



Agenda Item Summary

File #: 24-00918

Agenda Date: [Publish Date]

Agenda Item Name:

Sports Event Center Staff Update

Presenter:

Tommy Crosby Assistant County Manager

Description:

Alachua County Sports Event Center (ACSEC) staff update

Recommended Action:

Receive Information

Prior Board Motions:

N/A

Fiscal Note:

N/A

Strategic Guide:

All Other Mandatory and Discretionary Services

Background:

The Alachua County BoCC entered into an agreement with CP Events Center Operations, LLC in August of 2021 to operate the Sports Event Center. The completion of construction was delayed into Calendar 2023, with a “soft” opening in the spring for a track season then closed for final completion. The ACSEC reopened in July 2023. The ACSEC operates on a calendar year budget cycle.

At the end of year one (2023), staff performed a review of operations activity and entered an “Agreed Upon Procedures” (AUP) with CRI in April 2024 to review the financial records and Operator procedures. The 3 areas of focus are financial, performance, and facilities maintenance.

Financial: The operations contract proforma financials that were part of the original agreement (attached) indicate that this endeavor is estimated to take 5 years before having positive retained earnings. In the interim, the operator, CP Events Center Operations, is responsible to backstop all cash flow needs and losses. Part of the AUP was to review bank statements and financial records to confirm this was being done by the operator. The operator is contributing the funds necessary and the ACSEC maintains sufficient cash to operate on continuing basis. It is also noted that the operator clearly understands this expectation and has not asked for any relief from the obligation. The AUP also revealed many cases where improvements in workflows, controls and especially documentation of

transactions are needed. This has been discussed with the operator and staff is working to clearly establish an acceptable level of transparency and reporting. No County dollars have been used or requested to support operations.

Performance: Standards were set that committed the operator to goals relating to the number of events per year and a report on connecting hotel stays to the center for events. These goals are established to monitor the fundamental reason for entering the P3 Project, which to create significant economic impact to Alachua County through visitors which also increases the County's tourist tax revenue. The goals were built off the Victus Advisory report (attached) used to support the P3 project as a viable proposal. Staff analysis of the information indicates that while the ACSEC is generating positive economic activity, it is not yet at the level of expectation. However, upcoming major events like the World Masters, and US Track and Field are promising news that the ACSEC is heading in the right direction.

Facilities Maintenance: The facility itself is the investment made by the BoCC to the P3 project. The land was donated to the County and the building is owned by the county. The operator is responsible for on-going maintenance (including preventative maintenance), repairs, and long-term capital asset funding for major replacements, such as floors, mechanical, and roofing, in the future. The monthly and annual report indicate that these contributions are being made to fund the facility. Construction was completed during 2023, and the builder addressed facility issues during the first year before manufacture warranties are used. Since it is a new building, little need for repairs have been needed. The one issue that staff is working with the operator and developer to rectify is problems with flooring. The agreement requires the facility be maintained to Association of Physical Plant Administration (APPA) Standards. As such, facilities maintenance has developed a spreadsheet (see attached) to use on routine walk-throughs of the facility.

Based on our review, while there are obvious areas of improvement needed in the area of financial documentation and procedures; the ACSEC operator is financially supporting the center in its infancy, is working with staff on ensuring the facility is maintained appropriately and starting to target and bring in larger and broader tourist reaching events.