

March 13, 2018 SCSA Budget Study Session Responses

The following information is in response to the feedback and questions received during the Santa Clara Stadium Authority (SCSA) March 13, 2018 Study Session, as well as to additional questions received by e-mail after the Study Session.

#	Question	Answer
1.	What is the revenue received by event type?	Revenue by event type will be included in the key performance metrics developed by SCSA and the Stadium Management Company (ManCo) FY 2018-19 Q1, with presentation to the Board in Q2.
2.	What are the results of the satisfaction surveys by event type?	This will be included in the development of key performance metrics by SCSA and ManCo in FY 2018-19 Q1, with presentation to the Board in Q2.
3.	What is the status of the golf course parking fee?	This is related to a contract with the City of Santa Clara (City) and the City is currently proceeding with collection.
4.	Where does the offsite parking fee fit in if there is no public safety threshold?	This fee was created to recover the public safety costs associated with the offsite parking lots. Since the public safety costs associated with the offsite parking lots are reimbursed directly to the City by means of the offsite parking fee, the City captures all public safety costs associated with each event (inclusive of those associated with the offsite parking lots) and invoices for the total costs less those that were covered by the offsite parking fee. The public safety threshold does not directly impact this process.
5.	A measure J campaign brochure says that the neighborhoods should be protected from stadium related traffic and parking at all times. Is this happening?	The Police Department provides special neighborhood protection during large scaled events at the stadium. Officers focus on traffic, parking and fans walking through the area. For other parking issues, they are addressed if a call is made to the department or if an Officer self-initiates illegal parking.
6.	How is the revenue and expense related to the suites differentiated from the seats at non-NFL events?	SCSA receives ticket revenue associated with all of the suites that are sold for each non-NFL event. The Forty Niners SC Stadium Company (StadCo) receives suite rental revenue and Food and Beverage (F&B) commission revenue for F&B sold in the suite areas. StadCo also pays for the all-inclusive F&B costs (including staffing) associated with select suites.

#	Question	Answer
7.	There is a line in the FY 2018-19 budget for legal expenses in the Stadium Authority general and administrative budget. What is this for and is it enough based on the higher 2017-18 legal expenses?	The amount budgeted is the best estimate of what the expenses will be for SCSA's outside legal representation. The FY 2018-19 budget is lower than in the prior year because SCSA has already worked through many of the expenses that were budgeted in the prior year.
8.	Can the agreements that are referenced in the budget be hyperlinked to the agreements themselves?	Staff will look into creating hyperlinks for the final budget that is posted online.
9.	Can the "transfers out" line in the operating budget be expanded to "transfers to debt service" and "transfers to capital fund"?	The table on page 11 of the proposed FY 2018-19 budget shows this level of detail.
10.	Can a table be added to the budget showing anticipated SBL income for each year for which the SBL payments could still be due?	A table of this nature that goes out beyond the budget year would be subject to annual swings in defaults, resales, pre-payments, etc. The operating budget estimates the revenue that will be received by SBL holders in the current budget year.
11.	Since SBL defaults are higher than previous documents assumed, what are the risks to future revenue, particularly if tickets are not sold out?	It should be noted that the risk associated with possible future SBL defaults is largely mitigated due to the fact that a significant portion of currently active SBL principal has already been collected (76.9% as of December 31, 2017). Additionally, this does not include principal payments collected from SBL holders that have already defaulted. Those defaulted SBLs have either been resold or are currently available for sale at full price which results in additional unanticipated SBL proceeds. While it is true that defaults are an inherent risk associated with SBL proceeds, putting a dollar value to this risk is particularly challenging. The performance of the 49ers Football Team along with macro- and microeconomic factors have an impact on the likelihood of defaults.

#	Question	Answer
12.	How long are the ticket surcharges in effect? Can this information be added to the budget document?	• The Non-NFL event ticket surcharge of \$4 per non-NFL event ticket sold is in effect through the 40-year stadium lease term which runs through the FY 2053-54 fiscal year. This is stated in article 12 of the Amended and Restated Stadium Lease dated June 19, 2013. • The Senior and Youth fee of \$0.35 per NFL ticket sold is in effect through the 40-year stadium lease term which runs through the FY 2053-54 fiscal year. This is noted in article 12 of the Amended and Restated Stadium Lease dated June 19, 2013. • The 10% NFL ticket surcharge is in effect through the 25th lease year or the FY 2038-39 fiscal year. This is described in section 5.1 of the Amended and Restated Team Non-Relocation Agreement dated June 19, 2013. • Staff will add this information to future Quarterly Financial Status Reports and Annual Budget documents.
13.	Can the Annual Fixed Ground Rent table on page 16 and the Term A Loan Amortization table on page 27 be labeled with the “fiscal year ending” date?	The ground rent table will be updated to include reference to the applicable fiscal year. The Term A loan amortization table already references the date that the required principal payment is due.
14.	The Executive Director’s Transmittal Letter on pages 4 and 5 state that “staff will consider various types of debt financing that are available to the Stadium Authority to draw upon if needed.” What types of future debt are contemplated beyond the existing 3 loans? Is this a contingency plan in case the rent reset decision isn’t favorable to the Stadium Authority? Or some major investment to fix the sun heat problems? Or something else?	SCSA has a \$25 million revolving loan available from the Forty Niners Stadium Management Company (ManCo) for the purpose of paying SCSA operating expenses to the extent that funds are not otherwise available. This loan has not currently been utilized.

#	Question	Answer
15.	Is the naming rights income contingent on booking a certain number of major non-NFL events?	Section 9 of the Naming Rights Agreement dated May 9, 2013 states that a naming rights fee credit would be owed to the naming rights sponsor at the end of every 3 contract years if during the previous 3 contract years there were fewer than 36 “major events” (which includes NFL games). Based on the definition of “major events” (any Super Bowl counts as 8 major events), there were more than 36 major events held at Levi’s Stadium in the first 3 contract years. It should also be noted that the Second Amendment to the Stadium Management Agreement dated May 9, 2013 stipulates that ManCo will reimburse SCSA for any reduction in naming rights payment resulting from the 36 major event threshold not being met.
16.	Why is the debt service reserve funded at the level it currently is at?	The reserve amount of \$11.54 million is designated by section 2.1 of the Amended and Restated Credit Agreement dated June 19, 2013.
17.	Are there any comments about how the new minimum wage is likely to affect staff expense?	SCSA and ManCo will comply with the new minimum wage requirements.
18.	What pension is being referred to on page 22 of the budget?	This section of the budget covers the ManCo shared expenses. A portion of SCSA’s share of ManCo staffing is for benefits which include deferred compensation contributions. This is not related to City staff pensions. Reimbursement for City staff costs (which includes benefits) is part of the SCSA general and administrative expense in the budget. More details on this line can be found on pages 14 and 15 of the FY 2018-19 budget.
19.	Why are there expenses related to carpet mentioned on page 22? Isn’t upkeep of suite areas a responsibility of StadCo? Are there other areas where this would legitimately be a Stadium Authority expense.	Yes, the upkeep of carpet in the suite area would be the responsibility of StadCo. However there are areas of the stadium where carpet maintenance and repair would be the responsibility of SCSA. As an example, the club areas have various floor finishes including carpet that would need to be maintained and repaired.
20.	Can the debt service payment schedule table on page 25 be modified to include the interest for each loan?	The table was adjusted to include the interest expense associated with each loan.