



# City of Santa Clara

## Call and Notice of Special Meeting

### Santa Clara Stadium Authority

Thursday, March 5, 2020

4:00 PM

City Hall Council Chambers  
1500 Warburton Avenue  
Santa Clara, CA 95050

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of California Government Code §54956 ("The Brown Act") and Section 708 of the Santa Clara City Charter, the Chairperson calls for a Special Meeting of the Governing Board of the Stadium Authority, to commence and convene on March 5, 2020 at 4:00 PM for a Special Meeting in the City Hall Council Chambers located in the East Wing of City Hall at 1500 Warburton Avenue, Santa Clara, California, to consider the following matter(s) and to potentially take action with respect to them.

#### **4:00 PM SPECIAL MEETING**

Call to Order in the Council Chambers

Pledge of Allegiance and Statement of Values

Roll Call

#### **CONTINUANCES/EXCEPTIONS**

#### **GENERAL BUSINESS**

1.      20-272      [Draft 2020 Non-NFL Events Marketing Plan for Levi's® Stadium in accordance with Section 4.10 of the Stadium Management Agreement \[Board Pillar: Ensure Compliance with Measure J and Manage Levi's Stadium\]](#)

**Recommendation:** Stadium Authority Board Discussion and possible action on ManCo's draft 2020 Marketing Plan.

2.      20-45      [Discussion of the Proposed Santa Clara Stadium Authority Fiscal Year 2020/21 Budget and Stadium Authority Budget, Compliance and Management Policies \[Board Pillar: Ensure Compliance with Measure J and Manage Levi's Stadium\]](#)

**Recommendation:** Review and provide input, or possible Board action, on the Santa Clara Stadium Authority Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget and Stadium Authority Budget, Compliance and Management Policies.

**PUBLIC PRESENTATIONS**

*[This item is reserved for persons to address the Council or authorities on any matter not on the agenda that is within the subject matter jurisdiction of the City or Authorities. 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 City Clerk your name and subject matter on the speaker card available in the Council Chambers.]*

**REPORTS OF MEMBERS AND SPECIAL COMMITTEES****EXECUTIVE DIRECTOR REPORT****ADJOURNMENT**

The next regular scheduled meeting is on Tuesday evening, March 17, 2020 in the City Hall Council Chambers.

**MEETING DISCLOSURES**

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA)

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.

If a member of the public submits a speaker card for any agenda items, their name will appear in the Minutes. If no speaker card is submitted, the Minutes will reflect "Public Speaker."



## Agenda Report

20-272

Agenda Date: 3/5/2020

### REPORT TO STADIUM AUTHORITY BOARD

#### SUBJECT

Draft 2020 Non-NFL Events Marketing Plan for Levi's® Stadium in accordance with Section 4.10 of the Stadium Management Agreement [Board Pillar: Ensure Compliance with Measure J and Manage Levi's Stadium]

#### BACKGROUND

The Stadium Management Agreement (Management Agreement) between the Stadium Authority and Forty Niners Stadium Management Company, LLC (ManCo), requires ManCo to develop a Marketing Plan for Non-NFL events for inclusion in the Stadium Operation and Maintenance Plan (SOMP) and mutual agreement of it by the Stadium Authority, the Management Agreement reads as follows:

**4.10 Marketing Plan.** Until the exercise of any Non-NFL Event Replacement Right, the Stadium Operation and Maintenance Plan shall include a marketing plan setting forth in reasonable detail the Stadium Manager's plans to develop, implement and monitor marketing, booking, advertising and promotion of Non-NFL Events for the Stadium, ***which marketing plan shall be mutually agreed upon by the Stadium Manager and the Stadium Authority*** (the "Marketing Plan"). If the Stadium Authority exercises the Non-NFL Event Replacement Right, the Stadium Authority and the Stadium Manager will develop a similar plan with the third-party provider.

Historically, the Marketing Plan was reviewed in the form of a slide deck presentation at the time the Stadium Authority budget was considered for approval, which provided the Board and ManCo little opportunity to discuss and deliberate about the strategies employed to promote profitable events. This approach also offered little transparency and awareness for the Board to understand effectiveness relative to the marketing and booking strategies utilized by ManCo.

Beginning in FY 2018/19 (April 1, 2018 - March 30, 2019), Stadium Authority staff proposed that the Board and ManCo review the draft Marketing Plan in a Study Session to better determine mutual agreement with the strategies employed by ManCo. Stadium Authority staff and ManCo mutually agreed and presented the draft 2018 Non-NFL Events Marketing & Business Plan (2018 Marketing Plan) to the Board during a Study Session on March 13, 2018. As a result of that discussion, ManCo committed to develop key performance indicators (KPIs) during the first quarter of FY 2018/19 to evaluate the effectiveness of the Marketing Plan strategies/initiatives, as well as inform the decision-making process for the 2019 Marketing Plan. Ultimately, after significant support from Stadium Authority staff and several delays in fulfilling its commitment to the Board, ManCo never developed KPIs. This was despite the Stadium Authority's development of KPI templates, support with developing metrics, and year-long efforts to work collaboratively on this endeavor. The Board's request to develop metrics to track ManCo's performance over time was very reasonable in light of ManCo's failure to produce profitable events.

On March 19, 2019, Stadium Authority staff transmitted ManCo's draft 2019 Non-NFL Events Marketing Plan to the Board. By this time, ManCo had already advised through the media that the projected revenues for FYs 2018/19 and 2019/20 would decrease significantly. Appropriately, the Stadium Authority expected that strategies in the draft 2019 Marketing Plan would reflect significant changes to the business strategies and/or initiatives to correct the trend and restore revenues to past levels. It is completely reasonable for the Board to expect that Stadium Manager is equally committed to promptly addressing changing trends when business practices are fiscally unfavorable. That was not the case: ManCo continued with its same business practices, which included:

- Failure to complete Key performance indicators (KPIs) and corresponding data to measure the effectiveness of the 2018 Marketing Plan and inform the 2019 marketing strategies;
- No meaningful discussion regarding the Naming Rights Agreement requirement to hold at least 36 "Major Events" (with 25,000+ attendees) and lack of plan to meet the minimum goals,
- Significant decrease in projected net revenue (\$750,000) for FY 2018/19 Non-NFL events and strategies to mitigate any losses; and,
- Inadequate explanation of how ManCo's practice of giving free tickets away for events and other promotions/giveaways was an advantageous marketing strategy for non-NFL events.

Based on the Board's discussion, the draft 2019 Marketing Plan was not mutually agreed upon. These contextual matters are important as they relate to the Marketing Plan because, on December 17, 2019, after months of waiting for the FY 2018/19 Fourth Quarter (Q4) data, Stadium Authority staff presented the Q4 fiscal status report for FY 2018/19. While Quarters 1-3 had shown no material changes in fiscal trend information, Q4 showed that Non-NFL event activity only generated \$18,591 in net revenue, reflecting a \$5.1 million loss in net revenue compared to the previous fiscal year.

ManCo has already advised of similar results for this current fiscal year and has only reflected "TBD" for FY 2020/21. Given that this would mark the third fiscal year with unfavorable financial activity, ManCo's proposed 2020 Marketing Plan should detail how it is commercially reasonable to continue the status quo trend and not require a "turnaround" strategy.

## **DISCUSSION**

As fiduciaries under the Management Agreement to act in the Stadium Authority's best interest, ManCo has a duty through its marketing plan efforts to demonstrate how it proposes to restore financial viability for the Stadium Authority and a "turnaround" strategy for the past fiscal year's unfavorable booking practices with respect to business terms (e.g., large money-losing events).

No reasonable business/agency public or private would continue to expend multi-million dollar budgets to only yield \$18,000 in annual revenue without stopping to question its marketing strategies. Particularly, the Board and Manco should not allow for this trend to continue for three fiscal years without requiring a strategic discussion that results in a "turnaround" strategy that change this trajectory.

This section of the report discusses the merits of the proposed draft 2020 Marketing Plan by reviewing the Marketing Plan by: (1) Data Results, (2) Alignment to Management Agreement provisions, and (3) Other Key Information.

**Marketing Plan Data Results --** In absence of KPI data committed to by ManCo, Stadium Authority staff compiled several key charts that contain ManCo's performance with respect to managing/operating ticketed and non-ticketed Non-NFL events. The combination of these charts provides meaningful data for the Board to determine the merits of the draft 2020 Marketing Plan.

The Tables below illustrate how ManCo ended FY 2018/19 and their overall management of Non-NFL events based on their existing Marketing Plan strategies and practices. ManCo has been late with providing reports for Q1 and Q2, staff is also delayed with getting financial activity reports to the Stadium Authority Board for FY 2019/20. Given that FY 2020/21 is under review, it is important to note that ManCo has only submitted a "TBD" as projected revenue which provides some indication of their continued anticipated inadequate performance.

*(Note: As of writing this report, staff is scheduled to present this information on March 24, 2020; in lieu of current data, the following tables are provided that show how FY 2018/19 ended and likely how FY 2019/20 is trending.)*

**Table 1. Total Non-NFL Net Revenue, FYs 2014 - 2020**

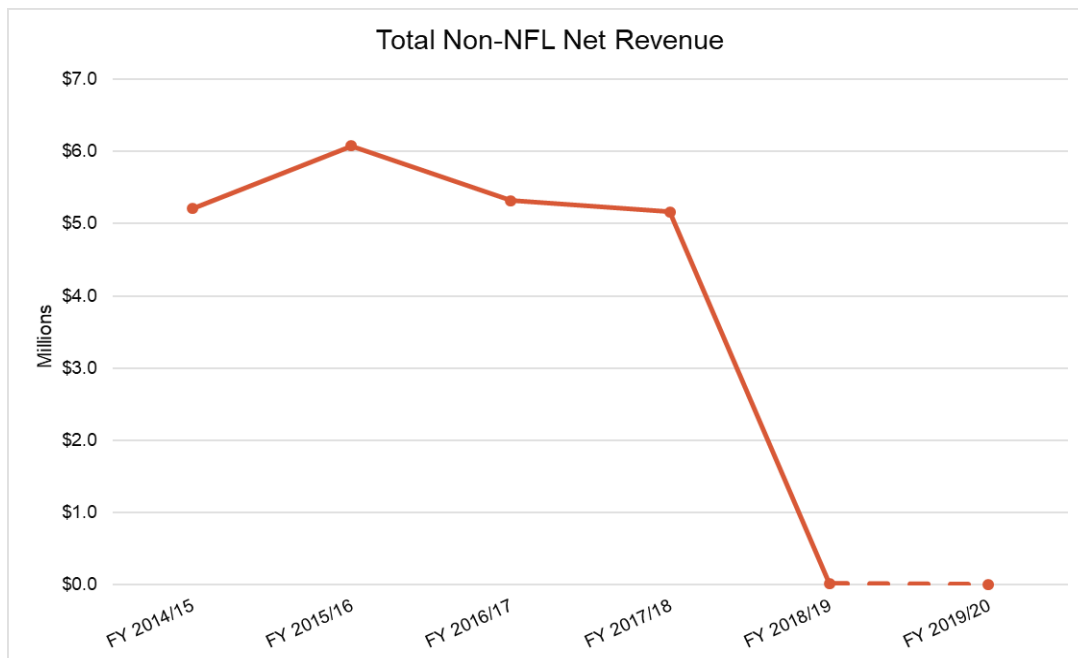


Table 2. Net General Fund Impact for Stadium Authority

## Net General Fund Impact

### For Stadium Authority Fiscal Year to Date Ending March 31, 2019

Ground Rent	\$	320,000
Performance Rent		-
Senior and Youth Fee		227,933
Tasman Lots Parking Fee		23,645
Sales Tax		619,224
<hr/>		
<b>Total Net General Fund Impact</b>	<b>\$</b>	<b>1,190,802</b>

Marketing Plan key considerations from Tables 1 and 2:

- Since FY 2015/16, total Non-NFL net revenue has declined year after year.
- Total Non-NFL net revenue dropped most significantly from FY 2017/18 to FY 2018/19, reflecting a \$5.1 million decrease.
- The decreased revenue is expected to continue, as stated by ManCo during the development of FY's 19/20 Budget.
- There is no net revenue proposed by ManCo for FY 2020/21.
- The draft 2020 Marketing Plan offers no new strategies to maximize revenue or reduce this financially unfavorable condition. In fact, there is no acknowledgement in the draft Marketing Plan of how poorly ManCo has been performing.
- With results of this nature, a Marketing Plan should include a "turnaround" strategy, especially when faced with the potential to experience this financial trend for three consecutive fiscal years.
- The sum of these data demonstrate that both the Stadium Authority and City of Santa Clara make no revenue from ManCo's booking and operations of Non-NFL events.

Further, for over many fiscal years, the Board has been trying to obtain detailed data on the financial performance of Non-NFL events. Staff has worked over the past two years to provide the Board with data and it is now able to report on event by event, which Table 3 shows for FY 2018/19:

**Table 3. Marketing Plan Results, FY 2018/19****2018/19 Ticketed Non-NFL Events Revenue and Expenditure Summary**

In Millions \$

<b>Ticketed Events</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Net</b>
Monster Jam	1.4	1.6	(0.2)
Taylor Swift Tour Day 1	5.1	6.9	(1.8)
Taylor Swift Tour Day 2	10.5	7.8	2.7
Stadium Links	0.1	0.0	0.0
Manchester United vs Earthquakes	1.6	1.9	(0.3)
ICC: Barcelona vs AC Milan	4.4	4.0	0.4
High School Football Series	0.1	0.1	0.0
Jay-Z/Beyonce	8.4	7.9	0.5
SJSU vs Army	0.2	0.4	(0.2)
Pac-12	1.3	4.0	(2.7)
Redbox Bowl	4.6	5.2	(0.6)
Mexico vs Paraguay	3.6	4.1	(0.5)
<b>Events to date</b>	<b>41.3</b>	<b>43.9</b>	<b>(2.6)</b>

## Marketing Plan key considerations from Table 3:

- 75% of Non-NFL ticketed events in FY 2018/19 are money-losers, nine of the twelve events lost money or made zero revenue for the Stadium Authority. Overwhelmingly, it is more likely than not that when the Stadium is activated for a ticketed Non-NFL event, it is at a cost to the Stadium Authority.
- ManCo's action to abruptly book a second day Taylor Swift concert was a bad financial decision for the Stadium Authority, costing \$1.8 million.
- ManCo's booking of Non-NFL football events is a bad financial decision for the Stadium Authority, costing \$3.5 million.
- ManCo's booking of soccer games, that were once profitable, have now begun to lose the Stadium Authority money, costing about \$800,000.
- FY 2019/20 Q1 and 2 results will be presented on March 24, 2020 and the Board will be presented with FY 2019/20 results, which ManCo has already reported would be similar.
- Unless new strategies are employed, the Stadium Authority cannot expect a change in the above results. While we have asked in the past, ManCo has not explained how these actions are commercially reasonable.

**Table 4. Levi's Stadium Net Revenue for Non-NFL Events by Event Type as of March 31, 2019**

EVENT TYPE	2014/15		2015/16		2016/17		2017/18		2018/19	
	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue
<b>Ticketed Events</b>										
Concerts	0	\$ -	7	\$ 3,791,985	4	\$ 2,424,572	2	\$ 1,819,099	3	\$ 1,438,848
Sporting events:										
Football (non-NFL)	5	(3,007,907)	4	(2,316,903)	4	(2,946,165)	4	(3,601,827)	4	(3,437,297)
Soccer	2	3,948,144	2	891,300	5	2,414,209	3	3,228,754	3	(267,981)
Miscellaneous events	2	2,504,912	4	(149,392)	5	(159,175)	4	76,379	2	(67,502)
<b>Subtotal Ticketed Events</b>	<b>9</b>	<b>\$ 3,445,149</b>	<b>17</b>	<b>\$ 2,216,989</b>	<b>18</b>	<b>\$ 1,733,441</b>	<b>13</b>	<b>\$ 1,522,405</b>	<b>12</b>	<b>\$ (2,333,932)</b>
<b>Special Events (weddings, corporate events, etc.)</b>	<b>186</b>	<b>\$ 1,762,404</b>	<b>204</b>	<b>\$ 3,862,027</b>	<b>127</b>	<b>\$ 3,583,453</b>	<b>113</b>	<b>\$ 3,640,924</b>	<b>100</b>	<b>\$ 2,352,523</b>
<b>Total Non-NFL Net Revenue</b>	<b>195</b>	<b>\$ 5,207,553</b>	<b>221</b>	<b>\$ 6,079,016</b>	<b>145</b>	<b>\$ 5,316,894</b>	<b>126</b>	<b>\$ 5,163,329</b>	<b>112</b>	<b>\$ 18,591</b>
<b>Total Performance Rent paid to the General Fund</b>		<b>\$ 2,513,777</b>		<b>\$ 2,932,008</b>		<b>\$ 2,533,447</b>		<b>\$ 2,439,164</b>		<b>\$ -</b>

#### Marketing Plan key considerations from Table 4:

- Year after year, Non-NFL football events have lost money for the Stadium Authority. In fact, Table 4 shows that these events have cost the Stadium Authority over \$15 million in its first five years. However, ManCo continues to book the same number of Non-NFL football events touting a sentiment that “it costs money to make money” or that without these events, it would be hard to book other events. However, considering that 75% of events are money-losers or that the Stadium Authority is nearing three fiscal years without revenue, that argument is unsupported by their own fiscal performance.
- Special events, non-ticketed Non-NFL events, generate revenue for the Stadium Authority; in fact, in most fiscal years, they generate more revenue than Ticketed events.
- Special Events (e.g. weddings, corporate events, etc.) have consistently generated revenue for the Stadium Authority, but these events have declined since FY 2015/16. Based on the financial reviews, there should be more investment in booking these events since they have a greater financial return than Ticketed Non-NFL events.
- The amount of total performance rent paid to the General Fund has also decreased year after year since FY 2015/16. There was zero performance rent paid to the General Fund in FY 2018/19 compared to \$2.4 million in FY 2017/18.

ManCo's draft 2020 Marketing Plan proposes to largely maintain a “business as usual” approach for operating Non-NFL events. There is mention of the recent addition of a LinkedIn site and a proposal to issue a quarterly newsletter. In light of the significant decline in financial performance, it appears that the proposed strategies do not match in magnitude the solutions expected of an agency holding full responsibility for booking events, maximizing operating revenues, or upholding its fiduciary responsibilities.

#### **Alignment to Management Agreement Provisions**

The Management Agreements provides various references that articulate the duties of marketing, booking, and, in general, operating Non-NFL events. This section highlights key provisions of the Management Agreement and Stadium Authority's staff as they relate to the draft 2020 Marketing Plan.

#### **Duty to Promptly Disclose --** ManCo has a duty to manage its marketing, booking and operations of



Non-NFL events and articulate them in its Marketing Plans. There are various sections that speak to how ManCo must maintain its responsibilities. For example, Section 2.6.20 of the Management Agreement requires that ManCo notify the Stadium Authority with respect to material variations from the budgeted line item revenues of expense projection as promptly as practicable after the Stadium Manager becomes aware. Specifically, Section 2.6.20 reads as follows:

**2.6.20 Notify** (i) StadCo, with respect to the Stadium Operations Budget, and (ii) the Stadium Authority with respect to the Annual Stadium Authority Budget, of any **expected material variations from budgeted line item revenues and/or expense projections as promptly as is practicable** after the Stadium Manager becomes aware of such likely variation from such budgeted amounts as set forth in any such Budget previously delivered to StadCo and/or the Stadium Authority;

While the Marketing Plan focuses on attracting and retaining Non-NFL business, this provision speaks to the actions that ManCo must take when there are material variations to the Board's adopted budget. In this case, for FY 2018/19, expenses increased by \$2.4 million compared to the prior year without any detailed report to the Stadium Authority, other than inaccurate reports through the media in January 2019 and emails as part of the budget development process that claimed revenues would be approximately \$750,000.

At the time that ManCo produced last year's Marketing Plan, it was well within the fourth quarter of that fiscal year where ManCo should have projected more accurate expenditures to promptly report to the Board and seek amendment to the 2019 Marketing Plan and Adopted Budget to mitigate and plan for these losses. ManCo did not take any action, nor formally advise the Board of increased expenditures. As part of the 2020 Marketing Plan review, ManCo should proactively disclose any financial matters that enable the Board to make sound decisions as required.

In fact, its draft 2020 Marketing Plan and related proposed budget at best can only disclose a "TBD" for its projected revenue. The Stadium Authority Board should expect more from ManCo on financial projections. Approval of draft 2020 Marketing Plan comes with the ongoing risk of ManCo continuing its past actions of non-disclosure and poor financial performance.

**Standard of Care** -- The requirement to utilize commercially reasonable business practices is outlined in the Management Agreement, Standard of Care (Section 2.9) which states:

**2.9 Standard of Care.** Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) **maintain the Stadium in the Required Condition and operate the Stadium as a quality** NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) **control Manager Operating Expenses**, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) **maximize Operating Revenues**.

The draft 2020 Marketing Plan does not reflect an urgency and effort on ManCo's part to meet the above three requirements. As a Board, it is reasonable to question how the Board can invest in the 2020 Marketing Plan when it doesn't generate any revenue from the requested investment. In other

words, who can argue that spending nearly \$12 million on Shared Stadium Expenses is a good business decision on the part of the Board to make less than \$19,000 in revenue or settle for a "TBD" for FY 2020/21.

During FY 2019/20, City staff discovered that ManCo was not maintaining the Stadium in the required condition. In fact, the combination of the below information should raise serious safety and operations concerns:

- **Failure to Maintain a Stadium Fire Alarm System** - ManCo was put on notice by the Fire Department to not only correct several fire code violations, but to obtain the annual system certification for the Fire Alarm System. ManCo knowingly allowed for the Stadium to operate for multiple months, during the NFL season where upwards of 60,000+ attendees convened for games, without a Certified Fire Alarm System that is commonly used to provide verbal instructions to attendees in the event of emergencies or of safety emergencies that require public safety response, etc. This was only corrected when the Fire Department began to engage in stricter enforcement: needless to say, the Board should expect that ManCo safely manages events where the public assembly facility, that draws 50-70,000 attendees, has the most basic safety measures in place. As this is now known to City staff, quick actions to cease this activity will be taken.
- **Failure to Control Manager Operating Expenses** - See "Duty to Promptly Disclose."
- **Failure to Maximize Operating Revenue** - See "Marketing Plan Data Results."

ManCo should at minimum reference the strategies to book safety public assemblies in its submittal and explain how these activities are commercially reasonable with meeting its Standard of Care duties.

**Booking Duties and Responsibilities** -- Another provision in the Management Agreement that needs to be evaluated when reviewing the 2020 Marketing Plan is the engagement requirements for the Stadium Manager (ManCo). Section 3 provides contextual information about how ManCo should perform its duties for marketing, promoting, and booking the Stadium. The section reads as follows:

**3.2 Marketing Plan; Contracting Authority.** The Stadium Manager, or a person or persons designated by the Stadium Manager or selected in accordance with Section 3.3.1 of the Existing Management Agreement, shall, following the Effective Date, and throughout the Term of the Management Agreement, prepare and provide the Stadium Authority with the Marketing Plan required by Section 4.10 of the Existing Management Agreement. In addition, subject to all limitations and exclusions contemplated by the Major Contracts, **on behalf of the Stadium Authority only (not StadCo), (a) the Stadium Manager shall use commercially reasonable efforts, consistent with the Marketing Plan, to market, promote, schedule and book Non-NFL Events and other activities at the Stadium** in accordance with the Scheduling Procedures; and (b) without limiting, and in addition to, the Stadium Manager's rights granted pursuant to Paragraphs 2 and 4 hereof and any separate contracting authority that may be granted to the Stadium Manager from time to time pursuant to Section 6.4 of the Existing Management Agreement, the Stadium Authority hereby agrees that the Stadium Manager shall have full authority and discretion (i) to determine which Non-NFL Events, including performances, telecasts, broadcasts or other transmissions in, from or to the Stadium, or any part thereof, shall be booked from time to time in accordance with the

Scheduling Procedures; (ii) to negotiate, execute and perform all contracts, use agreements, licenses and other agreements with the persons who desire to conduct such Non-NFL Events or who desire otherwise to use the Stadium or any part thereof; other than contracts, use agreements, licenses and other agreements that StadCo has the right to negotiate, execute and perform under the Stadium Lease.

Section 3 of the Management Agreement makes clear that ManCo is to exclusively engage in marketing, promotion and booking services with respect to Non-NFL Events and, in turn, the Stadium Authority will pay a fee for this service. Particularly, this section makes clear that ManCo's work is done **"on behalf of the Stadium Authority only (not StadCo), (a) the Stadium Manager shall use commercially reasonable efforts, consistent with the Marketing Plan, to market, promote, schedule and book Non-NFL Events and other activities at the Stadium."**

Stadium Authority staff has been stating for several years now, the contract terms that ManCo enters into could also result in significant losses to the Stadium Authority. ManCo's own Non-NFL documents have already surfaced valid concerns about their questionable business practices of not working exclusively for the Stadium Authority when booking Non-NFL events. For example, at the December 2019 Board meeting where the Redbox Bowl was discussed, several key issues surfaced that show ManCo's actions directly conflict with the Section 3 of the Management Agreement. In this instance, the Redbox Bowl revealed that ManCo's actions to negotiate contracts exclusively on behalf of the Stadium Authority resulted in more losses and potential self-dealing by President Al Guido. Particularly, the results of these actions resulted in less revenue and greater expenditures and, as the Stadium Authority would later find out, President Al Guido took action to execute contracts that directly financially benefited StadCo without any disclosure to the Stadium Authority.

The December Stadium Authority Board discussion revealed several terms that were committed to by ManCo, on the part of the Stadium Authority, lowered profitability, e.g., funding a minimum of 600 rooms for four-night stays at a downtown San Francisco, top-of-the-line hotel and providing the option to stay at a hotel near or in Santa Clara only the night before the event, complimentary gifts to each participant, three complimentary meals to each participant, courtesy vehicles, practice facilities, event week activities, etc.

That discussion also included a redacted contract where ManCo attorneys revealed to the Stadium Authority Counsel that those sections were financial commitments made to StadCo. Below is a year to year chart reflecting the financial activity surrounding this event which provides a valid basis of why both data and the quality of contract negotiations are important for the Marketing Plan to focus on. Table 5 confirms these financial trends.

**Table 5: Foster Farms - Redbox Bowl Financial Activity re Sponsorship and Partner Payments**

SCSA NON-NFL P&L Summary of College Football Bowl Games Foster Farms and Redbox Bowls						
	12/30/2014 Foster Farms Bowl	12/26/2015 Foster Farms Bowl	12/26/2016 Foster Farms Bowl	12/30/2017 Foster Farms Bowl	12/31/2018 RedBox Bowl	Totals
<b>Revenue</b>						
Seating Bowl Revenue	2,229,000	600,158	1,749,344	1,709,883	2,106,960	8,395,345
TM Fees	33,885	26,118	15,876	20,403	31,609	127,893
Suite Revenue	60,379	90,834	26,759	51,382	58,426	287,779
F & B Revenue	146,307	158,572	90,072	102,043	147,527	644,522
Parking Revenue	155,393	138,130	59,760	66,005	97,073	516,361
Rental / Guarantee	-	-	-	-	-	-
Sponsorship	-	-	1,332,125	496,600	499,800	2,328,525
Merchandise	-	1,096	21,378	16,551	11,402	50,427
Other Revenue	-	7,000	1,666,524	1,628,368	1,658,827	4,960,718
<b>Total Revenue</b>	<b>2,624,965</b>	<b>1,021,907</b>	<b>4,961,838</b>	<b>4,091,234</b>	<b>4,611,625</b>	<b>17,311,570</b>
<b>Expenses</b>						
Guest Service Representatives	60,541	78,979	57,361	30,513	59,024	286,419
Public Safety Cost	171,161	163,416	156,643	110,560	326,096	927,876
Security	142,201	131,060	113,802	58,266	104,234	549,562
Janitorial / Maintenance	88,483	107,097	98,391	81,527	10,164	385,661
Field Conversion / Replacement	15,280	10,619	4,413	3,387	840	34,538
Other Stadium Operations	30,693	27,303	23,814	35,155	92,023	208,987
Utilities	20,518	15,324	20,658	20,544	19,368	96,412
Other Gameday Staff	25,913	57,614	118,887	74,377	179,425	456,216
Transportation	25,958	25,573	(2,429)	26,895	21,238	97,236
Parking Operations	149,630	164,686	148,866	91,034	151,318	705,535
Parking - 3rd Party Lot Rentals	-	13,759	1,071	1,601	(6,653)	9,778
Credit Card Fees	1,236	9,795	5,633	3,616	710	20,990
Catering	59,940	9,281	86,213	36,039	87,388	278,862
Partner Payments & Guarantees	2,143,404	412,939	3,615,000	3,600,000	3,602,535	13,373,878
Ticket Sales Commissions	24,975	7,292	7,515	1,779	3,597	45,157
Marketing Expense	7,998	11,087	137,068	105,666	108,500	370,320
Bowl Committee Expenses	-	-	456,023	441,253	397,554	1,294,830
Partner Reimbursement	-	-	(65,026)	(77,658)	-	(142,684)
<b>Total Expenses</b>	<b>2,967,932</b>	<b>1,245,822</b>	<b>4,983,901</b>	<b>4,644,556</b>	<b>5,157,362</b>	<b>18,999,573</b>
<b>Net Profit/(Loss)</b>	<b>(342,967)</b>	<b>(223,915)</b>	<b>(22,063)</b>	<b>(553,322)</b>	<b>(545,737)</b>	<b>(1,688,003)</b>

ManCo has not explained why it is commercially reasonable to enter into contracts for Non-NFL events that result in deeper losses for the Stadium Authority. For example, Table 5 shows when 49ers President Al Guido changed the terms of the Levi's Stadium Venue Use Agreement for the Redbox Bowl in 2016, Stadium Authority financial losses nearly doubled [See: Net Profit/(Loss)]. ManCo also has not explained how it is legal, and consistent with the requirement to exclusively work for the Stadium Authority, when President Al Guido entered into a Title Sponsorship Agreement where revenue was diverted to StadCo and decreased revenue more than half [See: Table 5, Sponsorship].

It is unknown if this is the extent of these potential violations. However, it is known that separately, the City has received notices from ManCo's General Counsel divesting both Al Guido, President, and Jim Mercurio, General Manager, from individual financial engagements that each participated in while concurrently administering the duty to perform marketing, booking, contracting, advertising, etc. services for operating on behalf of the Stadium Authority.

Given these discoveries, and no booking guidelines or disclosures, the Board's consideration of the draft 2020 Marketing Plan does not provide assurances that ManCo will fulfill its duties to maximize revenue by pursuing more favorable financial terms for the Stadium Authority, not engage in self-dealing or violations of law, and work exclusively for the Stadium Authority when negotiated Non-NFL contracts and not StadCo.

**Disclosure and Reporting "Without Limitation"** -- The Stadium Authority staff has already notified ManCo several times of concerns with their full compliance with Section 3.3. from the Management Agreement. While ManCo has provided minimal, non-detailed, information about events occurring on a quarterly basis, Stadium Authority staff and the Board continue to learn about Non-NFL events through the media, e.g. Justin Bieber and BTS. Stadium Authority staff has also requested the executed contracts for these recent bookings, but ManCo has not provided them even though they are the Stadium Authority documents.

For reference, the Management Agreement provision allowing for disclosure, reporting and any other matters without limitation on ManCo's activities and implementation of the Marketing Plan is referenced below:

**3.3 Quarterly Status Meetings.** The Stadium Manager and the Executive Director shall, at the request of the Executive Director, at a mutually convenient time, meet and confer no less often than quarterly during the Term of the Management Agreement to **report on the status of the Stadium Manager's activities pursuant to Paragraph 3.2 above and the then approved Marketing Plan, including, without limitation, the status of Stadium Manager's marketing and promotional efforts, the status of any ongoing negotiations with respect to Non-NFL Events, financial performance and other matters relating to past Non-NFL Events, development of the Marketing Plan for the succeeding fiscal year**, and such other similar or other topics as the Stadium Authority may request. In addition, and without limiting the Stadium Manager's obligation to provide an Annual Statement of Stadium Operations pursuant to Section 4.2 of the Existing Management Agreement, **the Stadium Manager shall furnish the Executive Director, within 45 days of each Non-NFL event with attendance projected to exceed 25,000 and on a quarterly basis for all other events**, such written revenue or other reports relating to NonNFL Events as the Parties may agree from time to time.

Additionally, ManCo has been delayed on more than one occasion with providing the Stadium Authority staff with "45-day reports" on the outcomes of Non-NFL events. This makes it difficult to produce timely reports for the Board that contain accurate quarterly data and do not allow for the Stadium Authority to conduct its oversight timely. For example, last year ManCo was significantly delayed with providing Q4 data which Stadium Authority was eagerly awaiting to determine the financial losses that ManCo had disclosed through the media.

It is prudent for the Board to seek a response from ManCo to ask how the above activities are not only commercially reasonable and, more importantly, how some of these activities are legal. In fact, there is risk that the Board's approval of the draft 2020 Marketing Plan enables this continued activity when we now knowingly have examples of violations of this provision and law.

**Other Key Information** -- ManCo provided the draft 2020 Non-NFL Events Marketing Plan (2020 Marketing Plan) on February 14, 2020. The draft 2020 Marketing Plan reflects many of the same

issues that were highlighted in the March 19, 2019 Study Session Draft 2019 Marketing Plan. As already stated, while entering a third year of no revenue for the Stadium Authority and significant money losing events, any responsible business would be focused on new approaches to resolve or mitigate this fiscal trajectory.

The draft 2020 Marketing Plan appears to poorly plan for or gauge the seriousness of ManCo's poor financial performance, arising from their marketing, booking, and operations of Non-NFL events. For example, not once in the draft 2020 Marketing Plan are these serious business conditions addressed and connected to new strategies that advance change and improvement. In fact, the draft 2020 Marketing Plan raves about their activities and presents much of what prior year's Marketing Plan's proposed. For example, the draft 2020 Marketing Plan states:

"It was a busy year for Special Events at Levi's Stadium including the busiest December since 2015...Outside of event bookings, the Levi's Stadium Special Events Sales team was busy taking part in national conferences, attending local networking events, partnering with industry organizations to amplify the brand, hosting prospecting events at the stadium, and reaching out to prospects with updated sales collateral. In addition to sales efforts, the stadium experienced continued success with consistently high client survey scores in event booking, event planning and event execution categories." - page 3

"The Special Events team was able to double attendance from 2018 and capture many qualified leads and contacts from this year's event. The stadium has found that getting people in the door is the first step to selling events but leaving them with a lasting memory and personal takeaway, will create an experience they will never forget." - pages 6-7

"The Levi's Stadium's Major Event business since the stadium's inception has been a key driver in propelling the venue's reputation and popularity. This past season we proudly hosted the USWNT v South Africa on their sendoff tour, the Mexican National Team and Rolling Stones. Major Events also drive the Special Event business, enticing corporate and social clients to book events at Levi's Stadium based on its popularity and prominence in the sports and entertainment industry." - page 12

"After four years of attracting, contracting, and successfully executing several high-profile events and shows, we will continue to focus on innovation for both the fan's experience and the venue's brand." - page 13

"In conjunction of our existing relationships with teams, league, and industries, tremendous potential exists to bring in new events that could not only serve immediate financial and community benefits, but also create financial sustainability as reoccurring events." - page 13

"With four successful previous years of hosting events we can leverage past results and key event metrics, including attendance, average ticket prices (ATP), revenue per fan by event, number of new fans versus returning fans." - page 14

"We are confident that we have outlined a marketing plan and overall strategic approach that will continue to drive high-impact events and revenues for Levi's Stadium..." - page 16

ManCo references a high volume of activity, but does not mention the quality of that activity, e.g.,

whether it is value add relative to profitability. Indeed, we know more than likely that it is not profitable given ManCo's track record.

Additionally, as stated last year, the Naming Rights Agreement requires ManCo to hold at least 36 Non-NFL "Major Events" (with 25,000+) attendees every three contract years. As of this report, the current number of large events held at the Stadium during the current three-year period is 18. The draft 2020 Marketing Plan does not mention this requirement, nor does it include any strategy or plan to meet this requirement for the next three contract years.

These concerns, and the 2020 Marketing Plan's shortcomings, are especially important because the: sum of the above Tables reflect continued downward trend in financial performance (with no planned improvement by ManCo); non-compliance with Management Agreement provisions; and, sizeable investment in Non-NFL event activity by the Stadium Authority that yields no revenue for the Stadium Authority or City of Santa Clara, but poses continued risk to public safety, financial performance, and legal compliance.

Due to all the above, unless a dramatic financial "turnaround" strategy is presented or a valid explanation for how this continued performance is commercially reasonable, the Stadium Authority staff cannot recommend investment in or approval of the 2020 Marketing Plan.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

### **FISCAL IMPACT**

There is no cost to the Stadium Authority other than administrative staff time and expense. However, the effectiveness of the Marketing Plan to market and book Non-NFL Events at Levi's® Stadium has a direct impact on the amount of Stadium Authority revenue, and the amount paid to the City's General Fund. The Stadium Authority's significant loss in net revenue in FY 2018/19 only further demonstrates the need for an effective Marketing Plan.

### **COORDINATION**

This report has been coordinated with the Stadium Authority Counsel's Office.

### **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**

Stadium Authority Board Discussion and possible action on ManCo's draft 2020 Marketing Plan.

Prepared by: Christine Jung, Acting Assistant to the City Manager (Executive Director)

Approved by: Deanna J. Santana, Executive Director

**ATTACHMENTS**

1. Draft 2020 Non-NFL Events Marketing Plan





# **2020 Non-NFL Events Marketing Plan**

*January 30, 2020*

Table of Contents

Executive Summary ..... 2

Levi’s Stadium Special Events..... 3

    Looking Back ..... 3

        Business Updates .....9

    Looking Forward ..... 10

Levi’s Stadium Major Events ..... 12

    Looking Back ..... 12

    Looking Forward ..... 13

Conclusion..... 16

Appendix..... 17

## Executive Summary

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Levi's Stadium's non-NFL events business continues to bring new shows and events to Santa Clara, delivering significant economic impacts and exposure for our region. Additionally, the local hotels and businesses benefit from the large number of people who travel to Santa Clara from all over the state and country to attend these events. Levi's Stadium has grown a distinct reputation as a premier entertainment venue, resulting from the combination of consistently high client satisfaction ratings, a steady pipeline of high-impact events, and incorporating data-driven decision-making into contracting, planning, and executing events.

As Stadium Manager, the Forty Niners Stadium Management Company continues to adapt its business strategy to the changing sports and entertainment landscape, and will focus our efforts in 2020 on business development, continued guest satisfaction, and building the Levi's Stadium brand as a global entertainment venue. To achieve these objectives, our strategy and approach to guest communication and engagement requires us to adapt our traditional communication vehicles and content strategies, tailored to different demographics. Specifically, the Stadium Manager plans to engage new and returning clients and guests by:

- Sourcing new events and relationships through active involvement in local and national organizations
- Leveraging historical event data to market Levi's Stadium's comparative advantages to the most relevant industries and organizations
- Creating engaging and informational sales collateral to educate new clients and spark interest in the marketplace
- Utilizing a CRM platform to update the way we manage sales leads and measure ROI on sales initiatives and marketing campaigns

Through this deeper connection between Levi's Stadium events and its guests, the Stadium Manager will achieve the optimal outcome for the business, Stadium Authority revenue and community engagement.

### Levi's Stadium Event Definitions and Profiles:

The venue's non-NFL business is comprised of two over-arching event categories, Major Events and Special Events.

**Major Events** are stadium-wide, ticketed events open to the public. The Stadium has successfully executed a variety of different events that have brought greater fandom and economic impact to the local market. Spanning numerous leagues, sports, and attractions, Major Events have helped establish Levi's Stadium as an iconic venue. These high-profile events keep Levi's Stadium in the limelight, which is a significant factor in driving the Special Events category of the non-NFL event business.

**Special Events** are private, contracted, and usually non-ticketed and exclusive events, subject to the event's nature and the client's objectives. These events span a wide range, from weddings to corporate anniversaries, charitable fundraisers, and conferences, and make up the vast majority of the venue's event calendar (over 80% of all Stadium events). The Special Events sales pipeline is driven primarily by relationships formed with local companies as well as our reputation and established experience in hosting a variety of events. Therefore, we are not only focused on the immediate health and profitability of our business, but also the connections we create with clients and opportunities to innovate the venue's guest experience.

## Levi's Stadium Special Events

### Looking back:

In the 2019 calendar year, Levi's Stadium hosted a total of 35,000 corporate and social event guests. From 30 guests to 3,000 guests and from corporate meetings, tradeshow and conferences to proms, wedding receptions and even an engagement with party to follow. It was a busy year for Special Events at Levi's Stadium including the busiest December since 2015. In addition to hosting the Pac-12 Championship game, the Redbox Bowl and two NFL games, Levi's Stadium hosted 26 holiday parties. December is undoubtedly the busiest time of the year for special events at the stadium and the 49ers winning season added an extra layer of excitement for clients and guests as they enjoyed the sights and sounds of the stadium. Outside of event bookings, the Levi's Stadium Special Events Sales team was busy taking part in national conferences, attending local networking events, partnering with industry organizations to amplify the brand, hosting prospecting events at the stadium, and reaching out to prospects with updated sales collateral. In addition to sales efforts, the stadium experienced continued success with consistently high client survey scores in event booking, event planning and event execution categories.



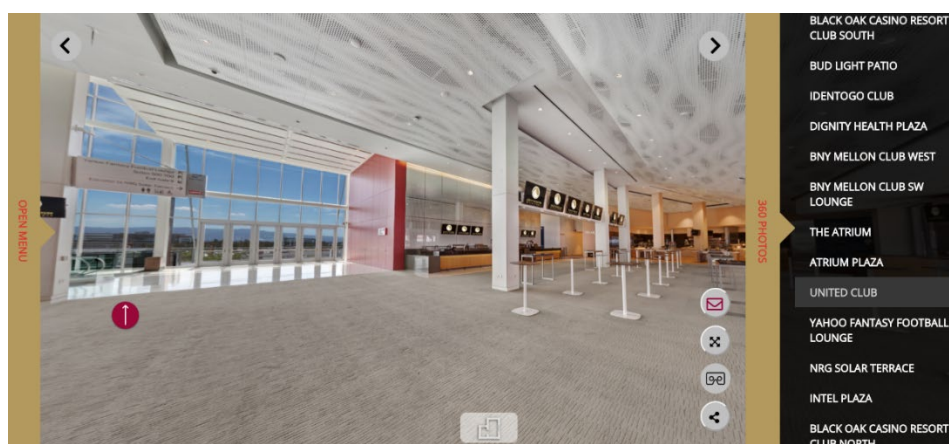
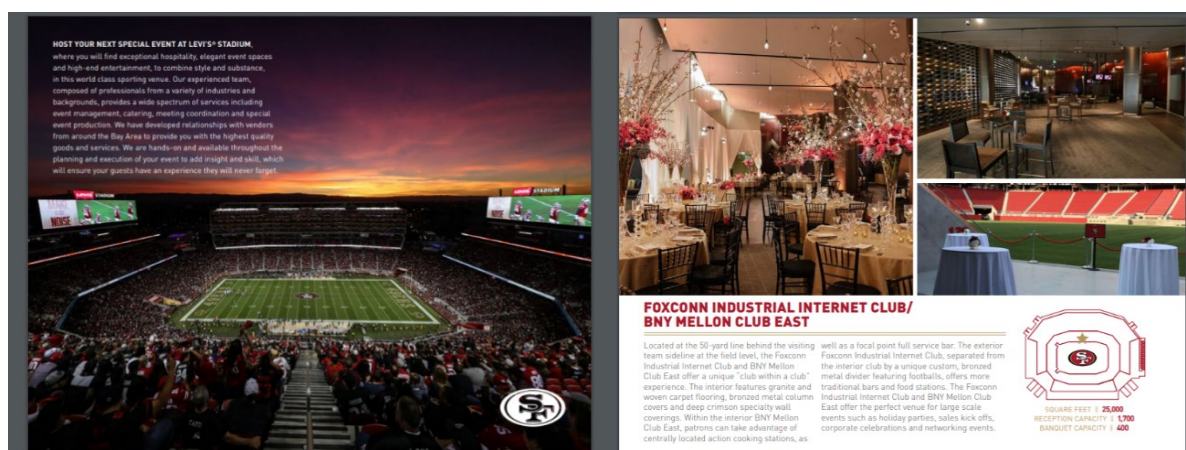
### 2019 Key Wins/Strengths

#### 1. Sales Collateral

A major component in selling the stadium to special event clients is being able to tell the story. When a person first thinks of an NFL stadium they think of the field, the bowl seats, and the concession stands. They don't typically see how a meeting or reception fits into those spaces and assume the stadium cannot fit their needs. What many people do not think about are the various premium club spaces and other rooms around the stadium that can transform into private event spaces. Levi's Stadium found this challenge to be an opportunity and created a sales kit that guides clients through each event space and provides photos and specifications to help clients understand what each space can offer. The sales kit is a valuable resource during the preliminary sales process, when clients are comparing venues and need a full concept of what an event at Levi's Stadium could look like. The sales kit is posted on the website for visitors who are just browsing for venues and it is also a useful tool to send as a digital link directly to clients we are prospecting with or who have inquired about event opportunities.

The sales kit is only the first step towards telling the story. In addition to the digital sales kit, Levi's Stadium also added high definition 360 degree photos of each event space along with adjacent spaces to provide an immersive tour experience for clients and prospects. Photos are helpful during preliminary conversations, but the 360 degree photos provide an opportunity for clients to step into the event spaces and "take a look around." These are especially valuable when clients are in another city, state or country. In-person site visits and walkthrough meetings are always preferred to work with clients in booking and planning their events, but it is not always possible given the number of national and international clients

we work with at Levi's Stadium.



## 2. Participation in local and national sales events to promote Levi's Stadium and continue to build a database of qualified prospects

In 2019, the Special Events Sales team was actively engaging with both local and national industry groups and events to continue to promote Levi's Stadium as a world class event venue. Although the stadium is a landmark in the Bay Area, the work is never done when it comes to educating corporate clients and event professionals about special event opportunities at Levi's Stadium. Tradeshows and networking events are extremely valuable in the sales process as most attendees are attending with a desire to book an event or obtain information for future event needs. This year, the Special Events Sales team engaged with 14 local events including San Francisco Business Journal (SFBJ) and Silicon Valley Business Journal (SVBJ) 40 Under 40 Awards, Admin Awards of San Francisco and Silicon Valley, Smart Meeting (San Francisco), All Things Meetings (Santa Clara), and the Meeting Planners International Northern California Chapter (MPINCC) Gala in San Francisco. By attending each of these events and participating as a sponsor or exhibitor, the sales team is able to connect directly with event professionals and also receive a list of attendees which becomes valuable for future outreach.







In addition to the local and regional industry events, the team attended three tradeshows which provided Levi's Stadium with a national platform to sell and promote special events. The team participated in Connect California, which is specifically geared towards qualified statewide buyers, connecting them with California suppliers like Levi's Stadium. Next the team traveled to Louisville, Kentucky for Connect Marketplace which is a national conference and tradeshow that provides one-on-one opportunities to meet directly with interested buyers. The team conducted 80 one-on-one meetings, engaged with hundreds of attendees as they visited the Levi's Stadium booth with four site visits booking directly out of the conference. Finally, the sales team participated in the annual International Meeting Executives (IMEX) Tradeshow where they joined together with Travel SF as a partner in their booth. The team booked 30 one-on-one meetings and co-hosted a networking happy hour event which brought in contacts from Destination Marketing Companies (DMCs) and major event production companies. IMEX is a highlight each year as it's one of the most well attended event tradeshows in the U.S. Many sports and entertainment venues participate with a goal to connect with national and international buyers and create lasting relationships that result in future bookings.



### 3. Developed creative sales campaigns & events to engage prospects

#### Campaigns:

In 2019 the Levis Stadium Special Events team focused on strategic marketing campaigns to expand visibility and create more opportunities to connect with qualified prospects. With the new sales collateral available, the team utilized the database of past clients and prospects to deliver the creative campaigns. The strategy behind the campaigns came from special event data collected over the past five years. The data collected includes categories such as, most common types of events booked at the stadium, the most common season for booking certain events, type of companies that typically book events at the stadium and the person most likely to book an event within the company.



The first campaign was geared towards proms & socials and went out in May, during prom season, on social media and via direct e-mail. Several proms were booked because of this campaign and it increased awareness among the high schools in the South Bay for future events. In June and October, the sales team delivered themed baskets to companies located within 5-10 miles of the stadium. The baskets were themed for a summer picnic in June and Oktoberfest in October. The goal of this campaign was to create an opportunity to meet with prospects in person and spark interest around hosting an event at the stadium. In August the team ran an e-mail campaign for last minute holiday party bookings. Although the December calendar typically books up in the first half of the year, there are usually dates and spaces available going into August, so it is a great time to reach out to companies to target short turnaround bookings. The final campaign of the year was direct marketing campaign via LinkedIn which targeted individuals who typically book events or are may be likely to book an event in the Bay Area. This campaign ran through the start of January 2020.

### Events:

Levi's Stadium Special Events hosted two prospecting events in 2019. The first event was the "Admin Wellness & Health Break", an event targeted to administrative professionals who are tasked with booking events for their companies. The event started with a detailed tour of the stadium event spaces and ended on the NRG Solar Terrace for a healthy snack and "office yoga," hosted by a yoga professional. The goal of this event was to bring Administrative Professionals to the stadium and educate them about the event spaces while also providing a moment to relax and recharge. Site visits and stadium tours are extremely valuable when selling a unique space. Often times it can be difficult to get a group of Administrative Professionals from various companies to the stadium at the same time, so adding elements like yoga, wellbeing etc. helps with attendance and provides a lasting impression.

In August the team hosted the second annual Levi's Stadium Special Events Summer Showcase. Similar to last year's event, it featured food and beverage prepared by Levy and event décor, entertainment and activities provided by Bay Area vendors. The goal of this event is to showcase the stadium in a new way each year, coming up with themes that are on-trend, creative food and beverage items and unique activations that will spark curiosity and excitement around the stadium. The Special Events team was able to double attendance from 2018 and capture many qualified leads and contacts from this year's event. The stadium has found that getting people in the door is the first step to selling events, but leaving

them with a lasting memory and a personal takeaway, will create an experience they will never forget. In an industry full of networking events and e-mail advertisements, going the extra mile to create one-of-a-kind sales opportunities and moments is key.



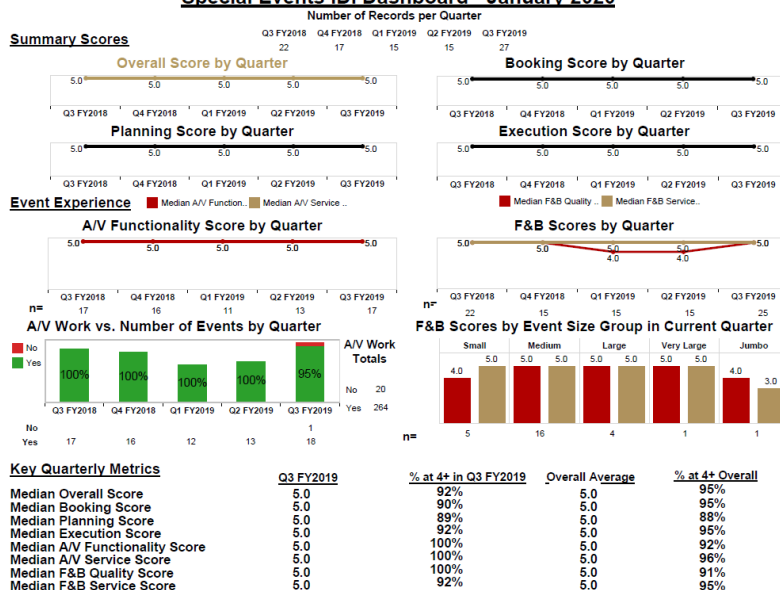
#### 4. Continued success with high client satisfaction ratings

Consistent with 2018, 2019 was another successful year for In-Depth-Interview (IDI) survey results. As much as the sale is important to book first time business, it's the customer service throughout the sales, service and successful execution of the event that is essential to repeat business and client loyalty. Levi's Stadium understands the importance of client retention and therefore puts an emphasis on providing clients with a "one stop shop" level of service. The special events planning team becomes the main point of contact for clients, providing an easy roadmap when navigating the stadium environment and all the elements and teams that go into supporting successful event execution.

This system reduces stress for clients which is clear through the IDI scores and client feedback received throughout the year. From booking, to planning to event execution and catering, all categories received an average of 4.6 or above. When asked if the clients would rebook an event at Levi's Stadium, 98% said they would re-book or were likely to re-book depending on budget, need for event spaces and geographic distribution of future events.



### Special Events IDI Dashboard - January 2020



**"I actually was able to enjoy the event knowing that everything was taken care of by Levi's staff." Corporate Client**

**"We have had this event every year for over 40 years. The entire Board commented that this year's event was the best so far. They are very happy with the venue, the event staff and the catering." Association Event**

**"Everyone I came across was friendly and extremely helpful I could not have imagined the planning of this event without the staff members." High School Social**

**"Levi's is my top choice for any event. They take care of everything while keeping in mind the budget. Superb service!" Corporate Client**

**"We were very impressed by the attentiveness and helpfulness of the Levi's staff. Every detail was covered and discussed. If any questions/issues came up, they were quick to resolve it. It really made event day stress free." Corporate Client**

### Learnings:

As covered in 2018's Marketing Plan, a major component to remaining relevant and exciting for buyers is the opportunity for new offerings. As the stadium continues to age, it becomes more and more important to look at it through a new lens each year. Whether it be updates to an existing space or creating completely new spaces and activations, repeat clients are always looking for something new to offer their attendees and drive excitement and attendance.

### **Adding to Inventory:**

In 2019, the green room off the south tunnel was upgraded to the South Club a beautiful premium space, adding new events space inventory for clients hosting events at Levi's Stadium. The unique location of the club, positioned behind the south end zone, provides a one-of-kind opportunity for clients to get a "behind the scenes" feel when visiting the stadium. Not to mention the modern design inside the club which adds to the "exclusive" vibe when hosting an event in that space. The sales team sold the first South Club event in the fall of 2019 and it was a huge success, providing the client with a perfect location for a VIP reception connected to a larger event in another space. The sales team looks forward to continuing to promote this new beautiful space and creating unforgettable experiences for clients and guests. Given the success of the South Club, the plan for 2020 is to create an additional premium club space in the northwest quadrant.

### **Turnkey Packages:**

Since opening in 2014, Levi's Stadium has hosted 33 proms and/or formals for Bay Area high schools. To further the engagement for these types of successful events, Levi's Stadium created turn-key prom packages that make the booking and planning process easier for high school students and their advisors. As staff has learned through years of experience, proms generally have fairly standard requirements and budgets are often limited. With the partnership of Levy, the team was able to create prom package levels to fit various budgets and needs. After creating the packages, the information was sent out via social media and direct e-mail communication, resulting in the booking of multiple proms.

### **Dynamic Pricing for Underutilized Spaces:**

Along with the data analyzed for proms/formals, the Special Events team was also able to look at underutilized spaces over the past year. Whether it is due to location, features of the space or price point, there are certain club spaces that book more often than others. When taking a look at the underutilized spaces it was discovered that both the price point and the location were two major factors that impacted the amount of bookings in those spaces. Since it was not possible to change the location of these spaces, the team decided to implement "dynamic pricing" to flex the rental rate and minimum spend with a goal to encourage more bookings. This adjustment created opportunities in spaces for smaller meetings and receptions to book as well as clients who put less of an emphasis on location within the stadium. Dynamic pricing has become a valuable resource when used with data from past events and understanding clients' priorities.

## **Business Updates:**

### **1. LinkedIn Page**

One of the ongoing initiatives of the Special Events department is brand awareness and exposure. LinkedIn has been a great platform for connecting with business professionals and sharing content in a forum where participants are looking for information. In 2019 the Special Events department started a business page on LinkedIn to help promote the brand, communicate business updates, sharing posts and connect with event professionals. The sales team manages the page weekly with a goal of gaining more followers through relevant and engaging posts as well as Levi's Stadium and 49ers updates. This is just one more platform to help boost the brand and keep Levi's Stadium top of mind for anyone searching for an event venue in the Bay Area.

### **2. Tracking in CRM**

Over the past year, the Special Events sales team has been successfully utilizing the CRM software by inputting and tracking leads and scheduling follow up communication. This software captures both inbound and outbound leads as well as any leads gained from corporate partnerships. Having all client data in a centralized CRM system helps with consistent client follow up and communication, tracking client history and

collecting data for sales campaigns.

CRM also acts as a resource for setting goals, allowing the sales team to measure output and results month over month. For example, there might be a goal to input a certain number of contacts in the system each month, or a goal of “X” amount of leads generated from outbound efforts.

This system is also a resource for the other departments involved in servicing the events. This process helps the larger stadium events team to understand where clients are in the process of booking and prepare for events months in advance.

### **3. Local Collaborations**

As the Special Events team continues to grow the business inside the stadium, it is also a priority to collaborate with local hospitality businesses outside the stadium to help draw more event business to Santa Clara. Throughout 2019, the sales team continued to work with the Santa Clara Convention Center, Great America and the local hotels to build a network of resources for clients looking to book events in Santa Clara. The goal of the Special Events team is to grow revenue through booked events inside the stadium, however, if the stadium is not able to accommodate an event, the next goal is to keep the business in Santa Clara. This would typically be the role of the Santa Clara CVB so until that role is filled, Levi’s Stadium continues to work closely with its neighbors to sell Santa Clara as an event destination.

In January of 2020, Levi’s Stadium partnered with the Santa Clara Convention Center, Great America and Santa Clara hotels to host a tradeshow booth at the California Society of Association Executives (CALSAE) in Sacramento. The goal of this partnership was to drive traffic to the booth to then create opportunities to educate attendees about what Santa Clara has to offer. Associations, corporate clients and Destination Management Companies are not only looking for a unique venue, they are looking for a complete city experience, from restaurants, to entertainment to hotels and more. As Santa Clara continues to grow, it will become more and more important to have strong relationships and partnerships between the local venues to provide the best value for clients and guests visiting the city.

## **Looking Forward:**

In 2020, the Levi’s Stadium Special Events team will focus on three key initiatives to help grow the business and drive revenue.

### **1. Increase New Business Leads & Bookings**

Levi’s Stadium is proud of the high percentage (52% in 2019) repeat business year over year as well as the diverse list of companies and organizations who have held events at the stadium. Repeat business is an important component to sustaining the special events business. It not only demonstrates the outstanding customer service and hospitality provided, but it also creates a foundation for future booking opportunities. As the stadium moves into its sixth year of operation, the sales team will not only focus on bringing back past clients, but also continuing to cultivate and capture new business. This goal will become a part of the sales team’s monthly tracking process, identifying which companies are “new business” versus “repeat business” as leads are generated and added to the system. The team will not only be measured on how many new clients are added to the system but also how many events are booked with those new clients. The special events sales process can be a lengthy one, sometimes lasting 9-12 months, so this will be a long-term tracking model.

In an effort to increase communication and touch points with new companies in the Bay Area and beyond, the Special Events team will be launching a quarterly newsletter. The newsletter will include updates about the stadium, new offerings and experiences, staff spotlights, event sales and planning tips, photos of featured events, and much more. The goal of this newsletter is to create engaging content that not only educates the reader but also inspires them to pick up the phone and call us or e-mail us.

In addition to the newsletter, the Special Events team will continue to provide content through social media, LinkedIn and run strategic e-mail campaigns.

## **2. Generate more opportunities to book large events**

Levi's Stadium has hosted private events of all sizes, from 20 guests to 20,000 guests. Although identifying events and inquiries for large events (over 5,000 guests) is less common, we continue to mine the opportunities in the Bay Area given the unique corporate landscape. Levi's Stadium is not only a unique venue perfect for small to medium groups but it also provides a valuable feature for large groups... square footage!

In 2020 the Special Events team plans to host focus groups that will be centered around third-party Event Planners/DMCs and Administrative Assistants, the two primary groups who book corporate events. The goal of these focus groups will be to understand the priorities of the companies and planners, as well as their decision making process while selecting an event venue. Although Levi's Stadium is now the only NFL stadium in the Bay Area, clients have many venue choices and there are many factors that impact the venue booking process. The Special Events team looks to learn more directly from clients regarding the stadium's strengths as well as its challenges in order to continue to grow with the industry and compete with new/updated venues.

## **3. Create Small Meetings & Reception Packages**

As we continually look for new sales avenues, creative offerings and ways to capture additional business, the sales team is working with internal stakeholders to create small meetings and reception packages. These packages will include standard room setups, menus designed for small groups, turnkey AV packages and other event enhancements. Large events vary in size and scope and lead times can be anywhere from 12-24 months in advance of the event date. Most of the event inquiries or sales requiring a short lead time (2-3 weeks) are for small meetings and receptions. The goal in creating these packages is to streamline the booking and contract process for clients by providing a turnkey event that can be executed within a short timeframe.

The packages will be created by using historical event data like event size, event location, duration of the event and the associated operational costs. The sales team will work closely with Levy and internal departments to build the packages, with a goal to reduce the workload and increase booking opportunities.

### **Section in-Review:**

**Increase New  
Business  
Leads &  
Bookings**

**Generate More  
Opportunities  
to Book Large  
Events**

**Create Small  
Meeting &  
Reception  
Packages**

# Levi's Stadium Major Events

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## Looking Back:

The Levi's Stadium's Major Events business since the stadium's inception has been a key driver in propelling the venue's reputation and popularity.

This past season we proudly hosted the USWNT v South Africa on their sendoff tour, the Mexican National Team and Rolling Stones. Major Events also drive the Special Event business, enticing corporate and social clients to book events at Levi's Stadium based on its popularity and prominence in the sports and entertainment industry. In 2019, we saw roughly 300,000 patrons come to Levi's Stadium for Major Events – many of these events also drawing national TV viewership.

These types of marquee events are also important to the thousands of SBL holders, who have committed more than \$500M to Levi's Stadium. Recent data shows that the quality and quantity of Major Events at Levi's Stadium is ranked as an important benefit for the SBL customers, and more than half of the SBL customers have purchased tickets to one or more Major Events. In a 2020 survey, 54% of the survey participants ranked Major Events as "Extremely or Very Important", with an additional 20+% ranking them as "Moderately Important".

To sustainably grow the business as well as develop a consistent event calendar for years to come, we cannot rest on prior achievements but must look ahead to how we can be innovative in the events we attract as well as the fan experience we provide. With that in mind, our Major Events business underwent three significant changes / updates over the last six months that will serve as initial groundwork to help grow this particular business:

### 1. Improved proposal process

The Stadium Manager has continually raised the quality of bids presented and has improved the contracted event agreements. Our goal is to optimize the proposal process to ensure we are competitive for attractive high-impact events and succeed in bringing new or established events to Levi's Stadium. Furthermore, by continually innovating our proposal process, we have effectively standardized roles and responsibilities within the greater bid process to better prepare ourselves on announcing, marketing, and delivering these events. We look forward to submitting several RFPs in 2020.

### 2. Cross-departmental involvement in the promotion and execution of an event

This past year, we created a Major Events Leadership team, led by Chief Revenue Officer, Brent Schoeb. The team covers all aspects of an event, with a particular emphasis on driving profitability and marketing for events. We have created more structure to incorporate internal Marketing and Design teams into the comprehensive event execution plan, which has not only helped overall exposure and caused attendance to rise but has also paid dividends on increasing demand and viewership for these events.

### 3. Proactivity on outreach

This past year, our team was focused on finding additional content to come to Levi's Stadium. Our team has met with organizations across all event sizes, from several large scale talent promoters to small ancillary festival events companies. We look forward to further cementing these relationships to drive events to Levi's Stadium.

As of January 2020, we currently have four major events slated for 2020, anchored by both BTS and Justin Bieber. Landing BTS was a major win for our building this year as BTS, the most popular band in the world, was very selective on their venues.

## Looking Forward:

After four years of attracting, contracting, and successfully executing several high-profile events and shows, we will continue to focus on innovation for both the fan's experience and the venue's brand.

### 1. Source new events and relationships

In conjunction with our existing relationships with teams, leagues, and industries, tremendous potential exists to bring in new events that could not only serve immediate financial and community benefits, but also create financial sustainability as recurring events. By working to break down and understand the event landscape relative to what our guests and community want, we can bring new events with less risk and greater potential to attract new, diverse groups.

We are looking into increasing the diversity of ticketed events to not only host large-scale concerts and sporting events, but also smaller and more intimate events as well. For example, one promoter has launched a non-traditional events business that encompasses smaller family/children events and book tours. We are one of the first football stadiums to have expressed strong interest in hosting these events and we believe that our strong relationship with the promoter may provide an opportunity to bring these events to Levi's Stadium in the future. We also have team members studying the feasibility and opportunity of other larger stadium events such as rugby, cricket, stadium golf, obstacle course racing, etc.

Furthermore, we will work to review the curfew policies with the City of Santa Clara and associated partners in order to align on an event calendar that is set up to host new, attractive events for the community. While there are several factors and aspects to the city curfew and associated policies, it will be critical to collaboratively develop a flexible event calendar that is attractive to the events and partners our collective community wants to bring to Santa Clara. The results of these efforts will be most clearly manifested in how many events are contracted and executed, along with lost or missed opportunities based on our policies and reputation in the entertainment industry.

Despite many restrictions and challenges in contracting, executing, and budgeting Major Events, our go-to-market strategy to actualize the three key initiatives above will help further the City of Santa Clara and venue's ability to keep new Major Events coming while working towards financial stability and consistent growth in event count and revenue.

Bid strategically and creatively: We are well-positioned with an established proposal framework, bid team, and drafting / execution process to bid on most stadium-relevant events that we believe will benefit the Stadium Authority and appeal to our community, increasing our opportunities to further develop our Major Events pipeline. While no proposals are the same, having the processes solidified with a framework to begin with and be executed by a trained department will help keep Levi's Stadium nimble in its non-NFL events business efforts and better adapt to new and / or immediate event opportunities. A new focus for the coming year will be reviewing and analyzing more opportunities to host different events, such as the Stadium Links event, that creatively leverage the Stadium and accommodating infrastructure. Expanding our event profile will not only help build out our event calendar, but also attract new audiences and guests to the venue.

Advertise and promote Major Events and NFL games and related activities: To help increase popularity, viewership, and demand for Major Events, the Stadium Manager expects to continue promoting Major Events at 49ers home games and related NFL activities. While this has been an effective strategy for past Major Events, such as Monster Jam and previous Coldplay concerts, the Stadium Manager will look to increase and prioritize promoting Major Events at NFL events, with the expectation of increasing a Major Event's demand while bringing new, diverse audiences to our non-NFL events. Furthermore, the Stadium Manager will increase efforts to capitalize on NFL activities as opportunities to promote



upcoming Major Events. These promotions at NFL Events, and on the exterior LED panels on Levi's Stadium, will need to be negotiated with the 49ers, and the costs of the promotions will be borne by the Major Events.

## 2. Leverage financial projections and ticketing data from past events to drive incremental revenue

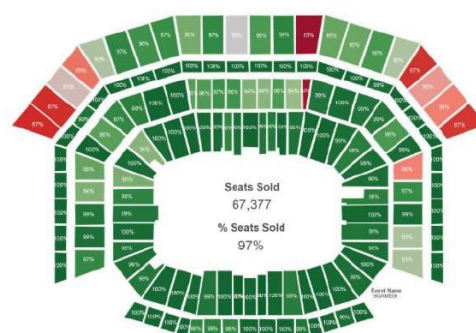
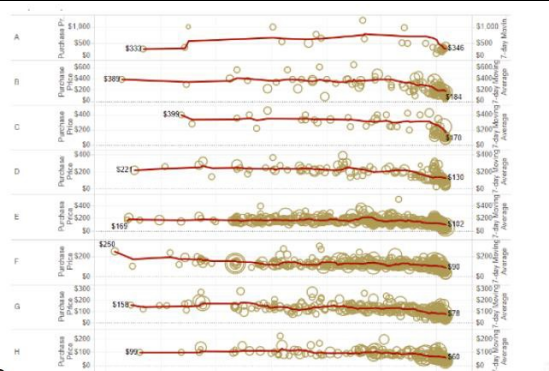
As the ticketing landscape and financial models behind sports and entertainment continue to change, we need to think of new ways to capitalize on high-demand products and events by tracking and monitoring the ticket marketplace with predictive analytics. With four successful previous years of hosting events we can leverage past results and key event metrics, including attendance, average ticket price (ATP), revenue per fan by event, number of new fans versus returning fans. Keeping our measurements tied to the revenue results of our events will provide the clearest indication of these effort's success and what elements of our strategy or initiatives need to be changed or improved moving forward.

Data-driven marketing campaigns: Similar to how we aim to apply the principles of A / B testing to determine optimum marketing strategies for Special Events, we will continue examining where fans go to learn about events, where they buy tickets, and what drives those actions in order to best market our events to fans and drive conversion. This concept is realized through a multitude of campaigns across email and social channels, especially Facebook. An iterative feedback loop will be instrumental in helping us continually improve our marketing strategy while learning what plans / campaigns work for different events, various target demographics, or other determining factors.

Dynamic Ticket Pricing: Applying dynamic ticket pricing as a common practice to all non-NFL events will help us better price ticketed events while allowing the venue to capture incremental revenue using predictive analytics of the secondary market. We have developed tools and dashboards similar to the following examples, which highlight secondary market activity and current sell-through rates for Stadium events.

**Ticket prices relative to secondary market**

**Levi's Stadium view by percentage seats sold**



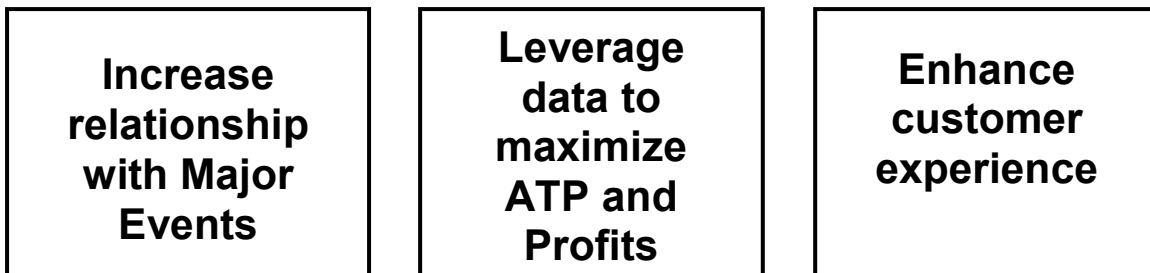
Group Packages and Experiences: To help drive demand and attendance for events that are not anticipated sell-outs, we have several methods to incentivize group ticket purchases, strategic use of complimentary tickets, and additional hospitality or premium packages to drive additional revenue. Specifically, Levi's Stadium events can leverage Loaded Tickets, a virtual payment method that allows fans to spend money by using their ticket at the game, in order to drive group sales and increased event day per cap. Additionally, Levi's Stadium seeks to leverage other elements of the Stadium Manager's business, especially fan-facing departments (i.e. Fan Engagement and 49ers EDU) to tap into viable group ticket sale targets.

### 3. Enhance Fan Experience at Major Events

We have issued thousands of surveys to our guests and gathered have a great understanding of our fans' highlights and pain points. Based off this feedback, we are planning to enhance our food and beverage experience. Our intent is to upgrade concessions and club areas by adding 100+ additional pieces of equipment for all of our concession stands, customized signage across all concessions stands, and upgraded technology to create a seamless experience for our guests.

In addition, we recently introduced the Executive Huddle, a real-time data center designed to help staff identify and resolve attendee issues during all major events at Levi's Stadium. This custom solution is the first-of-its kind, and helps us provide all attendees with a better experience across a myriad of stadium functions: parking, ingress, restrooms, concessions, retail, premium spaces, and guest services. The Executive Huddle is especially valuable during non-NFL events, when a higher percentage of attendees are new to the stadium. It can be daunting to navigate a new stadium, but with the Executive Huddle, we can better service first-time attendees and provide the level of experience one might expect of a seasoned veteran.

#### Section in-review:





## Conclusion

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We are confident that we have outlined a marketing plan and overall strategic approach that will continue to drive high-impact events and revenues for Levi's Stadium, but there are some additional risks and considerations we will need to address and work on with the SCSA Staff to ensure the Stadium Authority's success for years to come. Specific to costs, it will be important to continue working together with respect to changes / updates that may impact the venue. From a brand perspective, it will be important for all parties to collectively manage the venue's reputation, calendar availability, and event broadcasting as these three factors are significant in our efforts to bring high-impact events to the Stadium while attracting a wide variety of guests.

## Appendix

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### The Life Cycle of a Special Event

The life cycle of a special event begins with a lead and ideally will end with a lead. Whether it be a social gathering, association event or corporate meeting, groups are constantly planning events to help grow their business and build a stronger community within their industry. After a group determines what the event will be and how much they would like to spend, the next step is deciding on a venue. The objective of the Levi's Stadium Event Sales team is to be front and center when clients search for a venue whether it be online, through a referral or by attending events. Below is a brief description of our sales process from start to finish.

#### 1. Sales Leads - Inbound V. Outbound

- a. Source of Inbound Leads:
  - Website – Event Inquiry Form
  - Direct e-mail (listed on our website & marketing materials)
  - Phone call (listed on our website & marketing materials)
- b. Source of Outbound Leads:
  - Networking events
  - Cold calls (phone or in-person meeting)
  - E-mail (direct or e-blast)

#### 2. Initial Sales Call – Qualifying a lead

- a. Once a lead is generated, the sales representative will qualify the lead, discussing the client's budget and event specifications
  - If the lead does not fit the minimum requirements or the specifications are beyond what the stadium can accommodate, the sales representative will keep the lead on a list of prospective clients and include them in future e-mail campaigns and outreach. There is always a potential for these clients to come back to Levi's Stadium in the future.
  - If the client's budget and event specifications meet the stadium's requirements, then the lead is qualified as a "hot lead" meaning it's likely to go to contract.

#### 3. Proposal Phase – Sales calls & site visits

- a. After the lead has been qualified as a "hot lead," the sales representative will then continue conversations with the client, setting up additional calls as well as a stadium site visit. This is when the client has an opportunity to tour the event space and ask questions about logistics, layouts, space capabilities, food and beverage, AV, event add-ons and anything else they wish to discuss. The sales representative may also include an Event Manager, the Catering Sales Manager and the AV Manager on site visits if it benefits the client.
- b. Once the sales representative understands fully what the client is looking for and the event objectives, a proposal can be created which outlines the estimated event costs.
- c. This phase will likely include communication back and forth between the client and the sales representative, clarifying the costs in the proposal and making updates as needed.

#### 4. Contract Phase

- a. Once a proposal is agreed on, the sales representative will generate a standard event contract to include the estimated event costs and payment schedule as well as insurance requirements and other policies and procedures related to hosting an event at the stadium.
- b. Once the contract is signed by both parties and a deposit is paid by the client, the event is confirmed and can move on to the next phase, event planning.

**5. Event Planning Phase**

- a. After the contract has been fully executed, the Sales Representative introduces the client to their assigned Event Manager who will act as the main point of contact through the end of the event.
- b. The Event Manager is responsible for assisting in all event logistics, menu planning, AV requirements, event add-ons and 3<sup>rd</sup> party vendors as well as managing the client's budget and coordinating with internal departments. There are many roles involved in planning and executing private events, therefore the purpose of the stadium Event Manager is to streamline communication and reduce unnecessary stress on the client's side.

**6. Event Execution Phase**

- a. On the day of the event, the Event Manager works closely with the Event Operations Coordinator and internal department leads to ensure all event details have been properly communicated. From event install to a pre-event operations meeting to opening doors, there is always someone on site with the client making sure last minutes updates and adjustments can be accommodated.
- b. At the conclusion of the event, either the Event Manager or the Event Operations Coordinator remains onsite until all guests, client staff and vendors have exited the building.

**7. Post-Event Phase – Billing, Event Survey and Sales Outreach**

- a. In the days following the event, the Event Manager collects all final costs and sends the client a final invoice, typically within 48 hours. In addition to the final invoice, the client is sent a link to a post event survey. The survey covers every phase of the event, from sales to event planning to final billing. The goal of the survey is to give clients an opportunity to provide honest feedback immediately following the event, which is then reported and reviewed with internal departments.

**8. Final Phase - Sales Outreach**

- a. In an effort to keep the process truly cyclical, the Sales Representative will then reach out to the client to setup a call to discuss future event opportunities. Whether this call happens immediately following the event or weeks/months later, the Sales Representative will keep the client on a “past buyer” list and will check in with the client periodically. We never know when the next event opportunity will arise so frequent and consistent sales outreach is imperative.



## Agenda Report

20-45

Agenda Date: 3/5/2020

### REPORT TO STADIUM AUTHORITY BOARD

#### SUBJECT

Discussion of the Proposed Santa Clara Stadium Authority Fiscal Year 2020/21 Budget and Stadium Authority Budget, Compliance and Management Policies [Board Pillar: Ensure Compliance with Measure J and Manage Levi's Stadium]

#### BACKGROUND

The Stadium Management Agreement (Management Agreement) defines the Stadium Operation and Maintenance Plan (SOMP) as the plan designed to achieve a safe and well maintained Stadium, and shall include the standards for management and operation of the Stadium, including the required security, staffing, and other required elements of hosting Stadium Events. The Stadium Manager is responsible for preparing the SOMP, each of which shall be presented annually to the Santa Clara Stadium Authority (Stadium Authority), which has to include the:

1. Annual Shared Stadium Expense Budget,
2. Annual Public Safety Budget,
3. Capital Expenditure Plan, and
4. Marketing Plan.

Each year, the Stadium Authority staff prepares, in coordination with the Forty Niners Stadium Management Company (ManagementCo), the proposed Santa Clara Stadium Authority Operating, Debt Service, and Capital Budget for the Stadium Authority's twelve month fiscal year (April 1 through March 31) in accordance with Article 4 "*Records, Accounts, Budgets, and Reports*" of the Stadium Management Agreement (Management Agreement).

As part of a separate item on the March 5 Study Session, the Stadium Authority Board (Board) will also review and provide input on the draft 2020 Marketing Plan as prepared by ManagementCo.

Section 8 of the Stadium Operations Agreement between the Stadium Authority and Forty Niners SC Stadium Company LLC (StadCo) states that with the draft budget, the Stadium Manager shall deliver to the Stadium Authority and StadCo, for review and comment, any proposed updates or revisions to documents applicable to the traffic management, security and public safety at Stadium Events for such Lease Year (Public Safety Document Updates).

***Note: The Proposed Budget represents information available to the Stadium Authority as of February 28, 2020. Per Section 4.6 of the Management Agreement, ManagementCo is required to submit a budget 45 days prior to the start of the fiscal year. While budget submittals were conducted earlier in years past, this year, following a timeline in accordance with the Management Agreement, ManagementCo has limited the amount of additional information the Stadium Authority is able to provide for this budget. ManagementCo has not yet responded to staff questions as detailed in***

***Attachment 5. Any additional detail or information provided will be identified and incorporated into the budget for the scheduled adoption and public hearing on March 24, 2020 or verbally updated at the March 5, 2020 Study Session (if the responses are provided).***

## **DISCUSSION**

This report to the Stadium Authority transmits the Fiscal Year 2020/21 Stadium Authority Proposed Operating, Debt Service, and Capital Budget (Attachment 1) together with the Public Safety Budget as required per the SOMP and is prepared by ManagementCo (Attachment 2). The budget document contains several key sections including: the Executive Director's Transmittal Letter; Stadium Operating Budget which includes a breakdown of the Stadium Authority's General and Administrative costs, Shared Stadium Manager expenses including the total expenses and the Stadium Authority's share of those expenses; Debt Service budget; and the Capital Budget. In addition, staff has included glossaries of commonly used financial terms in this proposed budget to facilitate understanding the types of revenues, expenses, debt, and capital expenses.

In accordance with Sections 4.5 through 4.8 of the Management Agreement, ManagementCo submitted the operating, capital, and debt budget for the FY 2020/21 Stadium Authority Budget. Staff followed the budget development process outlined in the approved Stadium Authority Budget Policy (Attachment 3) in preparing the Proposed FY 2020/21 Stadium Authority Budget. The policy includes several proposed changes 1) dates to reflect that the submittal by ManagementCo is required at least 45 days prior to the start of the fiscal year and 2) clarification to establish the budgetary appropriation control for expenditures set at the fund level, consistent with City funds where expenditures are not allocated to a specific department. The Santa Clara City Council has established a policy priority that applies to the City's public services support of the Stadium Authority, which is to "Ensure Compliance with Measure J and Manage Levi's® Stadium". The Stadium Authority-approved a Compliance and Management Policy is reflected in Attachment 4 and remains unchanged.

The goal of the budget development process is to allow the Budget to be presented to the Board and the public at one Special Meeting/Study Session and one Public Hearing before its final consideration for approval. The following summarizes the timeline of the budget process:

- In November 2019, Stadium Authority staff met with ManagementCo to discuss the annual budget plan which included the dates that ManagementCo would provide all necessary documents as required by the Stadium Lease and Stadium Management Agreement. At that meeting, it was expressed that ManagementCo would follow the due dates outlined in the Stadium Agreements.
- At least 45 days prior to the start of the fiscal year (February 15), ManagementCo provided annual documents as outlined in the Stadium Agreements, which were used in the Budget Development Process:
  - Stadium Operations and Management Plan (*Source: Stadium Management Agreement*)
  - Annual Shared Expense Budget with Five Year Projection (*Source: Stadium Management Agreement*)
  - Annual Stadium Authority Operations Budget (*Source: Stadium Management Agreement*)
  - Annual Public Safety Budget (*Source: Stadium Management Agreement*)
  - Capital Expenditure Plan with Five Year Projection (*Source: Stadium Management Agreement*)

- Non-NFL Event Marketing Plan (*Source: Stadium Management Agreement*)
- Public Safety Document Updates (*Source: Stadium Operations Agreement*)
- February through early March 2020, Stadium Authority staff fully analyzed ManagementCo's budget submission including but not limited to the number of full-time equivalents (FTEs) recommended and related personnel costs as well as non-personnel costs and calculated the budget for Stadium Authority General and Administrative (G&A) costs (such as staff costs, consulting, audit, legal, and any reasonable and necessary expenses to uphold its support of the Board) as well as any necessary funding to be used for the Stadium Authority's Discretionary Fund. A summary of questions and additional details regarding the analysis of the submittal is included as Attachment 5.

The Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget is presented to the Stadium Authority Board under unusual circumstances. During FY 2019/20, the Stadium Authority issued several Notices of Breaches and Default to the Management Agreement that ultimately resulted in issuing a Notice of Termination of the Management Agreement. Until these matters are resolved, the Stadium Authority Budget must continue include repayment of debt, funding of some type of operating budget, and ongoing capital investment in the stadium asset. Submission of this year's Budget to the Stadium Authority Board for consideration, should not be viewed as an indication of a change in the Board's policy direction that the Management Agreement with ManagementCo be terminated.

The Proposed Budget is presented on an accrual basis which provides increased transparency for projected revenues and expenses, with added detail about financial transfers. The total Stadium Authority Operating Budget for FY 2020/21 is \$66.7 million and represents a decrease of \$6.9 million, or 9%, compared to the prior fiscal year. It should be noted that these figures assume net Non-NFL Event Revenue which does not consider gross revenues and expenditures from these activities.

A summary of key changes and assumptions for the Proposed Operating Budget include:

- Proposed Capital Expenditures totaling \$13 million including general building, security, furnishings and equipment, and public safety investments.
- Adjustments to the General and Administrative Budget funding 6.8 full-time equivalent positions totaling \$2.1 million. We believe this to be a baseline level of support necessary for Stadium Authority operations.
- Two new positions in the Finance Department (1.0 Management Analyst and the conversion of a part-time Accounting Technician to full-time) totaling \$280,000.
- Funding for a new Financial Management/Accounting System (\$270,000 and subject to subsequent court rulings on cost allocation) in an effort to provide greater transparency on Non-NFL Event and Shared Expense costs.
- Net Non-NFL Events revenue of \$0 for the current and proposed fiscal years. No additional information has been provided regarding the types and number of events assumed that would change the fiscal trajectory of last fiscal year and the current fiscal year. The Stadium Authority will continue to produce no performance rent revenue to the City.
- Total estimated Debt Service payments of \$42.3 million including debt related to the CFD (\$4 million) and Subordinate Loan (\$12.7 million) and Term A Loan (\$25.6 million).

Key highlights for the Stadium Authority's 2020/21 budget are as follows:

### Operating Budget

#### Revenues

- FY 2020/21 total projected revenues of \$66.7 million includes \$24.8 million in facility rent, \$24.2 million in Stadium Builder License (SBL) revenue, \$8.7 million in NFL ticket surcharge, \$7.0 million in Naming Rights revenue, \$0.6 million in Non-NFL ticket surcharge, and \$1.4 million in miscellaneous other revenues.
- Projections for Net Non-NFL Event Revenue in FY 2019/20 that were submitted by ManagementCo assumed the same level of Net Non-NFL Event Revenue as that was received in FY 2018/19. The Stadium Authority received "TBD" from ManagementCo instead of actual projections for Net Non-NFL Event Revenue in FY 2020/21.

#### Expenses

- The proposed Operating Budget equals \$66.7 million and includes the Stadium Authority's share of expenses covered under the Management Agreement in the amount of \$12.1 million along with monies sufficient to fulfill the Stadium Authority's administrative oversight of the Stadium in the amount of \$4.8 million (of which \$2.1 million is for staff support and Board stipends), SBL sales and services of \$3.6 million, utilities of \$1.6 million, other expenses recommended by the ManagementCo of \$1.4 million, ground rent of \$390,000, and Senior/Youth fees of \$230,000. It also includes transfers out of \$41.8 million as detailed below.
- Total transfers out of \$41.8 million include a \$3.6 million transfer to the Capital Fund for future Stadium capital improvements and \$38.2 million to the Debt Service Fund.

### Debt Service Budget

- The proposed 2020/21 Debt Service Budget of \$42.3 million (principal of \$27.3 million and interest of \$15.0 million) is based on the required debt service payments and anticipated excess revenue that will be used to prepay debt. Total outstanding debt is projected to decrease by \$27.3 million from \$308.3 million to \$281.0 million.

### Capital Expense Budget

- The FY 2020/21 Capital Expense Budget totals \$13.0 million. Of this total, \$8.0 million of prior year appropriations are carried over into FY 2020/21. New capital improvement appropriations equal \$5.0 million.

### Reserves

- Total reserves are expected to be \$34.2 million at the end of FY 2020/21. This is composed of an operating reserve of \$11.9 million, a discretionary fund balance of \$2.4 million, a debt service reserve of \$11.5 million and a capital expenditure reserve of \$8.4 million.

### **FISCAL IMPACT**

The proposed 2020/21 Budget includes \$66.7 million for operating costs (includes transfers out to Debt Service and Capital Funds), \$42.3 million for debt service, \$13.0 million for capital (includes a \$8.0 million carryforward from the prior year) and \$34.2 million in total reserves.

**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.

**COORDINATION**

This report has been coordinated with the City Attorney’s Office.

**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) or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Review and provide input, or possible Board action, on the Santa Clara Stadium Authority Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget and Stadium Authority Budget, Compliance and Management Policies.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

**ATTACHMENTS**

1. Santa Clara Stadium Authority Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget
2. Annual Public Safety Budget
3. Revised Stadium Authority Budget Policy
4. Stadium Authority Compliance and Management Policy
5. Stadium Authority Budget Submittal Questions



# Santa Clara Stadium Authority

## **PROPOSED FISCAL YEAR 2020/21 OPERATING, DEBT SERVICE AND CAPITAL BUDGET**



**O**n June 8, 2010 the residents of Santa Clara voted to adopt Measure J, the Santa Clara Stadium Taxpayer Protection and Economic Progress Act, resulting in the approval to construct a new stadium to be leased by the San Francisco 49ers. Measure J called for the creation of the Santa Clara Stadium Authority (Stadium Authority) to own, develop, construct, operate, and maintain the Stadium. The Stadium Authority exists as a public body, separate and distinct from the City. The Stadium Authority is structured so that the City is not liable for the debts or obligations of the Stadium Authority.

This budget and additional financial information on the Stadium Authority can be found at: “[santaclaraca.gov/our-city/santa-clara-stadium-authority](https://www.santaclaraca.gov/our-city/santa-clara-stadium-authority)”.

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Redbox Bowl  
December 2019



Monster Jam  
April 2019



# Santa Clara Stadium Authority

## Table of Contents

Executive Director's Transmittal Letter .....	4
General Information.....	16
NFL Event Highlights - Year in Review .....	17
Non-NFL Event Highlights - Year in Review.....	18
Stadium Authority Operating Budget .....	20
Stadium Authority Operating Budget Glossary .....	26
Stadium Manager Shared Expenses.....	31
Stadium Manager Shared Expenses Glossary .....	33
Stadium Debt Service Budget .....	35
Stadium Debt Service Budget Glossary.....	37
Stadium Authority Capital Expense Budget.....	38
Stadium Authority Capital Expense 5-Year Forecast.....	48
Stadium Authority Work Plan .....	49



March 5, 2020

Honorable Board Chair and Directors  
SANTA CLARA STADIUM AUTHORITY

**Subject: Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget**

Members of the Board,

As required in the Santa Clara Stadium Authority ("Stadium Authority") Management Agreement, Section 4.6: Annual Operating Budget, I transmit the Proposed Fiscal Year (FY) 2020/21 Operating, Debt Service, and Capital Budget for the Stadium Authority. This budget provides the necessary funding to administer the duties of the Stadium Authority, including:

- Funding for operating the Stadium for Non-NFL events through the Forty-Niners Stadium Management Company ("ManagementCo");
- Advancement of the FY 2020/21 Work Plan;
- Payment of debt service obligations; and,
- Maintenance of a five-year capital plan.

The Stadium Authority Board ("Board") provides overall governance and oversight of this operational structure, with the use of Stadium Authority staff to support the Board's efforts. Amongst other due diligence requirements to support these duties, the Board is also responsible for: setting policy; debt and fiscal management; ensuring implementation required to uphold core duties related to operations and capital projects; and oversight or due diligence efforts as necessary. While meeting the Stadium Authority's requirements, this budget continues to advance strategic initiatives necessary to ensure that the Board is responsive to various stakeholders and constituencies participating in advancing Levi's® Stadium's purpose (e.g., residents, businesses, national and regional clients, and various other interested parties).

**CONTEXT FOR PROPOSED BUDGET**

The Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget is presented to the Stadium Authority Board under unusual circumstances. For example, during FY 2019/20, the Stadium Authority issued to ManagementCo several Notices of Breaches and Default of the Management

**HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY**

**Subject:** Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget

March 5, 2020

Agreement that ultimately resulted in issuing a Notice of Termination of the Management Agreement. In recognition of the fact that until these matters are resolved, the Stadium Authority budget must include repayment of debt, funding of some type for an operating budget, and capital investment in the stadium asset. Submission of this year's budget to the Stadium Authority Board for consideration is not intended as an indication of a change in its position that the Management Agreement with ManagementCo must be terminated.

The Stadium Authority, a public entity, owns Levi's® Stadium and contracts with ManagementCo for promotion of Non-NFL events and facility operations and maintenance. This operational structure is implemented by using a variety of ManagementCo staff, vendors, and public service employees through reimbursement procedures as outlined in the Management Agreement. Through the Management Agreement, ManagementCo is held to a Standard of Care as outlined in Section 2.9 of the Management Agreement, which states:

2.9 Standard of Care. Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition and operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) maximize Operating Revenues.

This Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget is presented to the Stadium Authority Board within the context of a management company that has not exercised the required standard of care or exercised commercially reasonable good faith efforts in managing and operating the Stadium. For example, notably, ManagementCo allowed the Stadium to go for months, during essentially the NFL season, without a state required Fire Alarm Certification, which serves as not only the fire alarm system but as the system that allows for public safety officials to issue verbal commands for the tens of thousands of attendees during events. ManagementCo allowed this condition to continue while incurring daily fee penalties and did not remedy the condition until the Fire Department escalated enforcement. Additionally, ManagementCo allowed expenditures to grossly increase in FY 2018/19, by over \$2.5 million, but did not disclose the details and actual amount of increased expenditures until halfway through FY 2019/20. Last, despite having an operations budget of \$136.8 million to achieve the Authority's mission, ManagementCo was only able to generate about \$18,000 of Net Non-NFL revenue for FY 2018/19, as reported to the Stadium Authority in December 2019. ManagementCo has not provided FY 2019/20 projected Net Non-NFL revenue at the time of this report, therefore, Stadium Authority is assuming no FY 2019/20 Net Non-NFL revenue. ManagementCo has not demonstrated compliance with the Standard of Care provision along with other requirements, state and local laws, and policies.

Fiscal Year 2020/21 will mark the seventh year of stadium management by the Forty Niners. Through a sole source/no-bid procurement, ManagementCo was brought on touting strong public assembly/facility market experience in the management of a stadium and Non-NFL Event marketing



**HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY**

**Subject:** Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget

March 5, 2020

to maintain our world-class facility and maximize revenues to the City. Through the Stadium Authority's oversight, expanded public transparency and reporting, and efforts to ensure compliance with Agreements in place, unprecedented discoveries were revealed regarding the management of our public stadium asset. Through the close out of the prior fiscal year, it was determined that the continued booking of less events overall and, particularly, significant money losing events, combined with dramatic escalating operational costs, resulted in no performance rent generated for the City.

The Board calls for a new third-party management to take over operations and management of Levi's Stadium for both the NFL and non-NFL season. The Forty Niners filed a lawsuit to dispute the termination; the termination date remains subject to litigation and remains uncertain. As a result, the Forty Niners will continue to operate the stadium until these issues are resolved in court. In addition, the Stadium Authority's work with the Forty Niners on the budget and fiscal processes do not constitute a waiver or release of the termination notice, or any Stadium Authority rights and claims.

**PROPOSED BUDGET IN BRIEF**

The Proposed Budget is presented on an accrual basis which provides increased transparency for projected revenues and expenses, with added detail about financial transfers. The total Stadium Authority Operating Budget for FY 2020/21 is \$66.7 million and represents a decrease of \$6.9 million, or 9%, compared to the prior fiscal year. It should be noted that these figures assume net Non-NFL Event Revenue which does not consider gross revenues and expenditures from these activities.

A summary of key changes and assumptions for the Proposed Operating Budget include:

- Proposed Capital Expenditures totaling \$13 million including general building, security, furnishings and equipment, and public safety investments.
- Adjustments to the General and Administrative Budget funding 6.8 full-time equivalent positions totaling \$2.1 million. We believe this to be a baseline level of support necessary for Stadium Authority operations.
- Two new positions in the Finance Department (1.0 Management Analyst and the conversion of a part-time Accounting Technician to full-time) totaling \$280,000.
- Funding for a new Financial Management/Accounting System (\$270,000 and subject to subsequent court rulings on cost allocation) in an effort to provide greater transparency to Non-NFL Event and Shared Expense costs.
- Net Non-NFL Events revenue of \$0 for the current and proposed fiscal years. No additional information has been provided regarding the types and number of events assumed that would change the fiscal trajectory of last fiscal year and the current fiscal year. The Stadium Authority will continue to produce no performance rent revenue to the City.
- Total estimated Debt Service payments of \$42.3 million including debt related to the CFD (\$4 million) and Subordinate Loan (\$12.7 million) and Term A Loan (\$25.6 million).



## **HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY**

**Subject:** Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget

March 5, 2020

### **METHODOLOGY**

Information provided in this report was based in part on documentation submitted by ManagementCo on February 14, 2020. Per Section 4.6 of the Management Agreement, ManagementCo is required to submit a budget 45 days prior to the start of the fiscal year. While budget submittals were conducted earlier in years past, this year, following a timeline in accordance with the Management Agreement, ManagementCo has limited the amount of additional information the Stadium Authority is able to provide for this budget. Additional detail and explanations pertaining to requests submitted by ManagementCo are pending response from Stadium Authority staff inquiries. Any additional detail or information provided will be identified and incorporated into the budget for the scheduled adoption and public hearing on March 24, 2020 or verbally updated at the March 5, 2020 Study Session (if the responses are provided).

### **KEY ISSUES IN THE PROPOSED BUDGET**

There are several key issues to surface as part of the discussion for the Proposed FY 2020/21 Operating, Debt Service, and Capital Budget: Stadium Authority Financial Management System, Naming Rights Agreement, Performance Rent, General and Administrative Expenses, Debt Service Payments, Capital Expense Budget, and Marketing Plan.

**Termination of Stadium Management Agreement** – On February 11, 2020, the Board authorized the termination of the stadium management agreement with the Forty Niners Stadium Management Company LLC (Forty Niners) in its entirety. The Board's authorization to terminate the agreement is based on (1) Stadium Manager's fraud, intentional misrepresentation, and material omissions of facts in connection with the Management Agreement; (2) Stadium Manager's misappropriations and self-dealing; and (3) Stadium Manager's willful misconduct that resulted in two Events of Defaults, which Stadium Manager failed to cure. The Stadium Authority's work with the Forty Niners on the budget and fiscal processes do not constitute a waiver or release of the termination notice, or any Stadium Authority rights and claims.

It is important to note that since this was a sole source/no bid contract award, whether the costs incurred over time are commercially reasonable is unknown. In other words, the shared expenses have never been validated against the market rate to determine whether the Stadium Authority is getting the best value for the Management Agreement costs that it pays to ManagementCo for its services and its results.

**Performance Rent and Continued Decline in General Fund Revenue** - As stated previously, Net Non-NFL Event Revenue directly impacts the amount of Performance Rent that is an expense to the Stadium Authority and paid to the City of Santa Clara. Performance Rent is calculated using 50% of the Net Non-NFL Event Revenue minus performance-based credits (see Page 28 for more detail on Performance Rent). The Stadium Authority received "TBD" from ManagementCo instead of actual projections for Net Non-NFL Event Revenue in FY 2019/20 and has not received a budget for FY 2020/21 and, therefore, the table below assumes no net revenue.

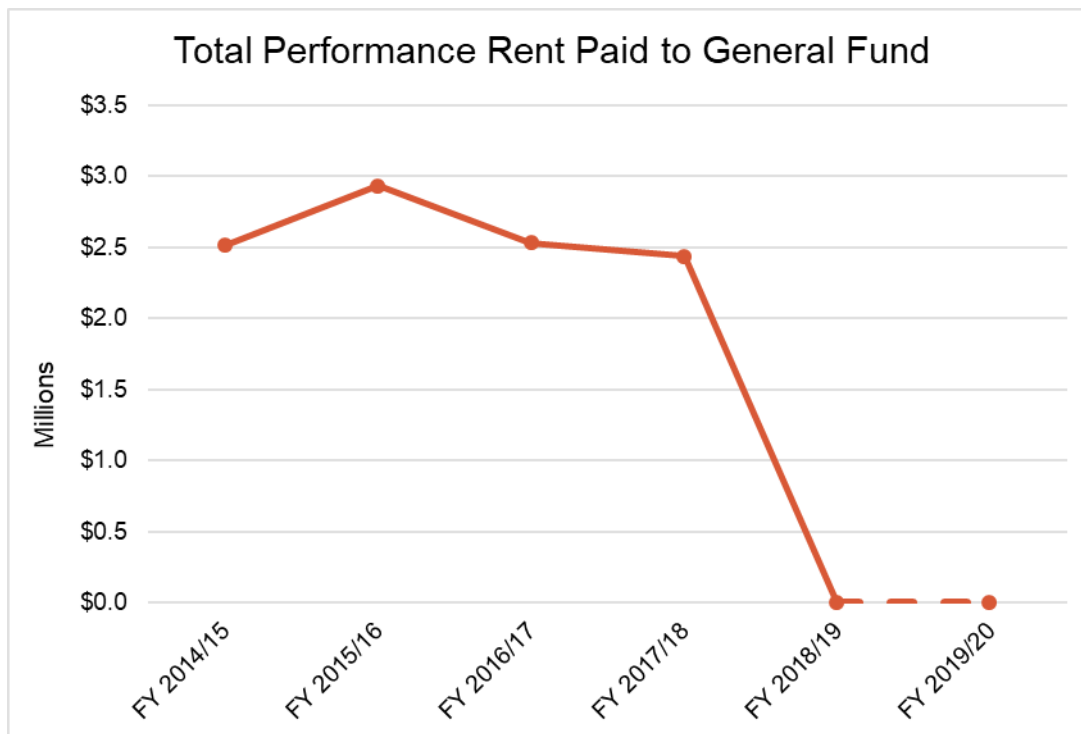


**HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY****Subject:** Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget

March 5, 2020

<b>Performance Rent Calculation</b>	<b>Fiscal Year 2019/20 Projection</b>	<b>Fiscal Year 2020/21 Budget</b>
Ground Rent	\$ 355,000.00	\$ 390,000.00
Net Non-NFL Event Revenue	\$ 0	\$ 0
50% of Net Non-NFL Event Revenue	\$ 0	\$ 0
Performance Rent Credit (50% of Ground Rent)	\$ (177,500.00)	\$ (195,000.00)
Total Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

The two years shown in the table above project that no revenue will be paid to the City of Santa Clara for performance rent. If these projections materialize, that will represent three straight years of no performance rent revenue paid to the City from our Stadium Manager who oversees over \$100 million in non-NFL activity annually. For reference, the chart below shows the performance rent revenue generated by the Stadium Authority in past years:



**Naming Rights Agreement between Santa Clara Stadium Authority and Levi Strauss & Co. ("Naming Rights Agreement")** - It is important to note, that the Naming Rights agreement with Levi's® requires the Stadium Authority to hold at least 36 "Major Events" (with 25,000+ attendees) every three contract years. As of this report, the current number of Major Events held at Levi's® Stadium was eighteen (18) through the current three-year period. Based on these numbers, Levi's® is expected to receive a credit totaling \$313,000 (\$15,000 multiplied by the difference between 36





**HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY**

**Subject:** Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget

March 5, 2020

and the actual number of events held during the three-year period then multiplied by an Annual Proportionate Increase). The Second Amendment to the Stadium Management Agreement states that ManagementCo would pay the Stadium Authority as liquidated damages the amount owed by the Stadium Authority to Levi's®. We are requesting clarification from ManagementCo that the budget presented includes the payment that would be required under the agreement.

Naming Rights Agreement Three-Year Periods	Number of Major Events
March 1, 2014 to February 28, 2017	39
March 1, 2017 to February 29, 2020	18*

\* Through February 2020

**Stadium Authority Financial/Accounting Management System** – The Management Agreement establishes several requirements for the accounting of Stadium Authority financial activity, such as:

- Pre-Opening Obligations (Management Agreement 2.4):
  - 2.4.7 **Establish charts of accounts and accounting policies**, procedures and systems, including policies, procedures and systems for payroll processing, accounts payable, accounts receivable, depository accounts, box office and reporting functions;
  - 2.4.8 Design, establish and **maintain effective internal accounting controls with respect to compliance with Applicable Laws**, this Agreement and contracts pertaining to the Stadium, in such a manner as to **minimize the risk of noncompliance and to provide for the detection of any noncompliance within a timely period** by the Stadium Manager's employees in the normal course of performing their assigned functions;
- The Stadium Manager shall maintain complete and accurate books and records relating to the Net Income from Non-NFL Events, in accordance with generally accepted accounting and management practices, consistently applied. **The Stadium Manager shall maintain complete and accurate books and records relating to the operations of the Stadium and its services provided hereunder**, including all Stadium Authority Revenue, Shared Stadium Expenses, Stadium Authority Expenses, Net Income from Non-NFL Events, the cost of Capital Repairs, distributions to and from the Operating Expense Reserve and Stadium Capital Expenditure Reserve, any additional information required to prepare the Annual Statement of Stadium Operations and, to the extent so directed by either StadCo or the Stadium Authority, StadCo Operating Expenses and Stadium Authority Operating Expenses, respectively (collectively, "Stadium Records"). (Management Agreement 4.1)
- The **Stadium Manager shall use reasonable efforts to maintain separate records for the Tenant Season and the Stadium Authority Season and for NFL Events and Non-NFL Events**, in order to effectively protect the confidentiality of records relating solely StadCo. (First Amendment to Management Agreement 7).



**HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY**

**Subject:** Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget

March 5, 2020

Despite the requirements of the Management Agreement, ManagementCo is unable to give the Stadium Authority its documents related to Non-NFL events. On March 1, 2019, ManagementCo and Stadium Authority staff discussed the opportunity to establish a stand-alone Stadium Authority financial/accounting management system. Over the past years, ManagementCo has commingled its portion of the revenues and expenses of the Stadium Authority into its San Francisco 49ers financial system, such that they now claim that it would be extremely costly to fully produce the Stadium Authority's records. There has been dispute over possession of documents, access to financial information, and overall improved knowledge of the complete set of financial information pertaining to the Stadium Authority.

ManagementCo agreed to work with the Stadium Authority to establish a segregated financial management system for the Stadium Authority, where Stadium Authority staff has full access to the system, supporting documentation, and in real time (not at the end of the fiscal year or on other terms that require the Stadium Authority to always look backwards to understand financial activity). Procurement for the system is underway with an evaluation team taking a cooperative approach to the implementation of the system. Funding for the system totaling \$270,000 is included in the budget through the General and Administrative budget, subject to subsequent court rulings on cost allocation.

**General and Administrative Expenses** - The General and Administrative (G&A) portion of the proposed budget reflects expenses considered to provide a base level of service to implement the Board's direction and oversight of the Stadium per the various authoritative agreements. As more staff resources have been required to advance the Board's directives, with some remaining gaps in services, Stadium Authority staff has increased its budget to reflect the required general oversight, accounting, and new resources for neighborhood mitigation efforts and ongoing undesirable impacts to neighborhoods resulting from events at the Stadium. Stadium Authority staff recommends a G&A budget for FY 2020/21 totaling \$4.9 million, an increase of \$2.4 million from the prior fiscal year. The Stadium Authority G&A budget makes up 7.4% of the FY 2020/21 Proposed Stadium Authority Expense Budget of \$66.7 million.

This increase is primarily due to the projected outside legal costs to defend the Stadium Authority from litigation currently in progress. In addition, a portion of the increase is due to increases in salaries and benefits per negotiated Memorandum of Understandings ("MOUs"), projected increases in the percentage of time City employees are allocating to the Stadium Authority based on significant increased workload, costs associated with the implementation of a separate financial/accounting management system, a shift in funding of a portion Deputy City Manager position included in last year's budget for public safety, and the addition of two new positions in the Finance Department (1.0 Management Analyst and conversion of a part-time Accountant Technician to full-time basis) to provide day-to-day financial support of the Stadium Authority, including an increase in data information requests from ManagementCo. In total, the funding of 6.8 total positions in the General and Administrative Expenses budget is included in this document. While it represents an increase from the actual time charged in previous years, we believe it reflects a reasonable level of support for the Stadium Authority activities anticipated in the upcoming year.



**HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY**

**Subject:** Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget

March 5, 2020

**Litigation Reserve/Revolving Fund Loan** - Funding has been set aside for potential payments that may arise related to Certificate of Loans entered by ManagementCo to cover Operating Expenses in FY 2019/20. Operating expenses payments were withheld based on Board direction for the partial suspension of payments at the March 27, 2019 Stadium Authority Board meeting, arising from the ManagementCo's inappropriate use of public funds relative to procurement practices and potential self-dealing/conflicts of interests. At that meeting, the Board directed the Executive Director to only release public funds to the Forty Niners Management Company (ManCo) if all supporting documents have been submitted and adhere to our agreements and State and local laws. As part of that suspension of payment, the Stadium Authority continues to pay for utilities, insurance and costs associated with SBL sales and services. However, rather than provide the Stadium Authority with complete documentation to substantiate proper procurement and/or the absence of self-dealing/conflicts of interests, ManagementCo opted to take out loans and continue to pay itself public funds without demonstrating compliance with State and local laws. Total estimated revolving credit loans total \$6.5 million and the Stadium Authority maintains its position that it should not use public funds for violations of public procurement violations, prevailing wage violations, and/or self-dealing/conflicts of interests.

**Debt Service Budget** - The FY 2020/21 Debt Service Budget of \$42.3 million is based on the required and additional payments for principal of \$27.3 million and interest of \$15 million. The budget reflects a total decrease of \$27.3 million of outstanding debt from \$308.3 million to \$281 million.

**Capital Expense Budget** - The FY 2020/21 Capital Expense ("CapEx") Budget totals \$13 million, which includes \$8 million in carryover expenses from the prior year due to ManagementCo's inability to properly procure projects and issue contracts. This budget includes various security improvements, fencing on Tasman, furniture replacement and upgrades, and public safety equipment (a detailed list of CapEx projects begins on Page 40). Given the fact that almost no capital projects were completed by ManagementCo, there is serious concern where ManagementCo is unable to complete the projects included in this budget. We will continue to raise this issue with ManagementCo to ensure the Stadium Authority asset is maintained in a sufficient manner; however, there is valid concern that ManagementCo is unable to complete these duties given the record to date.

**Marketing Plan** – The Stadium Management Agreement states that the Stadium Operation and Maintenance Plan (SOMP) shall include a Marketing Plan (4.10), and the Stadium Lease states that the SOMP shall be presented annually to the Stadium Authority for their consideration and approval (7.2). The draft Marketing Plan is submitted separately to the Board as a Study Session for consideration and feedback. This practice allows the Board an opportunity to discuss the effectiveness of the proposed strategies and ask questions. As a general concern, given the significant poor financial results over several fiscal years, the Marketing Plan makes no mention about ManagementCo's "turnaround" strategy to improve their performance, meet their Standard of Care requirements, and demonstrate their ability to profitably operate a public assembly facility.

Previous Board feedback, and ManagementCo's commitment, included the development of key performance indicators (KPIs) for the purpose of tracking marketing strategies and the outcomes achieved. The Board approved a recommendation to complete this work within 90 days and collect data. This continues to be omitted from the Marketing Plan for the past two years.

## **STATUS OF ONGOING WORKPLAN EFFORTS**

On January 30-31, 2020, as part of the 2020 City Council Priority Setting Retreat, the Board reviewed and discussed updated workplan efforts currently underway. A status of some of these ongoing work efforts are summarized below.

- **Community Engagement** - (1) Conducted a robust Community Outreach and Engagement work plan to obtain statistically valid data relative to public opinion on community impacts resulting from Levi's® Stadium and for future policy development. Specifically, the purpose of this work plan was to identify the community's perspectives on issues related to Levi's® Stadium such as noise, public safety, nuisances, parking, flyovers, crowd control, cleanliness, loitering, lighting, pyrotechnics/fireworks, performance curfew, and other items. (2) Established a dedicated telephone number to receive input from residents. (3) Increased social media presence to provide advance notice and information about events at Levi's® Stadium. This effort was for both ManagementCo and Stadium Authority to be informed of the community sentiment and develop strategies for addressing them. Staff has worked to dramatically change its public safety deployment model, with the assistance of law enforcement consultants, and has made other changes, such as: complaint call in number, circulation of the complaint call in number through marketing/information materials, use of noise data to inform current activities in the northside, requests of ManagementCo with respect to flyover protocols, and increase distribution of information about stadium activities on social media. Later in 2020, staff will provide an update on the recommendations that came from the consultant report issued in 2018 and how staff is doing with addressing community concerns.
- **Noise Monitoring** - Implemented web-based, publicly available, ongoing, real-time noise monitoring services in the areas surrounding the Stadium and training facility. See above activities relative to actions taken on noise management.
- **Implemented Measure J Compliance Audit Recommendations** - The Stadium Authority Ad Hoc Audit Committee of the Board ("Committee") continues efforts to implement the 37 audit recommendations in the Harvey M. Rose Associates, LLC Comprehensive Audit of Stadium Authority Finances. Stadium Authority has now implemented approximately 73% of the audit recommendations and the remaining 27% designated as "partially complete". These audit recommendations have provided for strengthened oversight and increased transparency of Stadium Authority's operations for Levi's® Stadium by improved fiscal and operational data and management practices. Examples include the discovery of significant funds held by ManagementCo that have now been transferred over to the Stadium Authority, violations of procurement requirements that will require corrective action by the Board, violations of



## HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY

**Subject:** Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget

March 5, 2020

procurement requirements with respect to required reporting for financial transactions between \$100,000 to \$250,000, and changed administrative processes or formalized practices by Stadium Authority staff. At this time, an update to the Ad Hoc Stadium Authority Audit Committee is scheduled for March 16, 2020.

- **Stadium Authority Coordination** - Instituted weekly Stadium Authority staff business meetings to develop stronger proactive community communications with the goal of addressing concerns revealed from the community research work. These meetings provide a forum to address community issues, and for organizational awareness of City and Stadium Authority services required to support Levi's® Stadium, staffing coverage and deployment issues for planned NFL/Non-NFL events. Additionally, given the significant and numerous fire code violations that the ManagementCo has committed, a full-time Deputy Fire Marshal has been assigned to the Stadium to monitor ManagementCo's compliance and report frequency to the Stadium Authority staff. Additionally, this assignment allows for the proper transfer of knowledge of maintaining the Stadium.
- **Stadium Authority/Auditor's Workplan Updates**
  - Analysis of the Stadium Authority's review procedures for Non-NFL events' revenues and expenses is underway by a forensic accountant. This report is expected in Spring 2020.
  - College Football Playoff Accounting Review Audit – Procurement of this audit is underway.
  - Annual Statement of Stadium Operations – Procurement of this audit is underway.
  - Reviewing past Construction Fund and Public Safety transactions and providing feedback on the allocation of staff charges – This audit has been procured and in the beginning stages. This report is expected in Spring 2020.
  - Maintain workload requirements with seven lawsuits.
  - Bring for discussion with the Stadium Authority Board the next steps regarding the community room
  - Propose an option for San Tomas Aquino Creek Trail access during NFL and non-NFL ticketed events.

## CONCLUSION

As with any proposed budget, there are risks that we can factor into our projections and those that we cannot. For example, some of our revenue projections are more fiscally conservative than in previous years. In some instances, this was necessary due to factors that can easily not materialize and the need to plan accordingly. For example, the Proposed Budget projects \$0 of Net Non-NFL Event Revenue because ManagementCo only generated \$18,000 for FY 2018/19 and submitted "TBD" as its proposal.

Within the above context, the Silicon Valley region, and particularly the Levi's® Stadium, continues to be a desirable venue for Non-NFL events such as concerts, soccer events, small and large corporate





**HONORABLE BOARD CHAIR AND DIRECTORS SANTA CLARA STADIUM AUTHORITY**

**Subject:** Proposed Fiscal Year 2020/21 Operating, Debt Service, and Capital Budget

March 5, 2020

events and other gatherings (e.g., weddings, private parties, etc.). As we look forward, the following major Non-NFL events are scheduled in the near horizon for FY 2020/21, with more to come:

- Monster Jam — Saturday, April 4, 2020
- BTS “Map of the Soul” Tour — Saturday/Sunday, April 25-26, 2020
- Justin Bieber “Changes” Tour — Saturday, May 22, 2020

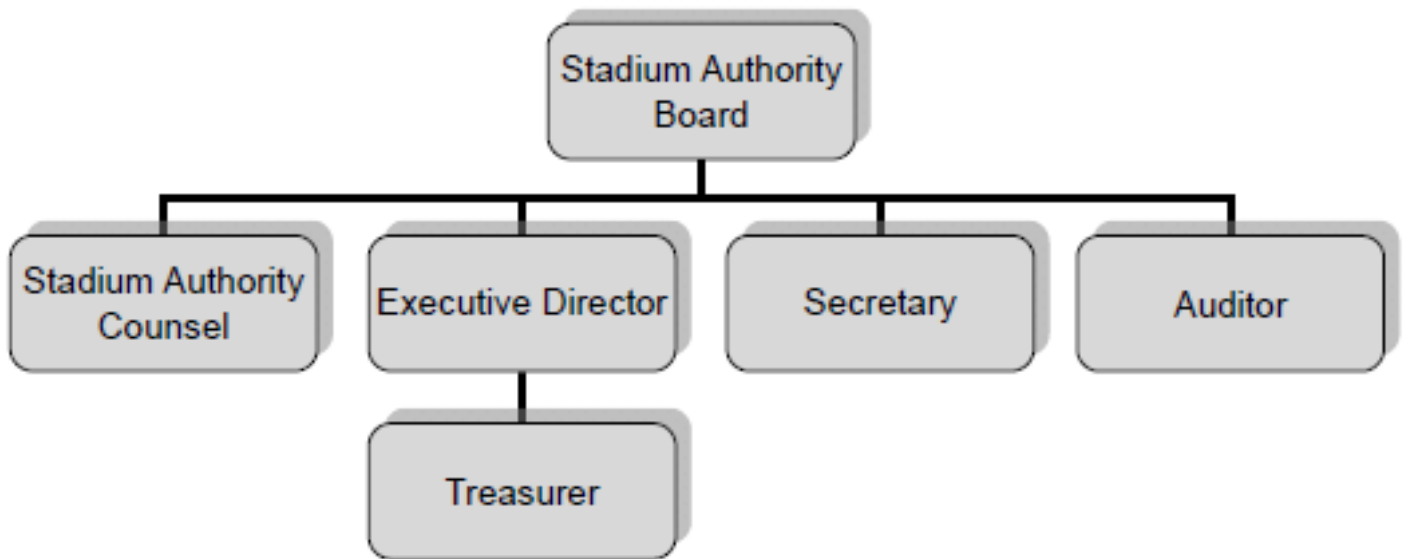
This budget outlines a work program and financial strategy to assist in meeting the guiding principles of the Stadium Authority, namely that no City of Santa Clara General Fund monies are to be used to fund Stadium costs, Board oversight of its property manager, and to ensure that the Stadium Authority and ManagementCo continue to be held accountable to the various agreements. Our commitment is to continue to look for improvements within the organization and to deliver the kind of results that the public expects. I look forward to presenting this proposed budget at our upcoming sessions.

Respectfully Submitted,



Deanna J. Santana  
Executive Director

## ORGANIZATIONAL CHART



The seven elected members of the City Council serve as the governing Board of the Santa Clara Stadium Authority with the Mayor serving as Chairperson of the Authority.

In addition, City of Santa Clara staff serve as Officers of the Stadium Authority with the City Manager serving as the Executive Director.



## GENERAL INFORMATION

This Santa Clara Stadium Authority (“Stadium Authority”) Budget Report provides information covering the Proposed FY 2020/21 Operating, Debt Service, and Capital Budget as well as comparative data from prior fiscal years. Estimated revenue and expense information (three quarters of actuals and one projected quarter) included in this report for the FY 2019/20 is unaudited and, therefore, subject to change as a result of the annual audit conducted by an external and independent auditing firm.

In addition to this report, the Stadium Authority produces annual financial statements within six months of the fiscal year-end (March 31st). These financial statements are audited by an external auditing firm and presented to the Stadium Authority’s Audit Committee and Board. Once presented to the Board, the financial statements are published on the Stadium Authority’s web page. The FY 2019/20 audited financial statements will be presented to the Board by the end of September 2020.

The Stadium Authority is 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 to ManagementCo or the Stadium Authority are fully reimbursed. Types of services include the following:

- Administrative General Fund costs that are spent during operations are separately tracked using special account codes in the City’s financial system and all such costs are billed for reimbursement.
- General Fund public safety costs for NFL and Non-NFL events are separately tracked and all such costs are billed for reimbursement.

## NFL EVENT HIGHLIGHTS - YEAR IN REVIEW

The San Francisco 49ers played twelve (12) National Football League (“NFL”) games (two pre-season games, eight regular season games, and two playoff games) in FY 2019/20. The total number of tickets sold for these games was 803,524, an average of 66,960 tickets sold for each game. The ticket sales resulted in \$8.4 million of NFL ticket surcharge revenue to Stadium Authority (based on the 10% NFL ticket surcharge on each ticket sold). A total of \$250,000 of Senior and Youth Program Fees (based on \$0.35 per NFL game ticket) were collected and forwarded to the City in FY 2019/20.

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 was 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 2018/19 fiscal year (July 1, 2018 through June 30, 2019) the offsite parking fee was \$5.63, and it increased to \$5.85 in the City’s 2019/20 fiscal year.

Cars parked at the permitted offsite parking lots equaled 80,111. The associated offsite parking fee generated \$468,649. There were also 6,882 cars that were parked on the City’s Tasman lots. The Tasman lot parking fee generated \$34,410 (\$5 fee) for the City’s General Fund. There are additional parking counts and revenue expected to be received before the end of the year that would change these reported numbers.



## Non-NFL Event Highlights - Year in Review

There was a total of 183,874 tickets sold for the eight ticketed Non-NFL events that were held in the first three quarters of FY 2019/20, resulting in \$735,496 in Non-NFL event ticket surcharge revenue (from the \$4 per ticket Non-NFL event surcharge).

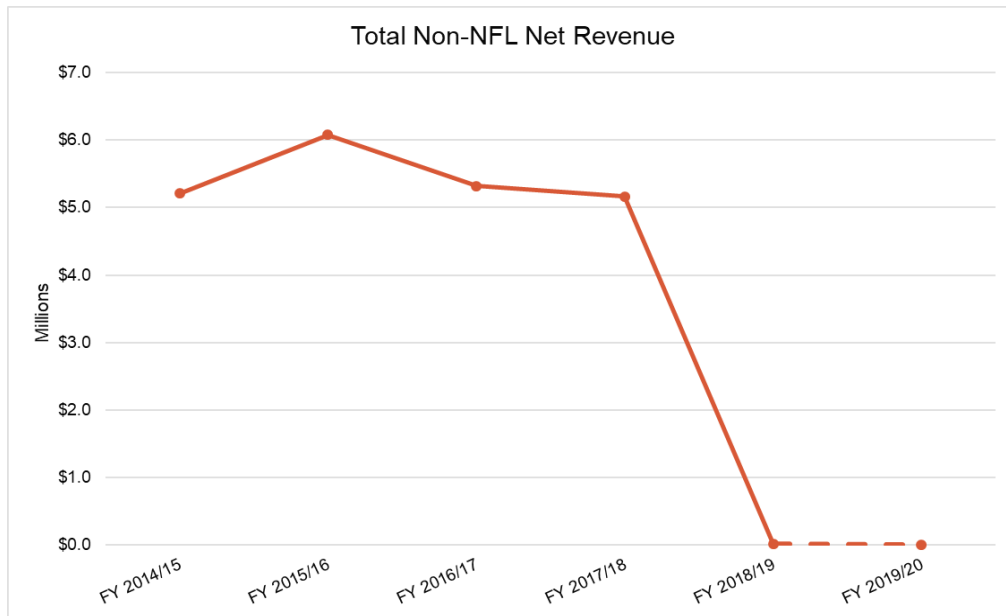
2019/20 Non-NFL Events		
Event	Date	Tickets Sold
Monster Jam	April 13, 2019	37,891
Wedding Fair	April 28, 2019	381
USWNT Soccer Game	May 12, 2019	20,195
ICC Soccer: Benfica vs Chivas	July 20, 2019	14,945
Rolling Stones Concert	August 18, 2019	48,544
HS Football Series	September 6, 2019	4,754
PAC-12 Championship Game	December 6, 2019	27,012
Redbox Bowl	December 30, 2019	30,152
Total to date		183,874

As stated in the NFL Event Highlights, Operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City's permitting process. Approved operators remit an offsite parking fee, per the City's Municipal Fee Schedule, for each car that is parked for sports or entertainment events. This fee was designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for 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 public safety costs incurred with respect to the operations, parking, and traffic management. Cars parked at the permitted offsite parking lots equaled 17,127 resulting in \$98,547 in offsite parking fees from Non-NFL events. There are additional parking counts and revenue expected to be received before the end of the year that would change these reported numbers.

There were also 64 smaller special events with 22,155 total attendees in the first three quarters of FY 2019/20. Examples of these special events include corporate events of various sizes, weddings, holiday parties, etc. A number of smaller special events are scheduled before the end of the fiscal year which will result in a change in the numbers reflected in this section.

## Non-NFL Event Highlights - Year in Review

As indicated in earlier sections of this report, net Non-NFL revenue has shown a drastic decline and is projected to show no improvement. For reference, the chart below shows the net Non-NFL revenue generated by the Stadium Authority in past years:



# STADIUM AUTHORITY OPERATING BUDGET

The proposed FY 2020/21 Stadium Authority Budget covers the Stadium Authority's twelve-month fiscal year which runs April 1, 2020 through March 31, 2021.

Key highlights for the Stadium Authority's FY 2020/21 Operating Budget are as follows:

## Revenues

- ◆ FY 2020/21 total projected revenues of \$66.7 million includes \$24.2 million in stadium builder license (SBL) revenue, \$24.8 million in facility rent, \$8.7 million in NFL ticket surcharge, \$7.0 million in naming rights revenue, \$0.6 million in Non-NFL ticket surcharge and \$1.4 in other revenues.

## Expenses

- ◆ The proposed Operating Budget of \$66.7 million includes the Stadium Authority's share of expenses covered under the Management Agreement along with monies sufficient to reimburse the City for its staff support and payments for ground rent, Senior/Youth fees, and performance rent. It also includes transfers out of \$41.8 million.

Fund	Transfers Out	Transfers In
Operating	\$ 41,816,000	-
Debt Service	-	\$ 38,234,000
CIP	-	3,582,000
<b>Total</b>	<b>\$ 41,816,000</b>	<b>\$ 41,816,000</b>

- ◆ As shown in the table above, \$38.2 million will be transferred from the Operating Fund to the Debt Service Fund for principal and interest debt service payments. The remaining \$3.6 million will be transferred from the Operating Fund to the Capital Fund for Stadium capital improvements.
- ◆ Shared Stadium Manager (ManagementCo) expenses increased by \$228,376 or 2% from the prior year budget of \$11.9 million to \$12.1 million. This reflects the following:
  - ◇ Net reduction in the full-time equivalent staffing level from 61 to 58.
  - ◇ Annual 3% increase in insurance and management fees set by the Management Agreement.
  - ◇ Shifts in costs and staffing across the various departments (Stadium Operations, Engineering, Guest Services, Groundskeeping, and Security).

# STADIUM AUTHORITY OPERATING BUDGET (CONT.)

## **Expenses (cont.)**

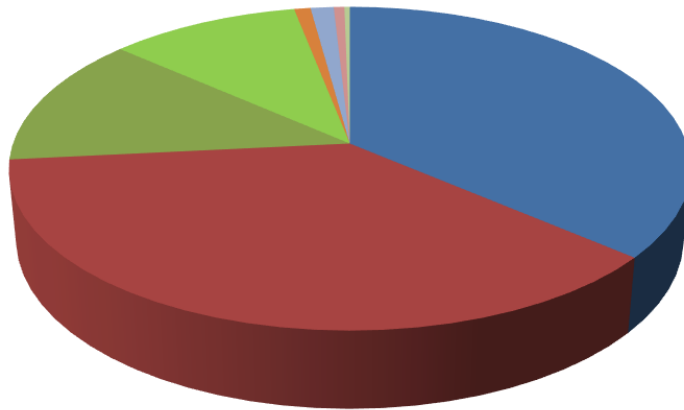
- ◆ Stadium Authority General & Administration costs increased by \$2.4 million or 96% when compared to the prior year budget of \$2.5 million to \$4.9 million. These costs are described in detail on Page 25 of this report. These increases are needed for the following:
  - ◇ Added staff capacity and contractual services to assist with policy development, legal services, general accounting, and administrative support
  - ◇ Purchase and implementation of a Financial Management System (subject to subsequent court rulings on cost allocation)
  - ◇ Increase in the Audit line item to include targeted performance audits and a Ticket Surcharge audit
  - ◇ Increases in salaries and benefits per applicable Memorandum of Understandings (MOUs)

## **Reserves**

- ◆ The Operating Reserve totals \$11.9 million (as required by the Stadium Lease) at the end of FY 2020/21, which is an increase of \$348,000 when compared to FY 2019/20. The Discretionary Fund is projected to have a balance of \$2.4 million.

# STADIUM AUTHORITY OPERATING BUDGET (CONT.)

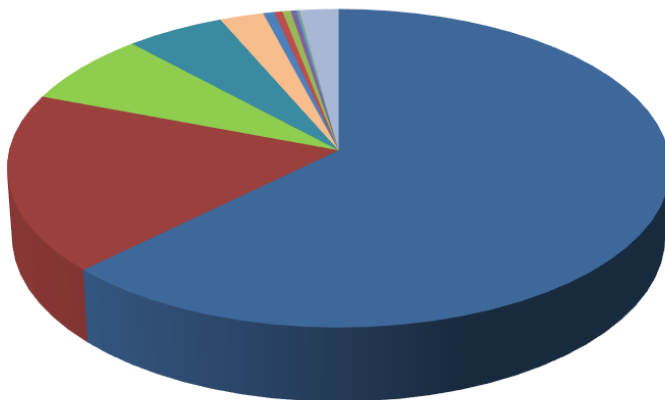
## OPERATING REVENUES



**\$66.7 Million**

- SBL Proceeds - \$24.2M, 36.2%
- Rent - \$24.8M, 37.1%
- NFL Ticket Surcharge - \$8.7M, 13.0%
- Naming Rights - \$6.9M, 10.5%
- Net Non-NFL Event Revenue - \$0.000, 0.00%
- Non-NFL Event Ticket Surcharge - \$0.6M, 0.9%
- Interest - \$0.9M, 1.3%
- Sponsorship Revenue (STR) - \$0.4M, 0.6%
- Senior & Youth Program Fees - \$0.2M, 0.3%

## OPERATING EXPENSES



**\$66.7 Million**

- Transfers Out - \$41.8M, 62.8%
- Shared Stadium Manager Expenses - \$12.1M, 18.1%
- Performance Rent (paid to City) - \$0, 0%
- Stadium Authority General & Administrative - \$4.9M, 7.4%
- SBL Sales and Service - \$3.6M, 5.4%
- Utilities - \$1.6M, 2.4%
- Ground Rent (paid to City) - \$0.4M, 0.6%
- Contribution to Operating Reserve - \$0.3M, 0.4%
- Discretionary Fund Expense - \$0.2M, 0.4%
- Senior & Youth Program Fees (paid to City) - \$0.2M, 0.3%
- Use of StadCo Tenant Improvements - \$0.1M, 0.1%
- Naming Rights - \$0.003M, 0.04%
- Other Expenses - \$1.4M, 2.1%



## Santa Clara Stadium Authority

### Operating Budget Summary

	2018/19 Final Budget	2018/19 Year-end Actuals	2019/20 Final Budget	2019/20 Projected Actuals	2020/21 Proposed Budget
<b>Revenues</b>					
NFL Ticket Surcharge	\$ 8,031,000	\$ 8,076,510	\$ 8,142,000	\$ 8,412,000	\$ 8,665,000
SBL Proceeds	27,214,000	26,750,973	25,416,000	25,900,000	24,213,000
Interest	794,000	1,001,640	938,000	974,000	896,000
Non-NFL Event Revenue <sup>(1)</sup>	62,147,000	50,856,562	-	-	-
Net Revenues from Non-NFL Events <sup>(1)</sup>	-	-	5,796,000	-	-
Naming Rights	6,558,000	6,557,327	6,754,000	6,754,000	6,957,000
Sponsorship Revenue (STR)	545,000	387,203	345,000	325,000	392,000
Rent	25,810,000	25,810,002	24,762,000	24,762,000	24,762,000
Senior & Youth Program Fees	230,000	227,933	230,000	250,000	230,000
Non-NFL Event Ticket Surcharge	1,800,000	1,592,588	1,232,000	736,000	612,000
BAHC Reimbursement for CFP Expenses	1,400,000	1,166,884	-	-	-
Other Revenue	2,281,000	2,281,903	-	115,700	-
<b>Total Revenues</b>	<b>\$ 136,810,000</b>	<b>\$ 124,709,525</b>	<b>\$ 73,615,000</b>	<b>\$ 68,228,700</b>	<b>\$ 66,727,000</b>
<b>Expenses</b>					
<b>Shared Stadium Manager Expenses<sup>(2)</sup></b>					
Stadium Operations	\$ 3,721,000	\$ 3,659,714	\$ 4,004,000	\$ 1,452,000	\$ 4,338,000
Engineering	1,835,000	1,999,576	2,054,000	-	1,977,000
Guest Services	813,000	561,641	825,000	-	686,000
Groundskeeping	164,000	154,101	177,000	-	409,000
Security	1,543,000	1,058,475	1,656,000	-	1,438,000
Insurance	2,871,000	2,870,047	2,956,000	2,956,000	3,045,000
Stadium Management Fee	226,000	225,102	232,000	232,000	239,000
<b>Shared Stadium Manager Expenses Subtotal</b>	<b>\$ 11,173,000</b>	<b>\$ 10,528,656</b>	<b>\$ 11,904,000</b>	<b>\$ 4,640,000</b>	<b>\$ 12,132,000</b>
<b>Other Operating Expenses</b>					
SBL Sales and Service <sup>(2)</sup>	\$ 2,324,000	\$ 1,771,307	\$ 2,221,000	\$ 3,217,000	\$ 3,610,000
Senior & Youth Program Fees (paid to City) <sup>(2)</sup>	230,000	227,933	230,000	250,000	230,000
Non-NFL Event Expense <sup>(1)</sup>	56,519,000	50,837,971	-	-	-
Ground Rent (paid to City) <sup>(3)</sup>	320,000	320,000	355,000	355,000	390,000
Performance Rent (paid to City) <sup>(3)</sup>	2,654,000	-	2,721,000	-	-
Discretionary Fund Expense <sup>(4)</sup>	990,000	101,267	250,000	-	250,000
Utilities <sup>(2)</sup>	1,506,000	1,444,485	1,551,000	1,551,000	1,597,000
Use of StadCo Tenant Improvements <sup>(2)</sup>	236,000	256,263	182,000	182,000	73,000
Stadium Authority General & Administrative <sup>(4)</sup>	1,685,000	1,556,580	2,480,000	1,955,000	4,851,000
CFP Expenses	1,400,000	1,166,884	-	-	-
Naming Rights Commission	-	-	-	-	30,000
Legal Contingency	-	-	-	6,552,600	-
Other Expenses	105,000	(33,900)	110,000	100,000	1,400,000
Transfers Out <sup>(3)</sup>	57,340,000	56,529,584	51,273,000	48,286,000	41,816,000
Contribution to Operating Reserve <sup>(3)</sup>	328,000	327,818	338,000	338,000	348,000
<b>Other Operating Expenses Subtotal</b>	<b>\$ 125,637,000</b>	<b>\$ 114,506,192</b>	<b>\$ 61,711,000</b>	<b>\$ 62,786,600</b>	<b>\$ 54,595,000</b>
<b>Total Expenses</b>	<b>\$ 136,810,000</b>	<b>\$ 125,034,849</b>	<b>\$ 73,615,000</b>	<b>\$ 67,426,600</b>	<b>\$ 66,727,000</b>
Operating Reserve	\$ 11,255,088	\$ 11,255,088	\$ 11,593,270	\$ 11,593,088	\$ 11,941,088
Discretionary Fund	\$ 1,086,407	\$ 1,960,102	\$ 2,302,075	\$ 2,328,102	\$ 2,384,102

<sup>(1)</sup> Information not provided by ManagementCo at the time of this report

<sup>(2)</sup> Recommended by ManagementCo

<sup>(3)</sup> Expense is based on payment schedule or calculated as instructed per relevant agreements

<sup>(4)</sup> Recommended by Stadium Authority staff

# STADIUM AUTHORITY OPERATING BUDGET (CONT.)

## Stadium Authority Board Duties and Proposed General and Administrative Budget

The Board is a public entity responsible for governing the matters concerning Levi's® Stadium. As such, the Board is responsible for setting policy direction, ensuring implementation of its policy direction and other due diligence requirements through Stadium Authority staff, and auditing/oversight of its policy implementation, as reasonable and necessary.

To accomplish Board direction, staff recommends the following administrative budget for the 2020/21 Fiscal Year totaling \$4.9 million, or 7.4%, of the total Fiscal Year 2020/21 Proposed Stadium Authority Operating Expense Budget of \$66.7 million. With this recommended budget, staff will support the Board with its oversight of Levi's® Stadium per the various agreements with ManagementCo and Forty-Niners SC Stadium Company LLC (StadCo or Tenant) of the stadium, such as:

1. Uphold fiduciary responsibilities and debt obligations;
2. Maintain a productive and functional business relationship with the Tenant;
3. Develop Board policies as required for proper governance and transparency efforts concerning the Stadium Authority oversight efforts;
4. Continue the current community engagement process to address the public opinion research of the community impacts of Levi's® Stadium, with a focus on neighborhood response and public service deployment improvements;
5. Continue the current noise monitoring program;
6. Implement public safety expert's recommendations during events held at Levi's® Stadium;
7. Address the Work Plan items, as referenced in the Executive Director's transmittal letter to this budget; and,
8. Develop and implement oversight initiatives consistent with public entity organizations.

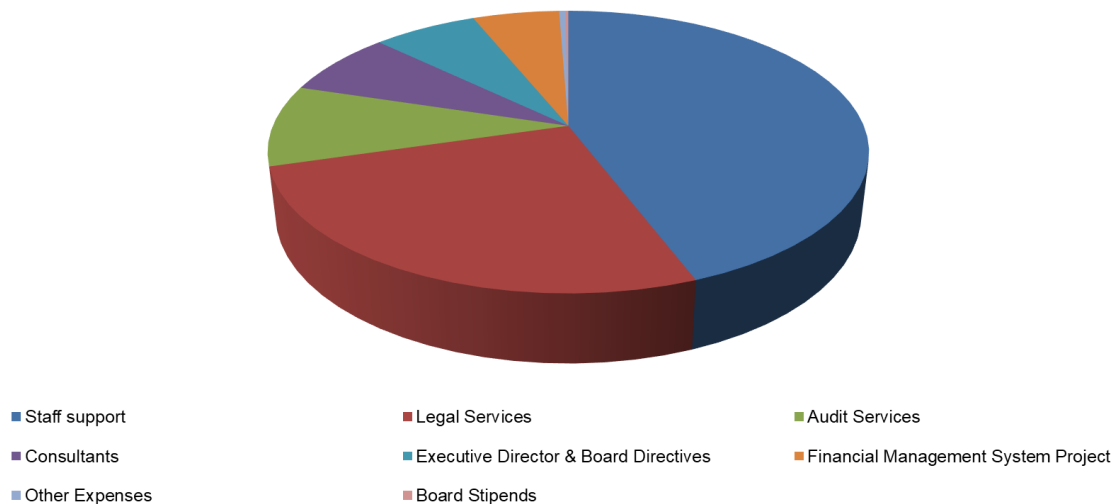
Stadium Authority staff are responsible for the programmatic oversight and audit of Stadium activities. As part of this budget, the oversight of stadium activities is allocated primarily to the Executive Director, General Counsel, Auditor, Treasurer and various supporting professional staff. With the implementation of a Stadium Authority Financial Management System and increased financial reporting and auditing needs, the Executive Director is recommending two additional financial support staff to assist the Treasurer with these requirements.

## STADIUM AUTHORITY OPERATING BUDGET (CONT.)

As such, the Stadium Authority G&A expense budget of \$4.9 million provides the financial means in which to fulfill the Board policy direction and strategic initiatives. A breakdown of the Stadium Authority's portion of the overall operating expense budget of \$66.7 million is shown below.

Stadium Authority General and Administrative Budget		
Expense Type	Amount	Comments
Staff support	\$2,144,000	To support the Stadium Authority with its oversight duties of stadium activities
Legal Services	1,273,000	As needed for outside legal services
Audit Services	452,000	Financial, Ticket Surcharge, and performance audits performed by external auditors
Consultants	358,000	As needed for outside consulting services
Executive Director & Board Directives	325,000	Funding for unanticipated Board directives, Executive Director assignments, etc
Financial Management System Project	270,000	Purchase and Implementation of Financial Management System
Other Expenses	20,000	Routine office expenses
Board Stipends	9,000	Stadium Authority meetings
<b>Total</b>	<b>\$4,851,000</b>	

**Stadium Authority FY2020/21 General and Administrative Budget**



# STADIUM AUTHORITY OPERATING BUDGET GLOSSARY

**Accrual Basis Accounting:** The method of recording revenues and expenses when they are incurred, regardless of when cash is exchanged.

**Bay Area Host Committee Reimbursement:** This is the reimbursement received from the Bay Area Host Committee for all costs associated with the College Football Playoff Championship (CFP) that was held at Levi's® Stadium on January 7, 2019. This reimbursement is subsequently used to pay internal City and outside agency costs associated with the CFP (see College Football Playoff Expense below). (*Source: Assignment and Assumption Agreement*)

**College Football Playoff (CFP) Expense:** All internal City and outside agency costs associated with the CFP that are invoiced to the Stadium Authority. (*Source: Assignment and Assumption Agreement*)

**Contribution to Operating Reserve:** The contributions to the operating reserve are funded by means of excess revenues (see Excess Revenue below). (*Source: The Amended and Restated Stadium Lease Agreement*)

**Discretionary Fund Expense:** This is funded by half of the Non-NFL ticket surcharge (see Non-NFL Event Ticket Surcharge on Page 28) and has been used to cover NFL public safety costs above the public safety cost threshold in the first three fiscal years of operation and other items at the Stadium Authority's discretion.

Projected Beginning Balance	50% of 2020/21 Non-NFL Event Ticket Surcharge	2020/21 Discretionary Fund Expense	Projected Ending Balance
\$ 2,328,102	\$ 306,000	\$ 250,000	\$ 2,384,102

**Excess Revenue:** If Stadium Authority revenue exceeds expenses for any lease year, such excess revenues shall be distributed as described in the table below. This table reflects how the excess revenues were distributed in the 2018/19 fiscal year. (*Source: The Amended and Restated Stadium Lease Agreement*)

2018/19 Use of Excess Revenues				
#	Description	Amount	Balance	Notes
	Excess Revenues at Year-end		\$ 27,964,971	
1	Payment of ManCo Revolving Loan	\$ -	27,964,971	N/A (this loan has not been utilized)
2	Funding Operating Reserve up to \$2 Million +3% annually	-	27,964,971	Funding requirement met
3	Funding CapEx Reserve an Additional \$1 Million +3% annually	(1,125,509)	26,839,463	Funding annual CapEx Reserve
4	Funding Operating Reserve up to \$10 Million +3% annually	(327,818)	26,511,644	Funding annual 3% requirement
5	Prepayment of StadCo Subordinated Loan	(26,511,644)	-	Prepayment requirement met
6	Funding Operating Reserve up to \$20 Million +3% annually	-	-	N/A
7	Funding Renovation/Demolition Reserve up to \$70 Million	-	-	N/A
8	Available for Additional Disbursements as described in the Stadium Lease	-	-	N/A

## STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

**Ground Rent:** The City has agreed to lease the land under Levi's® Stadium to Stadium Authority for an initial term of 40 years. The fixed ground rent schedule is noted below for the 40-year initial term. (Source: *Ground Lease Agreement*)

Lease Year(s)	Fiscal Year(s)	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 through 2028-29	\$ 1,000,000
16-20	2029-30 through 2033-34	\$ 1,100,000
21-25	2034-35 through 2038-39	\$ 1,200,000
26-30	2039-40 through 2043-44	\$ 1,300,000
31-35	2044-45 through 2048-49	\$ 1,400,000
36-40	2049-50 through 2053-54	\$ 1,500,000

**Insurance:** ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is split between Stadium Authority and StadCo (see Shared Stadium Manager Expenses on Page 31). The stadium lease sets Stadium Authority's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's insurance expense increasing by 3%. (Source: *Stadium Management Agreement & The Amended and Restated Lease Agreement*)

**Interest:** This is interest earned from cash on hand.

**Naming Rights:** Levi Strauss & Co (Levi's®) pays an annual naming rights fee to Stadium Authority. The annual fee increases by 3% each contract year through the 20-year term. This annual fee is paid in two equal semi-annual installments on or before March 1<sup>st</sup> and October 1<sup>st</sup>. (Source: *Naming Rights Agreement*)

**Net Revenues from Non-NFL Events:** ManagementCo provides management services for Levi's® Stadium year-round. As such ManagementCo is responsible for booking and scheduling all Non-NFL events on behalf of Stadium Authority. ManagementCo is required by the agreement to maintain complete and accurate books and records relating to the net income from the Non-NFL events. Those records are reviewed by Stadium Authority staff and/or outside consultants and audited by an independent auditor. After the completion of the fiscal year, the net revenues are paid to Stadium Authority by ManagementCo. (Source: *Stadium Management Agreement*)

# STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

**NFL Ticket Surcharge:** The Forty Niners Football Company, LLC (the Team) collects a 10% NFL ticket surcharge on the price of admission to all NFL games occurring in Levi's® Stadium on behalf of Stadium Authority. (*Source: Amended and Restated Non-Relocation Agreement*)

**Non-NFL Event Expense:** The gross expenses for Non-NFL events held at Levi's® Stadium.

**Non-NFL Event Revenue:** The gross receipts from Non-NFL events held at Levi's® Stadium.

**Non-NFL Event Ticket Surcharge:** Promoters or sponsors of any ticketed Non-NFL event that is held at Levi's® Stadium are required to collect a \$4 per ticket surcharge on behalf of Stadium Authority. Half of this surcharge that is paid to Stadium Authority covers general stadium operations and the other half funds the Stadium Authority Discretionary Fund. (*Source: Amended and Restated Stadium Lease Agreement*)

**Other Expenses:** Miscellaneous Stadium Authority expenses such as bank fees.

**Other Revenue:** Miscellaneous Stadium Authority revenues. The projected 2019/20 other revenue is the result of a reimbursement of Shared Stadium Expenses.

**Performance Rent:** Stadium Authority pays the City performance rent on top of the fixed ground rent. The basic calculation for the performance-based rent is 50% of the net income from Non-NFL events for any given lease year less the sum of performance-based rent credits. The performance-based rent credits include 50% of the current year's base ground rent, and other credits. The table below represents a projection of the 2019/20 and 2020/21 Fiscal Years performance rent. (*Source: Ground Lease Agreement & Amended and Restated Stadium Lease Agreement*)

Performance Rent Calculation	Fiscal Year 2019/20 Projection	Fiscal Year 2020/21 Budget
Ground Rent	\$ 355,000.00	\$ 390,000.00
Net Non-NFL Event Revenue	\$ 0	\$ 0
50% of Net Non-NFL Event Revenue	\$ 0	\$ 0
Performance Rent Credit (50% of Ground Rent)	\$ (177,500.00)	\$ (195,000.00)
Total Performance Rent paid to the City of Santa Clara	\$ 0	\$ 0

**Rent:** The facility rent was originally set at \$24.5 million for StadCo to lease the stadium for their half of the year. As a result of the rent reset arbitration award in favor of Stadium Authority, the facility rent was reset to \$24.8 million retro-active to the first lease year. The rent adjustment process is outlined in the Amended and Restated Stadium Lease. (*Source: Amended and Restated Stadium Lease Agreement*)

## STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

**Senior and Youth Program Fees:** During the lease terms, StadCo collects a City of Santa Clara Senior and Youth program Fee on behalf of Stadium Authority. The fee is based on \$0.35 per NFL game ticket up to a maximum of \$250,000 per lease year. (*Source: Amended and Restated Stadium Lease Agreement*)

**Shared Stadium Manager Expenses:** ManagementCo oversees the day to day operations of Levi's® Stadium year-round. Since StadCo leases the stadium from Stadium Authority for half of each fiscal year, the ManagementCo stadium manager expenses are shared between StadCo and Stadium Authority. Most shared stadium manager expenses are split 50/50 between StadCo and Stadium Authority; grounds-keeping is the exception with a 70/30 split, StadCo being responsible for the larger share. In addition, ManagementCo procures insurance for Levi's® Stadium that is shared between Stadium Authority and StadCo (see Insurance on page 27). (*Source: Stadium Management Agreement & The Amended and Restated Stadium Lease Agreement*)

**Sponsorship Revenue (STR):** STR Marketplace, LLC (STR) established a secondary market website to facilitate the transfer and resale of SBLs. In exchange for the use of the Levi's® Stadium trademarks and links on the website (hence the title Sponsorship Revenue), STR pays Stadium Authority a minimum annual fee of \$325,000 based on the commissions that are collected by STR. In addition to the minimum annual fee, Stadium Authority also receives 50% of any commissions in excess of \$650,000. (*Source: SBL Website Marketing Agreement*)

**Stadium Authority General & Administrative:** As an independent public entity, Stadium Authority incurs its own expenses in relation to Board governance, fiduciary responsibilities, oversight, and operations of Levi's® Stadium. These include but are not limited to Stadium Authority staff time, due diligence requirements for proper fiscal and operational oversight, and various outside contractors and consultants who are hired to administer the necessary requirements for owning and operating Levi's® Stadium. Also included are various administrative type costs such as bank fees, phone charges, IT equipment maintenance, etc.

**Stadium Builder License (SBL) Proceeds:** SBL holders who are on a payment plan make annual payments. Additionally, some SBL holders make payments above and beyond their annual scheduled payment plan. There are also sales of new SBLs and/or SBLs that were defaulted and resold. SBL cash collections from all of these sources make up SBL proceeds.

**Stadium Builder License (SBL) Sales and Service:** ManagementCo provides sales and service to SBL holders on behalf of Stadium Authority. This includes all SBL collection efforts and customer service support. (*Source: Agreement for Stadium Builder License Sales & Fourth Amendment to the Stadium Management Agreement*)



## STADIUM AUTHORITY OPERATING BUDGET GLOSSARY (CONT.)

**Stadium Management Fee:** ManagementCo 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. This annual base management fee is split 50/50 between StadCo and Stadium Authority since ManagementCo manages the stadium year-round for both entities. In addition to the base management fee, ManagementCo 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 table below shows the first 10 years of the base management fee and the stadium marketing and booking fee benchmark. It also shows the first five years of net income from Non-NFL events and a projection of the sixth year as well as the applicable marketing and booking fee which was 5% of the net Non-NFL income over the benchmark. (*Source: The Stadium Management Agreement*)

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Actual/Projected Net Income from Non-NFL Events	Actual 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 <sup>(1)</sup>	6	\$ 231,855	\$ 5,796,370	\$ -	\$ -	\$ 231,855
2020/21	7	\$ 238,810	\$ 5,970,261	To be determined		
2021/22	8	\$ 245,975	\$ 6,149,369			
2022/23	9	\$ 253,354	\$ 6,333,850			
2023/24	10	\$ 260,955	\$ 6,523,866			

<sup>(1)</sup> The Net Income from Non-NFL Events for 2019/20 is a projection.

**Transfers Out:** Transfers from the Stadium Authority Operating Fund to fund Debt Service and Capital Funds.

**Utilities:** StadCo leases the stadium from Stadium Authority for six months of each fiscal year from August through January. StadCo is therefore responsible for the day-to-day utilities during that period. Stadium Authority pays for the day-to-day utilities from February through July. Utilities associated with large ticketed Non-NFL events are charged as an expense to the event which is included in the Non-NFL event expense.

**Use of StadCo Tenant Improvements:** StadCo charges Stadium Authority for use of various StadCo tenant improvements (such as the use of the scoreboard) during Non-NFL events. (*Source: Amended and Restated Lease Agreement*)

## STADIUM MANAGER SHARED EXPENSES

The Stadium Management Agreement is between the Stadium Authority, StadCo and ManagementCo and was entered into as of March 28, 2012. This agreement provides the Stadium Authority with the expertise of an outside manager to oversee the day-to-day operations of Levi's® Stadium. Additionally, the Amended and Restated Stadium Lease Agreement between the Stadium Authority and StadCo was made and entered into as of June 19, 2013.

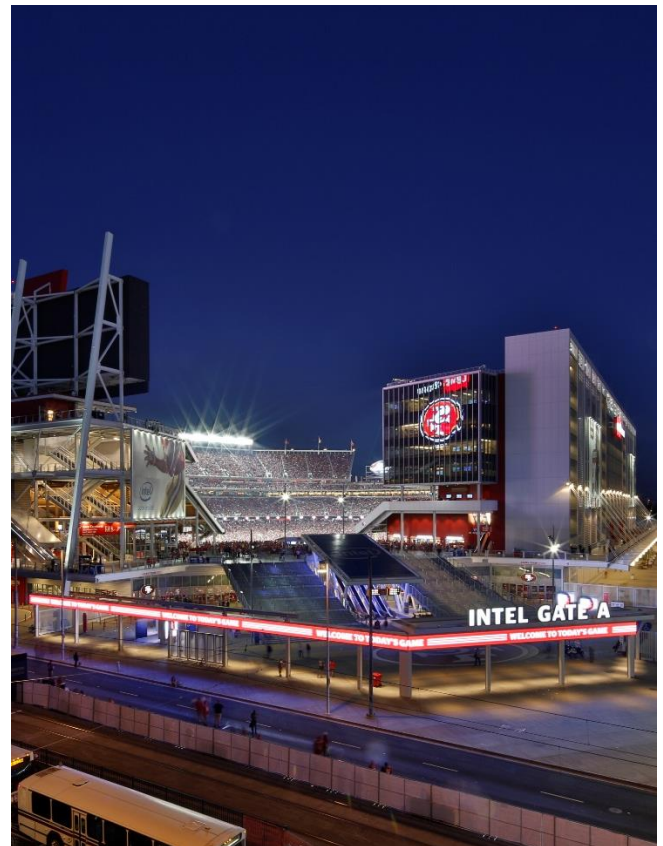
This agreement amended the original stadium lease to set the initial rent, to allow StadCo to enter into agreements with alternative energy providers, to cap Stadium Authority's share of the insurance costs at a fixed amount each year, and to require Stadium Authority to fund various reserves.

Per the terms of the stadium lease, StadCo leases the stadium from the Stadium Authority for half of each fiscal year and is responsible for the Stadium Manager operating expenses during that period. The Stadium Manager operating expenses for the other half of the year are the responsibility of the Stadium Authority. Section 8.3.1 describes the proportionate share of Stadium Manager expenses that are owed by the Stadium Authority and StadCo. Namely that most stadium manager operating expenses are split 50/50 with grounds-keeping being the exception with a 70/30 split, StadCo being responsible for the larger share.

ManagementCo procures insurance for Levi's® Stadium for the entire year and the cost is shared between Stadium Authority and StadCo.

Section 4.7 of the management agreement notes that ManagementCo will provide an Annual Shared Stadium Expense Budget to be adopted annually by Stadium Authority and StadCo.

Once the budget has been adopted, ManagementCo invoices Stadium Authority monthly for its budgeted portion of shared expenses which include stadium manager operating expenses. As part of the year-end work, the budgeted amounts that were paid are trued up with actuals for which ManagementCo provides details. The Stadium Authority has requested documentation, including invoices and insurance policies, that support the Shared Expenses provided by ManagementCo, however, at the time of this report, Stadium Authority has not received the supporting documentation.



# STADIUM MANAGER SHARED EXPENSES (CONT'D)

## Stadium Manager

### 2020/21 Total Shared Stadium Expenses

Between the Santa Clara Stadium Authority and Forty Niners SC Stadium Company (StadCo)

	Security	Stadium Operations	Engineering	Guest Services	Groundskeeping	Total
Total Compensation	\$ 852,310	\$ 4,867,892	\$ 2,805,564	\$ 783,446	\$ 269,717	\$ 9,578,929
Travel, Meals & Entertainment	-	407,976	12,000	81,980	6,850	508,806
Outside Services	1,984,156	2,162,000	898,774	1,600	884,960	5,931,490
General Supplies	3,216	123,700	156,000	165,310	189,940	638,166
Telephone	10,200	560,000	20,400	8,928	1,440	600,968
Equipment	16,188	466,376	56,000	116,000	8,000	662,564
Uniforms	10,248	-	3,000	156,200	2,500	171,948
Other	-	88,300	2,500	58,500	-	149,300
<b>Subtotal</b>	<b>\$2,876,318</b>	<b>\$ 8,676,244</b>	<b>\$ 3,954,238</b>	<b>\$ 1,371,964</b>	<b>\$ 1,363,407</b>	<b>\$18,242,171</b>

### Santa Clara Stadium Authority Proportionate Share of Stadium Expenses <sup>(1)</sup>

	Security (50%)	Stadium Operations (50%)	Engineering (50%)	Guest Services (50%)	Groundskeeping (30%)	Total
Total Compensation <sup>(2)</sup>	\$ 426,155	\$ 2,433,946	\$ 1,402,782	\$ 391,723	\$ 80,915	\$ 4,735,521
Travel, Meals & Entertainment	-	203,988	6,000	40,990	2,055	\$ 253,033
Outside Services	992,078	1,081,000	449,387	800	265,488	\$ 2,788,753
General Supplies	1,608	61,850	78,000	82,655	56,982	\$ 281,095
Telephone	5,100	280,000	10,200	4,464	432	\$ 300,196
Equipment	8,094	233,188	28,000	58,000	2,400	\$ 329,682
Uniforms	5,124	-	1,500	78,100	750	\$ 85,474
Other	-	44,150	1,250	29,250	-	\$ 74,650
<b>Subtotal</b>	<b>\$1,438,159</b>	<b>\$ 4,338,122</b>	<b>\$ 1,977,119</b>	<b>\$ 685,982</b>	<b>\$ 409,022</b>	<b>\$ 8,848,404</b>
Insurance <sup>(3)</sup>						3,044,833
Management Fee <sup>(4)</sup>						238,810
<b>Total</b>						<b>\$12,132,047</b>

<sup>(1)</sup> The Santa Clara Stadium Authority proportionate share of stadium expenses is rounded to the nearest \$1,000 in the operating budget.

<sup>(2)</sup> Total compensation is based on a total of 58 full time equivalent positions.

<sup>(3)</sup> The stadium lease sets Stadium Authority's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

<sup>(4)</sup> The stadium management agreement sets the base management fee at \$400,000 for the first lease year with each succeeding lease management fee increasing 3%. This base management fee is split 50/50 between Stadium Authority and StadCo.

# STADIUM MANAGER SHARED EXPENSES GLOSSARY

**Total Compensation:** This cost includes full-time staff (58 employees), part-time staff, and benefits. Stadium Authority pays for 50% of these costs except for groundskeeping which is set at 30%.

- **Full-time wages** are costs for all management company full-time employees.
- **Part-time wages** are costs for all management company part time employees. Wages include annual training for all Guest Services Representatives.
- **Benefits** are costs of employees' health insurance, pension, vacation time, and all employer taxes.

**Travel, Meals & Entertainment:** These are costs for employee travel (airfare, ground, lodging, and meals) to stadium management conferences. In addition, this category includes costs for staff meals for general food and beverage, vendor engagement, and the year-end guest service employee appreciation banquet.

**Outside Services:** Costs for outside service providers which include the following:

- **Janitorial and Medical** costs related to the janitorial, cleaning, landscaping, and trash services of the interior and exterior of the stadium and medical services for the stadium during regular business hours.
- **Stadium Security** costs for staffing 24/7 security guards in and around the stadium and explosive detection canines.
- **Engineering & Maintenance** for mandatory safety and general maintenance costs associated with fire sprinklers, fire alarms, elevators, and backflows. Also includes outside sub-contracted calls for services for windows, signage and roof repair, HVAC & electrical, carpet, concrete or other miscellaneous repairs.

**General Supplies:** Supplies for stadium operations, janitorial, engineering, and Guest Services (For example: janitorial supplies, general printing costs for stadium signage, deployment sheet, notes, handbooks etc.).

**Telephone:** These are costs for land lines and internet/data service for the stadium, (net of the costs for the Team's business offices), and cell service for stadium operations' and security personnel.

**Equipment:** Costs associated with stadium operations and security software, including incident tracking, mobile safety application, stadium staff scheduling/event calendar software, video surveillance licensing software, X-ray machine rental for deliveries, and monthly cost for off-site equipment storage.

# STADIUM MANAGER SHARED EXPENSES GLOSSARY (CONT.)

**Uniforms:** Guest Services replacement and replenishment of uniforms.

**Other Costs:** Costs associated with Stadium Operations (For example: specialized training, command post, CPR first aid, background checks, recruiting, marketing/advertising, and employee retention program).

**Tenant Improvements:** Interior improvements within Tenant's exclusive facilities and any other improvements within the Stadium that are to be owned by, and constructed at the cost of, Tenant or any Tenant transferee as may be agreed by the Parties (Stadium Authority and StadCo). (Source: Stadium Lease Agreement)

## Stadium Manager Santa Clara Stadium Authority Proportionate Share of Stadium Expenses - Five Year Forecast

	2021/22	2022/23	2023/24	2024/25	2025/26
Total Compensation <sup>(1)</sup>	\$ 4,877,587	\$ 5,023,915	\$ 5,174,632	\$ 5,329,871	\$ 5,489,767
Travel, Hotel & Staff/Partner F&B	260,623	268,442	276,495	284,790	293,334
Outside Services	2,872,416	2,958,588	3,047,346	3,138,766	3,232,929
General Supplies	289,528	298,214	307,160	316,375	325,866
Telephone	309,202	318,478	328,032	337,873	348,009
Equipment	339,572	349,759	360,252	371,059	382,191
Uniforms	88,038	90,679	93,400	96,202	99,088
Other	76,890	79,196	81,572	84,019	86,540
<b>Total</b>	<b>\$ 9,113,856</b>	<b>\$ 9,387,271</b>	<b>\$ 9,668,889</b>	<b>\$ 9,958,955</b>	<b>\$10,257,724</b>
Insurance <sup>(2)</sup>	3,136,178	3,230,264	3,327,172	3,426,987	3,529,796
Management Fee <sup>(3)</sup>	245,975	253,354	260,955	268,783	276,847
<b>Total</b>	<b>\$ 12,496,009</b>	<b>\$12,870,889</b>	<b>\$13,257,016</b>	<b>\$13,654,725</b>	<b>\$14,064,367</b>

<sup>(1)</sup> Total compensation is based on a total of 58 full-time equivalent positions.

<sup>(2)</sup> The stadium lease sets SCSA's share of insurance expense at \$2,550,000 for the first lease year with each succeeding lease year's expense increasing 3%.

<sup>(3)</sup> The stadium management agreement sets the base management fee at \$400,000 for the first lease year with succeeding lease year's management fee increasing 3%. This base management fee is split 50/50 between and StadCo.

# STADIUM DEBT SERVICE BUDGET

## Santa Clara Stadium Authority Debt Service Budget Summary

	2018/19 Final Budget	2018/19 Year-end Actuals	2019/20 Current Budget	2019/20 Projected Actuals	2020/21 Proposed Budget
<b>Resources</b>					
<b>Revenues</b>					
Contribution from CFD	\$ 3,800,000	\$ 3,779,880	\$ 3,872,000	\$ 3,873,000	\$ 4,028,000
<b>Revenues Subtotal</b>	<b>3,800,000</b>	<b>3,779,880</b>	<b>3,872,000</b>	<b>3,873,000</b>	<b>4,028,000</b>
Transfers In from Operating	53,963,000	53,153,057	47,795,000	44,808,000	38,234,000
Contribution from Fund Balance	4,653,000	4,094,296	-	-	-
<b>Total Resources</b>	<b>\$ 62,416,000</b>	<b>\$ 61,027,233</b>	<b>\$ 51,667,000</b>	<b>\$ 48,681,000</b>	<b>\$ 42,262,000</b>
	2018/19 Final Budget	2018/19 Year-end Actuals	2019/20 Current Budget	2019/20 Projected Actuals	2020/21 Proposed Budget
<b>Expenses</b>					
CFD Advance	\$ 3,800,000	\$ 3,506,299	\$ 3,844,000	\$ 3,835,000	\$ 3,989,000
Term A Loan	26,702,000	26,043,162	26,383,000	25,628,000	\$ 25,562,000
StadCo Subordinated Loan	31,914,000	31,477,772	21,440,000	19,218,000	12,711,000
<b>Total Expenses</b>	<b>\$ 62,416,000</b>	<b>\$ 61,027,233</b>	<b>\$ 51,667,000</b>	<b>\$ 48,681,000</b>	<b>\$ 42,262,000</b>
Debt Service Reserve	\$ 11,536,235	\$ 11,536,235	\$ 11,536,235	\$ 11,536,235	\$ 11,536,235

The proposed FY 2020/21 Debt Service Budget of \$42.3 million is based on the required and additional principal and interest debt service payments. A glossary is included at the end of this section that describes the type of debt and the applicable source documents for each loan. Of the \$42.3 million budget, \$4.0 million represents anticipated contributions from the Community Facilities District (CFD). The total Debt Service Reserves are projected to remain at \$11.5 million.

The schedule on the following page provides a breakdown of the principal and interest payments budgeted in FY 2020/21 for each loan as well as the beginning and ending balances. The total outstanding debt is projected to decrease by \$27.3 million in FY 2020/21 from \$308.3 million to \$281.0 million.



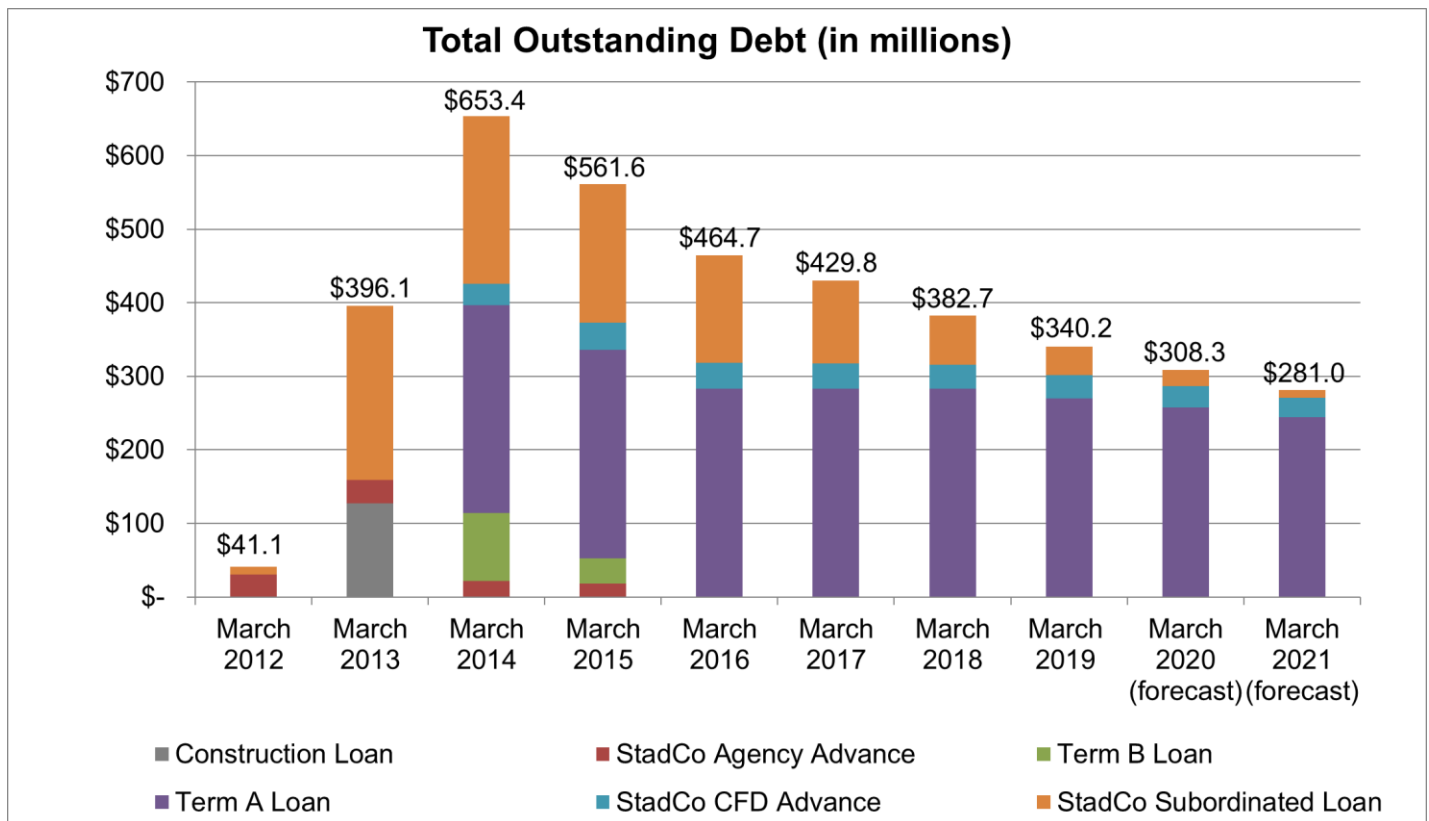
## STADIUM DEBT SERVICE BUDGET (CONT'D)

### Santa Clara Stadium Authority Debt Service Payment Schedule

Debt Obligations	Interest rates	2020/21 Interest	2020/21 Beginning Balance	2020/21 Principal Payments	2020/21 Additional Payments <sup>(1)</sup>	2020/21 Ending Balance
Stadium Funding Trust Term A Loan	5.00%	\$ 12,208,000	\$ 257,514,000	\$ 13,354,000	\$ -	\$ 244,160,000
StadCo CFD Advance <sup>(2)</sup>	5.73%	1,598,000	28,821,000	2,391,000	-	26,430,000
StadCo Subordinated Loan	5.50%	1,207,000	21,948,000	4,412,590	7,091,410	10,444,000
<b>Total</b>		<b>\$ 15,013,000</b>	<b>\$ 308,283,000</b>	<b>\$ 20,157,590</b>	<b>\$ 7,091,410</b>	<b>\$ 281,034,000</b>

<sup>(1)</sup>Additional payment is based on anticipated revenue that is in excess of all expenses and reserve requirements.

<sup>(2)</sup>Community Facilities District (CFD) principal payment is an estimate based on anticipated contributions from the CFD



# STADIUM DEBT SERVICE BUDGET GLOSSARY

**Contribution from the Community Facilities District (CFD):** The CFD was established for the purpose of financing and constructing publicly owned facilities. To support that, the CFD levies and collects a special hotel tax of 2% on hotel rooms within the CFD. During the construction of Levi's® Stadium, Stadium Authority spent \$35 million on CFD infrastructure. All collections from the special CFD hotel taxes are contributed to Stadium Authority to pay down the CFD Advance which was used to fund the construction of the CFD publicly owned facilities. (Source: The Reimbursement Agreement Relating to the CFD)

**CFD Advance:** StadCo agreed to loan Stadium Authority a not to exceed amount of \$35 million for CFD infrastructure and with a maximum principal amount of \$38 million including capitalized interest. This loan bears interest at a fixed rate of 5.73% and the loan is payable solely from amounts actually received by Stadium Authority from the CFD. (Source: The Authority Promissory Note in Respect of StadCo CFD Advance)

**Term A Loan:** The Stadium Funding Trust (FinCo) agreed to loan Stadium Authority \$282.8 million to fund construction of Levi's® Stadium. This loan bears interest at a fixed rate of 5% payable semi-annually, with annual principal payments due beginning in April 2018. It has a maturity date in 2039 and is subject to certain prepayment premiums. The principal payment schedule is noted below. (Source: The Restated Credit Agreement)

Term A Loan Amortization						
Date	Annual Principal Payment		Date	Annual Principal Payment	Date	Annual Principal Payment
April 1, 2018	\$ 12,110,000		April 1, 2026	\$ 8,404,934	April 1, 2033	\$ 13,306,164
April 1, 2019	\$ 12,718,000		April 1, 2027	\$ 9,001,865	April 1, 2034	\$ 14,160,901
April 1, 2020	\$ 13,354,000		April 1, 2028	\$ 9,630,410	April 1, 2035	\$ 15,060,270
April 1, 2021	\$ 14,022,000		April 1, 2029	\$ 10,292,166	April 1, 2036	\$ 16,006,521
April 1, 2022	\$ 14,723,000		April 1, 2030	\$ 10,988,812	April 1, 2037	\$ 17,002,017
April 1, 2023	\$ 15,459,000		April 1, 2031	\$ 11,722,111	April 1, 2038	\$ 18,049,239
April 1, 2024	\$ 7,299,896		April 1, 2032	\$ 12,493,914	April 1, 2039	\$ 19,150,794
April 1, 2025	\$ 7,838,094					

**StadCo Subordinated Loan:** StadCo agreed to loan Stadium Authority an amount not to exceed \$500 million to fund construction of Levi's® Stadium. The actual amount loaned to the Stadium Authority was \$236.9 million. This loan bears a fixed interest rate of 5.5% with annual principal payments due beginning in March 2016 and it may be prepaid at any time without penalties. (Source: The Restated StadCo Obligations Agreement)

# STADIUM AUTHORITY CAPITAL EXPENSE BUDGET

The Capital Expense (CapEx) Budget is used to fund the purchase or upgrade of fixed assets for the Stadium. While the funding for appropriations occur on an annual basis, the Capital Expense Plan extends for a five-year period (shown on Page 48 of this report). Changes to existing projects, as well as the addition of new projects, may occur during the five-year planning period as new needs are identified. The appropriations for capital projects do not lapse at year-end but carryover into future years until the project is complete.

The FY 2020/21 CapEx Budget totals \$13 million. Of this total, \$8.0 million of prior year appropriations are projected to be carried over from FY 2019/20 (\$1.5 million of the projected carryover amount is for warranty-related construction, and the other \$6.5 million is for prior year CapEx projects). New capital improvement appropriations equal \$5 million.

A detailed listing of proposed FY 2020/21 projects is provided starting on Page 40 of this report.



Public Safety Kawasaki Mule  
Used for public safety patrol and  
emergency response

## Santa Clara Stadium Authority Capital Expense Budget Summary

	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2020/21
	Final Budget	Year-End Actuals	Final Budget	Projected Actuals	Projected Carryover	Proposed Budget	Total Proposed Budget
<b>Beginning Balances</b>	\$ 12,358,833	\$ 12,718,700	\$ 14,532,870	\$ 14,516,225	\$ 17,837,300		\$ 17,837,300
<b>Resources</b>							
Transfers In from Operating	3,377,000	3,376,527	3,478,000	3,478,000	-	3,582,000	3,582,000
Transfers In from Stadium Development <sup>(1)</sup>	-	-	-	-	-	-	-
<b>Total Resources</b>	<b>15,735,833</b>	<b>16,095,227</b>	<b>18,010,870</b>	<b>17,994,225</b>	<b>17,837,300</b>	<b>3,582,000</b>	<b>21,419,300</b>
	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2020/21
	Final Budget	Projected Actuals	Final Budget	Projected Actuals <sup>(2)</sup>	Projected Carryover	Proposed Budget	Total Proposed Budget
<b>Expenses</b>							
Construction	4,875,415	1,378,251	4,956,922	-	1,888,911	2,836,416	4,725,327
Equipment	1,210,000	124,732	7,070,988	156,114	4,252,034	1,936,665	6,188,699
Contingency	296,546	3,250	657,397	812	307,048	238,655	545,703
Stadium Warranty Related Construction	1,600,971	72,769	1,528,202	-	1,528,202	-	1,528,202
<b>Total Expenses</b>	<b>7,982,932</b>	<b>1,579,002</b>	<b>14,213,509</b>	<b>156,926</b>	<b>7,976,195</b>	<b>5,011,736</b>	<b>12,987,931</b>
Capital Expense Reserve	\$ 7,752,901	\$ 14,516,225	\$ 3,797,361	\$ 17,837,300	\$ 9,861,105		\$ 8,431,369

<sup>(1)</sup> Carryover from the original Stadium Construction Budget for Warranty-related work

<sup>(2)</sup> Projected Actuals exclude some project payments withheld due to the ManagementCo not following State procurement and prevailing wage laws.



ALS Lifepack Monitor allows better  
diagnosis and treatment of cardiac  
arrest patients.

# Santa Clara Stadium Authority

## 2020/21 CapEx Budget

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
General Building		<b>Updated Stadium Wayfinding Signage</b> Install Premium/Club wayfinding, Suite wayfinding, Smoking section signs, No smoking signs for around the main and upper concourses, section numbers/floor decals, ADA blue lines, tunnel signs that indicate "no photos/no autographs", etc.	\$ 250,000	\$ 12,500	\$ 262,500
General Building		<b>Levi's Naming Rights Signage Replacement</b> Replace Levi's Naming Rights signage.	650,000	32,500	682,500
Plumbing		<b>Lift Station</b> Replace pumps, motors and controls at sewage ejector sumps in Quadrants A, B, C & D on 100 level.	200,000	10,000	210,000
Plumbing		<b>Plumbing</b> Replace pressure reducing valves and other parts on domestic and recycled water systems.	100,000	5,000	105,000
Public Safety	x	<b>Stadium Vehicles (Gator &amp; Kubota) Upfits</b> Add a utility storage box for John Deere Gator utility vehicle to store all of Joint Hazard Assessment Team's (JHAT) equipment in a secure and organized area. The upfits for the Gator and Kubota utility vehicles also include adding roll-up windows to protect staff against rain, and hood racks for additional storage for the many pieces of equipment that JHAT carries.	9,000	450	9,450
Public Safety	x	<b>Storage Conex Garage for Apparatus</b> Add a new lockable, weatherproof storage conex for storage of three stadium vehicles (two John Deere Gators and one Kubota utility vehicle). With the temporary closing of Fire Station 10, the space is needed to house the vehicles that are currently housed at Fire Station 10. The storage container will be located at Fire Station 8 which is the closest location to the Stadium.	12,416	621	13,037
Public Safety	x	<b>Pedestrian Safety Fencing</b> Install raised fencing on Tasman Drive from Centennial Boulevard to Calle Del Sol. This is approximately 0.4 miles and would be adjacent to the VTA/Light Rail tracks. This fencing is required to guarantee the safety of patrons as pedestrians on Tasman Drive. Currently, pedestrians regularly jump temporary construction barriers and cross eastbound Tasman Drive and cross live/active VTA light rail tracks. In addition, during events the traffic flow is reversed and pedestrians will not expect cars coming from that direction. This poses a clear danger for pedestrians and mobile personnel are not always available to prevent this regular attempt by pedestrians. Raised fencing will guarantee this dangerous situation stops. The cost is an estimate based on the Fencing on Tasman project.	100,000	5,000	105,000
Security		<b>Enhance Stadium Security Coverage</b> Evaluate and replace existing cameras with technologically advanced multi-lens panoramic/360/multi-directional cameras. Design locations and camera styles have created visual obstructions and gaps in coverage. Height locations with fixed lens cameras create the inability to adjust field of views. Installation of television monitors/signage near camera mounts have created field of view obstructions. Due to high volume of club space usage for large scale, and smaller events, request for video investigations become frequent. Low lighting situations are constant with event type needs, and enhanced technology from newer cameras will enable greater video quality. The areas which need to be evaluated include, but are not limited to: BNY Mellon East and West Club, Yahoo Club, United Club, FII Club, 501 Club, Citrix Owners Club, Entry Gates, and Perimeter fences.	330,000	16,500	346,500
Security		<b>Enhance Stadium Security Access Control</b> Install card readers on manual doors to increase access control features and security. Based on operational demands, doors have been identified via staff request and event activity in order to improve operational awareness and enhance the access control abilities by automating the doors. This also increases security to areas deemed by staff to hold sensitive or high value assets. The access control enhancements include Vertx/Mercury upgrade, EvoE400/Mercury upgrade, and various doors with access control needs.	235,000	11,750	246,750



## Santa Clara Stadium Authority

### 2020/21 CapEx Budget (cont.)

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
Security		<b>CCTV Pop Up Trailers</b> Purchase five (5) additional units to continue to meet NFL Best Practices guidelines by covering parking lots outside stadium footprint that currently have no camera coverage.	\$ 235,000	\$ 11,750	\$ 246,750
Security		<b>Parking Lot Camera Upgrades</b> Replace Great America parking lot cameras with technologically advanced multi-lens panoramic/360/multi-directional cameras. New camera technology would provide better overall coverage of the main parking lot. Sun baked cameras with fixed angles have created gaps in coverage. With more video incident request coming from ingress/egress incidents, new technology would assist in these investigations. Install cameras in Gold lot 4/5 where there is very limited coverage.	40,000	2,000	42,000
Security		<b>Bowl Camera Upgrade/Refurbish</b> Replace bowl cameras. Several bowl cameras have become sun baked and provide poor/obscured coverage of bowl seating. Maintenance has become an issue as it takes a lot of time and money to set up scaffolding to reach camera boxes. Need to re-engineer housing (suggest relocating housing closer to stadium infrastructure).	135,000	6,750	141,750
Security		<b>Surveillance - Command Center Equipment</b> Build out workstations with equipment that can handle the load of video viewing during large scale events, as well as the 24/7 security operations in both 100 and 800 command rooms. Equipment includes, but is not limited to, monitors, keyboards, video cards, CPU processors, power supplies, motherboards, and cabling.	50,000	2,500	52,500
Security		<b>Software Upgrade to Genetec 5.8</b> Upgrade to Genetec's newest firmware version 5.8. This would improve overall system performance and stability, and add new features that will help in operator training and utilization of software. Customizable live dashboards assist in monitoring alarms and events in real time.	35,000	1,750	36,750
Security		<b>Video Analytics</b> Add video analytics to assist with video investigations. Video investigations take several hours/days to complete using traditional playback methods. Adding video analytics will greatly decrease man-hours spent in video review process, as well as aid in investigations using newer technology.	35,000	1,750	36,750
Security		<b>License Plate Reader at Vehicle Entry Gates</b> Add six (6) License Plate Reader cameras on entry/exit lanes of all vehicle gates (Post 1,2, and 3) to document and track vehicles entering and exiting the stadium.	45,000	2,250	47,250
Security		<b>Security X-Ray Scanners</b> Purchase four (4) portable X-ray units to observe postage that comes into the loading dock 24/7 and screen bags/deliveries during event days.	150,000	7,500	157,500
Site		<b>Security Fencing - Main Lot</b> Remove and replace approximately 1,000 linear feet of 4-foot high security fencing in Main Lot per request of City.	150,000	7,500	157,500
Site		<b>Stationary Electric Pressure Washers</b> Install one (1) to two (2) demo stations on the 300 concourse. If these are effective, we would look to replace all gas-powered pressure washers with electrically powered ones.	75,000	3,750	78,750
<b>Subtotal CapEx Construction Costs</b>			<b>\$ 2,836,416</b>	<b>\$ 141,821</b>	<b>\$ 2,978,237</b>



## Santa Clara Stadium Authority

### 2020/21 CapEx Budget (cont.)

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
Food and Beverage		<b>Beverage Distribution System</b> Add a beverage distribution system to stadium concession areas and bars. This includes the lines and CO2 dispensing equipment.	\$ 50,000	\$ 2,500	\$ 52,500
Food and Beverage		<b>CO2 Monitoring &amp; Sensors for Code Compliance</b> Install remote CO2 monitoring for enhanced safety for stadium staff per SCFD & State of CA.	200,000	10,000	210,000
HVAC/ Mechanical		<b>Variable Frequency Drive(s)</b> Replace exterior Variable Frequency Drive units for Cooling Tower pumps due to life expectancy issues. This system supports the mechanical cooling functions for the HVAC system.	150,000	7,500	157,500
HVAC/ Mechanical		<b>HVAC</b> Replace HVAC fan coils, motors, squirrel cage fans, and controls to heat pumps throughout facility.	100,000	5,000	105,000
HVAC/ Mechanical		<b>Cooling Towers</b> Replace Cooling Towers internal parts and systems. This includes the motors, fans, fill, controls, and piping which support the mechanical cooling functions for the HVAC system.	50,000	2,500	52,500
Information Technology	x	<b>Financial Management Information System Project</b> Procure a new cloud-based financial management system for the Stadium Authority that would allow greater visibility in to Non-NFL Events. The management company that handles Non-NFL events would use the financial management system for all transactions related to Non-NFL events as well as store supporting documentation for the transactions (including invoices). The costs include software license/subscription, hosting fee and a consultant for implementation and process improvement. There will be ongoing software license costs and possibility for additional staff time for implementation. <b>*Subject to subsequent court rulings on cost allocation.</b> <b>*\$270,000 Funded by Operating Fund</b>	-	-	-
Life Safety/Fire		<b>Fire Alarm System</b> Replace/update fire alarm system field devices, including interior/exterior signaling devices, detectors, and control panel parts.	250,000	12,500	262,500
Life Safety/Fire		<b>Photoluminescent Tape for Life Safety</b> Replace photoluminescent tape in stairwells A1, A2, A3, A4, from level 100 to 900 per Santa Clara City Fire Marshall.	200,000	10,000	210,000
Public Safety Equipment	x	<b>Radios</b> Add new radios to equip additional staff in our public safety deployment. Personnel will continue to use these specific radios for varied public safety responsibilities. These radios allow for communication to the command post and between public safety partners working our events. Without these critical radios, personnel would not be able to function in their capacity and as expected to provide public safety services including emergency response. There is a yearly operating cost; requesting quote.	79,000	3,950	82,950
Public Safety Equipment	x	<b>Motor Vehicle Barricades</b> Add eight (8) motor vehicle barricades. Our operational area requires rapid and versatile deployment of physical barriers. These 8 barriers are essential for vehicular traffic routing and stopping. In the event of intentional barricade breaching, these barriers will prevent a full breach and protect pedestrians from vehicles. Current and traditional barricades require substantial planning and are labor-intensive. Our new mobile barricades would reduce intense labor, but significantly raise the safety and versatility of our barrier placement. Of the cost, \$100,000 is a carryover from FY2018/19 and \$245,000 is additional funding requested.	345,929	17,296	363,225
Public Safety Equipment	x	<b>Explosive Ordinance Detection Blankets/Water Barrier</b> Purchase bomb blankets and water barriers for the explosive ordinance detection (EOD) team. This team is responsible for the identification and mitigation of explosive items. They currently have no ability to quickly mitigate a verified suspicious package. Bomb blankets and water barriers are easily transportable and deployable. The use of these two measures will greatly reduce the collateral damage of an explosive device.	12,637	632	13,269

## Santa Clara Stadium Authority

### 2020/21 CapEx Budget (cont.)

Item Type	SCSA		Description	Cost	Contingency	
	Requested				(5%)	Total Cost
Public Safety Equipment		<b>Bicycles</b>		\$ 25,000	\$ 1,250	\$ 26,250
	x	Purchase 10 bicycles for the bicycle unit, which is an integral part of our exterior public safety operation. The scattered locations of all parking lots and the congested nature of the roadways require bicycles as the primary mode of travel for ease of movement for public safety officers. 10 bicycles (5 will be used for replacements) will bring the current inventory to 30 and will allow us to expand our bike unit.				
Public Safety Equipment		<b>Stadium Personal Protective Equipment</b>		60,000	3,000	63,000
	x	Add personal protective equipment for various teams at the Stadium. Active Shooter has been an emerging threat. The Santa Clara Fire Department does not currently have Active Shooter gear for the Stadium, and to equip the team of 12 to handle an Active Shooter threat, the following gear is requested: vests, helmets, protective plates, EMS equipment and other appropriate Personal Protective Equipment (PPE) for an Active Shooter. In addition, the gear requested includes vests, helmets and respiratory protection for the Joint Hazard Assessment Team (JHAT) of 6 for blast and chemical release protection; and Stadium battle dress uniform (BDU) blouses and pants to protect against the weather for the stadium team of 60. The vest and helmets are new equipment for the team and BDU is a combination of replacement and new.				
Public Safety Equipment		<b>Heavy Lift Kit</b>		51,913	2,596	54,509
	x	Add a Heavy Lift Kit to be able to lift larger vehicles and equipment for rescue purposes in the event of an accident, stage or crane collapse. Stadium has increased traffic of large vehicles and equipment on a regular basis, including buses for team and performer transport and semi trucks for delivery.				
Public Safety Equipment		<b>Radiation Detector</b>		21,500	1,075	22,575
	x	Purchase a radiation detector. The Joint Hazard Assessment Team (JHAT) had historically used the Identifinder radiation detector on the HazMat apparatus; however, the Identifinder (purchased in 2008) has been decommissioned due to age and is no longer serviceable by manufacturer. The Radiation (Gamma and Neutron) Detector will be a replacement purchase with expected life of 10 years.				
Public Safety Equipment		<b>Rope Rescue Gear Including Storage Container</b>		31,500	1,575	33,075
	x	Add high angle and vertical rescue equipment needed to address the intricate and complex areas of the stadium. This includes an artificial high point, full rope response kit, winch, rigging, fall protection, and patient extraction device. This is new gear for the Stadium Team.				
Public Safety Equipment		<b>Mass Casualty Incident Trailer</b>		120,000	6,000	126,000
	x	Purchase a Mass Casualty Incident (MCI) Trailer. The fire department currently has equipment to treat 25 patients during a large-scale emergency. The MCI Trailer would allow the first responders to treat between 500-1000 people during a large-scale emergency by allowing quick access to on-board equipment and supplies.				
Public Safety Equipment		<b>Motorola APX 6000 Radio/Charger/Battery</b>		4,600	230	4,830
	x	Add a radio charger and extra battery for the Fire Incident Commander in the Command Post to assist with monitoring multiple channels.				
Public Safety Equipment		<b>Motorola Earpieces</b>		1,000	50	1,050
	x	Replace earpieces for the radios used by the crews. The original earpieces were purchases six years ago and are at end of life.				
Public Safety Equipment		<b>Battery Pack for JHAT Crew</b>		72	4	76
	x	Add a portable battery charging pack for the Joint Hazard Assessment Team (JHAT) that uses a lot of battery power. A portable battery charging pack is needed to recharge equipment for the long duration JHAT missions. This is a new purchase.				
Public Safety Equipment		<b>2-Way CAD/24-7 Link</b>		150,000	7,500	157,500
	x	Add a 2-way link between the 24/7 dispatch system and the CAD system. All stadium personnel operate on the 24/7 dispatch system. SCPD and SCFD operate on the CAD system. When public safety personnel are sent on calls, the call must be generated by hand in both systems. This causes extra work for dispatchers, however, more importantly this creates delays in reporting and responses to public safety incidents. A 2-way link would allow both systems to "talk" to each other and automatically create incidents in each other's system. Additionally, without this link, we cannot log officers on which creates an officer safety issue as well as an issue when it comes to management of personnel.				

## Santa Clara Stadium Authority

### 2020/21 CapEx Budget (cont.)

Item Type	SCSA Requested	Description	Cost	Contingency (5%)	Total Cost
Public Safety Equipment	x	<b>Dispatch Monitors</b> Replace dispatch monitors with larger screens. Our public safety dispatchers utilize several screens at their work stations in order to facilitate their duties. The necessary upgrading of our latest public safety communications center's CAD and associated software will require larger screen area to effectively manage the new information. These 16 replacement 22" larger monitors are needed to optimize the use and intended application of the latest public safety dispatching software. The larger screens are required to view the additional windows from the CAD system and are expected to last five years. The prior monitors were purchased six years ago and are 19" monitors. The cost includes estimated installation for three workstations.	\$ 8,000	\$ 400	\$ 8,400
Public Safety Equipment	x	<b>Radio Batteries</b> Replace radio batteries that are at the end of their life expectancy. This is due to their natural order of deterioration where the expected battery power retention is lost. Current radio inventory requires the battery replacement for this reason. Radios with batteries performing at full capacity are required for public safety personnel to ensure radios will remain at a functional level during a standard shift. Life expectancy is three years.	15,514	776	16,290
Public Safety Equipment	x	<b>Safety Gear for Special Event Officers &amp; Traffic Control Personnel</b> Add safety gear for traffic control personnel that are a critical element to our public safety deployment. Beyond this application, they also provide welcomed guidance and direction to visitors and our neighborhood residents. Upon directing traffic and pedestrians, our traffic control staff work amongst vehicles in all types of weather for extended periods of time. Rain suits would afford this staff the ability to effectively and safely work in these conditions while remaining dry. High visibility jackets will increase our staff's visual recognition increasing their personal safety while performing their duties around vehicles. Flashlights and high visibility jackets will increase the public's ability to notice the traffic control staff leading to overall safety of all who visit our footprint and increased recognition of direction offered by this staff.	7,000	350	7,350
Public Safety Equipment	x	<b>Radio Chargers</b> Add three radio charging stations. Our radio equipment is critical and, therefore, their serviceability must be maintained. Each new radio will require a charging port. These three charging stations each have a 6-radio capacity and three are needed to maintain radios at their peak power and usability. Having these three charging stations will ensure all radios are ready for use by public safety without the risk of personnel being without this crucial equipment in a functional state.	3,000	150	3,150
<b>Subtotal CapEx Equipment Costs</b>			<b>\$ 1,936,665</b>	<b>\$ 96,834</b>	<b>\$ 2,033,499</b>
<b>Total New CapEx Project Costs</b>			<b>\$ 4,773,081</b>	<b>\$ 238,655</b>	<b>\$ 5,011,736</b>

## Santa Clara Stadium Authority

### 2020/21 CapEx Budget Carryover

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Electrical		<b>Mechanical and Electrical Closet Lighting (2019/20 Carryover)</b> Install LED lighting in all mechanical and electrical closets located in the service tunnel, 300 Level, and 700 level. These lights not only improve visibility, but also provide longer and more efficient power usage.	\$ 150,000	\$ 7,500	\$ 157,500
Electrical		<b>Broadcast Booth Power (2019/20 Carryover)</b> Install power components used for stadium events. These components will adhere to LEED certification, provide a clean source of power for our clients, and improve operating efficiencies.	35,000	1,750	36,750
Electrical		<b>Concessions Cart Cabling (2019/20 Carryover)</b> Install code rated low voltage cabling (CAT6) to portable concession carts. This will provide Internet Protocol (IP) based access to the IPTV menu boards and Point of Sale (POS) systems for credit card transactions, as well as deliver an emergency signage to be displayed at the concession stands if	50,000	2,500	52,500
General Building		<b>Stadium Event Signage (2019/20 Carryover)</b> Install stadium signage (including but not limited to tunnel awnings, accessible seating reference areas, lower bowl sections placards, and additional fire and building code signage per Fire Marshal).	138,000	6,900	144,900
General Building		<b>Miscellaneous (2019/20 Carryover)</b> Add funding for unforeseen building-related repairs.	100,000	5,000	105,000
General Building		<b>Command Post Window Treatment (2019/20 Carryover)</b> Install window shades and/or tint the exterior windows on the 800 level command post to reduce heat and glare. This will assist dispatchers and command post operators working in this space.	16,000	800	16,800
General Building		<b>Stadium and Special Event Spaces (2019/20 Carryover)</b> Add entry mats to be placed at stadium entrances to help alleviate wet floor scenarios and provide safety to stadium patrons. Will extend the finish of the existing flooring and help prevent slip and falls during inclement weather.	75,000	3,750	78,750
General Building		<b>Non-Slip Floor Matting (2019/20 Carryover)</b> Install non-slip matting from the north side locker rooms to tunnels primarily for event usage (that include access to the field for athletes, performers and customers).	50,000	2,500	52,500
General Building		<b>Women's Locker Room (2019/20 Carryover)</b> Convert a portion of the auxiliary locker room area to accommodate a larger private space for female athletes, performers, officials, and other female event day sporting and entertainment professionals visiting or working events at Levi's Stadium.	372,000	18,600	390,600
General Building		<b>Automatic Logic Control Building Engineering System (2019/20 Carryover)</b> Install an automatic logic controller system upgrade to monitor the building's HVAC in all quadrants simultaneously. This updated system will enable graphic interface and help the system to operate more efficiently with time clock management and assist in potential lighting control energy savings.	35,000	1,750	36,750
General Building		<b>Club Space Flooring (2019/20 Carryover)</b> Strip, resurface, and/or replace hardwood flooring surfaces in the BNY East & West and Levi's 501 spaces. These spaces are among the most utilized spaces in the building and get a large amount of foot traffic. This work will help extend the useful life of these spaces as well as reducing slips and falls	85,000	4,250	89,250
General Building		<b>Command Post Communication Equipment (2019/20 Carryover)</b> Purchase and install public safety screens, monitors, and projection devices used in monitoring stadium and security operations to help improve situational awareness and response.	58,000	2,900	60,900
General Building		<b>Stadium Field Conduits (2018/19 Carryover)</b> Add a permanent solution for power and data on field/floor of stadium, making electrical connections safer and efficient for concert and events.	118,197	5,910	124,107

## Santa Clara Stadium Authority

### 2020/21 CapEx Budget Carryover (cont.)

Item Type	SCSA Requested	Description	Cost	Remaining Contingency	Total Cost
Security		<b>Stadium Camera Booth Card Readers (2019/20 Carryover)</b> Install card reader for north and south camera booths to secure the spaces that enter into/from general public access areas.	\$ 84,000	\$ 4,200	\$ 88,200
Site		<b>Stadium Insulation (above 300 level and below 400/500 level) (2019/20 Carryover)</b> Install new insulation in the 400/500 underside above the 300 level. Original insulation is failing due to weather conditions. This also helps reduce sound reverberation throughout the concourse and protects the concrete from the elements.	150,000	7,500	157,500
Site		<b>Gold Lot 4 and 5 Lighting (2019/20 Carryover)</b> Install LED lighting in Gold 4 and Gold 5 parking lots. The current light plan is underpowered and is not sufficient given the work environment during stadium event load in/out. This lighting improves safety conditions for stadium personnel and provides energy cost savings with more efficient fixtures.	50,000	2,500	52,500
Site		<b>Rust Prevention Mitigation (2019/20 Carryover)</b> Implement rust prevention measures. The stadium railings, beams, and other steel areas need rust prevention and coating in specific areas throughout the	90,000	4,500	94,500
Site		<b>Stadium Event Power Upgrades &amp; Switchgear Electrical (2019/20)</b> Install and enhance Stadium Event wiring service on the 12 Kilovolt (KV) Primary Switch Gear (PMSG) to main electrical panel.	42,714	2,136	44,850
Site		<b>Asphalt (2018/19 Carryover)</b> Slurry coat the visitor parking on Tasman, Gold 4 & 5 parking lots and South Access Road.	190,000	9,500	199,500
<b>Subtotal CapEx Construction Carryover Costs</b>			<b>\$ 1,888,911</b>	<b>\$ 94,446</b>	<b>\$ 1,983,357</b>
Audio/Visual		<b>Radio Booth Cabling (2019/20 Carryover)</b> Install fiber optic cabling to increase the low voltage cabling backbone. This installation will accommodate the expanding requests for booth usage during stadium events and keep up with emerging trends.	\$ 600,000	\$ 30,000	\$ 630,000
Audio/Visual		<b>Creston Control &amp; Building Operating System Upgrades (2019/20)</b> Install a Creston Control System to monitor HVAC, lighting, electrical, and fire alarms. This comprehensive system enables all of these items to interface with one another for engineers to see a real time view of the building's systems.	10,000	500	10,500
Furniture, Fixtures & Equipment		<b>Replace Furniture in Club and Special Event Spaces (2019/20 Carryover)</b> Purchase replacement furniture for clubs (BNY, United, Levi's 501 and Yahoo) and special event spaces to enhance areas and meet client expectations. These spaces are amongst the most utilized in the entire stadium.	1,600,000	80,000	1,680,000
Furniture, Fixtures & Equipment		<b>Security and Life Safety Partitions/Dividers (2019/20 Carryover)</b> Install service tunnel drapery and/or partitions for security and public safety personnel during stadium events that require public access to the service level. This helps coordinate public movements in "back of house areas" without affecting stadium operations.	68,000	3,400	71,400
Furniture, Fixtures & Equipment		<b>Tunnel Slip and Fall Protection (2019/20 Carryover)</b> Install non-slip material at the South, Northeast, and Northwest Field Tunnels.	30,000	1,500	31,500
Furniture, Fixtures & Equipment		<b>Guest Service Booths (2018/19 Carryover)</b> Add two additional guest services booths on the main concourse for better enhanced customer service touchpoints.	70,000	3,500	73,500
HVAC/Mechanical		<b>Kitchen Exhaust Fans (2019/20 Carryover)</b> Install variable frequency drive (VFD) Units on kitchen exhaust fans for soft start (slow ramp up) capabilities. Kitchen exhaust fans currently operate 100 percent of the time. Installing VFD units will modulate the power and save energy whenever the fan is in use. Soft start extends the life of the equipment and saves energy.	300,000	15,000	315,000

## Santa Clara Stadium Authority

### 2020/21 CapEx Budget Carryover (cont.)

SCSA		Description	Cost	Remaining	
Item Type	Requested			Contingency	Total Cost
Life Safety/Fire		<b>Fire Sprinkler Extension (2019/20 Carryover)</b> Add fire sprinklers to the Gate F entrance. The Santa Clara Fire Marshal has requested that fire sprinklers be installed at the Gate F entrance to mitigate potential fire risk beneath the existing ribbon boards.	\$ 55,000	\$ 2,750	\$ 57,750
Public Safety Equipment	x	<b>GPS Software for Tracking Personnel (2019/20 Carryover)</b> Add GPS software to track public safety personnel. Live tracking of law enforcement personnel is critical in providing an accurate picture of public safety coverage. This technology and software will allow the Command Post to know where our personnel are at all times and make necessary assignment adjustments on the go. It is desired that the software also be capable of retaining data for historical analysis. The requested funding of \$25,000 is the initial purchase price for approximately 100 devices and the software. There is a monthly operating cost of \$30/month each; \$36,000 total	25,000	1,250	26,250
Public Safety Equipment	x	<b>Body Worn Cameras (BWCs) (2019/20 Carryover)</b> Add BWCs for use by public safety personnel. BWCs are now standard issue in law enforcement and an expectation from the public, especially in contacts that can turn negative. Issuing BWCs to all police staff for use during Stadium events would better protect all interests and provide the transparency that the public has come to expect.	150,000	7,500	157,500
Public Safety Equipment	x	<b>Fencing on Tasman (2019/20 Carryover)</b> Add fencing to prevent stadium event pedestrian traffic from crossing unsafely between Lafayette St. and the Tasman St. overcrossing.	70,000	3,500	73,500
Public Safety Equipment	x	<b>Street Signage (2017/18 Carryover)</b> Add street signage. This item was brought before the SCSA Board and approved in the 2017/18 budget. Staff has been working with the Department of Public Works, the Executive Director's office and the Chief of Police's office to identify appropriate locations on surrounding city streets (Great America Parkway, Tasman Drive, etc.) to place signage to better protect, inform and serve patrons visiting Levi's® Stadium, non-event day traffic, community event advisories and emergency public safety and traffic	1,000,000	50,000	1,050,000
Public Safety Equipment	x	<b>Portable License Plate Reader/PTZ Cameras (2018/19 Carryover)</b> Purchase portable license plate readers. Placing temporary/moveable license plate readers in remote stadium parking lots will provide better information and intelligence to the Command Post in order to deter crime and assist in apprehending crime suspects in the aftermath of an incident.	160,000	8,000	168,000
Public Safety Equipment	x	<b>Public Safety Command Post Dispatch System (2018/19 Carryover)</b> Add a system that will interface between the system that is used at Levi's Stadium to track all incidents/requests that occur during an event and the City's Hexagon CAD system. This will provide a seamless transition of data including calls for service, personnel assignments, and event tracking.	94,034	4,702	98,736
Vertical Transport		<b>Elevator Door Replacement (2019/20 Carryover)</b> Replace and install new elevator doors on one of the freight elevators in the stadium.	20,000	1,000	21,000
<b>Subtotal CapEx Equipment Carryover Costs</b>			<b>\$ 4,252,034</b>	<b>\$ 212,602</b>	<b>\$ 4,464,636</b>
Stadium Warranty-Related Construction		Carryover costs from the original Stadium Construction Budget for warranty-related work.	<b>\$ 1,528,202</b>		<b>\$ 1,528,202</b>
<b>Total CapEx Carryover Costs</b>			<b>\$ 7,669,147</b>	<b>\$ 307,048</b>	<b>\$ 7,976,195</b>



# STADIUM AUTHORITY CAPITAL EXPENSE BUDGET (CONT'D)

## Santa Clara Stadium Authority Capital Expense Plan Summary - 5 Year Forecast

	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
Electrical	\$ -	\$ -	\$ 750,000	\$ 1,250,000	\$ 1,475,000
General Building	900,000	1,352,000	600,000	1,050,000	3,125,000
Plumbing	300,000	150,000	-	-	460,000
Public Safety	121,416	-	-	-	-
Security	1,290,000	150,000	-	-	1,110,000
Site	225,000	400,000	-	150,000	575,000
<b>Subtotal CapEx Construction Costs</b>	<b>\$ 2,836,416</b>	<b>\$ 2,052,000</b>	<b>\$ 1,350,000</b>	<b>\$ 2,450,000</b>	<b>\$ 6,745,000</b>
Audio/Visual	\$ -	\$ -	\$ 600,000	\$ -	\$ 650,000
FF&E	-	30,000	-	30,000	31,669
Food & Beverage	250,000	-	-	-	200,000
HVAC/Mechanical	300,000	150,000	-	75,000	1,060,000
Life Safety/Fire	450,000	50,000	-	-	135,000
Public Safety Equipment	936,665	115,000	517,500	140,000	100,000
Vertical Support	-	-	-	-	1,000,000
<b>Subtotal CapEx Equipment Costs</b>	<b>\$ 1,936,665</b>	<b>\$ 345,000</b>	<b>\$ 1,117,500</b>	<b>\$ 245,000</b>	<b>\$ 3,176,669</b>
Contingency (5%)	238,655	119,850	123,375	134,750	496,083
<b>Total CapEx Project Costs</b>	<b>\$ 5,011,736</b>	<b>\$ 2,516,850</b>	<b>\$ 2,590,875</b>	<b>\$ 2,829,750</b>	<b>\$ 10,417,752</b>

## STADIUM AUTHORITY WORK PLAN

Unfortunately, the Work Plan that Stadium Authority staff shared last year was not successfully completed because staff resources were redirected to address the discovery of several serious violations of State and local laws, e.g., prevailing wage violations, public procurement laws, etc. That said, and within the context of supporting the several lawsuits that the 49ers have filed against the City or Stadium Authority, staff will focus on the following:

Work Effort	Work Plan	Planned Outcome
<b>ADA Compliance</b>	<ul style="list-style-type: none"> <li>Complete ADA compliance with improvements to Main Lot.</li> </ul>	<p>Compliance regarding accessible parking spaces at Stadium Main Lot</p> <p>Use of other satisfactory solutions that prioritize ADA compliance.</p>
<b>Community Room</b>	<ul style="list-style-type: none"> <li>Return to Board to seek input on proposed next steps, including evaluation of the other locations discussed earlier in 2018. Develop policy/guidelines for use.</li> </ul>	Resolution of Community Room location, policy/guidelines for use.
<b>San Thomas Aquino Creek Trail</b>	<ul style="list-style-type: none"> <li>By review of other venues with shallow security perimeters and consultation with Homeland Security, evaluate options for keeping trail open during events and/or providing alternate routes if trail is closed.</li> </ul>	Creek trail access and/or safe and/or accessible alternate route.
<b>SCSA Board Policy Manual</b>	<ul style="list-style-type: none"> <li>Continue to create manual, beginning with Governance and Budget policies.</li> <li>Identify areas where policies are appropriate and propose drafts for the Board's approval.</li> <li>Already identified: financial reporting; flags flown at Levi's® Stadium; non-NFL event Planning.</li> </ul>	Develop additional policies and present to Board for inclusion in manual.

<p><b>SCSA Auditor Annual Audit Work Plan</b></p>	<ul style="list-style-type: none"> <li>• Analyze the Stadium Authority’s review procedures for Non-NFL Events’ revenues and provide feedback on procedure and control issues, if any.</li> <li>• Review the Stadium Authority Financial Reporting Policy with staff and external auditors and provide feedback on best practices.</li> <li>• Review past Construction Fund and Public Safety transactions and provide feedback on the allocation of staff charges (contracted service).</li> <li>• Retain consultants to audit Non-NFL Events and prevailing wage contracts (contracted service).</li> <li>• Retain consultants to perform the annual financial audit for the Stadium Authority (contracted audit service).</li> </ul>	<p>Promote honest, efficient, effective and fully accountable city government through accurate, independent and objective audits.</p>
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### **Administrative Work Efforts**

There are several administrative work efforts that directly impact the ability of Stadium Authority staff to complete the above work plan. These are provided as reference:

- Code enforcement: monitor and enforce City Code and various permit conditions for (including but not limited to):
  - Development permit
  - Building permits
  - Offsite parking permits
- CFP National Championship: review of post event financial reconciliation and retain professional services firm to perform a full event audit
- Community engagement:
  - continue to evaluate and implement various recommendations from statistically valid data collected in 2018
  - continue to improve City's communication efforts through social media and MySantaClara
- Fiscal accountability: continue implementing and monitoring processes, collecting data and conducting audits to improve transparency and accountability
- Harvey M. Rose Compliance Audit: Complete implementation of final third of recommendations
- Noise Monitoring: continue monitoring and code enforcement efforts
- Public Safety Costs Threshold: continue to bill 49ers for all actual costs; continue good faith efforts
- Stadium Management Agreement Compliance: monitor and take action to ensure compliance, particularly First Amendment section 3.3
  - Advance communications of potential events
  - Written report for Non- NFL Events
  - Complete supporting documentations for all vendor invoice

**Stadium Management Company**  
**Annual Public Safety Budget**  
**FY 2020**

	<u>Amount</u>	<u>Footnote</u>
Public Safety Costs - Tenant (NFL Events)	\$ 3,824,309	1
Public Safety Costs - Authority (Non-NFL Events)	\$ 1,190,317	2
Public Safety Capital Expenditures (2020/21 Budget)	\$ 2,557,115	3
Public Safety Capital Expenditure Amortization	\$ 232,437	3
Tenant's Estimated Public Safety Share	\$ 166,027	3
Public Safety Capital Expenditure Amortization (prior years)	\$ 81,413	4

**Footnotes to Schedule:**

1 Assumes 10 home games. PSC above the threshold may be paid from the Discretionary Fund per Section 7.5.3 (a). StadCo budget for 2020-21 is based on projected 2020 PSC for 10 NFL games, based on an estimated 4% increase vs. 2019-20 actuals (still missing charges for multiple games from the 2019 season).

2 The proposed non-NFL event PSC budget is based on the number and type of non-NFL events scheduled to date for the 2020-21 fiscal year, and an estimated 4% increase vs. 2019-20 actuals (still missing charges for events in 2019).

3 The Stadium Manager has received Public Safety Capital Expenditure requests from the SCSA Finance Director in January 2020 for the 2020-21 fiscal year totaling \$2,557,115. This includes \$1,499,034 of carryover requests for items approved in prior Capital Expenditure Plans. Please see the 2020-21 Capital Expenditure Plan for more detail.

4 Public Safety Capital Expenditure amortization for prior years is reflected above.

### Stadium Public Safety Capital Expenditure Requests

Equipment¹	Dept. (carryover)	Depr. Life	Quantity	FY17/18	FY18/19	FY19/20	FY20/21
Kubota 4x4 gas powered UTV ambulance	Fire	10	1	\$ 15,922			
Kimtech MTD-103 Advanced (med cart upgrade)	Fire	10	1		\$ 8,382		
Physio-Control LIFEPAK (monitor/defibrillator)	Fire	5	2		\$ 30,810		
ZOLL AutoPulse System (cardiac arrest system)	Fire	5	2		\$ 31,101		
Kawasaki Pro-FXT LE Black Mule #1	Police	10	1		\$ 15,738		
Kawasaki Pro-FXT LE Black Mule #2	Police	10	1		\$ 17,209		
Kawasaki Pro-FXT LE Black Mule #3	Police	10	1		\$ 17,209		
Handheld Radios	Police	5	20		\$ 50,980		
Command Post Dispatch System (related to CAD)	Police, IT	5	1		\$ 189,931		
Portable Changeable Message Boards	Carryover	10	1			===>	\$ 1,000,000
Portable License Plate Reader/PTZ Cameras	Carryover	5	4			===>	\$ 160,000
GPS Personnel Tracking Software & Devices	Carryover	5	100			===>	\$ 25,000
Body Worn Cameras	Carryover	5	250			===>	\$ 150,000
Public Safety Command Post Dispatch System	Carryover	5	1			===>	\$ 94,034
Stadium Vehicles (Gator & Kubota) Upfits	Fire	10	1				\$ 9,000
Storage Conex Garage for Apparatus	Fire	10	1				\$ 12,416
Heavy Lift Kit	Fire	10	1				\$ 51,913
Radiation Detector	Fire	10	1				\$ 21,500
Rope Rescue Gear Kit	Fire	10	1				\$ 31,500
MCI Trailer	Fire	10	1				\$ 120,000
2-way CAD/24-7 Link	Police	5	1				\$ 150,000
Radios	Police	5	18				\$ 79,000
Mobile Vehicle Barricades	Police	10	8				\$ 345,929
Stadium Personal Protective Equipment	Fire	3	1				\$ 60,000
Motorola Earpieces	Fire	5	25				\$ 1,000
Motorola APX 6000 Radio/Charger/Battery	Fire	5	1				\$ 4,600
Battery Charging Pack for JHAT Crew	Fire	5	1				\$ 72
Radio Chargers	Police	5	3				\$ 3,000
Radio Batteries	Police	3	188				\$ 15,514
Dispatch Monitors	Police	5	16				\$ 8,000
Safety Gear for SEOs & TCs	Police	2	195				\$ 7,000
EOD Blankets/Water Barrier	Police	5	1				\$ 12,637
Bicycles	Police	5	10				\$ 25,000
Pedestrian Safety Fencing	Police	20	1				\$ 100,000
Fencing on Tasman & Lafayette	Carryover	20	1				\$ 70,000
<b>Total:</b>				\$ 15,922	\$ 361,360	\$ 0	\$ 2,557,115

**Notes:**

1 Five year Useful Life of Equipment unless otherwise noted.



**Stadium Public Safety Asset Depreciation Expense**

Equipment	Placed in Svc Date	Est?	Useful Life	FY 2017/18 Depreciation	FY 2018/19 Depreciation	FY 2019/20 Depreciation	FY 2020/21 Depreciation
Kubota 4x4 gas powered UTV ambulance	4/1/2018		10	\$ 0	\$ 1,592	\$ 1,592	\$ 1,592
Kimtech MTD-103 Advanced (med cart upgrade)	6/1/2018		10	\$ 0	\$ 699	\$ 838	\$ 838
Physio-Control LIFEPAK (monitor/defibrillator)	3/15/2019		5	\$ 0	\$ 514	\$ 6,162	\$ 6,162
ZOLL AutoPulse System (cardiac arrest system)	3/15/2019		5	\$ 0	\$ 518	\$ 6,220	\$ 6,220
Kawasaki Pro-FXT LE Black Mule #1	1/7/2019		10	\$ 0	\$ 393	\$ 1,574	\$ 1,574
Kawasaki Pro-FXT LE Black Mule #2	1/7/2019		10	\$ 0	\$ 430	\$ 1,721	\$ 1,721
Kawasaki Pro-FXT LE Black Mule #3	3/15/2019		10	\$ 0	\$ 143	\$ 1,721	\$ 1,721
Handheld Radios	9/1/2018		5	\$ 0	\$ 5,948	\$ 10,196	\$ 10,196
Command Post Dispatch System (related to CAD)	3/15/2019		5	\$ 0	\$ 3,166	\$ 37,986	\$ 37,986
Portable Changeable Message Boards	10/1/2020	estimate	10	\$ 0	\$ 0	\$ 0	\$ 45,000
Portable License Plate Reader/PTZ Cameras	10/1/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 16,000
GPS Personnel Tracking Software & Devices	10/1/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 2,500
Body Worn Cameras	10/1/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 15,000
Public Safety Command Post Dispatch System	10/1/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 9,403
Stadium Vehicles (Gator & Kubota) Upfits	10/1/2020	estimate	10	\$ 0	\$ 0	\$ 0	\$ 450
Storage Conex Garage for Apparatus	10/1/2020	estimate	10	\$ 0	\$ 0	\$ 0	\$ 621
Heavy Lift Kit	10/1/2020	estimate	10	\$ 0	\$ 0	\$ 0	\$ 2,596
Radiation Detector	10/1/2020	estimate	10	\$ 0	\$ 0	\$ 0	\$ 1,075
Rope Rescue Gear Kit	10/1/2020	estimate	10	\$ 0	\$ 0	\$ 0	\$ 1,575
MCI Trailer	10/1/2020	estimate	10	\$ 0	\$ 0	\$ 0	\$ 6,000
2-way CAD/24-7 Link	10/1/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 15,000
Radios	10/1/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 7,900
Mobile Vehicle Barricades	10/1/2020	estimate	10	\$ 0	\$ 0	\$ 0	\$ 17,296
Stadium Personal Protective Equipment	10/2/2020	estimate	3	\$ 0	\$ 0	\$ 0	\$ 10,000
Motorola Earpieces	10/3/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 100
Motorola APX 6000 Radio/Charger/Battery	10/4/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 460
Battery Charging Pack for JHAT Crew	10/5/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 7
Radio Chargers	10/6/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 300
Radio Batteries	10/7/2020	estimate	3	\$ 0	\$ 0	\$ 0	\$ 2,585
Dispatch Monitors	10/8/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 799
Safety Gear for SEOs & TCs	10/9/2020	estimate	2	\$ 0	\$ 0	\$ 0	\$ 1,748
EOD Blankets/Water Barrier	10/10/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 1,263
Bicycles	10/11/2020	estimate	5	\$ 0	\$ 0	\$ 0	\$ 2,499
Pedestrian Safety Fencing	10/1/2020	estimate	20	\$ 0	\$ 0	\$ 0	\$ 2,500
Fencing on Tasman & Lafayette	10/1/2020	estimate	20	\$ 0	\$ 0	\$ 0	\$ 1,750
<b>Total:</b>				<b>\$ 0</b>	<b>\$ 13,403</b>	<b>\$ 68,010</b>	<b>\$ 232,437</b>

\$0      \$13,403      \$68,010      \$232,437

<b>Events w/Attendance &gt;20k</b>	<b>FY17/18</b>	<b>FY18/19</b>	<b>FY19/20</b>	<b>FY20/21</b>
NFL (StadCo) Events	10	10	12	10
SCSA Events	10	9	5	4
Total Events	20	19	17	14
StadCo Proportion	50%	53%	71%	71%
SCSA Proportion	50%	47%	29%	29%
StadCo Depreciation Split	\$ 0	\$ 7,054	\$ 48,007	\$ 166,027
SCSA Depreciation Split	\$ 0	\$ 6,349	\$ 20,003	\$ 66,411

## Stadium Authority Board Budget Policy

The Santa Clara Stadium Authority ([Stadium Authority](#)) has a responsibility to the Santa Clara community, its financing agencies, the Forty Niners Stadium Management Company (ManCo), and other stakeholders to manage the Stadium finances wisely and with transparency and to plan for the provision of services desired by, and in the best interest of, the public.

The Proposed Operating, Debt Service, and Capital Budget for the Stadium Authority is developed as required in the Stadium Authority Management Agreement, Section 4.6: Annual Operating Budget. The budget provides the necessary funding to administer the duties of the Stadium Authority, including:

- Funding for operating the Stadium for Non-NFL events through ManCo.
- Advancement of the FY 2020/21 Work Plan;
- Payment of debt service obligations; and,
- Maintenance of a five-year capital plan.

Through the Management Agreement, ManCo is held to a Standard of Care as outlined in Section 2.9 of the Management Agreement, which states:

2.9 Standard of Care. Subject to the limitations set forth in this Agreement, the Budget, and the Stadium Lease, the Stadium Manager shall exercise prudent, commercially reasonable good faith efforts in managing and operating the Stadium in accordance with the terms hereof so as to (a) maintain the Stadium in the Required Condition and operate the Stadium as a quality NFL and multi-purpose public sports, public assembly, exhibit and entertainment facility, to a standard of quality comparable to other similar facilities (except that the parties recognize that portions of the Stadium may be in need of capital upgrades); (b) control Manager Operating Expenses, StadCo Operating Expenses and Stadium Authority Operating Expenses; and (c) maximize Operating Revenues.

This policy is designed to provide standards for financial decision-making consistent with applicable law, agreements, and debt covenants and establish parameters for directing the financial affairs of the Stadium.

This policy is meant to be dynamic and is subject to change as the needs arise or when additional information is available. All amendments will be approved by the Stadium Authority Board (Board) at a public meeting.

### **A. Budget Objectives:**

1. Ensure proper governance and accountability as reflected in the annual budget.
2. Identify needs of the community, ManCo, and key stakeholders (such as Stadium Builder License holders/season ticket holders, fans, and event attendees).
3. Inform and communicate clearly and thoroughly to the community as a whole the Stadium Authority's fiscal position and budget schedule/hearings to actively

- participate in the Stadium Board's budget deliberations.
4. Align the budget with Stadium Authority Board priorities and duties, as proposed by the ManCo, Stadium Authority staff, and/or Board members.
  5. Identify and budget the resources required to perform services and accomplish policy objectives.
  6. Ensure the long-term upkeep and maintenance of the Stadium.
  7. Set standards to measure, monitor, and evaluate the Stadium Authority's accomplishment of budget objectives and expenditure of appropriations:
    - Quarterly Financial Reports
    - Annual Budget Review and Adoption
    - Annual Financial Statements
  8. Focus on business process redesign in order to improve productivity and quality, flexibility, and cost-effectiveness of service delivery (e.g., streamlining, simplifying, reorganizing functions, and reallocating resources).

**B. Budget Policy Statements:**

1. Stadium Authority Staff will submit a structurally balanced budget (revenues will equal or exceed expenses) for Stadium Authority Board approval to cover annual debt requirements and operating and maintenance expenses. If a structural imbalance occurs, a plan will be developed and implemented to correct the imbalance.
2. Stadium Authority Executive Director will submit the annual proposed budget to the Board in compliance with the relevant provisions of the Stadium Management Agreement in late February/early March for Board review and public input and the Board will adopt the annual budget before March 31<sup>st</sup> of each year.
3. The Stadium Authority Budget will comply with all local, including Measure J, State, and Federal legal requirements.
4. The Stadium Authority Budget will provide for adequate maintenance and repair of capital and equipment for the Stadium:
  - a. An annual capital budget will be prepared and approved by the Board as part of the annual budget.
  - b. A five-year capital plan will be prepared and updated annually. The plan will prioritize all anticipated capital projects.
5. The Stadium Authority will maintain a budgetary control system to ensure adherence to the budget and will use a budget/encumbrance control system to ensure proper budgetary control. Budgetary appropriation control for expenditures shall be at the fund level.
6. Stadium Authority staff will prepare quarterly reports comparing actual revenues and expenses to budgeted amounts.
7. Stadium Authority staff will bring forward budget amendments for Board consideration during the year in order to address unanticipated needs, emergencies, or compliance with Stadium agreements.
8. The Stadium Authority Budget will be prepared using the accrual basis.
9. The Stadium Authority Treasurer is responsible for coordinating the overall preparation of the Stadium Authority's budget and analyzing its content, reflective

of expenses for operations of ManCo and Stadium Authority staff, debt requirements, and capital expenses.

- **Budget Development Process:**

The Stadium Authority Treasurer is responsible for coordinating the overall preparation of the Stadium Authority's budget and analyzing its content. The goal of each budget development process is that the Budget is presented to the Board and the public at one Study Session and one Public Hearing before its final approval of the annual budget. The following are key steps to the budget development process:

1. In November of each year (or before), Stadium Authority staff will meet with the ManCo and develop the annual budget development plan which includes the date that the ManCo will provide all necessary documents as required by the Stadium Lease and Stadium Management Agreement.
2. No later than ~~January of each year (date as determined at the November meeting referred to above)~~, 45 days prior to the start of the upcoming fiscal year, the ManCo will provide annual documents as outlined in the Stadium Agreements, which will be used in the Budget Development Process.
  - Stadium Operations and Management Plan (*Source: Stadium Management Agreement*)
    - Annual Shared Expense Budget w/ Five Year Projection (*Source: Stadium Management Agreement*)
    - Annual Stadium Operations Budget (*Source: Stadium Management Agreement*)
    - Annual Public Safety Budget (*Source: Stadium Management Agreement*)
    - Capital Expenditure Plan with Five Year Projection (*Source: Stadium Management Agreement*)
  - Non-NFL Event Marketing Plan (*Source: Stadium Management Agreement*)
3. Stadium Authority staff will fully analyze the ManCo's budget submission including but not limited to the number of FTEs recommended and related personnel costs; line item recommended expenses; and strategic focus of recommended resources using various tools such as historical expense analysis, incremental increases, and base budget review.
4. Stadium Authority staff will calculate the budget for Stadium Authority General and Administrative costs (such as staff costs, consulting, audit, legal, and any reasonable and necessary expenses to uphold its support of the Board).
5. Stadium Authority staff will calculate any necessary funding to be used for the Stadium Authority's Discretionary Fund.
6. Stadium Authority staff will compile a draft budget incorporating the items provided by the ManCo (see step 2 on the previous page) and calculated by staff and will submit the document to the Stadium Authority Board at a Study Session or Public Hearing for review and seeking input from the public and the Board.
7. Prior to March 31st, staff will submit the proposed Annual Stadium Authority Budget to the Board for final approval.

# Stadium Authority Compliance and Management Policy

This policy sets the framework for compliance of the mandates of *The Santa Clara Stadium Taxpayer Protection and Economic Progress Act* (Measure J), passed by the voters of the City of Santa Clara in June 2010 and the management of Levi's Stadium (Stadium). Measure J was the legislation that approved the development on City-owned land of a Stadium suitable for the exhibition of professional football games and other event subjects, however, to the binding requirements set forth in Measure J to safeguard the City's General and Enterprise Fund and protect City taxpayers. Measure J was enacted for the following purposes:

1. Generate New Revenue for Santa Clara
2. Create New Jobs
3. Provide Taxpayer Protections
4. Generate Community Funding

To ensure that Levi's Stadium (Stadium) operates within the boundaries of Measure J and that the Stadium is managed effectively, the Stadium Authority Board (Board) established the following Board priority in January 2017:

- *Ensure Compliance with Measure J and Manage Levi's Stadium*

The Board is committed to complying with the regulations of Measure J and governance of the Stadium Authority and its activities through the below framework:

- Oversight – effective management of the Stadium
- Commitment – to the citizens of Santa Clara to protect the community and safeguard the City's General Fund
- Compliance – with Measure J and various Stadium agreements
- Transparency – to provide information required for decision making
- Communication – to keep the public informed of issues related to the Stadium
- Adequate Resources – to maintain the necessary resources, including staffing, to effectively manage the Stadium
- Enforcement – to require that Stadium contracts and agreements are accurately followed
- Monitoring – perform compliance and financial audits by both internal and external auditors
- Corrective Action – audit report of all findings which will require a written response to any non-compliant finding

Stadium Authority Board decisions must be aligned to the voter approved Measure J legislation and evaluation of this initiative must be reviewed against the purpose for which Measure J was established. The intent of the above framework is to provide transparency of conventional activities that the Stadium Authority will engage in to ensure Measure J compliance.



February 25, 2020

Mr. Scott Sabatino, Chief Financial Officer  
Forty Niners Stadium Management Company LLC  
4900 Marie P. DeBartolo Way  
Santa Clara, CA 95054

**SUBJECT: Stadium Authority (SCSA) Budget**

Dear Mr. Sabatino:

We are in receipt of the budget submittal provided on February 14, 2020. After having reviewed your submittal, we have comprised the attached 1) Budget Questions on SCSA CapEx Budget Submittal and 2) Budget Questions on SCSA Operating Budget Submittal.

Section 4.6 of the Management Agreement states that the Stadium Manager will prepare an annual operating budget for the Stadium for each Fiscal Year (the "Stadium Operations Budget") to meet the scope of services and objectives under this Agreement; such Stadium Operations Budget may include such other information as may be requested by StadCo and the Stadium Authority. As such, please provide responses to the attached questions by close of business Tuesday, March 3, 2020, for consideration and inclusion in the Adopted Budget. As a reminder, the Budget Study Session is scheduled for March 5, 2020, and the Budget Adoption is scheduled for March 24, 2020.

Please feel free to contact me if you wish to discuss the SCSA budget.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kenn Lee", is positioned below the word "Sincerely,".

Kenn Lee  
Treasurer

CC: Deanna J. Santana, Executive Director  
Brian Doyle, Stadium Authority Counsel  
Jim Mercurio, Stadium Manager





**Questions for the Stadium Manager  
in reference to the  
2020/21 SCSA Budget**

*Per Article 4 of the Management Agreement, RECORDS, ACCOUNTS, BUDGETS AND REPORTS, Section 4.6 states that the Stadium Manager will prepare an annual operating budget for the Stadium for each Fiscal Year (the “Stadium Operations Budget”) to meet the scope of services and objectives under this Agreement; such Stadium Operations Budget may include such other information as may be requested by StadCo and the Stadium Authority.*

*As a result of the City’s revocation of the Executive Director’s authority to procure goods and services on behalf of the SCSA, as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that the Stadium Manager has properly and legally procured goods and services before Stadium Authority contracts may be executed.*

Note: SCSA may ask additional questions once the information requested below is provided.

**Facility Rent**

- StadCo’s 2019/20 projection and 2020/21 budget are in accordance with the rent reset. SCSA does not have any questions.

**NFL Ticket Surcharge** (10% of NFL Ticket Revenue)

NFL Ticket Surcharge			
	2018/19	2019/20	2020/21
SCSA Final Budget	\$ 8,031,000	\$ 8,142,000	
SCSA Actuals/Projections	\$ 8,076,510	\$ 8,412,000	
StadCo Projection		\$ 8,412,000	
StadCo Proposed Budget			\$ 8,665,000

- All FY2019/20 NFL Games have been completed with total surcharge of \$8.4M. SCSA does not have any questions.

## **Stadium Builder License (SBL) Receivables**

<b>SBL Receivables</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
SCSA Final Budget	\$ 27,214,000	\$ 25,416,000	
SCSA Actuals/Projections	\$ 26,750,973	\$ 31,694,795	
StadCo Projection		\$ 25,900,000	
StadCo Proposed Budget			\$ 24,213,000

- StadCo's 2019/20 projection is \$25,900,000; however, SCSA projects SBL receivables to be closer to \$31,700,000.
- March is the biggest month for SBL receipts due to the March 1<sup>st</sup> annual due date for SBL holders who financed their SBL.

<b>SCSA SBL Receipts in March</b>	
March 2016	\$ 21,767,743
March 2017	\$ 22,496,106
March 2018	\$ 23,450,012
March 2019	\$ 17,340,039
Average March SBL Receipts (2016-2019)	\$ 21,263,475
StadCo's Projected March 2020 SBL Receipts	\$ 15,468,680

- Based on what has been collected by SCSA to date and the average of what has been received in March for the past four years, SCSA projects 2019/20 SBL receivables to be \$31,700,000 see table below:

<b>SCSA 2019/20 SBL Receivable Projection</b>	
2019/20 SBL Receipts Through December 2019	\$ 10,431,320
March 2020 SCSA Projected SBL Receivables	\$ 21,263,475
SCSA 2019/20 Projected SBL Receivables	\$ 31,694,795

1. Please explain your assumptions on why the March SBL receivables are projected to be \$5.8 million lower than what has been collected on average in the past four years. This information is important in order for the SCSA to calculate total transfers to debt service as well as the prepayment offering to Term A in 2020/21 based on excess SBL revenue.

- StadCo's 2020/21 proposed budget for SBLs is \$24,213,000 which is \$1,687,000 lower than StadCo's 2019/20 projection and \$7,482,000 lower than SCSA's 2019/20 projection.
  2. Since the annual payments related to financed SBLs is flat over the 10-year term please provide an explanation and all of the assumptions that were factored into the 2020/21 reduced budget.
  3. Please provide details on defaulted SBLs and SBL seat relocations to date. This information is important to understand the current year projections as well as next year's proposed budget.

**STR Marketplace** (This is an online marketplace where SBL owners can sell their SBLs directly to 3<sup>rd</sup> parties. Based on an agreement with STR, SCSA receives a portion of these transactions with a minimum \$325,000 annual fee due to SCSA).

- StadCo's FY 2019/20 projection of \$325,000 is in line with SCSA's projection based on FY 2019/20 average Monthly STR Fees. SCSA does not have any questions.

STR Marketplace			
	2018/19	2019/20	2020/21
SCSA Final Budget	\$ 545,000	\$ 345,000	
SCSA Actuals/Projections	\$ 387,203	\$ 325,000	
StadCo Projection		\$ 325,000	
StadCo Proposed Budget			\$ 392,000

### **Non-NFL Events (Net)**

Note: StadCo provided a cash-based budget (which is required for the Trust), therefore, the 2019/20 projection and 2020/21 budget (not provided) are related to the 2018/19 and 2019/20 Non-NFL Events, respectively.

4. Please provide the projected Non-NFL Event activity at the gross level (revenues and expenses) for the events that were held in the Stadium Authority's 2019/20 Fiscal Year (April 1, 2019 – March 31, 2020).
5. Please provide the budgeted Non-NFL Event activity at the gross level (revenues and expenses) for the Stadium Authority's 2020/21 Fiscal Year (events that will occur April 1, 2020 – March 31, 2021).
6. For the SCSA to better understand FY 2020/21 potential for Non-NFL event revenue and expenditure, please provide event contracts for FY



**2020/21, including but not limited to Monster Jam, Justin Bieber, and BTS.**

**Non-NFL Ticket Surcharge** (\$4 per ticket sold)

<b>Non-NFL Ticket Surcharge</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
SCSA Final Budget	\$ 1,800,000	\$ 1,232,000	
SCSA Actuals/Projections	\$ 1,592,588	\$ 735,000	
StadCo Projection		\$ 736,000	
StadCo Proposed Budget			\$ 612,000

- StadCo's 2019/20 projection is \$736,000 and corresponds to the known ticketed events that are complete for FY 2019/20 and associated ticket surcharge. See table below for summary by event.

<b>2019/20 Projected Non-NFL Ticket Surcharge by Event</b>				
<b>Date</b>	<b>Event</b>	<b># of Tickets</b>	<b>Non-NFL Ticket Surcharge</b>	
4/13/2019	Monster Jam	37,891	\$	151,564
4/28/2019	Wedding Fair	381	\$	1,524
5/12/2019	USWNT Soccer Game	20,195	\$	80,780
7/20/2019	ICC Soccer: Benfica vs Chivas	14,945	\$	59,780
8/18/2019	Rolling Stones Concert	48,544	\$	194,176
9/6/2019	HS Football Series	4,754	\$	19,016
12/6/2019	PAC-12 Championship Game	27,012	\$	108,048
12/30/2019	Redbox Bowl	30,152	\$	120,608
<b>SCSA Projected Non-NFL Ticket Surcharge</b>			<b>\$</b>	<b>735,496</b>

- StadCo's FY 2020/21 proposed budget is \$612,000, a reduction of \$124,000 compared to FY 2019/20 projection and \$980,000 reduction compared to FY 2018/19 surcharge received.

**7. Please provide the detailed assumptions by event category used to calculate this number. These assumptions should tie to the Marketing Plan.**



### **Naming Rights**

- StadCo's FY 2019/20 projection and FY 2020/21 budget are in accordance with Naming Rights Contract. SCSA does not have any questions.

### **Senior/Youth Fee** (\$0.35 per NFL ticket sold)

- StadCo's 2019/20 projection ties to what was received by SCSA. The FY 2020/21 budget reflects \$230,000 and is in line with an average attendance of 66,000 for 10 NFL games.

### **Interest Income**

<b>Interest Income</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
SCSA Final Budget	\$ 794,000	\$ 938,000	
SCSA Actuals/Projections	\$ 1,001,640	\$ 1,023,632	
StadCo Projection		\$ 974,000	
StadCo Proposed Budget			\$ 896,000

- StadCo's 2019/20 projection is \$974,000 however SCSA's projection for interest is closer to \$1,024,000. See table below:

2019/20 SCSA Projected Interest Income				
Month	Cash Balance	Interest	Effective Interest Rate	
April-19	\$ 49,618,914	\$ 77,691	1.88%	
May-19	50,630,296	81,187	1.92%	
June-19	59,429,975	75,326	1.52%	
July-19	60,237,300	81,388	1.62%	
August-19	61,040,323	84,297	1.66%	
September-19	70,200,366	81,721	1.40%	
October-19	66,783,999	74,349	1.34%	
November-19	71,930,387	71,137	1.19%	
December-19	76,529,844	74,018	1.16%	
January-20	78,173,844	99,041	1.52% *	
February-20	78,851,742	99,900	1.52% *	
March-20	97,540,348	123,577	1.52% *	
SCSA Projected Interest Income		\$ 1,023,632		

\*Used estimated cash balances and 1.52% as interest rate assumption for January 2020 through March 2020 calculations

**8. Please provide details and assumptions on how the projection of \$974,000 was developed.**

- StadCo's FY 2020/21 proposed budget is \$896,000.

**9. Please provide assumptions and calculations used to determine the interest income budgeted amount of \$896,000.**

**SCSA Stadium Manager Shared Expenses**

Stadium Manager Shared Expenses			
	2018/19	2019/20	2020/21
SCSA Final Budget	\$ 8,076,000	\$ 8,716,000	
SCSA Actuals/Projections	\$ 7,433,507		
StadCo Projection		\$ 7,264,000	
StadCo Proposed Budget			\$ 8,848,000





- StadCo's 2019/20 projection is \$7,264,000. During the 2019/20 budget process ManCo provided a detailed breakout of the current year projected expenses.

**10. Please provide the detailed breakout for the 2019/20 projection in the same manner as the SCSA Annual Shared Stadium Expense Budget (by department and expense type).**

**11. Please provide an organizational chart and position classification list for each department (Security, Stadium Ops, Engineering, Guest Services, and Groundskeeping).**

**12. For staffing costs, please provide the individual positions within each department, their actual hours charged to Shared Expenses, their hourly rate, and all records with respect to charges for the salaries, benefits, and related costs.**

**13. Total compensation increased by about 4.6% or \$208,059, but the FTE decreased by 3 (from 61 to 58). Please provide a description of the new position in Stadium Ops as well as the reasons for adding these positions.**

**14. For Outside Services cost, please provide the details supporting each expense, including payments, contracts, and invoices.**

**15. Please explain the procurement plan for any contracted services.**

- StadCo's 2020/21 budget is \$8,848,000 which is \$132,745 higher than the 2019/20 budget. The table below shows the differences between the 2020/21 budget and the 2019/20 budget at the department level.

**Stadium Manager**  
**2019/20 to 2020/21 Change in Budgeted Shared Stadium Expenses**  
**Change in Santa Clara Stadium Authority Proportionate Share of Stadium Expenses**

	Security		Stadium Operations		Engineering		Guest Services		Groundskeeping		Total	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Total Compensation	\$ (56,759)	-12%	\$ 290,967	14%	\$ 85,371	6%	\$ (103,849)	-21%	\$ (7,671)	-9%	\$ 208,059	5%
Travel, Meals & Entertainment	(1,093)	-100%	(2,550)	-1%	-	0%	4,377	12%	(963)	-32%	(230)	0%
Outside Services	(28,635)	-3%	46,914	5%	(248,821)	-36%	(6,650)	-89%	249,277	1538%	12,099	0%
General Supplies	(37,594)	-96%	1,850	3%	78,000	0%	12,599	18%	(1,986)	-3%	52,868	23%
Telephone	(2,857)	-36%	52,501	23%	-	0%	(744)	-14%	36	9%	48,936	19%
Equipment	(87,516)	-92%	(50,502)	-18%	12,250	78%	(6,752)	-10%	(6,336)	-73%	(138,857)	-30%
Uniforms	(121)	-2%	-	0%	250	20%	(9,219)	-11%	(186)	-20%	(9,276)	-10%
Other	(3,278)	-100%	(5,500)	-11%	(3,750)	-75%	(28,323)	-49%	-	0%	(40,853)	-35%
<b>Subtotal</b>	<b>\$(217,853)</b>	<b>-13%</b>	<b>\$ 333,680</b>	<b>8%</b>	<b>\$ (76,700)</b>	<b>-4%</b>	<b>\$ (138,561)</b>	<b>-17%</b>	<b>\$ 232,171</b>	<b>131%</b>	<b>\$ 132,745</b>	<b>2%</b>

**16. Please provide an explanation for the changes between department budgets that changed by more than 5%.**

## Utilities

- StadCo's FY 2019/20 projection is on target and the FY 2020/21 proposed budget is an increase of 3%. SCSA does not have any questions.

## SBL Sales and Service

<b>SBL Sales and Service Expenses</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
SCSA Final Budget	\$ 2,324,000	\$ 2,221,000	
SCSA Actuals/Projections	\$ 1,771,307		
StadCo Projection		\$ 3,217,000	
StadCo Proposed Budget			\$ 3,610,000

- StadCo's 2019/20 projection is \$3,217,000, over budget by \$1,000,000.
- 17. Please provide a detailed breakout for this projection similar to Stadium Manager Expenses (Compensation, Travel, Outside Services, General Supplies, etc.).**
  - 18. Please provide an organizational chart and position classification list for the employees included in the SBL Sales and Service departments.**
  - 19. Please provide an explanation for the \$1,000,000 projection over the adopted budget of \$2,221,000**
- StadCo's 2020/21 proposed budget of \$3,610,000 is \$393,000 (or 12%) higher than the FY 2019/20 projection and \$1,389,000 (or 63%) higher than the adopted FY 2019/20 budget.
- 20. Please provide a detailed breakout for this budget similar to Stadium Manager Expenses (Compensation, Travel, Outside Services, General Supplies, etc.).**
  - 21. Please describe the increase in this line item.**

**Use of StadCo Tenant Improvements** (based on Exhibit R to the Stadium Lease the Stadium Authority is charged for the use of StadCo assets during Non-NFL events)

Use of StadCo Tenant Improvements			
	2018/19	2019/20	2020/21
SCSA Final Budget	\$ 236,000	\$ 182,000	
SCSA Actuals/Projections	\$ 256,263	\$ 197,000	
StadCo Projection		\$ 182,000	
StadCo Proposed Budget			\$ 73,000

- StadCo's 2019/20 projection is \$182,000, however SCSA's projection is approximately \$197,000 based on 8 "major events" and 50 "smaller events".

**22. Please provide calculations and assumptions behind the \$182,000 projection.**

- StadCo's 2020/21 budget is \$73,000.

**23. Please provide calculations and assumptions behind the budgeted amount of \$73,000.**

**Stadium Authority G&A Costs**

Stadium Authority General and Administrative Costs (G&A)			
	2018/19	2019/20	2020/21
SCSA Final Budget	\$ 1,685,000	\$ 2,480,000	
SCSA Actuals/Projections	\$ 1,556,580	\$ 1,880,000	
StadCo Projection		\$ 2,480,000	
StadCo Proposed Budget			\$ 3,781,000

- StadCo's 2020/21 proposed budget of \$3,781,000 does not match SCSA's submittal of \$4,851,000.

**24. Please provide assumptions behind the budgeted amount of \$3,781,000.**

**Management Co Base Fee**

- StadCo's FY 2019/20 projection of \$232,000 is based on the Management Agreement. No questions.
- StadCo's FY 2020/21 proposed budget of \$246,000 is not based on the Management Agreement of 3% increase.

**25. Please describe the increase in this line item.**

**Non-NFL Ticket Fee \$2 Discretionary Fund Deposit**

- StadCo's FY 2019/20 projection and FY 2020/21 budget is the full \$2 per non-NFL event ticket that is deposited into the discretionary fund, not the actual discretionary fund expense.
- The FY 2019/20 discretionary fund expense is projected to be approximately \$0.
- The FY 2020/21 discretionary fund expense budget is \$250,000.

**26. Once the questions noted under Non-NFL Ticket Surcharge are answered, additional questions about the discretionary fund expense may follow.**

**Ground Rent – Base**

- StadCo's FY 2019/20 projection and FY 2020/21 budget are both based on Ground Lease Agreement. No questions.

**Ground Rent – Performance**

**27. Once the questions noted under the Non-NFL Events (net) section are addressed, additional questions on the performance rent may follow.**

**Senior/Youth Fee Expense**

- StadCo's 2019/20 projection ties to what was received by SCSA. The FY 2020/21 budget reflects \$230,000 and is in line with an average attendance of 66,000 for 10 NFL games.

**Capital Expenditures**

- Please see separate document with questions related to Capital Expenditures.

**Insurance Expense**

- StadCo's FY 2019/20 projection and 2020/21 budget are both based on Stadium Lease Agreement.

**28. Please provide insurance documents for all Stadium-related policies with supporting invoices.**

## Naming Rights

- StadCo's FY 2020/21 proposed budget is \$30,000.

**29. Please confirm the proposed budget is for the Naming Rights Commission.**

**30. Please indicate if the liquidated damages amount payable to the Stadium Authority and subsequent payment to Levi's has been included in the submitted budget. In addition, provide the calculation for liquidated damages.**

## Other Expenses

Other Expenses			
	2018/19	2019/20	2020/21
SCSA Final Budget	\$ 105,000	\$ 110,000	
SCSA Actuals/Projections	\$ (33,900)		
StadCo Projection		\$ 100,000	
StadCo Proposed Budget			\$ 1,400,000

- StadCo's FY 2020/21 proposed budget is an increase of \$1,300,000 or 1300% from the FY 2019/20 projection of \$100,000. Footnote states that this is for additional Manager Operating Expenses for additional services requested by SCSA.

**31. Please provide a detailed explanation of this line item and why it increased by 1300%.**

## Debt Service

- Term A Interest: StadCo's 2019/20 projection of \$12,877,000 and 2020/21 budget of \$12,208,000 is in line with SCSA calculations. No questions.
- Term A Principal
  - StadCo's 2019/20 projection of \$12,876,000 is \$124,000 higher than SCSA calculation of \$12,752,000 (\$12,718,000 scheduled payment and \$34,000 accepted prepayment).

- StadCo's 2020/21 proposed budget of \$14,022,000 is \$668,000 higher than the \$13,354,000 scheduled principal payment.

**32. Please explain the differences from the amortization schedule. Is this a timing issue?**

- Lender Required Reserve deposit/withdrawal: there is a footnote that states "Pending status of NFL CBA, additional debt reserve funding of ~\$11.5M may be required".

**33. When will the issue of additional debt reserve funding be resolved and what is the potential impact on SCSA?**

- Subloan Scheduled Principal: StadCo's 2019/20 projection and 2020/21 budget do not match the schedule noted in the original agreement and reference a ledger credit.

**34. Please explain why these do not match the original amortization schedule.**

- Subloan Current Interest: StadCo's 2019/20 projection of \$2,146,000 is in agreement with SCSA calculations. StadCo's 2020/21 proposed budget of \$1,591,000 is higher than the SCSA calculation of \$1,207,000.

**35. Please provide assumptions and calculations that support the 2020/21 budgeted interest amount.**

**CapEx Reserve**

- StadCo's FY 2019/20 projection and 2020/21 budget are based on the annual \$1,000,000 (plus 3% annual inflator) increase to the CapEx reserve described in Article 14 of the Stadium Lease for use of excess revenues for the purposes of the trust cash flow. No questions.

**Operating Reserve**

- StadCo's FY 2019/20 projection and 2020/21 budget are based on the annual 3% increase to the Operating Reserve noted in Article 14 of the Stadium Lease for use of excess revenues for the purposes of the trust cash flow. No questions.





## **Questions for the Stadium Manager in reference to the 2020/21 CapEx Budget**

*Per Article 4 of the Management Agreement, RECORDS, ACCOUNTS, BUDGETS AND REPORTS, Section 4.8 states that the Draft Capital Expenditure Plan (a) shall contain the Stadium Manager's proposed Capital Repairs to be made to the Premises during the upcoming Fiscal Year, (b) shall describe in reasonable detail any material discrepancies between the Stadium Manager's proposed Capital Expenditures for such Fiscal Year and the five (5) year projection of anticipated Capital Expenditures included in the previous year's Capital Expenditure Plan, and (c) shall include any Capital Expenditures for public safety that the Stadium Manager proposes be made consistent with the then approved Public Safety Plan.*

*As a result of the City's revocation of the Executive Director's authority to procure goods and services on behalf of the SCSA, as of November 8, 2019, the Stadium Manager must now seek approval from the Board and demonstrate that the Stadium Manager has properly and legally procured goods and services before Stadium Authority contracts may be executed.*

Note: SCSA may ask additional questions once the information requested below is provided.

### **Capital Expenditures**

- The five-year CIP plan submitted for during the development of the FY 2019/20 totaled \$8.9 million for FY 2020/21 through FY 2023/24. The submittal for FY 2020/21 through FY 2023/24 totals \$13.2 million.
- 1. **The Financial Management System (\$270,000) was included in your CapEx submittal. There were numerous discussions around this item and, the Stadium Authority agreed to fund this project through the General and Administrative budget in the Operating Fund (Subject to subsequent court rulings on cost allocation). We have listed the Financial Management System in the Capital Projects with a note that the funding source is the Operating Fund.**
- 2. **Please provide a description for the change in approach and/or reasons which resulted in the \$4.3 million or nearly 50% increase in the five-year plan.**
  - a. **Provide a detailed list of all of the projects included in the 2019/20 five-year CapEx plan and the 2020/21 five-year CapEx plan.**
- 3. **While the FY 2021/22 through FY 2023/24 budgets average \$2.6 million, FY 2024/25's budget increases to \$10.4 million, which is a \$7.7 million increase**

(nearly 300%). Please explain what items are anticipated for FY 2024/25 that would result in such a large increase.

4. For the FY 2020/21 proposed CapEx plan and the projects that are being carried over from prior years, please provide a prioritization matrix identifying the needs for the projects such as health and safety, revenue generation, aesthetics/ customer experience, cost savings etc. and additional narrative and justification to further understand the need and importance of the proposed projects. If ManCo expects cost savings and/or other financial impacts, please provide this information so that SCSA understands the return on investment for the proposed capital projects.
5. Given the carryover of capital funds from FY 2019/20 to 2020/21 because funded projects could not be procured or completed, please describe ManCo's plan to procure and substantially complete the projects during the next fiscal year which are proposed for funding for FY 2020/21. What is the timeline for project completion for all carryover projects and new projects?
6. Two projects (Small Cooler and Ice Pack - \$250 and Mass Decontamination Hydrant Nozzles - \$1,608) not included in CapEx submittal. Were these incorporated into other projects? If not included, please explain why.
7. Please provide pictures for the Replace Furniture for BNY Field Clubs, United, Levi's 501 & Yahoo clubs and Special Event Spaces project.
8. Please provide plans for both the Concession Signage and Stadium Event Signage.
  - a. What types of signage recommended by fire marshal?
  - b. ManCo recently included Levy in a capital improvement presentation at the Quarterly coordination meeting. As part of the meeting, ManCo stated that improvements made by Levy, including concession signage would have no cost to the Stadium Authority. Is the Concession Signage in the proposed project related to the proposal made by Levy's in this Quarterly Meeting?
9. Please provide additional detail and justification for the Asphalt project (Slurry Coat – visitor parking on Tasman, Gold 4 & 5 parking lots and South Access Road).
10. Stationary Electric Pressure Washers – clarify that the demo stations proposed to be installed are like pilot/test stations to determine benefits to Stadium?
11. CO2 Monitoring & Sensors for Code Compliance – this is currently categorized under “Food and Beverage,” is this accurate or should this be moved to Life Safety/Fire?
12. The following projects were included in FY 2019/20 CapEx budget; however, are not in the FY 2020/21 Proposed CapEx budget and have no actuals through

February. Please explain why these are not included in FY 2020/21 CapEx (i.e. completed, re-prioritized, combined with other projects):

- a. Escalator Covered Canopy Lighting
- b. Fire Sprinkler System (2018/19 carryover)
- c. Loading Dock Security & Safety (2018/19 carryover)
- d. Miscellaneous (2018/19 carryover)
- e. Premium Areas/Special Event Assets (2018/19 carryover)
- f. Hot Water Additions for Sump Pump (2018/19 carryover)
- g. Enhance Stadium Security Perimeter
- h. Access Control System (2018/19 carryover)
- i. Security Cameras (2018/19 carryover)
- j. Security Fencing (Gate C Escalator)
- k. Community Room Build Out (2018/19 carryover)
- l. Concession Signage
- m. Carbon Dioxide (CO2) Alarms