

City of Sugar Land

Review of the draft Policy on Requests for Funding Public Destination Venue Capital Enhancements

Presentation Overview

- Destination Development Strategy
- Outcome of City Council Task Force
- Policy Purpose & Definitions
- Capital Project Criteria
- Process
- Next Steps

Destination Development Strategy

- Decade-plus City strategy of destination development
 - Grow / solidify economy & position as economic powerhouse
- Deliberate guiding principles for strategy:
 - Selectively choosing highest-quality partners
 - Protecting City's business / financial interests and limiting risk – e.g. assignment of ongoing operational responsibility to partner
 - Leveraging restricted or project generated revenue sources
 - Increasing upside sharing with City's upfront capital investment

Destination Venue Capital Support Policy Task Force

- Recent request from non-profit P3 partner for City support of a capital “refresher” project
- City Council Economic Development Committee requested formation of a City Council Task Force to look at policy aspects – recognizing potential benefit of additional City support for refresher projects
- Task force met on September 13 & December 5, 2018
- Meetings resulted in creation of draft policy presented today

Policy Purpose

- Establish guidelines for considering requests to fund a Capital Enhancement Project after the Public Destination Venue has been opened to the public

Policy Definitions

- ***Capital Enhancement Project-*** Project to enhance and update infrastructure, assets, and land that are capital, physical and enduring in nature, provide long term, added value to the City, and achieve a stated objective of the City.
- ***Public Destination Venue-*** Means property (i) owned, leased by, or under the control of, the City or that by written agreement may be owned by the City; and that (ii) with facilities located thereon that attract events for the general public, including a minor league baseball stadium, museum, performing arts center/ live entertainment venue, festival site, and similar venues.

Policy Definitions Cont.

- ***Nonprofit Entity, for the purpose of this Policy-*** (i) a nonprofit corporation no part of the income of which is distributable to a member, director, or officer of the corporation, except as provided by Section 22.054, Tex. Bus. Org. Code; or (ii) a limited liability company qualifying as a federally tax exempt organization described in Section 501 (c) (3) of the Internal Revenue Code, as amended, and organized and operated exclusively for charitable, scientific, literary, and educational purposes within the meaning of Section 501 (c) (3) of the Internal Revenue Code pursuant to its certificate of formation.

Capital Project Criteria

- **Only Consider Support of Capital Projects with Substantial Benefit to Sugar Land Economy and Community**
 - **Operational Support Not Eligible for Consideration**
- **Distinction of Revenue Source**
 - **Commercial Partners Limited to Project-Generated Revenues**
 - **Qualifying Non-Profit Partners May Also be Eligible for Restricted Revenue Contributions from SL4B**

Requirements for Consideration

- **50% Matching Requirement from P3 Partner**
- **Project Must Not Conflict with City Plans**
- **Prioritization Criteria- if Multiple Requests Received**
 - **Amount of Time Since Venue Opened**
 - **Number of Times Venue Operator Requested Funding**
 - **Economic Benefit to the City**
 - **Overall Community Benefit**

Process for SL4B Non-Profit Consideration

- **\$200,000 Maximum Annual SL4B Contribution**
 - Available Annual Capacity Determined After Carryovers (i.e. Preserve “Reserve for Opportunities” Funding)
- **City Council / SL4B Consideration in Early Spring**
 - Review by City Council Economic Development Committee
 - Agreement Amendments & Budget Amendments
 - SL4B Public Hearings/ Funding Resolutions
- **Unused Capacity Released by May 31 - Available for “R4O”**

Task Force Review & Next Steps

- **Previous: Extensive Review & Discussion with City Council Destination Venue Task Force**
- **Tonight: Receive Feedback from City Council**
- **February: City Council Consideration of Policy**

CLARIFYING QUESTIONS FOR STAFF

COUNCIL DISCUSSION & CONSENSUS