



Date: November 2, 2010

To: Executive Director for Redevelopment Agency Action

From: City Manager for Council Information/Executive Director for Redevelopment Agency Action

Subject: Approval of \$1,600,000 in Additional Appropriations and Transfer of Funds for the Redevelopment Agency Share of Stadium Development Fees Required to be Paid to the City's Enterprise Funds

EXECUTIVE SUMMARY:

On June 2, 2009 Council approved a Term Sheet between the City of Santa Clara, the Redevelopment Agency, and the 49er Stadium Company, LLC for the construction and operation of an NFL stadium in the Bayshore North Redevelopment Area. A special election was held on June 8, 2010 to allow Santa Clara voters to have the opportunity to decide whether a stadium should be built under the conditions negotiated in the Term Sheet. Measure J, the stadium ballot measure, passed with a majority vote.

One of the agreed-to terms in the Term Sheet is to have the 49ers and the Redevelopment Agency each pay one-half of the development fees required to be paid to the City's enterprise funds as a result of the stadium project (list of development fees attached). The total amount of the development fees is estimated at \$3,200,000, making the Redevelopment Agency's share \$1,600,000. If in the future the 49ers enter into a sublease with a second NFL team to play its home games in the stadium, the 49ers will reimburse the Agency for its \$1,600,000 share of the development fees.

Staff is recommending the appropriation of \$1,600,000 to pay the Agency's share of the stadium development fees. These monies come from Redevelopment Agency tax increment revenues and can only be used to support redevelopment activities in the North Bayshore Area. No General Fund monies will be used to pay the stadium project development fees. This appropriation request is occurring outside of the City's regular budget cycle because of the timing of the special election. Certification of the election results did not occur until after the City/Agency budget for Fiscal Year 2010/11 had been approved.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

The appropriation and transfer of funds for the Agency's share of development fees for the stadium demonstrates the City's commitment to carrying out the conditions of the Term Sheet, as approved by Santa Clara voters on June 8, 2010. Typically, development fees are not paid until permits are issued for a project; however, this appropriation and transfer of funds will ensure the funds are available when needed.

ECONOMIC/FISCAL IMPACT:

The total amount of the stadium development fees is estimated at \$3,200,000, and the Redevelopment Agency's share of those fees is \$1,600,000. Staff is recommending the appropriation of \$1,600,000 in RDA North of Bayshore Project Area Fund Stadium Site Reimbursable Development Fees (939-1012-80300-

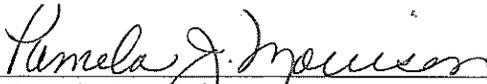
9074), and the transfer of \$1,600,000 from RDA North of Bayshore Project Area Fund Walsh Avenue Sanitary Sewer Improvements (939-4433-80300-9072). The Walsh Avenue Sanitary Sewer Improvements project has funds available for transfer due to the current favorable bidding climate and much lower project bid than anticipated. The originally-proposed RDA share of \$8,000,000 for sewer improvements was based on an estimate of \$13,500,000 total cost for construction. However, when the project was bid, the lowest responsive bid was \$8,224,000 total plus 10% for contingency, which has resulted in a substantial decrease in the RDA share.

Under the conditions specified in the Term Sheet, the 49ers will reimburse the Agency for its \$1,600,000 share of the development fees if in the future the 49ers enter into a sublease with a second NFL team to play its home games in the stadium.

RECOMMENDATION:

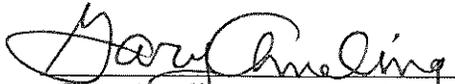
That the Council note and file the Agency agenda report for consideration on the November 9, 2010 agenda related to the approval of an additional appropriation, in the amount of \$1,600,000, from the RDA North of Bayshore Project Area Fund Walsh Avenue Sanitary Sewer Improvements (939-4433-80300-9072) to the RDA North of Bayshore Project Area Fund Stadium Site Reimbursable Development Fees (939-1012-80300-9074) for the Redevelopment Agency's share of stadium development fees required to be paid to the City's enterprise funds.

That the Agency approve an additional appropriation, in the amount of \$1,600,000, from the RDA North of Bayshore Project Area Fund Walsh Avenue Sanitary Sewer Improvements (939-4433-80300-9072) to the RDA North of Bayshore Project Area Fund Stadium Site Reimbursable Development Fees (939-1012-80300-9074) for the Redevelopment Agency's share of stadium development fees required to be paid to the City's enterprise funds.



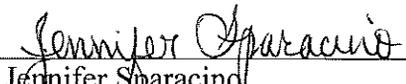
Pamela J. Morrison
Administrative Analyst to the City Manager

Certified as to Availability of Funds: 
939-4433-80300-9072 \$ 1,600,000.00



Gary Ameling
Redevelopment Agency Treasurer

APPROVED:



Jennifer Sparacino
Executive Director for Redevelopment Agency

Documents Related to this Report:

- 1) Stadium Term Sheet - Attachment E: List of Development Fees***

MAJORITY VOTE OF COUNCIL

ATTACHMENT E

LIST OF DEVELOPMENT FEES

Water Main Fee:

Developer shall pay the City a water main fee for the existing water main along the Tasman Drive frontage of the property (Centennial frontage is considered satisfied). This fee shall be computed at the rate of \$60 per foot of street frontage of the property. Based on the 926 feet of frontage of the property along Tasman Drive, the fee would be calculated as:

926 feet x \$60/foot = **\$55,560.00**.

Sanitary Sewer Conveyance Fee:

Developer shall pay the City a sanitary sewer outlet charge. The revenue from the sanitary sewer conveyance fee shall be used for the acquisition, construction, replacement and debt retirement of off-site sewerage facilities as described in Resolution No. 07-7415 - Exhibit A (Sanitary Sewer Capacity Assessment Study by RMC Water & Environment Inc.). Pursuant to said resolution, this fee shall be computed at the rate of \$5.50 per gallon per day of the estimated sanitary sewer effluent. Based on the estimated effluent of 233,000 gallons per day from this development, the fee would be calculated as: 233,000 GPD x \$5.50/GPD = **\$1,281,500.00**.

Sanitary Sewer Connection Fee (Sewage Treatment Plant Expansion Connection Charge):

Developer shall pay the City a sanitary sewer connection fee to finance capital and debt retirement costs associated with the sewage treatment facilities which are allocated to unused or future capacity. The fee shall be computed at the rate of \$4.30 per gallon per day of the estimated sanitary sewer effluent. Based on the estimated effluent of 233,000 gallons per day from this development, the fee would be calculated as: 233,000 GPD x \$4.30/GPD = **\$1,001,900.00**.

Street Lighting (UG over 10 Acres):

Developer shall pay the City a street lighting fee to cover the cost for the installation of electric facilities used to provide street lighting in and around the property development. The unit basis for the street lighting is the number of acres of development property. The developer is also responsible for providing and installing underground substructures (conduits, manholes, and splice boxes) required for the street light installation in accordance with Silicon Valley Power requirements. The street light fee is calculated by multiplying the number of acres of development by the current fee rate of \$1,763.75. Based on the prorated acreage of the project of 9.93 acres, the fee would be calculated as: 9.93 acres X \$1,763.75/acres = **\$17,514.00** (rounded to nearest dollar).

Electric Load Development:

Developer shall pay the City an electric load development fee to cover the cost for the installation of electric facilities used to deliver electric energy to the new or upgraded development. The unit basis for the Load Development fee is the electric demand increase measured in Kilovolt Amperes (KVA). The developer is also responsible for providing and installing along the property public frontage all underground substructures (conduits, manholes, and splice boxes) required for current and future electric facility installation in accordance with Silicon Valley Power requirements. The Load Development fee is calculated by multiplying the

electric demand increase (KVA) by the current fee rate of \$92.60. Based on the estimated demand increase (KVA) of 9,000 from this development, the fee would be calculated as: 9,000 KVA X \$92.60/KVA = **\$833,400**.

Public Works Engineering and Inspection Fee:

Developers shall pay an engineering and inspection fee , which includes all charges except overtime, for engineering and inspection services rendered by the City. The engineering and inspection fee shall be computed at the rate of eight percent (8%) of the total construction cost of all public works facilities and improvements (except water facilities), installed by the developer. The developer shall pay all payroll costs for engineering and inspection services requested by the developer outside of the regular City work hours. Such fees shall be due and payable upon demand of the City. Inasmuch as the cost of public works facilities and improvements to be installed by the developer is unknown at this time, **this fee is still to be determined.**

Water Engineering and Inspection Fee:

Developers shall pay a water engineering and inspection fee , which includes all charges except overtime, for water engineering and inspection services rendered by the City. The water engineering and inspection fee shall be computed at the rate of eight percent (8%) of the total construction cost of all water facilities (domestic, fire protection and recycled) and improvements installed by the developer. The developer shall pay all payroll costs for water engineering and inspection services requested by the developer outside of the regular City work hours. Such fees shall be due and payable upon demand of the City. Inasmuch as the cost of water facilities and improvements to be installed by the developer is unknown at this time, **this fee is still to be determined.**

Total Development Fees (excluding Engineering & Inspection Fees): \$3,189,874.00