



City of Greensboro

Melvin Municipal
Office Building
300 W. Washington Street
Greensboro, NC 27401

Agenda Report

File Number: 2024-403

Agenda Item# I.3.

Agenda Date: 6/4/2024. **Department:** Financial & Administrative Services

Meeting Type: Council Meeting **Category:** General Business Agenda

Title: 2024 – 403 Ordinance to Appropriate Funds to Facilitate Transition of Coliseum Complex and Tanger Center Operations to a Private Management Company

Council Priority: Place an 'x' in the box.

- | | |
|--|--|
| <input type="checkbox"/> Safest City | <input type="checkbox"/> Most Skilled Workforce |
| <input type="checkbox"/> Easiest Place to Do Business | <input type="checkbox"/> Most Connected City |
| <input type="checkbox"/> Youth Sports Capital | <input checked="" type="checkbox"/> Hub of Recreation and Entertainment |
| <input type="checkbox"/> Abundance of Attainable Housing | <input type="checkbox"/> Other/Admin <u>Briefly Explain 3 word maximum</u> |

Council District: 1, 3

Public Hearing: No

Advertising Date/By: N/A

Contact 1 and Phone: Larry Davis, Ext.

Contact 2 and Phone: Marlene Druga, Ext.2094

PURPOSE:

The purpose of this ordinance is to provide appropriations to accomplish the following three items:

- 1) To allow payment of accrued leave, transition assistance and other contractual payments to affected City employees as a result of a declared reduction in force relating to elimination of certain City positions and movement of specific City operations to a private management company
- 2) To reimburse the Coliseum Fund 521 for payment of capital and maintenance items to provide the necessary funds to facilitate transitioning of accounts and closeout of balances
- 3) To prepare the Tanger Performing Arts Center Construction Fund 527 for closing and to transfer any remaining contract encumbrances to Tanger Capital Improvement Fund 523 for completion therein

BACKGROUND:

On April 19, 2024, the City entered into a Management Agreement with Global Spectrum, L.P., doing business as OVG360, to operate the City's Coliseum Complex facilities (Coliseum) and

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the Tanger Center for Performing Arts (Tanger). Starting on July 1, 2024, the City will still own all of these facilities, and all continuing revenues and cash generated. OVG360 will solely direct the operations with their own staff which will still be funded by the City in accordance with an approved budget. In return, OVG360 will be paid a management fee and potential annual incentive amounts based on meeting certain agreed upon criteria.

Due to this transition, 105 City employees were affected by a reduction in force (RIF) and their City jobs will be eliminated after 6/30/24. Certain of these employees will be entitled to payouts of earned leave, agreed upon transition assistance and other payments per contractual agreements, including associated payroll taxes and pension contributions totaling approximately \$1.4 million. As of 5/24/24, six (6) of the RIF employees are transferring to other City positions, ninety-one (91) have indicated interest in employment with OVG360 and eight (8) are in process of making their plans. It is recommended that the Hotel/Motel Occupancy Tax Fund reimburse the Coliseum Fund 521 for up to \$1.4 million of these expected employee payout amounts by supporting an equal amount of Coliseum maintenance expenditures recorded in the Coliseum Fund in FY 2023 – 2024.

In addition, in order to prepare the Coliseum Fund 521 for movement of account balances to OVG360 and other necessary accounting entries, the Fund needs an additional one-time subsidy of \$3,085,000 to allow for finalization and transition of accounting activity. It is recommended that the Hotel/Motel Occupancy Tax Fund reimburse the Coliseum Fund 521 for the purchase of the Daktronics arena scoreboard, new LED lighting at the Greensboro Aquatic Center, certain strategic land purchases and other maintenance at the Coliseum facility totaling \$3,085,000 to allow the necessary transition accounting entries to be completed. These critical purchases were previously made in the Coliseum operating fund due to lack of other available capital funding sources.

The Hotel/Motel Occupancy Tax Fund has benefited from significant growth in receipts in FY 2021 – 2022 and FY 2022-2023. After making the estimated \$4.5 million one-time subsidy to the Coliseum Fund 521 in order to facilitate private management transition, remaining occupancy tax fund balances and projected occupancy tax growth are expected to be sufficient to allow for issuance of additional \$20 million in new debt in FY 2025-2026 supported by the City's occupancy tax. Review and prioritization of Coliseum capital improvement and maintenance needs would occur first in accordance with strategic capital planning. Should assumptions change, however, the new debt may need to be delayed.

Finally, in order prepare the Tanger Center Construction Fund for closing, remaining cash and encumbrances of \$47,490 will need to be transferred to the Tanger Center Capital Improvements Fund to allow completion of the remaining contracted amount.

BUDGET IMPACT:

Appropriations allowing for a one-time transfer from the Hotel/Motel Occupancy Tax Fund in the amount of \$4,500,000 to Coliseum Fund 521 are needed, as well as \$47,490 for transfers between Tanger Center capital project funds.

ACCOUNT NUMBER:

206-10-1011001.6521

206-NC-NC.8900

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521 Various
527-NC-NC.6523
527-NC-NC.8900
523-75.7521001.6013
523-NC-NC.9527

RECOMMENDATION / ACTION REQUESTED:

It is recommended that City Council adopt the attached ordinance to appropriate funds to facilitate transition of Coliseum Complex and Tanger Center operations to a private management company and to prepare the Tanger Center Construction Capital Project Fund for closeout.