

1/26/2021

item 24.B

# Santa Clara Stadium Authority

*Report from the Stadium Authority Regarding the Stadium Manager's Request for Delegated Authority to Execute Agreements with FedEx and USPS for Mailing Stadium Builder License (1) Notice of Default and/or Notice of Termination and (2) Request for Payment for 2021 Invoices*



January 26, 2021, Item 2U.B

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## Background

- Board revoked Executive Director's authority to procure goods and services for the SCSA as of Nov. 8, 2019, due to Stadium Manager's inability to demonstrate compliance with State and local laws.
- Management Agreement states the Stadium Manager has authority to procure on behalf of SCSA related to the Stadium and its operations *to the extent that the Executive Director has authority to enter into such contracts pursuant to SCCC Section 17.30.010 through 17.30.180.*
- Stadium Manager must now seek approval from the Board and demonstrate that it has properly and legally procured goods and services before contracts may be executed.



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POST MEETING MATERIAL

## SBL Management Services

Stadium Manager is responsible for the following:

1. maintain appropriate records of each SBL Holder,
2. monitor transfers of SBLs, and make recommendations to the Stadium Authority where Stadium Authority approval is required,
3. oversee the marketing of any unsold or defaulted SBLs in accordance with the direction of the Stadium Authority,
4. administer and enforce the terms and conditions of the SBLs,
5. manage the provision of services specified in the SBLs,
6. ***invoice, collect, account for and distribute the amounts payable under SBL agreements,*** and
7. provide information to StadCo, the Team and the sponsors of any Non-NFL Events as reasonably required to enable each of them to fulfill their obligations to SBL Holders.



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## Two Types of SBL Notices

1. 2020 SBL payments that are now a year behind (notices of defaults and termination)
2. SBL payments due March 1, 2021 (invoices)



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## Request Timeline

Date	Action
January 11	Stadium Manager submits request to execute agreements with unidentified vendors in an amount not-to-exceed \$20,000 to print and mail 2021 SBL invoices and 2020 SBL notices of default and termination.
January 14	SCSA and Stadium Manager meet to discuss confidential SBL issues. Staff requests vendor and cost information from Stadium Manager.
January 20	Staff sends additional questions from Board. Stadium Manager responds to questions and revises request because they had already printed and <b>mailed the 2021 SBL invoices on January 15</b> and will now print SBL notices in-house.
January 21	SCSA and Stadium Manager meet. Executive Director requests documentation of invoices for unauthorized printing and mailing services. <b>Stadium Manager produces printing invoice dated January 5</b> and postage estimates later that day.

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## Stadium Manager's January 20 Revised Request

- Authorization to execute agreements with FedEx and the USPS in an amount not-to-exceed \$16,400 to mail up to 1,200 notices of default and termination (up to 600 notices for each type of notice) to SBL Holders who are financing their SBLs and owe payments from March 1, 2020.
- Retroactive approval for 2021 SBLs invoicing.



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# Stadium Authority's Concerns



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## 1. Poor Planning and Lack of Communication

- Mailing of SBL invoices and notices of default and termination is an annual process that Stadium Manager is responsible for.
- Stadium Manager began engaging SCSA on various SBL issues, including defaults, in August 2020.
- No request for advanced Board authority to establish open Purchase Orders (POs) for printing and mailing the SBL invoices and notices until January 2021.
- Almaden Press invoice was dated January 5, well in advance of January 11 email request and January 14 meeting.



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## **2. Violation of Board Direction and Stadium Authority Procurement Policy**

- Stadium Manager's January 20 email disclosed that it had already printed and mailed 2021 SBL Invoices on January 15 for a total cost less than \$10,000.
- This action goes directly against the Board's direction and Stadium Authority Procurement Policy, which states all Stadium Authority contracts need to be approved by the Stadium Authority Board prior to execution by the Executive Director.
- Reason to believe that Stadium Manager also procured similar services to print and mail 2020 SBL invoices without Board approval. *Calls into question what else the Stadium Manager may be procuring on behalf of SCSA without Board approval.*

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## **3. Lack of Procurement Expertise**

- Public procurement expertise is required to effectively manage a public facility.
- Printing and mailing services is a simple/basic administrative task that is expected of any billing function.
- Since Ordinance No. 2005 became effective in November 2019, SCSA has provided the Stadium Manager with sample Board and Council procurement reports and template forms and met separately with the Stadium Manager's procurement team to communicate expectations and answer questions.
- Stadium Manager's January 11 request demonstrates its continued lack of procurement expertise.

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## **4. Lack of Truthfulness or Proper Representation**

- Upon Stadium Manager's January 11 request and January 14 meeting discussion, staff begun preparing a report on the request as it had been presented.
- However, Stadium Manager was engaged in different set of actions:
  1. Not requiring a vendor for 2020 SBL notices, as represented weeks before and on January 14, but rather completing the work in-house and
  2. Representing that there was a need to hire a vendor for 2021 SBL invoices and obtain the Board's approval, when the Stadium Manager had already engaged a vendor to print invoices as early as January 5, or before, and in direct violation of the Board's directive.



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## **2021 SBL Invoices**

- January 5 invoice provided for printing costs (\$4,606).
- Incomplete information on postage costs for mailing 2021 SBL invoices. Stadium Manager estimates this cost to be \$5,500.
- SCSA cannot recommend retroactive approval of public funds expended to Board without complete supporting documentation.
- Board can consider delegating approval authority to the Executive Director upon receipt of documentation.



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## **Recommendation: Alternatives 1 & 4**

1. Approve the Stadium Manager's request to execute agreements with FedEx and USPS for mailing up to 1,200 SBL notices of defaults and termination in a total amount not-to-exceed \$16,400 and authorize the Executive Director to approve and process the reimbursement of such costs upon receiving final invoices and supporting documentation from the Stadium Manager; and
4. Deny retroactive approval of the costs associated with postage, printing and mailing the 2021 SBL invoices, in an amount not-to-exceed \$10,100, and delegate approval to the Executive Director upon receipt of invoices and all supporting documentation from the Stadium Manager.



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**SCSA**  

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