

STADIUM AUTHORITY BUDGET

Fiscal Year 2016-17

	Operating	Capital Projects ⁽¹⁾	Debt Service
Beginning Balances	\$ 17,159,000	\$ 6,090,000	\$ 28,063,000
Estimated Revenues:			
Ticket Surcharge	8,452,000	-	-
SBL Proceeds	33,804,000	-	-
Net Revenue from Non-NFL Events	5,305,000	-	-
Naming Rights	6,181,000	-	-
Sponsorship (STR)	717,000	-	-
Facility Rent	24,500,000	-	-
Senior/Youth Program Fees	242,000	-	-
Non-NFL Ticket Surcharge	2,000,000	-	-
Contribution from Community Facilities District	-	-	3,400,000
Transfers	(60,728,000)	3,183,000	57,545,000
Total Beginning Balances, Estimated Revenues, and Operating Transfers	\$ 37,632,000	\$ 9,273,000	\$ 89,008,000
Appropriations:			
Stadium Manager Operating Expenditures	\$ 7,612,000	\$ -	\$ -
SBL Sales and Service	1,945,000	-	-
Insurance	2,705,000	-	-
Senior/Youth Program Fees	242,000	-	-
Other Expenditures	2,784,000	-	-
Ground Rent - Base	250,000	-	-
Ground Rent - Performance	2,527,000	-	-
Measure J Compliance Audit	200,000	-	-
Discretionary Fund Expense	1,000,000	-	-
Capital Expenditures	-	-	-
CFD Advance Debt Service	-	-	3,400,000
Term A Debt Service	-	-	14,140,000
StadCo Subordinated Loan Debt Service	-	-	52,288,000
Total 2016-17 Appropriations	\$ 19,265,000	\$ -	\$ 69,828,000
Reserves:			
O&M Reserve	\$ 6,528,000	\$ -	\$ -
Operating Reserve	10,609,000	-	-
Discretionary Fund	1,230,000	-	-
Capital Expenditure Reserve	-	5,973,000	-
Debt Service Reserve	-	-	19,180,000
Total 2016-17 Reserves	\$ 18,367,000	\$ 5,973,000	\$ 19,180,000
Total 2016-17 Appropriations and Reserves	\$ 37,632,000	\$ 5,973,000	\$ 89,008,000

⁽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

2016-17 Authority Cash Flows By Month

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total 2016-17
Cash Flows													
Authority Revenues													
Ticket Surcharge	-	-	-	-	868,000	1,896,000	1,896,000	1,896,000	1,896,000	-	-	-	8,452,000
SBL Proceeds	1,709,000	1,709,000	-	-	-	-	-	-	-	-	-	30,386,000	33,804,000
Net Revenues from Non-NFL Events	-	-	5,305,000	-	-	-	-	-	-	-	-	-	5,305,000
Naming Rights	-	-	-	-	-	-	3,045,000	-	-	-	-	3,136,000	6,181,000
Facility Rent	1,125,000	1,125,000	1,125,000	1,125,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	1,125,000	5,375,000	24,500,000
Senior & Youth Program Fees	-	-	-	-	48,000	48,000	48,000	48,000	50,000	-	-	-	242,000
Non-NFL Event Ticket Surcharge	-	-	-	1,077,000	-	-	462,000	-	-	308,000	-	153,000	2,000,000
Contribution from Community Facilities District	-	488,400	-	-	980,800	-	-	971,600	-	-	959,200	-	3,400,000
Sponsorship Revenue (STR)	27,000	420,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	717,000
Subtotal Authority Revenues	2,861,000	3,742,400	6,457,000	2,229,000	4,173,800	4,221,000	7,728,000	5,192,600	4,223,000	2,585,000	2,111,200	39,077,000	84,601,000
Authority Expenses													
Operating Expenses - Stadium Manager	634,000	634,000	634,000	634,000	634,000	634,000	634,000	634,000	635,000	635,000	635,000	635,000	7,612,000
SBL Sales and Service	194,000	194,000	194,000	320,000	324,000	84,000	84,000	94,000	102,000	95,000	130,000	130,000	1,945,000
Insurance	287,000	43,000	43,000	43,000	1,994,000	43,000	43,000	43,000	43,000	43,000	43,000	37,000	2,705,000
Senior & Youth Program Fees	-	-	-	-	48,000	48,000	48,000	48,000	50,000	-	-	-	242,000
Ground Rent	-	-	-	250,000	-	-	-	-	-	-	-	-	250,000
Performance Rent	-	-	2,527,000	-	-	-	-	-	-	-	-	-	2,527,000
Other Expenses	315,000	315,000	315,000	315,000	70,000	71,000	71,000	71,000	71,000	71,000	316,000	783,000	2,784,000
Discretionary Fund Expense	-	-	640,000	-	-	-	-	-	-	-	-	-	360,000
Measure J Compliance Audit	-	50,000	50,000	50,000	50,000	-	-	-	-	-	-	-	200,000
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
CFD Advance Debt Service	-	488,400	-	-	980,800	-	-	971,600	-	-	959,200	-	3,400,000
Term A Debt Service	-	-	-	-	-	-	7,070,000	-	-	-	-	7,070,000	14,140,000
StadCo Subordinated Loan Debt Service	-	-	-	-	-	-	-	-	-	-	-	52,288,000	52,288,000
Total Expenses	1,430,000	1,724,400	4,403,000	1,612,000	4,100,800	880,000	7,950,000	1,861,600	901,000	844,000	2,083,200	61,303,000	89,093,000
Authority Reserves													
O&M Reserve													6,528,000
Operating Reserve													10,609,000
Discretionary Fund													1,230,000
Capital Expenditure Reserve													5,973,000
Debt Service Reserve													19,180,000
Total Reserves													43,520,000
Total Expenses and Reserves													132,613,000

Audit Scope for Measure J Compliance

Per the request of the Mayor and Vice-Mayor, please place an item on the next Stadium Authority agenda to authorize a comprehensive audit of the Stadium Authority finances dating back to April 1, 2014. The audit will require an estimated cost line item to be included in the Stadium Authority budget for the fiscal year beginning April 1, 2016. The purpose of the audit will be to review policies, procedures and financial and personnel data to verify that General Fund monies have not been expended for any Stadium Authority activities. Also, the audit should confirm that city resources allocated through the General Fund have been reimbursed from Stadium Authority monies. Finally, the audit should analyze and report revenues and expenses associated with non-NFL events so that the Stadium Authority Board has a more complete understanding of the financial performance of Levi's Stadium. This data is required so that the Stadium Authority Board can direct strategic planning for the operation of Levi's Stadium to optimize the financial investment of the residents and taxpayers of the City of Santa Clara.

Review to include:

- City policies on ensuring compliance with the Measure J ordinance
- City procedures defining use of city employees for Stadium Authority activities and recording of city employee time in personnel and accounting systems indicating numbers of city employees and hours expended on Stadium Authority activities
- City personnel time card and account code crosscheck to validate that employee time spent on Stadium Authority activities are billed to Stadium Authority cost centers
- Calculate hours spent by categories of employees on Stadium Authority activities
- Allocation of material costs at Stadium between Stadium Authority and 49er legal entities , particularly costs associated with big-ticket items such as field turf
- Validation of parking receipts from City-owned property used for NFL and non-NFL events and off-site parking fees
- Detailed breakout and validation of Stadium Authority non-NFL event revenues and expenses, including concessions, ticket sales, staging and set-up, and security



• SUMMARY OF ACTIONS •

This document is prepared as a Summary only and is not intended to be an official record of Council and Authority Actions. The official Minutes of the meeting are available in the City Clerk's Office approximately four weeks following the meeting.

**CITY COUNCIL
STADIUM AUTHORITY
SPORTS AND OPEN SPACE AUTHORITY
HOUSING AUTHORITY
PUBLIC FACILITIES FINANCING CORPORATION**

March 22, 2016

**5:00 STUDY SESSION
6:00 PM CLOSED SESSION
7:00 PM REGULAR MEETING
City Hall Council Chambers**

Member Kolstad did not attend remotely as agendized

The time limit within which to commence any lawsuit or legal challenge to any quasi-adjudicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitation period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-adjudicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred. If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Santa Clara, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.

AB23 ANNOUNCEMENT: Members of the Santa Clara Stadium Authority, Sports and Open Space Authority and Housing Authority are entitled to receive \$30 for each attended meeting.

Note: The City Council and its associated Authorities meet as separate agencies but in a concurrent manner. Actions taken should be considered actions of only the identified policy body.

LEGEND: City Council (CC); Stadium Authority (SA); Sports and Open Space Authority (SOSA); Housing Authority (HA); Successor Agency to the City of Santa Clara Redevelopment Agency (SARDA); Public Facilities Financing Corporation (PFFC)

1. 5:00 PM STUDY SESSION CALL TO ORDER:

A. Confirmation of a Quorum. **CC**

2. ANNOUNCEMENT OF STUDY SESSION:

A. Review Council and public input on budget priorities for Fiscal Year 2016-17. **CC SOSA HA
SARDA**

- **ACTION:** Noted and Filed
- **ASSIGNMENT:** City Clerk

- B. Authorization to proceed with the entitlement process to construct a two sided digital billboard at one of two locations along the corridor on the west side of US Highway 101 between the San Tomas Expressway and Lafayette Street; return to Council with final approval and provide direction on the options outlined for billboard removal. CC
- **ACTION:** Continued to the next meeting.
 - **ASSIGNMENT:** City Manager

16. STADIUM AUTHORITY ITEMS:

- A. Approval of the Stadium Authority 2016-17 operating budget of \$18,905,000, debt service budget of \$69,828,000 and approval of the Stadium Authority 2015-16 debt service budget amendment of \$32,423,000 and operating budget amendment of \$1,100,000. SA
- **ACTION:** Approved with the inclusion of an independent audit for Measure J compliance and the stipulation that the facility rent be one budget line item in the amount of 24,500,000.
 - **ASSIGNMENT:** Stadium Authority Auditor
- B. Informational Report: Stadium facility rent adjustment. SA
- **ACTION:** Passed a motion to pursue informal dispute resolution procedures and to proceed to the mediation process if necessary.
 - **ASSIGNMENT:** City Manager
Stadium Authority Auditor

17. CONSENT CALENDAR:

[Items listed on the CONSENT CALENDAR are considered routine and will be adopted by one motion. There will be no separate discussion of the items on the CONSENT CALENDAR unless discussion is requested by a member of the Council, staff, or public. If so requested, that item will be removed from the CONSENT CALENDAR and considered under CONSENT ITEMS PULLED FOR DISCUSSION.]

A. Departmental Reports

1. Approval of the Stipulations with Request for Award, as recommended by the City's Workers' Compensation legal counsel, to settle the claim for the injury that Richard Harsh, retired Firefighter, sustained cumulatively through October 14, 2012. CC
- **ACTION:** Approved
 - **ASSIGNMENT:** Dir. Human Resources



Date: March 22, 2016

To: Executive Director for Stadium Authority Action

From: Finance Director/Treasurer/Auditor for Stadium Authority

Subject: Approval of the 2016-17 Santa Clara Stadium Authority Budget and Amendment to the 2015-16 Santa Clara Stadium Authority Budget

EXECUTIVE SUMMARY

The proposed 2016-17 Santa Clara Stadium Authority Budget will cover the Stadium Authority's twelve month fiscal year which runs April 1, 2016 through March 31, 2017. The budget is composed of operating, capital improvement, and debt service budgets.

This proposed budget is based on the best information available at this time. Note that discussions on the facility rent adjustment required by section 6.1.2 of the Amended and Restated Stadium Lease, are ongoing. As such, the budget includes two revenue lines for facility rent totaling the \$24,500,000 facility rent established in the Amended and Restated Stadium Lease in 2013. The first line is the \$20,250,000 facility rent that current projections show as the result of the rent adjustment process (i.e., the amount of rent which, together with other estimated revenues of the Stadium Authority, is sufficient to cover the Stadium Authority's debt service and operating expenses in each year of the 40 year lease term). The second line is a \$4,250,000 contingent facility rent pending the final outcome of the rent adjustment process. This contingent facility rent revenue and the associated contingent subordinated loan debt service, will be realized if, and to the extent that, the final adjusted facility rent exceeds the annual facility rent.

Key highlights for the Stadium Authority's 2016-17 budget are as follows:

- Revenues –
 - The Stadium Authority expects to carry forward \$51,312,000 in cash and reserves from fiscal year 2015-16.
 - 2016-17 projected revenues include \$33,804,000 in Stadium Builder License (SBL) revenue, \$8,452,000 in NFL ticket surcharge, \$6,181,000 in naming rights revenue, \$5,305,000 in net revenue from non-NFL events, \$3,400,000 in contributions from the Community Facilities District, \$2,000,000 in non-NFL ticket surcharge, and \$959,000 in miscellaneous other revenues.
 - Revenues also include \$20,250,000 in facility rent and \$4,250,000 in contingent facility rent from Forty Niners SC Stadium Company (StadCo). This amount is contingent on the outcome of the rent adjustment process called for in the Amended and Restated Stadium Lease.
 - The budget also includes transfers out totaling \$60,728,000. \$3,183,000 of these monies will be transferred to the capital expenditure reserve for future Stadium

capital improvements. The remaining \$57,545,000 will be transferred out to the debt service fund.

- Appropriations –
 - The proposed operating budget of \$19,265,000 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. It also includes an estimated \$242,000 in Senior/Youth Fees that will be passed through to the City where they are used to support programs for our seniors and youth.
 - The proposed operating budget also includes \$200,000 for a Measure J Compliance Audit as requested by Mayor Gillmor and Vice Mayor O'Neill.
 - \$3,300,000 of prior year capital improvement appropriations are carried forward into 2016-17. No new capital improvement appropriation is requested as the Stadium Manager believes the carry forward amount is sufficient to cover projected costs for the upcoming fiscal year. It is important to note that as a result of the final cost allocation between the Stadium Authority and StadCo, most of the short-lived assets were classified as tenant improvements and are the responsibility of StadCo to replace. The Stadium Authority's fixed assets have significantly longer useful lives. A long-term capital expenditure plan will be presented as part of the budget presentation.
 - The proposed debt service budget of \$69,828,000 is based on required and additional debt service payments (including the assumption that the contingent rent is transferred to the Debt Service Fund where it is used to pay down the StadCo subordinated loan).
- Reserves – Total reserves are expected to be \$43,520,000 at the end of the 2016-17 fiscal year. This is composed of an operating reserve of \$10,609,000, an operations and maintenance (O&M) reserve of \$6,528,000, a discretionary fund balance of \$1,230,000, a capital expenditure reserve of \$5,973,000 (not including the \$3,300,000 that has been previously appropriated), and a debt service reserve of \$19,180,000.

The proposed budget for 2016-17 is presented in both annual (Attachment 1) and monthly (Attachment 2) views.

2015-16 Budget Amendments (Attachment 3)

During the construction period, SBL proceeds were collected in the capital project fund for the construction of Levi's Stadium. To the extent that the SBL proceeds were not used for construction, they were required under our loan documents to be used for Stadium Authority debt service. With these monies and additional SBL proceeds from customers making faster than required payments on their outstanding SBL balances, the Stadium Authority was able to make \$19,464,000 in additional Term B and StadCo subordinated loan debt services payments in the Stadium Authority's 2015-16 fiscal year. In fact, the Term B loan, which was a five year loan originally expected to be refinanced after five years, will be completely paid off at the end of fiscal

year 2015-16. Also, due to the RDA Settlement Agreement, the Successor Agency provided an additional \$12,388,000 of funding to fully pay off the Agency Advance. Additionally, the Community Facilities District (CFD) collected \$621,000 more than what was projected and therefore contributed more to the Stadium Authority's debt service fund to pay CFD Advance debt service. As a result, staff is requesting that the Board approve a \$32,423,000 fiscal year 2015-16 budget amendment to accommodate our requirements under the loan documents. This is a positive development for the Stadium Authority, as it will result in lower overall debt, lower future debt service, and eliminate variable rate interest risk.

As discussed during the Stadium facility rent adjustment presentation on March 8, Stadium Manager expenses in 2015-16 have been higher than projected. Overages in security, guest services, Stadium Manager operations, and maintenance budgets were partially offset by savings in groundskeeping expenses. In other operating expense categories, savings in utility costs partially offset the overage in Stadium Manager expenses. In total, a \$1,100,000 budget amendment is necessary to cover actual expenses. Based on the first two years of experience with Levi's Stadium, these operating budget components have now been budgeted based on these historical costs for 2016-17. Attachment 4 provides details of the Stadium Manager expenses budget.

ADVANTAGES AND DISADVANTAGES OF ISSUE

Santa Clara Stadium Authority Board action in approving the 2016-17 budget by March 31, 2016 allows the Stadium Authority to continue its operations for the 2016-17 fiscal year. The 2015-16 budget amendments allow the Stadium Authority to pay down its debt and stay within its operating budget appropriation authority.

ECONOMIC/FISCAL IMPACT

The proposed 2016-17 budget includes \$19,265,000 for operating costs and \$69,828,000 for debt service. The \$69,828,000 debt service budget includes the \$4,250,000 shown as contingent subordinated loan debt service, the amount of which is subject to change following completion of the rent adjustment process. The proposed 2015-16 budget amendments include an additional appropriation of \$32,423,000 for debt service and \$1,100,000 for operations.

RECOMMENDATION

That the Santa Clara Stadium Authority Board:

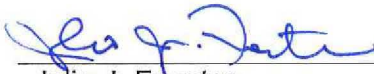
- 1) Approve the Stadium Authority 2016-17 operating budget of \$19,265,000 and debt service budget of \$69,828,000;

- 2) Approve the Stadium Authority 2015-16 debt service budget amendment of \$32,423,000 and operating budget amendment of \$1,100,000.



Gary Ameling
Finance Director/Treasurer/Auditor

APPROVED:



Julio J. Fuentes
Executive Director for Stadium Authority

Documents Related to this Report:

- 1) *Stadium Authority Budget – Fiscal Year 2016-17*
- 2) *Levi's Stadium – 2016-17 Authority Cash Flows By Month*
- 3) *Stadium Authority Budget Amendment – Fiscal Year 2015-16 - Debt Service and Fiscal Year 2015-16 – Operating*
- 4) *49ers Stadium Management Company – Stadium Manager Expenses*

STADIUM AUTHORITY BUDGET

Fiscal Year 2016-17

	Operating	Capital Projects ⁽¹⁾	Debt Service
Beginning Balances	\$ 17,159,000	\$ 6,090,000	\$ 28,063,000
Estimated Revenues:			
Ticket Surcharge	8,452,000	-	-
SBL Proceeds	33,804,000	-	-
Net Revenue from Non-NFL Events	5,305,000	-	-
Naming Rights	6,181,000	-	-
Sponsorship (STR)	717,000	-	-
Facility Rent	20,250,000	-	-
Contingent Facility Rent ⁽²⁾	4,250,000	-	-
Senior/Youth Program Fees	242,000	-	-
Non-NFL Ticket Surcharge	2,000,000	-	-
Contribution from Community Facilities District	-	-	3,400,000
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Total Beginning Balances, Estimated Revenues, and Operating Transfers	\$ 37,632,000	\$ 9,273,000	\$ 89,008,000
Appropriations:			
Stadium Manager Operating Expenditures	\$ 7,612,000	\$ -	\$ -
SBL Sales and Service	1,945,000	-	-
Insurance	2,705,000	-	-
Senior/Youth Program Fees	242,000	-	-
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Ground Rent - Performance	2,527,000	-	-
Measure J Compliance Audit	200,000	-	-
Discretionary Fund Expense	1,000,000	-	-
Capital Expenditures	-	-	-
CFD Advance Debt Service	-	-	3,400,000
Term A Debt Service	-	-	14,140,000
StadCo Subordinated Loan Debt Service	-	-	48,038,000
Contingent Subordinated Loan Debt Service ⁽²⁾	-	-	4,250,000
Total 2016-17 Appropriations	\$ 19,265,000	\$ -	\$ 69,828,000
Reserves:			
O&M Reserve	\$ 6,528,000	\$ -	\$ -
Operating Reserve	10,609,000	-	-
Discretionary Fund	1,230,000	-	-
Capital Expenditure Reserve	-	5,973,000	-
Debt Service Reserve	-	-	19,180,000
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Total 2016-17 Appropriations and Reserves	\$ 37,632,000	\$ 5,973,000	\$ 89,008,000

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

⁽²⁾ This contingent facility rent revenue and the associated contingent subordinated loan debt service, will be realized if, and to the extent that, the final adjusted facility rent exceeds the annual facility rent.

Levi's Stadium

2016-17 Authority Cash Flows By Month

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Authority Revenues													
Ticket Surcharge	-	-	-	-	868,000	1,896,000	1,896,000	1,896,000	1,896,000	-	-	-	8,452,000
SBL Proceeds	1,709,000	1,709,000	-	-	-	-	-	-	-	-	-	30,386,000	33,804,000
Net Revenues from Non-NFL Events	-	-	5,305,000	-	-	-	-	-	-	-	-	-	5,305,000
Naming Rights	-	-	-	-	-	-	3,045,000	-	-	-	-	3,136,000	6,181,000
Facility Rent	1,125,000	1,125,000	1,125,000	1,125,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	1,125,000	-	20,250,000
Contingent Facility Rent	-	-	-	-	-	-	-	-	-	-	-	4,250,000	4,250,000
Senior & Youth Program Fees	-	-	-	-	48,000	48,000	48,000	48,000	50,000	-	-	-	242,000
Non-NFL Event Ticket Surcharge	-	-	-	1,077,000	-	-	462,000	-	-	308,000	-	153,000	2,000,000
Contribution from Community Facilities District	-	488,400	-	-	980,800	-	-	971,600	-	-	959,200	-	3,400,000
Sponsorship Revenue (STR)	27,000	420,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	717,000
Subtotal Authority Revenues	2,861,000	3,742,400	6,457,000	2,229,000	4,173,800	4,221,000	7,728,000	5,192,600	4,223,000	2,585,000	2,111,200	39,077,000	84,601,000
Authority Expenses													
Operating Expenses - Stadium Manager	634,000	634,000	634,000	634,000	634,000	634,000	634,000	634,000	635,000	635,000	635,000	635,000	7,612,000
SBL Sales and Service	194,000	194,000	194,000	320,000	324,000	84,000	84,000	94,000	102,000	95,000	130,000	130,000	1,945,000
Insurance	287,000	43,000	43,000	43,000	1,994,000	43,000	43,000	43,000	43,000	43,000	43,000	37,000	2,705,000
Senior & Youth Program Fees	-	-	-	-	48,000	48,000	48,000	48,000	50,000	-	-	-	242,000
Ground Rent	-	-	-	250,000	-	-	-	-	-	-	-	-	250,000
Performance Rent	-	-	2,527,000	-	-	-	-	-	-	-	-	-	2,527,000
Other Expenses	315,000	315,000	315,000	315,000	70,000	71,000	71,000	71,000	71,000	71,000	316,000	783,000	2,784,000
Discretionary Fund Expense	-	-	640,000	-	-	-	-	-	-	-	-	360,000	1,000,000
Measure J Compliance Audit	-	50,000	50,000	50,000	50,000	-	-	-	-	-	-	-	200,000
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
CFD Advance Debt Service	-	488,400	-	-	980,800	-	-	971,600	-	-	959,200	-	3,400,000
Term A Debt Service	-	-	-	-	-	-	7,070,000	-	-	-	-	7,070,000	14,140,000
StadCo Subordinated Loan Debt Service	-	-	-	-	-	-	-	-	-	-	-	48,038,000	48,038,000
Contingent Sub Loan Debt Service	-	-	-	-	-	-	-	-	-	-	-	4,250,000	4,250,000
Total Expenses	1,430,000	1,724,400	4,403,000	1,612,000	4,100,800	880,000	7,950,000	1,861,600	901,000	844,000	2,083,200	61,303,000	89,093,000
Authority Reserves													
O&M Reserve													6,528,000
Operating Reserve													10,609,000
Discretionary Fund													1,230,000
Capital Expenditure Reserve													5,973,000
Debt Service Reserve													19,180,000
Total Reserves													43,520,000
Total Expenses and Reserves													132,613,000

STADIUM AUTHORITY BUDGET AMENDMENTS

Fiscal Year 2015-16 - Debt Service

	<u>Adopted Budget</u>	<u>Budget Amendment</u>	<u>Final Budget</u>
Appropriations:			
Agency Advance Debt Service	6,209,333	12,338,000	18,547,333
CFD Advance Debt Service	2,709,160	621,000	3,330,160
Term A & B Debt Service	45,046,000	4,536,000	49,582,000
StadCo Subordinated Loan Debt Service	6,427,000	14,928,000	21,355,000
Total 2015-16 Appropriations Debt Service *	\$ 60,391,493	\$ 32,423,000	\$ 92,814,493

* Additional appropriation needed to use excess cash to pay down debt.

Fiscal Year 2015-16 - Operating

	<u>Adopted Budget</u>	<u>Budget Amendment</u>	<u>Final Budget</u>
Total 2015-16 Appropriations Operating **	\$ 17,201,085	\$ 1,100,000	\$ 18,301,085

** Additional appropriation needed due to higher than estimated Stadium Manager expenses, performance rent, discretionary fund expense, and Stadium Authority expenses; partially offset by lower than estimated utility costs.

**49ers Stadium Management Company
Stadium Manager Expenses**

2015-2016 Forecast

Category	Stadium Manager	Maintenance	Guest Services	Groundskeeping	Security	Lender Fees, Financing / Ratings Agencies and Related Fees	Total
Total Compensation	1,872,274	1,151,778	531,709	76,437	517,021	-	4,149,219
Travel, Meals & Entertainment	210,338	2,250	31,733	1,626	4,000	-	249,947
Outside Services	959,724	216,300	19,975	2,250	867,591	-	2,065,840
General supplies	57,700	102,130	114,843	52,080	40,375	-	367,128
Telephone	202,500	-	4,740	360	21,300	-	228,900
Equipment	159,917	-	41,270	1,290	44,013	-	246,490
Uniforms	-	-	50,000	-	-	-	50,000
Other	40,033	7,000	74,731	16,140	5,700	119,336	262,940
Total	3,502,486	1,479,458	869,000	150,183	1,500,000	119,336	7,620,462

Compensation Breakout (2015-2016 Forecast)

Category	Stadium Manager	Maintenance	Guest Services	Groundskeeping	Security	Lender Fees, Financing / Ratings Agencies and Related Fees	Total
FT Wages	904,025	750,943	232,294	53,614	354,853	-	2,295,729
PT Wages	579,305	-	184,893	-	7,280	-	771,478
Benefits	388,944	400,835	114,522	22,823	154,888	-	1,082,012
Total Compensation	1,872,274	1,151,778	531,709	76,437	517,021	-	4,149,219
# of FT Headcount	26	15	7	3	10	-	61

2016-2017 Budget

Category	Stadium Manager	Maintenance	Guest Services	Groundskeeping	Security	Lender Fees, Financing / Ratings Agencies and Related Fees	Total
Total Compensation ⁽¹⁾	1,743,042	1,186,331	547,660	78,730	532,531	-	4,088,295
Travel, Meals & Entertainment	216,648	2,318	32,685	1,675	4,120	-	257,445
Outside Services ⁽²⁾	937,016	222,789	20,574	2,318	893,619	-	2,076,315
General supplies	59,431	105,194	118,288	53,642	41,586	-	378,141
Telephone	208,575	-	4,882	371	21,939	-	235,767
Equipment	164,715	-	42,508	1,329	45,333	-	253,884
Uniforms	-	-	51,500	-	-	-	51,500
Other	41,234	7,210	76,972	16,624	5,871	122,916	270,828
Total	3,370,660	1,523,842	895,069	154,688	1,544,999	122,916	7,612,175

Note: 2016-2017 forecast based on general assumption of 3% inflation growth in expenses.

(1) Includes \$185k reduction in part-time labor through new resourcing strategy.

(2) LEED certification required once every five years. Renewal will be up in '20-'21.

Santa Clara Stadium Authority

2016-17 Budget Presentation

March 22, 2016



Public Private Partnership



Stadium Authority Construction Costs Significantly Under Budget

- Overall project construction included the Stadium Authority's building infrastructure and tenant improvements funded by private investment from Forty Niners SC Stadium Company (StadCo)
- Outside Auditor (KPMG) completed cost allocation analysis in November 2015 which showed the Stadium Authority's share of construction costs was \$878.8 million (more than \$136 million below the \$1.015 billion budget)

SCSA
Santa Clara Stadium Authority

Stadium Authority Debt Significantly Below Estimates

- Stadium Authority portion of project financed with combination of bank notes and loans and construction period revenues
- Variable rate Term B Bank Loan will be fully paid off at the end of this fiscal year (was expected to be refinanced after year 5 - eliminates interest rate risk)
- StadCo Agency Advance has been fully paid off by the Successor Agency to the Redevelopment Agency (2 years early)
- Excess revenues have gone to pay down the StadCo Subordinated Loan which the Rent Adjustment Model now shows will be fully paid off in year 13 (originally year 25)

SCSA
Santa Clara Stadium Authority

Santa Clara Stadium Authority 2016-17 Budget

- Budget composed of Operating, Capital Improvement and Debt Service budgets
- Fiscal year 2016-17 is April 1, 2016 to March 31, 2017
- Operating Budget

– Beg. Bal	\$51.3M	\$17.2M
– Revenues	\$81.2M	
– Transfers	(\$60.7M)	
– Appropriations	\$19.3M	
– Reserves	\$43.5M	\$18.4M

SCSA
Santa Clara Stadium Authority

Santa Clara Stadium Authority 2016-17 Budget (Cont'd)

- Key Operating Budget Revenues

– SBL Proceeds	\$33.8M
– Stadium Facility Rent	\$20.25M
– Contingent Facility Rent	\$4.25M*
– NFL Ticket Surcharge	\$8.5M
– Naming Rights	\$6.2M
– Non-NFL Events Net Rev	\$5.3M
– Non-NFL Ticket Surcharge	\$2.0M
– Other	\$0.9M

*Pending outcome of Facility Rent Adjustment

SCSA
Santa Clara Stadium Authority

Santa Clara Stadium Authority 2016-17 Budget (Cont'd)

- Key Operating Expenditures
 - Stadium Manager Op. Expenditures \$7.6M*
 - Insurance \$2.7M
 - Ground & Performance Rent to GF \$2.8M
 - SBL Sales & Service \$1.9M
 - Senior & Youth Fees to GF \$0.2M
 - Measure J Compliance Audit \$0.2M
 - Other Expenses** \$3.8M

*Additional detail provided in Agenda Report

**Other expenses include utilities, stadium management fee, use of StadCo tenant improvements for non-NFL events, Stadium Authority expenses, and discretionary fund expenses

SCSA
Santa Clara Stadium Authority

Santa Clara Stadium Authority 2016-17 Budget (Cont'd)

- Capital Expenditures
 - Stadium Improvements Anticipated \$1.7M*
- Debt Service
 - Term A Loan \$14.1M
 - StadCo Subloan \$48.0M
 - Contingent StadCo Subloan \$4.3M**
 - CFD Advance \$3.4M

*Prior year appropriation

**Pending outcome of Facility Rent Adjustment

SCSA
Santa Clara Stadium Authority

Santa Clara Stadium Authority 2015-16 Budget Adjustments

- Debt Service Budget
 - Extra Term B, StadCo Agency Advance, and StadCo CFD Advance payments totaling \$32,423,000
- Operating Budget
 - Net overage estimated at \$1,100,000

SCSA
Santa Clara Stadium Authority

Staff Recommendation

- That the Santa Clara Stadium Authority Board approve the Stadium Authority 2016-17 Operating Budget of \$19,265,000 and Debt Service Budget of \$69,828,000.
- That the Santa Clara Stadium Authority Board approve the Stadium Authority 2015-16 Debt Service Budget amendment of \$32,423,000 and Operating Budget amendment of \$1,100,000.



03/22/16

Item 16A
part two

CAPITAL EXPENDITURES PLAN

March 2016



POST MEETING MATERIAL

STADIUM CAPITAL EXPENDITURES PLAN SUMMARY (in 000s)

Project Type	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	Five Years	Five Years	Five Years	Five Years	Five Years	Four Years	Total
											Ending FY	Ending FY	Ending FY	Ending FY	Ending FY	Ending FY	
Audio/Visual	-	-	20	-	-	-	-	23	-	650	27	905	36	1,216	49	372	3,297
Electrical	-	250	-	-	250	-	-	-	-	1,675	3,100	2,617	1,343	6,521	1,805	2,335	19,896
FF&E	-	383	1,000	-	-	-	-	-	-	32	7,981	540	647	11,736	1,648	13	23,979
Food and Beverage	-	350	-	-	-	-	-	-	-	2,650	3,090	3,561	4,207	4,786	5,130	1,408	25,182
General Building	-	175	300	2,600	100	100	100	100	100	6,125	5,569	8,597	7,493	11,693	9,294	2,949	55,296
HVAC/Mechanical	-	250	-	75	-	-	-	-	-	1,260	3,924	1,843	872	4,662	4,288	931	18,107
Life Safety/Fire	-	165	-	-	-	-	-	-	-	285	203	383	273	515	366	138	2,328
Plumbing	-	-	-	-	-	-	-	-	-	460	510	618	584	948	785	260	4,165
Security	-	-	-	-	-	-	-	-	-	1,110	417	1,545	561	1,553	754	175	6,115
Site	-	25	100	120	-	-	-	-	-	675	983	907	1,052	1,531	1,413	328	7,133
Vertical Transport	-	-	-	-	-	-	-	-	-	3,500	869	1,344	1,168	1,806	1,570	485	10,744
Gross Project Costs \$	-	\$ 1,598	\$ 1,420	\$ 2,795	\$ 350	\$ 100	\$ 100	\$ 123	\$ 100	\$ 18,422	\$ 26,673	\$ 22,862	\$ 18,236	\$ 46,966	\$ 27,103	\$ 9,394	\$ 176,242
Contingency (5%) \$	-	\$ 80	\$ 71	\$ 140	\$ 18	\$ 5	\$ 5	\$ 6	\$ 5	\$ 921	\$ 1,334	\$ 1,143	\$ 912	\$ 2,348	\$ 1,355	\$ 470	\$ 8,812
Justed Total Project Costs \$	-	\$ 1,678	\$ 1,491	\$ 2,935	\$ 368	\$ 105	\$ 105	\$ 129	\$ 105	\$ 19,343	\$ 28,007	\$ 24,005	\$ 19,148	\$ 49,315	\$ 28,458	\$ 9,863	\$ 185,054
Cumulative Project Costs \$	-	\$ 1,678	\$ 3,169	\$ 6,104	\$ 6,471	\$ 6,576	\$ 6,681	\$ 6,810	\$ 6,915	\$ 26,258	\$ 54,265	\$ 78,269	\$ 97,418	\$ 146,732	\$ 175,190	\$ 185,054	\$ 185,054

CapEx Fund Balance	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	Five Years	Five Years	Five Years	Five Years	Five Years	Four Years	Total
											Ending FY	Ending FY	Ending FY	Ending FY	Ending FY	Ending FY	
Beginning balance	3,000	6,090	7,595	9,382	9,824	12,934	16,411	19,996	23,667	27,250	11,002	4,180	5,734	16,215	1,250	12,612	34,124
CapEx deposit	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,688	3,095	21,184	25,559	29,630	34,349	39,820	31,376	0
CapEx spending	-	1,678	1,491	2,935	368	105	105	129	105	19,343	28,007	24,005	19,148	49,315	28,458	9,863	0
Ending balance	6,090	7,595	9,382	9,824	12,934	16,411	19,996	23,667	27,250	11,002	4,180	5,734	16,215	1,250	12,612	34,124	34,124

NOTE: The above schedule excludes capital improvement spending for scoreboards, LED boards, suites, network, broadcast studio, restaurant, museum, home locker room and team store.



STADIUM CAPITAL EXPENDITURES PLAN DETAIL THROUGH FY 2021/2022 (in 000s)

PROJECT DESCRIPTION	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 20/21	FY 21/22
Audio/Visual							
Assistive Listening System	-	-	20	-	-	-	-
Total	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ -
Electrical							
Shore Power	-	-	-	-	250	-	-
Complete service tunnel upgrade to LED lighting	-	250	-	-	-	-	-
Total	\$ -	\$ 250	\$ -	\$ -	\$ 250	\$ -	\$ -
FF&E							
Permanent changeable message signage (streets)	-	-	1,000	-	-	-	-
Remove & Replace Visitor Locker Room Carpeting	-	25	-	-	-	-	-
Seat Covers	-	358	-	-	-	-	-
Total	\$ -	\$ 383	\$ 1,000	\$ -	\$ -	\$ -	\$ -
Food and Beverage							
Main Kitchen Equip.	-	350	-	-	-	-	-
Total	\$ -	\$ 350	\$ -	\$ -	\$ -	\$ -	\$ -
General Building							
Aesthetic Improvements - General areas /coatings main decks	-	-	200	-	-	-	-
Aesthetic Improvements - Premium Areas/Special Event Assets	-	-	-	2,500	-	-	-
Added Gate & Fence @ Gate D	-	75	-	-	-	-	-
Miscellaneous	-	100	100	100	100	100	100
Total	\$ -	\$ 175	\$ 300	\$ 2,600	\$ 100	\$ 100	\$ 100
HVAC/Mechanical							
Unit Heaters	-	-	-	75	-	-	-
Water Treatment	-	250	-	-	-	-	-
Total	\$ -	\$ 250	\$ -	\$ 75	\$ -	\$ -	\$ -
Life Safety/Fire							
Fire Alarm System	-	150	-	-	-	-	-
Smoke Evac System	-	15	-	-	-	-	-
Total	\$ -	\$ 165	\$ -	\$ -	\$ -	\$ -	\$ -
Site							
Asphalt	-	-	-	90	-	-	-
Bridge - Pedestrian	-	-	-	30	-	-	-
Concrete (Sidewalk, Steps, etc.)	-	25	-	-	-	-	-
Landscaping - Structure (Planters) and perimeter re-do	-	-	100	-	-	-	-
Total	\$ -	\$ 25	\$ 100	\$ 120	\$ -	\$ -	\$ -
Gross Projected Costs	\$ -	\$ 1,598	\$ 1,420	\$ 2,795	\$ 350	\$ 100	\$ 100
Contingency (5%)	\$ -	\$ 80	\$ 71	\$ 140	\$ 18	\$ 5	\$ 5
Adjusted Total Projected Costs	\$ -	\$ 1,678	\$ 1,491	\$ 2,935	\$ 368	\$ 105	\$ 105
Cumulative Project Costs	\$ -	\$ 1,678	\$ 3,169	\$ 6,104	\$ 6,471	\$ 6,576	\$ 6,681



3/22/2016

16A.

Audit Scope for Measure J Compliance

Per the request of the Mayor and Vice-Mayor, please place an item on the next Stadium Authority agenda to authorize a comprehensive audit of the Stadium Authority finances dating back to April 1, 2014. The audit will require an estimated cost line item to be included in the Stadium Authority budget for the fiscal year beginning April 1, 2016. The purpose of the audit will be to review policies, procedures and financial and personnel data to verify that General Fund monies have not been expended for any Stadium Authority activities. Also, the audit should confirm that city resources allocated through the General Fund have been reimbursed from Stadium Authority monies. Finally, the audit should analyze and report revenues and expenses associated with non-NFL events so that the Stadium Authority Board has a more complete understanding of the financial performance of Levi's Stadium. This data is required so that the Stadium Authority Board can direct strategic planning for the operation of Levi's Stadium to optimize the financial investment of the residents and taxpayers of the City of Santa Clara.

Review to include:

- City policies on ensuring compliance with the Measure J ordinance
- City procedures defining use of city employees for Stadium Authority activities and recording of city employee time in personnel and accounting systems indicating numbers of city employees and hours expended on Stadium Authority activities
- City personnel time card and account code crosscheck to validate that employee time spent on Stadium Authority activities are billed to Stadium Authority cost centers
- Calculate hours spent by categories of employees on Stadium Authority activities
- Allocation of material costs at Stadium between Stadium Authority and 49er legal entities , particularly costs associated with big-ticket items such as field turf
- Validation of parking receipts from City-owned property used for NFL and non-NFL events and off-site parking fees
- Detailed breakout and validation of Stadium Authority non-NFL event revenues and expenses, including concessions, ticket sales, staging and set-up, and security