

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)

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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)

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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

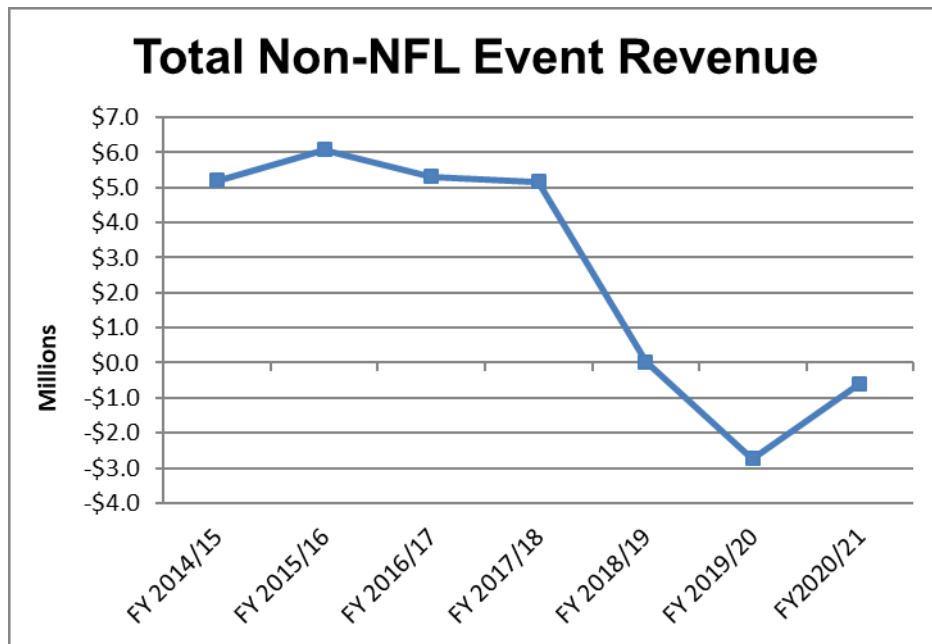


Table 2. Net General Fund Impact for Stadium Authority

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	\$ 3,791,985	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 (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		\$ -		\$ -

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 performance 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 likeliness 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)

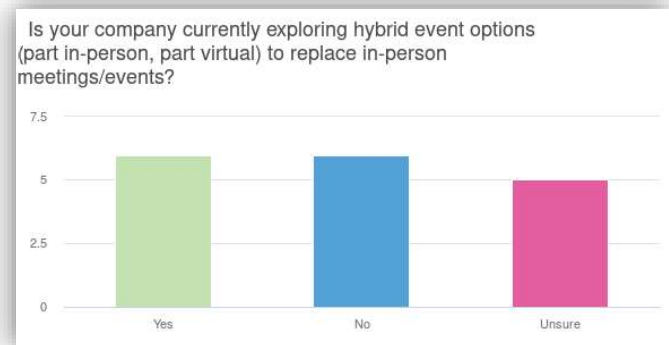
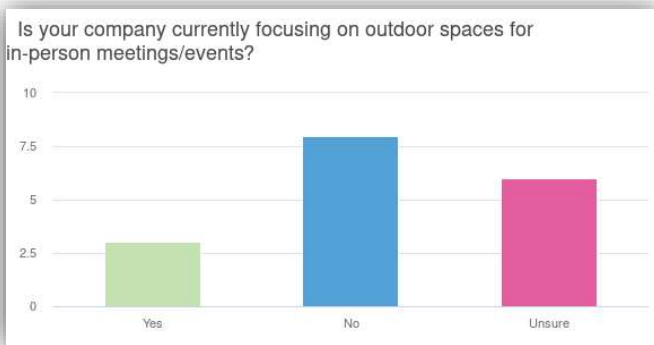
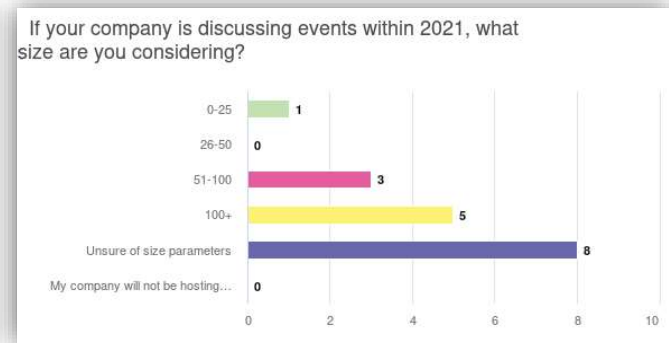
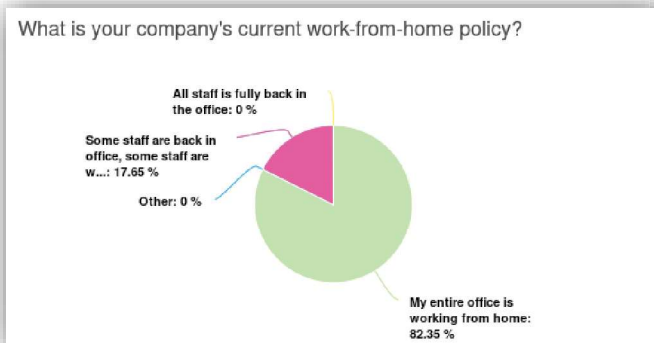
In addition to direct outreach, e-mail marketing and hosting clients at the stadium, the Special Events sales team relies on attending industry events to network with potential clients and gain access to valuable prospecting lists. Unfortunately, due to the pandemic and restrictions on in-person events, 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

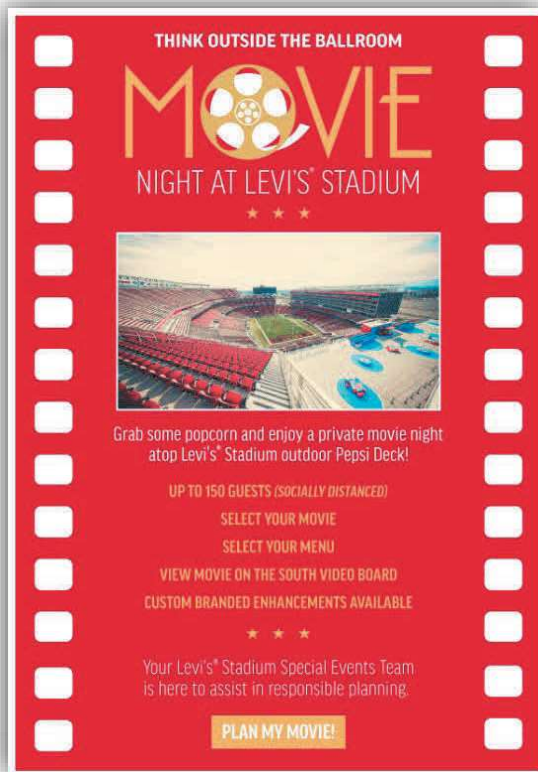
Local partnerships are a valuable and necessary component to the sales process, especially when selling large corporate events that require hotels rooms and multiple event locations. Collaboration with the Santa Clara Convention Center, Great America and the local hotels is a key component in selling 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



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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



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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



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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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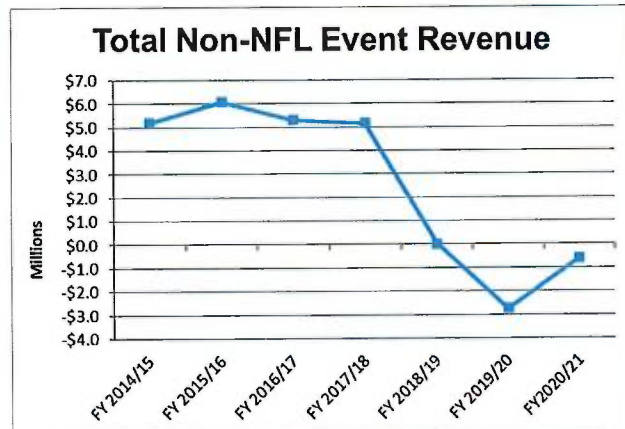
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Total Non-NFL Net Revenue, FYs 2014/15 – 2020/21

- 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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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

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	\$ 1,819,099	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 (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	\$ 18,591	87	\$ (2,741,014)
Total Performance Rent paid to the General Fund		\$ 2,613,777		\$ 2,932,008		\$ 2,533,447		\$ 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.

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.

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.

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.

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.

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

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.**

Alignment to Management Agreement and Naming Rights Agreement Provisions

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

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.

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

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.**

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.

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

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.

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.

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.

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.

ManCo's March 8 Letter to the Executive Director Regarding Public Safety Documents

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.

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