7/5/11

5A.1 - 5A.6
SA SA

July 5, 2011
Stadium Authority Meeting

Stadium-Related Actions for Stadium Authority Consideration

Staff presentation

Overview

- Six actions for Authority consideration
  - Adoption of Subcontractor Selection and Procurement Plan
  - Agreement for Stadium Design
  - Marketing and Loan Agreement
  - Agreement with Legends for Sale of SBLs
  - Concessionaire Pre-Opening Agreement
  - Contract for Fiscal/Economic Services with Keyser Marston Associates

POST MEETING MATERIAL

Procurement Plan (Construction Bidding Process)

Reason for Plan

- SB 43 allows SA to award design-build contract for Stadium construction under certain conditions
- Designed to implement requirements of SB 43
- Specifies how subcontractors will be selected
  - Lowest responsible bidder
  - Best value

Procurement Plan (Construction Bidding Process)

Lowest Responsible/Responsive Bidder Method:

- Required for subcontractor work paid with RDA funds (NTE $40 million)
- Required for subcontractor work paid with CFD funds (NTE $35 million)
- Construction contract awarded in accordance with City process in Charter

Procurement Plan (Construction Bidding Process)

Lowest Responsive/Responsible Bidder Method:

- Prequalify with RFQ, if desired
- RFQ published in City-designated newspaper
- RFP sent to pre-qualified sub contractors
- If no RFQ, then RFP published in newspaper
- Contract is awarded to lowest responsible and responsive bidder
- Appeal process as specified in RFP

Procurement Plan (Construction Bidding Process)

Best Value Method:

- Can be used on all other subcontracts
- Procedures are similar
- Additional procedures include detailed scope review and interview process
- Contract awarded based on objective criteria in Procurement Plan and RFP

Procurement Plan (Construction Bidding Process)

Recommendation:

- Adopt the Resolution approving the Stadium Authority Subcontractor Selection and Procurement Plan, in order to implement the requirement of SB 43 that allows the Stadium Authority to award a design-build contract for the construction of the Stadium under certain conditions

Stadium Design Agreement

- Agreement with 49ers (Stadco) and SA
- Allows Stadium design work to proceed prior to DDA
- Provisions of agreement will be included in DDA
- Stadco will use HNTB and TDVJ for design
- Concessionaire will participate in design process

Stadium Design Agreement

- Stadco will submit estimated budget to Stadium Authority
- After closing, Stadco will be reimbursed for design costs
- Reimbursement will come from construction funding sources
- Design drawing will be transferred to Stadium Authority

Stadium Design Agreement

Recommendation:

- Adopt the Resolution approving an Agreement regarding Stadium Design between the Santa Clara Stadium Authority and Forty Niners Stadium, LLC, in order to move forward with design development of the Stadium

1) Marketing & Loan Agreement 2) Stadium Builders License Sales

- SBLs are significant source of construction funding for Stadium Authority
- Suite sales are significant funding source for Stadco
- Legends is selling suites for Stadco
- Stadium Authority proposing to enter into contract with Legends to sell SBLs

1) Marketing & Loan Agreement 2) Stadium Builders License Sales

Process for SBL Sales:

- Legends accepts SBL agreements and deposits
- Deposits held in segregated account
- Agreements presented to Stadium Authority for approval in groups
- After approval, deposits are transferred to Stadium Authority

1) Marketing & Loan Agreement 2) Stadium Builders License Sales

Costs

- Mutually agreed upon budget will be set
- Legends will be paid for direct costs incurred such as salaries and marketing materials
- Costs attributable to both suites and SBLs will be split 60% suites, 40% SBLs
- Legends may earn a fee up to $6 million, based on performance benchmarks

1) Marketing & Loan Agreement 2) Stadium Builders License Sales

- Opportunity for coordinated sales effort with marketing and loan agreement
- Opportunity for cost savings through shared resources
- Stadco will oversee Legends contract and coordinate marketing of suites and SBLs
- Legends costs for SBL sales will be paid by Stadco as a loan to Stadium Authority

1) Marketing & Loan Agreement 2) Stadium Builders License Sales

Loan:

- Stadco will advance funds to pay Legends as a loan to Stadium Authority
- Loan will bear interest rate of 3 ¼ % compounded annually
- Repayment after closing will come from construction funds
- If agreement terminated prior to closing, repayment can only come from specified unencumbered sources

1) Marketing & Loan Agreement

Recommendation:

- Adopt the Resolution approving a Stadium Marketing and Loan Agreement between the Santa Clara Stadium Authority and Forty Niners Stadium, LLC, for the coordination of marketing efforts associated with the sale of Stadium Builders Licenses (SBLs)

2) Stadium Builders License Sales

Recommendation:

- Adopt the Resolution approving an Agreement for Stadium Builders License Sales between the Santa Clara Stadium Authority and Legends Premium Sales, LLC to market and sell Stadium Builders Licenses (SBLs)

Concessionaire

- Recommending Volume Services, DBA Centerplate, as Stadium concessionaire
- Used detailed RFQ-RFP process for selection
- Agreement requires Concessionaire to participate in Stadium design process
  - Provide input on concession areas
  - Develop unique food/beverage/merchandise concepts
  - Identify equipment/inventory needed

Concessionaire

- Concessionaire bears all costs to provide pre-opening services
- Stadium Authority and Stadco can terminate agreement at sole discretion
- If terminated, Stadco reimburses Concessionaire for out-of-pocket expenses
- Concessionaire expected to enter into operating agreement with 49ers affiliate ("ManagementCo")
- Form of operating agreement attached to pre-opening agreement

Concessionaire

Operating agreement:

- Exclusive right to food, beverage, merchandise sales in stadium
- Five year term with five 2-year options to extend
- Commission structure for NFL and non NFL events
- Commission increases with second team
- Minimum annual commission of $6.8 million
- ManagementCo has approval over menus and pricing

Concessionaire

Operating agreement:

- Concessionaire hires/trains employees
- Regular customer surveys required
- Compliance with waste reduction/recycling plan
- Manager may contract with local restaurants
- Concessionaire funds account for renewal and replacement of concession facilities.

Concessionaire

Recommendation:

- Adopt the Resolution approving the "Pre-Opening Services Agreement – Concessions" between the Santa Clara Stadium Authority, Forty Niners Stadium, LLC, and Volume Services, Inc. for the purpose of obtaining input on aspects of the Stadium design related to concession and merchandise sales and services at the Stadium

Keyser Marston Associates Contract for Fiscal Services

- KMA has specialized expertise in fiscal/economic analysis for Stadium Project
- Assisting with DDA negotiations and Stadium financing plan
- One year contract between the Stadium Authority and KMA is proposed
- Amount not-to-exceed $400,000
- Funds appropriated for this purpose in Stadium Authority budget approved June 14, 2011

Keyser Marston Associates Contract for Fiscal Services

Recommendation:

- Approve the consulting contract with Keyser Marston Associates, Inc. in the amount of $400,000 for fiscal and economic analysis to assist staff in the 49ers stadium DDA negotiations and related documents
- Authorize the Executive Director to execute the contract with Keyser Marston Associates, Inc.