



Agenda Report

18-1439

Agenda Date: 12/11/2018

REPORT TO STADIUM AUTHORITY BOARD

SUBJECT

Action on the Santa Clara Stadium Authority Financial Status Report for Quarter Ending September 30, 2018

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 ("City").

DISCUSSION

This report provides information covering the Stadium Authority's first two quarters of FY 2018/19, which runs from April 1, 2018 to September 30, 2018. The report provides a summary of 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.

The Adopted Stadium Authority Budget incorporates the estimated revenues and expenses for all Stadium Authority funds. The attached Financial Status Report 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 Events

The San Francisco Forty-Niners ("49ers") played three NFL games in the second quarter of FY 2018/19. A total of 190,840 tickets were sold for these three games resulting in \$1.7 million in NFL Ticket Surcharge for the Stadium Authority and \$67,000 in Senior and Youth Program Fees for the City. Public safety costs for these events totaled \$741,000, all of which have been fully reimbursed to the City by a combination of payments from the Forty Niners Stadium Management Co, LLC (ManCo) and the offsite parking fees that were collected.

Non-NFL Events

Seven ticketed Non-NFL Events and 41 non-ticketed events took place at Levi's® Stadium during this period, which are detailed in the report. The Non-NFL Event ticket sales generated \$927,000 in ticket surcharge revenue, half of which funded the Discretionary Fund. Public safety costs for these events totaled \$1.3 million, and all but \$44,000 have been reimbursed to the City by a combination of payments from ManCo and the offsite parking fees that were collected. The outstanding amount of \$44,000 is related to late invoices received from outside agencies and retro-active internal payroll adjustments related to negotiated Memorandum of Understanding (MOU) agreements. These have

been invoiced to ManCo and are due at the end of December 2018.

Stadium Builder Licenses ("SBLs")

SBLs account for 20% of the Stadium Authority's annual revenue in FY 2018/19. SBL proceeds for the first two quarters amount to \$9.1 million, or 35% of what is budgeted for the year. This is lower than 50% after half of the fiscal year because the majority of SBL proceeds are collected at the end of the fiscal year (financed SBL payments are due March 1st). There are a total of 60,175 currently active SBLs which is 91.3% of the 65,877 total sellable SBLs. The value of these SBLs amounts to \$531.3 million of which \$425.4 million or 80% has already been collected.

Stadium Authority Budgets

The detailed analysis of Stadium Authority budget to actuals is provided in the attached Financial Status Report. In summary, total operating revenues were \$26 million, representing 20% of the overall budget for revenues, and total operating expenses were \$19.8 million or 15% of the budget. The main reason that activity in the operating budget is lower than 50% is because the Non-NFL Event revenue and expenses are recorded at the end of the fiscal year. Total debt service revenues and expenses were at \$27.4 million or 47% of the budget. The Stadium Authority was able to pay down \$18.2 million in debt, bringing total debt to \$364.5 million. Lastly, capital expenses amounted to \$969,000 or 12% of the \$8 million budget. Capital expenses are lower than 50% due to the limited work on warranty related items which makes up 20% of the overall capital expense 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)(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 fiscal impact to this report.

COORDINATION

This report was coordinated with the Stadium Manager per the Stadium Management Agreement Section 4.6 Annual Operating Budget 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

1. Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter Ending September 30, 2018.

Reviewed by: Angela Kraetsch, Treasurer

Approved by: Deanna J. Santana, Executive Director

ATTACHMENTS

1. SCSA Financial Status Report for the Quarter Ending September 30, 2018