

From: [Ly, Vinette](#)
To: [Christine Jung](#)
Cc: [Fong, Jeff](#); [Mercurio, Jim](#); [Compliance Manager](#); [Deanna Santana](#); [Brian Doyle](#); [Ruth Shikada](#)
Subject: RE: Questions Regarding Requested Budget Amendments
Date: Monday, August 2, 2021 5:26:02 PM
Attachments: [image002.png](#)
[image001.png](#)
[image004.png](#)

Hi Christine,

Below are the responses to your questions.

Please note that several of your questions are irrelevant to the Board's decision on the proposed budget amendment.

We have noted those irrelevant items below, and we will provide a further response on those items when time permits.

Sincerely,
V.L. on behalf of
Jeff Fong

VINETTE LY

Executive Assistant to the CFO
San Francisco 49ers
T 408.673.2034 | M 408.315.9736
SAP Performance Facility
4949 Marie P. DeBartolo Way
Santa Clara, CA 95054



#FTTB
[49ers.com](#)

From: Christine Jung [<mailto:CJung@SantaClaraCA.gov>]
Sent: Monday, July 26, 2021 3:49 PM
To: Mercurio, Jim <jim.mercurio@49ers.com>; Compliance Manager <compliancemanager@49ers-smc.com>
Cc: Deanna Santana <DSantana@SantaClaraCA.gov>; Brian Doyle <BDoyl@SantaClaraCA.gov>; Ruth Shikada <RShikada@SantaClaraCA.gov>
Subject: Questions Regarding Requested Budget Amendments

Hi Jim,

We reviewed the Stadium Manager's attached request for budget amendments and have the following questions:

General Questions

- What services are covered by the Management Fee (itemize in detail)?
 - *This question is not relevant to the proposed Budget Amendment. Please refer to Section 2.12 of the Management Agreement:*
 - *2.12 Funding Limitations. Notwithstanding anything to the contrary set forth in this Agreement, StadCo and the Stadium Authority recognize and agree that **performance by the Stadium Manager of its responsibilities under this Article 2, Article 3 or elsewhere in this Agreement** (other than the Stadium Manager's obligation to advance funds during the Transitional Period in accordance with an agreed Transitional Budget and as may be provided under Section 5.3 hereof) **is in all respects subject to and expressly conditioned upon StadCo and the Stadium Authority's provision of funds to the Stadium Manager for such purposes as hereinafter provided to enable the Stadium Manager to fulfill such responsibilities; provided, however, in no event shall the Stadium Manager be obligated to apply the Management Fees to the payment of operating costs and expenses.***
- So that the budget impact is clear, please provide a table with the annualized cost of each position and the projected FY 2021/22 impact.
 - *As previously discussed many times, in order to protect the confidential compensation information of individual employees, we are not going to provide this level of detail in a written document. However, we are happy to provide that detail to your auditors in a confidential setting, just as we have done for the past six years. Please let us know if you would like us to arrange a meeting.*
- Please also include which line item the position is recommended to be funded from (e.g., Non-NFL Events, Other G&A, SBL Sales and Services, Shared Expenses).
 - *Head of Ticketed Events*
 - *Non-NFL Events*
 - *Director of SBL Information*
 - *SBL Sales and Services*
 - *Senior Financial Analyst*
 - *Other G&A*
 - *Director of Procurement*
 - *Shared Stadium Expenses*
 - *Accounting Manager*
 - *Other G&A*
 - *Staff Accountant*
 - *Other G&A*

Position 1: Head of Public Ticketed Events

- As part of the budget process, the Stadium Manager submitted a budget that anticipated labor and staffing costs for the special events teams and other G&A staff working on Non-NFL events. Why was this position not included in the Stadium Manager's requested budget?
 - *When the original FY 2021/22 budget was submitted in early 2021, the impact and timing of COVID restrictions were unclear. While the future is still not entirely clear, the situation has improved and the market is now seeing a significant increase in interest for major ticketed events.*
- How was this work (e.g., outreach and contact with promoters, touring agents, and artist management to secure upcoming tour events) previously performed without this position?
 - *Much of this work was handled by 49ers staff, typically at no charge to the SCSA.*
- Please explain the net new impact of these responsibilities.

- *As explained in the document submitted a month ago, this position will allow us to book and execute ticketed NNE.*
- *More importantly, if this new position is unfilled we will be severely disadvantaged in booking and executing ticketed events.*
- Why hire this position now after multiple years of loss? What will change?
 - *This question is not relevant to the proposed Budget Amendment. Please refer to the mountain of prior correspondence with respect to NNE profitability.*

Special Event Business Update

- How does current marketing activity connect to the Head of Public Ticketed Events and existing responsibilities?
 - *As in any sales process, marketing activity supports sales.*
- The Stadium Manager projected a \$600,000 loss for FY 2021/22 before this request for budget amendments totaling ~\$650,000.
 - *This comment by City Staff mixes apples and oranges. The ticketed NNE role is the only role that impacts Non-NFL Events.*
 - *The \$650,000 cost estimate referred to in the proposed Budget Amendment represents the additional cost of all six positions across all budget categories: SBL Sales & Services, Non-NFL Events, Other G&A, and Shared Stadium Expenses.*
- Demonstrate how the addition of the Head of Public Ticketed Events position will pay off in terms of returns in revenue generating Non-NFL activity (meaning that, will this investment pay for itself and reduce the projected deficit?)
 - *As indicated in the proposed Budget Amendment, this position will primarily be focused on revenue generation for FY 2022/23 and beyond. Accordingly, this position will NOT reduce the projected deficit for FY 2021/22.*

Position 2: Director of SBL Information

- The request is based on an assumption that the Management Analyst is a filled position. The Stadium Authority Executive Director's Office has not hired a Management Analyst yet, so it is unclear why there is a claim to more work and, as a result, the need for this new position.
 - *The Stadium Authority has already approved the new SBL Management Analyst position at City Hall at an annual cost of \$195,000. The fact that the position is not yet filled is irrelevant.*

Additionally, the Management Analyst position will focus on various Stadium Authority operations, not just SBLs. How does the Stadium Manager quantify the additional workload and requiring a new full-time position?

- *Whether the new position at City Hall is focused on SBLs or other issues, the fact remains that they will create a new workload in order to justify their \$195,000 cost. Accordingly, a new position at Stadium Manager is necessary to respond to that additional workload. Stadium Manager will charge its employees time to SBLs or other matters as appropriate.*
- Who is currently responsible for reviewing, tracking and monitoring SBL requests and inquiries? How does this new position's responsibilities differ from theirs?
 - *The requests from City Hall on SBL issues is currently handled by a combination of different staff at Stadium manager.*

- *The new position would be responsible for handling all such requests*
- How has this work been performed before?
 - *The requests from City Hall on SBL issues have been handled by a combination of different staff at Stadium Manager.*
 - *The purpose of this new role is to create a single point of contact for these City Hall requests, and to prepare for the additional workload generated by the new City Hall position approved by the Stadium Authority.*

Position 3: Senior Financial Analyst

- Who is currently responsible for assisting with the daily management of SCSA financial operations, preparing annual operating and capital budget, and responding to SCSA requests and inquiries?
 - a. *Those responsibilities are currently handled by a number of different staff members; however, the additional paperwork, reports, inquiries and bureaucratic back and forth has increased significantly in recent years.*
 - b. *But the important point is that this new position is intended to prepare for further increases in those types of requests from the new Management Analyst at City Hall, which is included in the FY2021/22 budget at a cost of \$195K.*
- How does this new position's responsibilities differ from theirs?
 - a. *See above.*
- Please explain the need for an additional full-time staff whose responsibilities will focus on reviewing, tracking and responding to requests and inquiries from the Management Analyst position in Finance.
 - a. *Again, we have no way of knowing exactly what type of paperwork your new position at City Hall will generate, but we assume it will be significant in order to rationalize the position's annual cost of \$195K.*
- How does funding this position constitute work that is above and beyond what is funded through the Management Fee?
 - a. *See above.*

Position 4: Director of Procurement

- Procurement has been an ongoing Stadium Manager responsibility that the Stadium Manager claims it has performed in compliance with all laws. Who has performed this task in the past?
 - *In prior years, procurement was handled by a variety of staff; however, the process has become more cumbersome with the City's removal of the Executive Director's procurement authority, and the general confusion created by Ms. Santana and Mr. Doyle in the stadium procurement area.*
 - *City Staff has undeniably requested more paperwork on Stadium procurement. It would be unreasonable for City Staff to refuse to pay for the cost of the additional work they have requested.*
- Why was this position not included in the Stadium Manager's requested budget?
 - *In prior years, the 49ers covered 100% of the cost of several staff members who worked on stadium procurement. The 49ers have decided that is no longer appropriate.*
- There is a vacant Procurement Manager position under Shared Expenses. How does this new position align with that vacant position? Doesn't it make sense to first fill the vacant position and then determine

what additional resources are needed?

- *The Procurement Manager will report to the Director. It does not make sense to hire the Manager before the Director.*
- Who performed these duties from the inception of the Agreement to current date? Why is this position needed now?
 - *See above.*
- What change of services, or compliance, will the Stadium Authority observe by the addition of this position?
 - *Approval of this position is necessary to generate documentation requested as a result of the City's removal of the Executive Director's procurement authority.*
- Please outline exact duties to understand the validity of adding this position.
 - *The position will oversee the procurement of goods and services for Levi's Stadium.*

Positions 5 and 6: Accounting Manager and Staff Accountant

- Who is currently responsible for reviewing SCSA transactions and ensuring that they are properly stated at ManCo? Why can't the current reviewer continue to perform those duties?
 - *These two positions were already approved in the FY 2021/22 SCSA budget; all we are proposing now is accelerating their hire date to match the expected cadence of the Armanino work.*
- What's the difference between what is going to be entered into the FMS vs. what is currently being entered into the existing FMS that would warrant new positions? SCSA does not want any new documents being created for the new FMS. All supporting documentation should be from the original source so any additional work would just be scanning original source documents into the FMS system.
 - *These two positions were already approved in the FY 2021/22 SCSA budget; all we are proposing now is accelerating their hire date to match the expected cadence of the Armanino work.*
- When did the Stadium Manager originally anticipate hiring these two positions?
 - *They were included in the FY 2021/22 budget assuming a start date in Q4.*
- How does funding these positions constitute work that is above and beyond what is funded through the Management Fee?
 - *See above.*

Please respond provide your responses as soon as possible but no later than Monday, August 2 so that we have sufficient time to review and draft the corresponding agenda report for the August 24 meeting. Please note that the August 17 is not a formal Board/Council meeting, rather a check-in as directed by the Governance Committee. The soonest this item can go is August 24, pending receipt on time to review and prepare for the Board.

- *You may wish to schedule an earlier meeting for the Board to consider this matter. We understand that certain Board members are interested in booking ticketed Non-NFL Events at Levi's Stadium, as well as getting the Armanino project (which has been delayed by City Staff for more than two years) back on track. Alternatively, Ms. Santana may wish to approve this item in accordance with the authority delegated to her in the Board's absence.*

- *As noted in the Budget Amendment proposal submitted by Stadium Manager a month ago, the total impact on the SCSA's FY 2021/22 budget for all six of these items is approximately \$650K.*
- *To put that \$650K into context:*
 - *The charges for City Staff, who are not involved in the actual operation of Levi's Stadium, are budgeted to increase by \$790K over 2019.*
 - *The total SCSA Overhead, including City Staff, is budgeted to increase by \$2.7M over 2019.*
 - *The average cost per FTE for City Staff charged to SCSA overhead is \$264,000 annually, which is almost 40% higher than the average cost per FTE of these six positions.*

Sincerely,

Christine Jung | Assistant to the Executive Director

1500 Warburton Avenue | Santa Clara, CA 95050

D: 408.615.2218 | www.santaclaraca.gov/scsa