

2/25/25

Item #1

Santa Clara Stadium Authority

Study Session

Proposed Santa Clara Stadium Authority FY 2025/26
Budget, 2025 Marketing Plan, and Compliance and
Management Policies
Item #1 (25-102)



February 25, 2025

Agenda

1. Budget Development
2. Methodology and Limitations
3. Budget Flowchart
4. Key Summary
5. Excess Revenues Distribution
6. Stadium Authority Operating Budget
7. Stadium Authority Debt Service Budget
8. Stadium Authority Capital Budget
9. FY 2025/26 Stadium Operations and Maintenance Plan (SOMP)
10. 2025 Marketing Plan
11. Key Summary
- 2 12. Recommendations

POST MEETING MATERIAL

FY 2025/26 Budget Development

October/November 2024	Stadium Authority staff worked with ManCo to discuss the annual budget plan which included the dates that ManCo would provide all necessary documents as required by the Stadium Agreements.
December 2024	Stadium Authority staff provided the Stadium Authority G&A, Public Safety Capital Expenses, and Discretionary Fund costs to ManCo for review and incorporation into the annual budget.
January 2025	At least 45 days prior to the start of the fiscal year (January 31) ManCo provided the required documents per the Stadium Agreements: <ul style="list-style-type: none"> • Stadium Operations and Maintenance Plan • Annual Shared Expense Budget with Five Year Projection • Annual Stadium Authority Operations Budget, Capital Expenditure Plan with Five-Year Projection • Annual Public Safety Budget • 2025 Marketing Plan and Public Safety Document Updates
February 2025	Staff submitted a series of questions to ManCo on February 11, 2025, and received responses on February 21.
February 25 & March 4, 2025, if needed	Special Study Session on Fiscal Year 2024/25 Operating, Debt Service, and Capital Budget, Stadium Operation and Maintenance Plan, Public Safety Budget and Marketing Plan
March 11, 2025	Public Hearing to approve the SCSA Proposed Fiscal Year 2024/25 Operating, Debt Service, and Capital Budget
March 14, 2025	SCSA Notice of approval/disapproval of the Stadium Manager's Draft Annual Stadium Authority Budget
March 21, 2025	Stadium Manager required to submit Adopted Budget to the Trust (10 days prior to start of FY)
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FY 2025/26 Budget Development (cont.)

- **General Information**
- **Year in Review for both NFL and Non-NFL Events**
- **Excess Revenues Distribution**
- **Operating Budget**
 - Stadium Authority General and Administrative Budget
 - Stadium Manager Shared Expenses and 5 Year Forecast
 - 10-Year Forecast (New Section)
- **Debt Service Budget**
- **Capital Budget**
 - Capital Expenditure Plan and 5 Year Forecast
- **Stadium Authority Work Plan**

FY 2025/26 Budget Development (cont.)

Attachments:

1. Proposed Santa Clara Stadium Authority Fiscal Year 2025/26 Operating, Debt Service, and Capital Budget
2. Annual Public Safety Budget
3. 2025 Marketing Plan
4. Stadium Authority Budget Policy
5. Stadium Authority Compliance and Management Policy

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Methodology and Limitations

- The Budget is on an accrual basis, which records revenues and expenses when they are incurred, regardless of when cash is exchanged.
- The Budget report was based in part on documentation and submitted by ManCo. on January 31, 2025. Additional responses received February 21, 2025.
- The Capital Budget included proposals from both the Stadium Authority and Stadium Manager.
- Consistent with terms of the Settlement Agreement finalized December 2024.
- Long-term 10-year forecast represents best known data at the time.

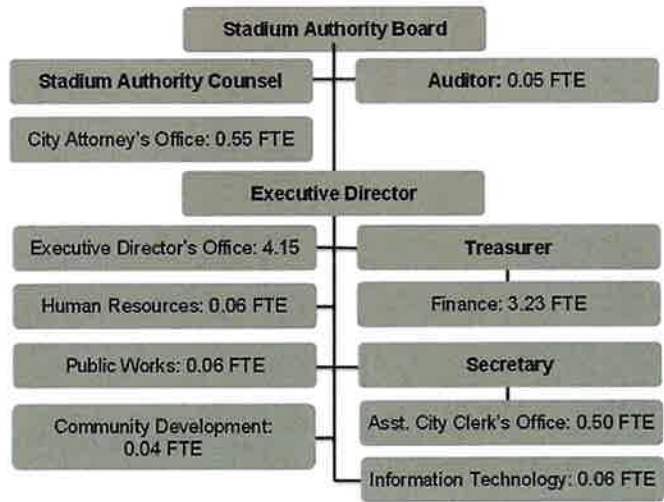
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Stadium Authority Budget Flowchart

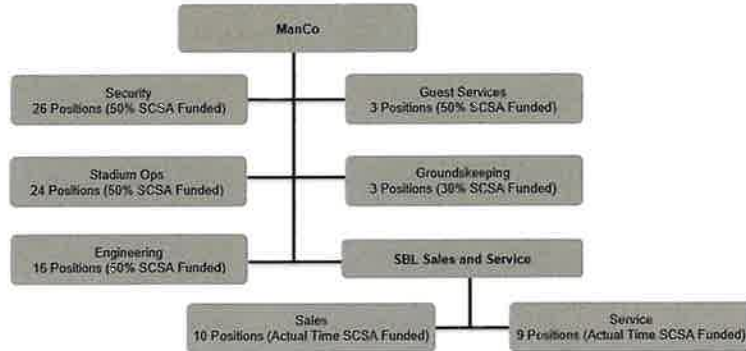
City of Santa Clara	Santa Clara Stadium Authority (SCSA)	StadCo	ManCo
<ul style="list-style-type: none"> ○ Owns Land ○ Ground Leases to SCSA 	<ul style="list-style-type: none"> ○ Stadium Owner ○ Leases Stadium to StadCo during the NFL Season (6 months) 	<ul style="list-style-type: none"> ○ Leases Stadium for 49er Football Company 	<ul style="list-style-type: none"> ○ Manages Stadium for StadCo and SCSA

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Stadium Authority Budget Flowchart (cont.)



Stadium Authority Budget Flowchart (cont.)



*Position count is provided by ManCo and does not include positions in Other Expenses

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Stadium Authority Budget Flowchart (cont.)



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Stadium Authority FY2025/26 Budget Key Summary

- Implements terms of the 2024 Settlement Agreement
- Supports major events including 2026 World Cup and Super Bowl LX
- Net Non-NFL Events Revenue budgeted at \$5.3 million
 - Lower than prior two fiscal years (FY)
 - FY 2023/24 Actual: \$8.3 million
 - FY 2024/25 Projection: \$9.2 million
 - Historical performance increases from preliminary budget projection
- Public Safety Costs (PSC) reimbursements over threshold expenditure is budgeted to be \$2.1 million
 - \$2.0 million from PSC Reserve
 - \$0.1 million from Discretionary Fund
- PSC 2024 Outstanding Balance (\$9.2 million in FY 2024/25, \$2.8 million in FY 2025/26)
 - Projected \$2.8 million balance at end of FY2025/26

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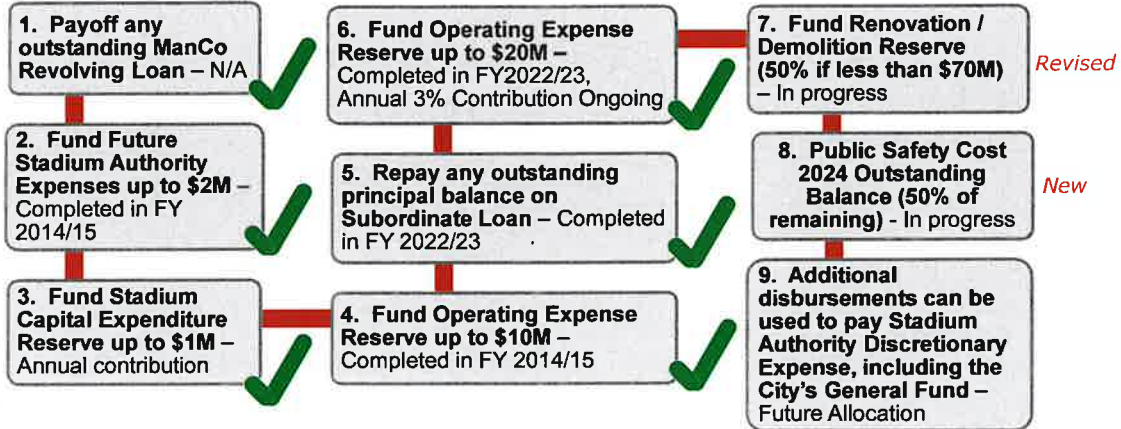
Stadium Authority FY2025/26 Budget Key Summary (cont.)

- Direct payments to the General Fund at \$6.2 million
 - Performance Rent for FY 2025/26 (\$2.2 million, accrual basis)
 - Projected FY 2025/26 Excess Revenue (\$2.8 million)
 - Ground Rent (\$1.0 million)
 - Senior and Youth Fees (\$270,000)
- Non-NFL Ticket Surcharge revenue is projected to increase \$2.0 million, increase of the surcharge from \$4 to \$8 for tickets sold for certain events
- Additional \$1.0 million to the CapEx fund above contractual requirements to provide additional resources for potential additional CapEx expenses
- Levi's Naming Rights expense of \$1.6 million to cover the Authority's obligations under its Naming Rights Agreement with Levi's to provide suite and tickets to the six 2026 World Cup soccer matches (anticipated additional surcharge of \$2.1 million from events)

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Excess Revenues Distribution

Excess Revenues Distribution: If revenues exceeds expenses in a lease year the Excess Revenues are required to be distributed in the order as set forth in Article 14 of the Stadium Lease agreement as shown below.



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Excess Revenues Distribution (cont.)

Excess Revenue Cash Reserves Summary

Reserve Category	FY 2023/24 Actual	FY 2024/25 Projected	FY 2025/26 Budget
Capital Expenditure Reserve	\$19.3M	\$14.7M	\$2.8M
Operating Reserve	\$26.1M	\$26.9M	\$27.7M
Renovation/Demolition Reserve	\$31.4M	\$43.2M	\$48.8M
Total	\$76.8M	\$84.8M	\$79.3M

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Stadium Authority Operating Budget

Key Assumptions in Proposed Operating Budget:

- **General and Administrative Expenses** - \$4.7 million, includes 8.7 full time equivalent positions as a baseline level of support
 - Cost increased by \$399,000 or 8%



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Stadium Authority Operating Budget (cont.)

Key Assumptions in Proposed Operating Budget:

- **Net Non-NFL Events** - \$5.3 million projected for FY2025/26
 - Stadium Manager is projecting six (6) concerts and two (2) soccer events for FY2025/26

Net Non-NFL Events Revenue Summary

FY 2023/24 Actual	FY 2024/25 Projected	FY 2025/26 Budget
\$8.3M	\$9.3M	\$5.3M

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Stadium Authority Operating Budget (cont.)

Key Assumptions in Proposed Operating Budget:

- **Stadium Manager Shared Expenses** - \$14.0 million, includes 72 full time equivalent positions
 - Costs increased by \$445,000 or 3%
 - Groundskeeping due to higher outside services
 - Security due to higher compensation costs
- **SBL Sales and Service** - \$3.3 million, includes 19 positions charged based on actual time spent

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Stadium Authority Operating Budget (cont.)

Key Assumptions in Proposed Operating Budget:

- **Other Expenses** - \$1.4 million, includes other supporting staff, software costs, lender fees and share of ManCo staff office space
 - This is an increase of \$687,000 (or 99%) over FY2024/25 Projected Actuals of \$696,000
 - Main driver is new cost of \$620,000 for SCSA share of ManCo office lease space
 - This is pending review

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Stadium Authority Operating Budget (cont.)

Revenues:

Facility Rent	\$ 24,762,000
NFL Ticket Surcharge	15,034,000
Naming Rights	8,065,000
Non-NFL Event Net Revenue	5,300,000
SBL Proceeds	5,156,000
Non-NFL Event Ticket Surcharge	3,426,000
Interest	3,421,000
Sponsorship Revenue (STR)	722,000
Senior & Youth Program Fees	270,000
Non-NFL Events PSC Depreciation Reimbursement	89,000

Total Revenues	\$66,245,000
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Stadium Authority Operating Budget (cont.)

Expenses:

Shared Stadium Manager Expenses	\$13,999,000
Stadium Authority General & Administrative	4,687,000
SBL Sales and Service	3,251,000
Public Safety Costs (PSC) 2024 Outstanding Balance	2,820,000
Transfer to City General Fund from Excess Revenues	2,820,000
Performance Rent	2,150,000
PSC Over Threshold	2,143,000
Utilities	1,796,000
Naming Rights Expenses	1,699,000
Other Expenses	1,383,000
Ground Rent	1,000,000
Senior and Youth Program Fees	270,000
Discretionary Fund Expense	250,000
Use of StadCo Tenant Improvements	106,000

Total Expenses	\$38,374,000
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\$6.2
million
projected
to the
City's
General
Fund

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Stadium Authority Operating Budget (cont.)

General and Administrative Budget

Expense Type	FY 2024/25 Amended Budget	FY 2025/26 Proposed Budget	Variance
Staff Support	\$ 2,868,000	\$ 3,318,000	\$ (450,000)
Legal Services	495,000	515,000	(20,000)
Audit Services	193,000	160,000	33,000
Consultants			
- Community			
Outreach/Communications/Engagement	100,000	100,000	-
- Noise Monitoring	87,000	87,000	-
Administrative Services	495,000	449,000	48,000
Other Expenses	40,000	50,000	(10,000)
Board Stipends	8,000	8,000	-
Total	\$ 4,288,000	\$ 4,687,000	\$ (399,000)

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Stadium Authority Operating Budget (cont.)

Discretionary Fund

Projected Beginning Balance	50% of FY 2025/26 Base Non-NFL Event Ticket Surcharge	FY 2025/26 Discretionary Fund Expense	Public Safety Costs Over Threshold	Projected Ending Balance
\$1,101,000	\$701,000	\$250,000	\$120,000	\$1,432,000

- The Discretionary Fund will be used to cover NFL public safety costs above the public safety cost threshold, public safety capital expenses, and other items at the Stadium Authority's discretion. Reimbursements of \$2.03 million are anticipated in FY 2024/25.

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Stadium Authority Operating Budget (cont.)

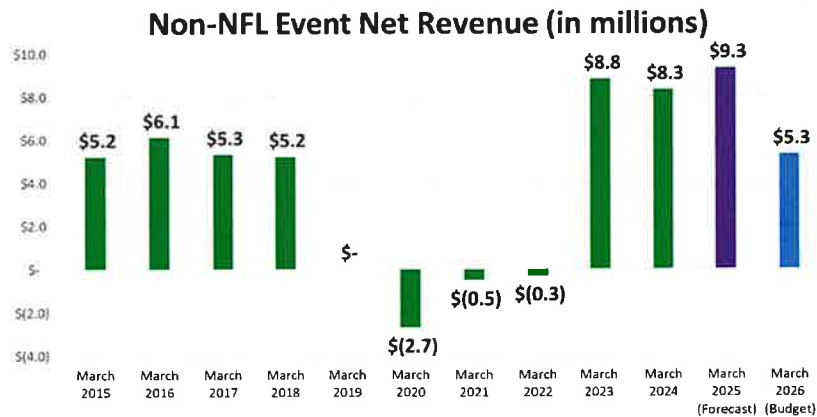
Performance Rent Calculation

- Stadium Authority pays the City performance-based rent on top of the fixed ground rent
- Performance-based rent is equal to 50% of the net income from Non-NFL events less 50% of the ground rent and any credited public safety costs
- Credited public safety costs is the amount by which public safety costs exceed the public safety costs threshold
- Performance-based rent is remitted to the City in July following the Stadium Authority's fiscal year-end.

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Stadium Authority Operating Budget (cont.)

Performance Rent Calculation (cont.)



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Stadium Authority Operating Budget (cont.)

Performance Rent Calculation (cont.)

Performance Rent Calculation	Fiscal Year 2024/25 Projection	Fiscal Year 2025/26 Budget
Ground Rent	\$ 1,000,000	\$ 1,000,000
Net Non-NFL Event Revenue (Expense)	9,250,000	5,300,000
50% of Net Non-NFL Event Revenue (Expense)	\$ 4,625,000	\$ 2,650,000
Performance Rent Credit from Ground Rent (50% of Ground Rent)	(500,000)	(500,000)
Subtotal	\$ 4,125,000	\$ 2,150,000
Public Safety Credits	0	0
Other Credits	N/A	N/A
2024 Settlement Agreement Payout for Performance Rent	7,325,000	0
Net Performance Rent paid to the City of Santa Clara	\$ 11,450,000	\$ 2,150,000

Per Stadium Lease Paragraph 7.5.3(a), credited public safety costs is the amount by which public safety costs exceed the public safety costs threshold.

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Stadium Authority Operating Budget (cont.)

Shared Stadium Manager Expenses (cont.)

There are twenty (20) positions added to Security, two (2) positions removed from Stadium Ops and one (1) position removed from Engineering:

- **Security:** FTE is increasing by 20 positions
 - Security is transitioning operations in-house. Budget includes three months of security under outside services and nine months for in-house personnel.
 - Improve quality and consistency of security personnel, enhanced operational control, and improved customer and stakeholder experience

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Stadium Authority Operating Budget (cont.)

Shared Stadium Manager Expenses (cont.)

- **Stadium Operations:** FTE is decreasing by two positions
 - Coordinator position was eliminated
 - Associate Counsel position transition out of SSE and will track actual time spent on SCSA related work and charge to Non-NFL Events, SBL Sales and Service and Other as necessary
- **Engineering:** FTE is decreasing by one position
 - Director of Engineering position was eliminated

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Stadium Authority Operating Budget (cont.)

Santa Clara Stadium Authority Proportionate Share of Stadium Expenses ⁽¹⁾

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation ⁽²⁾	\$ 1,374,236	\$ 2,842,347	\$ 2,100,239	\$ 301,232	\$ 103,425	\$ 6,721,479
Travel, Meals & Entertainment	16,295	162,381	11,300	46,875	3,261	240,112
Outside Services	258,439	22,768	1,571,544	-	383,669	2,236,420
General Supplies	4,604	23,368	10,463	69,639	54,834	162,908
Telephone	22,321	281,233	9,844	1,786	497	315,681
Equipment	176,871	142,016	33,878	4,208	3,104	360,077
Uniforms	27,902	-	10,324	41,713	1,035	80,974
Other	24,274	24,724	4,180	20,173	-	73,351
Subtotal	\$ 1,904,942	\$ 3,498,837	\$ 3,751,772	\$ 485,626	\$ 549,825	\$ 10,191,002
Insurance ⁽³⁾						3,427,000
Management Fee ⁽⁴⁾						277,000
Total						\$ 13,895,002

⁽¹⁾The Santa Clara Stadium Authority proportionate share of stadium expenses is rounded to the nearest \$1,000 in the operating budget

⁽²⁾Total compensation is based on a total of 72 full time equivalent positions

⁽³⁾The stadium lease sets Stadium Authority's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%

⁽⁴⁾The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between Stadium Authority and StadCo.

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Stadium Authority Ten-Year Forecast

- Excess revenues projected in each year, \$13.5 million in FY2025/26 to \$8.2 million in FY2034/35
 - Excess revenue transfers to City's General Fund in each year fluctuates from \$2.8 million to \$6.3 million, will be factored into City General Fund Forecast update
- Public Safety Cost 2024 Outstanding Balance paid off in FY 2027/28
- Renovation/Demolition Reserve filled to \$70 million by FY 2030/31
- Overall Stadium Authority Reserves increase from \$96.2 million in FY2025/26 to \$122.3 million in FY2034/35
- Direct impact to City's General Fund including rent, Senior and Youth Fees and Stadium Authority Excess Revenue fluctuates from \$5.7 million to \$10.0 million

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Stadium Authority Debt Service Budget

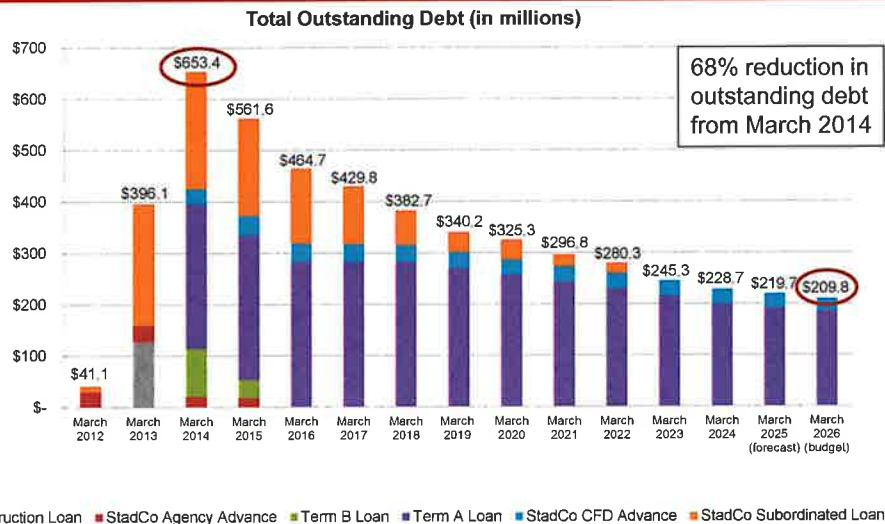
FY 2025/26

Debt Type	Budget
CFD Advance	\$3,565,000
Term A Loan	\$17,080,000
Total	\$20,645,000

- Debt service amount of \$20.6 million includes principal payment of \$9.9 million and interest payment of \$10.7 million
- Total outstanding debt is projected to decrease by \$9.9 million from \$219.7 million to \$209.8 million

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Stadium Authority Debt Service Budget (cont.)



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Stadium Authority Capital Budget

Total Capital Budget of \$18.6 million

- **Stadium Improvements: \$17.1 million**
 - **New Projects: \$5.2 million**
 - Construction (\$4.0 million): LED Retrofit, Structural Steel Coating, Boilers, Escalator Canopies Bird Proofing
 - Equipment (\$907,000): Medical Equipment, Kawasaki ATVs
 - Contingency (\$248,000)
 - **Carryover Projects: \$11.9 million**
 - Construction (\$8.5 million): Lighting Systems, Waterproofing/Caulk/Joint Replacements
 - Equipment (\$2.8 million): Radio Booth Cabling, Main Kitchen Equipment
 - Contingency (\$565,000)
- **Stadium Warranty-Related Construction: \$1.5 million**
 - Outstanding projects and claims are under review, upon confirmation that no warranty work is anticipated, funds can be allocated to general Stadium improvements

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Stadium Authority Capital Budget (cont.)

New Capital Expenditure Projects



LED Retrofit

- LED Retrofit Project – Phase 2 (\$1.1 million) – Replace existing fixtures that are no longer manufactured and/or inefficient lighting fixtures
- Boilers (\$500,000) – replaces boiler and/or critical boiler support components

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Stadium Authority Capital Budget (cont.)

Carryover Capital Expenditure Projects

- Naming Rights Signage (\$1.6 million) – Replacement of Levi's Signage under First Amendment to the Naming Rights Agreement
- Lighting Systems – (\$2.7 million) – Replaces current metal halide stadium field/sports lights with outdoor LED retrofit.



Levi's Naming Rights
Signage Refurbishment

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Stadium Authority Capital Budget (cont.)

FY2024/25 Projects



**Aesthetic Improvements – Premium Club
Areas / Special Event Spaces**



Levi's Naming Rights Signage Refurbishment

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Stadium Operations and Maintenance Plan (SOMP)

- The Management Agreement requires the Stadium Manager to prepare a SOMP designed to achieve a safe and well-maintained Stadium.
- Staff is reviewing this confidential document and will share the City and Stadium Authority's comments directly with the Stadium Manager.
- The SOMP is approved administratively.
- Board received an email on why the SOMP is confidential.

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2025 Marketing Plan

- The Stadium Manager submitted the 2025 Marketing Plan as part of annual Budget process.
- Staff has hired a consultant to evaluate marketing strategies, media plans, and performance data for the 2025 Marketing Plan.
- Staff plans to work with the Stadium Manager in the upcoming year to continue to refine and implement the Marketing Plan. Three key focus areas:
 - Evaluating marketing and branding consistency
 - Assessing media plans for efficiency and return on investment (ROI)
 - Interpreting performance data to identify trends and opportunities for improvement

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 - Projected \$2.8 million balance at end of FY2025/26

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Stadium Authority FY2025/26 Budget Key Summary (cont.)

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Recommendations

1. Review and Provide Input on the Proposed Santa Clara Stadium Authority Fiscal Year 2025/26 Operating, Debt Service, and Capital Budget, Draft 2025 Levi's Stadium Events Marketing Plan, and Proposed Stadium Authority Budget, Compliance and Management Policies

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Santa Clara Stadium Authority

Study Session

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February 25, 2025