



March 19, 2019 Stadium Authority Budget Study Session Responses

The following information is in response to the feedback and questions received during the Santa Clara Stadium Authority ("Stadium Authority") March 19, 2019 Study Session.

#	Question	Answer
1.	Who is responsible for the outstanding issues that are not included in the budget that are identified on slide 11 of the presentation?	<p>The outstanding issues listed below are a combination of items projected by the Stadium Authority and items requested by the Forty Niners Stadium Management Company, LLC ("ManagementCo"). Stadium Authority staff is researching the obligations and impacts of the outstanding issues, as well as, requesting supporting documents from ManagementCo. The current proposed budget does not include funding for these items and staff will bring before the Board budget amendments with proper justification and documentation, as appropriate.</p> <ul style="list-style-type: none">• Additional Stadium Authority Insurance• Stadium Manager Requested Expenses• Buffet Services for Certain SBL Holders per Applicable Agreements• Marketing Staff for Non-NFL Events• Standalone Financial System for Stadium Authority• Ticket Operations
2.	Which entity controls the Team Store, Museum, Locker Room, and Restaurant at Levi's® Stadium?	<p>These areas are Tenant Exclusive Facilities noted in Exhibit C to the Stadium Lease and therefore controlled by Forty Niners SC Stadium Company, LLC ("StadCo"). The Stadium Authority does not receive revenue from these areas.</p>
3.	How can the board control the booking of money losing events?	<p>The Management Agreement, Section 3.2.1, grants ManagementCo with full rights to book Non-NFL Events. There are reporting requirements for planning purposes within the agreements, as well as mutual agreement of the Marketing Plan.</p>

#	Question	Answer
4.	How is the new Deputy City Manager position budgeted?	<p>The Stadium Authority General Administrative budget of \$2.5 million includes \$1.2 million for staff support which is equal to 3.8 full-time equivalent (FTE) positions. In reality this is made up of small percentages of 37 different staff members that charge time to the Stadium Authority. The new Deputy City Manager position is budgeted as follows and will close a significant gap of multi-department coordination and mitigating neighborhood impacts:</p> <ul style="list-style-type: none"> • 25% to the Stadium Authority General and Administrative (included in the \$1.2 million described above) • 25% to NFL events (billed to ManagementCo) • 25% to Non-NFL events (part of net Non-NFL Event Revenue) • 25% to the General Fund for non-Stadium Related tasks
5.	Are the new items that ManagementCo is proposing to add to the 2019/20 budget included in the agreements?	Staff is currently researching this and depending on the outcome will bring any proposed budget amendments to the Board for its consideration.
6.	What is the status of the current noise monitoring contract, and what are the goals surrounding this service?	<p>On December 19, 2017 a study session was held to discuss the Acoustic monitoring of Levi's® Stadium and the San Francisco 49ers Practice Facility for Noise Ordinance compliance (Item 6A). Links related to this item are noted below.</p> <p>Meeting Report</p> <p>PowerPoint Presentation</p> <p>On August 28, 2018, the City Council approved the second amendment to the contract extending the term to August 2020 subject to appropriation of funds in the FY 2019/20 as recommended.</p>
7.	Will the proposed Stadium Authority Capital Expense ("CapEx") Youth Soccer Park gate project be solely for the use of Stadium Authority staff?	This project has been removed from the Stadium Authority CapEx budget. This proposed gate would have been solely for the use of Stadium Authority staff.

#	Question	Answer
8.	Why is the Stadium Authority projecting \$4 million of net Non-NFL Event Revenue if ManagementCo has projected it to be \$750,000?	ManagementCo has projected that the net Non-NFL Event Revenue related to events held in 2018/19 will be \$750,000. However they have not provided any data supporting this projection after a number of requests. Therefore staff was forced to make its own projection that could be supported by data that was available. Staff used the average net revenue that was generated from each type of event for the past two Fiscal Years and applied those average amounts to the number of events by type that were held in 2018/19. Please refer to the table below.

Staff also reviewed the 2018/19 draft Non-NFL Event Profit and Loss ("P&L") and other related reports that had previously been provided by ManagementCo. The data in these reports did not seem to support a significant change in net revenue for each type of event when compared to prior years.

**Santa Clara Stadium Authority
Net Revenue for Non-NFL Events
by Event Type**

EVENT TYPE	2016/17		2017/18		Average Net Revenue/Event	2018/19	
	No. of Events	Net Revenue	No. of Events	Net Revenue		No. of Events	Projected Net Revenue
Ticketed Events							
Concerts	4	\$2,424,572	2	\$1,819,099	\$ 707,278	3	\$ 2,121,835
Sporting events:							
Football (non-NFL)	4	(2,946,165)	4	(3,601,827)	(818,499)	4 ⁽¹⁾	(3,273,996)
Soccer	5	2,414,209	3	3,228,754	705,370	3	2,116,111
Miscellaneous events	5	(159,175)	4	76,379	(9,199)	2	(18,399)
Subtotal Ticketed Events	18	\$1,733,441	13	\$1,522,405		12	\$ 945,552
Subtotal Remaining Non-NFL Events (weddings, corporate events, etc.)	127	\$3,583,453	113	\$3,640,924	\$ 30,102	100 ⁽²⁾	\$ 3,010,157
Total Non-NFL Net Revenue	145	\$5,316,894	126	\$5,163,329		112	\$ 3,955,709

⁽¹⁾ Does not include CFP

⁽²⁾ Estimated by SCSA (41 events confirmed in Q1 & Q2; estimate of 59 in Q3 & Q4 is conservative when compared with 2016/17 and 2017/18)

#	Question	Answer
9.	<p>1) Is the Stadium Authority getting the documents and financial information that it is legally entitled to?</p> <p>2) Has staff requested this information?</p> <p>3) Has ManagementCo been given enough time to comply with the request?</p> <p>4) Has ManagementCo been cooperative with these requests?</p> <p>5) Has ManagementCo fulfilled its legal obligations with regards to the agreements and complying with Measure J?</p>	<p>1) No, staff does not have possession of all documents. Most notably, we do not have any documents related to FY 2018/19. ManagementCo has produced a volume of documents and the burden to determine completeness of documentation has been placed on the limited Stadium Authority staff, which we are not resourced for nor is this a productive methodology. Although ManagementCo has made several attempts to produce all documentation, we do not believe that it has been achieved and recent work to remedy this matter was placed on hold by ManagementCo to focus on the budget. On March 21, Stadium Authority staff advised ManagementCo that the consultant hired to perform this work would need to resume this effort.</p> <p>2) Yes, staff has requested this information numerous times including taking legal action to gain possession of all documents. [See above response]</p> <p>3) Staff believes that ManagementCo has had plenty of time to comply with our requests for the possession of Stadium Authority documents. [See above response]</p> <p>4) Staff does not believe that ManagementCo has been completely cooperative in providing all of the documents.</p> <p>5) Staff does not believe that ManagementCo has fulfilled its legal obligations with regards to the agreements nor have they complied with Measure J.</p>
10.	Does the Stadium Authority receive 100% of concession revenue?	<p>No, the Stadium Authority does not receive 100% of the concession revenue. The Stadium Authority receives no concession revenue related to NFL events. For Non-NFL events the exact percentage or revenue that the Stadium Authority receives depends on various factors such as whether it is a large or small event, the location (club area or suites), and the type of sale (in-seat vs third party). On February 27, 2018 the Board approved the concession agreement with Levy Premium FoodService Limited Partnership. Links related to this item are noted below.</p> <p>Meeting Report PowerPoint Presentation</p>