

# **SANTA CLARA STADIUM AUTHORITY FINANCIAL STATUS REPORT**

**Quarter Ending June 30, 2017**



**August 24, 2017**

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## Introduction

This Santa Clara Stadium Authority (Stadium Authority) Financial Status Report provides information covering the Stadium Authority's 2017-18 quarter ended June 30, 2017 as well as comparative data from the prior fiscal year. Revenue and expense information included in the report is unaudited and therefore subject to change as a result of the annual audit conducted by an external auditing firm.

In addition to this report, the Stadium Authority produces annual financial statements within six months of fiscal year-end. These financial statements are audited by an external auditing firm and presented to the Stadium Authority's Audit Committee and Stadium Authority Board. Once presented to the Stadium Authority Board, the financial statements are published on the Stadium Authority's website.

The Stadium Authority also prepares a detailed budget prior to the beginning of the new fiscal year. A joint study session for the 2017-18 budget was held on March 7, 2017 and the final budget was presented and adopted at the Stadium Authority Board meeting on March 21, 2017.

The Stadium Authority is structured so that the City of Santa Clara (City) is not liable for the debts or obligations of the Stadium Authority. All services provided by the City to the Forty Niners Stadium Management Company, LLC (Stadium Manager) or the Stadium Authority are reimbursed. All administrative General Fund costs that are incurred during operations are separately tracked using special account codes in the City's financial system and any such costs are billed out for reimbursement. Additionally, General Fund public safety costs for NFL and non-NFL events are separately tracked and all such costs are also billed out for full reimbursement.

## **NFL Events**

There were no NFL games held in the first quarter of the 2017-18 fiscal year. Levi's Stadium hosted the first 49ers pre-season game of the 2017 season on August 19, 2017.

## **Non-NFL Events**

During the current reporting period there were a total of 90,456 tickets sold for the four ticketed non-NFL events that were held, resulting in \$362 thousand in non-NFL event ticket surcharge revenue (from the \$4 per ticket non-NFL event surcharge). This is a decrease in ticket surcharge revenue of \$1.0 million or 74.3% over the same period in the prior year. The primary reason for the large decrease is due to the four Copa soccer matches that were held in the first quarter of the prior fiscal year. There were two soccer matches held at Levi's Stadium in the current fiscal year, however, they were both scheduled in July which is in the second quarter. Results of those events will be reported in the next financial status report.

Parking at the permitted offsite parking lots saw a decrease over the prior year for the same reason noted above. There were 7,939 cars parked at these offsite lots, a 76.9% decrease from the previous year. The City earned \$42 thousand in related offsite parking fees.

Total non-NFL event public safety costs were \$452 thousand, a decrease of \$1.3 million or 73.7% from the prior year. Of these costs, \$42 thousand were covered by the offsite parking fee and the remaining \$411 thousand were invoiced to the Stadium Manager. As of August 11, 2017, \$8 thousand was outstanding.

There were also 25 smaller special events with 8,438 total attendees. Examples of these special events include corporate events of various sizes, weddings, holiday parties, high school dances, etc. The number of non-NFL special events went down by 19.4% while the attendance at these events decreased by 38.5% in relation to the prior year.

Statistics for all non-NFL events are shown in the following tables:

**Levi's Stadium  
2017-18 Non-NFL Ticketed Event Statistics**

	Monster Jam 04/22/17	U2 Concert 05/17/17	Wedding Fair 05/21/17	Wedemeyer High School Football 06/24/17	2017-18 Total
No. of Tickets Sold	38,805	49,489	401	1,761	<b>90,456</b>
Non-NFL Ticket Surcharge <sup>(1)</sup>	\$ 155,220	\$ 197,956	\$ 1,604	\$ 7,044	<b>\$ 361,824</b>
Cars Parked at Offsite Lots	4,022	3,917	-	-	<b>7,939</b>
City Offsite Parking Fee	\$ 21,075	\$ 20,525	\$ -	\$ -	<b>\$ 41,600</b>
Stadium Public Safety Costs	\$ 169,789	\$ 260,988	\$ 1,624	\$ 7,867	<b>\$ 440,268</b>
Less: Offsite Parking Fee Credit	\$ (21,075)	\$ (20,525)	\$ -	\$ -	<b>\$ (41,600)</b>
Reimbursable Public Safety Costs	\$ 148,714	\$ 240,463	\$ 1,624	\$ 7,867	<b>\$ 398,667</b>
Amount Reimbursed through 08/11/17	\$ 148,714	\$ 240,463	\$ 1,624	\$ -	<b>\$ 390,800</b>
Amount Outstanding as of 08/11/17 <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ 7,867	<b>\$ 7,867</b>

<sup>(1)</sup> Non-NFL Ticket Surcharge is \$4 per ticket, see Glossary for more information.

<sup>(2)</sup> Outstanding invoices can be found at: <http://www.santaclaraca.gov/government/stadium-authority/public-safety-cost-and-reimbursement-summary>

**Levi's Stadium  
2017-18 Non-NFL Special Event Statistics**

	Non-NFL Special Event Totals
No. of Events	25
No. of Attendees	8,438
Reimbursable Stadium Public Safety Costs	\$ 12,182
Amount Reimbursed through 08/11/17	\$ 12,182
Amount Outstanding as of 08/11/17	\$ -

**Levi's Stadium**  
**2017-18 Comparison of Non-NFL Event Statistics<sup>(1)</sup>**

	2017-18	2016-17	Change	
	Total	Total	Amount	%
No. of non-NFL Ticketed Events	4	8	(4)	-50.00%
No. of Tickets Sold	90,456	351,837	(261,381)	-74.29%
Non-NFL Ticket Surcharge <sup>(2)</sup>	\$ 361,824	\$ 1,407,348	\$ (1,045,524)	-74.29%
No. of Non-NFL Special Events	25	31	(6)	-19.35%
Non-NFL Special Event Attendees	8,438	13,709	(5,271)	-38.45%
Cars Parked at Offsite Lots	7,939	34,376	(26,437)	-76.91%
City Offsite Parking Fee	\$ 41,600	\$ 174,632	\$ (133,032)	-76.18%
Cars Parked on Golf Course	-	9,562	(9,562)	-100.00%
City Golf Course Parking Fee	\$ -	\$ 47,810	\$ (47,810)	-100.00%
Stadium Public Safety Costs	\$ 452,450	\$ 1,721,055	\$ (1,268,605)	-73.71%
Golf Course Public Safety Costs	\$ -	\$ 39,905	\$ (39,905)	-100.00%
Subtotal Event Public Safety Costs	\$ 452,450	\$ 1,760,960	\$ (1,308,510)	-74.31%
Less: Offsite Parking Fee Credit	\$ (41,600)	\$ (174,632)	\$ 133,032	-76.18%
Reimbursable Public Safety Costs	\$ 410,850	\$ 1,586,328	\$ (1,175,478)	-74.10%
Amount Reimbursed through 08/11/17	\$ 402,983	\$ 1,586,328		
Amount Outstanding as of 08/11/17 <sup>(3)</sup>	\$ 7,867	\$ -		

<sup>(1)</sup> Includes non-NFL special events.

<sup>(2)</sup> Non-NFL Ticket Surcharge is \$4 per ticket, see Glossary for more information.

<sup>(3)</sup> Outstanding invoices can be found at: <http://www.santaclaraca.gov/government/stadium-authority/public-safety-cost-and-reimbursement-summary>

**Discretionary Fund**

One-half of the non-NFL ticket surcharge, that was noted previously, funds the discretionary fund. To date, the discretionary fund has only been used to cover NFL public safety costs that were above the public safety cost threshold (see the Glossary for additional information about the discretionary fund). The following table shows the life-to-date activity in the discretionary fund which currently has a balance of \$713 thousand.

The total NFL public safety costs above the threshold for the 2016-17 fiscal year was \$1.2 million. This amount was paid by the Stadium Authority’s discretionary fund in the current reporting period.

Discretionary Fund				
Fiscal Year	Beginning Balance	50% of Non-NFL Ticket Surcharge	Expenses	Ending Balance
2014-15	\$ -	\$ 715,770	\$ -	\$ 715,770
2015-16	715,770	1,238,542	714,028	1,240,284
2016-17	1,240,284	1,164,698	699,129	1,705,853
2017-18 through Q1	1,705,853	180,912	1,173,342	713,423

**Stadium Builder Licenses**

The total principal value of currently active Stadium Builder Licenses (SBLs) is \$532 million and, as of June 30, 2017, 76.5% of the total principal value of all SBLs sold (i.e., \$407 million) had been collected. SBL holders that finance their purchase pay an annual interest rate of 8.5% and payments are due by March 1<sup>st</sup> each year. The vast majority of SBL holders make their payments on time. For those that do not pay on time, SBL service staff working for the Stadium Manager on the Stadium Authority’s behalf, contact the SBL holders and attempt to collect the full amounts owed. Ultimately, an SBL can be defaulted for non-payment. Once an SBL is defaulted, the SBL holder in default loses their right to buy season tickets as well as their priority rights to tickets to non-NFL events, and forfeits any money they had invested in the SBL. Defaulted SBLs are then available for resale.

There are a total of 60,711 currently active SBLs, or 92.2% of the 65,877 total sellable SBL seats. This is down by 1,596 from the prior quarter. The main reason for the difference is due to the fact that SBL accounts were defaulted during this reporting period. Another reason for the reduction in SBLs is related to the customer seat upgrade program. This program allows a customer to trade in their SBLs in return for fewer SBLs as long as the total face value of the new seats is equal to or greater than

the original seats. The reduction in SBLs related to defaults and customer seat upgrades are both offset by new SBL sales.

For the quarter ended June 30, 2017 there were 209 SBLs sold for a total face value of \$1.5 million. The customer seat upgrade program resulted in an increase of \$1.4 million to the SBL face value, while netting 152 fewer SBLs. There were also 1,653 SBLs defaulted during the same period with a total face value of \$9.6 million. Of the \$9.6 million, approximately 40% or \$3.9 million has already been collected.

The new and resale SBLs continue to be sold for full price with up to ten year financing at an annual interest rate of 8.5% per year.

Additional details regarding currently active SBLs are noted in the table below:

### Santa Clara Stadium Authority Currently Active Stadium Builder License (SBL) Summary <sup>(1)</sup>

Through June 30, 2017									
SBL Value	SBL Seats Available	SBL Seats Sold as of 3/31/17	New SBL Sales	Net SBL Upgrades	SBL Defaults	SBL Seats Sold	SBL Value	SBL Collected <sup>(3)</sup>	% SBL Principal Collected
250,000 <sup>(4)</sup>	98	98				98	\$ 13,856,398	\$ 10,660,481	76.94%
80,000	938	928	2			930	74,400,000	59,372,133	79.80%
40,000	2	2				2	80,000	55,349	69.19%
30,000	4,869	4,647		11	(71)	4,587	137,610,000	110,158,537	80.05%
20,000	3,395	2,993	17	24	(47)	2,987	59,740,000	46,004,920	77.01%
15,000	7	7				7	105,000	49,445	47.09%
12,000	2,167	2,129	17	(11)	(45)	2,090	25,080,000	19,760,613	78.79%
10,000	9	9			(1)	8	80,000	52,096	65.12%
6,000	20,619	20,110	80	265	(518)	19,937	119,622,000	84,944,660	71.01%
5,000	14,297	13,385	42	6	(317)	13,116	65,580,000	48,877,701	74.53%
4,000	917	913		1	(2)	912	3,648,000	3,014,509	82.63%
3,000	98	98		1	(3)	96	288,000	180,531	62.68%
2,500	49	49		(1)	(1)	47	117,500	79,848	67.96%
2,000	18,367	16,894	51	(447)	(645)	15,853	31,706,000	23,752,399	74.91%
1,000	45	45		(1)	(3)	41	41,000	27,736	67.65%
<b>Total</b>	<b>65,877</b>	<b>62,307</b>	<b>209</b>	<b>(152)</b>	<b>(1,653)</b>	<b>60,711</b>	<b>\$ 531,953,898</b>	<b>\$ 406,990,958</b>	<b>76.51%</b>
<b>Plus: Interest on financed SBLs</b>								<b>36,676,355</b>	
<b>Total Principal &amp; Interest</b>								<b>\$ 443,667,313</b>	

<sup>(1)</sup> This report does not include the approximately \$13.7 million that has been collected from defaulted SBL holders.

<sup>(2)</sup> Total seats excludes 3,808 suite seats.

<sup>(3)</sup> The final reconciliation of the split between principal and interest is still pending.

<sup>(4)</sup> SBL value and SBL collected amounts for Owner SBLs only includes the SBL value.



## **Santa Clara Stadium Authority Budget Status Reports**

### ***Operating Budget***

The total operating revenues for the first quarter of the 2017-18 fiscal year were \$9.2 million representing 12% of the overall budget for revenues. Stadium rent collected from StadCo totaled \$3.4 million. Net revenues from 2016-17 non-NFL events were \$5.3 million.

Total operating expenses were \$8.0 million as of June 30, 2017, or 39% of the annual budget. The shared stadium manager expenses are 22% of the \$10.8 million budgeted amount. The insurance and stadium management fee portions of the shared stadium manager expenses are tracking lower due to the timing of when those payments are due during the fiscal year. See the glossary for additional information regarding the stadium management fee. Discretionary fund expenses were 102% of the budgeted amount of \$1.2 million. These funds were used to cover 2016-17 NFL event public safety costs over the public safety cost threshold.

Overall, the Stadium Authority operating fund ended the first quarter of the 2017-18 fiscal year with a fund balance of \$21.8 million. Included in that amount is a \$10.6 million operating reserve and a \$713 thousand discretionary fund.

# Santa Clara Stadium Authority

## Operating Budget Status Report

For the Quarters Ending June 30, 2017 and 2016

	Quarter Ending June 30, 2017				Quarter Ending June 30, 2016			
	Final Budget	Actuals	Balance	% Used	Final Budget	Actuals	Balance	% Used
<b>Beginning Balances</b>	<b>\$ 20,147,800</b>	<b>\$ 20,498,355</b>	<b>\$ (350,555)</b>		<b>\$ 17,159,000</b>	<b>\$ 18,211,404</b>	<b>\$ (1,052,404)</b>	
<b>Resources</b>								
<b>Revenues</b>								
NFL Ticket Surcharge	8,258,000	-	8,258,000	0%	8,452,000	-	8,452,000	0%
SBL Proceeds	28,056,000	-	28,056,000	0%	33,804,000	11,390,008	22,413,992	34%
Interest	280,000	88,107	191,893	31%	-	22,098	(22,098)	N/A
Net Revenues from Non-NFL Events	5,305,000	5,316,894	(11,894)	100%	5,710,000	6,079,016	(369,016)	106%
Naming Rights	6,366,000	-	6,366,000	0%	6,181,000	-	6,181,000	0%
Sponsorship Revenue (STR)	406,000	95,040	310,960	23%	717,000	323,767	393,233	45%
Rent	24,500,000	3,375,000	21,125,000	14%	24,500,000	3,375,000	21,125,000	14%
Senior & Youth Program Fees	231,000	-	231,000	0%	242,000	-	242,000	0%
Non-NFL Event Ticket Surcharge	2,000,000	361,824	1,638,176	18%	2,000,000	479,432	1,520,568	24%
<b>Revenues Subtotal</b>	<b>75,402,000</b>	<b>9,236,865</b>	<b>66,165,135</b>	<b>12%</b>	<b>81,606,000</b>	<b>21,669,322</b>	<b>59,936,678</b>	<b>27%</b>
Net Transfers	(54,817,000)	-	(54,817,000)	0%	(60,728,000)	(11,390,008)	(49,337,992)	19%
<b>Total Resources</b>	<b>40,732,800</b>	<b>29,735,220</b>	<b>10,997,580</b>	<b>73%</b>	<b>38,037,000</b>	<b>28,490,718</b>	<b>9,546,282</b>	<b>75%</b>
	<b>Final Budget</b>	<b>Actuals</b>	<b>Balance</b>	<b>% Used</b>	<b>Final Budget</b>	<b>Actuals</b>	<b>Balance</b>	<b>% Used</b>
<b>Expenses</b>								
<b>Shared Stadium Manager Expenses</b>								
Stadium Operations	3,613,000	903,198	2,709,802	25%	3,370,000	841,621	2,528,379	25%
Engineering	1,636,000	408,914	1,227,086	25%	1,524,000	380,961	1,143,039	25%
Guest Services	848,000	211,891	636,109	25%	895,000	223,767	671,233	25%
Groundskeeping	246,000	61,545	184,455	25%	155,000	38,672	116,328	25%
Security	1,498,000	374,541	1,123,459	25%	1,545,000	386,250	1,158,750	25%
Insurance	2,787,000	451,545	2,335,455	16%	2,705,000	373,000	2,332,000	14%
Stadium Management Fee	219,000	620	218,380	0%	212,000	46,451	165,549	22%
<b>Shared Stadium Mngr Exps Subtotal</b>	<b>10,847,000</b>	<b>2,412,255</b>	<b>8,434,745</b>	<b>22%</b>	<b>10,406,000</b>	<b>2,290,722</b>	<b>8,115,278</b>	<b>22%</b>
<b>Other Operating Expenses</b>								
SBL Sales and Service	2,095,000	535,875	1,559,125	26%	1,945,000	582,900	1,362,100	30%
Senior & Youth Fees (paid to City)	231,000	-	231,000	0%	242,000	-	242,000	0%
Ground Rent (paid to City)	285,000	-	285,000	0%	250,000	-	250,000	0%
Performance Rent (paid to City)	2,528,000	2,533,447	(5,447)	100%	2,932,000	2,932,008	(8)	100%
Measure J Compliance Audit	-	-	-	0%	200,000	-	200,000	0%
Discretionary Fund Expense	1,150,000	1,173,342	(23,342)	102%	1,000,000	694,690	305,310	69%
Utilities	1,434,000	747,000	687,000	52%	1,473,000	735,000	738,000	50%
Use of StadCo Tenant Improvements	245,000	-	245,000	0%	250,000	-	250,000	0%
Stadium Authority G&A	1,620,000	548,461	1,071,539	34%	1,448,840	329,826	1,119,014	23%
Other Expenses	76,000	-	76,000	0%	123,000	30,729	92,271	25%
<b>Other Operating Expenses Subtotal</b>	<b>9,664,000</b>	<b>5,538,124</b>	<b>4,125,876</b>	<b>57%</b>	<b>9,863,840</b>	<b>5,305,153</b>	<b>4,558,687</b>	<b>54%</b>
<b>Total Expenses</b>	<b>20,511,000</b>	<b>7,950,379</b>	<b>12,560,621</b>	<b>39%</b>	<b>20,269,840</b>	<b>7,595,875</b>	<b>12,673,965</b>	<b>37%</b>
<b>Ending Balances</b>	<b>\$ 20,221,800</b>	<b>\$ 21,784,841</b>	<b>\$ (1,563,041)</b>		<b>\$ 17,767,160</b>	<b>\$ 20,894,843</b>	<b>\$ (3,127,683)</b>	
Operating Reserve	10,927,270	10,609,000	318,270		10,609,000	10,300,000	309,000	
Discretionary Fund	1,555,853	713,423	842,430		1,705,853	774,677	931,176	
Operations and Maintenance Reserve	7,738,677	10,462,418	(2,723,741)		5,452,307	9,820,166	(4,367,859)	
<b>Ending Balances</b>	<b>\$ 20,221,800</b>	<b>\$ 21,784,841</b>	<b>\$ (1,563,041)</b>		<b>\$ 17,767,160</b>	<b>\$ 20,894,843</b>	<b>\$ (3,127,683)</b>	

## Debt Service Budget

The Stadium Authority's 2017-18 debt service revenue budget of \$3.6 million represents anticipated contributions from the Community Facilities District (CFD). During the course of the first quarter \$855 thousand was contributed by the CFD.

Total Stadium Authority debt service expenses for the current reporting period were \$35.6 million, 74% of the budgeted amount. Debt service payments were made on the CFD Advance (\$855 thousand), the Term A Loan (\$7.1 million) and the StadCo Subordinated Loan (\$27.7 million).

The Stadium Authority debt service fund ended the current quarter with a fund balance of \$11.5 million, the amount in the debt service reserve account.

As of June 30, 2017, the total outstanding amount of Stadium Authority debt had declined to \$402.8 million. This is a reduction of \$27.0 million from the March 31, 2017 outstanding debt amount of \$429.8 million.

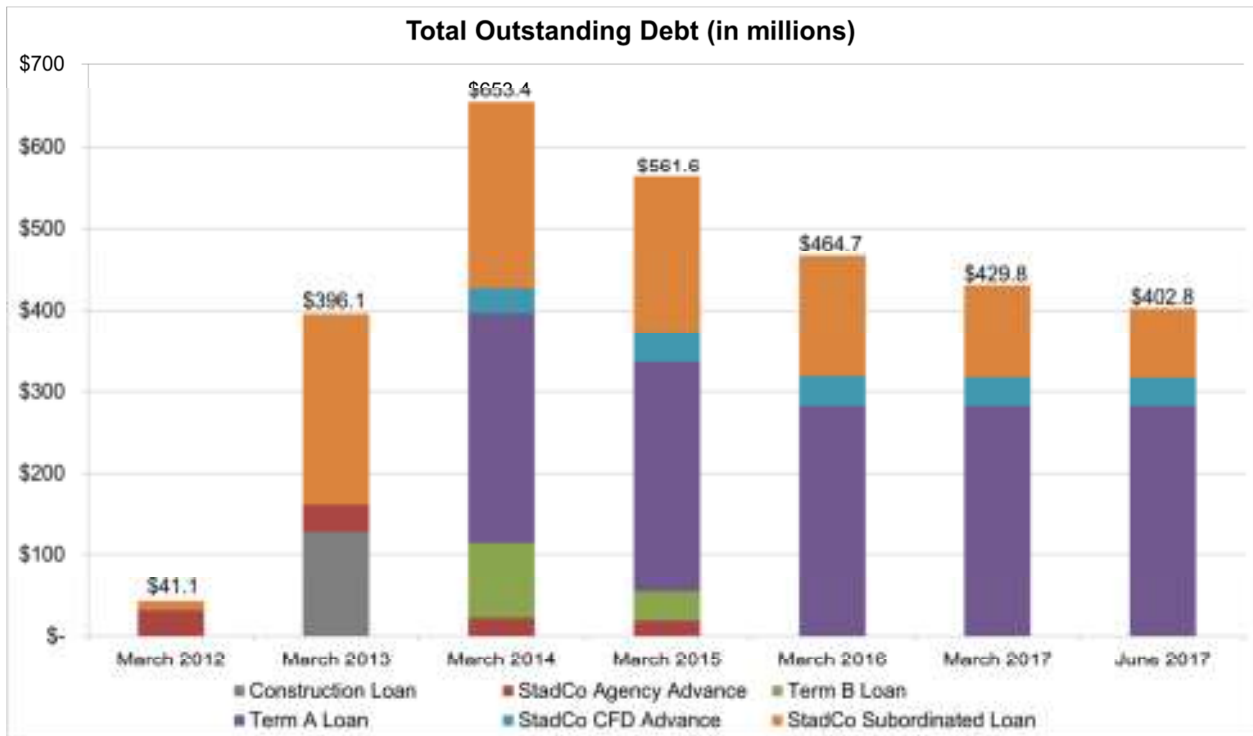
## Santa Clara Stadium Authority Operating Budget Status Report

For the Quarters Ending June 30, 2017 and 2016

	Quarter Ending June 30, 2017				Quarter Ending June 30, 2016			
	Final Budget	Actuals	Balance	% Used	Final Budget	Actuals	Balance	% Used
<b>Beginning Balances</b>	\$ 42,887,813	\$ 46,297,286	\$ (3,409,473)		\$ 28,063,000	\$ 36,891,573	\$ (8,828,573)	
<b>Resources</b>								
<b>Revenues</b>								
Contribution from CFD	3,600,000	854,660	2,745,340	24%	3,400,000	955,070	2,444,930	28%
<b>Revenues Subtotal</b>	<b>3,600,000</b>	<b>854,660</b>	<b>2,745,340</b>	<b>24%</b>	<b>3,400,000</b>	<b>955,070</b>	<b>2,444,930</b>	<b>28%</b>
Net Transfers	51,539,000	-	51,539,000	0%	57,545,000	11,390,008	46,154,992	20%
<b>Total Resources</b>	<b>98,026,813</b>	<b>47,151,946</b>	<b>50,874,867</b>	<b>48%</b>	<b>89,008,000</b>	<b>49,236,651</b>	<b>39,771,349</b>	<b>55%</b>
<b>Expenses</b>								
CFD Advance	3,600,000	854,660	2,745,340	24%	3,400,000	955,070	2,444,930	28%
Term A Loan	14,140,000	7,069,853	7,070,147	50%	14,140,000	7,069,853	7,070,147	50%
StadCo Subordinated Loan	30,469,340	27,691,199	2,778,141	91%	52,288,000	18,285,485	34,002,515	35%
<b>Total Expenses</b>	<b>48,209,340</b>	<b>35,615,711</b>	<b>12,593,629</b>	<b>74%</b>	<b>69,828,000</b>	<b>26,310,408</b>	<b>43,517,592</b>	<b>38%</b>
<b>Ending Balances</b>	<b>\$ 49,817,473</b>	<b>\$ 11,536,235</b>	<b>\$ 38,281,238</b>		<b>\$ 19,180,000</b>	<b>\$ 22,926,243</b>	<b>\$ (3,746,243)</b>	
Debt Service Reserve	11,536,235	11,536,235	-		11,536,235	11,536,235	-	
Debt Service Balance	38,281,238	-	38,281,238		7,643,765	11,390,008	(3,746,243)	
<b>Ending Balances</b>	<b>\$ 49,817,473</b>	<b>\$ 11,536,235</b>	<b>\$ 38,281,238</b>		<b>\$ 19,180,000</b>	<b>\$ 22,926,243</b>	<b>\$ (3,746,243)</b>	

**Santa Clara Stadium Authority**  
**Debt Summary Report**  
For the Quarter Ending June 30, 2017

Type of Indebtedness	Interest Rates	Outstanding as of		Outstanding as of
		March 31, 2017	Net Change	June 30, 2017
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 282,794,108	\$ -	\$ 282,794,108
StadCo CFD Advance	5.73%	34,414,899	(562,915)	33,851,984
StadCo Subordinated Loan	5.50%	112,564,310	(26,401,398)	86,162,912
<b>Total</b>		<b>\$ 429,773,317</b>	<b>\$ (26,964,313)</b>	<b>\$ 402,809,004</b>



### Capital Improvement Project Budget

The following projects are currently in progress: (1) LED service tunnel lighting, (2) water treatment, (3) fire alarm, and (4) restroom stall vacancy signage. A total of \$187 thousand has been spent to date which equals 6% of the \$2.9 million CIP budget.

## Santa Clara Stadium Authority Operating Budget Status Report

For the Quarters Ending June 30, 2017 and 2016

	Quarter Ending June 30, 2017				Quarter Ending June 30, 2016			
	Final Budget	Actuals	Balance	% Used	Final Budget	Actuals	Balance	% Used
<b>Beginning Balances</b>	\$ 8,528,701	\$ 8,887,218	\$ (358,517)		\$ 6,090,000	\$ 6,090,000	\$ -	
<b>Resources</b>								
Net Transfers from Operating Budget	3,278,000	-	3,278,000	0%	3,183,000	-	3,183,000	0%
<b>Total Resources</b>	<b>11,806,701</b>	<b>8,887,218</b>	<b>2,919,483</b>	<b>75%</b>	<b>9,273,000</b>	<b>6,090,000</b>	<b>3,183,000</b>	<b>66%</b>
<b>Expenses</b>								
Construction	1,766,517	186,551	1,579,966	11%	3,025,000	-	3,025,000	0%
Equipment	1,022,000	-	1,022,000	0%	275,000	-	275,000	0%
Contingency	122,000	-	122,000	0%	-	-	-	N/A
<b>Total Expenses</b>	<b>2,910,517</b>	<b>186,551</b>	<b>2,723,966</b>	<b>6%</b>	<b>3,300,000</b>	<b>-</b>	<b>3,300,000</b>	<b>0%</b>
<b>Ending Balances</b>	<b>\$ 8,896,184</b>	<b>\$ 8,700,667</b>	<b>\$ 195,517</b>		<b>\$ 5,973,000</b>	<b>\$ 6,090,000</b>	<b>\$ (117,000)</b>	

## **City of Santa Clara Net General Fund Impact**

The stadium has had a positive impact on the City's finances. This section of the report provides information on General Fund revenue and expenditure impacts resulting from the stadium.

### ***Public Safety and Administrative Cost Reimbursement***

As described in earlier sections of this report, costs incurred by the City on individual NFL and non-NFL events are tracked and billed to the Stadium Manager. Reimbursement is monitored and reported in this report and on the Stadium Authority NFL and non-NFL event web pages. A total of \$452 thousand in public safety costs were incurred in support of the non-NFL events that were held at Levi's Stadium in the first quarter of the current fiscal year. The City received reimbursements during this period totaling \$577 thousand. Due to timing, some of the reimbursements that were received by the City were related to events that occurred in the prior fiscal year. These reimbursements came from a combination of payments from the Stadium Manager, the Stadium Authority, and the offsite parking fees that were collected.

In addition to public safety costs, overall administrative costs are also tracked and billed to the Stadium Authority. These include the cost of providing overall stadium management, financial services, human resource services, legal services, and other services to the Stadium Authority. In the current reporting period, a total of \$122 thousand of administrative costs were incurred by the General Fund. Administrative cost reimbursements of \$125 thousand were paid to the City. Similar to the public safety costs, due to timing of the payments, some of the reimbursements that were paid in the current fiscal year were related to costs in a prior fiscal year.

### ***Rents and Senior and Youth Fee***

The City collected performance rent (\$2.5 million) from the Stadium Authority. Ground rent is paid in July of each year which will be reported in the following financial status report. Additionally, since there were no NFL games in the current reporting period, there were no Senior and Youth Fees, nor Tasman Parking fees collected. See the Glossary for more information on these revenues and how they are calculated.

### ***Other Revenue Impacts***

Although not included in the table in this section, General Fund sales tax, property tax, and transient occupancy tax (TOT) collections have benefited from the direct and indirect economic activity related to stadium events.

Food and beverage concession sales and merchandise sales at Levi's Stadium are taxable resulting in a significant amount of sales tax collections for the City. The Michael Mina Bourbon Steak and Pub restaurant has also been very successful, both

during stadium events and throughout the year (note that in accordance with State law, individual taxpayer information is confidential and cannot be publicly disclosed). The most recent quarter of sales tax collections indicates that sales transactions that took place at Levi's Stadium generated \$82 thousand of sales tax for the City (transactions that took place in the first quarter of calendar year 2017). The last four quarters of sales tax collections from Levi's Stadium transactions generated \$648 thousand for the City's General Fund. In addition to the direct sellers at the stadium, other businesses in Santa Clara are benefiting from the influx of people coming into town to attend one or more events at Levi's Stadium, resulting in more sales tax collections for the General Fund.

In accordance with State Law, StadCo must pay possessory interest property tax based on their lease of Levi's Stadium from the Stadium Authority. This revenue is collected by the county and placed into the Redevelopment Property Tax Trust Fund (RPTTF). Amounts remaining in the RPTTF after paying any enforceable obligations of the Successor Agency are distributed to taxing entities in the same proportion as secured property taxes.

Many stadium events bring travelers into the region resulting in hotel stays which generate TOT collections for the City's General Fund. Although it is impossible to say exactly what portion of our TOT collections is due to the stadium, it is clear that hotels both inside and outside the City have benefited, resulting in increases in TOT tax collections in Santa Clara and in our neighboring cities.

# City of Santa Clara

## Net General Fund Impact <sup>(1)</sup>

For Quarters Ending June 30, 2017 & 2016

### General Fund Revenues <sup>(2)</sup>

	June 30, 2017	June 30, 2016
Public Safety Cost Reimbursement		
NFL Public Safety Cost Reimbursement <sup>(3)</sup>	\$ 517,278	\$ 520,566
Non-NFL Event Public Safety Cost Reimbursement <sup>(3)</sup>	31,120	446,208
City Offsite Parking Fees	28,694	83,788
	<hr/>	<hr/>
Subtotal Public Safety Cost Reimbursement	577,093	1,050,562
Administrative Cost Reimbursement	125,347	80,727
Ground Rent	-	-
Performance Rent	2,533,447	2,932,008
Senior and Youth Fee	-	-
Tasman Lots Parking Fee	-	-
	<hr/>	<hr/>
<b>Total General Fund Revenues</b>	<b>3,235,886</b>	<b>4,063,298</b>

### General Fund Expenditures

Public Safety Costs		
NFL Event Public Safety Costs	-	-
Non-NFL Event Public Safety Costs	452,450	1,760,960
	<hr/>	<hr/>
Subtotal Reimbursable Public Safety Costs	452,450	1,760,960
Administrative Costs	121,737	62,250
	<hr/>	<hr/>
<b>Total General Fund Expenditures</b>	<b>574,187</b>	<b>1,823,209</b>

### General Fund Impact

<b>Net General Fund Impact</b>	<b>\$ 2,661,699</b>	<b>\$ 2,240,089</b>
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<sup>(1)</sup> This table shows General Fund revenue received and expenditures made during the current Stadium Authority reporting period (i.e., April 1, 2017 through June 30, 2017).

<sup>(2)</sup> General Fund benefit does not include additional sales tax, property tax, and transient occupancy tax flowing to the General Fund due the impacts of Levi's Stadium.

<sup>(3)</sup> The reimbursement amounts differ from the schedules in this report due to receiving reimbursements for prior year events in the current fiscal year.



## Glossary

This section of the report provides details behind key terms that are used in the body of this report.

**Discretionary Fund** – The Amended and Restated Stadium Lease Agreement describes the non-NFL event ticket surcharge which is imposed by the Stadium Authority. All promoters or sponsors of ticketed non-NFL events are required to collect a non-NFL ticket surcharge of \$4 per ticket on behalf of the Stadium Authority. One-half of these proceeds are used to cover Stadium Authority operating and maintenance costs. The other one-half of the proceeds are deposited in the Stadium Authority's discretionary fund. Among other things, the discretionary fund can be used to cover NFL public safety costs above the public safety cost threshold and/or capital expenditures. If at any time the discretionary fund balance exceeds \$1 million, then in consultation with the Stadium Manager, the Stadium Authority will determine if provision has been made for replacement and improvement of capital improvements contemplated under the public safety plan. If not, then funds will be reserved in the discretionary fund for such purposes. If adequate provision has been made for these items and the balance of the discretionary fund still exceeds \$1 million, then up to half of the amount over \$1 million can be transferred to the General Fund, in which event an equal amount will also be transferred from the discretionary fund to the Stadium Authority operating fund and will be included as revenue available to pay Stadium Authority expenses.

**Ground Lease** – The Ground Lease Agreement has an initial term of 40 years commencing on the date of substantial completion which was July 31, 2014. The amount of annual base ground rent that is payable by the Stadium Authority to the City is noted in the chart below.

Lease Year(s)	Annual Fixed Ground Rent
1	\$180,000
2	\$215,000
3	\$250,000
4	\$285,000
5	\$320,000
6	\$355,000
7	\$390,000
8	\$425,000
9	\$460,000
10	\$495,000
11-15	\$1,000,000
16-20	\$1,100,000
21-25	\$1,200,000
26-30	\$1,300,000
31-35	\$1,400,000
36-40	\$1,500,000

**Net non-NFL Event Revenue** – Net non-NFL event revenue is remitted by the Stadium Manager to the Stadium Authority on a yearly basis after the conclusion of each fiscal year. While City staff have access to and reviews detailed information on each non-NFL event with the Stadium Manager, most individual event information (e.g., the terms of the agreement between the Stadium Manager and the event promoter, and the financial results from any individual event) is considered proprietary information. For this reason, non-NFL event net income is reported annually for the prior fiscal year.

**NFL Event Public Safety Costs Threshold** – The Amended and Restated Stadium Lease Agreement describes the public safety costs threshold. If the public safety costs associated with NFL games held at Levi's Stadium exceed this threshold, the performance rent payable to the City shall be reduced by the amount of public safety costs above the threshold. The public safety costs threshold was set at \$170 thousand per NFL game in the first year of Stadium operations (fiscal year 2014-15). This threshold goes up by 4% each year and the 2017-18 threshold is \$191 thousand per NFL game. To avoid a reduction in performance rent, the Stadium Authority can pay for any public safety costs over the threshold with its discretionary fund.

**NFL Ticket Surcharge** – The Amended and Restated Non-Relocation Agreement states that the Team will collect a 10% NFL ticket surcharge on the price of admission to all NFL games on behalf of Stadium Authority.

**Non-NFL Event Ticket Surcharge** – The Stadium Lease Agreement requires that the promoter or sponsor of any non-NFL event collect a non-NFL event ticket surcharge of \$4 per ticket. The Lease Agreement sets aside one-half of the non-NFL ticket surcharge for stadium operating and maintenance costs and one-half for discretionary expenses of the Stadium Authority.

**Offsite Parking Fees** – Parking lot operators who wish to operate a parking lot for sports or entertainment venues are required to go through the City's permitting process. If approved, per the City's Municipal Fee Schedule, these operators remit an offsite parking fee for each car that is parked for sports or entertainment events. This fee was designed to recover the public safety costs associated with these permitted offsite parking lots. Therefore, when invoicing for NFL or non-NFL public safety costs for a particular event held at Levi's Stadium, the offsite parking fee that is collected for said event partly offsets the total public safety costs owed for that event. In the City's 2016-17 fiscal year (July 1, 2016 through June 30, 2017) the offsite parking fee was \$5.24 and it increased to \$5.42 in the City's 2017-18 fiscal year.

**Performance-Based Rent** - The Amended and Restated Stadium Lease Agreement and the Ground Lease Agreement both describe the performance-based rent that is due to the City. It is calculated as 50% of the net income from non-NFL events less performance-based rent credits. Among other things, the performance-based rent credits include (1) 50% of the fixed ground rent for the current lease year and (2) the amount by which the public safety costs for NFL events exceed the public safety costs threshold.

**Public Safety Costs** – For each NFL and non-NFL event held at Levi’s Stadium, a public safety plan is developed and implemented. Costs associated with public safety include staffing, materials, and supplies in the Police, Fire, and Public Works Departments. The services are provided through a combination of City General Fund staff and outside contracts that the Police Department has with other agencies including the California Highway Patrol, County Sheriff’s Office, and City of Sunnyvale.

The Amended and Restated Stadium Lease Agreement states that the tenant is responsible for reimbursing the City for the public safety costs attributed to events at Levi’s Stadium. Therefore the cost of providing these services are tracked through the City’s financial system and invoices are sent to the Stadium Manager and/or the Stadium Authority. All of these costs are reimbursed to the City of Santa Clara.

**Senior and Youth Program Fees** – The Amended and Restated Stadium Lease Agreement between the Stadium Authority and the Forty Niners SC Stadium Company LLC (StadCo) requires that StadCo collect a Senior and Youth Program Fee of \$0.35 per NFL ticket sold on behalf of the Stadium Authority. The Stadium Authority then remits this fee to the City as additional rent to support senior and youth programs in the City.

**Stadium Management Fee** – The Stadium Manager receives an annual base management fee to manage Levi’s Stadium. The fee was \$400,000 in the first lease year and increases by 3% annually. This annual base management fee is split 50/50 between StadCo and the Stadium Authority since the Stadium Manager manages the stadium year-round for both entities. In addition to the base management fee, the Stadium Manager also receives a stadium marketing and booking fee (incentive fee) which is based on a percentage of the amount that the net income from non-NFL events exceeds the marketing and booking fee benchmark. The marketing and booking fee benchmark was \$5 million in the first lease year and also increases by 3% annually.

**Tasman Lots Parking Fees** – The City collects a fee of \$5 per space for all cars that are parked on the Tasman surface lots during NFL events.