

3/30/10

6B.2

# City of Santa Clara



## Hotel Community Facilities District Proposed Stadium Project

March 30, 2010

# Overview

## Stadium Construction Financing

<u>Stadium</u>	Total	Percent
Stadium Authority <small>(SBLs, Ticket Surcharge, Naming/Concession Revenue)</small>	\$330 Million	37%
Team / NFL	\$493 Million	55%
Redevelopment Agency Maximum	\$42 Million	5%
CFD (Hotel Mello Roos)	<u>\$35 Million</u>	4%
<b>Total for Stadium</b>	<b>\$900 Million</b>	<b>100%</b>
<u>Related Costs</u>		
City: Substation Relocation	\$20 Million	
RDA: Parking Garage for Stadium	<u>\$17 Million</u>	
Total for Related Costs	\$37 Million	
<b>Stadium + Related Costs</b>	<b>\$937 Million</b>	

## Term Sheet

### CFD Description & Responsibilities

- Section 7.1
  - CFD provides funding for stadium development
  - Not to exceed \$35 million plus financing costs
- Section 7.5
  - Must be approved by 2/3rds majority of hotel property owners
  - Tax equivalent to 2% TOT
  - 40 year term

# CFD Formation Overview

## Hotel Petitions

- Must be signed by all 8 hotels in order to waive 90 to 180 day election waiting period
- Will also approve Rate and Method for Special Tax, Boundary Map

## Landowner Vote

- Voting by mailed ballots to 6 hotels owning land in fee (not registered voters)
- City Redevelopment Agency will vote for 2 hotel parcels held under ground lease (based on petitions received from hotel owners)

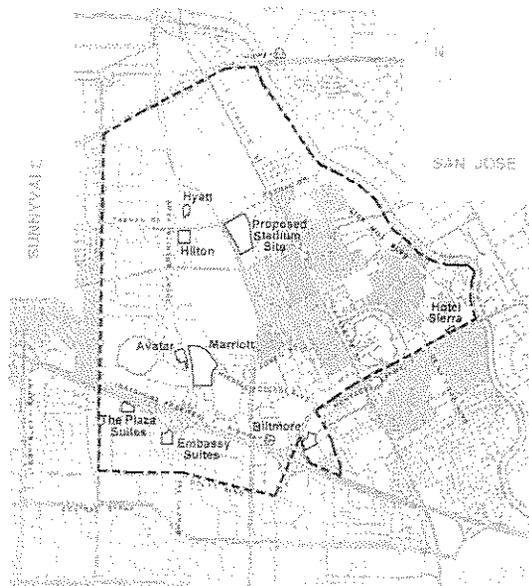
## District Boundaries

- Legal parcels (APNs) on which the 8 hotels are located (only hotel parcels are taxable property)
- Stadium parcels plus adjacent public streets (exempt from special tax)

## Future Annexation Area

- Larger area designated for annexation of any parcels with future hotel development

Proposed Annexation Area Boundary Map



## Community Facilities District

- CFD Properties
- - - Future Annexation Area

# Authorized Facilities and Services

## Authorized Facilities

- Utility improvements
- Streets, parking lots and paving
- Sidewalks, pedestrian pathways and pedestrian bridges
- Fencing
- Landscaping and lighting
- Storm drain and flood protection facilities

## Authorized Services

- Police protection services
- Fire protection and suppression services
- Ambulance and paramedic services

## **Rate and Method of Apportionment (RMA)**

## Rate and Method of Apportionment

### ● **CFD Special Tax Formula**

- Mimics City Transient Occupancy Tax (TOT) Ordinance
  - Same procedures for collection of 2% tax
    - ◆ Payment due quarterly after trigger event
    - ◆ Separate form will be required
    - ◆ Separate payment will be required
  - Same penalties and interest will be applied to delinquent special taxes
  - Same audit procedure will apply

## CFD Special Tax Formula

- **Special tax trigger:** “Stadium Opening Date”, which is first game at new stadium
- **Special tax collection period:** 40 years from when collection of taxes begins
- **Special tax credits:** as set forth in Term Sheet or DDA

# Financing

## Financing

- Special 2% hotel tax will generate a revenue stream designed to support two forms of debt
  - A bond issue
  - A loan from the 49ers
  - Together, will fully leverage the revenue stream to generate \$35 million for projects

## Financing (cont.)

- Special tax bond issue
  - Sold on the public market, with expectation of a rating and tax-exempt interest
  - Secured by a first lien on the special hotel tax
  - Key credit characteristic will be the amount of coverage of debt service by total pledged revenues (for example, 1.5-times to 2-times)
  - Market factors and structure will determine amount raised through bond sale

## Financing (cont.)

- 49ers loan
  - Secured by a subordinate lien on hotel tax revenues, paid after bonds
  - Sized to produced the difference between the net proceeds of the bonds and \$35 million
  - Depending on future tax revenues, 49er loan may not be fully repaid

# Calendar of CFD Actions

## Calendar of CFD Actions (previously taken)

- Informational meeting with hotel general managers
- Petition and Waivers circulated to hotels
- Signed Petitions and Waivers returned to City Clerk

## Calendar of CFD Actions (this meeting)

### ● **Tuesday, March 30**

#### 1st City Council Meeting

- Adopt Local Goals and Policies for CFDs
- Adopt Agency Consent for CFD
- Adopt Resolution of Intention to Form CFD
- Adopt Resolution of Intention to Incur Debt
- Set public hearing date

## Calendar of CFD Actions (future)

### ● **Thursday, April 1**

- Ballots circulated to hotels

### ● **Tuesday, May 4**

- Signed ballots returned to City Clerk

## Calendar of CFD Actions (future)

### ● **Tuesday, May 11**

#### 2nd City Council Meeting

- Public Hearing
- Open ballots
- Adopt Resolution certifying election results
- First reading of Special Tax ordinance

## Calendar of CFD Actions (future)

### ● **Tuesday, May 25**

#### 3rd City Council Meeting

- Ordinance second reading
- Adoption of Special Tax ordinance

## Stadium Ballot Measure

- June 8, 2010 Election
  - If stadium vote passes, tax goes into effect when stadium opens
  - If stadium vote does not pass, staff will return to Council to terminate the CFD

## Staff Recommendation

- Adopt Local Goals and Policies for CFDs
- Adopt Agency Consent for CFD
- Adopt Resolution of Intention to Form CFD
- Adopt Resolution of Intention to Incur Debt
- Set public hearing date for May 11, 2010