


Item# 4.D

**Santa Clara Stadium
Authority**

**Second Amendment to the
Concessions Operating
Agreement with Levy Premium
Foodservice**

October 22, 2024

Item #4.D, RTC # 24-925




The logo for the Santa Clara Stadium Authority (SCSA) is located in the bottom left corner of the page. It consists of a red rectangular box with the letters "SCSA" in white, bold, sans-serif font. Below "SCSA" in a smaller, white, sans-serif font is the text "SANTA CLARA STADIUM AUTHORITY".

1

Agenda

- Introduction and Parties Involved
- Service Standards and Requirements
- Payment Structure and Calculations
- Joint Operating Costs – Current and Proposed Changes
- Impact of Net Receipts and Financial Implications
- Rationale for the Second Amendment
- Staff Analysis
- Next Steps
- Staff Recommendation



The logo for the Santa Clara Stadium Authority (SCSA) is located in the bottom left corner of the page. It consists of a red rectangular box with the letters "SCSA" in white, bold, sans-serif font. Below "SCSA" in a smaller, white, sans-serif font is the text "SANTA CLARA STADIUM AUTHORITY".

2

2

Introduction and Parties Involved

- **Agreement Overview**

- Initial Agreement: Signed on February 20, 2018 – Agreement is between Levy Premium Foodservice (Concessionaire) and Forty Niners Stadium Management Company (Stadium Manager)
- First Amendment: Signed on June 1, 2021 - Stadium Manager granted the Concessionaire the right to provide certain food, beverage and catering services at Levi's Stadium

- **Roles of the Parties**

- Stadium Manager: Responsible for overseeing operations at Levi's Stadium
- Concessionaire: Responsible for providing food, beverage, and catering services at Levi's Stadium



3

Concessionaire Service Standards and Requirements

- **First Class Service Requirement**

- Concessionaire is required to deliver all Food & Beverage services to a "First Class" standard
- Definition of First Class
 - Highest quality of service in comparison to three top NFL stadiums
 - Compliance with the terms of the Agreement, legal requirements, and Stadium Manager's standards
 - Includes health, safety, quality, customer satisfaction, and design standards set by the Stadium Manager



4

Concessionaire Service Standards and Requirements (cont.)

- **Sufficient Inventory**
 - Concessionaire must ensure enough stock of refreshments at all sales points throughout the Stadium during events
- **Key Products**
 - Required to maintain inventory for the top five revenue-generating items in:
 - Food
 - Alcoholic Beverages
 - Non-Alcoholic Beverages
 - Products determined by previous year's sales or as directed by the Stadium Manager



5

Concessionaire Payment Structure and Calculations

- **NFL Events**
 - Concessionaire's payment based on StadCo's share of Net Receipts
 - Net Receipts = Gross Receipts from NFL Events minus certain costs (operational, joint, and management-related)
- **Non-NFL Events**
 - Payments calculated on a percentage of Gross Receipts from events organized by the Stadium Authority
- **Proposed Second Amendment**
 - Revises the definition of "Net Receipts" to change the allocation of Joint Operating Costs, increasing StadCo's share



6

Joint Operating Costs – Current and Proposed Changes

• Current Joint Operating Costs

- **Fixed** 51% of Joint Operating Costs
- Costs related to non-attributable NFL or Non-NFL Event operations of Food & Beverage services, including: office supplies, computer systems, utilities, cleaning services, pest control, costs of uniforms, smallwares, and necessary licenses or permits

• Proposed Second Amendment

- A pro rata **Variable Rate** using the percent of Gross Receipts from NFL Events over the total Gross Receipts from both Stadium Authority Events and NFL Events for such Fiscal Year
- New pro rata share for Fiscal Year 2024
 - 70% for NFL Events
 - 30% for Stadium Authority Events
- Future years will have estimated and settled costs in a similar fashion



7

Impact on Net Receipts and Financial Implications

• Net Receipts Definition

- After-amendment definition includes the shift in Joint Operating Costs
- Net Receipts = Gross Receipts minus StadCo Operating Costs, Joint Operating Costs, preference payments, renewal funds, and other stipulated fees

• Impact on Costs


- Forty Niners SC Stadium Company (StadCo) will assume a larger share of Joint Operating Costs, reducing the financial burden on the Concessionaire
- No impact on the Stadium Authority's revenue, as their share is based on Gross Receipts
- The Concessionaire's service standards remain unaffected by the amendment



8

Rationale for the Second Amendment

- **Reason for Proposed Change**
 - Adjust Joint Operating Costs to better reflect the financial responsibilities tied to NFL and Non-NFL events. Ensures StadCo covers a proportionate share of costs related to NFL event revenues
- **Pro Rata Allocation**
 - The 70% NFL / 30% Non-NFL event cost split more accurately reflects the revenues and activities taking place at the Stadium




The logo for the Santa Clara Stadium Authority (SCSA) is located in the bottom left corner of the slide. It consists of a red rectangular box with the letters "SCSA" in white, bold, sans-serif font. Below "SCSA" in a smaller, white, sans-serif font is the text "SANTA CLARA STADIUM AUTHORITY".

9

Next Steps

- Council/Board Questions on Staff Presentation
- Public Comment
- Council/Board Deliberations
- Council/Board Action



The logo for the Santa Clara Stadium Authority (SCSA) is located in the bottom left corner of the slide. It consists of a red rectangular box with the letters "SCSA" in white, bold, sans-serif font. Below "SCSA" in a smaller, white, sans-serif font is the text "SANTA CLARA STADIUM AUTHORITY".

10

Staff Recommendation

- Approve the Stadium Manager's request to execute a Second Amendment to the Concessions Operating Agreement with Levy Premium Foodservice Limited Partnership on the terms presented.



11

SCSA

Santa Clara Stadium Authority

12