Required

SUMMARY:

In July 2011, the Community Maritime Park Association (CMPA) entered into a non-exclusive use agreement with Northwest Florida Professional Baseball LLC (NFPB) for the Pensacola Wahoos to play baseball in the Community Maritime Park stadium. This agreement was subordinated to the City with the sunseting of the CMPA. The agreement is set to expire at the end of September 2021 and allows NFPB the option of two (2) five-year extensions to the agreement. This fifth amendment would extend the agreement through September 2031.

NFPB wishes to exercise both extensions totaling ten (10) years contingent upon the construction and implementation of approximately \$2,000,000 in capital improvements at the stadium, as well as some material changes to the financial terms of the agreement. These changes include the transition of responsibility for repairs, maintenance and capital improvements from the City to NFPB in exchange for certain revenues currently collected by the City transferring to NFPB. The \$2,000,000 in improvements include but are not limited to replacing the natural grass playing surface with artificial turf and replacing the regular stadium lights with LED stadium lights. The full list of improvements is attached.

The change to the financial terms of the agreement are:

- There is a Variable Ticket Sales Surcharge of \$0.50 per ticket on all tickets sold for home

games except those sold to members of the military, their families, or children under the age of 12. These monies are remitted to the City and currently used for capital improvements at the park. This surcharge will be eliminated and replaced by a similar charge on the price of a ticket that will be kept by NFPB and used to repay NFPB for the \$2,000,000 in capital improvements and pay for all future capital improvement needs of the stadium. In Fiscal Year 2019, the City collected \$121,239.

- There is also a Variable Attendance Surcharge of \$1.50 per ticket on tickets sold for home games. These monies are currently remitted to the City and used for the stadium's repairs and maintenance needs. This surcharge will also be eliminated and replaced by a similar charge on the price of a ticket that will be kept by NFPB and used for all repairs and maintenance needs of the stadium and to repay NFPB for the \$2,000,000 in capital improvements. In Fiscal Year 2019, the City collected \$262,803.50.
- The second amendment to the original use agreement entered into on April 2, 2015, granted NFPB the exclusive naming rights to the stadium in exchange for a payment of \$112,500 for seven (7) years. The City will forgive the remaining payment due under this amendment.
- The City currently is responsible for all parking management for the park. This responsibility, along with the revenues generated, will become NFPB's and used for all repairs and maintenance needs of the stadium and to repay NFPB for the \$2,000,000 in capital improvements. In Fiscal Year 2019, the City collected \$106,450 in net revenues.
- The stadium is currently used by the University of West Florida (UWF) to host its home football games. UWF pays the City \$25,000 annually for the use of the stadium. These monies will be remitted to NFPB and used for all the stadium's repairs and maintenance needs and to repay NFPB for the \$2,000,000 in capital improvements.
- NFPB currently rents office space at the stadium for \$9,000 per year. This rent will be eliminated, and the savings will be used for all repairs and maintenance needs of the stadium and to repay NFPB for the \$2,000,000 in capital improvements.
- All concessions revenues will be retained by NFPB and used for all repairs and maintenance needs of the stadium and to repay NFPB for the \$2,000,000 in capital improvements. In Fiscal Year 2019, the City collected \$27,454.
- The City currently has \$470,246 escrowed for capital improvements at the park. These funds will be retained by the City, and the usage broadened to include any needs of the park.

The net effect of these changes is that the NFPB will retain all revenues generated by baseball and previously kept by the City, with the exception of NFPB's annual rent. In exchange, NFPB will assume primary responsibility for the repairs, maintenance, and future capital improvements of the stadium. NFPB will also construct approximately \$2,000,000 in improvements detailed in the attachment. The impact of these shifts are captured in the attachments to this memo.

The financial impact of these changes will cost the City and the Community Maritime Park Management Services Fund between \$150,000 to \$200,000 annually. This is the rough equivalent of an annual repayment for the initial \$2,000,000 in capital improvements over the ten-year period of the

agreement. The City may use the escrowed \$470,246 to offset this loss until it is exhausted. The remaining portions of the shortfall may be offset with any revenues, including future property taxes generated at the Community Maritime Park.

PRIOR ACTION:

- July 20, 2011 - The CMPA entered into a Non-Exclusive Multi-Use Agreement with NFPB for baseball at the Community Maritime Park.
- July 2014 - The CMPA and NFPB entered into the 1st amendment to the Multi-Use Agreement.
- April 2, 2015 - The CMPA and NFPB had the 2nd amendment to the Multi-Use Agreement to sell the naming rights for the stadium to NFPB for a total of \$787,500 to be paid in equal installments for seven years.
- October 4, 2017 - The CMPA entered into the 3rd amendment to the Multi-Use Agreement whereby the NFPB purchased a videoboard for \$100,000, and the CMPA agreed to reimburse them \$20,000 per year for five years.
- March 14, 2019 - The City entered into the 4th amendment to the Multi-Use Agreement whereby the Variable Attendance Surcharge was changed from a variable rate to a flat \$1.50 per ticket.

FUNDING:

N/A

FINANCIAL IMPACT:

The financial impact of these changes will cost the City and the Community Maritime Park Management Services Fund between \$150,000 to \$200,000 annually. This is the rough equivalent of an annual repayment for the initial \$2,000,000 in capital improvements over the ten-year period of the agreement. The City may use the escrowed \$470,246 to offset this loss until it is exhausted. The remaining portions of the shortfall may be offset with any revenues, including future property taxes generated at the Community Maritime Park

CITY ATTORNEY REVIEW: Yes

2/12/2021

STAFF CONTACT:

Keith Wilkins, City Administrator
Amy Lovoy, Finance Director

ATTACHMENTS:

- 1) Detail of NFPB Lease Adjustments - February 2021

2) Capital Projects List Estimate by NFPB - February 2021

PRESENTATION: No