

New Stadium Project

Frequently Asked Questions

1. What is the cost of building a new stadium vs. renovating the Dome?

Extensive research and studies have been conducted by the Georgia World Congress Center Authority on this issue.

A study conducted by Populous in 2010 determined that the cost of a major renovation to the Georgia Dome would be up to \$394 million (with roof replacement but not retractable roof), much more than the \$200 million public funding for construction of a new stadium.

In a subsequent report in 2011, Populous determined that, in a dual stadium solution in which an open air stadium was built and the Georgia Dome continued to host its non-Falcons events, from 2011 to 2020 the cost of maintaining the Dome to “today’s” level of quality as well as capital improvement needs would be between \$79 million and \$115 million.

And in a report in 2012, Populous determined that the cost of reconstructing and expanding the Georgia Dome, including the addition of a retractable roof, would cost approximately \$860 million, only about 9% - or \$88 million – less than building a new facility for an estimated \$948 million. In addition, the Dome would need to be closed for approximately two years for the renovation, which means the Falcons and other current Dome events would be displaced at substantial costs, including the risk of the Dome losing events.

The difference in price between an expansion/reconstruction of the Dome and building a new stadium does not affect the public contribution in any way, since it is fixed at 39.3% of the hotel-motel tax. In the currently proposed MOU, the Falcons will be picking up 100% of this difference.

2. Where will the new stadium be located?

The preferred site is south of the Georgia Dome. If the parties are not able to reach agreements for land acquisitions necessary for this site (Mt. Vernon Church and Friendship Church, among others), the project would move to the north site.

3. What infrastructure costs are covered by the Falcons' \$50 million contribution? If this funding is not sufficient to address needs, where will the additional funding come from?

The Falcons' infrastructure contribution anticipates unique needs of the south site; i.e., road rerouting.

The stadium design process will further define infrastructure needs of the south site; however, it is believed that the approach to estimating these costs – which included the engagement of a global infrastructure consulting firm, a large local general contractor and the Department of Public Works – is sufficiently conservative. Additionally, there is a site option on the north end of the GWCC property if the south site is determined not to be feasible.

A primary benefit of locating the new stadium on the GWCCA campus is that the core infrastructure to support the stadium is already in place (roadways, utilities, etc.).

4. How will excess hotel-motel tax proceeds be applied?

All of the 39.3% of the hotel-motel tax must be used for the new stadium project per state legislation passed in 2010.

After first satisfying the debt service and debt service reserve requirements of the bonds issued by Invest Atlanta, any remaining funds would be placed in a GWCCA Custodian Account and distributed, as outlined in the MOU, for refurbishment, maintenance, capital and operating expenses for the new stadium.

This is the same method that has been employed at the Georgia Dome for the past 20-plus years for a stadium that was 100% publicly funded.

It is important to note that stadium operations, maintenance and capital expenses will always be substantially higher than any projected excess hotel-motel tax revenue in any given year. In addition, the amount of excess funds from year to year is uncertain and not guaranteed. This risk lies with the Falcons, as the club is assuming stadium operational, repair and capital improvement expense responsibilities. In addition, the Falcons are taking on more upfront construction risk as a result of public funding decreasing from \$300 million to \$200 million.

5. Will the EBO Plan also apply to operations of the new stadium?

As it relates to construction of the stadium, the MOU between the GWCCA and Falcons provides for MWBE participation on equal footing with the City.

Regarding operation of the stadium, the MOU provides for preferential treatment in hiring of current Georgia Dome associates, whose ethnic diversity exceeds the metro Atlanta average. Inclusion is also one of the core values of the Blank Family of Businesses; that commitment will continue in the new stadium.

6. What is the process for the funds pledged for community enhancement?

The Arthur M. Blank Family Foundation will commit at least \$15 million for the purpose of investing in Vine City, English Avenue, Castleberry Hill and other neighborhoods contiguous to the new stadium. The funds, which will be controlled by the Blank Foundation, will be dedicated beginning in 2013 and no later than 2017. All funds will be invested in projects for the communities by December 2020.

Invest Atlanta will also commit \$15 million from the Westside Tax Allocation District (“the TAD”) to co-investments in the targeted neighborhoods. It is anticipated that planned uses of TAD funds will leverage additional public and private funds.

The Blank Foundation’s guiding principles for its investments include a limited number of large transformational projects that result in lasting impact. Preference will be given to projects that:

- Address overall needs as part of a cohesive plan
- Accelerate quality of life
- Improve health, education and welfare of current residents
- Address equity and social justice issues associated with new residential and commercial development
- Attract new investment, new jobs and new residents to the neighborhood

7. Who will address and pay for mitigating the impact of stadium construction on the surrounding neighborhoods?

The MOU between the GWCCA, Atlanta Falcons and Invest Atlanta provides for the development of a plan to mitigate the negative effects of the development and construction of the new stadium on surrounding communities as part of the stadium project cost. This mitigation plan will address effects on businesses, traffic and neighboring properties, as well as the identification of reasonable opportunities to enhance the area surrounding the new stadium.

The Atlanta Falcons will have the lead role in these efforts and will work with the GWCCA to develop a mutually satisfactory written mitigation plan to be submitted to Invest Atlanta prior to the commencement of construction. The plan also provides for the GWCCA and Atlanta Falcons to submit periodic compliance reports to Invest Atlanta.

8. What controls will the city have over stadium design?

A representative of Invest Atlanta will be given full opportunity to review and comment on the conceptual, schematic and construction document stages of the development of the new stadium. The GWCCA will have certain approval rights over material design elements.

9. What are the next steps toward a final agreement?

The GWCCA and the Falcons are working toward the completion of an MOU for the development, construction and operation of the new stadium, which would require GWCCA Board approval. The Atlanta City Council would vote on the extension of the hotel-motel tax and other key agreements among the City of Atlanta, GWCCA and Falcons. Invest Atlanta would need to approve a resolution that expresses the intent of the agency to issue the bonds necessary to move forward with stadium construction. And the NFL would need to approve the structure of the deal.

10. What is the plan for repurposing the land where the Dome sits?

The agreements contemplate that it would become surface parking.

11. How does the new stadium financial structure compare to the Georgia Dome agreement; rent, revenue split, etc.?

There is no way to compare the deals because the original financing, as well as the risk assignment for operations, maintenance and capital expenditures, is completely different.

The Georgia Dome was built with 100% public funding. In the case of the new stadium, private funding is contributing approximately 80% of the cost of construction. In addition, the operational, maintenance and capital risks of the new building will be on the Falcons, unlike the Georgia Dome, where it is on the GWCCA. Therefore, the financial structure in areas such as revenues and rent payments reflects this.

12. Why should public tax dollars contribute to this project?

Public-private partnerships are not unfamiliar concepts to the people of Georgia. It's how Turner Field was built and how Philips Arena was built.

The hotel-motel tax, which will contribute toward construction of the new stadium, was created in the early 1990s for the purpose of supporting economic development and tourism in Atlanta. The same portion of this tax (39.3%) funded the bonds that built the Georgia Dome. The remainder of the tax revenue funds other tourism projects in the region.

The hotel-motel tax is paid by visitors, not local residents. 86% of the revenue generated by this tax comes from people living outside of Georgia. So unless you stay in a hotel in the city of Atlanta or certain other parts of Fulton County, you will pay nothing in taxes to build the new stadium.

The Georgia Dome was built in 1992 with 100 percent public money. In this case, the hotel-motel tax revenue is estimated to cover only about 20% of the new stadium construction cost.

About 80% of the cost will be paid by private funding. In addition, the Falcons will take on any construction overrun, operating and capital risks, which were or are currently borne by the Georgia World Congress Center for the Georgia Dome. The private funding for this project goes beyond most other projects of this kind.

Finally, a new stadium will provide long-term positive economic benefits to the city and state. In addition, the construction of the new stadium is expected to generate more than \$400 million in total statewide economic impact, including more than \$160 million in personal income, over the three-year timeframe of the project.

13. Aren't there better uses for this tax?

The hotel-motel tax was created for the purpose of promoting tourism and economic development in the region. Tourism is the fifth largest employer in Georgia, supporting more than 10% of all payroll employment in the state. So the hotel-motel tax is an important driver of continued economic growth in this area.

The 39.3% portion of the hotel-motel tax has been specifically dedicated by the Georgia General Assembly for the Georgia Dome or a successor stadium on the Georgia World Congress Center campus and cannot be used for other purposes.

14. How will a new stadium impact ticket prices? Will pricing include a PSL program?

Ticket pricing will be determined based on a number of factors – the design of the new stadium, demand and market prices among them. It is too early to be able to predict ticket prices for the new stadium. That being said, the Falcons' goal will be to ensure that the community at large can continue to engage in the Falcons experience, and they are keenly aware that this requires affordable access. So the Falcons anticipate it will be creative and innovative with its ticketing structure moving forward.

The sale of PSLs is a common source of financing for modern-day stadiums. Prices range broadly depending largely on demand and the market in which they're sold. As with ticket pricing, the Falcons' approach to PSL pricing will be fair and inclusive. It is anticipated that total PSL sales to be well below that of recent new stadiums.

15. When will we see a design for the new stadium?

The Authority and Falcons initiated a request for qualifications (RFQ) process, and recently selected five professional firms that will interview with a committee of GWCCA and Falcons representatives. A final decision is expected to be made after the completion of the stadium approval process.

16. Events such as Super Bowls and Final Fours never seem to have the economic impact you claim.

Leaving aside the impact of the Falcons, events such as the Chick-fil-A Bowl and Kickoff Games, the SEC Championship, and Bank of America Classic already have a combined annual economic impact of \$112-\$150 million to the state.

If we're able to host a Super Bowl again, that's another \$187-\$276 million based on other Super Bowls hosted across the country. Just one FIFA World Cup captures anywhere between \$150 and \$250 million. And, the addition of a new College Football National Championship Game, for which Atlanta is well positioned to host, is expected to achieve an economic impact in the range of \$125 - \$202 million.

Even at the low end of the ranges, these are real contributors to the economies of Atlanta and Georgia.

17. At the end of the day, isn't this all about making more money and increasing the asset value of the franchise?

A franchise valuation study completed by Barrett Sports Group and commissioned by the GWCCA shows that given the projected private investment by the Falcons, the net change in franchise value will be nominal at best for the first decade or more of the new stadium operation. Therefore, any increases in franchise value will be based upon the team's ability to successfully manage and operate the new stadium over the long term. The Falcons are doing this deal for the long-term stability of the franchise, not a short-term economic transaction.

History shows that NFL franchise values increase on a consistent basis. It's also important to note that the Falcons are taking on a significant amount of risk and debt in funding a substantial portion of the stadium construction costs, as well as taking on a significant amount of risk related to construction overruns and operating and capital expenses, all of which could impact franchise value. In addition, the Falcons have a track record of reinvesting earnings back into the team and club, not pulling cash out.

The Falcons did not approach this project with the goal of increasing the club's franchise value. The key drivers for a new stadium are 1) putting in place a long-term solution for the Falcons following the end of its lease at the Georgia Dome; 2) providing a league-competitive game day experience for fans; 3) ensuring the club's ability to field a competitive team on the field for years to come; 4) continuing to ensure the city and state can compete for major sporting events over the long term; and 5) creating a solution in downtown Atlanta.