

Meeting Date: 2/22/11

AGENDA REPORT

Agenda Item # 6G



City of Santa Clara, California



Date: February 15, 2011

To: City Manager/Executive Director for City Council/Redevelopment Agency Action

From: Administrative Analyst to the City Manager

Subject: Adoption of 1) Resolution Making Certain Findings Related to a Cooperation Agreement to Assist a Publicly Owned Stadium, and 2) Resolution Approving a Cooperation Agreement to Assist a Publicly Owned Stadium

EXECUTIVE SUMMARY:

The Redevelopment Agency is proposing to provide funding towards the construction of a professional football stadium in the Bayshore North area, using tax increment generated from the Bayshore North Redevelopment Project Area. The Agency's use of funds as provided in this Agreement is authorized by the Redevelopment Law and development of the Stadium project will benefit the Project Area and will assist in the elimination of blight in the Project Area.

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, with the Agency investing an amount not to exceed \$40 million for Stadium construction, plus an additional amount (now estimated to be \$1,600,000) towards development fees related to the Stadium project. 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. Chapter 17.20 of the Santa Clara Municipal Code (Measure J), the Stadium ballot measure, passed with 58.2% of the vote.

The Stadium is expected to be developed with a combination of funding sources. The Agency is committing not more than \$40,000,000 of tax increment funding exclusive of financing costs, plus \$1,600,000 toward development fees related to the Stadium development. The Agency investment represents a small portion of the total cost of the Stadium. Other sources of funds for the Stadium are expected to include proceeds from the sale of naming rights and seat builders' licenses, proceeds from a community facilities district consisting of the hotels in the area as well as private investment from the 49ers Stadium Company. Other than the funds identified above, the Agency does not believe that there are any other sources of funds available to provide funding for the Stadium. Given current economic conditions, state and federal funds are not available for large infrastructure projects and buildings such as a Stadium. The voter-approved Measure J, which authorized the development of the Stadium under certain conditions, does not allow for the use of City general funds or enterprise funds and also does not allow for the imposition of any new or increased taxes (with the exception of a hotel tax approved by the affected hotels) for the development, operation or maintenance of the Stadium. Although private sources of funds may be available, the Agency investment represents the gap between the expectation of private financing and the expected costs of development of the Stadium.

Environment review under CEQA has been completed for the Stadium project.

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February 15, 2011

Page 2

The Agency's use of funds as provided in these agreements is authorized by the Redevelopment Law, and the Agency and City Council have made all findings required under the Redevelopment Law for such use.

Although the City is not a party to the funding agreement or in any way obligated under the funding agreement, pursuant to the California Redevelopment Law, the City Council must make certain findings regarding the use of tax increment funds for publicly owned buildings and improvements. The attached resolution makes the required findings.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

The redevelopment purpose of the Stadium project is the elimination of blight, the increase of entertainment venues in the Project Area, and the increase of economic vitality. The development of the Stadium will protect past investments in the Project Area and maintain the competitiveness of the visitor-oriented facilities and employment centers in the Project Area. The Stadium is also expected to increase job opportunities with both construction and permanent jobs.

The Stadium will further the City's and Agency's goals of creating an entertainment destination in the Project Area and will provide significant economic benefits to the City and its residents and businesses. The 49ers will play their home games in the Stadium, including pre-season, regular season and post-season games for the term of the lease between the Stadium Authority and the 49ers. The Stadium will also be used for non-NFL events such as concerts, sporting events and civic events and will provide additional meeting space for the City's convention center.

There are no identified disadvantages.

ECONOMIC/FISCAL IMPACT:

The Agency contribution to development fees for the Stadium project in the amount of \$1,600,000 will be funded with tax increment revenues. The Agency investment in the Stadium will be funded with a combination of tax increment revenues currently available to the Agency, which at the time of this report is estimated to be approximately \$4,000,000. In addition to the available tax increment, the Agency is expected to issue tax allocation bonds, the amount of which will be determined based on the projected amount of tax increment revenue at the time of the bond issuance. The 49ers Stadium Company is expected to advance the difference between \$40,000,000 and the sum of the available tax increment and the tax allocation bonds. The 49ers Agency advance will be repayable only from net tax increment remaining after payment of debt service on the tax allocation bonds or other superior obligations. Upon the expiration of the Agency's ability to collect tax increment, any amount of the 49ers Agency Advance that is outstanding will be forgiven.

RECOMMENDATION:

- 1) That the Council adopt the Resolution making certain findings related to a cooperation agreement for a publicly owned stadium.

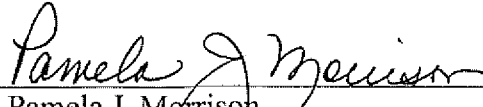
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February 15, 2011

Page 3

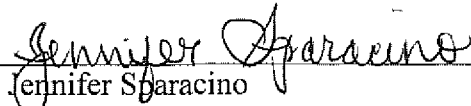
- 2) That the Agency adopt the Resolution approving a Cooperation Agreement for a Publicly Funded Stadium.



Pamela J. Morrison

Administrative Analyst to the City Manager

APPROVED:



Jennifer Sparacino

City Manager/Executive Director for
City Council/Redevelopment Agency

Documents Related to this Report:

- 1) ***Resolution Making Certain Findings Related to a Cooperation Agreement to Assist a Publicly Owned Stadium***
- 2) ***Resolution Approving a Cooperation Agreement to Assist a Publicly Owned Stadium***
- 3) ***Cooperation Agreement to Assist a Publicly Owned Stadium***
- 4) ***Summary Report Regarding Proposed Redevelopment Agency Funding Commitment for the Development of a Stadium Project***

RESOLUTION NO. ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SANTA CLARA, MAKING CERTAIN FINDINGS RELATED TO A
COOPERATION AGREEMENT TO ASSIST A PUBLICLY OWNED
STADIUM BETWEEN THE REDEVELOPMENT AGENCY OF THE
CITY OF SANTA CLARA AND THE SANTA CLARA STADIUM
AUTHORITY**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA CLARA AS
FOLLOWS:**

WHEREAS, the City Council (“City Council”) of the City of Santa Clara (“City”) has adopted and amended, from time to time, the Redevelopment Plan (the “Redevelopment Plan”) for the Bayshore North Project, (the “Project Area”); and

WHEREAS, the Redevelopment Agency of the City of Santa Clara (“Agency”) is engaged in various activities in its efforts to remove the blighting conditions that still remain in the Project Area; and

WHEREAS, in keeping with the goals of the Agency to eliminate blight and reduce physical and economic blight in accordance with the Redevelopment Plan and the Agency’s current Implementation Plan (“Implementation Plan”), the Santa Clara Stadium Authority (the “Stadium Authority”) and the Agency have been working cooperatively regarding the development of a stadium suitable for professional football and other large events (the "Stadium Project") in the Project Area; and

WHEREAS, due to the complexity of the Stadium Project and the varying funding sources, the Agency and the Authority mutually desire to enter into that certain Cooperation Agreement to Assist Publicly Owned Stadium (the “Agreement”), a copy of which is on file with the Authority Secretary and Agency Secretary through which the Agency shall provide funding for, and the

Stadium Authority shall construct the Stadium Project to alleviate blighting conditions in the Project Area, and the community, as set forth in the proposed Agreement; and

WHEREAS, implementation of the Agreement will assist the Agency to accomplish the stated goals in the Redevelopment Plan and its current Implementation Plan as described in the staff report accompanying this Resolution (the "Staff Report"); and

WHEREAS, under the California Redevelopment Law (Health and Safety code Section 33100 et seq.; the "Law"), before the Agency can expend money for public improvements, the Agency and the City must make specified findings pursuant to Health and Safety Code Section 33445; and

WHEREAS, pursuant to the Law, the Agency is authorized, with the consent of the City Council to pay for part, or all, of the costs of public improvements that are of benefit to the Project Area; and

WHEREAS, no other reasonable means of financing the estimated cost of the public improvements are available to the Agency, the Stadium Authority or the community; and

WHEREAS, pursuant to Health and Safety Code Section 33679 the Agency duly noticed and conducted a public hearing prior to the adoption of this Resolution; and

WHEREAS, the Staff Report, the Redevelopment Plan, the report to City Council accompanying the Redevelopment Plan, the Stadium EIR, and the Implementation Plan provide additional information upon which the findings and actions set forth in this Resolution are based.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANTA CLARA AS FOLLOWS:

1. That the City hereby finds that the above Recitals are true and correct and by this reference makes them a part hereof.

2. In compliance with Section 33445 of the Law, with respect to the Stadium Project, the City hereby finds that: (a) the installation or construction of the Stadium Project is of benefit to the Project Area by helping to eliminate blight within the Project Area; (b) no other reasonable means of financing those portions of the Stadium Project to be funded pursuant to the Agreement are available to the community; and (c) the appropriation and payment of funds by the Agency for the Stadium Project is consistent with the Agency's current Implementation Plan. These findings are based on the facts and analysis in the Staff Report incorporated in this Resolution.
3. The City Clerk shall certify to the adoption of this Resolution.
4. This Resolution shall take effect immediately upon adoption.
5. If any section, subsection, sentence, clause, phrase, or word of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution. The City Council of the City of Santa Clara hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.

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I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION
PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF SANTA CLARA,
CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE ____ DAY OF
_____, 20____,

BY THE FOLLOWING VOTE:

AYES: COUNCILOR:

NOES: COUNCILOR:

ABSENT: COUNCILOR:

ABSTAINED: COUNCILOR:

ATTEST: _____
ROD DIRIDON, JR.
CITY CLERK OF
THE CITY OF SANTA CLARA

Attachments Incorporated by Reference:
1. Cooperation Agreement To Assist A Publicly Owned Stadium