

From: [Mercurio, Jim](#)
To: [Christine Jung](#); [Compliance Manager](#)
Cc: [Deanna Santana](#); [Brian Doyle](#); [Kenn Lee](#); [Ruth Shikada](#)
Subject: RE: Documentation for Original Levi's Signage CapEx Request
Date: Wednesday, August 4, 2021 9:53:31 PM
Attachments: [image001.png](#)
[image002.png](#)
[image004.png](#)
[Levi's Stadium Naming Rights- ADS Recommendation.pdf](#)

Hi Christine.

The documents we used to develop a conceptual cost estimate for the signage replacement can be found here: [NRA Signage Specs](#).

It's important to note that the cost estimate of \$682,500 is no longer relevant, since it is now almost two years old. We had an outside firm do an updated cost estimate, which is in the range of \$1.2M. That report is attached.

We strongly recommend that you amend the Capital Expenditure budget to put this item back in the budget.

We also welcome any comments you have on the solicitation documents for replacing the signage, which can be found here: [RFB](#).

Thanks,

JIM

JIM MERCURIO

Executive Vice President & General Manager
Forty Niners Stadium Management Company
T 408.562-4944 | M 650 642-4909
Levi's® Stadium
4900 Marie P. DeBartolo Way
Santa Clara, CA 95054



#FTTB
[49ers.com](#)

From: Christine Jung <CJung@SantaClaraCA.gov>
Sent: Wednesday, July 28, 2021 12:12 PM
To: Mercurio, Jim <jim.mercurio@49ers.com>; Compliance Manager <compliance@49ers-smc.com>

Cc: Deanna Santana <DSantana@SantaClaraCA.gov>; Brian Doyle <BDoyle@SantaClaraCA.gov>; Kenn Lee <KLee@SantaClaraCA.gov>; Ruth Shikada <RShikada@SantaClaraCA.gov>

Subject: RE: Documentation for Original Levi's Signage CapEx Request

Hi Jim,

I am following up on the request below for copies for all documents used for the original Levi's Signage project that was proposed for the FY 2020/21 CapEx budget. We would like to review these documents and work with the Stadium Manager to bring back a proposal and budget request for signage repairs for the Board's consideration.

Thank you,
Christine

From: Christine Jung

Sent: Monday, May 17, 2021 6:40 PM

To: Mercurio, Jim <jim.mercurio@49ers.com>; Compliance Manager <compliancemanager@49ers-smc.com>

Cc: Deanna Santana <DSantana@SantaClaraCA.gov>; Brian Doyle <BDoyle@SantaClaraCA.gov>; Kenn Lee <KLee@SantaClaraCA.gov>; Ruth Shikada <RShikada@SantaClaraCA.gov>

Subject: Documentation for Original Levi's Signage CapEx Request

Hi Jim,

We would like copies of all documents used for the Levi's Signage project that was proposed for the FY 2020/21 CapEx budget to better understand the justification for the \$682,500 request.

Once we have this documentation, we can further the work needed for signage improvements for Board consideration.

Thank you,

Christine Jung | Assistant to the Executive Director

1500 Warburton Avenue | Santa Clara, CA 95050

D: 408.615.2218 | www.santaclaraca.gov/scsa



Levi's Stadium Naming Rights

Signage Recommendation

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SAN FRANCISCO, CA & SAN DIEGO, CA



July 9, 2021

Levi's Stadium- Naming Rights Exterior Signage

4900 Marie P. DeBartolo Way
Santa Clara, CA 95054

Re: Naming Rights Exterior Signage Recommendation

We sincerely appreciate the opportunity to act as an advisor regarding the existing and future exterior signs for Levi's Stadium Naming Rights. The following recommendation outlines what we believe to be your best course of action after thorough review of the existing Naming Rights signs and their lifespan.

Directly following our proposal, please see a brief reference of some our expertise and recently completed like projects. With over 20 million dollars' worth of signage completed in the Stadium/ Arena space, we are confident in our ability to provide you with this necessary feedback.

The process of our review includes the following:

1. Receipt and review of internal documents including;
 - 2014 original construction documents, shop drawings, structural engineering, welders certifications, warranty information, and lighting/ electrical plans.
 - 2018 repair work proposed and completed.
 - 2021 current photos of qty four (4) exterior Naming Rights signs.
2. On site survey Thursday June 24, 2021
 - Survey to determine site accessibility for equipment, current condition of signs, existing electrical connections and day/ night visibility of the signs.
3. Internal review
 - AD/S team reviewed all supplied documents and site survey conclusions with CA state licensed Engineer Yosimar Ramos, on Monday June 28, 2021 for structural engineering recommendation.
 - AD/S team reviewed all supplied documents and site survey conclusions with our Director of Installation, Josh Adams on Tuesday June 29, 2021. This review included required equipment, mobilizations, man hours, removal and installation recommendation.
 - AD/S team reviewed all supplied documents and site survey conclusions with our department Head of Fabrication, Miguel Arechiga and Quality Control Advisor, Randy Sharp on Tuesday June 29, 2021. This review included material review, fabrication method and lighting/ LED recommendation.

AD/S Summary of Discoveries

1. The current condition of the qty four (4) Naming Rights exterior signs is not recommended for retrofit/ reconstruction.
 - From ground level we could visibly see materials from the original construction of the sign lifting from the returns (sides) and faces of the sign. In our experience, this type of material wear and tear has a very low probability that it can be salvaged for reconstruction.
 - Removing and replacing the existing signs with newly constructed signs and attachments will guarantee you structural safety and replace any current concerns.
 - The current sign warranty has expired. The fabrication of new signs will allow you the opportunity to renegotiate updated warranty terms for the signs based on previous experience and concerns.
2. If the decision is to reuse and reconstruct the signs to complete working order, Levi's Stadium will be without Naming Rights signage for a significantly longer timeframe than would be required for removal and replacement.
 - For existing sign reuse, the approved signage vendor will need to remove the existing signs and perform majority of the reconstruction labor in their shop/ warehouse. This leaves the Stadium Authority, Levi's and 49ers without Naming Rights signage for anywhere from 3-12 weeks depending on the complexity of the fix.
 - For removal of existing and fabrication of new, there is minimal downtime of signs as most signage vendors can remove and replace within days of each other based on access and events.
3. The equipment required onsite will directly impact Stadium Events.
 - Large cranes and specialty boom lifts will be required for all sign locations. Removal and reuse of signs will require 2x the number of mobilizations and days on site for equipment.
 - The additional days/ weeks onsite will directly impact planned events, stadium access for fans and could result in a costly impact.
4. Repair vs Replacement Cost
 - The approximate cost to remove, retrofit and reinstall all four (4) existing Naming Rights signs is \$995,000.
 - The approximate cost to remove existing signs and install qty four (4) new Naming Rights signs is \$1,190,850.
 - Pricing is based off of current market conditions and material escalation. We have experienced continued increases in price of materials used to fabricate and install these types of signs. For your use, below is a breakdown of what these signs would have cost in 2017 and what we plan to see moving into 2022.

Jan 2017- Budget cost of \$780k
Jan 2021- Budget Cost of \$850k
July 2021 (Current)- \$1.2 Million
Jan 2022- Budget Cost of \$900k
5. Material and product used to fabricate these signs has evolved greatly in the past 7 years.
 - The original signs were constructed in 2014. The documented shop drawings show that there is considerable opportunity to make material changes and product updates that can help with energy efficiency, overall weight of the sign/ structure and easier accessibility for future maintenance.
 - For example, the LED spec referenced in the 2014 construction drawings (AGILIGHT Signrayz APEX LED) is no longer offered in 2021 as these LEDs have dramatically improved their module spacing, power supply loads and input/ output reflected in their newer models.
 - Some of these product updates give the Stadium Authority and 49ers an opportunity for cost savings in regard to energy and maintenance.

Recommendation:

After an in depth internal review and onsite survey, our team recommends that the *existing signage be removed and replaced with new.*

Again, we sincerely appreciate the opportunity to assist with this project and we look forward to providing any additional feedback and continued support.

Brittney Terry
Jeff DeBough
Ashley Jinjoe
Jim Landry





AD/S

SIGNAGE ■ FABRICATION ■ DIGITAL SOLUTIONS



CREATIVE DESIGN

Our creative team is equipped to handle all your needs ranging from design assist to full creative help. Design services include master sign plans, wayfinding, pylons and art pieces to digitally interactive environments. In collaboration with our team, we will work together to create a beautiful product utilizing the latest material and processes within your budget.



PROJECT MANAGEMENT

Over the years we have worked effortlessly to streamline our project management techniques allowing customers to easily monitor the planning, design and construction of a project from beginning to end. Many of our Project Managers are PMI certified and have diverse construction backgrounds which contributes to the timely delivery of projects which remain within budget.



DETAIL DESIGN & ENGINEERING

Our in house detailing and engineering team works to ensure the smallest details are incorporated correctly into fabrication drawings. This effort ensures the products we are building is exactly what you envisioned. All products are built soundly with the appropriate materials in order to support longevity in the field.



PERMITTING

Our in-house staff works tirelessly to acquire the appropriate permits and jurisdictional approvals including entitlements and over the counter permits, necessary to make your project a reality. We have also implemented a group of permit expediting partners nationwide who assist us across the country.



INSTALLATION

AD/S prides itself on utilizing internal teams in California, Nevada and Arizona to handle installs in-house. Our modern fleet of crane trucks, utility vehicles and specialty lifts are equipped to handle almost any job.



MAINTENANCE & SERVICE

Our relationship with you lasts long after installation to keep your investment in proper working order throughout the lifetime of the product. Whether a one-time call or an on-going service program, AD/S has the necessary experience, personnel and equipment to ensure your signage and lighting remain in pristine condition. We offer a wide range of contracts for all your service and maintenance needs.



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MASTER SIGN PROGRAMS ■ PERMIT PACKAGES ■ CITY MEETINGS



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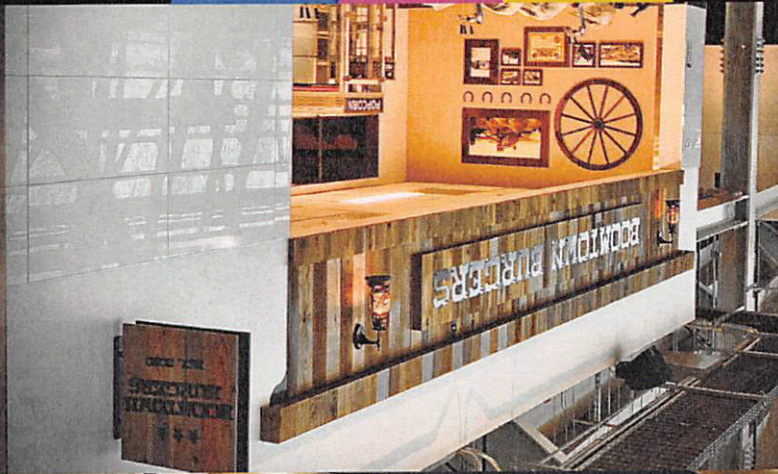
[ads_signs](https://www.instagram.com/ads_signs)



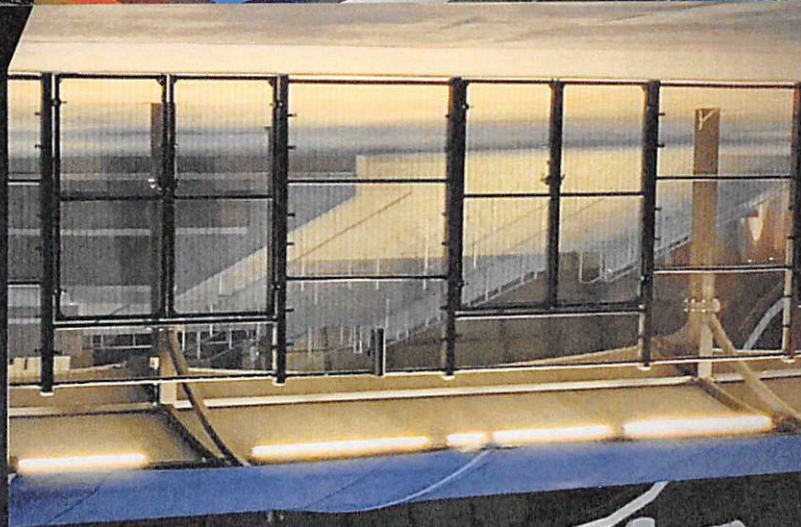
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951.278.061 Fax



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ENTERTAINMENT

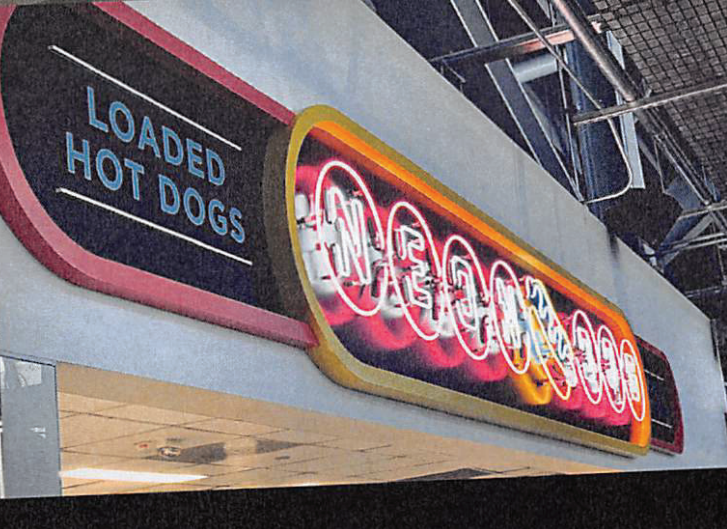
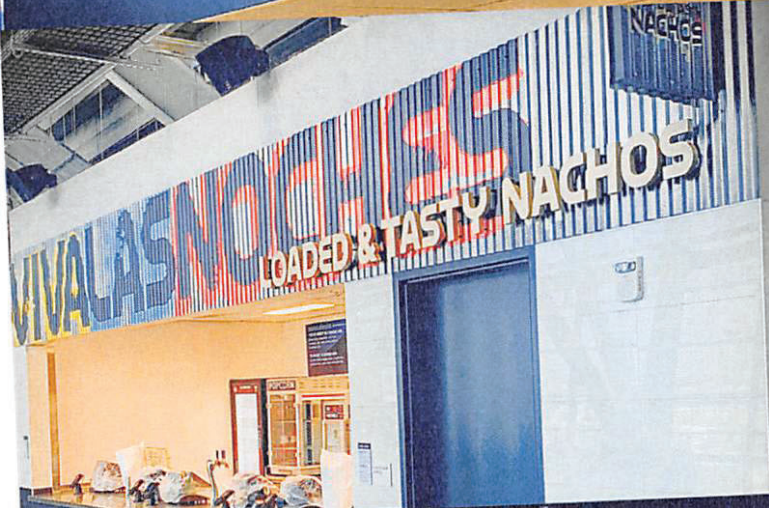


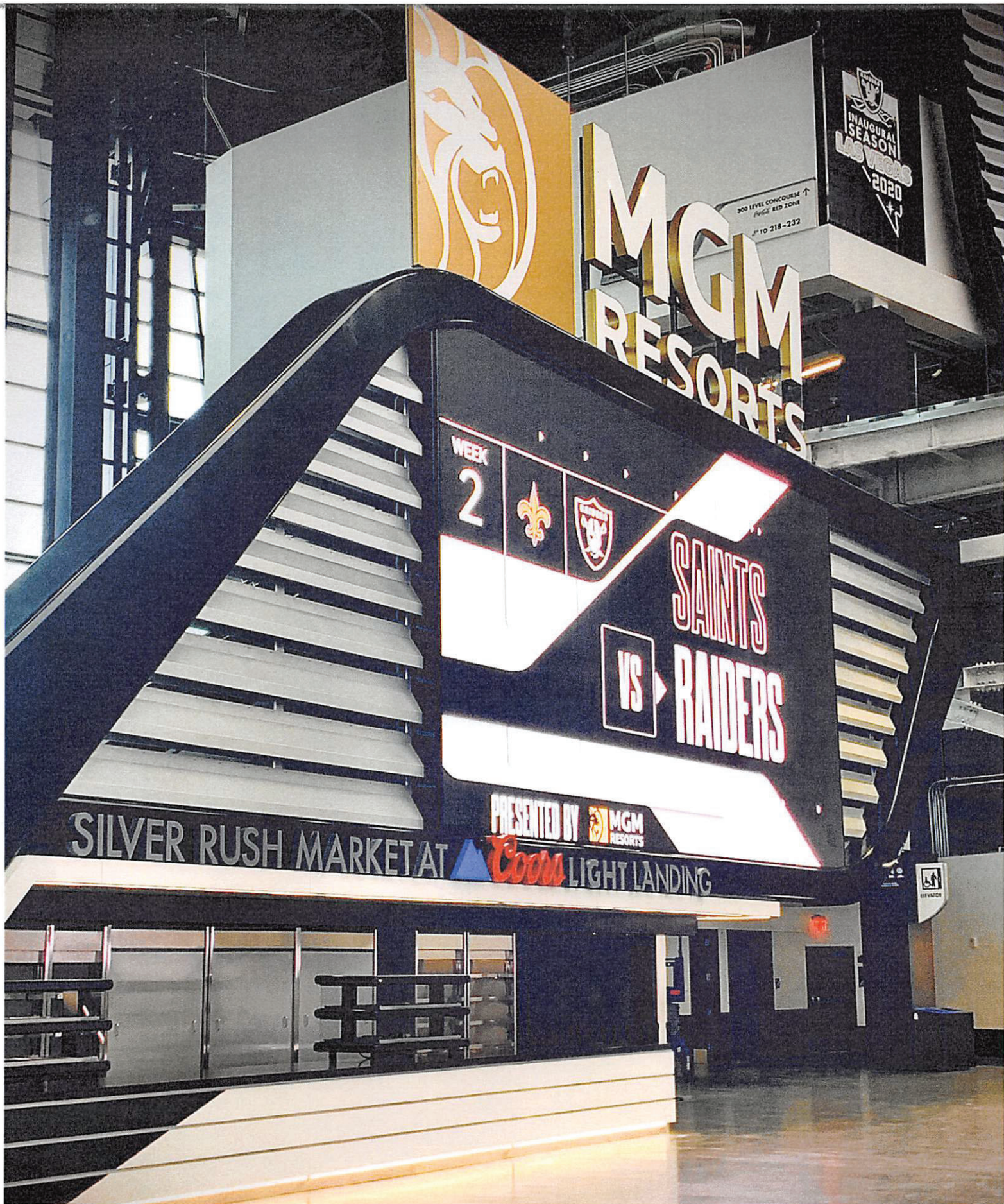
NORTH ENTRY



allegriant stadium



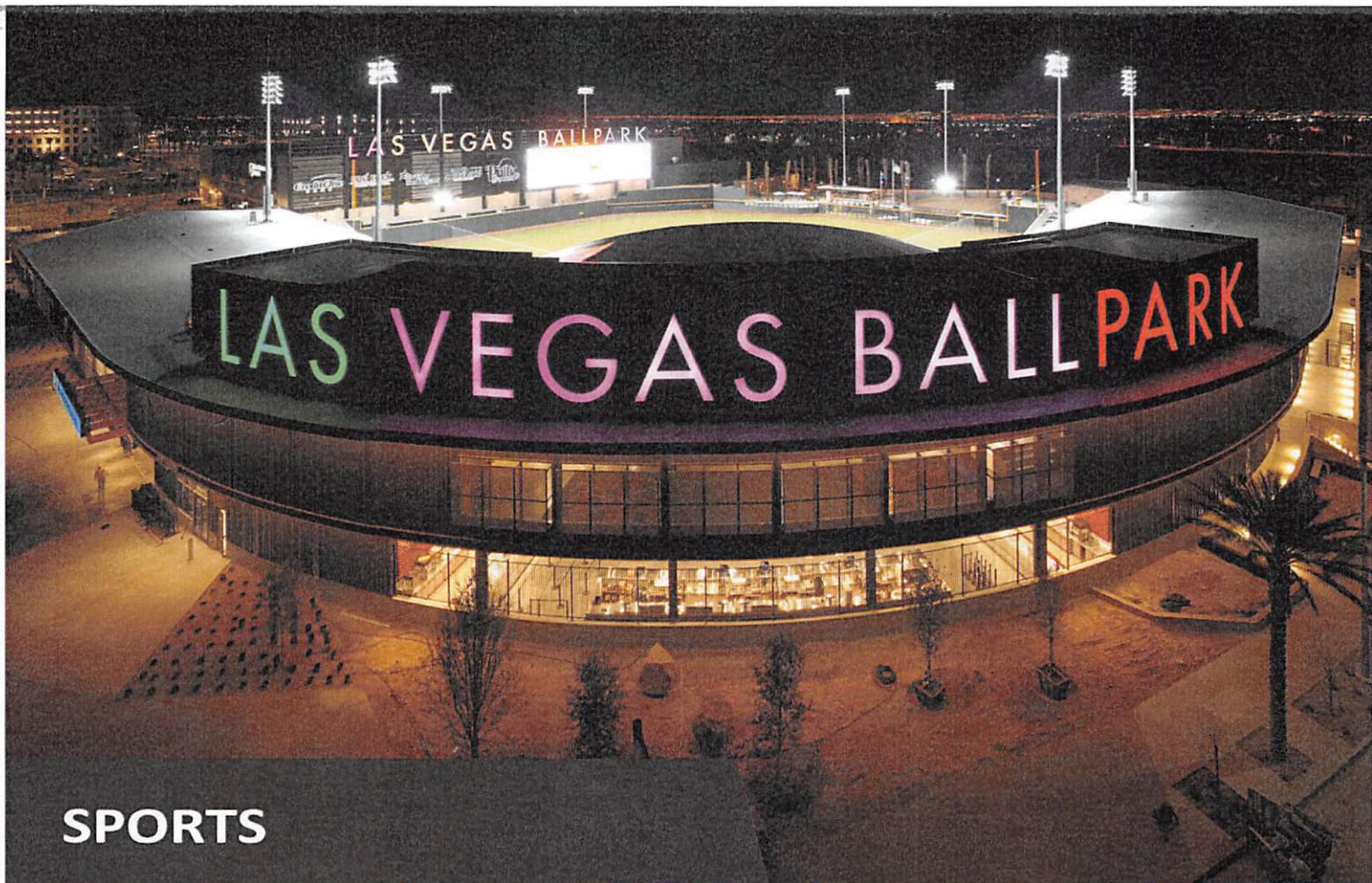






ENTERTA





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From: [Mercurio, Jim](#)
To: [Christine Jung](#)
Cc: [Mayor and Council](#); [Compliance Manager](#)
Subject: Naming Rights Signage
Date: Tuesday, August 17, 2021 12:07:34 PM
Attachments: [image001.png](#)
[RE Documentation for Original Levi's Signage CapEx Request.msg](#)
[RE Agenda for 1217 SCSAManCo Quarterly Status Meeting.msg](#)
[LM to Santana Naming Signage 2.18.21.pdf](#)
[Letter to Santana Naming Rights Signage 2021 02 27.docx.pdf](#)
[LM ltr to Board on Staff Comments 3.23.21 NRA item 1.pdf](#)
[Levi's Signage Photos 8.2021.pdf](#)

Hi Christine:

We still have not received a response to our email to you dated 8.4.21 regarding the Naming Rights signage. A copy of that email is attached, along with copies of:

- My email to Ms. Santana dated 12.21.20
- Mr. MacNeil's letter to Ms. Santana dated 2.18.21
- My letter to Ms. Santana dated 2.27.21.
- Mr. MacNeil's letter to the Board dated 3.23.21

Attached are photographs of the four NRA signs taken last week, prior to the NFL game on Saturday 8.14.21. As you can see, the sign on the east side of the building looks awful, with failed lighting in certain areas of the sign creating a patchwork appearance on the exterior face of the sign.

We discussed this matter with representatives from the sponsor prior to the 8.14.21 NFL Game. Given the condition of the east sign, the sponsor suggested that we turn off the cabinet lighting on the east side sign so that the malfunctioning lighting elements would not be visible. We agreed with that suggestion and we turned off the illumination for that sign prior to the game. We plan to leave the east sign dark until the situation is resolved. Illuminating the sign in its current state of disrepair does not reflect well on the brand of the sponsor or the Stadium.

You can see from the photographs that malfunctioning lighting sections appear on the other three signs as well. Although the other three signs are not as bad as the east sign, we believe it is just a matter of time before they will deteriorate further.

As you know, Section 3(g) of the SCSA's Naming Rights Agreement requires that all of these signs be illuminated between sundown and midnight, 365 days a year.

In order to rectify this situation, we have three recommendations:

1. The SCSA should authorize Stadium Manager to immediately hire a signage contractor to perform interim emergency repairs on the four signs, starting with the east sign, with a goal of having all four signs satisfactorily illuminated prior to the nationally televised NFL game scheduled for the evening of 9.26.21. We have made preliminary inquiries

with two qualified contractors and we believe this work could be completed at a cost of less than \$250K, if the work begins on or before 8.25.21.

2. The SCSA should amend the 2021/22 Capital Expenditure Budget to include \$1.2M for the replacement of all four signs. We recommend adding a contingency of 10%.
3. The SCSA should review and approve/edit the Request for Bid documents for the replacement of all four signs, which were previously submitted by Stadium Manager.

I want to underscore the importance of making an interim emergency repair prior to the 9.26.21 NFL game. That game will be nationally televised with an audience of 20M+ viewers. We believe it is critical that the signs be illuminated for that event, not only because it is a requirement of the Naming Rights Agreement, but because it is the right thing to do for this important sponsor that is paying the SCSA \$154M.

Thanks for your assistance.

JIM

JIM MERCURIO

Executive Vice President & General Manager

Forty Niners Stadium Management Company

T 408.562-4944 | M 650 642-4909

Levi's® Stadium

4900 Marie P. DeBartolo Way

Santa Clara, CA 95054



#FTTB

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**ATTACHMENT TO
STADIUM MANAGER'S
AUGUST 17, 2021 EMAIL**

From: [Mercurio, Jim](#)
To: [Christine Jung](#); [Compliance Manager](#)
Cc: [Deanna Santana](#); [Brian Doyle](#); [Ruth Shikada](#); [Kenn Lee](#)
Subject: RE: Agenda for 12/17 SCSA/ManCo Quarterly Status Meeting
Date: Monday, December 21, 2020 12:00:12 PM
Attachments: [image001.png](#)
[image002.png](#)
[image004.png](#)
[Levi's Naming Rights Signage - Photos.pdf](#)
Importance: High

Hi Deanna:

As a follow up to one of items on the agenda we discussed and you requested, specially (#9), please see pictures on the Levi's batwings signs that need replacing. Please assign someone from your team that can work with mine so that we can take steps to get this project appropriately completed as soon as possible. Levi's is a very important SCSA client and partner and they are very concerned about the integrity of their brand.

Thanks,

JIM

JIM MERCURIO

Executive Vice President & General Manager
Forty Niners Stadium Management Company
T 408.562-4944 | M 650 642-4909
Levi's® Stadium
4900 Marie P. DeBartolo Way
Santa Clara, CA 95054



#FTTB
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From: Christine Jung <CJung@SantaClaraCA.gov>
Sent: Friday, December 11, 2020 4:03 PM
To: Mercurio, Jim <jim.mercurio@49ers.com>; Compliance Manager <compliancemanager@49ers-smc.com>
Cc: Deanna Santana <DSantana@SantaClaraCA.gov>; Brian Doyle <BDoyle@SantaClaraCA.gov>; Ruth Shikada <RShikada@SantaClaraCA.gov>; Kenn Lee <KLee@SantaClaraCA.gov>
Subject: RE: Agenda for 12/17 SCSA/ManCo Quarterly Status Meeting

Hi Jim,

Your requested items are included in the attached revised agenda for our 12/17 meeting.

Have a good weekend,

Christine

From: Mercurio, Jim <jim.mercurio@49ers.com>

Sent: Friday, December 11, 2020 11:47 AM

To: Christine Jung <CJung@SantaClaraCA.gov>; Compliance Manager <compliancemanager@49ers-smc.com>

Cc: Deanna Santana <DSantana@SantaClaraCA.gov>; Brian Doyle <BDoyle@SantaClaraCA.gov>; Ruth Shikada <RShikada@SantaClaraCA.gov>; Kenn Lee <KLee@SantaClaraCA.gov>

Subject: RE: Agenda for 12/17 SCSA/ManCo Quarterly Status Meeting

Hi Christina:

Please find additional items to add to the list of agenda items for our scheduled quarterly meeting on Thursday, December 17.

Related Development Update

- Agreements signed, sent & complete
- SCSA provide status update on Master Signage Plan – Manco has Approval Rights

Naming Rights Signage Replacement (Levi's)

- Levi's Stadium backlit signs need to be replaced in Q1 or Q2 of 2021
-

SCSA to provide direction to Manco on SBL's - CONFIDENTIAL

- 

RFP for Electrical Update

- Due back to Manco in Mid to late December. Notice of Award in January 2021.

Application to City Building Dept. & SCFD – H2/H3 Storage

- Classification change from H3 to H2 Storage

Have a nice weekend.

JIM

JIM MERCURIO

Executive Vice President & General Manager

Forty Niners Stadium Management Company

T 408.562-4944 | M 650 642-4909

Levi's® Stadium

4900 Marie P. DeBartolo Way

Santa Clara, CA 95054



#FTTB
[49ers.com](https://www.49ers.com)

From: Christine Jung <CJung@SantaClaraCA.gov>

Sent: Thursday, December 10, 2020 10:54 AM

To: Mercurio, Jim <jim.mercurio@49ers.com>; Compliance Manager <compliancemanager@49ers-smc.com>

Cc: Deanna Santana <DSantana@SantaClaraCA.gov>; Brian Doyle <BDoyle@SantaClaraCA.gov>; Ruth Shikada <RShikada@SantaClaraCA.gov>; Kenn Lee <KLee@SantaClaraCA.gov>

Subject: Agenda for 12/17 SCSA/ManCo Quarterly Status Meeting

Good Morning Jim,

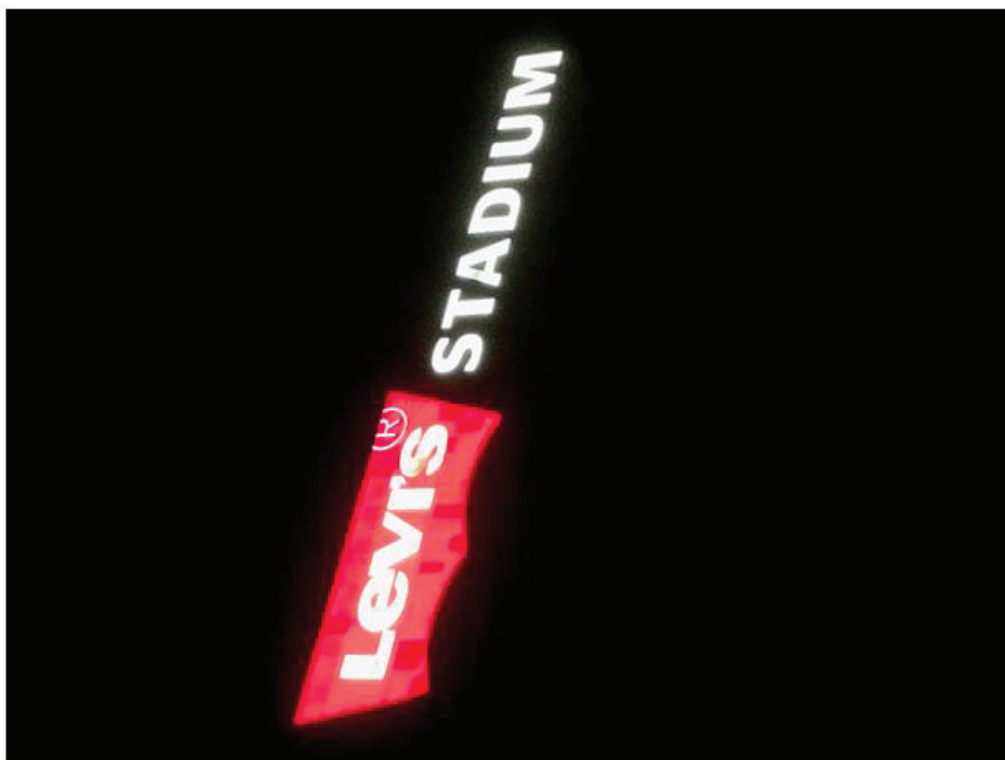
Please find attached the agenda for next Thursday's Quarterly Status Meeting.

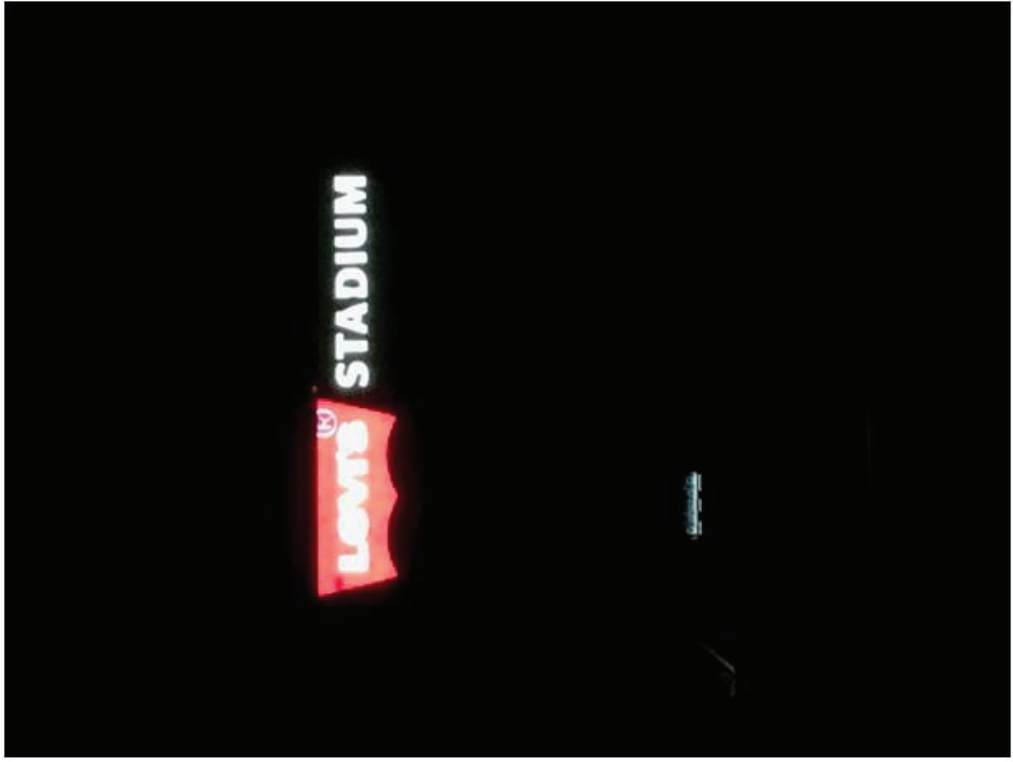
Sincerely,

Christine Jung | Assistant to the Executive Director

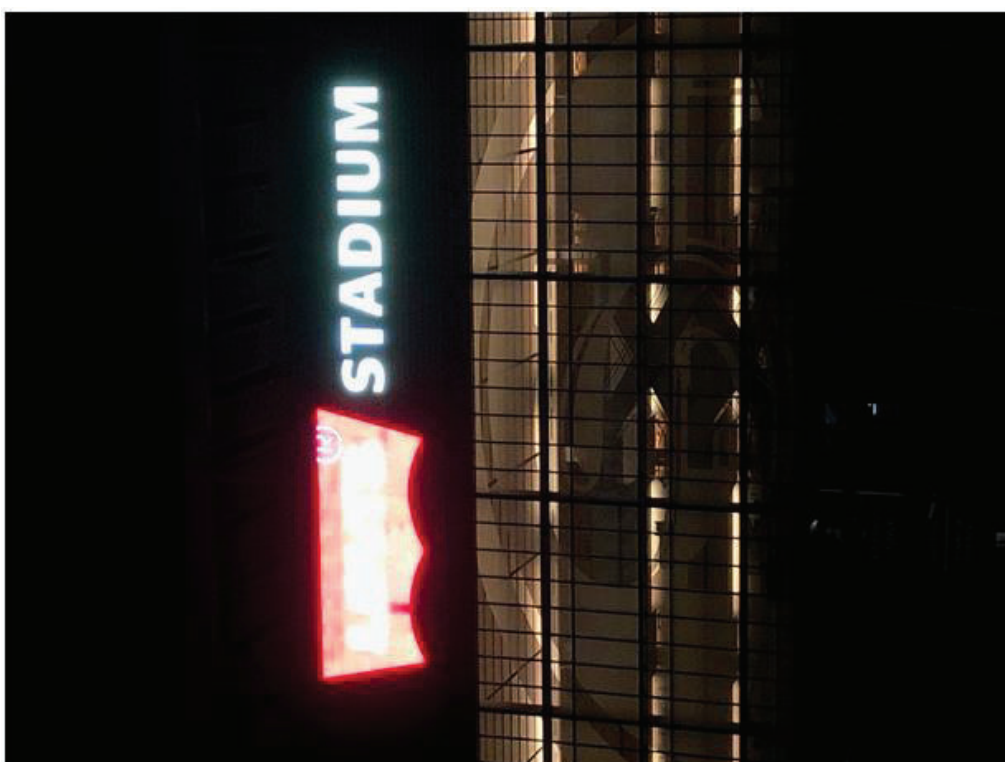
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FORTY NINERS STADIUM MANAGEMENT COMPANY

February 18, 2021

VIA EMAIL - DSantana@SantaClaraCA.gov

Deanna J. Santana
Executive Director
Santa Clara Stadium Authority
1500 Warburton Avenue
Santa Clara, CA 95050

Ms. Santana,

Mr. Mercurio asked me to respond to your note regarding the Levi's signage project.

We had hoped that you would put aside the drumbeat of false accusations against the 49ers in order to work collaboratively to get these signs replaced. Given the fact that this sponsor pays the SCSA \$6M annually, we assumed that you would recognize the importance of making sure this sponsor is satisfied with their signage. However, apparently your litigation strategy against the 49ers prevents you from doing so. That is unfortunate.

You have, as usual, misstated the record on this topic. In your letter, you said that the first time that you heard of this project was at a meeting December 21, 2020. That is incorrect. You are reminded that that this project was not only discussed nearly a year ago, it was approved by the Board as part of the SCSA CAP X plan in March of 2020. Furthermore, your comments regarding the meeting on February 9 are false. The 49ers had indeed begun the procurement process for these signs, but you have done your level best to put a stick in the spokes. For example, at that February 9 meeting you indicated that the six people you brought to the meeting could not be of any assistance because they don't handle this type of work for the City. That's handled by a different department, and of course that department was not at the meeting. So, your team of six had no input on the schematic design drawings or the construction contract documents we sent you prior to the meeting. This is typical of the bureaucratic run around you orchestrate to complicate even the simplest of projects.

Putting aside all of the finger pointing, your letter raises a substantive issue that must be addressed immediately. Your letter appears to indicate that you believe the sponsor must pay for the replacement signage. We disagree with that position. It is our view that the original signs have degraded to the point where they must be replaced, through no fault of the sponsor. They have been repaired previously, but they still do not perform at an acceptable level. This is evidenced in the photos we sent you two months ago, and is obvious if you were to drive by the Stadium after dark.

If the signs were being replaced because the sponsor wanted to change its logo, that cost would be borne by the sponsor. But that is not the situation. The signs are being replaced because they are not performing at an acceptable level, and that cost is the responsibility of the SCSA.

Please confirm immediately that the prior SCSA Board approval for the replacement of these signs remains valid (March 2020). If so, we expect to send you the bid documents for your advance approval. Otherwise, we will need to consider other options.

Sincerely,

V.L. on behalf of

Larry MacNeil
San Francisco 49ers

**FORTY NINERS STADIUM MANAGEMENT COMPANY**

February 27, 2021

VIA ELECTRONIC MAIL

Santa Clara Stadium Authority
1500 Warburton Avenue
Santa Clara, CA 95050
Attention: Deanna Santana, Executive Director

Re: Naming Rights Sponsor's Signage Replacement

Ms. Santana,

We have begun our review of the budget materials posted Thursday evening by the Stadium Authority for FY21 and noticed that the Stadium Authority staff is not recommending the approval of the Levi's Naming Rights Signage Replacement CapEx Project. This was not only a surprise, but it is concerning given the fact that this project was unanimously approved by the SCSA Board in the budget for FY20. Given the importance of Levi's as a partner to the Stadium Authority and Levi's Stadium, we wanted to address this matter immediately, especially since we believe the staff's position on the status of the current signage is incorrect.

The current Levi's Stadium signage is not functioning at a level consistent with Levi's Stadium stature as a premier sports and entertainment venue. We demonstrated that in the photographs that were provided to the Stadium Authority in December. It is clear to anyone in the vicinity of the Stadium at night when the signage is illuminated that the signage needs to be repaired.

As provided in Section 5(f) of the Stadium Authority's Naming Rights Agreement, the Stadium Authority has an obligation to repair the Stadium signage:

"... the SCSA shall be responsible for all costs and expenses associated with the initial design, construction, production, delivery or installation of signage and other physical advertising included in the Naming Rights Entitlements and for the cleaning, repairing and maintenance of all such signage." (emphasis added)

We investigated several options to repair the Stadium signage, and Stadium Manager continues to recommend that Stadium Authority repair the signage by replacing the malfunctioning signage completely.



FORTY NINERS STADIUM MANAGEMENT COMPANY

Performance of any repairs on the existing signage is impracticable due to various concerns, including, but not limited to, the likelihood of rust and other damage from exposure to the elements for the past seven years, and damage to the signage upon signage removal. We believe that total replacement is the appropriate solution. We could perform a more limited repair of the signage, however we think the potential short-term cost savings are greatly outweighed by potential risks and the likely costs from additional repairs in future years.

Given that the current signage is malfunctioning, the cost of the signage repair should be included within Stadium Authority's Capital Expenditures budget, as it was in the budget unanimously approved by the SCSA Board for FY20. We think this is required under the Naming Rights Agreement and further justified considering Levi's continued contributions to the success of the Stadium Authority as the naming rights partner of Levi's Stadium.

Sincerely,

DocuSigned by:
A handwritten signature in black ink, appearing to read 'Jim Mercurio', enclosed in a blue rectangular box.
CC8F2EFA5F32465...

Jim Mercurio
Executive Vice President and
General Manager

Cc: Brian Doyle, Stadium Counsel
compliance**manager@49ers.com**



FORTY NINERS STADIUM MANAGEMENT COMPANY

March 23, 2021

VIA EMAIL - MayorAndCouncil@santaclaraca.gov

Santa Clara Stadium Authority
1500 Warburton Avenue
Santa Clara, CA 95050

Dear Stadium Authority Board,

The purpose of this letter is to correct the record with respect to various comments made by City Staff to the SCSA Board in the past few weeks.

1. Manager Santana lies about the 49ers making money from the Naming Rights Signage.

Statement by City Manager Santana:

“What is important, Vice Mayor, is that the 49ers do have a separate sponsorship agreement similar to what the Stadium Authority has. And they also generate revenue through the signage agreement. And we went back, and we looked at our records. We know at minimum it's \$66 million. So the question has to be evaluated against whether it's a gift of public funds when evaluating the provisions of our naming rights agreement. *And also, what are the expectations in the 49ers agreement when they're making revenue off of the same sign. And they also have responsibilities with respect to maintenance and replacement.*”

Stadium Manager's Response:

Santana's assertion that the 49ers and the SCSA are making money from the same sign is simply false. There are two separate sponsorship contracts, one for the SCSA and one for the 49ers. The SCSA contract includes the four large signs at the Stadium, and the SCSA is responsible for maintaining those signs. The 49ers contract includes LED boards and offsite freeway signage, and the 49ers are responsible for maintaining those signs. In other words, the two contracts have entirely different signs.

All of this was explained to the City Staff in 2013 when both contracts were executed. This is another example of the lack of continuity at City Hall. The massive turnover in City Staff since Santana's arrival means that there is no one left at City Hall who actually understands the contracts.

2. **Staff believes the annual review of SSE is “inefficient.”**

Statement by City Staff:

“Shared Expenses Review Process - The current process of reviewing information in person months after the end of the fiscal year is inefficient. The Stadium Manager provided no response. As noted above, as part of the Meet and Confer meeting with the Stadium Manager, the Treasurer provided a suggestion regarding the review of information on a monthly basis. The Stadium Manager responded that they would discuss this further internally and get back to the Stadium Authority.”

Stadium Manager’s Response:

We agree that the current process is inefficient, but we disagree with the Treasurer’s suggested solution. We believe that the monthly review of Shared Stadium Expenses (“SSE”) would be significantly more inefficient, increasing the inefficiency by a factor of twelve.

Section 8.4.2 of the Lease provides for an audit of SSE after the end of each fiscal year by a qualified, independent, third party Certified Public Accountant. StadCo and Stadium Manager have, over the years, agreed to allow an endless stream of City Staff accountants, litigation consultants (HSNO), political consultants (Harvey Rose), to pore over various financial records. The results of all that has just been more political noise from City Hall, and mountains of paperwork. It’s a waste of time.

In an attempt to satisfy the “concerns” from the latest regime of City Staff, we proposed a new accounting system more than two years ago. City Staff has delayed that process for political reasons.

Now, City Staff is requesting monthly audits to rationalize their refusal to pay the budgeted SSE for FY21, including the wages of all the workers at the Stadium. Again, monthly audits are not required under any of the Stadium contracts.

In attempt to break the logjam, Stadium Manager has a very simple proposal: Your internal auditors can come to the Stadium and review a list of current Stadium Manager employees, along with their position, name and annual salary, in order to confirm that the FY21 budget of \$4.2M is reasonable. You can select a sample from that list and we will show you adequate documentation to support their current salaries. This entire process should take you less than four hours and can be completed next week.

If the Board is interested in creating an SSE review process that goes beyond the annual audit contemplated under the Stadium contracts, StadCo and the Stadium

Manager are willing to listen to that proposal. We would expect that this will require additional Stadium Manager accounting staff, and, in accordance with Section 2.6.21 of the Management Agreement, the Stadium Manager would submit a cost estimate and management fee adjustment for this additional work for consideration by the SCSA Board.

Again, we believe this would be a waste of time and money. There is already an audit mechanism provided for under the Stadium contracts and after years of review the SCSA Staff have been unable to identify even a single instance of the “double-billing” they now claim is a concern.

3. Lee insinuates existence of improper charges to SCSA.

Statement by Treasurer Lee:

“With regards to appropriateness of some of the documentation, so this is a sample of documentation with regards to the Rolling Stones concert where football helmets were purchased, an expense to that Non-NFL event.”

Stadium Manager’s Response:

Mr. Lee’s comments on Non-NFL documentation for 2019 events is irrelevant to the issue before the Board, which is approval of the FY21 Budget and payment of the wages for Stadium workers. This is a common theme with City Staff presentations at Board meetings. They attempt to mislead the Board by airing grievances from years gone by instead of addressing the issues at hand.

By showing this particular invoice for football helmets to the Board, Mr. Lee is implying that the 49ers purchased football helmets for their own use, and improperly charged that cost to the SCSA. That is false.

The promoter of this particular concert ordered these football helmets to be used in marketing the concert to the public. The promoter paid for 100% of the cost of the helmets. There was no cost to the SCSA.

4. Mayor Gillmor tries to blame the Music Ban on a previous mayor.

Statement by Mayor Gillmor:

“So who was the mayor in 2010? It wasn't me. It was Patricia Mahan. So I guess that's who started the mayor's music ban because it was a condition of approval and it was never changed. So that is very deceptive to continue to say these kinds of things that are completely not true.”

Stadium Manager’s Response:

Mayor Gillmor's attempt to distance herself from the Music Ban imposed by the Board in 2017 is a good political idea, because the ban has resulted in millions of dollars in lost revenue for the SCSA. But the ban was, in fact, imposed after Gillmor became Mayor in 2016. Prior to Gillmor's ban, the Stadium hosted several weeknight concerts that generated millions in revenue for the SCSA.

The Condition of Approval with respect to the curfew was approved by the Board in 2010, and it is true that Patricia Mahan was the Mayor at that time. But the critical piece of information that Gillmor ignores is that the original Condition of Approval made clear that the City Manager had the authority to waive the 10PM curfew in her own discretion without any approval required from the Board.

That was rescinded in early 2017 when Gillmor and her Board removed the City Manager's authority to grant curfew exceptions. It was this action by Mayor Gillmor that created the ban, not the original Condition of Approval. Since Gillmor put the Board in charge of curfew exemptions, the Board has not approved one single exemption.

5. Staff misinterprets budget data.

Statement by City Staff:

"Shared Expenses Forecast for FY 2020/21 - Stadium Authority questioned the difference in projections by category provided to Finance staff compared to what was submitted in the Stadium Manager proposed budget. Stadium Authority staff believe that the Stadium Manager projections in the budget reflect the latest savings. SCSA staff continue to be concerned about receiving conflicting data for information provided from the Stadium Manager. As part of the year-end process, staff will review actual Shared Expenses charged by category."

Stadium Manager's Response:

There is no conflicting data. City Staff is confusing the Lender Budget with the SCSA Budget. The Lender Budget is a vehicle to ensure the SCSA has enough cash to pay its bills and updated forecasts/adjustments are made at a high level or spread evenly by department as the main focus is the bottom line number. The forecast that Stadium Manager provided in February of 2021 was at a far more detailed and granular level than the Lender Budget.

This has already been explained to Mr. Lee in the lengthy written exchanges we have had on the FY21 budget.

More importantly, Mr. Lee's confusion on this topic will be handled in the FY20 true up process – it is irrelevant to the FY21 Budget approval, which is the matter before the Board.

6. Staff refuses to work collaboratively on procurement

Statement by City Staff:

“Procurement Compliance - The Stadium Authority has requested multiple times the plan for compliance for procurement, including prevailing wage requirements. The Stadium Authority has provided templates, sample contracts, sample RFPs, procurement resources, and met several times on procurement. The Stadium Manager acknowledges the need to comply, however, has not provided any detailed plan or timeline that would inform the Stadium Authority regarding resources that would be necessary to support this effort.”

Stadium Manager's Response:

As we have attempted on multiple occasions, we would be delighted to revise the procurement procedures to satisfy the Board's reasonable requests, but the interaction with City Staff on this topic has been entirely unproductive.

For example, we sent a draft RFP for on-call repairs to City Staff for their review in September 2020, and the City Staff declined the opportunity to collaborate on this, saying they didn't have enough room in their overhead budget to commit to this work.

That was false. The SCSA had an overhead budget of \$4.6M for FY20 and is on track to spend approximately \$2.7M. So they actually had \$1.9M available in their overhead budget to cover this work. The total cost for their staff to review the RFP in advance would have been less than \$5,000.

7. Staff complains when the 49ers pay costs for the vaccination initiative

Statement by City Staff:

“Vaccine Response - The Stadium Authority is concerned regarding the validation of these additional costs and ensuring they are correctly allocated. We have received in writing from the Stadium Manager that these costs will be funded by the NFL. We will review these Shared Expenses as part of the annual year-end process to make sure that no costs were assigned to the SCSA.”

Stadium Manager's Response:

We have answered this on multiple occasions. Event costs are handled in accordance with the Stadium Lease. While Manager Santana focuses on playing

politics, our focus will remain on protecting this community and saving lives through equitable and efficient vaccine distribution.

8. Staff is confused by Lease explanation of Insurance expenses.

Statement by City Staff:

“Insurance Expenses - The Stadium Authority is concerned that the insurance costs billed by the Stadium Manager may be higher than actual costs. In previous meetings, Stadium Manager stated that over time the SCSA would receive the benefit of overpayment if insurances costs increased. However, SCSA has never received a reconciliation from the Stadium Manager to understand amount of overpayment and on reserve to cover years when insurance costs are greater than the amount paid by the SCSA. Accordingly, the Stadium Authority has recently requested a reconciliation from the Stadium Manager. but this has not been provided.”

Stadium Manager’s Response:

The SCSA insurance cost is a fixed amount as set forth in Section 8.3.1 of the Lease, which was in accordance with the request of a previous City Staff regime. The SCSA has received all of the insurance documents required under the Lease. City Staff’s latest request for “reconciliations” are not required under the Lease or Management Agreement. This is yet another example of City Staff attempting to manufacture an issue where none exists. City Staff continue to dedicate resources to creating conflicts with Stadium Manager rather than working towards the shared goal of a successful return of events to Levi’s Stadium. The Board should direct City Staff to stop wasting time on this issue.

9. City Staff’s FY20 Budget Amendments were not Coordinated with Stadium Manager.

Statement by City Staff:

In its 3.23.21 report to the Board for Item 4. (Action on the SCSA Financial Status Report for QE 12.31.2020 and Related Budget Amendments), City staff states: “This report was coordinated with the Stadium Manager per section 4.6 of the Management Agreement as well as the Stadium Authority Counsel’s Office.”

Stadium Manager’s Response:

The budget amendments proposed by City Staff have not been “coordinated” with Stadium Manager. Please note that these amendments, if approved by the Board, will be subject to approval by the Stadium Manager pursuant to the Management Agreement.

Sincerely,

V.L. on behalf of

Larry MacNeil
Compliance Manager

CC: Deanna Santana, Executive Director
Brian Doyle, Stadium Authority Counsel
Kenn Lee, Treasurer

East Side Signage



West Side Signage



North Side Signage



South Side Signage



From: [Christine Jung](#)
To: [Mercurio, Jim](#)
Cc: [Mayor and Council](#); [Compliance Manager](#)
Subject: RE: Naming Rights Signage
Date: Monday, August 23, 2021 1:11:00 PM
Attachments: [image002.png](#)
[image003.png](#)
[image004.png](#)

Hi Jim,

You will receive a letter later today on this topic.

Thank you,
Christine Jung | Assistant to the Executive Director
1500 Warburton Avenue | Santa Clara, CA 95050
D: 408.615.2218 | www.santaclaraca.gov/scsa

From: Mercurio, Jim <jim.mercurio@49ers.com>
Sent: Monday, August 23, 2021 11:52 AM
To: Christine Jung <CJung@SantaClaraCA.gov>
Cc: Mayor and Council <MAYORANDCOUNCIL@SantaClaraCA.gov>; Compliance Manager <compliancemanager@49ers-smc.com>
Subject: Re: Naming Rights Signage

Hi Christine

I have not received a response to my emails of 8.4.21 or 8.17.21 (attached), and I was advised that the matter is not on the Board Agenda for the 8.24.21 meeting.

We believe it is important to get the interim repair work started ASAP so the Naming Rights Signage is functioning for the nationally televised game on 9.25.21.

Can you please let us know the status?

Thanks,

JIM

From: Mercurio, Jim <jim.mercurio@49ers.com>
Sent: Tuesday, August 17, 2021 12:05 PM

To: Christine Jung

Cc: MayorAndCouncil (MayorAndCouncil@santaclaraca.gov); Compliance Manager

Subject: Naming Rights Signage

Hi Christine:

We still have not received a response to our email to you dated 8.4.21 regarding the Naming Rights signage. A copy of that email is attached, along with copies of:

- My email to Ms. Santana dated 12.21.20
- Mr. MacNeil's letter to Ms. Santana dated 2.18.21
- My letter to Ms. Santana dated 2.27.21.
- Mr. MacNeil's letter to the Board dated 3.23.21

Attached are photographs of the four NRA signs taken last week, prior to the NFL game on Saturday 8.14.21. As you can see, the sign on the east side of the building looks awful, with failed lighting in certain areas of the sign creating a patchwork appearance on the exterior face of the sign.

We discussed this matter with representatives from the sponsor prior to the 8.14.21 NFL Game. Given the condition of the east sign, the sponsor suggested that we turn off the cabinet lighting on the east side sign so that the malfunctioning lighting elements would not be visible. We agreed with that suggestion and we turned off the illumination for that sign prior to the game. We plan to leave the east sign dark until the situation is resolved. Illuminating the sign in its current state of disrepair does not reflect well on the brand of the sponsor or the Stadium.

You can see from the photographs that malfunctioning lighting sections appear on the other three signs as well. Although the other three signs are not as bad as the east sign, we believe it is just a matter of time before they will deteriorate further.

As you know, Section 3(g) of the SCSA's Naming Rights Agreement requires that all of these signs be illuminated between sundown and midnight, 365 days a year.

In order to rectify this situation, we have three recommendations:

1. The SCSA should authorize Stadium Manager to immediately hire a signage contractor to perform interim emergency repairs on the four signs, starting with the east sign, with a goal of having all four signs satisfactorily illuminated prior to the nationally televised NFL game scheduled for the evening of 9.26.21. We have made preliminary inquiries with two qualified contractors and we believe this work could be completed at a cost of less than \$250K, if the work begins on or before 8.25.21.
2. The SCSA should amend the 2021/22 Capital Expenditure Budget to include \$1.2M for the replacement of all four signs. We recommend adding a contingency of 10%.

3. The SCSA should review and approve/edit the Request for Bid documents for the replacement of all four signs, which were previously submitted by Stadium Manager.

I want to underscore the importance of making an interim emergency repair prior to the 9.26.21 NFL game. That game will be nationally televised with an audience of 20M+ viewers. We believe it is critical that the signs be illuminated for that event, not only because it is a requirement of the Naming Rights Agreement, but because it is the right thing to do for this important sponsor that is paying the SCSA \$154M.

Thanks for your assistance.

JIM

JIM MERCURIO

Executive Vice President & General Manager

Forty Niners Stadium Management Company

T 408.562-4944 | M 650 642-4909

Levi's® Stadium

4900 Marie P. DeBartolo Way

Santa Clara, CA 95054



#FTTB

49ers.com



August 23, 2021

Mr. Jim Mercurio, Executive Vice President & General Manager
Forty Niners Stadium Management Company, LLC (Stadium Manager)
4900 Marie P. DeBartolo Way
Santa Clara, California 95054

SUBJECT: Response to August 17, 2021 Request for “Emergency” Levi’s Signage Repairs

Dear Mr. Mercurio:

We are in receipt of your email, dated August 17, 2021, regarding the Stadium Manager’s request for immediate delegated authority to hire a signage contractor to perform interim “emergency” repairs (constituting a public works project) on Levi’s signage as early as August 25, 2021, a budget amendment, and initiate replacement of the sign.

Stadium Authority requires sufficient time to review submitted materials and prepare Stadium Authority Board agenda reports: an Agenda Report Routing schedule was provided to the Stadium Manager on June 30, 2021. August 24, 2021 Council/Board reports were completed on August 18, 2021 and, based on your August 17 email, there was no time to review this “emergency” public works project request. Stadium Manager has known about this issue for years, has not taken required action, and has delayed submitting proper supporting documentation to demonstrate proper standard of care for the Stadium. Seven months have now passed since the Stadium Authority discovered the Stadium Manager’s misrepresentation calling for the Board to fund the replacement of the sign. That is more than sufficient time to provide documentation of the comparative costs of repair versus replacement, implement a public works project bid process, correctly receive bids, comply with State procurement laws, seek SCSA Board approval, and complete this public works project.

As background, on May 17, 2021, the Stadium Authority staff requested the documents that the Stadium Manager used for the Levi’s Signage project that was proposed for the FY 2020/21 CapEx Budget months ago. There was no response from the Stadium Manager for over two months, so Stadium Authority staff reached out again on July 28, 2021. The Stadium Manager did not provide any documents until August 4, which was a third-party document for signage replacement only (with no cost information or option for repair work) and cost estimates dated July 9, 2021. Putting aside that the Stadium Manager held the July 9, 2021 report for nearly one month, it is important to note that even your documentation does not constitute a responsive bid to the legally required public works solicitation process. Other documents submitted were February 2021 draft and concept documents for replacement only and were part of the misrepresentations that the Stadium Manager relayed to justify a replacement project (and are not useful). Less than two weeks later, SCSA received an email on August 17 claiming that “emergency” repairs (which are an unjustified replacement) must be initiated on or before August 25 for the September 26, 2021 NFL game.

There are no legal grounds for accepting the Stadium Manager’s position that an “emergency” contract is warranted. Justification for issuing emergency public works contracts falls under a very narrow set of

TO: MR. JIM MERCURIO, EXECUTIVE VICE PRESIDENT & GENERAL MANAGER

Re: REQUEST FOR EMERGENCY LEVI'S SIGNAGE REPAIRS

August 23, 2021

Page 2 of 2

conditions, for which aesthetics, procurement delays, and time convenience do not qualify (Public Contract Code Section 1102). Specifically, the State Code reads,

*Emergency as used in the Code, means a sudden unexpected occurrence that **poses a clear and imminent danger**, requiring immediate action to prevent or mitigate the loss of impairment of life, health, property, or essential public service.*

An "emergency" does not exist under the State law for the Stadium Manager's stated reasons of discolored signage or an upcoming NFL game. The Stadium Manager's claim of an urgency and/or need for an "emergency" project is significantly weakened by your several years of inaction, lack of repairs and maintenance of the signage, and intentional actions to avoid the State public works procurement requirements. In fact, issuing public works contracts under false pretenses of an "emergency" can result in the contracts being void, as well as subjecting the Stadium Authority Board to a lawsuit for knowingly acting in violation of State law. Your "emergency" request suggests that the Board do both. The Stadium Manager, acting as the Stadium Authority's agent, cannot recommend that the Board knowingly violate the law, which would be the case based on your August 17, 2021 "emergency" request.

Stadium Manager also asserts concern for our sponsor and the naming rights revenue generated for these signs. As seven months have passed without any effort demonstrated by the Stadium Manager to comply with the State procurement laws, the Stadium Authority desires to maintain a productive relationship with the sponsor and requires immediate production of:

1. Records of all and any maintenance and repairs for the Levi's signage from the Stadium Manager;
2. Your communications with any contractor regarding the repairs or replacement of signs that Stadium Manager recommends; and
3. Your communications with any Levi's representatives regarding this issue.

Any reasonable organization in the business of managing a facility should have such records in its immediate possession. The SCSA reserves all rights to take any action required to protect its financial interest in the Naming Rights Agreement and that are adversely impacted based on the Stadium Manager's failure to perform under the Management Agreement.

As with all other legally compliant procurement requests submitted by the Stadium Manager, Stadium Authority staff has prepared for the Board's approval successfully. Unfortunately, once again, the Stadium Manager and 49ers have simply documented its own incompetence and given further justification to the Stadium Authority Board's decision to terminate the Management Agreement. The proposed action that the Stadium Manager seeks from the Stadium Authority Board are not in any way compliant with State law.

Sincerely,



Deanna J. Santana
Executive Director

cc: Santa Clara Stadium Authority Board
Brian Doyle, Stadium Authority Counsel



FORTY NINERS STADIUM MANAGEMENT COMPANY

August 24, 2021

VIA EMAIL - DSantana@SantaClaraCA.gov

Deanna J. Santana
Executive Director
Santa Clara Stadium Authority
1500 Warburton Avenue
Santa Clara, CA 95050

Ms. Santana:

This is in reply to your letter dated 8.23.21 to Mr. Mercurio regarding the repairs required for the Naming Rights Signage.

I will address your "document production" request, and the various errors and accusations in your letter when time permits. But I will focus this letter on the issue at hand: Immediately repairing the malfunctioning signs so they can be illuminated for the nationally televised event on 9.26.21.

The work here involves the repair of the existing LED displays. The work does not involve betterment or improvement, but is instead limited to work needed to ensure the signs function in accordance with their original intended purpose.

The Board has already approved two On-Call Electrical contracts for Stadium repairs. Stadium Manager can simply issue a task order to one of those vendors to do the repair. We contacted Bear Electric and believe they can complete the work expeditiously, and they have experience with this type of repair.

Here is what we need from the Board:

- Approve a budget amendment to the FY21 SCSA Capital Expenditure budget for up to \$250K for this interim repair.
- Approve an Amendment to the On-Call repair contract with Bear Electric to cover the cost of this interim repair. The Bear contract has an NTE of \$250K for this fiscal year, and we will increase that by \$250K to cover the cost of this project.
- Expedite any necessary permits to facilitate the work ASAP.

We recommend that you schedule this matter for Board consideration at your earliest opportunity.

Thanks very much for your attention to this matter.

Sincerely
V.L. on behalf of
Larry MacNeil

From: [Brian Doyle](#)
To: mfoxton@levi.com
Cc: [Deanna Santana](#); [Nadine Nader](#); [Kathleen McGraw](#); [Christine Jung](#); brent.schoeb@49ers-smc.com
Subject: FW: Levi's Stadium Signage
Date: Friday, August 27, 2021 8:28:59 AM
Attachments: [image005.png](#)
[image006.png](#)

Good Morning, Mr. Foxton,

Executive Director Deanna Santana has asked me to respond to your email below as she is out on bereavement leave. We have just recently received a request for a repair of the signs from the Stadium Management company which will require additional documentation for the Stadium Authority to process their request. We value the Stadium Authority's relationship with Levi's and share your desire to get the required repairs in place in a timely manner. We will work toward your goal of achieving that result by the game on September 26, 2021.

Please feel free to contact Deanna with any of Levi's concerns regarding the Naming Rights Agreement with Santa Clara Stadium Authority.

Thank you,

BRIAN DOYLE | Stadium Authority Counsel
1500 Warburton Avenue | Santa Clara, CA 95050
D: 408.615.2234 | www.santaclaraca.gov/scsa

From: Deanna Santana <DSantana@SantaClaraCA.gov>
Sent: Thursday, August 26, 2021 4:25 PM
To: Brian Doyle <BDoyle@SantaClaraCA.gov>
Subject: Fwd: Levi's Stadium Signage

Deanna J. Santana
**Excuse typos and brevity
Sent from my iPhone

Begin forwarded message:

From: Nadine Nader <nnader@santaclaraca.gov>
Date: August 26, 2021 at 4:10:26 PM PDT
To: mfoxton@levi.com
Cc: Deanna Santana <DSantana@santaclaraca.gov>, Kathleen McGraw

<KMcGraw@santaclaraca.gov>, Christine Jung <CJung@santaclaraca.gov>

Subject: RE: Levi's Stadium Signage

Dear Mr. Foxton:

The City Manager is out on bereavement leave. This request has been forwarded to Brian Doyle.

Thank you,

Nadine

From: Foxton, Mark <mfoxton@levi.com>
Sent: Thursday, August 26, 2021 3:11 PM
To: Manager <Manager@santaclaraca.gov>
Cc: Schoeb, Brent <brent.schoeb@49ers-smc.com>
Subject: Levi's Stadium Signage

Hello Deanna,

As the Naming Rights partner for Levi's® Stadium, we would like to request that the four (4) exterior signs on the stadium be repaired in time for the 49ers regular season home opener on September 26, 2021.

Thank you,
Mark

Mark Foxton
Head of Global Partnerships and Collaborations
Levi's® Brand
mfoxton@levi.com
415.501.4966

