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ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

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REAL ESTATE
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AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

To: Ron Garratt, Assistant City Manager
City of Santa Clara

From: Keyser Marston Associates, Inc.

Date: May 28, 2009

Subject: Stadium Economic and Fiscal Impacts Recap

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Two studies on the economic and fiscal impact of the proposed San Francisco 49ers ("49ers") Stadium have been prepared by Conventions Sports and Leisure (CS&L) (consultant to the 49ers) and each were subsequently evaluated by Keyser Marston Associates, Inc. (KMA) (consultant to the City). This memo is a recap of the major findings of the two studies as evaluated and adjusted by KMA:

April 2007 CS&L Study¹ ("2007 Study") - addressed economic and fiscal impacts of the Stadium and the existing 49er headquarters and training facility to the City, County, and State. KMA evaluated the CS&L study focusing only on the City benefits and made certain refinements to the study's findings² ("2007 KMA Evaluation").

January 2009 CS&L Synergy Study³ ("2009 Synergy Study") - addressed potential fiscal benefits from event synergies between the Stadium and the Santa Clara Convention Center. KMA prepared a memo summarizing and concurring with the study's findings⁴. The Synergy Study, the results of which are summarized herein, will be released publicly in June.

¹ Economic and Fiscal Impacts of a New State-of-the-Art Stadium in Santa Clara. CS&L. April 4, 2007.

² 49ers Stadium – Evaluation off CS&L Economic and Fiscal Benefits Study. KMA. June 1, 2007.

³ Analysis of Potential Event Synergies Between the Santa Clara Convention Center and a New San Francisco 49ers Stadium. CS&L. January 5, 2009.

⁴ Event Synergy Potential Between Convention Center and Stadium. KMA. May 19, 2009

2007 Study Recap

The 2007 Study concluded that the Stadium and existing headquarters and training facility would generate the following annual economic impacts within the City of Santa Clara:

Annual Economic Impacts* Within City of Santa Clara \$2007 Dollars	Stadium	Existing Headquarters & Training Facility	Total Existing + New from Stadium
Economic Activity**	\$41 Million/Yr	\$44 Million/Yr	\$85 Million/Yr
Personal Income	\$17 M/Yr	\$21 M/Yr	\$38 M/Yr
Employment***	515	313	828

*Inclusive of direct, indirect, and induced impacts

**also referred to as economic output. Equates to gross receipts for businesses in Santa Clara

***expressed as full time equivalents or FTEs (i.e. 20 hours per week = 0.5 FTE)

The 2007 Study, with refinements by KMA, included an estimate of fiscal revenues that would accrue to the City of Santa Clara's General Fund of \$650,000 per year consisting of hotel transient occupancy taxes, sales taxes, and property tax in-lieu of vehicle license fees (VLF), and projected to escalate at 3% per year. Revenues are generated primarily from expenditures inside and outside of the Stadium by the estimated 1.2 million attendees of 49er games and Non-NFL events. In contrast to the projection of economic benefits, the estimate of fiscal revenue does not include existing revenue from the headquarters and training facility. The estimate was assumed to constitute net revenue to the City given the 49er proposal to reimburse City costs to provide services to the Stadium. Over the proposed 40 year base lease term for the stadium, the fiscal revenues equate to approximately \$13 million on a net present value (NPV) basis.

Subsequent to the 2007 Study, the 49ers indicated a desire to incorporate the potential for a second team into the Term Sheet. KMA estimates additional fiscal revenues from a second team of approximately \$6 million NPV if the 2nd Team were to occupy the stadium in the 6th year of the lease.

2009 Synergy Study Recap

The 2009 Synergy Study determined that there is the potential for additional fiscal revenues generated by event synergies with the Santa Clara Convention Center not captured in the 2007 Study. These synergies result from unique event spaces within the Stadium that could be used in conjunction with events at the Convention Center. The

availability of these spaces would add to the attractiveness and versatility of the Convention Center in booking events.

The 2009 Synergy Study estimated the benefit to the City's General Fund from potential event synergies at \$333,000 annually, or nearly \$7 million on a net present value basis over 40 years. The revenue is comprised of \$176,000 in additional net revenue for the Convention Center (effectively accrues to the City General Fund) and \$157,000 in additional hotel transient occupancy taxes and is projected to escalate at 3% per year. Estimates are based on a projected increase in the number of events of less than 10%. KMA concurred with the study's findings.

Fiscal Revenue Summary – 2007 Study + Synergy Study

Total projected fiscal revenues to the City's General Fund inclusive of the findings of both studies are as follows:

	Annual Fiscal Revenue \$2009 Dollars*	Net Present Value Over 40 Year Lease**
Total One Team	\$1 Million/Year	\$20 Million
Total If 2 nd Team in Year 6	\$1.4 Million/Year	\$26 Million

*2007 study adjusted to 2009 dollars by CPI

**Net present value in FY 2008-09 discounted at 6%