

PRELIMINARY DRAFT – RESPONSES MAY BE UPDATED  
BEFORE THE MARCH 4, 2025 BOARD MEETING



February 28, 2025

Honorable Board Chair and Stadium Authority Board

**SUBJECT: Questions Posed by the Board at the Stadium Authority Proposed Fiscal Year 2025/26 Budget Study Session held on February 25, 2025**

Members of the Board,

At the Stadium Authority Proposed Fiscal Year (FY) 2025/26 Budget Study Session held on February 25, 2025, several questions were asked by the Board. Due to the limited amount of time, staff was not able to address all the questions at the meeting so the responses to these questions are provided below.

**The CapEx reserve is projected to drop to a low level in FY2025/26, what is the plan to address the low reserve amount? How does the additional \$1.0 million contribution factor into this plan when there are no specific projects identified for these additional funds.**

The Forty Niners Stadium Management Company, LLC (ManCo) has contracted with a consultant to complete a Facilities Condition Assessment (FCA) which is expected to be completed in May. Staff has participated in a walk-through with the consultant and once the Stadium Authority receives a copy of this FCA report, staff will perform an independent review to understand the budget implications. This report will inform decisions around Levi's Stadium capital needs. The additional \$1.0 million contribution is being recommended in case unexpected expenses arise during the fiscal year. Depending on the results of the FCA report, this additional contribution could be adjusted.

**What additional information can be provided regarding new ManCo office space expense?**

ManCo staff moved into office space on Great America Parkway and a share of those expenses were proposed by the Stadium Manager to be included in the Stadium Authority's FY 2025/26 budget under the Other Expenses line item. Since this is a new expense request by ManCo, conversations between Stadium Authority staff and ManCo about this topic are ongoing.

According to ManCo the decision by the 49ers to move business staff, including ManCo employees, to office space off Great America Parkway is intended to foster collaboration and efficiency across the organization. Unlike the previous structure, all business staff are consolidated in one location, leading to more frequent personal interactions that provide stronger working relationships and improved productivity. The costs associated with the office space will be allocated to the SCSA, StadCo and TeamCo for their respective share of costs based on employee count.

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**Why is the Levi's naming right's expense related to the FIFA World Cup 2026 tickets being included in the FY2025/26 budget when the FIFA World Cup 2026 games do not occur until FY2026/27? When will the Stadium Authority receive the FIFA World Cup 2026 ticket surcharge?**

This is a timing difference due to the fact that the expense needs to occur in the year prior to the receipt of revenue for the FIFA events. FIFA is requiring that tickets and suites that are being allocated through sponsorship agreements must be purchased by the fall of 2025. Otherwise, they will be reverted back to FIFA to be sold. Therefore, the purchase of tickets for Levi's required under the naming rights agreement is expected to occur in FY2025/26. The ticket surcharge that the Stadium Authority will collect on the FIFA World Cup 2026 soccer events will not be received until after the events occur in FY2026/27.

**Why are Stadium Builder License (SBL) Sales and Service expenses high given that SBL revenue is declining? Why is there a need for 19 FTE in the SBL Sales and Service departments?**

According to ManCo, the 19 SBL Sales and Service staff do not equate to 19 FTEs. These individuals track the time that they spend on Stadium Authority related tasks and the budget reflects the anticipated amount of time that will be spent. The SBL Sales team has consistently outperformed their revenue target, which includes over \$10M in new SBL sales in 3 of the past 4 sales campaigns. However, many of these sales are financed over a 10-year period which means that the revenues that are sold are not necessarily reflected in the current fiscal year but are contractual revenue for future fiscal years. For example, of the \$5M SBL Revenue included in the proposed 2025-26 SCSA budget, most of that revenue was sold in prior fiscal years but will be collected this year. Because a majority of SBL sales are financed, it becomes a responsibility of the SBL service team to collect all the future contracted revenue while minimizing defaults. The Return on Investment (ROI) on the servicing function of expenses should be viewed within the overall context of nearly \$600M in SBL Revenues collected since the beginning of the stadium.

Lastly, the \$3.3M for SBL Sales and Services includes approximately \$1M in costs related to the field club buffets and is fixed per our settlement agreement. The remaining \$2.2M is primarily the compensation of SBL sales and service staff with some budget associated with variable expenses like SBL events, advertising, etc.

SCSA staff have and will continue to engage with ManCo of SBL staff charges and attempt to arrive at a mutually agreeable accounting and operational practice. This is a long-standing issue and cannot be resolved through this budgeting process. Ultimately, the SCSA Board will need to review the analysis and accounting approach that staff provides after concluding its discussions/oversight of ManCo operations. Staff will return to the Board during the upcoming FY 2025/26 fiscal year with an update on SBL accounting and operational practices.

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**Why have Stadium Authority General & Administration (G&A) costs increased by 8% from the prior year? Are the staff members included in this budget subject to CalPERS? Are the 8.7 FTE all Stadium Authority positions?**

These staff support costs are City employees working on Stadium Authority activities. Portions of over 40 different staff perform this work which equates to 8.7 FTE positions. Cost increases are attributed to increases in staff time as well as increases to salaries and benefits including CalPERS costs. The overall Stadium Authority G&A budget also includes some consultant contracts including audit and legal services as an example. A breakdown is provided below.

### SCSA G&A Budget

Description	FTE	Total Compensation
<b>Staff Costs<sup>(1)</sup></b>		
City Manager	4.15	\$ 1,727,000
Finance	3.28	1,003,000
City Attorney	0.55	336,000
City Clerk	0.50	147,000
Public Works	0.06	33,000
Human Resources	0.06	28,000
Information Technology	0.06	24,000
Community Development	0.04	20,000
<b>Subtotal Staff Costs</b>	<b>8.70</b>	<b>\$ 3,318,000</b>
<b>Other Expenses</b>		
Legal Services		\$ 515,000
Administrative Oversight Services		449,000
Audit Services		160,000
Community Outreach/Engagement		100,000
Noise Monitoring		87,000
Office Expenses		50,000
Board Stipends		8,000
<b>Subtotal Other Expenses</b>		<b>\$ 1,369,000</b>
<b>Total Stadium Authority G&amp;A Expenses</b>		<b>\$ 4,687,000</b>

<sup>(1)</sup> Positions included in the 8.70 FTE can be found in the Organizational Chart on page 15 of the Santa Clara Stadium Authority Proposed Fiscal Year 2025-26 Operating Debt Service and Capital Budget.

**What is the source of the excess revenues, why do they fluctuate year over year and how do they flow to the City’s General Fund?**

Excess revenues are generated when revenues exceed operating expenses, transfers to the CapEx reserve and debt service expenses. The terms of the 2024 Settlement Agreement and resulting amendments to the lease agreements describe how excess revenues are to be distributed at the end of the fiscal year (often referred to as the excess revenue waterfall). The steps are described in detail on page 18 of the Santa Clara Stadium Authority Proposed Fiscal Year 2025/26 Operating, Debt Service and Capital Budget. The reason that excess revenues can fluctuate from year to year is the result of revenues and expenses coming in higher or lower than anticipated.

**During the 2024 Settlement process it was expected that the City’s General Fund would receive \$20 million in the following two Fiscal Years. Please describe where this \$20 million is shown in the budget.**

See following table.

**Projected Payments from Stadium Authority to the City's General Fund**

	FY 2024/25	FY 2025/26	Total
Senior & Youth Fees	\$ 279,000	\$ 270,000	\$ 549,000
Ground Rent	1,000,000	1,000,000	2,000,000
Performance Rent	11,450,000	2,150,000	13,600,000
Transfer to City General Fund from Excess Revenues	5,893,000	2,820,000	8,713,000
<b>Total</b>	<b>\$18,622,000</b>	<b>\$ 6,240,000</b>	<b>\$ 24,862,000</b>

**Why did the Naming Rights Signage CapEx project increase by \$1.1 million?**

The FY 2024/25 CapEx budget included \$2.8 million for this project as a preliminary estimate for the Stadium Authority’s share of this project. In FY 2024/25, ManCo completed a competitive solicitation process for this project and the total estimate came in higher than originally projected. In December 2024, the Enhanced Signage Project was approved by the Board and the updated estimated cost for the Stadium Authority’s share of this project was \$3.9 million.

**How will the Marketing Plan be used to increase net Non-NFL Event Revenue?**

According to ManCo, the Marketing Plan focuses on increase net Non-NFL event revenue by increasing awareness, engagement, and direct bookings for Levi’s Stadium. It includes targeted advertising to position the stadium as a top-tier venue, client engagement efforts like showcases and networking events to build lasting relationships and implementing market driven sales strategies to secure major concerts and events. Additionally, staying active in the industry through conferences and market research helps maintain a competitive edge. With a strategic approach to these initiatives, the plan aims to drive sustained growth and maximize marketing ROI.

SCSA staff believe the Marketing Plan should be more comprehensive in nature to include strategies to maximize Non NFL event revenue. Stadium Authority will work with a consultant to provide insights

on industry best practices regarding revenue optimization strategies for Non NFL events, and staff will work with Stadium Manager on discussing opportunities for growth within the Levi’s Stadium business model constraints (e.g. costs, contractual obligations and stadium infrastructure).

**Why is the SOMP confidential and can it be public after it is finalized?**

The SOMP is more than 700 pages long, and addresses a wide variety of topics including security, staffing, and equipment. Much of this information is safety-sensitive and is therefore not for public dissemination.

**Does the City or ManCo make decisions on public safety deployment (and therefore costs) during events?**

The City’s Police Department works with the Stadium Manager for deployment at Levi’s Stadium events based on threat assessments for each event. The Stadium operates in a layered public safety approach, and during normal or major events, where another governmental agency does not take over control (e.g., the Secret Service), the Santa Clara Police Department is the lead law enforcement agency.

**Why are the \$1.5 million funds need to for warranty related work?**

This has been carried over for several years related to projects that were identified after the initial construction had been completed. While certain capital elements may be covered by a warranty, the cost to remove and replace the capital element (for example) may not be covered by the warranty thus the need for capital funds for warranty related work. ManCo is in the process of reviewing the outstanding warranty related projects and claims to determine if any warranty related expenditures may be required. Upon confirmation that no further warranty work is anticipated, the funds may be allocated to the CapEx reserve.

**Why are the projections for net Non-NFL Event Revenue only \$5.3 million when there are some good performers that are coming?**

ManCo has a practice of budgeting net non-NFL event revenue lower than what is expected based on events that are known. Stadium Authority staff expects the net non-NFL event revenue to come in higher than budgeted similar to prior years. This is more of a budgeting practice than an expected reduction in revenue. Please refer to the table below comparing the adopted budget for net non-NFL event revenue and the respective actual/projection.

**Net Non-NFL Event Revenue**  
(in millions)

	Adopted Budget	Actual/ Projection	Variance
FY 2022/23	\$ 0.3	\$ 8.8	\$ 8.5
FY 2023/24	4.5	8.3	3.8
FY 2024/25	6.0	9.3	3.3
FY 2025/26	5.3	TBD	TBD

**Honorable Board Chair and Stadium Authority Board**

**Re: Questions Posed by the Board at the Stadium Authority Proposed Fiscal Year 2025/26 Budget Study Session held on February 25, 2025**

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**Please provide a comparison of FY2025/26 and FY2024/25 Shared Stadium Expenses.**

As ManCo continues to assess its operations, they have eliminated the Director of Engineering position within the Engineering Department and the Coordinator position in the Stadium Operation Department. The Associate Counsel will transition out of the Stadium Operation Department and will track their time spent on Authority-related items (NNE, Other G&A, SBL S&S) instead of being a shared employee.

The proposed shared stadium expense budget has also been updated to include 20 new security positions that are expected to transition in-house. ManCo has allocated funding for three months of security services under outside services (where they reside in FY24/25), with the remaining nine months budgeted for in-house personnel as they complete the hiring process over the next few months and provide continuity of operations. This transition will help with quality and consistency of security personnel, enhanced operational control and flexibility, and improved customer and stakeholder experience.

The increase in the groundskeeping department proposed budget is related to two anticipated field replacements compared to one field replacement budgeted in the current year. The expectation for an additional field replacement in FY 2025/26 is a result of the timing of the Billy Joel and Stevie Nicks concert. Additionally, there were some equipment costs that were included in guest services in FY 2024/25 but were re-mapped to the security department in FY 2025/26.

The increase to the equipment line is due to an increase in software license costs driven by the need for a security system integrator to assess the stadium's security technology infrastructure.

The tables below show provide comparisons between the FY 2024/25 budgeted expenses and the FY 2025/26 proposed budgeted expenses.

**Shared Stadium Expenses by Department**

	<b>FY 2024/25 (Budget)</b>	<b>FY 2025/26 (Budget)</b>	<b>Variance (\$)</b>	<b>Variance (%)</b>
Security	\$ 1,601,668	\$ 1,904,942	\$ 303,274	19%
Stadium Operations	3,383,947	3,498,837	114,890	3%
Engineering	3,935,208	3,751,772	(183,436)	-5%
Guest Services	620,562	485,626	(134,936)	-22%
Groundskeeping	316,488	549,825	233,337	74%
Insurance	3,427,000	3,530,000	103,000	3%
Management Fee	269,000	277,000	8,000	3%
<b>Total</b>	<b>\$ 13,553,873</b>	<b>\$ 13,998,002</b>	<b>\$ 444,129</b>	<b>3%</b>

## Shared Stadium Expenses by Category

	FY 2024/25 (Budget)	FY 2025/26 (Budget)	Variance (\$)	Variance (%)
Total Compensation	\$ 5,617,689	\$ 6,721,479	\$ 1,103,790	20%
Travel, Meals & Entertainment	287,152	240,112	(47,040)	-16%
Outside Services	3,100,266	2,236,420	(863,846)	-28%
General Supplies	156,258	162,908	6,650	4%
Telephone	223,916	315,681	91,765	41%
Equipment	347,880	360,077	12,197	4%
Uniforms	61,081	80,974	19,893	33%
Other	63,631	73,351	9,720	15%
<b>Subtotal</b>	<b>9,857,873</b>	<b>10,191,002</b>	<b>333,129</b>	<b>3%</b>
Insurance	3,427,000	3,530,000	103,000	3%
Management Fee	269,000	277,000	8,000	3%
<b>Total</b>	<b>\$ 13,553,873</b>	<b>\$ 13,998,002</b>	<b>\$ 444,129</b>	<b>3%</b>

**It has been stated that there are no FIFA World Cup 2026 and Super Bowl LX costs included in the Stadium Authority budget, however at another meeting it was mentioned that some costs will be billed to the Stadium Authority. Where are those costs in the Stadium Authority Budget?**

There are no direct event costs associated with the FIFA World Cup 2026 and Super Bowl LX included in the proposed budget. The Board has approved an Assignment and Assumption Agreement for FIFA matches which covers and guides how event (including pre- and post-) costs will be reimbursed and/or funded by other governmental agencies. As a part of the Agreement, if certain preliminary costs are not able to be reimbursed by other governmental agencies, the costs (est. at \$148,930) will be covered by the SCSA. These costs are not currently included in the proposed budget. Additionally, the Assignment and Assumption Agreement does not charge the Bay Area Host Committee for normal and customary personnel charges that are budgeted to the SCSA on an annual basis. Staff is currently negotiating with the Bay Area Host Committee and the San Francisco Forty-Niners on Super Bowl LX agreements.

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**Please compare the 10-year projection with Rent Arbitration Exhibit J.**

See table below.

## Santa Clara Stadium Authority

### 10-Year Forecast Comparison with Rent Arbitration Exhibit J

#### General Fund Impact

(in millions)

	Fiscal Year	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Levi's® Stadium Year of Operations		12	13	14	15	16	17	18	19	20	21
10-Year Forecast											
Ground Rent - Base	\$	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.10	1.10	1.20
Ground Rent - Performance		4.13	2.15	2.85	2.53	2.31	2.35	2.44	2.54	2.64	2.74
Senior Youth Fee		0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.30
Excess Revenue		2.82	2.26	3.54	2.95	3.40	4.12	6.27	5.44	4.30	3.96
10-Year Forecast Total	\$	8.22	5.68	7.66	6.75	7.08	7.84	10.08	9.35	8.31	8.20
Rent Arbitration Exhibit J											
Ground Rent - Base	\$	1.00	1.00	1.00	1.00	1.10	1.10	1.10	1.10	1.10	1.20
Ground Rent - Performance		2.96	3.06	3.17	3.28	3.35	3.46	3.58	3.71	3.83	3.92
Senior Youth Fee		0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Excess Revenue		-	-	4.49	6.16	6.55	5.91	5.95	5.27	5.31	4.67
Rent Arbitration Exhibit J Total	\$	4.19	4.29	8.89	10.67	11.23	10.70	10.86	10.31	10.47	10.02
10-Year Forecast/Rent Arbitration Exhibit J Comparison											
Ground Rent - Base	\$	-	-	-	-	-	-	-	-	-	-
Ground Rent - Performance		1.17	(0.91)	(0.32)	(0.75)	(1.04)	(1.11)	(1.14)	(1.17)	(1.19)	(1.18)
Senior Youth Fee		0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.07
Excess Revenue		2.82	2.26	(0.95)	(3.21)	(3.15)	(1.79)	0.32	0.17	(1.01)	(0.71)
10-Year Forecast/Rent Arbitration Exhibit J Comparison	\$	4.03	1.39	(1.23)	(3.92)	(4.15)	(2.86)	(0.78)	(0.96)	(2.16)	(1.82)

## Who selected the marketing consultant and what will they be looking at?

Staff conducted a competitive solicitation process and released a Request for Proposals. Subsequently, City/SCSA staff selected the marketing consultant without consultation with ManCo or other outside entities, as the contract is with the Stadium Authority and the sole client is the Stadium Authority. The review includes analyzing current marketing strategies, evaluating marketing and branding elements for consistency and impact, reviewing media plans for efficiency and Return on Investment (ROI), and interpreting performance data.