

TO: City Council Member Seema Singh

FROM: GEM Community Development Group and Boyd Sports

DATE: Oct. 19, 2021

RE: Your position statement yesterday

We were happy to participate recently in a cordial and productive discussion with representatives of the Knoxville-Oak Ridge Area Central Labor Council and its partner labor organizations. But signing an agreement with them is problematic for the following reasons.

1. Our goal is for the local workforce and community to benefit from this project and especially East Knoxville. The proposed site for the multi-use stadium is located on the edge of the Old City in East Knoxville, an area that has been bypassed in the past and is long overdue for economic revitalization. Traditionally, organized labor unions have not demonstrated a good track record in terms of African American membership, and we are committed to ensuring diverse participation. Signing such an agreement would work against our goal of awarding 15% or more of the construction contracts to Disadvantaged Business Enterprises (DBEs). Workforce diversity and local hiring are our primary goals, and this proposed agreement could derail that initiative.
2. GEM Community Development Group is responsible for developing the private part of the project being built on private non-stadium portions of the property – not the publicly funded portion – so GEM should not be a signatory to any proposed agreement regarding the public portion of the project. Knoxville Area Urban League will be doing recruiting and training – not hiring – so it should not be a signatory to any agreement with the labor unions. The Knoxville Area Urban League also has entered into agreements to provide these services including certified apprenticeship programs. The Urban League shared its willingness to engage with members of the labor unions who live in the East Knoxville area and is awaiting a list of names from the labor unions.
3. The multi-use stadium project agreement is not based on verbal agreements by Boyd Sports or GEM; it will be *legally binding*. The developer will be legally committed through the Sports Authority to develop the property and construct the stadium. Boyd Sports will be legally committed for 30 years through the lease agreement with the Sports Authority. These same documents will commit the Sports Authority to finance the stadium construction and provide oversight of the construction process and long-term lease of the stadium. Additional legal documents are not needed for this project. The legal bases have been covered by the Sports Authority, Knoxville and Knox County.
4. Boyd Sports, which would operate the multi-use stadium, will employ a number of part-time workers, many of whom are expected to be students and retirees. These workers will be paid a competitive wage that will be determined by the market when the stadium begins operations – likely in 2024.
5. Boyd Sports will lease the facility from the Sports Authority – a body whose members are appointed by Knoxville and Knox County government – at a proposed rate of $1 million per year and has publicly committed to including minority and locally owned businesses from East Knoxville in the project.
6. The construction management team is led by locally owned Denark Construction, headquartered in the Mechanicsville area since 1990. Denark has teamed up with Elite Diversified Construction Incorporated (EDCI), a certified minority-owned general contractor, headquartered on Magnolia Avenue in East Knoxville and Barton Malow, a national leader in sports construction that has built more than 30 major and minor league baseball stadium projects across the country.
7. Denark Construction has built a national reputation as a leader in safety and recently received the Grand Award for Construction Safety Excellence from the Associated General Contractors of America. The firm twice has been recognized by EHS Today, an occupational safety and health magazine, as one of “America’s Safest Companies.” Denark also received an award from the City of Knoxville for the completion of a milestone of one million hours worked without a lost-time accident, a record that brought the city $800,000 in insurance savings on the Knoxville Convention Center project. The turnkey development agreement contemplated between the Sports Authority and the developer will include consideration of the developer’s choice of design team, construction manager and others.
8. The land for the multi-use stadium is being donated, not given by the government to a private party. Thus, the analogies to the Nashville soccer stadium don’t apply in this case since that project was constructed on government property.

Council Member Singh, all of this is to say that the parties creating this project for the benefit of the city and county not only are committed to bringing substantial benefits to the East Knoxville community, but also will be legally obligated to do so. There is no need to sign an agreement with a group of labor unions that have not been designated to represent the community.

GEM Community Development Group, Boyd Sports and executives affiliated with them already have brought with this project numerous benefits to the city, the county and the East Knoxville community far beyond the ones mentioned by the unions and included in your previous position statement.