

Meeting Date: 3/31/14

AGENDA REPORT

City of Santa Clara, California

Agenda Item # 2A



Date: March 18, 2014
To: Executive Director for Stadium Authority Action
From: Finance Director/Treasurer/Auditor for Stadium Authority
Subject: Adoption of the 2014-15 Santa Clara Stadium Authority Budget

EXECUTIVE SUMMARY:

Construction of Levi's Stadium is nearing completion and the first events are programmed for August 2014. The completion of the new stadium requires that the first operating budget be established for the Santa Clara Stadium Authority (Stadium Authority). This budget will cover the Stadium Authority's twelve month fiscal year which runs April 1, 2014 through March 31, 2015. The budget is composed of operating, capital improvement, and debt service budgets.

Key highlights for the Stadium Authority's budget are as follows:

- Revenues –
 - The Stadium Authority expects to carry forward \$4,955,116 in reserves from fiscal year 2013-14. These reserves are composed \$2,870,000 of naming rights revenue from Levi Strauss & Co. for the first payment on their agreement and \$2,085,116 from the sale of commemorative bricks for the Levi's Stadium Fanwalk.
 - 2014-15 projected revenues include \$45,064,242 in Stadium Builder License (SBL) revenue, \$24,500,000 in lease revenue, \$26,004,609 in miscellaneous other revenues, and \$4,813,333 in transfers in from the Successor Agency and the Community Facilities District.

- Appropriations –
 - The proposed operating budget of \$87,910,967 includes the Stadium Authority's share of expenses covered under the Management Agreement along with monies sufficient to reimburse the City for its staff support, ground rent, and performance rent. The proposed budget also includes an estimated \$230,000 in Sr./Youth Fees that will be passed to the City to support Parks and Recreation Department programs. The operating budget also includes \$76,586,105 of transfers out to the capital and debt service funds. Of this amount \$72,975,705 represents double budgeted amounts that governmental fund accounting requires us to appropriate in more than one fund.

- The capital expenditure appropriation request of \$5,300,000 includes \$300,000 for capital improvements expected to be needed during the first fiscal year (including monies for bird proofing, turf repair, and for a fire suppression cart that will be used to patrol parking lots). This amount will be included in a new CIP project. Also included is \$5 million for an early completion bonus that it appears the contractor will qualify for based on expected completion of the stadium by the end of July 2013. The \$5 million is to be paid to the Stadium Authority in the form of additional rent during this first year of operations.
- Debt service accounts for \$72,489,038 of the total requested budget appropriations. As a result of greater than projected SBL sales and the additional revenues from the Levi's Stadium Fanwalk and the SBL resales contract with STR, the Stadium Authority will be able to make about \$5 million more in Term A and B and StadCo Subordinated Loan debt service payments in 2014-15 than previously estimated.
- Reserves – Total reserves are expected to be \$16,232,400 at the end of the 2014-15 fiscal year. This is composed of an operating reserve of \$10,000,000, an operations and maintenance (O&M) reserve of \$2,622,000, a capital expenditures reserve of \$2,700,000, and a debt service reserve of \$910,400. The separate O&M reserve and debt service reserve are designed to provide enough cash to cover the next three months of operations and debt service.

Approximately \$492 million of capital project budget remains to be spent in the stadium construction CIP project with the tail of construction-related expenditures expected to extend beyond stadium opening in August by approximately six months. Following substantial completion of the stadium, our outside auditor (KPMG) will be working with the Stadium Authority and StadCo on a cost segregation analysis to determine how much of the costs incurred were tenant improvements that fall on StadCo to fund, versus the Stadium Authority's responsibility for building infrastructure.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

Santa Clara Stadium Authority board action in approving the 2014-15 budget by March 31, 2014 allows the Stadium Authority to open Levi's Stadium and begin its operations for the 2014-15 fiscal year.


ECONOMIC/FISCAL IMPACT:

The proposed budget includes \$87,901,967 for operating costs, \$5,300,000 in capital project costs and \$72,489,038 for debt service. The total budget appropriation requested includes \$72,975,705 of double budgeted appropriation related to the transfer of monies between the operating fund and the capital and debt service funds.


RECOMMENDATION:

That the Santa Clara Stadium Authority Board approve the Stadium Authority 2014-15 operating budget of \$87,901,967, capital budget of \$5,300,000, and debt service budget of \$72,489,038.

APPROVED:



Gary Ameling
Finance Director/Treasurer/Auditor



Julio J. Fuentes
Executive Director for Stadium Authority

Documents Related to this Report:

- 1) *Stadium Authority Budget – Fiscal Year 2014-15*
- 2) *Levi's Stadium Authority Cash Flows as of March 17, 2014*
- 3) *Levi's Stadium Authority Cash Flows by Month as of March 17, 2014*

STADIUM AUTHORITY BUDGET

Fiscal Year 2014-15

	Operating	Capital Projects	Debt Service
Beginning Balances	\$ 4,955,116	\$ -	\$ -
Estimated Revenues:			
Ticket Surcharge	7,937,625	-	-
SBL Proceeds	45,064,242	-	-
Net Revenue from Non-NFL Events	5,000,000	-	-
Naming Rights Revenue	5,826,100	-	-
Sponsorship Revenue (STR)	325,000	-	-
Rent Revenue	24,500,000	-	-
Additional Rent Revenue - Early Completion	5,000,000	-	-
Senior/Youth Fee Revenue	230,000	-	-
Fanwalk Brick Revenue	914,884	-	-
Non-NFL Ticket Surcharge	771,000	-	-
Transfer-In from Successor Agency	-	-	4,198,333
Transfer-In from CFD	-	-	615,000
Transfer-In from Operating	-	8,000,000	68,586,105
Total Beginning Balances, Estimated Revenues, and Operating Transfers	\$ 100,523,967	\$ 8,000,000	\$ 73,399,438
Appropriations:			
Stadium Manager Operating Expenditures	\$ 4,336,295	\$ -	\$ -
Insurance	2,550,000	-	-
Transfer-Out to City - Senior/Youth Fee	230,000	-	-
Other Expenditures	1,224,067	300,000	-
Ground Rent	180,000	-	-
Performance Rent	2,410,000	-	-
Discretionary Fund Expense	385,500	-	-
Contractor Construction - Early Completion	-	5,000,000	-
Transfer-Out to Capital Projects	8,000,000	-	-
Transfer-Out to Debt Service	68,586,105	-	-
Agency Advance Debt Service	-	-	4,198,333
CFD Advance Debt Service	-	-	615,000
Term A & B Debt Service	-	-	44,153,842
StadCo Subordinated Loan Debt Service	-	-	23,521,863
Total 2014-15 Appropriations	\$ 87,901,967	\$ 5,300,000	\$ 72,489,038
Reserves:			
O&M Reserve	\$ 2,622,000	\$ -	\$ -
Operating Reserve	10,000,000	-	-
Capital Expenditure Reserve	-	2,700,000	-
Debt Service Reserve	-	-	910,400
Total 2014-15 Reserves	\$ 12,622,000	\$ 2,700,000	\$ 910,400
Total 2014-15 Appropriations and Reserves	\$ 100,523,967	\$ 8,000,000	\$ 73,399,438

(1) The Stadium Authority Capital Projects Fund has prior year appropriations, which are shown in the Capital Improvement Project Budget book in Fund 875.

Levi's Stadium

Authority Cash Flows

As of March 17, 2014

Cash Flows	FY 2015		
	Current	Exh. J	Change
Authority Revenues			
Ticket Surcharge	7,937,625	7,960,000	(22,375)
SBL Proceeds	45,064,242	43,857,000	1,207,242
Net Revenues from Non-NFL Events	5,000,000	5,000,000	-
Naming Rights	8,696,100	5,740,000	2,956,100
Sponsorship Revenue (STR)	325,000	-	325,000
Rent	24,500,000	24,500,000	-
Additional Rent - Early Completion	5,000,000	-	5,000,000
Senior & Youth Program Fees	230,000	230,000	-
Fanwalk Revenue	3,000,000	-	3,000,000
Non-NFL Event Ticket Surcharge	771,000	-	771,000
Successor Agency Transfer-In	4,198,333	-	4,198,333
CFD Transfer-In	615,000	-	615,000
Subtotal Authority Revenues	105,337,300	87,287,000	18,050,300
Authority Expenses			
Operating Expenses - Stadium Manager	4,336,295	4,560,000	(223,705)
Insurance	2,550,000	2,550,000	-
Senior & Youth Program Fees	230,000	230,000	-
Other Expenses	1,224,067	1,672,000	(447,933)
Ground Rent	180,000	180,000	-
Performance Rent	2,410,000	2,410,000	-
Discretionary Fund Expense	385,500	-	385,500
Transfer to Construction - Early Completion	5,000,000	-	5,000,000
Capital Expenditures	300,000	-	300,000
Agency Advance Debt Service	4,198,333	-	4,198,333
CFD Advance Debt Service	615,000	-	615,000
Term A & B Debt Service	44,153,842	43,857,000	296,842
StadCo Subordinated Loan Debt Service	23,521,863	18,828,000	4,693,863
Total Expenses	89,104,900	74,287,000	14,817,900
Authority Reserves			
O&M Reserve	2,622,000	-	2,622,000
Operating Reserve	10,000,000	10,000,000	-
Capital Expenditure Reserve	2,700,000	3,000,000	(300,000)
Debt Service Reserve	910,400	-	910,400
Total Reserves	16,232,400	13,000,000	3,232,400
Total Expenses and Reserves	105,337,300	87,287,000	18,050,300

Levi's Stadium
Authority Cash Flows By Month
As of March 17, 2014

Cash Flows	2013-14	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	2014-15	Total
						Opening									
Authority Revenues															
Ticket Surcharge	-	-	-	-	-	1,587,525	1,587,525	1,587,525	1,587,525	1,587,525	-	-	-	7,937,625	7,937,625
SBL Proceeds	-	-	-	-	-	14,817,000	-	-	-	-	17,702,233	-	12,545,009	45,064,242	45,064,242
Net Revenues from Non-NFL Events	-	-	-	-	-	-	-	-	-	-	-	-	5,000,000	5,000,000	5,000,000
Naming Rights	2,870,000	-	-	-	-	-	-	2,870,000	-	-	-	-	2,956,100	5,826,100	8,696,100
Sponsorship Revenue (STR)	-	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,083	27,087	325,000	325,000
Rent	-	-	-	-	-	2,041,667	6,125,000	2,041,667	2,041,666	2,041,667	2,041,667	2,041,666	6,125,000	24,500,000	24,500,000
Additional Rent - Early Completion	-	-	-	-	-	-	-	5,000,000	-	-	-	-	-	5,000,000	5,000,000
Senior & Youth Program Fees	-	-	-	-	-	46,000	46,000	46,000	46,000	46,000	-	-	-	230,000	230,000
Fanwalk Revenue	2,085,116	152,481	152,481	152,481	152,481	152,481	152,479	-	-	-	-	-	-	914,884	3,000,000
Non-NFL Event Ticket Surcharge	-	-	-	-	-	-	-	-	-	-	-	-	771,000	771,000	771,000
Successor Agency Transfer-In	-	-	-	-	4,198,333	-	-	-	-	-	-	-	-	4,198,333	4,198,333
CFD Transfer-In	-	-	-	-	-	-	-	-	-	-	326,000	177,000	112,000	615,000	615,000
Subtotal Authority Revenues	4,955,116	179,564	179,564	179,564	4,377,897	18,671,756	7,938,087	11,572,275	3,702,274	3,702,275	20,096,983	2,245,749	27,536,196	100,382,184	105,337,300
Authority Expenses															
Operating Expenses - Stadium Manager	-	-	-	-	-	1,806,789	361,358	361,358	361,358	361,358	361,358	361,358	361,358	4,336,295	4,336,295
Insurance	-	377,573	9,395	9,395	2,016,914	9,395	9,395	9,395	9,395	9,395	70,954	9,395	9,399	2,550,000	2,550,000
Senior & Youth Program Fees	-	-	-	-	-	46,000	46,000	46,000	46,000	46,000	-	-	-	230,000	230,000
Other Expenses	-	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	66,667	178,699	378,698	1,224,067	1,224,067
Ground Rent	-	180,000	-	-	-	-	-	-	-	-	-	-	-	180,000	180,000
Performance Rent	-	-	-	-	-	-	-	-	-	-	-	-	2,410,000	2,410,000	2,410,000
Discretionary Fund Expense	-	-	-	-	-	-	-	-	-	-	-	-	385,500	385,500	385,500
Transfer to Construction - Early Completion	-	-	-	-	-	-	-	5,000,000	-	-	-	-	-	5,000,000	5,000,000
Capital Expenditures	-	-	-	-	-	-	-	-	50,000	150,000	75,000	-	25,000	300,000	300,000
Agency Advance Debt Service	-	-	-	-	4,198,333	-	-	-	-	-	-	-	-	4,198,333	4,198,333
CFD Advance Debt Service	-	-	-	-	-	-	-	-	-	-	326,000	177,000	112,000	615,000	615,000
Term A & B Debt Service	-	-	-	-	-	345,691	7,400,879	340,081	331,428	345,665	352,148	319,041	34,718,909	44,153,842	44,153,842
StadCo Subordinated Loan Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	23,521,863	23,521,863	23,521,863
Total Expenses	-	624,240	76,062	76,062	6,281,914	2,274,542	7,884,299	5,823,501	864,848	979,065	1,252,127	1,045,493	61,922,727	85,104,900	89,104,900
Authority Reserves															
O&M Reserve	4,955,116	-	-	-	-	-	-	-	-	-	-	-	-	-	2,622,000
Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000,000
Capital Expenditure Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,700,000
Debt Service Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	910,400
Total Reserves	4,955,116	-	-	-	-	-	-	-	-	-	-	-	-	-	16,232,400
Total Expenses and Reserves	4,955,116	-	-	-	-	-	-	-	-	-	-	-	-	-	105,337,300