

## Meeting Agenda

### Ad-Hoc Stadium Audit Committee

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**Monday, March 19, 2018**

**5:00 PM**

**City Hall Council Chambers**

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**Call to Order and Roll Call**

**Minutes**

**18-281**    [Ad Hoc Stadium Audit Committee Meeting Minutes](#)

**Recommendation:** Approve the Ad Hoc Stadium Audit Committee Meeting Minutes for November 27, 2017.

**Public Presentations**

*[This item is reserved for persons to address the Committee on any matter not on the agenda that is within the subject matter jurisdiction of the Committee. The law does not permit action on, or extended discussion of, any item not on the agenda except under special circumstances. The governing body, or staff, may briefly respond to statements made or questions posed, and appropriate body may request staff to report back at a subsequent meeting. Although not required, please submit to the Clerk your name and subject matter on the speaker card available in the Council Chambers.]*

**General Business**

1.     **18-320**    [Information Memorandum on Reconciliation of Public Safety Expenditures and Fiscal Reporting](#)
  
2.     **18-285**    [Status of Harvey M. Rose Associates Audit Recommendations](#)  
  
         **Recommendation:** Note and file an update on the Status of the Harvey M. Rose Associates Audit Recommendations and accept the proposed work plan for the period March - July 2018.
  
3.     **18-319**    [Review of Options for Santa Clara Stadium Authority \(SCSA\) Auditor](#)

**Adjournment**

## Agenda Report

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**18-281**

**Agenda Date: 3/19/2018**

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**SUBJECT**

Ad Hoc Stadium Audit Committee Meeting Minutes

**RECOMMENDATION**

Approve the Ad Hoc Stadium Audit Committee Meeting Minutes for November 27, 2017.

**DRAFT - Meeting Minutes  
November 27, 2017  
5:00 p.m.**

**Committee Members**

Chairperson Lisa M. Gillmor, Chair  
Member Teresa O'Neill  
Member Patrick Kolstad

**Staff**

Executive Director, Deanna Santana  
Chief Operating Officer, Walter Rossmann  
Interim Stadium Authority Counsel, Brian Doyle  
Acting Treasurer, Angela Kraetsch

**1. Call to Order**

Chairperson Gillmor called the meeting to order at 5:03 p.m.

**2. Approval of Minutes**

It was moved by Member Kolstad, seconded by Member O'Neill, and unanimously carried, that the Committee approve the minutes of February 23, 2017.

**3. Public Presentations**

No public presentations

**4. New Business**

**5. Public Comment**

**A. Status of Harvey M. Rose Associates' Measure J Compliance Audit  
Recommendations**

The Executive Director reported that a Request for Proposal (RFP) would be initiated to hire an independent auditor for the Stadium Authority.

Member Kolstad asked for clarification of the auditor function, and he requested that the City Manager's Directive (CMD) 136 be considered by the auditor. The Executive Director confirmed that the auditor function would be compliance and performance, separate from that of KPMG, the auditors for the finance function for the stadium. It was further stated that the auditor will work with the Stadium Authority Board to develop a work plan.

The Interim Stadium Authority Counsel noted that the Grand Jury report recommended that the finance function and the auditor function be separated, which was done in June 2017, and the Joint Powers Agreement (JPA) was amended to reflect this change. He also stated that more work needs to be done to clarify what is billed and how it is billed for Stadium related work, and it will need to be monitored.

The Chairperson reiterated that there is a need to clarify what is billed, and how work is billed.

Executive Director noted that the Harvey Rose Associates' Audit Report included 37 recommendations, which are listed in the attachment to the staff report for agenda item 4.A.(attached); 10 complete, 14 partially complete and 13 not implemented. The urgent items to address were noted as Budget Development, Marketing Plan and additional Due Diligence to complete the outstanding audit work not completed in the first audit by Harvey M. Rose Associates.

The Chairperson stated the need to determine the true costs for Public Safety and other Stadium related expenses for 2014-15 and 2015-16. She noted that the budget needs to be restated.

The Interim Stadium Authority Counsel stated that StadCo has been working directly with the Police Department to facilitate bringing the cost down for stadium Public Safety and after an analysis is completed on actual costs, StadCo will be held responsible for paying the actual cost for stadium public safety for NFL games.

The Acting Treasurer commented that the cost for stadium public safety has been averaging \$225,000 per game, which is actually a decrease from what was previously being charged, which brings the annual cost to about \$350,000 over the 1.9 million threshold.

The Executive Director stated that there will be a closed session in December for the Stadium Authority Board to discuss policy level public safety actions and the key elements to put into an operational plan. She also stated that this information would be integrated into the March budget.

The Chairperson commented while there are ways to trim the public safety costs, her main concern is not the reduction to the cost of the stadium public safety, as she wants to maintain safety at the stadium, but rather, her main concern is to see a public safety budget with true costs.

A discussion was had regarding invoices for stadium insurance being disclosed for the shared stadium expenses budget. The Acting Treasurer stated that these documents would be available at the end of the year and would be reflected in the year-end financial statement, which would also show prior years invoices for comparison.

It was discussed that ManCo provide quarterly financial status reports, which intuitively reflects sufficient information for staff and the Board to determine that Stadium Lease requirements are being adhered to.

It was confirmed by the Acting Treasurer that plans, reports and budget documents required to be provided by ManCo will be monitored by the department responsible for each report, as a way to ensure that the Stadium Authority Board receives all documents, as agreed to by existing agreements.

The Executive Director reported that a plan is underway with ManCo and the city, to establish a way to report out non-NFL event revenue and expenses, so as to not compromise confidentiality, but that would allow the Board and the public to monitor the performance of non-NFL events, and how these events are managed by ManCo. The Chairperson confirmed that this information is key to being able to see how revenue and expenses occur for non-NFL events.

The Chairperson asked for further clarification for Debt Service Fund transactions. The Executive Director suggested the document with this information be brought back to the January meeting for further review and discussion.

It was confirmed that an ongoing project is the need for an amendment to the Management Agreement, establishing binding policies increases in authorized expenditures.

The Chairperson and Member O'Neill requested clarification the status of the Stadium Construction Budget. The Executive Director suggested that this be brought back for an update at the January meeting. The Chairperson stated that the Board has also never seen a Cost Allocation Study and would like to see one.

Interim Stadium Authority Counsel confirmed that the Golf Course parking revenue is a City, not Stadium Authority, agreement, and is being handled separately from the Stadium Audit discussion.

The Executive Director reported that Harvey Rose Associates would not be available to work on the second part of the Stadium Audit until late June, 2018, and that perhaps in an effort to expedite this, it could be built into the work plan as one of the first items, once the auditor function procurement process is complete.

The Executive Director confirmed that staff will bring back the following items for discussion in January:

- The financial documents to discuss formatting changes and to seek a better level of clarity on how to report that out.
- Update on the reconciliation for discussion.
- Review of the Marketing Plan, after having a discussion with ManCo, to achieve a higher level of agreement

The Chairperson requested a list of the documents provided by ManCo to the City be provided in January.

Deborah Bress requested that actual costs for public safety be paid, not an amount with a cap. Ms. Bress had general comments regarding the Fast Track program for stadium public safety, the billing process for public safety, a closed session discussion of the JPA and a Measure J Compliance audit. She also requested that the following information be provided: a process for detailed accounting for stadium events; a Cost Allocation Study; an accounting of the stadium construction fund; the magnetometers along the San Tomas Creek Trail; what ManCo can deem proprietary; the documentation of meetings with Stadium Authority staff and ManCo; and a report on whether city staff receives tickets to stadium events and the city's process for this.

Kirk Vartan requested an update for the second part of the stadium audit. He inquired into whether stadium fines should be included in the stadium budget, as a line item. Mr. Vartan also suggested that the actual stadium costs, not budgeted costs, be paid by ManCo. He requested that a cost and revenue report be available for all non-NFL events. Mr. Vartan noted that there were no representatives from the Forty Niners, or ManCo, present at the meeting, and he suggested that it might be more productive if a representative from the Forty Niners or ManCo were present at the meetings.

## **6. Adjournment**

The Chairperson adjourned the meeting at 5:55 p.m.

## Agenda Report

18-320

Agenda Date: 3/19/2018

### REPORT TO AD-HOC STADIUM AUDIT COMMITTEE

#### SUBJECT

Information Memorandum on Reconciliation of Public Safety Expenditures and Fiscal Reporting

At the November 27, 2017, Stadium Authority Audit Committee, it was requested that staff return with a reconciliation of public safety expenditures charged to a pre-operations account, referred to as the "Construction Fund" in the Harvey M. Rose audit (Audit). After reviewing internally the due diligence required to complete this work, and the absence of in-house audit resources, it has become clear that this effort should be performed by independent professional auditors.

The SCSA Board has requested confirmation that the charges against this account were valid and consistent with the purpose of the Fund (including the details of when the charges were made to the fund with respect to when the services were provided, who requested the payment, and all with reference to when the Grand Jury on Measure J began. In order to conduct such work, each charge to the account would need to be examined for legitimacy and then verified that the value of each charge totals the final expenditures recorded against the Fund. Given that these financial transactions were completed by multiple department staff, as well as involved outside vendors and/or parties, it would be inconsistent with professional standards to have these entities perform their own due diligence and validation of these expenditures.

It is unfortunate that this desired review went without these disclosures during prior discussions of the Harvey M. Rose audit and that much time has been lost to bring closure to these very valid questions that support transparency, accountability, and proper fiscal management. As noted in the Audit (page 149):

"the absence of review and approval of a budget for a portion of the costs of Stadium operations by its governing body reflects a lack of internal controls and transparency over Stadium costs. While some of the staff activities funded may have been related to Stadium construction and opening, all Stadium Authority and City costs covered by the Construction Fund should have been estimated and identified in advance for authorization by the governing body as part of the Stadium Authority operating budget. The Construction Fund beginning and year-end balances should also be reported."

The above Audit narrative is worthy of an appropriate review and significant enough to require independent review. For this reason, I will be recommending additional resources for professional audit support on the various financial reporting requirements that the SCSA Board has directed for the past SCSA years and going forward. The availability of these professional services will expedite time required to complete these reviews, ensure the independence of the findings and integrity of work absent of conflict. As a separate action, on today's Ad Hoc agenda, the Committee will be presented with options for selecting the audit function, and issuing a recommendation to the SCSA

Board at a future meeting--which is a step in the right direction and never afforded to the SCSA Board prior.

As I shared in January, past practices will take time to correct. I take seriously my sign-off on financial reporting and, unfortunately, this is not a task that I could have completed since November 27, 2017, nor would it be appropriate to complete in-house. I look forward to working to put in place proper audit functions to resolve past valid inquires of the SCSA Board.

Prepared by: Catlin Ivanetich, Assistant to the Executive Director

Reviewed by: Brian Doyle, Counsel

Reviewed by: Walter C. Rossmann, Chief Operating Officer

Approved by: Deanna J. Santana, Executive Director

## Agenda Report

18-285

Agenda Date: 3/19/2018

### REPORT TO AD-HOC STADIUM AUDIT COMMITTEE

#### **SUBJECT**

Status of Harvey M. Rose Associates Audit Recommendations

#### **BACKGROUND**

On November 27, 2017, staff presented (1) standard audit recommendation tracking matrix listing the thirty-seven audit recommendations, (2) designation for the status of the recommendation (e.g., Complete, Partially Complete, or Not Implemented), and (3) action taken so far to the Ad-Hoc Stadium Audit Committee (Committee). As stated at that time, this matrix will be used as a tool to demonstrate staff's progress going forward and will continue to be presented to the Committee at future meetings.



The following table reflects staff's previous and current progress towards implementing the thirty-seven audit recommendations:

**Table 1: Status of Audit Recommendations (as of March 2018)**

Status	Progress of Audit Recommendations as of November 2017	Progress of Audit Recommendations as of March 2018	% Change
Complete	10	18	80%↑
Partially Complete	14	14	0%↕
Not Implemented	13	5	62%↓
<b>TOTAL</b>	<b>37</b>	<b>37</b>	

At the November meeting, staff proposed a four month work plan for the audit recommendations that we planned to address, recognizing that timing and prioritization was very important to maximize budget development, manage resources/capacity, and address other key operational matters. The Committee's action to direct a work plan was wise and has allowed for significant progress on the above audit recommendations over the past three months. In addition, as staff suggested a well-paced process, this has allowed for us to produce quality documents in other business affairs of the SCSA Board. As background, the steps for moving forward were proposed as follows:

Table 2: Status of Work Plan Milestones (November 2017 - March 2018)

Ad Hoc Committee Work Plan Milestones	Status
<b>Budget Development (ETA = March 2018)</b> - Staff prioritized audit recommendations that had an impact on budget development. These recommendations were included in the 2018-19 Proposed Stadium Authority Budget and presented to the entire Stadium Authority Board (Board) at the March 13 <sup>th</sup> Study Session.	
<b>Marketing Plan (ETA= February/March 2018)</b> - As recommended in the Harvey Rose audit, staff worked with ManCo to prepare an enhanced version of previous issued Marketing Plans and converted their report from a slide deck presentation to an actual marketing and business plan that outlines both strategic efforts planned for the fiscal year, recruitment of events, and operations in support of these efforts. In addition, the first quarter of the SCSA fiscal year will allow ManCo and staff to collaboratively work on performance measures for future Marketing Plans. This plan was presented to the Board at the March 13 <sup>th</sup> Stadium Authority meeting.	
<b>Additional Due Diligence (ETA = July 2018)</b> - ManCo is in the process of providing Non-NFL records to the Stadium Authority, in addition to providing computer read-only access at the time of drafting this report. Staff is reviewing the records for completeness as they were previously reviewed at ManCo offices. Included in the 2018-19 Proposed Stadium Authority Budget is the funding for targeted compliance audits	Staff will make a presentation of the audit program required to respond to this request and the recommended resources needed.

**DISCUSSION**

Given our past successful effort with developing a work plan to implement the audit recommendations, we are proposing the same methodology over the next three months and suggest that we report out in July:

- **Continue to focus on receipt of Non-NFL Event Records:** ManCo has provided hard copy documents for Non-NFL events and is currently in the process of transferring additional financial records for Non-NFL events to the Stadium Authority. ManCo has installed one of their computers in the Stadium Authority's office to allow staff electronic read-only access to the Non-NFL event information. ManCo is providing weekly updates on their progress in providing all of the records to the Stadium Authority. Concurrent to the activity to have in our possession the universe of complete documents, staff proposes hiring an independent auditor to review for the purpose outlined in the "Public Safety Reconciliation" memo, however staff will need to dedicate capacity to provide guidance and explain procedural review of the significant universe of documents. For expediency, the SCSA Board could consider an audit methodology that tests certain events per fiscal year or assigns separate audit teams to review each fiscal year in its entirety. This decision should not be made until action on the Auditor is taken and their professional opinion is rendered.

Table 3: Fiscal Year Summary of Non-NFL Events

Fiscal Year	# of Non-NFL Events	Notes
2014/15	195	9 ticketed events and 186 special events (Partial Year - Stadium opened on August 1, 2014)
2015/16	224	17 ticketed events and 207 special events
2016/17	144	18 ticketed events and 126 special events
2017/18	97	13 ticketed events and 84 special events (this number is subject to change at year-end)

- **Public Safety Threshold:** ManCo and SCSA staff has agreed to meet on this matter for additional discussion and, at the time of drafting this report, the meeting is being scheduled. An update will be provided, as appropriate.
- **Unreimbursed City Staff Costs:** Staff is in the process of completing the review of the unreimbursed City staff costs that were included in the Harvey Rose audit report and will be able to provide that to the Committee at the next meeting.

### **FISCAL IMPACT**

There is no fiscal impact to the Stadium Authority with this status update; however, there are decisions that the Ad Hoc Committee will recommend to the SCSA Board that may have a fiscal impact. Further, staff is currently analyzing the audit data to determine the reimbursement amount that the Stadium Authority will owe the City's General Fund.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environment Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Note and file an update on the Status of the Harvey M. Rose Associates Audit Recommendations and accept the proposed work plan for the period March - July 2018.

Prepared by: Angela Kraetsch, Treasurer

Reviewed by: Brian Doyle, Counsel

Reviewed by: Catlin Ivanetich, Assistant to the Executive Director

Reviewed by: Walter C. Rossmann, Chief Operating Officer

Approved by: Deanna J. Santana, Executive Director

**ATTACHMENTS**

1. Status of Harvey M. Rose Associates Audit Recommendations

# STATUS OF HARVEY ROSE ASSOCIATES AUDIT RECOMMENDATIONS - MARCH 2018

## 1. COMPLIANCE WITH STADIUM AUTHORITY AGREEMENTS

Audit Recommendation	Current Status	Action Taken
<b>1.A</b> The Stadium Authority Board should direct the Executive Director to request the public safety costs threshold be adjusted through negotiations with StadCo to reflect actual costs to the City for providing public safety services for NFL events.	Partially Complete	A letter was issued to StadCo on February 3, 2017 to formally request a meeting for the purpose of engaging in good faith negotiations with respect to an increase in the Public Safety Cost Threshold. Additional correspondence on this topic has transpired, with both sides agreeing to meet and discuss the topic. A meeting on this issue is in process of being scheduled.
<b>1.B</b> The Stadium Authority Board should direct the Executive Director and Stadium Authority counsel to notify ManCo that the absence of five year capital expenditure plans for FYs 2014-15 and 2015-16 was a breach of Section 10.3 of the Stadium Lease and that ManCo is required to provide such plans under the lease for the current and all future Stadium Authority fiscal years.	Complete	ManCo provided a five-year capital expenditure plan in February 2017 for the Fiscal Years 2017-18 thru 2021-22. This plan was incorporated into the Stadium Authority's Adopted Fiscal Year 2017-18 SCSA Budget. ManCo was notified that they were to provide a five year capital expenditure plan going forward. ManCo provided a five-year capital expenditure plan in February 2018 and this plan was incorporated into the Stadium Authority's Proposed Fiscal Year 2018-19 Budget.
<b>1.C</b> The Stadium Authority Board should direct the Executive Director to provide a copy of the Operation and Maintenance Plan to the Stadium Authority Board for review, in closed session if deemed necessary for public safety reasons by the Stadium Authority counsel.	Complete	In accordance with Section 3.1 of the Stadium Operations Agreement, Section 4.5 of the Stadium Management Agreement, and Section 7.2 of the Stadium Lease Agreement, the 49ers Management Company (ManCo) is responsible for preparing the Stadium Operation and Maintenance Plan (SOMP). The SOMP consists of the Annual Shared Stadium Expense Budget, Annual Public Safety Budget and Capital Expenditure Plan, as well as the Annual Public Safety Budget and the Amortization of Public Safety Capital Expenditures. For Fiscal Year 2018-19 all documents were presented to the Stadium Authority Board at its March 13 meeting. The SCSA Board will consider the proposed budgets, comprising the SOMP, at the March 27th meeting.
<b>1.D</b> The Stadium Authority Board should require that Stadium Authority staff and ManCo prepare an annual public safety budget in conjunction with the City's public safety departments detailing both NFL and non-NFL event public safety costs for submission to and adoption by the Board.	Complete	ManCo provided a Public Safety Budget to staff in February 2017 during the 2017-18 budget process. This was also provided to staff on February 7, 2018 as part of the 2018-19 budget process. The Public Safety Budget was included as part of the 2018-19 Proposed SCSA Budget that was presented to the Board on March 13, 2018. The SCSA Board will consider the proposed budget, comprising the SOMP, at the March 27th meeting.
<b>1.E</b> The Stadium Authority Board should direct the Executive Director to renegotiate provisions of the Stadium Lease so that the Stadium Authority receives a share of any concessionaire revenue that exceeds the minimum guaranteed amount from non-NFL events.	Complete	The Stadium Authority does receive revenue in excess of minimum per Stadium Lease: 7.3.2 Concession Revenue. In February 2018, the SCSA Board approved new concessionaire contracts and included in that presentation was detail of how the SCSA receives revenue. Underway is also the effort to clarify by fiscal year the exact amount generated for Food & Beverage (F&B) revenue.
<b>1.F</b> The Stadium Authority Board should direct the Executive Director to notify StadCo that a formal consolidated draft parking plan must be produced and delivered to the Community Development Department and to the Board for review and approval as required under the Stadium Lease.	Partially Complete	On August 24, 2017 staff presented to the Stadium Authority Board the Transportation Management and Operations Plan (TMOP) which includes detailed parking lot information as required in the first amendment to the management agreement. Stadium Authority staff has received a draft parking plan. Staff needs to review the draft plan to determine if this is compliant with the TMOP. Once staff has performed their due diligence review it will be submitted to the Board for approval.

## STATUS OF HARVEY ROSE ASSOCIATES AUDIT RECOMMENDATIONS - MARCH 2018

Audit Recommendation	Current Status	Action Taken
<b>1.G</b> The Stadium Authority Board should direct the Chief of Police to present the public safety plan to the Stadium Authority Board for review and formal approval (in closed session if deemed necessary by Stadium Authority counsel) and to present any updates to the public safety plan to the Stadium Authority Board for review and documented adoption.	Partially Complete	Staff will bring policy recommendations regarding the public safety plan to Board (i.e.: overtime), which will inform the administrative Public Safety Plan. Further, in light of recent national incidents and heightened focus on large crowds, it should be noted that the Plan is dynamic and will require adjustments to respond to various public safety conditions. For Fiscal Year 2018-19, the Police Chief approved the public safety plan and the Executive Director is in possession of a copy under lock and key.
<b>1.H</b> The Stadium Authority Board should direct the Executive Director to formally notify StadCo that the total cost for stadium insurance must be disclosed in the shared stadium expenses budget pursuant to Section 4.6 of the Management Agreement and, based on the disclosure, consider proposing to StadCo an amendment to the Stadium Lease to remove the provision that the Stadium Authority pay a fixed amount of insurance costs, with StadCo paying an unknown amount.	Partially Complete	Paragraph 8.3.1 of the Amended and Restated Stadium Lease Agreement states in part that "for purposes of this Lease, the "Stadium Authority Insurance Share" shall be calculated as follows: (i) for the first (1st) Lease Year, the Stadium Authority Insurance Share shall equal Two Million Five Hundred Fifty Thousand Dollars (\$2,550,000); and (ii) on the commencement of the second (2nd) and each succeeding Lease Year, the Stadium Authority Insurance Share shall be increased by three percent (3%); provided, however, that for any Lease Year during which the total attendance at Ticketed Non-NFL Events exceeds 750,000, Landlord and Tenant shall cooperate in good faith to equitably adjust the Stadium Authority Insurance Share to reflect the increased attendance at Non-NFL Events. SCSA staff met with StadCo representative on February 1, 2018 to discuss and review the cost of the stadium insurance." In accordance with the contract the Stadium Authority's insurance cost portion is itemized in the FY 2018/19 Proposed Stadium Authority Proposed Budget. Stadium Authority staff requested the total cost for stadium insurance from ManCo.
<b>1.I</b> The Stadium Authority Board should direct the Executive Director to formally notify StadCo and ManCo that ManCo is in breach of the Management Agreement because it did not furnish Annual Statements of Stadium Operations for FYs 2014-15 and 2015-16, and to require that such statements be provided for those years, for FY 2016-17 and each year thereafter.	Partially Complete	The annual audited financial statements performed by an independent auditor complies with the requirements listed in the Stadium Lease except for a detailed discussion regarding the tenant's proportional share of shared Stadium expenses. SCSA staff will request that the outside auditor issue an audit for FY 2017-18 that conforms to the paragraphs in the Stadium Lease and Stadium Management Agreement that describe the Annual Statements of Stadium Operations.
<b>1.J</b> The Stadium Authority Board should direct the Executive Director to send formal notification to ManCo and StadCo that ManCo was in apparent breach of the Stadium Lease requirement that a one year budget and five year projection of shared Stadium expenses be provided on an annual basis to the Stadium Authority and demanding that ManCo provide such budgets and projections for the current and all future years. The Executive Director should be directed to provide a written response to ManCo each year on the draft budget submitted by ManCo.	Complete	ManCo provided a one year budget and five year projection of shared stadium expenses to staff in February 2017 during the 2017-18 budget process. ManCo was notified that they were to provide this plan annually. These documents were provided to SCSA staff in February 2018 during the 2018-19 budget process and incorporated into the 2018-19 proposed SCSA Budget.

## STATUS OF HARVEY ROSE ASSOCIATES AUDIT RECOMMENDATIONS - MARCH 2018

Audit Recommendation	Current Status	Action Taken
<b>1.K</b> The Stadium Authority Board should direct the Executive Director and Treasurer to work with ManCo to require that the annual operating budget and quarterly financial status reports disclose sufficient information to ensure that staff and the Board can determine whether the Stadium Authority is adhering to Stadium Lease requirements contained in Article 14 regarding the allocation of excess Stadium Authority revenue.	Complete	Article 14 of the Amended and Restated Stadium Authority Lease Agreement describes to steps if Stadium Authority Revenue exceeds Stadium Authority Expenses for any Lease Year prior to the Tenant Season Expansion Date. This information was included on page 16 of the proposed 2018-19 SCSA Budget. In addition, staff has already begun to change the format of financial reporting for the purpose of transparency and to facilitate understanding of the fiscal report. We have made verbal presentations to the board summarizing the changes each time they are implemented.
<b>1.L</b> The Stadium Authority Board should direct the Executive Director to notify ManCo that previous annual marketing plans were inadequate as they did not set forth reasonably detailed plans to develop, implement, and monitor marketing, booking, advertising, and promotion of non-NFL activities. The Board should further direct the Executive Director to notify ManCo that future marketing plans must include such details and be reviewed for sufficient detail by the Executive Director before being presented to the Board.	Complete	ManCo provided a Sales and Marketing Plan to staff in February 2017 during the 2017-18 budget process. This information was also provided in February 2018. Staff has worked with ManCo to provide a more robust marketing plan that was presented to the Board on March 13, 2018. As noted during the March 13th presentation, the agreement sets a "reasonable detail" standard which we believe the proposed fiscal year 2018-19 plan reflects. The SCSA Board will consider action of the Marketing Plan on March 27, 2018.
<b>1.M</b> The Stadium Authority Board should direct the Executive Director to confer with the Finance Director/Treasurer to determine what financial information would be necessary to assess non-NFL event financial performance, including incentive payments to ManCo, and then notify ManCo regarding what additional information will be required on an ongoing basis.	Partially Complete	ManCo has transferred some financial documents for non-NFL events to the Stadium Authority and a due diligence review is underway to ensure that we have all documents. Upon receipt of the universe of documents, the Executive Director has issued a memo that recommends independent audit of the documents.
<b>1.N</b> The Stadium Authority Board should direct the Executive Director to notify ManCo that it is in breach of Management Agreement Section 3.3, which requires that written revenue or other reports relating to non-NFL events be provided to the Stadium Authority within 45 days of each non-NFL event with attendance projected to exceed 25,000. The Stadium Authority Board should further direct the Executive Director to demand that ManCo provide such written revenue reports according to specifications to be detailed by the Treasurer for all future non-NFL events with attendance projected to exceed 25,000.	Partially Complete	ManCo has transferred some financial documents for non-NFL events to the Stadium Authority and a due diligence review is underway to ensure that we have all documents. Upon receipt of the universe of documents, the Executive Director has issued a memo that recommends independent audit of the documents.
<b>1.O</b> The Stadium Authority Board should direct the Executive Director and Stadium Authority counsel to request an amendment to the Management Agreement that would require formal and/or informal bidding procedures for any transactions with ManCo affiliates or for transactions above a designated threshold to ensure that goods and services received from an affiliate of ManCo are competitively priced.	Partially Complete	As stipulated in the Management Agreement, SCSA staff participated in the selection process for the Concessionaire contract as approved by the SA Board on Feb. 27, 2018. The Executive Director has met with ManCo regarding the transferred procurement authority from SCSA to ManCo. In addition, SCSA staff is seeking guidance and an opinion from the FPPC on these matters.

## STATUS OF HARVEY ROSE ASSOCIATES AUDIT RECOMMENDATIONS - MARCH 2018

Audit Recommendation	Current Status	Action Taken
<b>1.P</b> The Stadium Authority Board should direct the Executive Director to direct ManCo to provide quarterly written reports to the Stadium Authority, to be maintained as permanent Stadium Authority records, detailing parking lot information as required in the first amendment to the management agreement.	Partially Complete	On August 24, 2017 staff presented to the Stadium Authority Board the Transportation Management and Operations Plan (TMOP) which includes detailed parking lot information as required in the first amendment to the management agreement. SCSA staff will work with ManCo to provide written quarterly information reports to be submitted to the Stadium Authority. The TMOP can be located on the Stadium Authority's website at <a href="http://santaclaraca.gov/home/showdocument?id=53322">http://santaclaraca.gov/home/showdocument?id=53322</a>
<b>1.Q</b> The Stadium Authority Board should direct the Executive Director to require that all meetings, including the date and purpose of the meetings, between Stadium Authority staff and ManCo be documented and reported quarterly or annually to the Stadium Authority Board.	Complete	The Executive Director issued a quarterly report for the period October - December 2017 on February 13, 2018 and will continue providing such a report at the completion of each quarter
<b>1.R</b> The Stadium Authority Board should direct the Executive Director to establish procedures to ensure that all existing plans, reports, and budget documents required to be provided by ManCo are provided to the Stadium Authority in the manner required by existing agreements. The Stadium Authority Board should further direct the Executive Director to report annually on the status (receipt, review, and approval status) of each required plan, report, and budget document.	Complete	Staff has prepared a schedule to track the deliverables. The required documents were provided to staff in February 2018 during the 2018-19 budget process as reported at the March 13, 2018 Stadium Authority Budget Study Session.
<b>2. STADIUM AUTHORITY REVENUES AND EXPENSES</b>		
<b>2.A</b> The Stadium Authority Board should request that ManCo provide the relevant reports and documentation that back up the NFL ticket surcharge summary report in order to retain permanent verification of the accuracy of the surcharge calculated by ManCo.	Partially Complete	SCSA staff reviewed the NFL ticket surcharge and user-fee calculation process with ManCo and is working on receiving an independently prepared report.
<b>2.B</b> The Stadium Authority Board should negotiate with ManCo to establish a level of detail regarding non-NFL event revenue and expenses that can be provided in City reports, public documents, and permanent records to be kept by the Stadium Authority without compromising ManCo's ability to book and negotiate deals with non-NFL event acts and performances. The Board should direct staff to include this level of detail for both budgeted and actual revenues and expenses in the annual proposed budget and the quarterly financial status reports to allow the Board and public to monitor the performance of non-NFL events and ManCo's performance in managing and executing the events.	Partially Complete	Staff included the gross Non-NFL event Revenue and Expenses in the proposed 2018-19 SCSA budget. Staff plans to show a greater level of line item detail as part of the Stadium Authority's annual Fourth Quarter Financial Report starting with the FY 2017-18 Fourth Quarter Financial Report. As mentioned in the audit recommendation, releasing detailed revenue and expense information in the initial quarters of the fiscal year may reveal information for event organizers which may compromise ManCo's ability to book and negotiate profitable Non-NFL events.

## STATUS OF HARVEY ROSE ASSOCIATES AUDIT RECOMMENDATIONS - MARCH 2018

Audit Recommendation	Current Status	Action Taken
<b>2.C</b> The Stadium Authority Board should require that a detailed breakdown of performance rent calculations and payments to the City of Santa Clara be included in the budget and quarterly financial status reports using additional information provided by ManCo.	Complete	Performance Rent calculation was included in the Stadium Authority's Quarterly Financial Report that was presented to the Board on November 21, 2017 and was included in the proposed 2018-19 SCSA Budget.
<b>2.D</b> The Stadium Authority Board should require that ManCo provide reports and documentation that can be kept in Stadium Authority records, consistent with confidentiality provisions in the agreements that back up the non-NFL ticket surcharge summary report in order to verify that the surcharge calculated by ManCo is accurate.	Partially Complete	ManCo has transferred some financial documents for non-NFL events to the Stadium Authority and a due diligence review is underway to ensure that we have all documents. Upon receipt of the universe of documents, the Executive Director has issued a memo that recommends independent audit of the documents.
<b>2.E</b> The Stadium Authority Board should require that a comprehensive accounting of Debt Service Fund transactions, including beginning and year-end balances, budget vs. actual revenues and expenditures by specific line item, and details on all transfers in and out of the fund, be presented in Stadium Authority budgets and financial status reports.	Complete	This information has been incorporated in the Stadium Authority's 2017-18 Budget, 2018-19 Budget, and current Quarterly Financial Status Reports.
<b>2.F</b> The Stadium Authority Board should require that Discretionary Fund revenues, expenses, budget-to-actual comparisons, and account balances be reported in Stadium Authority budgetary documents separately from the Operating Fund.	Complete	The discretionary fund expenses and budget-to-actual comparisons have been reported to the SCSA Board beginning with the YE 3/31/15 Stadium Authority Financial Status Report that was presented on 8/18/15. The revenues that fund the discretionary fund and the account balance have been reported to the SCSA Board since the QE 6/30/16 Stadium Authority Financial Status Report that was presented on 8/23/16. The Discretionary Fund is shown separately on page 16 of the 2018-19 proposed SCSA Budget.
<b>2.G</b> The Stadium Authority Board should require that ManCo prepare the five year Shared Expense Budget, per the requirements in the Stadium Management Agreement, and the Board should direct the Executive Director to document receipt of the Shared Expense Budget, and provide written comments to ManCo in response to the proposed expenses.	Complete	ManCo provided a one year budget and five year projection of shared stadium expenses to staff in February 2017 during the 2017-18 budget process. ManCo was notified that they were to provide this plan annually. These documents were provided to SCSA staff in February 2018 during the 2018-19 budget process and incorporated into the 2018-19 proposed SCSA Budget. (this recommendation seems to be a repeat of recommendation 1.J)
<b>2.H</b> The Stadium Authority Board, StadCo, and ManCo should amend the Management Agreement or separately establish binding policies that do not allow retroactive increases in authorized expenditures such as Stadium Manager expenses, and should require that detailed explanations be provided to the Board when additional funding is requested midyear in advance of such expenses being incurred.	Complete	SCSA staff has been proactive in bringing the budget adjustments to the Board before the expense is incurred. In addition, The SCSA Board adopted a Budget Policy on March 13, 2018 that requires that budget amendments are approved by the Board before the expense is incurred.
<b>2.I</b> The Stadium Authority should require that ManCo provide independently prepared reports and documentation to back up the number of NFL tickets sold for each fiscal year in order to verify that the senior/youth fee calculated by ManCo is accurate and to have a set of permanent records documenting the validity of this revenue.	Partially Complete	SCSA staff reviewed the NFL ticket surcharge and user-fee calculation process with ManCo and is working on receiving an independently prepared report.

## STATUS OF HARVEY ROSE ASSOCIATES AUDIT RECOMMENDATIONS - MARCH 2018

Audit Recommendation	Current Status	Action Taken
<b>2.J</b> The Stadium Authority Board and the City of Santa Clara should clarify when the City Purchasing Authority procurement thresholds (Santa Clara Municipal Code Chapter 2.105.070 et seq.) apply and when the Stadium Authority Procurement Policy thresholds (Santa Clara Municipal Code Chapter 17.30) apply.	Complete	The current practice is to use the City's more restrictive Purchasing Authority threshold if the City is purchasing items on behalf of the Stadium Authority. The City is in the process of hiring a Purchasing Manager and one of the goals for this position is to update the City and Stadium Authority's procurement policies. With the SCSA Board's approval of establishing a Policy Manual, staff will introduce additional fiscal and procurement policies for its consideration.
<b>2.K</b> The Stadium Authority Board should direct staff to prepare policies and procedures pertaining to all purchases made on behalf of the Stadium Authority to require a level of specificity in costs and services in all vendor contracts, that all invoices bill using the rates or unit costs specified in their contracts, and that the invoices and contracts be periodically reviewed by Stadium Authority staff.	Not Implemented	The City is in the process of hiring a Purchasing Manager and one of the goals for this position is to update the City and Stadium Authority's procurement policies. With the SCSA Board's approval of establishing a Policy Manual, staff will introduce additional fiscal and procurement policies for its consideration.
<b>2.L</b> The Stadium Authority Board should require that budgets and actual expenditures for the Stadium construction budget be presented alongside the Stadium Authority Operating Budget to provide an accurate overall picture of purchases for all materials, services, and supplies for the Stadium.	Complete	The construction budget is shown in the Quarterly Financial Reports and Annual Budgets as part of the Capital Expense Budget. The remaining construction budget is designated for warranty related work. For the FY 2018/19 Recommended Stadium Authority Budget, the information is provided on pages 28 - 31.
<b>2.M</b> The Stadium Authority Board should direct staff to report actual revenues and expenditures on an accrual basis in budgetary documents so that all amounts presented reflect actual results for the year, regardless of the timing of revenue receipt or expenses incurred.	Complete	The Stadium Authority's Third Quarter Financial Report presented to the Board on February 13, 2018 included adjustments to bring the budget to full accrual. The proposed 2018-19 SCSA Budget was prepared using the accrual method of budgeting. In addition, accrual budgeting was included in the SCSA Budget Policy approved by the Board on March 13, 2018 as a requirement.
<b>3. UNCLAIMED, UNREIMBURSED CITY STAFF COSTS</b>		
<b>3.A</b> The Stadium Authority Board should request that staff prepare plans for reimbursement to the City's General Fund for unreimbursed staff costs from the appropriate source: Discretionary Fund, ManCo, or, to the extent funds are available and appropriate, the Construction Fund.	Not Implemented	Staff is currently working on this recommendation and it has been outlined in the work plan to bring this item back to the Committee in July.
<b>3.B</b> The Stadium Authority Board should request that staff have ManCo prepare an annual comprehensive Public Safety budget, as required by the Stadium Lease, to include all components of Stadium public safety costs and reimbursement, including NFL public safety costs paid for directly by ManCo on behalf of StadCo, by the Stadium Authority from the Discretionary Fund, and any costs paid using other funds such as the Construction Fund.	Complete	ManCo provided a Public Safety Budget to staff in February 2017 during the 2017-18 budget process. This was also provided to staff on February 7, 2018 as part of the 2018-19 budget process. The Public Safety Budget was included as part of the 2018-19 Proposed SCSA Budget that was presented to the Board on March 13, 2018.

## STATUS OF HARVEY ROSE ASSOCIATES AUDIT RECOMMENDATIONS - MARCH 2018

Audit Recommendation	Current Status	Action Taken
<b>3.C</b> The Stadium Authority Board should direct staff to develop specific definitions of which costs should be charged as overhead and which should be direct billed. Alternatively, staff should adjust the rate applied to direct billed staff costs from the current 10 percent to a more appropriate rate, and communicate to all staff which positions or activities will be charged as overhead.	Not Implemented	An updated Cost Allocation Plan study is scheduled for 2018-19. A revised overhead rate will be calculated at that time.
<b>4. STADIUM PARKING REVENUE CONTROLS</b>		
<b>4.A</b> The Stadium Authority should exercise its right stipulated in the agreement between master parking lot operator Citypark and ManCo to periodically audit the detailed records of individual parking lots for NFL and non-NFL events.	Partially Complete	ManCo recently engaged the audit firm BDO USA, LLP to perform an audit of Parking and Concessions. City staff observed and assisted with the audit process at a Non-NFL event (Gold Cup on 7/26/17).
<b>4.B</b> The Stadium Authority Board should direct staff to report back on the advantages and disadvantages of adding City audit rights as a condition of granting parking permits.	Not Implemented	Staff fully supports this recommendation and will address it as capacity avails itself.
<b>4.C</b> The Stadium Authority Board should direct staff to require that ManCo provide a written report on matters related to off-site parking operations at their quarterly meetings, requiring that baseline information be provided in a specific format.	Not Implemented	Staff fully supports this recommendation and will address it as capacity avails itself.

## Agenda Report

18-319

Agenda Date: 3/19/2018

### REPORT TO AD-HOC STADIUM AUDIT COMMITTEE

#### **SUBJECT**

Review of options for Santa Clara Stadium Authority (SCSA) Auditor

#### **BACKGROUND**

On June 15, 2016, the Santa Clara County Civil Grand Jury issued a report entitled “The City of Santa Clara, The Santa Clara Stadium Authority, Levi's Stadium and Measure J” that included a recommendation to “modify the duties of the Finance Director/Treasurer/Auditor position as described in the Joint Exercise of Powers Agreement Establishing the Santa Clara Stadium Authority (JPA) Agreement”. The SCSA Board accepted the recommendation.

On June 27, 2017, the City Council approved the Third Amendment to the Joint Exercise of Powers Agreement (Amended JPA Agreement), including amending Section 3.11, Treasurer and Auditor, to separate duties of the Stadium Finance Director/Treasurer/Auditor function into two positions - Stadium Authority Treasurer and Stadium Authority Auditor. Per the Amended JPA Agreement, the Auditor of the Stadium Authority shall be designated by appointment and/or by contract by the Stadium Authority Board. The Stadium Authority Board appointed Auditor's sole duty is to “designate such independent auditing responsibility as it deems necessary including but not limited to making arrangements with a certified public accountant or firm of certified public accountants for the annual independent audit of accounts and records of the Stadium Authority.” This means that there is a minimum set of actions required for the Auditor, e.g., fiscal audits, and there is authority to perform additional reviews as deemed needed. Additionally, the JPA states the records and the accounts of the Stadium Authority shall be audited annually by an independent certified public accountant (CPA) designated by the Executive Director (Section 6.2 Audit).

#### **DISCUSSION**

The annual audit requirement is currently satisfied as part of the annual preparation of the Comprehensive Annual Financial Report (CAFR). An auditing firm examines the accounting and financial records to provide an independent opinion on the financial position of the Authority. The audit begins with interim fieldwork examining the internal controls of the Authority to assess the risk of fraud or errors in financial reporting. Once audit risk is determined, the auditors return for final fieldwork, after the close of the fiscal year, to conduct substantive procedures to analyze account balances, perform analytical review of budget and year over year variances, review specific receipts and invoices, and independently confirm material transactions with third parties. These procedures are conducted to report if the Authority is in compliance with generally accepted accounting principles. Once these procedures are completed, the audit firm issues their opinion on financial position of the Authority.

For any audit beyond the annual financial audit, such as management and auditing of records and performance, current resources are not adequate. Previously, the Board relied on existing staff that were not trained or credentialed in proper audit processes and policies, and were assigned to both the role of processing the transactional fiduciary responsibilities, as well as tasked with auditing the performance of those transactions.

The recent collaborative work by SCSA Staff and the Stadium Manager to issue a Concessions Operating Agreement demonstrates the threshold required to produce the level of detail regarding financial performance and accountability desired by the SCSA Board. This agreement, presented to the Board on February 27, 2018 includes Exhibit B, Sample Budget/Operating Costs Report (Attachment 1), which provides the thorough performance details required for the Stadium Authority to fulfill its auditing requirements per the existing agreements.

As referenced in the separate update report on the audit recommendations, SCSA staff has prepared an outline of the audit program that will need to be resourced and developed in order to successfully audit at the level desired by the SCSA Board relative to non-NFL events for past fiscal years. Staff will present a visual diagram of this outline at this March 19, 2018 Stadium Audit Committee meeting to illustrate the complexity, and magnitude, of this effort.

With the agreement provisions, the Board could appoint a City employee to serve as the Stadium Authority Auditor, who would oversee the work. As discussed during the January Priority Setting Session, the City is in need of a robust audit and contract management function. Although currently vacant, the Assistant Treasurer could function as the Stadium Authority Auditor and meet the requirements by selecting the firm as required and working with consultants for additional reviews. Alternatively, the Board could appoint a firm or person to function as Stadium Authority Auditor. If the Board prefers the appointment of firm or person to function as Stadium Authority Auditor, staff would return with a selection criteria and process and additional budget to cover a more robust approach.

### **FISCAL IMPACT**

Depending on the action the Ad-Hoc Committee is recommending to the Board, the fiscal impact will be determined at that time. It should be noted that the FY 2018/19 Proposed SCSA Budget includes \$100,000 for this work.

For instance, if the Assistant Treasurer is selected, the reviews would be done by targeted consultant services, whereby a scope and cost is determined prior to a review, and cost-savings achieved by the Assistant Treasurer serving as the contract administrator of these services.

If there is a decision to not designate the Assistant Treasurer, then the Board would enter into contract for a firm to serve the role as auditor and conduct all of the requested audits, at a cost to (1) serve in that designated role and (2) perform the targeted reviews.

**ALTERNATIVES**

1. Direct the Executive Director to bring forward for the Board's consideration the appointment of a City employee to the position of Auditor of the Stadium Authority.
2. Direct the Executive Director to bring forward for the Board's consideration criteria and selection process for the appointment of a firm or person to assume the role of Auditor of the Stadium Authority.
3. Any other action by the Board.

**RECOMMENDATION**

Staff makes no recommendation, but looks forward to the SCSA Board action to put audit resources in place.

Prepared by: Catlin Ivanetich, Assistant to the Executive Director

Reviewed by: Brian Doyle, Counsel

Reviewed by: Walter C. Rossmann, Chief Operating Officer

Approved by: Deanna J. Santana, Executive Director

**ATTACHMENTS**

1. Concessions Operating Agreement Exhibit B, Sample Budget/Operating Costs Report

Concessions Operating Agreement  
by and between Forty Niners Stadium Management Company LLC  
and Levy Premium Foodservice Limited Partnership  
Dated February 20, 2018

## EXHIBIT B

### Sample Budget/Operating Costs Report

OPERATING INCOME STATEMENT		YEAR 1 PROFORMA							
LEVI'S STADIUM									
	NFL		CITY					TOTAL	
Gross Sales									
Concessions	\$	%	\$	%				\$	%
Clubs	\$	%	\$	%				\$	%
Net Subcontractors	\$	%	\$	%				\$	%
In Seat	\$	%	\$	%				\$	%
Suites	\$	%	\$	%				\$	%
Catering	\$	%	\$	%				\$	%
	\$	%	\$	%				\$	%
Sales Total	\$	%	\$	%				\$	%

	NFL		CITY					TOTAL	
<b>Other Income</b>									
Service Charges and Gratuities	\$	%	\$	%				\$	%
<b>Other Income Total</b>	\$	%	\$	%				\$	%

	NFL		CITY					TOTAL	
<b>Adjustments to Gross Sales</b>									
Sales Taxes									
Gratuities									
Cost F&B services									
Service Charges (paid to employees)									
Credit Card Fees									
Other									
<b>Adjustments to Gross Sales Total</b>	\$	%	\$	%				\$	%

<b>Total Gross Receipts</b>	\$	%	\$	%				\$	%
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	NFL		CITY					TOTAL	
<b>Product Cost</b>									
Concessions	\$	%	\$	%				\$	%
Clubs	\$	%	\$	%				\$	%
Net Subcontractors	\$	%	\$	%				\$	%
In Seat	\$	%	\$	%				\$	%
Suites	\$	%	\$	%				\$	%
Catering	\$	%	\$	%				\$	%
<b>Product Cost Total</b>	\$	%	\$	%				\$	%

	Directly Attributable Costs				Joint Expenses		Total Joint	
Payroll	NFL		CITY		NFL	CITY		TOTAL
Management	\$	%	\$	%				\$ %
Hourly Labor	\$	%	\$	%				\$ %
Service Charge	\$	%	\$	%				\$ %
Taxes, Benefits, Workmen's Compensation & Union	\$	%	\$	%				\$ %
Payroll Total	\$	%	\$	%				\$ %

	Directly Attributable Costs		Joint Expenses		Total Joint Expenses	
Operating Expenses	NFL	CITY	NFL	CITY		TOTAL
Advertising and Classifieds (Recruiting)	\$ %	\$ %				\$ %
Alarm	\$ %	\$ %				\$ %
Armored Car Service	\$ %	\$ %				\$ %
Audit Fees	\$ %	\$ %				\$ %
Bank Charges	\$ %	\$ %				\$ %
Bond Expense	\$ %	\$ %				\$ %
Brand Franchise / Royalty Fees	\$ %	\$ %				\$ %
Cleaning Supplies	\$ %	\$ %				\$ %
Computer/Software Fees	\$ %	\$ %				\$ %
Customer Survey Costs	\$ %	\$ %				\$ %
Dues/ Subscriptions	\$ %	\$ %				\$ %
Entertainment	\$ %	\$ %				\$ %
Equipment Rental	\$ %	\$ %				\$ %
Flowers/ Music	\$ %	\$ %				\$ %
Ice	\$ %	\$ %				\$ %
Insurance	\$ %	\$ %				\$ %
Laundry / Linen	\$ %	\$ %				\$ %
Licenses and Permits	\$ %	\$ %				\$ %
Menus	\$ %	\$ %				\$ %
Office Expenses	\$ %	\$ %				\$ %
Paper Supplies	\$ %	\$ %				\$ %
Pest Control	\$ %	\$ %				\$ %
Postage / Freight	\$ %	\$ %				\$ %
Printing	\$ %	\$ %				\$ %
Professional Fees	\$ %	\$ %				\$ %
Recruiting Expense	\$ %	\$ %				\$ %
Relocation Expense	\$ %	\$ %				\$ %
Smallwares	\$ %	\$ %				\$ %
Telephone	\$ %	\$ %				\$ %
Trash Removal	\$ %	\$ %				\$ %
Travel and Meals	\$ %	\$ %				\$ %
Utilities	\$ %	\$ %				\$ %
Uncollectible Amounts	\$ %	\$ %				\$ %
Uniforms	\$ %	\$ %				\$ %
Vehicle Expense/Shuttle	\$ %	\$ %				\$ %
Other	\$ %	\$ %				\$ %
Operating Expenses Total	\$ %	\$ %	\$	\$		\$ %
Joint Expenses Total	\$ %	\$ %				
Total Operating Costs	\$ %	\$ %				\$ %

PROFITS AVAILABLE FOR DISTRIBUTION	\$	%	\$	%				\$	%
Concessionaire Preference Payment	\$	%	\$	%				\$	%
Investment Use Fee	\$	%	\$	%				\$	%
Renewal and Replacement Amount	\$	%	\$	%				\$	%
Annual 49ers Preference	\$	%	\$	%				\$	%
Commissions to City	\$	%	\$	%				\$	%
Levy Management Fee	\$	%	\$	%				\$	%
NET RECEIPTS	\$	%	\$	%				\$	%
49ers Share of Net Receipts	\$	%	\$	%				\$	%
PROFITS PAYABLE TO 49ERS	\$	%	\$	%				\$	%