

Santa Clara Stadium Authority

Public Hearing

Action on the Proposed Santa Clara Stadium Authority FY 2024/25 Budget, 2024 Marketing Plan, and Compliance and Management Policies
Item #2 (24-1342)



March 12, 2024

Agenda

1. Budget Development
2. Methodology and Limitations
3. Budget Flowchart
4. Key Summary
5. Excess Revenues Distribution
6. Stadium Authority Operating Budget
7. Stadium Authority Debt Service Budget
8. Stadium Authority Capital Budget
9. FY 2023/24 Stadium Operations and Maintenance Plan (SOMP)
10. 2024 Marketing Plan
11. Key Summary
- 2 12. Recommendations

FY 2024/25 Budget Development

October/November 2023	Stadium Authority staff worked with ManCo to discuss the annual budget plan which included the dates that ManCo would provide all necessary documents as required by the Stadium Agreements.
December 2023	Stadium Authority staff provided the Stadium Authority G&A, Public Safety Capital Expenses, and Discretionary Fund costs to ManCo for review and incorporation into the annual budget.
January 2024	At least 45 days prior to the start of the fiscal year (January 31) ManCo provided the required documents per the Stadium Agreements: <ul style="list-style-type: none"> • Stadium Operations and Maintenance Plan • Annual Shared Expense Budget with Five Year Projection • Annual Stadium Authority Operations Budget, Capital Expenditure Plan with Five-Year Projection • Annual Public Safety Budget • 2024 Marketing Plan and Public Safety Document Updates
February 2024	Staff submitted a series of questions to ManCo on February 9, 2024, and received responses on February 19. Staff held a meeting with ManCo on February 27 to review Shared Expenses budget detail.
February 27, 2024	Special Study Session on Fiscal Year 2024/25 Operating, Debt Service, and Capital Budget, Stadium Operation and Maintenance Plan, Public Safety Budget and Marketing Plan
March 12, 2024	Public Hearing to approve the SCSA Proposed Fiscal Year 2024/25 Operating, Debt Service, and Capital Budget
March 14, 2024	SCSA Notice of approval/disapproval of the Stadium Manager's Draft Annual Stadium Authority Budget
March 21, 2024	Stadium Manager required to submit Adopted Budget to the Trust (10 days prior to start of FY)
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FY 2024/25 Budget Development (cont.)

- **General Information**
- **Year in Review for both NFL and Non-NFL Events**
- **Excess Revenues Distribution**
- **Operating Budget**
 - Stadium Authority General and Administrative Budget
 - Stadium Manager Shared Expenses and 5 Year Forecast
- **Debt Service Budget**
- **Capital Budget**
 - Capital Expenditure Plan and 5 Year Forecast
- **Stadium Authority Work Plan**

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Methodology and Limitations

- The Budget is on an accrual basis, which records revenues and expenses when they are incurred, regardless of when cash is exchanged.
- The Budget report was based in part on documentation and responses submitted by ManCo. on January 31, 2024 and February 19, 2024.
- The Capital Budget included proposals from both the Stadium Authority and Stadium Manager.
- The Budget is presented in the context of ongoing litigation with StadCo for NFL-Stadium Builder License (SBL) Buffet costs and Public Safety Costs and continues the practice of legal contingency reserves from prior budgets.

Stadium Authority Budget Flowchart



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Stadium Authority FY2024/25 Budget Key Summary

- Budgeted revenues decreased by \$2.6 million or -4%
- Budgeted expenses decreased by \$5.6 million or -11%
- Renovation/Demolition Reserve balance is projected to be \$35.5 million
- Capital Reserve Fund balance is budgeted to have a balance of \$3.4 million
- Net Non-NFL Events Revenue budgeted at \$5.5 million
- First Amendment to the Naming Rights Agreement
- Super Bowl LX and World Cup events at Levi's Stadium in 2026

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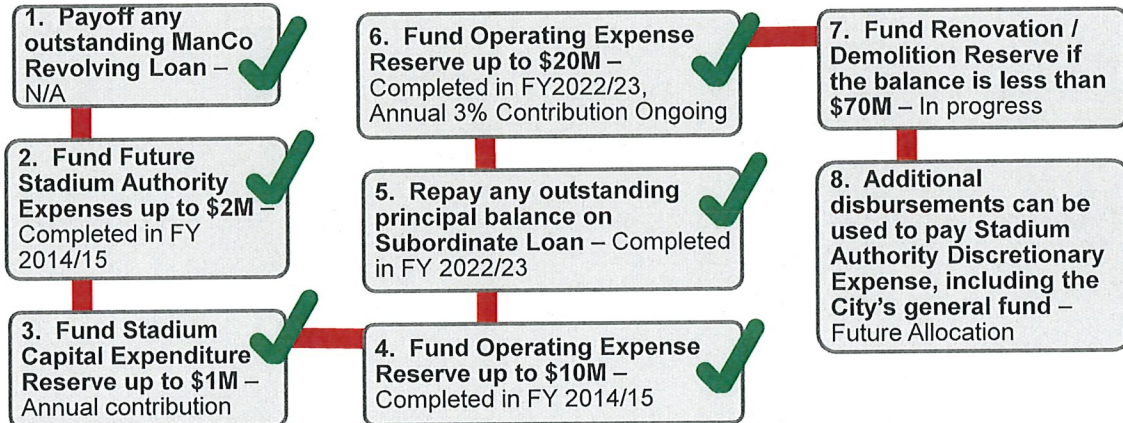
Stadium Authority FY2024/25 Budget Updates after Study Session

- Net Non-NFL Events Revenue
 - Increased \$500,000 from \$5.5 million to \$6.0 million
 - ManCo increased their estimate
 - Legal Contingency Reserve – Public Safety Costs ending balance increased \$250,000 from \$10.1 million to \$10.3 million
 - Based on the performance rent calculation

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Excess Revenues Distribution

Excess Revenues Distribution: If revenues exceeds expenses in a lease year the Excess Revenues are required to be distributed in the order as set forth in Article 14 of the Stadium Lease agreement as shown below.



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Excess Revenues Distribution (cont.)

Excess Revenue Cash Reserves Summary

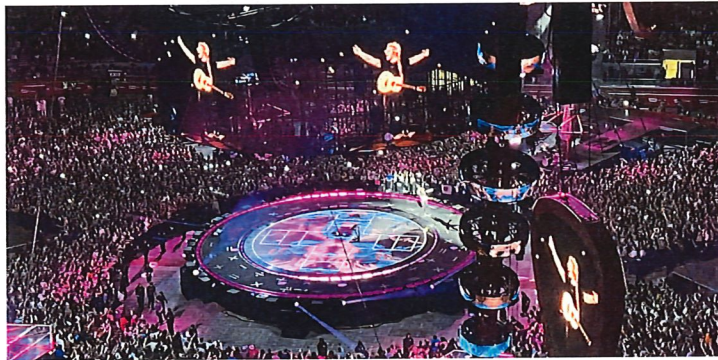
Reserve Category	FY 2022/23 Actual	FY 2023/24 Projected	FY 2024/25 Budget
Capital Expenditure Reserve	\$22.5M	\$18.2M	\$3.4M
Operating Reserve	\$25.4M	\$26.1M	\$26.9M
Renovation/Demolition Reserve	\$5.3M	\$24.1M	\$35.5M
Total	\$53.2M	\$68.4M	\$65.8M

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Stadium Authority Operating Budget

Key Assumptions in Proposed Operating Budget:

- **General and Administrative Expenses** - \$4.2 million, includes 8.5 full time equivalent positions as a baseline level of support
 - Cost increased by \$268,000 or 7%



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Stadium Authority Operating Budget (cont.)

Key Assumptions in Proposed Operating Budget:

- **Net Non-NFL Events** - \$6.0 million projected for FY2024/25
 - Stadium Manager is projecting three (3) concerts and four (4) soccer events for FY2024/25

Net Non-NFL Events Revenue Summary

FY 2022/23 Actual	FY 2023/24 Projected	FY 2024/25 Budget
\$8.8M	\$7.8M	\$6.0M

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Stadium Authority Operating Budget (cont.)

Key Assumptions in Proposed Operating Budget:

- **Legal Contingency Reserves** - \$1.1 million for NFL-SBL Buffet costs and \$2.5 million for Public Safety Costs
 - Amounts reflect disputed liabilities, costs, or credits that are subject of ongoing litigation

Legal Contingency Reserves Summary

Reserve Category	FY 2022/23 Actual	FY 2023/24 Projected	FY 2024/25 Budget
NFL-SBL Buffet Costs	\$2.1M	\$3.3M	\$4.4M
Public Safety Costs	\$4.2M	\$7.8M	\$10.3M
Total	\$6.3M	\$11.1M	\$14.7M

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Stadium Authority Operating Budget (cont.)

Key Assumptions in Proposed Operating Budget:

- **Stadium Manager Shared Expenses** - \$13.6 million, 55 positions
 - Costs decreased by \$393,000 or 3%
 - Groundskeeping outside services lower due to fewer projected field turf replacements
 - Guest Services uniform costs due to updating a large portion of uniforms in FY2023/24
- **SBL Sales and Service (excluding NFL-SBL Buffet)** - \$2.4 million, includes 19 positions

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Stadium Authority Operating Budget (cont.)

Revenues:

Facility Rent	\$ 24,762,000
NFL Ticket Surcharge	13,700,000
Naming Rights	7,830,000
Non-NFL Event Net Revenue	6,000,000
SBL Proceeds	5,057,000
Interest	3,534,000
Non-NFL Event Ticket Surcharge	1,149,000
Sponsorship Revenue (STR)	519,000
Senior & Youth Program Fees	233,000
Total Revenues	\$62,784,000

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Stadium Authority Operating Budget (cont.)

Expenses:

Shared Stadium Manager Expenses	\$13,554,000
Stadium Authority General & Administrative	4,188,000
SBL Sales and Service	2,448,000
Utilities	1,488,000
Ground Rent	1,000,000
Performance Rent *	0
Other Expenses	748,000
Discretionary Fund Expense	250,000
Senior and Youth Program Fees	233,000
Use of StadCo Tenant Improvements	151,000
Naming Rights Expenses	136,000
Subtotal Expenses	\$24,196,000
Transfers Out:	
Debt Service	\$17,471,000
Capital Expenditures Reserve	4,032,000
Capital Expenditures Reserve – Levi's Naming Rights	1,575,000
Subtotal Transfers Out	\$23,078,000
Total Use of Funds	\$47,274,000

Paid to
the City's
General
Fund

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* Pending resolution of litigation

Stadium Authority Operating Budget (cont.)

Discretionary Fund

Projected Beginning Balance	50% of FY 2023/24 Non-NFL Event Ticket Surcharge	FY 2023/24 Discretionary Fund Expense	Projected Ending Balance
\$2,464,000	\$575,000	\$250,000	\$2,789,000

- The Discretionary Fund has been used to cover NFL public safety costs above the public safety cost threshold, public safety capital expenses, and other items at the Stadium Authority's discretion.

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Stadium Authority Operating Budget (cont.)

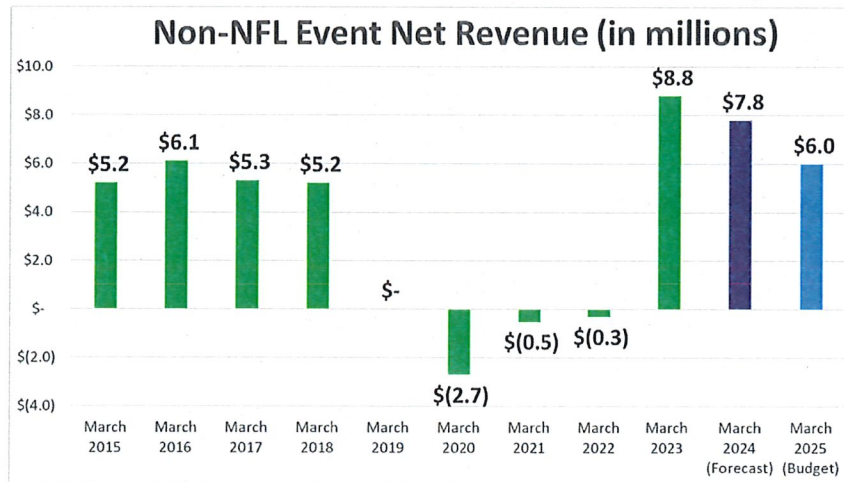
Performance Rent Calculation

- Stadium Authority pays the City performance-based rent on top of the fixed ground rent
- Performance-based rent is equal to 50% of the net income from Non-NFL events less 50% of the ground rent and any credited public safety costs
- Credited public safety costs is the amount by which public safety costs exceed the public safety costs threshold

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Stadium Authority Operating Budget (cont.)

Performance Rent Calculation (cont.)



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Stadium Authority Operating Budget (cont.)

Performance Rent Calculation (cont.)

Performance Rent Calculation	Fiscal Year 2023/24 Projection	Fiscal Year 2024/25 Budget
Ground Rent	\$ 495,000	\$ 1,000,000
Net Non-NFL Event Revenue (Expense)	7,756,000	6,000,000
50% of Net Non-NFL Event Revenue (Expense)	\$3,878,000	\$3,000,000
Performance Rent Credit from Ground Rent (50% of Ground Rent)	(247,500)	(500,000)
Subtotal	\$3,630,500	\$2,500,000
Public Safety Credits	TBD	TBD
Other Credits	N/A	N/A
Reserve for Litigation Contingency – Public Safety Costs	(3,630,500)	(2,500,000)
Net Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

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Stadium Authority Operating Budget (cont.)

Shared Stadium Manager Expenses

There is one (1) position that was removed from Stadium Operations and one (1) position was added to Engineering:

- **Stadium Operations:** As the Stadium Manager assessed its operations, the Director of Stadium & Event Operations position was eliminated.
- **Engineering Position:** A Director for Public Works Project Management position was created to organize and direct capital projects at Levi's Stadium through all phases. This position will be responsible for communication with all project stakeholders to allow for the orderly progression of work.

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Stadium Authority Debt Service Budget

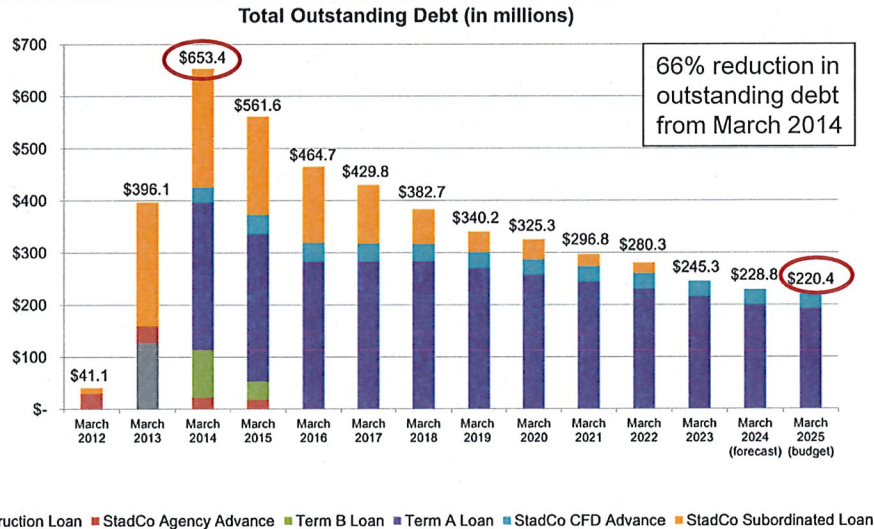
FY 2024/25

Debt Type	Budget
CFD Advance	\$2,754,000
Term A Loan	\$16,933,000
Total	\$19,687,000

- Debt service amount of \$19.7 million includes principal payment of \$8.4 million and interest payment of \$11.3 million
- Total outstanding debt is projected to decrease by \$8.4 million from \$228.8 million to \$220.4 million

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Stadium Authority Debt Service Budget (cont.)



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Stadium Authority Capital Budget

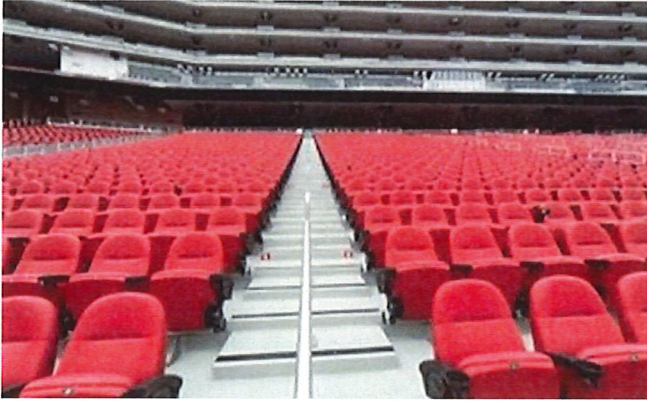
Total Capital Budget of \$22.0 million

- **Stadium Improvements: \$20.5 million**
 - **New Projects: \$8.4 million**
 - Construction (\$7.2 million): Lighting Systems, Waterproofing/Caulk/Joint Replacements
 - Equipment (\$784,000): Stadium Camera Coverage Upgrade, Command Post Video Wall Upgrade
 - Contingency (\$400,000)
 - **Carryover Projects: \$12.1 million**
 - Construction (\$6.4 million): Naming Rights Signage, Aesthetic Improvements
 - Equipment (\$5.1 million): Street Signage, Replace Furniture in Club and Special Event Spaces
 - Contingency (\$573,000)
- **Stadium Warranty-Related Construction: \$1.5 million**
 - Part of the original Stadium Development/Construction Budget

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Stadium Authority Capital Budget (cont.)

New Capital Expenditure Projects



Traffic Deck Recoating

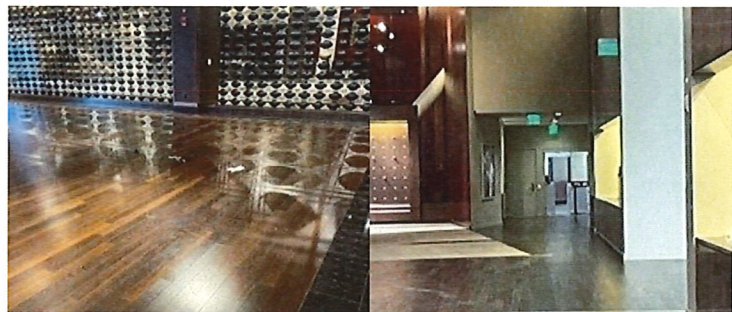
- Lighting Systems (\$4.5 million) – installs field/sport lights with LED retrofit and a controls system
- Waterproofing/Caulk Joint Replacements (\$1.3 million) – traffic deck recoating

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Stadium Authority Capital Budget (cont.)

Carryover Capital Expenditure Projects

- Naming Rights Signage (\$2.7 million) – Replacement of Levi's Signage under First Amendment to the Naming Rights Agreement
- Aesthetic Improvement (\$1.2 million) – Replace finishes



BNY Club East and West
Floor Refinishing

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Stadium Authority Capital Budget (cont.)

FY2023/24 Projects



Gold Lots 4 & 5 LED
Lighting Retrofit



Bowl Padded Seat
Replacement



2024 Marketing Plan

- The Stadium Manager submitted the 2024 Marketing Plan as part of annual Budget process.
- Staff plans to work with the Stadium Manager in the upcoming year to continue to refine and implement the Marketing Plan. Three key focus areas:
 - Leverage Niner's strong season performance to build Levi's Stadium and Santa Clara reputation to attract non-NFL public and private events.
 - Develop integrated marketing plan with Discover Santa Clara to increase sales and improve organizational efficiency.
 - Establish KPIs and performance metrics specific to each marketing initiative

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Recommendations

1. Adopt the Santa Clara Stadium Authority Fiscal Year 2024/25 Operating, Debt Service, and Capital Budget;
2. Approve the 2024 Levi's Stadium Events Marketing Plan;
3. Adopt the Stadium Authority Board Budget Policy;
4. Adopt the Stadium Authority Board Compliance and Management Policy.

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Santa Clara Stadium Authority

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