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Attachments: 1. SCSA Financial Status Report for the Quarter Ending September 30, 2022

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12/6/2022	1	Council and Authorities Concurrent Meeting	Approved	Pass

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending September 30, 2022

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, 2022 - September 30, 2022) quarter of the 2022/23 ("FY") 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.

Certain operating expense payments were withheld based on Board direction for the partial suspension of payments at the March 27, 2019 Stadium Authority Board meeting, based on the concern that public funds would be used to pay for expenses that were not legally procured, or

compliant with prevailing wage law or self-dealing/conflict of interest laws. At that meeting, the Board directed the Executive Director to only release public funds to Forty Niners Stadium Management Company, LLC ("Stadium Manager") when supporting documents have been submitted to show the expenses adhere to applicable agreements and laws.

At the March 15, 2022 Stadium Authority Board meeting, the Executive Director was delegated authority to approve budget amendments of \$5.1 million to move funds from the Legal Contingency line item to Shared Expenses after the review of adequate documentations for costs based on Board direction. Subsequent to that direction, Stadium Authority staff met with Stadium Manager on April 12, 2022 to review documentation for shared expenses. After follow-up meetings with the Stadium Manager, payments related to compensation were reviewed and approved for monthly payment; these totaled \$5.1 million for the fiscal year.

On August 31, 2022, Stadium Authority, Forty Niners SC Stadium Company and Stadium Manager settled disputes regarding the partially suspended Shared Expenses and Operating and Management Expenses. As part of the settlement, the Stadium Authority agreed to pay for the budgeted expense for its share of Shared Stadium Manager Expenses and other expenses for the current fiscal year. As such, the payments were released in the third quarter.

At the November 1, 2022 Board meeting, during discussion of the fourth quarter FY 2021/22 Report, the Board inquired about the financial performance of the first and second quarter in FY 2022/23. Information for the second quarter is included in this report.

DISCUSSION

The attached financial status reports provide information covering the Stadium Authority's second quarter (July 1, 2022 - September 30, 2022) of FY 2022/23. 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. The report also provides 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 report.

NFL Event Revenue and Expenses

There were two NFL games held in the second quarter of FY 2022/23. Levi's® Stadium hosted one pre-season NFL game of the 2022 season on August 12, 2022 and one regular NFL season game of the 2022 season on September 18, 2022 which are detailed in the report. This resulted in \$1.5 million in NFL ticket surcharge for the Stadium Authority and \$48,000 of Senior and Youth Program Fees for the City. Public safety costs for NFL games totaled an estimated \$855,000 which will be fully reimbursed to the City.

Non-NFL Event Revenue and Expenses

There were 5 ticketed Non-NFL events and 31 special events which are detailed in the report. The Non-NFL event ticket sales generated \$955,000 in ticket surcharge revenue, half of which will fund the discretionary fund. Public safety costs for these events totaled an estimated \$1.8 million which will be fully reimbursed to the City.

When combining ticketed and non-ticketed Non-NFL revenues to date, the table below shows approximately \$4.0 million in net revenue (excluding surcharge revenue) through the end of the

second quarter. It should be noted the financial information provided are a draft and subject to change as additional revenues and/or expenditures are recorded.

Levi's® Stadium
Net Revenue for Non-NFL Events
by Event Type
FY 2022/23 Quarter 2

Event Type	NO. OF Events	Net Revenue
Ticketed Events		
Concerts	4	\$ 2,986,483
Sporting events:		
Football (Non-NFL)	0	-
Soccer	1	231,987
Miscellaneous Events	0	-
Subtotal Ticketed Events	5	\$ 3,218,470
Subtotal Remaining Non-NFL Events (weddings, corporate events, etc.)	31	\$ 1,350,957
Subtotal Other Operating Expenses ⁽²⁾		\$ (537,543)
Total Non-NFL Net Revenue	36	\$ 4,031,884
Total Performance Rent paid to the General Fund ⁽¹⁾		\$ -

⁽¹⁾ Performance Rent is calculated as 50% of the net revenue from Non-NFL events less performance-based credit of 50% of fixed ground rent

⁽²⁾ Other Operating Expenses are expenses not attributable to a specific event

Stadium Builder Licenses ("SBLs")

SBLs account for 35% of the Stadium Authority's annual budgeted revenue in FY 2022/23. As of June 30, 2022, there is a total of 61,845 currently active SBLs which is 94% of the 66,066 total sellable SBL seats. The value of the active SBLs amount to \$539.6 million of which \$503.0 million has already been collected. SBL details as of September 30, 2022 have not been received and will be reported in the next quarterly report.

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 \$35.7 million representing 52% of the overall budget for revenues and total operating expenses were \$16.4 million or 30% of the budget. The debt service fund was able to pay down \$15.7 million in debt, bringing total Stadium Authority debt down to \$264.6 million. Capital expenses were \$986,000 representing 4% of the overall CIP budget.

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 an administrative activity that will not result in direct or indirect physical changes in the environment.

FISCAL IMPACT

There is no fiscal impact to this report.

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

RECOMMENDATION

Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending September 30, 2022.

Reviewed by: Kenn Lee, Treasurer

Approved by: Rajeev Batra, Executive Director

ATTACHMENTS

1. SCSA Financial Status Report for the Quarter Ending September 30, 2022