

RESPONSE TO COUNCIL QUESTIONS RE: 11/1/22 AGENDA

Agenda Item 4.B: Action on Bills and Claims Report (CC, HA) for the period September 3, 2022 - September 30, 2022

Council Question:

I'm wondering if I could get more details on this payment and similar payments to companies that helped during the Heat Events:

Payment No: W23089

Payment Date	Vendor Name	Voucher No.	Invoice No.	Description	Fund Code	Amount Paid
09/29/2022	VANTAGE DATA CENTERS 6, LLC	00522522	38430SEP2022	HEATWAVE CURTAILMENT AUG,SEP22	Electric Utility	91,332.92
Total for Payment No.:						91,332.92

Staff Response:

This payment was for participation the 2020 heat event. Silicon Valley Power was paid in 2021 through a CAISO settlement. During preparation for the September 2022 heatwave, it was discovered that the payment was not previously processed.

As part of the SVP quarterly report scheduled for the November 1 Council meeting, staff will have a slide on the 2022 Demand Side Grid Support (DSGS) program. Five companies participated and staff is actively working with the CEC on the reimbursement claims.

Council Question:

Also, I would like to know more about this payment:

Payment Date	Vendor Name	Voucher No.	Invoice No.	Description	Fund Code	Amount Paid
09/09/2022	LEVY SANTA CLARA CONVENTION CENTER	00521058	LEVYINV 00056	FY22/23 SHORTFALL JULY	SCCC-Levy Food & Beverage	129,123.24
Total for Payment No.:						129,123.24

Staff Response:

The payment to Levy is to cover a net loss for the month of July 2022. Per our agreement with Levy section 12.1.2 "City shall have the obligation to fund any portion of any Shortfalls or "negative cash flow" from the Services" (section attached). In months where there is a surplus, funds are transferred to the City, offsetting months with the negative cash flow.

12.1.2. Payment of Allowable Expenses; Shortfall. Contractor shall pay all Allowable Expenses with the funds in the Operating Account, which Contractor may access only pursuant to Section 12.1. In the event at any time during the Term, the Operating Account is insufficient to cover Allowable Expenses over the next four (4) weeks (a "Shortfall"), Contractor must inform the City of the potential shortfall at least thirty (30) calendar days prior to such occurrence, or as soon as such Shortfall actually occurs. City shall have the obligation to fund any portion of any Shortfalls or "negative cash flow" from the Services. It is expressly understood and agreed that Contractor under no circumstances shall ever be obligated to fund any Shortfalls.

Council Comment:

It would be great to separate this report into two sections: Electric Utility and all else. SVP dominates the bills and so it's difficult to see what else we are spending on.

Staff Response:

We are working with IT and City Auditor's Office on creating a separate report for Electric Utility and everything else. We are targeting the December Bills and Claims report for this change.

Agenda Item 4.F: Action authorizing the City Manager to Negotiate and Execute an Amendment to the City's Loan Agreement with Monroe Street Housing Partners, L.P by an Increased Amount Not to Exceed \$3.0 Million to Upgrade Approximately 1,860 Lineal Feet of Water Main to Support the Construction of a Residential Affordable Housing Project at 2330 Monroe Street and Related Budget Amendment

Council Question:

Will this loan be at 3% interest?

Staff Response:

The interest rate will be 0% during the construction period, then 3% simple interest for 55 years.

Council Question:

How will this affect the affordability and support services at the complex?

Staff Response:

It will have no impact on the affordability or support services. After extensive review, the City has been determined that this infrastructure improvement is necessary in order to allow occupancy of the affordable housing project now under construction. Staff worked closely with the developer to develop a funding and construction approach that would not negatively impact the feasibility or affordability of the project.

Council Question:

Would it be possible instead to install something like a 10,000 gallon water tank that the fire department can tap into instead of spending the \$3M to upsize the main just to account for peak water use times? 10,000 gallon tank would be much cheaper.

Staff Response:

The Fire Code would not allow an urban property owner to provide onsite storage instead of utilizing the municipal water system, nor is it practical. Even if an alternative design were entertained, the minimum volume of fire protection water required for a commercial project would be 1500-GPM for 2 hours or 180,000 gallons.

Agenda Item 5.A: Action on the Stadium Authority Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2022 and Related Budget Amendments

Council Question:

What is the current status of JS Held auditing Non-NFL financial information from prior years?

Staff Response:

This is in progress and a final report expected to be completed this calendar year.

Council Question:

How is the audit work for KPMG different than that of JS-Held? Was the KPMG audit clean?

Staff Response:

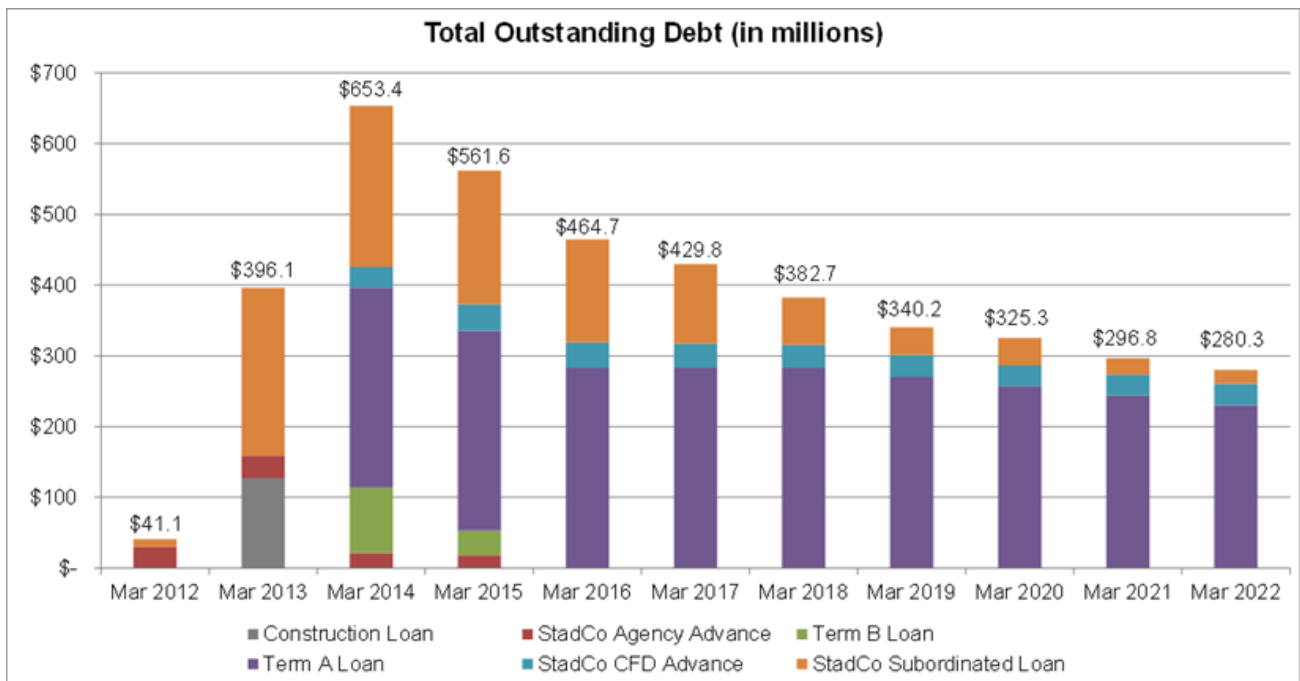
KPMG is the annual financial statement audit for the SCSA. They issued a clean audit report and that is online and attached to Item 5C. We also hired KPMG at the Board’s direction to look at additional samples of Shared Stadium Expenses. JS Held was hired as a forensic accountant to review Non-NFL Events based on discrepancies that were observed in some of the numbers in the first three years of operations. They reported to the Board their initial findings in December 2020 (RTC 20-1129) and the Board directed JS Held to review additional fiscal years of Non-NFL Event data at a higher level analytical review.

Council Question:

Can I get a higher resolution of Chart-1 showing outstanding debt in the SCSA Financial Status Report? Is it correct that total outstanding debt has been reduced from \$653M to \$280 M in 8 years (2014 to 2022)?

Staff Response:

Yes, this is correct. A higher resolution chart is included below.



Council Question:

Per Table 14, did \$1.136 Million flow to the General Fund in FY2022?

Staff Response:

Yes.

Council Question:

Does this number include money released to GF from the settlement on Aug 31, 2022?

Staff Response:

No, we received a transfer from ManCo to the General Fund under the terms of the settlement in this fiscal year (FY 22/23). Additionally, the SCSA Discretionary Fund transfer included in the settlement has not been made. A determination of the transfer of those funds will occur at the end of this fiscal year, or when an update to outstanding litigation is provided.

Council Question:

What is the stadium demolition reserve fund and how does it get funded?

Staff Response:

It is a requirement of the Lease Agreement totaling \$70 million and would get funded through excess funds from annual operations after the Subordinate Loan is paid off and various Operating and Capital reserve levels are met.

Council Question:

Hasn't the discretionary fund grown every year till FY2019/2020 and then it stopped growing? Why? Where does the money come from and when does it flow to the GF?

Staff Response:

One-half of the Non-NFL Ticket Surcharge is deposited to the Discretionary Fund. Over the past two and a half years, these collections stopped growing due to the absence of ticketed Non-NFL Events due to Covid-19. Through 3 ticketed events in FY 22/23, we have grown the balance by approximately \$255k. Half of the Discretionary Funds are able to be transferred to the General Fund on any balance above \$1 million and after adequate provisions are met for replacement and upgrade of capital improvements under the Public Safety Plan. This has also previously been a source of funds for payment of Public Safety costs above the cap. In the context of ongoing litigation, the SCSA has not transferred Discretionary Funds to the General Fund.

Council Question:

Were total operating revenues for FY2021/22 \$66.5M and total operating expenses only \$58.4M? Where did the "profit" go?

Staff Response:

On a budgetary basis, there was an \$8.1 million surplus in the SCSA Operating Fund. Those funds are deposited to Operating Reserves in accordance to the Lease Agreement and included in the budgetary fund balance that is rolled over from year to year.