



Agenda Report

21-1292

Agenda Date: 1/26/2021

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending September 30, 2020

BOARD PILLARS

Ensure Compliance with Measure J and Manage Levi's Stadium
Enhance Community Engagement and Transparency

BACKGROUND

In Fiscal Year 2014/15 the Stadium Authority Board ("Board") requested that staff prepare quarterly Santa Clara Stadium Authority ("Stadium Authority") Financial Status Reports. These reports provide an update on the events held at Levi's Stadium, Stadium Authority finances, and the impact of Stadium Authority activity on the City of Santa Clara's ("City").

This report provides information covering the Stadium Authority's second (July 1, 2020 - September 30, 2020) quarter of the 2020/21 fiscal year.

The Adopted Stadium Authority Budget incorporates the estimated revenues and expenses for all Stadium Authority funds. The attached Financial Status Reports provide the budget to actual revenue and expense summaries for the operating, debt service, and capital funds. Analysis of the financial activity through the fiscal year measures the adherence to the budget and allows the Stadium Authority to monitor and project revenues and expenses. Any significant variances are explained in the reports.

DISCUSSION

The attached financial status reports provide information covering the Stadium Authority's second (July 1, 2020 - September 30, 2020) quarter of the 2020/21 fiscal year. The reports summarize National Football League ("NFL") and non-NFL event activity at Levi's Stadium and describes the financial impact of these events on the Stadium Authority and City since FY 2014/15.

NFL Event Revenue and Expenses

The San Francisco Forty-Niners ("49ers") played one regular season NFL game at Levi's Stadium as of September 30, 2020. The two pre-season games originally scheduled for August 21, 2020, and September 3, 2020, were cancelled by the NFL due to COVID-19. The regular season game was held at Levi's Stadium absent any fans and, therefore, no tickets were sold.

Non-NFL Event Revenue and Expenses

There were no Non-NFL events held in the second quarter of the 2020/21 Fiscal Year. Due to the ongoing pandemic, there is no estimated timeframe for Non-NFL events to resume.

Stadium Builder Licenses (“SBLs”)

SBLs account for 36% of the Stadium Authority’s annual budgeted revenue in FY 2020/21. There is a total of 60,917 currently active SBLs which is 92.5% of the 65,879 total sellable SBL seats. The value of the active SBLs amount to \$534.4 million of which \$461.7 million has already been collected.

Stadium Authority Budgets

The detailed analysis of Stadium Authority budget to actual financials is provided in the attached Financial Status Reports. In summary, total operating revenues were \$23.2 million representing 34% of the overall budget for revenues and total operating expenses were \$38.8 million or 57% of the budget. The debt service fund was able to pay down \$27.3 million in debt, bringing total Stadium Authority debt down to \$297.9 million. Capital expenses were \$134 thousand representing 1% of the overall CIP budget.

COVID - 19 Impacts

Subsequent to the activities reflected in the September 30, 2020 report, the Stadium Authority staff has been monitoring the impacts due to COVID-19. The Stadium Authority received notice from the 49ers that they would be reducing the annual Facility Rent of \$24.8 million by 20% due to the fact that two NFL games were not allowed to be played at the stadium as a result of the County’s recent order. Staff is also in communications regarding potential impacts due to a further 10% Facility Rent reduction by reason of a third NFL game that could not be played in January 2021 at the stadium under the County’s order. The figure of \$18.2 million in Table 1 below reflects the full 30% reduction in revenue from the County’s COVID-19 order. The table also reflects currently anticipated expenditure savings to offset the decline in revenue due to the COVID-19 pandemic. The remaining balance is anticipated to be offset by reserves or the potential use of a ledger credit for the outstanding Subordinate Loan with the 49ers. We will also look for further expenditure reductions as well as relief from the 49ers on the full impact of the reductions in Facility Rent. Based on this analysis, there is no expected risk of default on any of the required debt service payments scheduled this year.

Table 1 - COVID-19 Impacts and Projected Solutions

	<u>2020/21 Impact</u>
Revenue Loss	
NFL Ticket Surcharge	\$ 8,665,000
Net Revenues from Non-NFL Events	1,500,000
Facility Rent (3 games)	7,428,600
Non-NFL Event Ticket Surcharge	572,000
Total Revenue Loss	\$ 18,165,600
Solutions/Savings	
Shared Stadium Manager Expenses	\$ 2,443,000
SBL Sales & Service and SBL Holder Buffet	1,518,000
Discretionary Fund Expense	250,000
Utilities	333,000
Use of StadCo Tenant Improvements	73,000
Operating/Vacancy Savings (SCSA)	1,915,000
Other Expenses	405,000
Subloan Ledger Credit/Operating Reserve ⁽¹⁾	11,228,600
Total Solutions/Savings	\$ 18,165,600

⁽¹⁾ Use of Subloan Ledger Credit is under review. The balance of the Operating Reserve is \$11.6 million.

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)(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.

FISCAL IMPACT

There is no cost to the Stadium Authority to prepare this report other than administrative staff time and expense.

COORDINATION

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.

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>>.

RECOMMENDATION

Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending September 30, 2020.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. SCSA Financial Status Report for the Quarter Ending September 30, 2020