

Meeting Date: 06/02/09

# AGENDA REPORT

City of Santa Clara, California

Agenda Item # 3A/2A  
*Agency*



**Date:** June 2, 2009

**To:** City Manager for Council Information

**From:** Assistant City Manager

**Subject:** Exhibit 7 Correction to Agenda Report Joint Council and Redevelopment Agency  
"Committee of the Whole" Special Meeting on June 2, 2009

Please find attached Exhibit 7 to the report with a correction to the "Note" category to section "I. Rent to the City" which has been corrected to read "Reduced in first 10 yrs.; then \$1 M/yr with 100k bumps every 5 years."

A handwritten signature in cursive script, appearing to read "Ronald E. Garratt".

Ronald E. Garratt  
Assistant City Manager

APPROVED:

A handwritten signature in cursive script, appearing to read "Jennifer Sparacino".

Jennifer Sparacino  
City Manager

**Documents Related to this Report:**

- 1) *Exhibit 7 with noted correction*

I:\CTYMNGRS\AGENDA REPORTS\2009\June 2 Correction to Exhibit 7.doc

**Preliminary Estimate of Return After Investment from Stadium Project - Net Present Value (NPV) in 2008-09 <sup>(1)</sup>**  
**49er Stadium Term Sheet**  
**Santa Clara, CA**

**NPV in 2008-09 <sup>(1)</sup>**

|  | <u>City of Santa Clara</u> |                  | <u>Redevelopment Agency</u> |                  | Note  |
|--|----------------------------|------------------|-----------------------------|------------------|---|
|  | <u>One Team</u>            | <u>Two Teams</u> | <u>One Team</u>             | <u>Two Teams</u> |   |
| <b>I. Return to City</b>                               |                            |                  |                             |                  |   |
| Fixed Ground Rent                                      | \$8 M                      | \$18 M           | N/A                         | N/A              | Reduced in first 10 yrs; then \$1 M/yr with 100k bumps every 5 years  |
| Performance-Based Rent                                 | \$18 M                     | \$15 M           | N/A                         | N/A              | Performance rent after credits discounted at 10%  |
| Senior / Youth Program Fee                             | \$3 M                      | \$3 M            | N/A                         | N/A              | From \$0.35 Ticket Fee  |
| Subtotal   | \$29 M                     | \$36 M           | N/A                         | N/A              |   |
| Repay Investment w / 2nd Team                          | N/A                        | \$21 M           | N/A                         | N/A              | Payback \$28 M upfront investment, forgive advance and pay back principal   |
| Property Taxes   | \$2 M                      | \$4 M            | \$6 M                       | \$8 M            | RDA: TI from stadium; City: pass thru+prop tax after 2026 from stadium  |
| Sales Tax, VLF, TOT                                    | \$20 M                     | \$26 M           | N/A                         | N/A              | Per CS&L with refinements by KMA and including impact of synergy with convention center; two team estimate assumes 2nd team in 6th year.                                |
| Total  | \$51 M                     | \$87 M           | \$6 M                       | \$8 M            |   |
| <b>II. Investment (excluding Garage)</b>               | \$20 M                     | \$20 M           | \$36 M                      | \$36 M           | City Investment = relocate substation; RDA investment = (\$28 M bonds & cash + \$12 M Advance + \$1.7 M Dev Fees = \$42 M but NPV = \$36 M), Excludes CFD (Hotel Mello) |
| <b>III. Return After Investment (excluding Garage)</b> | \$31 M                     | \$67 M           | (\$30 M)                    | (\$28 M)         |   |
| Investment in Garage (40% allocation)                  | N/A                        | N/A              | \$15 M                      | \$15 M           | NPV in 2008-09 of \$17 M allocable share of parking garage cost   |
| <b>IV. Return After Investment (Including Garage)</b>  | \$31 M                     | \$67 M           | (\$45 M)                    | (\$43 M)         |   |

**Notes:**

(1) Revenues and expenses over 40 year initial lease term are converted to present value in 2008-09 for comparison purposes using a discount rate of 6% except performance rent discounted at 10%. Revenues were inflated at 3% per year except property taxes and tax increment inflated at 2% per year. Revenues and expenses from one-time or periodic events (i.e. super bowl) or an incremental increase in development near the stadium are difficult to predict and have not been included in the analysis.

Sources: San Francisco 49ers, City of Santa Clara, KMA

Prepared by Keyser Marston Associates, Inc.

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