

Santa Clara Stadium Authority

Action on the Stadium Authority Financial Status Report for the
Quarter and Fiscal Year Ending March 31, 2020

Item #6 (20-725)

October 13, 2020

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Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2020

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Agenda

- Financial Highlights
- Methodology and Limitations
- NFL Events
- Non-NFL Events
- Operating Budget / Debt Status
- Capital Improvement Program
- Other Issues / Updates
- Recommendation



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Financial Status Highlights

- NFL Events experienced improved performance due to additional playoff games
- Non-NFL Events performed at a **\$2.7 million** loss
 - Not recommended for payment at this time; still under review including \$1.2 million in other expenses received in the 4th Quarter
- Capital Improvement Program expenditures continue at a slow pace
- Concern over unpaid invoices and future General Fund impact



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Methodology and Limitations

- Information for NFL and Non-NFL event statistics and financial information related to Stadium Manager expenses are provided by ManagementCo.
- Some source documentation reviewed for Non-NFL events and review continues to progress.
- For Shared Expenses and NFL related financials, detailed review of financial information or source documentation is not conducted, however sampling is completed by KPMG.
- Firm contracted to review and evaluate Non-NFL event financial information from prior years – report expected later this year.

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NFL Events

- Total of 12 NFL Games in FY2019/20
 - Two preseason games, eight regular season games and two playoff games
 - A total of 804,000 tickets were sold, up 23.4% vs. prior year
 - An average of 2.8% increase in ticket sales per game
 - Stadium Authority received \$8.4 million in NFL ticket surcharge revenue based on 10% of ticket sales to NFL events
 - City of Santa Clara received \$250,000 in Senior & Youth Fees based on \$0.35/ticket to NFL events

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NFL Events - Parking



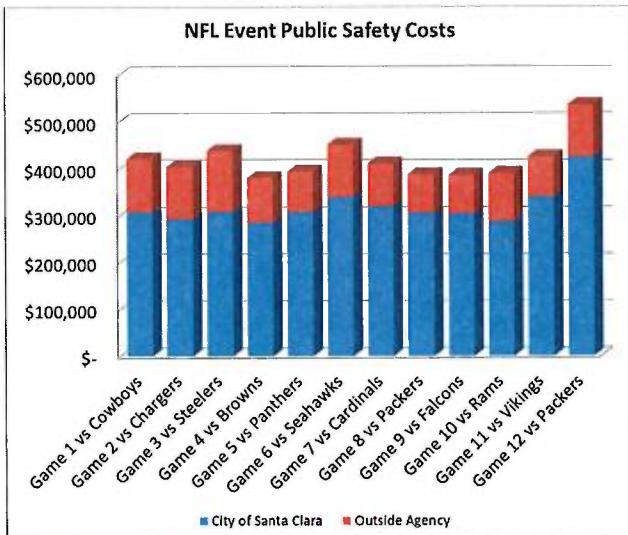
- A total of 81,000 cars were parked in offsite parking lots, average of 20% increase per game
- A total of 6,900 cars were parked in the Tasman Lots, average of 21% increase per game
- Generating \$34,000 in parking fees to General Fund

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NFL Public Safety Costs



- Public safety costs amounted to \$5.4 million:
 - \$3.8 million (70%) are direct City costs
 - \$1.6 million (30%) are outside agency costs
 - \$476,000 were covered by the offsite parking fee
 - **\$1 million** still unpaid

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Non-NFL Events

- Eight ticketed Non-NFL events compared to twelve in prior year
- A total of 184,000 tickets were sold, down 45%
 - Stadium Authority received \$735,000 in Non-NFL ticket surcharge revenue based on \$4 per ticket sold to all non-NFL events (one-half for stadium operations and one-half for Stadium Authority Discretionary Fund)
- Total of 79 non-ticketed events with 33,500 attendees, decrease 21% in event count, 6% decrease in attendees

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Non-NFL Ticketed Events 75% Lost Money

FY2019/20 Ticketed Non-NFL Events Revenue and Expenditure Summary
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

- 6 of 8 ticketed events lost or did not make money
- Largest loss was Pac-12 Championship – last year to be held at Levi's

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Non-NFL Events Loss

Levi's® Stadium
Net Revenue for Non-NFL Events
by Event Type
FY 2019/20 Quarter 4

Event Type	No. of Events	Net Revenue
Ticketed Events		
Concerts	1	\$ 856,583
Sporting Events		
Football (Non-NFL)	3	(3,170,926)
Soccer	2	(65,295)
Miscellaneous Events	2	(458,609)
Subtotal Ticketed Events	8	\$ (2,838,247)
Subtotal Ticketed Events - Other Expenses ⁽²⁾		\$ (167,217)
Subtotal Non-Ticketed Non-NFL Events (weddings, corporate events, etc)	79	\$ 1,492,331
Subtotal Other Operating Expenses		\$ (1,227,881)
Total Non-NFL Event Net Revenue	87	\$ (2,741,014)
Total Estimated Performance Rent paid to the General Fund⁽¹⁾		\$ -

⁽¹⁾ Performance Rent is calculated as 50% of the net revenue from Non-NFL events less performance-based credit of 50% of fixed ground rent

⁽²⁾ Other Expenses not attributable to a specific event

- **\$2.7 million** loss for FY2019/20
- Special Events generate revenue
- Non-NFL Football events biggest loss
- Other Operating Expenses in question

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Non-NFL Events Loss

Timeline

- March 2019 – ManCo was unable to provide a projection for Non-NFL Events for FY 2019/20 during budget development process
- Board approved \$5.8 million budget for Non-NFL Event Net Revenue for FY2019/20 given no support from ManCo for submitted budget
- February 2020 – ManCo projected “TBD” for FY2019/20
- March 2020 – ManCo projected \$1.7 million to \$2 million loss for FY2019/20
- June 2020 – \$2.7 million loss for FY2019/20 was reported with an invoice for immediate payment
 - Payment in litigation and detailed review in progress

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Non-NFL Events – Parking Down

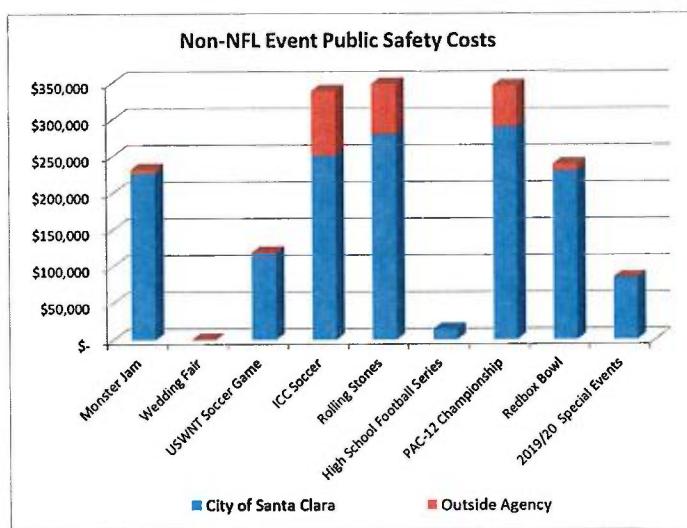


- A total of 17,000 cars were parked in offsite parking lots, down 40%
- Generated \$99,000 in offsite parking fees

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Non-NFL Events – Public Safety Costs



- Public safety costs amounted to \$1.7 million:
 - \$1.5 million (88%) are direct City costs
 - \$200,000 (12%) are outside agency costs
 - \$99,000 were covered by the offsite parking fee
 - **\$826,000** still unpaid

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Operating Budget Summary

- Total Operating Revenues of \$97.8 million or 133% of annual budget
 - Over budget due to non-NFL event revenue recorded at gross; ManagementCo provided budget net of expenses
- Total Operating Expenses of \$73.2 million or 100% of annual budget
 - Excess revenues were distributed in FY 2020/21 for the operating reserve, subordinate loan debt service (49ers diverted a portion for revolving loan repayment), and capital reserve



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Stadium Builder Licenses (SBLs)

- Value of currently active SBLs is \$531.7 million (60,237 or 91% of 65,879 sellable SBLs)
- A total of 86% of principal value has been collected as of March 31, 2020 (\$458.9 million)
- 1,310 new SBLs were sold with total face value of \$7.9 million



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Growing Discretionary Fund

Table 8

Fiscal Year	Discretionary Fund - Accrual Basis				Ending Balance
	Beginning Balance	Revenue	Expenses		
2014/15	\$ 1,742	\$ 715,770	\$ 714,028	\$ 1,742	
2015/16	1,742	1,238,542	699,129	541,155	
2016/17	541,155	1,164,698	1,209,342	496,511	
2017/18	496,511	768,564	-	1,265,075	
2018/19	1,265,075	796,294	101,267	1,960,102	
2019/20	1,960,102	367,748	-	2,327,850	

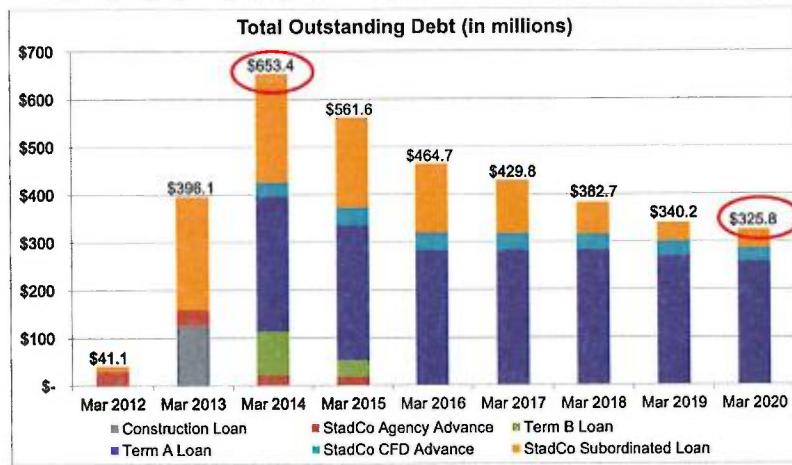
- Current balance is \$2.3 million
- Discretionary fund previously used to pay NFL public safety costs above the public safety threshold

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Over Half of Debt Paid



- Total principal reduction of \$15 million

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Only 1% of Capital Budget Expended

- Total Capital Budget of \$14 million
- \$132,000 or 1% spend on Stadium CIP costs
 - Completed multiple Public Safety Purchases
 - Kawasaki Mule and Upgrades, 2 Auto Pulse Automated Compressors, Lifepack Monitor, Mobile Radio, Diesel Particulate Filter and Chemical Warfare Detector
- Projects halted due to State procurement and prevailing wages

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Concern over Future General Fund Impact

Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending March 31, 2020

Ground Rent	\$	355,000
Performance Rent	\$	<u>-</u>
Senior and Youth Fee	\$	250,000
Tasman Lots Parking Fee	\$	34,410
Sales Tax	\$	834,314
<hr/>		
Total Net General Fund Impact	\$	1,473,724

Assume no
Performance Rent
for upcoming year

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Other Issues / Updates

- Total unpaid invoices \$1.9 million NFL / \$1.1 million Non-NFL
- Non-NFL Events documentation review in progress for **\$2.7 million** loss / also under litigation
 - No payment recommended at this time
 - Increase of \$1.2 million in “Other Operating Expenses” in 4th Quarter, under review and at question
- Shared Stadium Manager expenses review in progress – delay due to COVID-19 limited access
- Capital Improvement Program expenditures continue at a slow pace



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Other Issues / Updates

- Non-NFL Event audit report for prior years expected later this year
- Financial Management System – award October 13 Agenda
- Other expenses for Stadium Manager General and Administration – reviewing supporting documentation and explanation of additional services
- SBL scanning project will require project manager and workplan



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Recommendation

Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2020.

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