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# Santa Clara Joint Powers Authority Presentation

As part of the proposed 49ers' Feasibility Study

## Proposed Santa Clara Stadium Authority - Overview

April 24, 2007 49ers Stadium Proposal

- City would create a Stadium Authority.
- Stadium Authority would own and operate stadium.
- 49ers lease stadium from Authority for NFL games.
- Stadium Authority schedules non-NFL events.

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## Proposed Santa Clara Stadium Authority - Overview

- City Feasibility Study
  - Stadium Authority concept under review.
  - No commitment to a Stadium Authority at this time.
  - Creation of Authority needs to be considered as a part of the larger Feasibility Study.

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## Members of Santa Clara Stadium Authority

- City of Santa Clara.
- Santa Clara Redevelopment Agency.

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## Governance Structure

- Seven members of City Council serve as governing board of Joint Powers Authority.
- City Manager serves as Executive Director.
- City Attorney serves as General Counsel.

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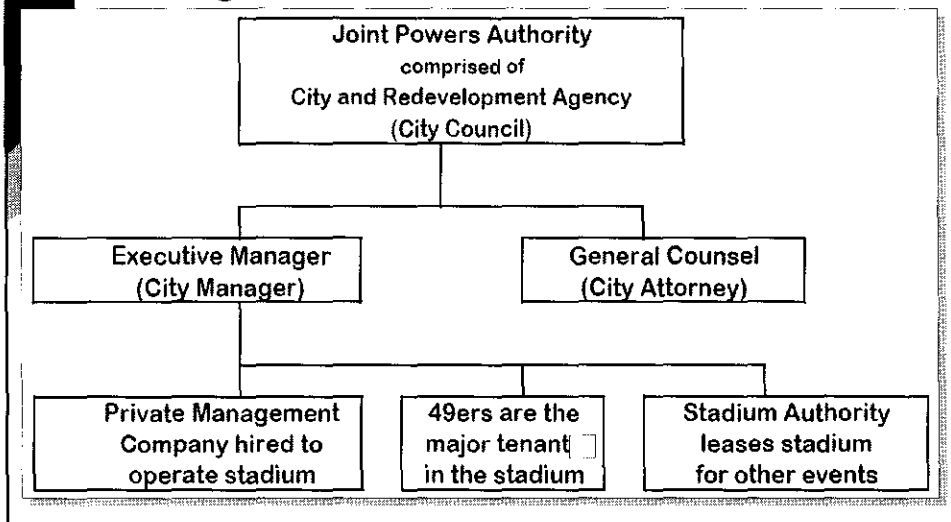
## Organization Chart

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## Governing Documents

- Joint Powers Agreement between City and Redevelopment Agency.
- ByLaws of Stadium Authority.

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## Proposed Structure and Functions

- Insulation from Liability
  - City and RDA will not have legal responsibility for contractual obligations or tort liabilities.
- General Powers
  - Subject to the Joint Powers Agreement the Stadium Authority will have same powers as City.

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## Proposed Structure and Functions

- Stadium Authority Staffing based:
  - Functional requirements of operating a stadium.
  - Existing Council / Manager roles and responsibilities.
- Basic models for stadium operations:
  - Through existing City departmental operations.
  - Authority employs staff/City Manager as hiring authority.
  - Authority employs private stadium management firm with experience in stadium management.
- Staff Recommendation –
  Hire private management firm.

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## Proposed Structure and Functions

- Examples of Stadium Authority functions:
  - Lease of land.
  - Leasing the stadium.
  - Leasing the stadium for non-NFL events.
  - Ownership of stadium.
    City Vs Authority ownership remains a consideration.
  - Design of stadium.
  - Construction of stadium.

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## Proposed Structure and Functions

- Examples of Stadium Authority functions (cont'd):
  - Overall financing of stadium.
  - Day-to-day operations including game day.
  - Parking and security operations.
  - Providing insurance for stadium.
  - Repair/refurbishment/replacement of stadium.

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## Financing of Stadium Construction (as proposed by 49ers)

- Stadium Authority bonds:
  - Secured by naming rights contract revenue
  - Secured by ticket fee revenue
- Other Stadium Authority revenue:
  - Additional naming rights revenue
  - Additional ticket fee revenue
  - Seat license revenue
  - Concessionaire payments
- Payments from Team and NFL
- Payments from the City or Redevelopment Agency

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## Proposed Structure and Functions

- Financing details from 49ers proposal:
  - $330 M in Stadium Authority financing sources:
  - Ticket Tax
  - Naming Rights
  - Stadium Builders Licenses
  - $330 M in Stadium Authority financing split:
    - $185 M in Stadium Authority bonding
    - $145 M cash from certain financing sources

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## Proposed Structure and Functions

Examples of Stadium Authority functions (cont'd):

- Enter into naming rights contract
  - Impose a ticket fee
  - Sell seat licenses
  - Enter into concession rights contracts

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## Legal Issues

Presented by Lee Rosenthal,
RDA Counsel

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## Authority for Joint Powers Authority

- Joint exercise of powers agency, commonly "JPA"
- JPA is made up of other government agencies who come together to carry out a specific task or activity
- Formation and operation of JPAs authorized by State law. Government Code Sections 6500 et seq.

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## Formation of Joint Powers Authority

- "Constitution" of a joint powers authority is the joint powers agreement required by Government Code Section 6503.
- Joint powers agreement typically creates a separate agency or entity.
- Joint powers authority also has by-laws that govern various aspects of the operation of the authority.

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## Governing Board

- Typically, the governing board of a JPA is made up of members of the governing board of the entities that form the JPA.
- JPA law does not dictate composition of JPA governing boards so other models are possible:
  - JPA governing board members are made up of elected officials.
  - JPA governing board consists of appointed members.

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## Government Agency Rules

- Because a JPA is a government agency, it is generally subject to same laws that apply to other government agencies. For example:
  - Brown Act governing the noticing, agendas and conduct of public agency meetings.
  - Public Records Act governing the availability of public agency documents to the public.

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## Exercise of Common Power

- Purpose of a JPA must be to undertake an activity a function that the member agencies both can undertake – common power.
- However, under Government Code Section 6509, any restrictions on undertaking that activity are those of one of the member agencies designated in the joint powers agreement.
- As a result, sometimes a JPA can exercise a power (such as eminent domain or issuance of bands) that is available to one member but not the other.

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## Limitations of Liability

- A JPA is authorized by Government Code Section 6508 to:
  - Enter into contracts
  - Own property
  - Incur debts
- Where a joint powers agreement creates a separate government entity, the parties' agreement may specify, under Government Code Section 6508.1, that they will not be liable for the JPA's debt and liabilities.
- A government agency forming a JPA can insulate itself from liability for JPA's debts.

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## Functions Carried Out by JPA's

- Transportation services.
- Insurance and risk management.
- Open space acquisition and maintenance.
- Bond financing.
- Public recreation and entertaining facilities including stadiums and areas.
- Animal shelters.
- Regulatory functions such as air quality.

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## Staff Recommendation

- Accept Committee of the Whole Presentation on the Structure and Functions of a Stadium Authority.
- Direct City Manager to include Stadium Authority report in materials and information used in the Feasibility Study.

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# Questions?

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