

Mayor and Council Communication

DATE: 03/29/22

M&C FILE NUMBER: M&C 22-0227

LOG NAME: 252026 FEI WORLD CUP HOST AGREEMENT

SUBJECT

(ALL) Authorize Execution of an Agreement with Fort Worth Convention and Visitors Bureau d/b/a Visit Fort Worth and Split Rock Jumping Tour, LLC to Host the 2026 FEI World Cup Finals for Jumping and Dressage to Include (i) a Payment of up to \$900,000.00 for Costs Relating to the Preparations Necessary for Conducting the Event and Costs of Conducting the Event, (ii) a Host Fee Payment of up to \$110,000.00, and (iii) One-Third of the Bottom-Line Profit and Loss Generated by the Event up to a Cap of \$1,000,000.00 and Find that the Obligations of the City to Host this Event Serve a Public Purpose.

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize Execution of an Agreement with Fort Worth Convention and Visitors Bureau d/b/a Visit Fort Worth and Split Rock Jumping Tour, LLC, to Host the 2026 FEI World Cup Finals for Jumping and Dressage to include (i) a payment of up to \$900,000.00 for costs related to the preparations necessary for conducting the event and costs of conducting the event, (ii) a host fee payment of up to \$110,000.00, and (iii) one-third (1/3) of the bottom-line profit and loss generated by the event up to a cap of \$1,000,000.00; and
2. Find that the obligations of the City of Fort Worth to host the 2026 FEI World Cup Finals for Jumping and Dressage serve to carry out the public purposes of providing invaluable public visibility throughout the world for Fort Worth, encourage and provide major economic benefits to Fort Worth, and provide opportunities for the creation of jobs by local and Texas businesses.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize execution of an Agreement with Fort Worth Convention and Visitors Bureau d/b/a Visit Fort Worth (VFW) and Split Rock Jumping Tour, LLC (Split Rock) to host the 2026 FEI World Cup Finals for Jumping and Dressage (Event).

Fédération Equestre Internationale (or FEI) is the world governing body for the equestrian sports of Jumping, Dressage, Para Dressage, Driving and Para Driving, Endurance, and Vaulting. 136 national equestrian governing bodies are FEI members.

Due to the success of a FEI World Cup qualifier event held at Will Rogers Memorial Center in December of 2021, FEI has invited Fort Worth to bid on hosting the Event.

The event is held annually and primarily in Europe and the United States. European hosts include Gothenburg, Sweden (SWE), Paris, France, Lyon, France, Den Bosch, Netherlands, Leipzig, Germany, and Geneva, Switzerland. Recent US host cities include Las Vegas and Omaha. The 2024 FEI World Cup Finals will be held in Riyadh (KSA), which will mark only the second time it was not held in Europe or USA since its inception in 1979.

An economic impact study performed by Deloitte for the 2016 event in Gothenburg estimated 30,371 unique visitors, 81,000 in total event attendance, and \$18,500,000.00 in direct spending. The 2019 event, also held in Gothenburg, was broadcast in 130 countries and generated 887 million impressions across all media platforms. The forecasted attendance and impact for this Event to be held in Fort Worth is similar, with 60,000 in total event attendance and an estimated \$21,000,000.00 in direct spending. Based on event attendance in previous US cities (86,000 in Las Vegas in 2007 - 52,119 in Omaha in 2017), the 60,000 figure is conservative.

The budget for the proposed Event in Fort Worth forecasts \$11,300,000.00 in revenues and \$8,100,000.00 in expenses. The Event must generate 72% of forecasted revenues to financially break-even.

The financial proposal is as follows:

- City enters into an agreement with Split Rock and VFW to host the Event
- City will pay a host fee of up to \$110,000.00 (Fiscal Year 2022)
- City and VFW will pay for costs related to the preparations necessary for conducting the event and costs of conducting the event, which include, without limitation, rental for Dickies Arena, marketing, and event catering
- City will contribute an additional amount up to \$900,000.00
- VFW will contribute an amount up to \$500,000.00
- City and VFW will utilize the Events Trust Fund payment to help offset the costs of the Event (Est @ \$1,600,000.00)
- Split Rock will pay the remaining Event expenses from Event revenues (\$6,600,000.00, mostly in Fiscal Year 2026)
- Fort Worth, VFW, and Split Rock will participate in a 1/3 split of all profit generated from the Event
- The City's share of profit (or loss) is capped at \$1,000,000.00

- VFW's share of profit (or loss) is capped at \$500,000.00
- Split Rock benefits from the remaining profit (or covers the remaining loss)

To prepare to meet the financial obligations to host this event (and others like it that will consider Fort Worth in the future), the City will consider the following actions:

- Creation of an Event Risk Fund within the Culture and Tourism fund balance sheet as a financial risk backstop (Fiscal Year 2023-2026)
- Through the upcoming contract negotiations with VFW, improve VFW's capacity for VFW to take financial risk on events (Fiscal Year 2022)
- In the 2023 Legislative Session, propose legislation to include the FEI World Cup Finals in the Major Event Reimbursement Program (Fiscal Year 2023), which could increase amount of offsetting funds from the state

Should the City Council authorize this M&C, next steps are as follows:

- March 23, 2022: Presentation to FEI Board of Directors
- May 1, 2022: Initial Host Fee Payment Due
- Spring, 2025: Event Trust Fund Application Due
- Spring, 2026: FEI World Cup Finals

The City will utilize the Events Trust Fund (ETF) Program to help offset the costs of the Event, including those obligations set forth above. State law authorizes the Texas Comptroller of Public Accounts to establish an ETF to assist Texas communities with paying costs related to preparing for and conducting an event by depositing projected gains in various local and state taxes generated from an event in a dedicated, event-specific trust fund to cover allowable expenses. All sums deposited into the ETF are available to reimburse for costs incurred as a result of the Event, including those incurred by the City, VFW, and Split Rock.

Regardless of whether the City receives full reimbursement, the obligations of the City to host the Event, as set forth above, further the public purposes of providing invaluable public visibility throughout the world for Fort Worth; encouraging and providing major economic benefits to Fort Worth; and providing opportunities for the creation of jobs by local and Texas businesses. Adequate controls will be in place to ensure that the public purposes will be carried out, including the above stated agreement between the City, VFW, and Split Rock.

Funding is budgeted in the Other Contractual Services account of the Culture & Tourism's Department Rollup within the Culture & Tourism Operating Fund.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations, funds are available in the current operating budget, as previously appropriated in the Culture & Tourism Fund to support the initial payment. Any future impact will be included in the FY2023-2026 budgets of the Culture & Tourism Fund and will be included in the long-term financial forecast. Prior to an expenditure being incurred, the Public Events Department has the responsibility to validate the availability of funds.

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Expedited