

# SCSA

Santa Clara Stadium Authority

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# SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT

Quarter Ending June 30, 2022



November 15, 2022

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## **Introduction**

This Santa Clara Stadium Authority (“Stadium Authority”) Financial Status Report provides information covering the first quarter of the Stadium Authority’s 2022/23 fiscal year (“FY”) which ended on June 30, 2022. Comparative data from prior fiscal years is also included.

In addition to these quarterly reports, the Stadium Authority produces annual financial statements. The FY 2021/22 financial statements were audited by an external audit firm and presented to the Stadium Authority’s Audit Committee on September 30, 2022 and approved by the Stadium Authority Board (“Board”) on November 1, 2022. The financial statements are published on the Stadium Authority’s website.

The Stadium Authority also prepares a detailed budget prior to the beginning of each fiscal year. The FY 2022/23 budget was adopted by the Board on March 15, 2022.

Stadium Authority finances are structured so that the City of Santa Clara (“City”) is not liable for the debts or obligations of the Stadium Authority. All services provided by the City, including administrative and public safety, to the Forty Niners Stadium Management Company, LLC (“Stadium Manager”) or the Stadium Authority are fully reimbursed with Stadium Authority funds.

## ***Methodology***

Information provided in this report was based in part on documentation submitted by Stadium Manager. Specifically, NFL and Non-NFL event statistics and financial information relating to Stadium Manager expenses are provided by Stadium Manager. Stadium Authority staff is limited to a review of selected financial information submitted by Stadium Manager, including some source documentation for Non-NFL events with attendance greater than 25,000, submitted 45 days after each event. More detailed documents are received within 90 days after the close of the quarter. For all other financial information, a full detailed review and/or audit of source documentation has not been completed by the Stadium Authority for this report.

The Stadium Authority has contracted with JS Held (formerly Hagen, Streiff, Newton, & Oshiro), a forensic accounting firm, to review and evaluate Non-NFL event financial information from prior years, including source documentation. This report was discussed with the Board at the December 1, 2020 Stadium Authority Board meeting. The Stadium Authority is working with JS Held for the review of additional historical years.

The information provided reflects the best known and available at the time of the writing of this report and is subject to further revision when the full body of records becomes available and review is complete. Consequently, the Board’s notation and filing of this report should not be considered an approval of the accuracy of the information in the report.

## NFL Events

This section provides fiscal year to date and comparative data for NFL games categorized as pre-season and regular season games. There were no NFL games held during the first quarter of FY 2022/23. Levi's® Stadium hosted the first 49ers pre-season game of the 2022 season on August 12, 2022, which will be included in the report for the second quarter.

## Non-NFL Events

This section provides year to date and comparative data for Non-NFL events categorized as events ranging from high school and college football games, international soccer matches, concerts, wedding fairs, and special events. During the current reporting period, there were a total of 50,478 tickets sold for the one ticketed Non-NFL event that was held, resulting in \$202,000 Non-NFL event ticket surcharge revenue (from the \$4 per ticket Non-NFL event surcharge). The ticketed Non-NFL event in the current reporting period was a large-scale event resulting in a large increase in the ticket surcharge revenue over the same period in the prior year as there were no ticketed events held during FY 2021/22 which was impacted from restrictions due to the COVID-19 pandemic.

Stadium Manager reports that there were also 19 smaller special events held at Levi's® Stadium with 9,996 attendees during the current reporting period. Due to the pandemic, there were only 12 smaller special events held with 3,698 attendees during the entire FY 2021/22. Examples of these special events include corporate events of various sizes, weddings, holiday parties, high school dances, etc.

In correlation with increase in Non-NFL events held during the current reporting period, there were 5,666 cars parked at these offsite lots and the City has received \$6,000 of a total of \$33,000 in related offsite parking fees.

Total Non-NFL event public safety costs were \$406,000, an increase of \$404,000 from the prior year. As noted previously, this increase in cost is due to more events being held in the current year when compared to the prior year. Of these costs, \$33,000 was covered by the offsite parking fee. The remaining \$373,000 has been invoiced to the Stadium Manager of which \$4,000 has been reimbursed.

Statistics for FY 2022/23 events are shown in Table 1 and comparative data from all nine years of operations are shown in Table 2.

Table 1

**Levi's® Stadium**  
**FY2022/23 Non-NFL Event Statistics**  
**As of June 30, 2022**

	Coldplay 05/15/22	2022/23 Q1 Special Events	2022/23 YTD Total
No. of Scanned Attendees	50,308	-	50,308
No. of Tickets Sold	50,478	-	50,478
Non-NFL Ticket Surcharge	\$ 201,912	\$ -	\$ 201,912
No. of Non-NFL Special Events		19	19
Non-NFL Special Event Attendees		9,996	9,996
Cars Parked at Offsite Lots	5,666		5,666
City Offsite Parking Fee	\$ 33,486		\$ 33,486
Stadium Public Safety Costs	\$ 399,716	\$ 6,416	\$ 406,132
Less: Offsite Parking Fee Credit	\$ (33,486)	\$ -	\$ (33,486)
Reimbursable Public Safety Costs	\$ 366,230	\$ 6,416	\$ 372,646
Amount Reimbursed	\$ -	\$ 4,309	\$ 4,309

Table 2

**Levi's® Stadium**  
**Historical Non-NFL Event Statistics<sup>(1)</sup>**

	2014/15 Q1 Total <sup>(2)</sup>	2015/16 Q1 Total	2016/17 Q1 Total	2017/18 Q1 Total	2018/19 Q1 Total	2019/20 Q1 Total	2020/21 Q1 Total	2021/22 Q1 Total	2022/23 Q1 Total
No. of non-NFL Ticketed Events	-	6	8	4	4	3	-	-	1
No. of Tickets Sold	-	284,352	351,837	90,456	115,661	57,344	-	-	50,478
Non-NFL Ticket Surcharge	\$ -	\$ 1,137,408	\$ 1,407,348	\$ 361,824	\$ 462,444	\$ 229,376	\$ -	\$ -	\$ 201,912
No. of Non-NFL Special Events	-	62	31	25	24	20	-	-	19
Non-NFL Special Event Attendees	-	19,345	13,709	8,438	13,683	5,737	-	-	9,996
Cars Parked at Offsite Lots	-	27,215	34,376	7,939	10,495	5,251	-	-	5,666
City Offsite Parking Fee	\$ -	\$ 133,898	\$ 174,632	\$ 41,600	\$ 56,883	\$ 29,563	\$ -	\$ -	\$ 33,486
Cars Parked on Golf Course	-	9,465	9,562	-	-	-	-	-	-
City Golf Course Parking Fee	\$ -	\$ 47,325	\$ 47,810	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stadium Public Safety Costs	\$ -	\$ 1,425,075	\$ 1,721,055	\$ 475,003	\$ 707,108	\$ 337,972	\$ -	\$ -	\$ 406,132
Golf Course Public Safety Costs	\$ -	\$ 73,951	\$ 39,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ -	\$ 1,499,026	\$ 1,760,960	\$ 475,003	\$ 707,108	\$ 337,972	\$ -	\$ 1,827	\$ 406,132
Less: Offsite Parking Fee Credit	\$ -	\$ (133,898)	\$ (174,632)	\$ (41,600)	\$ (56,883)	\$ (29,563)	\$ -	\$ -	\$ (33,486)
Reimbursable Public Safety Costs	\$ -	\$ 1,365,128	\$ 1,586,328	\$ 433,403	\$ 650,225	\$ 308,409	\$ -	\$ 1,827	\$ 372,646
Amount Reimbursed	\$ -	\$ 1,365,128	\$ 1,586,328	\$ 433,403	\$ 650,225	\$ 308,409	\$ -	\$ 1,827	\$ 4,309

<sup>(1)</sup> Includes non-NFL special events.

<sup>(2)</sup> The first event at Levi's Stadium was in August 2014 (the second quarter of the 2014/15 Fiscal Year) .

Table 3 and 4 show Non-NFL net revenue by event type and event revenue and expenses by category. The inclusion of this information is to provide a greater level of transparency and provide the overall financial results of the Non-NFL events.

For FY 2022/23, the Stadium Manager anticipates FY 2022/23 Non-NFL events to result in net profits to range from \$250,000 to \$1,750,000, as cited in the FY 2022/23 Adopted Stadium Authority Budget. In the first quarter of FY 2022/23, ticketed events and non-ticketed special events contributed \$320,000 and \$558,000 in net profits, respectively. Offset by \$234,000 of non-event specific other operating expenses, Stadium Manager reported a net profit of \$644,000 for the current reporting period.

Table 3

**Levi's<sup>®</sup> Stadium**  
**Net Revenue for Non-NFL Events**  
**by Event Type**  
**FY 2022/23 Quarter 1**

Event Type	No. of Events	Net Revenue
<b>Ticketed Events</b>		
Concerts	1	\$ 320,231
Sporting events:		
Football (Non-NFL)	0	-
Soccer	0	-
Miscellaneous Events	0	-
Subtotal Ticketed Events	1	\$ 320,231
Subtotal Remaining Non-NFL Events (weddings, corporate events, etc.)	19	\$ 557,805
Subtotal Other Operating Expenses <sup>(2)</sup>		\$ (234,313)
<b>Total Non-NFL Net Revenue</b>	<b>20</b>	<b>\$ 643,723</b>
<b>Total Performance Rent paid to the General Fund <sup>(1)</sup></b>		<b>\$ -</b>

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

<sup>(2)</sup> Other Operating Expenses are expenses not attributable to a specific event

Table 4

**Levi's® Stadium**  
**Non-NFL Event Results by Category**  
**FY 2022/23 Quarter 1**

	<b>2022/23 YTD Total</b>
<b>REVENUE:</b>	
Seating Bowl	\$ 5,785,644
Ticketmaster Fees	485,404
Suites	87,000
Food & Beverage	345,823
Parking	107,920
Facility Fee	148,194
Miscellaneous <sup>(1)</sup>	1,967,022
<b>Total Revenue</b>	<b>\$ 8,927,007</b>
<b>EXPENSE:</b>	
Public Safety/Security	\$ 624,604
Parking	173,422
Food & Beverage - Ticketed Events	66,873
Food & Beverage - Special Events	792,016
Operations/Janitorial/Maintenance	1,377,424
Miscellaneous <sup>(2)</sup>	5,248,945
<b>Total Expense</b>	<b>\$ 8,283,284</b>
<b>Total Non-NFL Net Revenue</b>	<b>\$ 643,723</b>

<sup>(1)</sup> Includes special events revenue such as corporate events, weddings, holiday parties, etc.

<sup>(2)</sup> Includes rentals, fees & commissions, transportation, marketing, and other expenses

## Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL event ticket surcharge of \$4 per ticket. The one ticketed Non-NFL Event contributed \$101,000 to the Discretionary Fund in the reporting period, which was received and deposited in August 2022. Table 5 shows the revenues and expenses in the Discretionary Fund since FY2014/15. The balance at the end of this reporting period was \$2.4 million.

Table 5

Discretionary Fund - Accrual Basis				
Fiscal Year	Beginning Balance	Revenue	Expenses	Ending Balance
2014/15	\$ -	\$ 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
2020/21	2,327,850	-	18	2,327,832
2021/22	2,327,832	-	(18)	2,327,850
2022/23	2,327,850	100,956	1	2,428,805

## Stadium Builder Licenses

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$539.6 million and, as of June 30, 2022, 93% of the total principal value of all SBLs sold (i.e., \$503.0 million) had been collected.

SBL holders that finance their purchase pay an annual interest rate of 8.5% and payments are due by March 1<sup>st</sup> each year. The majority of SBL holders make their payments on time. For those that do not pay on time, SBL service staff, working for Stadium Manager on the Stadium Authority’s behalf, contact the SBL holders and attempt to collect the full amounts owed. Ultimately, an SBL can be defaulted for non-payment. Once an SBL is defaulted, the SBL holder in default loses their right to buy season tickets as well as their priority rights to tickets to Non-NFL events, and forfeits any money they had invested in the SBL. Defaulted SBLs are then available for resale.

There is a total of 61,845 currently active SBLs, or 94% of the 66,066 total sellable SBL seats. This is a decrease of 110 from the total active SBLs at the end of the prior fiscal year (March 31, 2022). The main reason for the reduction is due to defaulted SBLs. The defaulted SBLs were offset by (1) the sale of new SBLs and (2) the net increase related to the customer seat relocation program. The customer seat relocation program allows customers to trade in their SBLs in return for others in a different location as long as the total face value of the new seats is equal to or greater than the original seats.

During the current reporting period, 286 SBLs were sold for a total face value of \$2.2 million. The customer seat relocation program resulted in an increase of \$1.2 million to

the SBL face value, while netting 157 more SBLs. There were also 553 SBL defaulted during the quarter with a face value of \$3.2 million.

Additional details regarding currently active SBLs are noted in Table 6.



## **Santa Clara Stadium Authority Budget Status Reports**

### ***Operating Budget***

With 25% of the fiscal year complete, total operating revenues for the first quarter of the 2022/23 Fiscal Year were \$9.7 million representing 14% of the overall budget for revenues. The primary reasons that revenue is below 25% (par level through three months) is because non-NFL event revenue is recorded at the end of the fiscal year in accordance with Article 5 of the Stadium Management Agreement, and the NFL ticket surcharge revenue is recorded in second quarter when the NFL season starts. In addition, the first SBL proceeds in the amount of \$12.4 million was received in the second quarter instead of in June 2022 this year. During the current reporting period, the Stadium Authority collected \$3.6 million in Naming Rights and \$5.6 million in rent from StadCo. The Naming Rights revenue is collected twice a year in October and February. The Stadium Authority also collected \$202,000 or 35% of the budget for non-NFL event ticket surcharge revenue.

Total operating expenses were \$7.1 million, or 10% of the annual budget. The primary reason that total expenses are below 25% is due to timing of the debt service transfer that takes place in the second quarter.

For the current fiscal year, the Stadium Authority's FY2022/23 budget was adopted on March 15, 2022 and included the Stadium Manager's recommended Shared Expense budget of \$10.5 million in a Legal Contingency line item. The expenses that were included in the Legal Contingency line are Stadium Operations, Engineering, Guest Services, Groundskeeping, Security and the Stadium Management Fee. However, the Executive Director was delegated authority to approve budget amendments of \$5.1 million to move funds from the Legal Contingency line item to Shared Expenses after the review of adequate documentations for costs based on Board direction. Subsequent to that direction, Stadium Authority staff met with the Stadium Manager on April 12, 2022 to review documentation for shared expenses. After follow-up meetings with the Stadium Manager, payments related to compensation were reviewed and approved for monthly payment, totaling \$5.1 million for the fiscal year.

Shared Stadium Manager expenses were at 56% of the budget, or \$4.6 million of the \$8.3 million budgeted amount. This is due to timing of when insurance premiums are due. The Stadium Authority paid \$2.3 million of the \$3.2 million budgeted insurance expense paid during the first quarter. SBL Sales & Service expenses were 33% of the budget, or \$696,000. The Stadium Authority pays for all utility costs from February 1<sup>st</sup> through July 31<sup>st</sup> and the tenant (StadCo) pays for utility costs from August 1<sup>st</sup> through January 31<sup>st</sup> (Tenant Season). Therefore, utility costs are 67% of the budget for the year, or \$962,000. The current period covers 50% (three out of the six months) that the Stadium Authority is responsible for utility costs. Lastly, Stadium Authority G&A costs were tracking below budgeted levels at \$516,000 or 12% of the budget.

On August 31, 2022, the Stadium Authority entered into a settlement agreement with StadCo and Stadium Manager over disputes regarding the Operating and Management

Expenses, Shared Expenses, and Capital Expenditures that were previously withheld. As part of the settlement, the Stadium Authority agreed to pay for the budgeted expense for its share of Shared Stadium Manager Expenses and other expenses for the current fiscal year. The Stadium Authority released all of the previously withheld expenses in the first quarter to the Stadium Manager on October 3, 2022. As such, the payment will be included in the third quarter report.

Overall, the Stadium Authority operating fund ended the first quarter with a fund balance of \$41.5 million, an increase of \$2.6 million or 6.6%. Included in that amount is a \$12.3 million operating reserve and a \$2.4 million discretionary fund.

Additional details are shown in Table 7.

Table 7  
**Santa Clara Stadium Authority**  
**Operating Budget Status Report**  
For the Period Ending June 30, 2022 and 2021

	Period Ending June 30, 2022							Period Ending June 30, 2021			
	Adopted Budget	Amended Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Amended Budget	YTD Actuals	Budget to Actual Difference	% Received	
<b>Resources</b>											
<b>Revenues</b>											
NFL Ticket Surcharge	\$ 10,822,000	\$ 10,822,000	\$ -	\$ -	\$ 10,822,000	0%	\$ 8,665,000	\$ -	\$ 8,665,000	0%	
SBL Proceeds	24,398,000	24,398,000	-	-	24,398,000	0%	23,682,000	-	23,682,000	0%	
Interest	15,000	15,000	60,600	60,600	(45,600)	404%	56,000	4,659	51,341	8%	
Non-NFL Event Revenue	250,000	250,000	-	-	250,000	0%	-	-	-	NA	
Net Revenues from Non-NFL Events	-	-	-	-	-	NA	-	-	-	NA	
Naming Rights	7,380,000	7,380,000	3,635,630	3,635,630	3,744,370	49%	7,165,000	-	7,165,000	0%	
Sponsorship Revenue (STR)	405,000	405,000	148,143	148,143	256,857	37%	325,000	81,250	243,750	25%	
Rent	24,762,000	24,762,000	5,640,899	5,640,899	19,121,101	23%	24,762,000	6,741,100	18,020,900	27%	
Senior & Youth Program Fees	237,000	237,000	-	-	237,000	0%	232,000	-	232,000	0%	
Non-NFL Event Ticket Surcharge	574,000	574,000	201,912	201,912	372,088	35%	150,000	-	150,000	0%	
Other Revenue	-	-	-	-	-	NA	-	-	-	NA	
<b>Revenues Subtotal</b>	<b>\$ 68,843,000</b>	<b>\$ 68,843,000</b>	<b>\$ 9,687,184</b>	<b>\$ 9,687,184</b>	<b>\$ 59,155,816</b>	<b>14%</b>	<b>\$ 65,037,000</b>	<b>\$ 6,827,009</b>	<b>\$ 58,209,991</b>	<b>10%</b>	
<b>Total Resources</b>	<b>\$ 68,843,000</b>	<b>\$ 68,843,000</b>	<b>\$ 9,687,184</b>	<b>\$ 9,687,184</b>	<b>\$ 59,155,816</b>	<b>14%</b>	<b>\$ 65,037,000</b>	<b>\$ 6,827,009</b>	<b>\$ 58,209,991</b>	<b>10%</b>	
<b>Expenses</b>											
<b>Shared Stadium Manager Expenses</b>											
Stadium Operations	\$ -	\$ 2,496,635	\$ 832,211	\$ 832,211	\$ 1,664,424	33%	\$ 1,586,393	\$ 386,890	\$ 1,199,503	24%	
Engineering	-	1,721,783	573,927	573,927	1,147,856	33%	1,543,240	314,610	1,228,630	20%	
Guest Services	-	375,622	125,206	125,206	250,416	33%	242,553	49,445	193,108	20%	
Groundskeeping	-	91,938	30,642	30,642	61,296	33%	93,809	19,125	74,684	20%	
Security	-	389,965	129,989	129,989	259,976	33%	378,652	77,190	301,462	20%	
Procurement	-	-	-	-	-	NA	311,412	-	311,412	0%	
Insurance	3,230,000	3,230,000	2,935,718	2,935,718	294,282	91%	3,136,000	784,045	2,351,955	25%	
Stadium Management Fee	-	-	-	-	-	NA	-	-	-	NA	
<b>Shared Stadium Mngr Exps Subtotal</b>	<b>\$ 3,230,000</b>	<b>\$ 8,305,943</b>	<b>\$ 4,627,693</b>	<b>\$ 4,627,693</b>	<b>\$ 3,678,250</b>	<b>56%</b>	<b>\$ 7,292,059</b>	<b>\$ 1,631,305</b>	<b>\$ 5,660,754</b>	<b>22%</b>	
<b>Other Expenses</b>											
SBL Sales and Service	\$ 2,089,000	\$ 2,089,000	\$ 696,308	\$ 696,308	\$ 1,392,692	33%	\$ 3,448,000	\$ 540,000	\$ 2,908,000	16%	
Senior & Youth Fees (paid to City)	237,000	237,000	-	-	237,000	0%	232,000	-	232,000	0%	
Non-NFL Event Expense	-	-	-	-	-	NA	600,000	-	600,000	0%	
Ground Rent (paid to City)	460,000	460,000	-	-	460,000	0%	425,000	-	425,000	0%	
Performance Rent (paid to City)	-	-	-	-	-	NA	-	-	-	NA	
Discretionary Fund Expense	250,000	250,000	-	-	250,000	0%	250,000	-	250,000	0%	
Utilities	1,444,000	1,444,000	962,496	962,496	481,504	67%	1,586,000	370,500	1,215,500	23%	
Use of StadCo Tenant Improvements	48,000	48,000	11,602	11,602	36,398	24%	26,000	-	26,000	0%	
Stadium Authority G&A	4,205,000	4,205,000	515,590	515,590	3,689,410	12%	5,115,000	580,570	4,534,430	11%	
Naming Rights Commission	91,000	91,000	45,445	45,445	45,555	50%	88,000	44,122	43,878	50%	
Legal Contingency	10,542,420	5,466,477	-	-	5,466,477	0%	3,966,941	-	3,966,941	0%	
Other Expenses	723,000	723,000	240,879	240,879	482,121	33%	388,000	-	388,000	0%	
Transfers Out	44,785,580	44,785,580	-	-	44,785,580	0%	41,262,000	-	41,262,000	0%	
<b>Other Expenses Subtotal</b>	<b>\$ 64,875,000</b>	<b>\$ 59,799,057</b>	<b>\$ 2,472,321</b>	<b>\$ 2,472,321</b>	<b>\$ 57,326,736</b>	<b>4%</b>	<b>\$ 57,386,941</b>	<b>\$ 1,535,192</b>	<b>\$ 55,851,749</b>	<b>3%</b>	
<b>Total Expenses</b>	<b>\$ 68,105,000</b>	<b>\$ 68,105,000</b>	<b>\$ 7,100,014</b>	<b>\$ 7,100,014</b>	<b>\$ 61,004,986</b>	<b>10%</b>	<b>\$ 64,679,000</b>	<b>\$ 3,166,497</b>	<b>\$ 61,512,503</b>	<b>5%</b>	
Operating Reserve	\$ 12,329,870	\$ 12,329,870		\$ 12,301,488			\$ 9,693,657	\$ 11,940,523			
Discretionary Fund	\$ 2,364,850	\$ 2,364,850		\$ 2,428,806			\$ 2,327,832	\$ 2,327,850			

### ***Debt Service Budget***

The Stadium Authority's FY 2022/23 debt service revenue budget of \$2.1 million represents anticipated contributions from the Community Facilities District (CFD). The CFD levies and collects a special hotel tax on hotel rooms within the CFD. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD Advance. The CFD Advance is payable solely from amounts received by the Stadium Authority from the CFD. During the first quarter, \$611,000 was contributed by the CFD, or 29% of the annual budget.

Total Stadium Authority debt service expenses for the current reporting period were \$19.0 million, or 44% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$434,000, \$17.4 million, and \$1.1 million, respectively.

As of June 30, 2022, the total outstanding amount of Stadium Authority debt had declined to \$264.7 million. This is a reduction in principal of \$15.6 million from the March 31, 2022 outstanding debt amount of \$280.3 million.

Additional details are shown in Tables 8 and 9 and Chart 1.

Table 8

# Santa Clara Stadium Authority

## Debt Service Budget Status Report

For the Period Ending June 30, 2022 and 2021

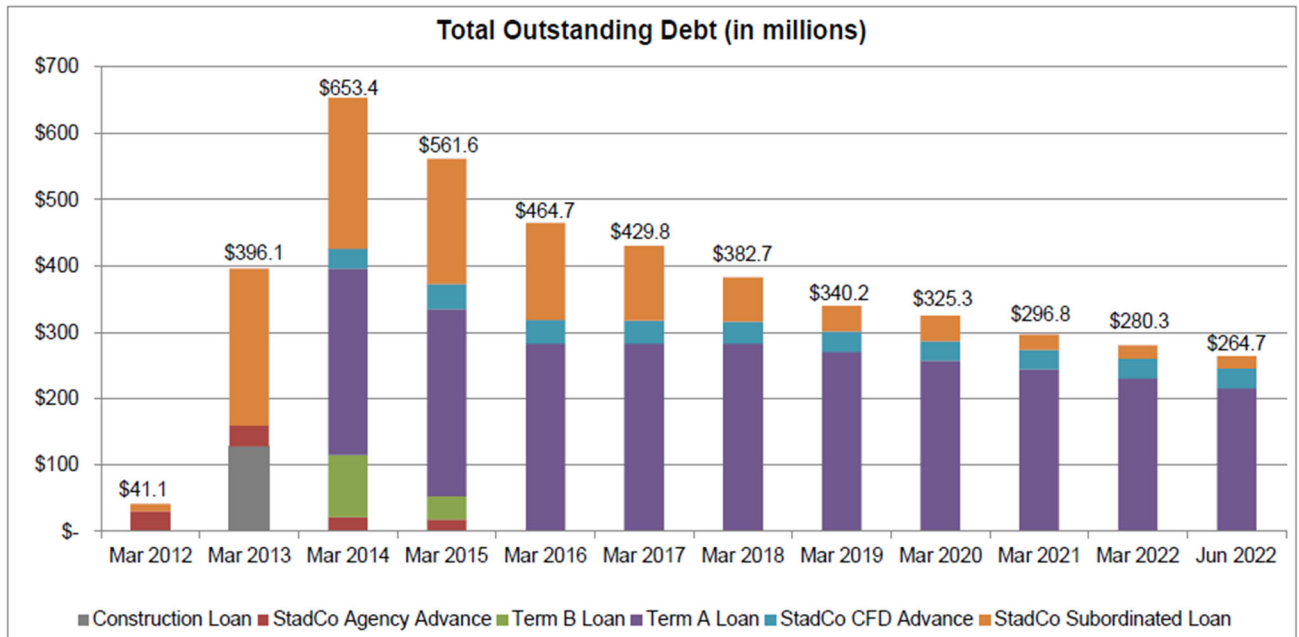
	Period Ending June 30, 2022							Period Ending June 30, 2021			
	Adopted Budget	Amended Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received		Amended Budget	YTD Actuals	Budget to Actual Difference	% Received
<b>Resources</b>											
<b>Revenues</b>											
Contribution from CFD	\$ 2,124,000	\$ 2,124,000	\$ 611,227	\$ 611,227	\$ 1,512,773	29%		\$ 483,000	\$ 158,418	\$ 324,582	33%
<b>Revenues Subtotal</b>	<b>\$ 2,124,000</b>	<b>\$ 2,124,000</b>	<b>\$ 611,227</b>	<b>\$ 611,227</b>	<b>\$ 1,512,773</b>	<b>29%</b>		<b>\$ 483,000</b>	<b>\$ 158,418</b>	<b>\$ 324,582</b>	<b>33%</b>
Net Transfers In from Operating	40,984,580	40,984,580	-	-	40,984,580	0%		37,572,000	-	37,572,000	0%
Contribution from Fund Balance	-	-	18,371,442	18,371,442	(18,371,442)	NA		-	17,479,851	(17,479,851)	NA
<b>Total Resources</b>	<b>\$ 43,108,580</b>	<b>\$ 43,108,580</b>	<b>\$ 18,982,669</b>	<b>\$ 18,982,669</b>	<b>\$ 24,125,911</b>	<b>44%</b>		<b>\$ 38,055,000</b>	<b>\$ 17,638,270</b>	<b>\$ 20,416,730</b>	<b>46%</b>
<b>Expenses</b>											
CFD Advance	\$ 2,042,000	\$ 2,042,000	\$ 433,923	\$ 433,923	\$ 1,608,077	21%		\$ 483,000	\$ 421,471	\$ 61,529	87%
Term A Loan	25,494,000	25,494,000	17,415,690	17,415,690	8,078,310	68%		25,529,000	16,898,728	8,630,272	66%
StadCo Subordinated Loan	15,490,580	15,490,580	1,133,056	1,133,056	14,357,524	7%		12,043,000	318,071	11,724,929	3%
<b>Total Expenses</b>	<b>\$ 43,026,580</b>	<b>\$ 43,026,580</b>	<b>\$ 18,982,669</b>	<b>\$ 18,982,669</b>	<b>\$ 24,043,911</b>	<b>44%</b>		<b>\$ 38,055,000</b>	<b>\$ 17,638,270</b>	<b>\$ 20,416,730</b>	<b>46%</b>
Debt Service Reserve	\$ 11,536,235	\$ 11,536,235		\$ 11,536,235				\$ 11,536,235	\$ 11,536,235		

Table 9

**Santa Clara Stadium Authority**  
**Debt Summary Report**  
 Period Ending June 30, 2022

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2022	Net Change	Outstanding as of June 30, 2022
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 230,138,240	\$ (14,723,000)	\$ 215,415,240
StadCo CFD Advance	5.73%	30,374,502	-	30,374,502
StadCo Subordinated Loan	5.50%	19,800,950	(867,953)	18,932,997
<b>Total</b>		<b>\$ 280,313,692</b>	<b>\$ (15,590,953)</b>	<b>\$ 264,722,739</b>

Chart 1



### ***Capital Improvement Project (CIP) Budget***

As part of the Capital Expense (“CapEx”) Plan, the following projects have been completed as of the current reporting period:

- Financial Management Information System Project
- Emergency Recycled Water Line Repair Project

The following CapEx projects are currently in progress and expected to be completed by the end of the fiscal year:

- Stadium Insulation
- Command Post Window Treatment
- Non-Slip Floor Matting
- Lift Station
- Mechanical and Electrical Closet Lighting
- Rust Prevention Mitigation
- Loading Dock Lighting

The CIP Budget increased from \$21.7 million to \$23.0 million in the first quarter. This is due to an additional \$1.2 million in budget amendment that the Board during the first quarter. A total of \$150,000 has been spent in FY 2022/23, which amounts to 0.7% of the budget. The main reasons that this is below budget are (1) there has been little activity on warranty work which makes up 7% of the CIP Budget, (2) delays in projects due to staffing shortage from the contractors as a result of COVID-19, and (3) a number of projects are under compliance reviews of State procurement and prevailing wage laws.

On August 31, 2022, the Stadium Authority entered into a settlement agreement with StadCo and Stadium Manager over disputes regarding the Operating and Management Expenses, Shared Expenses, and Capital Expenditures that were previously withheld. As part of the settlement, in regards to Capital Expenditures, the Stadium Authority agreed to discontinue the current practice of withholding payment for Capital Expenditures subject to the review and approval of the prevailing wage documentation by Stadium Authority’s labor law compliance consultant. Under the Settlement Agreement, Stadium Manager further confirmed its obligation to comply with applicable laws, including Prevailing Wage Laws, and Stadium Manager also implemented its new internal Prevailing Wage Laws compliance policy and procedures. Accordingly, the Stadium Authority will process the invoice payments as they come in.

Additional details are shown below in Table 10.

Table 10

## Santa Clara Stadium Authority

### CIP Budget Status Report

For the Period Ending June 30, 2022 and 2021

	Period Ending June 30, 2022						Period Ending June 30, 2021			
	Adopted Budget	Amended Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Amended Budget	YTD Actuals	Budget to Actual Difference	% Received
<b>Beginning Balances</b>	\$ 22,103,296	\$22,103,296	\$ 23,001,058	\$ 23,001,058	\$ (897,762)		\$ 19,438,420	\$ 20,805,741	\$ (1,367,321)	
<b>Resources</b>										
Transfers In from Operating Budget	3,800,310	3,800,310	-	-	3,800,310	0%	3,690,000	-	3,690,000	0%
Transfers In from Stadium Manager	-	-	-	-	-	NA	-	-	-	NA
<b>Total Resources</b>	<b>\$ 25,903,606</b>	<b>\$25,903,606</b>	<b>\$ 23,001,058</b>	<b>\$ 23,001,058</b>	<b>\$ 2,902,548</b>	<b>89%</b>	<b>\$ 23,128,420</b>	<b>\$ 20,805,741</b>	<b>\$ 2,322,679</b>	<b>90%</b>
	Final Budget	Amended Budget	Q1 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Amended Budget	YTD Actuals	Budget to Actual Difference	% Used
<b>Expenses</b>										
Construction	12,699,189	13,905,231	52,627	52,627	13,852,604	0%	6,743,911	-	6,743,911	0%
Equipment	6,555,678	6,555,678	97,584	97,584	6,458,094	1.5%	5,734,770	26,229	5,708,541	0%
Contingency	962,743	962,743	-	-	962,743	0%	623,935	-	623,935	0%
Stadium Warranty Related Construction	1,528,202	1,528,202	-	-	1,528,202	0%	1,528,202	-	1,528,202	0%
<b>Total Expenses</b>	<b>\$ 21,745,812</b>	<b>\$22,951,854</b>	<b>\$ 150,211</b>	<b>\$ 150,211</b>	<b>\$ 22,801,643</b>	<b>0.7%</b>	<b>\$ 14,630,818</b>	<b>\$ 26,229</b>	<b>\$ 14,604,589</b>	<b>0%</b>
<b>Ending Balances</b>	<b>\$ 4,157,794</b>	<b>\$ 2,951,752</b>	<b>\$ 22,850,846</b>	<b>\$ 22,850,846</b>			<b>\$ 8,497,602</b>	<b>\$ 20,779,512</b>		

## City of Santa Clara Net General Fund Impact

During the current reporting period there was a total of \$41,766 that was contributed to the General Fund as shown in Table 11. This is due to the timing of when the ground rent is paid and the performance rent is calculated. Additionally, the Senior and Youth Fee and the Tasman Lot Parking Fee are both related to NFL games of which there were none in the first quarter. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the stadium.

Table 11

## City of Santa Clara Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending June 30, 2022

Ground Rent	\$	-
Performance Rent		-
Senior and Youth Fee		-
Tasman Lots Parking Fee		-
Sales Tax		41,766
<b>Total Net General Fund Impact</b>	<b>\$</b>	<b>41,766</b>

### **Public Safety and Administrative Cost Reimbursement**

As described in earlier sections of this report, costs incurred by the City on NFL and Non-NFL events are tracked and billed to the Stadium Manager. Reimbursement is monitored and included in this report. A total of \$406,000 in public safety costs were incurred in support of Non-NFL events that were held at Levi's® Stadium in the current reporting period, all of which have been reimbursed to the City. These reimbursements came from a combination of payments from the Stadium Manager and the offsite parking fees that were collected.

In addition to public safety costs, administrative costs are also tracked and billed to the Stadium Authority. These include the cost of providing overall stadium management, financial, human resource, legal, and other services to the Stadium Authority. In the first quarter of FY 2022/23, a total of \$353,000 of administrative costs were incurred by the General Fund, which have been reimbursed to the City.

### **Rents and Senior and Youth Fee**

As noted above, the City's General Fund did not collect any rents or Senior and Youth fees in the current reporting period. See the Glossary for more information on these revenues and how they are calculated.

### **Other Revenue Impacts**

General Fund sales tax, property tax, and transient occupancy tax (TOT) collections have benefited from the direct and indirect economic activity related to stadium events.

Food and beverage concession sales and merchandise sales at Levi's® Stadium are taxable, resulting in sales tax revenue for the City. The last quarter of sales tax collections from Levi's® Stadium transactions generated \$42,000 for the City's General Fund. In addition to the direct sellers at the Stadium, other businesses in Santa Clara are benefiting from the influx of people coming to attend one or more events at Levi's® Stadium, resulting in potentially more sales tax collections for the General Fund.

In accordance with State Law, StadCo must pay possessory interest property tax based on their lease of Levi's® Stadium from the Stadium Authority. This revenue is collected by the county and placed into the Redevelopment Property Tax Trust Fund (RPTTF). Amounts remaining in the RPTTF after paying any enforceable obligations of the Successor Agency are distributed to taxing entities in the same proportion as secured property taxes. The City's proportion is approximately 10%.

Many stadium events bring travelers to the region, resulting in hotel stays which generate TOT collections for the City's General Fund. Although it is impossible to say exactly what portion of the City's TOT collections is due to the stadium, it is clear that hotels both inside and outside the City have benefited, resulting in increases in TOT collections in Santa Clara and our neighboring cities.

**Glossary**

This section of the report provides details behind key terms that are used in the body of this report.

**Discretionary Fund** – The Amended and Restated Stadium Lease Agreement describes the Non-NFL event ticket surcharge which is imposed by the Stadium Authority. All promoters or sponsors of ticketed Non-NFL events are required to collect a Non-NFL event ticket surcharge of \$4 per ticket on behalf of the Stadium Authority. One-half of these proceeds are used to cover Stadium Authority operating and maintenance costs. The other one-half of the proceeds are deposited in the Stadium Authority’s discretionary fund. If at any time the discretionary fund balance exceeds \$1 million, then in consultation with the Stadium Manager, the Stadium Authority will determine if provision has been made for replacement and improvement of capital improvements contemplated under the public safety plan. If not, then funds will be reserved in the discretionary fund for such purposes. If adequate provision has been made for these items and the balance of the discretionary fund still exceeds \$1 million, then up to half of the amount over \$1 million can be transferred to the General Fund, in which event an equal amount will also be transferred from the discretionary fund to the Stadium Authority operating fund and will be included as revenue available to pay Stadium Authority expenses.

**Ground Lease** – The Ground Lease Agreement has an initial term of 40 years commencing on the date of substantial completion which was July 31, 2014. The amount of annual base ground rent that is payable by the Stadium Authority to the City is noted in the chart 2 below.

Chart 2

Lease Year	Fiscal Year	Annual Fixed Ground Rent
1	2014/15	\$ 180,000
2	2015/16	\$ 215,000
3	2016/17	\$ 250,000
4	2017/18	\$ 285,000
5	2018/19	\$ 320,000
6	2019/20	\$ 355,000
7	2020/21	\$ 390,000
8	2021/22	\$ 425,000
9	2022/23	\$ 460,000
10	2023/24	\$ 495,000
11-15	2024/25 - 2028/29	\$ 1,000,000
16-20	2029/30 - 2033/34	\$ 1,100,000
21-25	2034/35 - 2038/39	\$ 1,200,000
26-30	2039/40 - 2043/44	\$ 1,300,000
31-35	2044/45 - 2048/49	\$ 1,400,000
36-40	2049/50 - 2053/54	\$ 1,500,000

**Net Non-NFL Event Revenue** – Net Non-NFL event revenue is remitted by Stadium Manager to the Stadium Authority on a yearly basis. This is done annually because the final reconciliation of the Non-NFL event revenues and expenses does not occur until after the conclusion of each fiscal year.

**NFL Ticket Surcharge** – The Amended and Restated Non-Relocation Agreement states that the Team will collect a 10% NFL ticket surcharge on the price of admission to all NFL games on behalf of Stadium Authority.

**Non-NFL Event Ticket Surcharge** – The Stadium Lease Agreement requires that the promoter or sponsor of any Non-NFL event collect a Non-NFL event ticket surcharge of \$4 per ticket. The Lease Agreement sets aside one-half of the Non-NFL event ticket surcharge for stadium operating and maintenance costs and one-half for discretionary expenses of the Stadium Authority.

**Offsite Parking Fees** – Parking lot operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City's permitting process. If approved, per the City's Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee is designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or Non-NFL public safety costs for a particular event held at Levi's® Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City's FY 2022/23 (July 1, 2022 through June 30, 2023) the offsite parking fee is \$6.13.

**Performance-Based Rent** – The Amended and Restated Stadium Lease Agreement and the Ground Lease Agreement both describe the performance-based rent that is due to the City. (It is calculated as 50% of the net income from Non-NFL events less performance-based rent credits. The performance-based rent credits include 50% of the fixed ground rent for the current lease year.)

**Public Safety Costs** – For each NFL and Non-NFL event held at Levi's® Stadium, a public safety plan is developed and implemented. Multiple City departments provide staffing, materials, and supplies to support the public safety plan. Services are provided through a combination of City staff, contracts with other agencies (California Highway Patrol, County Sheriff's Office, and City of Sunnyvale) and some vendor provided services.

The Amended and Restated Stadium Lease Agreement section 7.5 states that the tenant is responsible for reimbursing the City for the public safety costs attributed to NFL events at Levi's® Stadium. Additionally, Article 5 of the Stadium Management Agreement notes that the Stadium Manager is responsible for paying Non-NFL event expenses on behalf of the Stadium Authority. Therefore, the cost of providing public safety services are tracked through the City's financial system and invoices are sent to the Stadium Manager. All of these costs are reimbursed to the City of Santa Clara.

**Senior and Youth Program Fees** – The Amended and Restated Stadium Lease Agreement requires that StadCo collect a Senior and Youth Program Fee of \$0.35 per NFL ticket sold on behalf of the Stadium Authority. Per section 8.2 of the Ground Lease Agreement between the City and the Stadium Authority, the Stadium Authority remits this fee to the City as additional rent to support senior and youth programs in the City.

**Stadium Management Fee** – The Stadium Manager receives an annual base management fee to manage Levi’s® Stadium. The fee was \$400,000 in the first lease year and increases by 3% annually as detailed in the table below. This annual base management fee is split 50/50 between StadCo and the Stadium Authority since the Stadium Manager manages the stadium year-round for both entities. In addition to the base management fee, the Stadium Manager also receives a stadium marketing and booking fee (incentive fee) which is based on a percentage of the amount that the net income from Non-NFL events exceeds the marketing and booking fee benchmark. The marketing and booking fee benchmark was \$5 million in the first lease year and also increases by 3% annually as detailed in the table below. The annual stadium management fee for each of the first ten lease years are noted in the chart 3 below.

Chart 3

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Net Income from Non-NFL Events	Additional Stadium Marketing and Booking Fee	Total Stadium Management Fee
2014/15	1	\$ 200,000	\$ 5,000,000	\$ 5,207,553	\$ 10,378	\$ 210,378
2015/16	2	206,000	5,150,000	6,079,016	46,451	252,451
2016/17	3	212,180	5,304,500	5,316,894	620	212,800
2017/18	4	218,545	5,463,635	5,163,329	-	218,545
2018/19	5	225,102	5,627,544	18,591	-	225,102
2019/20	6	231,855	5,796,370	(2,741,014)	-	231,855
2020/21	7	238,810	5,970,261	(476,960)	-	238,810
2021/22	8	245,975	6,149,369	(288,741)	-	245,975
2022/23	9	253,354	6,333,850			
2023/24	10	260,955	6,523,866			

**Tasman Lots Parking Fees** – The City collects a fee of \$5 per space for all cars that are parked on the Tasman surface lots during NFL events.