

3/13/18

SA

item 3

Santa Clara Stadium Authority

Discussion of the Draft Santa Clara Stadium Authority Fiscal
Year 2018-19 Proposed Budget

Item 3

March 13, 2018



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Draft Santa Clara Stadium Authority Fiscal Year 2018-19 Proposed Budget

*The Stadium Manager (ManCo) is responsible for preparing the Stadium
Operation and Maintenance Plan (SOMP),... each of which shall be
presented annually to the Stadium Authority and StadCo for their respective
consideration and approval... (Mgmt Agmt, 4.5 -4.8)*



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POST MEETING MATERIAL

Draft Santa Clara Stadium Authority Fiscal Year 2018-19 Proposed Budget

AGMNT REQ'MNTS re SOMP (Mgmt Agmt, 4.5 -4.8)	STATUS
Annual Shared Stadium Expense Budget or Stadium Operations Budget	✓
Annual Public Safety Budget • Annual budget for Public Safety Costs • Amortization of Public Safety Capital Expenditures** • Any Public Safety Capital Expenditures to be made in such Lease Year	✓
Capital Expenditure Plan	✓

***Included in post-agenda materials, will be integrated into final proposed budget*



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Santa Clara Stadium Authority

Santa Clara Stadium Authority 2018-19 Operating, Debt
Service, and Capital Budget

March 13, 2018



2018-19 Budget Development

January	Staff worked with ManCo to establish a date to provide all required documents
February	ManCo provided the required documents as outlined in the Stadium Agreements: • Stadium Operations and Management Plan • Annual Shared Expense Budget with Five Year Projection • Annual Stadium Operations Budget • Annual Public Safety Budget • Capital Expenditure Plan with Five Year Projection • Non-NFL Event Marketing Plan
February/March	Staff analyzed ManCo's budget submission
March 13, 2018	Study Session to receive Stadium Authority Board and public input on the SCSA's proposed budget
March 27, 2018	Public Hearing to approve the SCSA Proposed Fiscal Year 2018-19 Operating, Debt Service, and Capital Budget

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Stadium Authority Flowchart



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Santa Clara Stadium Authority 2018-19 Budget

- Executive Director's Transmittal Letter
- Organizational Chart (separating the Treasurer/Auditor functions)
- General Information
- Year in Review for both NFL and Non-NFL events
- Operating Budget (Accrual Basis)
 - Stadium Authority General and Administrative Budget (new)
 - Stadium Manager Shared Expenses and 5 Year Forecast
- Debt Service Budget
- Capital Budget
 - Capital Expenditure Plan – 5 Year Forecast

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SCSA
Santa Clara Stadium Authority

FY 2018-19 Operating Budget Revenues

NFL Ticket Surcharge	\$8,031,000
SBL Proceeds	26,156,000
Interest	794,000
Non-NFL Event Revenue	62,147,000
Naming Rights	6,558,000
Sponsorship Revenue (STR)	545,000
Rent	24,500,000
Senior & Youth Program Fees	230,000
Non-NFL Event Ticket Surcharge	1,800,000
Total Revenues	\$130,761,000

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SCSA
Santa Clara Stadium Authority

FY 2018-19 Operating Budget Expenses

Shared Stadium Manager Expenses	\$11,173,000
SBL Sales and Service	2,324,000
Senior and Youth Program Fees	230,000
Non-NFL Event Expense	56,519,000
Ground Rent	320,000
Performance Rent	2,654,000
Discretionary Fund Expense	990,000
Utilities	1,506,000
Use of StadCo Tenant Improvements	236,000
Stadium Authority General & Administrative	1,685,000
Other Expenses	105,000
Transfers Out	53,019,000

Paid to the
City's
General Fund

Total Expenses **\$130,761,000**

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SCSA
Santa Clara Stadium Authority

FY 2018-19 Stadium Authority General and Administrative Budget

Expense Type	Amount	Comments
Staff support	\$690,000	To support the Stadium Authority with its oversight duties of stadium activities
Board stipends	\$5,000	Monthly Stadium Authority meetings
Annual Audit Contract	\$100,000	Performed by an external financial auditor
Legal	\$500,000	As needed for outside legal services
Other Consulting	\$100,000	Targeted compliance audits
Community Outreach	\$150,000	Ongoing community engagement efforts
Other expenses	\$40,000	Routine office expenses such as office supplies, copier lease, IT support, etc..
Unanticipated expenses	\$100,000	Funding for unanticipated needs
Total	\$1,685,000	1.3% of total Expense budget of \$130,761,000

Santa Clara Stadium Authority

Santa Clara Stadium Authority Discretionary Fund

Projected Beginning Balance	50% of 2018-19 Non- NFL Event Ticket Surcharge	2018-19 Discretionary Fund Expense	Projected Ending Balance
\$1,169,671	\$900,000	\$990,000	\$1,079,671

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

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SCSA
Santa Clara Stadium Authority

Santa Clara Stadium Authority Performance Rent Calculation

FY 2018-19 Performance Rent Calculation	Budget
Ground Rent	\$320,000
Non-NFL Event Revenue	62,147,000
Non-NFL Event Expense	(56,519,000)
Net Non-NFL Event Revenue	\$5,628,000
50% of Net Non-NFL Revenue	\$2,814,000
Performance Rent Credit (50% of Ground Rent)	(160,000)
Total Performance Rent paid to the City of Santa Clara	\$2,654,000

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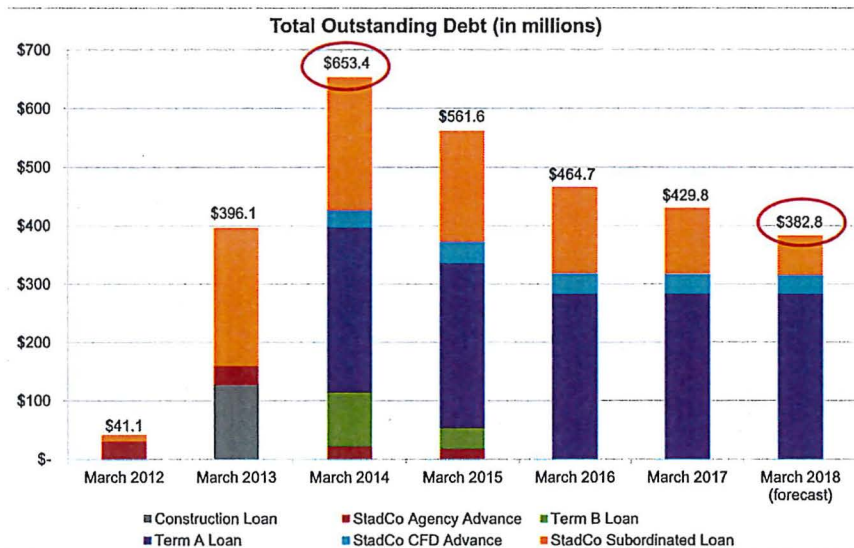
Santa Clara Stadium Authority FY 2018-19 Debt Service

Debt Type	Budget
CFD Advance	\$3,600,000
Term A Loan	25,644,000
StadCo Subloan	26,837,000
Total	\$56,081,000

- Debt Service amount of \$56.1 million includes Principal and Interest Payments
- Total Outstanding Debt is projected to decrease by \$37.4 million (principal payments) from \$382.8 million to \$345.4 million

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Santa Clara Stadium Authority FY 2018-19 Debt Service (cont.)



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Santa Clara Stadium Authority FY 2018-19 Capital Budget

Total Capital Budget of \$7,880,739

- **Stadium Improvements - \$6,227,469**
 - Community room build out of \$630,000
 - Includes Public Safety Budget of \$1,757,000 (\$1,197,000 in carryforwards)
- **Stadium Warranty Related Construction - \$1,653,270**
 - Part of the original Stadium Development/Construction Budget

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SCSA
Santa Clara Stadium Authority

Draft Santa Clara Stadium Authority Fiscal Year 2018-19 Proposed Budget

SCSA staff and ManCo have worked together to produce a proposed balanced budget that provides for:

- Debt obligations
- Operations of Stadium
- Board strategic initiatives and staffing cost
- Capital investments and expenditures
- Required Reserves



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CONCLUSION & NEXT STEPS

The 2018-19 Proposed Stadium Authority Budget:

- 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 for public safety and the community room



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CONCLUSION & NEXT STEPS

- Provides for greater transparency of expenditures including those of the SCSA Board
- Advances implementation of Harvey M. Rose Associates audit recommendations

NEXT STEPS

- Receive input and inquires on proposed budget
- Issue responses to any inquiries before March 27 Board budget consideration
- On March 27, 2018 , SCSA staff will present the Stadium Authority FY 2018-19 Budget for adoption by the Board



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3/13/18

Item #3

SCSA

Santa Clara Stadium Authority

Date: March 13, 2018

To: Stadium Authority Board

From: Angela Kraetsch, Treasurer

Subject: Annual Public Safety Budget and Amortization of Public Safety Capital Expenditures

BACKGROUND

With this staff report, staff is transmitting the Annual Public Safety Budget including the Amortization of Public Safety Capital Expenditures as prepared by the Stadium Manager (ManCo) for Council consideration for the Fiscal Year 2018-19 Proposed Stadium Authority Budget.

In accordance with Section 3.1 of the Stadium Operations Agreement, Section 4.5 of the Stadium Management Agreement, and Section 7.2 of the Stadium Lease Agreement, the 49ers Management Company (ManCo) is responsible for preparing the Stadium Operation and Maintenance Plan (SOMP). The SOMP consists of the Annual Shared Stadium Expense Budget, Annual Public Safety Budget and Capital Expenditure Plan, each of which shall be presented annually to the Stadium Authority and StadCo for their respective consideration and approval as well as the Annual Public Safety Budget and the Amortization of Public Safety Capital Expenditures.

DISCUSSION

Both the Annual Shared Stadium Expense Budget and Capital Expenditure Plan have been included in the proposed 2018-19 Stadium Authority Budget. The Annual Public Safety Budget is a standalone document. The proposed 2018-19 Stadium Authority Budget includes the Non-NFL Public Safety costs as part of the gross Non-NFL Event Expense of \$56.5 million. Both the NFL and Non-NFL Public Safety costs will be budgeted in the City's 2018-19 General Fund budget. However, the amount budgeted in the General Fund will not correspond to the attached Annual Public Safety Budget due to the difference in the Stadium Authority's fiscal year (April 1st – March 31st) and the City's fiscal year (July 1st – June 30th).

In addition to the documents discussed above, the Stadium Operations Agreement states that the Annual Public Safety Budget shall include an annual budget for Public Safety Costs, including amortization of Public Safety Capital Expenditures, and any Public Safety Capital Expenditures to be made in the Lease Year. The Public Safety Capital Expenditures have been incorporated into the proposed 2018-19 Stadium Authority Budget on page 31 (also see Attachment 1 of this report). The attachment includes a carryforward of \$1 million for the permanent changeable street sign that was approved as part of the 2017-18 Stadium Authority Budget. Amortization of the Capital Expenditures is the allocation of the cost over each specific capital asset's useful life. The attached amortization schedule (Attachment 2) allocates assets over 5 to 15 years depending on the asset type.

Prepared: Angela Kraetsch, Treasurer

Reviewed: Walter C. Rossmann, Chief Operating Officer

Approved: Deanna J. Santana, Executive Director

POST MEETING MATERIAL

Santa Clara Stadium Authority

Public Safety Capital Expense Request

Equipment	Dept	Quantity	2018-19 Proposed Budget
Permanent Changeable Street Signage	Public Works	-	1,000,000
CAD Replacement	Police, IT	-	130,000
Portable License Plate Reader/PTZ Cameras	Police	4	160,000
Kawasaki Pro-FXT LE Black Mule	Police	3	52,000
Motor Vehicle Barriers	Police	4	100,000
Kimtech MTD-103 Advanced (med cart upgrade)	Fire	1	10,000
Portable Radios	Fire	13	54,000
EMS Equipment (2 Auto Pulse Automated Compressors)	Fire	2	32,000
EMS Equipment (ALS Lifepack Monitor)	Fire	1	30,000
Public Safety Command Post Dispatch System	Public Safety	1	189,000
Total			\$1,757,000

**Stadium Management Company
Annual Public Safety Budget
FY 2018**

	<u>Amount</u>	<u>Footnote</u>
Public Safety Costs - Tenant (NFL Events)	\$ 2,740,540	1
Public Safety Costs - Authority (Non-NFL Events)	\$ 2,682,201	2
Public Safety Capital Expenditures	\$ 1,757,004	3
Public Safety Capital Expenditure Amortization	\$ 211,401	3
Tenant's Estimated Public Safety Share	\$ 105,700	3
Public Safety Capital Expenditure Amortization (prior years)	\$ 1,750	4

Footnotes to Schedule:

- 1 Assumes 10 home games. Public Safety Costs (PSC) above the PSC threshold may be paid from the Discretionary Fund per Section 7.5.3 (a). For 2018-19, the PSC threshold is \$1,988,760. StadCo budget for 2018-19 is based on projected 2017 PSC per consultation with SCPD Capt. Burress and Chief Sellers.
- 2 The proposed non-NFL event PSC budget is based on the number and type of non-NFL events scheduled to date for the 2018-19 fiscal year, and consultation with SCPD Capt. Burress and Chief Sellers. The Stadium Authority Budget for net non-NFL event revenue is net of all PSC for non-NFL events.
- 3 The Stadium Manager has received Public Safety Capital Expenditure requests for the 2018-19 fiscal year totaling \$757,004. The Stadium Manager has included permanent changeable street signage previously approved in the Capital Expenditure Plan for 2017-18 for \$1,000,000. This line item is described in detail in the Proposed Capital Expenditure Plan.
- 4 Public Safety Capital Expenditure amortization for prior years is projected to be \$1,750.

Stadium Management Company**Annual Public Safety Budget - Capital Expenditures Amortization Schedules
FY 2018****Permanent Changeable Signage**

Cost of Permanent Changeable Signage	\$	1,000,000
Depreciable Life		15
Salvage Value	\$	100,000
Number of NFL Games		10
Number of "Stadium Events" >20K Excluding NFL Games		10
Number of Stadium Events > 20K		20

Annual Amortization

Capital Cost	\$	1,000,000
Estimated Salvage Value	\$	(100,000)
Depreciable basis	\$	900,000
Depreciable Life		15
Annual Amortization	\$	<u>60,000</u>

Tenant's Estimated Public Safety Share:

Number of NFL Games	10
Number of Stadium Events >20K	20
Tenant's Estimated Share	<u>50%</u>

Stadium Authority's Estimated Public Safety Share:

Number of "Stadium Events" >20K Excluding NFL Games	10
Number of Stadium Events > 20K	20
Authority's Estimated Share	<u>50%</u>

Results - Include in the Annual Public Safety Budget:**1 Public Safety Capital Expenditures - Permanent Signage \$ 1,000,000**

Amortization Schedule for Permanent Changeable Signage	Year	Book Value	Amortization
	2018	1,000,000	60,000
	2019	940,000	60,000
	2020	880,000	60,000
	2021	820,000	60,000
	2022	760,000	60,000
	2023	700,000	60,000
	2024	640,000	60,000
	2025	580,000	60,000
	2026	520,000	60,000
	2027	460,000	60,000
	2028	400,000	60,000
	2029	340,000	60,000
	2030	280,000	60,000
	2031	220,000	60,000
	2032	160,000	60,000
	Salvage	100,000	

Current Year Amortization \$ 60,000

X

Tenant's Estimated Public Safety Share 50% (10 NFL Games; 20 Total Stadium Events > 20K)

Tenant's Estimated Share of Amortization for 2018-19 \$ 30,000

Stadium Authority's Estimated Public Safety Share 50%

Authority's Estimated Share of Amortization for 2018-19 \$ 30,000

2 Public Safety Capital Expenditures - City PSC Requests \$ 757,004 (see attached schedule)

Amortization Schedule for 5-year depreciable life assets	Year	Book Value	Amortization
	2018	757,004	151,401
	2019	605,603	151,401
	2020	454,202	151,401
	2021	302,802	151,401
	2022	151,401	151,401
	Salvage	-	

Current Year Amortization	\$ 151,401
	X
Tenant's Estimated Public Safety Share	50% (10 NFL Games; 20 Total Stadium Events > 20K)
Tenant's Estimated Share of Amortization for 2018-19	\$ 75,700
Stadium Authority's Estimated Public Safety Share	50%
Authority's Estimated Share of Amortization for 2018-19	\$ 75,700

Total Public Safety Capital Expenditures	\$ 1,757,004
Current Year Amortization	\$ 211,401
Tenant's Estimated Share of Amortization for 2018-19	\$ 105,700
Authority's Estimated Share of Amortization for 2018-19	\$ 105,700

Public Safety Capital Expenditures - 2017-18 (projected) \$ 17,500 (see attached schedule)

Amortization Schedule for 10-year depreciable life assets	Year	Book Value	Amortization
	2018	17,500	1,750
	2019	15,750	1,750
	2020	14,000	1,750
	2021	12,250	1,750
	2022	10,500	1,750
	2019	8,750	1,750
	2020	7,000	1,750
	2021	5,250	1,750
	2022	3,500	1,750
	2023	1,750	1,750
	Salvage	-	

Current Year Amortization	\$ 1,750
	X
Tenant's Estimated Public Safety Share	56% (10 NFL Games; 28 Total Stadium Events > 20K)
Tenant's Estimated Share of Amortization for 2018-19	\$ 972
Stadium Authority's Estimated Public Safety Share	44%
Authority's Estimated Share of Amortization for 2018-19	\$ 778

Tenant's Estimated Public Safety Share:

Number of NFL Games 2017	10
Number of Stadium Events >20K	18
Tenant's Estimated Share	56%

Stadium Authority's Estimated Public Safety Share:

Number of "Stadium Events" >20K	
Excluding NFL Games	8
Number of Stadium Events > 20K	18
Authority's Estimated Share	44%

Stadium Public Safety Capital Expenditure Requests

Equipment ¹	Dept.	Depr. Life	Quantity	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23
CAD Replacement	Police, IT	5	-	\$ 130,000				
Portable License Plate Reader/PTZ Cameras	Police	5	4	\$ 160,000				
Kawasaki Pro-FXT LE Black Mule	Police	5	3	\$ 52,000				
Motor Vehicle Barriers	Police	5	4	\$ 100,000				
Kimtech MTD-103 Advanced (med cart upgrade)	Fire	5	1	\$ 10,000				
Portable Radios	Fire	5	13	\$ 53,953				
EMS Equipment (2 Auto Pulse Automated Compressors)	Fire	5	2	\$ 31,556				
EMS Equipment (ALS Lifepack Monitor)	Fire	5	1	\$ 30,295				
Public Safety Command Post Dispatch System	Public Safety	5	1	\$ 189,200				
Total:				\$ 757,004	\$ 0	\$ 0	\$ 0	\$ 0

Notes:

- 1 Five year Useful Life of Equipment unless otherwise noted.