



Inspector General Insights

(From the December 2022 Newsletter)

Background: The September 27, 2022 Board of County Commissioners (BCC) agenda included a project update on the Paradise Coast Sports Complex. The County made a substantial investment in this facility as costs incurred/obligated to date approach \$120 million.

The principal funding sources include bond and loan proceeds as follows: \$66.2 million in tourist development tax bond proceeds, a \$9.9 million loan from the Beach Renourishment Fund, a \$7.3 million loan from the Beach Park Facilities Fund, and \$12.1 million in loan proceeds used for the initial land acquisition (subsequently refinanced with a fixed rate bond issue).

Objective: To update residents on the status of the Paradise Coast Sports Complex and the related estimated debt service requirements, following a recent agenda item. Further, to comment on implications to be considered for a potential sale of the property.

Observations: As noted above, existing debt on the Sports Complex amounts to \$95.5 million. The project update reflects future phases and estimated costs as noted below:

Phase 3 Update - Phase 3 will include field No. 9 and its associated prefabricated metal building structure, the south parking lot and, potentially, a bathroom structure (Bldg. 18) originally value-engineered out of Phase 2. Staff will construct this phase through a new contract mechanism separate from the current contract with Manhattan Construction. Potential construction is Spring 2023 with an approximate construction timeline of nine to 12 months. No funding source was identified in the project update report.

Estimated Cost - \$3,000,000.

Phase 4 Update - This phase consists of eleven (11) multipurpose fields (5 fields will be softball, mini-soccer, and little league; six fields will be baseball and soccer) as well as ancillary buildings. Building selection and design will be determined through the design process. Staff will present a design contract and a plan of finance to the Board in late spring 2023.

Estimated Costs - Design/construction management - \$1,400,000. Construction estimates - \$25,000,000 to \$30,000,000. Financing will be required.

Existing and Future Required Debt

The tourist tax funded debt has a dedicated repayment source, as there was an additional penny added to the tourist tax that was pledged to secure the debt issued. This debt was issued for a 30-year term and is not retired until October 2048.

On December 8, 2020, the Board approved a \$32,998,449 contract for Phases 2.1 and 2.2A at the Stadium Complex that included five fields, lakes, road, infrastructure and the northwest parking lot package. Funding for this contract included a \$9.9 million loan from the Beach Renourishment Fund and a \$7.3 million loan from the Beach Park Facilities Fund.

The following statement was included in the Fiscal Impact section:

“An advance from existing tourism capital funds to another tourism capital fund is booked as an interest-free loan and requires re-payment, unless and until the Board determines by policy that the advance is written off. It is suggested that the repayment approach focuses on replenishing the \$9.9 million in beach renourishment reserves advanced as part of this strategy. Assuming a conservative 1.5% growth rate, the marginal increase in fifth penny revenue deposited in Fund (758) after repayment of debt service would generate funds to repay the \$9.9 million advance from beach renourishment reserves in FY36 or fifteen (15) years. Under a 3% growth rate in tourist taxes, this advance would be repaid in FY31 or ten (10) years. Prior to the COVID pandemic, tourist taxes were growing at a rate in excess of three percent annually.

In the event of a catastrophic natural disaster which devastates the beaches and requires a major renourishment, the combination of existing beach renourishment reserves and general government reserves can be accessed to restore the beaches when and if necessary.

Repayment of reserves advanced from beach park facilities fund (183) under the same marginal approach would take much longer since the funding source is only a small portion of the first three pennies pursuant to the revised TDT ordinance referenced above. It is suggested that the use of general government reserves or other pay go sources be accessed if in the future construction of a beach parking garage becomes a reality.”

To date, installment payments have not been made against the outstanding beach fund advances.

Recommendations & Actions: Two items should be considered:

1. Any further issuance of debt for Phase 4 facility construction should include a definitive schedule for repayment of the existing \$17.2 million in loans from the beach renourishment/beach facilities funds.
2. In a recent letter dated November 7, 2022, received from 3STEP SPORTS, there was a request to begin a dialogue with the Board and the County executive team to explore the possible sale or long-term lease of the Paradise Coast Sports Complex. Any discussion of potential sale or lease of this facility must address the outstanding bonds and loans, as well as the full financial investment made by Collier County in this facility. There are numerous statutes regarding the sale of government property that will serve as guidance for any sale.

Total # Agenda Items Reviewed	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	# Recommendations
1	N/A	N/A	N/A	2