



Agenda Report

26-17490

Agenda Date: 2/24/2026

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Discussion of the Proposed Santa Clara Stadium Authority Fiscal Year 2026/27 Operating, Debt Service and Capital Budget and Stadium Authority Budget, Compliance and Management Policies, and Marketing Plan

BACKGROUND

The Stadium Management Agreement (Management Agreement) between the Santa Clara Stadium Authority (Stadium Authority), Forty Niners SC Stadium Company LLC (StadCo), and Forty Niners Stadium Management Company LLC (ManCo or Stadium Manager) defines the Stadium Operation and Maintenance Plan (SOMP) as the plan designed to achieve a safe and well maintained Stadium and states that it should include the standards for management and operation of the Stadium, including the required security, staffing, and other required elements of hosting Stadium Events. The Stadium Manager is responsible for preparing the SOMP, which shall be presented annually to the Stadium Authority, and must include the:

1. Annual Shared Stadium Expense Budget,
2. Annual Public Safety Budget,
3. Capital Expenditure Plan, and
4. Marketing Plan.

Each year, Stadium Authority staff prepares a proposed Santa Clara Stadium Authority Operating, Debt Service, and Capital Budget for the Stadium Authority's twelve-month Fiscal Year (FY), which begins on April 1 and runs through March 31 (in accordance with Article 4 - Records, Accounts, Budgets, and Reports of the Management Agreement).

DISCUSSION

This report to the Stadium Authority Board transmits the Proposed FY 2026/27 Stadium Authority Operating, Debt Service, and Capital Budget (Attachment 1), Public Safety Budget (Attachment 2), and 2026 Levi's Stadium Events Marketing Plan (Attachment 3). It should be noted that the Public Safety Budget is provided by ManCo and included in this report for Stadium Authority Board information only, as budget appropriations for the City's public safety departments are approved by the City Council through the City's annual budgeting process.

The budget document contains several key sections, including:

- **Stadium Authority Operating Budget**, which includes a breakdown of the Stadium Authority's General and Administrative costs,
- **Shared Stadium Manager Expenses**, including the total expenses and the Stadium Authority's share of those expenses,

- **Stadium Authority Debt Service Budget; and**
- **Stadium Authority Capital Expense Budget.**

In addition, City staff has included glossaries of commonly used financial terms in this proposed budget to facilitate understanding of the types of revenues, expenses, debt, and capital expenses.

Staff followed the budget development process outlined in the Proposed Stadium Authority Board Budget Policy (Attachment 4) in preparing the Proposed FY 2026/27 Stadium Authority Budget. In accordance with Sections 4.5 through 4.8 of the Management Agreement, ManCo prepared and submitted a proposed operating, capital, and debt budget for the FY 2026/27 Stadium Authority Budget. This report and the Proposed Budget are being provided based on ManCo's budget submittal. A comprehensive review of the documents, including responses to the Stadium Authority's questions on the submittal were not received and are expected on Monday, February 23rd. As such, there are items in this budget that need additional Stadium Authority analysis including Office Space Expense, proposed Shared Expense and SBL Sales and Services staffing, and the Capital Expense Plan. Changes to the Proposed Budget will be recommended based upon completion of this analysis and Board feedback during the public Study Sessions. Final recommendations will be brought forward by the Executive Director's Office to the Board as part of the adoption of the budget.

Because of the complexity and importance of the Stadium Authority Budget, Stadium Authority staff's approach has been to present the budget for Stadium Authority Board consideration over the course of two or more meetings. This year, the schedule for this is as follows: a February 24th study session and a March 10th Public Hearing for Board final consideration and action. The following summarizes the timeline of the FY 2026/27 budget process:

- In November 2025, Stadium Authority worked with ManCo to develop the annual budget plan, which included the dates that ManCo would provide all necessary documents as required by the Stadium Lease, Management Agreement, and Stadium Operations Agreement.
- In January 2026, ManCo provided annual documents as outlined in the Stadium Agreements, which were used in the Budget Development Process:
 - Stadium Operations and Maintenance Plan
 - Annual Shared Expense Budget with Five-Year Projection
 - Annual Stadium Authority Operations Budget
 - Annual Public Safety Budget
 - Capital Expenditure Plan with Five-Year Projection
 - Levi's Stadium Events Marketing Plan
 - Public Safety Document Updates
 - NFL and Non-NFL Events Parking Plans
- In February 2026, Stadium Authority staff analyzed ManCo's budget submission including but not limited to the number of full-time equivalents (FTEs) recommended and related personnel costs as well as non-personnel costs, and calculated the budget for Stadium Authority General and Administrative (G&A) costs (such as staff costs, consulting, audit, legal, and any reasonable and necessary expenses to uphold its support of the Board) as well as any necessary funding to for allocation in the Stadium Authority's

Discretionary Fund. As of the time of this report's production, responses from ManCo regarding additional questions from the Stadium Authority are expected on February 23rd. Any additional information will be provided during the staff presentation on February 24th.

The Proposed Budget is presented on an accrual basis, which provides increased transparency for projected revenues and expenses, with added detail about financial transfers. The total Revenues and Expenses in the Stadium Authority Operating Budget for FY 2026/27 are \$67.4 million and \$65.9 million, respectively.

A summary of key changes and assumptions for the Proposed Budget include:

- **Net Non-NFL Events Revenue** estimate for FY 2026/27 totals \$4.6 million. This is budgeted lower than the actuals for FY 2024/25 and FY 2025/26, which were \$10.2 million and \$6.2 million (projected actuals), respectively. ManCo provided a budget estimate of \$3.6 million to \$4.6 million for Net-Non-NFL Event Revenue for FY 2026/27. Historically, performance has exceeded the preliminary budget estimates based on actual event performance. SCSA staff will work with ManCo to better understand the expected revenue based on current event planning.
- **Payments to the City's General Fund** are programmed at \$6.6 million in FY 2026/27 for performance rent (\$1.8 million), excess revenue distribution (\$3.6 million), ground rent (\$1.0 million), and Senior/Youth fees (\$248,000).
- **Public Safety Cost Reimbursements** over the agreed-upon threshold for FY 2026/27 are estimated to be \$2.5 million; \$1.9 million will be paid from the Public Safety Cost Reserve, and \$582,000 will be paid from the Discretionary Fund.
- **Public Safety Costs 2024 Outstanding Balance** paydown of an estimated \$836,000 from Excess Revenues will fully pay off the outstanding balance at the end of FY 2026/27.
- **Office Space Expense** for the lease of offsite office space for ManCo staff is included within the \$1.7 million Other Expenses line in ManCo's budget submittal for FY 2026/27, with ManCo noting that ManCo and Stadium Authority staff are to meet and confer on this item; Stadium Authority staff is currently evaluating this request and has asked for clarification on the portion attributable to office space.
- **Capital Expense (CapEx) Reserve Fund Balance** is budgeted to have a balance of \$251,000 by the end of FY2026/27. The Proposed Budget includes an additional \$5.7 million transfer from the Operating Reserve to the CapEx Reserve above contractual requirements to provide additional resources for CapEx projects. Stadium Authority will continue to provide oversight and work with ManCo to ensure the projects with the highest priority and needs are addressed within the five-year CapEx plan. As a tenant of Levi's® Stadium, StadCo is conducting a Facilities Condition Assessment (FCA), funded at their expense, to help facilitate long-term financial planning, operational efficiency, and structural integrity. The FCA will identify necessary repairs, capital improvements, and compliance requirements while optimizing maintenance costs and resource allocation. The FCA is anticipated to be completed in 2027. Once the assessment is completed and received, the Stadium Authority will undertake a vetting of the FCA. It is important to note that the current capital reserve balance is far below an appropriate level and increasing this balance should be a major focus of future budgetary and capital project planning.
- Proposed **Capital Expenditures** totaling \$22.2 million, including general building, security, furnishings and equipment, and public safety investments. The Authority will

oversee and collaborate with ManCo to prioritize projects within the five-year CapEx plan.

- **General and Administrative Budget** funding 7.9 full-time equivalent positions totaling \$3.4 million. This is a baseline level of support necessary for Stadium Authority operations and reflects an estimate of staff time necessary for FY 2026/27 activities.
- Total estimated **Debt Service** payments of \$21.0 million, including debt related to the Community Facilities District (\$3.8 million) and Term A Loan (\$17.2 million).
- **Renovation/Demolition Reserve** is budgeted to have a balance of \$57.5 million by the end of FY 2026/27. This reserve represents more than half of the \$70 million required, largely due to contributions from excess revenues that have been generated in recent years. As the stadium continues to age excess revenues will likely be to used to fund the associated capital projects. As a result, contributions to this reserve have been reduced, and the full funding of this reserve is no longer forecasted to be filled in the next ten years.

Key highlights for the Stadium Authority's 2026/27 budget are as follows:

Operating Budget

Revenues

- FY 2026/27 total projected revenues of \$67.4 million includes \$24.8 million in facility rent, \$5.2 million in SBL revenue, \$16.2 million in NFL ticket surcharge, \$8.3 million in Naming Rights revenue, \$4.1 million in Non-NFL ticket surcharge, \$4.6 million in Non-NFL events net revenue, \$3.2 million in interest revenue, and \$1.1 million in miscellaneous other revenues.
- Non-NFL Events Ticket surcharge revenues are projected to be \$4.1 million in FY 2026/27.
- ManCo provided Net-Non-NFL Event Revenue to be between \$3.6 million and \$4.6 million for FY 2026/27. The Stadium Authority used the higher estimate of \$4.6 million as the anticipated Net Non-NFL Event Revenue for FY 2026/27. This is based on a projection of five major events (four concerts and one soccer event) and non-ticketed events.

Expenses

- The proposed Operating Budget expenses equal \$38.1 million and include:
 - The Stadium Authority's share of expenses covered under the Management Agreement in the amount of \$15.2 million,
 - \$4.6 million to fulfill the Stadium Authority's administrative oversight of the Stadium,
 - Transfer to the City general fund of \$3.6 million from Stadium Authority Excess Revenues,
 - SBL sales and services of \$2.5 million,
 - NFL public safety costs over the threshold of \$2.5 million,
 - Utilities of \$1.9 million,
 - Ground Rent and Performance Rent paid to the City of \$1.0 million and \$1.8 million respectively,
 - Discretionary fund expenses of \$1.3 million to fund a community event,
 - Buffet costs of \$859,000,
 - Public Safety Cost 2024 Outstanding Balance expense of \$836,000 and,

- Other expenses of \$2.0 million.
- Total transfers out of \$27.8 million include a \$9.9 million transfer to the Capital Expenditure Fund for future Stadium capital improvements. This amount includes an additional \$5.7 million transfer from the Operating Reserve to the CapEx Reserve to provide added resources for capital projects. The remaining \$17.8 million is transferred to the Debt Service Fund.

Reserves

- Total operating reserves are expected to be \$86.7 million at the end of FY 2026/27. This is composed of a Renovation/Demolition Reserve of \$57.5 million, an Operating Reserve of \$28.5 million and a Discretionary Fund Reserve of \$870,000.

Debt Service Budget

- The Proposed 2026/27 Debt Service Budget of \$21.0 million (principal of \$10.8 million and interest of \$10.2 million) is based on the required debt service payments. Total outstanding debt is projected to decrease to \$199.0 million.

Capital Expense Budget

- The FY 2026/27 Capital Expense Budget totals \$22.2 million. Of this total, \$12.2 million of prior year appropriations are carried over into FY 2026/27.
 - The carryover budget includes adjustments due to the rise of costs from when some of the projects were originally budgeted as well as an adjustment to increase the contingency from 5% to 10%.
- New capital improvement appropriations equal \$10.0 million.

Levi's Stadium Marketing Plan

Under the Management Agreement, the Stadium Manager is responsible for marketing, promoting, scheduling, and booking Non-NFL Events. Section 4.10 of the Management Agreement requires that the Marketing Plan set forth in reasonable detail the Stadium Manager's plans to develop, implement, and monitor marketing, booking, advertising, and promotion of the Non-NFL Events for Levi's Stadium. The Marketing Plan is included in the report as Attachment 3.

The Stadium Authority has contracted with a third-party consultant, Canyon Oaks Ventures, LLC, to conduct market trend research on how large multi-purpose venues market and promote Non-NFL Events and review and assess the 2025 and 2026 Levi's Stadium Marketing Plans. Together, the review will assess current marketing strategies, benchmark stadium performance, evaluate consistency and impact across marketing and branding, identify industry trends and areas for improvement, and offer recommendations to enhance strategic oversight of Non-NFL Events marketing. The two concurrent work efforts are expected to be completed by Summer 2026. The final reports and recommendations will guide the Stadium Authority's oversight of the 2026 Marketing Plan, including subsequent review of the 2026 Marketing Plan outcomes; review and analysis of future Marketing Plans and related outcomes; and help inform ongoing discussions with the Stadium Manager related to booking profitable Non-NFL Events.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of a California

Environmental Quality Act (“CEQA”) pursuant to the CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Furthermore, the action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

FISCAL IMPACT

The Proposed FY 2026/27 Budget includes \$65.9 million for operating costs (includes transfers out to Debt Service and Capital Funds), \$21.0 million for debt service, and \$22.2 million for capital (includes a \$12.2 million carryover from the prior year).

COORDINATION

This report has been coordinated with the Executive Director and Stadium Authority Counsel's Offices.

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>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Review and provide input on the Proposed Santa Clara Stadium Authority Fiscal Year 2026/27 Operating, Debt Service, and Capital Budget, Proposed Stadium Authority Budget, Compliance and Management Policies, and 2026 Levi's Stadium Events Marketing Plan.

Reviewed by: Kenn Lee, Treasurer

Approved by: Jovan Grogan, Executive Director

ATTACHMENTS

1. Santa Clara Stadium Authority Proposed Fiscal Year 2026/27 Operating, Debt Service, and Capital Budget
2. Fiscal Year 2026/27 Annual Public Safety Budget
3. 2026 Levi's Stadium Events Marketing Plan
4. Stadium Authority Board Budget Policy
5. Stadium Authority Board Compliance and Management Policy