

# Santa Clara Stadium Authority

## **Action on Stadium Manager's Request to Execute an Event Services Agreement with Fanatics Retail Group Concessions, LLC for Merchandise Concession Services for Non-NFL Events**

**May 13, 2025  
Item # 6  
25-926**



## Background

- Stadium Manager proposes a new Event Services Agreement (ESA) with Fanatics for Non-NFL events.
- Fanatics currently manages merchandise sales for NFL events at Levi's® Stadium.
- Proposed ESA would formalize and expand their services to include Non-NFL events.
- Item was initially presented on March 11, 2025, as part of the Consent Calendar.
  - Motion failed with a 3-3 vote
  - Now returning as a General Business item
  - Includes updated data and analysis to support the recommendation



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**POST MEETING MATERIAL**

## Financial and Operational Benefits

- Expanded merchandise sales locations including main concourse, SAP Tower, upper concourse, and mobile kiosks.
- Promoters can choose between a buyout model or a revenue-sharing model for merchandise sales.
- Financial modeling indicates a **+118%** increase in last year's (FY23/24) net revenues under the new ESA model.

Event	Total (FY23/24)	Net Diff (%)
SCSA <u>Actual</u> Merchandise Revenue (\$)	\$175,241	
SCSA <u>Projected</u> Merchandise Revenue Under New Deal Terms (\$)	\$371,197	
Net Diff (\$)	\$195,956	<b>+118.21%</b>



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## Procurement Process

*Sole-source procurement based on Fanatics' unique vertical integration and existing stadium infrastructure*

- Fanatics has an established partnership with the NFL and Levi's® Stadium.
- Market analysis conducted; no alternative vendor matched Fanatics' end-to-end service merchandise concessions capabilities and experience. Competitors include:

### Merchandise and Collectibles

- Nike
- Adidas
- Under Armour
- Lids
- Mitchell & Ness
- Panini America
- Upper Deck

### Gaming, eCommerce and Retail

- DraftKings
- FanDuel
- BetMGM
- Caesars Sportsbook
- Amazon
- eBay
- Dick's Sporting Goods
- Walmart & Target

### Merchandise, F&B and Hospitality

- Legends (acquired ASM Global)
- Delaware North
- Aramark Sports and Entertainment
- Levy (Rank + Rally subsidiary)



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## Fanatics Market Analysis

*As of 2024, Fanatics has in-venue retail partnerships with 14 NFL teams, managing both e-commerce and physical retail operations.*

- Some of the NFL stadiums where Fanatics provides merchandise services include:
  - EverBank Stadium (Jacksonville Jaguars): Operates all Jag Pro Shops and kiosks.
  - M&T Bank Stadium (Baltimore Ravens): Manages all retail, including the team's first year-round store at the venue.
  - U.S. Bank Stadium (Minnesota Vikings): Runs retail operations, contributing to significant sales growth.
  - Raymond James Stadium (Tampa Bay Buccaneers): Oversees in-stadium retail to enhance the fan merchandise experience.
  - Nissan Stadium (Tennessee Titans): Full-service retail and e-commerce partner; partnership extends to the new stadium opening in 2027.
  - FirstEnergy Stadium (Cleveland Browns): Manages all on-site retail; investing in a redesigned Pro Shop and integrating the FanCash loyalty program.



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## Merchandise Revenue Model Analysis

*Revenue splits for merchandise concessions vary across the industry and are typically negotiated independently between the Stadium Manager and the event promoter.*

- Current Model: Revenues are calculated as net revenue after deducting expenses.
- Proposed Model: Tiered structure based on gross sales levels.
- Benefits:
  - Aligns incentives
  - Promotes cost control
  - Encourages maximization of merchandise revenue



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## Post-March 11 Board Meeting Actions

*Staff requested Stadium Manager to conduct an analysis of net revenue projections for Non-NFL Events in FY 2025/26, and negotiate a revised, shorter term for the proposed ESA.*

- Analysis of FY 2025/26 Net Revenue Projections:
  - Applying the new terms to Non-NFL Event merchandise revenue for events in FY 2025/26 should result in an additional **\$150,000 to \$250,000** in net revenue compared to the old terms.
- Revised, Shorter Term for the Proposed ESA:
  - Two-year base term with two additional one-year renewal options
    - Previous proposal included a four-year term
    - Subject to Stadium Manager and SCSA Executive Director mutual approval.



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## Key Terms of the Proposed ESA

- Complete Agreement:  
The Agreement, including Exhibits A–D, is the full and final understanding between the parties, superseding any prior agreements.
- Term and Termination:  
Effective April 1, 2025, through March 31, 2027, with up to two one-year extensions by mutual written agreement. Either party may terminate for material breach or without cause with 60 days' notice.
- Scope and Standards:  
Contractor must perform services per Exhibit A and meet all applicable professional, legal, and regulatory standards.
- Business Terms:
  - Fanatics receives 7% of net revenue or \$5,000 (whichever is greater) if gross sales are ≤ \$4M.
  - If gross sales exceed \$4M, Fanatics receives 8% of net revenue.
  - For merchandise buyouts, Fanatics is paid a flat \$5,000.



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## Key Terms of the Proposed ESA [cont.]

- Contractor Responsibilities:  
Operates independently, responsible for employees and subcontractors, and must comply with all jobsite rules and legal obligations.
- IP and Confidentiality:  
Contractor may not use the Stadium Manager's branding without consent and must keep shared information confidential unless legally required to disclose.
- Compensation:  
Payment terms are detailed in Exhibit B.
- Prevailing Wage:  
Contractor must follow California prevailing wage laws and post wage rates on-site; noncompliance may lead to penalties.

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## Recommendation

Staff presents three options for Board consideration and approval:

1. Option 1: Approve the Stadium Manager's request to execute an Event Services Agreement with Fanatics Retail Group Concessions, LLC under the terms presented; or
2. Option 2: Direct the Stadium Manager to issue a Request for Proposal (RFP) for a vendor to operate full-service merchandise concessions for Non-NFL Events at Levi's® Stadium, and in the interim, authorize the Stadium Manager's to execute a one-year Event Services Agreement with Fanatics Retail Group Concessions, LLC under the terms presented, to allow for the initiation and completion of an RFP process; or
3. Option 3: Direct the Stadium Manager to issue a Request for Proposal (RFP) for a vendor to operate full-service merchandise concessions for Non-NFL Events at Levi's® Stadium, and in the interim, continue with the current Non-NFL Event protocol in which Fanatics passes through all service-related expenses, including the concessionaire fee, to the event promoter.

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