

City of Santa Clara

Meeting Agenda

Council and Authorities Concurrent Meeting

Call and Notice of Special Meeting

Santa Clara Stadium Authority



Tuesday, March 23, 2021

4:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

- **Via Zoom:**

- o <https://santaclaraca.zoom.us/j/99706759306>

Meeting ID: 997-0675-9306 or

- o Phone: 1(669) 900-6833

- **Via the City's eComment (now available during the meeting)**

- **Via email to PublicComment@santaclaraca.gov**

As always, the public may view the meetings on SantaClaraCA.gov, Santa Clara City Television (Comcast cable channel 15 or AT&T U-verse channel 99), or the livestream on the City's YouTube channel or Facebook page.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of California Government Code §54956 ("The Brown Act") and Section 708 of the Santa Clara City Charter, the Chair calls for a Special Meeting of the Governing Board of the Stadium Authority to commence and convene on March 23, 2021, at 4:00 pm for a Special Meeting to be held virtually via Zoom, to consider the following matter(s) and to potentially take action with respect to them.

4:00 PM CLOSED SESSION

Call to Order

Roll Call

Public Comment

The public may provide comments regarding the Closed Session item(s) just prior to the Council beginning the Closed Session. Closed Sessions are not open to the public.

- 1.A 21-322** [Pursuant to California Government Code Section 54956.9\(d\)\(2\) and \(e\)\(3\) and Section 54956.9\(d\)\(4\):](#)
[CONFERENCE WITH CITY'S OUTSIDE ATTORNEY -](#)
[ANTICIPATED LITIGATION](#)
[One \(1\) item of anticipated litigation](#)
- 1.B 21-483** [Conference with Labor Negotiators \(CC\)](#)
[Pursuant to Gov. Code § 54957.6](#)
[City representative: Deanna J. Santana, City Manager \(or](#)
[designee\)](#)
[Employee Organization\(s\):](#)
[Unit #1-Santa Clara Firefighters Association, IAFF, Local 1171](#)
[Unit #2-Santa Clara Police Officer's Association](#)
[Unit #3-IBEW Local 1245 \(International Brotherhood of](#)
[Electrical Workers\)](#)
[Unit #4-City of Santa Clara Professional Engineers](#)
[Units #5, 7 & 8-City of Santa Clara Employees Association](#)
[Unit #6-AFSCME Local 101 \(American Federation of State,](#)
[County and Municipal Employees\)](#)
[Unit #9-Miscellaneous Unclassified Management Employees](#)
[Unit #9A-Unclassified Police Management Employees](#)
[Unit #9B-Unclassified Fire Management Employees](#)
[Unit #10-PSNSEA \(Public Safety Non-Sworn Employees](#)
[Association\)](#)
- 1.C 21-494** [Conference with Legal Counsel-Existing Litigation \(CC\)](#)
[Pursuant to Gov. Code § 54956.9\(d\)\(1\)](#)
[Sommers, et al., v. City of Santa Clara, et al., United States](#)
[District Court, Northern District of California Case No.](#)
[5:17-cv-04469-BLF](#)

Convene to Closed Session

5:30 PM COUNCIL REGULAR/SPECIAL STADIUM AUTHORITY MEETING

**Open Session to be heard at 5:30 PM or shortly thereafter*

Pledge of Allegiance and Statement of Values

REPORTS OF ACTION TAKEN IN CLOSED SESSION MATTERS

CONTINUANCES/EXCEPTIONS/RECONSIDERATIONS

SPECIAL ORDER OF BUSINESS

2.A 21-349 [Presentation by State Senator Bob Wieckowski on 2021 Legislation and State COVID-19 Response](#)

2.B Items from the Task Force Diversity, Equity, and Inclusion

a. 21-171 [Verbal Quarterly Report from the Task Force on Diversity, Equity and Inclusion](#)

b. 21-460 [Adopt a Resolution Affirming the City's Commitment to Stand Against and Condemn Violence and Hate Crimes Against Asian Americans and Pacific Islanders](#)

Recommendation: Adopt a Resolution affirming the City's commitment to stand against and condemn violence and hate crimes against Asian Americans and Pacific Islanders.

2.C 21-430 [Verbal Report from City Manager regarding COVID-19 Pandemic](#)

CONSENT CALENDAR

[Items listed on the CONSENT CALENDAR are considered routine and will be adopted by one motion. There will be no separate discussion of the items on the CONSENT CALENDAR unless discussion is requested by a member of the Council, staff, or public. If so requested, that item will be removed from the CONSENT CALENDAR and considered under CONSENT ITEMS PULLED FOR DISCUSSION.]

3.A 21-07 [Board, Commissions and Committee Minutes](#)

Recommendation: Note and file the Minutes of:

Santa Clara Tourism Improvement District Advisory Board - July 7, 2020

Santa Clara Tourism Improvement District Advisory Board - July 9, 2020

Santa Clara Tourism Improvement District Advisory Board - August 13, 2020

Santa Clara Tourism Improvement District Advisory Board - September 10, 2020

Senior Advisory Commission - January 25, 2021

Youth Commission - February 9, 2021

Audit Committee - December 3, 2020

Bicycle and Pedestrian Advisory Committee - October 26, 2020

Economic Development, Communications, and Marketing Committee - November 18, 2020

Task Force on Diversity, Equity, and Inclusion - January 11, 2021

Task Force on Diversity, Equity, and Inclusion - February 25, 2021

Historical and Landmarks Commission - February 4, 2021

- 3.B 21-285** [Action on Council & Authorities Concurrent Meeting Minutes of January 12, 2021 & January 26, 2021, Special City Council & Stadium Authority Meeting Minutes of January 19, 2021, and Special City Council & Successor Agency to the City of Santa Clara Redevelopment Agency Meeting Minutes of February 8, 2021](#)

Recommendation: Approve the meeting minutes of:
Council & Authorities Concurrent Meeting - January 12, 2021
Special City Council & Stadium Authority Meeting - January 19, 2021
Council & Authorities Concurrent Meeting - January 26, 2021
Special City Council & Successor Agency to the City of Santa Clara Redevelopment Agency - February 8, 2021

- 3.C 21-261** [Action on the Single Audit Report for Fiscal Year 2019-20](#)

Recommendation: Note and file the City of Santa Clara Single Audit Report for the year ended June 30, 2020, as recommended by the Council Audit Committee.

- 3.D 21-192** [Approval of the Annual Investment Policy Statement for the City of Santa Clara, its Agencies and Corporations](#)

Recommendation:
Alternative 1:
Approve the Investment Policy for the City of Santa Clara, its agencies and corporations with Sustainable Investing Option #3 Industry and Subindustry Exclusions.

PUBLIC PRESENTATIONS

[This item is reserved for persons to address the Council or authorities on any matter not on the agenda that is within the subject matter jurisdiction of the City or Authorities. The law does not permit action on, or extended discussion of, any item not on the agenda except under special circumstances. The governing body, or staff, may briefly respond to statements made or questions posed, and appropriate body may request staff to report back at a subsequent meeting. Although not required, please submit to the City Clerk your name and subject matter on the speaker card available in the Council Chambers.]

CONSENT ITEMS PULLED FOR DISCUSSION

STADIUM AUTHORITY GENERAL BUSINESS ITEMS

4. 21-360 [Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending December 31, 2020 and Related Budget Amendments](#)

- Recommendation:**
1. Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending December 31, 2020; and
 2. Approve Budget Amendments to the 2020/21 Santa Clara Stadium Authority Budget.

5. 21-46 [Action on the Proposed Santa Clara Stadium Authority Fiscal Year 2021/22 Budget, Stadium Operation and Maintenance Plan, and 2021 Marketing Plan \(Not to be heard prior to 6:00 PM\)](#)

- Recommendation:** Staff recommends Alternatives 1, 2, 3, 4, 5, 6, and 7:
1. Adopt the Santa Clara Stadium Authority Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget
 2. Direct the Stadium Manager to provide a procurement plan and schedule of all the required repairs at the Stadium
 3. Direct the Stadium Manager to submit the budget to the Trust that is inclusive of the SCSA G&A budget of \$5.1 million
 4. Direct the Stadium Manager to respond to the questions outlined in the December 1, 2020 letter from Kenn Lee
 5. Delegate authority to the Executive Director to approve budget amendments that move funds from the Legal Contingency to Shared Expenses after the review of adequate documentation for costs
 6. Take No Action on the 2021 Marketing Plan
 7. If the Board wants to pursue an independent third-party consultant to review and assess the Non-NFL Events Marketing Plan, delegate authority to the Executive Director to conduct a competitive Request for Proposal, enter into an agreement for such services, and approve any budget amendments associated with this action. Staff will report on all actions related to this recommendation to the Board on a quarterly basis, as part of the quarterly financial report.

PUBLIC HEARING/GENERAL BUSINESS

6. 21-271 [Public Hearing: FY 2021-2022 DRAFT Annual Action Plan for the use of Federal Housing and Urban Development Grant Funds, and CDBG Guidelines](#)

Recommendation: 1. Approve the 2021-2022 DRAFT Annual Action Plan, and direct staff to incorporate all public comments into the final version to be presented before council on May 4, 2021; and
2. Approve the CDBG Policies & Procedures Manual and CDBG Monitoring Manual.

7. 21-497 [Discussion on Consideration of the Sale of the Loylton Ranch Property \(Continued from March 16, 2021\)](#)

Recommendation: Staff has no recommendation and is seeking Council direction.

8. 21-98 [Accept the 2020 General Plan Annual Progress Report](#)

Recommendation: Accept the General Plan Annual Progress Report as presented by staff.

REPORTS OF MEMBERS AND SPECIAL COMMITTEES

CITY MANAGER/EXECUTIVE DIRECTOR REPORT

- 21-440 [Update on City Council and Stadium Authority Staff Referrals](#)

- 21-498 [Tentative Meeting Agenda Calendar \(TMAC\)](#)

ADJOURNMENT

The next regular scheduled meeting is on Tuesday evening, April 6, 2021.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA)

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If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the City of Santa Clara will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. The City of Santa Clara will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in the City's programs, services, and activities. The City of Santa Clara will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities.

Agendas and other written materials distributed during a public meeting that are public record will be made available by the City in an appropriate alternative format. Contact the City Clerk's Office at 1 408-615-2220 with your request for an alternative format copy of the agenda or other written materials.

Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of the City of Santa Clara, should contact the City's ADA Coordinator at 408-615-3000 as soon as possible but no later than 48 hours before the scheduled event.



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
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Agenda Report

21-322

Agenda Date: 9/9/9999

REPORT TO COUNCIL

SUBJECT

Pursuant to California Government Code Section 54956.9(d)(2) and (e)(3) and Section 54956.9(d)(4):

CONFERENCE WITH CITY'S OUTSIDE ATTORNEY - ANTICIPATED LITIGATION

One (1) item of anticipated litigation



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
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Agenda Report

21-483

Agenda Date: 3/23/2021

SUBJECT

Conference with Labor Negotiators (CC)
Pursuant to Gov. Code § 54957.6
City representative: Deanna J. Santana, City Manager (or designee)
Employee Organization(s):
Unit #1-Santa Clara Firefighters Association, IAFF, Local 1171
Unit #2-Santa Clara Police Officer's Association
Unit #3-IBEW Local 1245 (International Brotherhood of Electrical Workers)
Unit #4-City of Santa Clara Professional Engineers
Units #5, 7 & 8-City of Santa Clara Employees Association
Unit #6-AFSCME Local 101 (American Federation of State, County and Municipal Employees)
Unit #9-Miscellaneous Unclassified Management Employees
Unit #9A-Unclassified Police Management Employees
Unit #9B-Unclassified Fire Management Employees
Unit #10-PSNSEA (Public Safety Non-Sworn Employees Association)



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Agenda Report

21-494

Agenda Date: 3/23/2021

SUBJECT

Conference with Legal Counsel-Existing Litigation (CC)
Pursuant to Gov. Code § 54956.9(d)(1)
Sommers, et al., v. City of Santa Clara, et al., United States District Court, Northern District of
California Case No. 5:17-cv-04469-BLF



City of Santa Clara

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Agenda Report

21-349

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Presentation by State Senator Bob Wieckowski on 2021 Legislation and State COVID-19 Response

DISCUSSION

As a Special Order of Business on March 23, 2021, State Senator Bob Wieckowski will present an overview to the City Council and community on his legislative package for 2021. He will also provide an update on the State's response to the COVID-19 pandemic, particularly for working families and small business, and an update on the COVID-19 vaccine rollout.

ENVIRONMENTAL REVIEW

This is an information report only and no action is being taken by the City Council; no environmental review under the California Environmental Quality Act ("CEQA") is required.

FISCAL IMPACT

There is no fiscal impact to the City other than staff time.

PUBLIC CONTACT

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Reviewed by: Julie Minot, Executive Assistant to the Mayor and City Council

Approved by: Deanna J. Santana, City Manager



Agenda Report

21-171

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Verbal Quarterly Report from the Task Force on Diversity, Equity and Inclusion

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

At the January 12, 2021 City Council (Council) meeting, the Council requested quarterly updates on the Task Force on Diversity, Equity, and Inclusion's (Task Force) work effort.

At the February 25, 2021 Task Force meeting, the Task Force approved its 2021 workplan (Attachment 1), which was developed based on the goals and tentative timeline outlined in the Mayor and Police Chief's report that recommended the Task Force's establishment (Attachment 2) as well as additional items that have been referred to the Task Force.

Since its formation, the Task Force has created three subcommittees (Community Communicators Subcommittee, Renaming Subcommittee, and Policing and Community Engagement/Relations Subcommittee) and established local community partnerships with the African American Community Services Agency (AACSA) (Attachment 3) and Bill Wilson Center (Attachment 4).

DISCUSSION

As the part of the first quarterly update, the full, seven-member Task Force will briefly introduce themselves to the City Council.

Chair Darius Brown will provide a verbal update on the Task Force's work effort including annual workplan items, established subcommittees, community partnerships, and on the proposed resolution condemning violence and hate crimes against Asian American and Pacific Islanders.

ENVIRONMENTAL REVIEW

This is an information report only and no action is being taken by the City Council and no environmental review under the California Environmental Quality Act ("CEQA") is required.

FISCAL IMPACT

There is no fiscal impact other than staff time.

PUBLIC CONTACT

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Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

Reviewed by: Genevieve Yip, Staff Analyst

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. 2021 Task Force Workplan
2. RTC 20-875
3. Community Partner MOU between Task Force and AACSA
4. Community Partner MOU between Task Force and Bill Wilson Center



February Meeting February 25, 2021	March Meeting March 8, 2021	April Meeting April 12, 2021	May Meeting May 10, 2021
<ul style="list-style-type: none"> • Discussion and Action on Approval of the 2021 Annual Workplan (Feb-Dec) • Accept Referral from Governance & Ethics Committee on CP 35 - Naming of Facilities • Discussion and Possible Action on Appointing Task Force Secretary • Discussion and Possible Action on Youth Advisory Role and Senior Advisory Role (or Any Other Advisory Role) 	<ul style="list-style-type: none"> • Background Presentation on Factors Relevant to Review of Police Policies • Discussion and Possible Action on Task Force Approach to the Review of Police Policies • Discussion and Possible Action on Hosting Community Listening Sessions Immediately Following Regular Meetings (Propose 6 in total)** • Discussion on Quarterly Update to City Council – March 23, 2021 <p style="font-size: small; margin-top: 10px;">*Based on discussion, staff will adjust workplan as needed.</p>	<ul style="list-style-type: none"> • Discussion and Possible Action on Releasing OpenGov Survey on Renaming of Columbus Day • Presentation and Discussion on CP 35 - Naming of Facilities <hr style="border: 0.5px solid black; margin: 10px 0;"/> <p style="text-align: center; font-weight: bold; margin: 0;">LISTENING SESSION NO. 1</p>	<ul style="list-style-type: none"> • Discuss feedback received at Listening Session No. 1 <hr style="border: 0.5px solid black; margin: 10px 0;"/> <p style="text-align: center; font-weight: bold; margin: 0;">LISTENING SESSION NO. 2</p>

**Engage the community by encouraging all residents to attend listening sessions to participate and support dialogue around systemic inequalities. Community engagement will allow for a diverse range of input, experiences, and stories, and will help ensure that the voices of communities of color are included as the main focus of the Task Force's considerations in developing policy and strategy recommendations. The Task Force will conduct an additional review of police and city policies that are brought forward during the listening sessions.



<p>June Meeting June 14, 2021</p>	<p>July Meeting July 12, 2021</p>	<p>August Meeting August 9, 2021</p>	<p>September Meeting September 13, 2021</p>
<ul style="list-style-type: none"> • Discussion and Action on Renaming of Columbus Day • Discussion on Quarterly Update to City Council – June 22, 2021 • Discuss feedback received at Listening Session No. 2 	<ul style="list-style-type: none"> • Discuss feedback received at Listening Session No. 3 • Discussion and Action on Recommendation on CP 035 – Naming of Facilities 	<ul style="list-style-type: none"> • Discuss feedback received at Listening Session No. 4 	<ul style="list-style-type: none"> • Discussion on Quarterly Update to City Council – September 28, 2021 • Discuss feedback received at Listening Session No. 5
<hr/> <p>LISTENING SESSION NO. 3</p>	<hr/> <p>LISTENING SESSION NO. 4</p>	<hr/> <p>LISTENING SESSION NO. 5</p>	<hr/> <p>LISTENING SESSION NO. 6</p>



<p>October Meeting October 11, 2021*</p>	<p>November Meeting November 8, 2021</p>	<p>December Meeting December 13, 2021</p>
<ul style="list-style-type: none"> • Discuss feedback received at Listening Session No. 6 • Discuss findings of police policy review <hr/> <p>SEPARATE SPECIAL MEETING IN OCTOBER DATE TBD</p> <ul style="list-style-type: none"> • Report the findings of the police policy review to the community and seek feedback on possible recommendations on policy reform and strategies to the Council <p>*The October meeting will need to be rescheduled as it falls on a City holiday – proposed for October 4, 2021.</p>	<ul style="list-style-type: none"> • Discussion and action on initial findings and possible recommendations that will be presented to the Council based on feedback from community* <p>*Based on timeframes, this work may continue into 2022 work plan.</p>	<ul style="list-style-type: none"> • Prepare for update to City Council - December 14, 2021 <hr/> <p>DECEMBER 14 COUNCIL MEETING</p> <ul style="list-style-type: none"> • Initial presentation of findings and possible recommendations to the Council* <p>*Based on timeframes, this work may continue into 2022 work plan.</p> <p>Based on Council feedback at the Dec. 14th meeting, staff will be prepared to work with the Task Force on next steps for implementation of any recommendations into 2022.</p>



Agenda Report

20-875

Agenda Date: 9/29/2020

REPORT TO COUNCIL

SUBJECT

Report from the Mayor and Police Chief on “Commit to Action” Initiative Efforts and Action on Establishing a Community-based Task Force on Diversity, Equity, and Inclusion and Council Appointment of Task Force Members [Not to be Heard Prior to 6:00 PM]

BACKGROUND

At the July 14, 2020 City Council (Council) meeting, the Council delegated authority to Mayor Gillmor and Police Chief Nikolai to establish an Ad Hoc Committee in support of former President Obama’s “Commit to Action” Initiative (Initiative). With an understanding of this historic window and sense of urgency for meaningful change, the Council expressed support for engaging in a local community dialogue on a Santa Clara Plan to address the four components of the Initiative (Attachment 1) and identify key issues facing the City of Santa Clara (City) involving historically disenfranchised individuals or communities. Establishing a community-based task force will enable the City to engage the local community in an open dialogue and will help the City take actions to achieve racial equity by working to ensure that all Santa Clarans have access to an equal quality of life and equal access to opportunity.

DISCUSSION

Mayor Gillmor and Police Chief Nikolai met regularly over the last 10 weeks and engaged help and assistance from the following individuals who expressed a strong interest in the Initiative work effort: Andrew Knaack, FY2019/20 Chair of the Parks and Recreation Commission; Darius Brown, Member of the Housing Rehabilitation Loan Committee (HRLC); and Neil Datar, Former Chair of Santa Clara University’s Student Senate for Associated Student Government and recent graduate of Duke University School of Law. Councilmember Kathy Watanabe and Councilmember Teresa O’Neill participated in the meetings as well, and provided guidance, leadership, and research findings.

We are also fortunate to have established a Memorandum of Understanding (MOU) with Santa Clara University under President Father Kevin O’Brien for a collaboration with the Markkula Center for Applied Ethics (MCAE). The MOU is included in this report as Attachment 2. Part of our collaboration will include MCAE working as an advisor to the proposed, community-based Task Force on Diversity, Equity, and Inclusion (Task Force) and helping to establish the Task Force’s Mission Statement and Values Statement. MCAE will also advise on processes to implement a series of community conversations, which will engage and empower a broad spectrum of stakeholders.

Over the last several weeks, Joan Harrington, MCAE Director of Social Sector Ethics, has been assisting the Ad Hoc Committee with developing a proposed mission statement and organizational model, as well as advising on methods for engaging the community. The Ad Hoc Committee has developed a proposed Mission Statement that reflects the purpose and goals of the Task Force.

Proposed Mission Statement and General Governance:

“In response to the national call for police use of force reform, the City of Santa Clara created the Task Force on Diversity, Equity, and Inclusion. Through an open dialogue with the communities of Santa Clara and directed by community input, the Task Force shall make recommendations for changes in government policies, structures, services, and culture that negatively impact or do not fully benefit historically disenfranchised communities. The Task Force will continuously involve the communities on recommendations and progress.”

The Task Force will be overseen by the Mayor and Police Chief and led by community members appointed by the Council. The Task Force will consist of up to seven community members who will help review police use of force policies and engage communities to seek a diverse range of input, experiences, and stories. The Task Force will report findings to the Council and bring forward recommendations for policy reform shaped and informed by community input. Meetings of the Task Force will be subject to the Brown Act.

At its September 17, 2020 meeting, the Ad Hoc Committee recommended that, upon the Task Force’s establishment, Andrew Knaack, FY2019/20 Chair of the Parks and Recreation Commission; Darius Brown, Member of the HRLC; Neil Datar, Former Chair of Santa Clara University’s Student Senate for Associated Student Government; and Dianna Zamora-Marroquin, Political/Communications Director at the South Bay AFL-CIO Labor Council, be appointed to lead the Task Force. The established Task Force will interview and recommend community members to the Council for appointment to the Task Force’s remaining three seats.

In an effort to build a coalition of community partners representing diverse perspectives, the Task Force will identify community members or organizations already doing related work and who share an interest in addressing the issues. The Task Force will be charged with recommending an advisory board to the Council for appointment.

Task Force’s Timeline and Goals

After the appointment of the remaining three seats, the Task Force will then set specific short-term and long-term goals, with an associated timeline (below). The Task Force will be first tasked to gather information, formally engage community organizations, and request assistance in identifying historically disenfranchised residents, with a special focus on those who are traditionally unheard.

As the foremost responsibility of the Task Force is to listen to all communities within the City and hear their unique concerns, it will host listening sessions with the intent of capturing stories and experiences from individuals and groups. Through these listening sessions, the Task Force will then identify key overarching issues facing the City.

After identifying issues with the community, both short and long-term recommendations on policy reform and strategies will be brought to the Council.

Tentative Timeline

October 2020 - December 2020: Establishment of Task Force and Advisory Board. Task Force and Advisory Board will collaborate and conduct initial review of police use of force policies and other city policies.

November 2020 - June 2021: Engage the community by encouraging all residents to attend listening

sessions to participate and support dialogue around systemic inequalities. Community engagement will allow for a diverse range of input, experiences, and stories, and will help ensure that the voices of communities of color are included as the main focus of the Task Force's considerations in developing policy and strategy recommendations. The Task Force will conduct an additional review of police and city policies that are brought forward during the listening sessions.

August 2021 - September 2021: Report the findings of the review to the community and seek feedback from the community on possible recommendations on policy reform and strategies to the Council.

October 2021 - November 2022: Present findings and recommendations to the Council that will reform the City's police use of force policies and any governmental policies, structures or culture that negatively impact or do not fully benefit historically disenfranchised communities and present possible recommendations to the Council on City Charter changes, one of which may be to establish Oversight Body or Commission.

City Staff Support

At this time, City staff will be needed to help supply information, support meetings of the Task Force, and provide communications and outreach to the community. Translation services will be needed as well.

If expert consultants are needed for the Task Force, specific requests can be brought back to the Council for consideration.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

There is no fiscal impact to the City associated with this report other than administrative time to support this effort. The City will use existing funds within the approved budget to absorb the cost of translation services and, if additional appropriation is needed, we will return with a request.

COORDINATION

This report was coordinated with the City Attorney's Office and City Manager's Office.

PUBLIC CONTACT

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RECOMMENDATION

1. Approve the establishment of the Task Force on Diversity, Equity, and Inclusion to support the

-
- development of a Santa Clara Plan to address the four (4) components of the “Commit to Action” Initiative to achieve equality for historically disenfranchised communities in our City; and
2. Appoint Andrew Knaack, FY2019/20 Chair of the Parks and Recreation Commission; Darius Brown, Member of the HRLC; Neil Datar, Former Chair of Santa Clara University’s Student Senate for Associated Student Government; and Dianna Zamora-Marroquin, Political/Communications Director at the South Bay AFL-CIO Labor Council, to the Task Force on Diversity, Equity, and Inclusion.

Approved by: Mayor Lisa M. Gillmor and Police Chief Pat Nikolai

ATTACHMENTS

1. “Commit to Action” Initiative Pledge
2. Memorandum of Understanding with Santa Clara University

COMMIT TO ACTION

A call for mayors, city councils, and police oversight bodies to address police use of force policies.

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[TAKE THE PLEDGE](#)

[WORKSHOPS](#)

[BECOME AN MBK COMMUNITY](#)

The killings of George Floyd, Breonna Taylor, Ahmaud Arbery, and the loss of far too many Black lives to list, have left our nation anguished and outraged.

More than 1,000 people are killed by police every year in America, and Black people are three times more likely to be killed than White people. We can take steps and make reforms to combat police violence and systemic racism within law enforcement. Together, we can work to redefine public safety so that it recognizes the humanity and dignity of every person.

Mayors and other City Council officials are uniquely positioned to introduce common-sense limits on police use of force. That's why the My Brother's Keeper Alliance is calling on mayors to commit to the following actions:

1. **REVIEW** your police use of force policies.
2. **ENGAGE** your communities by including a diverse range of input, experiences, and stories in your review.
3. **REPORT** the findings of your review to your community and seek feedback.
4. **REFORM** your community's police use of force policies.

Everyone can support this effort—and we hope that individuals across the country will take action to urge their mayors to take these steps for change.

MEMORANDUM OF UNDERSTANDING
 BETWEEN
 CITY OF SANTA CLARA
 AND
 SANTA CLARA UNIVERSITY

WHEREAS, the City of Santa Clara (the "CSC"), under Mayor Lisa M. Gillmor, and Santa Clara University ("Santa Clara University"), under President Kevin O'Brien, wish to establish this collaboration in the manner described herein.

NOW, THEREFORE, In consideration of the promises set forth in this Memorandum of Understanding ("MOU"), Santa Clara University and CSC hereby agree as follows:

1. Collaboration. The CSC and Santa Clara University agree to work together to explore the topics described in Exhibit A to this MOU and to identify ways in which they can further collaborate in their work on these topics.
2. Future Written Agreements. The provisions of this MOU are not intended to create any legally binding rights or obligations between the parties hereto. Neither party shall have any legal or financial obligation to the other party unless and until one or more mutually acceptable written agreement(s) implementing the principles specified in this MOU has been executed by a duly authorized representatives of each party hereto.
3. Liaisons. Each party shall designate a person or office to serve as liaison for implementing this MOU. These liaisons will exchange information regularly on the topics set forth in Exhibit A and other topics of mutual interest to the CSC and Santa Clara University. At the time of the signing of this document,

For the City of Santa Clara, the liaison will be Neil Datar (ndatar@alumni.scu.edu)

For Santa Clara University, the liaison will be Santa Clara University's Markkula Center for Applied Ethics ("MCAE"), and the contacts for the Markkula Center shall be Joan Harrington (jlharrington@scu.edu) and Thor Wasbotten (twasbotten@scu.edu)

4. Effective Date. This MOU shall have effect from the last date that the document has been signed by both parties until the earlier of (a) the first anniversary of that date or (b) the date on which either party elects to terminate the MOU as described herein. Upon expiration of this MOU, the parties may mutually agree to renew this MOU by written instrument.
5. Termination. Either party may terminate this MOU by delivering one month written notice to the other party. The termination of this MOU shall have no force or effect on any separate Agreement between the parties hereto.

Exhibit A

Santa Clara University is the Jesuit university in Silicon Valley, and President Kevin O'Brien, SJ, is committed to providing support and resources to make this cooperation successful. The staff of Santa Clara University's MCAE have expertise in ethics and organizational culture.

Mission Statement and Value Statement

MCAE will work as an adviser to the City of Santa Clara's Task Force on Diversity, Equity, and Inclusion (TFDEI), or other name as defined by the CSC, to establish or refine a Mission Statement and Values Statement for the Charter of the Task Force.

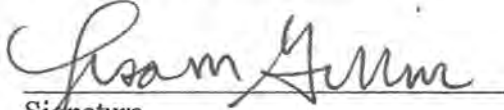
Community Conversations

MCAE will advise the TFDEI on processes to implement a series of community conversations, which will engage and empower a broad spectrum of stakeholders.

Services Provided by MCAE

With common interests in the role that ethics and culture play in society, CSC and Santa Clara University may want to explore other ways of cooperation. Services as outlined above will be offered pro bono by MCAE. For work outside of the scope of what is defined in Exhibit A, MCAE and the City of Santa Clara will negotiate terms for fee-for service.

For the City of Santa Clara:


Signature

Lisa M. Gillmor, Mayor
Printed Name & Title


9/8/20
Date


Signature

PAT NIKOLAI CHIEF OF POLICE
Printed Name & Title

9/3/20
Date

Approved as to form


Brian Doyle
City Attorney

For Santa Clara University:


Signature

Don Heiden, Exec Director
Printed Name & Title

10/6/20
Date

Memorandum of Understanding Between City of Santa Clara Task Force for Diversity, Equity, and Inclusion and **African American Community Service Agency** as a Community Partner

The City of Santa Clara formally approved the Task Force for Diversity Equity and Inclusion (“TFDEI”) through a unanimous City Council vote on September 29, 2020. TFDEI will, on behalf of the City, conduct outreach to the Santa Clara community, determine areas of city governance to review including police reform, and make recommendations to the City Council on specific reforms to promote the inclusive values of the City. In carrying out its mission, TFDEI seeks to establish partnerships with local organizations and identify certain Community Partners.

1. Goals of Collaboration. TFDEI seeks to engage directly with organizations that actively serve members of the Santa Clara community and to partner with them. The framework for the Community Partner relationship is outlined below. TFDEI will request collaboration and support on conducting outreach to the community and consult with the **African American Community Service Agency (AACSA)** on its proposals for City governance reform.
2. Liaisons. Each party shall designate a person or office to serve as liaison for implementing this MOU. These liaisons will exchange information regularly.
 - a. For City of Santa Clara TFDEI, the liaison shall be **Neil Datar** at **ndatar@alumni.scu.edu**
 - b. For AACSA the liaison shall be **Helen Kassa** at **helen.kassa@sjaacsa.org**
3. TFDEI Commitment to Community Partners. The Task Force will strive to maintain the following commitments to its Community Partners.
 - a. Community Partners to the City of Santa Clara Task Force for Diversity, Equity, and Inclusion will be consulted regularly on our progress and will be asked for input from Task Force members
 - b. Each Community Partner will have a “liaison” assigned to them from the Task Force. The Task Force liaison will be, at all times, an official member of the TFDEI who has been confirmed by the City Council.
 - c. Community Partners should direct most communications to their official liaison. Liaisons will work with the City to get Community Partners on the official agenda for special presentations to the Task Force and to engage with partners on issues of policy and community outreach.

4. Requests and Expectations of TFDEI for Community Partners. The Task Force makes the following requests of its Community Partners.

- a. Community Partners will assist the Task Force in engaging the Santa Clara community in dialogue on issues of police reform, diversity, and inclusiveness in the City.
- b. The Task Force will consult with the partners and request feedback and assistance on which groups and organizations we should direct outreach to for prospective listening sessions.
- c. The Task Force will request the assistance of Community Partners with promoting and structuring of the listening sessions. The Task Force requests that Community Partners assist the Task Force in reaching out to underrepresented communities and raising awareness of the listening sessions to increase attendance and dialogue.

5. Effective Date and Termination.

- a. This MOU shall have effect from the last date that the document has been signed by both parties
- b. This MOU shall terminate automatically after the completion and winding up of TFDEI by the City of Santa Clara, expected to occur in 2022 or 2023.
- c. Either party may terminate this MOU by delivering one month written notice to the other party.

For the Task Force:

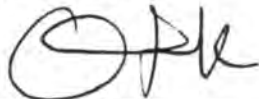


Signature

Neil Data, Vice Chair, TFDEI
Printed Name & Title

11/2/20
Date

For AACSA:



Signature

Helen Kassin Policy & Advocacy Coordinator
Printed Name & Title

11/2/20
Date

Memorandum of Understanding Between City of Santa Clara Task Force for Diversity, Equity, and Inclusion and **Bill Wilson Center** as a Community Partner

The City of Santa Clara formally approved the Task Force for Diversity Equity and Inclusion ("TFDEI") through a unanimous City Council vote on September 29, 2020. TFDEI will, on behalf of the City, conduct outreach to the Santa Clara community, determine areas of city governance to review including police reform, and make recommendations to the City Council on specific reforms to promote the inclusive values of the City. In carrying out its mission, TFDEI seeks to establish partnerships with local organizations and identify certain Community Partners.

1. Goals of Collaboration. TFDEI seeks to engage directly with organizations that actively serve members of the Santa Clara community and to partner with them. The framework for the Community Partner relationship is outlined below. TFDEI will request collaboration and support on conducting outreach to the community and consult with **Bill Wilson Center** on its proposals for City governance reform.
2. Liaisons. Each party shall designate a person or office to serve as liaison for implementing this MOU. These liaisons will exchange information regularly.
 - a. For City of Santa Clara TFDEI, the liaison shall be **Neil Datar** at **ndatar@santaclaraca.gov**
 - b. For **Bill Wilson Center** the liaison shall be **Sparky Harlan** at **sharlan@billwilsoncenter.org**
3. TFDEI Commitment to Community Partners. The Task Force will strive to maintain the following commitments to its Community Partners.
 - a. Community Partners to the City of Santa Clara Task Force for Diversity, Equity, and Inclusion will be consulted regularly on our progress and will be asked for input from Task Force members
 - b. Each Community Partner will have a "liaison" assigned to them from the Task Force. The Task Force liaison will be, at all times, an official member of the TFDEI who has been confirmed by the City Council.
 - c. Community Partners should direct most communications to their official liaison. Liaisons will work with the City to get Community Partners on the official agenda for special presentations to the Task Force and to engage with partners on issues of policy and community outreach.

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- c. Either party may terminate this MOU by delivering one month written notice to the other party.

For **Task Force:**



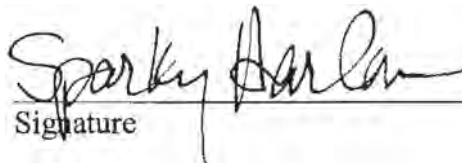
Signature

Neil Datar

Printed Name & Title

2/17/21
Date

For **Bill Wilson Center:**



Signature

Sparky Harlan, Chief Executive Officer

Printed Name & Title

2/17/21
Date



Agenda Report

21-460

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Adopt a Resolution Affirming the City's Commitment to Stand Against and Condemn Violence and Hate Crimes Against Asian Americans and Pacific Islanders

COUNCIL PILLAR

Enhance Transparency and Community Engagement

BACKGROUND

Since the outbreak of the coronavirus disease (COVID-19) in March 2020, harmful and xenophobic rhetoric related to the geographic origins of this disease has exacerbated Anti-Asian sentiment and resulted in a surge of xenophobic violence and hate crimes against Asian American and Pacific Islander individuals, communities, and businesses throughout California. There have been over 2,800 documented hate incidents targeting Asian Americans throughout the nation, including over 700 reported incidents of racism and discrimination targeting Asian Americans in the San Francisco Bay Area, some notable for their level of violence and cruelty.

At the March 8, 2021 Task Force on Diversity, Equity, and Inclusion (Task Force) meeting, the Task Force voted to authorize Member Knaack and Member Zamora-Marroquin to work with the Mayor, Police Chief, and City staff on developing a resolution condemning violence and hate crimes against Asian Americans and Pacific Islanders as well as other possible recommendations to support Santa Clara's Asian American and Pacific Islander community. Over 44% of Santa Clara's population identifies as Asian American or Pacific Islander.

DISCUSSION

The attached resolution affirming the City's commitment to stand against and condemn violence and hate crimes against Asian Americans and Pacific Islanders (Resolution) was developed by the two Task Force members, Knaack and Zamora-Marroquin, and coordinated with the Mayor and Police Chief (Attachment 1).

The proposed Resolution condemns any racism, xenophobia, and intolerance against Asian American and Pacific Islanders and affirms the City's commitment to the well-being and safety of Asian American and Pacific Islander community members and advancing equity and justice for people of all races, national origins, and ethnicities.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

There is no fiscal impact to the City other than staff time.

COORDINATION

This report was coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Adopt a Resolution affirming the City's commitment to stand against and condemn violence and hate crimes against Asian Americans and Pacific Islanders.

Reviewed by: Nadine Nader, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Resolution Affirming the City's Commitment to Stand Against and Condemn Violence and Hate Crimes Against Asian Americans and Pacific Islanders

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA
AFFIRMING THE CITY'S COMMITMENT TO STAND AGAINST
AND CONDEMN VIOLENCE AND HATE CRIMES AGAINST ASIAN
AMERICANS AND PACIFIC ISLANDERS**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, the City of Santa Clara affirms its commitment to the well-being and safety of Asian American and Pacific Islander community members and advancing equity and justice for people of all races, national origins, and ethnicities; and

WHEREAS, since the outbreak of the coronavirus disease (COVID-19) in March 2020, harmful and xenophobic rhetoric related to the geographic origins of this disease resulted in a rise in violence and hate crimes against Asian American and Pacific Islander individuals, communities, and businesses throughout California and has further encouraged racism, prejudice, and discrimination against Asian American and Pacific Islanders; and

WHEREAS, between March 19 and December 31, 2020, there have been over 700 reported incidents of racism and discrimination targeting Asian Americans in the San Francisco Bay Area, including incidents of verbal harassment, shunning, denial of access to services and public spaces, and physical assault; however, in recent months, there has been surge in reported attacks throughout the Bay Area, some notable for their violence and cruelty; and

WHEREAS, Asian Americans and Pacific Islanders in our community and throughout the State of California are becoming increasingly concerned about their safety and well-being, given the rise of hate crimes and other racially motivated attacks; and

WHEREAS, politically charged and culturally insensitive rhetoric referring to COVID-19 as the "Chinese virus" or "Kung Flu" has further promoted anti-Asian sentiments and exacerbated racism and violence against Asian Americans and Pacific Islanders amid the COVID-19 pandemic; and

WHEREAS, despite these increasing acts of hate and bigotry, Asian Americans and Pacific Islanders have made the City of Santa Clara more secure throughout its history, and during the COVID-19 pandemic, with an estimated 2 million Asian Americans and Pacific Islanders throughout our nation serving on the front lines of this crisis as healthcare providers, as first responders, and in other essential roles; and

WHEREAS, over 44% of Santa Clara's population identifies as Asian American or Pacific Islander; the Santa Clara City Council adopted Ordinance No. 1899 to protect and safeguard the right and opportunity of all persons to be free from all forms of arbitrary discrimination, including discrimination based on age, race, color, creed, religion, national origin, ancestry, disability, marital status, sex, gender, gender identity, and sexual orientation; and

WHEREAS, in history and at this moment in time, we acknowledge the multiple harms and trauma that have existed and converged simultaneously in marginalized communities of all backgrounds in our community; and

WHEREAS, the City of Santa Clara affirms its support of and commitment to the well-being, safety, and security of Asian Americans and Pacific Islanders.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. That the City of Santa Clara condemns racism, xenophobia, and intolerance against Asian Americans and Pacific Islanders.
2. That the City of Santa Clara denounces and will not tolerate hate crimes, hateful rhetoric, or hateful acts against Asian Americans and Pacific Islanders.
3. The City of Santa Clara joins cities, counties, and states across the country in affirming its commitment to the safety and well-being of Asian American and Pacific Islander communities and in combating violence and hate crimes targeting Asian Americans and Pacific Islanders.

Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE ___ DAY OF _____, 2021, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST: _____
NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
@SantaClaraCity

Agenda Report

21-430

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Verbal Report from City Manager regarding COVID-19 Pandemic

COUNCIL PILLAR

Enhance Community Engagement and Transparency



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
@SantaClaraCity

Agenda Report

21-07

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Board, Commissions and Committee Minutes

COUNCIL PILLAR

Enhance Community Engagement and Transparency

RECOMMENDATION

Note and file the Minutes of:

Santa Clara Tourism Improvement District Advisory Board - July 7, 2020
Santa Clara Tourism Improvement District Advisory Board - July 9, 2020
Santa Clara Tourism Improvement District Advisory Board - August 13, 2020
Santa Clara Tourism Improvement District Advisory Board - September 10, 2020
Senior Advisory Commission - January 25, 2021
Youth Commission - February 9, 2021
Audit Committee - December 3, 2020
Bicycle and Pedestrian Advisory Committee - October 26, 2020
Economic Development, Communications, and Marketing Committee - November 18, 2020
Task Force on Diversity, Equity, and Inclusion - January 11, 2021
Task Force on Diversity, Equity, and Inclusion - February 25, 2021
Historical and Landmarks Commission - February 4, 2021

**Santa Clara Tourism Improvement District
Advisory Board Special Meeting – MINUTES**

July 7, 2020, 11:00 a.m.

Call to Order

Eron Hodges, Chair, called the meeting to order at 11:02 a.m.

Roll Call

Present: 6 Joe Eustice, General Manager, Hilton Santa Clara
Justin Hart, General Manager, AC Hotel Santa Clara
Eron Hodges, General Manager, Hyatt Regency Santa Clara
Jean-Phillippe Rollet, General Manager, The Plaza Suites
Mark Salquist, General Manager, Avatar Hotel
Jon Siebring, General Manager, Biltmore Hotel

Absent: 5 Jordan Austin, General Manager, Element Santa Clara
Peter Hart, General Manager, Embassy Suites
Alan Mass, General Manager, Hyatt House
Callette Nielsen, General Manager, Marriott Santa Clara
Virginia Scimeca, General Manager, TownePlace Suites by Marriott

A quorum was met.

In Attendance

Pablo Barrera, Silicon Valley/Santa Clara, DMO, Inc.
Nadine Nader, Silicon Valley/Santa Clara, DMO, Inc.
Manny Gonzalez, Silicon Valley/Santa Clara, DMO, Inc.
Kelly Carr, Silicon Valley/Santa Clara, DMO, Inc.

Deanna J. Santana, City Manager, City of Santa Clara
Cynthia Bojorquez, Assistant City Manager, City of Santa Clara
Ruth Shikada, Assistant City Manager, City of Santa Clara
Nancy Thome, Assistant to the City Manager, City of Santa Clara
Dan Fenton, Executive Vice President, JLL

Public Comments

There were no public comments.

Consent Calendar

Matters listed in the Consent Calendar section will be considered routine by the Advisory Board and will be enacted by one motion. If discussion is requested, that item will be removed from the section entitled Consent Calendar and will be considered separately.

Consent Items Pulled for Discussion

None.

General Business – Items for Discussion

1. Discussion with the City Manager on the City of Santa Clara's Proposed Transient Occupancy Tax (TOT) Increase.

There was a general discussion on the polling recently completed by the City and inquiry regarding City staff potential recommendation on a TOT increase. City Manager Santana indicated that while polling results showed a strong support for a 4% increase, of 70%, City staff will be recommending a 2% increase with progression up to 4%. Including proposed language of "up to" 4% would allow Council to set the TOT rate according to the current market conditions without having to go back to voters. The TID indicated that 30% to 40% of the TOT driven occupancy in the market comes from a TID and DMO led effort. It was recommended that the TID restate their position with the City Council regarding the importance of continued collaborative efforts that would still allow for a TOT increase and a change in the TID assessment method without pushing Santa Clara to the higher end of the hotel market immediately. There was agreement by the TID Advisory Board that they would not support an increase of more than 2%; however, were still very much interested in continuing the discussion with the City for future efforts.

August 7 is the deadline to have ballot language approved. City staff will introduce the proposed ballot measure language to City Council on July 14 and hold a Special Meeting in early August to meet the Registrar of Voters timeline.

General Updates

Adjournment

The meeting adjourned at 11:34 a.m. The next regular scheduled meeting is on July 9, 2020, 8:00 a.m.

**Santa Clara Tourism Improvement District
Advisory Board Regular Meeting – AGENDA**

July 9, 2020, 8:00 a.m.

Call to Order

Eron Hodges, Chair, called the meeting to order at 8:03 a.m.

Roll Call

Present: 6 Joe Eustice, General Manager, Hilton Santa Clara
Justin Hart, General Manager, AC Hotel Santa Clara
Eron Hodges, General Manager, Hyatt Regency Santa Clara
Callette Nielsen, General Manager, Marriott Santa Clara
Jean-Phillippe Rollet, General Manager, The Plaza Suites
Jon Siebring, General Manager, Biltmore Hotel

Absent: 5 Jordan Austin, General Manager, Element Santa Clara
Peter Hart, General Manager, Embassy Suites
Alan Mass, General Manager, Hyatt House
Mark Salquist, General Manager, Avatar Hotel
Virginia Scimeca, General Manager, TownePlace Suites by Marriott

A quorum was met.

In Attendance

Cynthia Bojorquez, Assistant City Manager, City of Santa Clara
Ruth Shikada, Assistant City Manager, City of Santa Clara
Nancy Thome, Assistant to the City Manager, City of Santa Clara
Dan Fenton, Executive Vice President, JLL
Kelly Carr, General Manager, Spectra

Public Comments

There were no public comments.

Consent Calendar

Matters listed in the Consent Calendar section will be considered routine by the Advisory Board and will be enacted by one motion. If discussion is requested, that item will be removed from the section entitled Consent Calendar and will be considered separately.

1. Action on the Minutes of the June 11, 2020 Santa Clara Tourism Improvement District Advisory Board Regular Meeting and the Minutes of the June 22, 2020 Santa Clara Tourism Improvement District Advisory Board Special Meeting.
2. Receive and file the Santa Clara Convention Center Calendar of Events for the Period 7/10/2020 – 5/13/2022.

A motion was made by Joe Eustice, seconded by Jon Siebring, to approve the Consent Calendar. Motion passed unanimously (6-0).

Consent Items Pulled for Discussion

General Business – Items for Discussion

3. Review of the July 7, 2020 Tourism Improvement District Advisory Board Special Meeting with the City Manager regarding the City of Santa Clara's Proposed Transient Occupancy (TOT) Increase.

Assistant City Manager Bojorquez was present to provide follow-up and clarification on the key dates for the approval of the ballot measure language. After the July 7 meeting, the City Manager's Office confirmed with the City Clerk's Office that the ballot measure language would need to be approved by City Council at the July 14 meeting in order to meet the Registrar of Voters deadline of August 7.

Eron Hodges will be speaking at the July 14 City Council and reviewed a proposed slide to demonstrate the relationship among the TID, DMO, Convention Center and City. Feedback received by the group will be incorporated into a revised slide.

4. Update on the Silicon Valley/Santa Clara DMO, Inc.'s CEO recruitment. (JLL)

Dan Fenton reported that live interviews took place with two final candidates at the Convention Center. Participating DMO Board members were able to experience the full safety protocol as implemented by Spectra. Upon the completion of interviews, it was the decision of the DMO Board to consider other candidates.

5. Review of Silicon Valley/Santa Clara DMO, Inc.'s proposed Key Performance Indicators in the agreement to provide destination marketing services for the City of Santa Clara.

Dan Fenton briefly reviewed each of the nine key performance indicators (KPIs) proposed in the City/DMO Agreement. The KPIs directly align with Spectra's and Levy's KPIs and a few even shared. To allow for more discussion on the KPIs, a dedicated time will be scheduled to conduct a KPI workshop in which Spectra, Levy, City and TID hotels would be invited to attend.

6. Update on the status of the Santa Clara Convention Center and future recovery plans. (Spectra)

Kelly Carr reported that Spectra has completed a full reopening plan that will be sent to the City for review. Spectra is currently underway with the GBAC certification for cleanliness and safety standards for guests. Spectra is working directly with Hyatt's contact to ensure that the GBAC process is consistent.

While the Convention Center is currently closed to events, Spectra will focus on starting and completing capital improvement projects. Kelly is working with City staff Dolores Montenegro who is providing guidance on the projects. Replacing the carpet and repainting the interior is the current priority with the goal to have completed by the end of the year.

7. Discussion on Implementing Cleaning and Safety Best Practices Guidelines at all Tourism Improvement District Hotels.

Eron Hodges made the recommendation for TID hotels establish consistent cleaning and standards for all hotels. While not all the hotels may not be able to formally complete the

GBAC certification, a small subcommittee can develop the top 10 cleaning best practices for all the TID hotels to commit to. Callette Nielsen agreed to take the lead and will enlist the assistant of Justin Hart, Mark Salquist and Peter Hart. Callette will provide an update at the next TID Advisory Board meeting.

8. Update on the Use of "Visit Santa Clara" and Trademark Ownership by the Chamber of Commerce.

Nancy Thome reported that she is still in the process of trying to connect with the Chamber's interim executive director Christian Pellecchia. Nancy added that the DMO Board of Directors is open to reimbursing the Chamber for costs associated to their trademark application.

General Updates

Adjournment

The meeting adjourned at 9:14 a.m. The next regular scheduled meeting is on August 13, 2020, 9:00 a.m.

**Santa Clara Tourism Improvement District
Advisory Board Special Meeting – AGENDA**

August 13, 2020, 8:00 a.m.

Call to Order

Eron Hodges, Chair, called the meeting to order at 8:03 a.m.

Roll Call

Present: 4: Joe Eustice, General Manager, Hilton Santa Clara
Justin Hart, General Manager, AC Hotel Santa Clara
Eron Hodges, General Manager, Hyatt Regency Santa Clara
Jon Siebring, General Manager, Biltmore Hotel

Absent:7 Jordan Austin, General Manager, Element Santa Clara
Peter Hart, General Manager, Embassy Suites
Alan Mass, General Manager, Hyatt House
Callette Nielsen, General Manager, Marriott Santa Clara
Jean-Phillippe Rollet, General Manager, The Plaza Suites
Mark Salquist, General Manager, Avatar Hotel
Virginia Scimeca, General Manager, TownePlace Suites by Marriott

A quorum was not met.

In Attendance

Ruth Shikada, Assistant City Manager, City of Santa Clara
Nancy Thome, Assistant to the City Manager, City of Santa Clara
Dan Fenton, Executive Vice President, JLL
Kelly Carr, General Manager, Spectra

Public Comments

There were no public comments.

Consent Calendar

Matters listed in the Consent Calendar section will be considered routine by the Advisory Board and will be enacted by one motion. If discussion is requested, that item will be removed from the section entitled Consent Calendar and will be considered separately.

1. Action on the Minutes of the July 7, 2020 Santa Clara Tourism Improvement District Advisory Board Special Meeting and the Minutes of the July 9, 2020 Santa Clara Tourism Improvement District Advisory Board Regular Meeting.

A motion on the Consent Calendar was made at 8:41 a.m. after a quorum was confirmed.

A motion was made by Joe Eustice, seconded by Jon Siebring, to approve the Consent Calendar. Motion passed unanimously (7-0).

Consent Items Pulled for Discussion

None.

General Business – Items for Discussion

2. Tourism Improvement District Input and Preparation for the Transient Occupancy Tax (TOT) Ballot Measure for the November Election.

There was brief discussion on how the hotels can best prepare and support the November ballot measure. Ruth Shikada indicated that the City will be involved in educating the community on the ballot measure but cannot advocate.

Jean-Phillippe Rollet and Peter Hart joined the meeting at 8:08 a.m.
Callette Nielsen joined the meeting at 8:10 a.m.

Eron Hodges indicated that he is communicating with other business groups regarding the measure and the other TID hotels can reach out to him for additional information. They are in support of advocating for up to 2% as the DMO funding is dependent on this effort.

3. Review of Recent STR Data and Market and Tech Industry Business Travel Updates.

Eron Hodges reported that the tech industry is extending work from home for employees; the most recent being Uber, Google and Facebook. Businesses are providing employees stipends to assist with the purchase of home office equipment. Some of the hotels indicated they are exploring creating workspaces in hotels.

STR Data indicated a marginal change, month over month. Since July, transient occupancy has been at 10% with a 1% increase in growth for the last month.

Overall, hotel rates have declined and there has been a small uptick in group business. One of the TID hotels currently has a football team staying at their hotel. Thirty-four percent of TID hotel inventory is closed and the 0.7% growth is due to contracts with airlines. It was suggested that more research could be done on the work/hotel concept and perhaps an area the DMO could focus on.

4. Update on the Santa Clara Convention Center Calendar and Capital Projects. (Spectra)

Kelly Carr reported that the Convention Center has been focusing on moving the remaining 2020 events into 2021 and they will not be hosting events for the remainder of the calendar year. For the remaining months, they are focusing efforts on capital improvement projects. Spectra has a signed agreement for the glass pyramid resealant project, are working on the bid documents for the carpet/paint project and developing the scope of work for internal digital signage.

5. Update on California's Great America.

Nancy Thome reported that California's Great America had announced its closure for the remainder of the year.

6. Update on the Silicon Valley/Santa Clara DMO, Inc.'s CEO recruitment. (JLL)

Dan Fenton reported that the DMO Board of Directors met the new candidate. JLL is currently working on coordinating an in-person meeting.

7. Attendee Feedback from Key Performance Indicators Workshop Held on June 29, 2020. (JLL)

JLL received positive feedback on the workshop. Eron Hodges indicated that the percentage allocated for room nights needs to be revisited. Additional input will be gathered at the next TID meeting.

8. Continued Efforts to Develop the Tourism Improvement District's Subsidy Guidelines.

Dan Fenton and Joe Eustice reported that they have met and looked at some examples. They will have recommendations ready for the next meeting.

9. Update on the Development of Cleaning and Safety Best Practices Guidelines for Tourism Improvement District Hotels.

Calette Nielson reported that she had no new updates. Callette has reviewed some guidelines from SF travel and will get the small group together to discuss. An update will be provided at the next TID meeting. It was suggested that Callette reach out to the Chamber to see how they are working with businesses in this area.

General Updates

Jon Siebring reported that the hotel renovations (Biltmore) should be completed by the end of the year.

Adjournment

The meeting adjourned at 8.42 a.m. The next regular scheduled meeting is on September 10, 2020, 9:00 a.m.

**Santa Clara Tourism Improvement District
Advisory Board Special Meeting – MINUTES**

September 10, 2020, 8:00 a.m.

Call to Order

Eron Hodges, Chair, called the meeting to order at 8:09 a.m.

Roll Call

Present: 6 Joe Eustice, General Manager, Hilton Santa Clara
Justin Hart, General Manager, AC Hotel Santa Clara
Peter Hart, General Manager, Embassy Suites
Eron Hodges, General Manager, Hyatt Regency Santa Clara
Jean-Phillippe Rollet, General Manager, The Plaza Suites
Mark Salquist, General Manager, Avatar Hotel

Absent: 5 Jordan Austin, General Manager, Element Santa Clara
Alan Mass, General Manager, Hyatt House
Callette Nielsen, General Manager, Marriott Santa Clara
Virginia Scimeca, General Manager, TownePlace Suites by Marriott
Jon Siebring, General Manager, Biltmore Hotel

A quorum was met.

In Attendance

Cynthia Bojorquez, Assistant City Manager, City of Santa Clara
Ruth Shikada, Assistant City Manager, City of Santa Clara
Nancy Thome, Assistant to the City Manager, City of Santa Clara
Dan Fenton, Executive Vice President, JLL
Bethanie DeRose, Vice President, JLL
Kelly Carr, General Manager, Spectra

Public Comments

There were no public comments.

Consent Calendar

Matters listed in the Consent Calendar section will be considered routine by the Advisory Board and will be enacted by one motion. If discussion is requested, that item will be removed from the section entitled Consent Calendar and will be considered separately.

1. Action on the Minutes of the August 13, 2020 Santa Clara Tourism Improvement District Advisory Board Special Meeting.

A motion was made by Peter Hart, seconded by Mark Salquist, to approve the Consent Calendar. Motion passed unanimously (6-0).

Consent Items Pulled for Discussion

None.

General Business – Items for Discussion

2. Update on the Development the Tourism Improvement District's Subsidy Guidelines.

Joe Eustice and Dan Fenton provided an overview of the draft subsidy strategy and policy for TID review and input. It was proposed that the DMO or Convention Center would submit requests for clients and the TID, DMO or designated subcommittee would provide approvals. It was noted that there should be a not-to-exceed amount and a quick turn around time for decisions (24-48 hours) to be made. The core requirements could include the number of room nights, a review of potential fiscal and economic impacts.

Other considerations to review could include community benefit and potential for repeat business. An example calculation was provided utilizing conservative hotel rates due to the current situation with closures and restrictions. A form template will be created and proposed. It was noted that this strategy should benefit all TID hotels. The proposed guidelines will be shared with the DMO for their input and revisited at the next TID Advisory Board meeting.

City Manager Santana joined the meeting at 8:24 a.m.

5. Discussion with the City Manager on Tourism Improvement District Communication Strategies in Preparation for the Transient Occupancy Tax (TOT) Ballot Measure.

City Manager Santana provided an update on the TOT Ballot Measure. All required documents have been prepared and there will be two informational pieces provided to the community. The two pieces will serve as educational material with facts about the measure. Materials will be released during the second and third week of October. The Police and Fire unions are considering moving forward to obtain political support for the measure.

Chair Hodges confirmed that the TID hotels would support up to 2% and it was discussed that the hotels could communicate their support of the ballot measure as individual hotels or engage in a joint message with the Fire. The City Manager's Office will check with the City Attorney's Office if the DMO is eligible to take a position of support. It was suggested that the hotels provide the City Manager with an update on the market climate and potential issues with the TOT that could be shared with the City Council.

Assistant City Manager Bojorquez and City Manager Santana left the meeting at 8:56 a.m.

3. Update on the Development of Cleaning and Safety Best Practices Guidelines for Tourism Improvement District Hotels.

No report.

4. Additional Input from the Tourism Improvement District Advisory Board on previously discussed Key Performance Indicators. (JLL)

There was no additional input from the Tourism Improvement District (TID) Advisory Board at this time.

6. Discussion on Re-Engaging Civitas Advisors to Assist with TID Conversion Process.

Nancy Thome reported that she will be reaching out to re-engage Civitas. The TID can prepare to re-introduce the TID conversion process to City Council in January with the goal to have a new percentage assessment come into effect July 1, 2021. Civitas would assist with educating Council on the conversion process, updating the management district plan, and assisting with the petition process. Budget for contract services is included in the DMO's approved FY 2020/21 Operating Budget.

7. Discussion and Action on the Tourism Improvement District FY 19/20 Quarter 4 (ending June 30, 2020) Financial Report.

Nancy Thome reported that Q4 revenue was approximately \$125,000 and the total revenue for FY 2019/20 was \$718,616. Annual expenditures were minimal at \$155,716. The TID fund balance is \$1.67 million.

8. Update on the Visit Santa Clara Trademark.

Nancy Thome reported that she contacted Ravinder with the Chamber of Commerce. The Chamber is currently assessing the value of the trademark and have been talking with attorneys and another third party regarding transferring the trademark to the DMO. Ravinder indicated the Chamber will most likely propose two options: 1) Sell the trademark to the DMO (once they have determined the value), or 2) Offer the DMO a licensing agreement for the use of the trademark. Follow-up will take place in two weeks' time.

9. Update on Tourism Improvement District Hotel Re-Openings.

All TID hotels previously closed have re-opened with the exception of the Biltmore, Hilton and the Plaza Suites. There is no update as to when the Hilton will re-open and the Plaza Suites may open in October. There are slow and steady increases in the occupancy rates. Avatar reported that their ownership is currently discussing hotel renovations.

It was reported that 70% of hotel reservations are booked within three days of arrival. Fifty percent of those are same day reservations.

10. Update on Silicon Valley/Santa Clara DMO, Inc.'s CEO recruitment. (JLL)

Dan Fenton reported that there was a favorable response to the third candidate. JLL is in continued discussions with the DMO Board.

11. Review Draft of Convention Center Booking Process. (JLL)

Dan Fenton provided a brief introduction of the proposed Convention Center Booking Process and the need to streamline the process among the DMO, Convention Center and Levy. This agenda item will be discussed in more detail at the next scheduled TID Advisory Board Meeting.

12. Update on the Santa Clara Convention Center Calendar and Strategy for Reopening (Future Revenue Analysis). (Spectra)

Kelly Carr reported the Convention Calendar has been cleared of events for the remainder of the

calendar year. The first event of the new year is January 8, 2021. Currently, Spectra is focusing on capital improvement projects. Spectra also continues to work on a future revenue analysis strategy so as to avoid re-opening the facility if it will incur additional losses. Spectra will be providing City with a proposed operating budget amendment by the end of the week.

13. Santa Clara Convention Center Sales Planning Update.

Kelly Carr reported a sales meeting took place with Spectra, Dan Fenton, Nancy Thome and Levy. Spectra has also provided the City with a short-term sales and marketing plan (30-60-90 day) which addresses the current tourism/event environment. Spectra sales staff will spend 25% of their time on prospecting. Spectra will share sales/prospecting results at the next scheduled TID Advisory Board Meeting.

General Updates

Adjournment

The meeting adjourned at 9:26 a.m. The next regular scheduled meeting is on October 8, 2020, 9:00 a.m.



City of Santa Clara

Meeting Minutes

Senior Advisory Commission

01/25/2021

10:00 AM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely.

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join: <https://santaclaraca.zoom.us/j/97590069803>

Or join by phone: Dial 1-669-900-6833

Webinar ID: 975 9006 9803

International numbers available: <https://santaclaraca.zoom.us/u/abuhH0eDsx>

The meeting set-up is in line with the recommendations of the COVID-19 White House Task Force, which notes no more than ten (10) people gathering. The Chair will be present for the meeting with the staff liaison and commissioners participating remotely.

CALL TO ORDER AND ROLL CALL

The regular meeting was called to order by Chair Grant McCauley at 10:05 a.m..

Present 6 - Commissioner Wanda Buck, Commissioner Judy Hubbard, Chair Grant L. McCauley, Vice Chair Nancy Toledo, Commissioner Helen Narciso, and Commissioner Ana Segovia

CONSENT CALENDAR

1.A [21-89](#) Senior Advisory Commission Minutes of November 23, 2020

Recommendation: Approve the Senior Advisory Commission Minutes of November 23, 2020.

A motion was made by Commissioner Buck, seconded by Commissioner Toledo, to approve the Senior Advisory Commission minutes of November 23, 2020

Aye: 6 - Commissioner Buck, Commissioner Hubbard, Chair McCauley, Vice Chair Toledo, Commissioner Narciso, and Commissioner Segovia

PUBLIC PRESENTATIONS

None

GENERAL BUSINESS

2. [21-90](#) Senior Advisory Commission FY2020/21 Work Plan and Goals Discussion and Update

Relating to goal 1.a. - The Commission is interested in educating the community on how to subscribe to the City's email notification system. Supervisor Herb will include the "how-to" steps in the March Newsletter.

Relating to goal 1.b. - Supervisor Herb informed the Commission that the Senior Center Health & Wellness Program was offering Zoom classes through the Health Trust, with their first class of each series spent helping individuals get settled in on Zoom, before covering content.

Relating to goal 2.a. - The Commission would like to add air quality information to the study.

Relating to goal 3.a. - Supervisory Herb informed the Commission about the upcoming educational Zoom sessions, "Meet-up with Mallory," presented by Health & Wellness Coordinator Mallory von Kugelgen. Each month will session will consist of an informative discussion on current events related to health, wellness, resources, and trying to get by in our 2021 world. The February meeting will address COVID19 vaccinations - who, what, when, and where. Meetings will be from 11:30am - 12:30pm on the 3rd Tuesday of each month starting February 16 through June 15, 2021. There will be a different topic each month. Meetings are free, but pre-registration is required. Zoom link will be provided upon registration either through the Senior Center Front Desk (408) 615-3170.

Relating to goal 4.a. - The Commission brainstormed topics of interest for the Health & Wellness Fair scheduled for Thursday, May 21. Ideas for consisted of:

- How to help with the effects of isolation
- Travel experiences
- Mindfulness
- Art
- Spiritual aspect

Relating to goal 4. b. - The Commission is interested in partnering with the City's IT Department again to offer a fraud working. This time offering it virtual. Supervisory Herb will reach out to the IT Department regarding availability. The Commission is interested in educating the community on different types of fraud and how to avoid being a victim. Supervisor Herb suggested that the Commission reach out to Senior Adult Legal Assistance.

Relating to goal 4.c. - The Commission asked Council Member Watanabe about the status of the ADA Committee and it was recommended that

Supervisor Herb reach out to the Mayor and Council's Office.

STAFF REPORT

Supervisor Herb informed the Commission about; the new "Howdy Packets" that were being mailed out to clients of the Care Management Program and other homebound older adults; the Valentines that will be distributed to older adults through the Senior Nutrition Program; the new Zoom classes being offered through the Senior Center such as Tai-Chi and Small Group Fitness; and the Food for Families Program in collaboration with the City of Santa Clara and the Salvation Army.

COMMISSIONERS REPORT

Commissioner Toledo - Thanked the guests who attended the meeting and encouraged them to apply when the Senior Advisory Commission vacancy was publicized.

Commissioner Buck - Shared that she added a new kitten to her family to help combat the effects of isolation.

Council Member Watanabe - Shared her condolences for Commissioner Seeger who passed away last October.

ADJOURNMENT

A motion was made by Commissioner Toledo, seconded by Commissioner Narciso, that the meeting be adjourned at 11:50 a.m.

Aye: 6 - Commissioner Buck, Commissioner Hubbard, Chair McCauley, Vice Chair Toledo, Commissioner Narciso, and Commissioner Segovia

The next scheduled meeting is on February 22, 2020 and will be a virtual meeting.

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the City of Santa Clara will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. The City of Santa Clara will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in the City's programs, services, and activities. The City of Santa Clara will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities.

Agendas and other written materials distributed during a public meeting that are public record will be made available by the City in an appropriate alternative format. Contact the City Clerk's Office at 1 408-615-2220 with your request for an alternative format copy of the agenda or other written materials.

Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of the City of Santa Clara, should contact the City's ADA Coordinator at 408-615-3000 as soon as possible but no later than 48 hours before the scheduled event.



City of Santa Clara

Meeting Minutes Youth Commission

02/09/2021

6:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

Via Zoom:

o <https://santaclaraca.zoom.us/j/92321902667>

Meeting ID: 923 2190 2667 or

o Phone: 1(669) 900-6833

The meeting set-up is in line with the recommendations of the COVID-19 White House Task Force, which notes no more than ten (10) people gathering. The Chair will be present for the meeting with the staff liaison and commissioners participating remotely.

CALL TO ORDER AND ROLL CALL

Chair Suresh called the meeting to order at 6:03 p.m.

Present 14 - Commissioner Aarav Gupta , Commissioner Ahmad Ismail, Commissioner Jasmine Kelly-Tanti, Commissioner Khadeejah Khan, Commissioner Rajvi Khanjan Shroff, Vice Chair Adrienne Krivokapic-Zhou , Commissioner Colin Lim , Commissioner Riya Mehta, Commissioner Kayla Phan, Commissioner Sarah Zuo, Commissioner Kavya Sriram , Chair Smrithi Suresh , Commissioner Natasha Yen , and Commissioner Amy Zuo

Absent 1 - Commissioner Palak Parikh

A motion was made by Commissioner Ismail, seconded by Commissioner Krivokapic-Zhou, to excuse Commissioner Parikh from the February 9, 2021 meeting. The motion carried by the following vote:

Aye: 14 - Commissioner Gupta, Commissioner Ismail, Commissioner Kelly-Tanti, Commissioner Khan, Commissioner Shroff, Vice Chair Krivokapic-Zhou, Commissioner Lim, Commissioner Mehta, Commissioner Phan, Commissioner Zuo, Commissioner Sriram, Chair Suresh, Commissioner Yen, and Commissioner Zuo

Excused: 1 - Commissioner Parikh

CONSENT CALENDAR

1.A [21-157](#) Youth Commission Minutes of January 12, 2021

Recommendation: Approve the Youth Commission Minutes of January 12, 2021.

A motion was made by Commissioner Lim, seconded by Commissioner Gupta, that this item be recommended for approval. The motion carried by the following vote:

Aye: 14 - Commissioner Gupta, Commissioner Ismail, Commissioner Kelly-Tanti, Commissioner Khan, Commissioner Shroff, Vice Chair Krivokapic-Zhou, Commissioner Lim, Commissioner Mehta, Commissioner Phan, Commissioner Zuo, Commissioner Sriram, Chair Suresh, Commissioner Yen, and Commissioner Zuo

Excused: 1 - Commissioner Parikh

PUBLIC PRESENTATIONS

Debra von Huene, Cultural Commissioner, shared information on an upcoming project called "Surviving COVID" pocket exhibition in cooperation with the Triton Museum. This exhibition aims to provide a spotlight on the losses, missed rites of passage, and concepts of freedom while recognizing what is important to us and what we hope to regain. The exhibit will showcase a variety of mediums including paintings, photography, written word, sculpture, and music. Ms. von Huene will provide more information on the exhibit and call for artists when it is available.

Shailee Nanavati, President of Bears to Share, provided information on the organization and its goal of recruiting and activating volunteers to help their communities by sewing masks for health care workers, making stuffed animals for children in hospitals, and working on projects to help people in need. Interested community members can visit the Bears to Share website for more information: <https://bearstoshare.org/>

GENERAL BUSINESS

None

STAFF REPORT

The City of Santa Clara Library will resume lobby service and holds pick-ups on Monday, February 22. Visit www.sclibrary.org for current programs and services offered through the Library.

The Parks & Recreation Department will begin offering limited in-person programs and continuing virtual offerings for the spring session on Monday, February 22. The Skate Park has also re-opened with reservations for one hour sessions and reduced capacity. Public lap swim has also resumed at the International Swim Center with the addition of teen lap swim for ages 13-19 year olds on Tuesdays and Thursdays from 4:00-5:00 p.m. For recreation class and activity information visit www.santaclaraca.gov/parksandrec and click on "Activities and Programs".

Youth Commission term applications were expected to be available on February 16. Applications and more information on the process can be viewed at www.santaclaraca.gov/youthcommission and clicking on "Applications and FAQs". Interested applicants may also contact Jon Kawada, Staff Liaison, for more information.

COMMISSIONERS REPORT

2. [21-158](#) Youth Commission Committee Reports on Work Plan Goals

Environmentalism Committee: Have narrowed their focus for potential virtual workshop themes to include STEM and technology in relation to the environment. A few committee members will also be attending the Students for Green High Schools virtual conference. Conference attendees will participate in virtual workshops and learn what their peers are doing to improve the environment in and around their communities.

Health & Wellness Committee: Would like to interview a local public health official to ask questions about COVID-19 that may be of interest to youth and teens. Committee members will discuss what type of questions and format at their upcoming committee meeting. Committee members also decorated hearts with positive messages that were distributed, along with a treat, at the Senior Center's nutrition program the Friday before Valentine's Day.

Public Outreach Committee: Discussed the Black History Month posts on social media. This week-long content was relatively new to the committee and they would like to continue this feature in future months. They will discuss possible content for Fast Fact Fridays and week-long content at their upcoming committee meeting. This committee will also begin to assist with sharing information on upcoming commission projects.

ADJOURNMENT

A motion was made by Chair Suresh, seconded by Commissioner Krivokapic-Zhou, that this meeting be adjourned at 6:48 p.m.

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

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City of Santa Clara

Meeting Minutes

Audit Committee

12/03/2020

3:30 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

Join from a PC, Mac, iPad, iPhone or Android device:

Please click this URL to join: <https://santaclaraca.zoom.us/j/99199624617>

Webinar ID: 991 9962 4617

Or join by phone:

US: +1 669 900 6833

CALL TO ORDER AND ROLL CALL

Chairperson Gillmor called the meeting to order at 3:34 P.M.

Present 3 - Chair Lisa M. Gillmor, Member Kathy Watanabe, and Member Karen Hardy

CONSENT CALENDAR

1. [20-1134](#) Audit Committee Minutes

Recommendation: Approve the Audit Committee minutes of September 24, 2020.

A motion was made by Committee Member Watanabe, seconded by Committee Member Hardy, to approve staff recommendation.

Aye: 3 - Chair Gillmor, Member Watanabe, and Member Hardy

PUBLIC PRESENTATIONS

GENERAL BUSINESS

2. [20-1135](#) Overview of the draft City of Santa Clara Audited Comprehensive Annual Financial Report (CAFR) and Audited Silicon Valley Power (SVP) Financial Statements for Fiscal Year Ended June 30, 2020

Recommendation: Accept the City of Santa Clara Audited Comprehensive Annual Financial Report and Silicon Valley Power Financial Statements for Fiscal Year Ended June 30, 2020 and recommend that the reports are forwarded for note and file to the full Council at the December 15, 2020 Council and Authorities Concurrent meeting.

A motion was made Committee Member Hardy, seconded by Committee Member Watanabe, to approve staff recommendation.

Aye: 3 - Chair Gillmor, Member Watanabe, and Member Hardy

STAFF REPORT

COMMITTEE REPORT

ADJOURNMENT

A motion was made by Committee Member Watanabe, seconded by Committee Member Hardy, to adjourn the meeting. Chairperson Gillmor adjourned the meeting at 4:16 P.M.

Aye: 3 - Chair Gillmor, Member Watanabe, and Member Hardy

Future Audit Committee Meetings will be scheduled at a later date.



City of Santa Clara

Meeting Minutes

Bicycle & Pedestrian Advisory Committee

10/26/2020

4:00 PM

Zoom Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

- Via Zoom:
<https://santaclaraca.zoom.us/j/95582744643>

Meeting ID: 955 8274 4643 or

Phone: 1 (669) 900-6833

1. CALL TO ORDER AND ROLL CALL

Chair Hardy called the meeting to order at 4:08 PM.

Present 9 - Chair Karen Hardy, Member Diane Harrison, Member Ken Kratz, Member Thanh Do, Member Bruce Donoghue, Member Thomas Granvold, Member Don Sterk, Member Betsy Megas, and Member Yury Perzov

2. PUBLIC PRESENTATIONS

None

3. CONSENT CALENDAR

- A. [20-955](#) Bicycle and Pedestrian Advisory Committee Meeting Minutes of September 21, 2020 (Hardy)

Attachments: [BPAC Meeting Minutes, September 21, 2020](#)

[4A_Cusimano_Collision Report](#)

[4B_Notes from October 7 VTA BPAC Meeting](#)

Video [00:04:22]

A motion was made by Member Sterk, seconded by Member Granvold, that this item be Approved as amended. The motion carried by the following vote:

Aye: 8 - Chair Hardy, Member Harrison, Member Kratz, Member Do, Member Granvold, Member Sterk, Member Megas, and Member Perzov

Nay: 1 - Member Donoghue

4. REPORTS FOR COMMITTEE ACTION

A. [20-1002](#) Governance Committee Findings (Liw)

Attachments: [September 14, 2020 Governance and Ethics Committee Report](#)
[BPAC Policy Guidelines with recommended updates](#)
[City of Santa Clara City Charter Article X](#)
[City of Santa Clara City Code Chapter 2.120](#)
[Application for Board, Commissions, and Committee](#)
[Voting Guidelines for the Appointment of Applicants to Boards and Commissions](#)
[Guide for Board, Commissions, and Committee Applicants](#)

Video [00:20:15]

A motion was made by Member Granvold, seconded by Member Harrison , that this item be Tabled. This motion was withdrawn to allow for further discussion of this item. After further discussion a motion was made by Member Harrison, seconded by Member Granvold, that this item be Tabled for further discussion at the next meeting. The motion carried by the following vote:

Aye: 8 - Member Harrison, Member Kratz, Member Do, Member Donoghue, Member Granvold, Member Sterk, Member Megas, and Member Perzov

Nay: 1 - Chair Hardy

A second motion was made by Member Kratz, seconded by Member Harrison, that a subcommittee be formed to further study the item and to provide recommendations to the Committee. The motion carried by the following vote:

Aye: 9 - Chair Hardy, Member Harrison, Member Kratz, Member Do, Member Donoghue, Member Granvold, Member Sterk, Member Megas, and Member Perzov

Members **Kratz, Harrison,** and **Donoghue** volunteered to serve on the subcommittee. Due to the fact that the Governance Committee will be meeting again prior to the next BPAC meeting, the Committee requested that staff forward this meeting's Committee comments to the Governance Committee.

B. [20-952](#) Prioritizing 2021 Work Plan Topics (Liw)

Attachments: [New 2021 Work Plan Agenda Topics](#)
[Remaining 2020 Work Plan Agenda Topics](#)
[2020 Work Plan Agenda Topics Progress](#)

Video [01:58:30]

Members were provided a list of topics to be prioritized for inclusion in the 2021 Work Plan and were given an opportunity to further describe their topics to the Committee. Members submitted their prioritized list of topics following the meeting. The resulting spreadsheet of the prioritized list of topics was emailed to the Committee.

5. REPORTS FOR COMMITTEE INFORMATION

A. Follow-up Items from Previous Meetings (Liw)

Video [02:26:28]

Due to time constraints, the "Follow Up Items were emailed to the Committee after the meeting.

B. Santa Clara P. D. Update (Cusimano)

Video [02:27:00]

Officer Cusimano provided update for the first six months of 2020 regarding collisions involving pedestrians.

C. VTA BPAC Update (Megas)

Video [02:40:10]

Member Megas provided relevant information discussed at recent VTA BPAC meetings.

D. [20-953](#) Grant Activity (Shariat)

Attachments: [Grant Activity](#)

Video [02:42:30]

Ms. Shariat updated the Committee on current grant activities.

E. [20-949](#) Bicycle/Pedestrian Coordinator (Liw)

Not considered due to time constraint. Item to be discussed at the next meeting.

- F. [20-950](#) League of American Bicyclists (LAB) Bicycle Friendly Community Update (Shariat)

Attachments: [Santa Clara BFC 2018 Report Card](#)

Not considered due to time constraint. Item to be discussed at the next meeting.

- G. [20-951](#) Cyclovia (Shariat)

Attachments: [2018 Viva CalleSJ map](#)

Not considered due to time constraint. Item to be discussed at the next meeting.

6. AGENDA ITEMS FOR FUTURE MEETINGS

None

7. ANNOUNCEMENTS

Video [02:51:30]

1. **Ms. Shariat** announced that VTA will be having virtual meetings concerning the Central Bikeway Feasibility Study on October 28th from 12:00 PM to 1:30 PM and October 29th from 6:00 PM to 7:30 PM.

8. ADJOURNMENT

A motion was made by Member Sterk, seconded by Member Megas, that the meeting be Adjourned. The meeting adjourned at 7:02 PM.

The motion carried by the following vote:

- Aye:** 9 - Chair Hardy, Member Harrison, Member Kratz, Member Do, Member Donoghue, Member Granvold, Member Sterk, Member Megas, and Member Perzov



City of Santa Clara

Meeting Minutes

Economic Development, Communications, and Marketing Committee

11/18/2020

3:00 PM

Virtual Meeting

CALL TO ORDER AND ROLL CALL

The Chair called the meeting to order at 3:02 p.m.

Present 3 - Chair Debi Davis, Member Lisa M. Gillmor, and Member Kathy Watanabe

CONSENT CALENDAR

1. [20-996](#) Economic Development, Communications, and Marketing Committee Minutes of September 2, 2020

A motion was made by Member Gillmor, seconded by Member Watanabe, and unanimously carried, that the Committee approve the Economic Development, Communications, and Marketing Committee meeting minutes of September 2, 2020.

Aye: 3 - Chair Davis, Member Gillmor, and Member Watanabe

PUBLIC PRESENTATIONS

Atish Varshney gave a brief presentation on Franklin Forward, an art proposal that she made to the Cultural Commission at their November 2, 2020 meeting.

GENERAL BUSINESS

2. [20-997](#) Report and Direction on Grant from the County of Santa Clara's Healthy Cities Program - Tobacco Free Communities

Assistant City Manager Ruth Shikada provided the background on smoking and tobacco regulations in the City addressing the public health concerns of second-hand smoke and turned the presentation over to Management Analyst Jennifer Acuna. Management Analyst Acuna provided a presentation entitled "Report and Direction on Grant from the County of Santa Clara's Healthy Cities Program - Tobacco Free Communities." Member Gillmor commented that she was in support of protecting the community and the City's youth from second-hand smoke and use of tobacco. Member Watanabe reiterated the importance of protecting children in Santa Clara from the tobacco industry. Public comments in support of tobacco regulations were made by Carol Baker (Tobacco Free Coalition of Santa Clara County), Vanessa Marvin (Tobacco Free Coalition of Santa Clara County), Tim Gibbs (Campaign for Tobacco-Free Kids), Blythe Young (American Heart Association), and Margo Sidener (Breathe California). A motion was made by Member Gillmor, seconded by Member Watanabe, and unanimously carried, that the Committee forward the grant proposal to the full City Council for approval.

Aye: 3 - Chair Davis, Member Gillmor, and Member Watanabe

3. [20-998](#) Communications Update

Director of Communications Lon Peterson gave a presentation on update on the City's communications efforts in response to the memo and Committee input from the September 2, 2020 meeting, quarterly activities of citywide social media, and website statistics. This item was an informational report only, and no action was taken by the Committee.

4. [20-1091](#) Verbal Update on Worker Cooperatives

Assistant to the City Manager Robyn Sahid reported that the City will be entering into a contract with Democracy at Work Institute and that the scope of their works includes: partnering with Project Equity, assisting with outreach efforts, hosting informational sessions, providing technical assistance to business, and helping the City develop a sustainable worker cooperatives program. Hilary Abell and Jason Eby from Project Equity presented the initial findings from the business landscape analysis. A public comment was made by Kirk Vartan commending the City on its progress with worker cooperatives. A motion was made by Member Gillmor, seconded by Member Watanabe, and unanimously carried, that the Committee request staff to provide an informational update to the full Council under Special Order of Business at a future Council meeting in January 2021.

Aye: 3 - Chair Davis, Member Gillmor, and Member Watanabe

GOOD OF THE ORDER

SCU Presents Director Butch Coyne thanked Chair Davis for her years of service to the community and for getting Santa Clara University involved with the Committee. Cultural Commissioner Debra von Huene gave an update on the Cultural Commission's latest work efforts. Niall Adler thanked Chair Davis for her work on the Committee and her efforts in helping Mission College. City Manager Deanna J. Santana reported that it was the first day of the Salvation Army Second Harvest food distribution and that over 100 individuals showed up and that people were continuing to pre-register.

ADJOURNMENT

The meeting was adjourned at 5:16 p.m.



City of Santa Clara

Meeting Minutes

Task Force on Diversity, Equity, and Inclusion

01/11/2021

7:00 PM

Virtual Meeting

CALL TO ORDER AND ROLL CALL

Chair Brown called the meeting to order at 5:02 p.m.

Present 4 - Chair Darius Brown, Vice Chair Neil Datar, Member Andrew Knaack, and Member Dianna Zamora-Marroquin

CONSENT CALENDAR

1. [21-67](#) Approval of Task Force on Diversity, Equity, and Inclusion Meeting Minutes

A motion was made by Vice Chair Datar, seconded by Member Knaack, and unanimously carried, that the Task Force approve the minutes from the meetings held on November 9, 2020, December 2, 2020, December 9, 2020, and December 16, 2020.

Aye: 4 - Chair Brown, Vice Chair Datar, Member Knaack, and Member Zamora-Marroquin

PUBLIC PRESENTATIONS

None.

GENERAL BUSINESS

2. Update from Community Communicators Subcommittee

Vice Chair Datar provided an update on the outreach conducted by the Community Communicators Subcommittee and reported that the Task Force’s community partner, African American Community Service Agency, had been assisting with the outreach. Vice Chair Datar also commented that he will provide an updated list of community organizations to the Task Force at its next meeting. No action was taken under this item.

3. Update from Subcommittee on Columbus Day Outreach

Chair Brown reported that he and Member Knaack began outreach to local Native American organizations for input on the Columbus Day survey. The members provided their input. No action was taken under this item.

4. [21-80](#) Review Email Communications Received

Member Zamora-Marroquin reported that there were no new emails received in the Task Force's general inbox since its last meeting.

STAFF REPORT

Assistant to the City Manager Robyn Sahid reported that staff will bring back a proposed workplan for the Task Force's consideration at the next regular meeting. Staff Analyst Genevieve Yip reported that staff will be bringing forward a referral from the Governance and Ethics Committee on Council Policy 035 ("Naming of Facilities"). Deputy City Attorney Luis Haro reported that he will provide a Brown Act Overview/Refresher at the next meeting for the newly appointed members.

COMMITTEE MEMBERS REPORT

Chair Brown discussed possibly establishing quarterly goals once the new Task Force members are brought up to speed. Vice Chair Datar reported that he had been in communication with Police Chief Pat Nikolai on how to approach the review of police use of force policies and possibly forming a subcommittee. A motion was made by Vice Chair Datar, seconded by Member Zamora-Marroquin, and unanimously carried, that the Task Force add a discussion on the formation of subcommittee for police use of force policies and community relations to the next meeting agenda. Member Knaack thanked Member Zamora-Marroquin for serving as interim secretary and discussed possibly appointing the Task Force secretary position at the next meeting with the full, seven-member Task Force. A motion was made by Member Knaack, seconded by Member Zamora-Marroquin, and unanimously carried, that the Task Force add an item for a discussion and possible action on appointing the Task Force secretary to the next meeting agenda. Member Zamora-Marroquin inquired if the Task Force could revisit the discussion of having a youth advisory role and senior advisory role since the Task Force would have all seven members at its next meeting. A motion was made by Vice Chair Datar, seconded by Member Zamora-Marroquin, and unanimously carried, that the Task Force add a discussion on a youth advisory role and senior advisory role for the Task Force to the next meeting agenda.

Aye: 4 - Chair Brown, Vice Chair Datar, Member Knaack, and Member Zamora-Marroquin

ADJOURNMENT

The meeting was adjourned at 7:49 p.m.



City of Santa Clara

Meeting Minutes

Task Force on Diversity, Equity, and Inclusion

02/25/2021

7:00 PM

Virtual Meeting

CALL TO ORDER AND ROLL CALL

Chair Brown called the meeting to order at 7:03 p.m. Chair Brown congratulated Members Mark Gilley, Joyce Davis, and Dorothy Ma on their recent appointments to the Task Force and invited them to introduce themselves.

Present 6 - Chair Darius Brown, Vice Chair Neil Datar, Member Joyce Davis, Member Mark Gilley, Member Andrew Knaack, and Member Dorothy Ma

Absent 1 - Member Dianna Zamora-Marroquin

CONSENT CALENDAR

1. [21-70](#) Task Force on Diversity, Equity, and Inclusion Meeting Minutes of January 11, 2021
A motion was made by Vice Chair Datar, seconded by Member Knaack, and unanimously carried, that the Task Force approve the minutes from the January 11, 2021 meeting.

Aye: 6 - Chair Brown, Vice Chair Datar, Member Davis, Member Gilley, Member Knaack, and Member Ma

Absent: 1 - Member Zamora-Marroquin

PUBLIC PRESENTATIONS

None.

GENERAL BUSINESS

2. Overview of Ralph M. Brown Act

City Attorney Brian Doyle introduced himself and gave a presentation on the Ralph M. Brown Act. City Attorney Doyle introduced Deputy City Attorney Luis Haro who will be serve as the primary staff support to the Task Force. He also introduced Chief Assistant City Attorney Su Reuter who will be working with the Task Force on its review of police use of force policies. A motion was made by Vice Chair Datar, seconded by Member Gilley, and unanimously carried, that the Task Force note and file the City Attorney's report.

Aye: 6 - Chair Brown, Vice Chair Datar, Member Davis, Member Gilley, Member Knaack, and Member Ma

Absent: 1 - Member Zamora-Marroquin

3. [21-81](#) Discussion and Possible Action on 2021 Task Force Workplan

Chair Brown reported that staff developed the proposed workplan based on the Mayor and Police Chief's report at the September 29, 2020 Council meeting and explained that the workplan is the Task Force's strategic plan. Chair Brown reviewed the workplan month by month and commented that the workplan was a living document that could be updated based on referrals and input received from the community at listening sessions. The Task Force provided their input on the workplan. Joan Harrington and Sparky Harlan (CEO, Bill Wilson Center) also provided their input on the workplan. A motion was made by Vice Chair Datar, seconded by Member Davis, and unanimously carried, that the Task Force approve the 2021 workplan.

Aye: 6 - Chair Brown, Vice Chair Datar, Member Davis, Member Gilley, Member Knaack, and Member Ma

Absent: 1 - Member Zamora-Marroquin

4. [21-66](#) Update from Community Communicators Subcommittee and Introduction of Community Partner Organization - Bill Wilson Center
- Vice Chair Datar provided an update on the Community Communicators Subcommittee's outreach to potential community partners and reported that he signed a Community Partnership MOU on behalf of the Task Force with the Bill Wilson Center. Vice Chair Datar introduced Sparky Harlan, Chief Executive Officer of the Bill Wilson Center, who will serve as the Bill Wilson Center's liaison and the Task Force's primary contact. A motion was made by Chair Brown, seconded by Member Ma, and unanimously carried, that the Task Force approve the Community Partnership MOU with the Bill Wilson Center pending the updated date with Vice Chair Datar's signature.**
- Aye:** 6 - Chair Brown, Vice Chair Datar, Member Davis, Member Gilley, Member Knaack, and Member Ma
- Absent:** 1 - Member Zamora-Marroquin
5. [21-344](#) Update and Discussion on the Columbus Day and Indigenous Peoples' Day Survey
- Chair Brown and Member Knaack provided an update on their outreach efforts on the Columbus Day and Indigenous Peoples' Day Survey and reported that they were unsuccessful in their outreach to six local Native American organizations. Member Gilley inquired if staff could investigate whether the OpenGov survey could be distributed in different languages. Staff commented that they would look into this and report back to the Task Force. This was an informational update only and no action was taken by the Task Force.**
6. [21-82](#) Action on Referral from Governance and Ethics Committee on Council Policy 035 ("Naming of Facilities")
- Chair Brown introduced the item. The Task Force expressed support in working with staff on recommendations to update Council Policy 035. A motion was made by Vice Chair Datar, seconded by Member Knaack, and unanimously carried, that the Task Force accept the on referral from Governance and Ethics Committee on Council Policy 035 ("Naming of Facilities").**
- Aye:** 6 - Chair Brown, Vice Chair Datar, Member Davis, Member Gilley, Member Knaack, and Member Ma
- Absent:** 1 - Member Zamora-Marroquin

7. Discussion and Possible Action on Appointing Task Force Secretary

Chair Brown introduced the item and went over the role of the secretary as outlined in the Task Force bylaws. Chair Brown inquired if any members were interested in being the secretary. The Task Force discussed the secretary role. A motion was made by Member Knaack, seconded by Vice Chair Datar, and unanimously carried, that the Task Force refer this item to the next meeting.

Aye: 6 - Chair Brown, Vice Chair Datar, Member Davis, Member Gilley, Member Knaack, and Member Ma

Absent: 1 - Member Zamora-Marroquin

8. Discussion and Possible Action on Appointments to Existing Subcommittees

A motion was made by Chair Brown, seconded by Vice Chair Datar, and unanimously carried, that the Task Force appoint Member Davis to the Community Communicators Subcommittee and Member Gilley to the Columbus Day Renaming Subcommittee.

Aye: 6 - Chair Brown, Vice Chair Datar, Member Davis, Member Gilley, Member Knaack, and Member Ma

Absent: 1 - Member Zamora-Marroquin

9. Discussion and Possible Action on Youth Advisory Role and Senior Advisory Role (or Any Other Advisory Role)

Chair Brown commented that, since the discussion on the possible action on a youth advisory role or senior advisory role was brought forward by Member Zamora-Marroquin, the Task Force should continue this item to the next meeting.

A motion was made by Chair Brown, seconded by Vice Chair Datar, and unanimously carried, that the Task Force continue the discussion on the possible action on a youth advisory role or senior advisory role to the next meeting agenda.

A motion was made by Vice Chair Datar, seconded by Member Knaack, and unanimously carried, that the Task Force add an item to discuss possible strategies for reviewing police use of force polices, which may include the development of a subcommittee, to the next meeting agenda.

Aye: 6 - Chair Brown, Vice Chair Datar, Member Davis, Member Gilley, Member Knaack, and Member Ma

Absent: 1 - Member Zamora-Marroquin

10. [21-304](#) Review Email Communications Received

Chair Brown went over the email communications received. Member Gilley reviewed the correspondence received as post meeting material. This was an informational update only and no action was taken by the Task Force.

STAFF REPORT

Mayor Gillmor welcomed the newly appointed Task Force members and provided a brief background of the establishment of the Task Force. Chief of Police Pat Nikolai also welcomed the new members and introduced himself.

TASK FORCE MEMBERS REPORT

Chair Brown reported that Mayor Gillmor signed the Mayors United Against Antisemitism Statement on behalf of the City of Santa Clara and reviewed the statement with the Task Force.

Member Knaack commented on the recent rise of Asian hate crimes in the Bay Area and requested that the Task Force add a discussion on this issue to the next meeting agenda.

A motion was made by Member Knaack, seconded by Vice Chair Datar, and unanimously carried, that the Task Force add an item to discuss the rise Asian hate crimes to the next meeting agenda. Staff shared the Black History Month celebration video featuring remarks from Chair Brown and Vice Chair Datar.

Aye: 6 - Chair Brown, Vice Chair Datar, Member Davis, Member Gilley, Member Knaack, and Member Ma

Absent: 1 - Member Zamora-Marroquin

ADJOURNMENT

The meeting was adjourned at 9:27 p.m.



City of Santa Clara

Meeting Minutes

Historical & Landmarks Commission

02/04/2021

6:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented the following method for the public to participate remotely:

• Via Zoom:

o <https://santaclaraca.zoom.us/j/97233262035> or o Phone: 1 (669) 900-6833
Webinar ID: 972 3326 2035

Public Comments prior to meeting may be submitted via email to PlanningPublicComment@santaclaraca.gov no later than noon on the day of the meeting.

Historical and Landmarks Commissioners and Staff Liaison will be participating remotely.

PUBLIC PARTICIPATION IN ZOOM WEBINAR:

Please follow the guidelines below when participating in a Zoom Webinar:

- The meeting will be recorded so you must choose 'continue' to accept and stay in the meeting.
- If there is an option to change the phone number to your name when you enter the meeting, please do so as your name will be visible online and will be used to notify you that it is your turn to speak.
- Mute all other audio before speaking. Using multiple devices can cause an audio feedback.
- Use the raise your hand feature in Zoom when you would like to speak on an item and lower when finished speaking. Press *9 to raise your hand if you are calling in by phone only.
- Identify yourself by name before speaking on an item.
- Unmute when called on to speak and mute when done speaking. If there is background noise coming from a participant, they will be muted by the host. Press *6 if you are participating by phone to unmute.
- If you no longer wish to stay in the meeting once your item has been heard, you may leave the meeting.

CALL TO ORDER AND ROLL CALL

Chair Leung called the meeting to order at 6:02 p.m.

Present 5 - Chair Patricia Leung, Vice Chair Stephen Estes, Commissioner J.L. "Spike" Standifer, Commissioner Ana Vargas-Smith, and Commissioner Kathleen Romano

Absent 2 - Commissioner Michael Celso , and Commissioner Megan Swartzwelder

A motion was made by Commissioner Estes, seconded by Commissioner Vargas-Smith to excuse Commissioner Celso's and Commissioner Swartzwelder's absence.

Aye: 5 - Chair Leung, Vice Chair Estes, Commissioner Standifer, Commissioner Vargas-Smith, and Commissioner Romano

Excused: 2 - Commissioner Celso, and Commissioner Swartzwelder

CONSENT CALENDAR

1.A [21-164](#) Historical and Landmarks Commission Minutes of January 7, 2021

Recommendation: Approve the Historical and Landmarks Commission Minutes of January 7, 2021

A motion was made by Commissioner Estes, seconded by Commissioner Vargas-Smith to approve staff recommendation.

Aye: 5 - Chair Leung, Vice Chair Estes, Commissioner Standifer, Commissioner Vargas-Smith, and Commissioner Romano

Excused: 2 - Commissioner Celso, and Commissioner Swartzwelder

PUBLIC PRESENTATIONS

Commissioner Estes discussed his observations about the City's Smart Permit Search. He noted that property ownership information is often incorrect and that the Commission should be careful in relying on this information in the future.

GENERAL BUSINESS

None.

STAFF REPORT

1. Berryessa Adobe Maintenance

Staff Liaison Rebecca Bustos updated the Commission about the Berryessa Adobe building. She informed the Commission that she spoke to **Ken Winland, Director of Facilities**, who stated that the property condition assessment for the Adobe was not yet underway.

COMMISSIONERS REPORT

1. Subcommittee Reporting - 20 minutes

Commissioners present reported on subcommittee activities.

2. Board and Committee Assignments - 15 minutes

Commissioners present reported on assignments.

3. Announcements and Other Items - 10 minutes

Commissioners requested to receive development plans for projects on the Monday of the week before the meeting.

4. Commissioner Travel and Training Requests - 10 minutes

Chair Leung requested a training from **Assistant City Attorney Alexander Abbe** regarding the Brown Act.

ADJOURNMENT

A motion was made by Commissioner Standifer, seconded by Commissioner Estes to adjourn the meeting.

The meeting adjourned at 7:04 p.m.

The next regular scheduled meeting is on Thursday, March 4, 2021 at 6 p.m.

Aye: 5 - Chair Leung, Vice Chair Estes, Commissioner Standifer, Commissioner Vargas-Smith, and Commissioner Romano

Excused: 2 - Commissioner Celso, and Commissioner Swartzwelder

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the City of Santa Clara will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. The City of Santa Clara will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in the City's programs, services, and activities. The City of Santa Clara will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities.

Agendas and other written materials distributed during a public meeting that are public record will be made available by the City in an appropriate alternative format. Contact the City Clerk's Office at 1 408-615-2220 with your request for an alternative format copy of the agenda or other written materials.

Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of the City of Santa Clara, should contact the City's ADA Coordinator at 408-615-3000 as soon as possible but no later than 48 hours before the scheduled event.



City of Santa Clara

1500 Warburton Avenue
Santa Clara, CA 95050
santaclaraca.gov
@SantaClaraCity

Agenda Report

21-285

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Action on Council & Authorities Concurrent Meeting Minutes of January 12, 2021 & January 26, 2021, Special City Council & Stadium Authority Meeting Minutes of January 19, 2021, and Special City Council & Successor Agency to the City of Santa Clara Redevelopment Agency Meeting Minutes of February 8, 2021

COUNCIL PILLAR

Enhance Community Engagement and Transparency

RECOMMENDATION

Approve the meeting minutes of:

Council & Authorities Concurrent Meeting - January 12, 2021

Special City Council & Stadium Authority Meeting - January 19, 2021

Council & Authorities Concurrent Meeting - January 26, 2021

Special City Council & Successor Agency to the City of Santa Clara Redevelopment Agency - February 8, 2021



City of Santa Clara

Meeting Minutes

Council and Authorities Concurrent Meeting

01/12/2021

4:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

- Via Zoom:
 - o <https://santaclaraca.zoom.us/j/99706759306>

Meeting ID: 997-0675-9306 or

- o Phone: 1(669) 900-6833
- Via the City's eComment (now available during the meeting)
- Via email to PublicComment@santaclaraca.gov

As always, the public may view the meetings on SantaClaraCA.gov, Santa Clara City Television (Comcast cable channel 15 or AT&T U-verse channel 99), or the livestream on the City's YouTube channel or Facebook page.

4:00 PM COUNCIL REGULAR MEETING

Call to Order

Mayor Gillmor called the meeting to order at 4:05 PM.

Pledge of Allegiance and Statement of Values

Council recited the Pledge of Allegiance.

Councilmember Watanabe recited the Statement of Values.

Assistant City Clerk Pimentel recited the AB23 Announcement and Statement of Behavioral Standards.

Roll Call

Present: 7 - Councilmember Kathy Watanabe, Councilmember Raj Chahal, Vice Mayor Karen Hardy, Councilmember Kevin Park, Councilmember Suds Jain, Councilmember Anthony Becker, and Mayor Lisa M. Gillmor

CONTINUANCES/EXCEPTIONS/RECONSIDERATIONS

1. [21-39](#) CLOSED SESSION ITEM
Conference with Legal Counsel-Existing Litigation (CC, SA)
Pursuant to Gov't Code § 54956.9(d)(1)
Nevarez v. City of Santa Clara, et al., United States District Court, Northern
District of California Case No. 5:16-CV-07013-LHK
(Continued from December 16, 2020)

Recommendation: Continue the Closed Session Item *Nevarez v. City of Santa Clara, et al.*,
United States District Court, Northern District of California Case No.
5:16-CV-07013-LHK
to January 19, 2021.

**A motion was made by Councilmember Watanabe, seconded by
Councilmember Jain, to continue the Closed Session item to
January 19, 2021.**

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor
Hardy, Councilmember Park, Councilmember Jain, Councilmember
Becker, and Mayor Gillmor

SPECIAL ORDER OF BUSINESS

- 2.A [21-42](#) Introduction of the New Chief Executive Officer of Silicon Valley/Santa
Clara DMO, Inc. (Deferred from December 16, 2020)
Eron Hodges (General Manager, Hyatt Regency Santa Clara)
introduced the **New Chief Executive Officer of Silicon Valley/Santa
Clara DMO, Inc. Matt Stewart.**
- 2.B [21-1309](#) Recognize Resident Evelyn Buffo on her 100th Birthday
Mayor Gillmor introduced and wished Long-Time resident **Evelyn Buffo**
a Happy 100th Birthday. **Mayor Gillmor** issued Evelyn Buffo a
Proclamation on her 100th Birthday.
- 2.C [21-1257](#) Recognition of Santa Clara students for their participation in Santa Clara
Valley Science and Engineering Fair Association's Synopsys Science and
Technology Championship
Mayor Gillmor recognized Santa Clara students for their participation in
Santa Clara Valley Science and Engineering Fair Association's Synopsys
Science and Technology Championship.
**Sandra Meditch (President of Santa Clara Valley Science and
Engineering Fair Association)** introduced and congratulated Santa
Clara student participants.

2.D [21-41](#) Verbal Report from City Manager regarding COVID-19 Pandemic

City Manager Santana acknowledged Santa Clara's Police Department by noting January 9, 2021 was National Law Enforcement Appreciation Day and January 11, 2021 was the 54th Anniversary of the passing of **Santa Clara Police Officer William L. Rickabaugh**.

City Manager Santana gave a PowerPoint Presentation and provided the following COVID-19 Update:

- Santa Clara County is currently still in the Stay-At-Home Order and the ICU Capacity is at 6%;
- Santa Clara County average cases is 1,259 with 100 new hospitalizations each day;
- Santa Clara County is currently in Phase 1A of the Vaccination Distribution Plan;
- Library and Parks & Recreation was recognized for Vaccination Sites;
- Information Technology Department was recognized for receiving the MISAC Award for Excellence in Information Technology Practices for the 14th year in a row; and
- Noted Simrat Dhadli, Deputy City Clerk has achieved her Certified Municipal Clerk Certification.

Chief Emergency Services Officer Schoenthal provided an update on the COVID-19 Pandemic in the City of Santa Clara, County of Santa Clara, and State of California.

CONSENT CALENDAR

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve the Balance of the Consent Calendar (except Items 3.F, 3.I, 3.P, 3.R, 3.S, and 3.V).

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

3.A [21-88](#) Action on Council and Authorities Concurrent and Joint Council and Authorities Concurrent/Stadium Authority Meeting Minutes

Recommendation: Approve the November 10, 2020 Council and Authorities Concurrent and November 17, 2020 Joint Council and Authorities Concurrent/Stadium Authority Meeting Minutes.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

3.B [21-02](#) Board, Commissions and Committee Minutes

Recommendation: Note and file the Minutes of:

Santa Clara Tourism Improvement District Advisory Board - May 5, 2019
Santa Clara Tourism Improvement District Advisory Board - June 10, 2019
Santa Clara Tourism Improvement District Advisory Board - June 17, 2019

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

3.C [21-1281](#) Action on Bills and Claims Report (CC, SA,) for the period November 14th, 2020 - December 18th, 2020

Recommendation: Approve the list of Bills and Claims for November 14, 2020 - December 18, 2020.

A motion was made by Council/Boardmember Jain, seconded by Council/Boardmember Watanabe, to approve staff recommendation.

3.D [21-1176](#) Action on Monthly Financial Status and Investment Reports for October 2020 and Related Budget Amendments

Recommendation: Note and file the Monthly Financial Status and Investment Reports for October 2020 as presented and Approve the Related Budget Amendments.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

- 3.E** [21-1404](#) Action on a Resolution Authorizing the City Manager to Procure, Negotiate and Execute Amendments, Change Orders, and New Agreements with Various Vendors as Required to Complete Emergency Repairs and Maintenance at the Gianera Generating Station, in an Aggregate Amount Not-to-Exceed \$2,567,736

Recommendation: Adopt a Resolution authorizing the City Manager to negotiate and execute amendments, change orders, and new agreements with various vendors as required to complete all repairs and maintenance at the Gianera Generating Station, in an aggregate amount not-to-exceed \$2,567,736 and directing staff to provide Council with a report on contracts awarded and work performed once the repairs have been completed.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to adopt Resolution No. 21-8928 authorizing the City Manager to Procure, Negotiate and Execute Amendments, Change Orders, and New Agreements with Various Vendors as required to complete emergency repairs and maintenance at the Gianera Generating Station, in an aggregate amount not to exceed \$2,567,736 and directing staff to provide Council with a report on contracts awarded and work performed once the repairs have been completed.

- 3.G** [21-503](#) Action on Change Order No. 4 for the Serra Substation Rebuild Project Contract No. 2104 with the Newtron Group and Related Additional Authorization

Recommendation:

1. Authorize the City Manager to execute Change Order No. 4 for the Serra Substation Construction Project (Contract No. 2104A) with the Newtron Group in an amount up to \$715,512.; and
2. Authorize the City Manager to execute additional change orders for a total contingency authorization of up to \$873,751 and a total not-to-exceed amount of \$6,576,773 for Contract No. 2104A.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

3.H [21-730](#)

Action on Various Agreements for Silicon Valley Power (SVP), authorize the City Manager to:

1. Execute Amendment No. 2 to the Agreement with Flynn Resource Consultants for Transmission Analysis Support;
2. Execute Amendment No. 1 to the Agreement with Milton Security Group, Inc. for Information Technology Support Services;
3. Execute Amendment No. 1 to the Master Construction Agreement with Hot Line Construction, Inc. for Electric Utility Overhead Services;
4. Execute an Agreement with Daniel L. Sun Inc. DBA Sun-Net Consulting for Implementation and Support of Transmission Outage Application Software; and
5. Add or delete services consistent with the scope of the agreements, and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

Recommendation:

1. Authorize the City Manager to execute Amendment No. 2 to the Agreement with Flynn Resource Consultants, Inc. to extend the term of the Agreement to April 30, 2021, and increase maximum compensation by \$500,000 to a new not-to-exceed amount of \$3,170,000;
2. Authorize the City Manager to execute Amendment No. 1 to the Agreement for Services with Milton Security Group, Inc. to extend the term of the Agreement to April 30, 2021 and increase maximum compensation by \$240,000 to a new not-to-exceed amount \$640,000;
3. Authorize the City Manager to execute Amendment No. 1 to the Master Construction Agreement with Hot Line Construction, Inc. to extend the term of the Agreement to July 31, 2022 with no change to maximum compensation;
4. Authorize the City Manager to execute an Agreement for the Performance of Services with Daniel L. Sun Inc. DBA Sun-Net Consulting in an amount not to exceed \$478,174 and a term of six years; and
5. Authorize the City Manager to add or delete services consistent with the scope of the agreements, and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

- 3.J [21-1155](#) Action on Amendment No. 1 to the Management Agreement between Lifetime Tennis, Inc. and the City of Santa Clara to address COVID-19 Impacts to Programs & Revenue

Recommendation: Authorize the City Manager to Execute an Amendment No. 1 to the Management Agreement between LifeTime Tennis, Inc. dba LifeTime Activities and the City of Santa Clara and delegate authority to make any needed modifications to the Agreement through December 31, 2021.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

- 3.K** [21-1307](#) Action on Various Agreements for Silicon Valley Power (SVP), authorize the City Manager to:
1. Execute Amendment No. 1 to an Agreement for the Performance of Services with GE Grid Solutions, LLC for JMux Professional Support Services for network communication and control system;
 2. Execute Amendment No. 1 to an Agreement for the Performance of Services with Reliability Optimization, Inc. for predictive maintenance services for SVP Generation Assets;
 3. Execute Amendment No. 1 to an Agreement for the Performance of Services with Koffler Electrical Mechanical Apparatus Repair, Inc. (Koffler) for maintenance and repair of electrical equipment such as pumps, fans, and motors; and
 4. Add or delete services consistent with the scope of the agreements, and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

- Recommendation:**
1. Authorize the City Manager to execute Amendment No. 1 to an Agreement for the Performance of Services with GE Grid Solutions, LLC. to extend the term of the Agreement to December 31, 2023, and increase maximum compensation by \$145,528 to a new not-to-exceed amount of \$241,278;
 2. Authorize the City Manager to execute Amendment No. 1 to an Agreement for the Performance of Services with Reliability Optimization, Inc. to extend the term of the Agreement to January 24, 2023, and increase maximum compensation by \$387,958 from \$350,154 to a new not-to-exceed amount of \$810,686;
 3. Authorize the City Manager to execute Amendment No. 1 to an Agreement for the Performance of Services with Koffler Electrical Mechanical Apparatus Repair, Inc. (Koffler) for maintenance and repair of electrical equipment such as pumps, fans, and motors to extend the term from three years to five years and increase maximum compensation from by \$205,591.91 from \$144,408.09 to a new not-to-exceed amount of \$350,000; and
 4. Authorize the City Manager to add or delete services consistent with the scope of the agreements, and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

- 3.L [21-1194](#) Action on Amendment No. 1 to the Management Agreement between City of Santa Clara and The Santa Clara Swim Club, Inc. for Mary Gomez Pool to address COVID-19 Impacts to Programs & Revenue

Recommendation: Authorize the City Manager to execute Amendment No. 1 to the Management Agreement between the City of Santa Clara and Santa Clara Swim Club for the operation of Mary Gomez Pool and delegate authority to make minor modifications to the Agreement as needed.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

- 3.M [21-1306](#) Action on Amendment No. 1 to the Grant Agreement with Bay Area Air Quality Management District Grant No. 2018.245

Recommendation: Authorize the City Manager to execute Amendment No. 1 to the Grant Agreement with Bay Area Air Quality Management District (BAAQMD) Grant No. 2018.245 to extend the term of the grant to demonstrate the feasibility of battery energy storage systems for back-up power at data centers.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

- 3.N [21-1203](#) Action on Adoption of a Resolution Declaring Weeds a Public Nuisance and Setting February 9, 2021 for Public Hearing

Recommendation: 1. Adopt a Resolution ordering the abatement of nuisance consisting of growing weeds in the City; and
2. Set February 9, 2021 as the date for the required Public Hearing.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to adopt Resolution No. 21-8929 Declaring Weeds a Public Nuisance and Setting February 9, 2021 for Public Hearing.

- 3.O [21-1221](#) Action on the Award of Purchase Orders to Waterworks Industries, Inc. for Fountain Maintenance and Repair Services through June 30, 2025

Recommendation: Authorize the City Manager to approve purchase orders with Waterworks Industries, Inc. for fountain maintenance and repair services through June 30, 2025, subject to the annual appropriation of funds.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

- 3.Q [21-1224](#) Action on a Professional Services Agreement Between Northern California Power Agency and the Cities of Palo Alto and Santa Clara for Consulting Services Related to Electric Transmission, Power Generation, Regulatory and Electric Market Design

Recommendation: Authorize the City Manager to execute the Professional Services Agreement between Northern California Power Agency and the Cities of Palo Alto and Santa Clara (the “Bay Area Municipal Transmission Services Agreement” or “BAMx Agreement”) in an amount not to exceed \$493,125 annually for a total not to exceed amount of \$2,465,625 over the five year term of the agreement.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

- 3.T [21-1252](#) Action on Amendments to Four Professional Service Agreements for the Related Santa Clara Development Project Extending the Terms with Milstone Geotechnical Consulting Services, Environmental Risk Services, Valbridge Property Advisors and Robert E. Van Heuit

Recommendation: Approve and authorize the City Manager to execute:

1. Amendment No. 3 with Barry Milstone DBA Milstone Geotechnical Consulting Services for the Related Santa Clara Development Project to extend the term through December 31, 2021;
2. Amendment No. 4 to the Amended and Restated Agreement with Environmental Risk Services for Consulting Services for the Related Santa Clara Development Project to extend the term through December 31, 2021;
3. Amendment No. 3 with Hulberg and Associates, Inc., DBA Valbridge Property Advisors for Consulting Services for the Related Santa Clara Development Project to extend the term through July 31, 2021; and
4. Amendment No. 2 to Amended and Restated Agreement with Robert E. Van Heuit for Consulting Services for the Related Santa Clara Development Project to extend the term through December 31, 2021.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

3.U [21-1264](#) Action on the appointment of Qian Huang to the Planning Commission to serve a partial term ending June 30, 2021

Recommendation: 1. Declare two partial term vacancies: one term ending on June 30, 2021 and the second term ending June 30, 2023; and
2. Appoint Qian Huang to fill one partial term ending June 30, 2021, and staff will return at a future meeting date to consider options on filling the second vacancy from the eligibility list put in place by former council action or open a recruitment to the public to fill the position.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to appoint Qian Huang to the Planning Commission for the partial term ending June 30, 2021.

3.W [21-1405](#) Action on Adoption of an Ordinance No. 2023 adding Chapter 9.65 to the City Code to provide Hotel Service Workers Retention Rights (Deferred from December 16, 2020)

Recommendation: Adopt Ordinance No. 2023 adding Chapter 9.65 to the City Code to provide Hotel Service Workers Retention Rights.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to adopt Ordinance No. 2023, adding Chapter 9.65 to the City Code to provide Hotel Service Workers Retention Rights.

3.X [21-1406](#) Action on Adoption of Ordinance No. 2025 amending the Transit Neighborhood Zoning District, the Zoning District applicable to the Tasman East Specific Plan area boundaries, to allow certain non-residential uses within the first three floors of mixed-use buildings and to correct an error regarding permissible density ranges (Deferred from December 16, 2020)

Recommendation: Adopt Ordinance No. 2025 amending the Transit Neighborhood Zoning District to allow certain non-residential uses within the first three floors of a mixed-use building and to correct an error regarding permissible density ranges.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to adopt Ordinance No. 2025, amending the Transit Neighborhood Zoning District, the Zoning District applicable to the Tasman East Specific Plan area boundaries, to allow certain non-residential uses within the first three floors of mixed-use buildings and to correct an error regarding permissible density ranges.

- 3.Y [21-1407](#) Action on the Adoption of Ordinance No. 2026 Adding Section 17.15.350 to Chapter 15 of Title 17 of the Santa Clara City Code Regarding the Tasman East Specific Plan Infrastructure Fee (Deferred from December 16, 2020)

Recommendation: Adopt Ordinance No. 2026 Adding Section 17.15.350 to Chapter 15 of Title 17 of the Santa Clara City Code Regarding the Tasman East Specific Plan Infrastructure Fee.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to adopt Ordinance No. 2026, adding Section 17.15.350 to Chapter 15 of Title 17 of the Santa Clara City Code Regarding the Tasman East Specific Plan Infrastructure Fee.

- 3.Z [21-1389](#) Action on a First Amendment to the Disposition and Development Agreement with Core Winchester LLC for the development of up to 361 multi-family residential units and 1.5 acres of open space at 1834 Worthington Circle/90 North Winchester (Agridhood Project on the former BAREC site)

Recommendation: Adopt a Resolution approving and authorizing the City Manager to execute the First Amendment to Disposition and Development Agreement with Core Affordable Housing for the development of up to 361 multi-family residential units and 1.5 acres of open space at 1834 Worthington Circle/90 North Winchester and further authorizing the City Manager to execute all other agreements (including a Ground Lease, Loan Agreements, Deeds of Trust, Promissory Notes, and Affordable Housing Agreement) in a form consistent with the First Amendment to Disposition and Development Agreement and all other documents necessary or convenient to close escrow and implement the purposes and terms of the Disposition and Development Agreement, as amended.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

- 3.AA [21-1237](#) Action on the Fairway Glen Park Restroom Project Schematic Design Option 1 and Introduction of an Ordinance Approving the Update of the Fairway Glen Park Master Plan to include a Restroom in Accordance with City Charter Section 714.1

Recommendation: Approval of the Fairway Glen Park Restroom Project Schematic Design Option 1 and introduction of an ordinance approving the update of the Fairway Glen Park Master Plan to include a Restroom Building in accordance with City Charter Section 714.1.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

3.BB [21-1256](#) Action on an Agreement with Long's Custom Discing, Inc. for Annual Swale Mowing Services

- Recommendation:**
1. Approve and authorize the City Manager to execute an agreement with Long's Custom Discing, Inc. to perform annual mowing of the City's Eastside Retention Basin Drainage Swale for an amount not-to-exceed \$296,208.61 over the five-year term of the agreement, subject to the appropriation of funds; and
 2. Authorize the City Manager to make minor modifications to the agreement, including time extensions, as necessary.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to approve staff recommendation.

PUBLIC PRESENTATIONS

Wesley Mukoyama expressed comments of concern on the California Voting Rights Act case and requested that the Council not consider appealing the decision.

Diane Harrison requested deferring the seating of the new Bicycle Pedestrian Advisory Committee members until there was a review of election irregularities.

Councilmember Chahal expressed comments on the recent events that occurred in Washington DC at the United States Capital.

CONSENT ITEMS PULLED FOR DISCUSSION

- 3.I [21-1073](#) Action on the Parks & Recreation Commission Recommendation that the Council approve the Magical Bridge All-Inclusive Playground in Central Park Schematic Design Scopes A, B, C and D and Introduction of an Ordinance Approving the Central Park All-Inclusive Playground Schematic Design in Accordance with City Charter Section 714.1

- Recommendation:**
1. Approve the Magical Bridge All-Inclusive Playground in Central Park Schematic Design Scopes A, B, C and D; and
 2. Introduce an ordinance approving the All-Inclusive Playground Schematic Design in accordance with City Charter Section 714.1

Councilmember Jain pulled the item for further clarification on Compliance with Measure R. **City Attorney Doyle** addressed questions.

Public Speaker(s): Susan Hinton (eComment)

A motion was made by Councilmember Becker, seconded by Vice Mayor Hardy, to (1) approve the Magical Bridge All-Inclusive Playground in Central Park Schematic Design Scopes A, B, C and D; and (2) introduce Ordinance No. 2028 approving the All-Inclusive Playground Schematic Design in accordance with City Charter Section 714.1.

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

- 3.P [21-1084](#) Action on an Agreement with Jones Lang LaSalle Americas, Inc. (JLL) for Consulting Services for the Development, Implementation and Operation of Comprehensive Tourism Strategy

- Recommendation:**
1. Approve and authorize the City Manager to execute an agreement with Jones Lang LaSalle Americas, Inc. to provide consulting services for the development, implementation and operation of a comprehensive tourism strategy retroactive to January 1, 2021 and ending on or about December 31, 2023 for a total maximum amount not-to-exceed \$300,000 subject to the appropriation of funds;
 2. Authorize the City Manager to execute any minor or administrative amendments to the Agreement which do not increase the compensation for the Agreement.
 3. Authorize the City Manager to execute up to three one-year options to extend the term of the agreement after the initial term through December 31, 2026 for ongoing consulting services, subject to the appropriation of funds.

Councilmember Becker pulled this item for discussion on his concerns with renewing the agreement with Jones Lang LaSalle Americas, Inc. (JLL).

City Manager Santana and Assistant City Manager Shikada provided an overview and addressed Council questions.

Public Speaker(s): Matt Stewart

A motion was made by Councilmember Watanabe, seconded by Vice Mayor Hardy, to defer this item to a future date for further discussion.

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

Mayor Gillmor called for a recess at 6:04 p.m. and reconvened at 6:11 p.m.

3.R [21-1245](#) Action on the Schematic Design of the New Public Neighborhood Park Located at 1205 Coleman Avenue (Gateway Crossings)

Recommendation: Approve the Schematic Design for the New Public Neighborhood Park located at 1205 Coleman Avenue.

Councilmember Becker pulled this item for further clarification on accessibility of restrooms.

Councilmember Chahal requested information on grass and turf.

City Manager Santana and **Director of Parks & Recreation Teixeira** addressed **Council** questions.

Public Speaker(s): Susan Hinton (eComment)
Adam Thompson
Rob Mayer

Councilmember Park requested that staff return with information on the different types of turf and the long-term effects of the turf.

A motion was made by Councilmember Watanabe, seconded by Vice Mayor Hardy, to defer this item for further community outreach with the Old Quad on the Schematic Design of the New Public Neighborhood Park located at 1205 Coleman Avenue.

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

3.S [21-1227](#) Action on the Award of Purchase Orders to Universal Site Services, Inc. for Sweeping Services through June 30, 2025

Recommendation: Authorize the City Manager to execute up to four one-year options to renew the purchase order with Universal Site Services, Inc. through June 30, 2025, subject to the annual appropriation of funds.

Mayor Gillmor recused herself from this item due a potential conflict of interest as her office is located in the Franklin Square Mall.

Vice Mayor Hardy presided over this item.

Councilmember Jain pulled this item for further clarification on the costs for Maintenance Districts.

City Manager Santana and **Director of Public Works Mobeck** addressed **Council** questions.

A motion was made by Councilmember Watanabe, seconded by Councilmember Jain, to authorize the City Manager to execute up to four one-year options to renew the purchase order with Universal Site Services, Inc. through June 30, 2025, subject to the annual appropriation of funds.

Aye: 6 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, and Councilmember Becker

Recused: 1 - Mayor Gillmor

Mayor Gillmor return to preside over the remainder of the meeting.

- 3.V [21-1403](#) Action on the Task Force on Diversity, Equity, and Inclusion's Recommended Appointments to the Task Force Vacancies

Recommendation: 1. Appoint Joyce Davis, Mark Gilley, and Dorothy Ma to the three (3) vacancies on the Task Force on Diversity, Equity, and Inclusion (Task Force) as recommended by the inaugural Task Force members; and
2. Approve establishment of an eligibility list with Innae Park, Kevin Landis, and Gustavo Rangel that will be active for one (1) year and used in the event a Task Force vacancy occurs.

Vice Mayor Hardy pulled this item for further clarification on the applications received for the Task Force on Diversity, Equity, and Inclusion.

City Manager Santana addressed Council questions.

Councilmember Chahal requested Quarterly Progress Updates from the Task Force on Diversity, Equity, and Inclusion.

Task Force on Diversity, Equity, and Inclusion Chair Brown and **Vice Chair Datar** expressed gratitude on the progress that has been made and encouraged community engagement with the Task Force.

A motion was made by Councilmember Becker, seconded by Vice Mayor Hardy, to (1) appoint Joyce Davis, Mark Gilley, and Dorothy Ma to the three (3) vacancies on the Task Force on Diversity, Equity, and Inclusion (Task Force) as recommended by the inaugural Task Force members; and (2) approve establishment of an eligibility list with Innae Park, Kevin Landis, and Gustavo Rangel that will be active for one (1) year and used in the event a Task Force vacancy occurs.

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

3.F [21-897](#) Action on Appointment of Members to the Bicycle and Pedestrian Advisory Committee

Recommendation: Appoint Lloyd Cha and Atisha Varshney to serve three-year terms on the Bicycle and Pedestrian Advisory Committee, expiring on December 31, 2023.

Ken Kratz (Public Member) pulled this item for discussion and requested **Council** to delay the seating of the new Bicycle Pedestrian Advisory Committee members until the election process is reviewed.

Vice Mayor Hardy reviewed the interview process and advice received from the City Attorney's Office regarding this recruitment.

City Attorney Doyle addressed **Council** questions and provided a memo from **Assistant City Attorney Arellano** regarding the advice given regarding the interview process.

Public Speaker(s): Diane Harrison
Ken Kratz

A motion was made by Vice Mayor Hardy, seconded by Councilmember Watanabe, to appoint Lloyd Cha and Atisha Varshney to serve three-year terms on the Bicycle and Pedestrian Advisory Committee, expiring on December 31, 2023.

Aye: 5 - Councilmember Watanabe, Vice Mayor Hardy, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

Abstained: 2 - Councilmember Chahal, and Councilmember Park

PUBLIC HEARING/GENERAL BUSINESS

4. [21-1247](#) Action on FY 2019/20 Budget Year-End Report and Approve the Related Budget Amendments

- Recommendation:**
1. Note and file the FY 2019/20 Budget Year-End Report;
 2. Approve the FY 2019/20 Budget Amendments to address necessary budget ratifications as set forth in Attachment 1 of the Budget Year-End Report (five affirmative Council votes required for revenue actions only); and
 3. Approve the FY 2020/21 Budget Amendments as set forth in Attachment 2 of this report (five affirmative Council votes required for revenue actions only).

Director of Finance Lee gave a PowerPoint Presentation.

City Manager Santana and **Director of Finance Lee** addressed Council questions.

A motion was made by Vice Mayor Hardy, seconded by Councilmember Watanabe, to (1) note and file the FY 2019/20 Budget Year-End Report; (2) approve the FY 2019/20 Budget Amendments to address necessary budget ratifications as set forth in Attachment 1 of the Budget Year-End Report (five affirmative Council votes required for revenue actions only); and (3) approve the FY 2020/21 Budget Amendments as set forth in Attachment 2 of this report (five affirmative Council votes required for revenue actions only).

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

5. [21-1034](#) Action on the Consideration of the Nomination of the Pomeroy Green Townhouses at the Northeast Corner of Pomeroy Avenue and Benton Street to the National Register of Historic Places

Recommendation: No staff recommendation

Director of Community Development Crabtree gave a PowerPoint Presentation and addressed Council questions.

Ken Kratz (Submitted Application to the State Office of Historic Preservation) provided comments on his application and addressed Council questions.

A motion was made by Councilmember Becker, seconded by Councilmember Watanabe, to recommend approval of Pomeroy Green to the National Register of Historic Places as a Historic District to the State Historical Resources Commission with the following conditions for the applicant: (1) signed petition by the property owners within Pomeroy Green with a simple majority, (2) conduct a historian review and provide a report (preferably local historian), (3) notify the single-family home residents within 200 ft and the shareholders, (4) provide process instructions of how to submit a complaint to both the shareholders and neighbors within 200 ft, (5) provide a co-op board resolution, (6) direct the City Attorney to do a review of the application submitted by Ken Kratz, and (7) upon completion of the conditions, return to Council for consideration.

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

Mayor Gillmor called for a recess at 10:10 p.m. and reconvened the meeting at 10:18 p.m.

6. [21-1411](#) Action on Resolution Amending Rate Schedules for Electric Service for All Classes of Customers, Effective February 1, 2021 (Deferred from December 16, 2020)

Recommendation: Adopt a Resolution amending Rate Schedules for Electric Services for all classes of customers effective February 1, 2021 and amending Time of Use rate under CB-6 and CB-7 Rate Schedule.

Chief Electric Utility Officer Pineda gave a PowerPoint Presentation and addressed **Council** questions.

City Manager Santana noted that staff can return with an Informational Memo on the laws and policies that govern setting fees.

A motion was made by Councilmember Watanabe, seconded by Councilmember Becker, to adopt Resolution No. 21-8931 amending Rate Schedules for Electric Services for all classes of customers effective February 1, 2021 and amending Time of Use rate under CB-6 and CB-7 Rate Schedule.

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

REPORTS OF MEMBERS AND SPECIAL COMMITTEES

Councilmember Jain expressed his concern over the incidents that occurred at United States Capitol Hill.

Mayor Gillmor and **Vice Mayor Hardy** agreed with the comments made by **Councilmember Jain**.

Councilmember Becker agreed with Councilmember Jain's comments and reminded the public to be united as a community.

Councilmember Park encourage the community and the City of Santa Clara to be united, equal, and free.

Mayor Gillmor encouraged the community to get involved with the Task Force on Diversity, Equity, and Inclusion.

Councilmember Chahal reminded residents that everyone has equal rights and if anyone sees anything of concern to notify the Council, Police Department or the Task Force on Diversity, Equity, and Inclusion.

CITY MANAGER/EXECUTIVE DIRECTOR REPORT

None.

[21-40](#) Update on City Council and Stadium Authority Staff Referrals

[21-91](#) Tentative Meeting Agenda Calendar (TMAC)

ADJOURNMENT

The meeting was adjourned at 10:55 P.M. in memory of **Paul Dante Becker** (Former City Photographer), **Anne Mary Biagini** (mother of Planning Commissioner Nancy Biagini), **William Rickabaugh** (Former Santa Clara Police Officer killed in the line of duty on January 11, 1966).

A motion was made by Councilmember Watanabe, seconded by Councilmember Becker, to adjourn the meeting.

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

[21-126](#) Adjournment of the January 12, 2021 City Council and Stadium Authority Meeting Post Meeting Material

The next regular scheduled meeting is on Tuesday evening, January 26, 2021.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA)

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the City of Santa Clara will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. The City of Santa Clara will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in the City's programs, services, and activities. The City of Santa Clara will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities.

Agendas and other written materials distributed during a public meeting that are public record will be made available by the City in an appropriate alternative format. Contact the City Clerk's Office at 1 408-615-2220 with your request for an alternative format copy of the agenda or other written materials.

Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of the City of Santa Clara, should contact the City's ADA Coordinator at 408-615-3000 as soon as possible but no later than 48 hours before the scheduled event.



City of Santa Clara
Special Meeting Minutes
City Council
Santa Clara Stadium Authority

01/19/2021

3:30 PM

Virtual Meeting

Pursuant to the provisions of California Governor’s Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

• **Via Zoom:**

o <https://santaclaraca.zoom.us/j/99706759306>

Meeting ID: 997-0675-9306 or

o Phone: 1(669) 900-6833

• **Via the City’s eComment (now available during the meeting)**

• **Via email to PublicComment@santaclaraca.gov**

As always, the public may view the meetings on SantaClaraCA.gov, Santa Clara City Television (Comcast cable channel 15 or AT&T U-verse channel 99), or the livestream on the City’s YouTube channel or Facebook page.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of California Government Code §54956 (“The Brown Act”) and Section 708 of the Santa Clara City Charter, the Mayor/Chair calls for a Special Meeting of the City Council of the City of Santa Clara and the Governing Board of the Stadium Authority to commence and convene on January 19, 2021, at 3:30 pm for a Special Meeting held virtually via Zoom, to consider the following matter(s) and to potentially take action with respect to them.

3:30 PM SPECIAL MEETING

Call to Order

Mayor/Chair Gillmor called the meeting to order at 3:34 PM.

Pledge of Allegiance and Statement of Values

Council/Stadium Authority Board recited the Pledge of Allegiance.

Mayor/Chair Gillmor recited the Statement of Values.

Assistant City Clerk Pimentel recited the Behavioral Standards.

Roll Call

Present: 7 - Council/Boardmember Kathy Watanabe, Council/Boardmember Raj Chahal, Vice Mayor/Chair Karen Hardy, Council/Boardmember Kevin Park, Council/Boardmember Suds Jain, Council/Boardmember Anthony Becker, and Mayor/Chair Lisa M. Gillmor

CLOSED SESSION

Council/Boardmember Watanabe noted that she will be recusing herself from Item 8 (21-119) as she owns seat licenses (SBL's) at Levi's Stadium.

Public Comment

1. [21-138](#) **None.**
Conference with City's Outside Counsel - Anticipated Litigation (CC)
Pursuant to Gov. Code § 54956.9(d)(2) and (e)(3) and Section 54956.9(d)(4)
2. [21-118](#) One (1) item of anticipated litigation
Conference with Legal Counsel-Existing Litigation (CC)
Pursuant to Gov. Code § 54956.9(d)(1)
City of Santa Clara v. Yumori Kaku, et al., California Sixth District Court of Appeal Case No. H046105
3. [21-121](#) Conference with Legal Counsel-Existing Litigation (CC, SA)
Pursuant to Gov't Code § 54956.9(d)(1)
Nevarez v. City of Santa Clara, et al., United States District Court, Northern District of California Case No. 5:16-CV-07013-LHK (Continued from January 12, 2021)

4. [21-84](#) Conference with Legal Counsel-Existing Litigation (SA)
Pursuant to Gov. Code § 54956.9(d)(1)
Forty Niners Stadium Management Company LLC and Forty Niners SC Stadium Company LLC v. Santa Clara Stadium Authority, et al., Santa Clara County Superior Court Case No. 17CV304903 and 19CV355432 (consolidated under lead case 17CV304903)
5. [21-85](#) Conference with Legal Counsel-Existing Litigation (SA)
Pursuant to Gov. Code § 54956.9(d)(1)
Forty Niners SC Stadium Company LLC v. City of Santa Clara, Santa Clara County Superior Court Case No. 18CV326430
6. [21-86](#) Conference with Legal Counsel-Initiation of Litigation (SA)
Pursuant to Gov. Code § 54956.9(d)(4)
Number of potential cases: 1
Lawrence E. Stone, Santa Clara County Assessor v. Santa Clara County Assessment Appeals Board No. 1, Santa Clara County Superior Court Case No. 19CV347946
7. [21-87](#) Conference with Legal Counsel-Existing Litigation (SA)
Pursuant to Gov. Code § 54956.9(d)(1)
Santa Clara Stadium Authority v. All Persons Interested in the Matter of the validity of Santa Clara Stadium Authority's Adoption of its "Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget, including Funding Shared Stadium Manager Expenses at \$3,045,000 and a Legal Contingency at \$9,231,000," as Santa Clara Stadium Authority's current fiscal year 2020/21 budget, Santa Clara County Superior Court Case No. 20CV366845
8. [21-119](#) Conference with Legal Counsel-Existing Litigation (SA)
Pursuant to Gov. Code § 54956.9(d)(1)
Jesse Scott, on behalf of himself and all others similarly situated v. Santa Clara Stadium Authority and Legends Sales and Marketing LLC, Santa Clara County Superior Court Case No. 20CV368911
9. [21-120](#) Conference with Legal Counsel-Existing Litigation (SA)
Pursuant to Gov. Code § 54956.9(d)(1)
Maranon v. Santa Clara Stadium Authority, et al., United States District Court, Northern District of California Case No. 5:15-cv-04709
10. [21-122](#) Conference with Legal Counsel-Existing Litigation (SA)
Pursuant to Gov't Code § 54956.9(d)(1)
Forty Niners SC Stadium Company LLC, et al., v. Santa Clara Stadium Authority, Demand for Arbitration through JAMS, 07/26/2019

11. [21-123](#) Conference with Legal Counsel-Existing Litigation (SA)
Pursuant to Gov't Code § 54956.9(d)(1)
Forty Niners SC Stadium Company LLC, et al., v. Santa Clara Stadium Authority, Demand for Arbitration through JAMS (ref. no. 1110024318), 06/14/2019
12. [21-124](#) Conference with Legal Counsel-Existing Litigation (SA)
Pursuant to Gov't Code § 54956.9(d)(1)
Forty Niners SC Stadium Company LLC, et al., v. Santa Clara Stadium Authority, Demand for Arbitration through JAMS, 11/19/2019
13. [21-125](#) Conference with Legal Counsel-Existing Litigation (SA)
Pursuant to Gov't Code § 54956.9(d)(1)
Forty Niners SC Stadium Company LLC, et al., v. Santa Clara Stadium Authority, Demand for Arbitration through JAMS, 09/22/2020

Convene to Closed Session

Council/Stadium Authority Board convened to Closed Session at 3:40 PM and reconvened the meeting at 8:55 PM.

REPORTS OF ACTION TAKEN IN CLOSED SESSION MATTERS

City Attorney/Stadium Authority Counsel Doyle noted that there was no reported action from Closed Session.

PUBLIC PRESENTATIONS

Ken Kratz expressed comments of concern regarding the Bicycle Pedestrian Advisory Committee Election Procedures.

ADJOURNMENT

The meeting was adjourned at 8:59 PM.

A motion was made by Council/Boardmember Becker, seconded by Council/Boardmember Park, to adjourn the meeting.

Aye: 7 - Council/Boardmember Watanabe, Council/Boardmember Chahal, Vice Mayor/Chair Hardy, Council/Boardmember Park, Council/Boardmember Jain, Council/Boardmember Becker, and Mayor/Chair Gillmor

The next regular scheduled meeting is on Tuesday evening, January 26, 2021.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA)

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the City of Santa Clara will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. The City of Santa Clara will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in the City's programs, services, and activities. The City of Santa Clara will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities.

Agendas and other written materials distributed during a public meeting that are public record will be made available by the City in an appropriate alternative format. Contact the City Clerk's Office at 1 408-615-2220 with your request for an alternative format copy of the agenda or other written materials.

Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of the City of Santa Clara, should contact the City's ADA Coordinator at 408-615-3000 as soon as possible but no later than 48 hours before the scheduled event.



City of Santa Clara

Meeting Minutes

Council and Authorities Concurrent Meeting

01/26/2021

4:00 PM

Virtual Meeting

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

- **Via Zoom:**

- o <https://santaclaraca.zoom.us/j/99706759306>

Meeting ID: 997-0675-9306 or

- o Phone: 1(669) 900-6833

- **Via the City's eComment (now available during the meeting)**

- **Via email to PublicComment@santaclaraca.gov**

As always, the public may view the meetings on SantaClaraCA.gov, Santa Clara City Television (Comcast cable channel 15 or AT&T U-verse channel 99), or the livestream on the City's YouTube channel or Facebook page.

4:00 PM CLOSED SESSION

Call to Order

Mayor Gillmor called the meeting to order at 4:05 PM.

Roll Call

Present: 7 - Councilmember Kathy Watanabe, Councilmember Raj Chahal, Vice Mayor Karen Hardy, Councilmember Kevin Park, Councilmember Suds Jain, Councilmember Anthony Becker, and Mayor Lisa M. Gillmor

Public Comment

None.

[21-167](#)

Conference with Legal Counsel-Existing Litigation (CC)
Pursuant to Gov. Code § 54956.9(d)(1)
City of Santa Clara v. Yumori Kaku, et al., California Sixth District Court of
Appeal Case No. H046105

Convene to Closed Session

4:30 COUNCIL/STADIUM AUTHORITY REGULAR MEETING

Pledge of Allegiance and Statement of Values

Council recited the Pledge of Allegiance.

Councilmember Watanabe recited the Statement of Values.

Assistant City Clerk Pimentel recited the Statement of Behavioral Standards and AB23 Announcement.

REPORTS OF ACTION TAKEN IN CLOSED SESSION MATTERS

City Attorney Doyle noted there was no reportable action from Closed Session.

CONTINUANCES/EXCEPTIONS/RECONSIDERATIONS

Council/Boardmember Jain noted that the Forty Niners submitted a request for a continuance on Item 2.K.

City Manager Santana and **City Attorney Doyle** noted that Item 2.K can be pulled from Consent Calendar for further clarification on Form 700 and the advice from Fair Political Practices Commission.

SPECIAL ORDER OF BUSINESS

- 1.A [21-156](#) Recognize Resident Esperanza Castellanos on her 107th Birthday
- Mayor Gillmor** recognized Santa Clara resident **Esperanza Castellanos** on her 107th Birthday. **Council** proclaimed January 13, 2021 as **Esperanza Castellanos Day**.
- Public Speaker(s):** Esperanza Castellanos and Mandy
- 1.B [21-168](#) Recognize Local Youth Author Aarna Agrawal
- Mayor Gillmor** recognized and presented a Special Mayoral Recognition to Local Youth Author **Aarna Agrawal** on her first book: *The Magic Bracelet*.
- Aarna Agrawal** expressed comments of gratitude for the recognition and her inspiration for the book.
- Council** gave congratulating comments, noting how proud Santa Clara is of her accomplishments, and would love to put the book in Santa Clara libraries.
- 1.C [21-1270](#) Update on Worker Cooperative Initiative
- Assistant City Manager Shikada, Assistant to the City Manager Sahid, Hilary Abell (Consultant - Project Equity), Donna Sky (Consultant - Democracy at Work Institute) and Zen Trenholm (Consultant - Democracy at Work Institute)** gave a Powerpoint Presentation on Worker Cooperative Initiatives and addressed **Council** questions.
- Kirk Vartan** gave an update on the partnership on Worker Cooperative Initiatives with Mission College.

1.D [21-147](#)

Verbal Report from City Manager regarding COVID-19 Pandemic

City Manager Santana gave a PowerPoint presentation regarding COVID-19, noting the following:

- State of California has lifted the regional Stay-at-Home Order based on the four week projections that ICU capacity will be above 15%;
- On January 25, 2021, the available ICU capacity in Santa Clara County was 16%;
- Santa Clara will return to the Purple Tier;
- Santa Clara County currently researching new variants of COVID-19;
- The Santa Clara County average 7 day case numbers is 1,127 and 100 new hospitalizations each day;
- Preparing to return pick-up services at Santa Clara Libraries;
- Mass Vaccination site open in Mountain View;
- Forty Niners and Santa Clara County working to make Levi's Stadium a mass vaccination site;
- Santa Clara County Board of Supervisors to pass an Eviction Moratorium through June 2021;
- Currently reviewing Round 2 of Emergency Rental Assistance applications; and
- O2 Micro International donated PPE to the City.

Chief Emergency Services Officer Schoenthal gave a PowerPoint Presentation providing details on the Purple Tier and the modifications that can be made, the statistical information on COVID-19, provided an update on information from the County of Santa Clara Board of Supervisors and Public Health Officials on vaccinations, and information regarding the current incoming storm.

City Manager Santana addressed **Council** questions.

Public Speaker(s): Kirk Vartan

CONSENT CALENDAR

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve the balance of the Consent Calendar (except Items 2.E, 2.K, 2.L, 2.M, 2.Q, 2.R and 2.U).

Aye: 7 - Councilmember Watanabe, Councilmember Chahal, Vice Chair Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

2.A [21-29](#) Action on the Special City Council/Stadium Authorities, Council & Authorities Concurrent, and Special City Council Meeting Minutes

Recommendation: Approve the Meeting Minutes:
Special City Council & Stadium Authority Meeting Minutes of December 1, 2020
Council & Authorities Concurrent Meeting Minutes of December 8, 2020
Special City Council Meeting Minutes of December 9, 2020

A motion was made by Vice Mayor/Vice Chair Hardy, seconded by Councilmember/Boardmember Jain, to approve staff recommendation.

2.B [21-03](#) Board, Commissions and Committee Minutes

Recommendation: Note and file the Minutes of:
Santa Clara Tourism Improvement District Advisory Board - July 10, 2019
Santa Clara Tourism Improvement District Advisory Board - August 9, 2019
Santa Clara Tourism Improvement District Advisory Board - September 10, 2019
Audit Committee - September 24, 2020
Cultural Commission - December 7, 2020
Board of Library Trustees - September 14, 2020
Board of Library Trustees - October 5, 2020
Board of Library Trustees - November 2, 2020
Task Force on Diversity, Equity, and Inclusion Meeting Minutes - November 9, 2020
Task Force on Diversity, Equity, and Inclusion Meeting Minutes - December 2, 2020
Task Force on Diversity, Equity, and Inclusion Meeting Minutes - December 9, 2020
Task Force on Diversity, Equity, and Inclusion Meeting Minutes - December 16, 2020
Youth Commission - December 8, 2020
Historical and Landmarks Commission - November 5, 2020

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

2.C [21-1282](#) Action on Monthly Financial Status and Investment Reports for November 2020 and Approve Related Budget Amendments

Recommendation: Note and file the Monthly Financial Status and Investment Reports for November 2020 as Presented and Approve Related Budget Amendments.

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

- 2.D [21-1191](#) Action on Amendment No. 3 to the Facility Use Agreement between Santa Clara Swim Club, Inc. and the City of Santa Clara to address COVID19 Impacts to Programs & Revenue

Recommendation: Authorize the City Manager to execute Amendment No. 3 to the facility use agreement with the Santa Clara Swim Club, Inc. for the operation and maintenance of the George F. Haines, International Swim Center and delegate authority to make minor modifications to the Agreement as needed.

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

- 2.F [21-1198](#) Action on Award of Contract for the Pruneridge Avenue-Lawrence Expressway Bicycle Lane Improvements Project (CE 17-18-09)

Recommendation:

1. Award the Public Works Contract for the Pruneridge Avenue-Lawrence Expressway Bicycle Lane Improvements Project (CE 17-18-09) to the lowest responsive and responsible bidder, ASG Builders, in the amount of \$364,096 and authorize the City Manager to execute any and all documents associated with, and necessary for the award, completion, and acceptance of this Project; and
2. Authorize the City Manager to execute change orders up to approximately 10 percent of the original contract price, or \$36,504 for a total not to exceed amount of \$400,600.

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

- 2.G [21-1308](#) Action on Amendment No. 2 to an Agreement for Services with Guidehouse, Inc. for Consulting Services for North American Electric Reliability Corporation (NERC) Compliance Support

Recommendation:

1. Authorize the City Manager to execute Amendment No. 2 to the Agreement for Services with Guidehouse, Inc. to increase the maximum compensation from \$149,000 to \$274,000; and
2. Authorize the City Manager to add or delete services consistent with the scope of the agreements and allow future rate adjustments subject to request and justification by contractor, approval by the City, and the appropriation of funds.

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

2.H [21-1223](#) Action on an Agreement with EOA, Inc. for Professional Consulting Services Related to Compliance with Stormwater Runoff and Discharge Regulations

- Recommendation:**
1. Approve and authorize the City Manager to finalize and execute an agreement with EOA, Inc. for professional consulting services related to compliance with stormwater runoff and discharge regulations for \$200,000 over the five-year term, subject to the appropriation of funds; and
 2. Authorize the City Manager to make minor modifications to the agreement, including time extensions, as necessary.

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

2.I [21-1317](#) Action on the FY 2020/21 California Library Literacy Services Grant Award and Related Budget Amendment

- Recommendation:**
1. Accept the California Library Literacy Services grant award of \$78,924 for Read Santa Clara; and
 2. Approve the related FY 2020/21 budget amendment in the Library Operating Grant Trust Fund to recognize grant revenue in the amount of \$38,924 and increase the FY 2020/21 Adult Literacy Program appropriation by \$38,924 (**five affirmative Council votes required for revenue actions only Pursuant to Santa Clara Charter Section 1305 Budget - Appropriations**)

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

2.J [21-1218](#) Action on Final Map Tract 10524 at 1900 Warburton Avenue

- Recommendation:**
1. Approve Final Map for Tract 10524;
 2. Authorize the City Manager to make minor modifications, if necessary, prior to recordation; and,
 3. Authorize the recordation of Final Map Tract 10524, located at 1900 Warburton Avenue [APN 224-20-027 (2020-21)].

Councilmember Chahal recused himself from this item due to potential conflict of interest as his property is near the subject item property.

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

Aye: 6 - Councilmember Watanabe, Vice Mayor Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

Recused: 1 - Councilmember Chahal

2.N [21-68](#) Action on Annual Appointment of Vice Mayor and Chaplain

Recommendation: Appoint Councilmember Raj Chahal as Vice Mayor and appoint Vice Mayor Karen Hardy as Chaplain for approximately one year until the appointment of a successor Vice Mayor and successor Chaplain in January 2022.

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

2.O [21-114](#) Informational Report on COVID-19 Legislative Updates from Townsend Public Affairs for January 1-14, 2021

Recommendation: Note and file this Informational Report on COVID-19 Legislative Updates from Townsend Public Affairs for January 1-14, 2021.

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

2.P [21-1273](#) Action on Amendment No. 1 with Townsend Public Affairs, Inc. for Legislative Advocacy Services

Recommendation: Authorize the City Manager to execute Amendment No. 1 to the Agreement with Townsend Public Affairs, Inc. to extend the term of the agreement through January 29, 2023 and increase the total not-to-exceed amount from \$90,000 to \$252,000.

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

2.S [21-151](#) Action on Adoption of an Ordinance No. 2028 Approving the Central Park All-Inclusive Playground Schematic Design in Accordance with City Charter Section 714.1

Recommendation: Adopt Ordinance No. 2028 Approving the Central Park All-Inclusive Playground Schematic Design in Accordance with City Charter Section 714.1

A motion was made by Vice Mayor Hardy, seconded by Councilmember Jain, to approve staff recommendation.

STADIUM AUTHORITY CONSENT CALENDAR ITEMS

2.T [21-1291](#) Action on Stadium Authority Bills and Claims for the Month of October 2020

Recommendation: Approve the list of Stadium Authority Bills and Claims for October 2020.

A motion was made by Vice Chair Hardy, seconded by Boardmember Jain, to approve staff recommendation.

PUBLIC PRESENTATIONS

None.

CONSENT ITEMS PULLED FOR DISCUSSION

2.E [21-1136](#) Approval of the Annual Investment Policy Statement for the City of Santa Clara, its Agencies and Corporations

Recommendation:

Approve the Investment Policy for the City of Santa Clara, its agencies and corporations.

Councilmember Jain pulled this Item for further discussion on City's investment on Sustainability.

Director of Finance Lee gave a verbal clarification on the City's investment on Sustainability.

A motion was made by Councilmember Jain, seconded by Councilmember Watanabe, to continue this item and return with report an analysis on Investments, including Sustainability Investments.

Aye: 7 - Councilmember Watanabe, Vice Mayor Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

- 2.K** [21-1285](#) Adopt the following City of Santa Clara and related agencies' Resolutions Amending the Conflict of Interest Codes for Designated Positions as Required by the Political Reform Act and Regulations of the Fair Political Practices Commission:
1. City of Santa Clara
 2. Santa Clara Stadium Authority
 3. Bayshore North Project Enhancement
 4. Public Facilities Financing Corporation
 5. Sports and Open Space Authority
 6. Housing Authority

Recommendation: Adopt the Resolutions amending the Conflict of Interest Code required by the Political Reform Act and Regulations of the Fair Political Practices Commission:

1. City of Santa Clara
2. Santa Clara Stadium Authority
3. Bayshore North Project Enhancement
4. Public Facilities Financing Corporation
5. Sports and Open Space Authority
6. Housing Authority

Council/Boardmember Jain pulled this item for further clarification due to the letter received by Ruthann Ziegler, Stadium Management Company's Attorney.

City Attorney/Counsel Doyle gave a presentation on Form 700 for the Stadium Authority.

City Attorney/Counsel Doyle, City Manager/Executive Director Santana, Assistant City Clerk/Secretary addressed **Council/Board** questions.

Council/Boardmember Watanabe made a motion to adopt the Resolutions amending the Conflict of Interest Code required by the Political Reform Act and Regulations of the Fair Political Practices Commission: (1) City of Santa Clara (2) Santa Clara Stadium Authority (3) Bayshore North Project Enhancement (4) Public Facilities Financing Corporation (5) Sports and Open Space Authority (6) Housing Authority.

Motion failed for a lack of a second.

Public Speaker(s): Jeff Houston
Kirk Vartan

A motion was made by Council/Boardmember Becker, seconded by Council/Boardmember Hardy, to continue this item to February 9, 2021 to provide the Stadium Management Company's attorney Ruthann Ziegler opportunity (by January 29, 2021) to provide the City/Stadium Authority information on why the Stadium Management Company individuals listed in the staff report should not be included in the Conflict of Interest Code.

Aye: 6 - Vice Mayor Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

Nay: 1 - Councilmember Watanabe

2.L [21-1288](#) Action on Adopting a Resolution to Amend Council Policy 020 ("Proclamations")

Recommendation: Adopt a resolution to amend Council Policy 020 as recommended by the Governance and Ethics Committee.

Vice Mayor Chahal pulled this item and requesting to change the Proclamation, Commendations, and Recognitions policy from sole discretion of the Mayor to Mayor and Council discretion.

City Manager Santana and **City Attorney Doyle** addressed **Council** questions.

Public Speaker(s): Bob O'Keefe

A motion was made by Councilmember Becker, seconded by Councilmember Jain, to adopt Resolution No. 8932 to amend Council Policy 020 as recommended by the Governance and Ethics Committee.

Aye: 7 - Councilmember Watanabe, Vice Mayor Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

Council took a recess at 7:57 PM. and reconvened at 8:07 PM.

2.M [21-1387](#) Action on Appointments to City Committees and Area Wide/Outside Agency Committees for the 2021 Calendar Year

Recommendation: Approve the appointments to the City and Area Wide/Outside Agency Committees.

Councilmember Jain pulled this item for further discussion.

Mayor Gillmor provided a verbal report on how she selected the assigned appointments to the Council Committees and Outside Agency Committee lists.

Councilmember Jain provided a presentation on his proposal of Council Committees and Outside Agency Committee Assignments.

Councilmember Becker made a motion to adopt Councilmember Jain's proposal for the Council Committees and Outside Agency Committee Assignments with the following amendments: (1) Mayor Gillmor replacing Councilmember Watanabe on the Economic Development & Marketing Committee and (2) Councilmember Chahal on the Caltrain Modernization Local Policymaker Group and listing Councilmember Becker as the Alternate.

Motion failed due to lack of a second.

Public Speaker(s): Bob O'Keefe

A motion was made by Councilmember Hardy, seconded by Councilmember Jain, (1) to establish an Ad-Hoc Committee comprised of Councilmember Park, Councilmember Jain, and Mayor Gillmor to review the Committee assignments, (2) return to Council with a revised plan, and (3) current Committee assignments will remain in place until new appointment list is approved by Council.

Aye: 5 - Vice Mayor Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, and Mayor Gillmor

Nay: 2 - Councilmember Watanabe, and Councilmember Becker

2.Q [21-108](#) Response to Written Petition from Mr. Sam Liu Regarding a Proposed CMU Wall at 3200 Scott Boulevard

Recommendation: 1. Note and file this report.

Councilmember Jain pulled this item for further discussion and presentation from **Written Petitioner Sam Liu**.

Written Petitioner Sam Liu provided a review of his concerns of the CMU Wall.

Community Development Crabtree gave a verbal presentation and addressed **Council** questions.

City Attorney Doyle addressed **Council** questions.

Public Speaker(s): Dawn Sweatt
Alan Li (eComment)
Hailiang Xie (eComment)

A motion was made by Councilmember Hardy, seconded by Councilmember Jain, to refer this item back to the City Building Official to review the revised application of the permit in light of the testimony that was offered at the City Council meeting.

Aye: 7 - Councilmember Watanabe, Vice Mayor Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

2.R [21-149](#) Action on Adoption of an Ordinance No. 2027 Approving the Update of the Fairway Glen Park Master Plan to include a Restroom in Accordance with City Charter Section 714.1

Recommendation: Adopt Ordinance No. 2027 Approving the Update of the Fairway Glen Park Master Plan to include a Restroom in Accordance with City Charter Section 714.1

Councilmember Watanabe pulled this item for further clarification on the timeline for the installation of restrooms.

Councilmember Jain requested for Wi-Fi be available in the Park

Director of Parks & Recreation Teixeira addressed **Council** questions.

A motion was made by Councilmember Becker, seconded by Councilmember Hardy, to adopt Ordinance No. 2027 approving the Update of the Fairway Glen Park Master Plan to include a Restroom in Accordance with City Charter Section 714.1.

Aye: 7 - Councilmember Watanabe, Vice Mayor Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

2.U Report and Action on the Stadium Manager's Request for Authority to Execute Agreements with FedEx and USPS to Mail Stadium Builder License (1) Notice of Default and/or Notice of Termination for 2020 and (2) Request for Payment for 2021 Invoices

Boardmember Watanabe pulled this item for further clarification.

Executive Director Santana gave a PowerPoint Presentation.

Stadium Authority Board comments and questions followed.

- A. [21-163](#) Request from the Stadium Manager for Authority to Execute Agreements with FedEx and USPS to Mail Stadium Builder License (1) Notice of Default and/or Notice of Termination for 2020 and (2) Request for Payment for 2021 Invoices

- B. [21-131](#) Report from the Stadium Authority Regarding the Stadium Manager's Request for Delegated Authority to Execute Agreements with FedEx and USPS for Mailing Stadium Builder License (1) Notice of Default and/or Notice of Termination and (2) Request for Payment for 2021 Invoices

Recommendation: Alternatives 1 and 4:

1. Approve the Stadium Manager's request to execute agreements with FedEx and USPS for mailing up to 1,200 SBL notices of defaults and termination in a total amount not-to-exceed \$16,400 and authorize the Executive Director to approve and process the reimbursement of such costs upon receiving final invoices and supporting documentation from the Stadium Manager; and
4. Deny retroactive approval of the costs associated with postage, printing and mailing the 2021 SBL invoices, in an amount not-to-exceed \$10,100, and delegate approval to the Executive Director upon receipt of invoices and all supporting documentation from the Stadium Manager.

A motion was made by Boardmember Watanabe, seconded by Boardmember Hardy, to approve alternatives 1 and 4: (1) approve the Stadium Manager's request to execute agreements with FedEx and USPS for mailing up to 1,200 SBL notices of defaults and termination in a total amount not-to-exceed \$16,400 and authorize the Executive Director to approve and process the reimbursement of such costs upon receiving final invoices and supporting documentation from the Stadium Manager; and (4) deny retroactive approval of the costs associated with postage, printing and mailing the 2021 SBL invoices, in an amount not-to-exceed \$10,100, and delegate approval to the Executive Director upon receipt of invoices and all supporting documentation from the Stadium Manager.

Aye - 7 Boardmember Watanabe, Vice Chair Chahal, Boardmember Hardy, Boardmember Park, Boardmember Jain, Boardmember Becker, and Chair Gillmor

PUBLIC HEARING/GENERAL BUSINESS

STADIUM AUTHORITY GENERAL BUSINESS ITEM

3. [21-1292](#) Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending September 30, 2020

Recommendation: Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending September 30, 2020.

Stadium Authority Treasurer Lee gave a PowerPoint Presentation.

A motion was made by Boardmember Jain, seconded by Boardmember Watanabe, to note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending September 30, 2020.

Aye: 7 - Boardmember Watanabe, Vice Chair Chahal, Boardmember Hardy, Boardmember Park, Boardmember Jain, Boardmember Becker, and Chair Gillmor

COUNCIL GENERAL BUSINESS ITEMS

4. [21-3589](#) Discussion and Direction on the Conversion of the Santa Clara Tourism Improvement District (TID) Established Under the Parking and Business Improvement Area Law of 1989 to a TID Established under the Property and Business Improvement District Law of 1994.

Recommendation: Alternatives 1 and 3:

1. Provide direction to proceed with the conversion of the Santa Clara Tourism Improvement District (TID) established under the Parking and Business Improvement Area Law of 1989 to a TID established under the Property and Business Improvement District Law of 1994; and
3. Provide direction to proceed with an initial District assessment formula of 1.5% of gross room revenue and increasing to 2% in Year Two.

Assistant City Manager Shikada, Kelly Rankin (Civitas Advisors), and Assistant to the City Manager Thome gave a PowerPoint Presentation.

Eron Hodges [Chair of the Tourism Improvement District and Destination Marketing Organization, Inc. (DMO)] and Matt Stewart (Chief Executive Officer of Silicon Valley/Santa Clara DMO, Inc.) expressed comments regarding the Business Improvement District Laws and addressed Council questions.

City Manager Santana and Assistant to the City Manager Thome addressed Council questions.

Councilmember Becker made a motion to revisit this item within six months for further discussion.
Motion failed due to a lack of a second.

A motion was made by Councilmember Hardy, seconded by Councilmember Watanabe, to approve Alternatives 1 and 3: (1) provide direction to proceed with the conversion of the Santa Clara Tourism Improvement District (TID) established under the Parking and Business Improvement Area Law of 1989 to a TID established under the Property and Business Improvement District Law of 1994; and (3) provide direction to proceed with an initial District assessment formula of 1.5% of gross room revenue and increasing to 2% in Year Two.

Aye: 7 - Councilmember Watanabe, Vice Mayor Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

5. [21-101](#) Action on a Written Petition Submitted by Councilmember Jain Requesting a Discussion on the Vote on the Sale of the Loyalton Ranch Property

Recommendation: Staff has no recommendation and is seeking Council direction.

Councilmember Jain provided a verbal report on his request to agendize the potential disposal of the Loyalton Property.

A motion was made by Councilmember Jain, seconded by Councilmember Hardy, to agendize this item for a future Council meeting in mid to late March.

Aye: 7 - Councilmember Watanabe, Vice Mayor Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

6. [21-109](#) Action on a Written Petition Submitted by Councilmember Jain Requesting a Discussion and Vote of Revising the Terms of Franklin Mall Maintenance District Number 122

Recommendation: Staff has no recommendation and is seeking Council direction.

Mayor Gillmor recused herself from this item due to a potential conflict of interest as she owns property in Franklin Square Mall.

Vice Mayor Chahal presided over this item.

Councilmember Jain provided a verbal report on his request to agendize for a future Council Meeting the City's commitment to maintaining Franklin Square Mall.

City Attorney Doyle, Director of Public Works Mobeck, and City Manager Santana addressed Council questions.

City Manager Santana noted that staff can return with information on implementing and governing maintenance districts.

A motion was made by Councilmember Becker, seconded by Councilmember Hardy to agendize this item for a future meeting.

Aye: 5 - Vice Mayor Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, and Councilmember Becker

Nay: 1 - Councilmember Watanabe

Recused: 1 - Mayor Gillmor

REPORTS OF MEMBERS AND SPECIAL COMMITTEES

Councilmember Hardy reported on her attendance at the Bicycle Pedestrian Accesability Committee and that Committee recommendations are being referred to the Governance Committee.

Councilmember Watanabe reported on her attendance at the Association of Bay Area Governments (ABAG) meeting and the data will be coming out increasing housing in the Bay Area.

CITY MANAGER/EXECUTIVE DIRECTOR REPORT

City Manager Santana noted that the City will be holding the Council Priority Setting Sessions on February 1 and 2, 2021 and that there are areas in Santa Clara that have power outages due to the high winds and rain.

City Manager Santana addressed **Council** questions regarding the Power Outages.

[21-94](#) Update on City Council and Stadium Authority Staff Referrals

[21-38](#) Tentative Meeting Agenda Calendar (TMAC)

ADJOURNMENT

The meeting was adjourned at 11:44 PM.

A motion was made by Councilmember Becker, seconded by Councilmember Hardy, to adjourn the meeting.

Aye: 7 - Councilmember Watanabe, Vice Mayor Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

The next regular scheduled meeting is on Tuesday evening, February 9, 2021.

MEETING DISCLOSURES

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA)

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If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the City of Santa Clara will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities, and will ensure that all existing facilities will be made accessible to the maximum extent feasible. The City of Santa Clara will generally, upon request, provide appropriate aids and services leading to effective communication for qualified persons with disabilities including those with speech, hearing, or vision impairments so they can participate equally in the City's programs, services, and activities. The City of Santa Clara will make all reasonable modifications to policies and programs to ensure that people with disabilities have an equal opportunity to enjoy all of its programs, services, and activities.

Agendas and other written materials distributed during a public meeting that are public record will be made available by the City in an appropriate alternative format. Contact the City Clerk's Office at 1 408-615-2220 with your request for an alternative format copy of the agenda or other written materials.

Individuals who require an auxiliary aid or service for effective communication, or any other disability-related modification of policies or procedures, or other accommodation, in order to participate in a program, service, or activity of the City of Santa Clara, should contact the City's ADA Coordinator at 408-615-3000 as soon as possible but no later than 48 hours before the scheduled event.



City of Santa Clara

Draft

Special Meeting Minutes

City Council

Successor Agency to the

City of Santa Clara Redevelopment Agency

02/08/2021

3:30 PM

Special Meeting - Virtual Meeting

****Revision:**

- Added Item 21-256

Pursuant to the provisions of California Governor's Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of COVID-19, the City of Santa Clara has implemented methods for the public to participate remotely:

• Via Zoom:

o <https://santaclaraca.zoom.us/j/99706759306>

Meeting ID: 997-0675-9306 or

o Phone: 1(669) 900-6833

• Via the City's eComment (now available during the meeting)

• Via email to PublicComment@santaclaraca.gov

As always, the public may view the meetings on SantaClaraCA.gov, Santa Clara City Television (Comcast cable channel 15 or AT&T U-verse channel 99), or the livestream on the City's YouTube channel or Facebook page.

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of California Government Code §54956 ("The Brown Act") and Section 708 of the Santa Clara City Charter, the Mayor calls for a Special Meeting of the City Council of the City of Santa Clara and the Governing Board of the Successor Agency to the City of Santa Clara Redevelopment Agency to commence and convene on February 8, 2021, at 3:30 pm for a Special Meeting held virtually via Zoom, to consider the following matter(s) and to potentially take action with respect to them.

3:30 PM SPECIAL MEETING

Call to Order

Mayor Gillmor called the Special Meeting to order at 3:30 PM.

Pledge of Allegiance and Statement of Values

Council recited the Pledge of Allegiance.

Councilmember Hardy recited the Statement of Values.

Assistant City Clerk Pimentel recited the Statement of Behavioral Standards.

Roll Call

Present: 7 - Councilmember Kathy Watanabe, Vice Chair Raj Chahal, Vice Councilmember Karen Hardy, Councilmember Kevin Park, Councilmember Suds Jain, Councilmember Anthony Becker, and Mayor Lisa M. Gillmor

CLOSED SESSION

Public Comment

None.

1. [21-210](#) Conference with Legal Counsel-Existing Litigation (CC, SARDA)
Pursuant to Gov. Code § 54956.9(d)(1)
County of Santa Clara, et al., v. City of San Jose, et al.
Santa Clara County Superior Court Master Case Number (consolidated)
105CV046005
2. [21-212](#) Conference with Real Property Negotiators (CC)
Pursuant to Gov. Code § 54956.8
Property: Please see below listing for APNs and addresses
City/Authority Negotiator: Deanna J. Santana, City Manager/Executive Director (or designee)
Negotiating Parties: Please see below listing for names for negotiating party(ies)
Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of payment)

3. [21-211](#) Conference with Real Property Negotiators (CC)
Pursuant to Gov. Code § 54956.8
Property: Please see below listing for APNs and addresses
City/Authority Negotiator: Deanna J. Santana, City Manager/Executive Director (or designee)
Negotiating Parties: Please see below listing for names for negotiating party(ies)
Under Negotiation: Purchase/Sale/Exchange/Lease of Real Property (provisions, price and terms of payment)
4. [21-256](#) Conference with Legal Counsel-Existing Litigation (CC)
Pursuant to Gov. Code § 54956.9(d)(1)
City of Santa Clara v. Yumori Kaku, et al., California Sixth District Court of Appeal Case No. H046105

Convene to Closed Session

REPORTS OF ACTION TAKEN IN CLOSED SESSION MATTERS

City Attorney Doyle noted there was no reportable action from Closed Session.

PUBLIC PRESENTATIONS

None.

REPORTS OF MEMBERS AND SPECIAL COMMITTEES

None.

CITY MANAGER/EXECUTIVE DIRECTOR REPORT

None.

ADJOURNMENT

The meeting was adjourned at 5:49 P.M.

A motion was made by Councilmember Becker, seconded by Vice Chair Chahal, to adjourn the meeting.

Aye: 7 - Councilmember Watanabe, Vice Chair Chahal, Councilmember Hardy, Councilmember Park, Councilmember Jain, Councilmember Becker, and Mayor Gillmor

The next regular scheduled meeting is on Tuesday evening, February 9, 2021.

MEETING DISCLOSURES

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Agenda Report

21-261

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Action on the Single Audit Report for Fiscal Year 2019-20

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

The City's annual financial statement audit also includes the federally mandated "Single Audit" which is designed to meet the special reporting requirements of federal granting agencies, specifically Office of Management and Budget (OMB) Uniform Guidance 2.CFR.200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (formerly OMB A-133). The standards governing Single Audit engagements require that agencies expending more than \$750,000 in federal monies in a fiscal year have an independent audit not only on the fair presentation of the financial statements, but also on internal controls for compliance with the administrative requirements of federal awards. The Single Audit was performed by the City's financial statement auditor, Maze & Associates. The Single Audit report is attached.

City staff and Maze & Associates met with the City Council Audit Committee on March 11, 2021. Present were Committee members Watanabe, Jain, and Park. During the Committee meeting, Maze & Associates gave a presentation about the audit process and scope of work, as well as the auditor's opinion. Arising from the discussion were committee members' questions related to the administrative overhead incurred with the Housing and Urban Development (HUD) programs and also how other neighboring cities manage their overhead while administering their programs. City Housing staff will present an update on those topics to the full Council at a future meeting.

The Audit Committee unanimously accepted the Single Audit Report presented at the Committee meeting and recommended that the City Council note and file the reports at the March 23, 2021 Council meeting. After the Council meeting, the Single Audit Report will be published on the City's website.

DISCUSSION

Based on their audit, Maze & Associates issued an unmodified opinion with regard to the fair presentation of the financial statements and that the City is in compliance with internal control over financial reporting. For Fiscal Year 2019-20, Maze & Associates identified the HUD - Community Development Block (CDBG) - Entitlement Grant as the major program to audit. There are no current year findings as a result of the FY 2019-20 Single Audit. Part of the annual requirements for the Single Audit is to report on the status of any audit findings that were identified during the previous year. The Single Audit for FY 2018-19 resulted in a finding related to monitoring the CDBG program activities for compliance with program rules and regulations. The actions staff have taken, and the

status of the prior year finding are outlined in the attached summary schedule of prior year audit findings.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

The staff and the external auditor costs associated with the audit and financial reports production are included in the annual appropriations.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov.

RECOMMENDATION

Note and file the City of Santa Clara Single Audit Report for the year ended June 30, 2020, as recommended by the Council Audit Committee.

Reviewed by: Kenn Lee, Director of Finance
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Single Audit Report June 30, 2020
2. Summary Schedule of Prior Audit Findings

CITY OF SANTA CLARA
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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CITY OF SANTA CLARA
SINGLE AUDIT REPORT
For the Year Ended June 30, 2020

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CITY OF SANTA CLARA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020**

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major program(s):

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.218</u>	<u>Community Development Block – Entitlement Grants</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any significant deficiencies, material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated December 3, 2020, which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with Uniform Guidance.

CITY OF SANTA CLARA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Pass-Through To Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development Direct Programs				
Community Development Block Grant - Entitlement Grants	14.218		\$202,232	\$1,511,276
Home Investment Partnerships Program	14.239		797,491	862,727
			<u>999,723</u>	<u>2,374,003</u>
Total U.S. Department of Housing and Urban Development				
U.S. Department of Justice				
Direct Programs:				
Equitable Sharing Program	16.922			83,519
Edward Byrne Memorial Justice Assistance Grant Program	16.738			8,444
Bureau of Justice Statistics and Federal Bureau of Investigation				
National Incident Based Reporting System				
Special Data Collections and Statistical Studies	16.734			3,923
				<u>95,886</u>
Total U.S. Department of Justice				
U.S. Department of Transportation Pass-Through Programs From:				
State of California Department of Transportation				
Highway Planning and Construction	20.205	CML-5019 (033)		135,181
Metropolitan Transportation Commission				
Priority Development Area Planning Grant	20.205	1812		366,700
				<u>501,881</u>
Program subtotal				
State of California Office of Traffic Safety				
State and Community Highway Safety	20.600	PT20167		8,309
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT20167		17,617
				<u>527,807</u>
Total U.S. Department of Transportation				
U.S. Department of Homeland Security				
Pass-Through Programs From:				
California Task Force 3 Urban Search and Rescue				
National Urban Search and Rescue Response System	97.025	CA-TF3		31,320
				<u>31,320</u>
Total Expenditures of Federal Awards			<u>\$999,723</u>	<u>\$3,029,016</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

CITY OF SANTA CLARA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

NOTE 1-REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the City of Santa Clara, California, and its component units as disclosed in the notes to the Basic Financial Statements, except for federal awards of the Santa Clara Stadium Authority (Stadium Authority). Federal awards expended by the Stadium Authority, if any, are excluded from the Schedule and are subject to a separate Single Audit performed by other auditors.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. All proprietary funds and agency funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3 – INDIRECT COST ELECTION

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Members of the City Council
City of Santa Clara, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 3, 2020. Our report includes a reference to other auditors who audited the financial statements of the City of Santa Clara Stadium Authority for the year ended March 31, 2020 and a reference to other auditors who audited the financial statements the Northern California Power Agency, Transmission Agency of Northern California and San Jose-Santa Clara Regional Wastewater Facility and Clean Water Financing Authority as of and for the year ended June 30, 2019, related to the calculation of the Investments in Joint Ventures, as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we and other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Mary & Associates". The signature is written in black ink on a light-colored background.

Pleasant Hill, California
December 3, 2020

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the City Council
City of Santa Clara, California

Report on Compliance for Each Major Federal Program

We have audited City of Santa Clara's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 3, 2020, which contained an unmodified opinion on those basic financial statements. Our report includes a reference to other auditors who audited the financial statements of the City of Santa Clara Stadium Authority for the year ended March 31, 2020 and a reference to other auditors who audited the financial statements the Northern California Power Agency, Transmission Agency of Northern California and San Jose-Santa Clara Regional Wastewater Facility and Clean Water Financing Authority as of and for the year ended June 30, 2019, related to the calculation of the Investments in Joint Ventures, as described in our report on the City's financial statements. Our report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Pleasant Hill, California
March 11, 2021

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**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2020**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDINGS – PRIOR AUDIT

There were no prior year financial statement findings.

FEDERAL AWARD FINDINGS – PRIOR AUDIT

**Finding Reference Number: SA2019-001 Monitoring CDBG and HOME Program Activities
for Compliance with Program Rules and Regulations**

CFDA number: 14.218 and 14.239

CFDA Title: Community Development Block Grant – Entitlement Grant
HOME Investment Partnerships Program

Name of Federal Agency: Department of Housing and Urban Development

- **Name(s) of the contact person:** *Eric Calleja, Housing Development Officer*
- **Fiscal Year of Initial Finding:** *2018-2019*
- **Current Status:**

Finding One – The City accepts HUD ‘s findings on Subrecipient Oversight. The City conducts thorough “desk audit” reviews of submitted reports and supporting documentation for invoices; however, the City is in process of implementing more thorough on-site monitoring visits. If the City does find consistent anomalies during the “desk review”, staff would complete an on-site visit to further investigate.

Although the City did not complete a formal Risk Assessment, the City does consider funding amounts and performance history with the sub-recipient when determining whether an on-site review would return anything different than a desk review.

Moving forward, the City will complete the following actions:

- 1) The City will formalize a Subrecipient Monitoring and Oversight manual which will provide policies, procedures, and methodology related to Subrecipient Risk Assessment. The City has already worked with Cloudburst, the City’s HUD technical advisor, to complete a draft the manual, which is scheduled to go before City Council on March 23, 2021.
- 2) The City has updated its Grant Agreement template for the new program year to include all necessary provisions from 2 CFR 200. The City will submit the draft contract template to HUD for review.
- 3) The City has also developed a Risk Assessment methodology which is included in the subrecipient manual.

Finding Two – The City agrees that St. Justin’s program intake form is inadequate; however, due to the nature of the primary population served (homeless and seniors), it is likely that the clientele is eligible.

The City has drafted a new intake form that has updated income levels, a place for the client and staff to sign, and a place where the client can self-certify their homeless status. Unfortunately, St. Justin’s voluntarily withdrew from the City’s public service funding program due to the increased intake requirements; however, the City will continue to use the new intake form where required.

Finding Three – The City disagrees with this finding. In the City’s contract/agreement template that is used with all subrecipients, there is the clause requiring those grantees that expend \$750,000 or more of federal financial assistance in a fiscal year to obtain a Single Audit.

The new policies and procedures detail when single audits are required and how they are reviewed by City staff. Further, with the updated contract template, any concerns regarding required regulatory language have been addressed.

Concern – While the City’s current TBRA Guidelines contain verbiage that the TBRA administrator is required to review the lease staff acknowledges that this requirement could be clarified and further emphasized

The City will update the TBRA Guidelines to make it clearer that the TBRA administrator is required to review leases, and that they need to send subsidy checks by a certain date every month.

In its December 20, 2019 letter to the City, the grantor indicated that this Concern is considered closed.



Agenda Report

21-192

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Approval of the Annual Investment Policy Statement for the City of Santa Clara, its Agencies and Corporations

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

Council Policy 017 Investment Policy: Annual Statement provides the framework and guidance for managing the City's investment portfolio. The City's Investment Policy expands on the Council Policy framework by providing further guidance and processes.

Section 904 of the City Charter states that the Director of Finance is required to have custody of all investments and invested funds of the City government, or in possession of such government in a fiduciary capacity, and have the safe-keeping of all bonds and notes of the City and the receipt and delivery of City bonds and notes for transfer, registration or exchange. In accordance with Government Code §53646, City Council adopted an investment policy and the Director of Finance brings that policy to Council on an annual basis, particularly highlighting any changes to the policy for consideration and approval by Council. In addition, the Investment Policy itself (Section R) requires annual approval by Council.

The Investment Policy is a written document that governs the selection of investments and provides staff with guidance for consistent, informed investment decision making. The Investment Policy is reviewed and updated annually in order to promote prudent investment decisions and to remain compliant with State and Federal laws.

This memorandum was originally scheduled for Council consideration on the January 26, 2021 consent agenda. However, this item was continued to allow staff to conduct further cost analysis and research additional options regarding Sustainability Investing in response to Councilmember Jain's proposal of lowering the revenue threshold from 51% to 10% on corporate investment prospects. Details are discussed in Section I below.

DISCUSSION

The City's Investment Policy is continually monitored to determine if periodic updates are necessary. On July 14, 2020, City Council approved entering into a contract with PFM Asset Management LLC ("PFM") for the management of the City's investment portfolio. The City has leveraged PFM's extensive investment management experience and dedicated credit and risk management personnel to further diversify the portfolio and enhance returns. Management fees were appropriated by using expected enhanced returns. PFM began actively managing the City's investment portfolio on

September 1, 2020. Given this engagement and added resources, staff is recommending changes to the Investment Policy. Key changes are detailed below:

Section D - Delegation of Authority (page 2)

Updated to clarify City's ability to engage services of an external investment manager.

Section F - Authorized Financial Institutions (page 3)

Provided external investment manager the ability to use their own list of approved issuers, brokers/dealers and financial institutions to conduct transactions on the City's behalf.

Section H - Authorized and Suitable Investments (pages 3 - 7)

Changes from 2020 Investment Policy:

- U.S. Government Agency Securities
 - Maximum Callable percentage of portfolio dollars decreased to 30% from 50%
- Negotiable Certificates of Deposit
 - Maximum Holdings percentage of portfolio dollars increased to 30% from 25%
 - Maximum Maturity increased to 5 years from 1 year
 - Added credit rating of "A" or better and "A-1" or better for maturities less than 1 year
- Commercial Paper
 - Added required conditions and criteria for entity issuing Commercial Paper consistent with California Government Code.
 - Maximum per Issuer percentage of portfolio dollars decreased to 5% from 10%; and no more than 10% of the outstanding commercial paper of any single issuer
- Municipal Obligations changed from Securities of Local Agencies of California
 - Expanded to allow treasury notes and bonds from other 49 states in addition to the State of California.
 - Added credit rating of "A" or better
- Medium Term Corporate Notes
 - Maximum Holdings percentage of portfolio dollars increased to 20% from 15%
 - Defined credit rating of "A" or better

New additions to 2021 Investment Policy:

- Supranational Obligations
 - United States dollar denominated obligations issued or guaranteed by supranational organizations, such as International Finance Corporation, among others, added as an asset class

- Credit rating of “AA” or better
- Maximum Holdings = 20% of portfolio dollars
- Maximum per Issuer = 10% of portfolio dollars
- Maximum Maturity = 5 year final maturity
- Asset-Backed and Mortgage-Backed Securities
 - Passthrough securities added as an asset class
 - Credit rating of “AA” or better
 - Maximum Holdings = 10% of portfolio dollars
 - Maximum per Issuer = 5% of portfolio dollars
 - Maximum Maturity = Maximum remaining maturity of 5 years or less
- Non-negotiable Certificates of Deposit
 - Public bank deposits added as an asset class
 - Maximum Holdings = 10% of portfolio dollars
 - Maximum per Issuer = 5% of portfolio dollars
 - Maximum Maturity = 5 year final maturity

Section I (new add) - Sustainable Investing (page 7)

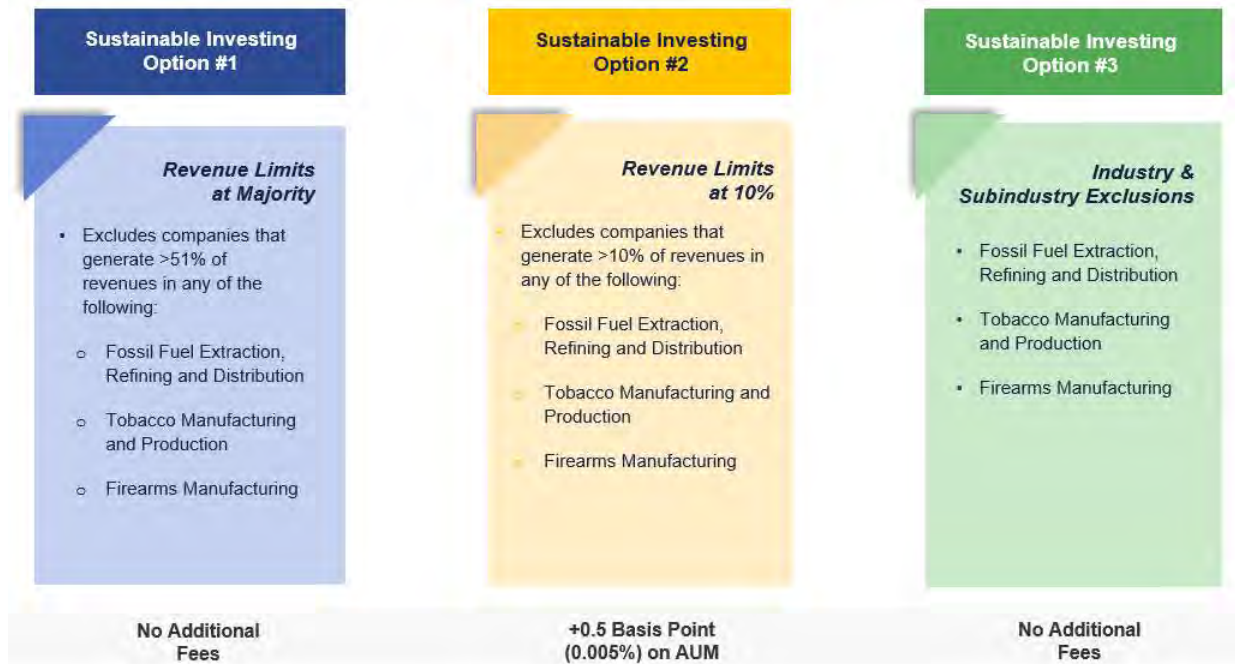
Investments to be made will bear in mind the responsibility of the City to its residents. In general, City investments shall support community well-being through safe and environmentally sound practices, fair labor practices and equality of rights regardless of sex, race, age, disability, or sexual orientation.

As part of the January 26, 2021 agenda item, staff recommended that the Investment Policy preclude investments in companies that generate more than 51% of gross revenues from tobacco products, firearms, and fossil fuels. This type of screening is offered by PFM at no additional fees. (Option #1)

Staff conducted further research on costs and additional Sustainable Investing options in response to Councilmember Jain’s proposal during the meeting to lower the revenue threshold from 51% to 10%. For PFM to perform individual company screenings to limit product involvement exposure at 10% revenues from tobacco products, small arms, controversial weapons, thermal coal, arctic oil and gas, exploration, oil and gas production, oil sands, and shale energy activities, the fee will be 0.5 basis point on Assets Under Management (AUM), which would be approximately \$35,000 per year. (Option #2)

PFM also proposed an alternative strategy by applying industry and subindustry exclusions. This precludes investment in any company in tobacco products, firearms, and fossil fuel industries and subindustries. This broad-based exclusion is offered by PFM at no additional fees. The Investment Policy will prohibit investments in these industries and subindustries. (Option #3) This option is commonly employed by other jurisdictions in the local region. Staff believes this is the optimal strategy in terms of the City’s Sustainability goal and costs involved for this annual update.

Below is a graphic summary of costs and options:



Section J (new add) - Security Downgrades (page 7)

If securities owned by the City are downgraded to a level below the quality required for purchase under the Investment Policy, the Director of Finance will review the credit situation and determine action.

Section P (revised from N) - Performance Standards (page 10)

The new benchmark is the ICE BaML 0-5 Year US Treasury Index, a change from the old standard of 24-month moving average yield of 2-year US Treasury Notes.

Portfolio's defined weighted average maturity of less than three years has been deleted.

Section Q (revised from O) - Reporting (page 10)

Performance of the portfolio will be compared to the established benchmark in Section P.

The approved Investment Policy will be included in the City of Santa Clara Council Policy Manual as Council Policy 017 (Attachment 1) and published on the City's website.

The Investment Policy (Attachment 2 - blackline and Attachment 3) as submitted is in compliance with the City Charter and the California Government Code relevant to the investment of public funds by local agencies.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a

potential significant impact on the environment.

FISCAL IMPACT

There is no cost to the City other than administrative staff time and expense should Council approve the Investment Policy with Sustainability Option #3, based on staff's recommendation.

If Council chooses to approve the Investment Policy with Sustainability Option #2, additional fees of \$35,000 will be absorbed in the existing FY 2020/21 Budget. Additional fees would be included in subsequent fiscal years' proposed budgets. It is also important to note that with the hiring of PFM in Fall 2020, the migration of the City's investments to a more diverse portfolio based on additional yield compared to the historical investment in treasuries was expected to offset the cost of PFM's services. Depending on the prevailing yields for various investments, it is projected that this shift in portfolio strategy could cover additional fees outlined in Option #2, should the Council approve that option.

COORDINATION

This report has been coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

ALTERNATIVES

1. Approve the Investment Policy for the City of Santa Clara, its agencies and corporations with Sustainable Investing Option #3 Industry and Subindustry Exclusions.
2. Approve the Investment Policy for the City of Santa Clara, its agencies and corporations with Sustainable Investing Option #2 Revenue Limits at 10%.
3. Approve the Investment Policy for the City of Santa Clara, its agencies and corporations with Sustainable Investing Option #1 Revenue Limits at Majority (51%).

RECOMMENDATION

Alternative 1:

Approve the Investment Policy for the City of Santa Clara, its agencies and corporations with Sustainable Investing Option #3 Industry and Subindustry Exclusions.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Council Policy 017 Investment Policy: Annual Statement
2. Investment Policy 2021 (blackline with Alternatives)



INVESTMENT POLICY: ANNUAL STATEMENT

PURPOSE

To provide the framework and guidance for managing the City's investment portfolio. It is the policy of the City of Santa Clara (City) to invest public funds, including bond proceeds, reserves and other special City funds, in a manner that maximizes safety and liquidity while earning a market rate of return commensurate with the investment risk; meets the daily cash flow demands of the City; and conforms to all state and local statutes governing the investment of public funds.

POLICY

The investment policy of the City (the "Investment Policy") is intended to provide for the prudent and efficient investment of the City's temporarily idle cash while safely maximizing returns within carefully defined investment parameters. The City shall invest public funds, including bond proceeds, reserves and other special City funds, in a manner consistent with this Investment Policy while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

Authority, Scope and Prudence

- **Authority** - The City Charter, Article IX, Section 904 gives the Director of Finance (the "Director") the authority and responsibility to deposit and invest all City funds.
- **Scope** - The Investment Policy applies to all deposits, investments and other assets of the City, its subsidiaries, the Successor Agency for the Redevelopment Agency of the City of Santa Clara, the Sports and Open Space Authority, the Stadium Authority, and the Housing Authority.
- **Prudence** - Employees delegated responsibility for the investment of public monies by the Director ("Investment Personnel"), as trustees of public monies, shall adhere to the "prudent investor" standard when managing the City's funds in light of the purposes, terms, and other circumstances of the City. Investment Personnel shall refrain from engaging in any activity that impairs, or has the potential to impair, their ability to make impartial investment decisions for the City.

PROCEDURE

Investment Objectives and Criteria

The primary objectives, in priority order, of the City's investment activities shall be safety, liquidity, and yield.

Internal Controls

The City's Finance Department shall establish internal controls that are designed to prevent losses due to fraud, negligence, third-party misrepresentation, and



INVESTMENT POLICY: ANNUAL STATEMENT

other foreseeable circumstances that may arise in the operations of the investment function. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Reporting

The Director of Finance shall provide periodic investment reports to the City Council. The reports shall contain, but not be limited to, the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- The rate of return on the unrestricted investment portfolio compared to selected benchmark.
- Final maturity of all investments listed.
- Weighted average maturity of the unrestricted investment portfolio.
- Coupon, discount or earnings rate.
- Par value, amortized book value and market value.
- Percentage of the portfolio represented by each investment category.

Investment Policy Adoption

The Investment Policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by the City Council.

Attachments:

1. Investment Policy

CITY OF SANTA CLARA INVESTMENT POLICY

A. Introduction

The investment policy of the City of Santa Clara (the "Investment Policy") is intended to provide for the prudent and efficient investment of the City of Santa Clara's temporarily idle cash while safely maximizing returns within carefully defined investment parameters. The City of Santa Clara (the "City") shall invest public funds, including bond proceeds, reserves and other special City funds, in a manner consistent with this Investment Policy while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

It is the City's full intent, at the time of purchase, to hold all investments until maturity in order to ensure the return of all invested principal. Through the maintenance of sufficient diversification of investments of varying maturities, the forced liquidation of investments at a loss shall be avoided, if at all possible. However, economic or market conditions may change, making it in the City's best interest to sell or trade a security prior to maturity.

For a list of terms and definitions commonly used in cash management, see "Appendix A - Glossary of Cash Management Terms".

B. Authority, Scope and Prudence

- **Authority** - The City of Santa Clara Charter, Article IX, Section 904 gives the Director of Finance (the "Director") the authority and responsibility to deposit and invest all City funds. It authorizes the Director to invest the City's idle cash in allowable investment vehicles with a maximum remaining maturity of five years at the time of purchase. The City Council may grant express authority either specifically or as part of an approved investment program to invest in securities with remaining maturities that exceed the five-year restriction. Authority must be given to the Director at least three months prior to the investment. California Government Code Section 53601 also allows the City to invest in the same investment securities as authorized by the City Council.
- **Scope** - The Investment Policy applies to all deposits, investments and other assets of the City, its subsidiaries, the Successor Agency for the Redevelopment Agency of the City of Santa Clara, the Sports and Open Space Authority, the Stadium Authority, and the Housing Authority. These funds are reported in the City's Comprehensive Annual Financial Report and include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Trust and Agency Funds, and Enterprise Funds. Deposit of funds is in accordance with the provision of the State Constitution and the laws of the State of California (Government Code Sections 53601 and 53635) governing the handling, depositing and securing of public funds. Investment of City issued debt proceeds and debt reserve funds are separately governed by individual bond indentures adopted by the City Council.

Investment of the Forrest and Evalyne Bentzien Trust Fund is governed by the Agreement By and Between the City of Santa Clara, California and the Mission City Community Fund Regarding the Investment, Disbursement and Distribution of Funds in the Forrest and Evalyne Bentzien Non-Expendable Trust Fund approved by City Council and dated July 25, 2000 (the "Bentzien Trust Fund Agreement"), and is not subject to the provisions of this Investment Policy. The Bentzien Trust Fund Agreement defines the rights and responsibilities of the City in its capacity as Trustee and the Mission City Community Fund as the beneficiary of the Trust, to assure compliance with the California Probate Code and the Evalyne Bentzien Will.

- **Prudence** - Employees delegated responsibility for the investment of public monies by the Director (“Investment Personnel”), as trustees of public monies, shall adhere to the “prudent investor” standard when managing the City’s funds in light of the purposes, terms, and other circumstances of the City. This standard requires the exercise of reasonable care, skill, and caution, and is to be applied to investments in the context of the total portfolio and as part of an overall investment strategy, which should incorporate risk and return objectives reasonably suitable to the City. Duties must be performed with the care, prudence and diligence that a person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City.

Investment Personnel shall refrain from engaging in any activity that impairs, or has the potential to impair, their ability to make impartial investment decisions for the City.

Investment Personnel acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

C. Investment Objectives and Criteria

The primary objectives, in priority order, of the City’s investment activities shall be:

- **Safety** - Safety of principal is the foremost objective of the investment program. Investment of City funds shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The City shall diversify its investments by investing funds among a variety of financial institutions and securities offering independent returns, all in accordance with this Investment Policy.
- **Liquidity** - The investment portfolio will remain sufficiently liquid to enable the City to meet all cash needs, which may be reasonably anticipated, for the operation of the City.
- **Yield** - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

D. Delegation of Authority

Authority to manage the City’s banking depository and investment program is derived from the City Charter. Management responsibility for the banking depository and investment program is hereby delegated to the Director of Finance who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities and procedures of Investment Personnel.

The City may engage the services of an external investment manager to assist in the management of the City’s investment portfolio in a manner consistent with the City’s objectives (“External Investment Manager”). The External Investment Manager may be granted discretion to purchase and sell investment securities in accordance with the State Constitution, the laws of the State of California and this Investment Policy. Any External Investment Manager must be registered under the Investment Advisers Act of 1940 and shall act as a fiduciary to the City.

E. Ethics and Conflicts of Interest

Officers and Investment Personnel involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or impair their ability

to make impartial investment decisions. Officers and Investment Personnel shall disclose in their annual conflict of interest statement all material financial interests in financial institutions that conduct business within the City, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City.

F. Authorized Financial Institutions

The Director of Finance, or his/her designee, shall maintain a list of financial institutions and broker/dealers authorized to provide investment services to the City ("Authorized Financial Institutions"). Authorized Financial Institutions must be authorized to provide investment services in the State of California and may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by State laws.

All financial institutions and broker/dealers who desire to become an Authorized Financial Institution must provide audited financial statements, proof of required licenses or registration, and written confirmation that they have read and shall abide by the City's Investment Policy.

Authorized Financial Institutions shall be expected to actively participate in the bid/offer process for securities in which they are market makers. In addition, it will be expected that the Authorized Financial Institutions will be able to fill the entire order being solicited and that there shall be no delay in completing the transaction on the contractual settlement date.

The Director of Finance, or his/her designee, periodically reviews the financial conditions and registrations of financial institutions and broker/dealers that deal with the City. The City is under no obligation to transact business with any financial institution and may at any time remove a financial institution from the list of Authorized Financial Institutions at the City's discretion.

If the City has contracted with an External Investment Manager, the External Investment Manager may use their own list of approved issuers, brokers/dealers and financial institutions ("Investment Manager Authorized Institutions") to conduct transactions on the City's behalf. All due diligence regarding Investment Manager Authorized Institutions shall be the responsibility of the External Investment Manager, if applicable.

G. Competitive Bidding Process

When practicable, Investment Personnel of the City and any External Investment Manager shall enter into transactions for the purchase or sale of securities on a competitive bid basis, seeking offers or bids from at least three authorized broker/dealers or Investment Manager Authorized Institutions, respectively. From time to time the City may enter into transactions involving securities for which there is not an active secondary market or where other Authorized Financial Institutions do not have the security available for sale and therefore, competitive bidding is not available. If competitive bidding on a security is not practicable or possible, Investment Personnel or any External Investment Manager will seek to verify pricing by other reasonable means.

The bidding process shall be fully documented for all transactions and complete records shall be available for audit and reporting purposes.

In all cases, placement shall be made consistent with the safety, liquidity and yield objectives of this Investment Policy.

H. Authorized and Suitable Investments

Special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. The City is

empowered by the State of California Government Code and the City Charter to invest in the following types of securities. Additionally, bond proceeds are invested in accordance with the requirements outlined in the specific bond indenture of trust. All percentage limitations and credit criteria apply at time of purchase.

➤ **U.S. Treasury Bills, Notes and Bonds and Securities Guaranteed or Backed by the Full Faith and Credit of the U.S. Government**

Maximum Holdings = 100% of portfolio dollars
Maximum per Issuer = 100% of portfolio dollars
Maximum Maturity = 5 year final maturity

~~➤ **Securities Guaranteed or Backed by the Full Faith and Credit of the U.S. Government**~~

~~Maximum Holdings = 100% of portfolio dollars
Maximum per Issuer = 100% of portfolio dollars
Maximum Maturity = 5 year final maturity~~

➤ **U.S. Government Agency Securities** (exclusive of Agency MBS or CMO Securities) such as the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal Farm Credit Bank (FFCB), local agencies, and other U. S. government-sponsored enterprises. These investments must be rated in the top three rating categories by two of the three largest nationally recognized statistical rating organizations (NRSROs).

Maximum Holdings = 80% of portfolio dollars
Maximum per Issuer = 40% of portfolio dollars
Maximum Callable = 5030% of portfolio dollars
Maximum Maturity = 5 year final maturity

➤ **Negotiable Certificates of Deposit** issued by a nationally or state-chartered bank ~~or by a state-licensed branch of a foreign bank.~~, a savings association or a federal association, a state or federal credit union, or by a federally licensed or by a state-licensed branch of a foreign bank. CDs eligible for investment under this subdivision shall be rated "A" or its equivalent or better by at least one NRSRO or if the CD has a maturity underless than 1 year then shall be rated "A-1" or better by at least one NRSRO.

Maximum Holdings = 2530% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = 45 year final maturity

➤ **Bankers Acceptances** otherwise known as bills of any domestic exchange or foreign time drafts that are drawn on and accepted by a commercial bank that are acceptable to the Federal Reserve.

Maximum Holdings = 25% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = 180 days

➤ **Commercial Paper** of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investors Service, Inc., Standard and Poor's Corporation, or Fitch Financial Services, Inc. ~~Eligible paper is further limited to paper issued by any U.S. corporation having total assets in excess of \$500 million and having an "A" or higher rating for the issuer's~~

debt.—for by an NRSRO. The entity that issues the commercial paper shall meet all of the conditions in either paragraph (1) or (2) below:

1. The entity meets the following criteria:

- a. Is organized and operating in the United States as a general corporation.
- b. Has total assets in excess of five hundred million dollars (\$500,000,000).
- a.c. Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.

2. The entity meets the following criteria:

- a. Is organized within the United States as a special purpose corporation trust, or limited liability company.
- b. Has programwide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
- c. Has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

Maximum Holdings = 25% of portfolio dollars

Maximum per Issuer = ~~40~~5% of portfolio dollars and no more than 10% of the outstanding commercial paper of any single issuer

Maximum Maturity = 270 days

- ***Local Agency Investment Fund of the State of California.*** Purchases may be made up to the maximum amount allowed by the State of California. Securities owned in the Local Agency Investment Fund of the State of California will not count towards maximum percentages of other categories.

- ***Repurchase Agreements*** subject to requirements of the California Government Code Section 53601(j). A Master Repurchase Agreement must be signed with the ~~bank—~~dealer-counterparty. The market value of securities that underlay a repurchase agreement shall be ~~valued~~maintained at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted ~~no less than quarterly~~on a daily basis.

Maximum Holdings = 50% of portfolio dollars

Maximum per Issuer = 20% of portfolio dollars

Maximum Maturity = 60 days

- ***Reverse Repurchase Agreements.*** Reverse repurchase agreements with the prior approval of the City Council and subject to requirements of the California Government Code Sections 53601(j).

Maximum Holdings = 20% of portfolio dollars

Maximum per Issuer = 10% of portfolio dollars

Maximum Maturity = 92 days

- ~~➤ ***Securities of Local Agencies of California.*** Includes bonds, notes, warrants and other evidences of indebtedness of any local agency.~~

- ***Municipal Obligations,*** including: (1) bonds, notes, warrants and other evidences of indebtedness of any local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency, (2) registered state warrants or treasury notes or bonds of the state of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state, and (3) registered treasury notes or bonds

of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California. These investments shall be rated "A" or its equivalent or better by at least one NRSRO.

Maximum Holdings = 20% of portfolio dollars

Maximum per Issuer = 5% of portfolio dollars

Maximum Maturity = 5 year final maturity

- **Medium Term Corporate Notes** defined as all corporate and depository institution debt securities issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or its equivalent or better by at least one NRSRO and rated no lower than "A" by any NRSRO.

Maximum Holdings = 4520% of portfolio dollars

Maximum per Issuer = 5% of portfolio dollars

Maximum Maturity = 5 year final maturity

- ~~➤ **Medium Term Corporate Notes** issued by corporations doing business in the United States. These corporations must be rated in the top three rating categories by two of the three largest NRSROs.~~

~~Maximum Holdings = 15% of portfolio dollars~~

~~Maximum per Issuer = 5% of portfolio dollars~~

~~Maximum Maturity = 5 year final maturity~~

- **Mutual Funds, and Money Market Funds, and Investment Pools** consisting of investment vehicles permitted under Sections 53601 and 53635 of the California Government Code. To be eligible for City investments, companies providing mutual funds shall have the following:

1. The highest rating provided by not less than two of the three largest NRSROs.
2. An investment advisor registered with the Securities and Exchange Commission for not less than five years having investment experience in the underlying securities and with assets under management in excess of \$500 million.
3. The purchase price of the shares shall not include any commission fees.

Money Market Funds must meet either 1 or 2 above and 3. A thorough analysis of the pool/fund is required prior to investing, and on a continual basis. Analysis shall include creditworthiness, size, safety, ease of investment liquidation, frequency of earnings distributions, frequency of account statements, and investment portfolio strategy. Securities owned in mutual funds and investment pools will not count towards maximum percentages of other categories.

Maximum Holdings = 20% of portfolio dollars

Maximum per IssuerFund = 10% of portfolio dollars

- **Joint Powers Authority Investment Pools** organized pursuant to Section 6509.7 that invests in the securities and obligations under Sections 53601 of the California Government Code. To be eligible for City investments, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

1. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
2. The adviser has not less than five years of experience investing in the securities and obligations authorized in under Section 53601.
3. The adviser has assets under management in excess of \$500 million.

Maximum Holdings = 100% of portfolio dollars
 Maximum per Issuer = 100% of portfolio dollars

➤ **Supranational Obligations** defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated “AA” or its equivalent or better by an NRSRO.

Maximum Holdings = 20% of portfolio dollars
Maximum per Issuer = 10% of portfolio dollars
Maximum Maturity = 5 year final maturity

➤ **Asset-Backed and Mortgage-Backed Securities** defined as a mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this subdivision shall be rated “AA” or its equivalent or better by an NRSRO.

Maximum Holdings = 10% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = Maximum remaining maturity of 5 years or less

➤ **Non-negotiable Certificates of Deposit** of a public bank, as defined in State of California Government Code Section 57600 and pursuant to collateralization requirements of this Investment Policy.

Maximum Holdings = 10% of portfolio dollars
Maximum per Issuer = 5% of portfolio dollars
Maximum Maturity = 5 year final maturity

I. Sustainable Investing

The City desires to invest in entities that support community well-being through -environmentally and socially sound practices and fair labor practices and equality of rights regardless of sex, race, age, disability, or sexual orientation. To meet these environmental and social investment goals the City or External Investment Manager shall apply the following criteria to investment selection:

(Option #1)

- The City’s portfolio shall not include companies that generate greater than 51% of their revenues in any of the following industry categories:
 - Fossil Fuel Extraction, Refining, and Distribution
 - Tobacco Manufacturing and Production
 - Firearms Manufacturing

(Option #2)

- The City's portfolio shall not include investment in companies that generate greater than 10% of their revenues in any of the following categories:
 - Fossil Fuel Extraction, Refining, and Distribution
 - Tobacco Manufacturing and Production
 - Firearms Manufacturing

(Option #3)

- The City's portfolio shall not include investment in companies in the following industries or subindustries as classified by a global standard taxonomy such as the Global Industry Classification Standard (GICS) or Bloomberg Industry Classification System (BICS) :
 - Fossil Fuel Extraction, Refining, and Distribution
 - Tobacco Manufacturing and Production
 - Firearms Manufacturing

J. Security Downgrades

If securities owned by the City are downgraded to a level below the quality required for purchase under this Investment Policy, the Director of Finance, or his/her designee, shall review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio. Such determination shall be documented and approved by the Director of Finance.

J.K. Collateralization

Collateralization of ~~with~~ marketable securities will be required on non-negotiable certificates of deposit and repurchase (and reverse repurchase) agreements in accordance with California Government Code Section 53601 and 53630 et seq. In order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be at least 102% of market value of principal and accrued interest- for repurchase (and reverse repurchase) agreements and at least 110% of market value for non-negotiable certificates of deposit. The City reserves the right to require additional collateral if the City believes such additional amount is warranted. The City may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance.

Collateral shall always be held by an independent third party with whom the City or the counterparty has a current custodial agreement. Clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The counterparty shall have the right to substitute substantially the same securities as originally deposited as collateral.

J.L. Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by a third party custodian designated by the Director of Finance, or his/her designee, and evidenced by safekeeping receipts.

K.M. Diversification

The City will diversify its investments by security type and institution. Maximum percentage holdings for each security type and institution shall conform to this Investment Policy and the maximum allowed under the California Government Code Section 53601.

All percentage restrictions on authorized investments are based on the amortized book value of the portfolio as of the trade date of the investment. In the event that portfolio percentage restrictions are violated due to a reduction in book value of the portfolio, the City may, but will not be required to, liquidate securities to meet the maximum holdings requirements.

L.N. Maximum Term of Investment

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City will not directly invest in securities maturing more than five years from the date of purchase without Council approval in accordance with State of California Government Code Section 53601. Effective May 25, 1998, the City Council authorized staff to purchase securities with maturities greater than five years, specifically for the Electric Cost Reduction Fund.

Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

MO. Internal Controls

The City's Finance Department shall establish internal controls that are designed to prevent losses due to fraud, negligence, third-party misrepresentation, and other foreseeable circumstances that may arise in the operations of the investment function. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The internal controls shall address the following points:

- **Collusion** - Collusion is a situation where two or more employees are working together to defraud their employer.
- **Separation of duties** - By separating the persons who perform and authorize the transactions from the people who record or otherwise account for the transactions, a separation of duties is achieved.
- **Safekeeping** - Securities purchased from any broker or dealer shall be placed with the City's depository bank in its trust department for safekeeping. Securities shall be held in a manner that establishes the City's right of ownership. Evidence of ownership shall be demonstrated by a monthly safekeeping statement which shall be reconciled on a timely basis to internal holding reports.
- **Clear Delegation of Authority** - Subordinate staff members must have a clear understanding of their authority and responsibility to avoid improper actions.
- **Written Confirmation** - Due to the potential for error arising from telephone transactions, all telephone transactions shall be supported by written communications and approved by appropriate Investment Personnel.
- **Delivery** - Where applicable, investment transactions of the City shall be conducted using standard delivery-vs-payment procedures.
- **Daily Procedures** - Detailed written procedures shall be created and regularly maintained so that critical investment functions may be performed in the absence of the person normally responsible for performing such work. The procedures should include reference to custody and safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in a

depository or investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Director of Finance.

- **Annual Audit** - On an annual basis, the City's financial statements and business practices are audited by an external auditor. Included in the annual audit shall be testing of the City's compliance with the Investment Policy.

NP. Performance Standard

As preservation of capital is the City's top priority, the City's investment strategy shall assume that an investment is being held to maturity or other redemption date as set forth in the security's official offering documentation (i.e., callable securities). Trading in response to economic conditions and market valuations will be permitted if the sale of a security can be justified in response to changing market conditions; to improve the quality, yield, or target duration in the portfolio; address a liquidity need of the portfolio; or to remove a security with a declining credit or financial outlook.

The City also recognizes the importance of obtaining an adequate rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow requirements. The performance of the investment portfolio shall be measured as follows: compared to a benchmark established by the Director of Finance. The benchmark shall reflect the objectives, strategy, and goals of the City's investment program.

- ~~The portfolio's yield shall be compared to benchmark is the 24-month moving average yield of 2-year ICE BaML 0-5 Year US Treasury Notes Index.~~
- ~~The portfolio's weighted average maturity shall be less than three years.~~

In accordance with generally accepted accounting principles, the City or the External Investment Manager, if any, shall mark-to-market its investments on a monthly basis using an independent pricing source. Market values will be looked upon as indications of market movements and volatility in making investment decisions rather than an indication of performance.

OQ. Reporting

The Director of Finance shall provide periodic investment reports to the City Council. The reports shall contain, but not be limited to, the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- ~~The rate performance of return on the unrestricted investment portfolio compared to the 24-month moving average yield of 2-year Treasury Notes established benchmark.~~
- Final maturity of all investments listed.
- Weighted average maturity of the unrestricted investment portfolio.
- Coupon, discount or earnings rate.
- Par value, amortized book value and market value.
- Percentage of the portfolio represented by each investment category.

PR. Investment Policy Adoption

The Investment Policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by the City Council.

APPENDIX A GLOSSARY OF CASH MANAGEMENT TERMS

AGENCIES: A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GNMA). An example of an FSA is the Federal National Mortgage Association (FNMA).

ASK: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINT - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield (e.g., 1/4 of 1 percent is equal to 25 basis points).

BID: The price offered by a buyer of securities. (When you are selling securities you ask for a bid.) See Offer.

BOOK VALUE - The value at which a security is carried on the financial records of an investor. The book value may differ significantly from the security's current value in the market.

BROKER: A broker brings buyers and sellers together for a commission.

CALLABLE BOND - A bond issue in which all or part of its outstanding principal amount may be redeemed prior to maturity by the issuer under specified conditions.

CALL PRICE - The price at which an issuer may redeem a bond prior to maturity.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: Short-term obligations with maturity ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest-bearing.

COUPON: Interest rate on a debt security the issuer promises to pay to the holder until maturity, expressed as an annual percentage of face value.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT RATE: Interest rate that the Federal Reserve charges member banks for loans, using government securities or eligible paper as collateral.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DISCOUNT YIELD: Yield on a security sold at a discount.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits.

FEDERAL FUNDS (FED FUNDS) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend Fed Funds to each other overnight or on a longer term basis. Depository institutions may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed Funds are considered to be immediately available funds.

FEDERAL FUNDS RATE: The rate of interest at which Federal Funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL FARM CREDIT BANK (FFCB): The Federal Farm Credit Banks Funding Corporation is an integral part of the Farm Credit System, a leading provider of loans, leases and services to U.S. agriculture and rural America. FFCB is a government-sponsored enterprise that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC): A publicly chartered agency that buys qualifying residential mortgages from lenders, packages them into new securities backed by those pooled mortgages, provides certain guarantees, and then resells the securities on the open market. FHLMC's stock is owned by savings institutions across the U.S. and is held in trust by the FHLB System.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of

adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holders are protected by the full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

GUARANTEED INVESTMENT CONTRACT (GIC): A contract between an insurance company and a corporate profit-sharing or pension plan that guarantees a specific rate of return on the invested capital over the life of the contract.

IDLE FUNDS: Money in the treasury not required for the immediate needs of the local agency.

INVESTMENT-GRADE OBLIGATIONS - An investment instrument suitable for purchase by institutional investors under the prudent investor rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase---reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement often specifies, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission permits other financial firms to use for certain regulatory purposes.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Ask and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PREMIUM - The amount by which the price paid for a security exceeds the security's par value.

PORTFOLIO: A combined holding of a variety of investments. The purpose of a portfolio is to reduce risk by diversification.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include the Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRIMARY MARKET: A market for new issues of securities. A market is primary if the proceeds of sales go to the issuer of the securities sold.

PRIME RATE - A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

PRINCIPAL - The face value or par value of a debt instrument.

PRUDENT INVESTOR RULE: A guideline that states that a fiduciary must consider the needs of the beneficiaries, the provision of regular income, minimize risk and preserve assets. The Prudent Investor Rule applies to the investment decision-making process and no single investment decision should be judged in isolation, but rather as part of the entire portfolio. The Prudent Investor Rule mandates fiduciaries apply the principle of diversification when constructing portfolios.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price.

REPURCHASE AGREEMENT (RP or REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him/her for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank services.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vault for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturity more than ten years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturity from two to ten years.

WEIGHTED AVERAGE MATURITY (WAM) - The average maturity of all the securities that comprise a portfolio.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in the purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

YIELD-TO-CALL (YTC) - The rate of return an investor earns from a security assuming the security is redeemed (called) prior to its stated final maturity date.

YIELD-TO-MATURITY (YTM) - The rate of return an investor earns on a security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return.



Agenda Report

21-360

Agenda Date: 3/23/2021

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending December 31, 2020 and Related Budget Amendments

BOARD PILLARS

Ensure Compliance with Measure J and Manage Levi's Stadium
Enhance Community Engagement and Transparency

BACKGROUND

In Fiscal Year 2014/15 the Stadium Authority Board ("Board") requested that staff prepare quarterly Santa Clara Stadium Authority ("Stadium Authority") Financial Status Reports. These reports provide an update on the events held at Levi's Stadium, Stadium Authority finances, and the impact of Stadium Authority activity on the City of Santa Clara's ("City").

This report provides information covering the Stadium Authority's third (October 1, 2020 - December 31, 2020) quarter of the 2020/21 fiscal year.

The Adopted Stadium Authority Budget incorporates the estimated revenues and expenses for all Stadium Authority funds. The attached Financial Status Reports provide the budget to actual revenue and expense summaries for the operating, debt service, and capital funds. Analysis of the financial activity through the fiscal year measures the adherence to the budget and allows the Stadium Authority to monitor and project revenues and expenses. Any significant variances are explained in the reports.

DISCUSSION

The attached financial status reports provide information covering the Stadium Authority's third (October 1, 2020 - December 31, 2020) quarter of the 2020/21 fiscal year. The reports summarize National Football League ("NFL") and non-NFL event activity at Levi's Stadium and describes the financial impact of these events on the Stadium Authority and City since FY 2014/15.

NFL Event Revenue and Expenses

The San Francisco Forty-Niners ("49ers") played five regular season NFL game at Levi's Stadium as of December 31, 2020. The two pre-season games originally scheduled for August 21, 2020, and September 3, 2020, were cancelled by the NFL due to COVID-19 and the last three games of the regular season were played in Arizona. The five regular season games held at Levi's Stadium were absent any fans and, therefore, no tickets were sold.

Non-NFL Event Revenue and Expenses

There were no Non-NFL events held in the third quarter of the 2020/21 Fiscal Year. Due to the

ongoing pandemic, there is no estimated timeframe for Non-NFL events to resume.

Stadium Builder Licenses (“SBLs”)

At the time of this report, the third quarter report for Stadium Builder Licenses was not available. The below information is the latest provided as of the second quarter.

SBLs account for 36% of the Stadium Authority’s annual budgeted revenue in FY 2020/21. There is a total of 60,917 currently active SBLs which is 92.5% of the 65,879 total sellable SBL seats. The value of the active SBLs amount to \$534.4 million of which \$461.7 million has already been collected.

Stadium Authority Budgets

The detailed analysis of Stadium Authority budget to actual financials is provided in the attached Financial Status Reports. In summary, total operating revenues were \$28.5 million representing 42% of the overall budget for revenues and total operating expenses were \$43.5 million or 64% of the budget. The debt service fund was able to pay down \$27.3 million in debt, bringing total Stadium Authority debt down to \$297.9 million. Capital expenses were \$694 thousand representing 5% of the overall CIP budget.

FY 2020/21 Stadium Authority Budget Amendments

From time to time, budget adjustments may be necessary to align revenues or expenditures to actual or unexpected activity during the course of a fiscal year, known after the adoption of the Stadium Authority Budget. As of the timing of the publication of this report, additional information from activity known through the completion of the majority of FY 2020/21 has resulted in recommended budget adjustments as follows:

- 1) The Stadium Authority, ManagementCo, and BAHC entered into an Assignment and Assumption Agreement (“Agreement”) on October 5, 2018 which in part describes the process by which the City is reimbursed for its costs as they relate to the CFP Championship that will be held at Levi’s Stadium on January 7, 2019. The process that has been established is to have the Stadium Authority reimburse the City for all costs when incurred and invoice the BAHC for reimbursement. All costs that the City incurs to plan for and staff the CFP Championship as well as any post-event work will be reimbursed by the Stadium Authority within 15 days of being invoiced by the City. Per the Agreement, the Stadium Authority will subsequently invoice the BAHC for the costs and be reimbursed within 15 days. In line with this process a budget amendment is needed to appropriate the CFP Championship expenses as well as the reimbursement revenue from the BAHC in the amount of \$727.
- 2) SBL Proceeds is higher than anticipated by \$721,279. Staff is requesting an operating budget amendment to account for this revenue change.
- 3) Discretionary expenses are lower than anticipated by \$250 thousand. Staff is requesting an operating budget amendment to account for the expense reduction.
- 4) Staff is requesting an operating budget reduction to the Legal Contingency line item in the amount of \$9.2 million. By unanimous Board approval, payments for Shared Stadium Manager Expenses were conditioned based on Board direction for the partial suspension of payments at

the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to the Forty Niners Management Company (Stadium Manager) if all supporting documents have been submitted and adhere to our agreements and State and local laws. As part of that suspension of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. ManagementCo has not been able to demonstrate compliance with Board direction and, instead, has inappropriately opted to take out unauthorized loans and continue to pay itself public funds without demonstrating compliance with State and local laws.

The Shared Stadium Manager Expenses are still in litigation and as of the end of the fiscal year the SCSA does not expect to make any payments. However, the SCSA will continue to request the backup documentation from the Stadium Manager and if received will come back to the Board with a request to release payment.

- 5) Staff is requesting reductions to SBL Sales and Service in the amount of \$1.6 million, Utilities in the amount of \$333 thousand and Other Expenses in the amount of \$487 thousand. These reductions are based on the projections received from the Stadium Manager.
- 6) Based on projections for Stadium Authority General and Administrative expenses, staff is requesting a reduction to the budget in the amount of \$1 million.

The following budget amendments are requested as a result of the ongoing COVID pandemic. The NFL games that were held at the stadium were absent any fans resulting in no NFL Ticket Surcharge or Senior and Youth Fees, and a reduction to rent. In addition, there were no Non-NFL Events held at the stadium resulting in no Non-NFL Event Revenue or Non-NFL Event Ticket Surcharge.

- 7) The NFL Ticket Surcharge Revenue (10% NFL ticket surcharge on the price of admission) is lower than anticipated by \$8.7 million. Non-NFL Ticket Surcharge (\$4 per ticket) fell below anticipated by \$572,000. Staff is requesting operating budget amendments to account for these revenue changes.
- 8) Senior and Youth Program Fees (based on \$0.35 per NFL game ticket) came in lower than anticipated by \$230,000. A budget amendment is needed to reflect the reduction in the payment to the City's General Fund as well as the revenue to the Stadium Authority.
- 9) No Non-NFL Events held at the stadium in FY2020/21. Staff is requesting a reduction to the Non-NFL Event Revenue in the amount of \$1.5 million and an increase to the Non-NFL Event Expense in the amount of \$600 thousand. The projection of the \$600 thousand loss was provided by the Stadium Manager. In addition, this projection would result in no performance rent and no Use of StadCo Tenant Improvements; staff is requesting reductions to the expenses in the amount of \$555 thousand and \$73 thousand, respectively.
- 10) Due to the COVID pandemic, three of the NFL Games were not played at Levi's Stadium and were moved to Arizona. This resulted in a decrease in rent paid to the Stadium Authority by \$7.4 million. Staff is requesting an operating budget amendment to account for this revenue change.

A reduction to the Operating Reserve totaling \$4.5 million is recommended to offset the actions recommended above.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

As discussed, staff recommends several budget amendments as detailed in the table below.

	Current	Increase/ (Decrease)	Revised
Operating Fund			
<u>Revenues</u>			
NFL Ticket Surcharge	\$8,665,000	(\$8,665,000)	\$0
SBL Proceeds	\$24,213,000	\$721,279	\$24,934,279
Non-NFL Event Revenue	\$1,500,000	(\$1,500,000)	\$0
Rent	\$24,762,000	(\$7,428,600)	\$17,333,400
Senior & Youth Program Fees	\$230,000	(\$230,000)	\$0
Non-NFL Event Ticket Surcharge	\$572,000	(\$572,000)	\$0
Bay Area Host Committee Reimb.	\$0	\$727	\$727
Total Revenue Adjustments		(\$17,673,594)	
<u>Expenses</u>			
SBL Sales and Service	\$3,610,000	(\$1,643,000)	\$1,967,000
Senior & Youth Fees (paid to City)	\$230,000	(\$230,000)	\$0
Non-NFL Event Expense	\$0	\$600,000	\$600,000
Performance Rent	\$555,000	(\$555,000)	\$0
Discretionary Fund Expense	\$250,000	(\$250,000)	\$0
Utilities	\$1,597,000	(\$333,000)	\$1,264,000
Use of StadCo Tenant Imp.	\$73,000	(\$73,000)	\$0
Stadium Authority G&A	\$4,581,000	(\$1,000,000)	\$3,581,000
Legal Contingency	\$9,231,000	(\$9,231,000)	\$0
College Football Playoff Expense	\$0	\$727	\$727
Other Expenses	\$1,400,000	(\$487,000)	\$913,000
Total Expenditure Adjustments		(\$13,201,273)	
<u>Reserves</u>			

Operating Reserve	\$11,255,088	(\$4,472,321)	\$6,782,767
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COORDINATION

This report was coordinated with the Stadium Manager per section 4.6 of the Management Agreement as well as the Stadium Authority Counsel's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

1. Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending December 31, 2020; and
2. Approve Budget Amendments to the 2020/21 Santa Clara Stadium Authority Budget.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. SCSA Financial Status Report for the Quarter Ending December 31, 2020

SCSA

Santa Clara Stadium Authority

SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT

Quarter Ending December 31, 2020



March 23, 2021

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Introduction

This Santa Clara Stadium Authority (“Stadium Authority”) Financial Status Report provides information covering the third quarter of the Stadium Authority’s 2020/21 fiscal year (FY) which ended on December 31, 2020.

In addition to these quarterly reports, the Stadium Authority produces annual financial statements. The FY 2019/20 financial statements were audited by an external audit firm and presented to the Stadium Authority’s Audit Committee on September 24, 2020 and the Stadium Authority Board (“Board”) on October 13, 2020. Once presented to the Stadium Authority Board, the financial statements are published on the Stadium Authority’s website.

The Stadium Authority also prepares a detailed budget prior to the beginning of each fiscal year. The FY 2020/21 budget was considered at a study session on March 5, 2020 and adopted by the Board on March 24, 2020.

Stadium Authority finances are structured so that the City of Santa Clara (City) is not liable for the debts or obligations of the Stadium Authority. All services provided by the City, including administrative and public safety, to the Forty Niners Stadium Management Company, LLC (“ManagementCo”) or the Stadium Authority are fully reimbursed with Stadium Authority funds.

Methodology

Information provided in this report was based in part on documentation submitted by ManagementCo. Specifically, NFL and Non-NFL event statistics and financial information relating to Stadium Manager expenses are provided by ManagementCo. However, it should be noted that Stadium Manager still refuses full access to the Stadium Authority’s books and records. Stadium Authority staff is limited to a review of selected financial information submitted by ManagementCo, including some source documentation for Non-NFL events with attendance greater than 25,000. For all other financial information, a detailed review and/or audit of source documentation has not been conducted by the Stadium Authority for this report.

The Stadium Authority has contracted with JS Helda forensic accounting firm, to review and evaluate non-NFL event financial information from prior years, including source documentation. The report was discussed with the Board at the December 1, 2020 Stadium Authority Board meeting. The Stadium Authority is working with JS Held to contract for review of additional historical years.

The information provided reflects the best known and available at the time of the writing of this report and is subject to further revision when the full body of records becomes available and review is complete. Consequently, the Board’s notation and filing of this report should not be considered an approval of the accuracy of the information in the report.

NFL Events

This section provides year to date data for NFL games categorized as pre-season and regular season games.

The San Francisco Forty-Niners (“49ers”) played five regular season NFL game at Levi’s Stadium as of December 31, 2020. The two pre-season games originally scheduled for August 21, 2020, and September 3, 2020, were cancelled by the NFL due to COVID-19 and the last three games of the regular season were played in Arizona. The five regular season games held at Levi’s Stadium were absent any fans and, therefore, no tickets were sold.

Though no fans were present for the NFL game, public safety was still provided by the City of Santa Clara for the event in a reduced capacity. The costs amounted to \$533,731 and included planning costs for the first scheduled pre-season game that was subsequently cancelled and Game 8 of the regular season that was moved to Arizona.

Table 1

	Game 1 vs Raiders Cancelled 08/21/20	Game 2 vs Chargers Cancelled 09/03/20	Game 3 vs Cardinals 09/13/20	Game 4 vs Eagles 10/04/20	Game 5 vs Dolphins 10/11/20	Game 6 vs Rams 10/18/20	Game 7 vs Packers 11/05/20	Game 8 vs Bills 12/07/20	Washingto n 12/13/20	Game 10 vs Seahawks 01/03/21	2020/21 YTD Total
No. of Tickets Sold	-	-	-	-	-	-	-	-	-	-	-
NFL Ticket Surcharge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Senior/Youth Program Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cars Parked at Offsite Lots	-	-	-	-	-	-	-	-	-	-	-
City Offsite Parking Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cars Parked on Tasman Lots	-	-	-	-	-	-	-	-	-	-	-
City Tasman Lot Parking Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stadium Public Safety Costs	544	-	112,736	103,959	104,047	105,947	105,085	1,414	-	-	\$ 533,731
Less: Offsite Parking Fee Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reimbursable Stadium Public Safety Costs	\$ 544	\$ -	\$ 112,736	\$ 103,959	\$ 104,047	\$ 105,947	\$ 105,085	\$ 1,414	\$ -	\$ -	\$ 533,731
Amount Reimbursed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Non-NFL Events

There were no Non-NFL events held in the second quarter of the 2020/21 Fiscal Year. Due to the pandemic, there is no estimated timeframe for Non-NFL events to resume.

Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL Ticket Surcharge of \$4 per ticket. Table 2 shows the revenues and expenses in the Discretionary Fund since FY2014/15. The balance at the end of this reporting period was \$2.3 million.

Table 2

Discretionary Fund - Accrual Basis				
Fiscal Year	Beginning Balance	Revenue	Expenses	Ending Balance
2014/15	\$ -	\$ 715,770	\$ 714,028	\$ 1,742
2015/16	1,742	1,238,542	699,129	541,155
2016/17	541,155	1,164,698	1,209,342	496,511
2017/18	496,511	768,564	-	1,265,075
2018/19	1,265,075	796,294	101,267	1,960,102
2019/20	1,960,102	367,748	-	2,327,850
2020/21	2,327,850	-	-	2,327,850

Stadium Builder Licenses

At the time of this report, the third quarter report for Stadium Builder Licenses was not available. The below information is the latest provided as of the second quarter.

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$534.4 million and, as of September 30, 2020, 86.4% of the total principal value of all SBLs sold (i.e., \$461.7 million) had been collected.

SBL holders that finance their purchase pay an annual interest rate of 8.5% and payments are due by March 1st each year. The majority of SBL holders make their payments on time. For those that do not pay on time, SBL service staff, working for ManagementCo on the Stadium Authority’s behalf, contact the SBL holders and attempt to collect the full amounts owed. Ultimately, an SBL can be defaulted for non-payment. Once an SBL is defaulted, the SBL holder in default loses their right to buy season tickets as well as their priority rights to tickets to Non-NFL Events, and forfeits any money they had invested in the SBL. Defaulted SBLs are then available for resale.

There is a total of 60,917 currently active SBLs, or 92.5% of the 65,879 total sellable SBL seats. This is an increase of 680 from the total active SBLs at the end of the prior fiscal year (March 31, 2020). The main reasons for the increase are due to sale of new SBLs and the net increase related to the customer seat relocation program. The customer seat relocation program allows customers to trade in their SBLs in return for others in a different location as long as the total face value of the new seats is equal to or greater than the original seats.

During the current reporting period, 270 SBLs were sold for a total face value of \$1.4 million. The customer seat relocation program resulted in an increase of \$1.3 million to the SBL face value, while netting 409 more SBLs.

Additional details regarding currently active SBLs are noted in Table 3.

Table 3

Santa Clara Stadium Authority
Currently Active Stadium Builder License (SBL) Summary ⁽¹⁾

Through September 30, 2020										
Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/20	New SBL Sales	Net SBL Relocations	SBL Defaults	SBL Seats Sold	SBL Value	SBL Collected	% SBL Principal Collected	
141,392	100	100	-	-	-	100	\$ 14,082,625	\$ 12,289,552	87.3%	
80,000	938	930	-	(2)	-	928	74,240,000	65,986,595	88.9%	
40,000	2	2	-	-	-	2	80,000	65,811	82.3%	
30,000	4,869	4,527	3	16	-	4,546	136,380,000	120,659,653	88.5%	
20,000	3,395	2,912	5	2	-	2,919	58,380,000	51,056,355	87.5%	
15,000	7	7	-	-	-	7	105,000	84,227	80.2%	
12,000	2,167	2,151	7	-	-	2,158	25,896,000	22,352,595	86.3%	
10,000	9	7	-	-	-	7	70,000	60,465	86.4%	
6,000	20,623	20,504	90	6	1	20,601	123,606,000	102,769,524	83.1%	
5,000	14,301	13,320	80	55	-	13,455	67,275,000	56,974,820	84.7%	
4,000	917	914	-	6	-	920	3,680,000	3,345,891	90.9%	
3,000	94	91	-	-	-	91	273,000	223,119	81.7%	
2,500	45	44	-	-	-	44	110,000	93,532	85.0%	
2,000	18,373	14,693	85	326	-	15,104	30,208,000	25,701,827	85.1%	
1,000	39	35	-	-	-	35	35,000	29,933	85.5%	
Total	65,879	60,237	270	409	1	60,917	\$ 534,420,625	\$ 461,693,897	86.4%	
Plus: Interest on financed SBLs								57,394,510		
Total Principal & Interest								\$ 519,088,407		

⁽¹⁾ This table does not include \$26.1 million that has been collected life-to-date from defaulted SBL holders.

Santa Clara Stadium Authority Budget Status Reports

Operating Budget

With 75% of the fiscal year complete, total operating revenues for the third quarter of the 2020/21 Fiscal Year were \$28.5 million representing 42% of the overall budget for revenues. The primary reason that revenue is below 75% is because there are not currently any non-NFL events being held at the Stadium due to the pandemic and therefore the Stadium Authority is not receiving any revenue related to event attendance. The revenue affected by the pandemic includes NFL Ticket Surcharge, Non-NFL Event Revenue, Non-NFL Event Ticket Surcharge and Senior & Youth Fees. The Stadium Authority is still collecting SBL proceeds, sponsorship revenue, Naming Rights revenue and rent all of which, except rent, are expected to meet budget this fiscal year. Due to the cancellation of the last three NFL games, rent is expected to fall below budget by \$7.2 million.

Total operating expenses were \$43.5 million, or 64% of the annual budget. Of note, the payment on shared stadium manager expenses, except insurance, is withheld until sufficient support is received for the expenses. The Stadium Authority's FY2020/21 budget was adopted on March 24, 2020 and included the Stadium Manager's recommended Shared Expense budget of \$9.2 million in a Legal Contingency line item. The expenses that were included in the Legal Contingency line are Stadium Operations, Engineering, Guest Services, Groundskeeping, Security and the Stadium Management Fee. The budget for these expenses will remain in the Legal Contingency line item until adequate support is provided to justify legitimate expenditures of the amounts requested. Operating expense payments were withheld based on Board direction for the partial conditioning of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to our agreements and State and local laws. As part of that suspension of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo forced loans on the Stadium Authority through the revolving loan instrument and continues to pay itself public funds without demonstrating compliance with State and local laws.

In the first three quarters of FY2020/21, ManagementCo drew a total of \$7.2 million, not including interest, against the revolving loan line of credit for the FY2020/21 Shared Stadium Manager Expense payments withheld by the Stadium Authority. The draws on the revolving loan were not authorized by the Stadium Authority and documentation rejecting these draws was provided to the Stadium Manager. The Stadium Authority maintains its position that it should not release public funds to ManagementCo unless it can demonstrate compliance with public procurement laws,

prevailing wage laws, and absence of self-dealing/conflicts of interests. Shared Stadium Manager insurance expenses were at 75% of the budget, or \$2.3 million.

SBL Sales & Service expenses were 48% of the budget, or \$1.7 million. The Stadium Authority pays for all utility costs from February 1st through July 31st and the tenant (StadCo) pays for utility costs from August 1st through January 31st (Tenant Season). Utility costs are 67% of the budget for the year, or \$1.1 million. Transfers out amounted to \$35.4 million and, lastly, Stadium Authority G&A costs were \$2 million or 43% of the budget.

Additional details are shown in Table 4.

Table 4
Santa Clara Stadium Authority
Operating Budget Status Report
For the Period Ending December 31, 2020 and 2019

	Period Ending December 31, 2020							Period Ending December 31, 2019			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources											
Revenues											
NFL Ticket Surcharge	\$ 8,665,000	\$ -	\$ -	\$ -	\$ -	\$ 8,665,000	0%	\$ 8,412,291	\$ 8,412,291	\$ -	100%
SBL Proceeds	24,213,000	-	7,182,413	2,774,265	9,956,678	14,256,322	41%	25,416,000	10,431,320	14,984,680	41%
Interest	896,000	17,609	6,809	3,694	28,112	867,888	3%	938,000	701,114	236,886	75%
Non-NFL Event Revenue	-	-	-	-	-	-	NA	-	-	-	N/A
Net Revenues from Non-NFL Events	1,500,000	-	-	-	-	1,500,000	0%	5,796,000	-	5,796,000	NA
Naming Rights	6,957,000	-	3,426,930	-	3,426,930	3,530,070	49%	6,754,000	3,327,117	3,426,884	49%
Sponsorship Revenue (STR)	392,000	81,250	81,250	81,250	243,750	148,250	62%	345,000	243,750	101,250	71%
Rent	24,762,000	6,190,500	6,190,500	2,476,200	14,857,200	9,904,800	60%	24,762,000	18,571,500	6,190,500	75%
Senior & Youth Program Fees	230,000	-	-	-	-	230,000	0%	250,000	231,956	18,044	93%
Non-NFL Event Ticket Surcharge	572,000	-	-	-	-	572,000	0%	735,496	735,496	-	100%
Bay Area Host Committee Reimbursement	-	727	-	-	727	(727)	NA	4,642	4,642	-	NA
Other Revenue	-	-	-	-	-	-	NA	115,773	-	115,773	NA
Revenues Subtotal	\$ 68,187,000	\$ 6,290,085	\$ 16,887,902	\$ 5,335,409	\$ 28,513,396	\$ 39,673,604	42%	\$ 73,529,202	\$ 42,659,185	\$ 30,870,017	58%
Total Resources	\$ 68,187,000	\$ 6,290,085	\$ 16,887,902	\$ 5,335,409	\$ 28,513,396	\$ 39,673,604	42%	\$ 73,529,202	\$ 42,659,185	\$ 30,870,017	58%
Expenses											
Shared Stadium Manager Expenses											
Stadium Operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	NA	\$ 653,401	\$ 653,401	\$ -	100%
Engineering	-	-	-	-	-	-	NA	328,481	328,481	-	100%
Guest Services	-	-	-	-	-	-	NA	137,782	137,782	-	100%
Groundskeeping	-	-	-	-	-	-	NA	29,039	29,039	-	100%
Security	-	-	-	-	-	-	NA	270,450	270,450	-	100%
Insurance	3,045,000	761,250	761,250	761,250	2,283,750	761,250	75%	2,956,000	2,217,114	738,886	75%
Stadium Management Fee	-	-	-	-	-	-	NA	-	-	-	NA
Shared Stadium Mngr Exps Subtotal	\$ 3,045,000	\$ 761,250	\$ 761,250	\$ 761,250	\$ 2,283,750	\$ 761,250	75%	\$ 4,375,153	\$ 3,636,267	\$ 738,886	83%
Other Expenses											
SBL Sales and Service	\$ 3,610,000	\$ 606,000	\$ 202,000	\$ 909,000	\$ 1,717,000	\$ 1,893,000	48%	\$ 3,614,477	\$ 3,054,477	\$ 560,000	85%
Senior & Youth Fees (paid to City)	230,000	-	-	-	-	230,000	0%	250,000	231,956	18,044	93%
Non-NFL Event Expense	-	-	-	-	-	-	NA	-	-	-	NA
Ground Rent (paid to City)	390,000	-	390,000	-	390,000	-	100%	355,000	355,000	-	100%
Performance Rent (paid to City)	555,000	-	-	-	-	555,000	0%	2,721,000	-	2,721,000	0%
Discretionary Fund Expense	250,000	-	-	-	-	250,000	0%	250,000	-	250,000	0%
Utilities	1,597,000	798,000	266,000	-	1,064,000	533,000	67%	1,568,265	1,049,625	518,640	67%
Use of StadCo Tenant Improvements	73,000	-	-	-	-	73,000	0%	182,000	-	182,000	0%
Stadium Authority G&A	4,581,000	508,710	651,737	820,813	1,981,261	2,599,739	43%	2,480,000	1,441,992	1,038,008	58%
Naming Rights Commission	30,000	-	-	30,000	30,000	-	100%	-	-	-	NA
Legal Contingency	9,231,000	-	-	-	-	9,231,000	0%	6,996,000	-	6,996,000	NA
Other Expenses	1,400,000	193,000	-	359,251	552,251	847,749	39%	110,000	109,915	85	100%
College Football Playoff Expense	-	727	-	-	727	(727)	NA	4,642	4,642	-	100%
Transfers Out	42,847,000	22,888,899	10,764,054	1,787,724	35,440,676	7,406,324	83%	50,284,665	19,737,350	30,547,315	39%
Contribution to Operating Reserve	348,000	-	-	-	-	348,000	0%	338,000	-	338,000	0%
Other Expenses Subtotal	\$ 65,142,000	\$ 24,995,336	\$ 12,273,791	\$ 3,906,788	\$ 41,175,915	\$ 23,966,085	63%	\$ 69,154,049	\$ 25,984,956	\$ 43,169,092	38%
Total Expenses	\$ 68,187,000	\$ 25,756,586	\$ 13,035,041	\$ 4,668,038	\$ 43,459,665	\$ 24,727,335	64%	\$ 73,529,202	\$ 29,621,223	\$ 43,907,978	40%
Operating Reserve	\$ 11,593,270				\$ 11,592,741			\$ 11,255,088	\$ 11,255,088		
Discretionary Fund	\$ 2,302,075				\$ 2,327,850			\$ 1,086,407	\$ 2,327,850		

Operating Budget – Recommended Budget Adjustments

From time to time, budget adjustments may be necessary to align revenues or expenditures to actual or unexpected activity during the course of a fiscal year, known after the adoption of the Stadium Authority Budget. As of the timing of the publication of this report, additional information from activity known through the completion of the majority of FY 2020/21 has resulted in recommended budget adjustments as follows:

- 1) The Stadium Authority, ManagementCo, and BAHC entered into an Assignment and Assumption Agreement (“Agreement”) on October 5, 2018 which in part describes the process by which the City is reimbursed for its costs as they relate to the CFP Championship that will be held at Levi’s Stadium on January 7, 2019. The process that has been established is to have the Stadium Authority reimburse the City for all costs when incurred and invoice the BAHC for reimbursement. All costs that the City incurs to plan for and staff the CFP Championship as well as any post-event work will be reimbursed by the Stadium Authority within 15 days of being invoiced by the City. Per the Agreement the Stadium Authority will subsequently invoice the BAHC for the costs and be reimbursed within 15 days. In line with this process a budget amendment is needed to appropriate the CFP Championship expenses as well as the reimbursement revenue from the BAHC in the amount of \$727.
- 2) SBL Proceeds is higher than anticipated by \$721,279. Staff is requesting an operating budget amendment to account for this revenue change.
- 3) Discretionary expenses are lower than anticipated by \$250 thousand. Staff is requesting an operating budget amendment to account for the expense reduction.
- 4) Staff is requesting an operating budget reduction to the Legal Contingency line item in the amount of \$9.2 million. Payments for Shared Stadium Manager Expenses were conditioned based on Board direction for the partial suspension of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo’s inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to the Forty Niners Management Company (ManCo) if all supporting documents have been submitted and adhere to our agreements and State and local laws. As part of that suspension of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo opted to take out loans and continue to pay itself public funds without demonstrating compliance with State and local laws.

The Shared Stadium Manager Expenses are still in litigation and as of the end of the fiscal year the SCSA does not expect to make any payments. However, the SCSA will

continue to request the backup documentation from the Stadium Manager and if received will come back to the Board with a request to release payment.

- 5) Staff is requesting reductions to SBL Sales and Service in the amount of \$1.6 million, Utilities in the amount of \$333 thousand and Other Expenses in the amount of \$487 thousand. These reductions are based on the projections received from the Stadium Manager.
- 6) Based on projections for Stadium Authority General and Administrative expenses, staff is requesting a reduction to the budget in the amount of \$1 million.

The following budget amendments are requested as a result of the ongoing COVID pandemic. The NFL games that were held at the stadium were absent any fans resulting in no NFL Ticket Surcharge or Senior and Youth Fees, and a reduction to rent. In addition, there were no Non-NFL Events held at the stadium resulting in no Non-NFL Event Revenue or Non-NFL Event Ticket Surcharge.

- 7) The NFL Ticket Surcharge Revenue (10% NFL ticket surcharge on the price of admission) is lower than anticipated by \$8.7 million. Non-NFL Ticket Surcharge (\$4 per ticket) fell below anticipated by \$572,000. Staff is requesting operating budget amendments to account for these revenue changes.
- 8) Senior and Youth Program Fees (based on \$0.35 per NFL game ticket) came in lower than anticipated by \$230,000. A budget amendment is needed to reflect the reduction in the payment to the City's General Fund as well as the revenue to the Stadium Authority.
- 9) There no Non-NFL Events held at the stadium in FY2020/21. Staff is requesting a reduction to the Non-NFL Event Revenue in the amount of \$1.5 million and an increase to the Non-NFL Event Expense in the amount of \$600 thousand. The projection of the \$600 thousand loss was provided by the Stadium Manager. In addition, this projection would result in no performance rent and no Use of StadCo Tenant Improvements; staff is requesting reductions to the expenses in the amount of \$555 thousand and \$73 thousand, respectively.
- 10) Due to the COVID pandemic, three of the NFL Games were not played at Levi's Stadium and were moved to Arizona. This resulted in a decrease in rent paid to the Stadium Authority by \$7.4 million. Staff is requesting an operating budget amendment to account for this revenue change.

A reduction to the Operating Reserve totaling \$4.5 million is recommended to offset the actions recommended above.

Details regarding the operating budget adjustment are shown in Table 5.

Table 5

Santa Clara Stadium Authority

2020/21 Operating Budget Adjustment

	2020/21 Fiscal Year		
	Adopted Budget	Adjustments	Amended Budget
Resources			
Revenues			
NFL Ticket Surcharge	\$ 8,665,000	\$ (8,665,000)	\$ -
SBL Proceeds	24,213,000	721,279	24,934,279
Interest	896,000	-	896,000
Non-NFL Event Revenue	1,500,000	(1,500,000)	-
Naming Rights	6,957,000	-	6,957,000
Sponsorship Revenue (STR)	392,000	-	392,000
Rent	24,762,000	(7,428,600)	17,333,400
Senior & Youth Program Fees	230,000	(230,000)	-
Non-NFL Event Ticket Surcharge	572,000	(572,000)	-
Bay Area Host Committee Reimbursement	-	727	727
Revenues Subtotal	\$ 68,187,000	\$ (17,673,594)	\$ 50,513,406
Net Transfers	-	-	-
Total Resources	\$ 68,187,000	\$ (17,673,594)	\$ 50,513,406
Expenses			
Shared Stadium Manager Expenses			
Stadium Operations	\$ -	\$ -	\$ -
Engineering	-	-	-
Guest Services	-	-	-
Groundskeeping	-	-	-
Security	-	-	-
Insurance	3,045,000	-	3,045,000
Stadium Management Fee	-	-	-
Shared Stadium Mngr Exps Subtotal	\$ 3,045,000	\$ -	\$ 3,045,000
Other Operating Expenses			
SBL Sales and Service	\$ 3,610,000	\$ (1,643,000)	\$ 1,967,000
Senior & Youth Fees (paid to City)	230,000	(230,000)	-
Non-NFL Event Expense	-	600,000	600,000
Ground Rent (paid to City)	390,000	-	390,000
Performance Rent (paid to City)	555,000	(555,000)	-
Discretionary Fund Expense	250,000	(250,000)	-
Utilities	1,597,000	(333,000)	1,264,000
Use of StadCo Tenant Improvements	73,000	(73,000)	-
Stadium Authority G&A	4,581,000	(1,000,000)	3,581,000
Naming Rights Commission	30,000	-	30,000
Legal Contingency	9,231,000	(9,231,000)	-
College Football Playoff Expense	-	727	727
Other Expenses	1,400,000	(487,000)	913,000
Transfers Out	42,847,000	-	42,847,000
Contribution to Operating Reserve	348,000	-	348,000
Other Operating Expenses Subtotal	\$ 65,142,000	\$ (13,201,273)	\$ 51,940,727
Total Expenses	\$ 68,187,000	\$ (13,201,273)	\$ 54,985,727
Operating Reserve	\$ 11,255,088	\$ (4,472,321)	\$ 6,782,767
Discretionary Fund	\$ 2,327,850	-	\$ 2,327,850

Debt Service Budget

The Stadium Authority's FY 2020/21 debt service revenue budget of \$4 million represents anticipated contributions from the Community Facilities District (CFD). The CFD levies and collects a special hotel tax on hotel rooms within the CFD. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD advance. The CFD Advance is payable solely from amounts actually received by the Stadium Authority from the CFD. During the first three quarters of the year, \$222 thousand was contributed by the CFD. The CFD collections have declined due to the County health orders related to the COVID-19 pandemic. Transfers in from the operating fund amounted to \$34.3 million or 87% of the budget.

Total Stadium Authority debt service expenses for the current reporting period were \$38.7 million, 89% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$1.6 million, \$22.5 million, and \$14.6 million, respectively.

The Stadium Authority completed the Trust Excess Cash Flow funding instructions and provided it to the FinanceCo and StadCo to complete the year end Trust Excess Cash Flow funding distribution per the Deposit and Disbursement Agreement. The Trust Excess Cash Flow instruction specifically excluded payments to the Revolving Loan of \$6,300,653 because the Stadium Authority did not recognize this as an expense due to the fact that it is currently under litigation. StadCo did not follow the funding instructions and took the Excess Revenues from the distribution to pay off the Management Company Revolving Loan instead of paying down the amount that the Stadium Authority instructed StadCo be paid against the Subordinated Loan. The Stadium Authority was informed of this diversion in a letter dated April 27, 2020. On May 18, 2020, the Stadium Authority notified StadCo and the Trust that the diversion is in direct contravention of the Stadium Authority's instructions to the Trustee with regards to the use of Excess Revenue. Subsequently, the Stadium Authority has recorded a receivable from StadCo for \$6,300,653 for the portion diverted from the funding instruction.

As of December 31, 2020, the total outstanding amount of Stadium Authority debt had declined to \$297.9 million. This is a reduction in principal of \$27.3 million from the March 31, 2020 outstanding debt amount of \$325.3 million.

Additional details are shown in Tables 6 and 7 and Chart 1.

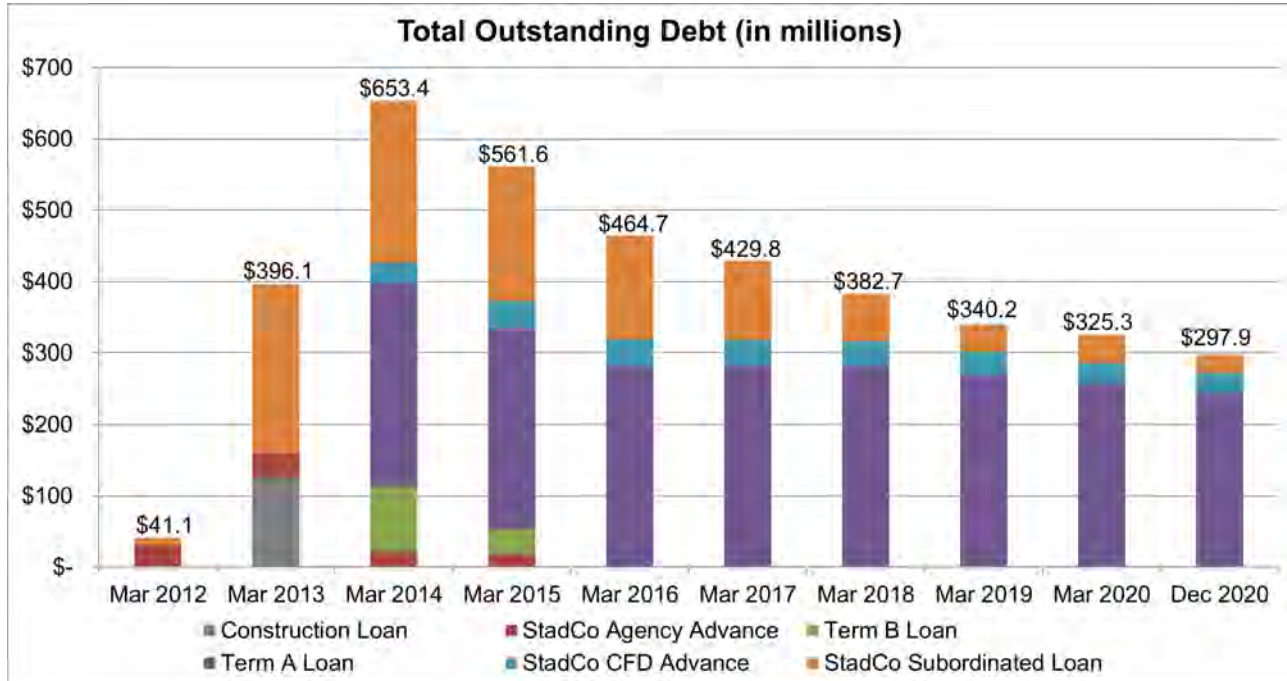
Table 6
Santa Clara Stadium Authority
Debt Service Budget Status Report
For the Period Ending December 31, 2020 and 2019

	Period Ending December 31, 2020								Period Ending December 31, 2019			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Budget to Actual Difference	% Received		Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources												
Revenues												
Contribution from CFD	\$ 4,028,000	\$ 52,013	\$ 92,637	\$ 77,577	\$ 222,227	\$ 3,805,773	6%		\$ 3,872,000	\$ 2,870,548	\$ 1,001,452	74%
Revenues Subtotal	\$ 4,028,000	\$ 52,013	\$ 92,637	\$ 77,577	\$ 222,227	\$ 3,805,773	6%		\$ 3,872,000	\$ 2,870,548	\$ 1,001,452	74%
Transfers In from Operating	39,265,000	21,729,625	10,764,054	1,787,724	34,281,402	4,983,598	87%		46,806,665	19,737,350	27,069,315	42%
Contribution from Fund Balance	-	9,309,828	(7,044,822)	1,946,567	4,211,573	(4,211,573)	NA		-	4,430,118	(4,430,118)	NA
Total Resources	\$ 43,293,000	\$ 31,091,466	\$ 3,811,868	\$ 3,811,868	\$ 38,715,202	\$ 8,789,370	89%		\$ 50,678,665	\$ 27,038,016	\$ 23,640,649	53%
Expenses												
CFD Advance	\$ 3,989,000	\$ 792,083	\$ 410,927	\$ 410,927	\$ 1,613,936	\$ 2,375,064	40%		\$ 3,844,000	\$ 2,915,354	\$ 928,646	76%
Term A Loan	25,562,000	16,406,003	3,052,003	3,052,003	22,510,009	3,051,991	88%		26,383,000	22,409,132	3,973,868	85%
StadCo Subordinated Loan	13,742,000	13,893,380	348,938	348,938	14,591,257	(849,257)	106%		15,645,000	1,713,529	13,931,471	11%
Total Expenses	\$ 43,293,000	\$ 31,091,466	\$ 3,811,868	\$ 3,811,868	\$ 38,715,202	\$ 4,577,798	89%		\$ 45,872,000	\$ 27,038,015	\$ 18,833,985	59%
Debt Service Reserve	\$ 11,536,235				\$ 11,536,235				\$ 11,536,235	\$ 11,536,235		

Table 7
Santa Clara Stadium Authority
Debt Summary Report
For the Period Ending December 31, 2020

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2020	Net Change	Outstanding as of December 31, 2020
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 257,514,240	\$ (13,354,000)	\$ 244,160,240
StadCo CFD Advance	5.73%	28,832,979	(380,839)	28,452,140
StadCo Subordinated Loan	5.50%	38,917,384	(13,540,057)	25,377,327
Total		\$ 325,264,603	\$ (27,274,896)	\$ 297,989,707

Chart 1



Capital Improvement Project Budget

As part of the Capital Expense (“CapEx”) Plan, the following projects have been completed as of the current reporting period:

- Bicycles
- Motorola APX 600 Radio
- Heavy Lift Kit
- Storage Conex Garage
- Mass Decontamination Hydrant Nozzles
- Small Cooler and Ice Pack
- Motor Vehicle Barricades
- Radio Earpieces
- Battery Pack for JHAT Crew
- Radio Batteries
- Body Worn Cameras

The following CapEx projects are currently in progress and expected to be completed by the end of the fiscal year:

- Stadium Vehicle Upfits
- Stadium Personal Protective Equipment
- Safety Gear for Special Event Officers & Traffic Control Personnel
- Explosive Ordinance Detection Blankets/Water Barrier
- Radiation Detector
- Rope Rescue Gear

The main reasons that this is below budget are (1) there has been little activity on warranty work which makes up 12% of the CIP Budget, and (2) a number of projects are behind schedule due to ManagementCo’s inability to demonstrate compliance with State procurement and prevailing wage laws. As a result, capital projects have stalled. We continue to raise this issue with ManagementCo to ensure the Stadium Authority asset is maintained in a sufficient manner; however, there is valid concern that ManagementCo is unable to complete these duties given the record to date. During this reporting period, the ManagementCo has not demonstrated its ability to award contracts in compliance with state laws.

Additional details are shown below in Table 8.

Table 8

**Santa Clara Stadium Authority
CIP Budget Status Report**

For the Period Ending December 31, 2020 and 2019

	Period Ending December 31, 2020							Period Ending December 31, 2019			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Beginning Balances	\$ 17,837,300	\$ 17,010,611	\$ 18,169,885	\$ 18,035,597	\$ 17,010,611	\$ 826,689		\$ 14,532,870	\$ 14,516,225		
Resources											
Transfers In from Operating Budget	3,582,000	1,159,274	-	-	1,159,274	2,422,726	32.36%	3,478,000	-	3,478,000	0%
Transfers In from Stadium Manager	-	-	-	-	-	-	N/A	-	308,568	(308,568)	
Total Resources	\$ 21,419,300	\$ 18,169,885	\$ 18,169,885	\$ 18,035,597	\$ 18,169,885	\$ 3,249,415	85%	\$ 18,010,870	\$ 14,824,793	\$ 3,169,432	82%
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses											
Construction	4,725,327	-	17,497	945	18,442	4,706,885	0%	4,956,922	(4,845)	4,961,767	0%
Equipment	6,460,557	-	116,791	559,021	675,812	5,784,745	10%	7,070,988	65,038	7,005,950	1%
Contingency	559,296	-	-	-	-	559,296	0%	657,397	812	656,585	0%
Stadium Warranty Related Construction	1,528,202	-	-	-	-	1,528,202	0%	1,528,202	-	1,528,202	0%
Total Expenses	\$ 13,273,382	\$ -	\$ 134,288	\$ 559,966	\$ 694,254	\$ 12,579,128	5%	\$ 14,213,509	\$ 61,005	\$ 14,152,504	0%
Ending Balances	\$ 8,145,918	\$ 18,169,885	\$ 18,035,597	\$ 17,475,631	\$ 17,475,631			\$ 3,797,361	\$ 14,763,789		

City of Santa Clara Net General Fund Impact

At the time of this report, the third quarter sales tax information was not available. The impact to the general fund includes sales tax through the second quarter.

During the current reporting period there was a total of \$410 thousand that was contributed to the General Fund as shown in Table 9. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the stadium.

Table 9

City of Santa Clara Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending September 30, 2020

Ground Rent	\$	390,000
Performance Rent		-
Senior and Youth Fee		-
Tasman Lots Parking Fee		-
Sales Tax		20,123
<hr/>		
Total Net General Fund Impact	\$	410,123

Public Safety and Administrative Cost Reimbursement

Costs incurred by the City on NFL and non-NFL Events are tracked and billed to the Stadium Manager. Public safety costs incurred in support of NFL and non-NFL events occurring in FY2020/21 will be reimbursed in full to the City of Santa Clara.

In addition to public safety costs, administrative costs are also tracked and billed to the Stadium Authority. These include the cost of providing overall stadium management, financial, human resource, legal, and other services to the Stadium Authority. In the first half of FY 2020/21, a total of \$802 thousand of administrative costs were incurred by the General Fund, which have been reimbursed to the City.

Rents and Senior and Youth Fee

As noted above the City's General Fund did not collect any rents or Senior and Youth fees in the current reporting period.

Other Revenue Impacts

General Fund sales tax, property tax, and transient occupancy tax (TOT) collections have benefited from the direct and indirect economic activity related to stadium events.

Food and beverage concession sales and merchandise sales at Levi's® Stadium are taxable, resulting in sales tax revenue for the City. The first two quarters of sales tax collections from Levi's® Stadium transactions generated \$20,000 for the City's General Fund. In addition to the direct sellers at the Stadium, other businesses in Santa Clara are benefiting from the influx of people coming to attend one or more events at Levi's® Stadium, resulting in potentially more sales tax collections for the General Fund.

In accordance with State Law, StadCo must pay possessory interest property tax based on their lease of Levi's® Stadium from the Stadium Authority. This revenue is collected by the county and placed into the Redevelopment Property Tax Trust Fund (RPTTF). Amounts remaining in the RPTTF after paying any enforceable obligations of the Successor Agency are distributed to taxing entities in the same proportion as secured property taxes. The City's proportion is approximately 10%.

Many stadium events bring travelers to the region, resulting in hotel stays which generate TOT collections for the City's General Fund. Although it is impossible to say exactly what portion of the City's TOT collections is due to the stadium, it is clear that hotels both inside and outside the City have benefited, resulting in increases in TOT collections in Santa Clara and our neighboring cities.

Glossary

This section of the report provides details behind key terms that are used in the body of this report.

Discretionary Fund – The Amended and Restated Stadium Lease Agreement describes the Non-NFL Event ticket surcharge which is imposed by the Stadium Authority. All promoters or sponsors of ticketed Non-NFL Events are required to collect a Non-NFL ticket surcharge of \$4 per ticket on behalf of the Stadium Authority. One-half of these proceeds are used to cover Stadium Authority operating and maintenance costs. The other one-half of the proceeds are deposited in the Stadium Authority’s discretionary fund. If at any time the discretionary fund balance exceeds \$1 million, then in consultation with the Stadium Manager, the Stadium Authority will determine if provision has been made for replacement and improvement of capital improvements contemplated under the public safety plan. If not, then funds will be reserved in the discretionary fund for such purposes. If adequate provision has been made for these items and the balance of the discretionary fund still exceeds \$1 million, then up to half of the amount over \$1 million can be transferred to the General Fund, in which event an equal amount will also be transferred from the discretionary fund to the Stadium Authority operating fund and will be included as revenue available to pay Stadium Authority expenses.

Ground Lease – The Ground Lease Agreement has an initial term of 40 years commencing on the date of substantial completion which was July 31, 2014. The amount of annual base ground rent that is payable by the Stadium Authority to the City is noted in the chart below.

Lease Year	Fiscal Year	Annual Fixed Ground Rent
1	2014/15	\$ 180,000
2	2015/16	\$ 215,000
3	2016/17	\$ 250,000
4	2017/18	\$ 285,000
5	2018/19	\$ 320,000
6	2019/20	\$ 355,000
7	2020/21	\$ 390,000
8	2021/22	\$ 425,000
9	2022/23	\$ 460,000
10	2023/24	\$ 495,000
11-15	2024/25 - 2028/29	\$ 1,000,000
16-20	2029/30 - 2033/34	\$ 1,100,000
21-25	2034/35 - 2038/39	\$ 1,200,000
26-30	2039/40 - 2043/44	\$ 1,300,000
31-35	2044/45 - 2048/49	\$ 1,400,000
36-40	2049/50 - 2053/54	\$ 1,500,000

Net Non-NFL Event Revenue – Net Non-NFL Event revenue is remitted by ManagementCo to the Stadium Authority on a yearly basis. This is done annually because the final reconciliation of the Non-NFL Event revenues and expenses does not occur until after the conclusion of each fiscal year.

Beginning with FY 2018/19, the Stadium Authority budgeted the Non-NFL Event activity at gross, budgeting for revenue and expenses separately. In the prior fiscal years that activity was budgeted as a net amount.

NFL Ticket Surcharge – The Amended and Restated Non-Relocation Agreement states that the Team will collect a 10% NFL ticket surcharge on the price of admission to all NFL games on behalf of Stadium Authority.

Non-NFL Event Ticket Surcharge – The Stadium Lease Agreement requires that the promoter or sponsor of any Non-NFL Event collect a Non-NFL Event ticket surcharge of \$4 per ticket. The Lease Agreement sets aside one-half of the Non-NFL ticket surcharge for stadium operating and maintenance costs and one-half for discretionary expenses of the Stadium Authority.

Offsite Parking Fees – Parking lot operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City’s permitting process. If approved, per the City’s Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee is designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or Non-NFL public safety costs for a particular event held at Levi’s® Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City’s FY 2020/21 (July 1, 2020 through June 30, 2021) the offsite parking fee is \$5.91.

Performance-Based Rent - The Amended and Restated Stadium Lease Agreement and the Ground Lease Agreement both describe the performance-based rent that is due to the City. (It is calculated as 50% of the net income from Non-NFL events less performance-based rent credits. The performance-based rent credits include 50% of the fixed ground rent for the current lease year.)

Public Safety Costs – For each NFL and Non-NFL Event held at Levi’s® Stadium, a public safety plan is developed and implemented. Multiple City departments provide staffing, materials, and supplies to support the public safety plan. Services are provided through a combination of City staff, contracts with other agencies (California Highway Patrol, County Sheriff’s Office, and City of Sunnyvale) and some vendor provided services.

The Amended and Restated Stadium Lease Agreement section 7.5 states that the tenant is responsible for reimbursing the City for the public safety costs attributed to NFL events at Levi’s® Stadium. Additionally, Article 5 of the Stadium Management Agreement notes that the Stadium Manager is responsible for paying Non-NFL Event expenses on behalf of the Stadium Authority. Therefore, the cost of providing public safety services are tracked through the City’s financial system and invoices are sent to the Stadium Manager. All of these costs are reimbursed to the City of Santa Clara.

Senior and Youth Program Fees – The Amended and Restated Stadium Lease Agreement requires that StadCo collect a Senior and Youth Program Fee of \$0.35 per NFL ticket sold on behalf of the Stadium Authority. Per section 8.2 of the Ground Lease Agreement between the City and the Stadium Authority, the Stadium Authority remits this fee to the City as additional rent to support senior and youth programs in the City.

Stadium Management Fee – The Stadium Manager receives an annual base management fee to manage Levi’s® Stadium. The fee was \$400,000 in the first lease year and increases by 3% annually as detailed in the table below. This annual base management fee is split 50/50 between StadCo and the Stadium Authority since the Stadium Manager manages the stadium year-round for both entities. In addition to the base management fee, the Stadium Manager also receives a stadium marketing and booking fee (incentive fee) which is based on a percentage of the amount that the net income from Non-NFL Events exceeds the marketing and booking fee benchmark. The marketing and booking fee benchmark was \$5 million in the first lease year and also increases by 3% annually as detailed in the table below. The annual stadium management fee for each of the first ten lease years are noted in the chart below.

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Net Income from Non-NFL Events	Additional Stadium Marketing and Booking Fee	Total Stadium Management Fee
2014/15	1	\$ 200,000	\$ 5,000,000	\$ 5,207,553	\$ 10,378	\$ 210,378
2015/16	2	206,000	5,150,000	6,079,016	46,451	252,451
2016/17	3	212,180	5,304,500	5,316,894	620	212,800
2017/18	4	218,545	5,463,635	5,163,329	-	218,545
2018/19	5	225,102	5,627,544	18,591	-	225,102
2019/20	6	231,855	5,796,370	(2,741,014)	-	231,855
2020/21	7	238,810	5,970,261			
2021/22	8	245,975	6,149,369			
2022/23	9	253,354	6,333,850			
2023/24	10	260,955	6,523,866			

Tasman Lots Parking Fees – The City collects a fee of \$5 per space for all cars that are parked on the Tasman surface lots during NFL events.



Agenda Report

21-46

Agenda Date: 3/23/2021

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on the Proposed Santa Clara Stadium Authority Fiscal Year 2021/22 Budget, Stadium Operation and Maintenance Plan, and 2021 Marketing Plan (Not to be heard prior to 6:00 PM)

BOARD PILLAR

Ensure Compliance with Measure J and Manage Levi's Stadium

BACKGROUND

The Stadium Management Agreement (Management Agreement) defines the Stadium Operation and Maintenance Plan (SOMP) as the plan designed to achieve a safe and well maintained Stadium and shall include the standards for management and operation of the Stadium, including the required security, staffing, and other required elements of hosting Stadium Events. The Stadium Manager is responsible for preparing the SOMP annually and presenting it to the Stadium Authority, with the following items included:

1. Annual Shared Stadium Expense Budget;
2. Annual Public Safety Budget;
3. Capital Expenditure Plan; and,
4. Marketing Plan.

Each year, the Stadium Authority staff prepares, in coordination with the Forty Niners Stadium Management Company (ManagementCo or Stadium Manager), the proposed Santa Clara Stadium Authority Operating, Debt Service, and Capital Budget for the Stadium Authority's twelve month fiscal year (April 1 through March 31) in accordance with Article 4 "Records, Accounts, Budgets, and Reports" of the Management Agreement. The 2021/22 Proposed Budget is included as Attachment 1 to this memorandum and reflects the Proposed Budget presented to the Santa Clara Stadium Authority Board (Board) on March 9, 2021.

At its March 9, 2021 meeting, the Board held a Study Session to discuss the proposed Santa Clara Stadium Authority Operating, Debt Service, and Capital Budget, and the Proposed Budget document and staff presentation are included as Attachment 2. As a separate item on the March 9 Study Session agenda and continued to March 10, 2021, the draft 2021 Non-NFL Events Marketing Plan as prepared by ManagementCo (Attachment 3 - report and presentation) was also discussed. In addition, the Annual Public Safety Budget (Attachment 4), the Stadium Authority Budget Policy (Attachment 5), the Stadium Authority Compliance and Management Policy (Attachment 6), and Stadium Authority budget submittal questions were presented (Attachment 7).

During the Study Sessions, the Board provided valuable feedback and asked pertinent questions. At the direction of the Board, Stadium Authority staff has included responses to those questions as part

of this report (Attachment 10).

DISCUSSION

The Stadium Authority FY 2021/22 Budget includes key components such as the Executive Director's Transmittal Letter; Stadium Operating Budget, which includes a breakdown of the Stadium Authority's General and Administrative (G&A) costs; Shared Stadium Manager expenses; Debt Service budget; and the Capital Budget. In addition, staff included a glossary of financial terms used to facilitate understanding of the types of revenues, expenses, debt, and capital expenses.

In accordance with Sections 4.5 through 4.8 of the Management Agreement, ManagementCo submitted the operating, capital, and debt budget for the FY 2021/22 Stadium Authority Budget. Staff followed the approved budget development process outlined in the Stadium Authority Budget Policy in preparing the Proposed FY 2021/22 Stadium Authority Budget.

FY 2021/22 Budget Process

The goal of the budget development process is to allow the Budget to be presented to the Board and the public at one Special Meeting/Study Session and one Public Hearing before its final consideration for approval. The following summarizes the timeline of the budget:

- November 2020: Stadium Authority staff worked with ManagementCo to discuss the annual budget plan which included the dates that ManagementCo would provide all necessary documents as required by the Stadium Lease and Stadium Management Agreement. During this dialogue, a calendar of deliverables was agreed upon.
- January 2021: At least 45 days prior to the start of the fiscal year (January 29), ManagementCo provided annual documents as outlined in the Stadium Agreements, which were used in the Budget Development Process:
 - Stadium Operations and Management Plan (Source: Stadium Management Agreement)
 - Annual Shared Expense Budget with Five Year Projection (Source: Stadium Management Agreement)
 - Annual Stadium Authority Operations Budget (Source: Stadium Management Agreement)
 - Annual Public Safety Budget (Source: Stadium Management Agreement)
 - Capital Expenditure Plan with Five-Year Projection (Source: Stadium Management Agreement)
 - Non-NFL Event Marketing Plan (Source: Stadium Management Agreement)
 - Public Safety Document Updates (Source: Stadium Operations Agreement)
- February 2021: Stadium Authority staff analyzed ManagementCo's budget submission including but not limited to the number of full-time equivalents (FTEs) recommended and related personnel costs as well as non-personnel costs. The Stadium Authority submitted a series of questions to ManagementCo on February 9, 2021 and received responses on February 19, 2021 as detailed in Attachment 7.
- March 2021: Stadium Authority held a Study Session on March 9, 2021 and received questions and feedback from the public and Board. To complete the annual budget process,

staff recommends that the Board take the recommended actions on March 23, 2021 to 1) Adopt the Santa Clara Stadium Authority Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget as presented in this report; 2) Direct the Stadium Manager to provide a procurement plan and schedule of all the required repairs at the Stadium; 3) Direct the Stadium Manager to submit the budget to the Trust that is inclusive of the SCSA G&A budget of \$5.1 million to maintain compliance with Measure J; 4) Direct the Stadium Manager to respond to the questions outlined in the December 1, 2020 letter from Kenn Lee to properly close FY 2019/2020; 5) Delegate authority to the Executive Director to approve budget amendments that move funds in the Legal Contingency to Shared Expenses after the review of adequate documentation for costs from the Stadium Manager; 6) Take No Action on the 2021 Marketing Plan; and 7) If the Board wants to pursue an independent third-party consultant to review and assess the Non-NFL Events Marketing Plan, delegate authority to the Executive Director to conduct a competitive Request for Proposal, enter into an agreement for such services, and approve any budget amendments associated with this action. Staff will report on all actions related to this recommendation to the Board on a quarterly basis and at the time that the quarterly fiscal reports are issued.

- March 16, 2021: The Stadium Authority and the Stadium Manager met and conferred in good faith to discuss the disagreements on Shared Expenses, SCSA G&A, and the Naming Rights Signage Project.

Action for Potential Disbursement of Public Funds: During the discussion of Shared Expenses, the Stadium Authority Treasurer offered to set up a monthly meeting to review supporting documentation to validate payroll and other costs for release of payment. The Stadium Manager requested that the Shared Expenses not associated with public works or prevailing wage be separated and included as part of the budget. Stadium Authority relayed that procurement compliance necessary to release public funds was beyond prevailing wage legal compliance and the Stadium Manager stated that it believed that it could present compliance procurement contracts for other services for disbursement of public funds. In response, the Stadium Authority has requested that this be provided for inclusion in this report, as this authority results in greater SCSA administrative efficiencies and lower G&A costs.

Action to Maintain Proposed SCSA G&A Budget: During discussion of the SCSA G&A, the Stadium Authority explained to the Stadium Manager that there is a significant workload with maintaining the volume of litigation, fiscal reviews, and current management issues. SCSA staff also noted that there are new Board referrals that require additional staffing resources, as they were not included in staff's estimates of time required for budgeting purposes. In addition, SCSA noted that staff are still reviewing the FY 2019/20 documents in the current year due to the Stadium Manager's late and incomplete submittal of supporting documentation and that review would no doubt carry into FY 2021/22. SCSA strongly believes that current levels of staffing are required to maintain the current and anticipated workload and compliance with Measure J.

During the meeting, it appeared that while the Stadium Manager had concerns with the amount of litigation expenses, comments were made that it was acknowledged that litigation expenditures could not be reduced given the ongoing litigation. This does not mean that there was agreement by the Stadium Manager, rather just that there was an acknowledgement of

these expenditures and therefore it is recommended that they be maintained at current reflected amounts in the G&A budget.

Because of the Stadium Manager's role of submitting the budget to the Trust, staff recommends that the Board direct the Stadium Manager to include \$5.12 million of SCSA G&A in the budget submitted to the Trust.

Levi's Stadium Signage: The Stadium Authority and the Stadium Manager have agreed to continue discussions regarding the Naming Rights Signage Project and to bring back a proposal for the Board to consider later, if necessary.

Key Highlights for the Stadium Authority's FY 2021/22 Budget

The Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget is being presented under unusual circumstances. During FY 2019/20, the Stadium Authority Board issued several Notices of Breaches and Default of the Management Agreement which prompted issuing a Notice of Termination and Default of the Management Agreement to the Forty Niners. Regardless of how the termination issues are resolved, the Stadium Authority budget must include repayment of the debt, funding an operating budget and capital investment in the stadium. Work on the budget is not intended as a waiver or release of the termination notice or any Stadium Authority rights and claims.

- Operating Budget

Revenues

The FY 2021/22 projected revenues of \$65 million include \$24.8 million in facility rent, \$23.7 million in stadium builder license (SBL) revenue, \$8.7 million in NFL ticket surcharge, \$7.2 million in naming rights revenue, and \$600 thousand in other revenues.

Expenditures

The proposed Operating Budget totals \$64.7 million and includes the Stadium Authority's share of expenses covered under the Management Agreement in the amount of \$3.1 million. This amount is well below the submission from ManagementCo of \$11.3 million. On March 27, 2019, the Board 1) directed the Executive Director and Stadium Authority Counsel to make available for City record all contracts (copies of contracts that the Stadium Authority to the Stadium Manager and ticketed/non-ticketed non-NFL events) by April 12, 2019, 2) direct staff not to pay any additional invoices for services unless there is back up documentation of services rendered (contracts, invoices, bid documents, etc.) as well as being in compliance with State Law and City Code. Given that ManagementCo has not been able to comply with the Board direction by providing all required documents and complying with State Law and City Code, the recommended budget of \$3.1 million covers insurance costs only. It is anticipated that additional funding will be added as budget amendments during the year based on identified needs and actual activity, if proper backup documentation is received. There is \$8.1 million set aside in a Legal Contingency to cover these potential costs during the year. Staff recommends that the Board delegate authority to the Executive Director to approve budget amendments that move funds from the Legal Contingency to Shared Expenses after the review of adequate documentation for costs. If approved, reports on

fiscal activity would be disclosed in the quarterly financial reports issued by SCSA staff.

The budget also includes \$5.12 million for the Stadium Authority’s administrative oversight of the Stadium. The General and Administrative (G&A) portion of the budget reflects expenses considered to provide a base level of service to implement the Board’s direction and oversight of the Stadium per the various authoritative agreements. Since the inception of the Stadium, more staff resources have been required to respond to ongoing litigation with ManagementCo, to advance the Board’s directives, respond to public records requests, and provide the required general oversight, accounting, and efforts to mitigate undesirable impacts to neighborhoods resulting from events at the Stadium. The Stadium Manager is requesting a reduction to this budget; however, Measure J restricts the use of City funds to cover any Stadium related expenses; the Stadium Authority must cover all operating costs required to provide the required oversight. Because of the Stadium Manager’s role of submitting the budget to the Trust, staff recommends that the Board direct the Stadium Manager to include \$5.12 million of SCSA G&A in the budget submitted to the Trust.

The budget also includes a Net Non-NFL loss of \$600 thousand for FY2021/22. This would be the third year in a row that Non-NFL events resulted in a loss. The first year of loss occurred in FY2019/20 totaling \$2.7 million. SCSA staff submitted questions to ManagementCo to address documentation on December 1, 2020 (Attachment 9). To date, SCSA has not received any answers. Staff recommends that the Board direct the Stadium Manager to respond to staff questions.

In addition, the proposed budget includes transfers out of \$41.3 million described below, \$3.4 million for SBL sales and services, \$1.6 million for utilities, \$425 thousand for ground rent to be paid to the City, \$232 thousand in Senior and Youth Fees paid to the City, and \$752 thousand in other costs.

The total transfer out of \$41.3 million includes a \$3.7 million transfer to the Capital Fund for future Stadium capital improvements and a \$37.6 million transfer to the Debt Service Fund.

- **Debt Service Budget**

The proposed FY 2021/22 Debt Service Budget of \$38 million (principal of \$24.9 million and interest of \$13.1 million) is based on the required debt service payments and anticipated excess cash that can be used towards debt. Total outstanding debt is projected to decrease by \$28.2 million from \$294.6 million to \$270.9 million.

- **Capital Budget**

The table below summarizes the FY 2021/22 Capital Budget.

Expense Type	Proposed Budget (\$ millions)
New Capital Improvement Appropriations	\$3.4
Stadium Warranty Related Construction Carry Forward	\$1.5
Prior Year Appropriations Carryover to FY 2021/22	\$9.7

Total Capital Budget	\$14.6
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Given the fact that almost no capital projects were completed by ManagementCo, there is serious and valid concern whether ManagementCo is able to complete the projects included in this budget. For the past two years, the Stadium Authority has raised this issue with ManagementCo to ensure the Stadium Authority's asset is maintained in a sufficient manner and requested a procurement plan; however, the Stadium Manager has not been able to submit a procurement plan to demonstrate proper standard of care of the Stadium and complete projects funded by the SCSA. While the Capital Expenses are reflected in the budget, it's recommended that the Board direct the Stadium Manager to present to the Board a procurement plan/schedule that demonstrates the ability to manage the Stadium with the proper standard of care and that addresses the highest priority projects while balancing the potential need for City resources. Such plan should include a schedule for procurement and estimated time of presenting to the Board action to approve the procurements. While this presented a significant increase in workload for Stadium Authority staff, it is prudent given the multiple discoveries of the ManagementCo's flawed procurement practices. This proposed recommendation serves many needed purposes: (1) standard of care is being maintained, (2) procurements are complaint with all local and state laws, (3) accountability to the SCSA Board of the approved CapEx budget, (4) SCSA agenda and workload management, given that meeting duration has been longer than usual and the ability for the Board to pace its work. After three years of non-performance with CapEx budgeted project, accountability of implementing the CapEx budgeted projects should be managed directly by the Board.

It should be noted, the Capital Expense budget does not include the Levi's Naming Rights Signage Replacement Project totaling \$945,000 which includes a 5% contingency, as recommended by the Stadium Manager. The Naming Rights Agreement Section 5(f) states, "Naming Rights Sponsor shall be entitled, at its sole cost and expense, to replace, update, change, refresh or refurbish any such initial signage at any time and from time to time...". Based on this language, it is the Stadium Authority's position that the full signage replacement is the responsibility of the Naming Rights Sponsor and any effort to fund the replacement for the sponsors constitutes a gift of public funds. As already mentioned in this report, further discussion is required.

FY 2021/22 SOMP

In addition to the Annual Shared Stadium Expense Budget, the Annual Public Safety Budget, the Capital Expense Plan, and the Marketing Plan, the SOMP contains a plan for the operation and maintenance of Levi's Stadium. The Stadium Lease and Management Agreement requires the Stadium Manager to prepare the SOMP and present it annually to the Stadium Authority and StadCo for consideration and approval. Stadium Authority staff reviewed the SOMP and shared comments and proposed changes during the budget process, which the Stadium Manager responded to. However, at the time of writing this report, the Stadium Manager has not provided a final copy of the SOMP. Staff will review the final SOMP after it is received and approve it administratively if it sufficiently addresses the Stadium Authority's previous comments and proposed changes. The SOMP document does not require Board approval.

2021 Marketing Plan

The Draft 2021 Marketing Plan was discussed by the Board at a continued Study Session on March 10, 2021. A member of the Board expressed interest in having an independent third-party review and assess the Marketing Plan to ensure a turnaround strategy that would result in generating revenue

for the Stadium Authority. The Board directed staff to ask the Stadium Manager if they would be interested in this option along with several other questions about the Marketing Plan. Stadium Authority staff transmitted the Board's questions to the Stadium Manager regarding the Marketing Plan as detailed in Attachment 8. Given the issues raised with the draft Marketing Plan, SCSA staff continue to recommend no action on the Marketing Plan.

Additional Detail on Stadium Manager Responses Received after Study Session

As detailed in Attachment 7, the Stadium Manager provided additional information in response to questions from the Stadium Authority. The following bullets summarize the continued questions and/or detail requested and the Stadium Manager response:

- Shared Expenses Forecast for FY 2020/21 - Stadium Authority questioned the difference in projections by category provided to Finance staff compared to what was submitted in the Stadium Manager proposed budget. Stadium Authority staff believe that the Stadium Manager projections in the budget reflect the latest savings. SCSA staff continue to be concerned about receiving conflicting data for information provided from the Stadium Manager. As part of the year-end process, staff will review actual Shared Expenses charged by category.
- Shared Expenses Review Process - The current process of reviewing information in person months after the end of the fiscal year is inefficient. The Stadium Manager provided no response. As noted above, as part of the Meet and Confer meeting with the Stadium Manager, the Treasurer provided a suggestion regarding the review of information on a monthly basis. The Stadium Manager responded that they would discuss this further internally and get back to the Stadium Authority.
- Procurement Compliance - The Stadium Authority has requested multiple times the plan for compliance for procurement, including prevailing wage requirements. The Stadium Authority has provided templates, sample contracts, sample RFPs, procurement resources, and met several times on procurement. The Stadium Manager acknowledges the need to comply, however, has not provided any detailed plan or timeline that would inform the Stadium Authority regarding resources that would be necessary to support this effort.
- Vaccine Response - The Stadium Authority is concerned regarding the validation of these additional costs and ensuring they are correctly allocated. We have received in writing from the Stadium Manager that these costs will be funded by the NFL. We will review these Shared Expenses as part of the annual year-end process to make sure that no costs were assigned to the SCSA.
- SCSA G&A - The G&A portion of the budget reflects expenses considered to provide a base level of service to implement the Board's direction and oversight of the Stadium per the various authoritative agreements. Over the last year, the Stadium Authority has left two needed positions intentionally vacant to reduce costs, while these positions are needed for the increasing workload, existing staff have had to absorb the workload to reduce costs.
- Insurance Expenses - The Stadium Authority is concerned that the insurance costs billed by the Stadium Manager may be higher than actual costs. In previous meetings, Stadium

Manager stated that over time the SCSA would receive the benefit of overpayment if insurances costs increased. However, SCSA has never received a reconciliation from the Stadium Manager to understand amount of overpayment and on reserve to cover years when insurance costs are greater than the amount paid by the SCSA. Accordingly, the Stadium Authority has recently requested a reconciliation from the Stadium Manager. but this has not been provided.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” within the meaning of the California Environment Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

FISCAL IMPACT

The proposed SCSA FY 2021/22 Budget includes \$65 million for Operating (includes \$41.3 million in transfers-out to Debt Service and Capital); \$38 for Debt Service (includes \$400 thousand funded by the Community Facilities District); and \$14.6 million for Capital (includes a \$9.7 million carryover from the prior year).

COORDINATION

This report has been coordinated with the Stadium Authority Counsel’s Office.

PUBLIC CONTACT

On March 11, 2020 a notice of the public hearing was published in the Santa Clara Weekly.

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

ALTERNATIVES

1. Adopt the Santa Clara Stadium Authority Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget
2. Direct the Stadium Manager to provide a procurement plan and schedule of all the required repairs at the Stadium
3. Direct the Stadium Manager to submit the budget to the Trust that is inclusive of the SCSA G&A budget of \$5.1 million
4. Direct the Stadium Manager to respond to the questions outlined in the December 1, 2020 letter from Kenn Lee
5. Delegate authority to the Executive Director to approve budget amendments that move funds from the Legal Contingency to Shared Expenses after the review of adequate documentation for costs
6. Take No Action on the 2021 Marketing Plan
7. If the Board wants to pursue an independent third-party consultant to review and assess the Non-NFL Events Marketing Plan, delegate authority to the Executive Director to conduct a competitive Request for Proposal, enter into an agreement for such services, and approve any budget

amendments associated with this action. Staff will report on all actions related to this recommendation to the Board on a quarterly basis, as part of the quarterly financial report

8. Take any other Action the Board deems appropriate

RECOMMENDATION

Staff recommends Alternatives 1, 2, 3, 4, 5, 6, and 7:

1. Adopt the Santa Clara Stadium Authority Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget
2. Direct the Stadium Manager to provide a procurement plan and schedule of all the required repairs at the Stadium
3. Direct the Stadium Manager to submit the budget to the Trust that is inclusive of the SCSA G&A budget of \$5.1 million
4. Direct the Stadium Manager to respond to the questions outlined in the December 1, 2020 letter from Kenn Lee
5. Delegate authority to the Executive Director to approve budget amendments that move funds from the Legal Contingency to Shared Expenses after the review of adequate documentation for costs
6. Take No Action on the 2021 Marketing Plan
7. If the Board wants to pursue an independent third-party consultant to review and assess the Non-NFL Events Marketing Plan, delegate authority to the Executive Director to conduct a competitive Request for Proposal, enter into an agreement for such services, and approve any budget amendments associated with this action. Staff will report on all actions related to this recommendation to the Board on a quarterly basis, as part of the quarterly financial report.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. Proposed Santa Clara Stadium Authority Fiscal Year 2021-22 Operating, Debt Service, and Capital Budget
2. March 9, 2021 Agenda Report 21-401 Proposed Santa Clara Stadium Authority Fiscal Year 2021-22 Operating, Debt Service, and Capital Budget and Staff Presentation
3. March 9, 2021 Agenda Report 21-405 Draft 2021 Non-NFL Events Marketing Plan for Levi's Stadium and Staff Presentation
4. Annual Public Safety Budget
5. Stadium Authority Budget Policy
6. Stadium Authority Compliance and Management Policy
7. Stadium Authority Budget Submittal Questions and ManagementCo Responses to Questions
8. 2021 Marketing Plan Questions
9. December 1, 2020 Letter regarding FY2019/20 Non-NFL Event Documentation
10. Responses to SCSA Board Questions from March 9 and 10 Study Sessions

Santa Clara Stadium Authority

PROPOSED FISCAL YEAR 2021/22 OPERATING, DEBT SERVICE AND CAPITAL BUDGET



On June 8, 2010 the residents of Santa Clara voted to adopt Measure J, the Santa Clara Stadium Taxpayer Protection and Economic Progress Act, resulting in the approval to construct a new stadium to be leased by the San Francisco 49ers. Measure J called for the creation of the Santa Clara Stadium Authority (Stadium Authority) to own, develop, construct, operate, and maintain the Stadium. The Stadium Authority exists as a public body, separate and distinct from the City. The Stadium Authority is structured so that the City is not liable for the debts or obligations of the Stadium Authority.

This budget and additional financial information on the Stadium Authority can be found at: "[santaclaraca.gov/our-city/santa-clara-stadium-authority](https://www.santaclaraca.gov/our-city/santa-clara-stadium-authority)".

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Email: communications@santaclaraca.gov



NFC Championship Game: San Francisco 49ers vs Green Bay Packers
January 2020



Levi's Stadium

Santa Clara Stadium Authority

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March 23, 2021

Honorable Board Chair and Directors
SANTA CLARA STADIUM AUTHORITY

Subject: Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

Members of the Board,

As required in the Santa Clara Stadium Authority (“Stadium Authority”) Management Agreement, Section 4.6: Annual Operating Budget, I transmit the Proposed Fiscal Year (FY) 2021/22 Operating, Debt Service, and Capital Budget for the Stadium Authority. This budget provides the necessary funding to administer the duties of the Stadium Authority, including:

- Support for operating the Stadium for Non-NFL events through a management company
- Advancement of the FY 2021/22 Work Plan;
- Payment of debt service obligations; and,
- Maintenance of a five-year capital plan.

The Stadium Authority Board (“Board”) provides overall governance and oversight of this operational structure, with the use of Stadium Authority staff to support the Board’s efforts. Amongst other due diligence requirements to support these duties, the Board is also responsible for: setting policy; debt and fiscal management; ensuring implementation required to uphold core duties related to operations and capital projects; and oversight as necessary. While meeting the Stadium Authority’s requirements, this budget continues to advance strategic initiatives necessary to ensure that the Board is responsive to various stakeholders and constituencies participating in advancing Levi’s® Stadium’s purpose (e.g., residents, businesses, national and regional clients, and various other interested parties).

CONTEXT FOR PROPOSED BUDGET

The Proposed FY 2021/22 Operating, Debt Service, and Capital Budget is presented to the Board under difficult circumstances. The impacts from the COVID-19 pandemic continue to impact the Stadium Authority, suspending attendance at all events and impacting revenues to the Stadium Authority. Despite these challenges, the Stadium Authority continues fiscal prudence to ensure our

HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY

Subject: Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

March 23, 2021

debt obligations are made, strong reserves are maintained, and the stadium is positioned well when recovery from the pandemic begins.

This budget is also presented in the context of ongoing litigation with ManagementCo. During FY 2019/20, the Stadium Authority issued to ManagementCo several Notices of Breaches and Default of the Management Agreement that ultimately resulted in issuing a Notice of Termination of the Management Agreement. In recognition of the fact that until these matters are resolved, the Stadium Authority budget must include repayment of debt, funding of some type for an operating budget, and capital investment in the stadium asset. Submission of this year's budget to the Board for adoption is not intended as an indication of a change in its position that the Management Agreement with ManagementCo must be terminated.

The Stadium Manager has also continued to issue itself unauthorized loans on the Stadium Authority's behalf to pay itself public funds.¹ This practice has been in response to the Board's conditioning of payment of operating expenses based on the Stadium Manager substantiating the propriety of the expenditure. At the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to legal agreements and State and local laws. Outside of that conditioning of payment, the Stadium Authority continues to pay for expenses that are appropriate: utilities, insurance and costs associated with SBL sales and services.²

Likewise, the Budget is also presented with CapEx budget proposals included by both the Stadium Authority and Stadium Manager; however, with two fiscal years of budgeted projects that have not been implemented. Stadium Manager's inability to complete their budgeted capital projects calls into question whether the Stadium is being maintained properly and strongly demonstrates the Stadium Manager's lack of ability to implement public works projects in accord with public bidding requirements and prevailing wage regulations. We have been made aware that there were prevailing wage violations with workers from contracts procured by the Stadium Manager that were not paid at the rate required by State law. Because of the Stadium Manager's failure to follow through with its commitment to remedy other contracts issued since the original construction of the Stadium we have been unable to confirm whether other workers may not have been paid in accordance with State prevailing wage law. As we enter the third year without transparency into which capital projects are being implemented, the Stadium Authority requested a procurement plan from the Stadium Manager to transmit to the Board, as Stadium Authority staff has asked for years now. Unfortunately, the Stadium Manager has not shared its capital projects implementation plan/schedule to the Stadium Authority for three years. Corrective action on compliance with state laws should not take this long to implement and continues to pose risk to the Stadium Authority. Accordingly, a changed approach for

¹ CFO Scott Sabatino has issued various unauthorized revolving loan funds on behalf of the Stadium Authority, although his role and position are not reflected in the proposed Shared Expenses.

² Stadium Authority is currently budgeting for Owners' Club buffet costs, but any payment is caveated with the need for the Stadium Manager to prove that the expenses were actually due.



HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY

Subject: Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

March 23, 2021

CapEx expenditures is proposed in this budget. Below is data relative to the CapEx budget for the Stadium Manager and the actual dollars expended, which demonstrate that there is valid concern for the Stadium’s upkeep and surfaces questions whether the Stadium Manager can implement the CapEx budget as requested:

Fiscal Year	CapEx Budget for Stadium Manager Projects and Projects Managed by Stadium Manager	CapEx Dollars Expended by Stadium Manager
FY 2018/19	\$6.3M	\$1.4M (22% spend rate)
FY 2019/20	\$12.5M	\$254,753 (2% spend rate)
FY 2020/21 (to date)	\$8.9M	\$289,034 (3% projected)

The Stadium Authority, a public entity, owns Levi’s® Stadium and contracts with ManagementCo for promotion of Non-NFL events and facility operations and maintenance. This operational structure is implemented by using a variety of ManagementCo staff, vendors, and public service employees through reimbursement procedures as outlined in the Management Agreement. Through the Management Agreement, ManagementCo is held to a Standard of Care as outlined in Section 2.9 of the Management Agreement, which states:

2.9 Standard of Care. Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition³ and operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) maximize Operating Revenues.

This Proposed FY 2021/22 Operating, Debt Service, and Capital Budget is presented to the Board within the context of a management company that has not exercised the required standard of care or exercised commercially reasonable good faith efforts in managing and operating the Stadium. For example, ManagementCo continues to disregard the maintenance and capital projects at the Stadium, only completing emergency repairs in FY 2020/21. Additionally, in comparison to the Convention Center, Spectra reduced staffing from over 45 positions to two positions, ManagementCo has not been transparent detailing expenditures reductions that occurred during the COVID-19 pandemic while the Stadium remains void of events (see table below). Last, ManagementCo continues to lose money in its management of Non-NFL events; the loss in FY 2019/20 totaled \$2.7 million and another \$600 thousand loss is expected in FY 2020/21. This level of performance continues to be cause for concern, especially when evaluated against the proposed Marketing Plan.

³ As defined by the Amended and Restated Stadium Lease, the Stadium Operations and Maintenance Plan shall establish procedures and policies for operating and maintaining the Stadium Complex in accordance with good, sound and prudent engineering practices, taking into account the age and the useful life of the Stadium, and the requirements of any Permitted Landlord Financing.



HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY

Subject: Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

March 23, 2021

ManagementCo has not demonstrated compliance with the Standard of Care provision along with other requirements, state and local laws, and policies.

FY2020/21 Forecast - Stadium Manager Expenses

Expense Type	ManCo Submitted Budget⁽¹⁾	Forecast	Reduction	% Reduction
Security ⁽¹⁾	\$ 1,438,159	\$ 1,302,800	\$ 135,359	9%
Stadium Ops ⁽¹⁾	4,462,496	2,713,025	1,749,471	39%
Engineering ⁽¹⁾	1,977,119	1,984,300	(7,181)	0%
Guest Services ⁽¹⁾	705,982	356,850	349,132	49%
Grounds ⁽¹⁾	409,022	193,000	216,022	53%
Total	\$ 8,992,778	\$ 6,549,975	\$ 2,442,803	27%

⁽¹⁾The Shared Stadium Manager Expenses have been broken out to reflect ManCo's submission. These costs are included in the SCSA budget under Legal Contingency.

The above table reflects a forecast received by SCSA on February 19, 2021. SCSA had previously received a forecast in December that reflected the same bottom line of \$6.5 million. SCSA has also tracked the invoices received to date that correspond to the December forecast. It's important to note that SCSA has compared the December forecast to the February forecast and has found that while the bottom line remains at an estimated \$6.5 million in both forecasts received the amounts in each category have fluctuated. It's typical for forecasts to fluctuate, however, the bottom line usually fluctuates as well. In this case, the category forecasts fluctuate, but the bottom line remains stagnant. It remains unclear the decisions made by the Stadium Manager to expend \$6.5 million within the context of COVID and whether they were fiscally prudent within the context of no activity taking place at the Stadium.

Fiscal Year 2021/22 will mark the eighth year of stadium management by ManagementCo. ManagementCo was awarded a no-bid contract to manage Stadium Operations on behalf of both the Stadium Authority and the 49ers. In that contract, the Stadium Manager represented that it had strong public assembly/facility market experience in the management of a stadium and Non-NFL Event marketing to maintain our world-class facility and maximize revenues to the City. Through the Stadium Authority's oversight, expanded public transparency and reporting, and efforts to ensure compliance with Agreements in place, it is now clearer that the ManagementCo has not generated revenue through non-NFL events, cannot properly maintain the Stadium, and/or comply with state and local laws. Through the close out of FY 2018/19 and 2019/20, it was determined that there were fewer and fewer revenue-generating events overall and, particularly, continued booking of significant money losing events, combined with dramatically escalating operational costs, resulted in no performance rent being generated for the City. Below are tables reflecting the ticketed events over the last two years and associated revenue and expenses that detail the money losing events that were continued to be scheduled by the Stadium Manager.



HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY

Subject: Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

March 23, 2021

**FY2018/19 Ticketed Non-NFL Events
Revenue and Expenditure Summary**

In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.4	\$ 1.6	\$ (0.2)
Taylor Swift Tour Day 1	5.1	6.9	(1.8)
Taylor Swift Tour Day 2	10.5	7.8	2.7
Stadium Links	0.1	0.0	0.1
Manchester United vs Earthquakes	1.6	1.9	(0.3)
ICC: Barcelona vs AC Milan	4.4	4.0	0.4
High School Football Series	0.1	0.1	0.0
Jay-Z/Beyonce	8.4	7.9	0.5
SJSU vs Army	0.2	0.4	(0.2)
Pac-12	1.3	4.0	(2.7)
Redbox Bowl	4.6	5.2	(0.6)
Mexico vs Paraguay	3.6	4.1	(0.5)
Total Ticketed Non-NFL Net Revenue	\$ 41.3	\$ 43.9	\$ (2.6)

*Numbers may vary due to rounding

**FY2019/20 Ticketed Non-NFL Events
Revenue and Expenditure Summary**

In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
ICC: Chivas vs Benfica	1.2	1.5	(0.3)
Rolling Stones: No Filter Tour	11.4	10.5	0.9
High School Football Series	0.1	0.1	0.0
Pac-12 Championship	3.1	5.7	(2.6)
Redbox Bowl	4.6	5.2	(0.6)
Total Ticketed Non-NFL Net Revenue to date	\$ 22.3	\$ 25.1	\$ (2.8)

*Numbers may vary due to rounding

Additionally, this budget is proposed at a time when the Levi's Stadium is being used as a vaccine site. The exact cost implications for this commitment are unknown because ManagementCo has not been transparent with the Stadium Authority. Given that ManagementCo has committed the facility for at least three months of the next fiscal year (25% minimum), it remains unknown what additional



HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY

Subject: Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

March 23, 2021

fiscal impacts the Stadium Authority Board should plan for regarding expenditures in Shared Expenses in support of this NFL event. ManagementCo is required to pay the full cost of the utilities for NFL events and other expenses associated with the event. Accordingly, there should also be a substantial reduction in the Shared Expense budget for staff costs and outside contractors who are providing services in support of the Vaccination Site agreement with the County. The Stadium Manager has not provided a detailed breakdown of how they propose to allocate the costs.

The Board calls for a new third-party management to take over operations and management of Levi's Stadium for both the NFL and Non-NFL season. The ManagementCo filed a lawsuit to dispute the termination; the termination date remains subject to litigation and remains uncertain. As a result, the ManagementCo will continue to operate the stadium until these issues are resolved in court. In addition, the Stadium Authority's work with the ManagementCo on the budget and fiscal processes do not constitute a waiver or release of the termination notice, or any Stadium Authority rights and claims

PROPOSED BUDGET IN BRIEF

The Proposed Budget is presented on an accrual basis which provides increased transparency for projected revenues and expenses, with added detail about financial transfers. For the first time, the Stadium Authority Budget implements a budgetary display of financial statements that incorporates budget practices that includes Beginning and Ending Fund Balances. This enhances fiscal transparency with respect to the Stadium Authority's reserves and unspent funds.

The total Stadium Authority Operating Budget for FY 2021/22 is \$65 million and represents a decrease of \$3.2 million, or 4.6%, compared to the prior fiscal year. To note, this figure does not include the gross revenues or expenditures that are generated from Non-NFL Events.

A summary of key changes and assumptions for the Proposed Budget include:

- Proposed Capital Expenditures totaling \$14.6 million including general building, security, furnishings and equipment, and public safety investments.
- Adjustments to the General and Administrative Budget funding 6.7 full-time equivalent positions totaling \$1.8 million. We believe this to be a baseline level of support necessary for Stadium Authority operations.
- Deletion of one Deputy City Manager.
- With the above deletion, addition of one new position totaling \$195,000 (Management Analyst) to support SBL, litigation support, public records requests, financial management system implementation support, and contract/procurement activities.
- Net Non-NFL Events revenue loss of \$600 thousand for the current year and FY 2021/22. This level of performance continues to be cause for concern.
- Total estimated Debt Service expenses of \$38 million including debt related to the CFD (\$500 thousand) and Subordinate Loan (\$12 million) and Term A Loan (\$25.5 million).



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METHODOLOGY

Information provided in this report was based in part on documentation submitted by ManagementCo on January 29, 2021. Per Section 4.6 of the Management Agreement, ManagementCo is required to submit a budget 45 days prior to the start of the fiscal year. Additional detail and explanations pertaining to requests submitted by ManagementCo were received February 19, 2021 and have been incorporated into this Proposed Budget.

KEY ISSUES IN THE PROPOSED BUDGET

There are several key issues to surface as part of the discussion for the Proposed FY 2021/22 Operating, Debt Service, and Capital Budget: Stadium Authority Financial Management System, Naming Rights Agreement, Performance Rent, General and Administrative Expenses, Debt Service Payments, Capital Expense Budget, and Marketing Plan.

COVID-19 Pandemic Impacts – The global pandemic quickly impacted events here at home with no events with attendance in FY 2020/21 and limited events expected at the start of FY 2021/22. As a result of the pandemic, cancellation of all Non-NFL Events from March 2020 and NFL preseason events later in the fiscal year had a severe impact to the Stadium Authority. With the start of the NFL season with no fans in attendance, and the scheduling of three NFL games in Arizona due to County restrictions, FY 2020/21 ended the year with no paying ticketholders in the stadium. As part of the regional effort to roll out vaccines, Levi’s Stadium has been selected as one of the largest vaccine distribution sites by the NFL. We expect the vaccine roll out to continue into at least the first quarter of FY 2021/22. As the vaccine roll out accelerates, there is hope that ticketholders will be allowed in the Stadium later this year.

Assumptions reflected in this budget include full attendance at NFL events, as assumed and submitted by the Stadium Manager. We will continue to monitor and develop contingency plans to offset revenue impacts should a reduced level or continuation of no fans due to the pandemic occur. We have also requested that the Stadium Manager submit alternative revenue and expenditure scenarios in the event of a slower vaccine roll out. Because of the restrictions on attendance, the Stadium Authority was forced to scan and review hard copy SBL agreements provided by the Stadium Manager in order to defend against pending class action litigation by certain SBL holders.

Termination of Stadium Management Agreement – On February 11, 2020, the Board authorized the termination of the stadium management agreement with the Forty Niners Stadium Management Company LLC (ManagementCo) in its entirety. The Board’s authorization to terminate the agreement is based on (1) Stadium Manager’s fraud, intentional misrepresentation, and material omissions of facts in connection with the Management Agreement; (2) Stadium Manager’s misappropriations and self-dealing; and (3) Stadium Manager’s willful misconduct that resulted in two Events of Defaults, which Stadium Manager failed to cure. The Stadium Authority’s work with the ManagementCo on the budget and fiscal processes do not constitute a waiver or release of the termination notice, or any Stadium Authority rights and claims.



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It is important to note that since this was a sole source/no bid contract award, there has never been any comparison of the operation and management budget with other stadium managers to determine if ManagementCo's budgets are commercially reasonable. In other words, the Shared Expenses have never been validated against the market rate to determine whether the Stadium Authority is getting the best value for the Management Agreement costs that it pays to ManagementCo for its services and its results. In addition, because Stadium Manager has refused to allow a transparent examination of its records, staff has been unable to verify if shared expenses are being double charged as event expenses.

Performance Rent and Continued Decline in General Fund Revenue - As stated previously, Net Non-NFL Event Revenue directly impacts the amount of Performance Rent that is an expense to the Stadium Authority and paid to the City of Santa Clara. Performance Rent is calculated using 50% of the Net Non-NFL Event Revenue minus performance-based credits (see Page 32) for more detail on Performance Rent). In the budget submittal provided by ManagementCo, the Net Non-NFL Event Revenue projected a loss of \$600 thousand for FY 2020/21 and projected a loss of \$600 thousand to break even for FY 2021/22. For purposes of this budget, a loss of \$600 thousand is assumed in each fiscal year. It should be noted that details regarding the gross revenue or expenditures, or the types and number of events were not provided.

Performance Rent Calculation	Fiscal Year 2020/21 Projection	Fiscal Year 2021/22 Budget
Ground Rent	\$ 390,000	\$ 425,000
Net Non-NFL Event Revenue (Expense)	\$ (600,000)	\$ (600,000)
50% of Net Non-NFL Event Revenue (Expense)	\$ (300,000)	\$ (300,000)
Performance Rent Credit (50% of Ground Rent)	\$ (195,000)	\$ (212,500)
Total Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

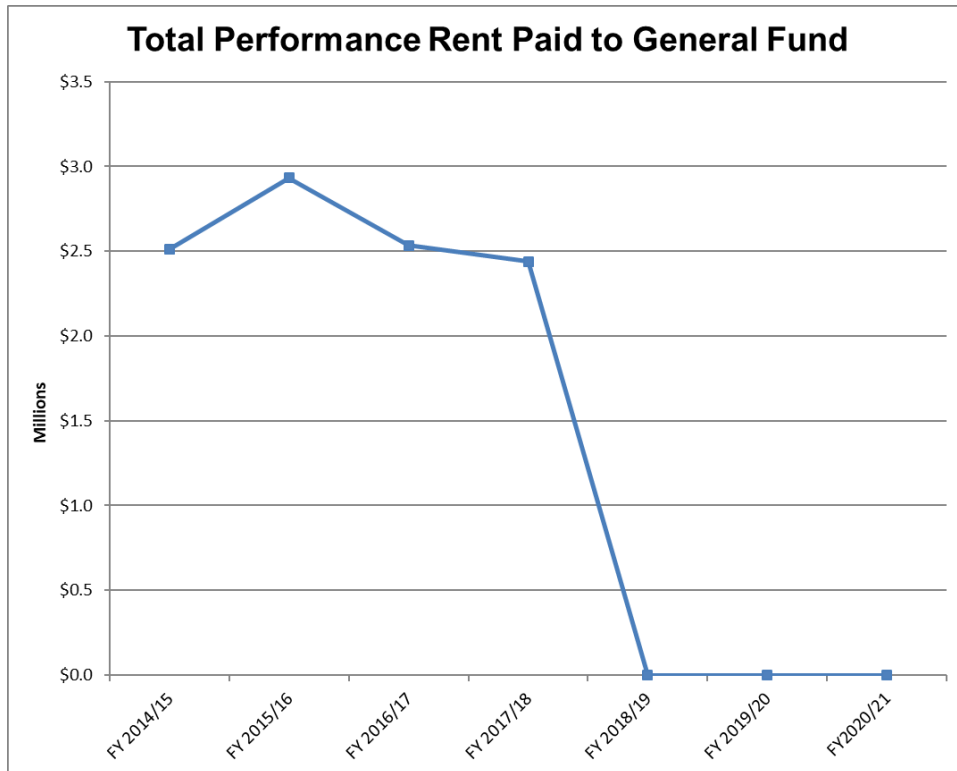
The two years shown in the table above project that no revenue will be paid to the City of Santa Clara for performance rent in FY 2020/21 and FY 2021/22. This performance continues to be of concern as a result of demonstrated mismanagement by the Stadium Manager and lack of corrective action. For reference, the chart below shows the performance rent revenue generated by the Stadium Authority in past years:



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Naming Rights Agreement between Santa Clara Stadium Authority and Levi Strauss & Co. (“Naming Rights Agreement”) - It is important to note that the Naming Rights agreement with Levi’s® requires the Stadium Authority to hold at least 36 “Major Events” (with 25,000+ attendees) every three contract years. As of this report, the current number of Major Events held at Levi’s® Stadium was twelve (12) through the current three-year period. Based on these numbers, Levi’s® is expected to receive a credit totaling \$442,755 (\$15,000 multiplied by the difference between 36 and the actual number of events held during the three-year period then multiplied by an Annual Proportionate Increase). The Second Amendment to the Stadium Management Agreement states that ManagementCo would pay the Stadium Authority as liquidated damages the amount owed by the Stadium Authority to Levi’s®. ManagementCo has acknowledged responsibility for liquidated damages. During discussion between the Stadium Manager and Levi’s®, it was determined based on the contract language that the first contract year began March 1, 2015. The Stadium Authority had been tracking events for Naming Rights purposes beginning March 1, 2014, however, after review of the contract is in agreement that the initial year began March 1, 2015 and has updated the below table to reflect this change.

Naming Rights Agreement Three-Year Periods	Number of Major Events
March 1, 2015 to February 28, 2018	40
March 1, 2018 to February 28, 2021	12



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Stadium Authority Financial/Accounting Management System – The Management Agreement establishes several requirements for the accounting of Stadium Authority financial activity, such as:

- Pre-Opening Obligations (Management Agreement 2.4):
 - 2.4.7 **Establish charts of accounts and accounting policies**, procedures and systems, including policies, procedures and systems for payroll processing, accounts payable, accounts receivable, depository accounts, box office and reporting functions;
 - 2.4.8 Design, establish and **maintain effective internal accounting controls with respect to compliance with Applicable Laws**, this Agreement and contracts pertaining to the Stadium, in such a manner as to **minimize the risk of noncompliance and to provide for the detection of any noncompliance within a timely period** by the Stadium Manager's employees in the normal course of performing their assigned functions;
- The Stadium Manager shall maintain complete and accurate books and records relating to the Net Income from Non-NFL Events, in accordance with generally accepted accounting and management practices, consistently applied. **The Stadium Manager shall maintain complete and accurate books and records relating to the operations of the Stadium and its services provided hereunder**, including all Stadium Authority Revenue, Shared Stadium Expenses, Stadium Authority Expenses, Net Income from Non-NFL Events, the cost of Capital Repairs, distributions to and from the Operating Expense Reserve and Stadium Capital Expenditure Reserve, any additional information required to prepare the Annual Statement of Stadium Operations and, to the extent so directed by either StadCo or the Stadium Authority, StadCo Operating Expenses and Stadium Authority Operating Expenses, respectively (collectively, "Stadium Records"). (Management Agreement 4.1)
- The **Stadium Manager shall use reasonable efforts to maintain separate records for the Tenant Season and the Stadium Authority Season and for NFL Events and Non-NFL Events**, in order to effectively protect the confidentiality of records relating solely StadCo. (First Amendment to Management Agreement 7).

Despite the requirements of the Management Agreement, ManagementCo has refused to give the Stadium Authority all its documents related to Non-NFL events. On March 1, 2019, ManagementCo and Stadium Authority staff discussed the opportunity to establish a stand-alone Stadium Authority financial/accounting management system. Over the past years, ManagementCo has commingled its portion of the revenues and expenses of the Stadium Authority into its San Francisco 49ers financial system, such that they now claim that it would be extremely costly to fully produce the Stadium Authority's records. There has been dispute over possession of documents, access to financial information, and overall improved knowledge of the complete set of financial information pertaining to the Stadium Authority. As an example, Stadium Authority has asked Stadium Manager for supporting documentation and clarification to begin close out of FY 2019/2020 on December 1 and,



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as of late-February, has yet to receive response to our requests. Without transparency from the Stadium Manager, Stadium Authority cannot properly advise the Board with accurate information.

ManagementCo agreed to work with the Stadium Authority to establish a segregated financial management system for the Stadium Authority, where Stadium Authority staff has full access to the system, supporting documentation, and in real time (not at the end of the fiscal year or on other terms that require the Stadium Authority to always look backwards to understand financial activity). The system has been selected and project planning is underway. Funding for the system totaling \$283,500 is included in the budget through the Capital Expense budget, subject to subsequent court rulings on cost allocation.

It should be noted that through the initial setup of the fiscal systems during the pre-opening obligations (Section 2.4 of the Stadium Management Agreement), the SCSA paid costs for accounting staff through Stadium Manager Shared Expenses to set up the initial financial management system and procedures. The SCSA should not reimburse duplicative costs to implement a system due to the fact that the system was not in compliance with the agreements. However, the Stadium Manager has demanded the Stadium Authority pay for accounting costs associated with the new financial management system, not recognizing that public funds were expended in early years. In an effort to allow Stadium Manager to mitigate its damages based on its failure to create separate accounting systems, and in order for Stadium Manager to complete the Financial Management System, the Stadium Authority released payment of \$359,250.60 for Stadium Manager General and Administrative costs. **The Stadium Authority reserved all rights to recoup these funds and other costs based on Stadium Manager's breach, including any payments associated with the Financial Management System Implementation.**

General and Administrative Expenses - The General and Administrative (G&A) portion of the budget reflects expenses considered to provide a base level of service to implement the Board's direction and oversight of the Stadium per the various authoritative agreements. Since the inception of the Stadium, more staff resources have been required to respond to ongoing litigation with ManagementCo, to advance the Board's directives, respond to public records requests, and provide the required general oversight, accounting, and efforts to mitigate undesirable impacts to neighborhoods resulting from events at the Stadium. Stadium Authority staff recommends a G&A budget for FY 2021/22 totaling \$5.1 million, an increase of \$500 thousand from the prior fiscal year. The Stadium Authority G&A budget makes up a total 8% of the FY 2021/22 Proposed Stadium Authority Expense Budget of \$65 million.

When comparing to the prior budget, this increase is entirely due to the projected outside legal costs to defend the Stadium Authority from litigation currently in progress. The General and Administrative Expenses budget continues to include the funding of 6.7 full time equivalent positions. We believe it reflects a reasonable level of support for the Stadium Authority activities anticipated in the upcoming year. However, to the extent that workload required by ManagementCo is placed on Stadium Authority staff (e.g., capital projects, procurement support, corrective action, etc.), it is reasonable to require more resources to execute these unanticipated duties.



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Litigation Reserve/Revolving Fund Loan - Funding has been set aside in a Contingency Reserve for potential payments that may arise related to disputed Operating Expenses in FY 2019/20 and FY2020/21. Operating expenses payments were withheld based on Board direction for the conditioning of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to our agreements and State and local laws. Apart from that conditioning of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo instead has issued unauthorized loans and continue to pay itself public funds without demonstrating compliance with State and local laws. Estimated revolving credit loans total \$7.6 million for FY 2020/21 expenses and the Stadium Authority maintains its position that these draws were in violation of the provisions of the Revolving Loan Agreement and that use public funds in violation of public procurement regulations, prevailing wage violations, and prohibitions on self-dealing .

The FY 2021/22 proposed budget assumes that the same conditioning of payments will be in effect until ManagementCo presents the required supporting document for the expenses. The Stadium Authority will return to the Board with budget amendments provided that sufficient backup documentation is provided.

Debt Service Budget - The FY 2021/22 Debt Service Budget of \$38 million is based on the required and additional payments for principal of \$24.9 million and interest of \$13.1 million. The budget reflects a total decrease of \$23.7 million of outstanding debt from \$294.6 million to \$270.9 million.

Capital Expense Budget - The FY 2021/22 Capital Expense ("CapEx") Budget totals \$14.6 million, which includes \$11.2 million in carryover expenses from the prior year due to ManagementCo's inability to implement the CapEx budgeted projects (e.g., properly procure projects and issue contracts). This budget includes various security improvements, fencing on Tasman, furniture replacement and upgrades, and public safety equipment (a detailed list of CapEx projects begins on Page 47). Given the fact that almost no capital projects were completed by ManagementCo, there is serious concern where ManagementCo is unable to complete the projects included in this budget. For the past two years, we have raised this issue with ManagementCo to ensure the Stadium Authority asset is maintained in a sufficient manner and requested a procurement plan: however, there is valid concern that ManagementCo is unable to complete these duties given the record to date. While the Capital Expenses are reflected in the budget, it's recommended that the Board direct the Stadium Manager to present a procurement plan/schedule that demonstrates the ability to manage the Stadium with the proper standard of care and that addresses the highest priority projects while balancing the potential need for City resources. With the Board's revocation of delegated procurement Authority to the Stadium Manager, all projects would need to be presented to the Board for contract approval. While this presented a significant increase in workload for Stadium Authority



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staff, it is prudent given the multiple discoveries of the ManagementCo's flawed procurement practices.

It should be noted, the Capital Expense budget does not include the Levi's Naming Rights Signage Replacement Project totaling \$945,000 which includes a 5% contingency, as recommended by the Stadium Manager. The Naming Rights Agreement Section 5(f) states, "Naming Rights Sponsor shall be entitled, **at its sole cost and expense**, to replace, update, change, refresh or refurbish any such initial signage at any time and from time to time...". Based on this language, it is the Stadium Authority's position that the full signage replacement is the responsibility of the Naming Rights Sponsor and, as suggested by the ManagementCo, any effort to fund the replacement for the sponsors constitutes a gift of public funds.

Marketing Plan – The Stadium Management Agreement states that the Stadium Operation and Maintenance Plan (SOMP) shall include a Marketing Plan (4.10), and the Stadium Lease states that the SOMP shall be presented annually to the Stadium Authority for their consideration and approval (7.2). The draft Marketing Plan was submitted separately to the Board for review during the Study Session on March 9, 2021 where the Board provided feedback to this document. As a general concern, given the poor financial results over several fiscal years, the Marketing Plan makes no mention about ManagementCo's "turnaround" strategy to improve their performance, meet their Standard of Care requirements, and demonstrate their ability to profitably operate a public assembly facility.

Previous Board feedback, and ManagementCo's commitment, included the development of key performance indicators (KPIs) for the purpose of tracking marketing strategies and the outcomes achieved. The Board approved a recommendation to complete this work within 90 days and collect data. This has been omitted from the Marketing Plan for the past three years.

Last, the Board should consider whether it makes sense to approve a Marketing Plan as a whole when the Stadium Manager's own projections are to lose \$600 thousand for the Stadium Authority. Past years have demonstrated that the Stadium Manager underestimates their losses and the Board would be wise to conclude that this is likely an underestimated loss.

STATUS OF ONGOING WORKPLAN EFFORTS

On February 1-2, 2021, as part of the 2021 City Council Priority Setting Retreat, the Board reviewed and discussed updated workplan efforts currently underway. A status of some of these ongoing work efforts are summarized below. Some work efforts have been limited by COVID-19 as resources have been reprioritized to focus on mitigating the impacts of the pandemic.

- **Community Engagement** - (1) Conducted a robust Community Outreach and Engagement work plan in 2018 to obtain statistically valid data relative to public opinion on community impacts resulting from Levi's® Stadium and for future policy development. Specifically, the purpose of this work plan was to identify the community's perspectives on issues related to Levi's® Stadium such



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as noise, public safety, nuisances, parking, flyovers, crowd control, cleanliness, loitering, lighting, pyrotechnics/fireworks, performance curfew, and other items. There are efforts to update the Community Outreach and Engagement work plan and gather new feedback from the community. (2) Established a dedicated telephone number to receive input from residents and noise management process with the 49ers to address residential complaints regarding noise and music at the 49ers training facility.

- **Noise Monitoring** - Continued implementing the Noise Monitoring Program, which includes a web-based, publicly available, ongoing, real-time noise monitoring services in the areas surrounding the Stadium and training facility. See above activities relative to actions taken on noise management.
- **Stadium Authority Coordination** - Continued providing procurement oversight and assistance to ManagementCo with the goal of ensuring compliance with state and local laws related to prevailing wage, public works projects, and conflicts of interest, etc. Continued coordination with City departments to address key issues regarding fire violations, permitting, traffic, and public safety.
- **Transparency Efforts** - Began preparing minutes for every meeting with ManagementCo to provide additional transparency, with the referral for the Board to consider the same action for its private meetings with the ManagementCo/49ers as part of a discussion concerning calendaring rules. The Stadium Authority and ManagementCo meets on a monthly basis to discuss current and upcoming issues, events, and projects. Continue efforts to ensure transparency from ManagementCo and sharing of public records, such as establishing a shared financial management services and obtaining Stadium Builder Licenses from ManagementCo and initiating digitization and records repository integration projects.
- **Stadium Authority/Auditor's Workplan Updates**
 - Procured vendor to develop a shared financial management system with 49ers to ensure real-time access to financial records. Project is currently underway.
 - Completed initial analysis of Non-NFL events' revenues and expenses for the first three fiscal year. A report was issued in 2020.
 - An expanded analysis of Non-NFL events' revenues and expenses has been initiated by a forensic accountant. This report is expected in late 2021.
 - Review of College Football Playoff accounting is underway by a forensic accountant. This report is expected in 2021.
 - Annual Statement of Stadium Operations – Procurement of this audit is underway.
 - Review of past Construction Fund and Public Safety transactions and providing feedback on the allocation of staff charges is underway by a forensic accountant. This report is expected in 2021.
 - Maintain workload requirements with nine lawsuits.



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CONCLUSION

As with any budget, there are risks that we can factor into our projections and those that we cannot. For example, some of our revenue projections are more fiscally conservative than in previous years. In some instances, this was necessary due to factors that can easily not materialize and the need to plan accordingly. For example, the budget projects a loss of \$600 thousand for Net Non-NFL Event Revenue for FY 2020/21 and FY 2021/22. In addition, the COVID-19 pandemic makes it difficult to determine what types of events can take place at the Stadium and to what extent fans can attend. Additional information, as it becomes available to the impact of events will be communicated to the Board separately.

This budget outlines a work program and financial strategy to assist in meeting the guiding principles of the Stadium Authority, namely that no City of Santa Clara General Fund monies are to be used to fund Stadium costs, Board oversight of its property manager, and to ensure that the Stadium Authority and ManagementCo continue to be held accountable to the various agreements. Our commitment is to continue to look for improvements within the organization and to deliver the kind of results that the public expects. I look forward to presenting this budget at our upcoming sessions.

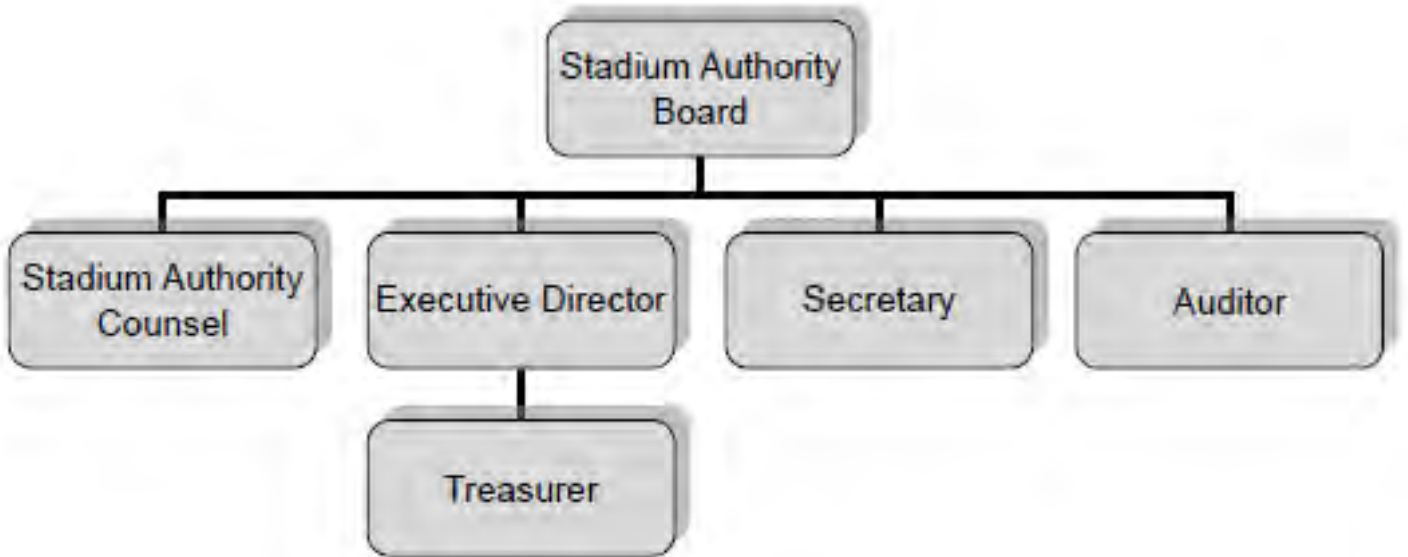
Respectfully Submitted,



Deanna J. Santana
Executive Director



ORGANIZATIONAL CHART



The seven elected members of the City Council serve as the governing Board of the Santa Clara Stadium Authority with the Mayor serving as Chairperson of the Authority.

In addition, City of Santa Clara staff serve as Officers of the Stadium Authority with the City Manager serving as the Executive Director.

GENERAL INFORMATION

This Santa Clara Stadium Authority (“Stadium Authority”) Budget Report provides information covering the Proposed FY 2021/22 Operating, Debt Service, and Capital Budget as well as comparative data from prior fiscal years. Estimated revenue and expense information (three quarters of actuals and one projected quarter) included in this report for the FY 2020/21 is unaudited and, therefore, subject to change as a result of the annual audit conducted by an external and independent auditing firm.

In addition to this report, the Stadium Authority produces annual financial statements within six months of the fiscal year-end (March 31st). These financial statements are audited by an external auditing firm and presented to the Stadium Authority’s Audit Committee and Board. Once presented to the Board, the financial statements are published on the Stadium Authority’s web page. The FY 2020/21 audited financial statements will be presented to the Board by the end of September 2021.

The Stadium Authority is structured so that the City of Santa Clara (“City”) is not liable for the debts or obligations of the Stadium Authority.

All services provided by the City to ManagementCo or the Stadium Authority are fully reimbursed. Types of services include the following:

- Administrative General Fund costs that are spent during operations are separately tracked using special account codes in the City’s financial system and all such costs are billed for reimbursement.
- General Fund public safety costs for NFL and Non-NFL events are separately tracked and all such costs are billed for reimbursement.

NFL EVENT HIGHLIGHTS - YEAR IN REVIEW

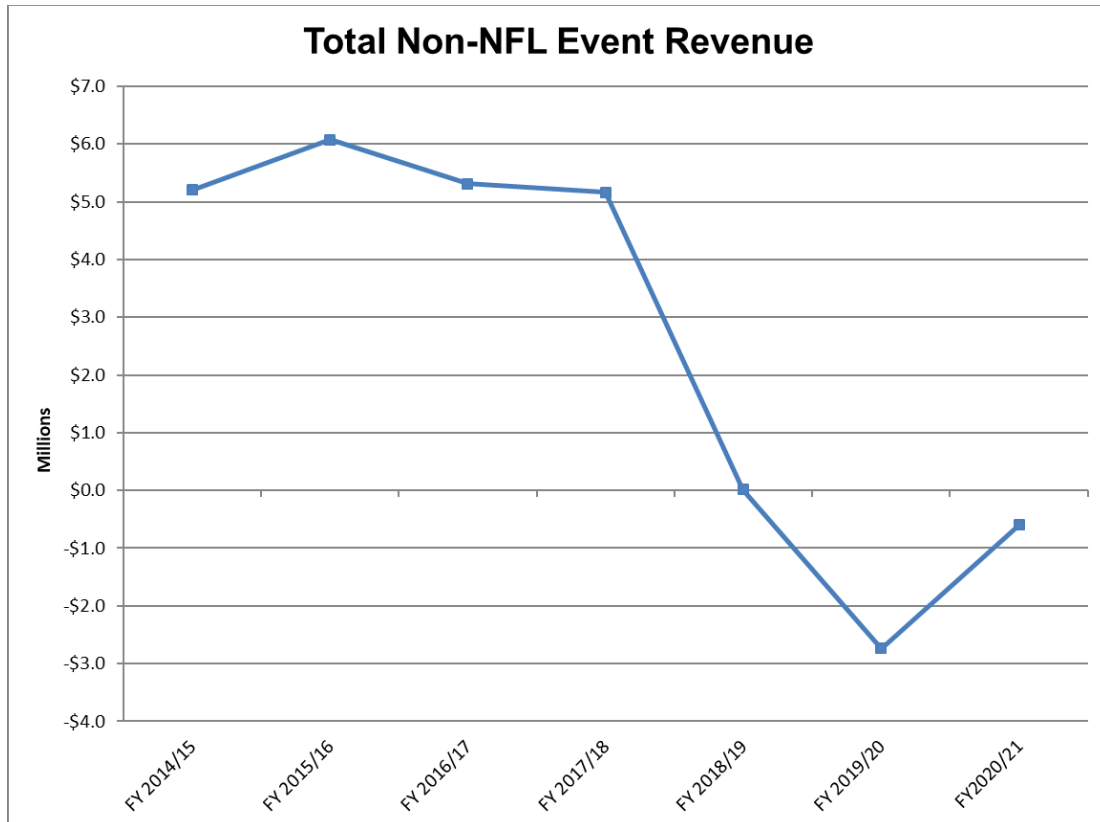
The San Francisco 49ers played eight (8) regular season National Football League (“NFL”) games in FY 2020/21. Due to the ongoing pandemic, five of the games were held at Levi’s® Stadium absent any fans, and three were held in Arizona due to health restrictions. There were no tickets sold for the home games and, therefore, no NFL ticket surcharge or Senior and Youth Program Fees. In a standard year, ticket sales result in about \$8 million of NFL ticket surcharge revenue to Stadium Authority (based on the 10% NFL ticket surcharge on each ticket sold) and about \$230,000 of Senior and Youth Program Fees (based on \$0.35 per NFL game ticket, with a maximum of \$250,000) are collected and forwarded to the City.

Operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City’s permitting process. If approved, per the City’s Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee was designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or Non-NFL public safety costs for a particular event held at Levi’s® Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City’s 2019/20 interactive fiscal year (July 1, 2019 through June 30, 2020) the offsite parking fee was \$5.85, and it increased to \$5.91 in the City’s 2020/21 fiscal year. There were no offsite parking fees collected in FY 2020/21.



NON-NFL EVENT HIGHLIGHTS - YEAR IN REVIEW

There were no Non-NFL events held at the Stadium in FY 2020/21 due to the cancellation or postponement of events due to the COVID-19 pandemic. Regardless of the pandemic, the Stadium Manager has failed to show improvement in booking of revenue generating events. As indicated in earlier sections of this report, net Non-NFL revenue has shown a drastic decline and is projected to show minor improvement (e.g., projected less loss). For reference, the chart below shows the net Non-NFL revenue generated by the Stadium Authority in past years:



STADIUM AUTHORITY OPERATING BUDGET

The FY 2021/22 Stadium Authority Budget covers the Stadium Authority's twelve-month fiscal year which runs April 1, 2021 through March 31, 2022.

Key highlights for the Stadium Authority's FY 2021/22 Operating Budget are as follows:

Revenues

- ◆ FY 2021/22 total projected revenues of \$65 million include \$24.8 million in facility rent, \$23.7 million in stadium builder license (SBL) revenue, \$8.7 million in NFL ticket surcharge, \$7.2 million in naming rights revenue, and \$600 thousand in other revenues.

Expenses

- ◆ The Operating Budget of \$64.7 million includes monies sufficient to reimburse the City for its staff support and payments for ground rent, and Senior/Youth fees. It also includes transfers out of \$41.3 million.

Fund	Transfers Out	Transfers In
Operating	\$ 41,262,000	-
Debt Service	-	\$ 37,572,000
CIP	-	3,690,000
Total	\$ 41,262,000	\$ 41,262,000

As shown in the table above, \$37.6 million will be transferred from the Operating Fund to the Debt Service Fund for principal and interest debt service payments. The remaining \$3.7 million will be transferred from the Operating Fund to the Capital Fund for Stadium capital improvements.

- ◆ Shared Stadium Expenses totals \$3.1 million for insurance. This budget assumes that the continuation of conditioning of payments that was instructed in FY 2019/20 will be in effect until ManagementCo presents the required supporting documentation for the expenses. The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.
- ◆ Stadium Authority General & Administration costs increased by \$500 thousand when compared to the prior year budget of \$4.6 million to \$5.1 million. These costs are described in detail on Page 29 of this report. These increases are needed for the following:
 - ◇ Added contractual services to assist with policy and/or legal services
 - ◇ Increase in the Audit line item to include targeted performance audits

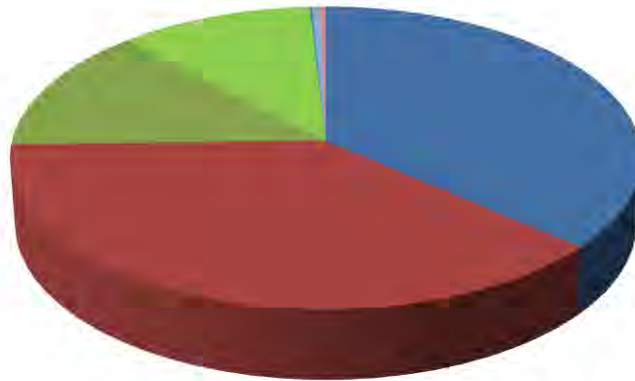
STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Reserves

- ◆ The Operating Reserve is projected to have a balance of \$10.2 million at the end of FY 2021/22 and the Discretionary Fund is projected to have a balance of \$2.2 million.
- ◆ Contingency Reserves totaling \$13.1 million as a result of the Stadium Manager's use of Revolving Loans. Cash proceeds are transferred to the Stadium Authority for Shared Expenses. As these payments are withheld, this reserve sets aside funds that would otherwise be used to pay operating expenses or reduce outstanding debt obligations.
- ◆ Excess Revenue Distribution Reserves of \$23.2 million in FY 2020/21 resulted due to the timing of payments from the closeout of FY 2019/20 activities.

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

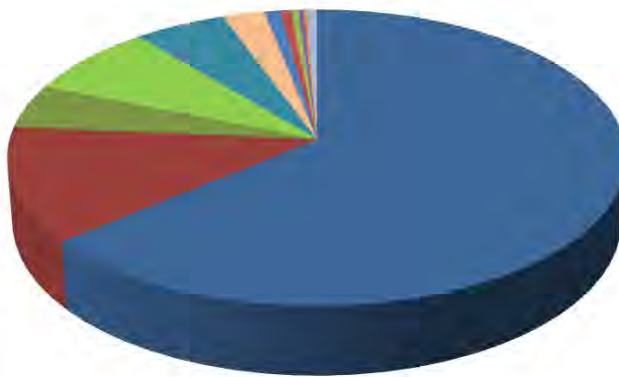
OPERATING REVENUES



\$65 Million

- SBL Proceeds - \$23.7M, 36.4%
- Rent - \$24.8M, 38.1%
- NFL Ticket Surcharge - \$8.7M, 13.4%
- Naming Rights - \$7.2M, 11.1%
- Non-NFL Event Ticket Surcharge - \$0.1M, 0.2%
- Interest - \$0.06M, .0009%
- Sponsorship Revenue (STR) - \$0.3M, 0.5%
- Senior & Youth Program Fees - \$0.2M, 0.3%

OPERATING EXPENSES



\$64.7 Million

- Transfers Out - \$41.3M, 63.8%
- Legal Contingency - \$8.1M
- Shared Stadium Manager Expenses - \$3.1M, 5.5%
- Stadium Authority General & Administrative - \$5.1M, 7.9%
- SBL Sales and Service - \$3.5M, 5.4%
- Utilities - \$1.6M, 2.5%
- Net Expense from Non-NFL Events - \$.6M, 0.9%
- Ground Rent (paid to City) - \$0.4M, 0.6%
- Discretionary Fund Expense - \$0.3M, 0.5%
- Senior & Youth Program Fees (paid to City) - \$0.2M, 0.3%
- Use of StadCo Tenant Improvements - \$0.02M, 0.03%
- Naming Rights - \$.01M, 0.2%
- Other Expenses - \$.4M, 0.6%

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Santa Clara Stadium Authority Operating Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
Beginning Fund Balance					
Operating Reserve	\$ -	\$ 11,255,088	\$ -	\$ 11,255,088	\$ 9,693,657
Discretionary Fund Reserve	-	1,960,102	-	2,327,850	2,327,850
Operations and Maintenance Reserve	-	2,782,752	-	995,380	-
Contingency Reserve (Shared Expenses)	-	-	-	6,300,653	13,089,463
Stadium Funding Trust Reserve	-	6,728,713	-	3,263,000	3,263,000
Excess Revenue Distribution Reserve	-	-	-	23,226,551	-
Total Beginning Fund Balance	\$ -	\$ 22,726,655	\$ -	\$ 47,368,522	\$ 28,373,970
Revenues					
NFL Ticket Surcharge	8,412,291	\$ 8,412,291	\$ 8,665,000	\$ -	\$ 8,665,000
SBL Proceeds	25,416,000	26,245,536	24,213,000	23,512,000	23,682,000
Interest	938,000	903,761	896,000	74,000	56,000
Non-NFL Event Revenue ⁽¹⁾	-	29,313,294	-	-	-
Net Revenues from Non-NFL Events ⁽⁵⁾	5,796,000	-	1,500,000	-	-
Naming Rights	6,754,000	6,754,047	6,957,000	6,957,000	7,165,000
Sponsorship Revenue (STR)	345,000	325,000	392,000	325,000	325,000
Rent	24,762,000	24,762,000	24,762,000	17,333,000	24,762,000
Senior & Youth Program Fees	250,000	250,000	230,000	-	232,000
Non-NFL Event Ticket Surcharge	735,496	735,496	572,000	-	150,000
BAHC Reimbursement for CFP Expenses	4,642	4,642	-	-	-
Other Revenue	115,773	128,379	-	-	-
Total Revenues	\$ 73,529,202	\$ 97,834,446	\$ 68,187,000	\$ 48,201,000	\$ 65,037,000
	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
Expenses					
Shared Stadium Manager Expenses					
Stadium Operations	653,401	\$ 653,401	\$ -	\$ -	\$ -
Engineering	328,481	328,481	-	-	-
Guest Services	137,782	137,782	-	-	-
Groundskeeping	29,039	29,039	-	-	-
Security	270,450	270,450	-	-	-
Insurance	2,956,000	2,902,000	3,045,000	3,045,000	3,136,000
Stadium Management Fee	-	-	-	-	-
Shared Stadium Manager Expenses Subtotal	4,375,153	\$ 4,321,153	\$ 3,045,000	\$ 3,045,000	\$ 3,136,000
Other Operating Expenses					
SBL Sales and Service ⁽²⁾	3,614,477	\$ 3,614,477	\$ 3,610,000	\$ 1,967,000	\$ 3,448,000
Senior & Youth Program Fees (paid to City) ⁽²⁾	250,000	250,000	230,000	-	232,000
Non-NFL Event Expense ⁽¹⁾	-	32,054,308	-	-	-
Net Expense from Non-NFL Events	-	-	-	600,000	600,000
Ground Rent (paid to City) ⁽³⁾	355,000	355,000	390,000	390,000	425,000
Performance Rent (paid to City) ⁽³⁾	2,721,000	-	555,000	-	-
Discretionary Fund Expense ⁽⁴⁾	250,000	-	250,000	-	250,000
Utilities ⁽²⁾	1,568,265	1,568,625	1,597,000	1,264,000	1,586,000
Use of StadCo Tenant Improvements ⁽²⁾	182,000	-	73,000	-	26,000
Stadium Authority General & Administrative ⁽⁴⁾	2,480,000	2,371,198	4,581,000	2,666,000	5,115,000
CFP Expenses	4,642	4,642	-	-	-
Naming Rights Commission	-	-	30,000	30,000	88,000
Legal Contingency ⁽⁶⁾	6,996,000	-	9,231,000	-	8,123,000
Other Expenses	110,000	104,915	1,400,000	913,000	388,000
Contribution to Operating Reserve ⁽³⁾	338,000	-	348,000	-	-
Other Operating Expenses Subtotal	18,869,384	\$ 40,323,165	\$ 22,295,000	\$ 7,830,000	\$ 20,281,000
Total Expenses	23,244,537	\$ 44,644,318	\$ 25,340,000	\$ 10,875,000	\$ 23,417,000

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Santa Clara Stadium Authority Operating Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
Transfers Out					
Debt Service ⁽³⁾	46,806,665	\$ 26,229,712	\$ 39,265,000	\$ 46,472,521	\$ 37,572,000
Management Revolving Loan ⁽⁶⁾	-	-	-	6,300,653	-
Capital Expenditures	3,478,000	2,318,549	3,582,000	3,547,378	3,690,000
Total Transfers Out	50,284,665	\$ 28,548,261	\$ 42,847,000	\$ 56,320,552	\$ 41,262,000
Ending Fund Balance					
Operating Reserve	\$ -	\$ 11,255,088	\$ -	\$ 9,693,657	\$ 10,226,657
Discretionary Fund	-	2,327,850	-	2,327,850	2,152,850
Operations and Maintenance Reserve	-	995,380	-	-	-
Contingency Reserve (Shared Expenses) ⁽⁷⁾	-	6,300,653	-	13,089,463	13,089,463
Stadium Funding Trust Reserve	-	3,263,000	-	3,263,000	3,263,000
Excess Revenue Distribution Reserve	-	23,226,551	-	-	-
Total Ending Fund Balance	\$ -	\$ 47,368,522	\$ -	\$ 28,373,970	\$ 28,731,970

⁽¹⁾ Information not provided by ManagementCo at the time of this report

⁽²⁾ Recommended by ManagementCo

⁽³⁾ Contribution to Operating Reserve is based on payment schedule or calculated as instructed per relevant agreements

⁽⁴⁾ Recommended by Stadium Authority staff

⁽⁵⁾ Net Revenues from Non-NFL events is provided by ManCo on a cash basis

⁽⁶⁾ Shared Stadium Manager Expenses that ManCo draw from the Excess Revenues for the Management Revolving Loan.

⁽⁷⁾ Reserve for disputed Shared Expenses for FY2019/20 (\$6,300,653) and FY2020/21 (\$6,788,810)

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Stadium Authority Board Duties and Proposed General and Administrative Budget

The Board is a public entity responsible for governing the matters concerning Levi's® Stadium. As such, the Board is responsible for setting policy direction, ensuring implementation of its policy direction and other due diligence requirements through Stadium Authority staff, and auditing/oversight of its policy implementation, as reasonable and necessary.

To accomplish Board direction, the administrative budget for the 2021/22 Fiscal Year totals \$5.1 million, or 7.9%, of the Fiscal Year 2021/22 Proposed Stadium Authority Operating Expense Budget of \$64.7 million. With this budget, staff will support the Board with its oversight of Levi's® Stadium per the various agreements with ManagementCo and Forty-Niners SC Stadium Company LLC (StadCo or Tenant) of the stadium, such as:

1. Uphold fiduciary responsibilities and debt obligations;
2. Maintain a productive and functional business relationship with the Tenant;
3. Develop Board policies as required for proper governance and transparency efforts concerning the Stadium Authority oversight efforts;
4. Continue the current community engagement process to address the public opinion research of the community impacts of Levi's® Stadium, with a focus on neighborhood response and public service deployment improvements;
5. Continue the current noise monitoring program;
6. Implement public safety expert's recommendations during events held at Levi's® Stadium;
7. Address the Work Plan items, as referenced in the Executive Director's transmittal letter to this budget; and,
8. Develop and implement oversight initiatives consistent with public entity organizations.

Stadium Authority staff are responsible for the programmatic oversight and audit of Stadium activities. As part of this budget, the oversight of stadium activities is allocated primarily to the Executive Director, General Counsel, Auditor, Treasurer and various supporting professional staff. With the implementation of a Stadium Authority Financial Management System and increased financial reporting and auditing needs, the Executive Director is recommending two additional financial support staff to assist the Treasurer with these requirements.

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

As such, the Stadium Authority G&A expense budget of \$5.1 million provides the financial means in which to fulfill the Board policy direction and strategic initiatives. A breakdown of the Stadium Authority's portion of the overall operating expense budget of \$64.7 million is shown below.

Stadium Authority FY2021/22 General and Administrative Proposed Budget		
Expense Type	Budget	Comments
Staff support	\$ 1,764,000	To support the Stadium Authority with its oversight duties of stadium activities
Legal Services	2,525,000	As needed for outside legal services
Audit Services	307,000	Financial and performance audits performed by external auditors
Consultants	190,000	As needed for outside consulting services
Executive Director & Board Directives	150,000	Funding for unanticipated Board directives, Executive Director assignments, etc
Administrative Services	150,000	Laserfiche Repository and SBL Integration to repository
Other Expenses	20,000	Routine office expenses
Board Stipends	9,000	Stadium Authority meetings
Total	\$ 5,115,000	

Stadium Authority FY2021/22 General and Administrative Budget



STADIUM AUTHORITY OPERATING BUDGET GLOSSARY

Accrual Basis Accounting: The method of recording revenues and expenses when they are incurred, regardless of when cash is exchanged.

Bay Area Host Committee Reimbursement: This is the reimbursement received from the Bay Area Host Committee for all costs associated with the College Football Playoff Championship (CFP) that was held at Levi's® Stadium on January 7, 2019. This reimbursement is subsequently used to pay internal City and outside agency costs associated with the CFP (see College Football Playoff Expense below). (Source: Assignment and Assumption Agreement)

College Football Playoff (CFP) Expense: All internal City and outside agency costs associated with the CFP that are invoiced to the Stadium Authority. (Source: Assignment and Assumption Agreement)

Contribution to Operating Reserve: The contributions to the operating reserve are funded by means of excess revenues (see Excess Revenue below). (Source: The Amended and Restated Stadium Lease Agreement)

Discretionary Fund Expense: This is funded by half of the Non-NFL ticket surcharge (see Non-NFL Event Ticket Surcharge on Page 32) and has been used to cover NFL public safety costs above the public safety cost threshold in the first three fiscal years of operation and other items at the Stadium Authority's discretion.

Projected Beginning Balance	50% of 2021/22 Non-NFL Event Ticket Surcharge	2021/22 Discretionary Fund Expense	Projected Ending Balance
\$ 2,327,850	\$ 75,000	\$ 250,000	\$ 2,152,850

Excess Revenue: If Stadium Authority revenue exceeds expenses for any lease year, such excess revenues shall be distributed as described in the table below. This table reflects how the excess revenues were distributed in the 2018/19 fiscal year. (Source: The Amended and Restated Stadium Lease Agreement)

2018/19 Use of Excess Revenues				
#	Description	Amount	Balance	Notes
	Excess Revenues at Year-end		\$27,964,971	
1	Payment of ManCo Revolving Loan	\$ -	27,964,971	N/A (this loan has not been utilized)
2	Funding Operating Reserve up to \$2 Million +3% annually	-	27,964,971	Funding requirement met
3	Funding CapEx Reserve an Additional \$1 Million +3% annually	(1,125,509)	26,839,463	Funding annual CapEx Reserve
4	Funding Operating Reserve up to \$10 Million +3% annually	(327,818)	26,511,644	Funding annual 3% requirement
5	Prepayment of StadCo Subordinated Loan	(26,511,644)	-	Prepayment requirement met
6	Funding Operating Reserve up to \$20 Million +3% annually	-	-	N/A
7	Funding Renovation/Demolition Reserve up to \$70 Million	-	-	N/A
8	Available for Additional Disbursements as described in the Stadium Lease	-	-	N/A

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

Ground Rent: The City has agreed to lease the land under Levi's® Stadium to Stadium Authority for an initial term of 40 years. The fixed ground rent schedule is noted below for the 40-year initial term. (Source: *Ground Lease Agreement*)

Lease Year(s)	Fiscal Year(s)	Annual Fixed Ground Rent
1	2014-15	\$ 180,000
2	2015-16	\$ 215,000
3	2016-17	\$ 250,000
4	2017-18	\$ 285,000
5	2018-19	\$ 320,000
6	2019-20	\$ 355,000
7	2020-21	\$ 390,000
8	2021-22	\$ 425,000
9	2022-23	\$ 460,000
10	2023-24	\$ 495,000
11-15	2024-25 through 2028-29	\$ 1,000,000
16-20	2029-30 through 2033-34	\$ 1,100,000
21-25	2034-35 through 2038-39	\$ 1,200,000
26-30	2039-40 through 2043-44	\$ 1,300,000
31-35	2044-45 through 2048-49	\$ 1,400,000
36-40	2049-50 through 2053-54	\$ 1,500,000

Insurance: ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is split between Stadium Authority and StadCo (see Shared Stadium Manager Expenses on Page 33). The stadium lease sets Stadium Authority's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's insurance expense increasing by 3%. (Source: *Stadium Management Agreement & The Amended and Restated Lease Agreement*)

Interest: This is interest earned from cash on hand.

Naming Rights: Levi Strauss & Co (Levi's®) pays an annual naming rights fee to Stadium Authority. The annual fee increases by 3% each contract year through the 20-year term. This annual fee is paid in two equal semi-annual installments on or before March 1st and October 1st. (Source: *Naming Rights Agreement*)

Net Revenues from Non-NFL Events: ManagementCo provides management services for Levi's® Stadium year-round. As such ManagementCo is responsible for booking and scheduling all Non-NFL events on behalf of Stadium Authority. ManagementCo is required by the agreement to maintain complete and accurate books and records relating to the net income from the Non-NFL events. Those records are reviewed by Stadium Authority staff and/or outside consultants and audited by an independent auditor. After the completion of the fiscal year, the net revenues are paid to Stadium Authority by ManagementCo. (Source: *Stadium Management Agreement*)

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

NFL Ticket Surcharge: The Forty Niners Football Company, LLC (the Team) collects a 10% NFL ticket surcharge on the price of admission to all NFL games occurring in Levi's® Stadium on behalf of Stadium Authority. (Source: Amended and Restated Non-Relocation Agreement)

Non-NFL Event Expense: The gross expenses for Non-NFL events held at Levi's® Stadium.

Non-NFL Event Revenue: The gross receipts from Non-NFL events held at Levi's® Stadium.

Non-NFL Event Ticket Surcharge: Promoters or sponsors of any ticketed Non-NFL event that is held at Levi's® Stadium are required to collect a \$4 per ticket surcharge on behalf of Stadium Authority. Half of this surcharge that is paid to Stadium Authority covers general stadium operations and the other half funds the Stadium Authority Discretionary Fund. (Source: Amended and Restated Stadium Lease Agreement)

Other Expenses: Miscellaneous Stadium Authority expenses such as bank fees.

Other Revenue: Miscellaneous Stadium Authority revenues.

Performance Rent: Stadium Authority pays the City performance rent on top of the fixed ground rent. The basic calculation for the performance-based rent is 50% of the net income from Non-NFL events for any given lease year less the sum of performance-based rent credits. The performance-based rent credits include 50% of the current year's base ground rent, and other credits. The table below represents a projection of the 2020/21 and 2021/22 Fiscal Years performance rent. (Source: Ground Lease Agreement & Amended and Restated Stadium Lease Agreement)

Performance Rent Calculation	Fiscal Year 2020/21 Projection	Fiscal Year 2021/22 Budget
Ground Rent	\$ 390,000	\$ 425,000
Net Non-NFL Event Revenue (Expense)	\$ (600,000)	\$ (600,000)
50% of Net Non-NFL Event Revenue (Expense)	\$ (300,000)	\$ (300,000)
Performance Rent Credit (50% of Ground Rent)	\$ (195,000)	\$ (212,500)
Total Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

Rent: The facility rent was originally set at \$24.5 million for StadCo to lease the stadium for their half of the year. As a result of the rent reset arbitration award in favor of Stadium Authority, the facility rent was reset to \$24.8 million retro-active to the first lease year. The rent adjustment process is outlined in the Amended and Restated Stadium Lease. (Source: Amended and Restated Stadium Lease Agreement)

Senior and Youth Program Fees: During the lease terms, StadCo collects a City of Santa Clara Senior and Youth program Fee on behalf of Stadium Authority. The fee is based on \$0.35 per NFL game ticket up to a maximum of \$250,000 per lease year. (Source: Amended and Restated Stadium Lease Agreement)

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

Shared Stadium Manager Expenses: ManagementCo oversees the day to day operations of Levi's® Stadium year-round. Since StadCo leases the stadium from Stadium Authority for half of each fiscal year, the ManagementCo stadium manager expenses are shared between StadCo and Stadium Authority. Most shared stadium manager expenses are split 50/50 between StadCo and Stadium Authority; grounds-keeping is the exception with a 70/30 split, StadCo being responsible for the larger share. In addition, ManagementCo procures insurance for Levi's® Stadium that is shared between Stadium Authority and StadCo (see Insurance on Page 31). (*Source: Stadium Management Agreement & The Amended and Restated Stadium Lease Agreement*)

In FY 2019/20, the Stadium Authority Board instructed the conditioning of payments until ManagementCo presents the required supporting documentation for the expenses. The FY 2020/21 projection and FY 2021/22 assume the continuation of the conditioning of payments (excludes insurance). The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.

Sponsorship Revenue (STR): STR Marketplace, LLC (STR) established a secondary market website to facilitate the transfer and resale of SBLs. In exchange for the use of the Levi's® Stadium trademarks and links on the website (hence the title Sponsorship Revenue), STR pays Stadium Authority a minimum annual fee of \$325,000 based on the commissions that are collected by STR. In addition to the minimum annual fee, Stadium Authority also receives 50% of any commissions in excess of \$650,000. (*Source: SBL Website Marketing Agreement*)

Stadium Authority General & Administrative: As an independent public entity, Stadium Authority incurs its own expenses in relation to Board governance, fiduciary responsibilities, oversight, and operations of Levi's® Stadium. These include but are not limited to Stadium Authority staff time, due diligence requirements for proper fiscal and operational oversight, and various outside contractors and consultants who are hired to administer the necessary requirements for owning and operating Levi's® Stadium. Also included are various administrative type costs such as bank fees, phone charges, IT equipment maintenance, etc.

Stadium Builder License (SBL) Proceeds: SBL holders who are on a payment plan make annual payments. Additionally, some SBL holders make payments above and beyond their annual scheduled payment plan. There are also sales of new SBLs and/or SBLs that were defaulted and resold. SBL cash collections from all of these sources make up SBL proceeds.

Stadium Builder License (SBL) Sales and Service: ManagementCo provides sales and service to SBL holders on behalf of Stadium Authority. This includes all SBL collection efforts and customer service support. (*Source: Agreement for Stadium Builder License Sales & Fourth Amendment to the Stadium Management Agreement*)

Stadium Management Fee: ManagementCo receives an annual base management fee to manage Levi's® Stadium. The fee was \$400,000 in the first lease year and increases by 3% annually. This annual base management fee is split 50/50 between StadCo and Stadium Authority since ManagementCo manages the stadium year-round for both entities. In addition to the base

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

management fee, ManagementCo receives a stadium marketing and booking fee (incentive fee) which is based on a percentage of the amount that the net income from Non-NFL events exceeds the marketing and booking fee benchmark. The table below shows the first 10 years of the base management fee and the stadium marketing and booking fee benchmark. It also shows the first five years of net income from Non-NFL events and a projection of the sixth year as well as the applicable marketing and booking fee which was 5% of the net Non-NFL income over the benchmark. (Source: *The Stadium Management Agreement*)

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Actual/Projected Net Income from Non-NFL Events	Actual Stadium Marketing and Booking Fee	Total Stadium Management Fee
2014/15	1	\$ 200,000	\$ 5,000,000	\$ 5,207,553	\$ 10,378	\$ 210,378
2015/16	2	\$ 206,000	\$ 5,150,000	\$ 6,079,016	\$ 46,451	\$ 252,451
2016/17	3	\$ 212,180	\$ 5,304,500	\$ 5,316,894	\$ 620	\$ 212,800
2017/18	4	\$ 218,545	\$ 5,463,635	\$ 5,163,329	\$ -	\$ 218,545
2018/19	5	\$ 225,102	\$ 5,627,544	\$ 18,591	\$ -	\$ 225,102
2019/20	6	\$ 231,855	\$ 5,796,370	\$ (2,741,014)	\$ -	\$ 231,855
2020/21 ⁽¹⁾	7	\$ 238,810	\$ 5,970,261	\$ (600,000)	\$ -	\$ 238,810
2021/22	8	\$ 245,975	\$ 6,149,369	To be determined		
2022/23	9	\$ 253,354	\$ 6,333,850			
2023/24	10	\$ 260,955	\$ 6,523,866			

⁽¹⁾ The Net Loss from Non-NFL Events for 2021/22 is a projection.

Transfers Out: Transfers from the Stadium Authority Operating Fund to fund Debt Service and Capital Funds.

Utilities: StadCo leases the stadium from Stadium Authority for six months of each fiscal year from August through January. StadCo is therefore responsible for the day-to-day utilities during that period. Stadium Authority pays for the day-to-day utilities from February through July. Utilities associated with large ticketed Non-NFL events are charged as an expense to the event which is included in the Non-NFL event expense.

Use of StadCo Tenant Improvements: StadCo charges Stadium Authority for use of various StadCo tenant improvements (such as the use of the scoreboard) during Non-NFL events. (Source: *Amended and Restated Lease Agreement*)

STADIUM MANAGER SHARED EXPENSES

The Stadium Management Agreement is between the Stadium Authority, StadCo and ManagementCo and was entered into as of March 28, 2012. This agreement was developed to provide the Stadium Authority with the expertise of an outside manager to oversee the day-to-day operations of Levi's® Stadium. Additionally, the Amended and Restated Stadium Lease Agreement between the Stadium Authority and StadCo was made and entered into as of June 19, 2013.

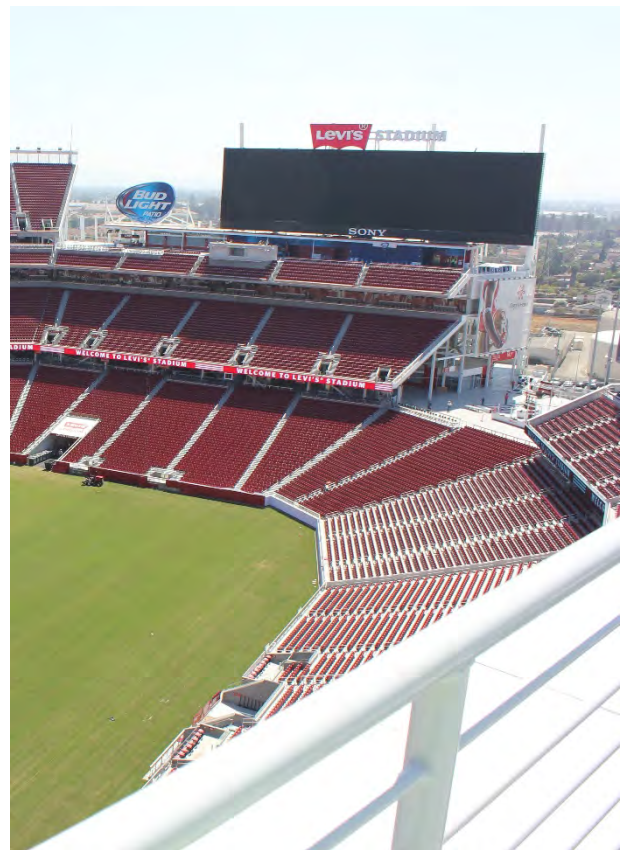
This agreement amended the original stadium lease to set the initial rent, to allow StadCo to enter into agreements with alternative energy providers, to cap Stadium Authority's share of the insurance costs at a fixed amount each year, and to require Stadium Authority to fund various reserves.

Per the terms of the stadium lease, StadCo leases the stadium from the Stadium Authority for half of each fiscal year and is responsible for the Stadium Manager operating expenses during that period. The Stadium Manager operating expenses for the other half of the year are the responsibility of the Stadium Authority. Section 8.3.1 describes the proportionate share of Stadium Manager expenses that are owed by the Stadium Authority and StadCo. Namely that most stadium manager operating expenses are split 50/50 with grounds-keeping being the exception with a 70/30 split, StadCo being responsible for the larger share.

ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is shared between Stadium Authority and StadCo.

Section 4.7 of the management agreement notes that ManagementCo will provide an Annual Shared Stadium Expense Budget to be adopted annually by Stadium Authority and StadCo.

Once the budget has been adopted, ManagementCo invoices Stadium Authority monthly for its budgeted portion of shared expenses which include stadium manager operating expenses. As part of the year-end work, the budgeted amounts that were paid are to be trued up with actual expenditures.



STADIUM MANAGER SHARED EXPENSES (CONT'D)

The budget for Shared Expenses is included in the Legal Contingency line item until adequate support is provided to justify legitimate expenditures of the amounts requested. Operating expense payments were withheld based on Board direction for the conditioning of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to our agreements and State and local laws. Apart from that conditioning of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo instead issued itself unauthorized loans and continue to pay itself public funds without demonstrating compliance with State and local laws.

SCSA continues to dispute the draws on the revolving loans as the draws by Stadium Manager on the Revolving Loan were never authorized by Stadium Authority in accordance with Section 2.2 of the Revolving Credit Agreement dated March 28, 2012 as amended and restated as of June 19, 2013, which provides:

Each of the Loans shall be made on at least two (2) Business Days'...written notice **from the Stadium Authority** to Management Co (each such writing, a "Borrowing Notice") specifying the proposed date... and amount of such Loan.

The Stadium Authority never issued any Notice required by Section 2.2 to Stadium Manager authorizing draws from the Revolving Loan. In addition, Stadium Manager's unilateral issuance of debt violated the express condition precedents of the Revolving Credit Agreement. Section 4.2, Conditions Precedent to All Loans, of the Amended and Restated Revolving Credit Agreement, provides:

ManagementCo's obligation to make each Loan (including the initial Loan) shall be subject to the further conditions precedent that on the date of such Loan: ... (ii) the Stadium Authority does not and will not without the making of the Loan have adequate Available funds to pay Covered Stadium Operating Expenses...

Similarly, Section 2.1(a) limits the use of Revolving Credit Agreement when funds are not available: "solely for the purpose of enabling the Stadium Authority to pay Covered Stadium Authority Operating Expenses to the extent (and only to the extent, including pursuant to the terms of the Authority Loan and any Authority Takeout Financing(s), as applicable) that Available Funds are not otherwise available therefor."

Despite Stadium Authority having the funds to cover Stadium Operating Expenses and without any instructions or Notice from Stadium Authority, Stadium Manager improperly withdrew funds and has caused further debt to Stadium Authority. This is concerning because the only requirement to receive these funds was to demonstrate compliance with the law.

STADIUM MANAGER SHARED EXPENSES (CONT'D)

Stadium Manager

2021/22 Total Shared Stadium Expenses

Between the Santa Clara Stadium Authority and Forty Niners SC Stadium Company (StadCo)

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation ⁽²⁾	\$ 757,304	\$ 3,795,610	\$ 3,086,480	\$ 485,106	\$ 312,697	\$ 8,437,197
Travel, Meals & Entertainment	-	126,250	4,050	28,578	1,350	160,228
Outside Services	2,040,944	1,624,200	1,540,432	52,264	560,420	5,818,260
General Supplies	34,724	95,000	660	154,892	120,700	405,976
Telephone	12,000	466,028	18,000	2,976	1,440	500,444
Equipment	164,724	307,846	10,540	66,000	6,000	555,110
Uniforms	14,800	-	2,500	94,542	2,500	114,342
Other	-	61,900	15,440	86,506	-	163,846
Subtotal	\$3,024,496	\$ 6,476,834	\$ 4,678,102	\$ 970,864	\$ 1,005,107	\$16,155,403

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses ⁽¹⁾⁽⁵⁾

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel, Meals & Entertainment	-	-	-	-	-	-
Outside Services	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-
Telephone	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Uniforms	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance ⁽³⁾						3,136,178
Management Fee ⁽⁴⁾						-
Total						\$ 3,136,178

⁽¹⁾ The Santa Clara Stadium Authority proportionate share of stadium expenses is rounded to the nearest \$1,000 in the operating budget.

⁽²⁾ Total compensation is based on a total of 45 full time equivalent positions.

⁽³⁾ The stadium lease sets Stadium Authority's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

⁽⁴⁾ The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease management fee increasing 3%. This base management fee is split 50/50 between Stadium Authority and StadCo.

⁽⁵⁾ Shared Stadium Expenses totals \$3.1 million for insurance. This assumes that the continuation of conditioning of payments that was instructed in FY 2019/20 will be in effect until ManagementCo presents the required supporting documentation for the expenses. The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.

STADIUM MANAGER SHARED EXPENSES GLOSSARY

Total Compensation: This cost includes full-time staff (45 employees), part-time staff, and benefits. Stadium Authority pays for 50% of these costs except for groundskeeping which is set at 30%.

- **Full-time wages** are costs for all management company full-time employees.
- **Part-time wages** are costs for all management company part time employees. Wages include annual training for all Guest Services Representatives.
- **Benefits** are costs of employees' health insurance, pension, vacation time, and all employer taxes.

Travel, Meals & Entertainment: These are costs for employee travel (airfare, ground, lodging, and meals) to stadium management conferences. In addition, this category includes costs for staff meals for general food and beverage, vendor engagement, and the year-end guest service employee appreciation banquet.

Outside Services: Costs for outside service providers which include the following:

- **Janitorial and Medical** costs related to the janitorial, cleaning, landscaping, and trash services of the interior and exterior of the stadium and medical services for the stadium during regular business hours.
- **Stadium Security** costs for staffing 24/7 security guards in and around the stadium and explosive detection canines.
- **Engineering & Maintenance** for mandatory safety and general maintenance costs associated with fire sprinklers, fire alarms, elevators, and backflows. Also includes outside sub-contracted calls for services for windows, signage and roof repair, HVAC & electrical, carpet, concrete or other miscellaneous repairs.

General Supplies: Supplies for stadium operations, janitorial, engineering, and Guest Services (For example: janitorial supplies, general printing costs for stadium signage, deployment sheet, notes, handbooks etc.).

Telephone: These are costs for land lines and internet/data service for the stadium, (net of the costs for the Team's business offices), and cell service for stadium operations' and security personnel.

Equipment: Costs associated with stadium operations and security software, including incident tracking, mobile safety application, stadium staff scheduling/event calendar software, video surveillance licensing software, X-ray machine rental for deliveries, and monthly cost for off-site equipment storage.

STADIUM MANAGER SHARED EXPENSES GLOSSARY (CONT.)

Uniforms: Guest Services replacement and replenishment of uniforms.

Other Costs: Costs associated with Stadium Operations (For example: specialized training, command post, CPR first aid, background checks, recruiting, marketing/advertising, and employee retention program).

Tenant Improvements: Interior improvements within Tenant's exclusive facilities and any other improvements within the Stadium that are to be owned by, and constructed at the cost of, Tenant or any Tenant transferee as may be agreed by the Parties (Stadium Authority and StadCo). (Source: Stadium Lease Agreement).

Stadium Manager

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses - Five Year Forecast

	2022/23	2023/24	2024/25	2025/26	2026/27
Total Compensation	\$ 4,280,740	\$ 4,409,163	\$ 4,541,438	\$ 4,677,681	\$ 4,818,011
Travel, Meals & Entertainment	82,239	84,706	87,247	89,865	92,560
Outside Services	2,880,958	2,967,387	3,056,408	3,148,100	3,242,543
General Supplies	184,213	189,740	195,432	201,295	207,334
Telephone	257,432	265,155	273,110	281,303	289,742
Equipment	284,645	293,184	301,980	311,039	320,371
Uniforms	58,371	60,122	61,926	63,784	65,697
Other	84,381	86,912	89,519	92,205	94,971
Total	\$ 8,112,979	\$ 8,356,369	\$ 8,607,060	\$ 8,865,272	\$ 9,131,229
Insurance ⁽¹⁾	3,230,264	3,327,172	3,426,987	3,529,796	3,635,690
Management Fee ⁽²⁾	253,354	260,955	268,783	276,847	285,152
Total	\$ 11,596,597	\$ 11,944,496	\$ 12,302,830	\$ 12,671,915	\$ 13,052,071

⁽¹⁾ The stadium lease sets SCSA's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

⁽²⁾ The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between SCSA and StadCo.

STADIUM DEBT SERVICE BUDGET

Santa Clara Stadium Authority Debt Service Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Current Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
Beginning Fund Balance					
Required Debt Service Reserve	\$ -	\$ 11,536,235	\$ -	\$ 11,536,235	\$ 11,536,235
Debt Service Reserve	-	14,078,363	-	12,111,334	11,168,171
Total Beginning Fund Balance	\$ -	\$ 25,614,598	\$ -	\$ 23,647,569	\$ 22,704,406
Revenues					
Contribution from CFD	\$ 3,872,000	\$ 3,613,498	\$ 4,028,000	\$ 332,000	\$ 483,000
Revenues Subtotal	3,872,000	3,613,498	4,028,000	332,000	483,000
Transfers In from Operating	46,806,665	26,229,712	39,265,000	52,773,174	37,572,000
Total Resources	\$ 50,678,665	\$ 29,843,210	\$ 43,293,000	\$ 53,105,174	\$ 38,055,000
Expenses					
CFD Advance	\$ 3,844,000	\$ 3,933,536	\$ 3,989,000	\$ 960,000	\$ 483,000
Term A Loan	26,383,000	25,628,060	25,562,000	25,562,000	25,529,000
StadCo Subordinated Loan	20,451,665	2,248,643	13,742,000	21,225,684	12,043,000
Other Expenses ⁽¹⁾	-	-	-	6,300,653	-
Total Expenses	\$ 50,678,665	\$ 31,810,239	\$ 43,293,000	\$ 54,048,337	\$ 38,055,000
Ending Fund Balance					
Required Debt Service Reserve	\$ -	\$ 11,536,235	\$ -	\$ 11,536,235	\$ 11,536,235
Debt Service Reserve	-	12,111,334	-	11,168,171	11,168,171
Total Ending Fund Balance	\$ -	\$ 23,647,569	\$ -	\$ 22,704,406	\$ 22,704,406

⁽¹⁾ Payment redirected by StadCo to pay down Revolving Loan

The FY 2021/22 Debt Service Budget of \$38 million is based on the required and additional principal and interest debt service payments. A glossary is included at the end of this section that describes the type of debt and the applicable source documents for each loan. Of the \$38 million budget, \$483 thousand represents anticipated contributions from the Community Facilities District (CFD). The total Debt Service Reserves are projected to remain at \$11.5 million.

It should be noted that on April 1, 2020, the Stadium Authority completed the Trust Excess Cash Flow funding instructions and provided it to the FinCo and StadCo to complete the year end Trust Excess Cash Flow funding distribution per the Deposit and Disbursement Agreement. The Trust Excess Cash Flow instruction specifically excluded payments to the Revolving Loan of \$6,300,653 because the Stadium Authority did not recognize this as an expense due to the fact that it is currently under

STADIUM DEBT SERVICE BUDGET (CONT'D)

litigation. StadCo deviated from the funding instructions and took the Excess Revenues from the distribution to pay off the Management Company Revolving Loan instead of paying down the StadCo Subordinated Loan that the Stadium Authority instructed. The Stadium Authority was informed of this deviation in a letter dated April 27, 2020. On May 18, 2020, the Stadium Authority notified StadCo and the Trust that the deviation is in direct contravention of the Stadium Authority's instructions to the Trustee with regards to the use of Excess Revenue. Subsequently, the Stadium Authority has recorded a receivable in the debt service fund from StadCo for \$6,300,653.

The schedule on the following page provides a breakdown of the principal and interest payments budgeted in FY 2021/22 for each loan as well as the beginning and ending balances. The total outstanding debt is projected to decrease by \$23.7 million in FY 2021/22 from \$294.6 million to \$270.9 million.

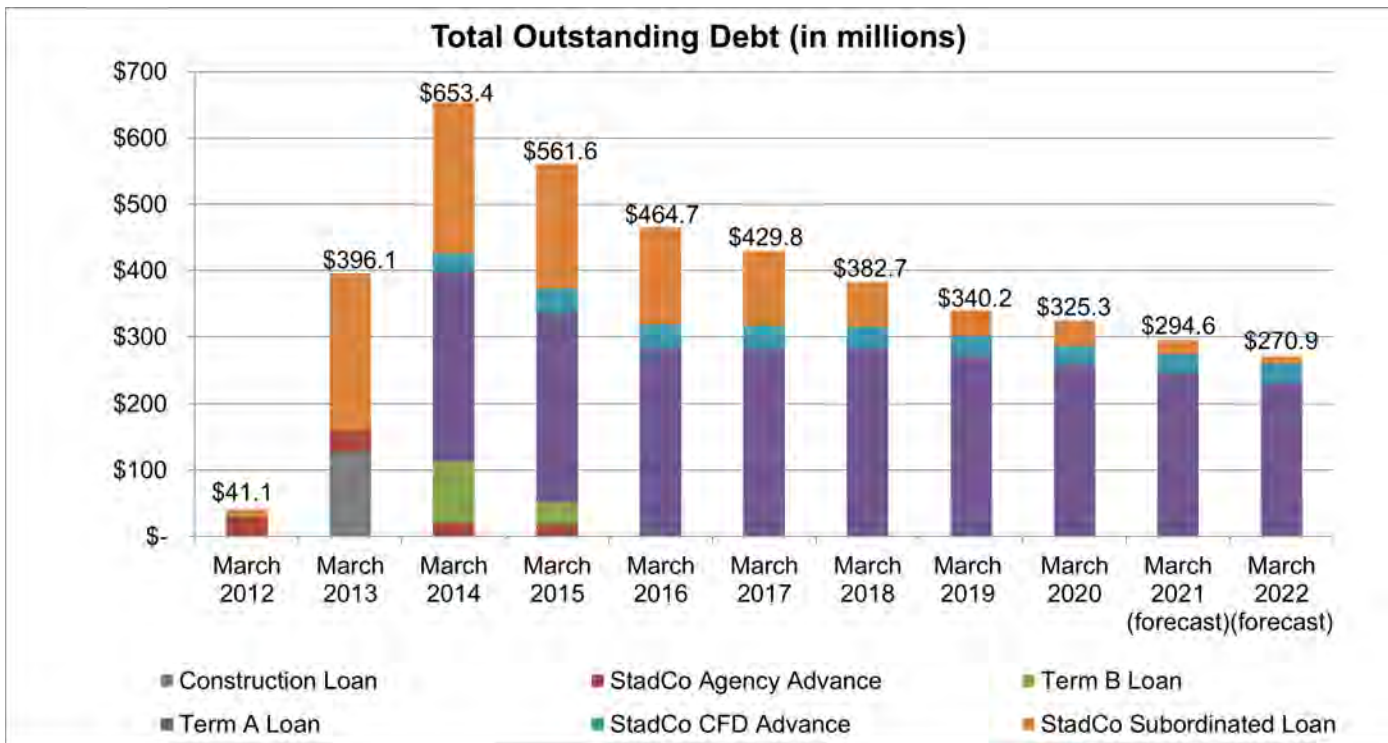
STADIUM DEBT SERVICE BUDGET (CONT'D)

Santa Clara Stadium Authority Debt Service Payment Schedule

Debt Obligations	Interest rates	2021/22 Interest	2021/22 Beginning Balance	2021/22 Principal Payments	2021/22 Additional Payments ⁽¹⁾	2021/22 Additional Principal ⁽²⁾	2021/22 Ending Balance
Stadium Funding Trust Term A Loan	5.00%	\$ 11,507,000	\$ 244,160,000	\$ (14,022,000)	\$ -	\$ -	\$ 230,138,000
StadCo CFD Advance ⁽²⁾	5.73%	464,000	29,508,000	-	-	1,227,000	30,735,000
StadCo Subordinated Loan	5.50%	1,153,000	20,965,000	(4,655,000)	(6,235,000)	-	10,075,000
Total		\$ 13,124,000	\$ 294,633,000	\$ (18,677,000)	\$ (6,235,000)	\$ 1,227,000	\$ 270,948,000

⁽¹⁾Additional payment is based on anticipated revenue that is in excess of all expenses and reserve requirements.

⁽²⁾Community Facilities District (CFD) principal payment is an estimate based on anticipated contributions from the CFD. Any increase in principal for the year is due to adding unpaid interest to the principal.



STADIUM DEBT SERVICE BUDGET GLOSSARY

Contribution from the Community Facilities District (CFD): The CFD was established for the purpose of financing and constructing publicly owned facilities. To support that, the CFD levies and collects a special hotel tax of 2% on hotel rooms within the CFD. During the construction of Levi's® Stadium, Stadium Authority spent \$35 million on CFD infrastructure. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD Advance which was used to fund the construction of the CFD publicly owned facilities. (Source: The Reimbursement Agreement Relating to the CFD)

CFD Advance: StadCo agreed to loan Stadium Authority a not to exceed amount of \$35 million for CFD infrastructure and with a maximum principal amount of \$38 million including capitalized interest. This loan bears interest at a fixed rate of 5.73% and the loan is payable solely from amounts actually received by Stadium Authority from the CFD. (Source: The Authority Promissory Note in Respect of StadCo CFD Advance)

Term A Loan: The Stadium Funding Trust (FinCo) agreed to loan Stadium Authority \$282.8 million to fund construction of Levi's® Stadium. This loan bears interest at a fixed rate of 5% payable semi-annually, with annual principal payments due beginning in April 2018. It has a maturity date in 2039 and is subject to certain prepayment premiums. The principal payment schedule is noted below. (Source: The Restated Credit Agreement)

Term A Loan Amortization							
Date	Annual Principal Payment		Date	Annual Principal Payment		Date	Annual Principal Payment
April 1, 2018	\$ 12,110,000		April 1, 2026	\$ 8,404,934		April 1, 2033	\$ 13,306,164
April 1, 2019	\$ 12,718,000		April 1, 2027	\$ 9,001,865		April 1, 2034	\$ 14,160,901
April 1, 2020	\$ 13,354,000		April 1, 2028	\$ 9,630,410		April 1, 2035	\$ 15,060,270
April 1, 2021	\$ 14,022,000		April 1, 2029	\$ 10,292,166		April 1, 2036	\$ 16,006,521
April 1, 2022	\$ 14,723,000		April 1, 2030	\$ 10,988,812		April 1, 2037	\$ 17,002,017
April 1, 2023	\$ 15,459,000		April 1, 2031	\$ 11,722,111		April 1, 2038	\$ 18,049,239
April 1, 2024	\$ 7,299,896		April 1, 2032	\$ 12,493,914		April 1, 2039	\$ 19,150,794
April 1, 2025	\$ 7,838,094						

StadCo Subordinated Loan: StadCo agreed to loan Stadium Authority an amount not to exceed \$500 million to fund construction of Levi's® Stadium. The actual amount loaned to the Stadium Authority was \$236.9 million. This loan bears a fixed interest rate of 5.5% with annual principal payments due beginning in March 2016 and it may be prepaid at any time without penalties. (Source: The Restated StadCo Obligations Agreement)

STADIUM AUTHORITY CAPITAL EXPENSE BUDGET

The Capital Expense (CapEx) Budget is used to fund the purchase or upgrade of fixed assets for the Stadium. While the funding for appropriations occur on an annual basis, the Capital Expense Plan extends for a five-year period (shown on Page 56 of this report). Changes to existing projects, as well as the addition of new projects, may occur during the five-year planning period as new needs are identified. The appropriations for capital projects do not lapse at year-end but carryover into future years until the project is complete.

The FY 2021/22 CapEx Budget totals \$14.6 million. Of this total, \$11.2 million of prior year appropriations are projected to be carried over from FY 2020/21 (\$1.5 million of the projected carryover amount is for warranty-related construction, and the other \$9.7 million is for prior year CapEx projects). New capital improvement appropriations equal \$3.4 million.

Capital project delivery continues to be delayed, without demonstrated progress on corrective action, by the Stadium Manager due to procurement issues and violations of State prevailing wage laws. While the budget reflected in this document reflects projects recommended by the Stadium Manager, the Stadium Authority continues to request a procurement plan and implementation timelines regarding how these projects will be completed to ensure the upkeep of the facility and balance any potential City resources that may be required to support the projects. In addition, with the Board's revocation of delegated procurement authority, the contract awards to complete these projects will need to be brought forward to the Board for approval. As such, the timeline to complete these projects may differ or continue to be delayed from the information presented in this section. Below is data relative to the CapEx budget for the Stadium Manager and the actual dollars expended, which demonstrate that there is valid concern for the Stadium's upkeep and surfaces questions whether the Stadium Manager can implement the CapEx budget as requested:

Fiscal Year	CapEx Budget for Stadium Manager Projects and Projects Managed by Stadium Manager	CapEx Dollars Expended by Stadium Manager
FY 2018/19	\$6.3M	\$1.4M (22% spend rate)
FY 2019/20	\$12.5M	\$254,753 (2% spend rate)
FY 2020/21 (to date)	\$8.9M	\$289,034 (3% projected)

A detailed listing of adopted FY 2021/22 projects is provided starting on Page 47 of this report. Stadium Authority is submitting it as transmitted by the Stadium Manager without any additional details on the nature of the project, timing, etc. Stadium Authority has asked almost monthly for a procurement plan for these projects, but the Stadium Manager has not produced such workplan. A capital procurement workplan is a reasonable request given the multiple years of no progress, requirements to maintain the Stadium, and transparency.

STADIUM AUTHORITY CAPITAL EXPENSE BUDGET (CONT'D)



Public Safety Kawasaki Mule used for public safety patrol and emergency response

Santa Clara Stadium Authority Capital Expense Budget Summary

	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2021/22
	Final Budget	Year-End Actuals	Final Budget	Projected Actuals	Projected Carryover	Proposed Budget	Total Proposed Budget
Beginning Balances	\$ 14,532,870	\$ 14,516,225	\$ 17,837,300	\$ 17,010,611	\$ 19,438,420		\$ 19,438,420
Resources							
Transfers In from Operating	3,478,000	2,318,549	3,582,000	3,547,379	-	3,690,000	3,690,000
Transfers In from Stadium Manager ⁽¹⁾	-	308,568	-	-	-	-	-
Total Resources	18,010,870	17,143,342	21,419,300	20,557,990	19,438,420	3,690,000	23,128,420
	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2021/22
	Final Budget	Year-End Actuals ⁽²⁾	Final Budget	Projected Actuals	Projected Carryover ⁽³⁾	Proposed Budget	Proposed Budget
Expenses							
Construction	4,956,922	(4,845)	4,725,327	238,156	3,953,911	2,790,000	6,743,911
Equipment	7,070,988	136,765	6,460,557	881,414	5,286,250	448,520	5,734,770
Contingency	657,397	812	559,296	-	462,009	161,926	623,935
Stadium Warranty Related Construction	1,528,202	-	1,528,202	-	1,528,202	-	1,528,202
Total Expenses	14,213,509	132,731	13,273,382	1,119,570	11,230,372	3,400,446	14,630,818
Capital Expense Reserve	\$ 3,797,361	\$ 17,010,611	\$ 8,145,918	\$ 19,438,420	\$ 8,208,048		\$ 8,497,602

⁽¹⁾ Reimbursement from Stadium Manager

⁽²⁾ Actuals exclude some project payments withheld due to the ManagementCo not following State procurement and prevailing wage laws.

⁽³⁾ The carryover does not include the Levi's Naming Rights Signage Replacement Project that increased in cost estimate from \$650,000 to \$900,000.



Storage Conex Garage for Apparatus
allows for storage of three stadium
vehicles in a lockable, weatherproof
container.

Santa Clara Stadium Authority

2021/22 CapEx Budget

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
General Building		General Areas / Coatings Main Deck Replace and recoat lytntal traffic deck coating at the lower seating bowl and on the 300 and 700 Level Concourses, which are currently showing signs of wear. The deck coating serves as a secondary waterproofing system for the occupied spaces below these areas and also protects and extends the life of the concrete. Periodic replacement and recoating of this system is necessary to maintain current waterproofing system and maintain the expected life of the structure.	\$ 2,450,000	\$ 122,500	\$ 2,572,500
General Building		Field Turf Track Replacement The current turf track carpet is worn, buckled and compacted from use over the past five years and has reached its end of life. This project addresses the uneven grade of the current turf track carpet. This project will remove the existing track and rebuild it using a compacted stone base and shock layer with new carpet on top. Additionally, the project scope permanently addresses the sun grade issues we experience with our current track by stabilizing the base to support the extreme loads it comes under during concerts and dirt events. Finally, the new turf track will eliminate slipping hazards and improve overall safety and appearance.	340,000	17,000	357,000
Subtotal CapEx Construction Costs			\$ 2,790,000	\$ 139,500	\$ 2,929,500
Security		Drone Detection (Antenna System) Drone intrusions are happening more frequently. We need a detection and deterrent system in place for the Security of our venue and events. This technology will assist Stadium Security and Law Enforcement in identifying any threats and to take measures to mitigate the threat.	\$ 55,000	\$ 2,750	\$ 57,750
Security		Key Management System This Key-Box system provides a full audit trail and real time reporting, detailing who has used each set of keys and when. Staff and vendors will become more accountable and will assist in return of keys at the end of each shift. This will reduce loss, damage and liability. The new system will be stationed in the 24/7 Security office.	20,000	1,000	21,000
Public Safety Equipment	x	RadHalo Remote Radiation Monitors New equipment request for the Joint Hazardous Assessment Team (JHAT): Remote radiation detection monitor can be established as a perimeter around the stadium and monitored remotely by JHAT. These units were tested last season with the help of the 95th Civil Support Team. These units proved very useful to monitor large crowds for nuclear and radiation devices that have a potential explosive threat. The team currently uses handheld detectors which are good for pinpointing an exact location around the unit; however, with 4 main gates for ingress and egress, there is no way to fully monitor the crowds for a potential threat without remove monitoring capabilities.	190,000	9,500	199,500
Public Safety Equipment	x	PPE Replacement (Nomex Tops) Projected replacement/additions of Stadium battle dress uniform tops for the team of 60.	5,750	288	6,038
Public Safety Equipment	x	PPE Replacement (Nomex Bottoms) Projected replacement/additions of Stadium battle dress uniform bottoms for the team of 60.	3,260	163	3,423

Santa Clara Stadium Authority

2021/22 CapEx Budget (cont.)

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
Public Safety Equipment	x	Rigaku CQL 1064nm Handheld Raman Chemical Detector New equipment request for the Joint Hazardous Assessment Team (JHAT). This detector works as a pair with the Tru Defender. The pair combined are able to detect unknown chemicals and substances much quicker than current methods. The unit has a library of over 12,000 substances. This will be very beneficial to determine threats of substances quickly in order to determine evacuation of patrons. JHAT does not carry a detector of this capability. If JHAT came across an unknown substance, a request for mutual aid would be made with likely extended response time. This new equipment would allow the onsite JHAT to analyze substances and chemicals without immediately calling for assistance reducing the impact to the ongoing stadium event.	50,290	2,515	52,805
Public Safety Equipment	x	Tru Defender FTX S1 WMD Chemical Detector New equipment request for the Joint Hazardous Assessment Team (JHAT). This detector works as a pair with the Rigaku CQL Raman. The pair combined are able to detect unknown chemicals and substances much quicker than current methods. The unit has a library of over 12,000 substances. This will be very beneficial to determine threats of substances quickly in order to determine evacuation of patrons. JHAT does not carry a detector of this capability. If JHAT came across an unknown substance, a request for mutual aid would be made with likely extended response time. This new equipment would allow the onsite JHAT to analyze substances and chemicals without immediately calling for assistance reducing the impact to the ongoing stadium event.	63,220	3,161	66,381
Public Safety Equipment	x	Vehicle upfits for John Deere Gator Vehicle upfits for John Deere Gator including a utility box, mirrors, back up camera and a towing hitch for the E690 MCI Trailer. The mirrors and back up camera would allow for greater visibility when the vehicle is being driven in and around large crowds.	12,000	600	12,600
Public Safety Equipment	x	Kawasaki Mule Purchase new Kawasaki Mule for Explosive Ordinance Disposal (EOD) team. Cost includes unfitting the Kawasaki Mule with Police labels and markings, lighting and locking storage boxes. The EOD team does not currently have a dedicated vehicle and are currently walking with canines and EOD gear during response calls for suspicious packages and drone payloads. The EOD team is first on scene sweeping the stadium for safety issues and the last to leave. Shifts can extend past 10 hours. Purchase of a vehicle would reduce fatigue for officers and canines and reduce response time.	25,000	1,250	26,250
Public Safety Equipment	x	Kawasaki Mule Purchase new Kawasaki Mule for Special Response Team (SRT). Cost includes unfitting the Kawasaki Mule with Police labels and markings, lighting, equipment storage boxes and Type 3 IME box that is approved by the U.S. Bureau of Alcohol Tobacco and Firearms (ATF) to transport/store breacher explosives. The SRT equipment is currently in a standard size vehicle that upon deployment would not easily maneuver the stadium or crowds of attendees; the team would be required to go to the vehicle to retrieve the required equipment extending response time. The vehicle may also be deployed to City issues and the equipment would not be readily available for use. The SRT does not currently have a dedicated vehicle. Purchase of a vehicle would allow the SRT to mobilize needed equipment and will reduce response time.	\$ 20,000	\$ 1,000	\$ 21,000
Public Safety Equipment	x	Onsite Conex Storage Locking onsite Conex Storage container to store 3 Police Kawasaki Mules, including the requested EOD and SRT mule purchase. The Conex Storage container will be housed in a parking lot dedicated for police parking with the secured footprint of the Stadium.	4,000	200	4,200
Subtotal CapEx Equipment Costs			\$ 448,520	\$ 22,427	\$ 470,947
Total New CapEx Project Costs			\$ 3,238,520	\$ 161,927	\$ 3,400,447

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Electrical		Mechanical and Electrical Closet Lighting (2019/20 Carryover) Install LED lighting in all mechanical and electrical closets located in the service tunnel, 300 Level, and 700 level. These lights not only improve visibility, but also provide longer and more efficient power usage.	\$ 150,000	\$ 7,500	\$ 157,500
Electrical		Broadcast Booth Power (2019/20 Carryover) Install power components used for stadium events. These components will adhere to LEED certification, provide a clean source of power for our clients, and improve operating efficiencies.	35,000	1,750	36,750
Electrical		Concessions Cart Cabling (2019/20 Carryover) Install code rated low voltage cabling (CAT6) to portable concession carts. This will provide Internet Protocol (IP) based access to the IPTV menu boards and Point of Sale (POS) systems for credit card transactions, as well as deliver an emergency signage to be displayed at the concession stands if needed.	50,000	2,500	52,500
General Building		Updated Stadium Wayfinding Signage (2020/21 Carryover) Install Premium/Club wayfinding, Suite wayfinding, Smoking section signs, No smoking signs for around the main and upper concourses, section numbers/floor decals, ADA blue lines, tunnel signs that indicate "no photos/no autographs", etc.	250,000	12,500	262,500
General Building		Stadium Event Signage (2019/20 Carryover) Install stadium signage (including but not limited to tunnel awnings, accessible seating reference areas, lower bowl sections placards, and additional fire and building code signage per Fire Marshal).	138,000	6,900	144,900
General Building		Command Post Window Treatment (2019/20 Carryover) Install window shades and/or tint the exterior windows on the 800 level command post to reduce heat and glare. This will assist dispatchers and command post operators working in this space.	16,000	800	16,800
General Building		Stadium and Special Event Spaces (2019/20 Carryover) Add entry mats to be placed at stadium entrances to help alleviate wet floor scenarios and provide safety to stadium patrons. Will extend the finish of the existing flooring and help prevent slip and falls during inclement weather.	75,000	3,750	78,750
General Building		Non-Slip Floor Matting (2019/20 Carryover) Install non-slip matting from the north side locker rooms to tunnels primarily for event usage (that include access to the field for athletes, performers and customers).	50,000	2,500	52,500
General Building		Women's Locker Room (2019/20 Carryover) Convert a portion of the auxiliary locker room area to accommodate a larger private space for female athletes, performers, officials, and other female event day sporting and entertainment professionals visiting or working events at Levi's Stadium.	372,000	18,600	390,600
General Building		Automatic Logic Control Building Engineering System (2019/20 Carryover) Install an automatic logic controller system upgrade to monitor the building's HVAC in all quadrants simultaneously. This updated system will enable graphic interface and help the system to operate more efficiently with time clock management and assist in potential lighting control energy savings.	35,000	1,750	36,750
General Building		Club Space Flooring (2019/20 Carryover) Strip, resurface, and/or replace hardwood flooring surfaces in the BNY East & West and Levi's 501 spaces. These spaces are among the most utilized spaces in the building and get a large amount of foot traffic. This work will help extend the useful life of these spaces as well as reducing slips and falls from worn floors.	85,000	4,250	89,250

Santa Clara Stadium Authority
2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
General Building		Command Post Communication Equipment (2019/20 Carryover) Purchase and install public safety screens, monitors, and projection devices used in monitoring stadium and security operations to help improve situational awareness and response.	58,000	2,900	60,900
General Building		Stadium Field Conduits (2018/19 Carryover) Add a permanent solution for power and data on field/floor of stadium, making electrical connections safer and efficient for concert and events.	118,197	5,910	124,107
Plumbing		Lift Station (2020/21 Carryover) Replace pumps, motors and controls at sewage ejector sumps in Quadrants A, B, C & D on 100 level.	200,000	10,000	210,000
Plumbing		Plumbing (2020/21 Carryover) Replace pressure reducing valves and other parts on domestic and recycled water systems.	100,000	5,000	105,000
Public Safety	x	Pedestrian Safety Fencing (2020/21 Carryover) Install raised fencing on Tasman Drive from Centennial Boulevard to Calle Del Sol. This is approximately 0.4 miles and would be adjacent to the VTA/Light Rail tracks. This fencing is required to guarantee the safety of patrons as pedestrians on Tasman Drive. Currently, pedestrians regularly jump temporary construction barriers and cross eastbound Tasman Drive and cross live/active VTA light rail tracks. In addition, during events the traffic flow is reversed and pedestrians will not expect cars coming from that direction. This poses a clear danger for pedestrians and mobile personnel are not always available to prevent this regular attempt by pedestrians. Raised fencing will guarantee this dangerous situation stops. The cost is an estimate based on the Fencing on Tasman project.	100,000	5,000	105,000
Security		Surveillance - Command Center Equipment (2020/21 Carryover) Build out workstations with equipment that can handle the load of video viewing during large scale events, as well as the 24/7 security operations in both 100 and 800 command rooms. Equipment includes, but is not limited to, monitors, keyboards, video cards, CPU processors, power supplies, motherboards, and cabling.	50,000	2,500	52,500
Security		Enhance Stadium Security Coverage (2020/21 Carryover) Evaluate and replace existing cameras with technologically advanced multi-lens panoramic/360/multi-directional cameras. Design locations and camera styles have created visual obstructions and gaps in coverage. Height locations with fixed lens cameras create the inability to adjust field of views. Installation of television monitors/signage near camera mounts have created field of view obstructions. Due to high volume of club space usage for large scale, and smaller events, request for video investigations become frequent. Low lighting situations are constant with event type needs, and enhanced technology from newer cameras will enable greater video quality. The areas which need to be evaluated include, but are not limited to: BNY Mellon East and West Club, Yahoo Club, United Club, FII Club, 501 Club, Citrix Owners Club, Entry Gates, and Perimeter fences.	\$ 330,000	\$ 16,500	\$ 346,500
Security		Enhance Stadium Security Access Control (2020/21 Carryover) Install card readers on manual doors to increase access control features and security. Based on operational demands, doors have been identified via staff request and event activity in order to improve operational awareness and enhance the access control abilities by automating the doors. This also increases security to areas deemed by staff to hold sensitive or high value assets. The access control enhancements include Vertx/Mercury upgrade, EvoE400/Mercury upgrade, and various doors with access control needs.	235,000	11,750	246,750

Santa Clara Stadium Authority 2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Security		CCTV Pop Up Trailers (2020/21 Carryover) Purchase five (5) additional units to continue to meet NFL Best Practices guidelines by covering parking lots outside stadium footprint that currently have no camera coverage.	235,000	11,750	246,750
Security		Parking Lot Camera Upgrades (2020/21 Carryover) Replace Great America parking lot cameras with technologically advanced multi-lens panoramic/360/multi-directional cameras. New camera technology would provide better overall coverage of the main parking lot. Sun baked cameras with fixed angles have created gaps in coverage. With more video incident request coming from ingress/egress incidents, new technology would assist in these investigations. Install cameras in Gold lot 4/5 where there is very limited coverage.	40,000	2,000	42,000
Security		Bowl Camera Upgrade/Refurbish (2020/21 Carryover) Replace bowl cameras. Several bowl cameras have become sun baked and provide poor/obscured coverage of bowl seating. Maintenance has become an issue as it takes a lot of time and money to set up scaffolding to reach camera boxes. Need to re-engineer housing (suggest relocating housing closer to stadium infrastructure).	135,000	6,750	141,750
Security		Software Upgrade to Genetec 5.8 (2020/21 Carryover) Upgrade to Genetec's newest firmware version 5.8. This would improve overall system performance and stability, and add new features that will help in operator training and utilization of software. Customizable live dashboards assist in monitoring alarms and events in real time.	35,000	1,750	36,750
Security		Video Analytics (2020/21 Carryover) Add video analytics to assist with video investigations. Video investigations take several hours/days to complete using traditional playback methods. Adding video analytics will greatly decrease man-hours spent in video review process, as well as aid in investigations using newer technology.	35,000	1,750	36,750
Security		License Plate Reader at Vehicle Entry Gates (2020/21 Carryover) Add six (6) License Plate Reader cameras on entry/exit lanes of all vehicle gates (Post 1,2, and 3) to document and track vehicles entering and exiting the stadium.	45,000	2,250	47,250
Security		Security X-Ray Scanners (2020/21 Carryover) Purchase four (4) portable X-ray units to observe postage that comes into the loading dock 24/7 and screen bags/deliveries during event days.	150,000	7,500	157,500
Security		Stadium Camera Booth Card Readers (2019/20 Carryover) Install card reader for north and south camera booths to secure the spaces that enter into/from general public access areas.	84,000	4,200	88,200
Site		Security Fencing - Main Lot (2020/21 Carryover) Remove and replace approximately 1,000 linear feet of 4-foot high security fencing in Main Lot per request of City.	150,000	7,500	157,500
Site		Stationary Electric Pressure Washers (2020/21 Carryover) Install one (1) to two (2) demo stations on the 300 concourse. If these are effective, we would look to replace all gas-powered pressure washers with electrically powered ones.	75,000	3,750	78,750
Site		Stadium Insulation (above 300 level and below 400/500 level) (2019/20 Carryover) Install new insulation in the 400/500 underside above the 300 level. Original insulation is failing due to weather conditions. This also helps reduce sound reverberation throughout the concourse and protects the concrete from the elements.	150,000	7,500	157,500

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Site		Gold Lot 4 and 5 Lighting (2019/20 Carryover) Install LED lighting in Gold 4 and Gold 5 parking lots. The current light plan is underpowered and is not sufficient given the work environment during stadium event load in/out. This lighting improves safety conditions for stadium personnel and provides energy cost savings with more efficient fixtures.	50,000	2,500	52,500
Site		Rust Prevention Mitigation (2019/20 Carryover) Implement rust prevention measures. The stadium railings, beams, and other steel areas need rust prevention and coating in specific areas throughout the stadium.	90,000	4,500	94,500
Site		Stadium Event Power Upgrades & Switchgear Electrical (2019/20 Carryover) Install and enhance Stadium Event wiring service on the 12 Kilovolt (KV) Primary Switch Gear (PMSG) to main electrical panel.	\$ 42,714	\$ 2,136	\$ 44,850
Site		Asphalt (2018/19 Carryover) Slurry coat the visitor parking on Tasman, Gold 4 & 5 parking lots and South Access Road.	190,000	9,500	199,500
Subtotal CapEx Construction Carryover Costs			\$ 3,953,911	\$ 197,696	\$ 4,151,607
Audio/Visual		Radio Booth Cabling (2019/20 Carryover) Install fiber optic cabling to increase the low voltage cabling backbone. This installation will accommodate the expanding requests for booth usage during stadium events and keep up with emerging trends.	\$ 600,000	\$ 30,000	\$ 630,000
Audio/Visual		Crestron Control & Building Operating System Upgrades (2019/20 Carryover) Install a Creston Control System to monitor HVAC, lighting, electrical, and fire alarms. This comprehensive system enables all of these items to interface with one another for engineers to see a real time view of the building's systems.	10,000	500	10,500
Food and Beverage		Beverage Distribution System (2020/21 Carryover) Add a beverage distribution system to stadium concession areas and bars. This includes the lines and CO2 dispensing equipment.	50,000	2,500	52,500
Food and Beverage		CO2 Monitoring & Sensors for Code Compliance (2020/21 Carryover) Install remote CO2 monitoring for enhanced safety for stadium staff per SCFD & State of CA.	200,000	10,000	210,000
Furniture, Fixtures & Equipment		Replace Furniture in Club and Special Event Spaces (2019/20 Carryover) Purchase replacement furniture for clubs (BNY, United, Levi's 501 and Yahoo) and special event spaces to enhance areas and meet client expectations. These spaces are amongst the most utilized in the entire stadium.	1,600,000	80,000	1,680,000
Furniture, Fixtures & Equipment		Security and Life Safety Partitions/Dividers (2019/20 Carryover) Install service tunnel drapery and/or partitions for security and public safety personnel during stadium events that require public access to the service level. This helps coordinate public movements in "back of house areas" without affecting stadium operations.	68,000	3,400	71,400
Furniture, Fixtures & Equipment		Tunnel Slip and Fall Protection (2019/20 Carryover) Install non-slip material at the South, Northeast, and Northwest Field Tunnels.	30,000	1,500	31,500
Furniture, Fixtures & Equipment		Guest Service Booths (2018/19 Carryover) Add two additional guest services booths on the main concourse for better enhanced customer service touchpoints.	70,000	3,500	73,500
HVAC/ Mechanical		Variable Frequency Drive(s) (2020/21 Carryover) Replace exterior Variable Frequency Drive units for Cooling Tower pumps due to life expectancy issues. This system supports the mechanical cooling functions for the HVAC system.	150,000	7,500	157,500

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
HVAC/ Mechanical		Cooling Towers (2020/21 Carryover) Replace Cooling Towers internal parts and systems. This includes the motors, fans, fill, controls, and piping which support the mechanical cooling functions for the HVAC system.	50,000	2,500	52,500
HVAC/Mechanical		Kitchen Exhaust Fans (2019/20 Carryover) Install variable frequency drive (VFD) Units on kitchen exhaust fans for soft start (slow ramp up) capabilities. Kitchen exhaust fans currently operate 100 percent of the time. Installing VFD units will modulate the power and save energy whenever the fan is in use. Soft start extends the life of the equipment and saves energy.	300,000	15,000	315,000
Information Technology	x	Financial Management Information System Project (2020/21 Carryover) Procure a new cloud-based financial management system for the Stadium Authority that would allow greater visibility in to Non-NFL Events. The management company that handles Non-NFL events would use the financial management system for all transactions related to Non-NFL events as well as store supporting documentation for the transactions (Including invoices). The costs include software license/subscription, hosting fee and a consultant for implementation and process improvement. There will be ongoing software license costs and possibility for additional staff time for implementation. *Subject to subsequent court rulings on cost allocation.	270,000	13,500	283,500
Life Safety/Fire		Fire Alarm System (2020/21 Carryover) Replace/update fire alarm system field devices, including interior/exterior signaling devices, detectors, and control panel parts.	250,000	12,500	262,500
Life Safety/Fire		Fire Sprinkler Extension (2019/20 Carryover) Add fire sprinklers to the Gate F entrance. The Santa Clara Fire Marshal has requested that fire sprinklers be installed at the Gate F entrance to mitigate potential fire risk beneath the existing ribbon boards.	55,000	2,750	57,750
Public Safety Equipment	x	Mass Casualty Incident Trailer (2020/21 Carryover) Purchase a Mass Casualty Incident (MCI) Trailer. The fire department currently has equipment to treat 25 patients during a large-scale emergency. The MCI Trailer would allow the first responders to treat between 500-1000 people during a large-scale emergency by allowing quick access to on-board equipment and supplies.	120,000	6,000	126,000
Public Safety Equipment	x	2-Way CAD/24-7 Link (2020/21 Carryover) Add a 2-way link between the 24/7 dispatch system and the CAD system. All stadium personnel operate on the 24/7 dispatch system. SCPD and SCFD operate on the CAD system. When public safety personnel are sent on calls, the call must be generated by hand in both systems. This causes extra work for dispatchers, however, more importantly this creates delays in reporting and responses to public safety incidents. A 2-way link would allow both systems to "talk" to each other and automatically create incidents in each other's system. Additionally, without this link, we cannot log officers on which creates an officer safety issue as well as an issue when it comes to management of personnel.	\$ 82,000	\$ 4,100	\$ 86,100
Public Safety Equipment	x	Dispatch Monitors (2020/21 Carryover) Replace dispatch monitors with larger screens. Our public safety dispatchers utilize several screens at their work stations in order to facilitate their duties. The necessary upgrading of our latest public safety communications center's CAD and associated software will require larger screen area to effectively manage the new information. These 16 replacement 22" larger monitors are needed to optimize the use and intended application of the latest public safety dispatching software. The larger screens are required to view the additional windows from the CAD system and are expected to last five years. The prior monitors were purchased six years ago and are 19" monitors. The cost includes estimated installation for three workstations.	8,000	400	8,400

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Public Safety Equipment	x	Radio Chargers (2020/21 Carryover) Add three radio charging stations. Our radio equipment is critical and, therefore, their serviceability must be maintained. Each new radio will require a charging port. These three charging stations each have a 6-radio capacity and three are needed to maintain radios at their peak power and usability. Having these three charging stations will ensure all radios are ready for use by public safety without the risk of personnel being without this crucial equipment in a functional state.	3,000	150	3,150
Public Safety Equipment	x	Radios (2020/21 Carryover) Add new radios to equip additional staff in our public safety deployment. Personnel will continue to use these specific radios for varied public safety responsibilities. These radios allow for communication to the command post and between public safety partners working our events. Without these critical radios, personnel would not be able to function in their capacity and as expected to provide public safety services including emergency response. There is a yearly operating cost; requesting quote.	79,000	3,950	82,950
Public Safety Equipment	x	GPS Software for Tracking Personnel (2019/20 Carryover) Add GPS software to track public safety personnel. Live tracking of law enforcement personnel is critical in providing an accurate picture of public safety coverage. This technology and software will allow the Command Post to know where our personnel are at all times and make necessary assignment adjustments on the go. It is desired that the software also be capable of retaining data for historical analysis. The requested funding of \$25,000 is the initial purchase price for approximately 100 devices and the software. There is a monthly operating cost of \$30/month each; \$36,000 total annually.	25,000	1,250	26,250
Public Safety Equipment	x	Fencing on Tasman (2019/20 Carryover) Add fencing to prevent stadium event pedestrian traffic from crossing unsafely between Lafayette St. and the Tasman St. overcrossing.	70,000	3,500	73,500
Public Safety Equipment	x	Street Signage (2017/18 Carryover) Add street signage. This item was brought before the SCSA Board and approved in the 2017/18 budget. Staff has been working with the Department of Public Works, the Executive Director's office and the Chief of Police's office to identify appropriate locations on surrounding city streets (Great America Parkway, Tasman Drive, etc.) to place signage to better protect, inform and serve patrons visiting Levi's® Stadium, non-event day traffic, community event advisories and emergency public safety and traffic advisories.	1,000,000	50,000	1,050,000
Public Safety Equipment	x	Staff Scheduling Software (2019/20 Carryover) The Stadium requires SEOs to operate safely. Notifying and communicating with our SEOs is critical in properly planning our staffing needs. We currently use an out of date version of "Game Day Staffing."	16,250	813	17,063
Public Safety Equipment	x	Portable License Plate Reader/PTZ Cameras (2018/19 Carryover) Purchase portable license plate readers. Placing temporary/moveable license plate readers in remote stadium parking lots will provide better information and intelligence to the Command Post in order to deter crime and assist in apprehending crime suspects in the aftermath of an incident.	160,000	8,000	168,000
Vertical Transport		Elevator Door Replacement (2019/20 Carryover) Replace and install new elevator doors on one of the freight elevators in the stadium.	20,000	1,000	21,000
Subtotal CapEx Equipment Carryover Costs			\$ 5,286,250	\$ 264,313	\$ 5,550,563
Stadium Warranty-Related Construction		Carryover costs from the original Stadium Construction Budget for warranty-related work.	\$ 1,528,202		\$ 1,528,202
Total CapEx Carryover Costs			\$ 10,768,363	\$ 462,009	\$ 11,230,372

Santa Clara Stadium Authority
2021/22 CapEx Project Submittal Not Recommended

Item Type	SCSA	Description	Cost	Contingency	Total Cost
	Requested			(5%)	
General Building		Levi's Naming Rights Signage Replacement (2020/21 Carryover) Replace Levi's Naming Rights signage. The cost of this project increase from \$650,000 to \$900,000. Based on the Naming Rights Agreement, it is the Santa Clara Stadium Authority's position that this project is the responsibility of Levi's.	\$ 900,000	\$ 45,000	\$ 945,000
Subtotal Projects Not Recommended			\$ 900,000	\$ 45,000	\$ 945,000

The Capital Expense budget does not include the requested Levi's Naming Rights Signage Replacement Project totaling \$945,000 which includes a 5% contingency. The Naming Rights Agreement Section 5(f) states, "Naming Rights Sponsor shall be entitled, **at its sole cost and expense**, to replace, update, change, refresh or refurbish any such initial signage at any time and from time to time...". Based on this language, it is the Stadium Authority's position that the full signage replacement is the responsibility of the Naming Rights Sponsor and may constitute a gift of public funds.

There are over 40 CapEx projects that the Stadium Manager has requested over the past three fiscal years and the Stadium Manager has not been able to legally and properly implement these identified needs. The CapEx projects keep growing and, as we all know, repair and maintenance work gets more costly the longer it is delayed. Additionally, given the short turnaround time from receipt of these requests to publishing the proposed budget, the Stadium Authority did not have time to conduct any due diligence on whether the CapEx projects are properly assigned to Stadium Authority, estimated accurately, are in fact needed, or any other confirmation required to support the budgeting of these items. These items are being transmitted as submitted by the Stadium Manager and the Board would be wise to get more information about these projects and purpose for excessive delay in implementing them—including a procurement workplan that provides a schedule for project implementation.

Santa Clara Stadium Authority

Capital Expense Plan Summary - 5 Year Forecast

	2021/22	2022/23	2023/24	2024/25	2025/26
	Budget	Budget	Budget	Budget	Budget
Electrical	\$ -	\$ -	\$ 750,000	\$ 1,250,000	\$ 1,475,000
General Building	2,790,000	1,875,000	1,138,000	2,050,000	3,100,000
Plumbing	-	150,000	-	-	375,000
Public Safety	-	-	-	-	-
Security	-	150,000	-	-	1,110,000
Site	-	400,000	-	150,000	450,000
Subtotal CapEx Construction Costs	\$ 2,790,000	\$ 2,575,000	\$ 1,888,000	\$ 3,450,000	\$ 6,510,000
Audio/Visual	\$ -	\$ 870,000	\$ -	\$ -	\$ 650,000
FF&E	-	-	30,000	-	61,669
Food & Beverage	-	-	-	-	1,200,000
HVAC/Mechanical	-	150,000	-	225,000	225,000
Information Technology	-	-	-	-	-
Life Safety/Fire	-	-	-	50,000	-
Security	75,000	-	-	-	-
Public Safety Equipment	373,520	526,510	164,010	193,010	28,010
Vertical Support	-	-	-	-	-
Subtotal CapEx Equipment Costs	\$ 448,520	\$ 1,546,510	\$ 194,010	\$ 468,010	\$ 2,164,679
Contingency (5%)	161,926	206,076	104,101	195,901	433,734
Total CapEx Project Costs	\$ 3,400,446	\$ 4,327,586	\$ 2,186,111	\$ 4,113,911	\$ 9,108,413



STADIUM AUTHORITY WORK PLAN

Due to the ongoing COVID-19 Pandemic, the Work Plan that Stadium Authority staff shared last year was not successfully completed because staff resources were limited and redirected to address the lack of events at the Stadium and budgetary impacts from the pandemic, emergency repairs at the Stadium, requests from ManagementCo for continued procurement assistance, and various Stadium Builder License issues. That said, and within the context of continuing to support the defense of several lawsuits that the 49ers have filed against the City or Stadium Authority, staff will focus on the following:

Work Effort	Work Plan	Planned Outcome
ADA Compliance	<ul style="list-style-type: none"> Complete ADA compliance with multi-year improvements to Main Lot. 	<p>Compliance regarding accessible parking spaces at Stadium Main Lot</p> <p>Use of other satisfactory solutions that prioritize ADA compliance.</p>
Community Room	<ul style="list-style-type: none"> Return to Board to seek input on proposed next steps, including evaluation of the other locations discussed earlier in 2018. Develop policy/guidelines for use. 	Resolution of Community Room location, policy/guidelines for use.
Curfew	<ul style="list-style-type: none"> Review options regarding the Stadium curfew and associated fees and return to the Board to seek input on proposed next steps. 	Address Stadium curfew issues while ensuring that Non-NFL events generate revenue for the Stadium Authority.
San Tomas Aquino Creek Trail	<ul style="list-style-type: none"> By review of other venues with shallow security perimeters and consultation with Homeland Security, evaluate options for keeping trail open during events and/or providing alternate routes if trail is closed. 	Creek trail access and/or safe and/or accessible alternate route.
SCSA Board Policy Manual	<ul style="list-style-type: none"> Continue to create manual, beginning with Governance and Budget policies. Identify areas where policies are appropriate and propose drafts for the Board’s approval. 	Develop additional policies and present to Board for inclusion in manual. While needed, capacity has not existed to develop more policies.

<p>SCSA Auditor Annual Audit Work Plan</p>	<ul style="list-style-type: none"> • Analyze the Stadium Authority’s review procedures for Non-NFL Events’ revenues and provide feedback on procedure and control issues, if any. • Review the Stadium Authority Financial Reporting Policy with staff and external auditors and provide feedback on best practices. • Provide oversight of Construction Fund and Public Safety audits of transactions and provide feedback on the allocation of staff charges (contracted service). • Provide oversight of Non-NFL Events audit (contracted service). • Retain consultants to perform the annual financial audit for the Stadium Authority (contracted service). 	<p>Promote honest, efficient, effective and fully accountable city government through accurate, independent and objective audits.</p>
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Attachment 2

March 9, 2021

Agenda Report 21-401

Proposed Santa Clara Stadium

Authority Fiscal Year 2021/22

Operating, Debt Service, and

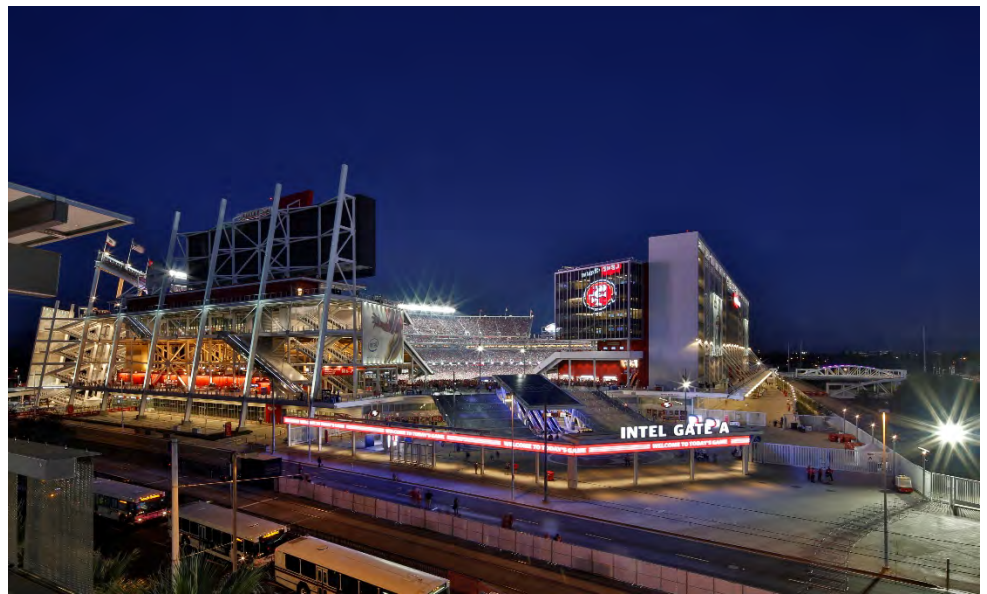
Capital Budget

and

Staff Presentation

Santa Clara Stadium Authority

PROPOSED FISCAL YEAR 2021/22 OPERATING, DEBT SERVICE AND CAPITAL BUDGET



On June 8, 2010 the residents of Santa Clara voted to adopt Measure J, the Santa Clara Stadium Taxpayer Protection and Economic Progress Act, resulting in the approval to construct a new stadium to be leased by the San Francisco 49ers. Measure J called for the creation of the Santa Clara Stadium Authority (Stadium Authority) to own, develop, construct, operate, and maintain the Stadium. The Stadium Authority exists as a public body, separate and distinct from the City. The Stadium Authority is structured so that the City is not liable for the debts or obligations of the Stadium Authority.

This budget and additional financial information on the Stadium Authority can be found at: "[santaclaraca.gov/our-city/santa-clara-stadium-authority](https://www.santaclaraca.gov/our-city/santa-clara-stadium-authority)".

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NFC Championship Game: San Francisco 49ers vs Green Bay Packers
January 2020



Levi's Stadium

Santa Clara Stadium Authority

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March 2, 2021

Honorable Board Chair and Directors
SANTA CLARA STADIUM AUTHORITY

Subject: Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

Members of the Board,

As required in the Santa Clara Stadium Authority (“Stadium Authority”) Management Agreement, Section 4.6: Annual Operating Budget, I transmit the Proposed Fiscal Year (FY) 2021/22 Operating, Debt Service, and Capital Budget for the Stadium Authority. This budget provides the necessary funding to administer the duties of the Stadium Authority, including:

- Support for operating the Stadium for Non-NFL events through a management company
- Advancement of the FY 2021/22 Work Plan;
- Payment of debt service obligations; and,
- Maintenance of a five-year capital plan.

The Stadium Authority Board (“Board”) provides overall governance and oversight of this operational structure, with the use of Stadium Authority staff to support the Board’s efforts. Amongst other due diligence requirements to support these duties, the Board is also responsible for: setting policy; debt and fiscal management; ensuring implementation required to uphold core duties related to operations and capital projects; and oversight as necessary. While meeting the Stadium Authority’s requirements, this budget continues to advance strategic initiatives necessary to ensure that the Board is responsive to various stakeholders and constituencies participating in advancing Levi’s® Stadium’s purpose (e.g., residents, businesses, national and regional clients, and various other interested parties).

CONTEXT FOR PROPOSED BUDGET

The Proposed FY 2021/22 Operating, Debt Service, and Capital Budget is presented to the Board under difficult circumstances. The impacts from the COVID-19 pandemic continue to impact the Stadium Authority, suspending attendance at all events and impacting revenues to the Stadium Authority. Despite these challenges, the Stadium Authority continues fiscal prudence to ensure our

HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY

Subject: Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

March 2, 2021

debt obligations are made, strong reserves are maintained, and the stadium is positioned well when recovery from the pandemic begins.

This budget is also presented in the context of ongoing litigation with ManagementCo. During FY 2019/20, the Stadium Authority issued to ManagementCo several Notices of Breaches and Default of the Management Agreement that ultimately resulted in issuing a Notice of Termination of the Management Agreement. In recognition of the fact that until these matters are resolved, the Stadium Authority budget must include repayment of debt, funding of some type for an operating budget, and capital investment in the stadium asset. Submission of this year's budget to the Board for adoption is not intended as an indication of a change in its position that the Management Agreement with ManagementCo must be terminated.

The Stadium Manager has also continued to issue itself unauthorized loans on the Stadium Authority's behalf to pay itself public funds.¹ This practice has been in response to the Board's conditioning of payment of operating expenses based on the Stadium Manager substantiating the propriety of the expenditure. At the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to legal agreements and State and local laws. Outside of that conditioning of payment, the Stadium Authority continues to pay for expenses that are appropriate: utilities, insurance and costs associated with SBL sales and services.²

Likewise, the Budget is also presented with CapEx budget proposals included by both the Stadium Authority and Stadium Manager; however, with two fiscal years of budgeted projects that have not been implemented. Stadium Manager's inability to complete their budgeted capital projects calls into question whether the Stadium is being maintained properly and strongly demonstrates the Stadium Manager's lack of ability to implement public works projects in accord with public bidding requirements and prevailing wage regulations. We have been made aware that there were prevailing wage violations with workers from contracts procured by the Stadium Manager that were not paid at the rate required by State law. Because of the Stadium Manager's failure to follow through with its commitment to remedy other contracts issued since the original construction of the Stadium we have been unable to confirm whether other workers may not have been paid in accordance with State prevailing wage law. As we enter the third year without transparency into which capital projects are being implemented, the Stadium Authority requested a procurement plan from the Stadium Manager to transmit to the Board, as Stadium Authority staff has asked for years now. Unfortunately, the Stadium Manager has not shared its capital projects implementation plan/schedule to the Stadium Authority for three years. Corrective action on compliance with state laws should not take this long to implement and continues to pose risk to the Stadium Authority. Accordingly, a changed approach for

¹ CFO Scott Sabatino has issued various unauthorized revolving loan funds on behalf of the Stadium Authority, although his role and position are not reflected in the proposed Shared Expenses.

² Stadium Authority is currently budgeting for Owners' Club buffet costs, but any payment is caveated with the need for the Stadium Manager to prove that the expenses were actually due.



HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY

Subject: Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget

March 2, 2021

CapEx expenditures is proposed in this budget. Below is data relative to the CapEx budget for the Stadium Manager and the actual dollars expended, which demonstrate that there is valid concern for the Stadium’s upkeep and surfaces questions whether the Stadium Manager can implement the CapEx budget as requested:

CapEx Stadium Authority Adopted Budget vs Stadium Manager’s Expenditure Rate

Fiscal Year	CapEx Budget for Stadium Manager Projects and Projects Managed by Stadium Manager	CapEx Dollars Expended by Stadium Manager
FY 2018/19	\$6.3M	\$1.4M (22% spend rate)
FY 2019/20	\$12.5M	\$254,753 (2% spend rate)
FY 2020/21 (to date)	\$8.9M	\$289,034 (3% projected)

The Stadium Authority, a public entity, owns Levi’s® Stadium and contracts with ManagementCo for promotion of Non-NFL events and facility operations and maintenance. This operational structure is implemented by using a variety of ManagementCo staff, vendors, and public service employees through reimbursement procedures as outlined in the Management Agreement. Through the Management Agreement, ManagementCo is held to a Standard of Care as outlined in Section 2.9 of the Management Agreement, which states:

2.9 Standard of Care. Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition³ and operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) maximize Operating Revenues.

This Proposed FY 2021/22 Operating, Debt Service, and Capital Budget is presented to the Board within the context of a management company that has not exercised the required standard of care or exercised commercially reasonable good faith efforts in managing and operating the Stadium. For example, ManagementCo continues to disregard the maintenance and capital projects at the Stadium, only completing emergency repairs in FY 2020/21. Additionally, in comparison to the Convention Center, Spectra reduced staffing from over 45 positions to two positions, ManagementCo has not been transparent detailing expenditures reductions that occurred during the COVID-19 pandemic while the Stadium remains void of events (see table below). Last, ManagementCo continues to lose money in its management of Non-NFL events; the loss in FY 2019/20 totaled \$2.7 million and another \$600 thousand loss is expected in FY 2020/21. This level of performance continues to be cause for concern, especially when evaluated against the proposed Marketing Plan.

³ As defined by the Amended and Restated Stadium Lease, the Stadium Operations and Maintenance Plan shall establish procedures and policies for operating and maintaining the Stadium Complex in accordance with good, sound and prudent engineering practices, taking into account the age and the useful life of the Stadium, and the requirements of any Permitted Landlord Financing.



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ManagementCo has not demonstrated compliance with the Standard of Care provision along with other requirements, state and local laws, and policies.

FY2020/21 Forecast - Stadium Manager Expenses

Expense Type	ManCo			
	Submitted Budget ⁽¹⁾	Forecast	Reduction	% Reduction
Security ⁽¹⁾	\$ 1,438,159	\$ 1,302,800	\$ 135,359	9%
Stadium Ops ⁽¹⁾	4,462,496	2,713,025	1,749,471	39%
Engineering ⁽¹⁾	1,977,119	1,984,300	(7,181)	0%
Guest Services ⁽¹⁾	705,982	356,850	349,132	49%
Grounds ⁽¹⁾	409,022	193,000	216,022	53%
Total	\$ 8,992,778	\$ 6,549,975	\$ 2,442,803	27%

⁽¹⁾The Shared Stadium Manager Expenses have been broken out to reflect ManCo's submission. These costs are included in the SCSA budget under Legal Contingency.

The above table reflects a forecast received by SCSA on February 19, 2021. SCSA had previously received a forecast in December that reflected the same bottom line of \$6.5 million. SCSA has also tracked the invoices received to date that correspond to the December forecast. It's important to note that SCSA has compared the December forecast to the February forecast and has found that while the bottom line remains at an estimated \$6.5 million in both forecasts received the amounts in each category have fluctuated. It's typical for forecasts to fluctuate, however, the bottom line usually fluctuates as well. In this case, the category forecasts fluctuate, but the bottom line remains stagnant. It remains unclear the decisions made by the Stadium Manager to expend \$6.5 million within the context of COVID and whether they were fiscally prudent within the context of no activity taking place at the Stadium.

Fiscal Year 2021/22 will mark the eighth year of stadium management by ManagementCo. ManagementCo was awarded a no-bid contract to manage Stadium Operations on behalf of both the Stadium Authority and the 49ers. In that contract, the Stadium Manager represented that it had strong public assembly/facility market experience in the management of a stadium and Non-NFL Event marketing to maintain our world-class facility and maximize revenues to the City. Through the Stadium Authority's oversight, expanded public transparency and reporting, and efforts to ensure compliance with Agreements in place, it is now clearer that the ManagementCo has not generated revenue through non-NFL events, cannot properly maintain the Stadium, and/or comply with state and local laws. Through the close out of FY 2018/19 and 2019/20, it was determined that there were fewer and fewer revenue-generating events overall and, particularly, continued booking of significant money losing events, combined with dramatically escalating operational costs, resulted in no performance rent being generated for the City. Below are tables reflecting the ticketed events over the last two years and associated revenue and expenses that detail the money losing events that were continued to be scheduled by the Stadium Manager.



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**FY2018/19 Ticketed Non-NFL Events
Revenue and Expenditure Summary**

In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.4	\$ 1.6	\$ (0.2)
Taylor Swift Tour Day 1	5.1	6.9	(1.8)
Taylor Swift Tour Day 2	10.5	7.8	2.7
Stadium Links	0.1	0.0	0.1
Manchester United vs Earthquakes	1.6	1.9	(0.3)
ICC: Barcelona vs AC Milan	4.4	4.0	0.4
High School Football Series	0.1	0.1	0.0
Jay-Z/Beyonce	8.4	7.9	0.5
SJSU vs Army	0.2	0.4	(0.2)
Pac-12	1.3	4.0	(2.7)
Redbox Bowl	4.6	5.2	(0.6)
Mexico vs Paraguay	3.6	4.1	(0.5)
Total Ticketed Non-NFL Net Revenue	\$ 41.3	\$ 43.9	\$ (2.6)

*Numbers may vary due to rounding

**FY2019/20 Ticketed Non-NFL Events
Revenue and Expenditure Summary**

In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
ICC: Chivas vs Benfica	1.2	1.5	(0.3)
Rolling Stones: No Filter Tour	11.4	10.5	0.9
High School Football Series	0.1	0.1	0.0
Pac-12 Championship	3.1	5.7	(2.6)
Redbox Bowl	4.6	5.2	(0.6)
Total Ticketed Non-NFL Net Revenue to date	\$ 22.3	\$ 25.1	\$ (2.8)

*Numbers may vary due to rounding

Additionally, this budget is proposed at a time when the Levi's Stadium is being used as a vaccine site. The exact cost implications for this commitment are unknown because ManagementCo has not been transparent with the Stadium Authority. Given that ManagementCo has committed the facility for at least three months of the next fiscal year (25% minimum), it remains unknown what additional



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fiscal impacts the Stadium Authority Board should plan for regarding expenditures in Shared Expenses in support of this NFL event. ManagementCo is required to pay the full cost of the utilities for NFL events and other expenses associated with the event. Accordingly, there should also be a substantial reduction in the Shared Expense budget for staff costs and outside contractors who are providing services in support of the Vaccination Site agreement with the County. The Stadium Manager has not provided a detailed breakdown of how they propose to allocate the costs.

The Board calls for a new third-party management to take over operations and management of Levi's Stadium for both the NFL and Non-NFL season. The ManagementCo filed a lawsuit to dispute the termination; the termination date remains subject to litigation and remains uncertain. As a result, the ManagementCo will continue to operate the stadium until these issues are resolved in court. In addition, the Stadium Authority's work with the ManagementCo on the budget and fiscal processes do not constitute a waiver or release of the termination notice, or any Stadium Authority rights and claims

PROPOSED BUDGET IN BRIEF

The Proposed Budget is presented on an accrual basis which provides increased transparency for projected revenues and expenses, with added detail about financial transfers. For the first time, the Stadium Authority Budget implements a budgetary display of financial statements that incorporates budget practices that includes Beginning and Ending Fund Balances. This enhances fiscal transparency with respect to the Stadium Authority's reserves and unspent funds.

The total Stadium Authority Operating Budget for FY 2021/22 is \$65 million and represents a decrease of \$3.2 million, or 4.6%, compared to the prior fiscal year. To note, this figure does not include the gross revenues or expenditures that are generated from Non-NFL Events.

A summary of key changes and assumptions for the Proposed Budget include:

- Proposed Capital Expenditures totaling \$14.6 million including general building, security, furnishings and equipment, and public safety investments.
- Adjustments to the General and Administrative Budget funding 6.7 full-time equivalent positions totaling \$1.8 million. We believe this to be a baseline level of support necessary for Stadium Authority operations.
- Deletion of one Deputy City Manager.
- With the above deletion, addition of one new position totaling \$195,000 (Management Analyst) to support SBL, litigation support, public records requests, financial management system implementation support, and contract/procurement activities.
- Net Non-NFL Events revenue loss of \$600 thousand for the current year and FY 2021/22. This level of performance continues to be cause for concern.
- Total estimated Debt Service expenses of \$38 million including debt related to the CFD (\$500 thousand) and Subordinate Loan (\$12 million) and Term A Loan (\$25.5 million).



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METHODOLOGY

Information provided in this report was based in part on documentation submitted by ManagementCo on January 29, 2021. Per Section 4.6 of the Management Agreement, ManagementCo is required to submit a budget 45 days prior to the start of the fiscal year. Additional detail and explanations pertaining to requests submitted by ManagementCo were received February 19, 2021 and have been incorporated into this Proposed Budget.

KEY ISSUES IN THE PROPOSED BUDGET

There are several key issues to surface as part of the discussion for the Proposed FY 2021/22 Operating, Debt Service, and Capital Budget: Stadium Authority Financial Management System, Naming Rights Agreement, Performance Rent, General and Administrative Expenses, Debt Service Payments, Capital Expense Budget, and Marketing Plan.

COVID-19 Pandemic Impacts – The global pandemic quickly impacted events here at home with no events with attendance in FY 2020/21 and limited events expected at the start of FY 2021/22. As a result of the pandemic, cancellation of all Non-NFL Events from March 2020 and NFL preseason events later in the fiscal year had a severe impact to the Stadium Authority. With the start of the NFL season with no fans in attendance, and the scheduling of three NFL games in Arizona due to County restrictions, FY 2020/21 ended the year with no paying ticketholders in the stadium. As part of the regional effort to roll out vaccines, Levi's Stadium has been selected as one of the largest vaccine distribution sites by the NFL. We expect the vaccine roll out to continue into at least the first quarter of FY 2021/22. As the vaccine roll out accelerates, there is hope that ticketholders will be allowed in the Stadium later this year.

Assumptions reflected in this budget include full attendance at NFL events, as assumed and submitted by the Stadium Manager. We will continue to monitor and develop contingency plans to offset revenue impacts should a reduced level or continuation of no fans due to the pandemic occur. We have also requested that the Stadium Manager submit alternative revenue and expenditure scenarios in the event of a slower vaccine roll out. Because of the restrictions on attendance, the Stadium Authority was forced to scan and review hard copy SBL agreements provided by the Stadium Manager in order to defend against pending class action litigation by certain SBL holders.

Termination of Stadium Management Agreement – On February 11, 2020, the Board authorized the termination of the stadium management agreement with the Forty Niners Stadium Management Company LLC (ManagementCo) in its entirety. The Board's authorization to terminate the agreement is based on (1) Stadium Manager's fraud, intentional misrepresentation, and material omissions of facts in connection with the Management Agreement; (2) Stadium Manager's misappropriations and self-dealing; and (3) Stadium Manager's willful misconduct that resulted in two Events of Defaults, which Stadium Manager failed to cure. The Stadium Authority's work with the ManagementCo on the budget and fiscal processes do not constitute a waiver or release of the termination notice, or any Stadium Authority rights and claims.



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It is important to note that since this was a sole source/no bid contract award, there has never been any comparison of the operation and management budget with other stadium managers to determine if ManagementCo's budgets are commercially reasonable. In other words, the Shared Expenses have never been validated against the market rate to determine whether the Stadium Authority is getting the best value for the Management Agreement costs that it pays to ManagementCo for its services and its results. In addition, because Stadium Manager has refused to allow a transparent examination of its records, staff has been unable to verify if shared expenses are being double charged as event expenses.

Performance Rent and Continued Decline in General Fund Revenue - As stated previously, Net Non-NFL Event Revenue directly impacts the amount of Performance Rent that is an expense to the Stadium Authority and paid to the City of Santa Clara. Performance Rent is calculated using 50% of the Net Non-NFL Event Revenue minus performance-based credits (see Page 32) for more detail on Performance Rent). In the budget submittal provided by ManagementCo, the Net Non-NFL Event Revenue projected a loss of \$600 thousand for FY 2020/21 and projected a loss of \$600 thousand to break even for FY 2021/22. For purposes of this budget, a loss of \$600 thousand is assumed in each fiscal year. It should be noted that details regarding the gross revenue or expenditures, or the types and number of events were not provided.

Performance Rent Calculation	Fiscal Year 2020/21 Projection	Fiscal Year 2021/22 Budget
Ground Rent	\$ 390,000	\$ 425,000
Net Non-NFL Event Revenue (Expense)	\$ (600,000)	\$ (600,000)
50% of Net Non-NFL Event Revenue (Expense)	\$ (300,000)	\$ (300,000)
Performance Rent Credit (50% of Ground Rent)	\$ (195,000)	\$ (212,500)
Total Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

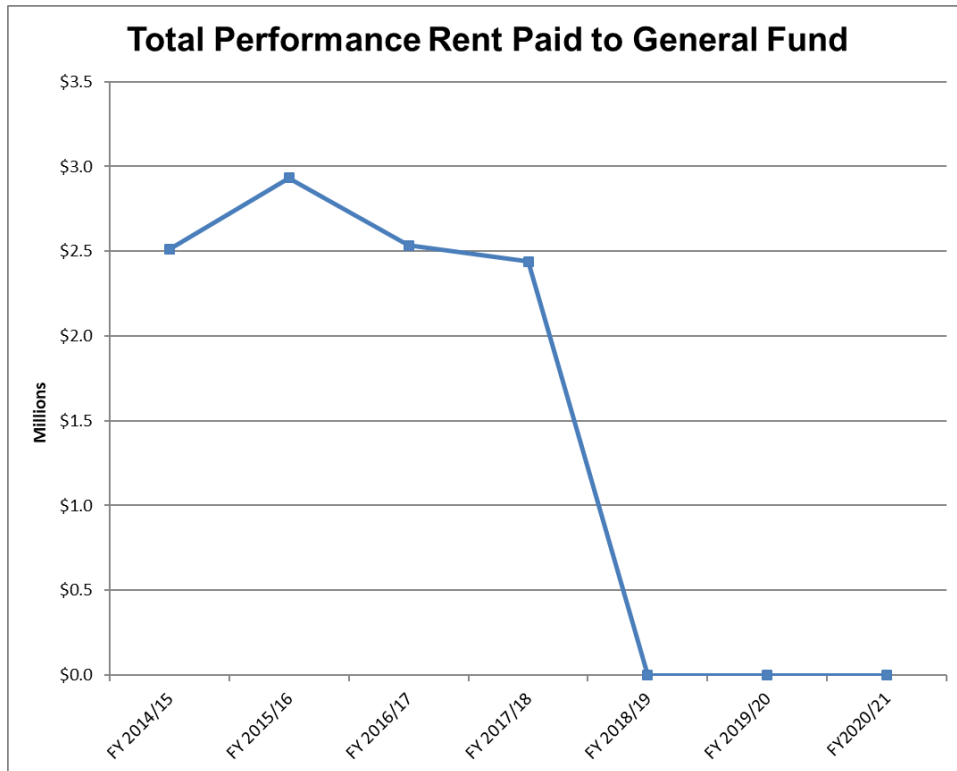
The two years shown in the table above project that no revenue will be paid to the City of Santa Clara for performance rent in FY 2020/21 and FY 2021/22. This performance continues to be of concern as a result of demonstrated mismanagement by the Stadium Manager and lack of corrective action. For reference, the chart below shows the performance rent revenue generated by the Stadium Authority in past years:



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Naming Rights Agreement between Santa Clara Stadium Authority and Levi Strauss & Co. (“Naming Rights Agreement”) - It is important to note that the Naming Rights agreement with Levi’s® requires the Stadium Authority to hold at least 36 “Major Events” (with 25,000+ attendees) every three contract years. As of this report, the current number of Major Events held at Levi’s® Stadium was twelve (12) through the current three-year period. Based on these numbers, Levi’s® is expected to receive a credit totaling \$442,755 (\$15,000 multiplied by the difference between 36 and the actual number of events held during the three-year period then multiplied by an Annual Proportionate Increase). The Second Amendment to the Stadium Management Agreement states that ManagementCo would pay the Stadium Authority as liquidated damages the amount owed by the Stadium Authority to Levi’s®. ManagementCo has acknowledged responsibility for liquidated damages. During discussion between the Stadium Manager and Levi’s®, it was determined based on the contract language that the first contract year began March 1, 2015. The Stadium Authority had been tracking events for Naming Rights purposes beginning March 1, 2014, however, after review of the contract is in agreement that the initial year began March 1, 2015 and has updated the below table to reflect this change.

Naming Rights Agreement Three-Year Periods	Number of Major Events
March 1, 2015 to February 28, 2018	40
March 1, 2018 to February 28, 2021	12



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Stadium Authority Financial/Accounting Management System – The Management Agreement establishes several requirements for the accounting of Stadium Authority financial activity, such as:

- Pre-Opening Obligations (Management Agreement 2.4):
 - 2.4.7 **Establish charts of accounts and accounting policies**, procedures and systems, including policies, procedures and systems for payroll processing, accounts payable, accounts receivable, depository accounts, box office and reporting functions;
 - 2.4.8 Design, establish and **maintain effective internal accounting controls with respect to compliance with Applicable Laws**, this Agreement and contracts pertaining to the Stadium, in such a manner as to **minimize the risk of noncompliance and to provide for the detection of any noncompliance within a timely period** by the Stadium Manager's employees in the normal course of performing their assigned functions;
- The Stadium Manager shall maintain complete and accurate books and records relating to the Net Income from Non-NFL Events, in accordance with generally accepted accounting and management practices, consistently applied. **The Stadium Manager shall maintain complete and accurate books and records relating to the operations of the Stadium and its services provided hereunder**, including all Stadium Authority Revenue, Shared Stadium Expenses, Stadium Authority Expenses, Net Income from Non-NFL Events, the cost of Capital Repairs, distributions to and from the Operating Expense Reserve and Stadium Capital Expenditure Reserve, any additional information required to prepare the Annual Statement of Stadium Operations and, to the extent so directed by either StadCo or the Stadium Authority, StadCo Operating Expenses and Stadium Authority Operating Expenses, respectively (collectively, "Stadium Records"). (Management Agreement 4.1)
- The **Stadium Manager shall use reasonable efforts to maintain separate records for the Tenant Season and the Stadium Authority Season and for NFL Events and Non-NFL Events**, in order to effectively protect the confidentiality of records relating solely StadCo. (First Amendment to Management Agreement 7).

Despite the requirements of the Management Agreement, ManagementCo has refused to give the Stadium Authority all its documents related to Non-NFL events. On March 1, 2019, ManagementCo and Stadium Authority staff discussed the opportunity to establish a stand-alone Stadium Authority financial/accounting management system. Over the past years, ManagementCo has commingled its portion of the revenues and expenses of the Stadium Authority into its San Francisco 49ers financial system, such that they now claim that it would be extremely costly to fully produce the Stadium Authority's records. There has been dispute over possession of documents, access to financial information, and overall improved knowledge of the complete set of financial information pertaining to the Stadium Authority. As an example, Stadium Authority has asked Stadium Manager for supporting documentation and clarification to begin close out of FY 2019/2020 on December 1 and,



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as of late-February, has yet to receive response to our requests. Without transparency from the Stadium Manager, Stadium Authority cannot properly advise the Board with accurate information.

ManagementCo agreed to work with the Stadium Authority to establish a segregated financial management system for the Stadium Authority, where Stadium Authority staff has full access to the system, supporting documentation, and in real time (not at the end of the fiscal year or on other terms that require the Stadium Authority to always look backwards to understand financial activity). The system has been selected and project planning is underway. Funding for the system totaling \$283,500 is included in the budget through the Capital Expense budget, subject to subsequent court rulings on cost allocation.

It should be noted that through the initial setup of the fiscal systems during the pre-opening obligations (Section 2.4 of the Stadium Management Agreement), the SCSA paid costs for accounting staff through Stadium Manager Shared Expenses to set up the initial financial management system and procedures. The SCSA should not reimburse duplicative costs to implement a system due to the fact that the system was not in compliance with the agreements. However, the Stadium Manager has demanded the Stadium Authority pay for accounting costs associated with the new financial management system, not recognizing that public funds were expended in early years. In an effort to allow Stadium Manager to mitigate its damages based on its failure to create separate accounting systems, and in order for Stadium Manager to complete the Financial Management System, the Stadium Authority released payment of \$359,250.60 for Stadium Manager General and Administrative costs. **The Stadium Authority reserved all rights to recoup these funds and other costs based on Stadium Manager's breach, including any payments associated with the Financial Management System Implementation.**

General and Administrative Expenses - The General and Administrative (G&A) portion of the budget reflects expenses considered to provide a base level of service to implement the Board's direction and oversight of the Stadium per the various authoritative agreements. Since the inception of the Stadium, more staff resources have been required to respond to ongoing litigation with ManagementCo, to advance the Board's directives, respond to public records requests, and provide the required general oversight, accounting, and efforts to mitigate undesirable impacts to neighborhoods resulting from events at the Stadium. Stadium Authority staff recommends a G&A budget for FY 2021/22 totaling \$5.1 million, an increase of \$500 thousand from the prior fiscal year. The Stadium Authority G&A budget makes up a total 8% of the FY 2021/22 Proposed Stadium Authority Expense Budget of \$65 million.

When comparing to the prior budget, this increase is entirely due to the projected outside legal costs to defend the Stadium Authority from litigation currently in progress. The General and Administrative Expenses budget continues to include the funding of 6.7 full time equivalent positions. We believe it reflects a reasonable level of support for the Stadium Authority activities anticipated in the upcoming year. However, to the extent that workload required by ManagementCo is placed on Stadium Authority staff (e.g., capital projects, procurement support, corrective action, etc.), it is reasonable to require more resources to execute these unanticipated duties.



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Litigation Reserve/Revolving Fund Loan - Funding has been set aside in a Contingency Reserve for potential payments that may arise related to disputed Operating Expenses in FY 2019/20 and FY2020/21. Operating expenses payments were withheld based on Board direction for the conditioning of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to our agreements and State and local laws. Apart from that conditioning of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo instead has issued unauthorized loans and continue to pay itself public funds without demonstrating compliance with State and local laws. Estimated revolving credit loans total \$7.6 million for FY 2020/21 expenses and the Stadium Authority maintains its position that these draws were in violation of the provisions of the Revolving Loan Agreement and that use public funds in violation of public procurement regulations, prevailing wage violations, and prohibitions on self-dealing .

The FY 2021/22 proposed budget assumes that the same conditioning of payments will be in effect until ManagementCo presents the required supporting document for the expenses. The Stadium Authority will return to the Board with budget amendments provided that sufficient backup documentation is provided.

Debt Service Budget - The FY 2021/22 Debt Service Budget of \$38 million is based on the required and additional payments for principal of \$24.9 million and interest of \$13.1 million. The budget reflects a total decrease of \$23.7 million of outstanding debt from \$294.6 million to \$270.9 million.

Capital Expense Budget - The FY 2021/22 Capital Expense ("CapEx") Budget totals \$14.6 million, which includes \$11.2 million in carryover expenses from the prior year due to ManagementCo's inability to implement the CapEx budgeted projects (e.g., properly procure projects and issue contracts). This budget includes various security improvements, fencing on Tasman, furniture replacement and upgrades, and public safety equipment (a detailed list of CapEx projects begins on Page 47). Given the fact that almost no capital projects were completed by ManagementCo, there is serious concern where ManagementCo is unable to complete the projects included in this budget. For the past two years, we have raised this issue with ManagementCo to ensure the Stadium Authority asset is maintained in a sufficient manner and requested a procurement plan: however, there is valid concern that ManagementCo is unable to complete these duties given the record to date. While the Capital Expenses are reflected in the budget, it's recommended that the Board direct the Stadium Manager to present a procurement plan/schedule that demonstrates the ability to manage the Stadium with the proper standard of care and that addresses the highest priority projects while balancing the potential need for City resources. With the Board's revocation of delegated procurement Authority to the Stadium Manager, all projects would need to be presented to the Board for contract approval. While this presented a significant increase in workload for Stadium Authority



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staff, it is prudent given the multiple discoveries of the ManagementCo's flawed procurement practices.

It should be noted, the Capital Expense budget does not include the Levi's Naming Rights Signage Replacement Project totaling \$945,000 which includes a 5% contingency, as recommended by the Stadium Manager. The Naming Rights Agreement Section 5(f) states, "Naming Rights Sponsor shall be entitled, **at its sole cost and expense**, to replace, update, change, refresh or refurbish any such initial signage at any time and from time to time...". Based on this language, it is the Stadium Authority's position that the full signage replacement is the responsibility of the Naming Rights Sponsor and, as suggested by the ManagementCo, any effort to fund the replacement for the sponsors constitutes a gift of public funds.

Marketing Plan – The Stadium Management Agreement states that the Stadium Operation and Maintenance Plan (SOMP) shall include a Marketing Plan (4.10), and the Stadium Lease states that the SOMP shall be presented annually to the Stadium Authority for their consideration and approval (7.2). The draft Marketing Plan is submitted separately to the Board for review during the Study Session on March 2, 2021. As a general concern, given the poor financial results over several fiscal years, the Marketing Plan makes no mention about ManagementCo's "turnaround" strategy to improve their performance, meet their Standard of Care requirements, and demonstrate their ability to profitably operate a public assembly facility.

Previous Board feedback, and ManagementCo's commitment, included the development of key performance indicators (KPIs) for the purpose of tracking marketing strategies and the outcomes achieved. The Board approved a recommendation to complete this work within 90 days and collect data. This has been omitted from the Marketing Plan for the past three years.

Last, the Board should consider whether it makes sense to approve a Marketing Plan as a whole when the Stadium Manager's own projections are to lose \$600 thousand for the Stadium Authority. Past years have demonstrated that the Stadium Manager underestimates their losses and the Board would be wise to conclude that this is likely an underestimated loss.

STATUS OF ONGOING WORKPLAN EFFORTS

On February 1-2, 2021, as part of the 2021 City Council Priority Setting Retreat, the Board reviewed and discussed updated workplan efforts currently underway. A status of some of these ongoing work efforts are summarized below. Some work efforts have been limited by COVID-19 as resources have been reprioritized to focus on mitigating the impacts of the pandemic.

- **Community Engagement** - (1) Conducted a robust Community Outreach and Engagement work plan in 2018 to obtain statistically valid data relative to public opinion on community impacts resulting from Levi's® Stadium and for future policy development. Specifically, the purpose of this work plan was to identify the community's perspectives on issues related to Levi's® Stadium such as noise, public safety, nuisances, parking, flyovers, crowd control, cleanliness, loitering, lighting,



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pyrotechnics/fireworks, performance curfew, and other items. There are efforts to update the Community Outreach and Engagement work plan and gather new feedback from the community. (2) Established a dedicated telephone number to receive input from residents and noise management process with the 49ers to address residential complaints regarding noise and music at the 49ers training facility.

- **Noise Monitoring** - Continued implementing the Noise Monitoring Program, which includes a web-based, publicly available, ongoing, real-time noise monitoring services in the areas surrounding the Stadium and training facility. See above activities relative to actions taken on noise management.
- **Stadium Authority Coordination** - Continued providing procurement oversight and assistance to ManagementCo with the goal of ensuring compliance with state and local laws related to prevailing wage, public works projects, and conflicts of interest, etc. Continued coordination with City departments to address key issues regarding fire violations, permitting, traffic, and public safety.
- **Transparency Efforts** - Began preparing minutes for every meeting with ManagementCo to provide additional transparency, with the referral for the Board to consider the same action for its private meetings with the ManagementCo/49ers as part of a discussion concerning calendaring rules. The Stadium Authority and ManagementCo meets on a monthly basis to discuss current and upcoming issues, events, and projects. Continue efforts to ensure transparency from ManagementCo and sharing of public records, such as establishing a shared financial management services and obtaining Stadium Builder Licenses from ManagementCo and initiating digitization and records repository integration projects.
- **Stadium Authority/Auditor's Workplan Updates**
 - Procured vendor to develop a shared financial management system with 49ers to ensure real-time access to financial records. Project is currently underway.
 - Completed initial analysis of Non-NFL events' revenues and expenses for the first three fiscal year. A report was issued in 2020.
 - An expanded analysis of Non-NFL events' revenues and expenses has been initiated by a forensic accountant. This report is expected in late 2021.
 - Review of College Football Playoff accounting is underway by a forensic accountant. This report is expected in 2021.
 - Annual Statement of Stadium Operations – Procurement of this audit is underway.
 - Review of past Construction Fund and Public Safety transactions and providing feedback on the allocation of staff charges is underway by a forensic accountant. This report is expected in 2021.
 - Maintain workload requirements with nine lawsuits.



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CONCLUSION

As with any budget, there are risks that we can factor into our projections and those that we cannot. For example, some of our revenue projections are more fiscally conservative than in previous years. In some instances, this was necessary due to factors that can easily not materialize and the need to plan accordingly. For example, the budget projects a loss of \$600 thousand for Net Non-NFL Event Revenue for FY 2020/21 and FY 2021/22. In addition, the COVID-19 pandemic makes it difficult to determine what types of events can take place at the Stadium and to what extent fans can attend. Additional information, as it becomes available to the impact of events will be communicated to the Board separately.

This budget outlines a work program and financial strategy to assist in meeting the guiding principles of the Stadium Authority, namely that no City of Santa Clara General Fund monies are to be used to fund Stadium costs, Board oversight of its property manager, and to ensure that the Stadium Authority and ManagementCo continue to be held accountable to the various agreements. Our commitment is to continue to look for improvements within the organization and to deliver the kind of results that the public expects. I look forward to presenting this budget at our upcoming sessions.

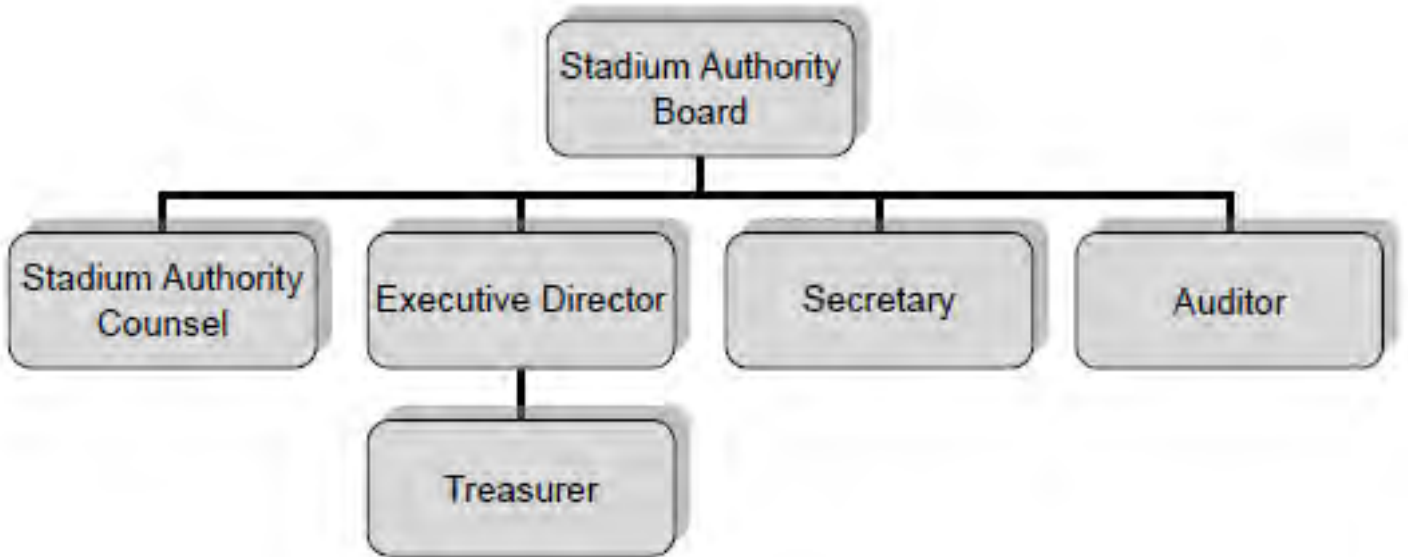
Respectfully Submitted,



Deanna J. Santana
Executive Director



ORGANIZATIONAL CHART



The seven elected members of the City Council serve as the governing Board of the Santa Clara Stadium Authority with the Mayor serving as Chairperson of the Authority.

In addition, City of Santa Clara staff serve as Officers of the Stadium Authority with the City Manager serving as the Executive Director.

GENERAL INFORMATION

This Santa Clara Stadium Authority (“Stadium Authority”) Budget Report provides information covering the Proposed FY 2021/22 Operating, Debt Service, and Capital Budget as well as comparative data from prior fiscal years. Estimated revenue and expense information (three quarters of actuals and one projected quarter) included in this report for the FY 2020/21 is unaudited and, therefore, subject to change as a result of the annual audit conducted by an external and independent auditing firm.

In addition to this report, the Stadium Authority produces annual financial statements within six months of the fiscal year-end (March 31st). These financial statements are audited by an external auditing firm and presented to the Stadium Authority’s Audit Committee and Board. Once presented to the Board, the financial statements are published on the Stadium Authority’s web page. The FY 2020/21 audited financial statements will be presented to the Board by the end of September 2021.

The Stadium Authority is structured so that the City of Santa Clara (“City”) is not liable for the debts or obligations of the Stadium Authority.

All services provided by the City to ManagementCo or the Stadium Authority are fully reimbursed. Types of services include the following:

- Administrative General Fund costs that are spent during operations are separately tracked using special account codes in the City’s financial system and all such costs are billed for reimbursement.
- General Fund public safety costs for NFL and Non-NFL events are separately tracked and all such costs are billed for reimbursement.

NFL EVENT HIGHLIGHTS - YEAR IN REVIEW

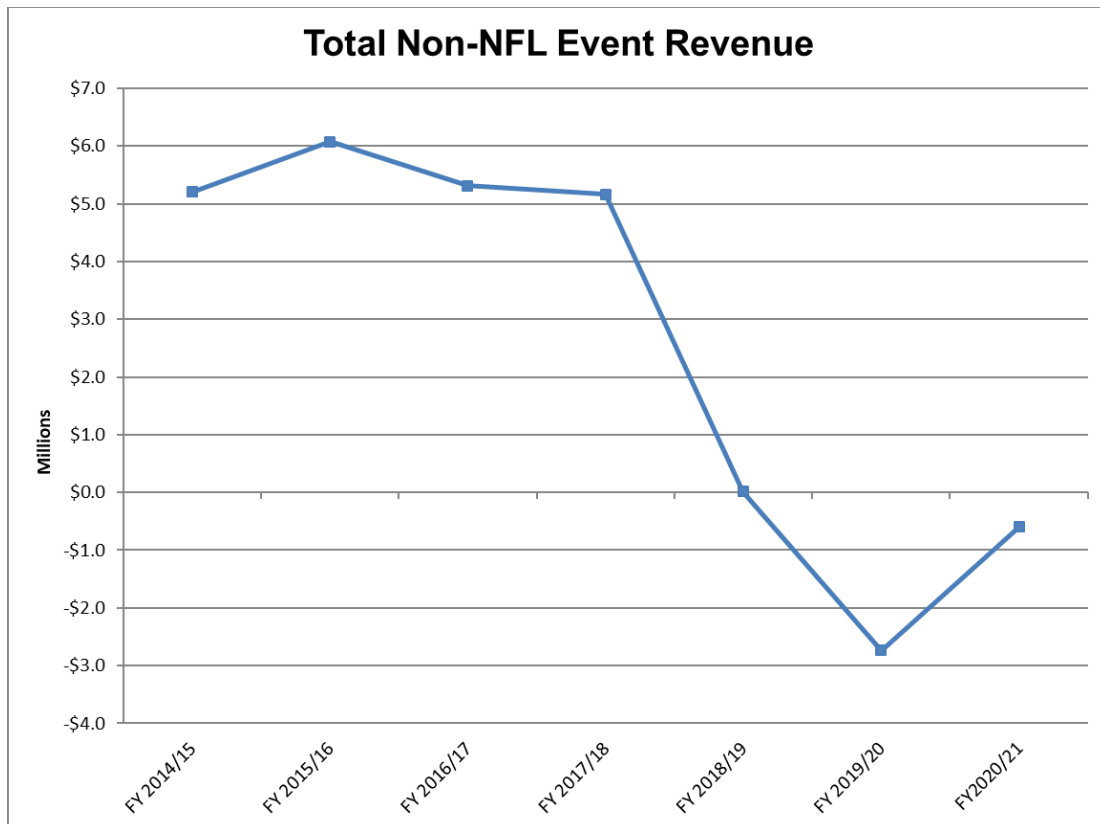
The San Francisco 49ers played eight (8) regular season National Football League (“NFL”) games in FY 2020/21. Due to the ongoing pandemic, five of the games were held at Levi’s® Stadium absent any fans, and three were held in Arizona due to health restrictions. There were no tickets sold for the home games and, therefore, no NFL ticket surcharge or Senior and Youth Program Fees. In a standard year, ticket sales result in about \$8 million of NFL ticket surcharge revenue to Stadium Authority (based on the 10% NFL ticket surcharge on each ticket sold) and about \$230,000 of Senior and Youth Program Fees (based on \$0.35 per NFL game ticket, with a maximum of \$250,000) are collected and forwarded to the City.

Operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City’s permitting process. If approved, per the City’s Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee was designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or Non-NFL public safety costs for a particular event held at Levi’s® Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City’s 2019/20 fiscal year (July 1, 2019 through June 30, 2020) the offsite parking fee was \$5.85, and it increased to \$5.91 in the City’s 2020/21 fiscal year. There were no offsite parking fees collected in FY 2020/21.



NON-NFL EVENT HIGHLIGHTS - YEAR IN REVIEW

There were no Non-NFL events held at the Stadium in FY 2020/21 due to the cancellation or postponement of events due to the COVID-19 pandemic. Regardless of the pandemic, the Stadium Manager has failed to show improvement in booking of revenue generating events. As indicated in earlier sections of this report, net Non-NFL revenue has shown a drastic decline and is projected to show minor improvement (e.g., projected less loss). For reference, the chart below shows the net Non-NFL revenue generated by the Stadium Authority in past years:



STADIUM AUTHORITY OPERATING BUDGET

The FY 2021/22 Stadium Authority Budget covers the Stadium Authority's twelve-month fiscal year which runs April 1, 2021 through March 31, 2022.

Key highlights for the Stadium Authority's FY 2021/22 Operating Budget are as follows:

Revenues

- ◆ FY 2021/22 total projected revenues of \$65 million include \$24.8 million in facility rent, \$23.7 million in stadium builder license (SBL) revenue, \$8.7 million in NFL ticket surcharge, \$7.2 million in naming rights revenue, and \$600 thousand in other revenues.

Expenses

- ◆ The Operating Budget of \$64.7 million includes monies sufficient to reimburse the City for its staff support and payments for ground rent, and Senior/Youth fees. It also includes transfers out of \$41.3 million.

Fund	Transfers Out	Transfers In
Operating	\$ 41,262,000	-
Debt Service	-	\$ 37,572,000
CIP	-	3,690,000
Total	\$ 41,262,000	\$ 41,262,000

As shown in the table above, \$37.6 million will be transferred from the Operating Fund to the Debt Service Fund for principal and interest debt service payments. The remaining \$3.7 million will be transferred from the Operating Fund to the Capital Fund for Stadium capital improvements.

- ◆ Shared Stadium Expenses totals \$3.1 million for insurance. This budget assumes that the continuation of conditioning of payments that was instructed in FY 2019/20 will be in effect until ManagementCo presents the required supporting documentation for the expenses. The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.
- ◆ Stadium Authority General & Administration costs increased by \$500 thousand when compared to the prior year budget of \$4.6 million to \$5.1 million. These costs are described in detail on Page 29 of this report. These increases are needed for the following:
 - ◇ Added contractual services to assist with policy and/or legal services
 - ◇ Increase in the Audit line item to include targeted performance audits

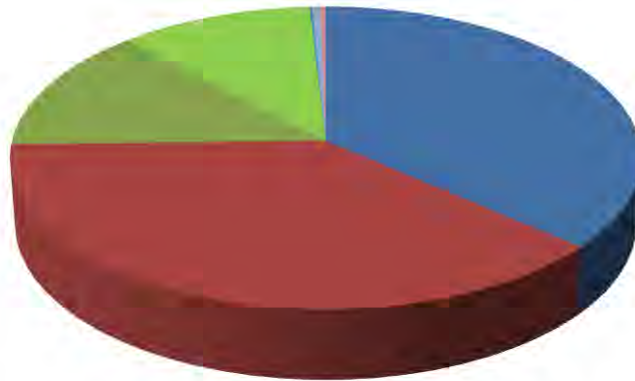
STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Reserves

- ◆ The Operating Reserve is projected to have a balance of \$10.2 million at the end of FY 2021/22 and the Discretionary Fund is projected to have a balance of \$2.2 million.
- ◆ Contingency Reserves totaling \$13.1 million as a result of the Stadium Manager's use of Revolving Loans. Cash proceeds are transferred to the Stadium Authority for Shared Expenses. As these payments are withheld, this reserve sets aside funds that would otherwise be used to pay operating expenses or reduce outstanding debt obligations.
- ◆ Excess Revenue Distribution Reserves of \$23.2 million in FY 2020/21 resulted due to the timing of payments from the closeout of FY 2019/20 activities.

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

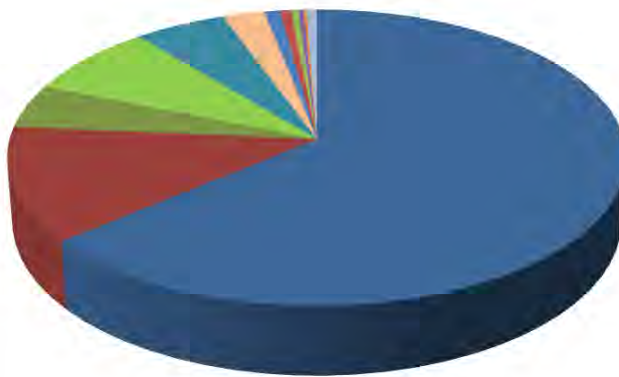
OPERATING REVENUES



\$65 Million

- SBL Proceeds - \$23.7M, 36.4%
- Rent - \$24.8M, 38.1%
- NFL Ticket Surcharge - \$8.7M, 13.4%
- Naming Rights - \$7.2M, 11.1%
- Non-NFL Event Ticket Surcharge - \$0.1M, 0.2%
- Interest - \$0.06M, .0009%
- Sponsorship Revenue (STR) - \$0.3M, 0.5%
- Senior & Youth Program Fees - \$0.2M, 0.3%

OPERATING EXPENSES



\$64.7 Million

- Transfers Out - \$41.3M, 63.8%
- Legal Contingency - \$8.1M
- Shared Stadium Manager Expenses - \$3.1M, 5.5%
- Stadium Authority General & Administrative - \$5.1M, 7.9%
- SBL Sales and Service - \$3.5M, 5.4%
- Utilities - \$1.6M, 2.5%
- Net Expense from Non-NFL Events - \$.6M, 0.9%
- Ground Rent (paid to City) - \$0.4M, 0.6%
- Discretionary Fund Expense - \$0.3M, 0.5%
- Senior & Youth Program Fees (paid to City) - \$0.2M, 0.3%
- Use of StadCo Tenant Improvements - \$0.02M, 0.03%
- Naming Rights - \$.01M, 0.2%
- Other Expenses - \$.4M, 0.6%

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Santa Clara Stadium Authority Operating Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
Beginning Fund Balance					
Operating Reserve	\$ -	\$ 11,255,088	\$ -	\$ 11,255,088	\$ 9,693,657
Discretionary Fund Reserve	-	1,960,102	-	2,327,850	2,327,850
Operations and Maintenance Reserve	-	2,782,752	-	995,380	-
Contingency Reserve (Shared Expenses)	-	-	-	6,300,653	13,089,463
Stadium Funding Trust Reserve	-	6,728,713	-	3,263,000	3,263,000
Excess Revenue Distribution Reserve	-	-	-	23,226,551	-
Total Beginning Fund Balance	\$ -	\$ 22,726,655	\$ -	\$ 47,368,522	\$ 28,373,970
Revenues					
NFL Ticket Surcharge	8,412,291	\$ 8,412,291	\$ 8,665,000	\$ -	\$ 8,665,000
SBL Proceeds	25,416,000	26,245,536	24,213,000	23,512,000	23,682,000
Interest	938,000	903,761	896,000	74,000	56,000
Non-NFL Event Revenue ⁽¹⁾	-	29,313,294	-	-	-
Net Revenues from Non-NFL Events ⁽⁵⁾	5,796,000	-	1,500,000	-	-
Naming Rights	6,754,000	6,754,047	6,957,000	6,957,000	7,165,000
Sponsorship Revenue (STR)	345,000	325,000	392,000	325,000	325,000
Rent	24,762,000	24,762,000	24,762,000	17,333,000	24,762,000
Senior & Youth Program Fees	250,000	250,000	230,000	-	232,000
Non-NFL Event Ticket Surcharge	735,496	735,496	572,000	-	150,000
BAHC Reimbursement for CFP Expenses	4,642	4,642	-	-	-
Other Revenue	115,773	128,379	-	-	-
Total Revenues	\$ 73,529,202	\$ 97,834,446	\$ 68,187,000	\$ 48,201,000	\$ 65,037,000
	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
Expenses					
Shared Stadium Manager Expenses					
Stadium Operations	653,401	\$ 653,401	\$ -	\$ -	\$ -
Engineering	328,481	328,481	-	-	-
Guest Services	137,782	137,782	-	-	-
Groundskeeping	29,039	29,039	-	-	-
Security	270,450	270,450	-	-	-
Insurance	2,956,000	2,902,000	3,045,000	3,045,000	3,136,000
Stadium Management Fee	-	-	-	-	-
Shared Stadium Manager Expenses Subtotal	4,375,153	\$ 4,321,153	\$ 3,045,000	\$ 3,045,000	\$ 3,136,000
Other Operating Expenses					
SBL Sales and Service ⁽²⁾	3,614,477	\$ 3,614,477	\$ 3,610,000	\$ 1,967,000	\$ 3,448,000
Senior & Youth Program Fees (paid to City) ⁽²⁾	250,000	250,000	230,000	-	232,000
Non-NFL Event Expense ⁽¹⁾	-	32,054,308	-	-	-
Net Expense from Non-NFL Events	-	-	-	600,000	600,000
Ground Rent (paid to City) ⁽³⁾	355,000	355,000	390,000	390,000	425,000
Performance Rent (paid to City) ⁽³⁾	2,721,000	-	555,000	-	-
Discretionary Fund Expense ⁽⁴⁾	250,000	-	250,000	-	250,000
Utilities ⁽²⁾	1,568,265	1,568,625	1,597,000	1,264,000	1,586,000
Use of StadCo Tenant Improvements ⁽²⁾	182,000	-	73,000	-	26,000
Stadium Authority General & Administrative ⁽⁴⁾	2,480,000	2,371,198	4,581,000	2,666,000	5,115,000
CFP Expenses	4,642	4,642	-	-	-
Naming Rights Commission	-	-	30,000	30,000	88,000
Legal Contingency ⁽⁶⁾	6,996,000	-	9,231,000	-	8,123,000
Other Expenses	110,000	104,915	1,400,000	913,000	388,000
Contribution to Operating Reserve ⁽³⁾	338,000	-	348,000	-	-
Other Operating Expenses Subtotal	18,869,384	\$ 40,323,165	\$ 22,295,000	\$ 7,830,000	\$ 20,281,000
Total Expenses	23,244,537	\$ 44,644,318	\$ 25,340,000	\$ 10,875,000	\$ 23,417,000

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Santa Clara Stadium Authority Operating Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Adopted Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
Transfers Out					
Debt Service ⁽³⁾	46,806,665	\$ 26,229,712	\$ 39,265,000	\$ 46,472,521	\$ 37,572,000
Management Revolving Loan ⁽⁶⁾	-	-	-	6,300,653	-
Capital Expenditures	3,478,000	2,318,549	3,582,000	3,547,378	3,690,000
Total Transfers Out	50,284,665	\$ 28,548,261	\$ 42,847,000	\$ 56,320,552	\$ 41,262,000
Ending Fund Balance					
Operating Reserve	\$ -	\$ 11,255,088	\$ -	\$ 9,693,657	\$ 10,226,657
Discretionary Fund	-	2,327,850	-	2,327,850	2,152,850
Operations and Maintenance Reserve	-	995,380	-	-	-
Contingency Reserve (Shared Expenses) ⁽⁷⁾	-	6,300,653	-	13,089,463	13,089,463
Stadium Funding Trust Reserve	-	3,263,000	-	3,263,000	3,263,000
Excess Revenue Distribution Reserve	-	23,226,551	-	-	-
Total Ending Fund Balance	\$ -	\$ 47,368,522	\$ -	\$ 28,373,970	\$ 28,731,970

⁽¹⁾ Information not provided by ManagementCo at the time of this report

⁽²⁾ Recommended by ManagementCo

⁽³⁾ Contribution to Operating Reserve is based on payment schedule or calculated as instructed per relevant agreements

⁽⁴⁾ Recommended by Stadium Authority staff

⁽⁵⁾ Net Revenues from Non-NFL events is provided by ManCo on a cash basis

⁽⁶⁾ Shared Stadium Manager Expenses that ManCo draw from the Excess Revenues for the Management Revolving Loan.

⁽⁷⁾ Reserve for disputed Shared Expenses for FY2019/20 (\$6,300,653) and FY2020/21 (\$6,788,810)

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

Stadium Authority Board Duties and Proposed General and Administrative Budget

The Board is a public entity responsible for governing the matters concerning Levi's® Stadium. As such, the Board is responsible for setting policy direction, ensuring implementation of its policy direction and other due diligence requirements through Stadium Authority staff, and auditing/oversight of its policy implementation, as reasonable and necessary.

To accomplish Board direction, the administrative budget for the 2021/22 Fiscal Year totals \$5.1 million, or 7.9%, of the Fiscal Year 2021/22 Proposed Stadium Authority Operating Expense Budget of \$64.7 million. With this budget, staff will support the Board with its oversight of Levi's® Stadium per the various agreements with ManagementCo and Forty-Niners SC Stadium Company LLC (StadCo or Tenant) of the stadium, such as:

1. Uphold fiduciary responsibilities and debt obligations;
2. Maintain a productive and functional business relationship with the Tenant;
3. Develop Board policies as required for proper governance and transparency efforts concerning the Stadium Authority oversight efforts;
4. Continue the current community engagement process to address the public opinion research of the community impacts of Levi's® Stadium, with a focus on neighborhood response and public service deployment improvements;
5. Continue the current noise monitoring program;
6. Implement public safety expert's recommendations during events held at Levi's® Stadium;
7. Address the Work Plan items, as referenced in the Executive Director's transmittal letter to this budget; and,
8. Develop and implement oversight initiatives consistent with public entity organizations.

Stadium Authority staff are responsible for the programmatic oversight and audit of Stadium activities. As part of this budget, the oversight of stadium activities is allocated primarily to the Executive Director, General Counsel, Auditor, Treasurer and various supporting professional staff. With the implementation of a Stadium Authority Financial Management System and increased financial reporting and auditing needs, the Executive Director is recommending two additional financial support staff to assist the Treasurer with these requirements.

STADIUM AUTHORITY OPERATING BUDGET (CONT.)

As such, the Stadium Authority G&A expense budget of \$5.1 million provides the financial means in which to fulfill the Board policy direction and strategic initiatives. A breakdown of the Stadium Authority's portion of the overall operating expense budget of \$64.7 million is shown below.

Stadium Authority FY2021/22 General and Administrative Proposed Budget		
Expense Type	Budget	Comments
Staff support	\$ 1,764,000	To support the Stadium Authority with its oversight duties of stadium activities
Legal Services	2,525,000	As needed for outside legal services
Audit Services	307,000	Financial and performance audits performed by external auditors
Consultants	190,000	As needed for outside consulting services
Executive Director & Board Directives	150,000	Funding for unanticipated Board directives, Executive Director assignments, etc
Administrative Services	150,000	Laserfiche Repository and SBL Integration to repository
Other Expenses	20,000	Routine office expenses
Board Stipends	9,000	Stadium Authority meetings
Total	\$ 5,115,000	

Stadium Authority FY2021/22 General and Administrative Budget



STADIUM AUTHORITY OPERATING BUDGET GLOSSARY

Accrual Basis Accounting: The method of recording revenues and expenses when they are incurred, regardless of when cash is exchanged.

Bay Area Host Committee Reimbursement: This is the reimbursement received from the Bay Area Host Committee for all costs associated with the College Football Playoff Championship (CFP) that was held at Levi's® Stadium on January 7, 2019. This reimbursement is subsequently used to pay internal City and outside agency costs associated with the CFP (see College Football Playoff Expense below). (Source: Assignment and Assumption Agreement)

College Football Playoff (CFP) Expense: All internal City and outside agency costs associated with the CFP that are invoiced to the Stadium Authority. (Source: Assignment and Assumption Agreement)

Contribution to Operating Reserve: The contributions to the operating reserve are funded by means of excess revenues (see Excess Revenue below). (Source: The Amended and Restated Stadium Lease Agreement)

Discretionary Fund Expense: This is funded by half of the Non-NFL ticket surcharge (see Non-NFL Event Ticket Surcharge on Page 32) and has been used to cover NFL public safety costs above the public safety cost threshold in the first three fiscal years of operation and other items at the Stadium Authority's discretion.

Projected Beginning Balance	50% of 2021/22 Non-NFL Event Ticket Surcharge	2021/22 Discretionary Fund Expense	Projected Ending Balance
\$ 2,327,850	\$ 75,000	\$ 250,000	\$ 2,152,850

Excess Revenue: If Stadium Authority revenue exceeds expenses for any lease year, such excess revenues shall be distributed as described in the table below. This table reflects how the excess revenues were distributed in the 2018/19 fiscal year. (Source: The Amended and Restated Stadium Lease Agreement)

2018/19 Use of Excess Revenues				
#	Description	Amount	Balance	Notes
	Excess Revenues at Year-end		\$27,964,971	
1	Payment of ManCo Revolving Loan	\$ -	27,964,971	N/A (this loan has not been utilized)
2	Funding Operating Reserve up to \$2 Million +3% annually	-	27,964,971	Funding requirement met
3	Funding CapEx Reserve an Additional \$1 Million +3% annually	(1,125,509)	26,839,463	Funding annual CapEx Reserve
4	Funding Operating Reserve up to \$10 Million +3% annually	(327,818)	26,511,644	Funding annual 3% requirement
5	Prepayment of StadCo Subordinated Loan	(26,511,644)	-	Prepayment requirement met
6	Funding Operating Reserve up to \$20 Million +3% annually	-	-	N/A
7	Funding Renovation/Demolition Reserve up to \$70 Million	-	-	N/A
8	Available for Additional Disbursements as described in the Stadium Lease	-	-	N/A

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

Ground Rent: The City has agreed to lease the land under Levi's® Stadium to Stadium Authority for an initial term of 40 years. The fixed ground rent schedule is noted below for the 40-year initial term. (Source: *Ground Lease Agreement*)

Lease Year(s)	Fiscal Year(s)	Annual Fixed Ground Rent
1	2014-15	\$ 180,000
2	2015-16	\$ 215,000
3	2016-17	\$ 250,000
4	2017-18	\$ 285,000
5	2018-19	\$ 320,000
6	2019-20	\$ 355,000
7	2020-21	\$ 390,000
8	2021-22	\$ 425,000
9	2022-23	\$ 460,000
10	2023-24	\$ 495,000
11-15	2024-25 through 2028-29	\$ 1,000,000
16-20	2029-30 through 2033-34	\$ 1,100,000
21-25	2034-35 through 2038-39	\$ 1,200,000
26-30	2039-40 through 2043-44	\$ 1,300,000
31-35	2044-45 through 2048-49	\$ 1,400,000
36-40	2049-50 through 2053-54	\$ 1,500,000

Insurance: ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is split between Stadium Authority and StadCo (see Shared Stadium Manager Expenses on Page 33). The stadium lease sets Stadium Authority's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's insurance expense increasing by 3%. (Source: *Stadium Management Agreement & The Amended and Restated Lease Agreement*)

Interest: This is interest earned from cash on hand.

Naming Rights: Levi Strauss & Co (Levi's®) pays an annual naming rights fee to Stadium Authority. The annual fee increases by 3% each contract year through the 20-year term. This annual fee is paid in two equal semi-annual installments on or before March 1st and October 1st. (Source: *Naming Rights Agreement*)

Net Revenues from Non-NFL Events: ManagementCo provides management services for Levi's® Stadium year-round. As such ManagementCo is responsible for booking and scheduling all Non-NFL events on behalf of Stadium Authority. ManagementCo is required by the agreement to maintain complete and accurate books and records relating to the net income from the Non-NFL events. Those records are reviewed by Stadium Authority staff and/or outside consultants and audited by an independent auditor. After the completion of the fiscal year, the net revenues are paid to Stadium Authority by ManagementCo. (Source: *Stadium Management Agreement*)

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

NFL Ticket Surcharge: The Forty Niners Football Company, LLC (the Team) collects a 10% NFL ticket surcharge on the price of admission to all NFL games occurring in Levi's® Stadium on behalf of Stadium Authority. (Source: Amended and Restated Non-Relocation Agreement)

Non-NFL Event Expense: The gross expenses for Non-NFL events held at Levi's® Stadium.

Non-NFL Event Revenue: The gross receipts from Non-NFL events held at Levi's® Stadium.

Non-NFL Event Ticket Surcharge: Promoters or sponsors of any ticketed Non-NFL event that is held at Levi's® Stadium are required to collect a \$4 per ticket surcharge on behalf of Stadium Authority. Half of this surcharge that is paid to Stadium Authority covers general stadium operations and the other half funds the Stadium Authority Discretionary Fund. (Source: Amended and Restated Stadium Lease Agreement)

Other Expenses: Miscellaneous Stadium Authority expenses such as bank fees.

Other Revenue: Miscellaneous Stadium Authority revenues.

Performance Rent: Stadium Authority pays the City performance rent on top of the fixed ground rent. The basic calculation for the performance-based rent is 50% of the net income from Non-NFL events for any given lease year less the sum of performance-based rent credits. The performance-based rent credits include 50% of the current year's base ground rent, and other credits. The table below represents a projection of the 2020/21 and 2021/22 Fiscal Years performance rent. (Source: Ground Lease Agreement & Amended and Restated Stadium Lease Agreement)

Performance Rent Calculation	Fiscal Year 2020/21 Projection	Fiscal Year 2021/22 Budget
Ground Rent	\$ 390,000	\$ 425,000
Net Non-NFL Event Revenue (Expense)	\$ (600,000)	\$ (600,000)
50% of Net Non-NFL Event Revenue (Expense)	\$ (300,000)	\$ (300,000)
Performance Rent Credit (50% of Ground Rent)	\$ (195,000)	\$ (212,500)
Total Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

Rent: The facility rent was originally set at \$24.5 million for StadCo to lease the stadium for their half of the year. As a result of the rent reset arbitration award in favor of Stadium Authority, the facility rent was reset to \$24.8 million retro-active to the first lease year. The rent adjustment process is outlined in the Amended and Restated Stadium Lease. (Source: Amended and Restated Stadium Lease Agreement)

Senior and Youth Program Fees: During the lease terms, StadCo collects a City of Santa Clara Senior and Youth program Fee on behalf of Stadium Authority. The fee is based on \$0.35 per NFL game ticket up to a maximum of \$250,000 per lease year. (Source: Amended and Restated Stadium Lease Agreement)

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

Shared Stadium Manager Expenses: ManagementCo oversees the day to day operations of Levi's® Stadium year-round. Since StadCo leases the stadium from Stadium Authority for half of each fiscal year, the ManagementCo stadium manager expenses are shared between StadCo and Stadium Authority. Most shared stadium manager expenses are split 50/50 between StadCo and Stadium Authority; grounds-keeping is the exception with a 70/30 split, StadCo being responsible for the larger share. In addition, ManagementCo procures insurance for Levi's® Stadium that is shared between Stadium Authority and StadCo (see Insurance on Page 31). (*Source: Stadium Management Agreement & The Amended and Restated Stadium Lease Agreement*)

In FY 2019/20, the Stadium Authority Board instructed the conditioning of payments until ManagementCo presents the required supporting documentation for the expenses. The FY 2020/21 projection and FY 2021/22 assume the continuation of the conditioning of payments (excludes insurance). The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.

Sponsorship Revenue (STR): STR Marketplace, LLC (STR) established a secondary market website to facilitate the transfer and resale of SBLs. In exchange for the use of the Levi's® Stadium trademarks and links on the website (hence the title Sponsorship Revenue), STR pays Stadium Authority a minimum annual fee of \$325,000 based on the commissions that are collected by STR. In addition to the minimum annual fee, Stadium Authority also receives 50% of any commissions in excess of \$650,000. (*Source: SBL Website Marketing Agreement*)

Stadium Authority General & Administrative: As an independent public entity, Stadium Authority incurs its own expenses in relation to Board governance, fiduciary responsibilities, oversight, and operations of Levi's® Stadium. These include but are not limited to Stadium Authority staff time, due diligence requirements for proper fiscal and operational oversight, and various outside contractors and consultants who are hired to administer the necessary requirements for owning and operating Levi's® Stadium. Also included are various administrative type costs such as bank fees, phone charges, IT equipment maintenance, etc.

Stadium Builder License (SBL) Proceeds: SBL holders who are on a payment plan make annual payments. Additionally, some SBL holders make payments above and beyond their annual scheduled payment plan. There are also sales of new SBLs and/or SBLs that were defaulted and resold. SBL cash collections from all of these sources make up SBL proceeds.

Stadium Builder License (SBL) Sales and Service: ManagementCo provides sales and service to SBL holders on behalf of Stadium Authority. This includes all SBL collection efforts and customer service support. (*Source: Agreement for Stadium Builder License Sales & Fourth Amendment to the Stadium Management Agreement*)

Stadium Management Fee: ManagementCo receives an annual base management fee to manage Levi's® Stadium. The fee was \$400,000 in the first lease year and increases by 3% annually. This annual base management fee is split 50/50 between StadCo and Stadium Authority since ManagementCo manages the stadium year-round for both entities. In addition to the base

STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

management fee, ManagementCo receives a stadium marketing and booking fee (incentive fee) which is based on a percentage of the amount that the net income from Non-NFL events exceeds the marketing and booking fee benchmark. The table below shows the first 10 years of the base management fee and the stadium marketing and booking fee benchmark. It also shows the first five years of net income from Non-NFL events and a projection of the sixth year as well as the applicable marketing and booking fee which was 5% of the net Non-NFL income over the benchmark. (Source: *The Stadium Management Agreement*)

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Actual/Projected Net Income from Non-NFL Events	Actual Stadium Marketing and Booking Fee	Total Stadium Management Fee
2014/15	1	\$ 200,000	\$ 5,000,000	\$ 5,207,553	\$ 10,378	\$ 210,378
2015/16	2	\$ 206,000	\$ 5,150,000	\$ 6,079,016	\$ 46,451	\$ 252,451
2016/17	3	\$ 212,180	\$ 5,304,500	\$ 5,316,894	\$ 620	\$ 212,800
2017/18	4	\$ 218,545	\$ 5,463,635	\$ 5,163,329	\$ -	\$ 218,545
2018/19	5	\$ 225,102	\$ 5,627,544	\$ 18,591	\$ -	\$ 225,102
2019/20	6	\$ 231,855	\$ 5,796,370	\$ (2,741,014)	\$ -	\$ 231,855
2020/21 ⁽¹⁾	7	\$ 238,810	\$ 5,970,261	\$ (600,000)	\$ -	\$ 238,810
2021/22	8	\$ 245,975	\$ 6,149,369	To be determined		
2022/23	9	\$ 253,354	\$ 6,333,850			
2023/24	10	\$ 260,955	\$ 6,523,866			

⁽¹⁾ The Net Loss from Non-NFL Events for 2021/22 is a projection.

Transfers Out: Transfers from the Stadium Authority Operating Fund to fund Debt Service and Capital Funds.

Utilities: StadCo leases the stadium from Stadium Authority for six months of each fiscal year from August through January. StadCo is therefore responsible for the day-to-day utilities during that period. Stadium Authority pays for the day-to-day utilities from February through July. Utilities associated with large ticketed Non-NFL events are charged as an expense to the event which is included in the Non-NFL event expense.

Use of StadCo Tenant Improvements: StadCo charges Stadium Authority for use of various StadCo tenant improvements (such as the use of the scoreboard) during Non-NFL events. (Source: *Amended and Restated Lease Agreement*)

STADIUM MANAGER SHARED EXPENSES

The Stadium Management Agreement is between the Stadium Authority, StadCo and ManagementCo and was entered into as of March 28, 2012. This agreement was developed to provide the Stadium Authority with the expertise of an outside manager to oversee the day-to-day operations of Levi's® Stadium. Additionally, the Amended and Restated Stadium Lease Agreement between the Stadium Authority and StadCo was made and entered into as of June 19, 2013.

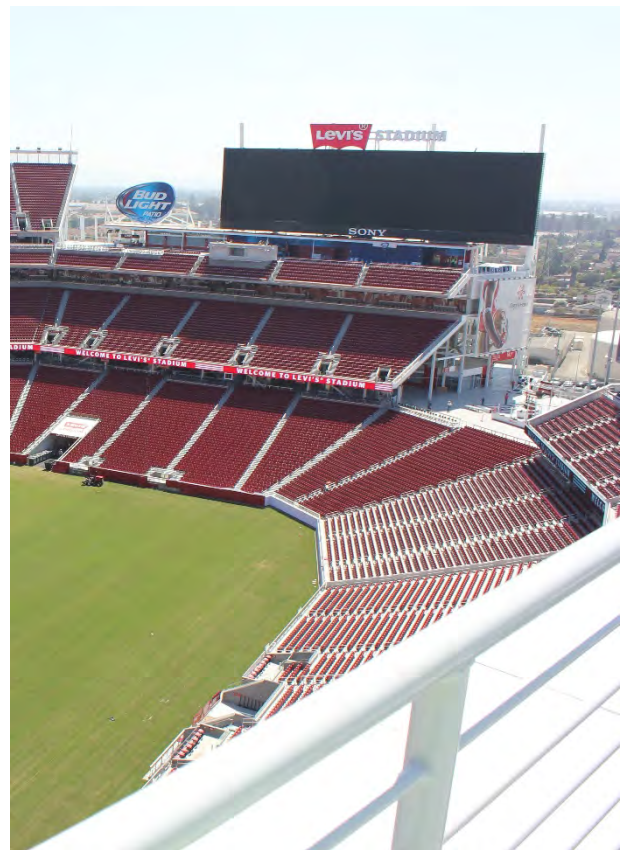
This agreement amended the original stadium lease to set the initial rent, to allow StadCo to enter into agreements with alternative energy providers, to cap Stadium Authority's share of the insurance costs at a fixed amount each year, and to require Stadium Authority to fund various reserves.

Per the terms of the stadium lease, StadCo leases the stadium from the Stadium Authority for half of each fiscal year and is responsible for the Stadium Manager operating expenses during that period. The Stadium Manager operating expenses for the other half of the year are the responsibility of the Stadium Authority. Section 8.3.1 describes the proportionate share of Stadium Manager expenses that are owed by the Stadium Authority and StadCo. Namely that most stadium manager operating expenses are split 50/50 with grounds-keeping being the exception with a 70/30 split, StadCo being responsible for the larger share.

ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is shared between Stadium Authority and StadCo.

Section 4.7 of the management agreement notes that ManagementCo will provide an Annual Shared Stadium Expense Budget to be adopted annually by Stadium Authority and StadCo.

Once the budget has been adopted, ManagementCo invoices Stadium Authority monthly for its budgeted portion of shared expenses which include stadium manager operating expenses. As part of the year-end work, the budgeted amounts that were paid are to be trued up with actual expenditures.



STADIUM MANAGER SHARED EXPENSES (CONT'D)

The budget for Shared Expenses is included in the Legal Contingency line item until adequate support is provided to justify legitimate expenditures of the amounts requested. Operating expense payments were withheld based on Board direction for the conditioning of payments at the March 27, 2019 Stadium Authority Board meeting, arising from ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to ManagementCo if all supporting documents have been submitted and adhere to our agreements and State and local laws. Apart from that conditioning of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo instead issued itself unauthorized loans and continue to pay itself public funds without demonstrating compliance with State and local laws.

SCSA continues to dispute the draws on the revolving loans as the draws by Stadium Manager on the Revolving Loan were never authorized by Stadium Authority in accordance with Section 2.2 of the Revolving Credit Agreement dated March 28, 2012 as amended and restated as of June 19, 2013, which provides:

Each of the Loans shall be made on at least two (2) Business Days'...written notice **from the Stadium Authority** to Management Co (each such writing, a "Borrowing Notice") specifying the proposed date... and amount of such Loan.

The Stadium Authority never issued any Notice required by Section 2.2 to Stadium Manager authorizing draws from the Revolving Loan. In addition, Stadium Manager's unilateral issuance of debt violated the express condition precedents of the Revolving Credit Agreement. Section 4.2, Conditions Precedent to All Loans, of the Amended and Restated Revolving Credit Agreement, provides:

ManagementCo's obligation to make each Loan (including the initial Loan) shall be subject to the further conditions precedent that on the date of such Loan: ... (ii) the Stadium Authority does not and will not without the making of the Loan have adequate Available funds to pay Covered Stadium Operating Expenses...

Similarly, Section 2.1(a) limits the use of Revolving Credit Agreement when funds are not available: "solely for the purpose of enabling the Stadium Authority to pay Covered Stadium Authority Operating Expenses to the extent (and only to the extent, including pursuant to the terms of the Authority Loan and any Authority Takeout Financing(s), as applicable) that Available Funds are not otherwise available therefor."

Despite Stadium Authority having the funds to cover Stadium Operating Expenses and without any instructions or Notice from Stadium Authority, Stadium Manager improperly withdrew funds and has caused further debt to Stadium Authority. This is concerning because the only requirement to receive these funds was to demonstrate compliance with the law.

STADIUM MANAGER SHARED EXPENSES (CONT'D)

Stadium Manager

2021/22 Total Shared Stadium Expenses

Between the Santa Clara Stadium Authority and Forty Niners SC Stadium Company (StadCo)

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation ⁽²⁾	\$ 757,304	\$ 3,795,610	\$ 3,086,480	\$ 485,106	\$ 312,697	\$ 8,437,197
Travel, Meals & Entertainment	-	126,250	4,050	28,578	1,350	160,228
Outside Services	2,040,944	1,624,200	1,540,432	52,264	560,420	5,818,260
General Supplies	34,724	95,000	660	154,892	120,700	405,976
Telephone	12,000	466,028	18,000	2,976	1,440	500,444
Equipment	164,724	307,846	10,540	66,000	6,000	555,110
Uniforms	14,800	-	2,500	94,542	2,500	114,342
Other	-	61,900	15,440	86,506	-	163,846
Subtotal	\$3,024,496	\$ 6,476,834	\$ 4,678,102	\$ 970,864	\$ 1,005,107	\$16,155,403

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses ⁽¹⁾⁽⁵⁾

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel, Meals & Entertainment	-	-	-	-	-	-
Outside Services	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-
Telephone	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Uniforms	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance ⁽³⁾						3,136,178
Management Fee ⁽⁴⁾						-
Total						\$ 3,136,178

⁽¹⁾ The Santa Clara Stadium Authority proportionate share of stadium expenses is rounded to the nearest \$1,000 in the operating budget.

⁽²⁾ Total compensation is based on a total of 45 full time equivalent positions.

⁽³⁾ The stadium lease sets Stadium Authority's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

⁽⁴⁾ The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease management fee increasing 3%. This base management fee is split 50/50 between Stadium Authority and StadCo.

⁽⁵⁾ Shared Stadium Expenses totals \$3.1 million for insurance. This assumes that the continuation of conditioning of payments that was instructed in FY 2019/20 will be in effect until ManagementCo presents the required supporting documentation for the expenses. The remainder of funding requested by ManagementCo will be allocated in a Legal Contingency until that documentation is provided or resolution to the litigation is completed.

STADIUM MANAGER SHARED EXPENSES GLOSSARY

Total Compensation: This cost includes full-time staff (45 employees), part-time staff, and benefits. Stadium Authority pays for 50% of these costs except for groundskeeping which is set at 30%.

- **Full-time wages** are costs for all management company full-time employees.
- **Part-time wages** are costs for all management company part time employees. Wages include annual training for all Guest Services Representatives.
- **Benefits** are costs of employees' health insurance, pension, vacation time, and all employer taxes.

Travel, Meals & Entertainment: These are costs for employee travel (airfare, ground, lodging, and meals) to stadium management conferences. In addition, this category includes costs for staff meals for general food and beverage, vendor engagement, and the year-end guest service employee appreciation banquet.

Outside Services: Costs for outside service providers which include the following:

- **Janitorial and Medical** costs related to the janitorial, cleaning, landscaping, and trash services of the interior and exterior of the stadium and medical services for the stadium during regular business hours.
- **Stadium Security** costs for staffing 24/7 security guards in and around the stadium and explosive detection canines.
- **Engineering & Maintenance** for mandatory safety and general maintenance costs associated with fire sprinklers, fire alarms, elevators, and backflows. Also includes outside sub-contracted calls for services for windows, signage and roof repair, HVAC & electrical, carpet, concrete or other miscellaneous repairs.

General Supplies: Supplies for stadium operations, janitorial, engineering, and Guest Services (For example: janitorial supplies, general printing costs for stadium signage, deployment sheet, notes, handbooks etc.).

Telephone: These are costs for land lines and internet/data service for the stadium, (net of the costs for the Team's business offices), and cell service for stadium operations' and security personnel.

Equipment: Costs associated with stadium operations and security software, including incident tracking, mobile safety application, stadium staff scheduling/event calendar software, video surveillance licensing software, X-ray machine rental for deliveries, and monthly cost for off-site equipment storage.

STADIUM MANAGER SHARED EXPENSES GLOSSARY (CONT.)

Uniforms: Guest Services replacement and replenishment of uniforms.

Other Costs: Costs associated with Stadium Operations (For example: specialized training, command post, CPR first aid, background checks, recruiting, marketing/advertising, and employee retention program).

Tenant Improvements: Interior improvements within Tenant's exclusive facilities and any other improvements within the Stadium that are to be owned by, and constructed at the cost of, Tenant or any Tenant transferee as may be agreed by the Parties (Stadium Authority and StadCo). (Source: Stadium Lease Agreement).

Stadium Manager

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses - Five Year Forecast

	2022/23	2023/24	2024/25	2025/26	2026/27
Total Compensation	\$ 4,280,740	\$ 4,409,163	\$ 4,541,438	\$ 4,677,681	\$ 4,818,011
Travel, Meals & Entertainment	82,239	84,706	87,247	89,865	92,560
Outside Services	2,880,958	2,967,387	3,056,408	3,148,100	3,242,543
General Supplies	184,213	189,740	195,432	201,295	207,334
Telephone	257,432	265,155	273,110	281,303	289,742
Equipment	284,645	293,184	301,980	311,039	320,371
Uniforms	58,371	60,122	61,926	63,784	65,697
Other	84,381	86,912	89,519	92,205	94,971
Total	\$ 8,112,979	\$ 8,356,369	\$ 8,607,060	\$ 8,865,272	\$ 9,131,229
Insurance ⁽¹⁾	3,230,264	3,327,172	3,426,987	3,529,796	3,635,690
Management Fee ⁽²⁾	253,354	260,955	268,783	276,847	285,152
Total	\$ 11,596,597	\$ 11,944,496	\$ 12,302,830	\$ 12,671,915	\$ 13,052,071

⁽¹⁾ The stadium lease sets SCSA's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

⁽²⁾ The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between SCSA and StadCo.

STADIUM DEBT SERVICE BUDGET

Santa Clara Stadium Authority Debt Service Budget Summary

	2019/20 Final Budget	2019/20 Year-end Actuals	2020/21 Current Budget	2020/21 Projected Actuals	2021/22 Proposed Budget
Beginning Fund Balance					
Required Debt Service Reserve	\$ -	\$ 11,536,235	\$ -	\$ 11,536,235	\$ 11,536,235
Debt Service Reserve	-	14,078,363	-	12,111,334	11,168,171
Total Beginning Fund Balance	\$ -	\$ 25,614,598	\$ -	\$ 23,647,569	\$ 22,704,406
Revenues					
Contribution from CFD	\$ 3,872,000	\$ 3,613,498	\$ 4,028,000	\$ 332,000	\$ 483,000
Revenues Subtotal	3,872,000	3,613,498	4,028,000	332,000	483,000
Transfers In from Operating	46,806,665	26,229,712	39,265,000	52,773,174	37,572,000
Total Resources	\$ 50,678,665	\$ 29,843,210	\$ 43,293,000	\$ 53,105,174	\$ 38,055,000
Expenses					
CFD Advance	\$ 3,844,000	\$ 3,933,536	\$ 3,989,000	\$ 960,000	\$ 483,000
Term A Loan	26,383,000	25,628,060	25,562,000	25,562,000	25,529,000
StadCo Subordinated Loan	20,451,665	2,248,643	13,742,000	21,225,684	12,043,000
Other Expenses ⁽¹⁾	-	-	-	6,300,653	-
Total Expenses	\$ 50,678,665	\$ 31,810,239	\$ 43,293,000	\$ 54,048,337	\$ 38,055,000
Ending Fund Balance					
Required Debt Service Reserve	\$ -	\$ 11,536,235	\$ -	\$ 11,536,235	\$ 11,536,235
Debt Service Reserve	-	12,111,334	-	11,168,171	11,168,171
Total Ending Fund Balance	\$ -	\$ 23,647,569	\$ -	\$ 22,704,406	\$ 22,704,406

⁽¹⁾ Payment redirected by StadCo to pay down Revolving Loan

The FY 2021/22 Debt Service Budget of \$38 million is based on the required and additional principal and interest debt service payments. A glossary is included at the end of this section that describes the type of debt and the applicable source documents for each loan. Of the \$38 million budget, \$483 thousand represents anticipated contributions from the Community Facilities District (CFD). The total Debt Service Reserves are projected to remain at \$11.5 million.

It should be noted that on April 1, 2020, the Stadium Authority completed the Trust Excess Cash Flow funding instructions and provided it to the FinCo and StadCo to complete the year end Trust Excess Cash Flow funding distribution per the Deposit and Disbursement Agreement. The Trust Excess Cash Flow instruction specifically excluded payments to the Revolving Loan of \$6,300,653 because the Stadium Authority did not recognize this as an expense due to the fact that it is currently under

STADIUM DEBT SERVICE BUDGET (CONT'D)

litigation. StadCo deviated from the funding instructions and took the Excess Revenues from the distribution to pay off the Management Company Revolving Loan instead of paying down the StadCo Subordinated Loan that the Stadium Authority instructed. The Stadium Authority was informed of this deviation in a letter dated April 27, 2020. On May 18, 2020, the Stadium Authority notified StadCo and the Trust that the deviation is in direct contravention of the Stadium Authority's instructions to the Trustee with regards to the use of Excess Revenue. Subsequently, the Stadium Authority has recorded a receivable in the debt service fund from StadCo for \$6,300,653.

The schedule on the following page provides a breakdown of the principal and interest payments budgeted in FY 2021/22 for each loan as well as the beginning and ending balances. The total outstanding debt is projected to decrease by \$23.7 million in FY 2021/22 from \$294.6 million to \$270.9 million.

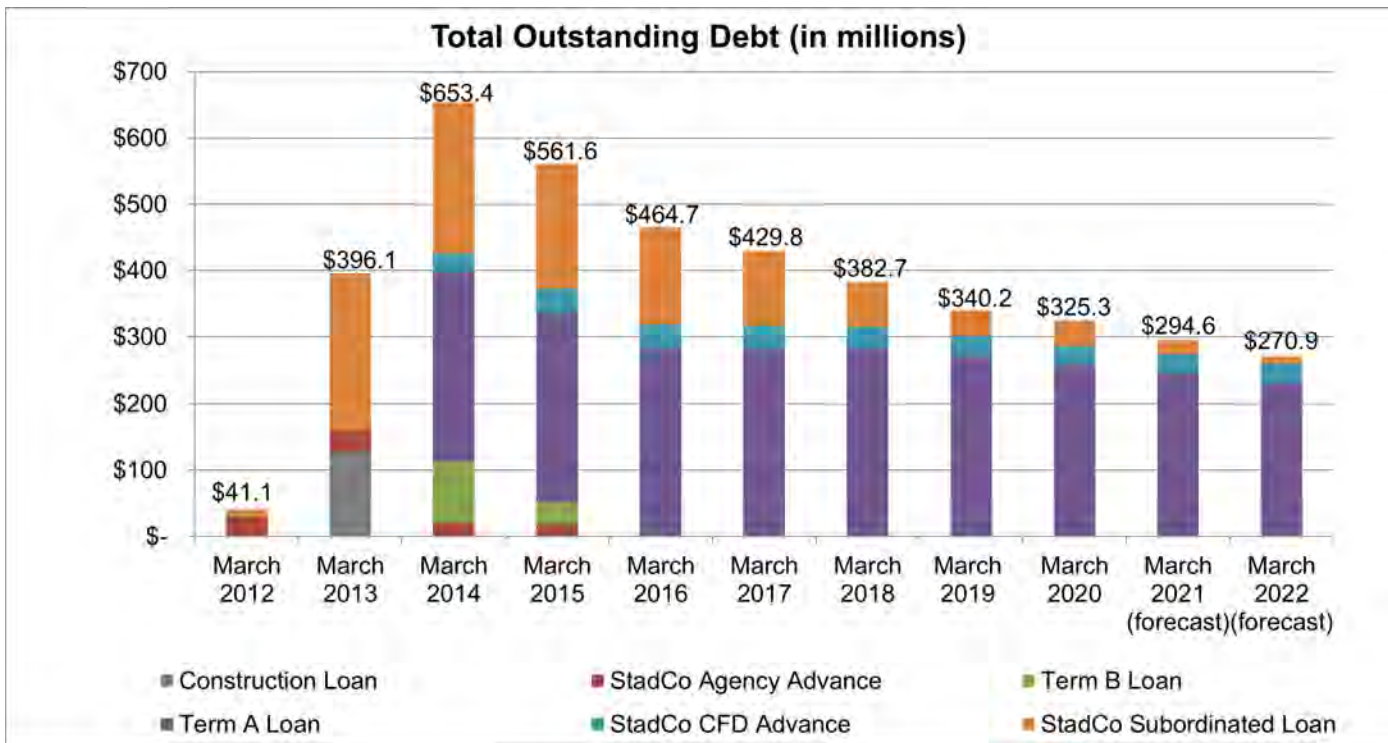
STADIUM DEBT SERVICE BUDGET (CONT'D)

Santa Clara Stadium Authority Debt Service Payment Schedule

Debt Obligations	Interest rates	2021/22 Interest	2021/22 Beginning Balance	2021/22 Principal Payments	2021/22 Additional Payments ⁽¹⁾	2021/22 Additional Principal ⁽²⁾	2021/22 Ending Balance
Stadium Funding Trust Term A Loan	5.00%	\$ 11,507,000	\$ 244,160,000	\$ (14,022,000)	\$ -	\$ -	\$ 230,138,000
StadCo CFD Advance ⁽²⁾	5.73%	464,000	29,508,000	-	-	1,227,000	30,735,000
StadCo Subordinated Loan	5.50%	1,153,000	20,965,000	(4,655,000)	(6,235,000)	-	10,075,000
Total		\$ 13,124,000	\$ 294,633,000	\$ (18,677,000)	\$ (6,235,000)	\$ 1,227,000	\$ 270,948,000

⁽¹⁾Additional payment is based on anticipated revenue that is in excess of all expenses and reserve requirements.

⁽²⁾Community Facilities District (CFD) principal payment is an estimate based on anticipated contributions from the CFD. Any increase in principal for the year is due to adding unpaid interest to the principal.



STADIUM DEBT SERVICE BUDGET GLOSSARY

Contribution from the Community Facilities District (CFD): The CFD was established for the purpose of financing and constructing publicly owned facilities. To support that, the CFD levies and collects a special hotel tax of 2% on hotel rooms within the CFD. During the construction of Levi's® Stadium, Stadium Authority spent \$35 million on CFD infrastructure. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD Advance which was used to fund the construction of the CFD publicly owned facilities. (Source: The Reimbursement Agreement Relating to the CFD)

CFD Advance: StadCo agreed to loan Stadium Authority a not to exceed amount of \$35 million for CFD infrastructure and with a maximum principal amount of \$38 million including capitalized interest. This loan bears interest at a fixed rate of 5.73% and the loan is payable solely from amounts actually received by Stadium Authority from the CFD. (Source: The Authority Promissory Note in Respect of StadCo CFD Advance)

Term A Loan: The Stadium Funding Trust (FinCo) agreed to loan Stadium Authority \$282.8 million to fund construction of Levi's® Stadium. This loan bears interest at a fixed rate of 5% payable semi-annually, with annual principal payments due beginning in April 2018. It has a maturity date in 2039 and is subject to certain prepayment premiums. The principal payment schedule is noted below. (Source: The Restated Credit Agreement)

Term A Loan Amortization							
Date	Annual Principal Payment		Date	Annual Principal Payment		Date	Annual Principal Payment
April 1, 2018	\$ 12,110,000		April 1, 2026	\$ 8,404,934		April 1, 2033	\$ 13,306,164
April 1, 2019	\$ 12,718,000		April 1, 2027	\$ 9,001,865		April 1, 2034	\$ 14,160,901
April 1, 2020	\$ 13,354,000		April 1, 2028	\$ 9,630,410		April 1, 2035	\$ 15,060,270
April 1, 2021	\$ 14,022,000		April 1, 2029	\$ 10,292,166		April 1, 2036	\$ 16,006,521
April 1, 2022	\$ 14,723,000		April 1, 2030	\$ 10,988,812		April 1, 2037	\$ 17,002,017
April 1, 2023	\$ 15,459,000		April 1, 2031	\$ 11,722,111		April 1, 2038	\$ 18,049,239
April 1, 2024	\$ 7,299,896		April 1, 2032	\$ 12,493,914		April 1, 2039	\$ 19,150,794
April 1, 2025	\$ 7,838,094						

StadCo Subordinated Loan: StadCo agreed to loan Stadium Authority an amount not to exceed \$500 million to fund construction of Levi's® Stadium. The actual amount loaned to the Stadium Authority was \$236.9 million. This loan bears a fixed interest rate of 5.5% with annual principal payments due beginning in March 2016 and it may be prepaid at any time without penalties. (Source: The Restated StadCo Obligations Agreement)

STADIUM AUTHORITY CAPITAL EXPENSE BUDGET

The Capital Expense (CapEx) Budget is used to fund the purchase or upgrade of fixed assets for the Stadium. While the funding for appropriations occur on an annual basis, the Capital Expense Plan extends for a five-year period (shown on Page 56 of this report). Changes to existing projects, as well as the addition of new projects, may occur during the five-year planning period as new needs are identified. The appropriations for capital projects do not lapse at year-end but carryover into future years until the project is complete.

The FY 2021/22 CapEx Budget totals \$14.6 million. Of this total, \$11.2 million of prior year appropriations are projected to be carried over from FY 2020/21 (\$1.5 million of the projected carryover amount is for warranty-related construction, and the other \$9.7 million is for prior year CapEx projects). New capital improvement appropriations equal \$3.4 million.

Capital project delivery continues to be delayed, without demonstrated progress on corrective action, by the Stadium Manager due to procurement issues and violations of State prevailing wage laws. While the budget reflected in this document reflects projects recommended by the Stadium Manager, the Stadium Authority continues to request a procurement plan and implementation timelines regarding how these projects will be completed to ensure the upkeep of the facility and balance any potential City resources that may be required to support the projects. In addition, with the Board's revocation of delegated procurement authority, the contract awards to complete these projects will need to be brought forward to the Board for approval. As such, the timeline to complete these projects may differ or continue to be delayed from the information presented in this section. Below is data relative to the CapEx budget for the Stadium Manager and the actual dollars expended, which demonstrate that there is valid concern for the Stadium's upkeep and surfaces questions whether the Stadium Manager can implement the CapEx budget as requested:

Fiscal Year	CapEx Budget for Stadium Manager Projects and Projects Managed by Stadium Manager	CapEx Dollars Expended by Stadium Manager
FY 2018/19	\$6.3M	\$1.4M (22% spend rate)
FY 2019/20	\$12.5M	\$254,753 (2%)
FY 2020/21 (to date)	\$8.9M	\$289,034 (3% projected)

A detailed listing of adopted FY 2021/22 projects is provided starting on Page 47 of this report. Stadium Authority is submitting it as transmitted by the Stadium Manager without any additional details on the nature of the project, timing, etc. Stadium Authority has asked almost monthly for a procurement plan for these projects, but the Stadium Manager has not produced such workplan. A capital procurement workplan is a reasonable request given the multiple years of no progress, requirements to maintain the Stadium, and transparency.

STADIUM AUTHORITY CAPITAL EXPENSE BUDGET (CONT'D)



Public Safety Kawasaki Mule used for public safety patrol and emergency response

Santa Clara Stadium Authority Capital Expense Budget Summary

	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2021/22
	Final Budget	Year-End Actuals	Final Budget	Projected Actuals	Projected Carryover	Proposed Budget	Total Proposed Budget
Beginning Balances	\$ 14,532,870	\$ 14,516,225	\$ 17,837,300	\$ 17,010,611	\$ 19,438,420		\$ 19,438,420
Resources							
Transfers In from Operating	3,478,000	2,318,549	3,582,000	3,547,379	-	3,690,000	3,690,000
Transfers In from Stadium Manager ⁽¹⁾	-	308,568	-	-	-	-	-
Total Resources	18,010,870	17,143,342	21,419,300	20,557,990	19,438,420	3,690,000	23,128,420
	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2021/22
	Final Budget	Year-End Actuals ⁽²⁾	Final Budget	Projected Actuals	Projected Carryover ⁽³⁾	Proposed Budget	Proposed Budget
Expenses							
Construction	4,956,922	(4,845)	4,725,327	238,156	3,953,911	2,790,000	6,743,911
Equipment	7,070,988	136,765	6,460,557	881,414	5,286,250	448,520	5,734,770
Contingency	657,397	812	559,296	-	462,009	161,926	623,935
Stadium Warranty Related Construction	1,528,202	-	1,528,202	-	1,528,202	-	1,528,202
Total Expenses	14,213,509	132,731	13,273,382	1,119,570	11,230,372	3,400,446	14,630,818
Capital Expense Reserve	\$ 3,797,361	\$ 17,010,611	\$ 8,145,918	\$ 19,438,420	\$ 8,208,048		\$ 8,497,602

⁽¹⁾ Reimbursement from Stadium Manager

⁽²⁾ Actuals exclude some project payments withheld due to the ManagementCo not following State procurement and prevailing wage laws.

⁽³⁾ The carryover does not include the Levi's Naming Rights Signage Replacement Project that increased in cost estimate from \$650,000 to \$900,000.



Storage Conex Garage for Apparatus
allows for storage of three stadium
vehicles in a lockable, weatherproof
container.

Santa Clara Stadium Authority

2021/22 CapEx Budget

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
General Building		General Areas / Coatings Main Deck Replace and recoat lytmal traffic deck coating at the lower seating bowl and on the 300 and 700 Level Concourses, which are currently showing signs of wear. The deck coating serves as a secondary waterproofing system for the occupied spaces below these areas and also protects and extends the life of the concrete. Periodic replacement and recoating of this system is necessary to maintain current waterproofing system and maintain the expected life of the structure.	\$ 2,450,000	\$ 122,500	\$ 2,572,500
General Building		Field Turf Track Replacement The current turf track carpet is worn, buckled and compacted from use over the past five years and has reached its end of life. This project addresses the uneven grade of the current turf track carpet. This project will remove the existing track and rebuild it using a compacted stone base and shock layer with new carpet on top. Additionally, the project scope permanently addresses the sun grade issues we experience with our current track by stabilizing the base to support the extreme loads it comes under during concerts and dirt events. Finally, the new turf track will eliminate slipping hazards and improve overall safety and appearance.	340,000	17,000	357,000
Subtotal CapEx Construction Costs			\$ 2,790,000	\$ 139,500	\$ 2,929,500
Security		Drone Detection (Antenna System) Drone intrusions are happening more frequently. We need a detection and deterrent system in place for the Security of our venue and events. This technology will assist Stadium Security and Law Enforcement in identifying any threats and to take measures to mitigate the threat.	\$ 55,000	\$ 2,750	\$ 57,750
Security		Key Management System This Key-Box system provides a full audit trail and real time reporting, detailing who has used each set of keys and when. Staff and vendors will become more accountable and will assist in return of keys at the end of each shift. This will reduce loss, damage and liability. The new system will be stationed in the 24/7 Security office.	20,000	1,000	21,000
Public Safety Equipment	x	RadHalo Remote Radiation Monitors New equipment request for the Joint Hazardous Assessment Team (JHAT): Remote radiation detection monitor can be established as a perimeter around the stadium and monitored remotely by JHAT. These units were tested last season with the help of the 95th Civil Support Team. These units proved very useful to monitor large crowds for nuclear and radiation devices that have a potential explosive threat. The team currently uses handheld detectors which are good for pinpointing an exact location around the unit; however, with 4 main gates for ingress and egress, there is no way to fully monitor the crowds for a potential threat without remove monitoring capabilities.	190,000	9,500	199,500
Public Safety Equipment	x	PPE Replacement (Nomex Tops) Projected replacement/additions of Stadium battle dress uniform tops for the team of 60.	5,750	288	6,038
Public Safety Equipment	x	PPE Replacement (Nomex Bottoms) Projected replacement/additions of Stadium battle dress uniform bottoms for the team of 60.	3,260	163	3,423

Santa Clara Stadium Authority

2021/22 CapEx Budget (cont.)

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
Public Safety Equipment	x	Rigaku CQL 1064nm Handheld Raman Chemical Detector New equipment request for the Joint Hazardous Assessment Team (JHAT). This detector works as a pair with the Tru Defender. The pair combined are able to detect unknown chemicals and substances much quicker than current methods. The unit has a library of over 12,000 substances. This will be very beneficial to determine threats of substances quickly in order to determine evacuation of patrons. JHAT does not carry a detector of this capability. If JHAT came across an unknown substance, a request for mutual aid would be made with likely extended response time. This new equipment would allow the onsite JHAT to analyze substances and chemicals without immediately calling for assistance reducing the impact to the ongoing stadium event.	50,290	2,515	52,805
Public Safety Equipment	x	Tru Defender FTX S1 WMD Chemical Detector New equipment request for the Joint Hazardous Assessment Team (JHAT). This detector works as a pair with the Rigaku CQL Raman. The pair combined are able to detect unknown chemicals and substances much quicker than current methods. The unit has a library of over 12,000 substances. This will be very beneficial to determine threats of substances quickly in order to determine evacuation of patrons. JHAT does not carry a detector of this capability. If JHAT came across an unknown substance, a request for mutual aid would be made with likely extended response time. This new equipment would allow the onsite JHAT to analyze substances and chemicals without immediately calling for assistance reducing the impact to the ongoing stadium event.	63,220	3,161	66,381
Public Safety Equipment	x	Vehicle upfits for John Deere Gator Vehicle upfits for John Deere Gator including a utility box, mirrors, back up camera and a towing hitch for the E690 MCI Trailer. The mirrors and back up camera would allow for greater visibility when the vehicle is being driven in and around large crowds.	12,000	600	12,600
Public Safety Equipment	x	Kawasaki Mule Purchase new Kawasaki Mule for Explosive Ordinance Disposal (EOD) team. Cost includes unfitting the Kawasaki Mule with Police labels and markings, lighting and locking storage boxes. The EOD team does not currently have a dedicated vehicle and are currently walking with canines and EOD gear during response calls for suspicious packages and drone payloads. The EOD team is first on scene sweeping the stadium for safety issues and the last to leave. Shifts can extend past 10 hours. Purchase of a vehicle would reduce fatigue for officers and canines and reduce response time.	25,000	1,250	26,250
Public Safety Equipment	x	Kawasaki Mule Purchase new Kawasaki Mule for Special Response Team (SRT). Cost includes unfitting the Kawasaki Mule with Police labels and markings, lighting, equipment storage boxes and Type 3 IME box that is approved by the U.S. Bureau of Alcohol Tobacco and Firearms (ATF) to transport/store breacher explosives. The SRT equipment is currently in a standard size vehicle that upon deployment would not easily maneuver the stadium or crowds of attendees; the team would be required to go to the vehicle to retrieve the required equipment extending response time. The vehicle may also be deployed to City issues and the equipment would not be readily available for use. The SRT does not currently have a dedicated vehicle. Purchase of a vehicle would allow the SRT to mobilize needed equipment and will reduce response time.	\$ 20,000	\$ 1,000	\$ 21,000
Public Safety Equipment	x	Onsite Conex Storage Locking onsite Conex Storage container to store 3 Police Kawasaki Mules, including the requested EOD and SRT mule purchase. The Conex Storage container will be housed in a parking lot dedicated for police parking with the secured footprint of the Stadium.	4,000	200	4,200
Subtotal CapEx Equipment Costs			\$ 448,520	\$ 22,427	\$ 470,947
Total New CapEx Project Costs			\$ 3,238,520	\$ 161,927	\$ 3,400,447

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Electrical		Mechanical and Electrical Closet Lighting (2019/20 Carryover) Install LED lighting in all mechanical and electrical closets located in the service tunnel, 300 Level, and 700 level. These lights not only improve visibility, but also provide longer and more efficient power usage.	\$ 150,000	\$ 7,500	\$ 157,500
Electrical		Broadcast Booth Power (2019/20 Carryover) Install power components used for stadium events. These components will adhere to LEED certification, provide a clean source of power for our clients, and improve operating efficiencies.	35,000	1,750	36,750
Electrical		Concessions Cart Cabling (2019/20 Carryover) Install code rated low voltage cabling (CAT6) to portable concession carts. This will provide Internet Protocol (IP) based access to the IPTV menu boards and Point of Sale (POS) systems for credit card transactions, as well as deliver an emergency signage to be displayed at the concession stands if needed.	50,000	2,500	52,500
General Building		Updated Stadium Wayfinding Signage (2020/21 Carryover) Install Premium/Club wayfinding, Suite wayfinding, Smoking section signs, No smoking signs for around the main and upper concourses, section numbers/floor decals, ADA blue lines, tunnel signs that indicate "no photos/no autographs", etc.	250,000	12,500	262,500
General Building		Stadium Event Signage (2019/20 Carryover) Install stadium signage (including but not limited to tunnel awnings, accessible seating reference areas, lower bowl sections placards, and additional fire and building code signage per Fire Marshal).	138,000	6,900	144,900
General Building		Command Post Window Treatment (2019/20 Carryover) Install window shades and/or tint the exterior windows on the 800 level command post to reduce heat and glare. This will assist dispatchers and command post operators working in this space.	16,000	800	16,800
General Building		Stadium and Special Event Spaces (2019/20 Carryover) Add entry mats to be placed at stadium entrances to help alleviate wet floor scenarios and provide safety to stadium patrons. Will extend the finish of the existing flooring and help prevent slip and falls during inclement weather.	75,000	3,750	78,750
General Building		Non-Slip Floor Matting (2019/20 Carryover) Install non-slip matting from the north side locker rooms to tunnels primarily for event usage (that include access to the field for athletes, performers and customers).	50,000	2,500	52,500
General Building		Women's Locker Room (2019/20 Carryover) Convert a portion of the auxiliary locker room area to accommodate a larger private space for female athletes, performers, officials, and other female event day sporting and entertainment professionals visiting or working events at Levi's Stadium.	372,000	18,600	390,600
General Building		Automatic Logic Control Building Engineering System (2019/20 Carryover) Install an automatic logic controller system upgrade to monitor the building's HVAC in all quadrants simultaneously. This updated system will enable graphic interface and help the system to operate more efficiently with time clock management and assist in potential lighting control energy savings.	35,000	1,750	36,750
General Building		Club Space Flooring (2019/20 Carryover) Strip, resurface, and/or replace hardwood flooring surfaces in the BNY East & West and Levi's 501 spaces. These spaces are among the most utilized spaces in the building and get a large amount of foot traffic. This work will help extend the useful life of these spaces as well as reducing slips and falls from worn floors.	85,000	4,250	89,250

Santa Clara Stadium Authority
2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
General Building		Command Post Communication Equipment (2019/20 Carryover) Purchase and install public safety screens, monitors, and projection devices used in monitoring stadium and security operations to help improve situational awareness and response.	58,000	2,900	60,900
General Building		Stadium Field Conduits (2018/19 Carryover) Add a permanent solution for power and data on field/floor of stadium, making electrical connections safer and efficient for concert and events.	118,197	5,910	124,107
Plumbing		Lift Station (2020/21 Carryover) Replace pumps, motors and controls at sewage ejector sumps in Quadrants A, B, C & D on 100 level.	200,000	10,000	210,000
Plumbing		Plumbing (2020/21 Carryover) Replace pressure reducing valves and other parts on domestic and recycled water systems.	100,000	5,000	105,000
Public Safety	x	Pedestrian Safety Fencing (2020/21 Carryover) Install raised fencing on Tasman Drive from Centennial Boulevard to Calle Del Sol. This is approximately 0.4 miles and would be adjacent to the VTA/Light Rail tracks. This fencing is required to guarantee the safety of patrons as pedestrians on Tasman Drive. Currently, pedestrians regularly jump temporary construction barriers and cross eastbound Tasman Drive and cross live/active VTA light rail tracks. In addition, during events the traffic flow is reversed and pedestrians will not expect cars coming from that direction. This poses a clear danger for pedestrians and mobile personnel are not always available to prevent this regular attempt by pedestrians. Raised fencing will guarantee this dangerous situation stops. The cost is an estimate based on the Fencing on Tasman project.	100,000	5,000	105,000
Security		Surveillance - Command Center Equipment (2020/21 Carryover) Build out workstations with equipment that can handle the load of video viewing during large scale events, as well as the 24/7 security operations in both 100 and 800 command rooms. Equipment includes, but is not limited to, monitors, keyboards, video cards, CPU processors, power supplies, motherboards, and cabling.	50,000	2,500	52,500
Security		Enhance Stadium Security Coverage (2020/21 Carryover) Evaluate and replace existing cameras with technologically advanced multi-lens panoramic/360/multi-directional cameras. Design locations and camera styles have created visual obstructions and gaps in coverage. Height locations with fixed lens cameras create the inability to adjust field of views. Installation of television monitors/signage near camera mounts have created field of view obstructions. Due to high volume of club space usage for large scale, and smaller events, request for video investigations become frequent. Low lighting situations are constant with event type needs, and enhanced technology from newer cameras will enable greater video quality. The areas which need to be evaluated include, but are not limited to: BNY Mellon East and West Club, Yahoo Club, United Club, FII Club, 501 Club, Citrix Owners Club, Entry Gates, and Perimeter fences.	\$ 330,000	\$ 16,500	\$ 346,500
Security		Enhance Stadium Security Access Control (2020/21 Carryover) Install card readers on manual doors to increase access control features and security. Based on operational demands, doors have been identified via staff request and event activity in order to improve operational awareness and enhance the access control abilities by automating the doors. This also increases security to areas deemed by staff to hold sensitive or high value assets. The access control enhancements include Vertx/Mercury upgrade, EvoE400/Mercury upgrade, and various doors with access control needs.	235,000	11,750	246,750

Santa Clara Stadium Authority
2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Security		CCTV Pop Up Trailers (2020/21 Carryover) Purchase five (5) additional units to continue to meet NFL Best Practices guidelines by covering parking lots outside stadium footprint that currently have no camera coverage.	235,000	11,750	246,750
Security		Parking Lot Camera Upgrades (2020/21 Carryover) Replace Great America parking lot cameras with technologically advanced multi- lens panoramic/360/multi-directional cameras. New camera technology would provide better overall coverage of the main parking lot. Sun baked cameras with fixed angles have created gaps in coverage. With more video incident request coming from ingress/egress incidents, new technology would assist in these investigations. Install cameras in Gold lot 4/5 where there is very limited coverage.	40,000	2,000	42,000
Security		Bowl Camera Upgrade/Refurbish (2020/21 Carryover) Replace bowl cameras. Several bowl cameras have become sun baked and provide poor/obscured coverage of bowl seating. Maintenance has become an issue as it takes a lot of time and money to set up scaffolding to reach camera boxes. Need to re-engineer housing (suggest relocating housing closer to stadium infrastructure).	135,000	6,750	141,750
Security		Software Upgrade to Genetec 5.8 (2020/21 Carryover) Upgrade to Genetecs newest firmware version 5.8. This would improve overall system performance and stability, and add new features that will help in operator training and utilization of software. Customizable live dashboards assist in monitoring alarms and events in real time.	35,000	1,750	36,750
Security		Video Analytics (2020/21 Carryover) Add video analytics to assist with video investigations. Video investigations take several hours/days to complete using traditional playback methods. Adding video analytics will greatly decrease man-hours spent in video review process, as well as aid in investigations using newer technology.	35,000	1,750	36,750
Security		License Plate Reader at Vehicle Entry Gates (2020/21 Carryover) Add six (6) License Plate Reader cameras on entry/exit lanes of all vehicle gates (Post 1,2, and 3) to document and track vehicles entering and exiting the stadium.	45,000	2,250	47,250
Security		Security X-Ray Scanners (2020/21 Carryover) Purchase four (4) portable X-ray units to observe postage that comes into the loading dock 24/7 and screen bags/deliveries during event days.	150,000	7,500	157,500
Security		Stadium Camera Booth Card Readers (2019/20 Carryover) Install card reader for north and south camera booths to secure the spaces that enter into/from general public access areas.	84,000	4,200	88,200
Site		Security Fencing - Main Lot (2020/21 Carryover) Remove and replace approximately 1,000 linear feet of 4-foot high security fencing in Main Lot per request of City.	150,000	7,500	157,500
Site		Stationary Electric Pressure Washers (2020/21 Carryover) Install one (1) to two (2) demo stations on the 300 concourse. If these are effective, we would look to replace all gas-powered pressure washers with electrically powered ones.	75,000	3,750	78,750
Site		Stadium Insulation (above 300 level and below 400/500 level) (2019/20 Carryover) Install new insulation in the 400/500 underside above the 300 level. Original insulation is failing due to weather conditions. This also helps reduce sound reverberation throughout the concourse and protects the concrete from the elements.	150,000	7,500	157,500

Santa Clara Stadium Authority
2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Site		Gold Lot 4 and 5 Lighting (2019/20 Carryover) Install LED lighting in Gold 4 and Gold 5 parking lots. The current light plan is underpowered and is not sufficient given the work environment during stadium event load in/out. This lighting improves safety conditions for stadium personnel and provides energy cost savings with more efficient fixtures.	50,000	2,500	52,500
Site		Rust Prevention Mitigation (2019/20 Carryover) Implement rust prevention measures. The stadium railings, beams, and other steel areas need rust prevention and coating in specific areas throughout the stadium.	90,000	4,500	94,500
Site		Stadium Event Power Upgrades & Switchgear Electrical (2019/20 Carryover) Install and enhance Stadium Event wiring service on the 12 Kilovolt (KV) Primary Switch Gear (PMSG) to main electrical panel.	\$ 42,714	\$ 2,136	\$ 44,850
Site		Asphalt (2018/19 Carryover) Slurry coat the visitor parking on Tasman, Gold 4 & 5 parking lots and South Access Road.	190,000	9,500	199,500
Subtotal CapEx Construction Carryover Costs			\$ 4,853,911	\$ 242,696	\$ 5,096,607
Audio/Visual		Radio Booth Cabling (2019/20 Carryover) Install fiber optic cabling to increase the low voltage cabling backbone. This installation will accommodate the expanding requests for booth usage during stadium events and keep up with emerging trends.	\$ 600,000	\$ 30,000	\$ 630,000
Audio/Visual		Crestron Control & Building Operating System Upgrades (2019/20 Carryover) Install a Creston Control System to monitor HVAC, lighting, electrical, and fire alarms. This comprehensive system enables all of these items to interface with one another for engineers to see a real time view of the building's systems.	10,000	500	10,500
Food and Beverage		Beverage Distribution System (2020/21 Carryover) Add a beverage distribution system to stadium concession areas and bars. This includes the lines and CO2 dispensing equipment.	50,000	2,500	52,500
Food and Beverage		CO2 Monitoring & Sensors for Code Compliance (2020/21 Carryover) Install remote CO2 monitoring for enhanced safety for stadium staff per SCFD & State of CA.	200,000	10,000	210,000
Furniture, Fixtures & Equipment		Replace Furniture in Club and Special Event Spaces (2019/20 Carryover) Purchase replacement furniture for clubs (BNY, United, Levi's 501 and Yahoo) and special event spaces to enhance areas and meet client expectations. These spaces are amongst the most utilized in the entire stadium.	1,600,000	80,000	1,680,000
Furniture, Fixtures & Equipment		Security and Life Safety Partitions/Dividers (2019/20 Carryover) Install service tunnel drapery and/or partitions for security and public safety personnel during stadium events that require public access to the service level. This helps coordinate public movements in "back of house areas" without affecting stadium operations.	68,000	3,400	71,400
Furniture, Fixtures & Equipment		Tunnel Slip and Fall Protection (2019/20 Carryover) Install non-slip material at the South, Northeast, and Northwest Field Tunnels.	30,000	1,500	31,500
Furniture, Fixtures & Equipment		Guest Service Booths (2018/19 Carryover) Add two additional guest services booths on the main concourse for better enhanced customer service touchpoints.	70,000	3,500	73,500
HVAC/ Mechanical		Variable Frequency Drive(s) (2020/21 Carryover) Replace exterior Variable Frequency Drive units for Cooling Tower pumps due to life expectancy issues. This system supports the mechanical cooling functions for the HVAC system.	150,000	7,500	157,500

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
HVAC/ Mechanical		Cooling Towers (2020/21 Carryover) Replace Cooling Towers internal parts and systems. This includes the motors, fans, fill, controls, and piping which support the mechanical cooling functions for the HVAC system.	50,000	2,500	52,500
HVAC/Mechanical		Kitchen Exhaust Fans (2019/20 Carryover) Install variable frequency drive (VFD) Units on kitchen exhaust fans for soft start (slow ramp up) capabilities. Kitchen exhaust fans currently operate 100 percent of the time. Installing VFD units will modulate the power and save energy whenever the fan is in use. Soft start extends the life of the equipment and saves energy.	300,000	15,000	315,000
Information Technology	x	Financial Management Information System Project (2020/21 Carryover) Procure a new cloud-based financial management system for the Stadium Authority that would allow greater visibility in to Non-NFL Events. The management company that handles Non-NFL events would use the financial management system for all transactions related to Non-NFL events as well as store supporting documentation for the transactions (Including invoices). The costs include software license/subscription, hosting fee and a consultant for implementation and process improvement. There will be ongoing software license costs and possibility for additional staff time for implementation. *Subject to subsequent court rulings on cost allocation.	270,000	13,500	283,500
Life Safety/Fire		Fire Alarm System (2020/21 Carryover) Replace/update fire alarm system field devices, including interior/exterior signaling devices, detectors, and control panel parts.	250,000	12,500	262,500
Life Safety/Fire		Fire Sprinkler Extension (2019/20 Carryover) Add fire sprinklers to the Gate F entrance. The Santa Clara Fire Marshal has requested that fire sprinklers be installed at the Gate F entrance to mitigate potential fire risk beneath the existing ribbon boards.	55,000	2,750	57,750
Public Safety Equipment	x	Mass Casualty Incident Trailer (2020/21 Carryover) Purchase a Mass Casualty Incident (MCI) Trailer. The fire department currently has equipment to treat 25 patients during a large-scale emergency. The MCI Trailer would allow the first responders to treat between 500-1000 people during a large-scale emergency by allowing quick access to on-board equipment and supplies.	120,000	6,000	126,000
Public Safety Equipment	x	2-Way CAD/24-7 Link (2020/21 Carryover) Add a 2-way link between the 24/7 dispatch system and the CAD system. All stadium personnel operate on the 24/7 dispatch system. SCPD and SCFD operate on the CAD system. When public safety personnel are sent on calls, the call must be generated by hand in both systems. This causes extra work for dispatchers, however, more importantly this creates delays in reporting and responses to public safety incidents. A 2-way link would allow both systems to "talk" to each other and automatically create incidents in each other's system. Additionally, without this link, we cannot log officers on which creates an officer safety issue as well as an issue when it comes to management of personnel.	\$ 82,000	\$ 4,100	\$ 86,100
Public Safety Equipment	x	Dispatch Monitors (2020/21 Carryover) Replace dispatch monitors with larger screens. Our public safety dispatchers utilize several screens at their work stations in order to facilitate their duties. The necessary upgrading of our latest public safety communications center's CAD and associated software will require larger screen area to effectively manage the new information. These 16 replacement 22" larger monitors are needed to optimize the use and intended application of the latest public safety dispatching software. The larger screens are required to view the additional windows from the CAD system and are expected to last five years. The prior monitors were purchased six years ago and are 19" monitors. The cost includes estimated installation for three workstations.	8,000	400	8,400

Santa Clara Stadium Authority

2021/22 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Public Safety Equipment	x	Radio Chargers (2020/21 Carryover) Add three radio charging stations. Our radio equipment is critical and, therefore, their serviceability must be maintained. Each new radio will require a charging port. These three charging stations each have a 6-radio capacity and three are needed to maintain radios at their peak power and usability. Having these three charging stations will ensure all radios are ready for use by public safety without the risk of personnel being without this crucial equipment in a functional state.	3,000	150	3,150
Public Safety Equipment	x	Radios (2020/21 Carryover) Add new radios to equip additional staff in our public safety deployment. Personnel will continue to use these specific radios for varied public safety responsibilities. These radios allow for communication to the command post and between public safety partners working our events. Without these critical radios, personnel would not be able to function in their capacity and as expected to provide public safety services including emergency response. There is a yearly operating cost; requesting quote.	79,000	3,950	82,950
Public Safety Equipment	x	GPS Software for Tracking Personnel (2019/20 Carryover) Add GPS software to track public safety personnel. Live tracking of law enforcement personnel is critical in providing an accurate picture of public safety coverage. This technology and software will allow the Command Post to know where our personnel are at all times and make necessary assignment adjustments on the go. It is desired that the software also be capable of retaining data for historical analysis. The requested funding of \$25,000 is the initial purchase price for approximately 100 devices and the software. There is a monthly operating cost of \$30/month each; \$36,000 total annually.	25,000	1,250	26,250
Public Safety Equipment	x	Fencing on Tasman (2019/20 Carryover) Add fencing to prevent stadium event pedestrian traffic from crossing unsafely between Lafayette St. and the Tasman St. overcrossing.	70,000	3,500	73,500
Public Safety Equipment	x	Street Signage (2017/18 Carryover) Add street signage. This item was brought before the SCSA Board and approved in the 2017/18 budget. Staff has been working with the Department of Public Works, the Executive Director's office and the Chief of Police's office to identify appropriate locations on surrounding city streets (Great America Parkway, Tasman Drive, etc.) to place signage to better protect, inform and serve patrons visiting Levi's® Stadium, non-event day traffic, community event advisories and emergency public safety and traffic advisories.	1,000,000	50,000	1,050,000
Public Safety Equipment	x	Staff Scheduling Software (2019/20 Carryover) The Stadium requires SEOs to operate safely. Notifying and communicating with our SEOs is critical in properly planning our staffing needs. We currently use an out of date version of "Game Day Staffing."	16,250	813	17,063
Public Safety Equipment	x	Portable License Plate Reader/PTZ Cameras (2018/19 Carryover) Purchase portable license plate readers. Placing temporary/moveable license plate readers in remote stadium parking lots will provide better information and intelligence to the Command Post in order to deter crime and assist in apprehending crime suspects in the aftermath of an incident.	160,000	8,000	168,000
Vertical Transport		Elevator Door Replacement (2019/20 Carryover) Replace and install new elevator doors on one of the freight elevators in the stadium.	20,000	1,000	21,000
Subtotal CapEx Equipment Carryover Costs			\$ 5,286,250	\$ 264,313	\$ 5,550,563
Stadium Warranty-Related Construction		Carryover costs from the original Stadium Construction Budget for warranty-related work.	\$ 1,528,202		\$ 1,528,202
Total CapEx Carryover Costs			\$ 11,668,363	\$ 507,009	\$ 12,175,372

Santa Clara Stadium Authority
2021/22 CapEx Project Submittal Not Recommended

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
General Building		Levi's Naming Rights Signage Replacement (2020/21 Carryover) Replace Levi's Naming Rights signage. The cost of this project increase from \$650,000 to \$900,000. Based on the Naming Rights Agreement, it is the Santa Clara Stadium Authority's position that this project is the responsibility of Levi's.	\$ 900,000	\$ 45,000	\$ 945,000
Subtotal Projects Not Recommended			\$ 900,000	\$ 45,000	\$ 945,000

The Capital Expense budget does not include the requested Levi's Naming Rights Signage Replacement Project totaling \$945,000 which includes a 5% contingency. The Naming Rights Agreement Section 5(f) states, "Naming Rights Sponsor shall be entitled, **at its sole cost and expense**, to replace, update, change, refresh or refurbish any such initial signage at any time and from time to time...". Based on this language, it is the Stadium Authority's position that the full signage replacement is the responsibility of the Naming Rights Sponsor and may constitute a gift of public funds.

There are over 40 CapEx projects that the Stadium Manager has requested over the past three fiscal years and the Stadium Manager has not been able to legally and properly implement these identified needs. The CapEx projects keep growing and, as we all know, repair and maintenance work gets more costly the longer it is delayed. Additionally, given the short turnaround time from receipt of these requests to publishing the proposed budget, the Stadium Authority did not have time to conduct any due diligence on whether the CapEx projects are properly assigned to Stadium Authority, estimated accurately, are in fact needed, or any other confirmation required to support the budgeting of these items. These items are being transmitted as submitted by the Stadium Manager and the Board would be wise to get more information about these projects and purpose for excessive delay in implementing them—including a procurement workplan that provides a schedule for project implementation.

Santa Clara Stadium Authority

Capital Expense Plan Summary - 5 Year Forecast

	2021/22	2022/23	2023/24	2024/25	2025/26
	Budget	Budget	Budget	Budget	Budget
Electrical	\$ -	\$ -	\$ 750,000	\$ 1,250,000	\$ 1,475,000
General Building	2,790,000	1,875,000	1,138,000	2,050,000	3,100,000
Plumbing	-	150,000	-	-	375,000
Public Safety	-	-	-	-	-
Security	-	150,000	-	-	1,110,000
Site	-	400,000	-	150,000	450,000
Subtotal CapEx Construction Costs	\$ 2,790,000	\$ 2,575,000	\$ 1,888,000	\$ 3,450,000	\$ 6,510,000
Audio/Visual	\$ -	\$ 870,000	\$ -	\$ -	\$ 650,000
FF&E	-	-	30,000	-	61,669
Food & Beverage	-	-	-	-	1,200,000
HVAC/Mechanical	-	150,000	-	225,000	225,000
Information Technology	-	-	-	-	-
Life Safety/Fire	-	-	-	50,000	-
Security	75,000	-	-	-	-
Public Safety Equipment	373,520	526,510	164,010	193,010	28,010
Vertical Support	-	-	-	-	-
Subtotal CapEx Equipment Costs	\$ 448,520	\$ 1,546,510	\$ 194,010	\$ 468,010	\$ 2,164,679
Contingency (5%)	161,926	206,076	104,101	195,901	433,734
Total CapEx Project Costs	\$ 3,400,446	\$ 4,327,586	\$ 2,186,111	\$ 4,113,911	\$ 9,108,413



STADIUM AUTHORITY WORK PLAN

Due to the ongoing COVID-19 Pandemic, the Work Plan that Stadium Authority staff shared last year was not successfully completed because staff resources were limited and redirected to address the lack of events at the Stadium and budgetary impacts from the pandemic, emergency repairs at the Stadium, requests from ManagementCo for continued procurement assistance, and various Stadium Builder License issues. That said, and within the context of continuing to support the defense of several lawsuits that the 49ers have filed against the City or Stadium Authority, staff will focus on the following:

Work Effort	Work Plan	Planned Outcome
ADA Compliance	<ul style="list-style-type: none"> Complete ADA compliance with multi-year improvements to Main Lot. 	<p>Compliance regarding accessible parking spaces at Stadium Main Lot</p> <p>Use of other satisfactory solutions that prioritize ADA compliance.</p>
Community Room	<ul style="list-style-type: none"> Return to Board to seek input on proposed next steps, including evaluation of the other locations discussed earlier in 2018. Develop policy/guidelines for use. 	Resolution of Community Room location, policy/guidelines for use.
Curfew	<ul style="list-style-type: none"> Review options regarding the Stadium curfew and associated fees and return to the Board to seek input on proposed next steps. 	Address Stadium curfew issues while ensuring that Non-NFL events generate revenue for the Stadium Authority.
San Tomas Aquino Creek Trail	<ul style="list-style-type: none"> By review of other venues with shallow security perimeters and consultation with Homeland Security, evaluate options for keeping trail open during events and/or providing alternate routes if trail is closed. 	Creek trail access and/or safe and/or accessible alternate route.
SCSA Board Policy Manual	<ul style="list-style-type: none"> Continue to create manual, beginning with Governance and Budget policies. Identify areas where policies are appropriate and propose drafts for the Board’s approval. 	Develop additional policies and present to Board for inclusion in manual. While needed, capacity has not existed to develop more policies.

<p>SCSA Auditor Annual Audit Work Plan</p>	<ul style="list-style-type: none"> • Analyze the Stadium Authority’s review procedures for Non-NFL Events’ revenues and provide feedback on procedure and control issues, if any. • Review the Stadium Authority Financial Reporting Policy with staff and external auditors and provide feedback on best practices. • Provide oversight of Construction Fund and Public Safety audits of transactions and provide feedback on the allocation of staff charges (contracted service). • Provide oversight of Non-NFL Events audit (contracted service). • Retain consultants to perform the annual financial audit for the Stadium Authority (contracted service). 	<p>Promote honest, efficient, effective and fully accountable city government through accurate, independent and objective audits.</p>
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Santa Clara Stadium Authority

ITEM #7 - STUDY SESSION

Santa Clara Stadium Authority FY 2021/22 Operating,
Debt Service, and Capital Budget and Stadium Authority
Budget, Compliance and Management Policies



March 9, 2021

Agenda

1. Standard of Care
2. Fiduciary Responsibility
3. Critical Issues & Context for Evaluating the Budget
4. Budget Development Schedule
5. Overview of Budget
6. Stadium Authority Operating Budget
 - Operating Budget Revenues & Expenses
 - Stadium Authority General & Administrative (G&A) Expenses
 - Discretionary Expense
 - Performance Rent Calculation
7. Stadium Authority Debt Budget
8. Stadium Authority Capital Budget
9. Stadium Authority Work Plan

Management Agreement – Standard of Care

2.9 Standard of Care. Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise **prudent, commercially reasonable good faith efforts in managing** and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition and operate the Stadium as a **quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities** (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) **control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses**; and (c) **maximize Operating Revenues.**

Fiduciary Responsibility

Fiduciary: person or organization that acts on behalf of another person or persons, putting their clients' interest ahead of their own, with a duty to preserve good faith and trust. Being a fiduciary thus requires being bound both legally and ethically to act in the other's best interests. ⁽¹⁾

Areas of Responsibility:

- Prudent, commercially reasonable good faith efforts in managing
- Multi-purpose public facility with a standard of quality comparable to other similar facilities
- Maximize Revenues
- Control Manager Operating Expenses

Critical Issues: Good Faith

- On December 1, 2020, SCSA staff submitted questions to ManCo to address documentation and details around expenses attributed to the FY2019/20 Non-NFL Event loss of **\$2.7 million**
 - To date (three months later), SCSA has not received any answers
- No strategy communicated to SCSA to reduce future losses or at the very least a strategy to reduce expenses during the COVID-19 pandemic
- No corrective action proposed to address the last three years of State worker wage violations
- Appearance of a lack of transparency and honesty around the Naming Rights Signage replacement project calls for more due diligence of CapEx projects

Critical Issues: Standard of Care

Capital Expenditure Projects

- Below is data relative to the CapEx budget for the Stadium Manager and the actual dollars expended, which demonstrate that there is valid concern for the Stadium's upkeep and surfaces questions whether the Stadium Manager can implement the CapEx budget as requested

Fiscal Year	CapEx Budget for Stadium Manager Projects and Projects Managed by Stadium Manager	CapEx Dollars Expended by Stadium Manager
FY 2018/19	\$6.3M	\$1.4M (22% spend rate)
FY 2019/20	\$12.5M	\$254,753 (2% spend rate)
FY 2020/21 (to date)	\$8.9M	\$289,034 (3% projected)

Critical Issues: Maximizing Revenue

Non-NFL Event Losses

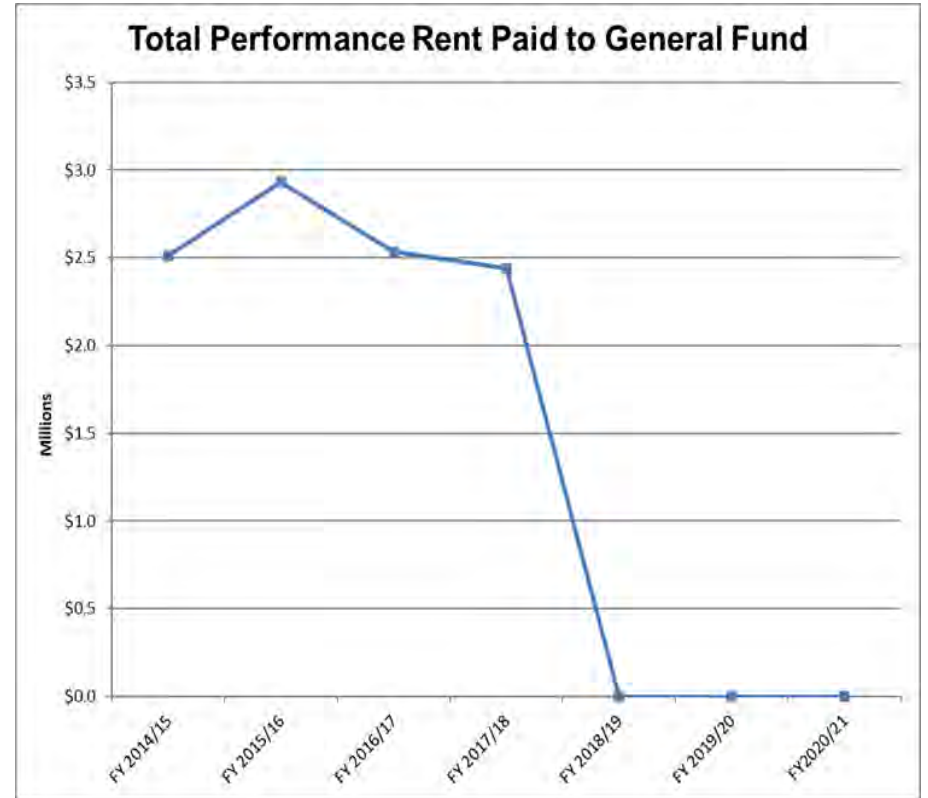
- **\$2.7 million loss** in FY2019/20. In March 2020, at FY close, the loss was originally projected to be \$1.7 - \$2 million
- Three months later, ManCo has failed to respond to specific questions posed December 1, 2020, regarding FY2019/20 losses
- **\$600 thousand loss** projected for next two fiscal years could be greatly understated considering the \$1 million variance in last year's projection



Critical Issues: Maximizing Revenue (cont.)

Non-NFL Event Losses

- Performance Rent and Continued Decline in General Fund Revenue
- Net Non-NFL event revenue impacts Performance Rent to General Fund
- Budget assumes net loss and no performance rent for FY 2020/21
- FY 2021/22 and does not reflect a “turnaround” marketing strategy, other venues are booking events (“indoors” which is more restrictive)



Critical Issues: Control Expenses

- Average reduction of 27% for Shared Stadium Manager Expenses during a year with no events occurring
- Other Lender Fees/Admin Expense has doubled since FY2019/20 (with no detail for staff costs) to a projected \$913,000 in FY2020/21 for additional Stadium Manager staff costs and supposed Financial Management System Implementation
- Supporting detail for Shared Expenses is insufficient and lacks transparency when compared to SCSA detail of expenses. Board is not clear of details of what it is being asked to fund.
- Stadium Manager's position is that SCSA can review after fiscal year has been completed and dollars expended, not allowing SCSA controls for these expenses
- Stadium Manager does not communicate any expected material variations from budgeted line items, as required by the Stadium Management Agreement Section 2.6.20. Nor does it provide full supporting documentation, e.g., Dec. 1 request.

FY 2021/22 Budget Development

- **Executive Director's Transmittal Letter**
- **Organizational Chart**
- **General Information**
- **Year in Review for both NFL and Non-NFL events**
- **Operating Budget (Accrual Basis)**
 - Stadium Authority General and Administrative Budget
 - Stadium Manager Shared Expenses and 5 Year Forecast
- **Debt Service Budget**
- **Capital Budget**
 - Capital Expenditure Plan – 5 Year Forecast
- **Stadium Authority Work Plan**

FY 2021/22 Budget Development (cont.)

- Annual Public Safety Budget submitted by ManCo (Attachment 2)
- Stadium Authority Budget Policy (Attachment 3)
- Stadium Authority Compliance and Management Policy (Attachment 4)
- Stadium Authority Budget Submittal Questions and Responses (Attachment 5)
- Non-NFL Event Marketing Plan (Separate Board Item)

FY 2021/22 Budget Development (cont.)

November 2021

Stadium Authority staff worked with ManagementCo to discuss the annual budget plan which included the dates that ManagementCo would provide all necessary documents as required by the Stadium Lease and Stadium Management Agreement. During this dialogue, a calendar of deliverables was agreed upon.

January 2021

At least 45 days prior to the start of the fiscal year (January 29) ManCo provided the required documents per the Stadium Agreements:

- Stadium Operations and Management Plan
 - Annual Shared Expense Budget with Five Year Projection
 - Annual Stadium Authority Operations Budget
 - Annual Public Safety Budget
 - Capital Expenditure Plan with Five Year Projection
 - Non-NFL Event Marketing Plan
 - Public Safety Document Updates
-

February 2021

Staff analyzed ManCo's budget submission. A list of questions and a request for additional details were submitted to ManCo on February 9. On February 19, ManCo responded to the list of questions submitted.

Feb 25, 2021

March 9, 2021

- Release of Proposed FY 2021/22 Operating, Debt Service, and Capital Budget
 - Study Session to receive Board and public input on the SCSA's proposed budget
-

March 23, 2021

Public Hearing to approve the SCSA Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget and Approve the Stadium Operations Management Plan

Overview

- Proposed Budget of \$65 million presented on an accrual basis, which provides increased transparency
 - Decrease of \$3.2 million (4.6%) from prior fiscal year
 - Assumes \$600 thousand net Non-NFL event loss
- General and Administrative Budget includes 6.7 full time equivalent positions as a baseline level of support
- Proposed Capital Expenditures total \$14.6 million including general building, security, furnishings and equipment, and public safety investments. ManCo has not been able to implement the CapEx budget for three fiscal years, reflecting the majority of the \$11.2 million carryforward.
- Debt Service payments total \$38 million, including debt related to the CFD (\$500 thousand), Subordinate Loan (\$12 million) and Term A Loan (\$25.5 million)



Overview (cont.)

Key Issues in the Proposed Budget

- **COVID-19 Pandemic Impacts**

- No events with attendance in FY 2020/21; limited events expected FY 2021/22
- Levi's Stadium selected as one of the largest vaccine distribution sites
- As vaccine roll out accelerates, there is hope for attendance at events
- FY 2021/22 Budget assumes full attendance at NFL Events

- **Termination of Stadium Management Agreement**

- Board authorized termination on February 11, 2020
- Work on the budget and fiscal processes do not constitute a waiver or release of termination notice or any Stadium Authority rights and claims

Overview (cont.)

Key Issues in the Proposed Budget

- **Stadium Authority Financial/Accounting Management System**
 - Contractual requirement to maintain separate records for tenant season and Stadium Authority season; records comingled in past
 - Section 7 of the First Amendment to Stadium Management Agreement: *“The Stadium Manager shall use reasonable efforts to maintain separate records for the Tenant Season and the Stadium Authority Season and for NFL Events and Non-NFL Events...”*
 - Section 4.1 of the Management Agreement states:
“The Stadium Manager shall maintain complete and accurate books and records relating to the operations of the Stadium and its services provided hereunder...”
 - Separate system included in the Capital Expense budget, subject to subsequent court rulings on cost allocation

Overview (cont.)

Key Issues in the Proposed Budget

- **General and Administrative Expenses**
 - Measure J prohibits the expenditure of City Funds to cover Stadium-related expenses. The Binding Requirement of Measure J states, *“Creation of a separate governmental entity, the Santa Clara Stadium Authority, to lease the Stadium site from the City so that neither the City nor its Redevelopment Agency will be liable for the obligations of the Stadium Authority, including for operating expenses of the Stadium.”*
 - The budget reflects expenses to provide a base level of service to implement the Board’s direction and oversight of the Stadium
 - FY 2021/22 G&A staff costs proposed decline 18%, consultant costs down 47%, and Executive Director and Board directives down 54%

Overview (cont.)

Key Issues in the Proposed Budget

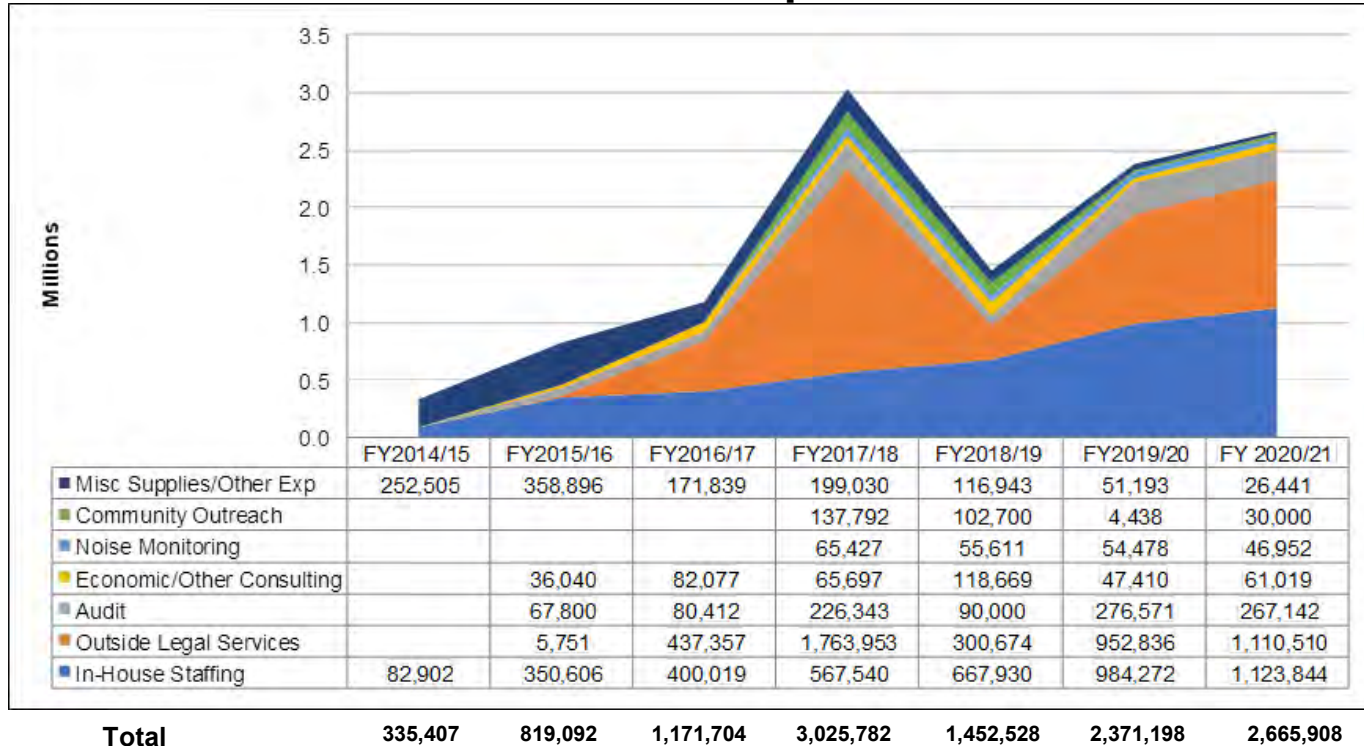
- **General and Administrative Expenses**
 - The increase year over year in the G&A budget is due to the projected legal costs

Expense Type	FY2020/21 Budget	FY2021/22 Budget	Year over Year Variance
Staff support	\$ 2,144,000	\$ 1,764,000	\$ (380,000)
Legal Services	1,273,000	2,525,000	1,252,000
Audit Services	452,000	307,000	(145,000)
Consultants	358,000	190,000	(168,000)
Executive Director & Board Directives	325,000	150,000	(175,000)
Administrative Services	-	150,000	150,000
Other Expenses	20,000	20,000	-
Board Stipends	9,000	9,000	-
Total	\$ 4,581,000	\$ 5,115,000	\$ 534,000

Overview (cont.)

Key Issues in the Proposed Budget

- Historical General and Administrative Expenses



Overview (cont.)

Key Issues in the Proposed Budget

- **General and Administrative Expenses**
 - Staffing cost increases over the past several years has been to cover the increasing workload due to litigation and oversight of the Stadium Manager. Ongoing projects for FY 2021/22 are listed below:
 - Litigation support and prevailing wage remediation efforts
 - Frequent and voluminous Public Records Act requests
 - Financial Management System implementation
 - Procurement support to Stadium Manager
 - Procurement reporting due to removal of delegated authority
 - Non-NFL Event audits
 - SBL scanning and integration
 - Shared Expense review; increase in sample selection

Overview (cont.)

Key Issues in the Proposed Budget

- **Litigation and Revolving Loan**
 - On March 27, 2019, the Stadium Authority Board provided a conditioning of payments arising from ManCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interest
 - The Board directed the Executive Director to only release public funds to ManCo if all supporting documents have been submitted and adhere to agreements and State and local laws
 - SCSA continues to pay for utilities, insurance and SBL Sales and Service
 - Rather than provide SCSA with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManCo instead has issued unauthorized loans and continues to pay itself public funds without demonstrating compliance with State and local laws

Overview (cont.)

Key Issues in the Proposed Budget

- **Litigation and Revolving Loan**
 - SCSA continues to dispute the draws on the revolving loans as the draws by ManCo were never authorized by the Stadium Authority in accordance with Section 2.2 of the Revolving Loan Credit Agreement:

*Each of the Loans shall be made on at least two (2) Business Days' ...written notice **from the Stadium Authority to Management Co** (each such writing, a "Borrowing Notice") specifying the proposed date... and amount of such Loan.*
 - SCSA has never issued any Notice required by Section 2.2 to ManCo authorizing draws from the Revolving Loan

Overview (cont.)

- **Litigation and Revolving Loan (cont.)**

- Section 4.2 of the Revolving Loan Credit Agreement, Conditions Precedent to All Loans:

ManagementCo's obligation to make each Loan (including the initial Loan) shall be subject to the further conditions precedent that on the date of such Loan:(ii) the Stadium Authority does not and will not without the making of the Loan have adequate Available funds to pay Covered Stadium Operating Expenses...

- Similarly, Section 2.1(a) limits the use of Revolving Credit Agreement when funds are not available:

"solely for the purpose of enabling the Stadium Authority to pay Covered Stadium Authority Operating Expenses to the extent (and only to the extent, including pursuant to the terms of the Authority Loan and any Authority Takeout Financing(s), as applicable) that Available Funds are not otherwise available therefor."

Overview (cont.)

Key Issues in the Proposed Budget

- **Litigation and Revolving Loan**
 - Status of payments withheld at Board direction
 - Capital Expenses totaling \$488k for FY 2019/20 and FY 2020/21 pending documentation to show compliance with State and local laws
 - FY 2019/20 Net Non-NFL Loss totaling \$2.7M. SCSA has yet to receive answers to questions submitted December 1, 2020 (3 months ago)
 - Buffet Costs from NFL seasons 2014 - 2018 totaling \$4.4M. The invoice was received in April 2020 and Legal Counsel has yet to receive all documents to verify these costs
 - FY 2019/20 Lender Admin Fees/G&A Costs
 - Paid \$359k under protest to progress on FMS

Overview (cont.)

Key Issues in the Proposed Budget

- **Litigation and Revolving Loan**
 - Payments withheld at Board direction
 - FY 2019/20 and FY 2020/21 Shared Expenses (except Insurance)
 - FY 2019/20 Shared Expenses paid with Revolving Loan \$6.3M
 - FY 2020/21 Shared Expenses and Lender Admin Fees/G&A paid with Revolving Loan estimated to total \$7.6M

Overview (cont.)

Key Issues in the Proposed Budget

- **Litigation and Revolving Loan**
 - Details behind Shared Expense Budget is limited and not comparable to the detail SCSA provides ManCo

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation	\$ 378,652	\$ 1,897,805	\$ 1,543,240	\$ 242,553	\$ 93,809	\$ 4,156,059
Travel, Meals & Entertainment	-	63,125	2,025	14,289	405	79,844
Outside Services	1,020,472	812,100	770,216	26,132	168,126	2,797,046
General Supplies	17,362	47,500	330	77,446	36,210	178,848
Telephone	6,000	233,014	9,000	1,488	432	249,934
Equipment	82,362	153,923	5,270	33,000	1,800	276,355
Uniforms	7,400	-	1,250	47,271	750	56,671
Other	-	30,950	7,720	43,253	-	81,923
Subtotal	\$ 1,512,248	\$ 3,238,417	\$ 2,339,051	\$ 485,432	\$ 301,532	\$ 7,876,680
Insurance ⁽³⁾						3,136,178
Management Fee ⁽⁴⁾						245,974
Total						\$ 11,258,832

Overview (cont.)

Key Issues in the Proposed Budget

- **Litigation and Revolving Loan**
 - Lender Admin Fees/Other G&A Costs rise with little detail behind the staffing costs
 - Projected costs in FY20/21 represent an increase of 1201% since FY18/19

Lender Admin Fees/Other G&A	FY16/17	FY17/18	FY18/19	FY19/20 ⁽¹⁾	FY20/21 ⁽²⁾	FY21/22
Budget	\$ 123,000	\$ 76,000	\$ 105,000	\$ 110,000	\$ 1,400,000	\$ 388,000
Actuals/Projection	\$ 133,588	\$ 96,602	\$ 70,179	\$ 464,166	\$ 913,000	

⁽¹⁾ ManCo requested a budget of \$507k; \$110k was adopted. \$359k of the actual costs were paid under protest in FY20/21

⁽²⁾ \$913k is the projection provided by ManCo

Overview (cont.)

Status of Ongoing Workplan Efforts

- Community Engagement (robust Community Outreach and Engagement Workplan, dedicated telephone number for community input, increased social media presence to provide advance notice about events at the stadium)
- Noise Monitoring (continued implementing web-based, publicly available, real-time noise monitoring services as directed by the Board on August 30, 2016)
- Stadium Authority Coordination (continued providing procurement oversight and assistance to ManCo with the goal of ensuring compliance with state and local laws related to prevailing wage, public works projects, and conflicts of interest, etc. Continued coordination with City departments to address key issues regarding fire violations, permitting, traffic, and public safety.)
- Transparency Efforts (began preparing minutes for meetings with ManCo)

Overview (cont.)

Stadium Authority Auditor's Workplan Updates

- Procured vendor to develop a shared financial management system with 49ers to ensure real-time access to financial records. Project is currently underway.
- Completed initial analysis of Non-NFL events' revenues and expenses for the first three fiscal year. A report was issued in 2020.
- An expanded analysis of Non-NFL events' revenues and expenses has been initiated by a forensic accountant. This report is expected in late 2021.
- Review of College Football Playoff accounting is underway by a forensic accountant. This report is expected in 2021.
- Annual Statement of Stadium Operations (procurement underway)
- Review of past Construction Fund and Public Safety transactions and providing feedback on the allocation of staff charges is underway by a forensic accountant. This report is expected in 2021.
- Maintain workload requirements with 9 lawsuits

SANTA CLARA STADIUM AUTHORITY

Proposed Fiscal Year 2021/22 Operating, Debt Service, and Capital Budget



Stadium Authority Flowchart

City of Santa Clara

- Owns Land
- Ground Leases to the Santa Clara Stadium Authority

Santa Clara Stadium Authority (SCSA)

- Stadium Owner
- Leases Stadium to StadCo during the NFL Season (6 months)

StadCo

- Leases Stadium to 49er Football Company

ManCo receives funding for managing the Stadium

Stadium Authority Budget Flowchart



Note: The \$11.3 million difference between the Operating Budget and the Total Budget includes capital projects funded by beginning fund balance (\$10.9 million) and debt service funded by the CFD (\$400 thousand).

FY 2021/22 Operating Budget Revenues

NFL Ticket Surcharge	\$ 8,665,000
SBL Proceeds	23,682,000
Interest	56,000
Non-NFL Event Revenue	0
Naming Rights	7,165,000
Sponsorship Revenue (STR)	325,000
Rent	24,762,000
Senior & Youth Program Fees	232,000
Non-NFL Event Ticket Surcharge	150,000
Total Revenues	\$65,037,000

FY 2021/22 Operating Budget Expenses

Shared Stadium Manager Expenses	\$3,136,000	
Legal Contingency	8,123,000	
SBL Sales and Service	3,448,000	
Net Expense from Non-NFL Events	600,000	
Senior and Youth Program Fees	232,000	←
Ground Rent	425,000	←
Performance Rent	0	←
Discretionary Fund Expense	250,000	
Utilities	1,586,000	
Use of StadCo Tenant Improvements	26,000	
Stadium Authority General & Administrative	5,115,000	
Naming Rights Commission	88,000	
Other Expenses	388,000	
Transfers Out	41,262,000	
Total Expenses	\$64,679,000	

Paid to
the
City's
General
Fund

FY 2021/22 Stadium Authority General and Administrative Budget

Expense Type	Amount	Comments
Staff support (6.7 FTE)	\$1,764,000	To support the Stadium Authority with its oversight duties of stadium activities
Legal services	2,525,000	As needed for outside legal services
Audit services	307,000	Financial and Performance Audits – external auditors
Consultants	190,000	As needed for outside consulting services
Executive Director and Board directives	150,000	Unanticipated Board directives, Executive Director assignments, etc.
Administrative Services	150,000	Laserfiche Repository and SBL Integration to Repository
Other expenses	20,000	Routine office expenses (e.g., office supplies, copier lease)
Board stipends	9,000	Monthly Stadium Authority meetings
Total	\$5,115,000	7.9% of total Expense budget of \$64.7 million

Santa Clara Stadium Authority Discretionary Fund

Projected Beginning Balance	50% of FY 2021/22 Non-NFL Event Ticket Surcharge	FY 2021/22 Discretionary Fund Expense	Projected Ending Balance
\$2,327,850	\$75,000	\$250,000	\$2,152,850

- 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.

Santa Clara Stadium Authority Performance Rent Calculation

FY 2021/22 Performance Rent Calculation	Budget
Ground Rent	\$425,000
Net Non-NFL Event Revenue	(600,000)
50% of Net Non-NFL Revenue	(300,000)
Performance Rent Credit (50% of Ground Rent)	(212,500)
Total Performance Rent paid to the City of Santa Clara	\$0

Santa Clara Stadium Authority

Performance Rent Calculation (cont.)

Historical Value of Non-NFL Events by Fiscal Year and Event Category

EVENT TYPE	2014/15		2015/16		2016/17		2017/18		2018/19		2019/20	
	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue
Ticketed Events												
Concerts	0	\$ -	7	\$ 3,791,985	4	\$ 2,424,572	2	\$ 1,819,099	3	\$ 1,438,848	1	\$ 856,583
Sporting events:												
Football (non-NFL)	5	(3,007,907)	4	(2,316,903)	4	(2,946,165)	4	(3,601,827)	4	(3,437,297)	3	(3,170,926)
Soccer	2	3,948,144	2	891,300	5	2,414,209	3	3,228,754	3	(267,981)	2	(65,295)
Miscellaneous events	2	2,504,912	4	(149,392)	5	(159,175)	4	76,379	2	(67,502)	2	(458,609)
Subtotal Ticketed Events	9	\$ 3,445,149	17	\$ 2,216,989	18	\$ 1,733,441	13	\$ 1,522,405	12	\$ (2,333,932)	8	\$ (2,838,247)
Subtotal Ticketed Events - Other Expenses												\$ (167,217)
Subtotal Special Events (w weddings, corporate events, etc.)	186	\$ 1,762,404	204	\$ 3,862,027	127	\$ 3,583,453	113	\$ 3,640,924	100	\$ 2,352,523	79	\$ 1,492,331
Subtotal Other Operating Expenses												\$ (1,227,881)
Total Non-NFL Net Revenue	195	\$ 5,207,553	221	\$ 6,079,016	145	\$ 5,316,894	126	\$ 5,163,329	112	\$ 18,591	87	\$ (2,741,014)
Total Performance Rent paid to the General Fund		\$ 2,513,777		\$ 2,932,008		\$ 2,533,447		\$ 2,439,164		\$ -		\$ -

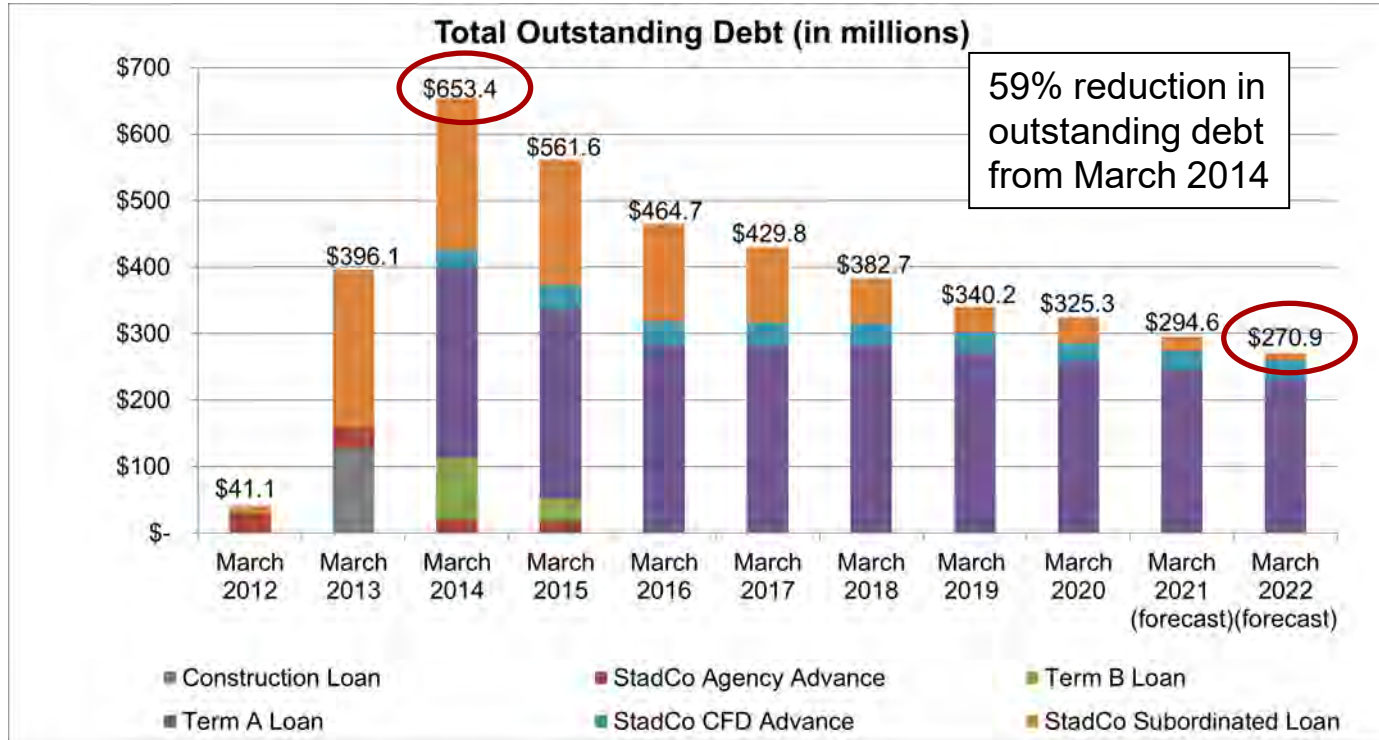
Santa Clara Stadium Authority

FY 2021/22 Debt Service

Debt Type	Budget
CFD Advance	\$483,000
Term A Loan	25,529,000
StadCo Subloan	12,043,000
Total	\$38,055,000

- Debt Service amount of \$38 million includes Principal (\$24.9M) and Interest Payments (\$13.1M)
- Total Outstanding Debt is projected to decrease by \$23.7 million (principal payments offset by interest capitalization) from \$294.6 million to \$270.9 million

Santa Clara Stadium Authority FY 2021/22 Debt Service (cont.)



Santa Clara Stadium Authority

FY 2021/22 Capital Budget

Total Capital Budget of \$14.6 million

- **Stadium Improvements - \$13.1 million**
 - **New Projects (\$3.4 million)**
 - Construction (\$2.9 million): coating main deck/general areas, field turf track replacement
 - Equipment (\$500 thousand): public safety and security
 - **Carryover Projects (\$9.7 million)**
 - Construction (\$4.1 million): Stadium wayfinding signage, women's locker room
 - Equipment (\$5.6 million): public safety, FMS, cooling tower repairs
- **Stadium Warranty-Related Construction - \$1.5 million**
 - Part of the original Stadium Development/Construction Budget

Santa Clara Stadium Authority FY 2021/22 Capital Budget (cont.)

- **Coating of main deck required**

Traffic coating completely delaminated and removed from concrete



Signs of traffic coating bubbling and delaminating from concrete



Santa Clara Stadium Authority FY 2021/22 Capital Budget (cont.)

- **Emergency recycled water project**



Santa Clara Stadium Authority

FY 2021/22 Capital Budget (cont.)

Santa Clara Stadium Authority Capital Expense Plan Summary - 5 Year Forecast

	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget
Electrical	\$ -	\$ -	\$ 750,000	\$ 1,250,000	\$ 1,475,000
General Building	2,790,000	1,875,000	1,138,000	2,050,000	3,100,000
Plumbing	-	150,000	-	-	375,000
Public Safety	-	-	-	-	-
Security	-	150,000	-	-	1,110,000
Site	-	400,000	-	150,000	450,000
Subtotal CapEx Construction Costs	\$ 2,790,000	\$ 2,575,000	\$ 1,888,000	\$ 3,450,000	\$ 6,510,000
Audio/Visual	\$ -	\$ 870,000	\$ -	\$ -	\$ 650,000
FF&E	-	-	30,000	-	61,669
Food & Beverage	-	-	-	-	1,200,000
HVAC/Mechanical	-	150,000	-	225,000	225,000
Information Technology	-	-	-	-	-
Life Safety/Fire	-	-	-	50,000	-
Security	75,000	-	-	-	-
Public Safety Equipment	373,520	526,510	164,010	193,010	28,010
Vertical Support	-	-	-	-	-
Subtotal CapEx Equipment Costs	\$ 448,520	\$ 1,546,510	\$ 194,010	\$ 468,010	\$ 2,164,679
Contingency (5%)	161,926	206,076	104,101	195,901	433,734
Total CapEx Project Costs	\$ 3,400,446	\$ 4,327,586	\$ 2,186,111	\$ 4,113,911	\$ 9,108,413

FY 2021/22 Proposed Budget Differences from ManCo Submittal

	SCSA Proposed	ManCo Submittal	Note
Shared Stadium Manager Expenses	\$0 M	\$8.1 M	Conditioning requirement for proper documentation
Stadium General and Administrative	\$5.1 M	\$3.0 M	Manager request to reduce budget
CapEx Levi's Sign Replacement	\$0	\$0.9 M	SCSA Naming Rights Agreement
Legal Contingency	\$8.1 M	\$0	Shared Expenses to be paid upon proper documentation

Conclusion

- Provides the necessary funding to operate the stadium (operating, debt, capital) within legal requirements and is structurally balanced between revenues and expenditures
- Maintains required reserves for operating, discretionary, and capital funds
- Maintains debt service commitments and identifies anticipated excess revenue that can be used toward debt
- Invests in strategic capital expenditures
- Advances strategic initiatives necessary to ensure that the Board is responsive to various stakeholders and constituencies
- Additional budget adjustments may be required based on ManCo's responses to questions/request for additional information/ submittal of documentation

Conclusion

- Continued legal challenges associated with ManCo; the submission of the budget does not indicate a change in the Board's position
- Non-NFL Event Net Performance Rent continues to project zero for FY 2020/21 and FY2021/22 with no "turnaround"
- Next Board Meeting – March 23, 2021 will incorporate further changes for Board consideration/Adoption
- The Stadium Authority Board as the legislative body having full authority, under the law, is to set its budget

Santa Clara Stadium Authority

ITEM #7 - STUDY SESSION

Santa Clara Stadium Authority FY 2021/22 Operating,
Debt Service, and Capital Budget and Stadium Authority
Budget, Compliance and Management Policies



March 9, 2021

Attachment 3

March 9, 2021
Agenda Report 21-405
Draft 2021 Non-NFL Events
Marketing Plan
for Levi's Stadium
and
Staff Presentation



Legislation Details (With Text)

File #: 21-405 Version: 1 Name:
Type: Study Session Status: Agenda Ready
File created: 3/3/2021 In control: Council and Authorities Concurrent Meeting
On agenda: 3/9/2021 Final action:
Title: Study Session: Draft 2021 Non-NFL Events Marketing Plan for Levi's Stadium in Accordance with Section 4.10 of the Stadium Management Agreement (Continued from March 2, 2021)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Draft 2021 Non-NFL Events Marketing Plan, 2. Post Meeting Material from March 2, 2021, 3. POST MEETING MATERIAL

Date	Ver.	Action By	Action	Result
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REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Study Session: Draft 2021 Non-NFL Events Marketing Plan for Levi's Stadium in Accordance with Section 4.10 of the Stadium Management Agreement (Continued from March 2, 2021)

BOARD PILLAR

Ensure Compliance with Measure J and Manage Levi's Stadium

BACKGROUND

The Stadium Management Agreement (Management Agreement) between the Stadium Authority and Forty Niners Stadium Management Company, LLC (ManCo), requires ManCo to develop a Marketing Plan for Non-NFL events for inclusion in the Stadium Operation and Maintenance Plan (SOMP) and mutual agreement of it by the Stadium Manager and Stadium Authority. The provision reads as follows:

4.10 Marketing Plan. Until the exercise of any Non-NFL Event Replacement Right, the Stadium Operation and Maintenance Plan shall include a marketing plan setting forth in reasonable detail the Stadium Manager's plans to develop, implement and monitor marketing, booking, advertising and promotion of Non-NFL Events for the Stadium, which marketing plan shall be mutually agreed upon by the Stadium Manager and the Stadium Authority (the "Marketing Plan"). If the Stadium Authority exercises the Non-NFL Event Replacement Right, the Stadium Authority and the Stadium Manager will develop a similar plan with the third-party provider.

Historically, the Marketing Plan was reviewed in the form of a slide deck presentation at the time the Stadium Authority budget was considered for approval, which provided the Board and ManCo little opportunity to discuss and deliberate about the strategies employed to promote profitable events. This approach also offered little transparency and awareness for the Board to understand

effectiveness relative to the marketing and booking strategies utilized by ManCo.

Beginning in FY 2018/19 (April 1, 2018 - March 30, 2019), Stadium Authority staff proposed that the Board and ManCo review the draft Marketing Plan in a Study Session to better determine mutual agreement with the strategies employed by ManCo. Stadium Authority staff and ManCo mutually agreed and presented the draft 2018 Non-NFL Events Marketing & Business Plan (2018 Marketing Plan) to the Board during a Study Session on March 13, 2018. As a result of that discussion, ManCo committed to develop key performance indicators (KPIs) during the first quarter of FY 2018/19 to evaluate the effectiveness of the Marketing Plan strategies/initiatives, as well as inform the decision-making process for the 2019 Marketing Plan. Ultimately, after significant support from Stadium Authority staff and several delays in fulfilling its commitment to the Board, ManCo never completed developing the KPIs. This was despite the Stadium Authority's development of KPI templates, support with developing metrics, and year-long efforts to work collaboratively on this endeavor. The Board's request to develop metrics to track ManCo's performance over time was very reasonable in light of ManCo's failure to produce profitable events.

On March 19, 2019, Stadium Authority staff transmitted ManCo's draft 2019 Non-NFL Events Marketing Plan (2019 Marketing Plan) to the Board. By this time, ManCo had already advised through the media that the projected revenues for FYs 2018/19 and 2019/20 would decrease significantly. Appropriately, the Stadium Authority expected that strategies in the draft 2019 Marketing Plan would reflect significant changes to the business strategies and/or initiatives to correct the trend and restore revenues to past levels. That was not the case: ManCo continued with its same business practices, which included:

- Failure to develop and include KPIs and corresponding data to measure the effectiveness of the 2018 Marketing Plan and inform the 2019 marketing strategies;
- No meaningful discussion regarding the Naming Rights Agreement requirement to hold at least 36 "Major Events" (with 25,000+ attendees) and lack of plan to meet the minimum goals,
- Significant decrease in projected net revenue for FY 2018/19 Non-NFL events and lack of strategies to mitigate any losses. This ultimately resulted in \$18,000 total net revenue, which reflected a \$5.1M decrease from FY 2017/18; and,
- Inadequate explanation of how ManCo's practice of giving free tickets away for events and other promotions/giveaways was an advantageous marketing strategy for Non-NFL events.

Based on the Board's discussion, the draft 2019 Marketing Plan was not mutually agreed upon. Similarly, the draft 2020 Non-NFL Events Marketing Plan (2020 Marketing Plan) was not mutually agreed upon for many of the abovementioned reasons, as well as ManCo's poor booking and financial performance from FY 2015/16 through FY 2019/20, misalignment with key provisions in the Management Agreement (e.g., duty to notify, standard of care, booking duties and responsibilities, etc.), and other key issues (e.g., not meeting the number of Non-NFL "Major Events" as required by Naming Rights Agreement, lack of addressing poor performance, etc.). During the 2020 Marketing Plan discussion, the Board directed staff to share a list of questions that Board members had about the 2020 Marketing Plan for response from ManCo in light of ManCo's absence from the Study Session. To date, ManCo has not responded to the Board's questions.

After several years of Non-NFL events, had KPIs been developed the Stadium Authority and ManCo would have had the benefit of trend information of what is working and what is not. The financial trend of ManCo's performance is a strong indication that the Marketing Plan is not working and not

maximizing revenue for the Stadium Authority. In fact, the concerns regarding previous years' draft Marketing Plans remain relevant as FY 2020/21 marks the fourth fiscal year of unfavorable financial activity. In FY 2019/20, ManCo's financial performance continued to decline which resulted in \$2.7M loss in Non-NFL net revenue for the Stadium Authority. While FY 2020/21 has been an unusual year defined by the COVID-19 pandemic and the suspension of Non-NFL events at Levi's Stadium, it is clear that ManCo cannot simply return to the same marketing strategies that were being used prior to the pandemic as it prepares for the return of events.

DISCUSSION

As fiduciaries under the Management Agreement to act in the Stadium Authority's best interest, ManCo has a duty through its marketing plan efforts to demonstrate how it proposes to restore financial viability for the Stadium Authority after a year of COVID-19 impacts and to provide a "turnaround" strategy for the previous fiscal years' unfavorable booking practices (e.g., large money-losing events) as requested by the Stadium Authority during last year's discussion of the 2020 Marketing Plan. The draft Marketing Plan presented by ManCo does not include recovery measures and, when combined with ManCo's proposed financial performance (loss of \$600,000), it appears that ManCo's Marketing Plan continues the trend of money losing events at the Stadium Authority's expense without any new strategies to prevent losses.

This section of the report discusses the merits of the proposed draft 2021 Non-NFL Events Marketing Plan (2021 Marketing Plan) (Attachment 1) by reviewing the Marketing Plan by: (1) Data Results, and (2) Alignment to Management Agreement and Naming Rights Agreement provisions.

Marketing Plan Data Results -- With the continued absence of KPI data from ManCo, Stadium Authority staff compiled several key charts that contain ManCo's performance with respect to managing/operating ticketed and non-ticketed Non-NFL events. The combination of these charts provides meaningful data for the Board to determine the merits of the draft 2021 Marketing Plan.

The Tables below illustrate how ManCo ended FY 2019/20 and their overall management of Non-NFL events based on their existing Marketing Plan strategies and practices. (Note: As of writing this report, staff is scheduled to present this information later this year)

Table 1. Total Non-NFL Net Revenue, FYs 2014/15 - 2020/21

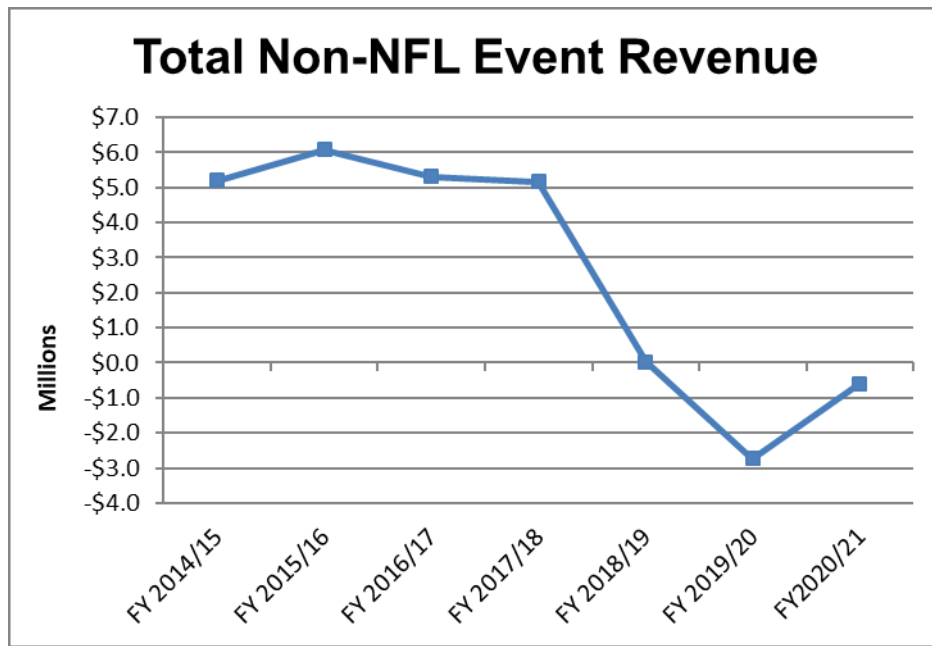


Table 2. Net General Fund Impact for Stadium Authority

Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending September 30

Ground Rent	\$	390,000
Performance Rent		-
Senior and Youth Fee		-
Tasman Lots Parking Fee		-
Sales Tax		20,123
Total Net General Fund Impact	\$	410,123

Marketing Plan key considerations from Tables 1 and 2:

- Total Non-NFL net revenue dropped most significantly from FY 2017/18 to FY 2018/19, reflecting a \$5.1 million decrease.
- Total Non-NFL net revenue continued its downward trend in FY 2019/20, resulting in a \$2.7M loss.
- Since FY 2015/16, total Non-NFL net revenue has declined year after year until FY 2020/21, which is anticipated to have a net shortfall of \$600,000.

While a shortfall is generally expected during a year when there are no Non-NFL events being held at the Stadium, the Stadium Authority actually anticipated breaking even during the pandemic through expected reductions in staffing and utilities. This expectation was due to the significant losses that resulted from ManCo’s Non-NFL activity during the past few fiscal years. This data is telling of ManCo’s performance that the Stadium Authority lost more money the last fiscal year when Non-NFL

events were being held than this fiscal year when events were suspended. It is important to note that the Santa Clara Convention Center, which is owned by the City of Santa Clara, took immediate action to limit expenditures during the pandemic while events and gatherings were prohibited by State and local Stay-at-Home Orders.

The draft 2021 Marketing Plan provides some insight into ManCo's 2020 marketing activities, which were focused on canceling/postponing booked events (pg. 3), growing their client base (pg. 3), implementing client touchpoints (pg. 4), sponsoring the Silicon Valley and San Francisco Admin Awards (pg. 5), and conducting a client survey that focused on how companies and organizations were dealing with the pandemic (pg. 6).

As part of the budget process, the Stadium Authority sent comments and concerns to ManCo regarding the draft 2021 Marketing Plan, which ManCo did not consider for amendment to the draft Marketing Plan. Specifically, Stadium Authority staff had concerns or clarifications to make about the canceled/postponed events, client touchpoint activities and client survey results, as follows:

- ManCo misrepresents the percentage of canceled/postponed events in the draft 2021 Marketing Plan by stating that it was able to postpone 50% of the events that were booked between March - December 2020, when the data does not show that. The Stadium Authority requested the number of events that were postponed and number of large events (1,000 attendees) and in response, ManCo stated that 29 events were booked in 2020 and as of February 18, 2021, 11 postponed (38%) and 18 canceled (62%). It is not clear why ManCo did not correct canceled/postponed events since its data is incorrect.
- Client touchpoints are described as “personal check-ins and educational calls” and “the team shared recipes, favorite books, TV shows and ways to relax and improve mental health with clients” (pg. 4). ManCo noted that its team executed over 3,900 client touch points that were recorded and followed through their CRM system. While the draft 2021 Marketing Plan states that the conversations eventually led to clients inquiring about event future opportunities and the development of new event packages, it is unclear what financial benefits those interactions have especially in the context of a projected \$600,000 loss for FY 2020/21 and limited future bookings and rescheduled events. There should be a cost-benefit KPI that tracks the investment in this outreach and the bookings that result from investing in this effort.

In response to Stadium Authority's questions, ManCo responded that it projected \$400,000 savings in labor costs (furloughed staff) and marketing expenses (team did not attend in-person sales events or conferences and did not host any client/prospecting events) and stated, “Conducting consistent outreach during the pandemic is long-term client retention strategy and the financial results/benefits will not be evident until the stadium is able to host events again and the team and track bookings linked to these efforts”.

- The client survey had limited and mixed responses, which ManCo used to come to the following conclusion:

most clients were shifting their focus to planning in-person events in 2021, with the exception of virtual events in 2020. The survey results provided enough information to begin planning for a return to events in 2021, building out packages for outdoor events and incorporating virtual enhancements.

Stadium Authority staff communicated their concerns that 17 responses (4% rate of response) out of 431 surveys sent was not enough to draw valid conclusions-- or consider it a statistically valid survey. Therefore, the survey responses should not be used to make conclusions that claim to represent client’s opinions for informing decision-making.

Additionally, staff asked for additional evidence/documentation to support its strategy to begin planning events in 2021 (e.g., responses from clients during client touchpoint conversations) and a contingency timeline for events returning. In response, ManCo stated that the survey was sent out in August 2020 and the team planned to send out a follow up survey in March/April 2021 or later pending State and County information. ManCo declined to provide a contingency timeline which should be of concern since economic recovery and “turnaround” strategies should be addressed urgently to stop multiple fiscal years of losses.

While these efforts appear to be proactive on ManCo’s part, Stadium Authority staff continue to stress the need for data driven decisions and KPIs. It remains unclear what positive financial benefits these efforts will yield as events continue to be suspended due to the pandemic. There is no reason why the Marketing Plan can not capture both quantitative data and qualitative information to inform strategic decisions: indeed, quantitative data over time assist with understanding trend activity and business practices that may or may not benefit the Stadium Authority.

Staff has worked for years to obtain information from ManCo and provide the Board with detailed data on financial performance for Non-NFL Events. Tables 3 and 4 show a breakdown of FYs 2018/19 and 2019/20 ticketed events:

Table 3. Marketing Plan Results, FY 2018/19

2018/19 Ticketed Non-NFL Events Revenue and Expenditure Summary

In Millions \$

Ticketed Events	Revenue	Expenses	Net
Monster Jam	1.4	1.6	(0.2)
Taylor Swift Tour Day 1	5.1	6.9	(1.8)
Taylor Swift Tour Day 2	10.5	7.8	2.7
Stadium Links	0.1	0.0	0.0
Manchester United vs Earthquakes	1.6	1.9	(0.3)
ICC: Barcelona vs AC Milan	4.4	4.0	0.4
High School Football Series	0.1	0.1	0.0
Jay-Z/Beyonce	8.4	7.9	0.5
SJSU vs Army	0.2	0.4	(0.2)
Pac-12	1.3	4.0	(2.7)
Redbox Bowl	4.6	5.2	(0.6)
Mexico vs Paraguay	3.6	4.1	(0.5)
Events to date	41.3	43.9	(2.6)

Table 4. Marketing Plan Results, FY 2019/20

Levi's® Stadium			
Ticketed Non-NFL Events Revenue and Expenditure Summary			
FY 2019/20 Quarter 4			
In Millions \$			
Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
ICC: Chivas vs Benfica	1.2	1.5	(0.3)
Rolling Stones: No Filter Tour	11.4	10.5	0.9
High School Football Series	0.1	0.1	0.0
Pac-12 Championship	3.1	5.7	(2.6)
Redbox Bowl	4.6	5.2	(0.6)
Total Ticketed Non-NFL Net Revenue to date	\$ 22.3	\$ 25.1	\$ (2.8)
*Numbers may vary due to rounding			

Marketing Plan key considerations from Tables 3 and 4:

- 75% of Non-NFL ticketed events in FY 2019/20 are money-losers, six of the eight events lost money or made zero revenue for the Stadium Authority. This data is consistent with FY 2018/19's performance, of which 75% of Non-NFL ticketed events were also money-losers. Based on the data from these two fiscal years, it appears that the Stadium Authority will more likely than not lose money when the Stadium is activated for a ticketed Non-NFL event.
- ManCo's booking of Non-NFL football events continues to be a bad financial decision for the Stadium Authority, costing \$3.2 million in FY 2019/20.
- ManCo's booking of soccer games, which were once profitable, has continued to lose the Stadium Authority money.
- The concept of losing money to make money has not paid off for the Stadium Authority after several years of observed fiscal performance and, therefore, should not be considered a viable framework to accept from ManCo. It is understood that this may be a framework on a smaller scale (by event), but when 75% of Non-NFL ticketed events lose money with year-end deficits, ManCo should be directed to reveal its plan of when fiscal performance will improve.

Like previous Marketing Plans, the draft 2021 Marketing Plan acknowledges the need to increase "the diversity of ticketed events beyond large-scale concerts and sporting events by evaluating smaller and more intimate events as well" (pg. 12). ManCo discusses the types of potential events that are being evaluated, which include obstacle course racing, golf, comedy shows, book tours, rugby, lacrosse, food and music festivals, however, does not provide detail on whether those potential events will generate revenue. Mentions of this research are also included in the draft 2019 and 2020 Marketing Plans, but ManCo has never provided its findings and it appears that significant time has passed to offer some strategy for these activities. Additionally, previous years' Marketing

Plans do not outline a plan for sporting events, but sporting events continue to dominate every fiscal year’s Non-NFL event activity, including FY 2020/21.

As we look forward to events returning to Levi’s Stadium, ManCo’s research into the cost benefits of other types of large events will be especially important since sporting events, especially Non-NFL football, continue to be money-losers for the Stadium Authority. Even more important is ManCo’s commitment to book revenue-generating events for the Stadium Authority and use data to guide their decision making.

Table 5. Levi’s Stadium Net Revenue for Non-NFL Events by Event Type as of March 31, 2020

Levi's Stadium Net Revenue for Non-NFL Events by Event Type As of March 31, 2020												
EVENT TYPE	2014/15		2015/16		2016/17		2017/18		2018/19		2019/20	
	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue
Ticketed Events												
Concerts	0	\$ -	7	\$ 3,791,885	4	\$ 2,424,572	2	\$ 1,819,099	3	\$ 1,438,048	1	\$ 856,583
Sporting events:												
Football (non-NFL)	5	(3,007,907)	4	(2,316,903)	4	(2,946,165)	4	(3,601,827)	4	(3,437,297)	3	(3,170,926)
Soccer	2	3,948,144	2	891,300	5	2,414,209	3	3,228,754	3	(267,981)	2	(65,295)
Miscellaneous events	2	2,504,912	4	(149,392)	5	(159,175)	4	76,379	2	(67,502)	2	(458,809)
Subtotal Ticketed Events	9	\$ 3,445,149	17	\$ 2,216,989	18	\$ 1,733,441	13	\$ 1,522,405	12	\$ (2,333,932)	8	\$ (2,838,247)
Subtotal Ticketed Events - Other Expenses												\$ (167,217)
Subtotal Special Events (weddings, corporate events, etc.)	186	\$ 1,762,404	204	\$ 3,862,027	127	\$ 3,583,453	113	\$ 3,640,924	100	\$ 2,352,523	79	\$ 1,492,331
Subtotal Other Operating Expenses												\$ (1,227,881)
Total Non-NFL Net Revenue	195	\$ 5,207,653	221	\$ 6,079,016	145	\$ 5,316,894	126	\$ 5,163,329	112	\$ 18,691	87	\$ (2,741,014)
Total Performance Rent paid to the General Fund		\$ 2,613,777		\$ 2,932,008		\$ 2,633,447		\$ 2,439,164		\$ -		\$ -

Marketing Plan key considerations from Table 5:

- Year after year, Non-NFL football events have lost money for the Stadium Authority. In fact, Table 5 shows that these events have cost the Stadium Authority \$18.5 million over the span of six years. It is unclear what ManCo’s future plans are for booking Non-NFL football events since they are not mentioned in the draft 2021 Marketing Plan (they were not mentioned in the 2019 and 2020 Marketing Plans either); however, ManCo cannot resume booking these types of events as it has before while stating its strategy is that “it costs money to make money” or that without these events, it would be hard to book other events. Year after year, their fiscal subperformance continues to demonstrate that Non-NFL football events are money-losers so there must be a turnaround strategy. ManCo also does not demonstrate how booking these events have a direct impact on revenue-generating events.
- Non-ticketed Special Events (e.g. weddings, corporate events, etc.) have consistently generated revenue for the Stadium Authority; in fact, since FY 2015/16, they generate more revenue than ticketed events. ManCo’s Marketing Plan should provide stronger strategy on these events and, once and for all, complete its multi-year commitment to conduct studies on smaller scale events (as mentioned above) where the likelihood of generating positive fiscal performance is higher than larger events.
- While non-ticketed Special Events have generated revenue for the Stadium Authority, these events have also declined in numbers since FY 2015/16. As stated in previous years, based on the financial reviews, there should be more investment in booking these events since they have a greater financial return than ticketed Non-NFL events.
- The amount of total performance rent paid to the General Fund has also decreased year after year since FY 2015/16. There was zero performance rent paid to the General Fund in FYs 2018/19 and 2019/20.

There two key areas of interest in the draft 2021 Marketing Plan as ManCo plans their 2021 marketing efforts in the context of ManCo's projection of a \$600,000 loss to \$0 revenue for FY 2021/22:

- **New event packages:** The COVID-19 pandemic has prompted ManCo to evaluate and focus on non-ticketed special events through the development of various new event packages. Historically, non-ticketed Special Events have generated the most revenue for the Stadium Authority and Stadium Authority staff has long recommended that ManCo focus on these events. As part of ManCo's responses, ManCo projected 25 to 35 mixed catered events that will generate revenue averaging between \$40,000 to \$60,000 per event (\$1M to \$2.1M). It is unclear whether ManCo also expects to hold additional non-catered events: these events should also be pursued if they generate net revenue for the Stadium Authority. ManCo must continue to focus on non-ticketed special events, even after larger ticketed events are able to resume, rather than decreasing the number of non-ticketed special events as it has done year after year since FY 2015/16. Within the context of COVID, where larger events may have restrictions for some time, the booking of non-ticketed events may prove to be a valid strategy where COVID safe smaller events may allow for some activity at the Stadium.
- **Marketing budget:** ManCo emphasized the need for a marketing budget several times in the draft 2021 Marketing Plan. Stadium Authority staff were concerned about this budget given that ManCo anticipated a loss or breaking even and asked for: 1) more clarification about whether the marketing budget was a new request and 2) why it was needed given the anticipated poor financial performance. In response, ManCo stated that the budget was needed to ensure a successful sales pipeline, educate clients/prospects on new protocols, guidelines and offerings post-COVID, and engage artist management, tour promoters, leagues, teams, and tournaments. However, ManCo provided two budget amounts (\$115,000, which it said was on par with the 2019 marketing spend, and \$50,000) and it is unclear whether the two marketing budgets are mutually exclusive of each other. In such case, ManCo would be expending an additional \$115,000 to \$165,000 on marketing events that will lead to a loss or breaking even for the Stadium Authority. In a scenario of multiple years of financial loss, requests for additional funding should be very clear and well defined, including purpose and strategy.

Alignment to Management Agreement and Naming Rights Agreement Provisions

The Management Agreement provides various references that articulate the duties of marketing, booking, and, in general, operating Non-NFL events. The Naming Rights Agreement sets forth all the understandings and agreements between the Stadium Authority and the Naming Rights Sponsor, Levi's, with respect to the Naming Rights Entitlements. This section highlights key provisions of the Management Agreement and Naming Rights Agreement, and Stadium Authority's staff concerns as they relate to the draft 2021 Marketing Plan and future events.

Standard of Care -- The requirement to utilize commercially reasonable business practices is outlined in the Management Agreement, Standard of Care (Section 2.9) which states:

2.9 Standard of Care. Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition and operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and

entertainment facility, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) maximize Operating Revenues.

The draft 2021 Marketing Plan does not reflect an urgency and effort on ManCo's part to meet the three above requirements. During FY 2019/20, Stadium Authority staff discovered that ManCo was not maintaining the Stadium in the required condition. This lack of proper maintenance of the Stadium has continued into FY 2020/21 as many capital projects have been delayed and carried into the proposed FY 2021/22 CapEx Budget. For example, ManCo was responsible for CapEx projects totaling over \$8.9M in FY 2020/21 but only projects a \$289,034 (3.2%) spend. This reflects a continuing trend as ManCo was responsible for \$12.5M in FY 2019/20 but only expended \$254,753 (2%), an amount that the Stadium Authority has not reimbursed due to lack of supporting documentation and/or concerns over prevailing wage issues.

Additionally, ManCo continues to face numerous violations issued by the City's Fire Department. After repeated failures by ManCo to follow their own compliance plans, the Fire Department took a more formal approach to fire code violations at the Stadium, issuing multiple citations and fines totaling more than \$75,000 and also placed holds on all non-violation related construction permits and inspections to gain compliance on some major violations. ManCo recently hired new consultants to assist with correcting the outstanding violations and the Fire Department is working with both parties. ManCo must adhere to the Management Agreement's Standard of Care requirement to ensure that events, when they can resume, can operate safely at Levi's Stadium.

Booking Duties and Responsibilities -- Another provision in the Management Agreement that needs to be evaluated when reviewing the 2021 Marketing Plan is the engagement requirements for ManCo. Section 3 provides contextual information about how ManCo should perform its duties for marketing, promoting, and booking the Stadium. The section reads as follows:

3.2 Marketing Plan; Contracting Authority. The Stadium Manager, or a person or persons designated by the Stadium Manager or selected in accordance with Section 3.3.1 of the Existing Management Agreement, shall, following the Effective Date, and throughout the Term of the Management Agreement, prepare and provide the Stadium Authority with the Marketing Plan required by Section 4.10 of the Existing Management Agreement. In addition, subject to all limitations and exclusions contemplated by the Major Contracts, on behalf of the Stadium Authority only (not StadCo), (a) the Stadium Manager shall use commercially reasonable efforts, consistent with the Marketing Plan, to market, promote, schedule and book Non-NFL Events and other activities at the Stadium in accordance with the Scheduling Procedures; and (b) without limiting, and in addition to, the Stadium Manager's rights granted pursuant to Paragraphs 2 and 4 hereof and any separate contracting authority that may be granted to the Stadium Manager from time to time pursuant to Section 6.4 of the Existing Management Agreement, the Stadium Authority hereby agrees that the Stadium Manager shall have full authority and discretion (i) to determine which Non-NFL Events, including performances, telecasts, broadcasts or other transmissions in, from or to the Stadium, or any part thereof, shall be booked from time to time in accordance with the Scheduling Procedures; (ii) to negotiate, execute and perform all contracts, use agreements, licenses and other agreements with the persons who desire to conduct such Non-NFL Events or who desire otherwise to use the Stadium or any part thereof; other than contracts, use agreements, licenses and other agreements that StadCo has the right to negotiate, execute

and perform under the Stadium Lease.

Section 3 of the Management Agreement makes clear that ManCo is to exclusively engage in marketing, promotion and booking services with respect to Non-NFL Events and, in turn, the Stadium Authority will pay a fee for this service. Particularly, this section makes clear that ManCo's work is done "on behalf of the Stadium Authority only (not StadCo), (a) the Stadium Manager shall use commercially reasonable efforts, consistent with the Marketing Plan, to market, promote, schedule and book Non-NFL Events and other activities at the Stadium."

Stadium Authority staff has shared previously with the Board that the contract terms that ManCo enters into may also result in significant losses to the Stadium Authority. For example, ManCo's own Non-NFL documents (e.g., 2019 Redbox Bowl) have surfaced valid concerns about their questionable business practices of not working exclusively for the Stadium Authority when booking Non-NFL events. As ManCo resumes engaging in negotiations and booking events for the Stadium Authority, it is important that there be transparency, no conflicts of interest/self-dealing, and demonstrated adherence to the Management Agreement requirement to do work on behalf of the Stadium Authority.

Required Major Events - The Naming Rights Agreement between Stadium Authority and Levi's requires ManCo to hold at least 36 Non-NFL "Major Events" (with 25,000+) attendees every three contract years. As of this report, the current number of large events held at the Stadium during the current three-year period is 12. The draft 2021 Marketing Plan, like previous years' Marketing Plans, does not mention this requirement, nor does it include any strategy or plan to meet this requirement for the next three contract years. In response to ManCo's budget submittal, the Stadium Authority asked ManCo to provide their assumptions and details for their projection of a \$600,000 loss to \$0 revenue for FY 2021/22, and ManCo responded that "the assumptions include two (2) TBD concerts." While it is understood that this is not exactly an "apples to apples" comparison, it should not be overlooked that this assumption differs greatly than what other major event venues in the region are projecting in terms of 2021 activity. Despite the COVID scenario, to date, San Jose's SAP Center has 10 events, San Francisco's Chase Center has 12 events, and the Oakland Arena has six events on their respective 2021 non-sports related event calendars (we fully understand that these are indoor venues, which happen to be more COVID restrictive).

The draft 2021 Marketing Plan is being considered at a time in which events continue to be suspended and are expected to continue to be suspended until Fall 2021. As such, this discussion and potential investments in marketing efforts are even more important as the Stadium Authority looks to recover losses and generate revenue for the City's general fund.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

There is no cost to the Stadium Authority other than administrative staff time and expense to review and approve the draft 2021 Marketing Plan. However, the effectiveness of the Marketing Plan to market and book Non-NFL Events at Levi's Stadium has a direct impact on the amount of Stadium Authority revenue, and the amount paid to the City's General Fund. The Stadium Authority's

significant losses in net revenue in FYs 2018/19 and 2019/20 only further demonstrate the need for an effective Marketing Plan to recover from COVID-19 pandemic-related impacts.

COORDINATION

This report has been coordinated with the Stadium Authority Counsel and Treasurer's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Stadium Authority Board discussion and possible action on ManCo's draft 2021 Marketing Plan.

Prepared by: Christine Jung, Assistant to the Executive Director

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. Draft 2021 Non-NFL Events Marketing Plan
2. Post Meeting Material from March 2, 2021



2021 Non-NFL Events Marketing Plan

January 29, 2021

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Executive Summary

Levi's Stadium's non-NFL events business continues to bring new shows and events to Santa Clara, delivering significant economic impacts and exposure for our region. Additionally, the local hotels and businesses benefit from the large number of people who travel to Santa Clara from all over the state and country to attend these events. Levi's Stadium has grown a distinct reputation as a premier entertainment venue, resulting from the combination of consistently high client satisfaction ratings, a steady pipeline of high-impact events, and incorporating data-driven decision-making into contracting, planning, and executing events.

As Stadium Manager, the Forty Niners Stadium Management Company continues to adapt its business strategy to the changing sports and entertainment landscape, and will focus our efforts in 2021 on business development, continued guest satisfaction, and building the Levi's Stadium brand as a global entertainment venue. To achieve these objectives, our strategy and approach to guest communication and engagement requires us to adapt our traditional communication vehicles and content strategies, tailored to different demographics. Specifically, the Stadium Manager plans to engage new and returning clients and guests by:

- Sourcing new events and relationships through active involvement in local and national organizations
- Leveraging historical event data to market Levi's Stadium's comparative advantages to the most relevant industries and organizations
- Creating engaging and informational sales collateral to educate new clients and spark interest in the marketplace
- Utilizing a CRM platform to update the way we manage sales leads and measure ROI on sales initiatives and marketing campaigns

Through this deeper connection between Levi's Stadium events and its guests, the Stadium Manager will achieve the optimal outcome for the business, Stadium Authority revenue and community engagement.

Levi's Stadium Event Definitions and Profiles:

The venue's non-NFL business is comprised of two over-arching event categories, Major Events and Special Events.

Major Events are stadium-wide, ticketed events open to the public. The Stadium has successfully executed a variety of different events that have brought greater fandom and economic impact to the local market. Spanning numerous leagues, sports, and attractions, Major Events have helped establish Levi's Stadium as an iconic venue. These high-profile events keep Levi's Stadium in the limelight, which is a significant factor in driving the Special Events category of the non-NFL event business.

Special Events are private, contracted, and usually non-ticketed and exclusive events, subject to the event's nature and the client's objectives. These events span a wide range, from weddings to corporate anniversaries, charitable fundraisers, and conferences, and make up the vast majority of the venue's event calendar (over 80% of all Stadium events). The Special Events sales pipeline is driven primarily by relationships formed with local companies as well as our reputation and established experience in hosting a variety of events. Therefore, we are not only focused on the immediate health and profitability of our business, but also the connections we create with clients and opportunities to innovate the venue's guest experience.

Levi's Stadium Special Events

Looking Back:

The 2020 calendar year started off strong for Special Events at Levi's Stadium. As of February 2020 the sales team booked 42 events, including nine events with over 1,000 attendees and one stadium buy-out. With a strong pipeline and new attention from clients around the 49ers NFC Championship victory and Super Bowl appearance, there was a lot to celebrate at the start of 2020. However as concern around the Coronavirus spread and the event industry quickly shutdown, many clients asked to postpone their events and others requested to cancel given the unknown circumstances surrounding the virus. The sales team quickly took action and began to work with clients to postpone their event dates and keep business in the pipeline. As spring turned into summer and there was still no end in sight, the team switched gears and began to create event packages that would comply with new health guidelines and industry standards. The focus shifted from selling events to connecting with clients and prospects on the impact of COVID-19 and how to move forward. Conversations were not always easy but the consistent outreach and communication with clients was paramount to keeping strong relationships and building a foundation for a return to in-person events. Beyond the client outreach, the team continued to remain active on LinkedIn and e-mail marketing, creating monthly campaigns to engage followers and generate excitement around Levi's® Stadium. Although the year was completely upended by the pandemic, the Special Events team remained focused on growing the client base, creating new revenue generating opportunities and retaining business through strong client relationships.

2020 Key Wins/Strengths

1. Strong Calendar (Pre-COVID-19)

At the beginning of the year the Special Events team had many reasons to celebrate. By the end of February there were already 42 events booked on the 2020 calendar, compared to the same time last year with 34 events booked on the 2019 calendar. Not only were the number of booked events up from the previous year, the sales team also booked a stadium buy-out event which was the largest special event booking since 2017. In addition to the stadium buy-out, 8 events were booked with over 1,000 attendees expected which are considered large events and key bookings. The bookings also included 5 holiday parties, 5 proms/school formals, 17 corporate receptions and 6 meetings, all booked before the 1st of March. Prior to the impacts of COVID-19, this year was on track to be one of the strongest years for special events since the stadium opened.

Once the stadium was shut down due to the pandemic, the sales team worked hard to keep as much business in the pipeline as possible. Although some clients were forced to cancel events due to logistics, budget or other uncontrollable factors, many were interested in postponing their event to a later date in 2020 or 2021. Thanks to quick action taken by the sales team and other internal stakeholders, 50% of the events booked between March – December 2020 were postponed to a later date and conversations continue with clients who requested to cancel their events. With so much out of the team's control, the postponements were a major win for the sales team and the stadium.

2. Prospecting Campaign to Grow the Client Base

One of the major initiatives for the sales team this year was increasing the client base to prepare for the eventual return of events to Levi's Stadium. Without the ability to host events due to the local & state guidelines, the sales team decided to focus on growing the list of potential future clients. Although the immediate impact of COVID-19 was devastating, events will eventually return to Levi's Stadium and preparing for that time now is key to a quick recovery. Starting in May 2020, the sales team began to focus on building a larger client base through research and strategic communication. With the stadium shut down indefinitely due to the Coronavirus, and almost every company following strict stay at home guidelines, reaching out to prospects about hosting an event at Levi's Stadium was not an easy task.

Company research for the campaign was broken down by location to the stadium, company size and industry. A special focus was placed on companies and categories that have been publically known to have achieved financial growth through the pandemic. Examples of these categories and companies are medical and medical devices, data

and analytics, construction and communications. As of December 2020, 1,300 new prospects were added to the database which in turn will be included in call and e-mail campaigns as well as future prospecting events hosted at the stadium. Starting in 2021, the sales team will embark on a grass roots sales campaign that will include the list of new prospects along with current clients and past prospects/lost business. The sales team will be given goals tied to outbound sales calls, email follow-ups, virtual meetings and in-person site visits (when it's safe to do so.) The campaign will work in conjunction with monthly e-blasts, social media campaigns and paid social media advertising promoting new revenue packages and event experiences.

3. Client Touchpoints & Relational Selling

In addition to adding prospective clients to the database, client touchpoints were also a priority for the sales team this year. The communication plan was especially important considering the stadium was shut down due to COVID-19 and most Silicon Valley companies decided not to host in-person events until 2021. To not actively communicate with clients and prospects would mean losing the momentum from the beginning of the year and potentially missing out on bookings for 2021 and beyond. However, many clients were not interested in discussing event bookings for 2020 which presented a new challenge for the team. Instead of pitching event spaces, catering menus, AV packages and other event experiences, the sales team shifted the conversation to personal check-ins and educational calls. This created an opportunity to continue to connect with clients and build stronger relationships. The goal of this strategy was to not only strengthen relationships but to learn how companies and organizations were handling the pandemic and what they expected from a venue standpoint.

At the beginning of the shutdown, the team shared recipes, favorite books, TV shows and ways to relax and improve mental health with clients. After the initial check-in calls, the conversations progressed and clients began to inquire about event opportunities and the future of events once the stadium reopened. These conversations provided the sales team with enough information to put together new event packages and marketing material centered around new guidelines and client expectations. Since March of 2020, the sales team has executed over 3,900 client touch points recorded and closely followed through the CRM system. These touch points consist of follow-up emails, phone calls and Zoom meetings. Other touch points have included a client survey with a letter from the 49ers CRO and a digital holiday card to welcome the new year (visual sample below.)



4. Sponsorship of SV and SF Admin Awards (Virtual)

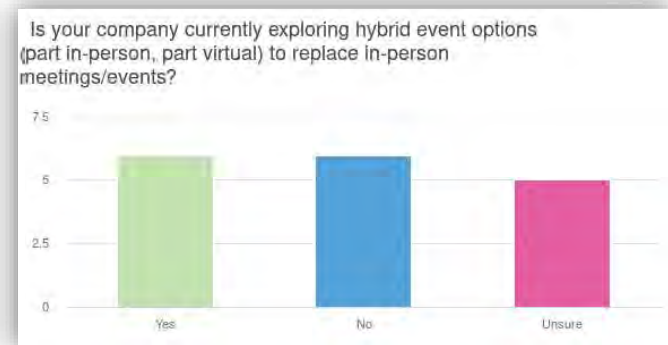
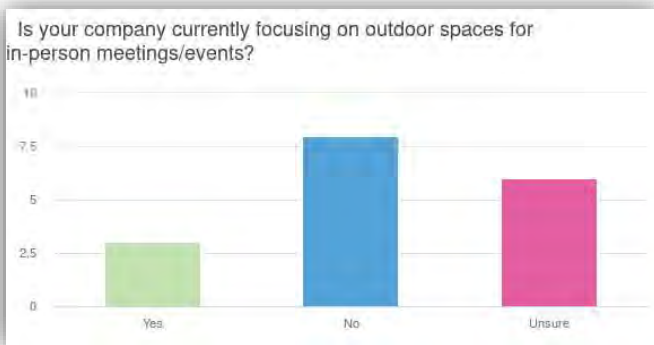
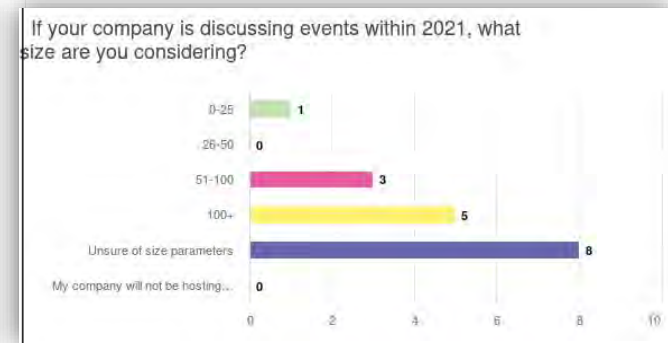
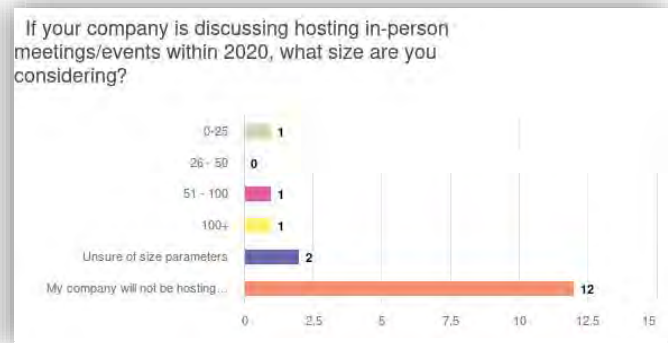
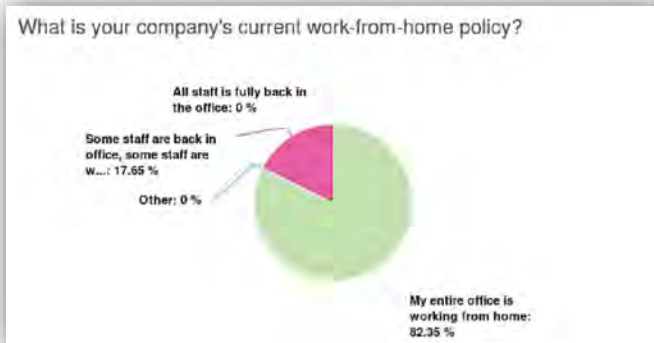
In addition to direct outreach, e-mail marketing and hosting clients at the stadium, the Special Events sales team relies on attending industry events to network with potential clients and gain access to valuable prospecting lists. Unfortunately, due to the pandemic and restrictions on in-person events, most industry events were canceled and the events that did not cancel moved to a virtual format. This created a new challenge for the sales team as they continued to seek out ways to connect with clients and grow their database.

The Special Events sales team joined the Admin Awards Board of Directors last year which is an opportunity to meet and network with many of the Bay Area's top companies and support their Administrative Professionals. The Admin Awards held their annual event virtually and provided Levi's Stadium Special Events with a valuable sponsorship opportunity including a featured spot on the Admin Awards social media accounts (LinkedIn, Facebook and Instagram) as well as presenting an award at both the Silicon Valley and San Francisco virtual awards events. Although the sales team was not able to network in-person, they obtained two active lists of administrative professionals from both San Francisco and Silicon Valley. Companies on the lists include Salesforce, Splunk, Yelp, Roche and Workday to name a few. Additionally, the Admin Awards was broadcasted to over 850 viewers both nationally and internationally providing great exposure for Levi's Stadium.



5. Client Survey

In August 2020 the Special Events sales team sent out a survey to clients with a goal to better understand how companies and organizations were dealing with the pandemic. With so many assumptions about the state of the event industry and how companies were reacting, it was important to gather feedback directly from clients and adjust the communication plan and event packages accordingly. The survey was sent out to 431 past event clients. Of the 431 surveys sent out, 139 people opened the e-mail and 30 people clicked on the survey with a total of 17 survey submissions. The low percentage of survey submissions was attributed to the uncertainty surrounding the virus and the future of events at the time. Of the 17 submissions, the following information was gathered:



Based on these results, the sales team concluded that most clients were shifting their focus to planning in-person events in 2021, with the exception of virtual events in 2020. The survey results provided enough information to begin planning for a return to events in 2021, building out packages for outdoor events and incorporating virtual enhancements.

Business Update:

1. Marketing - LinkedIn Page

As noted in the 2020 Marketing Plan, Levi's Stadium Special Events created a LinkedIn business page in 2019 to actively engage with followers and search for new prospects within the business community. As the pandemic began to shut down events and impact businesses around the Bay Area and the country, the sales team utilized LinkedIn as a resource to connect with business executives and engage with followers through original content. As of October 2020, Microsoft (the parent company of LinkedIn) reported that LinkedIn was up to 772 million members worldwide, an increase from 67.5 million since January. This meant that LinkedIn was even more valuable as a networking and marketing tool than ever before. In addition to reposting content from the 49ers page and other event industry pages, the sales team generated original content centered around people and personal interests, totaling over 100 posts. Some examples of this content include sharing favorite recipes during quarantine, team member profiles, and a spirited team video. In 2020 the Levi's Stadium Special Events LinkedIn page gained over 530 followers and was viewed over 3,400 times.

2. Local Collaborations – Discover Santa Clara

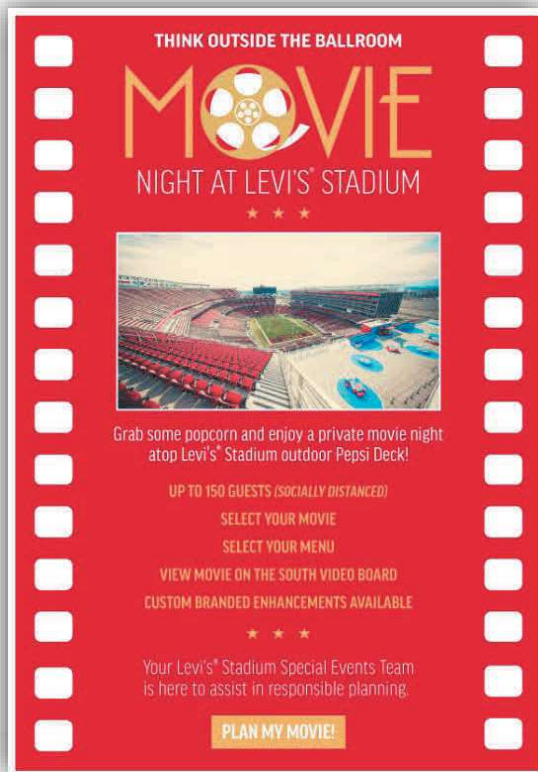
Local partnerships are a valuable and necessary component to the sales process, especially when selling large corporate events that require hotels rooms and multiple event locations. Collaboration with the Santa Clara Convention Center, Great America and the local hotels is a key component in selling Santa Clara as an event destination. Over the past year the sales team has continued to strengthen its relationship with these local business partners through quarterly check-ins. Discussions revolved around the impacts of COVID-19, business trends and the eventual return of conventions, conferences, trade shows and other largescale events. As Santa Clara begins to open up and it becomes safe to host events again, these relationships will be more important than ever to ensure a full recovery. With the creation of the new Destination Marketing Organization (DMO), Discover Santa Clara, and a position on the Board, the sales team is looking forward to new opportunities and collaborations in 2021 and beyond.

3. New Event Packages

One of the projects for this year, as noted in the 2020 Marketing Plan, was to create packages for small meetings and receptions to streamline bookings with a short turnaround time. Although the project was paused due to the pandemic, new event packages were created to accommodate the guidelines recommended by the CDC and feedback received from clients. Instead of marketing the smaller indoor meeting spaces, the attention shifted to the larger indoor clubs and expansive outdoor spaces.

- **Movie nights on the Pepsi Deck or Bud Light Patio:** A package designed for up to 150 (socially distanced) guests on the Pepsi Deck or Bud Light Patio for a private movie night. This package was designed to provide clients with a fun activity in a large outdoor space that allows for plenty of social distancing.
- **Graduation Ceremonies:** Levi's Stadium provides a perfect backdrop for any graduation ceremony. Whether a small high school graduation or a large university graduation, the event package can be adjusted to accommodate various sizes and styles. Additionally, the stadium can host multiple graduations in one day should the opportunity become available. Once events are permitted at Levi's Stadium, the sales team will begin reaching out to local Bay Area schools.
- **Social Events (Prom's, Mitzvahs, Weddings):** Industry data indicates that social events will be the first events to return to the market and clients will be looking for outdoor spaces. The sales team designed layouts and menus for socially distant social events to be hosted on the plazas, decks and patios.
- **Plaza and Concourse Events:** Outdoor spaces will become a priority for corporate clients once they return to hosting in-person events. The sales team is currently designing programs such as socially distant trade shows and receptions located on the stadium concourse, an outdoor space that provides flexibility in square footage and a beautiful view of the field.
- **Hybrid Events (Includes a Virtual Component):** The concept of a hybrid event is not new to Levi's Stadium. In the past, some companies requested their meetings and conferences to be live-streamed

to other locations to accommodate guests who were not able to attend the event in person. With the onset of the pandemic and live events no longer an option, the event industry quickly moved to the next best option, virtual events. Although nothing can replace the experience of a live event, virtual events can provide an opportunity for groups to gather, exchange information and network, all while remaining safe in the comforts of their own homes. Once live events return to the marketplace, it's expected that most will continue with a virtual component for attendees who are unable to travel or prefer not to attend the event in person. The sales team has created hybrid packages (live events with a virtual component) that range from filming a small keynote with 5 individuals to broadcasting a full conference.



Looking Forward:

In 2021, the Levi's Stadium Special Events team will focus on three key initiatives to help grow the business and drive revenue.

1. Rebook Cancelled and Lost Business Due to Coronavirus

One of the 2021 goals for the sales team is to rebook any cancelled or lost business and reboot an active pipeline of events. This process will follow a grass roots approach of phone calls and email follow-ups to better understand the intentions of companies in their rebooking processes. Conversations will be conducted around increased safety and security measures and flexible booking policies in order to build trust and increase booking opportunities. The progress towards this goal will be tracked in the CRM system and live sales documents by recording calls, e-mails and virtual meetings (until in-person meetings are permitted again.)

2. Utilize Marketing Budget to Regenerate Active Event Pipeline

The sales team is preparing for a return to in-person events by building out new packages, creating a strategic communication plan and reintroducing Levi's Stadium to both local and national clients through a marketing campaign. Given the impact of the pandemic and the fact that almost a year has passed since the last special event was hosted at Levi's Stadium; a marketing budget will be necessary to regain the momentum generated at the start of 2020. Once local and state government declare it is safe to host events again, the event industry will work to rebuild itself and events will look a bit different than they did before the pandemic. Clients will be interested in outdoor spaces or large indoor spaces that can accommodate appropriate social distancing. Additionally, virtual capabilities will become more of a priority as companies look to live-stream events for remote attendees. Fortunately, the stadium is able to accommodate all of these requirements and more, but it will take resources to communicate this message and make sure clients feel comfortable booking events again. The sales team plans to spend the budget in four major categories: digital advertising, client/prospecting events (once it's permitted), local and national sales conferences and gifting.

- Digital advertising
 - o Connect, Silicon Valley Business Journal, LinkedIn
 - o Content will feature outdoor spaces, large indoor clubs, cleaning protocols, tech/virtual capabilities, etc.
- Client/Prospecting events
 - o Summer showcase, movie night on the Pepsi Deck, Suite at 49ers game (a big draw to get prospects to view the stadium)
 - o Demonstrate new event packages and safety measures to planners
- Sales events/trade shows (once it is safe to travel)
 - o Connect Marketplace, IMEX, NSF, Huddle Up
- Swag/Gifts
 - o Quarterly basket deliveries
 - o Tradeshow swag
 - o Holiday Gifts

3. Partnership with Discover Santa Clara

The Levi's Stadium Special Events team is excited for the new Santa Clara DMO and their position on the Board of Directors. When selling large events and conferences, it's important to have strong partnerships with other local hospitality venues like hotels and the convention center. Before Discover Santa Clara, many of these businesses were working in silos and selling their individual venues without the bigger picture in mind. With the new DMO in place, sales teams from each venue can begin to work together to sell and promote Santa Clara as an event destination for city-wide events. The sales team looks forward to this partnership and helping to rebuild the events business in Santa Clara and take it beyond what was ever considered possible.

Levi's Stadium Major Events

Looking Back:

Since 2014, Levi's Stadium Major Events have brought in the world's biggest acts and sporting events, driving revenue and showcasing the venue and City of Santa Clara on the international stage.

In addition to bringing in revenue via tickets, ticketing fees, food and beverage, and merchandise, Major Events also drive the Special Event business, enticing corporate and social clients to book events at Levi's Stadium based on its popularity and prominence in the sports and entertainment industry. Additionally, these marquee events also drive value for SBL holders, who have committed more than \$500M to Levi's Stadium, and purchased over \$17M in non-NFL Major Events inventory at the stadium. Priority ticket presale access gives SBL Members a chance to purchase some of the best seating locations and inventory available for many events and shows prior to the general public.

The packed 2019 calendar included three soccer matchups, Monster Jam, Stadium Links, two college football matchups, and the highly anticipated Rolling Stones concert. The calendar for 2020 and 2021 however, has been dramatically impacted by the global pandemic. In order to continue bringing in profitable and successful major events, we are focused on nimbly adjusting to the rapidly changing event industry landscape.

1. 2020 event recap

Monster Jam was scheduled for a return engagement on April 4, 2020. In early March, promoter FELD Entertainment officially postponed all Monster Jam tour stops, eventually cancelling and refunding ticket sales in late April. The Major Events team remains engaged with FELD in regards to a renegotiated relationship for future Monster Jam shows and the return of Supercross.

The world's current top act, South Korean pop band BTS was slated for a two show stop at Levi's Stadium on Friday, April 24 and Saturday April 25, 2020. On March 26, in conjunction with promoter Live Nation, it was announced that both shows would be rescheduled for later dates. While event dates are being held by Live Nation and Levi's Stadium, no rescheduled dates have been announced. Despite Live Nation having processed refund requests, both shows remain in high demand, and on good pace for strong sellthrough.

The Justin Bieber CHANGES Tour, originally scheduled to take place on May 22, 2020, was announced in January 2020. The Santa Clara stop was the tour's top selling show of the entire tour, on pace to record a six-digit profit for the SCSA. Due to COVID concerns and local health guidelines however, event promoter AEG opted to postpone the event before eventually cancelling all stadium shows and refunding ticket sales in July. Artist management has reengineered the CHANGES Tour into an arena-only show in 2021, removing the possibility of the tour returning to Levi's Stadium.

Additionally, the Major Events team evaluated a number of small-to-mid scale events (anywhere from 1K to 20K anticipated attendance) but was unable to come to agreement on profitable terms, and/or were unable to host due to pandemic related health guidelines.

The stadium and event slate may have been quiet due to local health guidelines, but the Levi's Stadium Major Events team has been utilizing the time wisely to assure success moving forward.

2. Postponement and cancellation process

In a completely unprecedented time for the events industry, the Major Events Team has struck a fine balance between the expectations of promoters, ticket buyers, and the goals of the Stadium Authority when navigating postponements, cancellations, and refund policies and requests. While it is never the goal of a host venue to cancel ticket purchases, expediency and accuracy are of the utmost importance as we strive to maintain confidence with promoters and ticket purchasers moving forward. In the post-pandemic environment, visibility on refund policy is rated as one of the most important factors for buyer confidence, and we will work with promoters and our ticket

3. Structure

The Major Events Team ties together a number of internal and external partners, managing workflow, timelines and deliverables from each group. Stakeholders and decision makers are identified within each partner group, and assigned roles within the Public Event Flow Chart and overall process.



4. Potential Event indexing

We have indexed an encompassing list of all potential Major Events - previously hosted events, traditional yearly events across sports, non-big 4 sporting events such as rugby and lacrosse, festivals, potential touring music artists and beyond. The index includes events, timeframe, scale, and contact information for each promoter, booking agent, and artist agents. The index serves as a base for outreach prospecting and tracking, and will assure that we are providing outreach to each contact on a regular basis.

Looking Forward:

1. 2021 - 2023 Outlook and Proactive Outreach

The event industry is largely looking beyond 2021 and towards 2022-2023 as the true return to normalcy following the pandemic. The majority of promoters and artists have made the decision to sit out 2021, with continued uncertainty around shelter-in-place orders, vaccine distribution and efficacy, the economy, and shaky ticket buyer confidence.

Our goal for 2021 is to remain engaged with the small handful of promoters still considering events for summer and fall of 2021, positioning ourselves favorably should they choose to proceed and health code guidelines allow hosting. Additionally, we will look to creatively approach the near term by evaluating the possibility of hosting creative, smaller capacity, and/or socially distanced events.

We will look to continue increasing the diversity of ticketed events beyond large-scale concerts and sporting events, by evaluating smaller and more intimate events as well. Potential events we are evaluating include in stadium obstacle course racing, stadium golf, small scale comedy shows, and book tours. We also have team members studying the feasibility and opportunity of other larger stadium events such as rugby, cricket, lacrosse, food and music festivals, etc.

Industry experts are projecting 2022 and 2023 to bring the event business back on track with busy concert touring calendars. In order to position Levi's Stadium in a place to host as many of these tours and events as possible, the Major Events team will continue actively connecting and reconnecting with all potential partners -- promoters, artist agents, booking agents, and sports club/league leadership. It is expected to be an extremely competitive landscape, with all sports and entertainment venues nationwide competing to book shows and events once again.

The goal of the outreach will be to announce that Levi's Stadium will be open and ready for business as soon as possible. In many cases, the outreach will be a simple reconnection with organizers we've worked with previously. In other cases, it will be fresh outreach to events that we have not done business with yet. There has been a tremendous amount of employee turnover and movement within the industry during the pandemic, so outreach will be essential to reestablish our connections, and reaffirm Levi's Stadium as one of the nation's premiere hosting venues.

2. Creativity and Cooperation

As the event industry recovers and full-scale event opportunities may be low in abundance, we must be creative in the types of events we bring in. We will do so by evaluating all opportunities with open eyes and ears, monitoring the plans of venues nationwide, and working outside of the parameters we have used historically. In doing so, we will ask the cooperation of the Stadium Authority in adopting a cooperative, solution based approach towards working through potential roadblocks in order to secure these profitable events.

Among considerations:

- A. Curfew policy - Approaching potentially jam packed '22-'23 tour seasons in which artists and promoters are looking to capture revenue lost in '20-'21, flexibility and cooperation is essential to capturing as many profitable events as possible. We will work to review the curfew policies with the City of Santa Clara and associated partners in order to align on an event calendar that is set up to host new, attractive events for the community. While there are several factors and aspects to the city curfew and associated policies, it will be critical to collaboratively develop a flexible event calendar that is attractive to the events and partners our collective community wants to bring to Santa Clara. The results of these efforts will be most clearly manifested in how many events are contracted and executed, along with lost or missed opportunities based on our policies and reputation in the entertainment industry.
- B. Marketing budget - given that the promoting partner typically drives marketing towards ticket buyers and the general public, the marketing spend for Major Events is centralized around line items tied to sourcing and booking the events themselves. A refreshed budget for '21 is focused on marketing spend towards proactive outreach towards promoters (welcome letters, printed collateral, etc.) and networking (venue and industry group memberships, conference travel, and partner entertainment - meals, tickets, etc.)

3. Projections, Bidding and Decision Making

We are well-positioned with an established proposal framework, bid team, and drafting / execution process to bid on most stadium-relevant events that we believe will benefit the Stadium Authority and appeal to our community, increasing our opportunities to further develop our Major Events pipeline. While no proposals are the same, having the processes solidified with a framework to begin with and be executed by a trained department will help keep Levi's Stadium nimble in its non-NFL events business efforts and better adapt to new and / or immediate event opportunities. While we were unable to host live events in 2020 due to the pandemic, our team took this opportunity to refine our projection systems, workflows, term sheet templates, networking indexes, and real-time tracking documents.

As the ticketing landscape and financial models behind sports and entertainment continue to change, we need to think of new ways to capitalize on high-demand products and events by tracking and monitoring the ticket marketplace with predictive analytics. With previous years of hosting events, we can leverage past results and key event metrics including attendance, average ticket price (ATP), revenue per fan by event, and number of new fans versus returning fans. Keeping our measurements tied to the revenue results of our events will provide the clearest indication of these effort's success and what elements of our strategy or initiatives need to be changed or improved moving forward.

By utilizing these tools and strategies we can create thorough revenue and expense projections for a multitude of scenarios - providing a true picture of downside and upside when negotiating and ultimately deciding whether to proceed with prospective events.

4. Leverage NFL Events

To help increase popularity, viewership, and demand for Major Events, the Stadium Manager expects to continue promoting Major Events at 49ers home games and related NFL activities. While this has been an effective strategy for past Major Events, such as Monster Jam and previous Coldplay concerts, the Stadium Manager will look to increase and prioritize promoting Major Events at NFL events, with the expectation of increasing a Major Event's demand while bringing new, diverse audiences to our non-NFL events. Furthermore, the Stadium Manager will increase efforts to capitalize on NFL activities as opportunities to promote upcoming Major Events. These promotions at NFL Events, and on the exterior LED panels on Levi's Stadium, will need to be negotiated with the 49ers, and the costs of the promotions will be borne by the Major Events.

5. Section in-review:

Outlook and Proactive Outreach	Creativity and Cooperation	Projections, Bidding and Decision Making	Leverage NFL Events
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03-09-21, CONTINUED
TO 03-10-21

ITEM #6

Santa Clara Stadium Authority

Study Session: Draft 2021 Non-NFL Events Marketing Plan for Levi's® Stadium in Accordance with Section 4.10 of the Stadium Management Agreement



Item 6, RTC #21-405
Continued from March 9, 2021

1

Agenda

- Marketing Plan
- ManCo's Input to Marketing Plan, Non-NFL, and TMOP
 - March 1 re Response to SCSA's Marketing Plan Input
 - March 5 re Non-NFL Events "Interference"
 - March 8 re TMOP



2

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Purpose of Marketing Plan

- A marketing plan is an operational document that outlines an advertising strategy that an organization will implement to generate leads and reach its target market. A marketing plan details the outreach and PR campaigns to be undertaken over a period, including how the company will measure the effect of these initiatives. The functions and components of a marketing plan include the following:
 - **Market research** to support pricing decisions and new market entries
 - Tailored messaging that **targets certain demographics and geographic areas**
 - **Platform selection** for product and service promotion—digital, radio, Internet, trade magazines, and the mix of those platforms for each campaign
 - **Metrics** that measure the results of marketing efforts and their reporting timelines

Source: Investopedia.com



3

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Fiduciary Responsibility

Fiduciary: person or organization that acts on behalf of another person or persons, putting their clients' interest ahead of their own, with a duty to preserve good faith and trust. Being a fiduciary thus requires being bound both legally and ethically to act in the other's best interests. ⁽¹⁾

Areas of Responsibility:

- Prudent, commercially reasonable good faith efforts in managing
- Multi-purpose public facility with a standard of quality comparable to other similar facilities
- Control Manager Operating Expenses
- Maximize Revenues

4 ⁽¹⁾Source: Investopedia.com

4

Marketing Plan

- Section 4.10 Marketing Plan in the Management Agreement between the Stadium Authority and ManCo, **requires ManCo to develop a Marketing Plan for Non-NFL events** for inclusion in the Stadium Operation and Maintenance Plan (SOMP).
- Sets forth Stadium Manager's plans to develop, implement and monitor marketing, booking, advertising and promotion of Non-NFL Events for the Stadium.
- Must be mutually agreed to by both the Stadium Manager and the Stadium Authority



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2019 Marketing Plan

- Draft 2019 Marketing Plan was not mutually agreed upon. SCSA expressed concerns about:
 - Absence of metrics/key performance indicators (KPIs) and corresponding data for data-driven decisions, despite ManCo's FY 2018/19 commitment to the Board.
 - No meaningful discussion regarding plan to meet minimum requirements of the Naming Rights Agreement requirement (36 "Major Events").
 - Significant decrease in projected net revenue for FY 2018/19 Non-NFL events and no strategies to enhance revenue and mitigate losses.
 - Lack of explanation of how booking numerous money-losing events and various giveaways was an advantageous marketing strategy.



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2020 Marketing Plan

- Draft 2020 Marketing Plan was not mutually agreed upon. SCSA expressed concerns about:
 - Absence of a “turnaround” strategy to become profitable.
 - Concerns about the draft 2019 Marketing Plan were not discussed or addressed.
 - Booking history and declining financial performance for Non-NFL events from FY 2015/16 through FY 2019/20.
 - Lack of alignment with key provisions in the Management Agreement (e.g., duty to notify, standard of care, booking duties and responsibilities, etc.).



7

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SCSA's Feedback by Category

1. Key Considerations for Draft 2021 Marketing Plan
2. Marketing Plan Data Results
3. Alignment to Management Agreement and Naming Agreement Provisions
4. ManCo's March 1 Letter to the Board



8

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Key Considerations

1. As fiduciaries, ManCo is required to act in the Stadium Authority's sole best interest.
2. ManCo projects a \$600,000 loss for FY 2020/21 and somewhere between a \$600,000 loss to \$0 net revenue for FY 2021/22.
3. Concerns regarding draft Marketing Plans from previous years remain relevant, this marks the fourth fiscal year of unfavorable financial performance.
4. After years of "Spend money to lose money" strategy, it is not working and ManCo can not show "turnaround" tasks, timing, strategy, etc.

Key Considerations

5. With KPIs, SCSA and ManCo would have 3 years of trend info/data on what is working and what is not. Metrics matter!
6. FY 2020/21 has been defined by COVID-19 pandemic and suspension of Non-NFL events at Levi's Stadium.
7. Stadium Authority lost more money when the Stadium was activated in FY 2019/20, than in FY 2020/21.
8. Draft 2021 Marketing Plan was reviewed and considered against:
 1. Marketing Plan Data Results, and
 2. Alignment with Management Agreement and Naming Rights Agreement provisions

Assumptions for 2021

Activity	Assumptions Based on Information Provided by ManCo
General Activity:	Limited activity on Non-NFL side. NFL Pre-Season and Regular Season will operate "normally" with full capacity Stadium
Ticketed Events:	Two TBD concerts
Non-Ticketed Special Events:	25 to 35 mixed catered events that will generate revenue averaging between \$40,000 to \$60,000 per event
Marketing Budget:	\$115,000 to \$165,000: budget request is not clear, with inconsistent amounts.
Revenue/Loss:	Loss of \$600,000 to \$0

Marketing Plan Data Results (Metrics)

Booking and Financial Performance

- In absence of KPI data from ManCo, Stadium Authority staff compiled several key charts with data that reflects Non-NFL event performance.
- The following charts illustrate revenue for Non-NFL events in FY 2019/20 and expected revenue for FY 2020/21.
- The charts suggest that Marketing Plan strategies are ineffective for generating revenue for SCSA.



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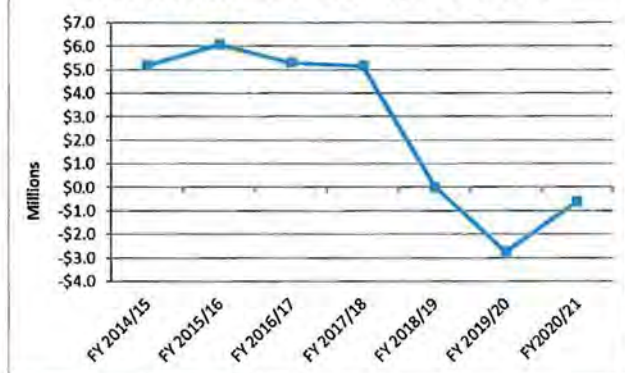
Total Non-NFL Net Revenue, FYs 2014/15 – 2020/21

- Net revenue dropped most significantly from FY 2017/18 to FY 2018/19, \$5.1 million decrease.
- Downward trend in FY 2019/20, resulting in a \$2.7M loss.
- Since FY 2015/16, net revenue declined year after year, with **anticipated \$600,000 shortfall for this year and next year (or \$0 net revenue)**
- Marketing Plan strategies should respond to this trend.



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Total Non-NFL Event Revenue



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FY 2018/19 Ticketed Non-NFL Events Revenue & Expenditures

- 75% of FY 2018/19 ticketed events were money-losers. 9 out of 12 events lost money or made zero revenue for the SCSA.
- As reflected in this table and the table on the next slide, ManCo's booking of soccer games, which were once profitable, now operate at a loss to SCSA.
- Based on the data from these two fiscal years, it appears that SCSA more likely to lose money on ticketed Non-NFL events vs. make money.



2018/19 Ticketed Non-NFL Events Revenue and Expenditure Summary
In Millions \$

Ticketed Events	Revenue	Expenses	Net
Monster Jam	1.4	1.6	(0.2)
Taylor Swift Tour Day 1	5.1	6.9	(1.8)
Taylor Swift Tour Day 2	10.5	7.8	2.7
Stadium Links	0.1	0.0	0.0
Manchester United vs Earthquakes	1.6	1.9	(0.3)
ICC: Barcelona vs AC Milan	4.4	4.0	0.4
High School Football Series	0.1	0.1	0.0
Jay-Z/Beyonce	8.4	7.9	0.5
SJSU vs Army	0.2	0.4	(0.2)
Pac-12	1.3	4.0	(2.7)
Redbox Bowl	4.6	5.2	(0.6)
Mexico vs Paraguay	3.6	4.1	(0.5)
Events to date	41.3	43.9	(2.6)

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FY 2019/20 Ticketed Non-NFL Events Revenue & Expenditures

- 75% of Non-NFL ticketed events in FY 2019/20 are money-losers, 6 of the 8 events lost money or made zero revenue for SCSA.
- Booking of Non-NFL football events continues to be a bad financial decision for SCSA, costing \$3.2 million in FY 2019/20.
- The concept of *losing money to make money* has not paid off for the SCSA after several years and, therefore, should not be considered a viable marketing strategy without transparency of ManCo's actions and intentions.



Levi's® Stadium
Ticketed Non-NFL Events Revenue and Expenditure Summary
FY 2019/20 Quarter 4

In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
ICC: Chivas vs Benfica	1.2	1.5	(0.3)
Rolling Stones: No Filter Tour	11.4	10.5	0.9
High School Football Series	0.1	0.1	0.0
Pac-12 Championship	3.1	5.7	(2.6)
Redbox Bowl	4.6	5.2	(0.6)
Total Ticketed Non-NFL Net Revenue to date	\$ 22.3	\$ 25.1	\$ (2.8)

*Numbers may vary due to rounding

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**Levi's Stadium
Net Revenue for Non-NFL Events
by Event Type
As of March 31, 2020**

EVENT TYPE	2014/15		2015/16		2016/17		2017/18		2018/19		2019/20	
	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue
Ticketed Events												
Concerts	0	\$ -	7	\$ 3,791,985	4	\$ 2,424,572	2	\$ 1,619,099	3	\$ 1,438,846	1	\$ 856,563
Sporting events:												
Football (non-NFL)	5	(3,007,907)	4	(2,316,903)	4	(2,946,165)	4	(3,801,627)	4	(3,437,297)	3	(3,170,926)
Soccer	2	3,948,144	2	891,300	5	2,414,209	3	3,228,754	3	(267,981)	2	(65,295)
Miscellaneous events	2	2,504,912	4	(149,392)	5	(159,175)	4	76,379	2	(67,502)	2	(458,609)
Subtotal Ticketed Events	9	\$ 3,445,149	17	\$ 2,216,989	18	\$ 1,733,441	13	\$ 1,522,405	12	\$ (2,333,932)	8	\$ (2,838,247)
Subtotal Ticketed Events - Other Expenses												\$ (167,217)
Subtotal Special Events (weddings, corporate events, etc.)	186	\$ 1,762,404	204	\$ 3,862,027	127	\$ 3,583,453	113	\$ 3,640,924	100	\$ 2,352,523	79	\$ 1,492,331
Subtotal Other Operating Expenses												\$ (1,227,861)
Total Non-NFL Net Revenue	195	\$ 5,207,653	221	\$ 6,079,016	145	\$ 5,316,894	126	\$ 5,163,329	112	\$ 16,591	87	\$ (2,741,014)
Total Performance Rent paid to the General Fund		\$ 2,613,777		\$ 2,932,008		\$ 2,633,447		\$ 2,439,164				

- FYs 17/18 and 18/19 are near identical with the # of Ticketed Events and Non-Ticketed events, which suggests that there are underlying factors that lead to a \$3.8 million change in revenue (Y-T-Y).
- Data indicate that the loss had less to do with market demand and more with their business practices (e.g., type/quality of the events booked and the agreements negotiated).
- It should be noted that: 1) during this same period CFP National Championship game was held in Jan 2019 and SCSA assigned the agreement to prevent significant additional losses in FY 2018/19.
- Soccer events generated revenue during earlier fiscal years, but increased public safety was required in subsequent years. Public safety could not be compromised for profitability.

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Booking and Financial Performance

- Non-NFL football events have lost **\$18.5 million** over 6 years: likely benefited NFL revenues more than SCSA. ManCo should not market or book Non-NFL football events with the rationale that without these events, it would be hard to book other events. **There is no evidence or data to support these statements.**
- Non-ticked Special Events have declined in numbers since FY 2015/16, they have consistently generated revenue for the SCSA. Since FY 2015/16, they have generated more revenue than ticketed events.
- Unfortunately, SCSA loses less money when events suspended than when produced by ManCo.



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ManCo's 2020 Marketing Activity

- As described in the draft 2021 Marketing Plan, ManCo's 2020 marketing activities focused on the following:
 - **Canceling/postponing booked events (pg. 3),**
 - Growing their client base (pg. 3),
 - **Implementing client touchpoints (pg. 4),**
 - Sponsoring the Silicon Valley and San Francisco Admin Awards (pg. 5)
 - **Conducting a client survey that focused on how companies and organizations were dealing with the pandemic (pg. 6).**
- Staff had concerns or clarifications to make about the bolded activities.



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Canceled/Postponed Events

- The percentage of events that were canceled/postponed (50%) is incorrect.
- SCSA requested the actual data. It is not a 50/50 split:
 - As of February 18, 2021, 18 canceled (62%) and 11 postponed (38%).
- Accurate data is fundamental to data-based decision making. Incorrect or casual representation of information does not allow for the best decisions to be made on behalf of SCSA.



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Client Touchpoints

- Client touchpoints are described as “personal check-ins and educational calls” and “the team shared recipes, favorite books, TV shows and ways to relax and improve mental health with clients” (pg. 4).
- ManCo executed 3,900+ client touch points that were recorded and followed through their CRM system.
- ManCo states that the conversations eventually will lead to clients inquiring about event future opportunities and the development of new event packages (prospects), but without data tracking, there is no ability to analyze effectiveness of these expenditures.
- There should be a cost-benefit review, KPI developed, or any other quantitative tool that tracks the investment of this outreach and the bookings that result from investing in this effort.



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Client Survey

- ManCo’s client survey had limited and mixed responses, which ManCo used to come to conclusion that *the survey results provided enough information to begin planning for a return to events in 2021, building out packages for outdoor events and incorporating virtual enhancements.*
- Staff communicated concerns that 17 responses (4% rate of response) out of 431 surveys sent was not enough to draw valid conclusions about client’s opinions to inform decision-making.
- Staff asked for additional evidence/documentation to support its strategy to begin planning events in 2021. ManCo responded that survey was sent out in August 2020 and team planned to send out a follow up survey in March/April 2021 or later.



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Data Driven Decisions and KPIs

- The client touchpoints and survey reflect some market research activity, but the information derived is limited and undocumented. Therefore, outcomes cannot be adequately tracked.
- The objective, messaging and specific target audience of the survey are unclear which does not allow for tracking of trends and effectiveness of marketing effort and investment.
- Marketing Plan should capture both quantitative data and qualitative information to inform strategic decisions.



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Future Marketing Activity – *Areas of Interest*

- Below are areas of interest as ManCo plans their 2021 marketing activity:
 - New Event Packages
 - Marketing Budget
 - Diversifying Ticketed Events



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New Events Package

- The COVID-19 pandemic has prompted ManCo to evaluate and focus on Non-Ticketed Special Events through new event packages.
- ManCo should continue to focus on Non-Ticketed Special Events, even after larger ticketed events are able to resume, rather than decreasing the number of Non-Ticketed Special Events as it has done year after year since FY 2015/16.
- Non-Ticketed Special Events have generated revenue for SCSA and assist in covering losses for Ticketed events.
- Enhancing this activity is part of a good strategy.



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Marketing Budget

- Given the FY 2021/22 projections, staff asked about ManCo's marketing budget--clarification about whether the marketing budget was a new request.
- ManCo's response: Budget is needed to ensure a successful sales pipeline, educate clients/prospects on new protocols and offerings post-COVID, and engage artist management, tour promoters, leagues, teams, and tournaments.
- Provided two budget amounts (\$115,000 and \$50,000), which does not appear to include staff. ManCo would be expending \$115,000 to \$165,000 on marketing activity that does not demonstrate a strategic approach to generating revenue.
- **In a scenario of multiple years of financial loss, requests for additional funding should be very clear and well defined, including purpose and strategy.**



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Diversifying Ticketed Events

- Draft 2021 Marketing Plan acknowledges the need to increase “the diversity of ticketed events beyond large-scale concerts and sporting events by evaluating smaller and more intimate events as well” (pg. 12).
- ManCo discusses potential events that are being evaluated (e.g., obstacle course racing, golf, comedy shows, book tours, rugby, lacrosse, food and music festivals, etc.)
- This research was also mentioned in the draft 2019 and 2020 Marketing Plans, but ManCo has never shared its findings, booking strategy or numerical targets, or revenue projections.
- **Efforts should include # targeted events, review overall events, costs and revenue, and generate a targeted strategy.**



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Alignment to Management Agreement and Naming Rights Agreement Provisions



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Standard of Care

- Section 2.9 (“Standard of Care”) in the Management Agreement requires ManCo to:
 1. Maintain the Stadium in required condition and operate it as a quality facility,
 2. Control Manager Operating Expenses, and
 3. Maximize operating revenues.
- Draft 2021 Marketing Plan does not reflect an urgency and effort on ManCo’s part to meet these three requirements.

Standard of Care

- Stadium should be a marketable venue that is in good condition.
- During FY 2019/20, City staff again discovered that ManCo was not maintaining the Stadium in a manner consistent with health and safety codes, e.g., numerous fire code violations.
- Capital projects have been delayed for multiple years and carried into the proposed FY 2021/22 CapEx Budget. Lack of maintenance and repair can erode the quality of this premier venue.
- **ManCo must adhere to the Management Agreement’s Standard of Care requirement to ensure that events can operate in compliance of health and safety codes.**

Commercially Reasonable Effort

- Section 3.2 (“Marketing Plan; Contracting Authority”) in the Management Agreement requires that ManCo’s work is done **“on behalf of the Stadium Authority only (not StadCo), (a) the Stadium Manager shall use commercially reasonable efforts, consistent with the Marketing Plan, to market, promote, schedule and book Non-NFL Events and other activities at the Stadium.”**
- Contract terms negotiated and executed, or entered into, may not be in the best interest of SCSA, with majority of ticketed events being money-losers.
- ManCo’s own documents (e.g., 2019 Redbox Bowl) have surfaced concerns about their questionable business practices of not working exclusively for the SCSA when booking Non-NFL events.
- **As ManCo resumes engaging in negotiations and booking events, full transparency, absence of conflicts of interest/self-dealing, and adherence to Management Agreement requirement must be in place.**



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Naming Rights Agreement – Required Major Events

- Naming Rights Agreement between SCSA and Levi’s requires ManCo to hold at least 36 Non-NFL “Major Events” with 25,000+ attendees every 3 contract years.
- There has been 12 Major Events held at the Stadium during current 3-year period.
- Draft 2021 Marketing Plan should include strategy or plan to meet this requirement for the next three contract years.
- As part of proposed CapEx budget, Stadium Manager requested a significant investment (approx. \$1 million) from the SCSA to replace Levi’s signage, without being truthful and without any authority to make such a payment of public funds.
- Other major venues in the region are continuing to announce 2021 events (e.g., SAP Center, Chase Center, and Oakland Arena). Levi’s Stadium has no confirmed Major Events bookings. These venues are indoors, where COVID for large gatherings are more restrictive.



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RESPONSE TO MANCO'S INPUT/FEEDBACK

ManCo's March 1 Letter to the Board Regarding the Marketing Plan



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Response to ManCo's Letter re Marketing Plan

- SCSA Board is obligated to provide oversight of ManCo's Non-NFL event activity and disclose this public agency's condition and fiscal condition.
- ManCo characterizes SCSA as bureaucratic. City's efforts focus on securing health and safety code compliance, e.g., proper building and fire permits, passing inspections, safe pyrotechnics and staging, and other legal requirements. What ManCo, and event promoters, have characterized as burdensome are actions compliant with the law.
- ManCo confirms Mr. Al Guido's negotiations of non-NFL events, which had been minimized by ManCo's attorneys a couple of meetings ago.
- Board did not mutually agree to draft 2019 & 2020 Marketing Plans because there was no meaningful discussion or response to SCSA's previous concerns. Concerns have correctly been carried forward.



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ManCo's March 5 Letter to the Board Regarding 2019 Non-NFL Event and City Role



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Background

- Letter cites examples / makes reference of “interference” in four areas:
 - Egress – Concert Floor (*Community Development Dept*)
 - Stage inspection (*Community Development Dept*)
 - Pyrotechnics (*City Manager and Fire*)
 - Parking Lot Activation (*Police*)
- Various concerns expressed with City’s duty and role with Non-NFL events, e.g., State laws, Mitigating Community Impacts, and Public Safety.
- City staff provided **routine permitting and inspections** for the concert.



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Background

- ManCo demonstrates that it is not familiar with State laws, codes, and regulations for the health, safety and benefit of the public.
- City's decisions and actions were consistent with required compliance with State laws.
- City deferred to public safety professionals that are familiar with safety and fire code requirements.
- City also worked to mitigate community impacts which has been a central focus of the Board and Administration.

EGRESS – CONCERT FLOOR

CA Building Code – Chapter 10 Means of Egress

- **1003.6 Means of Egress Continuity.** The path of egress travel along a means of egress shall not be interrupted by a building element other than a means of egress component as specified in this chapter. Obstructions shall not be placed in the minimum width or required capacity of a means of egress component except projections permitted by this chapter. ***The minimum width or required capacity of a means of egress system shall not be diminished along the path of egress travel.***
- **1005.4 Continuity.** The minimum width or required capacity of the means of egress required from any story of a building shall not be reduced along the path of egress travel until arrival at the public way.

Compliance with CA Building Code Egress Requirements

March 5 letter states that City staff wanted to change the show layout by proposing installation of physical barriers on the field.

- This is not true! – Staff did not limit event promoter to bike rack barricades.
- Staff asked what method they would use to ensure an 8-foot minimum egress width (to comply with State Code requirement), there were many options available: bike rack barricades, rope, tape, etc.
- Staff **enforced State Code requirements by ensuring the minimum egress width** was maintained. Ultimately, agreement was made to tape down the outlined sections because there would be enough personnel to enforce the path of egress.
- ManCo misrepresents City's actions that focused on compliance with State law and demonstrates their unfamiliarity with this requirement through its allegations.

PYROTECHNICS



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Stadium Development Permit – Condition of Approval P22(c)

P22. Use of the outdoor areas of the stadium (field and grounds) for events shall be limited to the following days/hours, unless otherwise allowed through a distinct event approval by the City:...

c. Night outdoor non-NFL events shall be scheduled to **end not later than 10:00 PM Sunday through Thursday and 11:00 PM Friday and Saturday, unless otherwise approved by the City Manager or their designee.**



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Condition of Approval – Discretion

- No approval was ever granted re “curfew”, ManCo advised that the event would go over 10 p.m.
- P22(c) limits times/days/hours of operations and was upheld.
- Given that the concert was rescheduled from a Saturday night to a Sunday night (before school started), Fire Chief and City Manager determined that fireworks would require limitations per P22 restrictions.
- This is completely within P22(c), a condition of approval that ManCo agreed to, and prioritizes mitigation of community impacts.



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CA Fire Code – Section 105 Permits

- CA Fire Code, 105.6.38 Pyrotechnic special effects material. An operational permit is required for use and handling of pyrotechnic special effects material.
- CA Fire Code, 105.2.1 Refusal to issue permit. ***If the application for a permit describes a use that does not conform to the requirements of this code and other pertinent laws and ordinances, the fire code official shall not issue a permit, but shall return the application to the applicant with the refusal to issue such permit.*** Such refusal shall, where requested, be in writing and shall contain the reasons for refusal.
- SCCC Chapter 9.10.040 (“Noise or sound regulation”) states, It is unlawful for any person to operate or cause to allow to be operated, any fixed source of disturbing, excessive or offensive sound or noise



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Pyrotechnics for the Concert

- Fire Department did not tell promoter to remove the fireworks show.
- Staff communicated that the original application would not be approved because fireworks needed to stop at an earlier time. This is within City's discretion and compliant with P22 and CA Fire Code, 105.2.1.
- It was promoter's decision to resubmit their application with flickers only, which Fire Department promptly approved and event occurred successfully and without incident during the concert.
- ManCo misrepresents the actions that occurred.

STAGE INSPECTION

CA Fire Code – Section 3105 Temporary Stage Canopies

- **3105.6 Inspections.** Inspections shall comply with Section 106 and Sections 3105.6.1 and 3105.6.2.
- **3105.6.1 Independent inspector.** *The owner of a temporary stage canopy shall employ a qualified, independent approved agency or individual to inspect the installation of a temporary stage canopy.*
- **3105.6.2 Inspection report.** The inspecting agency or individual shall furnish an inspection report to the fire code official. *The inspection report shall indicate that the temporary stage canopy was inspected and was or was not installed in accordance with the approved construction documents.* Discrepancies shall be brought to the immediate attention of the installer for correction. Where any discrepancy is not corrected, it shall be brought to the attention of the fire code official and the designated responsible party.



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Compliance with CA Fire Code Inspection Requirements

- March 5 letter states that there was a “last-minute request” for their structural engineer to fly in to inspect the stage.
- This is not true! Staff discussed the requirement of having a qualified individual inspect the installation of the temporary stage canopy with ManCo while reviewing the event plans prior to permit issuance.
- Staff was complying with CA Fire Code inspection requirements and communicated this information to ManCo well in advance. It is unclear when ManCo shared this information with promoter.
- ManCo misrepresents the City’s actions and should know that this State Code compliance is required.



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PARKING LOT ACTIVATION

Public Safety for Parking Lot Activation

- March 5 letter also referenced proposed use of bike rack barricades for an activation zone in the Stadium parking lot.
- Activations in open parking lots can be, and have been in the past, beneficial to the event when planned in advance with Police Department for crowd safety and executed per agreed plans.

Public Safety for Parking Lot Activation Cont'd

- The Police Department was asked **four days prior** to event to provide input, from a public safety perspective, regarding a proposed activation in the main parking lot. Among several concerns;
 1. The mixing of crowd masses with vehicles.
 2. Pedestrian flow during egress.
- ManCo advised that it believed these two concerns could be addressed by:
 - Using bike rack to provide crowd/pedestrian protection
 - ManCo would remove the activation prior to the concert's conclusion.
- Police Department disagreed with the proposed bike rack solution
- Original activation did not occur but an alternate "activation" occurred (merchandise trailer) which impeded pedestrian flow during egress
- The Police Department's primary concern is the safety of the guests visiting Levi's Stadium, the employees at the facility (both City Staff and Stadium Staff) as well as the surrounding community.



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Conclusion

- Following California Building Code is ***required***
- Following California Fire Code is ***required***
- Following City Code is ***required***
- Following Permit conditions is ***required***
- For the safety of all, ensuring implementation of Best Practices per Police Department is in everyone's best interest.
- ManCo is either not understanding the basic legal requirements or prefers to disregard them: however, the City can't do either and continue to operate in compliance with the State laws.



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ManCo's March 8 Letter to the Executive Director Regarding Public Safety Documents



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Condition of Approval P20

- Stadium Development Permit, Condition of Approval P20 **requires approximately 19,000 attendee parking stalls for NFL events.**
- ManCo assumes a full Stadium (60k+) for NFL games.
- As part of the annual budget process, ManCo submits operational and public safety documents, including Public Safety Documents: Transportation Management and Operations Plan (TMOP), NFL and Non-NFL Parking Plans, and Stadium Rules and Regulations.
- While reviewing TMOP and Parking Plans, staff noticed that there were only **16,310 parking spaces available** (not including ~2,000 additional spaces that have been permitted by City).
- ManCo referenced research that stated 14,000 cars parked during typical NFL event and 5,000 - 11,000 cars parked for large Non-NFL events.



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Condition of Approval P20 Cont'd

- Condition of Approval P20 allows for discretion: "If the anticipated parking as described above would not be provided for all NFL games, the NFL Parking Plan shall include enhancements of the TMOP designed to provide alternative transportation options or enhanced transit services to accommodate the projected attendance at such NFL games."
- NFL and Non-NFL Parking Plans are subject to the approval of Director of Planning and Inspection, while TMOP is reviewed annually and updated to the satisfaction of Director of Planning and Inspection. (Board approval is not required)
- SCSA requested a copy of the referenced research and any relevant parking and public ridership data to support ManCo's decision for less parking spaces than the required number (~19,000 attendee spaces).

Condition of Approval P20 Cont'd

- **Purpose of Receiving This Data:** Ensures that there is adequate parking available to avoid impacts to other properties (e.g., protecting the property rights of other property owners in the vicinity).
- **Public Interest:** It would impose a burden upon other property owners if their lots are filled with cars for stadium events rather than for their own use, or if they are being forced to hire security to patrol their lots to discourage use for the stadium, etc.
- ManCo declined to share the research, stating that they record the parking counts for each NFL game and their numbers support less parking spaces.
- This is a reasonable request for the Director of Planning to make and to plan accordingly.

SCSA

Santa Clara Stadium Authority

Attachment 4

Annual Public Safety Budget

FY2021 Annual Public Safety Budget (CONFIDENTIAL)
DRAFT

	<u>Amount</u>	<u>Footnote</u>
Public Safety Costs - Tenant (NFL Events)	\$ 4,456,621	1
Public Safety Costs - Authority (Non-NFL Events)	\$ 727,684	2
Public Safety Capital Expenditures (2021/22 Budget)	\$ 2,036,770	3
Amortization of 2021/22 Budgeted Public Safety Capital Expenditures	\$ 126,752	4
Amortization of Prior Years Public Safety Capital Expenditures included in 2021/22 Budget	\$ 190,267	4
Public Safety Capital Expenditure Amortization in 2021/22 Budget	\$ 317,019	4
Tenant's Estimated Public Safety Share	\$ 264,182	4
Stadium Authority's Estimated Public Safety Share	\$ 52,836	4

Footnotes to Schedule:

Assumes 10 home games. PSC above the threshold may be paid from the Discretionary Fund per Section 7.5.3 (a). Stadium Manager notes that this projection for 2021-22 is based on 2019-2020 actuals, with a 3% increase in premium cost for PSC liability insurance. The Public Safety Cost Threshold for 2021-22 is \$2,237,084. Prior to Tenant's budget approval, Tenant requires additional discussion with public safety officials on cost-saving measures to implement for the 2021 NFL season, which Tenant anticipates will reduce the budgeted costs from FY19.

The proposed non-NFL event PSC budget is based on two (2) to be determined events, estimated to be concerts, for the 2021-22 fiscal year at a 4% compound annual growth rate vs. 2019-20 actuals. Assumes a 3% increase in premium cost for PSC liability insurance.

The Stadium Manager has received Public Safety Capital Expenditure requests from the SCSA Finance Director in December 2020 for the 2021-22 fiscal year totaling \$2,036,770. This includes \$1,663,250 of carryover requests for items approved in prior Capital Expenditure Plans. Please see the 2021-22 Capital Expenditure Plan for more detail.

Public Safety Capital Expenditure amortization for the current lease year is \$317,019, which includes \$190,267 of amortization from prior year Capital Expenditure purchases. The Tenant's estimated Public Safety Share is \$264,182 and the Stadium Authority's estimated Public Safety Share is \$52,836.

* This excludes costs relating to Public Safety worker's compensation claims for prior years.

FY2021 Public Safety Capital Expenditures (CONFIDENTIAL)
DRAFT

Equipment	Dept	Quantity	Useful Life	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Totals
Kubota (4x4 gas powered UTV ambulance)	Fire	1	10	15,922	-	-	-	-	15,922
Kimtech MTD-103 Advanced (med cart upgrade)	Fire	1	10	-	8,382	-	-	-	8,382
Kawasaki Pro-FXT LE Black Mule (1)	Police	1	10	-	17,209	-	-	-	17,209
Kawasaki Pro-FXT LE Black Mule (2)	Police	1	10	-	17,209	-	-	-	17,209
Portable Radios	Police	20	5	-	50,980	-	-	-	50,980
Public Safety Command Post Dispatch System	Police, IT	1	5	-	189,931	-	-	-	189,931
Kawasaki Pro-FXT LE Black Mule (3)	Police	1	10	-	-	15,738	-	-	15,738
EMS Equipment (Auto Pulse Automated Compressors)	Fire	2	5	-	-	31,101	-	-	31,101
EMS Equipment (ALS Lifepack Monitor)	Fire	1	5	-	-	30,810	-	-	30,810
Diesel Particulate Filter for Stadium Authority Fire Truck	Fire	1	10	-	-	9,392	-	-	9,392
APX 8500 Mobile Radio for Stadium Authority Fire Truck	Fire	1	10	-	-	7,150	-	-	7,150
LCD3-3 Chemical Warfare Detector	Fire	1	10	-	-	13,734	-	-	13,734
Up-Fitting Kawasaki Mules	Police	3	10	-	-	26,451	-	-	26,451
Stadium Vehicles (Gator & Kubota) Upfits	Fire	1	10	-	-	-	8,736	-	8,736
Storage Conex Garage for Apparatus	Fire	1	10	-	-	-	12,416	-	12,416
Stadium Personal Protective Equipment	Fire	1	3	-	-	-	60,125	-	60,125
Heavy Lift Kit	Fire	1	10	-	-	-	51,914	-	51,914
Radiation Detector	Fire	1	10	-	-	-	17,910	-	17,910
Rope Rescue Gear Kit	Fire	1	10	-	-	-	31,499	-	31,499
Motorola APX 6000 Radio/Charger/Battery	Fire	1	5	-	-	-	4,517	-	4,517
Motorola Earpieces	Fire	25	5	-	-	-	952	-	952
Battery Charging Pack for JHAT Crew	Fire	1	5	-	-	-	72	-	72
Small Cooler and Ice Pack	Fire	1	5	-	-	-	305	-	305
Mass Contamination Hydrant Nozzles	Fire	4	5	-	-	-	1,649	-	1,649
Radio Batteries	Police	188	3	-	-	-	19,718	-	19,718
Safety Gear for SEOs and TCs	Police	195	2	-	-	-	5,892	-	5,892
Mobile Vehicle Barricades	Police	8	10	-	-	-	360,892	-	360,892
EOD Blankets/Water Barrier	Police	1	5	-	-	-	13,743	-	13,743
Bicycles	Police	10	5	-	-	-	22,734	-	22,734
Body Worn Cameras (BWCs) for Stadium Events	Police	150	5	-	-	-	149,462	-	149,462
Permanent Changeable Signage	Public Works	1	10	-	-	-	-	1,000,000	1,000,000
Portable License Plate Reader/PTZ Cameras	Police	1	5	-	-	-	-	160,000	160,000
Fencing on Tasman & Lafayette	Police	1	20	-	-	-	-	70,000	70,000
GPS Software Tracking Personnel	Police	100	5	-	-	-	-	25,000	25,000
Staff Scheduling Software	Police	1	5	-	-	15,000	-	16,250	31,250
MCI Trailer	Fire	1	10	-	-	-	-	120,000	120,000
2-Way CAD/24-7 Link	Police	1	5	-	-	-	68,000	82,000	150,000
Dispatch Monitors	Police	16	5	-	-	-	-	8,000	8,000
Radio Chargers	Police	3	5	-	-	-	-	3,000	3,000
Radios	Police	18	5	-	-	-	-	79,000	79,000
Pedestrian Safety Fencing	Police	1	20	-	-	-	-	100,000	100,000
RadHalo Remote Radiation Monitors	Fire	4	10	-	-	-	-	190,000	190,000
PPE Replacement (Nomex Tops)	Fire	15	5	-	-	-	-	5,750	5,750
PPE Replacement (Nomex Bottoms)	Fire	15	5	-	-	-	-	3,260	3,260
Rigaku CQL 1064nm Handheld Raman Chemical Detector	Fire	1	10	-	-	-	-	50,290	50,290
Tru Defender FTX S1 WMD Chemical Detector	Fire	1	10	-	-	-	-	63,220	63,220
Vehicle Upfits for John Deere Gator	Fire	1	10	-	-	-	-	12,000	12,000
Kawasaki Mule	Police	1	10	-	-	-	-	25,000	25,000
Kawasaki Mule	Police	1	10	-	-	-	-	20,000	20,000
Onsite Conex Storage	Police	1	10	-	-	-	-	4,000	4,000
Totals				\$ 15,922	\$ 283,711	\$ 149,377	\$ 830,536	\$ 2,038,770	\$ 3,316,318

FY2021 Public Safety Capital Expenditures (CONFIDENTIAL)
DRAFT

Equipment	In Svc Date	Estimate	Useful Life	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Totals
Kubota (4x4 gas powered UTV ambulance)	Apr-18		10	-	1,592	1,592	1,592	1,592	6,369
Kimtech MTD-103 Advanced (med cart upgrade)	Jun-18		10	-	699	838	838	838	3,213
Kawasaki Pro-FXT LE Black Mule (1)	Jan-19		10	-	430	1,721	1,721	1,721	5,593
Kawasaki Pro-FXT LE Black Mule (2)	Jan-19		10	-	430	1,721	1,721	1,721	5,593
Portable Radios	Sep-18		5	-	5,948	10,196	10,196	10,196	36,536
Public Safety Command Post Dispatch System	Mar-19		5	-	3,166	37,986	37,986	37,986	117,124
Kawasaki Pro-FXT LE Black Mule (3)	Jun-19		10	-	-	1,311	1,574	1,574	4,459
EMS Equipment (Auto Pulse Automated Compressors)	May-19		5	-	-	5,702	6,220	6,220	18,143
EMS Equipment (ALS Lifepack Monitor)	Jun-19		5	-	-	5,135	6,162	6,162	17,459
Diesel Particulate Filter for Stadium Authority Fire Truck	Jul-19		10	-	-	704	939	939	2,583
APX 8500 Mobile Radio for Stadium Authority Fire Truck	Jan-20		10	-	-	179	715	715	1,609
LCD3-3 Chemical Warfare Detector	Oct-19		10	-	-	687	1,373	1,373	3,434
Up-Fitting Kawasaki Mules	Jul-19		10	-	-	1,984	2,645	2,645	7,274
Stadium Vehicles (Gator & Kubota) Upfits	Jan-21		10	-	-	-	218	874	1,092
Storage Conex Garage for Apparatus	Aug-20		10	-	-	-	828	1,242	2,069
Stadium Personal Protective Equipment	Jan-21		3	-	-	-	5,010	20,042	25,052
Heavy Lift Kit	Aug-20		10	-	-	-	3,461	5,191	8,652
Radiation Detector	Jan-21		10	-	-	-	448	1,791	2,239
Rope Rescue Gear Kit	Jan-21		10	-	-	-	787	3,150	3,937
Motorola APX 6000 Radio/Charger/Battery	Sep-20		5	-	-	-	527	903	1,430
Motorola Earpieces	Jan-21		5	-	-	-	48	190	238
Battery Charging Pack for JHAT Crew	Jan-21		5	-	-	-	4	14	18
Small Cooler and Ice Pack	Aug-20		5	-	-	-	41	61	102
Mass Contamination Hydrant Nozzles	Aug-20		5	-	-	-	220	330	550
Radio Batteries	Jan-21		3	-	-	-	1,643	6,573	8,216
Safety Gear for SEOs and TCs	Jan-21		2	-	-	-	737	2,946	3,683
Mobile Vehicle Barricades	Nov-20		10	-	-	-	15,037	36,089	51,126
EOD Blankets/Water Barrier	Jan-21		5	-	-	-	687	2,749	3,436
Bicycles	Nov-20		5	-	-	-	1,895	4,547	6,441
Body Worn Cameras (BWCs) for Stadium Events	Oct-20		5	-	-	-	14,946	29,892	44,839
Permanent Changeable Signage	Oct-21	Est	10	-	-	-	-	45,000	45,000
Portable License Plate Reader/PTZ Cameras	Oct-21	Est	5	-	-	-	-	16,000	16,000
Fencing on Tasman & Lafayette	Oct-21	Est	20	-	-	-	-	1,750	1,750
GPS Software Tracking Personnel	Oct-21	Est	5	-	-	-	-	2,500	2,500
Staff Scheduling Software	Oct-21	Est	5	-	-	-	-	3,125	3,125
MCI Trailer	Oct-21	Est	10	-	-	-	-	6,000	6,000
2-Way CAD/24-7 Link	Oct-21	Est	5	-	-	-	-	15,000	15,000
Dispatch Monitors	Oct-21	Est	5	-	-	-	-	800	800
Radio Chargers	Oct-21	Est	5	-	-	-	-	300	300
Radios	Oct-21	Est	5	-	-	-	-	7,900	7,900
Pedestrian Safety Fencing	Oct-21	Est	20	-	-	-	-	2,500	2,500
RadHalo Remote Radiation Monitors	Oct-21	Est	10	-	-	-	-	9,500	9,500
PPE Replacement (Nomex Tops)	Oct-21	Est	5	-	-	-	-	575	575
PPE Replacement (Nomex Bottoms)	Oct-21	Est	5	-	-	-	-	326	326
Rigaku CQL 1064nm Handheld Raman Chemical Detector	Oct-21	Est	10	-	-	-	-	2,515	2,515
Tru Defender FTX S1 WMD Chemical Detector	Oct-21	Est	10	-	-	-	-	3,161	3,161
Vehicle Upfits for John Deere Gator	Oct-21	Est	10	-	-	-	-	600	600
Kawasaki Mule	Oct-21	Est	10	-	-	-	-	4,500	4,500
Kawasaki Mule	Oct-21	Est	10	-	-	-	-	4,500	4,500
Onsite Conex Storage	Oct-21	Est	10	-	-	-	-	200	200

Totals				\$ -	\$ 12,264	\$ 69,757	\$ 120,219	\$ 317,019	\$ 519,259
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Events with tickets sold or available for sale >20k	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Totals
NFL (StadCo) Events	10	10	12	12	10	54
SCSA Events	10	9	5	5	2	31
Total Events	20	19	17	17	12	85

<i>StadCo Proportion</i>	50%	53%	71%	71%	83%	64%
<i>SCSA Proportion</i>	50%	47%	29%	29%	17%	36%

Depreciation Split	FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	Totals
StadCo Depreciation	-	6,455	49,240	84,861	264,182	404,738
SCSA Depreciation	-	5,809	20,517	35,359	52,836	114,521
Totals	\$ -	\$ 12,264	\$ 69,757	\$ 120,219	\$ 317,019	\$ 519,259

Attachment 5

Stadium Authority Budget Policy

Stadium Authority Board Budget Policy

The Santa Clara Stadium Authority (Stadium Authority) has a responsibility to the Santa Clara community, its financing agencies, the Forty Niners Stadium Management Company (ManCo), and other stakeholders to manage the Stadium finances wisely and with transparency and to plan for the provision of services desired by, and in the best interest of, the public.

The Proposed Operating, Debt Service, and Capital Budget for the Stadium Authority is developed as required in the Stadium Authority Management Agreement, Section 4.6: Annual Operating Budget. The budget provides the necessary funding to administer the duties of the Stadium Authority, including:

- Funding for operating the Stadium for Non-NFL events through ManCo,
- Advancement of the FY 2021/22 Work Plan;
- Payment of debt service obligations; and,
- Maintenance of a five-year capital plan.

Through the Management Agreement, ManCo is held to a Standard of Care as outlined in Section 2.9 of the Management Agreement, which states:

2.9 Standard of Care. Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition and operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) maximize Operating Revenues.

This policy is designed to provide standards for financial decision-making consistent with applicable law, agreements, and debt covenants and establish parameters for directing the financial affairs of the Stadium.

This policy is meant to be dynamic and is subject to change as the needs arise or when additional information is available. All amendments will be approved by the Stadium Authority Board (Board) at a public meeting.

A. Budget Objectives:

1. Ensure proper governance and accountability as reflected in the annual budget.
2. Identify needs of the community, ManCo, and key stakeholders (such as Stadium Builder License holders/season ticket holders, fans, and event attendees).
3. Inform and communicate clearly and thoroughly to the community as a whole the Stadium Authority's fiscal position and budget schedule/hearings to actively

participate in the Stadium Board's budget deliberations.

4. Align the budget with Stadium Authority Board priorities and duties, as proposed by the ManCo, Stadium Authority staff, and/or Board members.
5. Identify and budget the resources required to perform services and accomplish policy objectives.
6. Ensure the long-term upkeep and maintenance of the Stadium.
7. Set standards to measure, monitor, and evaluate the Stadium Authority's accomplishment of budget objectives and expenditure of appropriations:
 - Quarterly Financial Reports
 - Annual Budget Review and Adoption
 - Annual Financial Statements
8. Focus on business process redesign in order to improve productivity and quality, flexibility, and cost-effectiveness of service delivery (e.g., streamlining, simplifying, reorganizing functions, and reallocating resources).

B. Budget Policy Statements:

1. Stadium Authority Staff will submit a structurally balanced budget (revenues will equal or exceed expenses) for Stadium Authority Board approval to cover annual debt requirements and operating and maintenance expenses. If a structural imbalance occurs, a plan will be developed and implemented to correct the imbalance.
2. Stadium Authority Executive Director will submit the annual proposed budget to the Board in compliance with the relevant provisions of the Stadium Management Agreement in late February/early March for Board review and public input and the Board will adopt the annual budget before March 31st of each year.
3. The Stadium Authority Budget will comply with all local, including Measure J, State, and Federal legal requirements.
4. The Stadium Authority Budget will provide for adequate maintenance and repair of capital and equipment for the Stadium:
 - a. An annual capital budget will be prepared and approved by the Board as part of the annual budget.
 - b. A five-year capital plan will be prepared and updated annually. The plan will prioritize all anticipated capital projects.
5. The Stadium Authority will maintain a budgetary control system to ensure adherence to the budget and will use a budget/encumbrance control system to ensure proper budgetary control. Budgetary appropriation control for expenditures shall be at the fund level.
6. Stadium Authority staff will prepare quarterly reports comparing actual revenues and expenses to budgeted amounts.
7. Stadium Authority staff will bring forward budget amendments for Board consideration during the year in order to address unanticipated needs, emergencies, or compliance with Stadium agreements.
8. The Stadium Authority Budget will be prepared using the accrual basis.
9. The Stadium Authority Treasurer is responsible for coordinating the overall preparation of the Stadium Authority's budget and analyzing its content, reflective

of expenses for operations of ManCo and Stadium Authority staff, debt requirements, and capital expenses.

- **Budget Development Process:**

The Stadium Authority Treasurer is responsible for coordinating the overall preparation of the Stadium Authority's budget and analyzing its content. The goal of each budget development process is that the Budget is presented to the Board and the public at one Study Session and one Public Hearing before its final approval of the annual budget. The following are key steps to the budget development process:

1. In November of each year (or before), Stadium Authority staff will meet with the ManCo and develop the annual budget development plan which includes the date that the ManCo will provide all necessary documents as required by the Stadium Lease and Stadium Management Agreement.
2. No later than 45 days prior to the start of the upcoming fiscal year, the ManCo will provide annual documents as outlined in the Stadium Agreements, which will be used in the Budget Development Process.
 - Stadium Operations and Management Plan (*Source: Stadium Management Agreement*)
 - Annual Shared Expense Budget w/ Five Year Projection (*Source: Stadium Management Agreement*)
 - Annual Stadium Operations Budget (*Source: Stadium Management Agreement*)
 - Annual Public Safety Budget (*Source: Stadium Management Agreement*)
 - Capital Expenditure Plan with Five Year Projection (*Source: Stadium Management Agreement*)
 - Non-NFL Event Marketing Plan (*Source: Stadium Management Agreement*)
3. Stadium Authority staff will fully analyze the ManCo's budget submission including but not limited to the number of FTEs recommended and related personnel costs; line item recommended expenses; and strategic focus of recommended resources using various tools such as historical expense analysis, incremental increases, and base budget review.
4. Stadium Authority staff will calculate the budget for Stadium Authority General and Administrative costs (such as staff costs, consulting, audit, legal, and any reasonable and necessary expenses to uphold its support of the Board).
5. Stadium Authority staff will calculate any necessary funding to be used for the Stadium Authority's Discretionary Fund.
6. Stadium Authority staff will compile a draft budget incorporating the items provided by the ManCo (see step 2 on the previous page) and calculated by staff and will submit the document to the Stadium Authority Board at a Study Session or Public Hearing for review and seeking input from the public and the Board.
7. Prior to March 31st, staff will submit the proposed Annual Stadium Authority Budget to the Board for final approval.

Attachment 6

Stadium Authority Compliance and Management Policy

Stadium Authority Compliance and Management Policy

This policy sets the framework for compliance of the mandates of *The Santa Clara Stadium Taxpayer Protection and Economic Progress Act* (Measure J), passed by the voters of the City of Santa Clara in June 2010 and the management of Levi's Stadium (Stadium). Measure J was the legislation that approved the development on City-owned land of a Stadium suitable for the exhibition of professional football games and other event subjects, however, to the binding requirements set forth in Measure J to safeguard the City's General and Enterprise Fund and protect City taxpayers. Measure J was enacted for the following purposes:

1. Generate New Revenue for Santa Clara
2. Create New Jobs
3. Provide Taxpayer Protections
4. Generate Community Funding

To ensure that Levi's Stadium (Stadium) operates within the boundaries of Measure J and that the Stadium is managed effectively, the Stadium Authority Board (Board) established the following Board priority in January 2017:

- *Ensure Compliance with Measure J and Manage Levi's Stadium*

The Board is committed to complying with the regulations of Measure J and governance of the Stadium Authority and its activities through the below framework:

- Oversight – effective management of the Stadium
- Commitment – to the citizens of Santa Clara to protect the community and safeguard the City's General Fund
- Compliance – with Measure J and various Stadium agreements
- Transparency – to provide information required for decision making
- Communication – to keep the public informed of issues related to the Stadium
- Adequate Resources – to maintain the necessary resources, including staffing, to effectively manage the Stadium
- Enforcement – to require that Stadium contracts and agreements are accurately followed
- Monitoring – perform compliance and financial audits by both internal and external auditors
- Corrective Action – audit report of all findings which will require a written response to any non-compliant finding

Stadium Authority Board decisions must be aligned to the voter approved Measure J legislation and evaluation of this initiative must be reviewed against the purpose for which Measure J was established. The intent of the above framework is to provide transparency of conventional activities that the Stadium Authority will engage in to ensure Measure J compliance.

Attachment 7

Stadium Authority Budget
Submittal Questions and
ManagementCo Responses to
Questions



Questions for the Stadium Manager in reference to the 2021/22 SCSA Budget

Per Article 4 of the Management Agreement, RECORDS, ACCOUNTS, BUDGETS AND REPORTS, Section 4.6 states that the Stadium Manager will prepare an annual operating budget for the Stadium for each Fiscal Year (the “Stadium Operations Budget”) to meet the scope of services and objectives under this Agreement; such Stadium Operations Budget may include such other information as may be requested by StadCo and the Stadium Authority.

As a result of the City’s revocation of the Executive Director’s authority to procure goods and services on behalf of the SCSA, as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that the Stadium Manager has properly and legally procured goods and services before Stadium Authority contracts may be executed.

Note: SCSA may ask additional questions once the information requested below is provided.

Facility Rent

- StadCo’s FY2021/22 budget is in accordance with the rent reset. SCSA does not have any questions.
- StadCo’s FY2020/21 projection is \$17.33 million. The SCSA has received \$17,884,000 to date.

- 1. Please provide a written request with how StadCo prefers to handle the overage.**

Stadium Manager:

As noted on the SCSA Annual Budget submission, the projected actuals are based on forecasted waterfall activity. From an accrual perspective, you may have booked and received \$17.884M, but from a cash perspective (i.e. waterfall activity) you have only received \$17.33M for FY 2020/21 Facility Rent.

Your note above lists that these projections and proposed budget are from StadCo. We assume you mean Stadium Manager.

- 2. Have any federal relief funds been received?**



Stadium Manager:

No federal relief funds have been received by the Stadium Manager.

NFL Ticket Surcharge (10% of NFL Ticket Revenue)

NFL Ticket Surcharge			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 8,412,291	\$ 8,665,000	
SCSA Actuals/Projections	\$ 8,412,291	\$ -	
StadCo Projection		\$ -	
StadCo Proposed Budget			\$ 8,665,000

- All FY2020/21 NFL Games have been completed with total surcharge of \$0. SCSA does not have any questions.
- The FY2021/22 budget assumes all games will occur with full attendance.

3. Please provide an alternate scenario/projection given the pace of the COVID-19 vaccine rollout.

Stadium Manager:

We recommend a 2021 budget that assumes 100% fans. As we gain more clarity on the Covid-19 situation, we can use the budget amendment process called for in the Stadium documents.

However, we would be happy to provide an alternate scenario/projection for you. Please provide the attendance assumptions you would like us to use for this projection. We will provide this on a confidential reply document.

Your table above shows that these projections and proposed budget are from StadCo. We assume you mean Stadium Manager.

Stadium Builder License (SBL) Receivables

SBL Receivables			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 25,416,000	\$ 24,213,000	
SCSA Actuals/Projections	\$ 26,245,536		
StadCo Projection		\$ 23,512,000	
StadCo Proposed Budget			\$ 23,682,000

- StadCo’s FY2020/21 projection is \$23,512,000.

- 4. The SCSA has received \$9.9 million to date leaving \$13.5 million to be collected prior to the end of the year to meet the provided projection. Please provide the assumptions and details behind this projection and any potential impacts from the current COVID-19 pandemic.

Stadium Manager:

Please see the response in the confidential document.

- StadCo’s FY2021/22 proposed budget for SBLs is \$23,682,000 which is \$170,000 higher than StadCo’s FY2020/21 projection.

- 5. Please provide the assumptions that were factored into the FY2021/22 budget.

Stadium Manager:

- 800 new SBLs sold at an average price of \$6k (\$4.8M)
- 3% gross default rate
- New SBLs are assumed to be financed 90% of the time at the existing 10-year / 8.5% financing terms

See other document on confidential question

STR Marketplace (This is an online marketplace where SBL owners can sell their SBLs directly to 3rd parties. Based on an agreement with STR, SCSA receives a portion of these transactions with a minimum \$325,000 annual fee due to SCSA).

- StadCo’s FY2020/21 projection of \$325,000 is in line with SCSA’s projection based on FY2020/21 average Monthly STR Fees. SCSA does not have any questions.

STR Marketplace			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 345,000	\$ 392,000	
SCSA Actuals/Projections	\$ 325,000	\$ 325,000	
StadCo Projection		\$ 325,000	
StadCo Proposed Budget			\$ 325,000

Non-NFL Events (Net)



Note: StadCo provided a cash-based budget (which is required for the Trust), therefore, the FY2020/21 projection and FY2021/22 budget are related to the FY2019/20 and FY2020/21 Non-NFL Events, respectively.

- 6. Please provide the projected Non-NFL Event activity at the gross level (revenues and expenses) for the Stadium Authority's 2020/21 Fiscal Year (April 1, 2020 – March 31, 2021). Given that no events were held at the Stadium, please provide the assumptions and details behind the \$600k loss.**

Stadium Manager:

Similar to what you may have seen from the Santa Clara Convention Center, there are still costs associated with keeping a business going even during a period where no events occur. A majority of the expenses related to the projected shortfall of \$600k are estimated labor costs for both the special events team, who has worked on customer outreach and handled customer refunds for cancelled events, and other G&A staff (accounting, finance, ticket operations, etc.) working on Non-NFL Events, including responding to requests from your Non-NFL auditors. There is also amortization expenses of public safety costs and City of Santa Clara liability insurance included in this projection.

- 7. Please provide the budgeted Non-NFL Event activity at the gross level (revenues and expenses) for the Stadium Authority's 2021/22 Fiscal Year (events that will occur April 1, 2021 – March 31, 2022).**
 - a. We have noted the comment explaining the net shortfall may range from a loss of \$600k to \$0. Please provide the assumptions and details (including number of events) behind this estimate.**

Stadium Manager:

As noted on our budget submission on January 29th, 2021, the assumptions include two (2) TBD concerts. Overall, the range from a shortfall of \$600k to breakeven primarily depends on the ability to host both ticketed and catered events throughout the year. If for some reason the Covid-19 situation remains stagnant, it is possible there could be a shortfall very similar to what is being projected for FY2020/21 activity (FY2021/22 cash). However, if we are able to get people back in Levi's Stadium for both ticketed events (and there are acts to book) and special events, especially prior to the holiday season where the special events business thrives, it is possible that we could see improved financials compared to FY2020/21.

For example, we are currently looking to reschedule BTS. This concert has sold well and we are still holding around 80% (20% refunded) of the cash for advanced ticket sales. Assuming no impact by Covid-19, this concert would be a success.

8. **The assumed activity does not appear to be consistent with the NFL activity assumption of full attendance nor is it consistent with marketing plan. Please explain the why the Non-NFL event revenue is not consistent with the NFL assumptions and the marketing plan.**

Stadium Manager:

The number of NFL events and timeframe are already known. There will be an NFL season in the fall with 10 home games scheduled. This is not necessarily the same for Non-NFL Events which require far more assumptions to be made. Consistent with what the Marketing Plan stated, the events industry is already looking beyond 2021 and towards 2022-2023. A majority of promoters and artists have made the decision to sit out 2021 as we recover from the pandemic, although as noted above, some prospects remain. Even if the Covid-19 situation bounces back quicker than anticipated, that doesn't necessarily mean that there will be many additional Non-NFL Events to schedule in 2021.

9. **With the continued decline of Non-NFL events to the level of no Non-NFL events held this fiscal year, why is there not a decline in SCSA's portion of expense to a level closer to zero?**

Stadium Manager:

The Non-NFL Events business at Levi's Stadium has shown that it can generate millions of dollars in net profit per year, but that requires significant amounts of work by a group of dedicated employees executing a business plan.

As with any business, even during periods of short term revenue disruption, there are overhead costs associated with keeping the business alive. This is similar to what the City of Santa Clara is seeing with the convention center that has spent money on marketing, staff, and overhead costs, even though it is currently unable to host events.

As noted in the Marketing Plan, we and several other industry experts are projecting 2022 and 2023 to bring the event business back on track with busy concert touring calendars. Preparation for 2022 and 2023 requires significant efforts in 2021 to ensure a successful slate of events.

Non-NFL Ticket Surcharge (\$4 per ticket sold)



Non-NFL Ticket Surcharge			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 735,496	\$ 572,000	
SCSA Actuals/Projections	\$ 735,496	\$ -	
StadCo Projection		\$ -	
StadCo Proposed Budget			\$ 150,000

- StadCo’s FY2020/21 projection is \$0 and corresponds to SCSA’s projection given no ticketed events were held at the Stadium.
- StadCo’s FY2021/22 proposed budget is \$150,000.

10. Please provide the detailed assumptions by event category used to calculate this number. Please also include number of events. These assumptions should tie to the Marketing Plan.

Stadium Manager:

As noted on our budget submission on January 29th, the projection assumes two (2) TBD concerts that could generate up to \$300k in Non-NFL Ticket Surcharge. The budget submitted reflects the midpoint (i.e. \$300k * 50%).

This calculates to 37.5k tickets sold.

Naming Rights

- StadCo’s FY2020/21 projection and FY2021/22 budget are in accordance with Naming Rights Contract. SCSA does not have any questions.

Senior/Youth Fee (\$0.35 per NFL ticket sold)

- StadCo’s FY2020/21 projection is \$0 and corresponds to SCSA’s projection.
- The FY2021/22 budget reflects \$232,000 and is in line with an average attendance of 66,273 for 10 NFL games.

11. The FY2021/22 budget assumes all games will occur with full attendance. Please provide an alternate scenario/projection given the pace of the COVID-19 vaccine rollout.

Stadium Manager:

Please refer to the response to this identical question earlier in this document.

Interest Income

Interest Income			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 938,000	\$ 896,000	
SCSA Actuals/Projections	\$ 903,761	\$ 39,122	
StadCo Projection		\$ 74,000	
StadCo Proposed Budget			\$ 56,000

- StadCo’s FY2020/21 projection is \$74,000 however SCSA’s projection for interest is closer to \$39,000. See table below:

2020/21 SCSA Projected Interest Income			
Month	Cash Balance	Interest	Effective Interest Rate
April-20	\$ 59,167,305	\$ 9,012	0.18%
May-20	59,569,621	5,046	0.10%
June-20	59,994,330	3,550	0.07%
July-20	66,583,536	3,045	0.05%
August-20	65,384,022	2,130	0.04%
September-20	74,080,557	1,635	0.03%
October-20	71,717,684	1,415	0.02%
November-20	71,496,432	1,205	0.02%
December-20	73,620,142	415	0.01%
January-21	73,523,742	3,585	0.06% *
February-21	74,412,742	3,628	0.06% *
March-21	91,419,742	4,457	0.06% *
SCSA Projected Interest Income		\$ 39,122	

*Used estimated cash balances and .06% as interest rate assumption for January 2021 through March 2021 calculations

12. Please provide details and assumptions on how the projection of \$74,000 was developed.

Stadium Manager:

The details and assumptions used for projected interest income were taking YTD cash actuals of \$71k through December and assuming a run rate for January through March that is similar to the three-month average of October through December.

- StadCo’s FY2021/22 proposed budget is \$56,000.



13. Please provide assumptions and calculations used to determine the interest income budgeted amount of \$56,000.

Stadium Manager:

The details and assumptions used for the interest income budget were an average of 0.2% on estimated Waterfall, Capex Reserve and Opex Reserve balances throughout the year. If there are different interest rates and average balances that you prefer to be used for the 2021/22 budget, please advise.

SCSA Stadium Manager Shared Expenses

Stadium Manager Shared Expenses		
	2020/21	2021/22
StadCo Projection	\$ 6,550,000	
StadCo Proposed Budget		\$ 7,877,000

- StadCo’s 2020/21 projection is \$6,550,000.

14. Please provide the detailed breakout for the 2020/21 projection in the same manner as the SCSA Annual Shared Stadium Expense Budget (by department and expense type).

Stadium Manager:

Please see the attached.

15. There is no basis by which to proceed with confidentiality with regard to personnel being paid with public funds. Invoices for other consultants and contractors contain hourly billing information such as duties performed and rates of pay. For staffing costs, please provide salaries by position title (without names), actual hours charged to Shared Expenses, hourly rates, benefits, and related costs. Meeting at the stadium to review Shared Expenses is inefficient and the SCSA looks to provide some level of detail to the Board in a timely manner to support these costs.

Stadium Manager:

We are happy to provide all of this info to you and your auditors as we have in prior years. Linh Lam looked at this detail last month and Tyler Cook did so before her. This includes the names and pay for every single employee.

This has been consistent with past practice for the past seven years, and we believe your continued request is in bad faith and part of your litigation strategy.



You are also reminded that the compensation of Stadium Manager employees is at the sole and absolute discretion of the Stadium Manager per 6.5.1 of the Management Agreement.

16. For Outside Services cost, please provide the details supporting each expense, including payments, contracts, and invoices.

Stadium Manager:

There is a separate process for providing copies of contracts, invoices, etc. for prior year expenses.

17. Please explain the procurement plan for any contracted services.

Stadium Manager:

For any new contracts requiring SCSA approval, Stadium Manager will submit contracts and procurement information that complies with the Stadium Authority Procurement Policy set forth in Chapter 17.30. Stadium Manager shall work with the SCSA on those purchases over \$250K per year that require competitive bidding under the Policy as we have in previous years. No competitive bidding or procurement procedures are required for purchases under \$250K under the Policy.

18. The job description list provided appears to be incomplete as the following positions are missing President, CFO, Deputy Counsel, General Counsel, Compliance Manager. Please review the list provided to the SCSA and update accordingly.

Stadium Manager:

As discussed with your predecessors and consistent with the last seven years of operations, we do not charge for President, CFO, Deputy General Counsel, or General Counsel time spent on SCSA work. The Compliance Manager charges his time back as part of "Other G&A" and is not bucketed under Stadium Manager Shared Expenses. There is no need to update the Stadium Manager Shared Expenses job descriptions and org chart.

19. As a reminder, based on Stadium Board direction, supporting documentation is required prior to payment.

Stadium Manager:

SCSA will be provided contracts and procurement information for all new contracts that require SCSA approval as provided in the Stadium Authority Procurement Policy.



20. Please provide a detailed breakdown of the costs savings in maintenance and operating expenses of the Team not playing the last 3 NFL games of the 2020 season at Levi's Stadiums.

Stadium Manager:

To remind you, there is a difference between event costs and shared stadium expenses. Both NFL Gameday costs and utilities during the NFL season are charged 100% to StadCo. Accordingly, the breakdown you requested is not information that is relevant to the SCSA.

21. Based representations that the costs of use of the Stadium for as mass-vaccine site will be covered by the NFL and Niners, shouldn't Shared Expenses decrease as part of the costs previously allocated that would now be paid 100% directly by the NFL and the 49ers Team?

Stadium Manager:

As noted above, there is a difference between event costs and shared stadium expenses. All incremental costs associated with utilizing Levi's Stadium as a vaccine site will be covered by the 49ers. This would not impact the SCSA's portion of Shared Stadium Expenses, which exclude incremental event costs. Stadium Managers' VP/Controller shall ensure all incremental event costs are properly allocated to the 49ers.

- StadCo's FY2021/22 budget submittal is \$7,877,000 which is \$1.1 million lower than the FY2020/21 budget submittal. The table below shows the differences between the FY2021/22 and the FY2020/21 budget submittals at the department level.

Stadium Manager

2020/21 to 2021/22 Change in Budget Submittal of Shared Stadium Expenses

	Security		Stadium Operations		Engineering		Guest Services		Groundskeeping		Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Total Compensation	\$ (47,503)	-11%	\$ (658,016)	-26%	\$ 140,458	10%	\$ (149,170)	-38%	\$ 12,894	16%	\$ (701,337)	-14%
Travel, Meals & Entertainment	-	0%	(140,863)	-69%	(3,975)	-66%	(26,701)	-65%	(1,650)	-80%	(173,192)	-68%
Outside Services	28,394	3%	(278,900)	-26%	320,829	71%	25,332	3167%	(97,362)	-37%	(1,675)	0%
General Supplies	15,754	980%	(14,350)	-23%	(77,670)	-100%	(25,209)	-25%	(20,772)	-36%	(122,239)	-41%
Telephone	900	18%	(46,986)	-17%	(1,200)	-12%	(2,976)	-67%	-	0%	(50,263)	-17%
Equipment	74,268	918%	(71,765)	-32%	(22,730)	-81%	(25,000)	-43%	(600)	-25%	(45,820)	-14%
Uniforms	2,276	44%	-	0%	(250)	-17%	(30,829)	-39%	-	0%	(28,803)	-34%
Other	-	0%	(13,200)	-30%	6,470	518%	14,003	48%	-	0%	7,278	10%
Subtotal	\$ 74,089	5%	\$ (1,224,080)	-27%	\$ 361,932	18%	\$ (220,550)	-31%	\$ (107,490)	-26%	\$ (1,116,051)	-12%
Insurance											91,345	3%
Management Fee											7,164	3%
Total											\$ (1,017,542)	-8%

22. Please provide an explanation for the changes between department budgets that changed by more than 5%.

Stadium Manager:

There is an overall reduction in headcount that has led to significant savings in compensation costs. This is the large driver of the year-over-year change. There is also a reduction in overall spending for travel and entertaining costs, as well as general supplies and equipment needs.

Utilities

- StadCo’s FY2020/21 projection is on target. SCSA does not have any questions.
- StadCo’s FY2021/22 proposed budget is an \$11,000 decrease from the FY2020/21 budget. In the past there has been a 3% increase year over year.

23. Please provide details and assumptions on how the budget was developed.

Stadium Manager:

The assumption is that there would be limited staff and guests at the Stadium through June which would produce a forecasted savings of roughly 7% per month until utility costs return to their standard rates (3% growth vs. FY20 budget) for the rest of the year.

SBL Sales and Service

SBL Sales and Service Expenses			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 3,614,477	\$ 3,610,000	
SCSA Actuals/Projections	\$ 3,614,477		
StadCo Projection		\$ 1,967,000	
StadCo Proposed Budget			\$ 3,448,000

- StadCo’s FY2020/21 projection is \$1,967,000

24. Please provide a detailed breakout for this projection similar to Stadium Manager Expenses (Compensation, Travel, Outside Services, General Supplies, etc.).

Stadium Manager:

Please see the attached.

- StadCo’s FY2021/22 proposed budget of \$3,448,000 is \$1,481,000 (or 75%) higher than the FY2020/21 projection.

25. Please describe the increase in this line item.

Stadium Manager:

The largest driver of the proposed budget variance is the All-Inclusive Buffet which saw no costs in 2020/21 as no fans were present for 49ers home games. In addition to this, there were also large savings in sales, general and administrative costs due to the inability to host prospecting events, SBL member events, or focus group. Overall the proposed budget of \$3.448M is 4.5% lower than last year’s budget of \$3.610M.

26. The budgeted full-time staff remains at 19 in FY20/21 and FY21/22, however, budgeted staff costs (wages and bonuses) decline in FY21/22. Please provide an explanation for the decline in staff costs while FTE remains constant. Meeting at the stadium to review expenses is not only inefficient it is entirely inadequate to ensure that the shared expenses are being properly allocated. SCSA is required to have transparency into its accounts so that it can provide the necessary level of detail to the Board in a timely manner to support these costs.

Stadium Manager:

Correct, full time staff headcount still remains at 19. The reasons for a reduction in wages and bonuses charged to the SCSA, despite the same number of headcount, is primarily due to a reduction in the overall percentage estimates of time spent on SBL work for the Service team. To remain conservative, we are also forecasting a lower SBL Revenue goal for the sales team which is the reason for the decline in bonuses and commissions year-over-year.

Use of StadCo Tenant Improvements (based on Exhibit R to the Stadium Lease the Stadium Authority is charged for the use of StadCo assets during Non-NFL events)

Use of StadCo Tenant Improvements			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 182,000	\$ 73,000	
SCSA Actuals/Projections	\$ 182,000	\$ -	
StadCo Projection		\$ -	
StadCo Proposed Budget			\$ 26,000

- StadCo’s FY2020/21 projection is \$0 and corresponds to SCSA’s projection.
- StadCo’s FY2021/22 budget is \$26,000.



27. Please provide calculations and assumptions behind the budgeted amount of \$26,000.

Stadium Manager:

- Two (2) Concerts = \$11k
- Special Events = \$15k

Stadium Authority G&A Costs

Stadium Authority General and Administrative Costs (G&A)			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 2,480,000	\$ 4,581,000	
SCSA Actuals/Projections	\$ 2,371,198	\$ 2,666,000	
StadCo Projection		\$ 2,666,000	
StadCo Proposed Budget			\$ 3,000,000

- StadCo’s FY2021/22 proposed budget of \$3,000,000 does not match SCSA’s submittal of \$5,115,000.

28. Please provide assumptions behind the budgeted amount of \$3,000,000. As a reminder, the SCSA’s budget is on accrual basis. Projected savings from a previous year should not affect the expenses on an accrual basis.

Stadium Manager:

On an accrual basis, the budgeted amount should be \$3M. There is no cash adjustment to the SCSA Overhead number submitted on the Annual Budget. This amount is based on your FY20 projected actuals of \$2.666M grown at 12 percent, which is the same YoY percentage increase from FY19 to FY20 (i.e. \$2.371M to \$2.666M). As the event calendar in 2021 may be limited, Stadium Manager has managed to reduce costs in a number of areas and will continue to look for ways to reduce further during these uncertain times. Please provide an updated SCSA Overhead budget that is no more than \$3M by 2/26/21, which is subject to the approval of Stadium Manager per Section 3.2 of the Management Agreement.

Management Co Base Fee

- StadCo’s FY2020/21 projection of \$239,000 and FY2021/22 proposed budget of \$246,000 is based on the Management Agreement of 3% increase. No questions.



Non-NFL Ticket Fee \$2 Discretionary Fund Deposit

- StadCo's FY2020/21 projection and FY2021/22 budget is the full \$2 per non-NFL event ticket that is deposited into the discretionary fund, not the actual discretionary fund expense.
- The FY2020/21 discretionary fund expense is projected to be approximately \$0.
- The FY2021/22 discretionary fund expense budget is \$250,000.

29. Once the questions noted under Non-NFL Ticket Surcharge are answered, additional questions about the discretionary fund expense may follow.

Stadium Manager:

As a reminder, the Stadium Authority budget submission is on a cash basis.

Ground Rent – Base

- StadCo's FY2020/21 projection and FY2021/22 budget are both based on Ground Lease Agreement. No questions.

Ground Rent – Performance

30. Once the questions noted under the Non-NFL Events (net) section are addressed, additional questions on the performance rent may follow.

Stadium Manager:

Noted.

Senior/Youth Fee Expense

- StadCo's FY2020/21 projection is \$0 and corresponds to SCSA's projection.
- StadCo's FY2021/22 budget reflects \$232,000 and is in line with an average attendance of 66,273 for 10 NFL games.

31. The FY2021/22 budget assumes all games will occur with full attendance. Please provide an alternate scenario/projection given the pace of the COVID-19 vaccine rollout.

Stadium Manager:

Please refer to the response to this identical question earlier in this document.



Capital Expenditures

- Please see separate document with questions related to Capital Expenditures.

Insurance Expense

- StadCo's FY2020/21 projection and FY2021/22 budget are both based on Stadium Lease Agreement.

32. Please provide insurance documents for all Stadium-related policies with supporting invoices for premiums.

Stadium Manager:

As discussed with your predecessor, the Stadium Authority's rates are fixed per Section 8.3.1 of the Stadium Lease that states the Stadium Authority Insurance Share shall be calculated as follows: (i) for the first lease year the Stadium Authority Insurance Share shall equal two million five hundred fifty thousand dollars (\$2,550,000) and (ii) on the commencement of the second and each succeeding lease year, the insurance shall be increased by three percent (3%). This fixed rate for insurance was included in the Facility Rent calculation as part of Exhibit J.

Each year the SCSA receives a summary of insurance coverages and certificates of coverage.

33. These costs are not reconciled against invoices. How are potential savings of public funds being expended?

Stadium Manager:

Please see answer to Question 32 above. The Stadium Authority's rates are fixed per Section 8.3.1 of the Stadium Lease Agreement.

Naming Rights

- StadCo's FY2021/22 proposed budget is \$88,000 and agrees to the commission schedule.

34. Please indicate if the liquidated damages amount payable to the Stadium Authority and subsequent payment to Levi's has been included in the submitted budget. In addition, provide the calculation for liquidated damages.

Stadium Manager's Response:



This information has been provided separately to the SCSA and is included in the draft budget.

Other Expenses

Other Expenses			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 110,000	\$ 1,400,000	
SCSA Actuals/Projections	\$ 104,915		
StadCo Projection		\$ 913,000	
StadCo Proposed Budget			\$ 388,000

- StadCo’s FY 2021/22 proposed budget is a decrease of \$525,000 or 58% from the FY 2020/21 projection of \$913,000.

35. Please provide details including a breakdown of staff costs and lender fees and an explanation why it has decreased by 58%. For staffing costs, please provide salaries by position title (do not provide names), actual hours charged, hourly rates, benefits, and related costs.

Stadium Manager:

As noted on the SCSA Annual Budget submission on 1/29/21, the projected actual of \$913k are forecasted waterfall activity. The forecasted projected actual expense for the Other G&A line item are closer to \$350k and are related to G&A staff costs and lender admin fees. This difference between the \$913k and the \$350k will be trued up on next year’s Lender budget.

The FY20 budget included costs for implementing the new accounting system, which has been delayed by the SCSA for a variety of reasons. In view of the pandemic, we also reduced our staff costs in responding to various inquiries by the SCSA staff. Lastly, we spent significantly less time than budgeted working on prior period research for HSNO, following the suspension of that project.

As noted earlier, we are happy to provide all of this info to you and your auditors as we have in prior years. Linh Lam looked at this detail last month and Tyler Cook did so before her. This includes the names and pay for every single employee.

36. Please note that the Stadium Authority has reserves all rights to recoup funds and other costs based on Stadium Manager’s breach of its obligations under the Management Agreement, including any payments associated with the Financial Management System Implementation.

Stadium Manager:



Stadium Manager is in receipt of the Stadium Authority's reservation of rights, which places another barrier towards implementing the financial management system selected by the Stadium Authority. Stadium Manager is happy to begin the implementation of the requested financial management system upon the Stadium Authority agreeing to honor its contractual obligation to pay for costs related to its implementation.

Debt Service

- Term A Interest: StadCo's FY2020/21 projection of \$12,208,000 and FY2021/22 budget of \$11,507,000 is in line with SCSA calculations. No questions.
- Term A Principal
 - StadCo's FY2020/21 projection of \$14,022,000 is higher than SCSA calculation of \$13,354,000.
 - StadCo's FY2021/22 proposed budget of \$14,723,000 is higher than the \$14,022,000 scheduled principal payment.

37. We understand from prior years that this is a timing issue. As a reminder, the SCSA's budget is on accrual basis.

Stadium Manager:

Noted.

- Lender Required Reserve deposit/withdrawal of \$500,000

38. Please explain what this line item is and what has changed from last year.

Stadium Manager:

Mechanically, the waterfall provides certain traps to ensure that operating expenses are able to be made based on the lender budget that is provided. The updated forecast for the lender budget has lower O&M expense estimates for April through June of 2021 than what was previously budgeted for. This releases cash that was previously trapped to cover these expenses which we are estimating to be somewhere in the ballpark of \$500k.

- Subloan Scheduled Principal: StadCo's FY2020/21 projection and FY2021/22 budget do not match the schedule noted in the original agreement.

39. We understand from prior years that an adjusted amortization schedule was developed. Please provide a copy of the adjusted amortization schedule for reference.

Stadium Manager:



Please see the attached.

CapEx Reserve

- StadCo's 2021/22 budget is based on the annual \$1,000,000 (plus 3% annual inflator) increase to the CapEx reserve described in Article 14 of the Stadium Lease for use of excess revenues for the purposes of the trust cash flow. This contribution is dependent on excess cash. We understand that ManCo may pull the excess revenue to pay down the Revolving Loan; however, the Stadium Authority stands behind its position that draws on the Revolving Loan are unauthorized as well as any subsequent payments.

Operating Reserve

- StadCo's 2021/22 budget is based on the annual 3% increase to the Operating Reserve noted in Article 14 of the Stadium Lease for use of excess revenues for the purposes of the trust cash flow. This contribution is dependent on excess cash. We understand that ManCo may pull the excess revenue to pay down the Revolving Loan; however, the Stadium Authority stands behind its position that draws on the Revolving Loan are unauthorized as well as any subsequent payments.

SCSA Annual Shared Stadium Expense Budget (CONFIDENTIAL)
 FY20 Projected Actuals

FY20 Projected Actuals

Category	Security	Stadium Ops	Engineering	Guest Services	Grounds	Total
Total Compensation	490,500	1,666,425	1,510,000	286,550	60,000	4,013,475
Travel, Meals & Entertainment	200	11,300	0	10,000	2,500	24,000
Outside Services	762,300	712,500	452,200	100	98,000	2,025,100
General supplies	4,900	21,800	2,000	600	30,200	59,500
Telephone	4,100	233,800	6,800	2,000	400	247,100
Equipment	39,800	64,200	13,000	36,100	400	153,500
Uniforms	1,000	0	200	21,500	0	22,700
Other	0	3,000	100	0	1,500	4,600
Total	1,302,800	2,713,025	1,984,300	356,850	193,000	6,549,975

Compensation Breakout:	Security	Stadium Ops	Engineering	Guest Services	Grounds	Total
FT Wages	375,500	1,185,000	975,000	156,550	45,000	2,737,050
PT Wages	0	105,000	0	60,000	0	165,000
Benefits	115,000	376,425	535,000	70,000	15,000	1,111,425
Total Compensation	490,500	1,666,425	1,510,000	286,550	60,000	4,013,475

2021 SCSA Budget Supporting Documentation (CONFIDENTIAL)

FY20 SBL Sales and Service Projected Actuals

FY20 Projected Actuals

Category	Sales Team	Service Team	Total
Compensation	1,074,538	589,317	1,663,855
Sales, General and Administrative	138,250	55,000	193,250
Total	\$ 1,212,788	\$ 644,317	\$ 1,857,105

Compensation Breakout:	Sales Team	Service Team	Total
FT Wages and Benefits	784,538	549,317	1,333,855
Bonuses/Commissions	290,000	40,000	330,000
Total Compensation	\$ 1,074,538	\$ 589,317	\$ 1,663,855

Sales, General and Administrative:	Total
SBL Member Events	-
SBL Advertising & Prospecting Events	120,000
Sales Enablement	55,000
SBL Focus Groups	-
Sales Training	11,250
Travel, Meals & Entertainment	-
Other	7,000
Total	193,250

SBL Finance & Ticket Ops	Total
Compensation	\$ 109,485

FY21 SBL & Service Team Sub-Total	\$ 1,966,590
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+ All-Inclusive Buffets	-
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FY21 Total SBL Sales & Service Costs	\$ 1,966,590
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Questions for the Stadium Manager in reference to the FY2021/22 CapEx Budget

Per Article 4 of the Management Agreement, RECORDS, ACCOUNTS, BUDGETS AND REPORTS, Section 4.8 states that the Draft Capital Expenditure Plan (a) shall contain the Stadium Manager's proposed Capital Repairs to be made to the Premises during the upcoming Fiscal Year, (b) shall describe in reasonable detail any material discrepancies between the Stadium Manager's proposed Capital Expenditures for such Fiscal Year and the five (5) year projection of anticipated Capital Expenditures included in the previous year's Capital Expenditure Plan, and (c) shall include any Capital Expenditures for public safety that the Stadium Manager proposes be made consistent with the then approved Public Safety Plan.

As a result of the City's revocation of the Executive Director's authority to procure goods and services on behalf of the SCSA, as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that the Stadium Manager has properly and legally procured goods and services before Stadium Authority contracts may be executed.

Note: SCSA may ask additional questions once the information requested below is provided.

Capital Expenditures

- 1. For all projects, what is the SCSA time involvement required to assist with any of the requested projects? Potential time commitments from SCSA staff include, procurement assistance, prevailing wage review, Board reports, etc.**

Stadium Manager:

It is not currently possible for Stadium Manager to estimate the time required by SCSA staff, as there is currently no productive communication between SCSA/City staff and Stadium Manager staff. Specifically, with respect to procurement procedures for capital projects, the SCSA staff has refused to review procurement documentation created by Stadium Manager or provide any useful input to Stadium Manager, which appears to be a part of their litigation strategy.

2. The FY2021/22 proposed CapEx budget includes a significant new project (General Areas/Coatings Main Deck) totaling \$2.45 million that was not included in prior year submittals of the 5-year plan.

a. Can you provide detail as to why this significant project was not previously proposed?

Stadium Manager:

This project was previously forecasted in Fiscal Year 2021/22 for \$200,000 and Fiscal Year 2024/25 for \$750,000. The previously forecasted projects planned to patch and spot repair failures in the current coating system. However, our recommendation is to merge the two proposed projects into a project that performs a more comprehensive recoat of larger areas in order to adequately protect and maintain the building. The proposed project will apply traffic coating in three areas main areas:

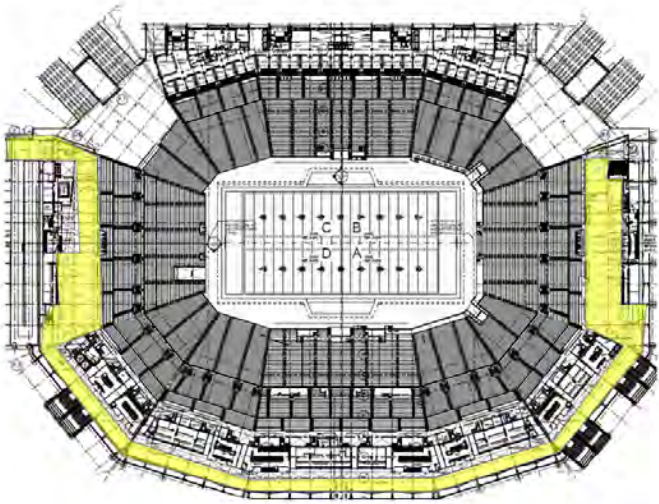
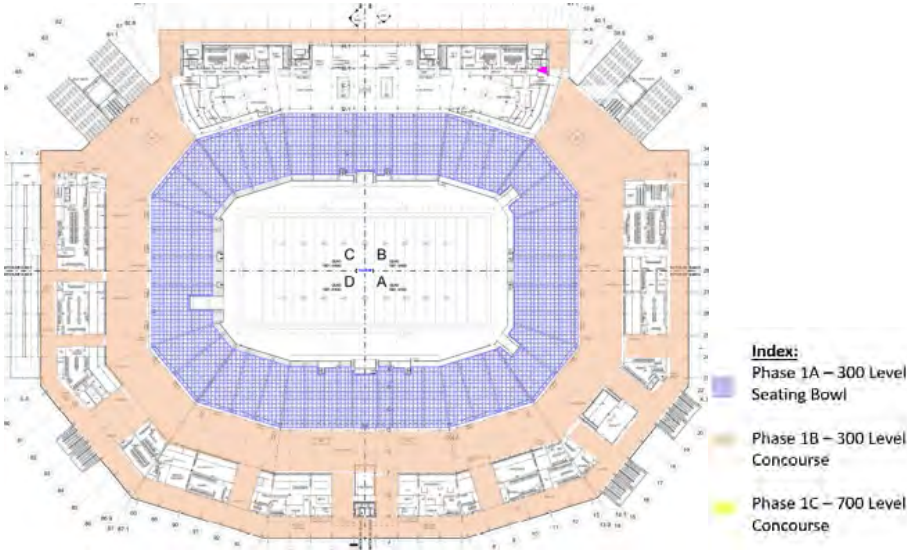
- Phase 1A – 300 Level Seating Bowl:	\$1,650,000
- Phase 1B – 300 Level Concourse:	\$ 500,000
- <u>Phase 1C – 700 Level Concourse:</u>	<u>\$ 300,000</u>
TOTAL	\$2,450,000

The traffic coating works as part of the waterproofing barrier to occupied spaces below the concourses and seating bowl, as well as extends the life of the concrete structure of the stadium. This project will maintain the building structure and the interior spaces below the bowl and concourses and protects against water leaks and potential tripping hazards This project also provides additional slip, trip and fall prevention protection and improves the overall aesthetic appearance. The traffic coating is now showing signs of wear and tear and is experiencing multiple failures. Water, rain and exposure to the elements will exasperate the issues. Maintaining this system protects against current and future system failures and will better serve the stadium and its patrons.

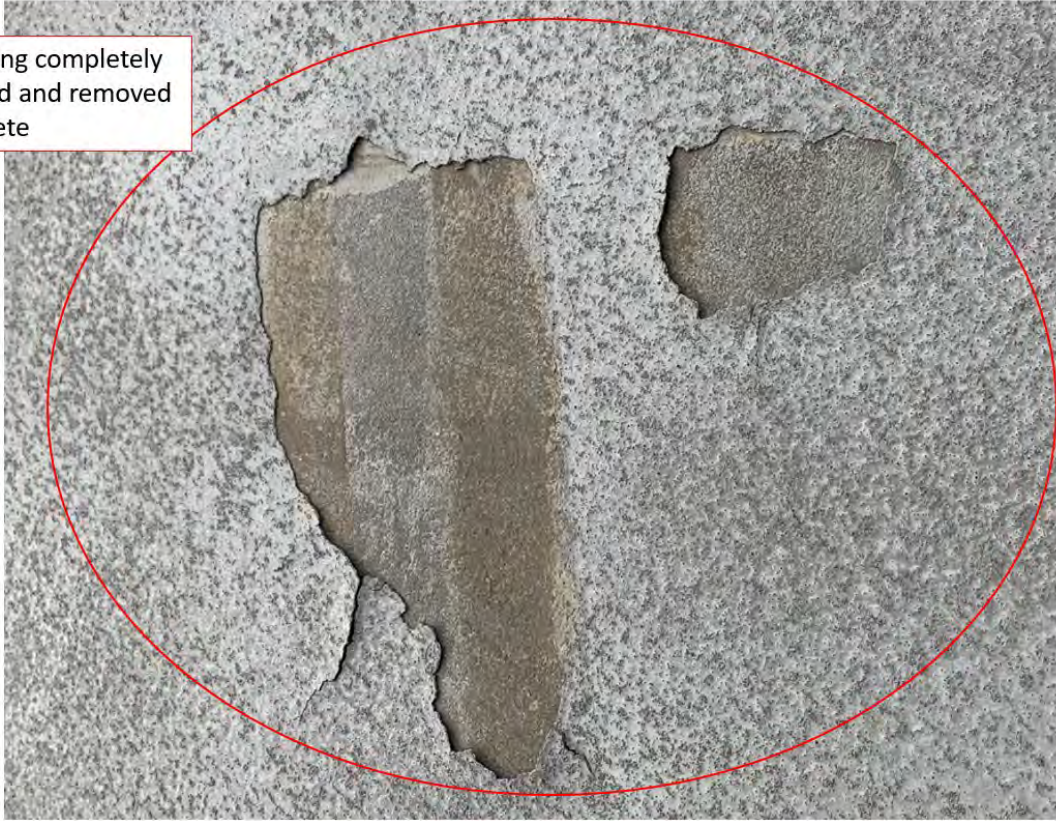
b. Please send pictures of the area planned for the coating.

Stadium Manager:

See below for picture references of area planned for coating and of recent failures in the existing traffic coating material:

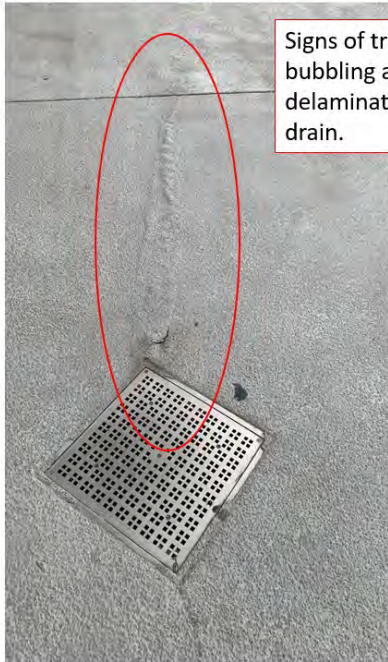


Traffic coating completely delaminated and removed from concrete

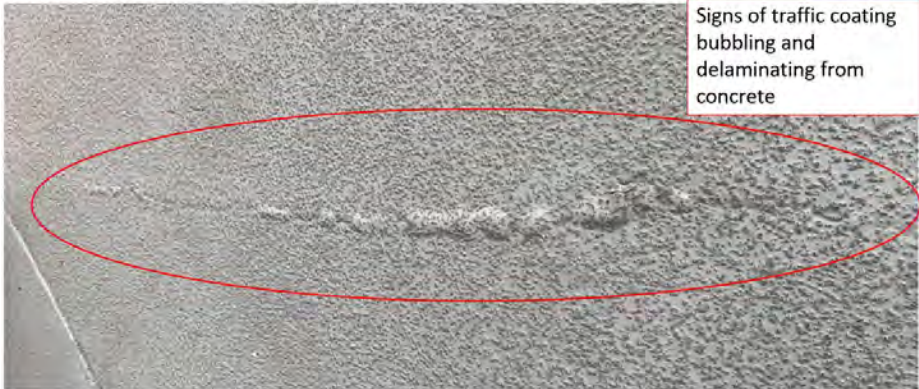


Traffic coating completely delaminated and removed from concrete

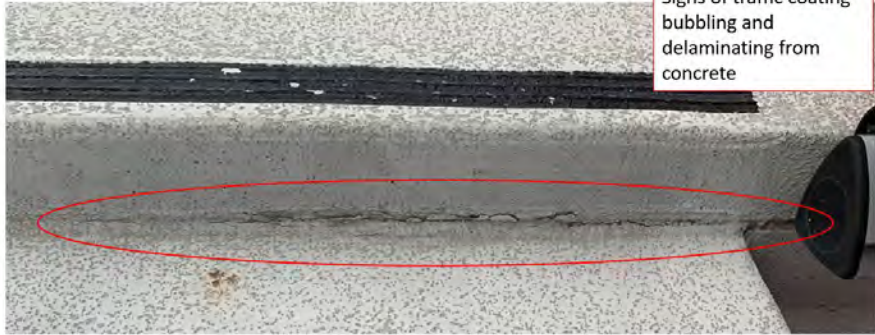




Signs of traffic coating bubbling and delaminating at floor drain.



Signs of traffic coating bubbling and delaminating from concrete



Signs of traffic coating bubbling and delaminating from concrete

c. Is this project included in the ADA settlement requirements?

Stadium Manager:

No, this is not included in the ADA Settlement requirements.

3. For the FY2021/22 Field Turf Track project:

a. What was the expected life of the original installation?

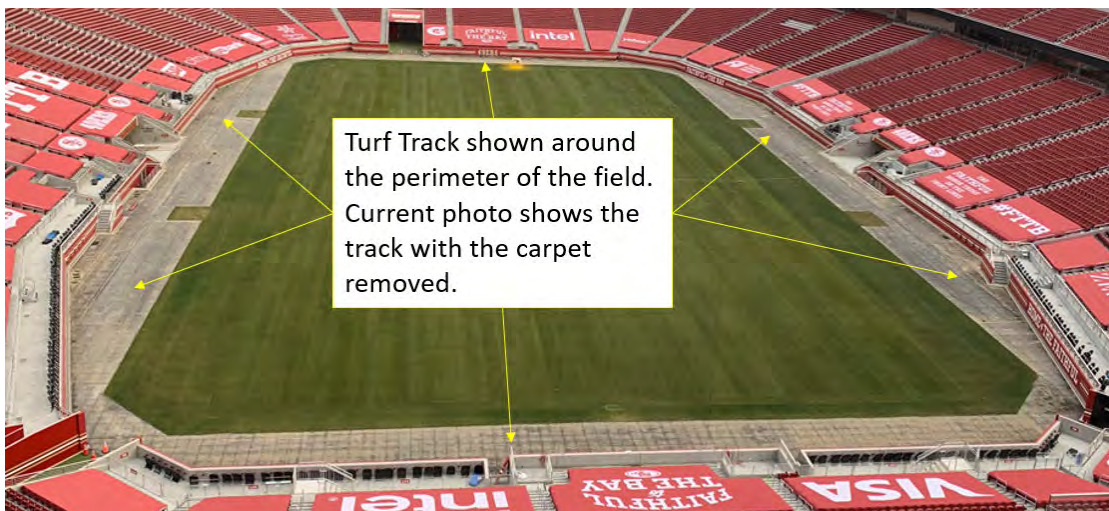
Stadium Manager:

The expected life of the system was 3 years.

b. Please send pictures of the area planned for the replacement.

Stadium Manager:

Pictures of the area planned for replacement are included below. The proposed project will remove the synthetic turf and the base underlayment. Sand will be removed to an approximate depth of 4" and moved to the body of the playing field to be used a root zone addition. Base rock will be imported and compacted to an approximate depth of 4". A shock pad will be laid on top of the compacted sub grade and artificial turf will be installed as the finished surface. The previous Ultrabase system allowed for flexibility in the track layout but after five years of heavy load bearing events, the system has become uneven. The base track has been damaged due to the number of high impact non-nfl special events, such as Monster Jam, concerts, etc and the current track has reached its end of life.





4. For the FY2021/22 Key Management System project:

- a. Is this for physical keys or key cards?**

Stadium Manager:

This project will address both physical and key cards.

- b. What is the current practice to manage this risk?**

Stadium Manager:

Currently, Engineering staff manages distribution of keys. We are introducing and proposing a new electronic program that Security will now manage as part of their access control efforts. The program keeps a digital footprint and history of use and distribution with archive tracking.

5. Please verify the following regarding the Drone Detection proposed project:

- a. Is the system FAA, FCC and DOJ compliant?**

Stadium Manager:

The FAA and DOJ do not provide any type of certification.

As for FCC compliance, the Aeroscope system was tested per FCC guidelines. Below are the details:

Compliance Information

FCC Compliance Notice

NOTE: This equipment has been tested and found to comply with the limits for a Class A digital device, pursuant to part 15 of the FCC Rules. These limits are designed to provide reasonable protection against harmful interference when the equipment is operated in a commercial environment. This equipment generates, uses, and can radiate radio frequency energy and, if not installed and used in accordance with the instruction manual, may cause harmful interference to radio communications. Operation of this equipment in a residential area is likely to cause harmful interference in which case the user will be required to correct the interference at his own expense.

- b. Please stay in contact with the City of Santa Clara Police Department to during vendor selection and implementation to keep them informed of the status of this project.

Stadium Manager:

It is the Stadium Manager's intention to include SCPD as a part of the selection process and vendor vetting.

6. For the FY2021/22 proposed CapEx plan and the projects that are being carried over from prior years, please provide a prioritization matrix identifying the needs for the projects such as health and safety, revenue generation, aesthetics/ customer experience, cost savings etc. and additional narrative and justification to further understand the need and importance of the proposed projects. If the Stadium Manager expects cost savings and/or other financial impacts, please provide this information so that SCSA understands the return on investment for the proposed capital projects.

Stadium Manager:

All of these projects are necessary to maintain the facility in the Required Condition.

7. Given the carryover of capital funds from FY2020/21 to FY2021/22 because funded projects could not be procured or completed, please describe ManCo's plan to procure, bring the plans and request approval from the Board, and substantially complete the projects during the next fiscal year which are proposed for funding for FY2021/22.

Stadium Manager:

ManCo will put projects through a fair and open solicitation and award, contract, and execution process. The completion for each of these projects will vary based upon solicitation process, permitting process, SCSA Board review, and approval process. ManCo intends to present these projects to the SCSA Board while

adhering to the Santa Clara Procurement Code. Completion of these projects will be impacted by the level of collaboration with the SCSA/City staff.

- a. What is the timeline for project completion for all carryover projects and new projects?**

Stadium Manager:

ManCo intends to complete as much work as possible during the next 12 months while adhering to the Santa Clara Procurement Code. Completion of these projects may be impacted by COVID restrictions during the planning and/or construction stages.

- b. Are there impacts from a cost inflation standpoint?**

Stadium Manager:

We have accounted for price inflation and have a contingency in place to cover potential increases.

- c. With the cancellation of events due to the COVID-19 pandemic, isn't this an opportune time to complete projects?**

Stadium Manager:

Given the numerous stay at home orders, and staff reductions as a result of Covid 19 including the City staff's inability to process permits and inspections on a timely basis, and several HOLDS that the SCFD placed on new project construction, many possible opportunities were missed. There is also a disconnect with SCSA/City staff with respect to procurement which has adversely impacted schedule.

- 8. In the out years of the 5-year plan, projects are being moved further out compared to the submittal last year. As an example, the Lighting System – Fixture project (\$750k) budgeted for FY2022/23 in last year's submittal is now proposed for FY2023/24. Please provide an explanation for pushing projects out and the Stadium Manager's plan for upkeep of the Stadium in a timely manner.**

Stadium Manager:

The Stadium Manager completes an evaluation of the facility by consulting with staff, contractors and consultants who continue to monitor and assess the needs of the stadium during regular facility preventative maintenance, testing and inspections. Annually, the evaluation of the facility is conducted and the previous list of possible projects are considered, along with the addition of any newly identified projects. The evaluation of these projects on the long term capital project list adjusts the forecasted projects expected timing and budgets annually,

for example the decision to defer the Lighting System – Fixture project from FY2022/23 to FY2023/24. Numerous factors can change the anticipated year and budget of a project. Specifically, regular wear and tear and overall use of an asset can influence the decision to replace the asset either sooner or later. As the Stadium received less use in FY2020/21, some projects were able to be moved without impacting the long-term viability of the asset. Ultimately, all potential projects are evaluated and reconsidered annually and the product of this evaluation is how we proposed the 1-Year Capex Plan and 5-year Capex Plan.

9. Please provide pictures for the Replacement Furniture for BNY Field Clubs, United, Levi’s 501 & Yahoo clubs and Special Event Spaces project (if different than provided during the FY2020/21 Budget preparation).

Stadium Manager:

Proposed furniture specifications can and will be provided upon receipt of the approved budget and after the project management team can begins the solicitation and proper scope of work specification . This will be done in stages and will be in accordance with new covid-19 learnings.

10. Please provide an update to plans for both the Concession Signage and Stadium Event Signage (if any updates have been made since those provided during the FY2020/21 Budget preparation).

Stadium Manager:

- CONCESSION SIGNAGE: Concession signage plans are included as an attachment for reference. The signage contractor has fabricated and installed the majority of the signage shown in the plan set. Remaining work includes punch list items.
- STADIUM EVENT SIGNAGE: There have been no changes to stadium event signage.

11. Please provide additional detail for the HVAC project:

Stadium Manager:

The project is ongoing and is scheduled to be complete by March 31, 2021. See below for details.

- a. **Is this project complete? If not, please provide a status. Please provide the following supporting documentation that the SCSA previously requested:**
 - i. **Costs of the project provided by the contractor and certified payroll if applicable;**

Stadium Manager:

The project is not complete. The project was awarded to RMI Mechanical for a fixed fee contract of \$72,030. The Project is registered on the DIR and certified payroll will be uploaded on a weekly basis. The final Certified Payroll will be provided to the SCSA at the completion of the project.

- ii. **Copy of the emergency repair agreement; and**

Stadium Manager:

Emergency repair agreement is included as an attachment for reference.

- iii. **Invoice with final costs**

Stadium Manager:

The project is not complete. An invoice with the final costs will be provided at the completion of the project.

- b. **The remaining budget was not carried over to FY2021/22. Is the remaining budget not needed?**

Stadium Manager:

The remaining budget was not carried over to FY2021/22, but a general HVAC renewal and replacement budget is included at regular intervals in future years.

- 12. The Levi's Naming Rights Signage Replacement Project increased from \$650,000 to \$900,000. Please provide an explanation for the increase in cost for this project.**

Stadium Manager:

The project planning process of the sign replacement has advanced since previous years to add more detail and information about the project. The budget was re-evaluated as the project plan, details and requirements have advanced during our process. Inflation, new requirements such as a sign mock up, and feedback during market research efforts all provided justification for the increased the budget. As reminder, this is a budget estimate only and industry pricing during an open and fair competitive bid process will determine the project actual cost.

- a. **For this project specifically, what is the SCSA time involvement required to assist with any of the requested projects? Potential time commitments from SCSA staff include, procurement assistance, prevailing wage review, Board reports, etc.**

Stadium Manager:

It is not currently possible for Stadium Manager to estimate the time required by SCSA staff, as there is currently no productive communication between SCSA/City staff and Stadium Manager staff. Specifically, with respect to procurement procedures for capital projects, the SCSA staff has refused to review procurement documentation created by Stadium Manager or provide any useful input to Stadium Manager, which appears to be a part of their litigation strategy.

- 13. **The Photoluminescent Tape for Life Safety project was included in FY2020/21 CapEx budget; however, it is not in the FY2021/22 Proposed CapEx budget and has no actuals through January.**

- a. **Please explain why this is not included in FY2021/22 CapEx (i.e. completed, re-prioritized, combined with other projects).**

Stadium Manager:

This project was completed through a combination of testing and in house / self-performed labor by the Stadium Engineering Department. Specifically, a third party testing company developed a test procedure in cooperation with the original photoluminescent tape manufacturer. The test procedure measures the performance of the existing photoluminescent tape. The testing company determined the existing tape met or exceeded the requirements identified in the test procedures with the exception of a few minor areas, which were all replaced by stadium Engineering staff using existing spare stock.

- b. **Is this project included in the ADA settlement requirements?**

Stadium Manager:

No, this is not included in the ADA Settlement.

14. Please provide a more detailed description of the Beverage Distribution System project. Are these mobile distribution systems or will the lines be run through the walls/floors of the Stadium?

Stadium Manager:

This is a hybrid system using existing pathways though some mobile elements may be required.

15. Please provide descriptions for projects included in the out years.

Stadium Manager:

The Stadium Manager has provided the five (5) year projection of the anticipated Capital Expenditures per the Stadium Management Agreement for review.



Questions for the Stadium Manager in reference to the FY2021/22 CapEx Budget

Per Article 4 of the Management Agreement, RECORDS, ACCOUNTS, BUDGETS AND REPORTS, Section 4.8 states that the Draft Capital Expenditure Plan (a) shall contain the Stadium Manager's proposed Capital Repairs to be made to the Premises during the upcoming Fiscal Year, (b) shall describe in reasonable detail any material discrepancies between the Stadium Manager's proposed Capital Expenditures for such Fiscal Year and the five (5) year projection of anticipated Capital Expenditures included in the previous year's Capital Expenditure Plan, and (c) shall include any Capital Expenditures for public safety that the Stadium Manager proposes be made consistent with the then approved Public Safety Plan.

As a result of the City's revocation of the Executive Director's authority to procure goods and services on behalf of the SCSA, as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that the Stadium Manager has properly and legally procured goods and services before Stadium Authority contracts may be executed.

Note: SCSA may ask additional questions once the information requested below is provided.

Capital Expenditures

Additional questions below are in response to SCSA Board input during a meeting on February 16:

- 1. For each project, please provide the Agreement and Section Number citing SCSA's responsibility to fund the project.**

Stadium Manager:

Please refer to the Stadium Lease.

- 2. Please provide the procurement schedule for the capital projects.**

Stadium Manager:

As applicable, Stadium Manager will put projects through a fair and open solicitation and award, contract, and execution process. The schedule for completion for each of these projects will vary based upon solicitation process, permitting process, SCSA Board review, and approval process. Stadium Manager intends to present these projects to the SCSA Board as required by the Stadium Authority Procurement Policy. Completion of these projects will be impacted by the level of collaboration with and cooperation from the SCSA/City staff.



Questions for the Stadium Manager in reference to the FY2021/22 CapEx Budget

Per Article 4 of the Management Agreement, RECORDS, ACCOUNTS, BUDGETS AND REPORTS, Section 4.8 states that the Draft Capital Expenditure Plan (a) shall contain the Stadium Manager's proposed Capital Repairs to be made to the Premises during the upcoming Fiscal Year, (b) shall describe in reasonable detail any material discrepancies between the Stadium Manager's proposed Capital Expenditures for such Fiscal Year and the five (5) year projection of anticipated Capital Expenditures included in the previous year's Capital Expenditure Plan, and (c) shall include any Capital Expenditures for public safety that the Stadium Manager proposes be made consistent with the then approved Public Safety Plan.

As a result of the City's revocation of the Executive Director's authority to procure goods and services on behalf of the SCSA, as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that the Stadium Manager has properly and legally procured goods and services before Stadium Authority contracts may be executed.

Note: SCSA may ask additional questions once the information requested below is provided.

Capital Expenditures

- 2. The FY2021/22 proposed CapEx budget includes a significant new project (General Areas/Coatings Main Deck) totaling \$2.45 million that was not included in prior year submittals of the 5-year plan.**
 - a. Can you provide detail as to why this significant project was not previously proposed?**
 - b. Please send pictures of the area planned for the coating.**
 - c. Is this project included in the ADA settlement requirements?**

Stadium Manager:

This project was previously forecasted in Fiscal Year 2021/22 for \$200,000 and Fiscal Year 2024/25 for \$750,000. The previously forecasted projects planned to patch and spot repair failures in the current coating system. However, our recommendation is to merge the two proposed projects into a project that performs a more comprehensive recoat of larger areas in order to adequately protect and maintain the building. The proposed project will apply traffic coating in three areas main areas:

- Phase 1A – 300 Level Seating Bowl:	\$1,650,000
- Phase 1B – 300 Level Concourse:	\$ 500,000
- <u>Phase 1C – 700 Level Concourse:</u>	<u>\$ 300,000</u>
TOTAL	\$2,450,000

The traffic coating works as part of the waterproofing barrier to occupied spaces below the concourses and seating bowl, as well as extends the life of the concrete structure of the stadium. This project will maintain the building structure and the interior spaces below the bowl and concourses and protects against water leaks and potential tripping hazards This project also provides additional slip, trip and fall prevention protection and improves the overall aesthetic appearance. The traffic coating is now showing signs of wear and tear and is experiencing multiple failures. Water, rain and exposure to the elements will exasperate the issues. Maintaining this system protects against current and future system failures and will better serve the stadium and its patrons.

Additional SCSA Follow up:

- **When was the coating originally installed? Is there a warranty?**
- **What is the projected life of the new system?**

Stadium Manager:

The original coating was installed in 2014. There is no longer a warranty. The projected life of the new coating is approximately five (5) years (depending on the anticipated number of high traffic events, the amount of wear and tear, and weather conditions.) There may be a possibility of purchasing an extended warranty beyond the five (5) years.

7. Given the carryover of capital funds from FY2020/21 to FY2021/22 because funded projects could not be procured or completed, please describe ManCo’s plan to procure, bring the plans and request approval from the Board, and substantially

complete the projects during the next fiscal year which are proposed for funding for FY2021/22.

Stadium Manager:

ManCo will put projects through a fair and open solicitation and award, contract, and execution process. The completion for each of these projects will vary based upon solicitation process, permitting process, SCSA Board review, and approval process. ManCo intends to present these projects to the SCSA Board while

adhering to the Santa Clara Procurement Code. Completion of these projects will be impacted by the level of collaboration with the SCSA/City staff.

- a. What is the timeline for project completion for all carryover projects and new projects?

Stadium Manager:

ManCo intends to complete as much work as possible during the next 12 months while adhering to the Santa Clara Procurement Code. Completion of these projects may be impacted by COVID restrictions during the planning and/or construction stages.

- b. Are there impacts from a cost inflation standpoint?

Stadium Manager:

We have accounted for price inflation and have a contingency in place to cover potential increases.

- c. With the cancellation of events due to the COVID-19 pandemic, isn't this an opportune time to complete projects?

Stadium Manager:

Given the numerous stay at home orders, and staff reductions as a result of Covid 19 including the City staff's inability to process permits and inspections on a timely basis, and several HOLDS that the SCFD placed on new project construction, many possible opportunities were missed. There is also a disconnect with SCSA/City staff with respect to procurement which has adversely impacted schedule.

Additional SCSA Follow up:



- **The City continues to provide permitting services virtually and in-person by appointment. Please provide your project schedule and an explanation of the impacts to the schedule.**

Stadium Manager:

As noted above, ManCo will put projects through a fair and open solicitation and award, contract, and execution process. The scheduled completion of these projects is impacted by the level of SCSA/City Staff collaboration, which includes more than just the permitting process. The timeline will vary based on the solicitation process, SCSA Board review, and approval process. Additional timeline guidance can be provided as projects are submitted to the Board for approval.



Follow Up Questions for the Stadium Manager in reference to the 2021/22 SCSA Budget

Per Article 4 of the Management Agreement, RECORDS, ACCOUNTS, BUDGETS AND REPORTS, Section 4.6 states that the Stadium Manager will prepare an annual operating budget for the Stadium for each Fiscal Year (the “Stadium Operations Budget”) to meet the scope of services and objectives under this Agreement; such Stadium Operations Budget may include such other information as may be requested by StadCo and the Stadium Authority.

As a result of the City’s revocation of the Executive Director’s authority to procure goods and services on behalf of the SCSA, as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that the Stadium Manager has properly and legally procured goods and services before Stadium Authority contracts may be executed.

Note: SCSA may ask additional questions once the information requested below is provided.

NFL Ticket Surcharge (10% of NFL Ticket Revenue)

NFL Ticket Surcharge			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 8,412,291	\$ 8,665,000	
SCSA Actuals/Projections	\$ 8,412,291	\$ -	
StadCo Projection		\$ -	
StadCo Proposed Budget			\$ 8,665,000

- All FY2020/21 NFL Games have been completed with total surcharge of \$0. SCSA does not have any questions.
- The FY2021/22 budget assumes all games will occur with full attendance.

3. Please provide an alternate scenario/projection given the pace of the COVID-19 vaccine rollout.

Stadium Manager:

We recommend a 2021 budget that assumes 100% fans. As we gain more clarity on the Covid-19 situation, we can use the budget amendment process called for in the Stadium documents.

However, we would be happy to provide an alternate scenario/projection for you. Please provide the attendance assumptions you would like us to use for this projection. We will provide this on a confidential reply document.

Your table above shows that these projections and proposed budget are from StadCo. We assume you mean Stadium Manager.

Additional SCSA Follow up:

- **From the Stadium Manager’s professional assessment, what is the Plan B scenario in the event full attendance is not an option?**

Stadium Manager:

We are hopeful and optimistic that we will have 100% fans this year, and we recommend a budget that assumes so. Stadium Manager is not in the position to recommend any alternative other than 100% fans at this point as any “Plan B” recommendation would not be more accurate than anything the SCSA would propose. We would be happy to work on any alternate scenario/projection that you feel is necessary for your fiscal year planning. We will provide this on a confidential reply document.

Non-NFL Events (Net)

Note: StadCo provided a cash-based budget (which is required for the Trust), therefore, the FY2020/21 projection and FY2021/22 budget are related to the FY2019/20 and FY2020/21 Non-NFL Events, respectively.

- 6. Please provide the projected Non-NFL Event activity at the gross level (revenues and expenses) for the Stadium Authority’s 2020/21 Fiscal Year (April 1, 2020 – March 31, 2021). Given that no events were held at the Stadium, please provide the assumptions and details behind the \$600k loss.**

Stadium Manager:

Similar to what you may have seen from the Santa Clara Convention Center, there are still costs associated with keeping a business going even during a period where no events occur. A majority of the expenses related to the projected shortfall of \$600k are estimated labor costs for both the special events team, who has worked on customer outreach and handled customer refunds for cancelled events, and other G&A staff (accounting, finance, ticket operations, etc.) working on Non-NFL Events, including responding to requests from your Non-NFL auditors. There is also amortization expenses of public safety costs and City of Santa Clara liability insurance included in this projection.

Additional SCSA Follow up:

- **Please provide the detail of the loss by expense category.**
- **The Santa Clara Convention Center acted immediately to reduce potential losses by reducing staffing from over 45 positions to 2 positions. What actions has the Stadium Manager taken to minimize losses? Of these actions, what are the service impacts to Non-NFL Events?**

Stadium Manager:

As noted above, the loss is primarily made up of labor and staffing costs for the special events team and other G&A staff working on Non-NFL Events (accounting, finance, ticket operations, etc.) which makes up over \$400k of the projected loss of \$600k. The additional expenses include amortization costs for PSC Capex purchases, special events marketing expenses, and prior year true ups/late bills. Final expenses will be provided after year-end, consistent with prior years.

The Stadium Manager had savings on four of the seven full time positions in the special events department, as well as an overall reduction in sales and marketing expenses. These expenses were necessary to ensure that the special events business at Levi's Stadium bounces back quickly once State and County regulations permit these events to continue.

As for service impacts to Non-NFL Events, there were no events so there was no impact on service levels.

- 7. Please provide the budgeted Non-NFL Event activity at the gross level (revenues and expenses) for the Stadium Authority's 2021/22 Fiscal Year (events that will occur April 1, 2021 – March 31, 2022).**

- a. We have noted the comment explaining the net shortfall may range from a loss of \$600k to \$0. Please provide the assumptions and details (including number of events) behind this estimate.

Stadium Manager:

As noted on our budget submission on January 29th, 2021, the assumptions include two (2) TBD concerts. Overall, the range from a shortfall of \$600k to breakeven primarily depends on the ability to host both ticketed and catered events throughout the year. If for some reason the Covid-19 situation remains stagnant, it is possible there could be a shortfall very similar to what is being projected for FY2020/21 activity (FY2021/22 cash). However, if we are able to get people back in Levi's Stadium for both ticketed events (and there are acts to book) and special events, especially prior to the holiday season where the special events business thrives, it is possible that we could see improved financials compared to FY2020/21.

For example, we are currently looking to reschedule BTS. This concert has sold well and we are still holding around 80% (20% refunded) of the cash for advanced ticket sales. Assuming no impact by Covid-19, this concert would be a success.

Additional SCSA Follow up:

- If there are two concerts booked, what supports the loss? If the BTS concert is rescheduled, would this wipe out the potential loss?
- Given the current anticipated loss or break-even scenario in FY2021/22 that includes two major concerts, is there a contingency/alternative revenue and expenditure scenario that would prevent losses in FY2021/22? What expenditure changes/impacts would be required to prevent losses in FY2021/22 on both the SCSA and Stadium Manager side?

Stadium Manager:

Although it is difficult to predict what kind of capacity we would be able to host for concerts, if we were able to reschedule the BTS concert (2 shows) at a close to full/full attendance, the NNE projection would be much closer to break even.

There are ongoing expenses associated with keeping the Non-NFL Event business alive during a period of short term revenue disruption. These costs are required to maintain a swift and healthy return of NNE business once State and County regulations allow. With a busy slate of events predicted for 2022 and 2023, it is vital we prepare for these events in FY21.



Non-NFL Ticket Surcharge (\$4 per ticket sold)

Non-NFL Ticket Surcharge			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 735,496	\$ 572,000	
SCSA Actuals/Projections	\$ 735,496	\$ -	
StadCo Projection		\$ -	
StadCo Proposed Budget			\$ 150,000

- StadCo’s FY2020/21 projection is \$0 and corresponds to SCSA’s projection given no ticketed events were held at the Stadium.
- StadCo’s FY2021/22 proposed budget is \$150,000.

10. Please provide the detailed assumptions by event category used to calculate this number. Please also include number of events. These assumptions should tie to the Marketing Plan.

Stadium Manager:

As noted on our budget submission on January 29th, the projection assumes two (2) TBD concerts that could generate up to \$300k in Non-NFL Ticket Surcharge. The budget submitted reflects the midpoint (i.e. \$300k * 50%).

This calculates to 37.5k tickets sold.

Additional SCSA Follow up:

- **How many tickets are planned to be given away for free?**

Stadium Manager:

We are unable to predict the number of complimentary tickets that a promoter/artist will decide to distribute for ticketed events that are not yet scheduled.

SCSA Stadium Manager Shared Expenses

Stadium Manager Shared Expenses		
	2020/21	2021/22
StadCo Projection	\$ 6,550,000	
StadCo Proposed Budget		\$ 7,877,000

- StadCo's 2020/21 projection is \$6,550,000.

14. Please provide the detailed breakout for the 2020/21 projection in the same manner as the SCSA Annual Shared Stadium Expense Budget (by department and expense type).

Stadium Manager:

Please see the attached.

Additional SCSA Follow up:

- SCSA had previously received a forecast in December that reflected the same bottom line of \$6.5 million. SCSA has also tracked the invoices received to date that correspond to the December forecast. It's important to note that SCSA has compared the December forecast to the February forecast and has found that while the bottom line remains at an estimated \$6.5 million in both forecasts received the amounts in each category have fluctuated. It's typical for forecasts to fluctuate, however, the bottom line usually fluctuates as well. In this case, the category forecasts fluctuate, but the bottom line remains unchanged. Please provide insight to how the categories change but the bottom line does not change.

Stadium Manager:

We believe the December forecast you are referring to is the lender budget forecast which is used to ensure that the SCSA has enough cash to pay for its bills. The overall projection for Shared Stadium Expenses of \$6.5M agrees with the detailed submission to question 14 above. The "fluctuations" between departments as you note above are because the comparisons you are using are from two separate schedules that serve two different purposes. The overall adjustments on the lender budget are typically spread at a high level or prorated between the departmental categories as at the end of the day the total bottom line number, \$6.5M in this case, is typically what we are reviewing each month. The response to Question 14 above is the departmental detail that makes up the \$6.5M and is much more granular at a departmental level than our monthly review of the lender budget.

15. There is no basis by which to proceed with confidentiality with regard to personnel being paid with public funds. Invoices for other consultants and contractors contain hourly billing information such as duties performed and rates of pay. For staffing costs, please provide salaries by position title (without names), actual hours charged to Shared Expenses, hourly rates, benefits, and related costs. Meeting at the stadium to review Shared Expenses is inefficient and the SCSA looks to provide some level of detail to the Board in a timely manner to support these costs.

Stadium Manager:

We are happy to provide all of this info to you and your auditors as we have in prior years. Linh Lam looked at this detail last month and Tyler Cook did so before her. This includes the names and pay for every single employee.

This has been consistent with past practice for the past seven years, and we believe your continued request is in bad faith and part of your litigation strategy.

You are also reminded that the compensation of Stadium Manager employees is at the sole and absolute discretion of the Stadium Manager per 6.5.1 of the Management Agreement.

Additional SCSA Follow up:

- The Stadium Authority seeks to gain understanding and detail behind the costs invoiced each month to provide transparency to the Board. The past practice of selecting samples at an in-person meeting and then returning to review the samples over several days is inefficient and could be considered a waste of resources when a more efficient practice exists.

Please note, the review of Shared Expenses by Linh Lam is not complete. There are outstanding questions that have not been addressed. The review should not be considered a sign off of any sort.

Stadium Manager:

No response needed.

17. Please explain the procurement plan for any contracted services.

Stadium Manager:

For any new contracts requiring SCSA approval, Stadium Manager will submit contracts and procurement information that complies with the Stadium Authority Procurement Policy set forth in Chapter 17.30. Stadium Manager shall work with the SCSA on those purchases over \$250K per year that require competitive bidding under the Policy as we have in previous years. No competitive bidding or procurement procedures are required for purchases under \$250K under the Policy.

Additional SCSA Follow up:

- Clearly procurement procedures such as adherence to applicable prevailing wage regulations and payment bond requirements are required for contracts under \$250K depending on the service being procured. In addition, Stadium Manager has recognized in meetings with Stadium Authority that, pending formal amendments to the policy, Manager's duty to minimize expenses includes best practices of competitive procurement even for goods and services contracts of less than \$250K.

Stadium Manager:

In addition to being in compliance with 17.30, Stadium Manager acknowledges the applicable prevailing wage regulations and payment bonds requirements for certain contracts procured on behalf of the SCSA.

- 20. Please provide a detailed breakdown of the costs savings in maintenance and operating expenses of the Team not playing the last 3 NFL games of the 2020 season at Levi's Stadium.**

Stadium Manager:

To remind you, there is a difference between event costs and shared stadium expenses. Both NFL Gameday costs and utilities during the NFL season are charged 100% to StadCo. Accordingly, the breakdown you requested is not information that is relevant to the SCSA.

Additional SCSA Follow up:

- A breakdown is necessary so that Stadium Authority can ensure that Game day event expenses are not being billed as shared expenses.

Stadium Manager:

Gameday event expenses are never charged to the SCSA.

- 21. Based representations that the costs of use of the Stadium for as mass-vaccine site will be covered by the NFL and Niners, shouldn't Shared Expenses decrease as part of the costs previously allocated that would now be paid 100% directly by the NFL and the 49ers Team?**

Stadium Manager:

As noted above, there is a difference between event costs and shared stadium expenses. All incremental costs associated with utilizing Levi’s Stadium as a vaccine site will be covered by the 49ers. This would not impact the SCSA’s portion of Shared Stadium Expenses, which exclude incremental event costs. Stadium Managers’ VP/Controller shall ensure all incremental event costs are properly allocated to the 49ers.

Additional SCSA Follow up:

- Unless Stadium Authority has full transparency into all expenses for the Vaccine Time period it cannot provide the public with assurance that the 49ers’ allocation between “incremental” costs and Shared Expenses is valid.

Stadium Manager:

Please refer to Jim Mercurio’s email on 3/9/2021.

Stadium Authority G&A Costs

Stadium Authority General and Administrative Costs (G&A)			
	2019/20	2020/21	2021/22
SCSA Final Budget	\$ 2,480,000	\$ 4,581,000	
SCSA Actuals/Projections	\$ 2,371,198	\$ 2,666,000	
StadCo Projection		\$ 2,666,000	
StadCo Proposed Budget			\$ 3,000,000

- StadCo’s FY2021/22 proposed budget of \$3,000,000 does not match SCSA’s submittal of \$5,115,000.

28. Please provide assumptions behind the budgeted amount of \$3,000,000. As a reminder, the SCSA’s budget is on accrual basis. Projected savings from a previous year should not affect the expenses on an accrual basis.

Stadium Manager:

On an accrual basis, the budgeted amount should be \$3M. There is no cash adjustment to the SCSA Overhead number submitted on the Annual Budget. This amount is based on your FY20 projected actuals of \$2.666M grown at 12 percent, which is the same YoY percentage increase from FY19 to FY20 (i.e. \$2.371M to \$2.666M). As the event calendar in 2021 may be limited, Stadium Manager has managed to reduce costs in a number of areas and will continue to look for ways to reduce further during these uncertain times. Please provide an updated SCSA Overhead budget that is no more than \$3M by 2/26/21, which is subject to the approval of Stadium Manager per Section 3.2 of the Management Agreement.

Additional SCSA Follow up:

- The SCSA G&A budget considers expected costs in the upcoming year. When costs fall below budget, it is either because of cost savings efforts or a change in the expected plan. As an example, the SCSA planned on a certain amount of legal costs in FY20/21 but due to the pandemic those costs were not realized in FY20/21. However, that does not mean the costs will not be realized at all, but rather will take place in the following year. In addition, the SCSA generated savings in FY20/21 in response to the COVID-19 pandemic by pausing Executive Director directives and keeping budgeted positions vacant. The G&A budget cannot be projected by simply adding a percentage increase to prior year actuals; that is not an accurate practice of budgeting. The full potential costs of a year must be included in the budget. The ongoing pandemic and its impacts will be monitored and the SCSA will generate savings or keep positions vacant as needed.

As a reminder, Measure J does not allow the City to cover any funds related to Stadium operations. If any G&A costs are incurred, the Stadium Authority must cover those costs.

Stadium Manager:

No response needed.

Insurance Expense

- StadCo's FY2020/21 projection and FY2021/22 budget are both based on Stadium Lease Agreement.

32. Please provide insurance documents for all Stadium-related policies with supporting invoices for premiums.

Stadium Manager:

As discussed with your predecessor, the Stadium Authority's rates are fixed per Section 8.3.1 of the Stadium Lease that states the Stadium Authority Insurance Share shall be calculated as follows: (i) for the first lease year the Stadium Authority Insurance Share shall equal two million five hundred fifty thousand dollars (\$2,550,000) and (ii) on the commencement of the second and each succeeding lease year, the insurance shall be increased by three percent (3%). This fixed rate for insurance was included in the Facility Rent calculation as part of Exhibit J.

Each year the SCSA receives a summary of insurance coverages and certificates of coverage.

33. These costs are not reconciled against invoices. How are potential savings of public funds being expended?

Stadium Manager:

Please see answer to Question 32 above. The Stadium Authority's rates are fixed per Section 8.3.1 of the Stadium Lease Agreement.

Additional SCSA Follow up:

- **Please provide a reconciliation of insurance costs billed to the Stadium Authority vs. actual costs incurred.**

Stadium Manager:

The SCSA is in possession of the documentation required under the Lease.

Attachment 8

2021 Marketing Plan Questions

From: [Christine Jung](#)
To: [Mercurio, Jim](#); [Compliance Manager](#)
Cc: [Deanna Santana](#); [Ruth Shikada](#); [Brian Doyle](#); [Kenn Lee](#)
Subject: Draft 2021 Marketing Plan Follow Up
Date: Thursday, March 11, 2021 4:53:00 PM
Attachments: [image001.png](#)
[image003.png](#)

Hi Jim,

The Stadium Authority Board had a study session on the Draft 2021 Marketing Plan last night and requested clarification on the following items:

- Marketing Plan referenced 3,900+ executed client touchpoints that were recorded and closely followed through the CRM system. The Board requested for more information and data about the targeted clients.
- Stadium Authority staff previously requested more information from the Stadium Manager about the Marketing Budget that was referenced in the Marketing Plan. The Stadium Manager responded with two different amounts for the Marketing Budget (\$115k and \$50k) and it is unclear what is the total budget and whether those amounts included staff. The Board requested the following information:
 - Total Marketing Budget amount, including staffing resources and breakdown of costs
 - Strategy for marketing efforts that will be funded by the Marketing Budget
 - Previous fiscal years' spend on marketing staff and marketing efforts

The Board also discussed having an independent third-party consultant assess the Marketing Plan since there has been several years of poor financial performance. Please let us know if the Stadium Manager is interested in exploring this option, we can schedule a meeting to discuss this in more detail.

Please provide the Stadium Manager's responses to the abovementioned requests **by Monday, March 15** so that we can transmit them to the Board as part of the March 23, 2021 budget agenda report. Additionally, we are still waiting for the Stadium Manager to provide a final copy of the Stadium Operation and Maintenance Plan (SOMP) for staff's review and recommendation to the Board as part of the same agenda report. Please provide that document in electronic form in a separate email **as soon as possible but no later than Monday, March 15**.

Sincerely,

Christine Jung | Assistant to the Executive Director

1500 Warburton Avenue | Santa Clara, CA 95050

D: 408.615.2218 | www.santaclaraca.gov/scsa

Attachment 9

December 1, 2020 Letter
regarding FY2019/20 Non-
NFL Event Documentation



December 1, 2020

Mr. Scott Sabatino, Chief Financial Officer
Forty Niners Stadium Management Company
4900 Marie P. DeBartolo Way
Santa Clara, CA 95054

SUBJECT: FY 2019/20 Net Non-NFL Document Review

Dear Mr. Sabatino:

Stadium Authority staff have been working on reviewing the source documents provided by your office for the FY2019/20 Non-NFL events. Below is a list of initial questions that have arisen based on this review. There will be additional questions as the review progresses.

Monster Jam Event held April 13, 2019

- Mission Trail Waste Systems Invoice 0000428296
 - Provide detail behind the calculation of costs attributable to the event
- Schindler Elevator Corporation Invoice 7152919794
 - Provide detail how this relates to Monster Jam
- Teen Challenge Monterey Bay Inc. Invoice 24703a
 - Provide the contract for these services
 - Provide detail on services provided, specifically for services before and after the event
 - The rates are billed at minimum wage and salary only. Can you confirm whether we should be billed other required pay beyond salary?
- USBank "Parking Fees"
 - These appear to be monthly fees. Can you explain how these are event related?

Bay Area Wedding Fair Event held April 28, 2019

- Mission Trail Waste Systems Invoice 0000428296
 - Provide detail behind the calculation of costs attributable to the event

US Women's Soccer Event held May 12, 2019

- Various Travel Charges
 - Provide the purpose for travel

- Mission Trail Waste Systems Invoice 0000429515
 - Provide detail behind the calculation of costs attributable to the event
- Teen Challenge Monterey Bay Inc. Invoice 24863a
 - Provide detail on services provided, specifically for services before the event
 - The rates are billed at minimum wage. Can you confirm whether we should be billed other required pay beyond salary?
- FedEx Advertising costs
 - Provide explanation how these costs are event-specific

ICC Soccer Event held July 20, 2019

- Mission Trail Waste Systems Invoice 0000430418
 - Provide detail behind the calculation of costs attributable to the event

Rolling Stones Event held August 18, 2019

- ABM Invoice (No invoice number provided)
 - This invoice is for services provided through April 24, 2019. Provide explanation how these costs relate to the Rolling Stones event as the services were provided four months prior to the event
- United Site Services Invoice 114-9060274
 - The installation services were provided 8/29/19 – 8/30/19. The dates of service do not align with the event. Provide explanation how these costs relate to the Rolling Stones event
- Golden State Communications, Inc. Invoice R113582
 - Provide the contract for these services
 - The services were provided 8/10/19. The dates of service do not align with the event. Provide explanation how these costs relate to the Rolling Stones event
- Mission Trail Waste Systems Invoice 0000431526
 - Provide detail behind the calculation of costs attributable to the event
- ABM Invoice (No invoice number provided)
 - There are no service dates on this invoice. Provide explanation how these costs relate to the Rolling Stones event
- Nelson Invoices 6292135, 6294798, 6293097, 6293859
 - Provide the contract for these services
 - Provide detail on services provided
- Riddell Invoice 950782136
 - Provide detail of the purchase and how these costs relate to the Rolling Stones event

High School Football Series held September 6, 2019

- ABM Invoice (No invoice number provided)

- There are no service dates on this invoice. Provide explanation how these costs relate to the High School Football Series
- Mission Trail Waste Systems Invoice 0000433668
 - Provide detail behind the calculation of costs attributable to the event

PAC-12 Championship Game held December 6, 2019

- Golden State Communications, Inc. Invoice R114798
 - The dates of service do not align with the event. Are the charges from 2018 accurate and charged appropriately to the PAC-12 game held in December 2019?
- Mission Trail Invoice 0000437041
 - Provide detail behind the calculation of costs attributable to the event
- Golden State Communications, Inc. Invoice R114872
 - The sale date on the invoice is 12/23/19. Provide explanation how these costs relate to the PAC-12 event
- United Site Services Invoice 114-9666615
 - The installation services were provided 12/21/19. Provide explanation how these costs relate to the PAC-12 event
- United Site Services Invoice 114-9624078
 - The installation services were provided 12/15/19. Provide explanation how these costs relate to the PAC-12 event
- Herc Rentals Invoice 31180632-002
 - The rental start date is 11/24/19. Provide explanation how these costs relate to the PAC-12 event as there is another Herc Rentals invoice with a rental start date of 12/6/19
- Professional Services Allocation
 - The provided support is a spreadsheet with allocations to various events. Please provide detail of the costs being allocated and methodology of allocation.

RedBox Bowl held December 30, 2019

- Mission Trail Invoice 0000438068
 - Provide detail behind the calculation of costs attributable to the event
- Mission Trail Invoice 0000437041
 - Provide detail behind the calculation of costs attributable to the event
- Golden State Communications, Inc. Invoice R115024
 - The sale date on the invoice is 1/20/20. Provide explanation how these costs relate to the Redbox Bowl event
- Professional Services Allocation
 - The provided support is a spreadsheet with allocations to various events. Please provide detail of the costs being allocated and methodology of allocation.

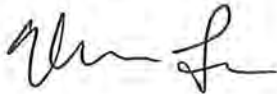
Mr. Scott Sabatino, Chief Financial Officer
Re: FY2019/20 Net Non-NFL Loss
December 1, 2020
Page 4 of 4

- Bay Print Solutions Invoice 5310
 - This invoice is dated 4/29/19; several months in advance of the event. Please provide detail of the purchase and sample, if available.
- Bay Print Solutions Invoice 9747
 - Please provide detail of the purchase and sample, if available.

As a reminder, Section 4.1 of the Stadium Management Agreement requires that accurate books and records relating to Net Income from Non-NFL Events are maintained. The records provided to date do not meet this requirement.

Please feel free to contact me if you have any questions.

Sincerely,



Kenn Lee
Treasurer

CC: Deanna J. Santana, Executive Director
Brian Doyle, Counsel
Mr. Jim Mercurio, Stadium Manager

Attachment 10

Responses to SCSA Board
Questions from March 9 and
March 10 Study Sessions

Responses to SCSA Board Questions from March 9 and March 10, 2021 Study Sessions

The following information is in response to the feedback and questions received during the Santa Clara Stadium Authority ("Stadium Authority") March 9 and 10, 2020 Study Sessions.

1. What are the public safety costs per event, including number of deployment and attendees per event?

Staff is compiling this information and will present it at a future Closed Session after the adoption of the City and Stadium Authority Budgets.

2. Who did ManCo contact for their client touchpoints?

On March 11, 2021, staff transmitted this question to the Stadium Manager for response. At the time of writing the report, the Stadium Manager has not provided a response.

3. The Stadium Manager responded with two different amounts for the Marketing Budget (\$115k and \$50k) and it is unclear what is the total budget and whether those amounts included staff. Ask Stadium Manager for the total Marketing Budget amount, including staffing resources and breakdown of costs, their strategy for marketing efforts that will be funded by the Marketing Budget, and previous fiscal years' spend on marketing staff and marketing efforts.

On March 11, 2021, staff transmitted these questions to the Stadium Manager for response. At the time of writing the report, the Stadium Manager has not provided responses.

4. How many times has the City Manager waived the curfew?

Staff believes that previous City Managers have waived the curfew during the first few years of Stadium Authority operations; however, these actions are believed to have occurred verbally and were not documented.

5. How many fines have we issued for curfew violations?

The City/Stadium Authority has issued citations for curfew violations for the following concerts:

Concert	Citation Date	Citation Amount
May 16, 2016 - Beyonce The Formation World Tour	May 23, 2016	No citation amount referenced
May 17, 2017 - U2 Joshua Tree Tour	May 22, 2017	\$750
October 4, 2017 - Coldplay	October 19, 2017	\$2,755.83
September 29, 2018 - Jay Z and Beyonce On the Run II	October 4, 2018	\$2,100
August 18, 2019 - Rolling Stones No Filter Concert	September 13, 2019	\$1,550

6. Would the Stadium Manager be open to an independent third-party assessment of the Marketing Plan?

On March 11, 2021, staff notified the Stadium Manager of the Board’s interest in having a third-party consultant review and assess the Marketing Plan and asked if that is something that they would be interested in. At the time of writing the report, the Stadium Manager has not provided a response.

7. Let’s look at the 2018 Community Survey and review what we’ve done and what else needs to be done based on the survey feedback.

Staff will prepare a study session in the Fall 2021 timeframe to bring back this information to the Board.

8. We would like to see a study of events’ fiscal impacts on the City, aside from their direct financial impact to the Stadium Authority.

Staff will work on this effort and bring back an informational report for the Board’s review and possible action after the adoption of the Stadium Authority budget.



Agenda Report

21-271

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Public Hearing: FY 2021-2022 DRAFT Annual Action Plan for the use of Federal Housing and Urban Development Grant Funds, and CDBG Guidelines

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

BACKGROUND

Annual Action Plan:

The City of Santa Clara receives annual funding from the United States Department of Housing and Urban Development (HUD) in the form of Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds. CDBG funds are used to provide public services to Santa Clara's low-income residents and funding for capital improvement projects. HOME funds are used for the development of affordable housing options.

As an entitlement agency, the City is required to develop a Five-Year Consolidated Plan (ConPlan) that identifies goals and needs within the community that could be addressed through the use of HUD funding. The City is also required each year to prepare an Annual Action Plan (AAP) to document how the City will use HUD funding consistent with the goals and needs identified in the ConPlan. Both documents must be reviewed and approved by HUD in order for the City to receive annual HUD fund allocations.

HUD requires that the public be provided two opportunities to offer input on the development of the AAP; once during the development of the draft AAP, and once prior to submission of the final version of the AAP to HUD for review. This is the first of the two required public hearings. Public comment will be included in the final version of the AAP which is scheduled to be presented to the City Council (the second public hearing) on May 4, 2021. The final version of the AAP will be submitted to HUD on or before May 15, 2021.

CDBG Guidelines:

During the 2019 program year, HUD performed a monitoring visit and advised the City to draft and adopt updated CDBG Guidelines to provide guidance around how to implement its public service grants and how to monitor subrecipients. The proposed CDBG Monitoring Manual and Policies and Procedures Manual, Attachments 3 and 4, will address HUD's audit finding and requirement.

DISCUSSION

The 2021-2022 AAP is a one-year Plan that directs how the HUD funds will be spent on projects and activities to address Goals identified in the ConPlan. HUD has announced Entitlement allocations for the 2021 program year. The Carryover amounts are subject to change prior to the final version of the Action Plan due, in part, to the receipt of Program Income, and ongoing draws. Although the HOME program expects to receive approximately \$150,000 in Program Income in FY21/22, only 10% (\$15,000) will be programmed in FY21/22. The remaining Program Income will be programmed in the FY22/23 AAP. The following table details the City's Expected Resources and the projects/activities for the FY2021-2022.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2			
			Annual Allocation	Program Income	Prior Year Resource	Total:
			\$	\$	\$	\$
CDBG	Public-Federal	<u>NCIP Rehab</u> Public Improvements Public Services Admin./Planning	\$1,059,092	\$450,000	\$385,000	\$1,894,092
HOME	Public-Federal	<u>CHDO and TBRA</u> Admin. and Planning.	\$433,011	\$15,000	\$922,967	\$1,370,978
General Fund	Public-Local	Public Services	\$22,197 \$67,803 \$5,000	0	0	\$95,000
City Affordable Housing Fund (CAHF)	Public-Local	Public Services	\$225,697	0	0	\$225,697
City Housing Successor Fund (CHSF)	Public-Local	Public Services	\$250,000	0	0	\$250,000

Fifteen percent (15%) of the HOME funds are reserved for distribution to a Community Housing Development Organization (CHDO). A CHDO is defined as a private, non-profit, community-based, service organization that develops affordable housing in the local community. HUD also allows for a set percentage of both HOME (10%) and CDBG (20%) funds to be allocated by the local jurisdiction for administrative costs.

Attachment 2, the DRAFT Annual Action Plan Funding Breakdown, details which programs and activities will be funded with HUD funds and local funds to benefit Santa Clara's low-income population. The Public Service Agencies identified in the proposed distribution are in their second year of a three-year contract with the City to provide such services.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California

Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

The City was recently notified that its entitlement amounts for FY 2021/22 are \$1,059,092 in CDBG funds and \$433,011 in HOME funds, a slight increase of the conservatively estimated amounts of \$987,730 and \$412,033 respectively. The estimated FY 2020/21 program income totals \$450,000 for CDBG and \$15,000 for HOME funds. This proposed allocation of the City's available CDBG and HOME grant and program income funds would be used to support the goals set forth in the City's Consolidated Plan.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

Preparation of the AAP follows a procedure determined by HUD and includes two public hearings to identify community needs and objectives, and to review priorities for the City's HUD funding allocations. The first public hearing is being held on the March 23, 2021 Council Meeting, and the second on the May 4, 2021 City Council meeting. Comments made at the two public hearings will be noted in the final AAP.

The AAP is also made available for public review and comment for a 30-day period. Noticing of the 30-day public comment period was published on March 3, 2021 in The Santa Clara Weekly. The AAP was also made available on the City's website, and at public locations including the City Clerk's Office, and the Housing and Community Services Division. Notification of the availability of the AAP was also emailed to interested parties which include local nonprofit agencies.

ALTERNATIVES

1. Approve the 2021-2022 DRAFT Annual Action Plan.
2. Approve the CDBG Policies & Procedures Manual and the CDBG Monitoring Manual.
3. Any other Council direction.

RECOMMENDATION

1. Approve the 2021-2022 DRAFT Annual Action Plan, and direct staff to incorporate all public comments into the final version to be presented before council on May 4, 2021; and
2. Approve the CDBG Policies & Procedures Manual and CDBG Monitoring Manual.

Reviewed by: Andrew Crabtree, Director of Community Development
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. 2021-2022 DRAFT Annual Action Plan
2. 2021-2022 DRAFT Annual Action Plan Funding Breakdown
3. CDBG Policy & Procedures Manual (DRAFT)
4. CDBG Monitoring Manual (DRAFT)



**City of
Santa Clara**

The Center of What's Possible

Housing & Community Services Division
1500 Warburton Avenue,
Santa Clara, CA 95050
(408) 615-2490

2021-2022 DRAFT Annual Action Plan

Prepared by:

City of Sant Clara
Housing and Community Services Division,
Community Development Department
*1500 Warburton Ave,
Santa Clara, CA 95050
(408) 615-2490*

Submission Date to HUD: by May 15, 2021

Portions highlighted in **yellow** are subject to change
prior to final submission to HUD.

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- AP-55 Affordable Housing – 91.220 (g) 16
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- AP-75 Barriers to Affordable Housing – 91.220 (j) 20
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AP-15 Expected Resources – 91.220 (c) (1,2)

Introduction

The City of Santa Clara receives annual funding from the United States Department of Housing and Urban Development (HUD) in the form of Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds. CDBG funds are used to provide public services to Santa Clara’s low-income residents and funding for capital improvement projects. HOME funds are used for the development of affordable housing options.

As an entitlement agency, the City is required to develop a Five-Year Consolidated Plan (ConPlan) that identifies goals and needs within the community that could be addressed through the use of HUD funding. The City is also required each year to prepare an Annual Action Plan (AAP) to document how the City will use HUD funding consistent with the goals and needs identified in the ConPlan.

The following funding amounts for the City of Santa Clara are estimated amounts for the 2021 Program Year (PY21); Fiscal Year 2021-2022(FY21/22). Should the City receive more or less than what is estimated, the “Contingency Language” below explains how the City will adjust the proposed plan to match the actual allocation amounts

FEDERAL FUNDING

CDBG Funds: The total amount of CDBG resources expected to be available for FY21/22 is **\$1,894,092**. This total is made up of the annual CDBG entitlement from HUD, Prior Year Resources (i.e., funds that are being re-programmed and/or funds that were programmed but not spent), and Program Income (i.e., income generated from prior CDBG projects such as loan repayments). The breakdown CDBG funding is:

- Annual Entitlement Funds \$1,059,092
- Estimated Prior Year Balance **\$ 385,000**
- Estimated FY21/22 Program Income \$ 450,000

HOME Funds: The total amount of HOME resources expected to be available for FY21/22 is **\$1,370,978**. This is made up of the annual HOME entitlement from HUD, Prior Year Resources (funds that are being re-programmed and/or funds that were programmed but not spent), and Program Income (income generated from prior HOME projects). The breakdown of the source of funds is:

- Entitlement Funds \$433,011
- Estimated Prior Year Balance **\$922,967***
- Estimated FY19/20 Program Income \$ 15,000

* HOME Program Income (2021). The City estimates it will receive \$150,000 in PI during the upcoming FY21/22. Ten percent; or \$15,000 will be programmed in this 2021-2022 Annual Action Plan to be used for administrative costs as allowed by HOME regulations. The other 90% (\$135,000) will be programmed next year in the 2022 Annual Action Plan. Any program income above these estimates will be allocated in the same manner; 10% for administration in FY 21/22, and the remaining 90% to be allocated in FY22/23.

AP-15 Table –Expected Resources Priority Table

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of ConPlan	Narrative Description
			Annual Allocation	Program Income	Prior Year Resource	Total:		
			\$	\$	\$	\$		
CDBG	Public-Federal	Acquisition Housing Rehab. Public Improvements Public Services Admin./Planning	\$1,059,092	\$450,000	\$385,000	\$1,894,092	\$4,200,000	CDBG funds may be used for: 1) land acquisition for affordable housing; 2) NCIP program; 3) public infrastructure improvements; 4) public services; 5) administration and planning.
HOME	Public-Federal	CHDO and regular HOME rental projects, such as property acquisition, new const., and/or rehabilitation. Homeowner Rehabilitation TBRA Admin. and Planning for HOME programs and activities.	\$433,011	\$15,000	\$922,967	\$1,370,978	\$1,695,000	HOME funds may be used for: 1) TBRA; 2) NCIP; 3) Rental development; 4) Fair Housing Services; and/or 5) Admin. & Planning. City expects approx. \$200,000 of PI from FY20/21 which is programmed as part of "Prior Year Resources". The City estimates approx. \$150,000 of PI in FY21/22. \$15,000 of which will be programmed and drawn in FY21/22 for admin. The \$135,000 remaining will be programmed in FY22/23. If FY21/22 PI exceeds \$150,000, City will continue using 10% for admin. and the remaining will be programmed in FY 22/23

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

Entitlement Funds

Federal funds will leverage local funds (i.e., General Funds, City Affordable Housing Funds, and City Housing Successor Funds) increase project efficiencies and benefit from economies of scale. The HOME match requirement will be met through the waiving of property taxes on past HOME-funded multi-family affordable developments. The local funds that will be used to fund certain activities are as follows:

Program	Uses of Funds	Expected Amount Available Year 2				Expected Amount Available Remainder of ConPlan	Narrative Description
		Annual Allocation	Program Income	Prior Year Resource	Total:		
		\$	\$	\$	\$		
General Fund	Public Services	\$22,197	0	0	\$95,000	\$285,000	Fair Housing
		\$67,803					Tenant-landlord dispute resolution
		\$5,000					United Way 211 referral services
City Affordable Housing Fund (CAHF)	Public Services	\$225,697	0	0	\$225,697	\$827,091	\$160,697 will supplement services in the expanded TBRA program. \$65,000 to fund case management services for chronically homeless households, leveraging housing subsidies from the County Office of Supportive Housing.
City Housing Successor Fund (CHSF)	Public Services	\$250,000	0	0	\$250,000	\$750,000	\$110,000 to fund case management services for chronically homeless households, leveraging housing subsidies from the Office of Supportive Housing. \$140,000 to fund case management services for TBRA clients.

Other Federal Grant Programs

Additional federal programs that fund community development and affordable housing, and are provided by Santa Clara County Housing Authority and affordable housing developers include:

- Section 8 Housing Choice Voucher Program;
- Section 202;
- Section 811; and
- Affordable Housing Program (AHP) through the Federal Home Loan Bank.

If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The City owns three properties that have potential for development of low income and special needs housing: 1) Bay Area Research and Extension Center (BAREC) senior housing site at 90 North Winchester Boulevard; 2) 2330 Monroe Street, and 3) Fire Station #6 at 3575 De La Cruz Boulevard.

BAREC: On January 29, 2019, Santa Clara’s City Council approved all land use entitlements for the project and adopted a resolution approving and authorizing the City Manager to negotiate and execute a Disposition and Development Agreement with Core Affordable Housing LLC for the development of the Agrihood Project located at 90 North Winchester Boulevard/ 1834 Worthington Circle and further authorizing the City Manager to execute all other agreements (including a Ground Lease, Loan Agreements, Deeds of Trust, Promissory Notes, and Affordable Housing Agreement).

2330 Monroe Street: On January 28, 2020, Santa Clara’s City Council approved all land use entitlements for the project and adopted a resolution approving and authorizing the City Manager to negotiate and execute a Disposition and Development Agreement with Freebird Development LLC and further authorizing the City Manager to execute all other agreements (including a Ground Lease, Loan Agreements, Deeds of Trust, Promissory Notes, and Affordable Housing Agreement). The proposed development will have 65 mixed-income units with 11 set-aside for households with developmental disabilities. The project will be 100% affordable units.

3575 De La Cruz: The City Council has approved negotiations to enter into an Exclusive Negotiation Rights Agreement (ENA) with Habitat for Humanity East Bay/Silicon Valley. The proposed development will be 13 100% affordable, for-sale townhomes. In December 2020, the City Manager executed a 12-month extension of the ENA to account for project delays due to the COVID pandemic.

AP-20 Annual Goals and Objectives – 91.220(c)(3)& (e)

AP-20 –Annual Goals and Objectives Summary								
	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	Affordable Housing	2021	2022	Affordable Housing	Citywide	Affordability: Affordable Housing	CDBG \$1,340,268 HOME \$1,250,872 HOME \$61,805	Homeowner housing rehab and project delivery 45 households TBRA 45 households CHDO Housing 1 Household
2	Homelessness	2021	2022	Homeless	Citywide	Availability/ Accessibility: Homelessness	CDBG \$19,177 CAHF \$225,697 CHSF \$250,000	Homeless Prevention 63 Homeless Prevention 65
3	Public Services	2021	2022	Non-Homeless Special Needs	Citywide	Availability/ Accessibility: Public Services	CDBG \$232,829 GENERAL \$67,803	Public Service Activities Other than Low/Mod. Income Housing Benefit Public Service Activities for Low/Moderate-Income Housing Benefit 1409 & 595
4	Fair Housing	2021	2022	Non-Homeless Special Needs	Citywide	Availability/ Accessibility: Fair Housing	GENERAL \$22,197	Public Service Activities Other than Low/Mod. Income Housing Benefit Public Service Activities for Low/Mod. Income Housing Benefit 30
5	Planning & Admin.	2021	2022	Planning & Admin.	Citywide	N/A	CDBG \$301,818 HOME \$58,301	N/A

Goal Descriptions

AP-20A –Goal Description		
1	Goal Name	Affordable Housing
	Goal Description	Assist in the creation and preservation of affordable housing for low income and special needs households through continuation of the Neighborhood Conservation and Improvement Program, rental habilitation of units occupied by low income tenants, TBRA rental subsidies, and new construction.
2	Goal Name	Homelessness
	Goal Description	Support activities, consistent with Continuum of Care strategies, to prevent and end homelessness. This includes building affordable housing for people who are homeless or at risk of homelessness as well as the provision of support services.
3	Goal Name	Public Services
	Goal Description	Support activities that provide basic needs to lower income households and special needs populations. Services would be provided to low-income households, elderly individuals, homeless persons, people with disabilities, and victims of domestic violence.
4	Goal Name	Fair Housing
	Goal Description	Promote fair housing choice, through the following activities: fair housing education, fair housing testing, housing assistance hotline, and landlord-tenant mediation.
5	Goal Name	Public Facilities
	Goal Description	Improve accessibility for persons with physical disabilities by identifying and repairing intersections for accessibility, mostly through curb cuts. Also providing upgrades and improvements to non-profit facilities that serve low-income households.
6	Goal Name	Planning & Administration
	Goal Description	Provide management, planning and implementation of the City's CDBG & HOME programs as well as monitoring of public services and housing projects.

AP-35 Projects – 91.220(d)

Introduction

The activities that the City will undertake in FY 2020-2021 using CDBG and HOME funds include: promoting affordable housing, homeowner housing rehabilitation, remove barriers to the handicapped, funding public services for low and moderate-income residents; and program administration, as shown below. All these activities meet one or more priority needs as identified through the citizen participation process.

AP-35 – Project Information Summary					
#	Project Name	National Objective To Benefit	Code	# of Households or Persons	Funding
1	Bill Wilson Center – Family Therapy/ School Outreach/Grief Counseling	LMC	5D	140	\$35,000
2	Bill Wilson Center – Family Advocacy Services	LMC	5A	107	\$35,000
3	The Health Trust – Meals on Wheels	LMC	5A	20	\$27,825
4	Santa Clara Senior Nutrition Program	LMC	5A	300	\$24,000
5	Silicon Valley Independent Living Center – Housing Programs for Person w/Disabilities	LMC	5B	57	\$18,000
6	Next Door Solutions – Home Safe Santa Clara	LMC	5G	63	\$19,177
7	Live Oak Adult Day Services – Senior Day Services	LMC	5A	11	\$15,000
8	Catholic Charities – Long-Term Care Ombudsman	LMC	5A	375	\$10,000
9	Heart of The Valley – Senior Transportation Serv.	LMC	5A	249	\$15,000
10	Senior Adult Legal Assistance (SALA)	LMC	5C	90	\$16,500
11	HOPE Services – Employment, Media & Community Connections	LMC	5B	60	\$36,504
12	Neighborhood Conservation & Improv. Program (NCIP) – Loans & Grants	LMH	14A	35	\$1,110,662
13	Neighborhood Conservation and Improvement Program (NCIP) – ADC	LMH	14H	n/a	\$179,606
14	Rebuilding Silicon Valley Together – Minor Repair	LMH	14A	10	\$50,000
15	TBRA – Abode Services	n/a	n/a	n/a	\$750,872
16	TBRA – Bill Wilson Center	n/a	n/a	n/a	\$500,000
17	CDBG Administration	n/a	21A	n/a	\$301,818
18	HOME Administration	n/a	21A	n/a	\$58,301

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The allocation of funds is based on the needs and priorities identified in the 2020-2025 ConPlan. The City prioritizes allocations of its CDBG and HOME funds to projects that serve the lowest income households, from 0-50% of Area Median Income (AMI).

AP-38 Project Summary

AP-38 – Project Summary		
1	Project Name	Bill Wilson Center (BWC) – Family Therapy/School Outreach/Grief Counseling
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$35,000
	Description	Three counseling programs: Family Therapy, School Outreach and Grief Counseling. The purpose of the program is to reduce high-risk behavior choices, family conflict; and an increase coping skills.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	140 individuals (providing approximately 140 counseling sessions & 530 school outreach sessions)
	Location Description	Citywide
2	Project Name	Bill Wilson Center – Family Advocacy Services (FAS)
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$35,000
	Description	A school-based, homeless and homeless prevention family and youth intervention service aimed at helping families remain intact and decrease or prevent homelessness and poverty. FAS assists families to access various resources such as mental health services for youth.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	107 individuals (providing 44 case management services for parents, 48 students, and 15 kids under 5 years old)
Location Description	Citywide	
3	Project Name	The Health Trust – Meals on Wheels (MOW)
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$27,825
	Description	MOW provides low-income adults and homebound and elderly adults valuable health and social services, enabling them to live independently.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	20 individuals (providing 2,073 meals and 1,179 Wellness Checks)
Location Description	Citywide	

AP-38 – Project Summary (cont'd)

4	Project Name	Santa Clara Senior Center - Senior Nutrition Program
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$24,000
	Description	The senior nutrition program will serve an estimated 300 clients, and will serve approximately 15,000 meals.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	300 individuals (approximately 15,000 meals in total)
Location Description	Senior Center, 1303 Fremont St., Santa Clara	

5	Project Name	Silicon Valley Independent Living Center – Housing Programs for Persons with Disabilities
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$18,000
	Description	Provide wrap-around housing education and counseling, information and resources, peer support, and emergency preparedness training to resident who have a disability or chronic condition to help transition from homelessness, nursing homes, and health care facilities into permanent affordable, accessible, and integrated housing.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	57 individuals
Location Description	Citywide	

6	Project Name	Next Door Solutions – Home Safe Santa Clara
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$19,177
	Description	Providing case management services, risk assessment, safety planning, legal advocacy, assistance filing restraining orders, housing assessment, individual action plan development, support groups, and other services.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	63 individuals
Location Description	Confidential	

AP-38 – Project Summary (cont'd)

7	Project Name	Live Oak Adult Day Services
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$15,000
	Description	Provide specialized program of adult day care for frail, dependent seniors geared to maximize the social experience and mental stimulation of clients and improve/sustain their mental and physical functioning.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	11 individuals
Location Description	1147 Minnesota Ave, San Jose and 20920 McClellan Road, Cupertino	

8	Project Name	Catholic Charities – Long-Term Care Ombudsman
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$10,000
	Description	Receive, identify, investigate and impartially resolve complaints made by, or on behalf of, residents of local long-term care facilities. The city has 15 licensed facilities where more than 550 residents reside.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	375 households
Location Description	Citywide	

9	Project Name	Heart of the Valley – Senior Transportation
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$15,000
	Description	Provides escorted transportation, handyman services, visitation, shopping and errands, computer support, respite, and other assistance.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	249 individuals
Location Description	Citywide	

AP-38 – Project Summary (cont'd)

10	Project Name	Senior Adult Legal Assistance (SALA) – Elders Legal Services
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$16,500
	Description	Provide a full range of accessible and affordable (free) legal services to seniors (age 62+). Included is advising, counseling, facilitating public benefits, health care, addressing and/or preventing elder abuse.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	90 individuals
Location Description	Citywide	

11	Project Name	HOPE Services – Employment, Media & Community Connections
	Target Area	Citywide
	Goals Supported	Public Services
	Needs Addressed	Public Services
	Funding	CDBG: \$36,504
	Description	Provide employment training, classroom instruction, a media and technology component, and paid work to adults with developmental disabilities to promote independence and self-esteem.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	60 individuals
Location Description	Citywide	

12	Project Name	Neighborhood Conservation and Imp. Prog. (NCIP) – Loans & Grants
	Target Area	Citywide
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$1,110,662
	Description	NCIP provides rehabilitation to owner-occupied single-family homes whose incomes are at or below 80% of the AMI. This amount includes estimated program income that is anticipated throughout the PY.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	35 households
Location Description	Citywide	

AP-38 – Project Summary (cont'd)

13	Project Name	NCIP – Project Delivery Costs
	Target Area	Citywide
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$179,606
	Description	Project Delivery Costs consists of City staff costs to deliver the NCIP. Funds not used for will be used unprogrammed at the end of the fiscal year and used to fund next year’s NCIP Loans & Grants.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	Citywide

14	Project Name	Rebuilding Together Silicon Valley – Minor Repair
	Target Area	Citywide
	Goals Supported	Affordable Housing
	Needs Addressed	Affordable Housing
	Funding	CDBG: \$50,000
	Description	Provide minor home repairs for low-income homeowners occupying their homes so as to maintain basic health and safety standards, and so they can remain in their homes independently.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	10 households
	Location Description	Citywide

15	Project Name	2020 Abode Services – TBRA Administration
	Target Area	Citywide
	Goals Supported	Homelessness
	Needs Addressed	Homelessness
	Funding	HOME: \$750,782 CAHF: \$132,697
	Description	The Tenant-Based Rental Assistance (TBRA) program will provide rental assistance for approximately 40 homeless households or those at risk of homelessness. Two agencies will administer this program:
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	23 households
	Location Description	Citywide

AP-38 – Project Summary (cont'd)

16	Project Name	2020 Bill Wilson Center – TBRA Administration
	Target Area	Citywide
	Goals Supported	Homelessness
	Needs Addressed	Homelessness
	Funding	HOME: \$500,000 CAHF: \$28,000 CHSF: \$140,000
	Description	The Tenant-Based Rental Assistance (TBRA) program will provide rental assistance for approximately 40 homeless households or those at risk of homelessness. Two agencies will administer this program: Bill Wilson Center will receive \$725,000 in HOME funds, \$140,000 in CHSF local funds, and \$51,393 in CAHF local funds.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	22 households
Location Description	Citywide	

17	Project Name	CDBG Administration & Planning
	Target Area	n/a
	Goals Supported	n/a
	Needs Addressed	n/a
	Funding	CDBG: \$301,818
	Description	Administration and planning for all CDBG funded projects and activities.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	n/a
Location Description	Citywide	

19	Project Name	HOME Administration & Planning
	Target Area	n/a
	Goals Supported	n/a
	Needs Addressed	n/a
	Funding	HOME: \$58,301
	Description	Administration and planning for all HOME funded projects and activities.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	n/a
Location Description	Citywide	

Note: The following activities/agencies will be funded with General Fund dollars if approved through the budget process:

\$67,803 – Project Sentinel: Tenant/Landlord Dispute Resolution

***\$22,197** – Project Sentinel: Fair Housing Services*

AP-50 Geographic Distribution – 91.220 (f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed.

Investments will be allocated citywide for affordable housing services, capital projects, fair housing services, and public services.

AP-50 –Geographic Distribution	
Target Area	Percentage of funds
Citywide	100%

Rationale for the priorities for allocating investments geographically

The City does not have plans to prioritize investments geographically. HOME CHDO set-aside funds may be spent in a contiguous jurisdiction if a CHDO development cannot be identified within the City limits.

AP-55 Affordable Housing – 91.220 (g)

Introduction

For the purpose of this section, the term “affordable housing” is defined in the HOME regulations at 24 CFR 92.252 for rental housing and 24 CFR 92.254 for homeownership.

The City of Santa Clara has identified the production and maintenance of affordable housing as the primary objective for the expenditure of federal funds in the Consolidated Plan. While CDBG and HOME funds are limited, the City will continue to allocate funding to affordable housing projects, including owner-occupied rehabilitation. The City has non-federal funding sources that it will use toward the development of affordable housing during Fiscal Year 2020-2021.

AP-55A – One Year Goals for the Number of Households to be Supported (by Population Type)

Homeless – Housing assistance for units <u>reserved</u> for homeless individuals and households.	65
Non-Homeless – Housing assistance for all units NOT reserved for homeless individuals and households.	195
Special-Needs – Housing assistance for units reserved for households that are not homeless but require specialized housing or supportive services.	0
Total	260

AP-55B – One Year Goals for the Number of Households Supported Through (by Program Type)

Rental Assistance – Housing assistance for programs such as tenant-based rental assistance (TBRA) and one-time payments to prevent homelessness.	215
The Production of New Units – New units, including the conversion of non-residential properties.	0
Rehab of Existing Units – Rehabilitation of existing units, including reconstruction. If unit will be acquired and rehabilitated, report the unit only once.	45
Acquisition of Existing Units – Housing assistance for programs such as down payment assistance. If the unit will be acquired and rehabilitated, report the unit only once.	0
Total	260

AP-60 Public Housing – 91.220 (h)

Introduction

The Santa Clara County Housing Authority (SCCHA) is the regional entity that manages and maintains housing units and administers Housing Choice Voucher programs across the County. SCCHA operates four public housing units located in City of Santa Clara. The housing authority is a HUD-designated Moving to Work (MTW) agency which allows it greater flexibility to design and implement more innovative approaches to providing housing assistance.

Over 10,000 housing vouchers are currently active county-wide. The types of voucher in use include: project-based, tenant-based, veteran focused, and vouchers for persons with a disability. The majority of voucher holders have a tenant-based voucher which is a type of voucher that allows the holder to use the voucher at any housing unit where the landlord will accept the voucher. Data on the number of vouchers in use within the City is unavailable.

Actions planned during the next year to address the needs to public housing

The SCCHA has converted three of their original public housing projects to affordable housing stock, only one public housing project with four units remains in the City. The City will continue to work closely with the SCCHA to address any needs identified during the program year.

The most immediate need is finding housing units and owners that will accept vouchers. Stakeholder interviews also identified the need for assisting families moving into affordable units with basic necessities.

SCCHA re-proposed a landlord initiative activity begun in 2017 to attract new Housing Choice Voucher (HCV) owners and encourage existing HCV owners to re-lease existing HCV units to another HCV tenant to fill unit vacancies. SCCHA hopes these incentives continue attracting new, and retaining current, owners to the Section 8 program increasing the number of affordable rental units in the City.

SCCHA is proposing a new activity for approval by the Department of Housing and Urban Development (HUD) aimed at streamlining the conversion of non-Section 8 subsidized units into Project Based Voucher units upon expiration or owner opt-out from a HUD contract. Conversion of subsidized units into PBV units increases the housing choices for low-income families and preserves the long-term affordability of expiring subsidized properties

Actions to encourage public housing residents to become more involved in management and participate in homeownership

SCCHA is proactive in incorporating resident input into the policy-making process. The SCCHA board includes two tenant commissioners that provide input from the tenant perspective.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

Not applicable.

AP-65 Homeless and Other Special Needs Activities – 91.220 (i)

Introduction

In the last County Point-in-Time Count in 2019, the count identified 9,706 homeless individuals, which was higher than any count over the last ten years. Of these individuals, 1,784 are sheltered and 7,922 are unsheltered. Individuals with the highest rates of being without shelter are the chronically homeless, homeless veterans, and unaccompanied youth. It is estimated that 25 percent or 2,470 are chronically homeless with 85 percent of those chronically homeless are unsheltered; 653 are veterans, with 68 percent unsheltered; 269 are families, with 26 percent unsheltered; and 1,876 are unaccompanied youth, with 95 percent unsheltered. It is also estimated that two percent of homeless individuals are living with HIV. Due to the COVID crisis, the Point-in-Time Count of 2021 was not conducted.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including:

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs.

The City renewed its agreement with the County of Santa Clara for FY21/22 to provide intensive case management to approximately 20 chronically homeless individuals identified by the police department. This program is funded with local funds. The County provides housing subsidies for the participants in this program while the City uses its Successor Housing Agency funds to provide the case management and services for the program.

Addressing the emergency shelter and transitional housing needs of homeless persons.

The City will fund agencies that serve homeless persons accessing emergency and transitional shelters. Much of the funding will come from CDBG for agencies providing public services such as case management. Agencies include NextDoor Solutions, Bill Wilson Center, and Abode Services.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again.

Particularly for chronically homeless, it is preferable for individuals to receive intensive case management rather than simple information and referral services. Case managers work to assist homeless individuals find housing, connect with resources, and receive services to maintain housing. The provision of case management is person-based rather than shelter-based with the goal of rapid re-housing. The five-year goals of the Community Plan to End Homelessness establish a target of creating 6,000 housing opportunities for persons who are homeless. An additional goal is for each of the 6,000 new tenants to have access to the services that will allow them to maintain that housing.

The City will continue using prior year HOME funds and 2020-2021 Entitlement funds for our TBRA program which gives security deposits and monthly subsidies to the homeless families and/or domestic violence survivors, or those families at risk of homelessness.

Countywide, there were 294 homeless families with children counted. Homeless families are typically underrepresented in the Homeless Survey. Oftentimes, homeless families are using shelters or transitional housing facilities, vehicles, and/or splitting up and couch surfing. This results in an underrepresented

count of homeless families during the census.

Along with the point-in-time count, 587 surveys were given to homeless households/individuals. The surveys were given primarily in unsheltered locales. The results showed “257 chronically homeless individuals, 49 homeless veterans, 19 individuals in homeless families, 42 unaccompanied children and transition-age youth.”¹

The TBRA program is a short-term solution to homelessness (unlike permanent supported housing for the chronically homeless). The Homeless Survey has shown that families with children are not only a special needs population, but tend to be underrepresented in Homeless Surveys. The TBRA program will continue to focus on assisting the homeless and at-risk of homelessness population; however, preferences towards families with children, and individuals and/or families exiting housing exclusively designated for domestic violence survivors will be given.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

The City provides CDBG funding to the Bill Wilson Center for youth services, St. Justin for their food assistance program, and the YWCA for services to survivors of domestic violence.

¹ 2017 Santa Clara County Homeless Census and Survey Report (page 33)

AP-75 Barriers to Affordable Housing – 91.220 (j)

Introduction

The jurisdictions within the County face barriers to affordable housing that are common throughout the Bay Area. High on the list is the lack of developable land, which increases the cost of available lands and increases housing development costs. Local opposition is another common obstacle as many neighbors have strong reactions to infill and affordable housing developments. Opposition is often based on misconceptions, such as an anticipated increase in crime; erosion of property values; increase in parking and traffic congestion; and overwhelmed schools. However, to ensure a healthy economy, the region must focus on strategies and investment that provide housing for much of the workforce in the region – sales clerks and secretaries, firefighters and police, teachers and health service workers – whose incomes significantly limit their housing choices.

The City has identified multiple constraints or barriers to the affordable housing and residential investment in its 2015-2023 Housing Element Update, including:

- Land use controls limit the allowed density of housing production;
- Parking requirements increase the cost of housing.

Generally, the City faces the same affordable housing barriers as the rest of the Bay Area, including:

- High cost of development constrains the development of affordable housing units in favor of higher-end units;
- Lack of developable land prevents housing development and increases the price of land; and
- Local opposition prevents affordable housing from being built in high-resource areas.

Additionally, the Assessment of Fair Housing identified the following contributing factors to fair housing issues, including affordable housing, through analysis of data and community engagement feedback:

- Displacement of residents due to economic pressures
- Land use and zoning laws
- Source of income discrimination
- Community opposition
- Availability of affordable units in a range of sizes
- Availability, type, frequency, and reliability of public transportation
- Lack of access to opportunity due to high housing costs
- Lack of affordable, accessible housing in a range of unit sizes
- Lack of affordable housing for individuals who need supportive services
- Lack of assistance for housing accessibility modifications
- Lack of resources for fair housing agencies and organizations
- Location and type of affordable housing
- Loss of affordable housing
- Private discrimination

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment.

The City identified multiple barriers to affordable housing, including income and wages that are not consistent with the rising cost of housing, a competitive rental and home market, and diminishing public funds.

The Housing Element includes the following actions to remove or ameliorate barriers: Work with nonprofits to acquire and rehabilitate distressed multi-family housing and convert it to low income housing, update the City zoning ordinance to comply with state laws on reasonable accommodations, emergency shelters, transitional and supportive housing and density bonuses, accommodation of the Regional Housing Needs Assessment for the 2015 Housing Element to maintain an inventory of housing sites appropriate for a range of income levels and for supportive housing for persons with physical and developmental disabilities, analysis of impact fees, promote construction of accessory units and low income housing types such as Single Room Occupancy units, continue to require developers of 10 or more homeowner units to provide Below Market Rate units, consider establishing an affordable housing mitigation fee for large office and industrial developments, consider a local source of affordable housing funds.

AP-80 Other Actions – 91.220 (k)

Introduction

This section discusses efforts in addressing the underserved needs, expanding and preserving affordable housing, reducing lead-based paint hazards, and developing institutional structure for delivering housing and community development activities.

Actions planned to address obstacles to meeting underserved needs

One of the major obstacles to meeting the needs of the underserved is the limited amount of funding available to fund public services. The City contributes general funds to fund the tenant/landlord mediation program and the United Way 211 information line.

Actions planned to foster and maintain affordable housing

The Neighborhood Conservation & Improvement Program (NCIP) is administered by the Housing & Community Services Division of the Community Development Department. The program addresses building/housing code deficiencies, abatement of hazardous conditions, repair/rehabilitation of deteriorated conditions, and accessibility for persons with disabilities, all to improve the habitability, use and occupancy of owner-occupied housing. Financial assistance is provided in the form of loans and grants. Terms are flexible and below market, depending on the homeowner household income.

City staff conducts a housing inspection to determine repair needs, prepares work specifications, solicits construction contractors to perform the work, and conducts progress inspections. Since 1976, the NCIP Program has assisted more than 1,800 homeowners. For FY21/22, the City has budgeted over \$1,200,000 in CDBG funds for NCIP (this includes activity delivery costs).

In the FY21/22, the City will grant \$50,000 to Rebuilding Silicon Valley Together to provide similar services as the NCIP program. The program will be limited to small/urgent needs, and any large projects will be referred to the NCIP program.

A Memorandum of Understanding, approved by the City Council and RDA Board on November 14, 2006, directed that all RDA funds appropriated for the NCIP Program “will be committed permanently” to the NCIP Affordable Housing Rehabilitation Fund (AHRF). Any program income accruing from the expenditure of Successor Housing Agency (SHA) funds for NCIP activities would also be deposited in the AHRF. That program income will not be subject to federal restrictions or requirements. It will primarily be used for the NCIP Program, but may be used for other activities that benefit low and moderate-income persons as long as those activities address one or more of the housing and community goals set forth in the Consolidated Plan.

The City has a Below Market Purchase Program (BMP). This program requires developers to set aside 15% of newly constructed units for housing affordable to moderate income homebuyers. The Program is administered by HouseKeys. The Program created an additional source of revenue to augment future housing and community objectives – the City Affordable Housing Fund (CAHF). After five years, a BMP housing unit can convert from a restricted sales price to a market price. If a BMP unit is sold after the initial 5-year period, the City recaptures the value of the affordable purchase price discount. Proceeds are deposited in the CAHF. Use of CAHF funds is not subject to federal or state restrictions. The CAHF funds will be used for activities that benefit low and moderate-income persons and address one or more of the housing and community goals set forth in the ConPlan and its Housing Element.

Actions planned to reduce lead-based paint hazards

The City undertakes HUD-funded projects in accordance with the Lead-Based Paint Regulations published in 2000. These regulations most commonly affect residential structures rehabilitated through NCIP. When identified, lead paint will be controlled or abated and disposed of properly to eliminate or reduce the hazard of environmental or human contamination. The City has adopted a written plan to implement the regulations in its NCIP Program and other housing rehabilitation activities.

Actions planned to reduce the number of poverty-level families

The Section 3 Affirmative Action Plan was last updated on July 1, 2011. The purpose of the plan is to assure that new jobs created by the use of federal entitlement funds provide opportunity for the recruitment, training and employment of low income persons residing in the City of Santa Clara. To this end, the stated purpose of the plan is to “provide lower income residents within the project area [City of Santa Clara] the opportunity for employment and training and for the awarding of contracts to businesses located or owned in substantial part by persons residing in the project area.” This action plan is required of all contracts for non-exempt projects funded by HUD. Projects with less than \$200,000 in CDBG/HOME funds are exempt from Section 3 requirements.

On March 24, 2017 the Santa Clara City Council unanimously passed the first worker retention ordinance in Silicon Valley. This ordinance will provide much-needed job security to some of the most vulnerable workers. This law protects food and building service workers from mass layoffs when companies switch contractors. It requires that if a company with an office or venue in Santa Clara hires a new contractor or brings services in-house, the workers who currently work at that location must be kept on for a 90-day transition period.

The City of Santa Clara is a participating member of the North County Consortium of Neighborhood Self Sufficiency Centers whose mission is to support the long-term sustainability and self-sufficiency of CalWORKs families. The consortium is made up of over 30 businesses, agencies and schools that have a record of successful work with CalWORKs clients.

The Santa Clara Unified School District (SCUSD) Adult Education Center has a CalWORKs Site Representative who acts as a liaison for participating CalWORKs students and Santa Clara County Social Services Agency. Some of these responsibilities include ensuring that all participants on campus are remaining in compliance with federal regulations, developing a welfare to work plan, reporting monthly attendance to the County for each participant, and reporting progress reports on a quarterly basis for each participant CalWORKs student to the County. In addition to the Site Representative, the Adult Education Center has a Career Advisor for CalWORKs students to help them in job placement, resume development, and interviewing skills.

Actions planned to develop institutional structure

The City will continue its participation in the CDBG Coordinators Committee, which increasingly has become a public forum for discussion and active planning of common strategies to address the housing and community needs in Santa Clara County.

Actions planned to enhance coordination between public and private housing and social service agencies

The City will continue its efforts to encourage consortium-building among housing developers, public service providers, and governmental and non-governmental entities. The City has achieved proven results in using federal funds to leverage private funds. The City participates in the quarterly meetings of the Supportive Housing Roundtable, which includes government agencies, housing developers, service providers, legal services and private funders.

Discussion

In 1983, the City of Santa Clara joined with several other cities to create the North Valley Job Training Consortium (NOVA) in response to the federal Workforce Investment Act. The consortium is a private/public partnership made up of representatives of local government, business and industry, labor, education and training systems, employment services, and community support organizations. Currently, the cities of Santa Clara, Cupertino, Los Altos, Milpitas, Mountain View, Palo Alto, and Sunnyvale and San Mateo County are participating members. The NOVA Workforce Board was established to guide the agency in its mission to deliver employment and training services that enhance the ability to live and work in Silicon Valley. Many of the services and programs provided by NOVA target disadvantaged youth and adult populations, who may have limited education and/or barriers to employment. NOVA is a partner in the CONNECT! Job Seeker Center, a comprehensive resource center open to all job seekers, which offers computer access, a resource library, resume assistance and job search workshops.

The Housing Authority was approved as a Moving to Work (MTW) Agency in January of 2008. That program allows the HACSC additional administrative flexibility between programs. The three major goals for the MTW program are to increase cost effectiveness, to promote self-sufficiency, and to expand housing options for program participants.

AP-90 Program Specific Requirements – 91.220 (I) (1,2,4)

Introduction

Community Development Block Grant Program (CDBG) Reference 24 CFR 91.220(I) (1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	450,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the strategic plan.	0
3. The amount of surplus funds from urban renewal settlements.	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.	0
5. The amount of income from float-funded activities	0
Total Program Income	450,000

Other CDBG Requirements

1. The amount of urgent need activities.	0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan.	100.00 %

HOME Investment Partnership Program (HOME) Reference 24 CFR 91.220(l) (2)

A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

1. The City does not use HOME funds beyond those identified in Section 92.205. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Homeowner Equity – for purposes of this policy, it is defined as the sum of the down-payment, principal paid, and homeowner improvements.

HOME Equity – for purposes of this policy, it is defined as the amount of HOME investment, adjusted as follows: (1) The HOME investment amount would be reduced if, at the time of the homeowner purchase, the market price is less than the cost of construction, by the amount of that difference; and (2) Beginning after six years of residency by the original buyer, the City would reduce its share of excess proceeds by a maximum of 10% for each additional full year the original buyer resides in the home. After the completion of 15 years of residency by the original buyer, the City would have no interest in recapturing any portion of its original HOME investment.

In the event of a sale of a HOME-assisted house during the 15-year HOME affordability period, sales proceeds would be distributed in the following order of priority:

- a. Closing costs.
- b. Primary mortgage loan (City or private lender).
- c. Other loans superior to the HOME investment lien (if any have been approved by the City).

The remaining funds are considered Shared Net Proceeds under the HOME regulations and would be distributed in the following order of priority:

- d. Homeowner Equity, or the amount of Shared Net Proceeds, whichever is less.
 - e. Homeowner Shared Net Proceeds. This amount will be the greater of: (1) Homeowner Equity that was paid as described above; or (2) proportionately of the Shared Net Proceeds, according to the formula - Homeowner Equity, divided by the sum of Homeowner Equity plus HOME Equity.
 - f. HOME investment. The remainder of the Shared Net Proceeds. If the remaining Shared Net Proceeds are insufficient to repay the full amount of the HOME investment, the City would forgive any of the HOME investment that could not be repaid from the remaining Shared Net Proceeds.
2. **A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds. See 24 CFR 92.254(a)(4) are as follows:**

The City secures its HOME funds by recording Deeds of Trust on the title of the property that received the funding. The period of affordability would be a minimum of 15 years.

3. **Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**

The City does not have any plans to use HOME funds to refinance existing debt on multi-family.

4. HOME funds may be allocated to affordable housing capital projects in contiguous jurisdictions.

Discussion

The following guidelines will apply to the TBRA program:

The program will serve homeless or at-risk of becoming homeless households, with preference given to families with children. The household income must be at, or below 60% AMI as published by HUD. Households must reside in or have proof of a last permanent address in the City of Santa Clara, or who are currently working or have a bonafide job offer in the City of Santa Clara, or be homeless in the City of Santa Clara, or have children attending a school in the Santa Clara Unified School District.

Participants go through the Coordinated Assessment system and be placed in the Community Queue (a separate, confidential process is available within the system for domestic violence survivors). A Vulnerability Index-Service Prioritization Decision Assistance Tool 2.0 (VI-SPDAT) will assess the vulnerability and placement of the participant in the Queue. Further, the program-specific filters (e.g., families with children) will result in referrals to the TBRA program from the Queue.

While it would be ideal for participants to locate housing within the City limits, the program will allow participants to find housing located anywhere within the County of Santa Clara.

95% After Rehab Valuation

The City of Santa Clara may use HOME funds for acquisition purposes. Per CFR 24 92.254 (a)(iii), the City has chosen to determine separate limits for existing housing than the given median purchase price issued by HUD. City staff researched the Multiple Listings Service (MLS) to determine the number of single-family and multi-family home sales. There were less than 250 sales per months; thus, per 24.92.254 (a)(iii), we were required to compile 3 months of sales figures. The following details the home sales in Santa Clara over the most recent three (3) months for single-family homes and multi-family homes at the time of publication. The numbers below are subject to change prior to submission of the AAP to HUD.

**CITY OF SANTA CLARA
FISCAL YEAR 2021/2022 ALLOCATIONS
Annual Action Plan Funding Breakdown**

TOTAL EXPECTED RESOURCES	FY 21-22 Estimated Entitlement	Prior Year Balance	Estimated PI CDBG 21-22 HOME 20-21	FY20-21 Total Expected
Community Development Block Grant (CDBG)	\$1,059,092	\$385,000	\$450,000	\$1,894,092
Home Investment Partnership Program (HOME)	\$ 433,011	\$922,967	\$15,000	\$ 1,370,978
City Affordable Housing Fund (CAHF)	\$225,697	n/a	n/a	\$225,697
City Housing Successor Fund (CHSF)	\$250,000	n/a	n/a	\$250,000
General Funds	\$95,000	n/a	n/a	\$95,000
TOTAL AMOUNT OF EXPECTED RESOURCES AVAILABLE				\$3,835,767

#	Program Administration	Allowable Admin	Staff Recomm.
1A	CDBG Administration (from allocation)	max 20%	\$211,818
1B	CDBG Administration (from PI)	max 20%	\$90,000
2A	HOME Administration (from allocation)	max 10%	\$43,301
2B	HOME Administration - 10% of 2020/2021 estimated PI of...	\$130,000 max 10%	\$13,000

CDBG Funds Available for Public Service (PS) Requests			Est. Funds Available
CDBG Entitlement Funds Available for PS		max 15%	\$158,863
FY20/21 Anticipated Program Income for PS	\$461,000	max 15%	\$69,150
CDBG Funds Available for Public Services			max 15%
			\$228,013

#	Agencies Funded	CDBG Funds	HOME Funds	CAHF Funds	CHSF Funds	General Funds
1	Bill Wilson Center - Counseling & Family Therapy	\$ 35,000				
2	Bill Wilson Center - Family Advocacy Services	\$ 35,000				
3	The Health Trust - Meals on Wheels	\$ 27,825				
4	Santa Clara Senior Center - Senior Nutrition Program	\$ 24,000				
5	Silicon Valley Independent Living Center (SVILC)	\$ 18,000				
6	Next Door Solutions - Support Services for Victims of DV	\$ 19,177				
7	Live Oak Adult - Day Services	\$ 15,000				
8	Catholic Charities Ombudsman - Ombudsman Prog.	\$ 10,000				
9	Heart of the Valley - Support & Transportation Services	\$ 15,000				
10	Senior Adult Legal Assistance (SALA) - Legal Assistance	\$ 16,500				
11	HOPE Services - Educational Services	\$ 36,504				
12	County - Homeless Prevention Program (HPP)			\$50,000		
13	County - Intensive Case Management (ICM)			\$15,000	\$ 110,000	
14	United Way Bay Area - 211 Services					\$ 5,000
15	Project Sentinel - Fair Housing Services					\$ 22,197
16	Project Sentinel - Landlord/Tenant Mediation					\$ 67,803
17	NCIP - Loans & Grants	\$ 1,110,662				
18	NCIP Activity Delivery Costs	\$ 179,606				
19	Rebuilding Together - Minor Repair Program	\$50,000				
20	LifeMoves - Capital Improvement	\$0				
21	Bill Wilson Center - TBRA Administration & Case Mgt.		\$500,000	\$28,000	\$ 140,000	
22	Abode - TBRA Administration & Case Mgt.		\$750,872	\$132,697		
23	Community Housing Development Org. (CHDO) Set-aside		\$61,805			
24	CDBG Administration	\$ 301,818				
25	HOME Administration		\$58,301			

#	Budget Summary	TOTAL FUNDING	CDBG funds	HOME funds	CAHF Funds	CHSF Funds	General Funds
A	Public Service Activities	\$522,006	\$252,006	\$0	\$65,000	\$110,000	\$95,000
B	Capital Improvement Projects	\$1,340,268	\$1,340,268	\$0	\$0	\$0	\$0
C	Affordable Housing Activities	\$1,613,374	\$0	\$1,312,677	\$160,697	\$140,000	\$0
D	Program Administration	\$360,119	\$301,818	\$58,301	\$0	\$0	\$0
TOTALS		\$3,835,767	\$1,894,092	\$1,370,978	\$225,697	\$250,000	\$95,000



CDBG Policy & Procedures Manual

City of Santa Clara

Housing and Community Services Division

The Community Development Block Grant (CDBG) is funded and regulated at the federal level by the U.S. Department of Housing and Urban Development (HUD) and administered locally by the City of Santa Clara under the auspices of the Community Development Department. The CDBG Program is authorized under Title I of the Housing and Community Development Act of 1974. The regulations implementing the CDBG Program are located in the 24 CFR, Part 570.

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I. General

A. Funding

The Federal Omnibus Budget Reconciliation Act of 1981 provides for local administration of Community Development Block Grant (CDBG) Program. The City's Consolidated Plan (ConPlan) and Annual Action Plan (AAP) set forth the policies and procedures governing the City's management and use of these funds. In addition to these guidelines, program participants must comply with federal regulations contained in Title 24 of the Code of Federal Regulations (CFR), Part 570, Subpart I; 24 CFR, Part 58; and 2 CFR, Part 200. In the event that Congress adds or amends any requirements concerning the use or management of these funds, grantees shall comply with such requirements upon receipt of notice from the Department of Housing and Urban Development (HUD) of the additional requirements. See 24 CFR 570.480 for additional general provisions.

B. National Objectives

The City of Santa Clara's ("City") objectives for this program are in accordance with HUD's National Objectives that seeks the development of a viable communities by complying with one of three National Objectives:

1. *Benefit to low-and moderate-income (LMI) households and/or persons;*

Activity must be carried out in an LMI area (LMA) or community and provide services for such persons such as water, sewer and storm water projects which provide area-wide benefits to LMI persons. The LMI documentation is done by using census data or by conducting an income survey which shows 51% or more of the persons in the project area are defined as being LMI.

In some instances, the project may qualify under limited clientele criteria (LMC). These are typically projects that serve a specific group of people in a community, but not necessarily the entire community. Example of LMC projects include senior centers or projects that benefit the homeless.

2. *Prevention and/or elimination of slum and blight; or*

Public and/or private facilities requiring improvements that aid in the prevention or elimination of slums or blighted conditions in a designated slum/blight area. Such projects would include sidewalk repairs, façade improvements, etc. Improvements could also be for a single downtown building not located in a blighted area, and in such case, the project would qualify under the Spot Basis. Spot Basis projects are typically historic preservation projects.

3. *Urgent Needs Project.*

If the improvement corrects a CDBG-defined urgent situation.

C. Eligible Activities

Examples of eligible activities include, but are not limited to:

1. Public Services
2. Public facilities improvements
3. Infrastructure improvements
4. Economic development projects
5. Acquisition
6. Historic preservation
7. Planning activities
8. Grant administration

D. Ineligible Activities

Examples of ineligible activities include, but are not limited to:

1. Buildings for the general conduct of government, except to create accessibility for disabled population (e.g., city hall),
2. General government expenses,
3. Political activities,
4. Purchase of equipment or furnishings for a property. This includes certain types of manufacturing equipment connected with economic development activities and the purchase of fire trucks as firefighting equipment,
5. New housing construction and Income Payments. Income Payments are defined in the regulations as direct payments to subsidize rent and/or utilities,
6. Operating and maintenance expenses for public facilities, improvements and services, and
7. Lobbying activities.

E. Budget and Funding Cycles

Every 2-3 years, the City of Santa Clara invites applications from qualified entities (i.e., Subrecipients) to apply for federal funds through the Notice of Funding Availability (NOFA) process to undertake projects and activities that are consistent with locally developed CDBG Program Priorities and to address the federal/local ConPlan and AAP objectives.

Pursuant to Section 104(a)(1) of the Housing and Community Development Act of 1974, as amended, the City shall annually prepare a statement of community development objectives and projected uses of funds (i.e., AAP). The AAP shall be made available to the public for 30 days to allow for public comment and shall conduct no less than two public hearings on its contents. One of the hearings must be during the drafting stage of the AAP.

Agencies that receive a CDBG grant must have the needed support, confirm matching resources (if required), sufficiently developed plans, a program site, and a budget to implement their proposed program soon after funding approval. The City has developed the standard to keep programs on track and to ensure that the activity is carried-out in a timely manner.

The City, as approved by HUD, provides CDBG funds for ***Public Service (Including Neighborhood Improvement Grants)*** and/or ***Non-Public Service (Infrastructure and Economic Development)***.

Public Services: Our Public Service partners and subrecipients use these funds to provide services to low and moderate-income clients. HUD regulations place a 15% cap on the amount an entitlement agency may allocate towards Public Service programs. The annual Public Service Cap is calculated in the following manner: [Annual Entitlement X 15%] + [Prior Year's Program Income X 15%] All public services must be delivered to low or moderate-income residents of the City of Santa Clara.

This manual will explain many of the procedures and policies relating to the CDBG program and lay out the process by which the staff will monitor subrecipients' performance.

F. Program and Administrative Requirements

All program administrators, applicants, and grantees must adhere to all federal program statutes, regulations, HUD guidance notices and policy memoranda, Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Additionally, administrators, applicants, and Grantees must adhere to all local codes and regulations, ordinances and laws, and all CDBG Monitoring Manual requirements, regulations, statutes, award letters, Standard Agreements, and all state and federal requirements to affirmatively further fair housing.

G. Definitions

The following terms used in this Plan are defined below.

1. **Act:** title I of the Housing and Community Development Act of 1974, 42 U.S.C. 5301 et seq., as amended.
2. **Activity:** Any single eligible undertaking carried out as part of an applicant's program under the City's CDBG program.
3. **Agreement:** The contractual arrangement between the City and the subrecipient which sets for the terms and conditions by which CDBG funds are utilized.
4. **Annual Action Plan or "AAP":** The annual plan required by the Act that describes the actions, activities, and resources to be used each year to address the priority needs and specific goals identified by the 5-Year Consolidated Plan, including the method of distribution of funds.
5. **Applicant:** Any eligible agency, organization, non-profit that applies for funds.
6. **Area Median Income or "AMI":** means the median family income for specific geographic areas, adjusted for household size, as calculated by United States Department of Housing and Urban Development (HUD), and published annually by the State of California Department of Housing and Community Development (Department).
7. **Award Letter:** The letter or email sent from the City indicating that the application has been conditionally approved for funding.
8. **Beneficiary:** The person(s), entity (ties), household(s), or organization(s) benefiting from the activity, project or program, e.g., a homeless individual, a low-income family.
9. **CDBG:** The acronym for Community Development Block Grant.
10. **CFR:** The acronym for Code of Federal Regulations.
11. **Concern:** A deficiency in program performance not based on a statutory, regulatory or other program requirement. Sanctions or corrective actions are not authorized for concerns. However, staff should bring the concern to the subrecipient's attention and, if appropriate, may recommend (but cannot require) actions to address concerns and/or provide technical assistance.
12. **Consolidated Plan or "ConPlan":** The five-year action plan that results from the process set by HUD that assesses affordable housing and community development needs and market conditions, allows the prioritization of development needs, and

makes data-driven, place-based investment decisions for federal funding provided by HUD.

13. **Davis Bacon:** Reference to the Davis Bacon Act, which requires the payment of prevailing wages on certain construction projects funded by CDBG or HOME funds; in which case, monitoring would involve confirming evidence in bidding and payment practices.
14. **Finding:** A deficiency in program performance based on a statutory, regulatory or subrecipient for which sanctions or other corrective actions are authorized.
15. **Funding Cycle:** The annual period of time during which HUD makes funds available to the City for distribution pursuant to the Act.
16. **Household:** All the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household as defined by HUD. The occupants may be a family, as defined in 24 CFR 5.403.
17. **In-Depth Monitoring:** A detailed compliance review for a selected subrecipient. An in-depth review can include one or more areas of concentrated review, including: specific activities, projects or programs, financial documentation, management, record keeping, a review of known high-risk areas, or other critical functions. This would also include randomly selected activity/project/program sample, sufficiently large to draw a valid conclusion.
18. **Infrastructure:** The physical systems such as roads, sidewalks, streetlights, water, and sewer facilities which are necessary to provide basic community services.
19. **Limited Monitoring:** A program compliance review reduced from In-Depth Monitoring in scope and size for the selected subrecipient that may include review of a smaller, selected activity/project/program sample.
20. **Low-income:** Persons, families, and/or households whose income is more no more than 50% of AMI as set by HUD.
21. **Moderate Income:** Persons, families, and/or households whose income is more than 50% of the AMI, but not more than 80% of as set by HUD.
22. **Monitoring Conclusion:** The determination reached regarding a Subrecipient's performance based upon the monitoring results..

23. **NEPA:** National Environmental Review Protection Act requires that reviews be conducted to determine whether a proposed activity would have an impact on the environment prior to expending CDBG funds.
24. **NOFA:** The acronym for Notice of Funding Availability. The NOFA is the document used by the City to announce that CDBG Funds are available, list eligible applicants and activities, the parameters for application to be submitted, and the specific criteria and schedules for how funds will be awarded according to specific criteria and schedules.
25. **On-Site Monitoring:** Monitoring that is conducted at the subrecipient's geographic location.
26. **Program Income or "PI":** Includes, but is not limited to, proceeds from sale, lease, rental proceeds of property acquired or improved with CDBG funds; principal and interest payments on loans made from CDBG funds; proceeds from sale of CDBG loans or other obligations; interest earned on funds in a revolving loan fund account or on program income pending reuse. Further definitions found in 570.489(e)(1).
27. **Quarterly Desk Review:** Monitoring that is conducted at the City facility and based upon analysis of information from the subrecipient, including interviews. Information forming the basis for conclusions from this remote type of monitoring can incorporate review of performance reports and audited financial statements, information in electronic databases, and other documentation submitted by the subrecipient.
28. **Revolving Loan Funds or RLF:** CDBG PI funds that are held in a separate account to carry out CDBG-eligible activities such as rehabilitation of owner-occupied housing, or economic development activities. Repaid loans are returned to the RLF for future activities.
29. **Subrecipient:** A non-federal entity that receives a subaward of program funding from a grantee (i.e., City). Typically, this is a Non-Profit or Faith Based organization.

II. Method of Distribution

A. Allocations

Restrictions on how CDBG funds are allocated are:

1. At least seventy percent (70%) of all CDBG funds expended must be used for activities that benefit LMI individuals, families, and households pursuant to 24 CFR 570.484.

2. Total annual awards made for Public Services may not exceed fifteen percent (15%) of the annual allocation of CDBG funds PLUS the prior year's total Program Income [Annual Allocation + Prior Year Program Income * 15%].
3. Awards made for Administration may not exceed twenty percent (20%) of the annual allocation of CDBG funds PLUS *estimated* Program Income expected [Annual Allocation + *Estimated* Program Income * 20%].

B. Benefit to Low-and Moderate Income Clientele/Households (LMC)

If a project qualifies for funding under the low and moderate income clientele (LMC) benefit national objective, documentation must be maintained to verify that at least 51 percent (51%) of the beneficiaries are low- and moderate-income persons. This requirement pertains to all benefits associated with the program, whether they are direct or indirect. Persons of low- and moderate income are families or individuals whose incomes do not exceed 80% of the median income of the area benefitting from the project.

A direct/limited clientele benefit activity is an activity which requires the beneficiary to apply or complete personal record as an integral part of receiving the benefit of that activity. Some examples of direct benefit activities are:

1. Housing Rehabilitation
2. Utility services provided by the activity
3. Relocation
4. Program generated employment

C. Low- and Moderate-Income Limited Area Activity Criteria (LMA)

An activity that benefits a specific group of people, rather than all the residents in a particular area. At least 51% of beneficiaries must be LMC individuals. Housing activities and activities designed to create or retain jobs may not qualify for this category. The activity must either:

1. Benefit a clientele who are generally presumed to be principally low- and moderate-income (L/M) individuals (i.e., Presumed Benefit). The following groups are currently presumed by HUD to meet this criterion: abused children, battered spouses, elderly, disabled, homeless persons, illiterate individuals, and migrant farm workers;
2. Require information on family size and income so that it is evident that at least 51% of the clientele are individuals whose family income does not exceed the L/M limit;
3. Have income eligibility requirements that limit the activity exclusively to low- and moderate- income individuals; or

4. Be of such nature and location that it is obvious the clientele benefiting from the activity will be low-and moderate-income individuals.

III. ADMINISTRATIVE PROVISIONS

A. Environmental Review

City staff shall complete or assist in the completion of the Environmental Review process prior to the signing of the agreement.

B. Written Agreement with City

A written agreement must be entered into between the City and all entities receiving CDBG funds. The written agreement forms the basis for the contractual obligation between the parties to fund and implement the activity or program. The agreement will denote responsibilities attributable to each party, and shall outline in exact measure the scope of services to be provided, methods of accountability, and a schedule for payment. Execution of the agreement binds the Subrecipient for a specified period of time, and may be revised only upon written authorization.

C. Post-Award Responsibilities

Subrecipient shall:

1. Report all changes in its articles of incorporation, bylaws, or tax-exempt status to the City within 30 days.
2. Ensure no member of the Board of Directors is a paid employee, agent or subcontractor.
3. Include representation on the Board of Directors, the broadest possible cross-section of the community, including those with expertise and interest in the provided services, representatives from community organizations interested in the services, and users of the services.
4. Ensure meetings of the Board of Directors are open to the public, except meetings, or portions thereof, dealing with personnel or litigation matters.
5. Keep minutes of all regular and special meetings of the Board of Directors, have a regular meeting at least once a year, and upon request, submit to City staff.

D. Federal Requirements

Subrecipients and subcontractors must comply with all applicable federal regulations governing the use of CDBG funds which include, but are not limited to the Office of

Management and Budget (OMB) Circular 2 CFR Part 200, and HUD Regulations – **24 CFR Part 570 – CDBG**.

E. Insurance Requirements

Subrecipients shall obtain and maintain the minimum insurance coverage outlined by the City of Santa Clara.

IV. Financial Management

Accurate financial record-keeping, including timely deposit, disbursement and accounting of CDBG funds is crucial. Financial management steps include:

A. Internal Controls

Internal controls can help provide assurance that operations comply with federal requirements. Subrecipients must have a written set of policies and procedures that define staff qualifications and duties, lines of authority, separation of functions, and access to assets and sensitive documents. A good internal control system should include:

1. An organization plan with written definitions of duties and key employees that safeguards resources by segregating duties;
2. A system of authorization and recording procedures that provides effective accounting control over assets, liabilities, revenues, and expenses;
3. An established system of procedures followed by each organizational component in performing its duties and functions;
4. Personnel capable of performing their responsibilities; and
5. An effective system of internal reviews.

B. Accounting Records

Subrecipients must maintain an adequate financial accounting system, that adequately identify the source and application of CDBG funds provided to them. To meet this requirement, a subrecipient accounting system should include:

1. A chart of accounts. This is a list of names and the numbering system for the individual accounts that contains the basic information about particular classifications of financial transactions for the organization. Accounts are created and, in turn, used to summarize the financial transaction data, according to some common characteristics. A typical chart of accounts might have, for example, separate account categories for describing assets (cash in a checking account, accounts receivable, pre-paid insurance,

etc.); liabilities (loans, accounts payable, obligated funds, etc.); revenue (drawdowns from CDBG awards, cash contributions, proceeds from sales, other program income, etc.); and expenses (rent, wages, utilities, phones, etc.).

2. A cash receipts journal. This journal documents (in chronological order) when funds were received, in what amounts, and from what sources. The journal is a record of transactions showing the charges to be recorded as a result of each transaction. Every transaction is initially recorded in a journal. Therefore, a journal is called a record or book of original entry. Each entry in the journal states the names of the individual accounts to be debited and credited, the dollar amount of each debit and credit, the date of the transaction, and any other necessary explanation of the transaction. Information for a journal entry can come from a variety of sources, such as checks issued, or received, invoices, cash register tapes, and time sheets.
3. A cash disbursements journal. This journal documents the expenditures of the organization in chronological order (e.g., when the expense was incurred, how much was spent, to whom it was paid, and for what purpose).
4. A payroll journal. This journal documents the organization's expenses on salaries and benefits, and distinguishes different categories for regulatory purposes.
5. A general ledger. After a transaction is entered in a journal, that information also should be transferred to the proper accounts contained in the general ledger. The general ledger summarizes in chronological order the activity and financial status of all the accounts of an organization. The process of transferring transaction information from a journal to a ledger is known as "posting". The entries in the journal and ledger should be cross-indexed to permit the tracing of any recorded transaction (i.e., an "audit trail").

C. Allowable Costs

Subrecipients must have a clearly defined set of standards and procedures for determining the reasonableness, allowability and allocability of costs incurred that is consistent with 2 CFR Part 200. The agency must also have an approved indirect cost allocation plan from HUD, or a methodology approved by the City.

According to basic guidelines contained within the OMB Circular, a cost is allowable under the CDBG program if:

1. The expenditure is necessary, reasonable and directly related to the grant. This standard applies equally to such items as salaries and administrative services contracts, as well as to real property and equipment purchases or leases, travel, and

other administrative expenditures. In determining the reasonableness of a given cost, consideration shall be given

2. The expenditure has been authorized by the grantee (the city in this case), generally through approval of the budget for the activity and is not prohibited under Federal, state or local laws or regulations. CDBG is a reimbursement grant, meaning that agencies spend the funds and then ask to be reimbursed by the city. It is very important that if there are any questions as to eligibility of an expense that agencies contact their Compliance Specialist. If the expense is not allowed, the agency will have to pay for it from another funding source.
3. The cost must be allocable to the CDBG program. A cost is allocable to a particular cost objective (e.g. grant, program or activity) in proportion to the relative benefits received by that objective. This means that if an office is utilized by two programs during the same hours, the costs of the office should be allocated between the two programs equally. **The same expense cannot be claimed against more than one grant.**
4. A cost originally allocable to a particular federal grant program cannot be shifted to another federal grant program in order to overcome funding deficiencies, to avoid restrictions imposed by grant or by law, or for other reasons.

D. Source Documentation

The general standard is that all accounting records must be supported by source documentation. This is necessary to show that the costs charged against CDBG funds were incurred during the effective period of the Subrecipient's agreement with the grantee, were actually paid out, were expended on allowable items, and had been approved by the responsible officials in the Subrecipient organization.

The source documentation must explain the basis of the costs incurred, as well as showing the actual dates and amount of expenditures. Subrecipients must maintain up to date files of original source documentation (receipts, invoices, cancelled checks, etc.) for all financial transactions, including those involving obligations incurred and the use of program income.

Examples of appropriate source documentation include payroll source documentation should include employment letters and all authorizations for rates of pay, benefits, and employee withholdings. For staff time charged to the CDBG program activity, time and attendance records should be available. If an employee's time is split between CDBG and another funding source, there must be time distribution records supporting the allocation of charges among the sources. Canceled checks from the employees, payroll service provider, etc., or evidence of direct deposits will document the actual outlay of funds.

All source documentation does not have to be located in the CDBG project files, but it must be readily available for review by the grantee, HUD or other authorized representatives at all times. Please be aware that by accepting CDBG funds, your organization records, as a whole, are open for review. Develop and maintain a central filing system. This will ensure that audits and monitoring visits go smoothly, and documentation is readily accessible.

If any original document for an expense cannot be located during a monitoring visit, the amount may be deducted from the next reimbursement request, or may be required to be repaid.

Payroll Records: All Subrecipients will maintain concise documentation for both the time worked and tasks undertaken. The employee and his/her immediate supervisor must sign employee time cards.

Service Contracts: All grant funded service contracts (accounting, leases, janitorial, etc.) must be a written agreement between the Subrecipient and the firm/individual.

The City of Santa Clara Community Development Department must have copies of all service contracts that are to be reimbursed with City CDBG grant funds.

E. Budget Controls & Cash Management

An effective budget serves as a guideline, which reflects the best estimate by an organization's decision-makers of the anticipated income and the costs of operating various program activities. Subrecipients must maintain an up to date (approved) budget for all funded activities and perform a comparison of that budget with actual expenditures for each budget category. Subrecipients should regularly compare progress toward the achievement of goals with the rate of expenditure of program funds in order to ascertain whether it will be necessary to initiate a formal budget revision.

F. Financial Reporting

Subrecipients must be able to provide accurate, current, and complete disclosure of the financial results of each Federally sponsored project or program in accordance with the reporting requirements of the City and HUD. The City of Santa Clara requires **quarterly** financial reporting unless a different timetable is agreed upon by the City and the subrecipient. A Subrecipient must have the capacity to provide, at a minimum, the following information for each CDBG activity:

1. Amount budgeted;
2. Reimbursements received to date;
3. Program income and other miscellaneous receipts in the current period and to date;

4. Actual expenditures/disbursements in the current period and cumulatively to date, for both program income and regular CDBG grant funds.
5. Current encumbrances/obligations in addition to disbursements;
6. Unpaid requests for payment previously submitted at time of latest drawdown.

G. Audits

An audit is both a financial and program audit. It encompasses auditing of expenses as well as the program. Subrecipients are required to have a Single Audit in accordance with 2 CFR Part 200, Subpart F. when it expends more than \$750,000 in federal funds (cumulatively) in a fiscal year.

The purpose of these requirements is to ensure that a Subrecipients receiving federal funds have a financial management system sufficient to:

1. Provide effective control over and accountability for all funds, property, and other assets;
2. Identify the source and application of funds for federally-sponsored activities, including verification of the “reasonableness, allowability, and allocability” of costs, and verification that the funds have not been used in violation of any of the restrictions or prohibitions that apply to this federal assistance; and
3. Permit the accurate, complete and timely disclosure of financial results, in accordance with the reporting requirements of the grantee or HUD.

The federal regulations provide specific requirements regarding internal controls, accounting records, allowable costs, source documentation, budget controls, cash management, financial reporting, and audits.

Following are a few of the financial terms used in this section:

- **Accrued:** Term used to show expenses incurred in a prior fiscal year that are paid in the current fiscal year, but are charged back to the year in which the expenditures pertained. For example, a Non-profit spends CDBG funds in June, the end of the fiscal year but does not bill the city until July, the first period of the new fiscal year, those funds may be charged back to the prior period, June.
- **Allowability:** Term indicating whether an expense is eligible for the program and/or funding source.
- **Allocability:** Cost may be charged to a federal award if it is a specific benefit to the program.

- **Budget:** A plan of action expressed in financial terms.
- **Expenditures:** Term used to describe funds spent.
- **Obligations:** Funds set aside for specific purposes and/or items.
- **Outlay:** Funds used by the agency to pay for goods and services prior to being reimbursed. Program income – funds earned by the agency in a CDBG funded program or facility. Typically, these funds are in the form of fees for services.
- **Resources:** Funds used by the agency.
- **2 CFR Part 200:** The new regulations combined a diverse group of regulations into one Super Circular.
- **24 CFR Part 570:** Code of Federal Regulations that govern CDBG funds.
- Instances of fraud or misuse of assets.

V. Budget Management

Reimbursement will only be provided for allowable costs as approved by the City of Santa Clara and must be directly related to the Grant. Reimbursements should be submitted on **quarterly** basis unless a different timetable is agreed upon by the City and the subrecipient.

When requests are submitted, they must include copies of receipts, check registers, payroll reports, paid invoices, accounts payable, general ledger and/or category printout.

A. General Budget Information

There are typically three cost categories within a general budget which consist of Personnel Costs, Operating & Program Delivery Costs, and Contract Services.

1. **Personnel Costs** include:
 - a. **Salary & Wages:** Costs associated with the positions identified on the Staffing Plan. Costs should reflect the actual amount of time each position spends on the program.
 - b. **Fringe Benefits:** Eligible payroll-related costs of health insurance, retirement fund contributions, FICA, Worker’s Compensation, and other payments made on the behalf of the employee.
 - c. **Executive Pay:** Federal funds cannot be used to pay for 100% of an Executive Director’s salary. Please ensure that when receiving multiple funding sources this threshold is not exceeded. IRS employee rules must be applied before determining

an employee's status or non-status. People who work for the agency are employees, people who provide training, consulting or are officers of the non-profit are not and cannot be employees of the agency. This is considered a conflict of interest. Employees must have all the pertinent federal deductions and taxes paid.

NOTE: Non-profit agencies are exempt from paying federal unemployment tax, although State unemployment tax applies. You will not be reimbursed for any federal unemployment taxes you pay.

2. **Operating/Program Delivery Costs include:**

- a. **Supplies:** Consumable commodities that have a useful life of one year or less and which are valued under \$500, except for computer equipment, which must be inventoried and accounted for separately.
- b. **Direct Client Services:** Work Cards, Sheriff Cards, rent, bus tokens, food, utilities, child care, and other program costs paid on behalf of clients.
- c. **Communication:** Costs of phone, phone installation, leasing of phone equipment, and postage.
- d. **Insurance:** Insurance-related costs required for the operation of the program.
- e. **Printing:** Cost of copying and printing, whether done in-house or through an outside printer; supplies such as paper or fluids for copy machine owned or leased for program use.
- f. **Utilities:** Costs associated with gas, electricity, water, and trash removal. 5) Rent - Rental charges for real property; office space for program. 6) Travel (local) - Costs for mileage reimbursement and conference expenses with pre-approval. Mileage reimbursement includes only travel by staff or volunteers for conducting the business of the Subrecipient. No personal mileage will be reimbursed. Mileage from home to work is also not an allowable expense.
- g. **Travel (other):** All travel and conference expenses outside of the city to employees and volunteers for actual mileage. Out of state travel requires prior approval.
- h. **Miscellaneous:** For eligible expenses not noted above. Should not exceed 1% of CDBG grant.
- i. **Food/snacks:** Eligible only for clients, and must be an integral part of the program such as afterschool snacks for children's lunch for preschool. These costs must be pre-approved as part of the subrecipients budget.
- j. ***No costs which may be considered as entertainment in nature will be reimbursed with CDBG funds.*** Awards ceremonies, banquets, holiday events, trophies, plaques, amusement park field trips, etc. are not an allowable expense. Please contact the assigned NPO for further guidance on this issue prior to planning or expending CDBG funds.

3. **Contract Services include:**

- a. **Audit Fees:** City CDBG funds may pay for audits, but only to the extent of the total City federal funds in the budget. For example, if the audit cost is \$5,000, and only

20% of the program's overall budget is from the City, only \$1,000, or 20% of the bill will be allowed. Bookkeeping fees or payroll services are eligible expenses.

- b. **Equipment Rental:** Costs for the rental of equipment, which is essential for the operation of the program.
- c. **Equipment Purchase:** Purchase of equipment essential for the operation of the program in those instances where it is more cost effective to purchase equipment rather than rent it. Includes any item with a useful life of more than one year and a cost greater than \$500. Purchase of equipment requires prior City approval.
- d. **Contracted Services:** Professional and technical services not performed by staff.

B. Budget Revisions

Modifications to approved budgets line items are allowable but must be directly related to changes in program services and activities and may not increase the budget total.

To implement a budget modification the Subrecipient must submit a written request which identifies the reasons for the adjustment. The request must be specific as to which line items are to be increased/decreased and must be specifically approved by the City in writing as a change to the written agreement or contract between the City and the Subrecipient.

The Housing Development Officer or project manager of the City of Santa Clara Housing & Community Services Division has the authority to grant or deny requests for budget revisions. The City will issue a written decision within fourteen (14) business days of receiving the request.

C. Records

Organizations receiving CDBG funds must keep the following fiscal records:

1. **Bookkeeping Journals and Ledgers:** Provide accurate accounting for cash receipts, cash disbursements and cash balances. All cash, revenues and expenses must be reconciled to the general ledger. Back-up documentation for journal entries must be kept and properly filed. Documentation must include: invoices, bills and other receipts, deposit slips, bank statements, check stubs, check books, canceled checks, purchase orders, petty cash records and other verification as applicable.
2. **Payroll Records:** Payroll records will show actual gross earnings; net payroll and payroll deductions for each individual staff member by pay period. If an employee is paid by more than one fund or program, the payroll journal will need to reflect the distribution of time and money against each fund or program. Back-up documentation must include;

- a. Canceled paychecks;
 - b. Tax records;
 - c. Worker's compensation records; and
 - d. Individual time sheets.
3. **Payroll Petty Cash Record:** A petty cash fund may be set up to take care of small item payments. All such payments must be supported by petty cash vouchers and receipts and must be an eligible expense. The size of the fund is left to the discretion of the Subrecipient. Backup source documentation for expenditures must be provided when submitting for reimbursement.
 4. **Time Records:** Time records should be kept indicating actual time worked, including types of time, such as sick leave, vacation leave, compensatory time, etc. Time sheets should be kept by the day and signed by the employee and supervisor.

Agencies using volunteer hours for in-kind match must keep signed time records by the day indicating actual time donated.

Time sheets showing labor distribution and a time to project log, which documents time spent on the project/program, must be kept for all grant funded employees. Copies of these must be submitted with reimbursement requests in addition to cancelled checks, payroll reports and general ledgers.

D. Expenditures

All expenditures associated with an approved activity or program must comply with the following criteria:

1. **Limitation of Expenditures**
 - a. The Subrecipient shall not expend funds provided under the contract prior to the commencement date of the contract or subsequent to the suspension or termination of the contract.
 - b. Expenditures shall be made in conformance with the approved budget and shall meet the criteria established for allowable costs.
 - c. Expenditures shall be in direct support of the program that is the subject of the contract. The Subrecipient shall notify the City in writing of any expenditure for items jointly used for any other program(s) and the expenditures shall be apportioned according to the percentage of direct use in the program.

2. **Eligible Costs:** To be eligible for payment, costs must be in compliance with Office of Management and Budget Circular (OMB) 2 CFR Part 200 and with the principles set forth below:

- a. Be necessary and reasonable for the proper and efficient performance of the contract and in accordance with the approved budget. The City shall have final authority to determine in good faith whether expenditure is "necessary and reasonable".
- b. Conform to the limitations within the agreement, this manual and to any governing statutes, regulations and ordinances.
- c. Be fully documented and determined in accordance with approved accounting procedures.
- d. Not be included as a cost or used to meet cost sharing or matching requirements of any other funding source in either the current or a prior period.
- e. Be the net amount of all applicable credits such as purchase discounts, rebates, sales or other income or refunds.
- f. Document all costs by maintaining complete and accurate records of all financial transactions, including but not limited to: contracts, invoices, timecards, cash receipts, vouchers, canceled checks, bank statements and/or other official documentation evidencing in proper detail the nature and propriety of all charges.
- g. Submit to the City, within fifteenth (15) working days of the end of the preceding **quarter** (or other time period agreed upon by the City and subrecipient), Reimbursement Request Cover Sheet together with the appropriate supporting documentation.
- h. Submit to HUD or City at such times and in such forms as HUD or, City may require, statements, records, reports, data, and information pertaining to matters covered by the agreement or contract.

3. **Ineligible Costs**

- a. **Bad debts:** Any losses arising from uncollectable accounts and other claims, and related costs.
- b. **Contingencies:** Contributions to a contingency reserve or any similar provisions for unforeseen events.
- c. **Contributions and donations.**

- d. Entertainment: Costs of amusements, social activities and incidental costs such as meals, beverages, lodging and gratuities relating to entertainment, or any political or lobbying activity.
 - e. Fines and penalties: Costs resulting from violations of or failure to comply with Federal, State, and local laws and regulations.
 - f. Interest and other financial costs: Interest on borrowings (however represented), bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith.
 - g. Membership expenses: Costs of membership in any organization, which devotes a substantial part of its activities to influencing legislation.
 - h. Non-competitive subcontracts: Payments under a subcontract not obtained under competitive bidding procedure, unless the City specifically waives the requirement for such a procedure.
 - i. Taxes.
4. **Close-out Documentation:** The Subrecipient shall maintain a system of internal control in accordance with generally accepted accounting practices. Internal control consists of a plan or procedure to safeguard assets, check the adequacy and reliability of accounting data, promote operating efficiency, and assures compliance with appropriate laws and regulations. On or before 90 calendar days after termination of the agreement, the project coordinator should submit to the City an annual inventory update and a closeout financial report. All property, documents, data, studies, reports and records purchased or prepared by the Subrecipient under contract should be disposed of according to contract.

In the event the program terminates, copies of all records relating to the program or activity that are the subject of the contract shall be furnished to the City. Financial statements submitted by the Subrecipient to the City shall be accurate and correct in all respects. Should inaccurate reports be submitted to the City, the City may elect to have the Subrecipient secure the services of a licensed accounting firm. Cost of such accounting services are to be borne by the Subrecipient.

E. Program Income

Interest earned on federal grant funds must be reported to the City quarterly as Program Income; and must be used in the operation of the specific grant program.

Organizations providing services funded through a CDBG grant may charge fees to clients to reduce the costs of service delivery. Such fees, or any other earnings generated through the

use of CDBG funds, are considered to be program income (PI). PI includes, but is not limited to, fees charged for services, proceeds from the sale of tangible personal or real property, usage or rental fees, and patent or copyright royalties.

Program income shall be recorded separately and returned to the City for disposition. Upon approval by the City, income from the Project may be retained by Subrecipient provided that written notification is given to the Community Development Director and that the income is to be used for the exclusive benefit of the Program. Such income will be subject to guidelines for use of such income in accordance with HUD regulations. All PI must be reported. A total amount under \$100 may be reported quarterly rather than in the month in which it is collected.

Donations are defined as free will offerings to an organization not related to receiving a service or benefit. Donations are not PI and do not have to be reported. PI does not reduce the size of the organization's CDBG grant if the PI is spent on eligible items. However, any PI not spent will result in a reduction in the amount of funds reimbursed. Housing development agencies which use CDBG funds for administration only, do not report funds received from the construction of affordable housing units as PI.

VI. Quarterly Reimbursements

City staff will review each request for reimbursement submitted by the Subrecipient. Questionable or ineligible expenses will be identified and the Subrecipient will be requested to submit clarifications, corrections, or additional information.

If any original document for an expense cannot be provided upon request, the amount will be deducted from the next reimbursement request if previously paid or deducted from the current request if not. If no funds remain to be drawn, the agency must reimburse the city directly.

A. General Programs and Public services

Reimbursement Requests for eligible expenses should be submitted on agency letterhead on a quarterly basis, unless a different timetable is agreed upon by the City and the agency. A Quarterly Activity Report should accompany the Reimbursement Request with appropriate documentation. Reimbursement requests are typically processed within three weeks and submitted to the City's Finance Department to be paid out within two weeks.

Please review the request documentation and amounts prior to submission, the city cannot reimburse for taxes, or items or services paid for prior to the beginning of the program year, or after the end of the program year. The Line Item Budget form must be submitted along with the Reimbursement Request.

B. Spending Requirements

The City has a timeliness requirement that is tested on April 30th of every year. The City cannot have more than 1.5 times its annual allocation on hand on April 30th. **It is imperative that agencies bill the City each quarter so that the City can accurately project whether it will meet this expenditure requirement.**

CDBG funds are paid to agencies on a reimbursement basis. Therefore, it is extremely important to verify the eligibility of an expense prior to expending your funds. Accuracy of submittals is important as errors slow down the process. When at all possible, do not use cash, as this does not provide a proper audit trail.

When submitting a large payment request, please highlight the portions requested to be paid by the City in addition to utilizing either an excel spreadsheet or adding machine tape.

The Reimbursement Request cover sheet has eight items that you need to complete:

- CDBG Grant Year – Year that the Grant Award will cover (i.e. 2020 – 2021)
- Date of Request – Date that you submitted your request to City of Santa Clara Staff
- Invoice number
- Reimbursement Period (e.g., Q1 – July – September 2020)
- Current Expense/Personnel – The amount of CDBG Funds requested for the current reimbursement period under the Personnel category.
- Current Expense/Operating Costs – The amount of CDBG Funds requested for the current reimbursement period under the Operating Costs category.
- Current Expense/Contract Services – The amount of CDBG Funds requested for the current reimbursement period under the Contract Services category.
- Current Expenses/Program Delivery Costs – The amount of CDBG Funds requested for the current reimbursement period under the Program Delivery category.

C. Documentation

In order for the City to reimburse the agency, documentation must be submitted to show who, what, when, and how the invoice was paid. Only copies of paid invoices which must be marked paid will be accepted. A quote or order form will not be accepted. In addition to the paid invoice, proof of payment must be submitted. For invoices paid by credit card, submit a copy of the statement showing the invoice was paid.

Please highlight the amount paid on the receipt, and the reimbursable portion. Keep in mind when charging a percentage, the percentage of participants who are low-income Santa Clara residents must be documented. To do this, provide a copy of the client roster, with their addresses and highlight the city residents. This permits verification of the percentage.

Copies must be legible, please do not send the originals, as they are needed for your files. Receipts cannot be dated prior to the beginning of the program year July 1st or after the end of the program year June 30th. If requesting payroll reimbursement, copies of time sheets must be included. The time sheets must include documentation of time spent with city CDBG eligible participants. Many agencies use tracking codes or work authorization codes, please use whatever method works best. Please highlight the code assigned to CDBG or the hours worked on the time sheet.

D. Mileage and Travel

Per the IRS allowances, the CDBG program will reimburse those reasonable mileage and travel costs that are necessary to carry out the services identified in the Subrecipient's Agreement. Mileage and travel expenses not necessary for the program, or of a personal nature, are not eligible for reimbursement. Volunteers authorized by the program to be reimbursed for mileage relating to services for the program must provide proof of automobile insurance, copies of which must be kept at the Subrecipient's office.

1. **Mileage:** The Subrecipient shall submit written mileage records identifying the driver of the vehicle, the number of miles driven on each day, and the purpose of the trip. The Subrecipient shall certify the accuracy of the information reported. Travel to and from work is not an eligible expense for mileage reimbursement.
2. **Travel:** Reimbursable costs include conferences, lodging, food, and other non-mileage costs. Community Development policy requires that all travel costs be kept to a minimum. Supporting documentation must be provided with all requests for travel reimbursement.
 - a. **Local Travel:** Defined as travel within the City of Santa Clara.
 - b. **Non-Local Travel:** Non-local travel is travel to a location outside of the City of Santa Clara, but within California. No prior approval is required for these trips.
 - c. **Out-of-State Travel:** Approval for out-of-state travel must be requested in writing from the City's Community Development Manager 10 working days prior to the trip. The Community Development Manager will review the request and provide a response within five (5) working days.

E. Telephone Expenses

It is important to prorate phone expenses based upon the percentage of time an employee works on CDBG-related activities.

1. **Reimbursable Expenses:** The CDBG program will reimburse only those reasonable costs for local and non-local telephone calls necessary to carry out the services identified in the Subrecipient's Agreement with the City. Actual costs of phone calls and the quarterly cost of supporting the phone system are eligible for reimbursement. Such expenses include equipment rental or lease and quarterly service charges. All out-of-state calls must be documented with a description of the purpose of the call and its relationship to program activities.
2. **Exceptions:** Personal phone calls are not reimbursable. In addition, calls made for the purpose of raising funds are not eligible for reimbursement.
3. **Pro-rating of Expenses:** If the program receives funding from several sources, only those telephone expenses solely related to the that portion of the activity which is funded out of the Subrecipient's CDBG grant are reimbursable. All such costs must be specifically identified to the City's satisfaction.
4. Additionally, if the amount of the Subrecipient's CDBG grant is less than the program total budget, phone costs are reimbursable at a percentage equal to the level of CDBG funding as compared to total program funding.

VII. Monitoring Process

City staff will conduct an on-going monitoring process in order to review the programmatic and financial aspects of the Subrecipient's activities. City staff will review Quarterly Activity Reports submitted by the Subrecipient for compliance with federal regulations regarding the use of federal funds and the implementation of the program.

The monitoring process is oriented towards resolving problems, offering technical assistance, and promoting timely implementation of programs. To this end City staff may require corrective actions of the Subrecipient. Following are examples of significant problems, which will trigger corrective action by the Subrecipient:

A. Quarterly Activity Reports

Quarterly Activity Reports are due no later than fifteen (15) days after the end of the quarter, or at an interval agreed upon by both the subrecipient and the City, ***even if a request for reimbursement has not been submitted***. The quarterly activity report explains the progress the program has made in relation to the goals and performance indicators outlined in the Agreement Scope of Work.

The quarterly report must be submitted on the form provided by the City, unless approved in writing, in advance. No other format will be accepted. Quarterly reports may be printed, signed and scanned/mailed to City staff. Failure to submit quarterly reports may result in delayed reimbursements and/or negative marks on the performance reports and may affect future funding.

Examples of significant issues which would trigger corrective action are:

1. Services are not documented;
2. Goals are not being met;
3. Program files not in order;
4. Complaints by clients;
5. Required reports not being submitted in a timely manner,
6. Funding not spent correctly.

Quarterly Reports will measure:

1. Progress in meeting stated goals and objectives;
2. Changes in staff or Board of Directors;
3. Problems encountered and steps taken to resolve them;
4. Other general information as appropriate;
5. A "Client Certification of Household Composition and Income"; and
6. Demographic data.

B. Desk Monitoring

City staff reviews Quarterly reports and reimbursement submissions; this, along with a Risk Assessment, determines whether an on-site monitoring visit is required.

Based on desk monitoring results and other criteria, City staff may hold discussions with Subrecipients whose performance does not appear to be sufficient to meet the goals and achievements as outlined by the written agreement. An on-site visit may occur to discuss the service activity shortfall. On-site monitoring visits may also be conducted in order to ascertain that eligible clients for whom the program was intended are being served and that in the event of an audit; the required client information is being maintained.

C. Client Documentation by Subrecipient

Each Subrecipient is required to maintain documentation on clients benefiting from activities and programs funded with CDBG funds. As a condition of receiving the HUD grant, the City, and in turn the Subrecipient, must certify that low- and moderate-income persons are being served. HUD also requires demographic information such as race and ethnic background of the clients, how many are female heads of households, and income level. City staff and HUD must also have access to client data. Any information regarding applicants for services funded through federal funds shall be held in strict confidence.

D. FILE ORGANIZATION AND MAINTENANCE

Each Subrecipient is required to maintain documentation on clients benefiting from activities and programs funded with CDBG funds. Subrecipients should structure their project/program files and other records to comply with the general requirements as discussed in this manual. In setting up a program or client file, the following items should be included:

1. Original executed copy of the agreement with the city
2. Any amendments to the application and agreement
3. Notice of award (letter from Community Development Department)
4. Correspondence relating to the grant award
5. Copies of Requests for Reimbursement
6. Budget Amendment (if applicable)
7. Any other information pertinent to the CDBG Grant
8. Program measurable goals and expectations
9. An application for assistance, if applicable
10. Client Income Certification Form
11. Copies of any program requirements
12. Documentation as to services provided to the client and any outcomes of service, for example, if a client is referred to another agency for services, a follow up contact is required to document the services the client received.
13. Pre and post program evaluations, if applicable

VIII. Procurement and Contracting – Procedures

A. Equipment Procurement

The following addresses procurement requirements for equipment:

1. **Equipment v. Supplies:** Equipment is defined as tangible property costing more than \$500 and having a useful life of more than one year. The purchase of equipment is generally ineligible, because equipment can be rented at a lesser cost for a short period of time.

Items which cost less than \$500 and which have a useful life of less than one year are considered to be supplies and are to be purchased under the General Non-Personnel Costs (Supplies) cost category, except for computer equipment, which must be inventoried and accounted for.

2. **Limitation on Purchase of Equipment:** Under HUD regulations, the purchase of equipment, fixtures, or furnishings that are not an integral structural fixture is ineligible except when necessary for use by the City or a Subrecipient in the administration of the overall City CDBG grant or as part of the administration of a public service program. The City does not allow for purchase of vehicles with CDBG funds.
3. **Notification Requirements:** All purchases of equipment require prior City approval. Requests to purchase equipment are to be sent to the City 45 days prior to the purchase order date. The request is to include the cost of the item, where it will be purchased, a detailed explanation of why it should be bought rather than leased or rented, and where the funds for the purchase will come from. If City CDBG funds will only be paying a portion of the purchase, list other funding sources and the respective amounts. The City will review the request and issue a decision within 10 working days. Rationale for a negative decision will be included in the response.
4. **Reversion to City:** Under HUD regulations, the City has the option to obtain the equipment from the program when funding stops for the program. The review of the type of equipment to be purchased will include mention of its possible usefulness to the City. The City may also permit the Subrecipient to retain the equipment at the time the funding ends. All other personal property, supplies and equipment purchased pursuant to this agreement and not consumed shall become property of the City.

B. Inventory Instructions

The following addresses inventory monitoring requirements:

1. **Agency:** Name of Agency receiving grant.
2. **Description:** A brief description of the item of property.
3. **Manufacturer's Serial Number:** Provide the serial number for all items.
4. **Acquisition Date:** Date of purchase.
5. **Percentage of Federal Participation:** Portion paid by CDBG funds.
6. **Cost:** The actual purchase price.
7. **Disposal Date:** Date sold or disposed of.

C. Procurement Definitions

Price and Cost Analysis: A price or cost analysis must be made in connection with every procurement action. Price analysis involves comparing the bottom-line price quoted, with typical prices paid for the same or similar materials or services (does not apply to sole source contracts). Cost analysis means you obtain the best price with the best service.

Sole Source: Procurement by noncompetitive process is solicitation from only one source. This process is rare and is acceptable only after solicitation of a number of sources is determined inadequate. Extensive documentation and justification is required to establish the audit trail.

The agency may make the determination that competition is not feasible if one of the following circumstances exists:

- The item is unique and available only from a single source.
- There is a public urgency or emergency that exists that will not permit a delay resulting from a competitive solicitation.

Equipment and/or Services purchasing methods are as follows:

Cost	Method
\$0 - \$500	Direct reimbursement with an invoice copy.
\$500 - \$10,000	Two or more verbal quotes; written quotes if labor or detailed product or service specifications.
\$10,000 - \$25,000	Two written quotes obtained by Subrecipient agency or the City's Purchasing staff. May use "Request For Quotes," advertise, and/or use pre-bid conference.
Over \$25,000	Formal bid process with pre-bid conferences and formal bid openings.

D. SUBCONTRACTS

Should a Subrecipient find it necessary to subcontract in order to meet its obligations under its agreement with the City, it must enter into a written agreement with those individuals or organizations providing services. Provisions required in subcontracts are as follows:

1. Name, address, phone number and social security number of subcontractor.
2. A termination clause requiring twenty days' notice by which either party may terminate the agreement.
3. A City un-involvement clause releasing the City from any liability for any breach of the subcontract by either party.
4. A scope of services.
5. The total dollar amount of the subcontract.
6. A termination date no later than the end of the current CDBG program year.
7. A clause requiring the contractor to comply with stated "Conditions of Federal Funding".
8. An independent contractor clause stating that the subcontractor is an independent contractor or employee of the Subrecipient. Subcontractor is not an agent or employee of the City, and as such waives any claims to any rights or benefits which accrue to employees of the City.
9. Signature of person authorized by Subrecipient's Board of Directors to execute agreements.
10. Signature of person authorized by subcontractor to execute agreements.

E. Review of Subcontracts by City

All Subrecipients in their first year of receiving CDBG funds from the City must submit all subcontracts to the City for review and approval prior to execution. Subrecipients in the second year of CDBG funding are required to obtain prior review and city approval only when the value of the subcontract exceeds 10% of its CDBG grant or \$10,000, whichever is less.

All subcontracts requiring review and approval by the City must be submitted at least 10 business days prior to an effective date. The CDD will respond to the request for approval within 7 working days. Subcontracts must be approved prior to execution by any of the parties.

F. Required Subcontract Documentation

The Subrecipient shall maintain the following documentation in its files:

1. Summary of bids and proposals received.
2. Justification for any non-competitive procurement of contract services and reasons for the selection of the subcontractor.
3. Justification for the selection of other than the lowest bidder in a competitive procurement.
4. Section 3 compliance documentation (Exhibit J), if required.

G. Types of Subcontracts Covered Under This Section

The types of subcontracts covered in this section include, but are not limited to:

1. Bookkeepers and auditors.
2. Contractual personnel services (those not on the Subrecipient's payroll).
3. Office equipment rental.
4. Office space rental.
5. Rental of vehicle (van, bus, etc.) to be used on a regular basis for carrying clients of the Subrecipient.

H. Types of Subcontracts Not Covered Under This Section

The types of subcontracts covered in this section include, but are not limited to:

1. Extension of above contracts if dollars per hour/month/year do not change.
2. Vehicle rental to take program's clients to a particular event. (Requests for travel related to trips outside the City of Santa Clara are required under the agreement with the City.)
3. Maintenance agreements for office equipment.
4. Janitorial services for office space.

I. 2 CFR PART 200 215.42 – CODE OF CONDUCT

The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal Funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub-agreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

J. 2 CFR PART 200.112 – CONFLICT OF INTEREST

The general rule is that no employee, board member, officer, agent, consultant, Subrecipients which are receiving funds under a CDBG assisted program who have responsibilities with respect to the CDBG activities or who participate in decision making process or have access to inside information with regard to the activities can obtain a personal or financial interest or benefit from a CDBG assisted activity during their tenure or for one year thereafter (Federal Regulation 24 CFR 570.611).

Agencies should maintain a written code of standards of conduct governing the purchase of materials, product, supplies, and services as well as the awarding and administering of subrecipient contracts. Personnel involved in the procurement process must be trained to recognize situations that create real, or the appearance of a conflict of interest. The agency personnel should:

1. Be familiar with the agency's code of ethics and potential conflict of interest issues.
2. Not take gifts or gratuities from persons or organizations associated with the procurement process.
3. Assure the proposal evaluators or member of their immediate families do not have financial interest in the companies.

IX. Project Close-Out

A. Programmatic Close-Out

Programmatic close-out will consist of, but will not be limited to, the following:

1. Review and verification of annual client statistical and narrative report due 15 days after the end of the program year; typically July 15th.
2. Review of Subrecipient record keeping system, including, but not limited to Activity Documentation, Personnel files, and inventory control files.
3. Evaluation of activity and program accomplishments.

B. Financial Close-out

Financial close-out will consist of, but will not be limited to the following:

1. Review and verification of information submitted in the final drawdown request
2. Review of Subrecipient record keeping system:

- a. Accounting records and ledgers
 - b. Source documentation (invoices, time cards, etc.)
 - c. Budget documentation (modifications, etc.)
 - d. Equipment purchases
3. Evaluation of activity financial accomplishment

C. Equipment Disposition

All equipment with a cost of \$500 or more purchased with HUD grant funds shall revert to the City at the close of the activity. If a Subrecipient wishes to continue utilizing the equipment, and is not funded the following year, a letter must be submitted to the City requesting approval and describing how, through the continued use of the equipment, the grant objectives will be met. The City reserves the right to refuse any request.

Equipment shall be depreciated on a 5-year, straight-line basis, as is the accounting standard used for the City in its financial management. A Subrecipient is required to maintain records of the HUD funded equipment purchases and report to the City during the 5-year depreciation period. If the property is disposed of prior to the 5-year depreciation period, the City shall provide the Subrecipient with disposition instructions upon request. If the property is disposed of for cash during this period it constitutes Program Income, which must be reported.

When equipment has been fully depreciated, and the equipment is sold, the Subrecipient may retain such funds provided that the City is notified in writing and the funds are used for the exclusive benefit of the previously HUD funded program.

D. Real Property Disposition

Real property is defined as land, including land improvements and buildings. Any real property acquired or improved in whole or in part with CDBG funds in excess of \$25,000 must continue to meet the National Objective of the program for a minimum of 5 years after expiration of the contract, or for a period of time as deemed appropriate by the City.

If not used as stated above, the Subrecipient must sell the real property in a manner that results in the reimbursement of the federal grant funds that were expended for the project.

E. Record Retention

Per 24 CFR Part 570 Subpart J, HUD funded records must be retained for five (5) years after the completion of the program, in order to allow access for audit and public examination. Subrecipients may be required to retain records longer than the specified time period if the records related to audit resolution, audit appeal, or other action initiated prior to the end of the record retention period. The retention period starts when the annual or final expenditure report has been submitted or, for non-expendable property, from the date of final disposition.

HUD and the Comptroller General of the United States, or their authorized representatives, have the right to access Subrecipient agency program records. All CDBG grantees are required to provide citizens with reasonable access to records regarding the current funded programs and past, consistent with applicable State and local laws regarding privacy and confidentiality.

Information may be provided utilizing aggregate statistics. All clients may be lumped into categories, but no personal information may be released. ***For example, a report may state: 150 clients served this month, 60 Caucasian, 60 African American, 15 Native Americans, 15 Asian. Of those clients, 25 were female head of household, 30 were Veterans, 100 were very low income, and 50 were moderate income.***

F. City Internal Audit Reviews

The City reserves the right to have its Internal Audit Division review all Subrecipient records and transactions. Audit findings resulting in monetary repayment to the City will be collected by the City from the Subrecipient's non-federally funded resources. City Internal Auditors review Subrecipient monitoring/account reviews to begin their single audit reviews. Reports containing findings are then sent to both the Housing and Community Services Division and the Subrecipient for compliance. Progress on the compliance is also monitored. Failure to rectify findings within the given time frame may result in suspension, termination of grant agreement, and/or disbarment from future grant funding.

G. External Audit Reviews

All Subrecipients must submit a single audit, Audited Financials, or an Annual Certified Financial Statement based upon the amount of federal funding. The City reserves the right to request a Subrecipient to hire a Certified Public Accountant to review and report on the agency financial and programmatic records.

There are three types of audits:

1. **Single Audit:** Organizations that expend \$750,000 or more in one year in federal awards shall have a single or program specific audit conducted for that year.
2. **Audited Financials:** This means that a CPA has audited your records in accordance with generally accepted accounting practices and procedures and provided a hard copy.
3. **Annual Certified Financial Statement:** This is the lowest threshold criteria and will only be accepted from those non-profits who can document that they did not qualify for a single or regular audit. Annual Certified Financial Statements (ACFS) must be certified (signed and dated) by the Treasurer and the Board President. They must also have the following certification statement: We, the undersigned, as Executive Director and Treasurer of (Name of Agency), hereby certify that, to the best of our understanding and knowledge, the attached Financial Statements fairly and accurately represent the financial condition and operations of this organization.

IRS Form 990 filing: All agencies with revenue of \$25,000 or more must complete and submit this annual tax report. Contact the IRS for more information.

X. Monitoring Plan

The purpose of this Subrecipient Monitoring Plan is to provide a Guide so that staff who review subrecipient performance over time have the tools necessary to ensure compliance with HUD.

This Guide is focused on non-profit Subrecipients funded with Community Development Block Grant (CDBG): 24 CFR 570.502, including the applicability of uniform administrative requirements, (a) (14) and with 2 CFR 200.328.

The Monitoring Plan allows the City staff to make informed judgments about program effectiveness, efficiency, and the Subrecipients ability to prevent fraud, waste and abuse of public funds. Monitoring also allows jurisdictions to provide technical assistance to help subrecipients comply with applicable laws and regulations, improve technical skills, increase capacity and stay updated on regulations relevant to CDBG, HOME or other funding agencies. Additionally, monitoring helps to identify deficiencies, and highlight accomplishments and best practices over time.

A. Risk Management

Monitoring will be conducted based on parameters set by the Housing and Community Services Division to assess risk at various levels of the performance of their non-profit subrecipients over time. The subrecipients funded annually in any single eligible category are primarily public service and fair housing activities.

The following criteria are parameters for risk assessment for Subrecipients:

1. Staff will monitor all capital improvement projects regularly and will perform a construction file review prior to payment of any retention funds.
2. No less than 10% of the total number of activities funded in a three-year funding cycle will be monitored via site visits and program file review.

B. Risk Level Criteria

Community Development Staff will use the criteria listed below to determine potential areas and levels of risk. If a Subrecipient is determined to have high-risk levels in one area or indicate higher levels of risk across multiple areas, it will trigger an annual monitoring. Monitoring every organization at least once in every three-year period will be standard operating procedures.

Standard criteria for determining risk:

1. **Quarterly Desk Reviews:** Staff will conduct a quarterly desk review using the subrecipient's quarterly progress reports and invoices. Staff will also complete a Mid-Year monitoring of each subrecipients' progress in meeting performance and expenditure goals. This review will help inform areas of risk for further review and will generally include both programmatic and financial reviews, which include, but are not limited to:
 - Cumulative beneficiary accomplishments compared to annual program goals;
 - Proportional distribution of services across racial and ethnic populations evidencing adequate outreach;
 - Review of distribution of beneficiaries across income groups (extremely low, very low, and low-income);
 - The extent to which services are provided to female-headed households and persons with disabilities; and

- Information provided through narratives or other methods that may inform the City of subrecipient activities, challenges, successes or other pertinent information.

The financial review includes:

- Cumulative expenditure rate to budget,
- Eligibility of line item expenditures to budget, and
- Adequacy and clarity of supporting documentation for line item expenditures.

As needed, CDBG staff will review Audits and Annual Financial Statements for any findings and Auditor notes and review agency's progress quarterly in addressing the Auditor's management letter. The Audit review should determine whether there were any findings relevant to the CDBG program or any other universal issues/findings that would impact the administration of the CDBG program.

The subrecipient must be in compliance with both HUD's CDBG Crosscutting Issues: Financial Management and Procurement, and the Cost Principles for Non-Profit Organizations found at 2 CFR Part 230.

www.whitehouse.gov/omb/assets/omb/fedreg/2005/083105_a122.pdf

2. **New Subrecipients or Organizational Change:** First time subrecipients or subrecipients experiencing organizational change may be selected when staff turnover results in a new Program Manager, Financial Officer or Executive Director. Organizational change may also include merging with another non-profit.
3. **Cumulative Grant Award:** Subrecipients receiving collective federal grant awards of \$750,000 or more are subject to the Single Audit Act and are required to provide a copy of this audit to the city in addition to the standard audit.
4. **Administrative History:** The extent to which a subrecipient has correctly submitted quarterly performance and expense reports and supporting documentation specific to these CDBG expenditures.
5. **Program Performance:** The extent to which program performance goals were met and the beneficiaries represented the demographics of the participating jurisdiction(s).
6. **Financial Capacity:** The extent to which reimbursement requests are received promptly on a quarterly basis, are submitted in the correct format, and are submitted with adequate supporting documentation of the expenditures for which reimbursement is being requested. Consecutive re-submittals over 2 or more quarters

would be grounds for monitoring or seeking further information and/or providing technical assistance.

C. Levels of Monitoring

Monitoring will normally be conducted at one or more of three levels, depending upon the risk involved.

1. **Limited Review:** A limited review is conducted of all subrecipients on a quarterly basis, previously described as a Quarterly Desk Review. The timing of this monitoring coincides with an organization's submittal of a Quarterly Accomplishment Reports and Expense Reports/Reimbursement request for expenses incurred against the CDBG funds over the previous 90 days.

At least one quarter review will focus on the year-end financial statement or audit, and where applicable, the Single Audit. If the Single Audit contains audit findings or contain a management letter, the subrecipient will be selected for an In Depth Review. The goal of a Limited Review is to provide clarification to a specific unknown that cannot be determined from the subrecipient reports, and to identify areas of technical assistance needed by each subrecipient.

2. **Basic On-Site Monitoring Review:** A basic on-site monitoring review will typically be a site visit to a subrecipient program assisted with CDBG funding and will achieve a balance between programmatic and fiscal reviews, and much documentation review can be done prior to the on-site visit. The basic on-site monitoring includes a tour of the program facilities as appropriate, an explanation of the services provided, discussions with program and administrative staff, and introduction to one or more actual beneficiaries, if possible. As a result of this visit, staff may determine that an in-depth review is needed for further clarification of one or more issues that arose during the on-site visit. City staff will document this review through the Subrecipient Monitoring Checklist, Staff Interview Form and Follow-Up Technical Assistance report.

Program review will focus on the specific subrecipient program activities. Program staff may be asked to define the strategic plans for the related programs and, as applicable, how those plans are used to help clients in those programs.

Financial review will make the connections between the program budget, expenditures and actual beneficiaries assisted, including evidence of case managers' time in client files, reviewing payroll documents for the period clients are reported, determining eligibility of clients based on income documentation in client files, the general relationship between the contents of client files (excluding Attorney Client or HIPAA confidential data) and benefit data reported by the subrecipient on the same clients.

The number of case files to be reviewed will reflect approximately 10% of the total clients served in the program, or more if there appear to be any systemic issues to address.

Invoices may be randomly selected for review and traced back from CDBG reimbursement to the original organization's advance expenditure and client assisted (if appropriate). For example, exact dollars billed for housing accessibility modifications can be traced directly to one client. Conversely, a different review model is required when dollars billed provided case management for multiple homeless individuals. It is expected that staff will review original invoices, cancelled checks, and other such documentation evidencing the expenditure, the relationship to the CDBG program objective, the appropriate proportion of CDBG expenditure in comparison to other funding, and accounting receipt of the federal grant funds.

3. **In-Depth Review:** An in-depth review is a concentrated and focused review around a particular activity or program area. This would typically be a concentrated review of a known high-risk area or critical function, such as but not limited to:

- Financial review for expenditures for ineligible activities;
- Financial review for expenditures that cannot be traced through supporting documentation;
- A program which requires donations as a condition of receiving service;
- Management practices in affordable housing;
- Section 504 compliance reviews upon receipt of a complaint from a person with disabilities;
- A fair housing complaint from a home seeker treated differently while trying to obtain housing from the subrecipient;
- Denial of services for no valid reason; or
- Failure to meet prevailing wage requirements in construction activities subject to Davis Bacon.

D. Administration Process for Monitoring

Monitoring will be conducted in two phases. File review will generally confirm compliance with reporting requirements, financial submittals, and contract provisions and much of it will be completed prior to the on-site visit. On-site reviews will focus more on the beneficiary documentation and services provided, including quantitative performance outcomes to local

and federal objectives, and financial processes and documentation only available at the program site.

Community Development Staff will use the risk analysis criteria identified in this plan to determine the annual list of subrecipients to be monitored. Upon the arrangement of mutual date and time with the subrecipient, staff will send letters at least three weeks in advance of the date the monitoring is to be held. These monitoring policies and checklist will be provided to the subrecipient and the letter may emphasize any specific areas of compliance to be reviewed and how files will be selected for review, as applicable.

At the conclusion of the monitoring visit, staff will send each subrecipient written documentation of the site visit, summarizing what was reviewed, and indicating any findings of regulatory non-compliance or concerns of program weaknesses. Additionally, staff will provide technical assistance to correct any deficiencies noted, and will acknowledge the performance level of the program, and whether they will either meet or fall short of contract goals.

E. Findings, Concerns, and Noncompliance

Finds, Concerns and Noncompliant issues include, but are not limited to:

1. **Findings:** Where an identified deficiency results in a finding of non-compliance with CDBG or HOME rules, the finding must include the condition, criteria, cause, effect, and required corrective action.
 - a. The condition describes what was wrong or what the problem was.
 - b. The criteria cite the regulatory or statutory requirements that were not met.
 - c. The cause explains why the condition occurred.
 - d. The effect describes what happened because of the condition.
 - e. The corrective action identifies the action(s) needed to resolve the problem and, unless inapplicable or there are extenuating circumstances, should include the time frame by which the subrecipient is to respond to the finding.

The monitoring letter should also provide timelines for response and corrections, as well as actions the City may take if the subrecipient fails to make corrections in a timely manner.

2. **Concerns:** Monitoring concerns brought to the subrecipient's attention should include the condition, cause, and effect as described above. The reviewer should suggest or recommend actions that the subrecipient may take to address a concern, based on

sound management principles or other guidelines. However, corrective actions are not required for concerns.

3. **Actions for Non-Compliance:** Subrecipients who are found to be in non-compliance and receive a finding as a result of their monitoring will be provided with technical assistance towards resolution, and actions taken by the City to achieve compliance may include, but not be limited to, withholding further disbursements of CDBG funds until satisfactory compliance with applicable regulations are achieved.

F. Record Keeping

Records and documentation should demonstrate that each activity undertaken meets the criteria for National Objectives and Eligibility compliance.

XI. CDBG Monitoring Manual

The CDBG Monitoring Manual is a separate manual.



CDBG MONITORING MANUAL

CITY OF SANTA CLARA

HOUSING AND COMMUNITY SERVICES DIVISION

The Community Development Block Grant (CDBG) is funded and regulated at the federal level by the U.S. Department of Housing and Urban Development (HUD) and administered locally by the City of Santa Clara under the auspices of the Community Development Department. The CDBG Program is authorized under Title I of the Housing and Community Development Act of 1974. The regulations implementing the CDBG Program are located in the 24 CFR, Part 570.

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I. MONITORING PROGRAM OVERVIEW

The purpose of this Subrecipient Monitoring Plan is to provide a Guide so that staff who review subrecipient performance over time have the tools necessary to ensure compliance with HUD.

This Guide is focused on non-profit Subrecipients funded with Community Development Block Grant (CDBG): 24 CFR 570.502, including the applicability of uniform administrative requirements, (a) (14) and with 2 CFR 200.328.

The Monitoring Plan allows the City staff to make informed judgments about program effectiveness, efficiency, and the Subrecipients ability to prevent fraud, waste and abuse of public funds. Monitoring also allows City staff to provide technical assistance to help subrecipients comply with applicable laws and regulations, improve technical skills, increase capacity and stay updated on regulations relevant to HUD funding. Items that are monitored include, but are not limited to:

- Activities and expenditures
- Financial and quarterly reports
- Organization operations
- Internal and management controls
- Policies and procedures

II. RISK MANAGEMENT

City staff will use a variety of risk factors to help identify and select Grantees considered "high risk" for final monitoring visit such as:

A. Risk Factors Considered:

- Experience managing government grants
- Experience administering the program/project being referred to
- Program requirements
- Results of monitoring visits, possibly from other departments
- Amount of the grant award

- Results of staff questionnaires
- Subcontracting
- Participation in trainings/meetings
- Communication with the City
- Progress and performance measure reports
- Reimbursement and reconciliation reporting
- Budget

B. Risk Factor Analysis and Monitoring Selections

Grantees are weighted using the risk factors and scores in order to identify potential problems before they occur. Although Grantees identified as high risk are the main objective of the monitors, medium and low-risk Grantees can be selected for a monitoring visit. Medium and low-risk Grantees may be monitored based on random selection, anonymous tips, requests from Grantees, or management directive.

C. Risk Assessment Process

If a Subrecipient is determined to have high-risk levels in one area or indicate higher levels of risk across multiple areas, it will trigger an annual monitoring. Monitoring every organization at least once in every three-year period will be standard operating procedure.

III. TYPES OF MONITORING

Standard types of monitoring for determining risk are:

- A. Quarterly Desk Reviews:** Staff will conduct a quarterly desk review using the Quarterly Desk Review form (Attachment A) on the subrecipient’s quarterly progress reports, goals, and expenditures. This review will help inform areas of risk for further review and will generally include both programmatic and financial reviews. Capital Improvement Projects may have additional aspects to their review.
- B. On-Site Monitoring Review:** A basic on-site monitoring review will typically be a site visit and will achieve a balance between programmatic and fiscal reviews, and

much documentation review can be done prior to the on-site visit. The monitoring includes a tour of the program facilities as appropriate, an explanation of the services, discussions with program and administrative staff, and introduction to one or more actual beneficiaries, if possible. As a result of this visit, staff may determine that an in-depth review is needed for further clarification of one or more issues that arose during the on-site visit. City staff will document this review through the Subrecipient Monitoring Checklist, Staff Interview Form and Follow-Up Technical Assistance report.

C. In-Depth Review: An in-depth review is a concentrated and focused review around an activity or program area. High-risk areas or critical functions, include, but are not limited to:

1. **Program review** will focus on the specific subrecipient program activities. Program staff may be asked to define the strategic plans for the related programs and, as applicable, how those plans are used to help clients in those programs.
2. **Client documentation** is a condition of receiving the HUD grant. The Subrecipient, must certify that low- and moderate-income persons are being served. HUD also requires demographic information such as race and ethnic background of the clients, how many are female heads of households, and income level. City staff and HUD must also have access to client data. Any information regarding applicants for services funded through federal funds shall be held in strict confidence.
3. **Financial review** will make the connections between the program budget, expenditure rate and actual beneficiaries assisted, including evidence of case managers' time in client files, reviewing payroll documents for the period clients are reported, determining eligibility of clients based on income documentation in client files, the general relationship between the contents of client files (excluding Attorney Client or HIPAA confidential data) and benefit data reported by the subrecipient on the same clients.

Invoices may be randomly selected for review and traced back from CDBG reimbursement to the original organization's advance expenditure and client assisted (if appropriate). For example, exact dollars billed for housing accessibility modifications can be traced directly to one client. Conversely, a different review model is required when dollars billed provided case management for multiple homeless individuals. It is expected that City

staff will review original invoices, cancelled checks, and other such documentation evidencing the expenditure, the relationship to the program objective, the appropriate proportion of CDBG expenditure in comparison to other funding, and accounting receipt of the federal grant funds.

4. **Payroll** will be reviewed to ensure that grant funds are allocated to correct expenses and in the proper proportion. Timesheets, payroll taxes, pay rate, and benefits will all be reviewed.
5. **Procurement and subcontracting practices (if applicable) that are reviewed include, but are not limited to:**
 - a. Procurements were made through full and open competition.
 - b. Cost or price analysis has been conducted, and cost pricing is reasonable.
 - c. Written justification and that prior approval was obtained on sole-source procurements as required.
 - d. Documentation was retained.
6. **Equipment (if applicable)** refers to tangible, non-expendable property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. The review will consist of:
 - a. Equipment was procured properly,
 - b. Assets purchased with Grant Awards are used solely for authorized purposes,
 - c. Physical inventory of the equipment was conducted within the last two (2) years
 - d. Equipment removed from the inventory list was disposed of properly
7. **File organization and maintenance** on clients benefiting from activities and programs is required. As a condition of receiving the HUD grant, the City Subrecipients should structure their project/program files and other records to comply with the general requirements as discussed in this manual. In setting up a program or client file, the following items should

be included:

- a. Original executed copy of the agreement with the city containing program goals & expectations.
- b. Any amendments to the agreement.
- c. Budget Amendment (if applicable).
- d. Copies of Requests for Reimbursement.
- e. A copy of the Program Intake form (i.e., application). Form must have current income levels, demographic data, and a place for agency staff to certify the information provided by applicant.
- f. Copy of program guidelines by the agency.
- g. Any other information pertinent to the CDBG Grant.

IV. ADMINISTRATION PROCESS FOR MONITORING

City Staff will use the risk analysis criteria identified in this plan to determine which subrecipients to be monitored. A **Notification Letter/Email** will be issued to the agency to notify executive staff that an initial monitoring visit will be conducted. The letter/email seeks to identify the date of the site visit.

Upon the arrangement of mutual date and time with the subrecipient, City staff will send. These monitoring policies and checklist(s) and identify which files will be requested for review. The number of case files to be reviewed will reflect approximately 10% of the total clients served in the program, or more if there appear to be any systemic issues to address.

During the initial conference, City staff will meet with management and key personnel to discuss the purpose, objectives and process of the monitoring visit. The monitor will inquire if there are any specific areas where the subrecipient would like technical assistance.

File review will generally confirm compliance with reporting requirements, financial submittals, and contract provisions and much of it will be completed prior to the on-site visit. On-site reviews will also focus on the beneficiary documentation and services provided, including quantitative performance outcomes to local and federal objectives, and financial processes and documentation only available at the program site.

Information provided through narratives or other methods that may inform the City of subrecipient activities, challenges, successes or other pertinent information.

Items that could be reviewed are:

- Income eligibility process and the accuracy of how income is calculated.
- Review of distribution of beneficiaries across income groups (extremely low, very low, and low-income).
- Beneficiary accomplishments compared to annual program goals.
- Proportional distribution of services across racial and ethnic populations evidencing adequate outreach.
- The extent to which services are provided to female-headed households and persons with disabilities.

V. FINDINGS, CONCERNS AND NONCOMPLIANCE

At the conclusion of the monitoring visit, staff will close out the monitoring visit by verbally summarizing (i.e., debrief) any concerns and/or findings discovered with executive and regular staff present. Within thirty (30) days of the monitoring visit, City staff will follow up the monitoring visit with a formal Compliance Review Letter and a Corrective Action Plan (if applicable).

A. Corrective Action Plan. A Corrective Action Plan (CAP) documents the findings and/or identified during the monitoring visit and provides a course of action that will correct a finding or a concern.

1. **Findings** are deficiencies of, internal controls, noncompliance with laws, regulations, or the contract, such as disallowed costs.
2. **Concerns** are lower level issue that does not require addressing but are highly recommended to address in order to improve the program.

Typically, the agency is given ninety (90) days to address any concerns or findings identified in the monitoring letter. City staff will provide technical assistance and recommendations to correct any deficiencies as need.

B. Appeals Process: If the Grantee does not agree with the finding, they have 30 days from the date the compliance review report is issued to dispute the finding in writing and provide additional supporting documentation. If the

finding is not cleared with the additional information provided, a notification letter will be issued. The Grantee may appeal the decision to the department within 30 days of the notification letter. The final decision on any appeal rests with the Housing and Community Services Division Director.

- C. Closing Corrective Action Plan.** Once the CAP has satisfactorily been addressed, City staff will issue a closing letter informing the agency that the compliance review is closed.

VI. SINGLE AUDIT PROCESS

Grantees of federal grants are required to comply with the Title 2 CFR § 200.501 (a). This section requires that a non-federal entity that expends \$750,000 or more during the non-federal entity's fiscal year in federal awards must have a single or program-specific audit conducted for that year and submitted within the earlier of 30 calendar days after receipt of auditor's report or nine months after the end of the audit period. A non-federal entity that expends less than the \$750,000 during the non-federal entity's fiscal year in federal awards is exempt from federal audit requirements for that year. Guidance on determining federal awards expended is provided in accordance with Title 2 CFR § 200.502. Grantees that do not comply with the audit requirement may not be eligible for future grant funding

The subrecipient must be in compliance with both HUD's CDBG Crosscutting Issues: Financial Management and Procurement, and the Cost Principles for Non-Profit Organizations found at 2 CFR Part 230.

VII. FORMS AND CHECKLISTS

The following pages contain printable forms and checklist for CDBG Monitoring in the City of Santa Clara

DESK REVIEW

Mid-Year or Final Review

Project Number: _____ Agency: _____

Project Name: _____

Instructions: The Analyst is to fill out the following summary using the quarterly progress reports, expense reports, backup documentation, correspondence, and information provided in the agency contract.

Question			Explanation
1. Did the subrecipient provide the services as described in their contract? If no, please explain.	Yes	No	<i>Examples: 1) Subrecipient provided 300 meals to Seniors during the last 2 quarters, or 2) Subrecipient provided only 200 meals to seniors (100 short of goals) during the last 2 quarters but expects attendance in day care to rise after the holidays.</i>
2. Did the subrecipient meet all of its Units of Service and Performance Measures based upon the contract scope of services and quarterly reports? If no, please explain.	Yes	No	
3. Was the staffing consistent with the contract? If no, please explain.	Yes	No	
4. Did the subrecipient evaluate and monitor the program? If no, explain how the sub recipient submits statistical reports.	Yes	No	
5. Did the subrecipient measure and evaluate its performance outcomes (Units of Service and Performance Measures?) If no, please explain.	Yes	No	
6. Did the subrecipient submit quarterly reports or other required reports in a timely manner? If no, please explain.	Yes	No	

7. Did the subrecipient provide the correct backup documentation with the expense summary/reimbursement request?	Yes	No	
8. Did the subrecipient require technical assistance and additional follow-up or corrective action plan? If yes, see form D.	Yes	No	
9. Based upon analysis of quarterly reports and the mid-year program review, is the subrecipient recommended for future funding and/or contract renewal?	Yes	No	

I hereby certify that based upon my review the above is true and factual.

Staff Signature _____

Date _____

CITY OF SANTA CLARA
Subrecipient Monitoring Checklists

Instructions: The use of this checklist should begin prior to an on-site visit. Some materials and documentation from the subrecipient noted below should be in the grantee’s project files. Other materials from throughout the checklist may be provided for review prior to the on-site visit and would include at least the agreement, submitted reports, financial documentation and other records to be maintained as defined by 570.506.

Monitoring Status	
City Reviewer:	Monitoring Date:
1 st On-site or Desktop monitoring conducted on:	1 st Monitoring Letter Sent on:
Follow-up monitoring visit Conducted:	Determination Letter sent on:
Agency Staff Present:	Agency Staff Present:

Subrecipient Contact Information		
Subrecipient Name:		Contract No.:
Program Name:		Grant Amount:
Director:	Phone:	Email:
Program Contact:	Phone:	Email:
Case Manager:	Phone:	Email:
Other: Finance	Phone:	Email:
Agency Address:		

Project Information
Site Address: - <i>Program Site:</i>
Program Description

National Objective: Check the National Objective Subcategory that will be used to meet the National objective of Benefiting Low- and Moderate- income (LMI) persons:

National Objective Subcategories:	✓
Low Mod/Limited Clientele (LMI) – 51% of beneficiaries of an activity have to be LMI	
Low Mod/Area Benefit (LMA) – area where at least 51% of residents are LMI persons	
a. Service area is verified as to definition, is it reasonable, in a primarily residential area and primary benefits the residents in the service area? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Low Mod/Income Housing Activities (LMH) – 51% of beneficiaries of an activity have to be LMI	
a. Which eligibility category (570.201-570.204) was used to classify the activity?	
b. Type of structure: <input type="checkbox"/> Single Family <input type="checkbox"/> Owner Occupied <input type="checkbox"/> Multi-Family <input type="checkbox"/> Commercial Rental	
c. Program uses appropriate determination methods for low/mod-income eligibility and appropriate written agreements with property owners? Yes <input type="checkbox"/> No <input type="checkbox"/>	

If activity falls under Limited Clientele (i.e. LMC) please answer the questions below:		
Under what limited clientele (LMC) category does this program address?	Category:	Basis for Conclusion:
1. <input checked="" type="checkbox"/> Presumed benefit – activity limited to: <input type="checkbox"/> Abused children <input type="checkbox"/> “Severely disabled” adults <input type="checkbox"/> Battered spouses <input type="checkbox"/> Persons living with AIDS <input type="checkbox"/> Elderly persons <input type="checkbox"/> Migrant farm workers <input type="checkbox"/> Homeless persons <input type="checkbox"/> Illiterate adults		
2. <input type="checkbox"/> Family size and income – at least 51% served are low/mod families.		
If the activity is classified under <u>family size and income</u> , does the subrecipients files have documentation showing that at least 51% of the beneficiaries are members of a low/mod-income family? [24 CFR 570.208(a)(2)(i)(B) and 24 CFR 570.506(b)(3)(iii)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
3. <input type="checkbox"/> Low/mod-income eligibility restrictions – all persons benefitting are low/mod.		
If the activity is classified based on income eligibility requirements that restrict it exclusively to <u>low/mod-income persons</u> , do the subrecipients files have documentation to support this? [24 CFR 570.208(a)(2)(i)(C) and 24 CFR 570.506(b)(3)(iii)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
4. <input type="checkbox"/> Nature and location – beneficiaries are predominately low/mod		
If the activity was classified based on low-income Census Tract, were the appropriate income limits used by the Subrecipient when checking the income of the persons served? [24 CFR 570.3, 24 CFR 208(a)(2)(i)(B) or (C), and 24 CFR 570.506(b)(3)(iii)]	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Basis for Conclusion:

Note:

- a. Interview staff to learn how they assess eligibility.
- b. Verify documentation that supports income eligibility for LMC category of activity.
- c. Note the type of documentation checked for all client files reviewed and any comments as to how all beneficiary eligibility is assured.

File Review: Determine the number of participant files to review	
Number of Clients served by the program x 10% of total:	
How many files were reviewed during onsite visit?	

Conformance to the Subrecipient Agreement
<p><u>Contract Scope of Services</u> – Is the full scope of services listed in the Agreement being undertaken? Do interviews with staff and/or clients, client files, reports or other documentation reflect funded services are being provided? Note verification methods, list any deviations.</p>
<p><u>Collaborative Program</u> – Is this a collaborative program with one lead provider working with one or more other service providers? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, is there a legally-binding agreement among all collaborators with all appropriate regulatory references? <input type="checkbox"/> Yes <input type="checkbox"/> No Is there documentation that the lead collaborator is exercising their due diligence to verify the partners are serving eligible clients and that expenses are appropriate? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Note verification method or any areas of deficiency.</p>
<p><u>Levels of Accomplishments</u> – Compare actual accomplishments reported up to the point of monitoring with planned accomplishments. Is the project achieving the expected level of performance (# of persons served, # of units rehabbed, etc.) and reaching the intended client group? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>Explain any problem the subrecipient may be experiencing. Acknowledge accomplishments.</i></p>

Record Keeping Systems – Records and documentation should demonstrate that each activity undertaken meets the criteria for National Objectives and Eligibility compliance. Review subrecipient records compliance as follows:	
A. Filing System – Are both the subrecipient’s client files and financial records up-to-date, orderly, comprehensive, and secured for confidentiality where necessary? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Note areas of deficiency.
B. Documentation (activities, costs, and beneficiaries) – Do the subrecipient records have the necessary documentation supporting: a. National Objective being met? <input type="checkbox"/> Yes <input type="checkbox"/> No b. Participant eligibility? <input type="checkbox"/> Yes <input type="checkbox"/> No c. Program costs? <input type="checkbox"/> Yes <input type="checkbox"/> No	
C. Record Retention – Is there a process for determining which records need to be retained and for how long and has subrecipient maintained records for the appropriate period?	Note verification process.
D. Program/Project Site Visit (if different than administrative location) – Is the information revealed by a site visit consistent with the records maintained by the subrecipient and with data previously provided to the grantee? <input type="checkbox"/> Yes <input type="checkbox"/> No	Explain problems.
E. Is the project accomplishing what it was designed to do? <input type="checkbox"/> Yes <input type="checkbox"/> No	

Financial Management Systems (84.21-28 non-profits)	
1. System for Internal Control – Does organization have written fiscal policies & procedures (updated to reflect any prior site visit or audit recommendations) that contain, at a minimum:	
a. Current policies are in writing? <input type="checkbox"/> Yes <input type="checkbox"/> No b. Internal control (safeguarding of assets, authorization of transactions, and reconciliation of accounting records)? <input type="checkbox"/> Yes <input type="checkbox"/> No c. Financial reporting? <input type="checkbox"/> Yes <input type="checkbox"/> No d. Accounts payable? <input type="checkbox"/> Yes <input type="checkbox"/> No e. Accounts receivable? <input type="checkbox"/> Yes <input type="checkbox"/> No f. Petty cash? <input type="checkbox"/> Yes <input type="checkbox"/> No g. Payroll? <input type="checkbox"/> Yes <input type="checkbox"/> No	Explain as needed.
2. Accounting – Review and/or compare drawdown requests, bank records, payroll records, receipts/disbursements., etc. as specifically related to funded program budget and expenditures. For example, if only staff positions funded, expect to review payroll register and payroll tax reports for funded period. Note any discrepancies.	
3. Eligible, Allocable, and Reasonable Costs – Pay particular attention to the time distribution record where the subrecipient has employees who work on both CDBG and non-CDBG funded activities, and verify timesheets to client files. Note any discrepancies.	
4. Maintenance of Source Documentation – Note any discrepancies in sample records, invoices, vouchers and time records traced through the system.	
5. Final Assessment – Are all expenses are eligible and appropriate? <input type="checkbox"/> Yes <input type="checkbox"/> No	

Subrecipient Agreement Details			
IDIS Matrix Code	IDIS #	Accomplishment Type	Documentation of Eligibility
			1) Intake sheet; 2) Census Tract; 3) Rehab Scope of Work; 4) Receipts
Ex: 05 - Public Services	Ex: 1612	Ex: People	Ex: Intake Sheet

Eligibility	✓
Public Service	
Housing	
Public Facilities & Improvements	
Economic Development	

Consolidated Plan Activity	✓
Affordable Housing (Create or Maintain)	
Homelessness (Activities to end homelessness)	
Public Services	
Public Facility Improvement	
Fair Housing Services	

Primary Objectives:	✓
Create Suitable Living Environment: This objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.	
Provide Decent Affordable Housing: This activity focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of larger effort.	
Provide Decent Affordable Housing: This activity focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of larger effort.	
Creating Economic Opportunities: This objective applies to the types of activities related to economic development, commercial revitalization or job creation.	

Primary Outcome:	✓
Availability/Accessibility: Activity that makes services, infrastructure and/or shelter available and accessible.	
Affordability: Activity that provides affordability in the creation of affordable housing, transportation or daycare.	
Sustainability: Activity which promotes livable or viable communities or neighborhoods by providing services or by removing slums or blighted areas.	

Outreach	Yes	No	Basis for Conclusion
Is outreach conducted (ex. Referrals, flyers, etc.)?			

Agency Documents – Review of Subrecipient Documents

Intake Form	Yes	No	Basis for Conclusion
Does the form include Client Name?			
Does the form include Client Signature?			
Does the form include Intake Date?			
Does the form include Client Specific Services?			
Does the form request Income information? If so, is there supporting income documentation?			
Does the form include Demographic Information (i.e. race, gender, female head of household)?			
Does the form include List of Race Categories?			

Subrecipient Performance	Yes	No	Basis for Conclusion
Time of Performance: Is the work being performed in a timely manner (i.e., meeting the schedule as shown in the Agreement)?			
Progress Reports: Have progress reports been submitted with payment requests (where required) on time, complete and accurate?			
Payment Requests: Are requests for payment being submitted in a timely manner and consistent w/completed work?			
Budget: Do actual expenditures match the line item budget? Check for discrepancies and eligibility conformance.			
Insurance: Does the subrecipient have appropriate insurance documents and submitted a current copy to Ebix?			

Schedule of Performance: Estimate the number of unduplicated Santa Clara persons/households to be served per contract quarter.

Schedule of Goals	Have Actual # of Clients Served Met Estimated Goals Set?				
Quarter	Est. # Per Quarter	Actual #	Performance Indicator (check one)		
Q1: Jul 1 – Sept 30			<input type="checkbox"/> People	<input type="checkbox"/> Households	<input type="checkbox"/> Housing Units
Q2: Oct 1 – Dec 31			<input type="checkbox"/> People	<input type="checkbox"/> Households	<input type="checkbox"/> Housing Units
Q3: Jan 1 – Mar 31			<input type="checkbox"/> People	<input type="checkbox"/> Households	<input type="checkbox"/> Housing Units
Q4: Apr 1 – Jun 30			<input type="checkbox"/> People	<input type="checkbox"/> Households	<input type="checkbox"/> Housing Units
Total Unduplicated Clients Served:			Goals Achieved?		

Desk Review	Yes	No	Comments
Quarterly Report (Note if late)			
Q1: Report Late?			
Q2: Report Late?			
Q3: Report Late?			
Q4: Report Late?			

Assess and note areas of risk and/or subject areas for focus during desk review or visit.

Program Verification/Back-Up Documentation	Yes	No	Basis for Conclusion
Is there a sign-in sheet/client tracking system?			
Is there a separate tracking of unduplicated participants? (e.g. client folder, client tracking data, etc.)			
Is there a weekly/quarterly activity schedule?			
Do the activities match contract scope?			
Is staffing adequate to implement services?			
Does the agency maintain and retain adequate records, for a period of not less than four years after project closeout, to comply with program requirements as set forth at 24 CFR 570.503 and 24 CFR 85.42 or 84.53(b) as well as any special documentation required by the contract or project activity type? [24 CFR 570.502(a)(16) or 24 CFR 570.502(b)(3)(ix)]			
Are files consistent w/activities described in contract scope?			
Is there data documentation to verify output goals?			

Outcome Tracking Methodology
How were the stated outcomes measured and tallied (summary and detailed worksheets and forms used to collect the information)? Describe basis for conclusion:
Does the description of methodology in the outcome measurement report match with the actual methodology used by the agency? Describe basis for conclusion:

Fiscal Policies and Procedures	Yes	No	Basis for Conclusion
Review written fiscal policies & procedures. Are they available?			

Independent Public Accountant (IPA) Audits	Yes	No	Basis for Conclusion				
Grantee should have been provided copy of most recent audit or financial review. Has subrecipient expended \$750,000 or more in federal funds for the subject program year?							
IPA Audit Required? If yes, date last conducted:							
What type of opinion was rendered?							
<table border="1" style="display: inline-table; vertical-align: middle;"> <tr> <td>Qualified</td> <td>Unqualified</td> <td>Adverse</td> <td>Going Concern</td> </tr> </table>	Qualified	Unqualified	Adverse	Going Concern			
Qualified	Unqualified	Adverse	Going Concern				
Was there a Management Letter noted in audit?							
Were there material weaknesses or findings related to CDBG?							
Has agency given written responses to any findings or concerns?							
Explain status of findings or Mgt. Letter comments (if applicable).							

Financials Continued	Yes	No	Basis for Conclusion
Are funds being used in accordance with the written agreement?			
Does the agency maintain adequate source documentation to ensure invoices match with charges on reimbursement requests (both personal and non-personal costs)? [24 CFR 570.502(a)(4)]			
Did the review indicate any instances of ineligible expenditures?			
Does agency use <u>timesheets</u> for all employees whose salaries are paid by CDBG grant?			
Are timesheets signed by a cognizant supervisor?			
Does agency have an organization chart that sets forth the actual lines of responsibility (including mechanisms to avoid perceived or real conflicts of interest fraud and/or misappropriation of funds)?			
Are costs properly allocated to the CDBG grant?			
Are indirect costs charged to the program?			
Are indirect costs billed in accordance with an approved Cost Allocation Plan or Indirect Cost Rate developed.			
Are charges applicable to the period covered by the grant and the costs actually incurred?			
Do programs require fees from clients for services?			
If agency collects fees or otherwise generates program income, does agency have a mechanism to track its use?			

Conclusions and Follow-up

1. Is the subrecipient meeting the terms of the Subrecipient Agreement and HUD regulations? Discuss both positive conclusions and any weaknesses identified.
2. Identify and follow-up measures to be taken by the grantee and/or subrecipient as a result of this monitoring review.
 - a. If there are any findings, be sure to identify the condition, criteria, cause, effect, and required corrective action what will be communicated to subrecipient.
 - b. List the required schedule for implementing corrective actions or making improvements.
 - c. List the schedule for any needed technical assistance or training and identify who will provide the training.
3. Discuss results with any partnering jurisdictions per agreement. Prepare Monitoring Response Letter for subrecipient. In accordance with collaborative agreement, provide copy for review and comment by partner jurisdiction as appropriate.

QUESTIONS FOR STAFF INTERVIEW

Question	Responses		
1. Describe services provided. How do you relate to the overall goals and objectives of the program?			
2. How are clients recruited?			
3. Does your program require fees from clients for services? If yes, what amount and for what services?	Yes	No	
4. What are the eligibility requirements and how is data validated?			
5. Is there a client tracking system in place? If so, please describe.	Yes	No	
6. Does your program develop a plan to meet Units of Service and Performance Measures? If yes, how is this done?	Yes	No	
7. Describe procedures used to measure and evaluate your program. How often is this done?			
8. Who is responsible for maintaining client files?			
9. Do you have other job assignments besides this project? If yes, please describe these other assignments.	Yes	No	
10. Do you have any other comments and/or suggestions that you wish to make regarding your program and/or activities?			

Staff Name and Signature

Date

FOLLOW-UP & TECHNICAL ASSISTANCE REPORT

Agency: _____

Project Name: _____

Instructions: This report is to be used if the grantee requires follow-up or requests technical assistance. It is intended to assist you in developing follow-up notes and noting the needs for technical assistance by the grantee.

Dates where follow-up or technical assistance was noted.	
Explain the nature of the contact (technical assistance and/or follow-up).	
Describe action(s) to be taken, as a result of the contact.	
Describe the outcome of your contact.	

I hereby certify that based upon my review the above is true and factual.

Program Manager Signature

Date

CORRECTIVE ACTION PLAN

Date

Agency: _____

Project: _____

List the area(s) where the grantee is not in compliance with the contract:	<ol style="list-style-type: none"> 1. Intake Forms have elements missing <input type="checkbox"/> YES <input type="checkbox"/> NO 2. Sign-in sheets are missing <input type="checkbox"/> YES <input type="checkbox"/> NO 3. Invoices for actual expense are missing <input type="checkbox"/> YES <input type="checkbox"/> NO 4. Reimbursements do not match invoices <input type="checkbox"/> YES <input type="checkbox"/> NO 5. Back-up documentation Outcomes is missing <input type="checkbox"/> YES <input type="checkbox"/> NO 6. Quarterly Activity Reports are turned in late <input type="checkbox"/> YES <input type="checkbox"/> NO 7. Documentation on allocation of costs to grant <input type="checkbox"/> YES <input type="checkbox"/> NO 8. Other: _____ <input type="checkbox"/> YES <input type="checkbox"/> NO 	
Provide a detailed description of activities that will assist grantee to reach contract compliance:		
Provide a timeframe in which activities are to be implemented to assist the grantee reach contract compliance:		
List possible actions that may be taken by the City if the grantee will be unable to meet contract compliance:		

I hereby certify that this Corrective Action Plan was developed in collaboration with the grantee and has been mutually agreed upon by both parties.

Analyst Signature

Date

Grantee Signature

Date

Follow-up with Letter

Date resolved: _____

Analyst Signature

Date

CONSTRUCTION PROJECT FILE CHECKLIST
Only necessary items to meet Eligibility and National Objective

City:	Prime Contractor:
Project Name:	
CDBG Project Number:	Agency Project Number:

CONTRACT ACTIVITY	YES	NO	COMMENTS
PRE-BID REQUIREMENTS- CITY must ensure that the Bid Document is reviewed by HCD Staff <i>prior to advertisement</i>			
CITY Requested Bid Document Review via electronic submittal			Request Date:
HCD Staff responded to the CITY's request.			Response Date:
HCD Staff required changes to the Bid Documents.			
HCD Staff notified the CITY of Bid Document Approval.			Approval Date:
CITY verified the Wage Decision 10 calendar days prior to the Bid Opening Date.			Lock-In Date: CA Mod. # Mod. Date:
CITY published NOFA in a media of general circ. (<i>Affidavit of Publication</i> in file).			Publication Date(s):
CITY held a Section 3 pre-bid meeting (if applicable).			Pre-Bid Meeting Date:
CITY held a Public Bid Opening and documented the results.			Bid Opening Date:
CONTRACT AWARD – CITY must verify contractor eligibility <i>prior to Contract Award</i>			
CITY verified eligibility of all contractors.			Number of subcontracts:
CSLB indicates all contractors have appropriate Worker's Compensation insurance.			
CSLB License Status & Personnel List printed out for SAM check of all contractors.			
<i>Excluded Parties List System</i> was checked for Contractor Eligibility.			
CITY awarded a construction contract.			Date:
CITY signed a construction contract.			Date:
HUD-4010 (FLSP) form & the assigned <i>Federal Wage Decision</i> attached to contract.			Contract Amount: \$
CITY sent a " <i>Notice of Contract Award</i> " letter to the prime contractor.			Date:
" <i>Agency Report of Contract Award</i> " available for the HUD-2516 form.			<i>Annual Contract/Subcontract Activity Report</i>
PRE-CONSTRUCTION CONFERENCE – CITY <u>must present</u> Labor Standards Requirements			
CITY held a pre-construction conference.			Date:
<i>CITY'S PRE-CONSTRUCTION CONFERENCE MINUTES INCLUDED:</i>			
Project Name, Project Location & CDBG Project Number.			
Prime Contractor's Name.			
Dollar amount of the contract award.			
Date & Place where Conference was held and list of persons in attendance.			
Prevailing Wage Requirements & a summary of the labor requirements covered			
List of attendees.			
Federal Wage Decision Number, Modification Number, and Date of Modification			CA: Mod. Date:
CITY sent a " <i>Notice to Proceed</i> " to the prime contractor on (Date):			Start Date:

CONTRACT ACTIVITY	YES	NO	COMMENTS
CONSTRUCTION – CITY must actively administer Labor Standards Provisions by monitoring contractor’s performance			
ALL CONTRACTS- CONTRACTORS HAVE MET THE FOLLOWING REQUIREMENTS:			
Provided HCD Staff with a “List of Proposed Subcontractors” form.			
Submitted a “Fringe Benefit” form.			
Submitted weekly “Public Works Payroll Report” in an authorized form and format.			
Attached a “Statement of Compliance” form to each weekly payroll report submitted.			
Submitted “Additional Work Classification Request” form for classifications not listed.			
Provided a “Certificate of Understanding & Authorization” form.			
PRIME CONTRACTOR (\$50,000 OR MORE) HAS MET THE FOLLOWING			
Submitted a complete, notarized “non-collusive affidavit” w/bid.			
\$100,000+ contractors must meet the following requirements:			
• Submitted a “Federal Lobbying Certification” form			
• Submitted a “Section 3 Business Certification” form			
• Submitted “Section 3 Resident Certification” form(s)			
• Submitted a “Section 3 Economic Opportunity Plan”			Proposed low-income new hires
• Submitted a “Section 3 Commitment” form			
• Submitted a “Section 3 Economic Opportunity Report” with the final payroll report			
\$10,000 OR MORE- CONTRACTORS HAVE MET THE FOLLOWING REQUIREMENTS:			
Submitted a “County Lobbyist Certification” form.			
Submitted a “Non-Segregated Facilities Certification” form.			
Submitted a “Past Performance Certification” form.			
Submitted a “Notice of Equal Employment Commitment” form.			
POSTING REQUIREMENTS –Staff verified that the Posting Requirements are documented in the project file for the following:			
Applicable “Federal Wage Decision” is posted at the site, accessible to employees			CA Mod. Date:
“Notice to Employees” – Davis-Bacon Poster includes the contact person’s name			Name
“The Law” – EEO Poster			
“Notice of Equal Employment Opportunity” form			
“Notice of Section 3 Commitment” form			
Documented in file via: Photographs, Memo-to-File, Interview form, Other			
FIELD INTERVIEWS –Staff verified Field Interviews were conducted using the HUD-11 form and compared them with corresponding CPRs:			
“Field Interview” forms are complete and attached to CPRs.			
At least 10% of the workforce for each trade was interviewed.			

CONTRACT ACTIVITY	YES	NO	COMMENTS
CERTIFIED PAYROLL REPORTS (CPR) –Staff must review each contractor’s CPR and ensure that they met the requirements:			
Staff verified the reports are Numbered Sequential & the last is Annotated “Final”			DATE of last work day:
Staff verified reports include Name, Address and EIN of Contractor			
Staff verified the reports include the Name, Address of Employees			
Staff verified ALL Work Classifications reported correspond with Wage Decision			
verified ALL “Other” deductions are documented or authorized by each worker			
verified that the computations are correct.			
STATEMENT OF COMPLIANCE – HCD Staff must ensure Statement of Compliance is attached to each CPR:			
Contractor provided HUD Authorized Form & Format and Attached to corresponding CPR			
Staff verified that the Original (Authorized) Signature is on each statement			
EACH CONTRACTOR MUST PROVIDE APPLICABLE APPRENTICE DOCUMENTATION			
“Apprentice Status” letter was obtained for each reported apprentice.			
Staff verified status letter is attached to corresponding CPR for each apprentice.			
Staff verified Ratio of Apprentice to Journeymen met HUD and/or Union standards.			
PROCEDURAL DISCREPANCIES & LAW VIOLATIONS			
Procedural Discrepancies were noted in the project file.			Date of Discovery:
Discrepancies were addressed by LCA & resolved for each affected contractor.			Date of Resolution:
UNDERPAYMENTS			
Staff discovered underpayment(s) to workers			Date:
Staff identified all affected workers involved.			Number of Workers:
Staff calculated underpayment amount and documented findings on spreadsheet.			Amount \$
Staff notified the contractor of the underpayment and corrective action.			Date:
informed the Contractor of his/her Right of Appeal.			Date:
Contractor responded.			Date:
Contractor was able to locate and make restitution payments to all affected workers.			Date:
Contractor was unable to locate or pay underpaid workers			Number of Unfound Workers:
Staff sent letters (Regular & Certified Mail) to each unfound/underpaid workers.			Amount Outstanding \$
Staff has established an Escrow Account to pay the unfound workers.			ID Number: Date:
Staff reported the underpayments to CDC using the <i>Labor Violation Report</i> form.			Date:
Staff submitted a 5.7 Enforcement Report (Unfound workers and/or \$1,000 or more)			Date:
Staff document restitution payments made to underpaid workers			
POST-CONSTRUCTION REQUIREMENTS – LCA must request the file review within 30-days of the end of construction			
CITY filed a <i>Notice of Completion</i> for this project.			Date:
CITY requested a <i>Contract Compliance File Review</i> .			Date:
Labor Compliance issued final clearance and indicated release of 10% retention.			Date:



Agenda Report

21-497

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Discussion on Consideration of the Sale of the Loyalton Ranch Property (Continued from March 16, 2021)

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The City of Santa Clara owns and maintains approximately 10,270 rural acres of undeveloped land in Lassen, Plumas, and Sierra Counties near the California-Nevada border. The Property is located in northeastern California, about 30 miles north of Truckee, CA northeast of Sacramento and about 20 miles northwest of Reno, NV. The land is referred to locally as the Trosi Ranch, and within the City, as the Loyalton Ranch Property. The City purchased the property with electric utility funds in 1977 for \$1,613,850 or \$157/acre. The City's Electrical Department, doing business as Silicon Valley Power, (SVP) is responsible for the care of the property.

The property consists of three parcels that are remote and in a generally native state (Attachment 1 Loyalton Map and Pictures). The property consisted of a two-story ranch house, detached garage, guest house, out building for livestock watering, out building for livestock feed, out building for well house, and a barn. In the past, the City had a caretaker on the property to manage the facility. However, over time it became difficult to hire a facility caretaker and the structures were under significant disrepair and slated for removal. The last time a caretaker was on the property was in 2014.

The property has historically been used as seasonal grazing land and continues to be used as grazing land since the City's purchase in 1977. Since the property was purchased, grazing leases have been issued to various ranchers to graze cattle. Currently SVP leases the property for cattle grazing, the yearly revenue is \$21,750 per year with a 3% yearly escalator. No other use is planned for the site.

According to City records, the property was acquired with the intent to develop a geothermal power plant. After studies were performed in the early 1980's, it was discovered that the geothermal potential for the land was much lower than anticipated. The anticipated geothermal plant was never developed. Though the geothermal plant was not deemed feasible, many other uses for the land were investigated, such as quarrying, wind, and solar power. None of the proposed projects considered were productive enough to be economically viable to develop. Some non-traditional ventures that were reviewed included a ski resort and a pheasant farm. These were also rejected as being outside the City's scope of operations.

As part of more recent background the City Council considered a number of additional items regarding Loyalton:

- On July 15, 2014 the City Council passed a resolution to sell approximately 50 acres of the property to Sierra County for expansion of their adjacent landfill, Loyalton Landfill. This property was sold for \$74,500 (less closing costs).
- On July 11, 2017, the City Council considered a staff report recommending that the Council 1) declare the Loyalton Property within Lassen, Sierra and Plumas Counties as surplus to the City's needs and 2) approve an Agreement for Professional Services with Alex Gaston Gassiot dba FarWest R&C Sales and Management Company (FarWest) for real estate services. Far West was selected through a formal request for proposal process and proposed a listing price of ten million dollars. This item was continued and referred back for staff to provide more information.
- On August 29, 2017, the City Council received a staff report recommending that the Council 1) declare the Loyalton Property within Lassen, Sierra and Plumas Counties as surplus to the City's needs, and 2) direct the City Manager to send out the California Surplus Land Act notices, and return to Council with necessary agreements to list the property for sale. Council continued the item to a future date with no specific referral request to staff.
- On August 25, 2020, the City Council received the quarterly strategic plan update which included the report on the impacts of the Loyalton Wildfire. The Loyalton Wildfire burned about 47,029 acres in Lassen, Plumas and Sierra County, California and Washoe County, Nevada caused by lightning strikes. This fire burned approximately 90% of the City's 10,270 acres of the Loyalton Ranch property. All the structures on the main ranch property were burned and destroyed by the wildfire (Attachment 2 Loyalton Fire Map and Pictures).

DISCUSSION

At the January 26, 2021 City Council meeting, the Council took action to schedule a future agenda item to discuss the sale of the Loyalton Ranch Property and use the proceeds for potentially other uses. As part of the discussion the Council discussed the following information:

- Current appraised value
- Previous estimated value
- City Policies regarding Sale or Lease of Property

In addition, staff is providing additional information regarding proposed capital projects.

Current Appraised Value

The Loyalton Ranch Property was appraised by Valbridge Property Advisors (VPA) on June 5, 2020 (Attachment 3), prior to the wildfire experienced in August 2020. The appraised value was \$4,110,000 or \$400 per acre. The 2019 property tax obligations to Sierra, Plumas and Lassen Counties is outlined in the VPA at \$15,915. In their appraisal, VPA's Conclusion of the Highest and Best Use as improved, is continuation of the existing agricultural and recreational use. VPA's Most Probable Buyer is an owner/user who intends to graze the acreage or use for recreational purposes.

VPA estimated that the marketing and exposure time of four to six months as reasonable and appropriate for the subject property.

In the VPA appraisal concluded “In the near term, the outlook for 2020 is clouded by the unknowns associated with the new coronavirus. There are increasing impacts on many businesses as people curb their activity, and certain industries are already being severely affected. The outlook is for a market softening, but as is the case for other disasters, any extended marketing times or negative impacts on values will subsequently tend to wane and return to some degree of normalcy. The timeline remains unknown.”

Previous Appraised Value and Real Estate Agent Estimate

In October 1999, the City engaged with Ralph F. Pavey, a California Certified General Real Estate Appraiser, to perform an appraisal report completed in April 2000 which concluded that the “As Is” market value of the free simple interest was \$2,600,000 with an estimated marketing time for the sale of the property in the range of one to two years.

In October 2016, Far West’s submitted proposal included their assessment of the value of the land based on the range of \$500 to \$1,000 per acre and proposed listing the property at the higher end of the estimated range of \$10,000,000.

City Policies Regarding Sale or Lease of Properties

The City Council has historically taken a strong position of leasing City property in lieu of property sale, however staff was not able to identify an adopted City Council policy.

Upcoming Capital Projects

The property is located in a Tier 3 Extreme Wildfire area and experienced a major wild fire caused by lightning on August of 2020. Approximately 90% of the Loyaltan Ranch Property was burned, the existing structures were destroyed, and the corrals fencing used for the grazing lease were damaged. The structures on the property were originally constructed between 1920 and early 1950 and were unusable prior to the fire. Prior to the fire, staff was pursuing demolition of the structures on the property to reduce potential liability exposure to the City. Initial estimates for demolition prior to the fire were approximately \$200,000. The project plans will need to be updated to reflect the fire damage and complete demolition of structures. In addition, the livestock corrals were damaged during the fire and discussions with the grazing lessee will be required to determine the extent of replacement corrals to be provided by the City.

The Loyaltan Ranch Property has a perimeter of approximately 51 miles. The property has been posted as “No Trespassing” and being “City of Santa Clara Property”. The majority of the fencing was damaged during the August 2020 wildfire. SVP is currently in the process of retaining a consulting engineer to evaluate the required fencing to be replaced. The lack of viable fencing may increase trespassing and liability for the City due to the nature of the terrain.

ENVIRONMENTAL REVIEW

The discussion on the potential sale of Government Property is not a project within the meaning of the California Environmental Quality Act (“CEQA”). If the City Council directs further action to proceed toward a proposed sale of a surplus government property, the project review will include analysis in accordance to CEQA Guidelines section 15206(b)(4), 15312 and 15061(b)(3).

FISCAL IMPACT

Fiscal impact will vary based on Council direction. If City Council requests further action, staff will return with analysis to include the fiscal impact of any option.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

ALTERNATIVES

1. Direct staff regarding a strategy for the sale Loyalton Ranch Property.
2. Note and file this report and take no further action.
3. Any other alternative as approved by Council.

RECOMMENDATION

Staff has no recommendation and is seeking Council direction.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Loyalton Property Map and Pictures
2. Loyalton Fire Map and Pictures
3. Loyalton Appraisal

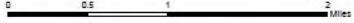
Attachment 1

Loyalton Property, Loyalton, Ca.
Lassen & Sierra Counties

Legend

- ★ Points of Interest
- ▭ Property Outline
- ▭ Silicon Valley Power Owned Property
- Streets

Total Blocks 1, 2 & 3
Area: 10,750 acres
Perimeter: 51.02 miles



Block 1
Area: 3,530 acres
Perimeter: 19.78 miles



US Hwy 396

Block 3
Area: 4,322 acres
Perimeter: 19.06 miles



Block 2
Area: 2,898 acres
Perimeter: 11.28 miles

Town of Loyalton
State Hwy 49
Loyalton Landfill

Attachment 1

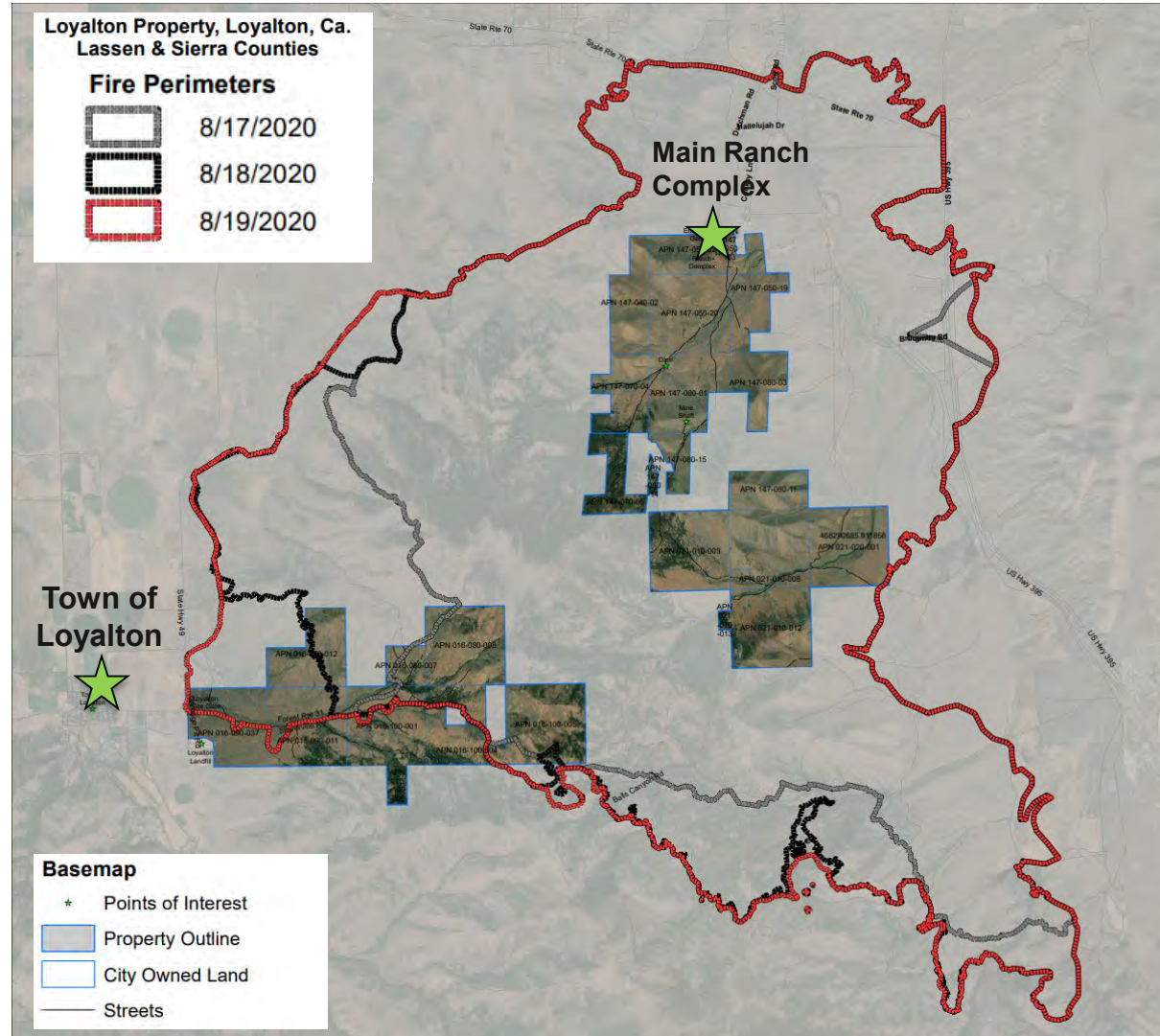
Pictures Landscape (before 2020)



Attachment 2

Loyalton Wildfire

- Background on Loyalton Ranch Property: In 1977, the City purchased approximately 10,000 acres of undeveloped land located within Lassen, Sierra and Plumas Counties.
- Cause of Fire: Lightning
- Burned over 46,000 acres.
- More than 90% of the City's Loyalton Ranch Property affected by the fire.



Attachment 2

Loyalton Property (after Loyalton Fire)

After Loyalton Fire



Before Loyalton Fire



Attachment 2

Ranch House (after Loyalton Fire)



Attachment 2

Foreman's Cabin (after Loyalton Fire)



Attachment 2

Loyalton Property (after Loyalton Fire)



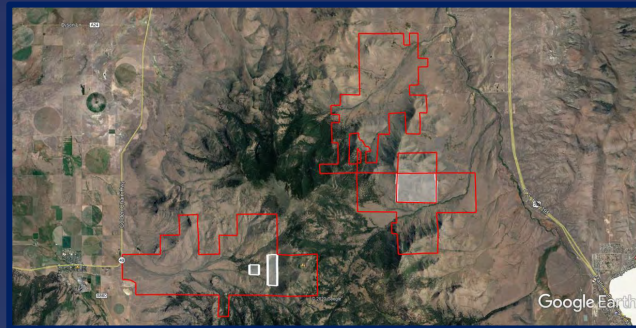


Valbridge
PROPERTY ADVISORS

Appraisal Report

Loyalton Ranch Property
Loyalton, Sierra & Lassen County, California

Report Date: June 5, 2020



FOR:

City of Santa Clara
Mr. Joseph Bruzzone P.E.
Electric Utility Engineer
1500 Warburton Avenue
Santa Clara, California 95050

**Valbridge Property Advisors |
Northern California**

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Valbridge File Number:
CA05-20-0175



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June 5, 2020

John A. Hillas, MAI, SRA
209.569.0450, ext. 7301
jhillas@valbridge.com

Mr. Joseph Bruzzone P.E.
Electric Utility Engineer
City of Santa Clara
1500 Warburton Avenue
Santa Clara, California 95050

RE: Appraisal Report
Loyalton Ranch Property
Loyalton, Sierra County, California 96118

Dear Mr. Bruzzone P.E.:

In accordance with your request, we have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal does not constitute an appraisal report and the rationale behind the value opinion(s) reported cannot be adequately understood without the accompanying appraisal report.

The subject property, as referenced above, is located within the Sierra and Lassen counties, East of Loyalton and West of Cold Springs, and is further identified as tax parcel numbers 147-040-02-11, 147-050-02-11, 147-050-03-11, 147-05-19-11, 147-070-04-11, 147-070-05-11, 147-080-01-11, 147-080-03-11, 147-080-11-11, 147-080-14-11, 147-080-15-11, 021-010-003, 021-020-001, 016-100-004, 016, 090, 059, 021-010-006, 021-010-012, 016-100-005, 016-080-008, 016-070-012, 016-090-011, 021-010-013, 016-100-001, 016-100-006 and 016-080-007,. The subject is a 10,273.95-acre ranch with several smaller components as will be discussed herein.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The client in this assignment is the City of Santa Clara and the intended user of this report is Joseph Bruzzone with the City of Santa Clara and no others. The sole intended use is to determine a value for a possible sale of the property. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- In terms of physical characteristics of the property, we relied on information provided by our client, along with public record information and technology platforms including google earth. It is an extraordinary assumption of the appraisal that the information contained herein is accurate
- Legal access is assumed to exist for each of the three main property components. It is reported that the acreage has been used for grazing of livestock, and the acreage is thus assumed to be suitable for this use.

Hypothetical Conditions:

- None

Based on the analysis contained in the following report, our value conclusion is as follows:

Value Conclusion

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	May 20, 2020
Value Conclusion	\$4,110,000
	<i>\$400.04 per acre</i>

Respectfully submitted,
Valbridge Property Advisors | Northern California



John A. Hillas, MAI, SRA
Managing Director
California Certified License #AG002432
January 21, 2021

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Summary of Salient Facts

Property Identification

Property Name	Loyalton Ranch Property
Property Address	East of Loyalton and West of Cold Springs in Sierra and Lassen Counties
Latitude & Longitude	39.67918, -120.130868
Tax Parcel Numbers	147-040-02-11,147-050-02-11,147-050-03-11,147-05-19-11,147-070-04-11,147-070-05-11,147-080-01-11,147-080-03-11,147-080-11-11,147-080-14-11,147-080-15-11,021-010-003,021-020-001,016-100-004,016,090,059,021-010-006,021-010-012,016-100-005,016-080-008,016-070-012,016-090-011,021-010-013,016-100-001,016-100-006 and 016-080-007
Property Owners	City of Santa Clara

Site

Zoning	General Forrest, Mixed-industrial, Open Space (GF,MI,OS)
FEMA Flood Map No.	06091 C0250C (02/02/2012)
Flood Zone	Zone X, Not a Designated Flood Prone Area
Gross Land Area	10,273.950 acres
Usable Land Area	10,273.950 acres
Sierra County Acres	6,371.460 acres
Lassen County Acres	3,902.490 acres
Total Land Area	10,273.950 acres

Valuation Opinions

Highest & Best Use - As Vacant	Grazing land
Reasonable Exposure Time	Four to Six Months
Reasonable Marketing Time	Four to Six Months

Value Indications

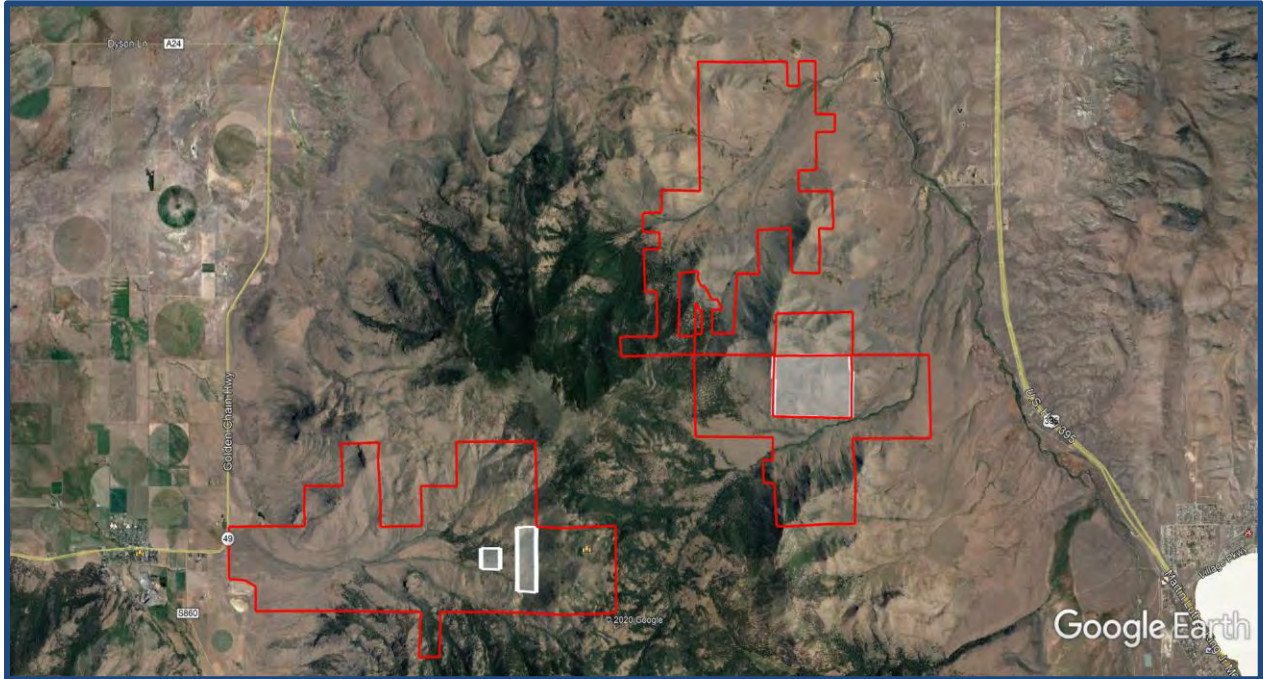
Approach to Value	As Is
Cost	Not Applicable
Sales Comparison	\$4,110,000
Income Capitalization	Not Applicable

Value Conclusion

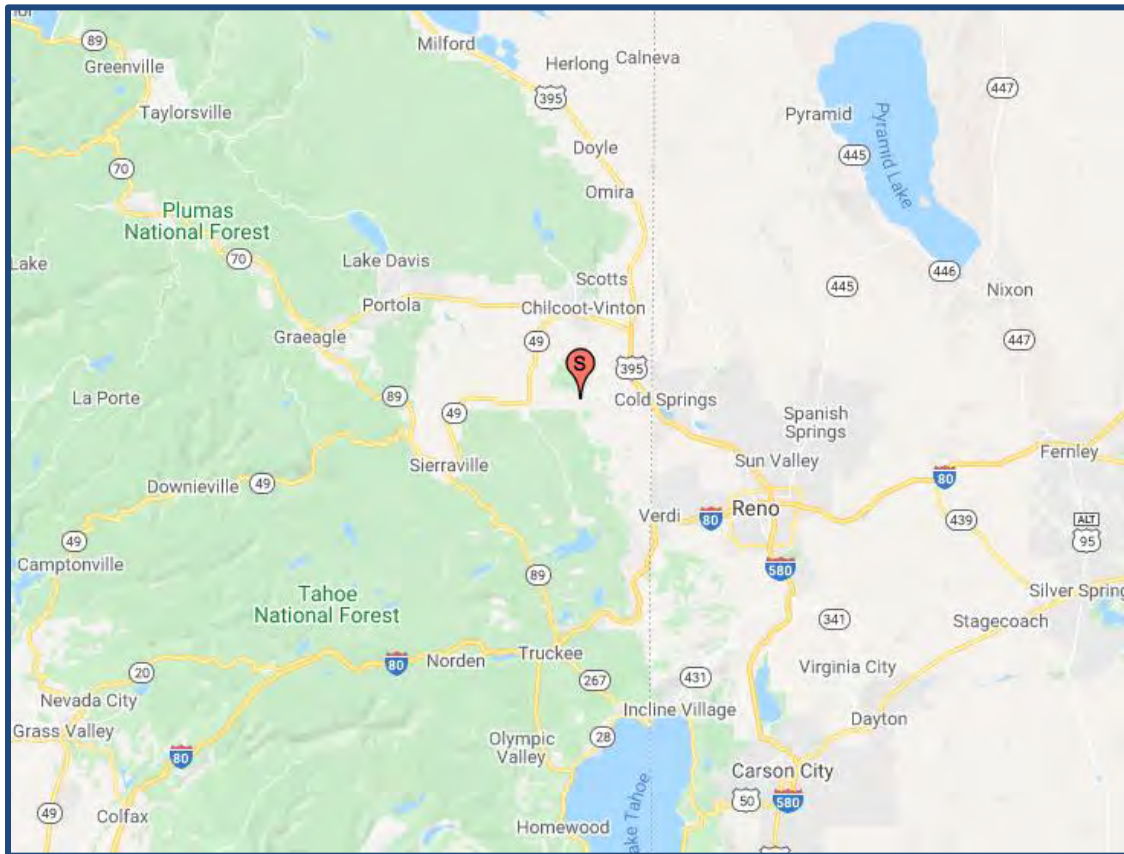
Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	May 20, 2020
Value Conclusion	\$4,110,000
	<i>\$400.04 per acre</i>

Aerial Photograph

AERIAL VIEW



Location Map



Introduction

Client and Intended Users of the Appraisal

The client in this assignment is the City of Santa Clara and the sole intended user of this report is Joseph Bruzzone with the City of Santa Clara.

Intended Use of the Appraisal

The sole intended use of this report is to determine a value for a possible sale of the property.

Real Estate Identification

The subject is located within Sierra and Lassen counties, East of Loyalton and West of Cold Springs, and is further identified by tax parcel numbers 147-040-02-11,147-050-02-11,147-050-03-11,147-05-19-11,147-070-04-11,147-070-05-11,147-080-01-11,147-080-03-11,147-080-11-11,147-080-14-11,147-080-15-11,021-010-003,021-020-001,016-100-004,016,090,059,021-010-006,021-010-012,016-100-005,016-080-008,016-070-012,016-090-011,021-010-013,016-100-001,016-100-006 and 016-080-007,.

Legal Description

A legal description of the property was not provided. The assessor parcel numbers, maps, and exhibits herein are considered to adequately identify the property.

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject was agricultural undeveloped land.

Use of Real Estate as Reflected in this Appraisal

Same as above.

Ownership of the Property

According to public records, title to the subject property is vested in the City of Santa Clara.

History of the Property

Ownership of the subject has not changed within the past three years. According to the City of Santa Clara, the property was purchased in 1977 for \$1,613,850 (\$157/acre). We have considered and analyzed the known history of the subject in the development of our opinions and conclusions.

Analysis of Listings/Offer/Contracts

The subject is not currently listed for sale or under contract for sale. There have been no known offers to purchase the subject.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus." Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests.*
- *A reasonable time is allowed for exposure in the open market.*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.*

The value conclusions apply to the value of the subject under the market conditions presumed on the effective date of value. Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Per the scope of our assignment we developed an opinion of value for the subject property under the following scenario of value:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	May 20, 2020

Date of Report

The date of this report is June 5, 2020.

List of Items Requested but Not Provided

- None

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

Extraordinary Assumptions

- In terms of physical characteristics of the property, we relied on information provided by our client, along with public record information and technology platforms including google earth. It is an extraordinary assumption of the appraisal that the information contained herein is accurate
- Legal access is assumed to exist for each of the three main property components. It is reported that the acreage has been used for grazing of livestock, and the acreage is thus assumed to be suitable for this use.

Hypothetical Conditions

- None

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via county records and assessor plats from Lassen and Sierra County.
- Economic Characteristics - Economic characteristics of the subject were identified via information provided by the client, as well as a comparison to properties with similar locational and physical characteristics.
- Physical Characteristics - The subject was physically identified via information provided by our client, as well as aerial photography from Google Earth, topographic maps and other technology resources.

Extent to Which the Property Was Inspected

The property was not physically inspected by the appraiser. The subject property consists of over 10,000 acres of rural acreage, much of which has limited accessibility. Our analyses of available aerial photography and topographic maps was considered the best way to understand the physical characteristics of the property. The appraiser also has familiarity with the general area.

Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. We also interviewed people familiar with the subject market/property type.

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. One or more of these approaches are used in all estimations of value.

All of these approaches to value were considered. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment, we relied upon the Sales Comparison Approach. The Cost Approach was not used because this is an appraisal of land only and there are no improvements for which costs can be estimated and accrued depreciation quantified. The Income

Capitalization Approach was not used because this is an appraisal of land only and market participants do not employ this approach for valuing land only. Such acreage is not traded on the basis of the revenue it would generate, but rather on the sale price per acre of land area (Sales Comparison Approach.)

Appraisal Conformity and Report Type

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

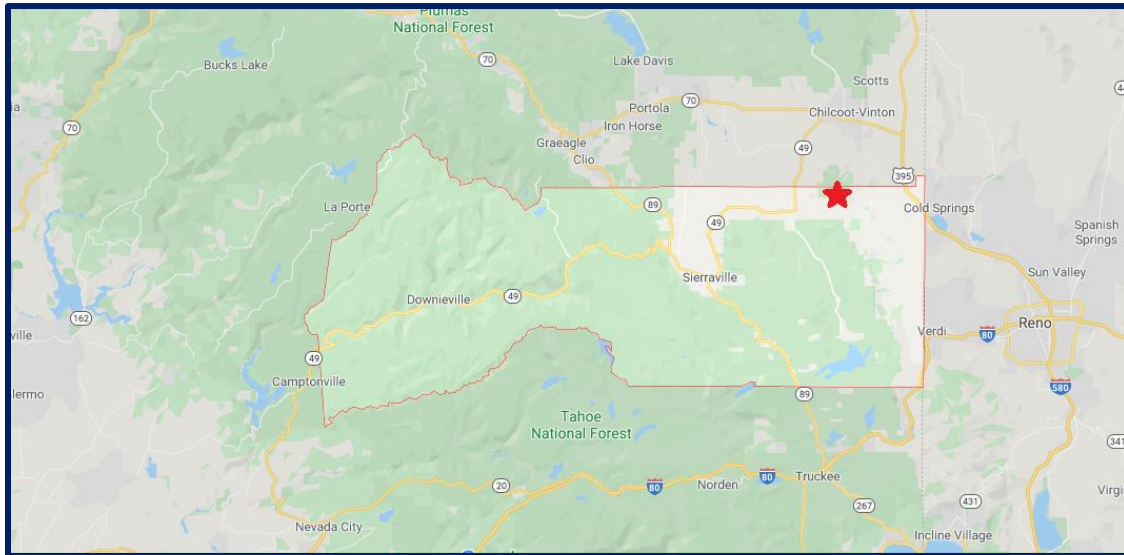
This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Regional and Market Area Analysis

REGIONAL MAP



Overview

The subject property is located near Loyaltan, California with parcels sitting in both Sierra and Lassen counties. This area is in the northern/northeastern portion of the State. Both counties border the state of Nevada in a mountainous area rich in forestry and full of wildlife. These counties have a combined population of approximately 37,000 with only roughly 700 of those people residing in Loyaltan. The area was settled in the 1950s, with the City being established in 1864. Loyaltan is much the same today as it was back then and even refers to itself as the “city with more animals than people.”

Note that much of the following pertains to Sierra County but would be similar for Lassen County.

Population

Sierra county has a very small population with only about 3,214 residents, and while Lassen county is larger in population, housing 32,981 residents as of 2019, both counties are still very small compared to the rest of the state.

According to the Site to Do Business projections, presented below, both Sierra and Lassen counties are expected to see a decrease in population with a change of -0.4% annually between 2019-2024.

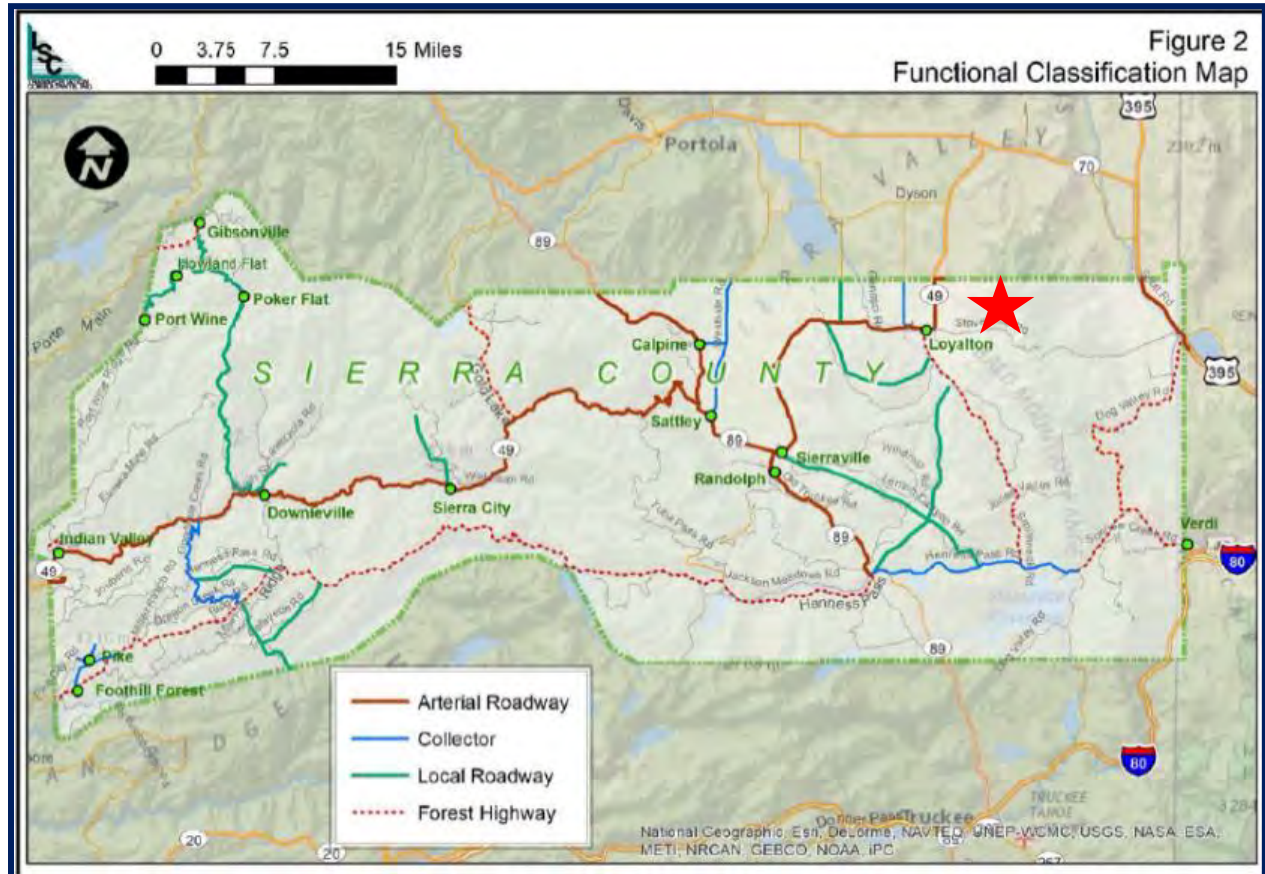
Population

Area	2000	2010	Annual % Change 2000 - 10	Estimated 2019	Projected 2024	Annual % Change 2019 - 24
United States	281,421,906	308,745,538	1.0%	332,417,793	345,487,602	0.8%
California	33,871,648	37,253,956	1.0%	39,813,541	41,166,386	0.7%
Lassen County	33,828	34,895	0.3%	32,981	32,284	-0.4%
Sierra County	3,555	3,240	-0.9%	3,214	3,149	-0.4%

Source: Site-to-Do-Business (STDB Online)

Transportation

Public transportation in Sierra County is very limited. There is no fixed route transit service, but public transportation is provided by two non-profit transit services, which services both Sierra County and the City of Loyalton. These services are open to the general public but primarily specialize in the elderly and disabled population. Considering the small population and the rural nature of Sierra County, there are currently no plans to increase or add public bus services as it is not necessary or financially feasible at this time.



Air service in the area is very minimal. The Sierraville Dearwater Field Airport is the only designated airport in Sierra County, and it is classified as a Basic Utility airfield. The airport provides a link for local and regional aviation uses. The field is used for recreation, ingress and egress for regional events, occasional charter services and emergency services. Air freight in the county is limited to occasional service by private aircraft. Residents in Sierra county typically use airports in Reno, Sacramento, and San Francisco for their commercial needs.

With such a small population, traffic congestion is not usually a problem in the City of Loyalton or the Sierra/Lassen County areas. About 64 miles of State Route 49 runs east-west through Sierra County and Loyalton. State Route 89 runs from Nevada County to the Plumas County line, crossing through about 30 miles of Sierra County. SR 89 largely carries local, commercial, and recreational traffic through undeveloped forest land with restricted access. US 395 runs through the northeastern corner of the county. A 1.6-mile-long section of I-80 passes through the southeastern corner of Sierra County.

Employment

The services sector provides the largest number of jobs in Sierra County. The second largest employment sector in the region is construction. The third largest percentage of jobs is provided by public administration.

Employment by Industry - Sierra County, CA

Industry	2019 Estimate	Percent of Employment
Agriculture/Mining	81	6.50%
Construction	284	22.70%
Manufacturing	42	3.40%
Wholesale trade	1	0.10%
Retail trade	51	4.10%
Transportation/Utilities	135	10.80%
Information	2	0.20%
Finance/Insurance/Real Estate Services	2	0.20%
Services	435	34.80%
Public Administration	214	17.10%
Total	1,249	100.0%

Source: Site-to-Do-Business (STDB Online)

Unemployment

The unemployment rate in Sierra County is currently higher than the rates of the state and nation. The County unemployment rate was 8.5% as of March 2020 (most recent available). That is almost double what it was the year prior. The State of California is at 5.6% while the Nation sits at 3.5% for the same time period.

Unemployment rates locally and nationwide had been on a decreasing trend over the last several years but more recently have increased, as shown in the table below. Due to the recent spread of Covid-19, California issued a "Shelter in Place" order which has led to massive lay-offs throughout the state causing unemployment rates to rise. The full scope of that impact is yet to be seen.

Unemployment Rates

Area	YE 2013	YE 2014	YE 2015	YE 2016	YE 2017	YE 2018	YE 2019	YTD 2020
United States	6.7%	5.6%	5.0%	4.7%	4.1%	3.9%	3.5%	3.5%
California	8.0%	6.6%	5.6%	5.1%	4.3%	4.2%	3.7%	5.6%
Sierra County	11.9%	10.2%	8.4%	8.3%	5.8%	5.8%	4.5%	8.5%

Source: Bureau of Labor Statistics - Year End - National & State Seasonally Adjusted

Median Household Income

Lassen and Sierra Counties have a median household income which is quite a bit lower than that of the state and national average but is expected to grow by about 1.5-3 percent over the next four years. Total median household income for the region is presented in the following table. Overall, the subject compares unfavorably to the state and the country.

Median Household Income

Area	Estimated 2019	Projected 2024	Annual % Change 2019 - 24
United States	\$60,548	\$69,180	2.9%
California	\$74,520	\$86,333	3.2%
Lassen County	\$54,165	\$62,166	3.0%
Sierra County	\$53,341	\$57,386	1.5%

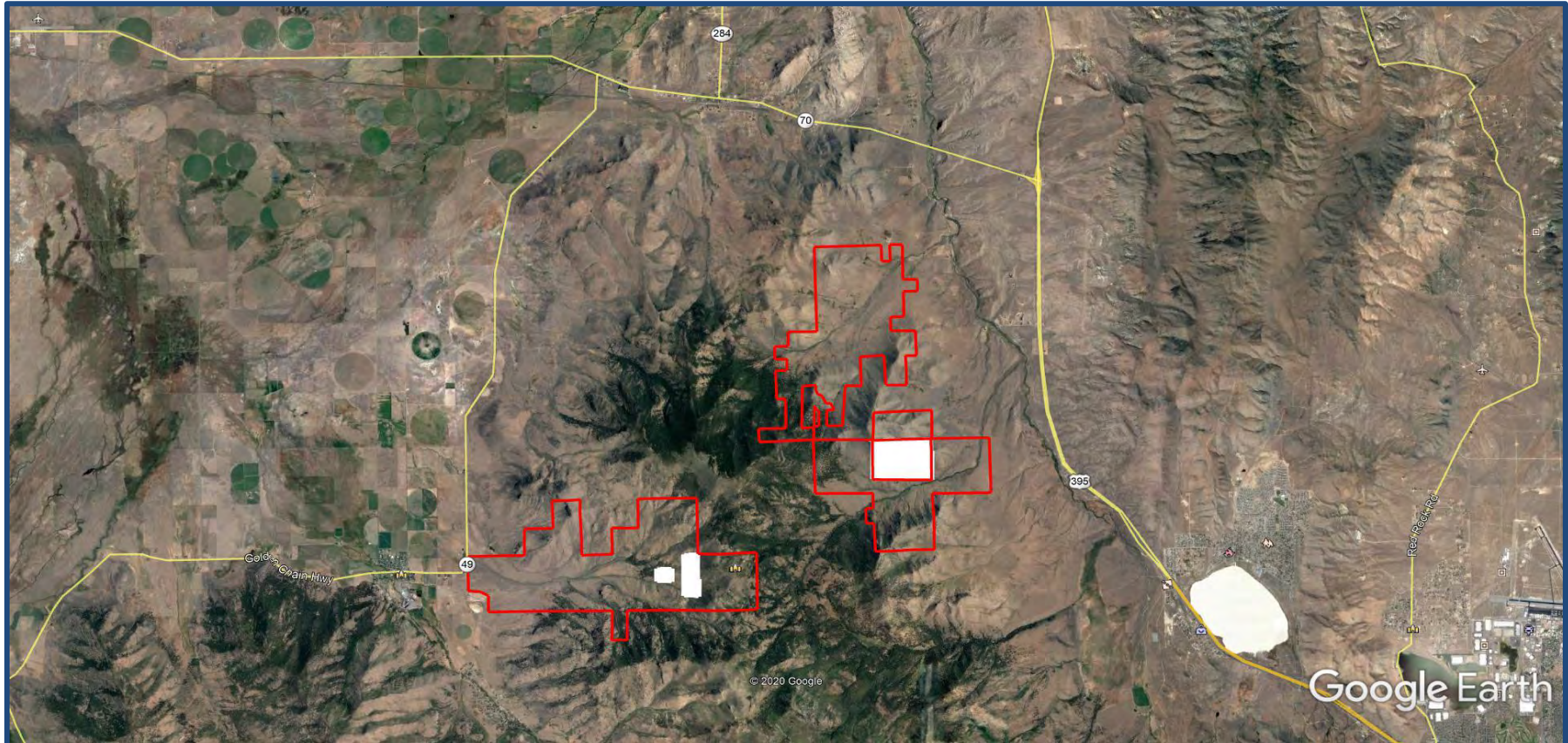
Source: Site-to-Do-Business (STDB Online)

Conclusions

Sierra County and Lassen County are well up into the Sierra Nevada and consist mostly of rural/remote acreage and small communities. With a decreasing population, aging work force and limited local training options the pool of workers in this area is quite small and talent attraction is difficult due to lack of housing availability. Most of the housing is owner occupied with limited rental options. There is a significant amount of land that is owned by the Federal or State Government. Although Loyalton is the biggest community within Sierra County it has been called “the loneliest town in America” because visitors are few and far between. Despite the scenic views and pleasant small-town atmosphere, there is not much to attract tourism keeping the town much as it was 150 years ago: small, quiet, and full of wildlife and natural beauty.

In the near term, the outlook for 2020 is clouded by the unknowns associated with the new coronavirus. There are increasing impacts on many businesses as people curb their activity, and certain industries are already being severely affected. The outlook is for a market softening, but as is the case for other disasters, any extended marketing times or negative impacts on values will subsequently tend to wane and return to some degree of normalcy. The timeline remains unknown.

GOOGLE AERIAL



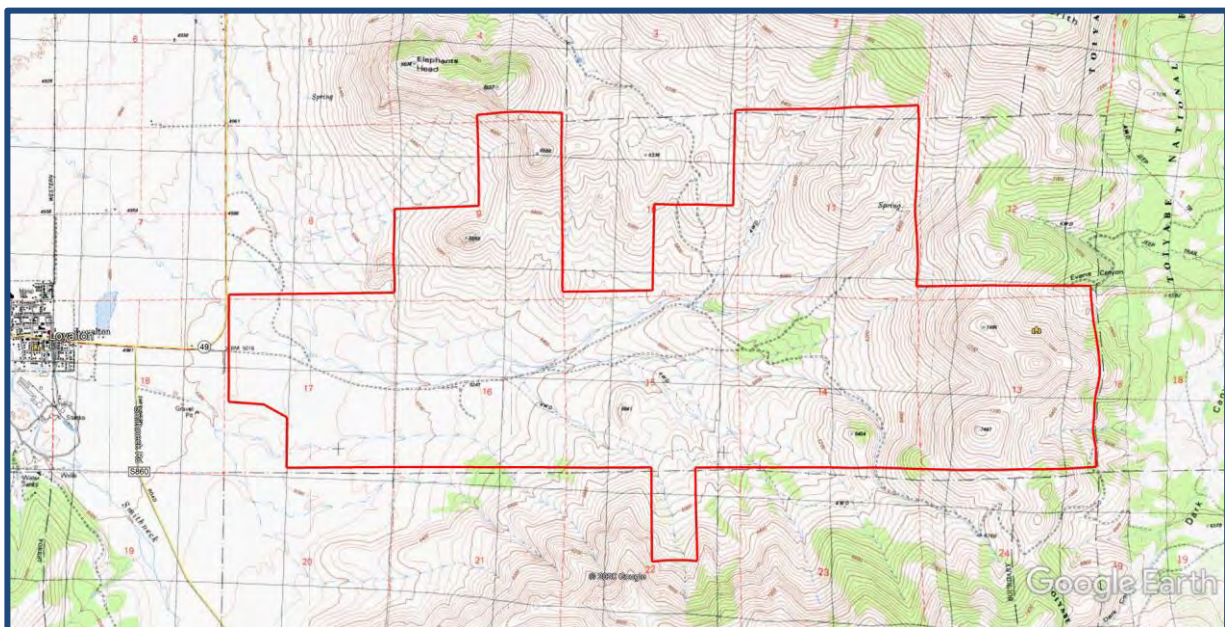
The subject acreage is outlined in red. The white shaded areas within the boundaries of the subject acreage are Federal or State owned land. The town of Loylton is to the southwest, Cold Springs and other suburbs of Reno are to the east/southeast.

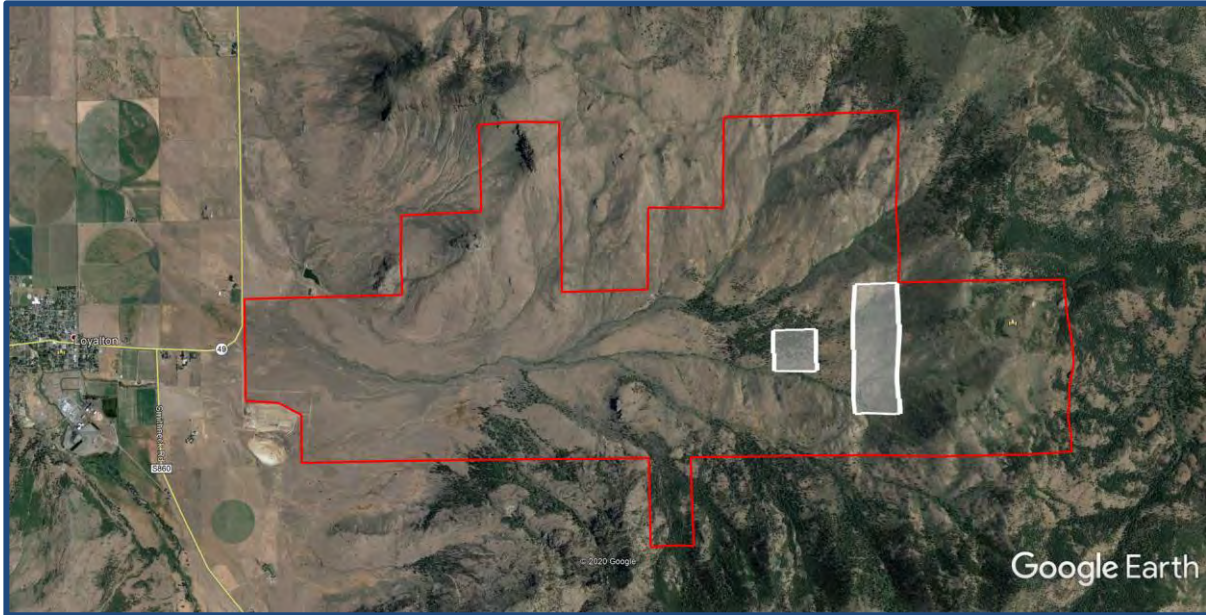
Site Description

The subject property is located in northeastern California, about 100 air miles northeast of Sacramento, and about 20 air miles northwest of Reno. The property is just east of Loyalton, and northwest of Cold Springs, Nevada. The characteristics of the site are summarized as follows:

Site Characteristics

Summary:	The property consists of three components of acreage that is remote and in a generally native state. The acreage has historically been used as seasonal grazeland.
Location:	The acreage is within Sierra County and Lassen County, CA, just east of Loyalton, CA and just west of Cold Springs, Nevada.
Gross Land Area:	10,273.95 Acres
Lassen County Acres:	3,902.49 Acres
Sierra County Acres:	6,371.46 Acres
Shape:	Irregular
Topography:	Topography ranges from lower mildly sloping flatlands to steep sloping areas and peaks. Following is a brief description of each of the three main components of the property.
Western Acreage:	The western acreage, just east of Loyalton, is relatively flat in the western portion at about 5,000 feet elevation, extending easterly to peaks that are almost 7,500 feet high. There is somewhat of a valley that extends upward in elevation from the west to the east, sloping up also toward the north and south. There are several "jeep" trails identified on the topographic map, and one named "road" (Staverville Road) that is basically a trail.



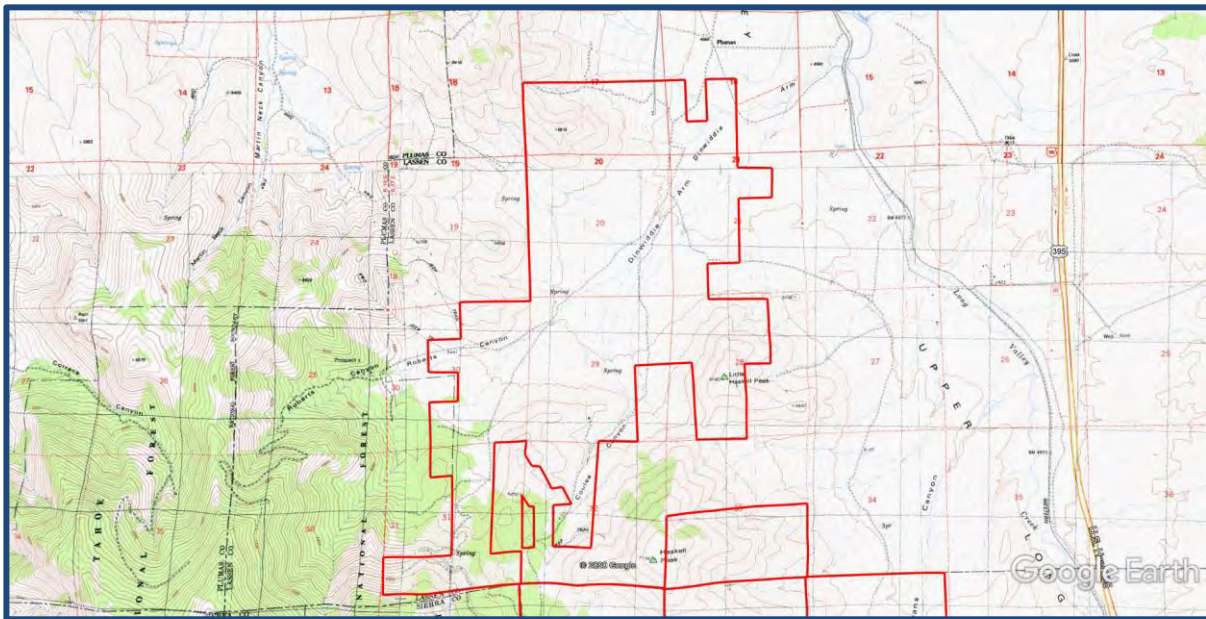
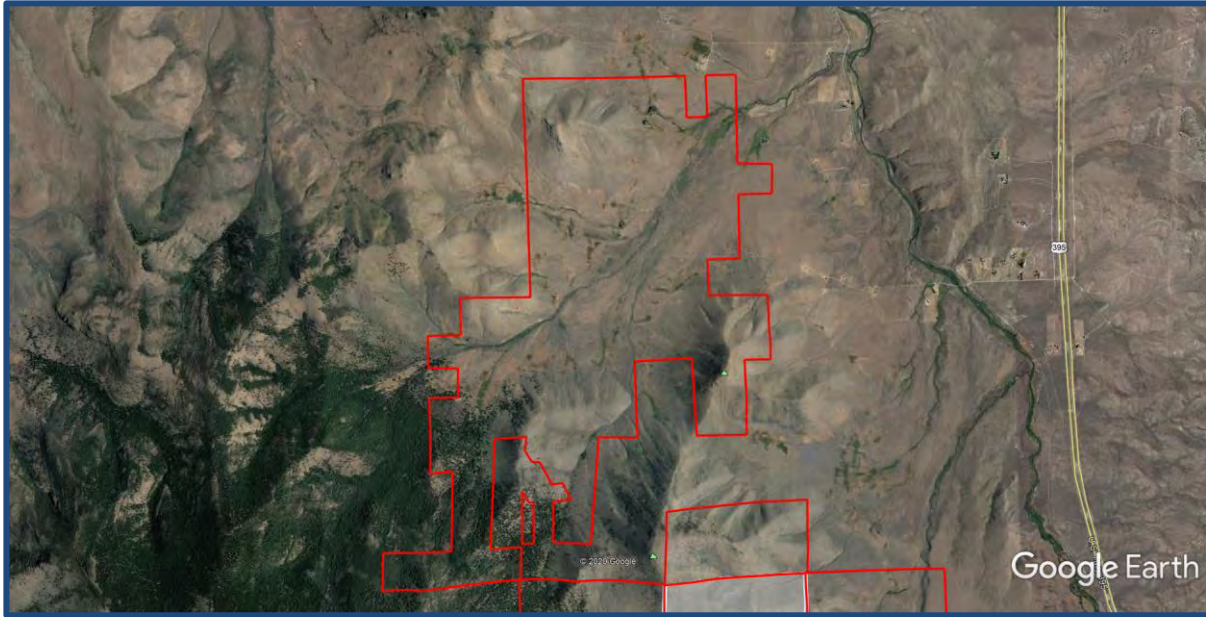


There are several high peaks in this portion of the property. Notably, there are two “islands” of public land reflected in the white shaded areas in the aerial image above.

Northeastern Acreage:

The northeastern acreage is southwest of the intersection of Highway 70 and the 395 Freeway, just east of Reno Junction. This is considered the main ranch area with a farmstead in the northern portion.

This acreage has a significant amount of nearly level or gently sloping acreage, sloping up to the south and southeast, as well as to the northwest. The lower area in the northeast part of this acreage is at about 5,000 feet elevation, extending southerly to just over 6,000 feet, with higher areas up to 7,000 feet to the southwest.

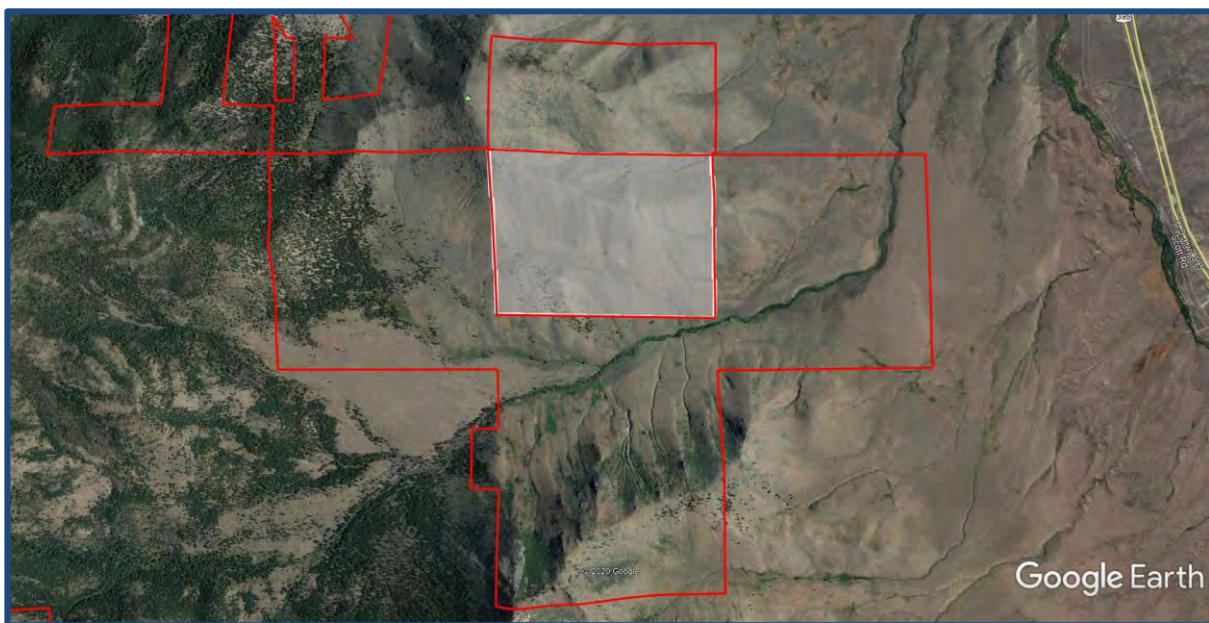
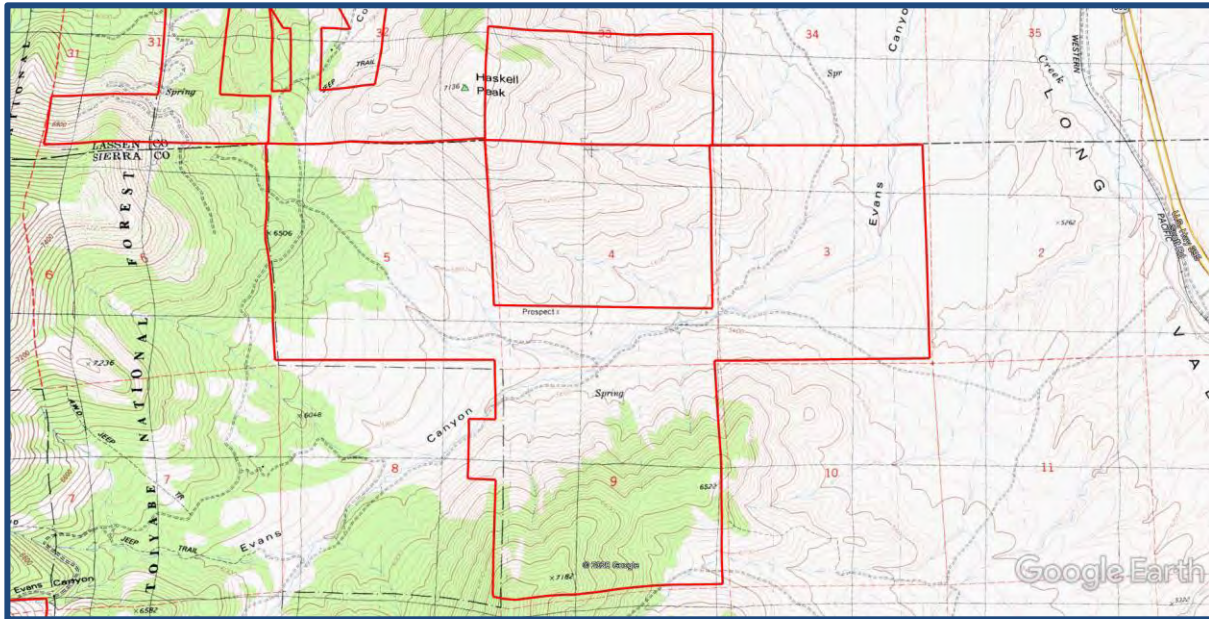


There is publicly owned land adjacent to the south. One small portion of the subject is an island within this public land.

Southeastern Acreage:

The southeastern component of the property is similar to the others in that it has valley areas and high peaks, but it differs from the other two property components in that it has inferior access.

As reflected in the aerial photo below, there is a portion of public land (white shaded) that extends into the subject acreage, with additional subject acreage north of that. Aside from "touching" the southern edge of the northeastern part of the property, it is not technically adjoining.



Note in the topographic map above where the Lassen/Sierra County line crosses the property.

Utilities:

Electric power is believed to exist at the western edge near Loyaltan, and in the northeastern part of the property near the existing farmstead. The main ranch site has a domestic well.

Access:

The acreage is considered remote. The property is accessible from the southwest corner where Garbage Pit Road connects with Staverville Road. Staverville Road runs West-East through the Southern portion of the Sierra County parcels.

There is also access from the northeast, with ranch roads extending southwesterly. There is also a ranch road which appears to extend easterly from the northeast acreage to Bringman Road and the 395 freeway.

The southeast part of the property has inferior access when compared to the other two property components. There is a trail/road which extends from the 395 freeway toward the southeastern part of this southeastern acreage, but it would require an offroad vehicle.

Significantly, legal access is assumed to exist for each of the three main property components. It is reported that the acreage has been used for grazing of livestock, and the acreage is thus assumed to be suitable for this use.

Other Site Conditions

Soil Type:	This is remote hilly acreage at 5,000 to 7,500 feet elevation. It is rocky and typically consists of soils that would not be highly rated for productive agriculture, other than seasonal grazeland.
Environmental Issues:	An environmental site assessment report was not furnished for our review. The appraisers are not considered experts in hazardous materials. The client is advised to obtain a report from an environmental expert if further investigation is desired. It is assumed that the property is free of any environmental concerns.
Easements/Encroachments:	A Preliminary Title Report was not provided for review. We note that appraisers are not experts with regard to matters of title. We assume that there are no easements or encumbrances or other matters of record that would materially affect the value of the subject property either positively or negatively.
Earthquake Zone:	The property is not located in an Alquist-Priolo Special Studies Zone for earthquake hazard. Earthquake hazard is typical for the overall area.
Wetlands Classification:	Not applicable

Zoning Designation

Zoning Jurisdiction:	Sierra County and Lassen County
Zoning Classification:	Sierra: GF (General Forest) and A1 (Agriculture 1) Lassen: OS (Open Space)
General Plan Designation:	Sierra: Agricultural, Forest Lassen: Extensive Agriculture
Permitted Uses:	Permitted uses are primarily agricultural in nature. Limited residential use is also allowed. The forest designation provides for the harvest of timber where there is adequate supply/access.

Analysis/Comments on Site

The subject consists of acreage in the northeast part of the state of California, just northwest of Reno, Nevada. It includes $\pm 6,371.46$ acres in Sierra County, and $\pm 3,902.49$ acres in Lassen County. There are three separate ranch components, including the $\pm 3,582.49$ acre main headquarters ranch accessible from the north, $\pm 4,272.46$ acres in the southwest portion, just east of Loyalton, and a third component east of Loyalton and south of the main headquarters ranch. This third component in the southeast is more remote with inferior access. It amounts to $\pm 2,419$ acres. The main headquarters ranch includes a farmstead, but the property is otherwise unimproved but for fencing. There are no known developed irrigation systems, the acreage is served by natural ponds and creeks, etc.

The property has historically been used for seasonal grazeland. With elevations of 5,000 to over 7,000 feet in the Sierra Nevada, snow limits grazing during winter and into the early spring.

Assessment and Tax Data

Assessment Methodology

The State of California has provided for a unified system to assess real estate for property taxes. Assessment Districts are established on a county basis to assess real estate within the county. The appraised property falls under the taxing jurisdiction of Lassen and Sierra Counties and is subject to both general taxes and direct assessments.

Assessed Values and Property Taxes

The subject's assessed values, applicable tax rates and total taxes including direct assessments are shown in the following table. The first 11 parcels are in Lassen County, the others are in Sierra County.

Tax Schedule

Tax Year	Parcel Number	Assessed Value - Land	Assessed Value - Imp.	Assessed Value	Tax Rate	Special Assessments	Tax Expense	
1	2019	147-040-02-11	\$16,407		\$16,407	1.000000%	\$164	
2	2019	147-050-02-11	\$22,975	\$38,607	\$61,582	1.000000%	\$616	
3	2019	147-050-19-11	\$13,126		\$13,126	1.000000%	\$131	
4	2019	147-050-20-11	\$26,258		\$26,258	1.000000%	\$538	
5	2019	147-070-04-11	\$15,989		\$15,989	1.000000%	\$160	
6	2019	147-070-05-11	\$13,126		\$13,126	1.000000%	\$131	
7	2019	147-080-01-11	\$22,524		\$22,524	1.000000%	\$225	
8	2019	147-080-03-11	\$14,729		\$14,729	1.000000%	\$147	
9	2019	147-080-11-11	\$34,812		\$34,812	1.000000%	\$348	
10	2019	147-080-14-11	\$1,097		\$1,097	1.000000%	\$11	
11	2019	147-080-15-11	\$8,283		\$8,283	1.000000%	\$83	
12	2019	016-070-012	\$98,400		\$98,400	1.047000%	\$144	
13	2019	016-080-007	\$27,579		\$27,579	1.047000%	\$48	
14	2019	016-080-008	\$131,200		\$131,200	1.047000%	\$192	
15	2019	016-090-011	\$131,200		\$131,200	1.047000%	\$192	
16	2019	016-090-059	\$104,796		\$104,796	1.047000%	\$154	
17	2019	016-100-001	\$131,200		\$131,200	1.047000%	\$192	
18	2019	016-100-004	\$98,400		\$98,400	1.047000%	\$144	
19	2019	016-100-005	\$103,421		\$103,421	1.047000%	\$51	
20	2019	021-010-003	\$131,200		\$131,200	1.047000%	\$1,374	
21	2019	021-010-006	\$25,855		\$25,855	1.047000%	\$271	
22	2019	021-010-012	\$65,600	\$1,243	\$66,843	1.047000%	\$700	
23	2019	021-010-013	\$5,330		\$5,330	1.047000%	\$56	
24	2019	021-020-001	\$113,980		\$113,980	1.047000%	\$1,193	
Total			\$1,357,487	\$39,850	\$1,397,337		\$1,392	\$15,915

General Taxes

The amount of General Taxes due is quantified by multiplying the assessed value by the tax rate. In the State of California, real estate is assessed at 100% of market value as determined by the County Assessor's Office. The tax rate consists of a base rate of 1% plus any bonds or fees approved by the voters. The County Tax Rate for the Sierra County acreage is 1.047%. The rate in Lassen County is 1.0%

Direct Assessments

Direct assessments are tax levies that are not dependent upon the assessed value of the property. They are levied regardless of assessment. According to the Lassen and Sierra County Tax Collector's Offices, the direct assessments for the subject are \$1,392.

Current and Future Taxes

Proposition 13 was passed by voters in June 1978 and substantially changed the taxation of real estate in California. This constitutional amendment rolled back the base year for assessment purposes to the tax year 1975-1976. Annual increases in assessed value are limited to 2 percent per year, regardless of the rate of inflation. Real estate is subject to re-appraisal to current market value upon a change in ownership or new construction. Property assessments in years subsequent to a change of ownership or new construction are referred to as factored base values.

Proposition 8, which passed in November 1978, states that the Assessor shall lower tax roll values to fair market value whenever the assessed value exceeds fair market value. It mandates that the lower of fair market value or factored base value be placed on the assessment roll. When fair market values are enrolled, the Assessor reassesses the property annually until such time as fair market value again equals or exceeds the factored base year value. For properties that have been owned for several years, the assessed value may not reflect the current fair market value. Furthermore, due to adjustments following a Prop 8 reduction, increases in assessed value can increase substantially more than 2% per year until the assessment again matches the factored base year value.

Conclusions

According to the Lassen and Sierra County Tax Assessors Offices the subject's property taxes are current as of the date of value.

Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As Though Vacant

The primary determinants of the highest and best use of the property As Though Vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject site is zoned General Forest, Open Space and Agriculture. The zoning controls the general nature of permissible uses but is appropriate for the location and physical elements of the subject, providing for a consistency of use with the general neighborhood. The location of the subject property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements, encroachments, covenants, or other use restrictions that would unduly limit or impede development.

Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. There are no items of a physical nature which would adversely impact development with the legal permitted uses. The property has historically been used for livestock grazing and recreational uses.

Financially Feasible

The probable use of the site for agricultural and recreational uses conforms to the pattern of land use in the market area. An agricultural ranch and/or recreational use is feasible and most likely. A residential use as an accessory to the agriculture use is also quite common.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for continuation of the current agricultural and recreational use.

Conclusion of Highest and Best Use As Though Vacant

The conclusion of the highest and best use as though vacant is for continuation of the current agricultural and recreational use.

Analysis of Highest and Best Use as Improved

In determining the highest and best use of the property as improved, the focus is on three possibilities for the property: (1) continuation of the existing use, (2) modification of the existing use, or (3) demolition and redevelopment of the land.

The only improvements to the property consist of fencing and a farmstead. Retaining the improvements as they exist meets the tests for physical possibility, legal permissibility, and financial feasibility. The improvements are reportedly in serviceable condition and any alternative use of the existing improvements is unlikely to be economically feasible.

Conclusion of Highest and Best Use As Improved

The highest and best use of the subject property, as improved, is continuation of the existing agricultural and recreational use.

Most Probable Buyer

As of the date of value, the most probable buyer of the subject is an owner/user who intends to graze the acreage or use for recreational purposes.

Sales Comparison Approach

Methodology

The Sales Comparison Approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

The process of developing the Sales Comparison Approach consists of the following: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject.

Unit of Comparison

The primary unit of comparison selected depends on the appraisal problem and nature of the property. The primary unit of comparison in the market for properties such as the subject is the price per acre.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location, and (7) physical characteristics.

Comparable Sales Data

We conducted a search for market data in a variety of resources and public records, as well as interviews with knowledgeable real estate professionals in the area.

We considered many transactions but focused our analysis on the six most relevant sales of agricultural properties in the area. The data presented herein were judged to be the most comparable to develop an indication of market value for the subject property.

While some of the sales are not as recent as would be ideal, the market for this type of property has been generally trending very moderately upward.

There is a general trend evident where the smaller magnitude sales reflect higher prices per acre, and the opposite is generally true. Other factors can offset this size/price relationship.

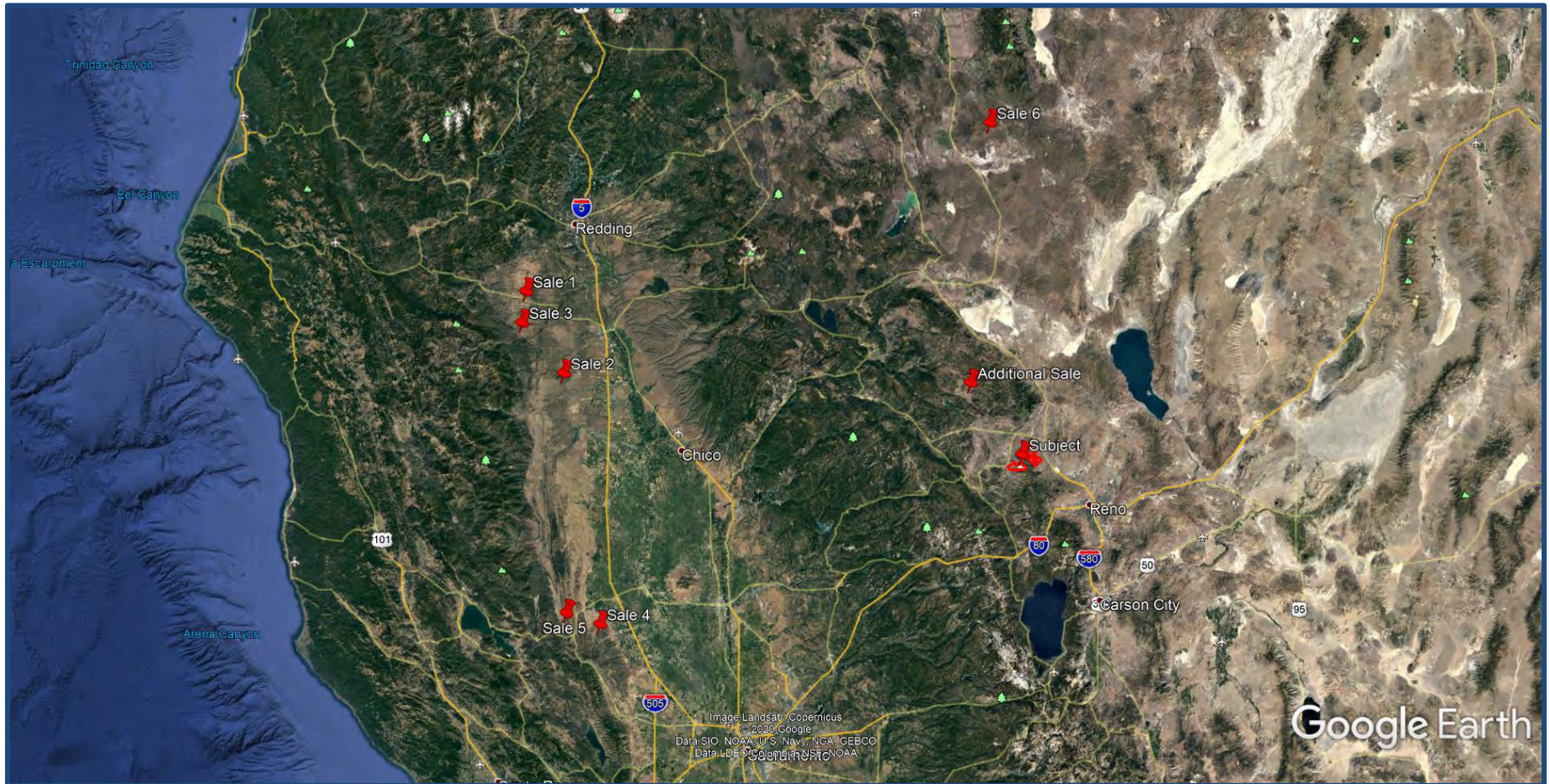
The table on the following page summarizes the sales, followed by a map displaying the location of each comparable in relation to the subject, and a land sale ranking grid which illustrates our analyses.

COMPARABLE SALES DATA

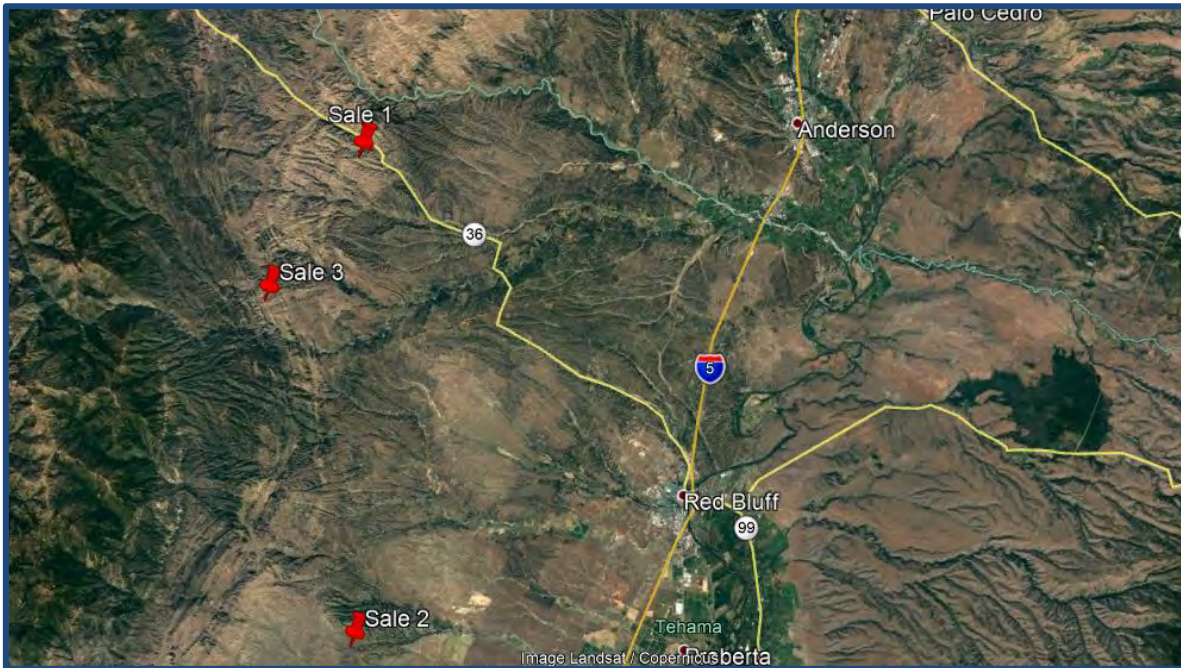
Sale No.	Location	Grantor	Sale Date	Size (acres)
		Grantee Reference No.	Sale Price	Struct Impr Price/Acre
1	24 Miles NW of Red Bluff Red Bluff, Tehama County	Various (Diamond)	6/8/2018	6,579.28
		Lazy Spade Doc#2018-6384	\$6,977,000	None
				\$1,060
2	14 Miles NW of Corning Flournoy, Tehama County	Lammers Properties, LLC	2/15/2018	5,379.85
		Lowe Trust Doc#2018-001529	\$5,900,000	Farmstead
				\$1,097
3	Intersection of Pettyjohn and Weemasoul Roads Red Bluff, Tehama County	Cliff Cattle Co.	10/26/2017	16,127.80
		Peyton Pacific Properties, LLC Doc#2017-13622	\$9,000,000 \$390,000	Farmstead
			\$9,390,000	\$582
4	17 Miles W of Williams on Spring Valley Rd & 7 Miles W of Arbuckle by easement off the end of Hahn Road Arbuckle, Colusa County	Brackett Ranches	4/17/2017	8,392.80
		M & R LaGrande Doc#2017-1352	\$6,500,000	Yes
				\$774
5	18 Miles SW of Williams off of Bear Valley Rd Williams, Colusa County	Brackett Ranches	3/27/2017	12,896.46
		Nobmann, LLC Doc# 2017-1109	\$10,000,000	Farmstead
				\$775
6	12 miles NE of Ravendale Ravendale, Lassen County	Roberts Trust	7/22/2016	23,500
		Dodge Ranch, LLC Doc# 2016-3293	\$9,200,000 (\$1,800,000)	Farmstead
			\$7,400,000	\$315

Sale 3 is adjusted upward for a cash equivalency adjustment. Sale 6 is adjusted downward to exclude the estimated contributory value of improvements. Some of the other sales also had improvements but they were not significant enough to warrant formal adjustment.

COMPARABLE SALES MAP



SALES 1, 2 AND 3

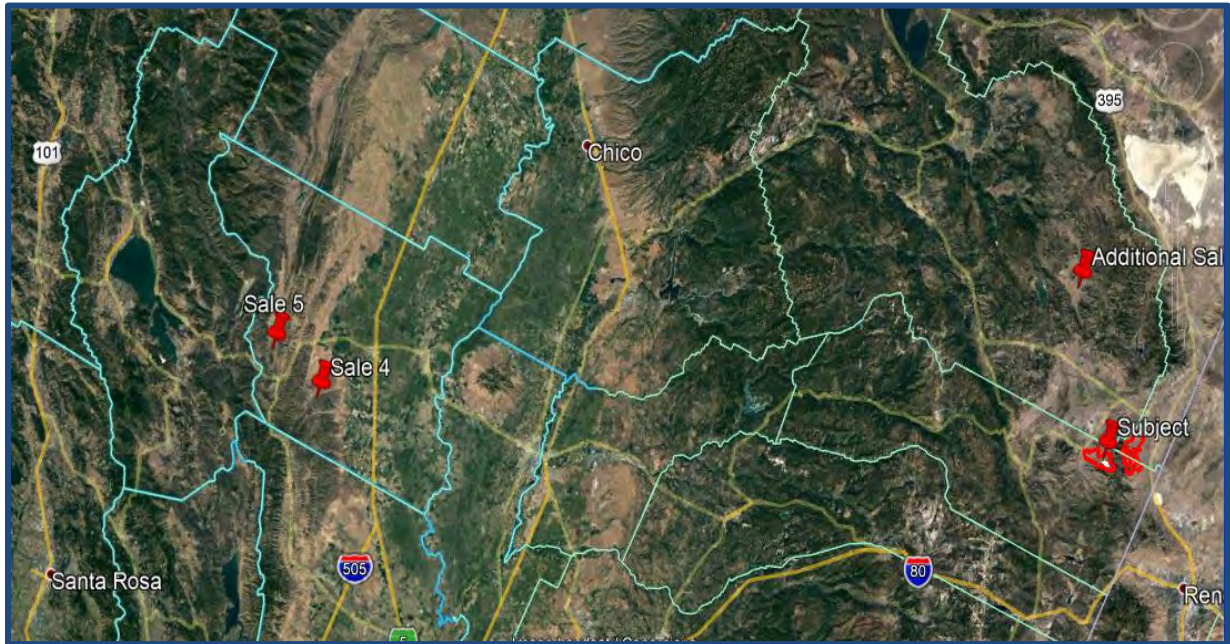


Sale 1 (\$1,060 per acre) This is the sale of approximately 6,578.28 acres of grazeland that abuts Highway 36 on the north end. It has rolling hills in the interior portion and has been used for yearlings for a number of years. The property was purchased with four separate purchase agreements. The property receives surface water but does not have an irrigation system. There is no conservation easement on this property.

Sale 2 (\$1,097 per acre) This is the sale of approximately 5,379.85 acres of grazing land that also consists of improvements. This property has perimeter fencing, single wide mobile home, a hay/pole barn with attached tack room and horse stalls plus a steel corral area with lead up, squeeze, and loading chute. The property has adequate stock water from a variety of reservoirs and a hill water system that is comprised of a well with tank, troughs, and underground pipelines. The topography ranges in elevation from 630'-1050'. The contributory value of the improvements is nominal.

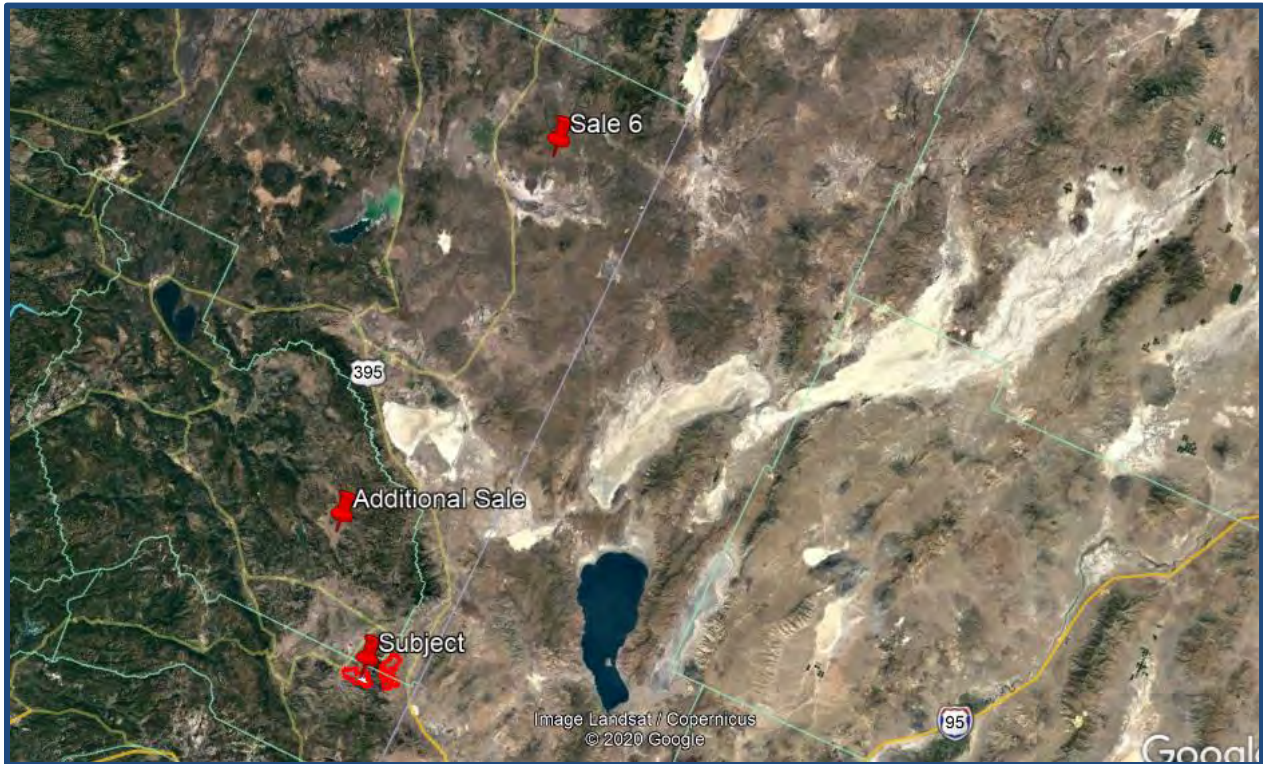
Sale 3 (\$582 per acre) This sale consists of approximately 16,127.82 acres of dry/ native foothill rangeland pasture located 16 miles west of Red Bluff and Interstate 5, south of Highway 36 in Tehama County. The sale is improved with three main farmstead areas that were reportedly modest and offered minimal to no contributory value. The property is perimeter fenced with some cross fencing and is reported to accommodate 700 pair on a seasonal basis. The topography varies from generally flat terrain to steeply rolling/ sloping land and the elevations range from 800'-2,066'. The native cover ranges from open/sparsely oak studded areas to dense brush, thick tree cover and significant rock outcroppings. The property does not receive water from an irrigation district, and there are no ag or deep wells on the property. There are several stock water ponds/reservoirs located throughout the property. Stock water is also derived from three solar powered domestic wells. The property sold for \$9,000,000, with favorable owner financing resulting in a cash equivalency adjustment of \$390,000 per the confirming source.

SALES 4 AND 5



Sale 4 (\$774 per acre) This is the sale of approximately 8,392.80 acres of grazing land that is located west of Williams and west of Arbuckle. The property is improved with a cabin and barn that are of negligible value. The topography ranges from flat, to moderately sloping and undulating, to steep. The carrying capacity for this ranch is reportedly to be around 700 pair per season. PG&E is available in some areas, and stock water is provided by seasonal creeks, ponds, and springs.

Sale 5 (\$775 per acre) Approximately 12,896.46 acres of winter livestock range, with flat and gently sloping, to moderately sloping and undulating, to steep variations in topography. Access to the property is via paved and gravel based public roads. There is no irrigation water available to the property, stock water is provided from creeks, ponds, and wells with troughs. Utilities are minimal with only telephone service available. Electric power is provided by private hydroelectric plant supplied by the creek and backup solar panels. The property is improved with a manufactured home, cabin, powerhouse, and stock barn. The contributory value of the improvements is approximately \$70,000 which is considered negligible at about \$5 per acre overall. Some of the property is within a designated flood zone. This ranch is encumbered by an American Land Conservancy Conservation Easement which is nominally restrictive to (livestock grazing, no subdivision, and limits on residential improvements). The conservation easement has only a minor negative value impact as it does not change the highest and best use of the land. This property is within the Williamson Act.

SALE 6

Sale 6 (\$315 per acre) This is the sale of Dodge Ranch near Ravendale. The ownership totaled 23,500 acres in 27 nearby but non-contiguous parcels that are connected by BLM acreage. The acreage is at 5,000 to 6,000 feet in elevation making it similar to the subject in this regard. The property is improved with three dwellings, one bunkhouse, a shop, haybarn, along with livestock corrals and working facilities. The improvements were reported at \$200,000. Farm equipment was included in the sale which was valued at \$1,600,000. The property had been used for hay production.

An **additional sale** was also considered, but it is quite stale, and confirmation was not complete. It sold in 2014 and consists of about 12,000 acres at about 4,000 to 5,000 feet elevation in the Dixie Valley area about 20 miles north of the subject, plus about 5,100 acres of winter range west of Red Bluff. The sale also included 103,000 acres of adjoining BLM/USFS acreage under lease. The acreage features multiple dwellings, some of which are significant, as well as numerous other smaller structures and improvements. Including the improvements, the gross price is reported at \$586 per acre, but due to the laws in existence at the time, the sale price is not reflected in the deed and cannot be confirmed. We have considered this as an additional sale due to its proximity to the subject and similarity in altitude.

Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment to the comparable was applied if inferior. A summary of the elements of comparison follows.

Transaction Adjustments

These items are applied prior to the application of market conditions and property adjustments. Transaction adjustments include: Real Property Rights Conveyed, Financing Terms, Conditions of Sale, and Expenditures made immediately after purchase.

Sale 3 involved favorable owner financing, and this has already been adjusted. Sale 5 sold with a conservation easement, but it does not change the highest and best use of the land and the impact on value is not profound. Nonetheless, Sale 5 involved inferior property rights, and it warrants upward adjustment for this factor. None of the other sales required adjustment for these transactional factors.

Market Conditions Adjustment

Market conditions change over time as a result of inflation, deflation, fluctuations in supply and demand and other factors. The sales are arranged in descending order by sale date. The comparables are considered to represent generally recent sale transactions, relatively near the date of value. Furthermore, the market for this type of property has been relatively level, with a slight upward trend. Overall, while no formal adjustment is applied, we have considered the improving general economic trends in our reconciliation.

Property Adjustments

Property adjustments are based on locational and physical characteristics and are applied after the application of transaction and market conditions adjustments. We have summarized our adjustment analyses below. The pertinent elements of comparison and adjustments, if warranted, are based on our market research, best judgment, and experience in the appraisal of similar properties.

We have considered location with regard to proximity to linkages and accessibility. We have also considered the differences in topography, water improvements and structures, and magnitude. Severe topography limits productivity. Water and structural improvements are a factor in value enhancement, and there is a recognized relationship between size and price. Larger magnitude sales will almost universally sell for less per unit of measure than smaller magnitude sales, although this factor can sometimes be offset to some extent by other elements of comparison.

The valuation analyses are summarized in the following ranking array. The sales are arranged in descending order by sale price per acre. In such an array, the indicated value for the subject is shown on the following page below those which require downward adjustment, and above those which require upward adjustment.

RANKING ARRAY

No.	Location	Sale Date	Size (Acres)	Price/Acre	Comment
2	Lowe Trust - Corning Tehama County	2/15/2018	5,379.85	\$1,097	Downward adjustment is required for the smaller magnitude and lower elevation, superior accessibility and year round utility.
1	Lazy Spade - Red Bluff Tehama County	6/8/2018	6,579.28	\$1,060	Downward adjustment is required for the smaller magnitude and lower elevation, superior accessibility and year round utility.
5	Nobmann, LLC - Williams Colusa County	3/27/2017	12,896.46	\$775	Downward adjustment is required for the lower elevation, superior accessibility and year round utility. These offset a slight upward adjustment for inferior property rights.
4	M & R LaGrande - Arbuckle, Colusa County	4/17/2017	8,392.80	\$774	Downward adjustment is required for the smaller magnitude and lower elevation, superior accessibility and year round utility.
3	Peyton Pacific - Red Bluff Tehama County	10/26/2017	16,127.80	\$582	Downward adjustment is required for the lower elevation, superior accessibility and year round utility. These offset a slight upward adjustment for larger magnitude.
Subject	Loyalton Ranch	5/20/2020	10,273.95	\$400	Three acreage components of 4,272, 3,582 and 2,419 acres with the larger portions having access from a public road, and the third being very remote and accessible only via easement.
6	Dodge Ranch	7/22/2016	23,500.00	\$315	Upward adjustment for greater magnitude, and a slight upward adjustment for improved market conditions.

Reconciliation and Conclusion

The sales reflect range of \$315 to \$1097 per acre. Sale 6 is the lowest indicator which is the largest in magnitude. A reasonable value for the subject would be higher than the indication from Sale 6. The highest indicators are Sales 2 and 1, both of which are much smaller in magnitude, and both have superior access and utility. The remaining sales reflect a range from \$582 per acre to \$775 per acre.

All of the sales are agricultural grazeland in nature and offer varying degrees of improvements. Sale 4 (\$774/acre) is closest in size compared to the subject but has superior access. A reasonable value for the subject would be less than \$774 per acre. Sale 3 (\$582/acre) has lower elevation, superior accessibility, and is larger in magnitude. A reasonable value for the subject would lower than \$582/acre. A value of \$400 per acre is concluded.

Sales Comparison Approach Conclusion

Overall, we have concluded that the value of the subject property, as of the effective date of value of May 20, 2020 can be calculated on the basis of \$400 per acre. This figure results in a value indication of \$4,110,000.

Value Indication via Sales Comparison Approach	
Total Acres	10,273.95
Value per Acre	\$400
Value Indication via Sales Comparison Approach	\$4,109,580
	<i>rounded</i>
	\$4,110,000

Reconciliation

Only one approach to value was considered applicable, therefore, no formal reconciliation is required.

The indicated value from the applicable approach and our concluded market value for the subject property are summarized in the following table.

Value Indications	
Approach to Value	As Is
Cost	Not Applicable
Sales Comparison	\$4,110,000
Income Capitalization	Not Applicable

Value Conclusion	
Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	May 20, 2020
Value Conclusion	\$4,110,000
	<i>\$400.04 per acre</i>

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. Our findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions:

- In terms of physical characteristics of the property, we relied on information provided by our client, along with public record information and technology platforms including google earth. It is an extraordinary assumption of the appraisal that the information contained herein is accurate
- Legal access is assumed to exist for each of the three main property components. It is reported that the acreage has been used for grazing of livestock, and the acreage is thus assumed to be suitable for this use.

Hypothetical Conditions:

- None

Exposure Time and Marketing Period

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, similar marketing and exposure time estimates of four to six months are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Northern California will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Northern California is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats, and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Northern California and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability, or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Northern California.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed, nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment, or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state, or local laws, regulations, or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Northern California both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Northern California and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Northern California or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Northern California for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Northern California shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Northern California. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Northern California and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Northern California harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Northern California in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | Hulberg & Associates, Inc. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
41. The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy, or the market in which the subject property is located. The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

Certification – John A. Hillas, MAI, SRA

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned has not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. John A. Hillas has personally inspected the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.



John A. Hillas, MAI, SRA
Managing Director
California Certified License #AG002432

Addenda

Glossary

Qualifications

- John A. Hillas, MAI, SRA - Managing Director

Information on Valbridge Property Advisors

Office Locations

Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP) and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management, often a long-term lease to a credit tenant. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants, but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security, and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger DCR typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.

The property is subjected to market conditions prevailing as of the date of valuation.

Both the buyer and seller are acting prudently and knowledgeably.

The seller is under compulsion to sell.

The buyer is typically motivated.

Both parties are acting in what they consider to be their best interests.

An adequate marketing effort will be made during the exposure time.

Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time

The time a property remains on the market. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full-service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Gross leasable area plus all common areas.

For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values*, *aggregate retail selling price* or *sum of the retail values*. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical

possibility, financial feasibility, and maximum productivity.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

Industrial Gross Lease

A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance, and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping, and architect's fees). (Dictionary)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

See also Positive Leasehold and Negative Leasehold.

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural

columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated.

Both parties are well informed or well advised and acting in what they consider their own best interests.

A reasonable time is allowed for exposure in the open market.

Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense

responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

Negative Leasehold

A lease situation in which the market rent is less than the contract rent. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Positive Leasehold

A lease situation in which the market rent is greater than the contract rent. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value –as completed– reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

Prospective Future Value Upon Stabilization

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report ...The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party, a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease*, *net net net lease*, or *fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

VTAB

Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)

Qualifications

Qualifications of John A. Hillas, MAI, SRA
Managing Director
Valbridge Property Advisors | Northern California



Independent Valuations for a Variable World

State Certifications

Certified General RE Appraiser
State of California

Formal Education

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A.A.S.
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Anchorage Community College

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Memberships/Affiliations/Honors

Member	Appraisal Institute
2012 Chair	Appraisal Institute Fall Conference
2009 & 2020 Chair	Appraisal Institute Spring Conference
2008 Chair	Appraisal Institute Region One
2007-08 Director	Appraisal Institute Board of Directors
2004 President	Northern CA Chapter, Appraisal Institute
1998 President	Sierra Chapter, Appraisal Institute
Associate Member	American Society of Farm Managers & Rural Appraisers (ASFMRA)
Expert Witness	Superior Courts of Stanislaus, Merced, Placer and Sacramento Counties

Appraisal Institute Related Courses & Examinations Passed

Appraisal Institute: All courses and examinations required for the MAI and SRA designations, as well as thousands of hours of continuing education.

Speaking Engagements:

Nor-Cal Chapter, Appraisal Institute:

Authored/Presented Workshops:

- "Analyzing Operating Expenses"
- "Adjustments in Valuation Analyses"
- "Appraisal of Small Residential Income Properties"
- "Mastering Marshall – Using Marshall & Swift Cost Data"

Risk Management Association (RMA) Central Valley Chapter:

Authored/Presented Workshop:

- "Real Estate Overview"

California Chapter, ASFMRA

Authored/Presented Workshop:

- "Valuation of Transitional Property"

San Joaquin County Assessor In-house Training:

Authored/Presented Seminar:

- "Valuation of Subdivision Properties"

Related Valuation Experience

Valuation experience includes all sorts of general commercial, industrial, retail, office, multiple-unit residential, existing, and proposed residential, commercial, and industrial subdivisions and transitional land, commercial and agricultural lands including large ranches, orchards, and cropland. Work has been performed for a wide variety of needs including estate planning/filing, lending, condemnation, and general litigation support.

Managing Director

ValbridgePropertyAdvisors | Northern California (2013-Present)
Modesto, California

Senior Vice President, Branch Manager

Hulberg & Associates, Inc. (2007-2013 joined to create Valbridge Property Advisors in 2013)
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Owner/Appraiser

Sierra Valuation Consultants (1996-2007)
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Senior Appraiser

National Valuation Consultants, Inc. (1995-1996)
Denver, Colorado

Senior Appraiser

San Francisco Federal Savings and Loan (1992-1995)
Modesto, California

Senior Appraiser

Private Real Estate Valuation Firm (1991-1992)
Modesto, California

Appraiser

Stockton Savings Bank (1987-1991)
Modesto, California

Appraiser

Hillas Appraisal Company (1980-1987)
Homer, Alaska



Valbridge
PROPERTY ADVISORS



FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent national commercial real estate valuation and advisory services firm in North America.
 - Total number of MAI-designated appraisers: 200+ on staff
 - Total number of office locations: 70+ across U.S.
 - Total number of staff: 675+ strong
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
- Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by our local office leaders.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.



Valbridge

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Agenda Report

21-98

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Accept the 2020 General Plan Annual Progress Report

COUNCIL PILLAR

Promote and Enhance Economic, Housing and Transportation Development

BACKGROUND

California State Law requires local jurisdictions, including Santa Clara, to maintain a General Plan to guide the orderly, long-term use of lands within the City through policies and General Plan Land Use designations. The General Plan communicates the City's long-term vision for future growth and land use and establishes a policy framework to govern decision-making concerning the physical development of the community. The seven major strategies of the General Plan, along with their implementing goals and policies, define and communicate the City's overarching vision for the community in relation to physical development patterns. The City's seven major General Plan strategies are:

1. Enhance the City's High Quality of Life
2. Preserve and Cultivate Neighborhoods
3. Promote Sustainability
4. Enhance City Identity
5. Support Focus Areas and Community Vitality
6. Maintain the City's Fiscal Health and Quality Services
7. Maximize Health and Safety Benefits

The General Plan further establishes multiple goals and policies to guide decision making to be consistent with the realization of these strategies.

The Housing Element is a required component of the General Plan and per State law must demonstrate the City's ability to support residential development capacity consistent with the City's Regional Housing Needs Allocation (RHNA).

The City is required to provide three annual reports to the State to demonstrate the City's progress toward implementation of its General Plan:

- General Plan Annual Progress Report (GP APR)
- General Plan Housing Element Annual Progress Report (Housing Element APR)
- Housing Successor Agency Annual Report regarding the Low and Moderate Income Housing Asset Fund (LMIHAF)

These reports are due on April 1st of each calendar year and the Housing Element APR and LMIHAF

must be submitted to California Department of Housing and Community Development (HCD) using the forms and definitions adopted by HCD. These two documents must also be posted on the City's website.

Historically the City has submitted three reports to the State on an annual basis, in conformance with these requirements.

Staff is preparing all three documents to submit to the State prior to April 1, 2021.

Beginning in 2020, the State further mandated that all cities, including Charter cities such as Santa Clara, and all 58 counties, submit the GP APR to their legislative body as well as to the Governor's OPR (Government Code Section 65400). This report is being submitted to the City Council to fulfill this requirement.

DISCUSSION

Annual Progress Reports (APRs) provide local legislative bodies with information regarding the implementation of the General Plan for their city or county. The Annual Progress Report is strictly a reporting document and does not create or modify any City of Santa Clara goals or policies found within the General Plan. APRs must be presented to the local legislative body for review and acceptance. Once approved, the General Plan APR must be filed with the Governor's Office of Planning and Research and the Housing Successor Agency Annual Report must be posted on the City's Website.

This report includes four attachments documenting the City's implementation of the General Plan over the last calendar year. In summary, as described in these documents, the City's General Plan is consistent with state law, and has been successful in creating market-rate housing, especially in the City's General Plan Focus Areas.

Attachment 1 is a fact sheet that includes relevant milestones for the General Plan, along with a short discussion of additions that need to be made to the General Plan in the coming years. A summary of the Housing Element APR, including housing production numbers for the year and Housing Element implementation actions, is included as Attachment 2.

The Housing Successor Annual Report regarding the Low and Moderate Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f). The report sets forth details of the City of Santa Clara Housing Successor activities in Fiscal Year 2019-2020 and is included for reference as Attachment 3.

A list of all General Plan Amendments filed since the adoption of the 2010-2035 General Plan is included as Attachment 4. No amendments were made to the General Plan in 2020.

ENVIRONMENTAL REVIEW

The action being considered is simply to accept an annual report on the City's General Plan and as such does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5), in that it is a governmental administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

This report has no fiscal impact in that it simply reports housing production for the prior calendar year and gives the Council a report on the status of the implementation and upkeep of the General Plan.

COORDINATION

This report has been coordinated with the City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>>.

RECOMMENDATION

Accept the General Plan Annual Progress Report as presented by staff.

Reviewed by: Andrew Crabtree, Director of Community Development

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Santa Clara General Plan 2010-2035 Fact Sheet
2. Summary data from the 2020 Housing Element Annual Progress Report
3. FY 2019-2020 Successor Agency Annual Report
4. Amendments to the General Plan, 2010-present



General Plan 2010-2035 Fact Sheet

Adoption Date of General Plan: November 6, 2010

Adoption Date of Housing Element: December 9, 2014

Consistency with the Office of Planning and Research General Plan Guidelines: Consistent

Amendments to be made during the next Housing Element Update, or by 2022, as required by State Law:

- An Environmental Justice element, to identify objectives and policies to reduce the unique or compounded health risks in disadvantaged communities
- Climate Adaptation and Resilience Policies, to be included as a part of the 2021 Climate Action Plan Update
- An update of the Safety Element in relation to Fire Hazards and Climate Change

Priorities for land use decision making that have been established by the local legislative body (e.g., passage of moratoria or emergency ordinances): Ordinance 2018, imposing a ban on all commercial cannabis activities, adopted May 12, 2020.

Ongoing Advance Planning Activities:

- Downtown Precise Plan
- El Camino Specific Plan
- Patrick Henry Drive Specific Plan
- Zoning Code Update
- Freedom Circle Focus Area Plan
- Climate Action Plan

Summary Data from the 2020 Santa Clara General Plan Annual Progress Report

Jurisdiction	Santa Clara	
Reporting Year	2020	(Jan. 1 - Dec. 31)

Building Permits Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	37
	Non-Deed Restricted	0
Low	Deed Restricted	158
	Non-Deed Restricted	0
Moderate	Deed Restricted	3
	Non-Deed Restricted	0
Above Moderate		415
Total Units		613

Note: Units serving extremely low-income households are included in the very low-income permitted units totals

Housing Applications Summary	
Total Housing Applications Submitted:	79
Number of Proposed Units in All Applications Received:	1,309
Total Housing Units Approved:	75
Total Housing Units Disapproved:	0

Use of SB 35 Streamlining Provisions	
Number of Applications for Streamlining	0
Number of Streamlining Applications Approved	0
Total Developments Approved with Streamlining	0
Total Units Constructed with Streamlining	0

Units Constructed - SB 35 Streamlining Permits			
Income	Rental	Ownership	Total
Very Low	0	0	0
Low	0	0	0
Moderate	0	0	0
Above Moderate	0	0	0
Total	0	0	0

Cells in grey contain auto-calculation formulas

Jurisdiction	Santa Clara	
Reporting Year	2020	(Jan. 1 - Dec. 31)

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
 (CCR Title 25 §6202)

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.
 Please contact HCD if your data is different than the material supplied here

Table B													
Regional Housing Needs Allocation Progress													
Permitted Units Issued by Affordability													
		1	2								3	4	
Income Level		RHNA Allocation by Income Level	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	1050		1			130	37				168	882
	Non-Deed Restricted												
Low	Deed Restricted	695		1			15	158				174	521
	Non-Deed Restricted												
Moderate	Deed Restricted	755						3				57	698
	Non-Deed Restricted		19	16	6	5	8						
Above Moderate		1593	212	399	1609	1162	626	415				4423	
Total RHNA		4093											
Total Units			231	417	1615	1167	779	613				4822	2101

Note: units serving extremely low-income households are included in the very low-income permitted units totals
 Cells in grey contain auto-calculation formulas

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	Santa Clara
Reporting Year	2019 (Jan. 1 - Dec. 31)

Table D

Program Implementation Status pursuant to GC Section 65583

Housing Programs Progress Report			
Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.			
1	2	3	4
Name of Program	Objective	Timeframe in H.E	Status of Program Implementation
Action 1: Neighborhood Conservation Improvement Program	Provide and Promote Low-Income Owner Occupied Rehabilitation Grants and Loans	Ongoing	Status: The Housing and Community Services division increased funding for this program for 2018-2019 and for 2019-2020 (approximately \$1 million annually) to assist more low-income and senior homeowners to improve the habitability, use and occupancy of owner-occupied housing.
Action 3: Acquisition of Multi-Family Housing	Multi-Family Housing Acquisition and Rehabilitation	Ongoing	Status: The City seeks opportunities to occupy deteriorated properties that, during times of depressed rental markets, cannot raise sufficient capital to rehabilitate. This is an active City program; however, market conditions have not provided compelling opportunities. In the meantime, the Housing and Community Services Division has launched a multi-family energy focused rehabilitation incentive for affordable projects in Santa Clara, with three projects currently in the pipeline. The City of Santa Clara has worked with Riverwood Place Associates, L.P. (MidPen Housing Corporation) to extend the affordable housing requirements for 148 rental units within the project located at 5090 Lick Mill Boulevard. MidPen approached the City of Santa Clara with a proposal to fund a solar panel installation as solar provides a great opportunity for long-term sustainability and cost savings The estimated capital cost was estimated to be around \$680,000. MidPen Housing also proposed, as part of the financing strategy, to modify the terms of the City's existing Promissory Note. Whereas the original Promissory Note entitled the City to 75% of residual cash flow receipts, the proposed modification would entail a conventional 50/50 split of residual receipts between the City and MidPen. In exchange for the requested modification, the City requested to increase the interest rate to 2% from the original 0% and to extend the affordability covenants maturity date from March 14, 2056 to March 14, 2074, thereby preserving 148 studio apartments serving special needs adults for an additional 18 years.
Action 6: Zoning Ordinance	Comprehensive Zoning Ordinance Update	Ongoing	The City is continuing to work on the comprehensive Zoning Ordinance Update, including the creation of more flexible mixed-use zoning districts that will be applied in the City's Focus Areas, including El Camino, Tasman East and Freedom Circle/Patrick Henry Drive.
Action 10: Provision of a variety of Housing Types	Fund Alternative Affordable Housing Types	Ongoing	The City is partnering with the County's Office of Supportive Housing to increase the supply of housing that is affordable and available to extremely low income and/or special needs households in the City through the use of funds from the 2016 Measure A Affordable Housing Bond. There are four active projects in the pipeline that total over 400 units. 165 of those units are for seniors, 134 of those units are set-aside for formerly homeless households, 15 units are set-aside for individuals who are disabled or have development disabilities, and 13 units are homeownership units.
Action 10: Provision of a variety of Housing Types	Encourage One- and Two-Story Additions	Ongoing	Almost 100% of proposed additions are approved, subject to Architectural Review, where consistent with zoning district standards. Modifications are typically approved for reduced rear yard for single story additions.
Action 11: Inclusionary Housing Policy	Inclusionary Housing requirement	Ongoing	The City's has adopted an Affordable Housing Ordinance, which has increased the inclusionary requirement 15% on site provision for for-sale and rental project with 10 units or more (compared to the previous requirement of 10% for only for-sale projects with 10 or more units).
Action 12: Affordable Housing Incentives	Develop Incentives for Affordable and Senior Housing Projects	Ongoing	The Zoning Code has been updated to reflect the current State density bonus provisions.
Action 13: Housing Impact Fee Program	Requirement of Housing Impact Fee Studies for the largest projects; Development of a Housing Impact Fee Program	Ongoing	The City has adopted an Affordable Housing Ordinance, consisting of inclusionary on-site requirement for residential projects, impact fees for residential projects with 9 or fewer units, for fractional units and for nonresidential development. These requirements became effective on February 22, 2018.
Action 14: Affordable Housing Funding	Explore additional sources of funding for affordable housing, including a commercial linkage fee	Ongoing	The City has adopted an Affordable Housing Ordinance, which includes a commercial linkage fee. The ordinance became effective on February 22, 2018.
Action 15: Economic Displacement	Community Ownership Conversion Tenant Protections. In the case of condominium conversions, landlords are required to provide tenant protections, including advance notice requirements, right of first refusal, and relocation assistance.	Ongoing	Community Ownership Conversion Tenant Protections. Adopt programs and policies to address displacement. In the case of condominium conversions, landlords are required to provide tenant protections, including advance notice requirements, right of first refusal, and relocation assistance. On March 24, 2020, the Santa Clara City Council approved Ordinances 2014 and 2015, establishing a temporary eviction moratorium in response to the COVID-19 pandemic. The moratorium went into effect immediately, March 24, and the Council subsequently extended the moratorium through August 31, 2020, at which time AB 3088 established a statewide prohibition on residential evictions.
Action 16: Shared Housing	Support Shared Living Facilities & Operations	Ongoing	The City encourages shared housing arrangements and group living arrangements for special populations who are very low income.



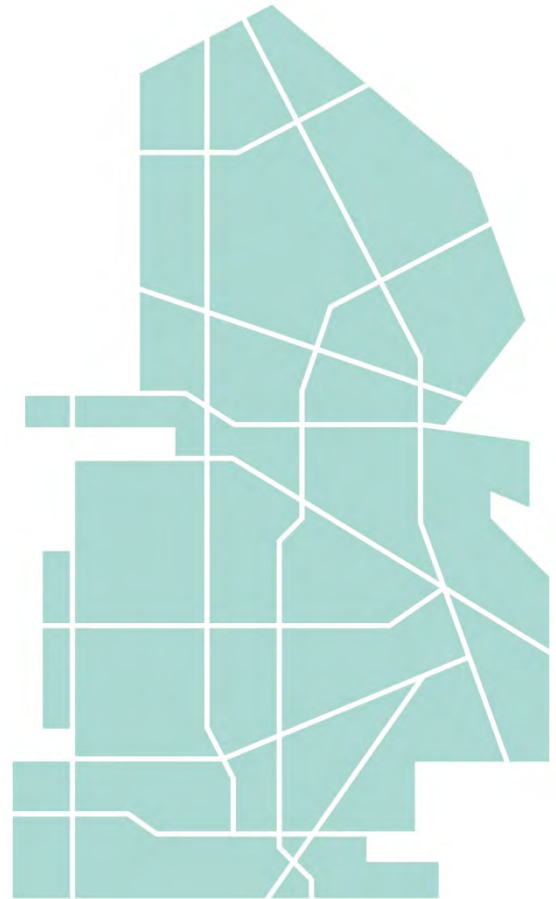
**City of
Santa Clara**
The Center of What's Possible

Prepared by Housing & Community Services Division
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Santa Clara, CA 95050
408-615-2490

HOUSING SUCCESSOR ANNUAL REPORT

REGARDING
THE LOW- AND MODERATE-INCOME HOUSING ASSET FUND
FOR FISCAL YEAR 2019-20 PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f)
FOR THE CITY OF SANTA CLARA

Submission Date: March 31, 2021





City of Santa Clara

The Center of What's Possible

HOUSING SUCCESSOR ANNUAL REPORT REGARDING THE LOW- AND MODERATE-INCOME HOUSING ASSET FUND FOR FISCAL YEAR 2019-20 PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.1(f) FOR THE CITY OF SANTA CLARA

The Housing Successor Annual Report (Report) regarding the Low- and Moderate-Income Housing Asset Fund (LMIHAF) has been prepared pursuant to California Health and Safety Code Section 34176.1(f) and describes the current status of the LMIHAF as of June 30, 2020. The Report further provides certain details regarding the City of Santa Clara, as Housing Successor (“Housing Successor” or “City”), and its activities during Fiscal Year 2019-20 (Fiscal Year). The purpose of this Report is to provide the governing body of the Housing Successor, the Santa Clara City Council, an annual report on the housing assets and activities of the Housing Successor under Part 1.85, Division 24 of the California Health and Safety Code, in particular sections 34176 and 34176.1 (Dissolution Law).

The following Report is based upon information prepared by staff and information contained within the financial records of the Low- and Moderate-Income Housing Asset Fund 169 for Fiscal Year 2019-20. The Report conforms with and is organized into Sections I through XI, inclusive, pursuant to Section 34176.1(f) of the Dissolution Law:

- I. Amount Deposited into LMIHAF:** This section provides the total amount of funds deposited into the LMIHAF during the Fiscal Year. Any amounts deposited for items listed on the Recognized Obligation Payment Schedule (ROPS) must be distinguished from the other amounts deposited. This section also includes a reporting on the amount the Housing Successor received pursuant to Health and Safety Code Section 34191.4(b)(3)(A) for sponsoring community loan repayments.
- II. Ending Balance of LMIHAF:** This section provides a statement of the balance in the LMIHAF as of the close of the Fiscal Year. Any amounts deposited for items listed on the ROPS must be distinguished from the other amounts deposited.
- III. Description of Expenditures from LMIHAF:** This section provides a description of the expenditures made from the LMIHAF during the Fiscal Year. The expenditures are to be categorized.
- IV. Statutory Value Of Assets Owned By Housing Successor In LMIHAF:** Under the Dissolution Law, and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the former redevelopment agency, as listed on the housing asset transfer schedule approved by the Department of Finance, as listed in such schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.
- V. Description of Transfers:** This section describes transfers, if any, to another housing successor agency made in previous Fiscal Year(s), including whether the funds are unencumbered and the status of projects, if any, for which the transferred LMIHAF will be used. The sole purpose of the transfers must be for the development of transit priority projects, permanent supportive housing, housing for agricultural employees or special needs housing.

- VI. Project Descriptions:** This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.
- VII. Status of Compliance with Section 34176.1:** This section provides a status update on compliance with Section 34176.1 (amending the dates to initiate activities consistent with development of affordable housing under Section 33334.16). For interests in real property acquired on or after February 1, 2012, this section provides a status update on the project.
- VIII. Description of Outstanding Obligations under Section 33413:** This section describes the outstanding inclusionary and replacement housing obligations, if any, under Section 33413 that remained outstanding prior to dissolution of the former redevelopment agency as of February 1, 2012, along with the Housing Successor's progress in meeting those prior obligations of the former redevelopment agency and how the Housing Successor plans to meet any unmet obligations.
- IX. Income Test:** This section provides the information required by Section 34176.1(a)(3)(B), or a description of expenditures by income restriction for five-year period, with the time period beginning January 1, 2014 and whether the statutory thresholds have been met. However, reporting of the Income Test is being reported in 2019 and every year thereafter.
- X. Senior Housing Test:** This section provides the percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the Housing Successor, its former redevelopment agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the Housing Successor, its former redevelopment agency and its host jurisdiction within the same time period. For this Report the ten-year period is July 1, 2010- June 30, 2020.
- XI. Excess Surplus Test:** This section provides the amount of excess surplus in the LMIHAF, if any, the length of time that the Housing Successor has had excess surplus, and the Housing Successor's plan for eliminating the excess surplus.
- XII. Inventory of Assisted Homeownership Units:** An inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3.

This Report is to be provided to the California Department of Housing and Community Development by April 1, 2021. In addition, this Report and the former redevelopment agency's pre-dissolution Implementation Plans are to be made available to the public on the City's website, www.santaclaraca.gov.

I. AMOUNT DEPOSITED INTO LMIHAF (INCLUSIVE OF DEPOSITS MADE PURSUANT TO SECTION 34191.4(B)(3)(A))

Source	Amount
First Time Homebuyer Loan Repayment (Principal & Interest)	\$585,063
Housing Rehab Loans-NCIP (Principal & Interest)	\$140,106
AH Development Loans Repayment (Principal & Interest)	\$370,680
Use of Money & Assets (Interest, Rent, Misc. Other Revenue)	\$247,544
20% Set Aside on Sponsoring Community Loan Repayments Pursuant to Safety Code Section 34191.4(b)(3)(A)	-
Total from all sources deposited in Fiscal Year	\$1,343,393

A total of \$1,343,393 was deposited into the LMIHAF during the Fiscal Year. Of the total funds deposited into the LMIHAF, a total of \$0 was held for items listed on the ROPS. The City did not receive any loan repayments under Section 34191.4(b)(3)(A) from the Successor Agency for funds borrowed from the City by the former redevelopment agency. Because no payments were made, no deposits were required to be made into the City's LMIHAF that were associated with sponsoring community loan repayments under Health and Safety Code Section 34191.4(b)(3)(A).

II. ENDING BALANCE OF LMIHAF

Balance of LMIHAF as of 6/30/19	
Subject	Balance
Previous balance + Current Deposits - Expenditures	\$13,127,142

At the close of the Fiscal Year, the ending balance in the LMIHAF was \$13,127,142 of which \$0 is held for items listed on the ROPS.

III. DESCRIPTION OF EXPENDITURES FROM LMIHAF

Subject	Amount
Monitoring & Administration	\$358,002
Homeless Prevention and Rapid Rehousing Services Expenditures	\$299,260
Housing Development Expenditures for pre-development expenses	-
Total Expenditures	\$657,262

The primary expenditures from the LMIHAF were for Homeless Prevention, Case Management services for the Tenant Based Rental Assistance (TBRA) program, and Rapid Rehousing Services Expenditures and administrative costs associated with monitoring the portfolio's long-term affordability restrictions. The City entered into three separate agreements with program service providers totaling \$250,000 from LMIHAF funds. The TBRA program is administered by two service providers: Abode Services and Bill Wilson Center. Both were allocated \$70,000 each (a total of \$140,000) to provide case management services and general program administration services for the TBRA program. Federal Home Investment Partnerships Act (HOME) funds in the amount of \$1,040,000 were allocated for subsidies and deposits, and \$160,000 from City Affordable Housing funds were allocated to

supplement the LMIHAF funds. The TBRA program provides housing and case management services to individual and families who are homeless or at risk of homelessness. The third agreement is with the County of Santa Clara to provide intensive case management and other supportive services for homeless individuals in order to obtain and maintain permanent housing. The agreement is for \$110,000 from LMIHAF funds.

The City Council, on September 24, 2019 approved an Agreement for Services with HouseKeys Inc. for administration of the City’s Affordable Rental Program to strengthen the City’s ability to administer and maintain its affordable rental program. The total compensation authorized contained a not-to-exceed amount of \$211,000 (\$66,000 to onboard all of the portfolio records and an additional \$150,000 for program administration) with \$125,000 of this agreement funded by the LMIHAF funds.

IV. STATUTORY VALUE OF ASSETS OWNED BY HOUSING SUCCESSOR IN LMIHAF

Under the Dissolution Law and for purposes of this Report, the “statutory value of real property” means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer schedule approved by the Department of Finance as listed in such schedule under Section 34176(a)(2), the value of the properties transferred to the Housing Successor pursuant to Section 34181(f), and the purchase price of property(ies) purchased by the Housing Successor. Further, the value of loans and grants receivable is included in these reported assets held in the LMIHAF.

The following provides the statutory value of assets owned by the Housing Successor.

Asset Category - Loans	# of Loans	Statutory Value
First Time Home Buyers	36	\$ 2,002,930
Housing Rehab- NCIP	2	\$ 93,324
Development Loans	28	\$71,707,780
Total Loan Balances		\$ 73,804,034
Asset Category - Land		
Land Held for Development		Statutory Value
2330 Monroe St & San Tomas Expressway		\$ 5,400,270
3575 De La Cruz Boulevard		\$ 1,703,500
90 N. Winchester Boulevard		\$ 11,657,596
Land Developed with Affordable Housing		
Presidio El Camino Affordable Housing		\$ 2,694,997
Charities Housing		\$ 1,479,897
Total Land Balances		\$ 22,936,260
Total Statutory Value of Assets Owned by Housing Successor		\$ 96,740,294

V. DESCRIPTION OF TRANSFERS

The Housing Successor did not make any LMIHAF transfers to other Housing Successor(s) under Section 34176.1(c)(2) during the Fiscal Year.

No previous projects required LMIHAF transfers during the fiscal year.

VI. PROJECT DESCRIPTIONS

This section describes any project for which the Housing Successor receives or holds property tax revenue pursuant to the ROPS and the status of that project.

The Housing Successor does not receive or hold property tax revenue pursuant to the ROPS.

VII. STATUS OF COMPLIANCE WITH SECTION 34176.1

Section 34176.1 provides that the deadlines in Section 33334.16 do not apply to interests in real property acquired by the Housing Successor on or after February 1, 2012; however, this Report presents a status update on the project related to such real property.

With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset in the LMIHAF; thus, as to real property acquired by the former redevelopment agency now held by the Housing Successor in the LMIHAF, the Housing Successor must initiate activities consistent with the development of the real property for the purpose for which it was acquired within five years of the date the DOF approved such property as a housing asset.

The following provides a status update on the project(s) for property or properties that have been acquired by the Housing Successor using LMIHAF on or after February 1, 2012:

Address	Date of Transfer approval from DOF	Deadline to initiate activity	Current Status
2330 Monroe St & San Tomas Expressway	7/16/2013	7/16/2018	Executed DDA, Approved Entitlements, and Encumbered Funds (Closing December 2021)
3575 De La Cruz Boulevard	7/16/2013	7/16/2018	Awarded and Executed ENA (ENA Extended December 2020)
90 N. Winchester Boulevard	7/16/2013	7/16/2018	Executed DDA, Approved Entitlements, and Encumbered Funds (Closing March 2021)

On February 27, 2015, the Housing Successor issued a Request for Proposals for 90 North Winchester Boulevard (referred to as the "BAREC Site") for the development of affordable senior housing. On January 29, 2019, Santa Clara's City Council approved all land use entitlements for the project and adopted a resolution approving and authorizing the City Manager to negotiate and execute a Disposition and Development Agreement with Core Affordable Housing LLC for the development of the Agrihood Project located at 90 North Winchester Boulevard/ 1834 Worthington Circle and further authorizing the City Manager to execute all other agreements (including a Ground Lease, Loan Agreements, Deeds of Trust, Promissory Notes, and Affordable Housing Agreement). The Core Companies announced in September 2020 that the Agrihood Project has been awarded \$50,000,000 in tax-exempt bonds by the California Debt Limit Allocation Committee (CDLAC).

On December 7, 2017, the Housing and Community Services Division held a Community Engagement Meeting at City Hall to discuss plans for the future development of the City-owned site at 2330 Monroe

Street. The RFP was issued on March 2018 and on November 11, 2018, Santa Clara's City Council approved the City Manager to execute an Exclusive Negotiation Agreement (ENA) with Freebird Development Company for the development of 2330 Monroe Street. On January 28, 2020, Santa Clara's City Council approved all land use entitlements for the project and adopted a resolution approving and authorizing the City Manager to negotiate and execute a Disposition and Development Agreement with Freebird Development LLC and further authorizing the City Manager to execute all other agreements (including a Ground Lease, Loan Agreements, Deeds of Trust, Promissory Notes, and Affordable Housing Agreement). Freebird Development Company applied for tax credit in December 2020 but was not awarded in that round and expects to re-apply for tax credits in May 2021.

On January 29, 2018, the Housing and Community Services Division held a Community Engagement Meeting at the Northside Library to discuss plans for the future development of the City-owned site at 3575 De La Cruz Boulevard. The RFP was issued in June 2018 and on April 9, 2019, Santa Clara's City Council approved an Exclusive Negotiation Agreement (ENA) with Habitat for Humanity Company for the development of 3575 De La Cruz Boulevard. In December 2020, the City Manager executed a 12 month extension of the ENA to account for project delays due to the COVID pandemic.

On February 19, 2019, Santa Clara's City Council approved a loan agreement with Allied 2904 Corvin, LP for a loan of up to \$5,000,000 Housing Successor Funds to support the construction of a 100% affordable residential development at 2904 Corvin Drive. The project, Corvin Apartments, will contain 145 units consisting of 80 units for formerly chronically homeless residents with income levels at or below 30% of Area Median Income (AMI), 64 units for residents with income levels at or below 60% AMI, and 1 unrestricted two-bedroom manager's unit. The project is expected to obtain a Certificate of Occupancy and start lease up in June 2021.

VIII. DESCRIPTION OF OUTSTANDING OBLIGATIONS PURSUANT TO SECTION 33413

Replacement Housing: According to the FY2009/10 - FY2015/16 Implementation Plan for the former redevelopment agency, no Section 33413(a) replacement housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at www.santaclaraca.gov

There are no existing replacement housing obligations.

Inclusionary/Production Housing: According to the FY2009/10 - FY2015/16 Implementation Plan for the former redevelopment agency, no Section 33413(b) inclusionary/production housing obligations were transferred to the Housing Successor. The former redevelopment agency's Implementation Plans are posted on the City's website at www.santaclaraca.gov

There are no existing inclusionary production obligations.

IX. EXTREMELY-LOW INCOME TEST

Section 34176.1(a)(3)(B) requires that the Housing Successor must require at least 30% of the LMIHAF be expended for development of rental housing affordable to and occupied by households earning 30% or less of the AMI. If the Housing Successor fails to comply with the Extremely-Low Income requirement in any five-year report, then the Housing Successor must ensure that at least 50% of the funds remaining in the LMIHAF be expended in each fiscal year following the latest fiscal year following the report on households earning 30% or less of the AMI until the Housing Successor demonstrates compliance with the Extremely-Low Income requirement. This information will be reported for 2019 and every five years thereafter.

The Housing Successor has utilized funds only for administration and monitoring of housing units subject to Affordable Housing Agreements of the former Agency and has not funded any new projects that require compliance with the requirements of Section 34176.1(a)(3)(B).

The LMIHAF encumbered funds (meaning, approved by and budgeted by Council, but not expended in the reporting period) for affordable rental housing developments that have been approved will result in 41.4% of funds to be expended for development of housing affordable to households earning 30% or less of AMI and 21.7% of funds to be expended for development of housing affordable to households earning between 60% and 80% AMI.

Income Test		Total Units	ELI-30%	VLI-50%	LI-60%	LI-80%	Med-100%	Mod-120%	Mgr
Allied 2904 Corvin (3311 Kifer Rd)	\$ 5,000,000	144	80	50	14				1
Agrihood (90 North Winchester Blvd)	\$ 15,700,000	165	59	72		32		2	
Freebird (2330 Monroe Street)	\$ 5,000,000	65	16	13	13	22	0		1
Total	\$ 25,700,000	374	155	135	27	54	0	2	2
Total ELI (30%AMI) units to Total Units		41.4%							
Total LI (60%-80%AMI) units to Total Units		21.7							

X. SENIOR HOUSING TEST

The Housing Successor is to calculate the percentage of units of deed-restricted rental housing restricted to seniors and assisted by the Housing Successor, the former redevelopment agency and/or the City within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted by the Housing Successor, the former redevelopment agency and/or City within the same period. If this percentage exceeds 50%, then the Housing Successor cannot expend future funds in the LMIHAF to assist additional senior housing units until the Housing Successor or City assists and construction has commenced on a number of restricted rental units that is equal to 50% of the total amount of deed-restricted rental units.

The following provides the Housing Successor's Senior Housing Test for the 10-year period of 7/1/2010-6/30/2020. The aggregate number of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the previous 10 years did not exceed 50 percent of the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the same time period. Therefore, the restrictions under Section 34176.1(b) do not apply.

Senior Housing Test	10 Year Test
July 1, 2010 - June 30, 2020	
# of Assisted Senior Rental Units by Former RDA	47
# of Assisted Senior Rental Units by City	0
# of Assisted Senior Rental Units by Housing Successor	0
Total # of Assisted Senior Rental Units	47
# of Assisted Rental Units by Former RDA	92
# of Assisted Rental Units by City	144
# of Assisted Rental Units by Housing Successor	195
Total # of Assisted Rental Units	431
Assisted Senior Housing Percentage	10.90%

XI. EXCESS SURPLUS TEST

Excess Surplus is defined in Section 34176.1(d) as an unencumbered amount in the LMIHAF account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the Housing Successor's preceding four Fiscal Years, whichever is greater. The Housing Successor created the LMIHAF account on February 1, 2012. The current deposit of \$1,343,393 in the LMIHAF does not exceed the sum of the annual deposits made in the preceding four fiscal years of \$8,709,114 and as a result, the LMIHAF does not have an Excess Surplus. The City has encumbered (meaning, approved by and budgeted by Council, but not expended in the reporting period) \$25.7 million LMIHAF funds for affordable rental housing developments that have been approved by the City Council as noted below.

Annual Deposits	Amount Deposited
FY 2015-16 LMIHAF Deposits	\$3,192,655
FY 2016-17 LMIHAF Deposits	\$1,488,901
FY 2017-18 LMIHAF Deposits	\$1,799,709
FY 2018-19 LMIHAF Deposits	\$2,227,849
Aggregate Deposits for 4 preceding fiscal years	\$8,709,114
Encumbered Funds	\$25,700,000
Unencumbered LMIHAF Balance on Deposit	0
Excess Surplus	0

Affordable Developments and Encumbered Funds	
Allied 2904 Corvin (3311 Kifer Road)	\$ 5,000,000
Agrihood (90 North Winchester Blvd)	\$ 15,700,000
Freebird (2330 Monroe Street)	\$ 5,000,000
Total	\$ 25,700,000

XII. HOMEOWNERSHIP INVENTORY

This section contains an inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3.

There is a total 40 of assisted homeownership units being monitored by the housing successor. No units were lost from the portfolio during the fiscal year and no units have been lost from the portfolio since February 1, 2012. A total of 4 units have been removed from the housing successor's portfolio during the fiscal year because the homeowners have satisfied the terms of the recorded affordability covenants.

No funds were returned as part of a program that protects the former agency's investment of funds from the LMIHAF. The Housing Successor did receive \$585,063 of program income associated with the housing successor's homeownership portfolio.

The Housing Successor did not contract with any outside entity for the management of the housing successor's homeownership portfolio.

ACTIONS NEEDED

This report must be submitted to the California Department of Housing and Community Development by April 1st. This report and the former redevelopment agency's Implementation Plans are posted on the City's website at www.santaclaraca.gov

City of Santa Clara

General Plan Amendment Applications

2010 to Present

GPA #	Project	File Number	Description	Notes
#73	1410 El Camino Real - The Presidio	PLN2010-08180	GPA# 73 from Gateway Thoroughfare to High Density Residential (3,025 sq.ft. of commercial use and 40 residential units)	11.09.2010 - City Council Approved
#74	2875 Lakeside Drive	PLN2010-08051	GPA #74 - General Plan Text Amendment for lot coverage; (5-story, 107 room extended stay hotel with podium parking at grade and 4 floors above)	GPA was withdrawn
#75	5403 Stevens Creek Blvd	PLN2011-08988	GPA #75 - General Plan Amendment from Low Intensity Office R&D to High Intensity Office R&D (Two 6-story office buildings totaling 295,500 sq.ft. & one below and above grade parking structure w/ a total of 1,118 on-site parking spaces; demolish existing commercial building [I-Hop])	07.17.2012 - City Council Approved
#76	45 Buckingham Drive	PLN2013-09799	GPA #76 from Community Mixed Use to High Density Residential (Four-story, 222 unit multi-family residential development with wrap parking structure w/ 375 on-site parking spaces; demolish of existing commercial building)	03.18.2014 - City Council Approved
#77	2585 El Camino Real	PLN2013-09805	GPA#77 - General Plan Amendment from Community Mixed Use to High Density Residential (60 condominiums at 43 DU/AC)	08.27.2013 - City Council Approved
#78	2611 El Camino Real	PLN2013-09744	GPA #78 General Plan Amendment from Regional Mixed Use to High Density Residential (183 multi-family residential project; demolish commercial)	09.15.2013 - City Council Approved
#79	166 Saratoga Avenue	PLN2013-10111	GPA #79 - General Plan Amendment from Community Mixed Use to Medium Density Residential (33 townhomes)	12.09.2014 - City Council Approved
#80	2620-2800, 2423-2475 Augustine Drive	PLN2014-10256	GPA #80 - General Plan Amendment from High Intensity Office/R&D to Community Commercial [Retail Center] and Light Industrial to High Intensity Office/R&D [Office Phase II & III] (up to 1,243,300 s.f. of office space and up to 125,000 s.f. of retail space for a total (inclusive of Office Phase I) of up to 2,000,100 square feet of development)	06.10.2014 - City Council Approved
#81	1313 Franklin Street	PLN2014-10542	GPA #81 - General Plan Amendment from Community Mixed Use to Regional Mixed Use (44 residential condominium units and 14,500 s.f. retail)	01.13.2015 - City Council Approved
#82	1701 Lawrence Road	PLN2014-10320	GPA #82 - General Plan Amendment from Medium Density Residential to Low Density Residential (9-unit townhome project; demolish two commercial buildings and a single family residence)	04.07.2015 - City Council Approved
#83	5155 Stars & Stripes	PLN2014-10554	GPA #83 - General Plan Amendment from Parks/Open Space and Regional Commercial to Urban Center/Entertainment District (up to ~9.16M s.f. of office, retail, residential, hotel and entertainment facilities; new open space, parking, roadways, and infrastructure; demolish existing structures)	06.28.2016 - City Council Approved
#84	2505 Augustine Drive, 3333 Octavius Drive	PLN2014-10577	GPA #84 - General Plan Amendment for Santa Clara Square Office Phases II and III (Light Industrial to High Intensity Office/R&D) (6-8 story office buildings)	11.18.2014 - City Council Approved
#85	2780 El Camino Real	PLN2015-11360	General Plan Amendment #85 from Regional Mixed-Use to Density Residential (158 apartments; demolish bowling alley)	Withdrawn
#85	2780 El Camino Real	PLN2017-12669	General Plan Amendment #85 from Regional Mixed-Use to Medium Density Residential (58 townhomes; demolish bowling alley)	5/22/2018 - City Council Approval
#86	Lawrence Station Area Plan	PLN2014-10500	GPA #86 - General Plan Amendment for Lawrence Station Area Plan from Low Intensity Office/R&D to Medium, High, and Very High Density Residential (up to 3,500 residential units and up to 104k s.f. commercial, plus parkland, roads, and infrastructure)	11/29/2016 - City Council Approved
#87	1205 Coleman Avenue	PLN2016-12318	GPA #87 - General Plan Amendment for the Santa Clara Station Focus Area to allow residential development at 51 - 100 du/ac and commercial development at a minimum 0.20 FAR (up to 1,600 residential units and approximately 220k s.f. hotel/retail/restaurant)	7/9/2019 - City Council Approved
#88	575 Benton Street	PLN2015-10980	GPA #88 - General Plan Amendment from Santa Clara Station High Density Residential and Santa Clara Station Low Density Residential to Santa Clara Station High Density Residential and to include a policy to allow limited neighborhood commercial uses within the Santa Clara Station Focus Area on a 5.8-acre site (318 apartments and approximately 22,000 s.f. commercial)	02/23/2016 - City Council Approved

GPA #	Project	File Number	Description	Notes
#89	3905 Freedom Circle	PLN2017-12516	GPA #89 - General Plan Amendment from High Intensity Office/R&D to a Very High Density Residential to allow up to 1,100 residential units with 1,540 parking spaces, up to 2,000 square foot of commercial with 10 parking spaces and a 2-acre public park.	Pending - 3/31/2020 PCC (deemed incomplete)
#90	100 N. Winchester Boulevard	PLN2015-11231	GPA #90 - General Plan Amendment from Regional Commercial to High Density Residential (92 market rate senior units)	01/12/2016 - City Council Approved
#91	575 Benton Street	PLN2017-12489	GPA #91 - General Plan Amendment #88 from High Density Residential to Very High Density Residential (355 apartment units, and ~22,000 square feet of retail)	7/17/2018 - City Council Approved
#92	2600 - 2610 Augustine Drive, 3300 - 3380 Montgomery Drive, et. al.	PLN2015-10899	GPA #92 - General Plan Amendment from Light Industrial/Community Commercial to Regional Mixed Use, and Light Industrial to High Density Residential (1800 apartments, 40,000 s.f. retail, & associated improvements)	12/15/2015 - City Council Approved
#93	2500 El Camino Real, et. al.	PLN2016-11684	Mixed Use to Regional Mixed Use for the development of 332 market rate residential units and 66 senior residential units totaling	Pending - PC/CC after ECR SP Visioning
#94	Tasman East SP	PLN2016-12400	Light Industrial to Transit Neighborhood	11/13/2018 - City Council Approved
#95	El Camino Real SP	PLN2014-10776	GPA #95 - Up to 6,200 residential units beyond the 2,073 that were allocated under the 2010 General Plan and of which some of those residential units have been constructed in the project area. Additionally, the Preferred Land Use Alternative would reduce the commercial space which currently exists in the project area by 315,000 square feet.	Pending
#96	3005 Democracy Way	PLN2017-12924	High-Intensity Office/Research and Development (R&D) to a new designation allowing high-intensity mixed use development, including residential and office	Pending
#97	Patrick Henry Drive Plan	Patrick Henry Drive SP	The Specific Plan will analyze two scenarios: 1) Up to 12,000 net new residential units and 310,000 net new square feet of non-residential uses, including retail and education facilities. 2) The same as the (1) but would substitute office for high-density residential along the east edge of the Plan Area, amounting to an approximate total of 10,300 net new residential units, 785,000 net new square feet of office, and 310,000 net new square feet of other nonresidential uses.	Pending
#98	Freedom Circle Focus Area	Freedom Circle Focus Area	The Focus Area would allow, subject to a future planning study, 2,500 dwelling units beyond those anticipated in the Greystar General Plan Amendment (described below), and 2 million square feet of additional office space beyond that allowed under the current high-intensity office designation.	Pending



City of Santa Clara

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Agenda Report

21-440

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Update on City Council and Stadium Authority Staff Referrals

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND AND DISCUSSION

During Council and Stadium Authority meetings, the City Council or Stadium Authority Board provide direction on policy issues or refer information requests to staff for follow-up.

The purpose of the City Council and Stadium Authority Referrals Update is to provide the City Council/Stadium Authority Board and the public a current status report. Completion of the referrals may be communicated by various means such as: Report to Council, Information Memorandum provided through a Council Agenda, City Manager Biweekly Report/Blog, or a City Manager/Executive report out during a future Council meeting.

The Referrals list will be published in the Council agenda packet under the "City Manager/Executive Director Report" section of the Council Agenda. Reports will include both open and closed referrals.



**CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION**
Updated 3/15/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed
1.	3/10/21	Council Meeting	Action on Tasman East Specific Plan – continue item and return with a full presentation on Tasman East Specific Plan	Community Development	TBD	
2.	3/10/21	Council Meeting	Action on Reappointment of Commissioners, Declaring Commissioner Vacancies, and Setting Dates for Recruitment and Interviews – referred to Governance Committee; return to Council with a Council Policy regarding eligibility list	City Manager	TBD	
3.	3/10/21	Council Meeting	Council to submit work schedules to Assistant City Manager Nader; staff to prepare a report regarding options for Council meeting start time	City Manager	TBD	
4.	2/23/21	Council Meeting	Return with information in 6 months on a cost analysis on City’s undertaking of responsibility of sewer laterals on and options for potential grant program and/or insurance policies	Water & Sewer	August 2021	
5.	1/26/21	Council Meeting	Annual Investment Policy Statement – continue this item and return to Council with an analysis on investments, including sustainability investments	Finance	3/23/21	
6.	1/26/21	Council Meeting	Regarding a written petition on Loyaltan Ranch Property – staff to agendize this item for a Council meeting in March	SVP	3/23/21	3/16/21
7.	1/26/21	Council Meeting	Regarding a written petition on Franklin mall Maintenance District Number 22 – staff to agendize this item for a future Council meeting after receiving a response back from the FPPC	Public Works/ City Attorney	TBD	
8.	1/12/21	Council Meeting	Provide a Study Session on pros/cons lifecycle cost/benefits of artificial surfacing including turf (staff will return to Council with an Information Memo)	Parks & Rec	Summer 2021	
9.	1/12/21	Council Meeting	Defer approval of the 1205 Coleman Gateway neighborhood park design to work with the developer within current project approvals to receive additional community input including the Old Quad on park design	Parks & Rec	TBD	
10.	1/12/21	Council Meeting	Provide quarterly information reports on progress of Task Force on Diversity, Equity and Inclusion	City Manager	3/23/21	
11.	1/12/21	Council Meeting	Communicate to the State Historic Preservation Office the City Council’s conditional support for the nomination of the Pomeroy Green Townhouses contingent upon completion of the following conditions: signed petition from a majority of Pomeroy Green Co-op members; provision of resolution of support from the Co-op board; completion of an analysis by a qualified historian, preferably local; City Attorney review and comments on the application; notification of all shareholders and owners of neighboring homes within a 200 foot radius including information on the process to object to the nomination	Community Development	TBD	1/22/21



**CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION**
Updated 3/15/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed
12.	10/13/20	Stadium Authority	Stadium Bills and Claims – Return on a future agenda with an informational report on the on the Stadium Authority’s responsibility of unfunded liability	Finance	April 2021	
13.	10/13/20	Council Meeting	Community Benefits Policy – Return to the Governance Committee with potential models of a Community Benefits Policy with feedback from various Community groups (i.e. CatalyzeSV) and best practices from other Cities	Community Development	TBD	
14.	7/14/20	Council Meeting	Garbage Rates – explore long-term rate assistance programs for solid waste	Public Works	3/9/21	3/9/21
15.	10/29/19	Council Meeting	Provide options for the \$750,000 commitment from Levy for community enrichment	City Manager	5/19/21	
16.	9/24/19	Council Meeting	Staff to review the Ordinance and enforcement of illegal street food vendors. At the 9/25/20 Council meeting, Council asked staff to review enforcement of vendors outside of Levi’s Stadium	Police	Summer 2021	
17.	4/30/19	Council Meeting	Number of public transit riders for large stadium events	49ers Stadium Manager	TBD	
18.	4/30/19	Council Meeting	Ask Stadium Manager for analysis to support their position that reducing the cost of parking would likely adversely impact public transit ridership, resulting in more cars on the roads	49ers Stadium Manager	TBD	
19.	10/9/18	Council Meeting	Dedicate Jerry Marsalli Community Center at grand opening of the facility	Parks & Rec	Spring 2021	
20.	10/2/18	Council Meeting	Amend sign ordinance to prohibit signs on public property	Parks & Rec/ City Attorney	TBD	
21.	3/13/18	Council Meeting	Develop a Stadium Authority Financial Reporting Policy in conjunction with the Stadium Authority Auditor and the external auditor	Finance	Summer 2021	



COMPLETED 2021
CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION
 Updated 3/15/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed	Resolution
1.	1/28/20	Council Meeting	VTA Transit Oriented Communities referred to Council Priority Setting Session on 1/30 and 1/31 to provide information on staff impact. (At the Priority Setting Session, Council requested that staff schedule a study session.)	City Manager/ Public Works	TBD	3/10/21	VTA staff may request to present this at a future Council meeting but that time frame is unknown, therefore this item has been removed from the open referral list
2.	7/9/19	Council Meeting	Update on age-friendly activities per commission annual Work Plan	Parks & Rec	TBD	3/10/21	Staff communicates regarding age-friendly activities on an ongoing basis; therefore, this item has been removed from the open referral list
3.	7/9/19	Council Meeting	Add Lawn Bowl Clubhouse Project to a future agenda and return with information on costs of installation of module. Staff to notify Lawn Bowl Club of Council meeting date so they may update Council on their fundraising efforts.	Parks & Rec	TBD	3/10/21	Lawn Bowl Clubhouse is in the Central Park Master Plan; project prioritization will depend on funding and completion of other higher-priority projects, therefore this item has been removed from the open referral list



COMPLETED 2021
CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION
 Updated 3/15/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed	Resolution
4.	1/26/21	Council Meeting	Council Committee Assignments – Council established an ad hoc committee comprised of Mayor Gillmor, Councilmember Park and Councilmember Jain to review committee assignments and return to Council with a revised plan (current committee assignments will remain in place until a new appointment list is approved by Council)	Council Ad Hoc Committee	TBD	2/23/21	Reported at Council Meeting
5.	10/13/20	Council Meeting	Noise Monitoring at Levi's Stadium – Return to Council with a revised scope of work that includes a monthly consultant report with data related to all noise, including airplane noise by Levi's Stadium. Report should include data on peak noise, how many days we exceed the noise ordinance, etc. and notify Council regarding excessive noise complaints.	Community Development	2/23/21	2/23/21	Reported at Council Meeting
6.	1/12/21	Council Meeting	Staff to provide opinions from Chamber, DMO, TID and others on the need for of the services provided in the agreement and having the infrastructure in place. What would it cost to do it themselves and how would they envision this moving forward if City did not approve the agreement.	City Manager	2/9/21	2/9/21	Reported at Council Meeting
7.	1/12/21	Council Meeting	Provide Incremental Milestone Completion Reports from JLL regarding project milestones from previous agreements	City Manager	2/9/21	2/9/21	Reported at Council Meeting
8.	1/12/21	Council Meeting	Provide Council with previously completed TAP audit of Convention Center Visitors Bureau	City Manager	2/9/21	2/9/21	Reported at Council Meeting
9.	1/26/21	Council Meeting	Conflict of Interest Code – continue this item to 2/9/21 to provide Stadium Management Company attorney the opportunity to provide the City/Stadium Authority information on why the Stadium Management Company individuals listed in the staff report should not be included in the Conflict of Interest Code	City Manager/ City Attorney	2/9/21	2/9/21	Reported at Council Meeting
10.	1/12/21	Council Meeting	Staff to return with an Information Memo regarding the legal process of increasing utility rates	SVP	TBD	2/4/21	Memo to Council emailed to Council from City Manager on 2/4/21
11.	12/16/20	Council Meeting	Regarding a written petition from Sam Liu concerning a 10' CMU wall with project at 3200 Scott Blvd., staff to return on 1/26/21 with possible options for Council consideration	Community Development	1/26/21	1/26/21	Reported at Council Meeting



**City of
Santa Clara**
The Center of What's Possible

COMPLETED 2021
CITY COUNCIL AND STADIUM AUTHORITY STAFF REFERRALS
FOR FOLLOW-UP/ACTION
Updated 3/15/21



	Date Assigned	Source	Referral Description	Assigned Department	Projected Completion	Completed	Resolution
12.	8/25/20	Council Meeting	Staff to return on 12/15/20 regarding a written petition from Joseph Ducato requesting changes to the sewer ordinance whereby the City reassumes responsibility for maintenance and or/replacement of the sewer laterals located in the public right-of-way. (The Report to Council for this item was scheduled to be presented to Council on 12/15/20, however, due to a very heavy agenda it was moved to 1/12/21.)	Water & Sewer	1/12/21	1/12/21	Reported at Council Meeting



City of Santa Clara

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Agenda Report

21-498

Agenda Date: 3/23/2021

REPORT TO COUNCIL

SUBJECT

Tentative Meeting Agenda Calendar (TMAC)

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND AND DISCUSSION

The purpose of the TMAC is to provide the public advanced notifications of tentative dates of Council Study Sessions, Joint Council/Commission meetings, as well as Council Public Hearing and General Business agenda items. It is important to note that the TMAC is a Tentative Calendar planning tool and reports listed are subject to change due to Public Hearing publication requirements and agenda management.

The TMAC will be published weekly no later than Friday on the City's website.



City of Santa Clara

Tentative Meeting Agenda Calendar

Tuesday, April 6, 2021 Council and Authorities Concurrent Meeting

Special Order of Business

- 21-235** Recognize Local Author M.J. Sung
- 21-266** Presentation of Cultural Commission Work Plan Goals and Activities
- 21-496** Verbal Report from City Manager regarding COVID-19 Pandemic

Public Hearing/General Business

- 21-918** **Study Session:** Housing Element Update
- 21-365** Report from the Chair of the Downtown Community Taskforce (DCTF) on the status of the work of the Task Force
- 21-196** Consideration of Silicon Valley Power Quarterly Strategic Plan update

Tuesday, April 13, 2021 Santa Clara Stadium Authority Meeting

Closed Session

- 21-496** Agenda Items Pending – To Be Scheduled

Public Hearing/General Business

- 21-496** Agenda Items Pending – To Be Scheduled

Tuesday, April 20, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

- 20-1156** **Study Session:** Overview of Patrick Henry Drive Specific Plan
- 21-154** Public Meeting on the Formation of the Santa Clara Tourism Improvement District and the Levy of Assessments on Affected Lodging Businesses
- 21-489** Action on Loan Agreement with Allied Housing, Inc. for a Loan of up to \$4,000,000 to Support Construction of 80 Affordable Housing Units at 3333-3337 Kifer Road and Approve the Related Budget Amendment

21-496 Written Petition Submitted by Councilmember Becker Requesting a Discussion to Take Action/Input on a Policy that Requires any Meeting Between Council/Mayor and Developers, Lobbyists, Unions and the 49ers to Provide Meeting Minutes for Public Transparency

Tuesday, April 27, 2021 Special Council Closed Session Meeting

21-496 Agenda Items Pending – To Be Scheduled if needed

Tuesday, May 4, 2021 Council and Authorities Concurrent Meeting

Special Order of Business

21-496 2021 National Public Works Weeks Proclamation

Public Hearing/General Business

21-760 **Public Hearing:** Action on a Resolution Establishing the Average Per-Acre Land Values and Updating the Park in Lieu Fee Schedule for New Residential Development FY 2021-22

Tuesday, May 11, 2021 Stadium Authority Meeting

Closed Session

21-496 Agenda Items Pending – To Be Scheduled

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, May 18, 2021 Special Council Closed Session Meeting

21-496 Agenda Items Pending – To Be Scheduled if needed

Monday, May 24, 2021 Special Council Meeting

Boards and Commission Interviews

Tuesday, May 25, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-155 **Public Hearing:** Adoption of a Resolution of Formation of the Santa Clara Tourism Improvement District under the Property and Business Improvement District Law of 1994

21-150 **Public Hearing:** Action on Resolutions Approving Water, Sewer and Recycled Water Rates to be Effective July 1, 2021

May 27, 2021 – Priority Setting Session Check-In and FY 2021/2023 Proposed Budget Study Session

Tuesday, June 8, 2021 Council and Authorities Concurrent and Stadium Authority Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, June 15, 2021 Special Council Closed Session Meeting

21-496 Agenda Items Pending – To Be Scheduled if needed

Tuesday, June 22, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-146 **Public Hearing:** Action to Adopt Resolution Approving the 2020 Urban Water Management Plan Update (2020 UWMP) and Water Shortage Contingency Plan (WSCP)

21-197 Silicon Valley Power Quarterly Update

21-496 Related Project Quarterly Update

21-172 Task Force on Diversity, Equity and Inclusion Update

Tuesday, June 29, 2021 Special Council Closed Session Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled if needed

Tuesday, July 6, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, July 13, 2021 Council and Authorities Concurrent Meeting

21-496 Agenda Items Pending – To Be Scheduled

COUNCIL RECESS JULY 14 - AUGUST 16

Tuesday, August 17, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

1-496 Agenda Items Pending – To Be Scheduled

Tuesday, August 24, 2021 Stadium Authority Meeting

Closed Session

21-496 Agenda Items Pending – To Be Scheduled

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, August 31, 2021 Council and Authorities Concurrent Meeting

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, September 14, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, August 21, 2021 Stadium Authority Meeting

Closed Session

21-496 Agenda Items Pending – To Be Scheduled

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, September 28, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-198 Silicon Valley Power Quarterly Update

21-496 Related Project Quarterly Update

Tuesday, October 5, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, October 19, 2021 Stadium Authority Meeting

Closed Session

21-496 Agenda Items Pending – To Be Scheduled

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, October 26, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, November 9, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, November 16, 2021 Joint Council and Authorities Concurrent and Stadium Authority Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

Tuesday, December 7, 2021 Council and Authorities Concurrent Meeting

Public Hearing/General Business

21-197 Silicon Valley Power Quarterly Update

21-496 Related Project Quarterly Update

Tuesday, December 14, 2021 Joint Council and Authorities Concurrent and Stadium Authority Meeting

Public Hearing/General Business

21-496 Agenda Items Pending – To Be Scheduled

AGENDA ITEMS TO BE SCHEDULED TO A FUTURE DATE

21-496 Written Petition by Councilmember Jain on Franklin Mall Maintenance District 122 – Staff Report

21-1318 Action on Amendment No. 1 to the Agreement for Services with NewGen Strategies and Solutions LLC to Perform a Cost of Service Analysis and Rate Study for Silicon Valley Power