



## Agenda Report

19-1081

Agenda Date: 12/17/2019

### REPORT TO STADIUM AUTHORITY BOARD

#### SUBJECT

Action on the Stadium Authority Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2019

#### BACKGROUND

In Fiscal Year 2014/15 the Stadium Authority Board ("Board") requested that staff prepare quarterly Santa Clara Stadium Authority ("Stadium Authority") Financial Status Reports. These reports provide an update on the events held at Levi's Stadium, Stadium Authority finances, and the impact of Stadium Authority activity on the City of Santa Clara ("City").

This report differs from previous reports in that earlier this year, the Stadium Authority learned through the media that the Management Company projected significantly lower revenue for the Stadium Authority. In our efforts to obtain information to confirm this condition, the Stadium Authority was unable to obtain information until the August/September timeframe when the Stadium Manager finally provided draft profit and loss information. In short, here are the high-level events that explain the losses:

- Stadium Manager expended \$2.5 million more on expenditures categorized as Miscellaneous and Operations, Janitorial, and Maintenance Expenses which include guest services, game day staffing, janitorial maintenance and other stadium operations costs.
- 75% of Non-NFL ticketed events lose money or make zero revenue for the Stadium Authority. In total, nine events generated no revenue or operated at a loss to the Stadium Authority totaling \$6.3 million.
- Three Non-NFL ticketed events were revenue generating, resulting in \$3.6 million revenue.
- Each time City staff show up to support a Non-NFL ticketed event, we are showing up to lose on average of \$200,000 per event for the Stadium Authority.
- Non-NFL ticketed events lost \$2.6 million in total in FY 2018/19. In one example, had a second concert not been added at the last minute by the Management Company, net revenue would have increased \$1.8 million for FY 2018/19.

As noted in the report, staff does not have access to all of the records and, therefore, the legitimacy of the expenditures in the fourth quarter can not be entirely verified. It is also unknown how much of these expenditures should have been appropriately included in the FY 2018/19 Shared Expenses budget to more accurately provide the Stadium Authority with better financial information when the budget was being deliberated. In addition, because the Management Company does not provide gross revenues and expenses as part of the budget, these expenditures are budgeted in net revenues. This does not align with best budgeting practices for revenues and expenditures and prevents the ability of the Stadium Authority to have transparent or effective appropriation limits

established through the budget process. As a result, the increase in actual expenditures are not and could not have been known until a date significantly past the end of the fiscal year.

## **DISCUSSION**

The attached fourth quarter financial status report provides information covering the Stadium Authority's 2018/19 fiscal year, which runs from April 1, 2018 to March 31, 2019. The report summarizes National Football League ("NFL") and non-NFL event activity at Levi's Stadium and describes the financial impact of these events on the Stadium Authority and City since FY 2014/15. The report also provides the budget to actual revenue and expense summaries for the operating, debt service, and capital funds. Analysis of the financial activity through the fiscal year measures the adherence to the budget and allows the Stadium Authority to monitor and project revenues and expenses. Any significant variances are explained in the report.

### **NFL Event Revenue and Expenses**

Levi's Stadium hosted ten NFL games in the Fiscal Year 2018/19 with a total of 651,237 tickets sold. This resulted in \$8.1 million in NFL ticket surcharge for the Stadium Authority and \$228,000 of Senior and Youth Program Fees for the City. Public safety costs for NFL games totaled \$3.0 million which is 13.7% higher than the prior fiscal year due to increases in negotiated salary and benefits costs for the various agencies providing public safety services as well as City costs for providing the appropriate level of public safety services for each game. All of these costs have been reimbursed to the City. The Tasman lot parking fee also generated \$24,000 for the City's General Fund.

### **Non-NFL Event Revenue and Expenses**

The Stadium Authority held 12 ticketed non-NFL event and 100 special events which are detailed in the report. There were 12 ticketed non-NFL events held in FY 2018/19 with an average net loss to the Stadium Authority of about \$200,000 per event. Out of a total of 12 ticketed non-NFL events, nine non-NFL ticketed events (75%) operated at a loss or generated no revenue for the Stadium Authority. Special Events (such as weddings, corporate events, birthday parties, etc.) generated the largest revenue for the Stadium Authority. For the first time, Attachment 1 details a summary of ticketed non-NFL events revenues and expenditures for each event. Table 1 below summarizes revenue and expenditures for the 12 ticketed events. Before allowing for adjustments, the 12 ticketed events net loss totaled \$2.6 million, with the largest losses occurring in the second half of the fiscal year.

**Table 1 - Summary of Revenue and Expenses for non-NFL Ticketed Events**

In Millions \$

Ticketed Events	Revenue	Expenses	Net
Monster Jam	1.4	1.6	(0.2)
Taylor Swift Tour Day 1	5.1	6.9	(1.8)
Taylor Swift Tour Day 2	10.5	7.8	2.7
Stadium Links	0.1	0.0	0.0
Manchester United vs Earthquakes	1.6	1.9	(0.3)
ICC: Barcelona vs AC Milan	4.4	4.0	0.4
High School Football Series	0.1	0.1	0.0
Jay-Z/Beyonce	8.4	7.9	0.5
SJSU vs Army	0.2	0.4	(0.2)
Pac-12	1.3	4.0	(2.7)
Redbox Bowl	4.6	5.2	(0.6)
Mexico vs Paraguay	3.6	4.1	(0.5)
<b>Events to date</b>	<b>41.3</b>	<b>43.9</b>	<b>(2.6)</b>

When comparing revenues and expenditures by event type (Table 2), college football and soccer events had the largest net revenue loss. The largest change between last fiscal year and FY 2018/19 fiscal year occurred in soccer games with almost a \$3.5 million change year over year. Performance rent is equal to the net Non-NFL revenue less half of the ground rent for the year. Reducing the net Non-NFL revenue by half the ground rent for FY 18-19 results in the General Fund receiving zero performance rent for the year. Because the projected amount of Performance Rent was included within original determinations of fair market rent to the City for the land, the reduction to zero this fiscal year results in a failure to pay adequate value for the use of City land. This is currently one of the issues that will be litigated in the declaratory relief lawsuit that the 49ers have filed against the Stadium Authority.

**Table 2 - Net Revenue for Non-NFL Events by Event Type Comparison (FY 2017/18 to FY 2018/19)**

EVENT TYPE	2017/18			2018/19			Change	
	No. of Events	Net Revenue <sup>(1)</sup>	% of Total Net Revenue	No. of Events	Net Revenue <sup>(1)</sup>	% of Total Net Revenue	No. of Events	Net Revenue <sup>(1)</sup>
<b>Ticketed Events</b>								
Concerts	2	\$ 1,819,099	35%	3	\$ 1,438,848	7739%	1	\$ (380,250)
Sporting events:								
Football (non-NFL)	4	(3,601,827)	-70%	4	(3,437,297)	-18489%	-	164,530
Soccer	3	3,228,754	63%	3	(267,981)	-1441%	-	(3,496,735)
Miscellaneous events	4	76,379	1%	2	(67,502)	-363%	(2)	(143,881)
Subtotal Ticketed Events	13	\$ 1,522,405	29%	12	\$ (2,333,932)	-12554%	(1)	\$ (3,856,337)
Subtotal Remaining Non-NFL Events (weddings, corporate events, etc)	113	\$ 3,640,924	71%	100	\$ 2,352,523	12654%	(13)	\$ (1,288,401)
<b>Total Non-NFL Net Revenue</b>	<b>126</b>	<b>\$ 5,163,329</b>	<b>100%</b>	<b>112</b>	<b>\$ 18,591</b>	<b>100%</b>	<b>(14)</b>	<b>\$ (5,144,738)</b>
<b>Total Performance Rent paid to the General Fund <sup>(2)</sup></b>		<b>\$ 2,439,164</b>			<b>\$ -</b>			<b>\$ (2,439,164)</b>
<b>Average General Fund Revenue per Ticketed Event</b>		<b>\$ 55,322</b>			<b>\$ -</b>			<b>\$ (55,322)</b>

<sup>(1)</sup> Does not include non-NFL ticket surcharge revenue

<sup>(2)</sup> Performance Rent is calculated as 50% of the net revenue from Non-NFL events less performance-based credit of 50% of fixed ground rent.

As summarized in Table 3 below, on an overall basis, revenue totaled \$51.0 million or \$4.2 million lower than FY 2017/18. This drop reflects fewer ticketed and special events, and the corresponding food and beverage and parking revenue associated with those events. Despite fewer events, it is

interesting to note, that overall expenses increased by a net \$959,000. This net expenditure increase was a combination of decreases totaling \$2.1 million in the food and beverage, parking and utilities categories, offset by expenditure increases of \$3.1 million in the operations, miscellaneous, and public safety/security, expenses categories.

The miscellaneous expenses category accounts for rentals, fees and commissions, transportation, marketing and promotion fees, and other expenses. Expenses in this category increased by \$1.6 million. The Operations, Janitorial and Maintenance Expenses category includes guest services, game day staffing, janitorial maintenance, and other stadium operations. This category increased \$836,000. The remaining increase (\$626,000) was related to outside security and public safety costs; the latter of which is discussed in further detail later in this section. Expenditure information was provided by ManagementCo and a detailed review and/or audit of the source documentation was not performed by the Stadium Authority.

**Table 3 - Non-NFL Event Results by Category Comparison (FY 2017/18 to FY 2018/19)**

	2017/18	2018/19	Change	
	YTD Total	YTD Total	Amount	%
<b>REVENUE:</b>				
Seating Bowl	\$ 32,360,072	\$ 32,456,558	\$ 96,486	0.30%
Ticket Master Fees	2,129,559	1,763,357	(366,201)	-17.20%
Suites	940,225	993,706	53,481	5.69%
Food & Beverage	3,764,714	3,096,509	(668,206)	-17.75%
Parking	1,934,508	1,454,646	(479,862)	-24.81%
Sponsorship	496,600	524,800	28,200	5.68%
Merchandise	110,655	186,169	75,515	68.24%
Miscellaneous <sup>(1)</sup>	13,470,342	10,545,558	(2,924,784)	-21.71%
<b>Total Revenue</b>	<b>\$ 55,206,675</b>	<b>\$ 51,021,303</b>	<b>\$ (4,185,372)</b>	<b>-7.58%</b>
<b>EXPENSE:</b>				
Public Safety/Security	\$ 2,930,619	\$ 3,556,963	\$ 626,344	21.37%
Utilities/Solid Waste	215,877	210,090	(5,787)	-2.68%
Parking	1,507,685	1,481,340	(26,344)	-1.75%
Food & Beverage - Ticketed Events	794,029	714,597	(79,431)	-10.00%
Food & Beverage - Special Events	6,985,053	4,955,338	(2,029,715)	-29.06%
Operations/Janitorial/Maintenance	4,665,504	5,501,936	836,432	17.93%
Miscellaneous <sup>(2)</sup>	32,944,580	34,582,448	1,637,867	4.97%
<b>Total Expense</b>	<b>\$ 50,043,346</b>	<b>\$ 51,002,712</b>	<b>\$ 959,366</b>	<b>1.92%</b>
<b>Total Non-NFL Net Revenue</b>	<b>\$ 5,163,329</b>	<b>\$ 18,591</b>	<b>\$ (5,144,738)</b>	<b>-99.64%</b>

<sup>(1)</sup> Includes special event revenue such as corporate events, weddings, holiday parties, etc.

<sup>(2)</sup> Includes rentals, fees & commissions, transportation, marketing, and other expenses

Stadium Builder Licenses ("SBLs") account for 21.5% of the Stadium Authority's annual revenue in FY 2018/19. Annual SBL proceeds amounted to \$26.8 million, 98% of what was budgeted. There is a total of 60,259 currently active SBLs which is 91.5% of the 65,877 total sellable SBL seats. The value of these SBLs amounts to \$532.4 million of which \$442.3 million has already been collected.

The detailed analysis of Stadium Authority budget to actual financials is provided in the attached Financial Status Report. In summary, total operating revenues were \$124.7 million representing 94% of the overall budget for revenues and total operating expenses were \$124.7 million or 94% of the budget. The debt service fund was able to pay down \$42.5 million in debt, bringing total Stadium Authority debt down to \$340.2 million. Lastly, capital expenses amounted to \$1.6 million or 20% of the \$8 million budget

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

### **FISCAL IMPACT**

Costs associated with the regular preparation of this report are included in the Stadium Authority Operating Budget.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

### **RECOMMENDATION**

Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2019.

Reviewed by: Kenn Lee, Treasurer

Approved by: Deanna J. Santana, Executive Director

### **ATTACHMENTS**

1. Ticketed Non-NFL Event Detail Summary
2. SCSA Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2019

Levi's Stadium  
Ticketed Non-NFL Event Detail - Results by Category  
As of March 31, 2019

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# SCSA

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Santa Clara Stadium Authority

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

**Fiscal Year Ending March 31, 2019**



**December 17, 2019**

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## **Introduction**

This Santa Clara Stadium Authority (“Stadium Authority”) Financial Status Report provides information covering the Stadium Authority’s 2018/19 fiscal year which ended on March 31, 2019. Comparative data from prior fiscal years is also included.

In addition to these quarterly reports, the Stadium Authority produces annual financial statements within six months of fiscal year-end. The 2018/19 financial statements were audited by an external audit firm and presented to the Stadium Authority’s Audit Committee on September 10, 2019 and the Stadium Authority Board (“Board”) on September 17, 2019. Once presented to the Stadium Authority Board, the financial statements as well as this report are published on the Stadium Authority’s website.

The Stadium Authority also prepares a detailed budget prior to the beginning of each fiscal year. The FY 2018/19 budget was adopted on March 27, 2018. The proposed FY 2019/20 budget was considered at a study session on March 19, 2019 and adopted by the Board on March 27, 2019.

Stadium Authority finances are 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, including administrative and public safety, to the Forty Niners Stadium Management Company, LLC (“ManagementCo”) or the Stadium Authority are fully reimbursed.

## ***Methodology***

Information provided in this report was based in part on documentation submitted by ManagementCo in August/September 2019. Specifically, NFL and non-NFL event statistics and financial information relating to Stadium Manager expenses are provided by ManagementCo. Stadium Authority staff conducts a review of the information submitted by ManagementCo, however, a detailed review and/or audit of source documentation for this information is not conducted by the Stadium Authority for this report. In addition, information provided by ManagementCo is considered draft and subject to change at any time. Non-financial statistical information was also provided by ManagementCo and, similarly, a detailed review and/or audit of source documentation to verify this information is not conducted by the Stadium Authority because this information is not provided. The Stadium Authority has contracted with JS Held (formerly Hagen, Streiff, Newton, & Oshiro), a forensic accounting firm to review and evaluate non-NFL event financial information from prior years, including source documentation. The ManagementCo significantly delayed meetings to complete the forensic accounting that the Stadium Authority initiated during FY 2018/19 and has not provided all of the documents to provide the Stadium Authority with better information. As such, the information provided reflects the best known and available at the time of the writing of this report.

## NFL Events

This section provides fiscal year to date and comparative data for National Football League (“NFL”) games categorized as pre-season and regular season games.

The San Francisco Forty-Niners (“49ers”) played a total of ten NFL games (two pre-season games and eight regular season games) at Levi’s® Stadium as of March 31, 2019. There was a total of 651,237 tickets sold to these NFL games, an average of 65,124 per game. This is up by 8,048 or 1.3% when compared to the same period in the prior fiscal year. The ticket sales resulted in \$8.1 million in NFL ticket surcharge revenue (10% of ticket sales) to the Stadium Authority. The average NFL ticket surcharge revenue was \$808,000 per game in the current year which is up by \$27,000 or 3.5% from the same period in the prior fiscal year. A total of \$228,000 of Senior and Youth Program Fees, or \$0.35 per NFL ticket sold, were collected through the end of the fourth quarter of the fiscal year. These fees were transferred to the City’s General Fund in support of such programs.

A total of 56,390 cars were parked in the permitted offsite parking lots generating \$317,000 in offsite parking fees. The Tasman lot parking fee generated \$24,000 for the General Fund through the end of the fourth quarter of the fiscal year. The overall number of cars parked in the permitted offsite lots and the Tasman lots went up by 1,482 or 2.5% when compared to the prior fiscal year.

There was \$2.99 million of NFL event public safety costs in the current reporting period which is an increase of \$361,000 or 13.7% when compared to the prior year. This is due to increases in negotiated salary and benefits costs for both City staff and the various agencies providing public safety services. There were also additional costs for providing an enhanced level of public safety services for each game to comply with NFL best practices and consultant recommendations, as well as to provide more neighborhood protection services during and after games. Of the \$2.99 million, NFL event public safety costs of \$2.3 million or 76.4% are direct City costs and \$707,000 or 23.6% are outside agency costs. Of the total NFL event public safety costs \$317,000 were covered by the offsite parking fees and the remaining \$2.7 million were invoiced to the ManagementCo. ManagementCo has paid all NFL public safety costs.

Statistics for the NFL games held at Levi’s® Stadium in FY 2018/19 are shown in Table 1 and comparative data from all five years of operations can be found in Table 2.

Table 1  
**Levi's® Stadium**  
**2018/19 NFL Event Statistics**  
**As of March 31, 2019**

	Game 1 vs Cowboys 08/09/18	Game 2 vs Chargers 08/30/18	Game 3 vs Lions 09/16/18	Game 4 vs Cardinals 10/07/18	Game 5 vs Rams 10/21/18	Game 6 vs Raiders 11/01/18	Game 7 vs Giants 11/12/18	Game 8 vs Broncos 12/09/18	Game 9 vs Seahawks 12/16/18	Game 10 vs Bears 12/23/18	2018/19 YTD Total
No. of Tickets Sold	63,679	60,106	67,055	65,099	63,795	66,562	65,795	65,702	65,118	68,326	651,237
NFL Ticket Surcharge	\$ 568,799	\$ 547,854	\$ 615,682	\$ 587,555	\$ 829,137	\$ 1,683,019	\$ 728,618	\$ 830,940	\$ 827,713	\$ 857,194	\$ 8,076,510
Senior/Youth Program Fees	\$ 22,288	\$ 21,037	\$ 23,469	\$ 22,785	\$ 22,328	\$ 23,297	\$ 23,028	\$ 22,996	\$ 22,791	\$ 23,914	\$ 227,933
Cars Parked at Offsite Lots	5,103	3,028	6,899	5,707	5,415	6,689	5,864	5,610	5,385	6,690	56,390
City Offsite Parking Fee	\$ 28,730	\$ 17,048	\$ 38,841	\$ 32,130	\$ 30,486	\$ 37,659	\$ 33,014	\$ 31,584	\$ 30,318	\$ 37,665	\$ 317,476
Cars Parked on Tasman Lots	456	346	442	468	533	605	534	407	434	504	4,729
City Tasman Lot Parking Fee	\$ 2,280	\$ 1,730	\$ 2,210	\$ 2,340	\$ 2,665	\$ 3,025	\$ 2,670	\$ 2,035	\$ 2,170	\$ 2,520	\$ 23,645
Stadium Public Safety Costs	\$ 271,920	\$ 232,112	\$ 260,389	\$ 279,362	\$ 258,445	\$ 514,307	\$ 286,970	\$ 296,305	\$ 297,092	\$ 297,832	\$ 2,994,735
Less: Offsite Parking Fee Credit	\$ (28,730)	\$ (17,048)	\$ (38,841)	\$ (32,130)	\$ (30,486)	\$ (37,659)	\$ (33,014)	\$ (31,584)	\$ (30,318)	\$ (37,665)	\$ (317,476)
Reimbursable Stadium Public Safety Costs	\$ 243,191	\$ 215,064	\$ 221,547	\$ 247,231	\$ 227,959	\$ 476,648	\$ 253,956	\$ 264,721	\$ 266,775	\$ 260,167	\$ 2,677,259
Amount Reimbursed	\$ 243,191	\$ 215,064	\$ 221,547	\$ 247,231	\$ 227,959	\$ 476,648	\$ 253,956	\$ 264,721	\$ 266,775	\$ 260,167	\$ 2,677,259

Table 2  
**Levi's® Stadium**  
**Historical NFL Event Statistics**

	2014/15 Q4 Total	2015/16 Q4 Total	2016/17 Q4 Total	2017/18 Q4 Total	2018/19 Q4 Total
No. of NFL Events	10	10	10	10	10
No. of Tickets Sold	682,095	669,826	655,891	643,189	651,237
NFL Ticket Surcharge	\$ 8,366,290	\$ 8,273,378	\$ 8,175,462	\$ 7,806,190	\$ 8,076,510
Senior/Youth Program Fees	\$ 238,733	\$ 234,439	\$ 229,562	\$ 225,116	\$ 227,933
Cars Parked at Offsite Lots	90,024	57,166	67,740	54,107	56,390
City Offsite Parking Fee	\$ 442,918	\$ 290,403	\$ 354,958	\$ 293,260	\$ 317,476
Cars Parked on Tasman Lots	4,983	6,876	5,122	5,530	4,729
Cars Parked on Golf Course	23,306	20,090	-	-	-
City Tasman Lot and Golf Course Parking Fee	\$ 141,445	\$ 134,830	\$ 25,610	\$ 27,650	\$ 23,645
Stadium Public Safety Costs	\$ 2,455,404	\$ 2,437,902	\$ 3,084,850	\$ 2,633,295	\$ 2,994,735
Golf Course Public Safety Costs	\$ 180,766	\$ 81,210	\$ -	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ 2,636,170	\$ 2,519,111	\$ 3,084,850	\$ 2,633,295	\$ 2,994,735
Less: Offsite Parking Fee Credit	\$ (442,918)	\$ (290,403)	\$ (354,958)	\$ (293,260)	\$ (317,476)
Reimbursable Stadium Public Safety Costs	\$ 2,193,252	\$ 2,228,708	\$ 2,729,892	\$ 2,340,035	\$ 2,677,259
Amount Reimbursed	\$ 2,193,252	\$ 2,228,708	\$ 2,729,892	\$ 2,340,035	\$ 2,677,259

## Non-NFL Events

This section provides annual and comparative data for Non-NFL Events categorized as events ranging from high school and college football games, international soccer matches, concerts, wedding fairs, and special events. During the current reporting period there were a total of 332,600 tickets sold for the 12 ticketed Non-NFL Events with 360,100 total attendees. One factor that explains the difference between tickets sold and total attendees is the practice of providing free tickets through the non-NFL event agreement terms. The surcharge is received for tickets sold; there is no surcharge revenue on free tickets. This resulted in \$1.3 million Non-NFL Event ticket surcharge revenue (\$4 per ticket sold). This is a decrease in ticket surcharge revenue of \$207,000 or 13.5% less when compared to the same period in the prior year. The reason for the decrease is lower volume of ticket sales to the Non-NFL Events in the current period.

The ManagementCo reports that there were also 100 smaller special events held at Levi's® Stadium which is less than the same period in the prior fiscal year (113). Additionally, they report that the attendance at these events went down from 62,917 in the prior year to 34,036 in the current year, a 46% decrease. The attendance figures are provided by the ManagementCo and cannot be independently confirmed by City staff. Examples of these special events include corporate events of various sizes, weddings, holiday parties, high school dances, etc.

The number of cars parked at the permitted offsite parking lots saw a decrease when compared to the prior year. There were 28,566 cars parked at these offsite lots, a 7% decrease from the previous year. The City received \$159,000 in related offsite parking fees.

As summarized in Table 6, on an overall basis, revenue totaled \$51.0 million or \$4.2 million lower than FY 2017/18. This drop reflects fewer ticketed and special events, and the corresponding food and beverage and parking revenue associated with those events. Despite fewer events, it is interesting to note, that overall expenses increased by a net \$959,000. This net expenditure increase was a combination of decreases totaling \$2.1 million in the food and beverage, parking and utilities categories, offset by expenditure increases of \$3.1 million in the operations, miscellaneous, and public safety/security, expenses categories.

The miscellaneous expenses category accounts for rentals, fees and commissions, transportation, marketing and promotion fees, and other expenses. Expenses in this category increased by \$1.6 million. The Operations, Janitorial and Maintenance Expenses category includes guest services, game day staffing, janitorial maintenance, and other stadium operations. This category increased \$836,000. The remaining increase (\$626,000) was related to outside security and public safety costs; the latter of which is discussed in further detail later in this section. As discussed in the Methodology section of this document, expenditure information was provided by ManagementCo and a detailed review and/or audit of the source documentation was not performed by the Stadium Authority.

Total Non-NFL Event public safety costs were \$2.42 million, an increase of \$402,000 or 20% from the prior year. The main reason for this increase is due to an overall increase in deployment in order to provide the appropriate public services to support events at the Stadium and increases in negotiated salary and benefit costs. As mentioned previously, there were also additional costs for providing enhanced level of public safety services for each event as well as to provide more neighborhood protection services during and after the events. The offsite parking fee for this period is \$159,000, and the Stadium Authority invoiced ManagementCo for the remaining \$2.26 million. There are no outstanding invoices related to Non-NFL events for FY 2018/19.

Statistics for the 12 Non-NFL ticketed events and 100 special events are shown in Table 3 and comparative data from all five years of operations are shown in Table 4.



Table 3  
**Levi's® Stadium**  
**2018/19 Non-NFL Event Statistics**  
**As of March 31, 2019**

	Wedding Fair 04/22/18	Monster Jam 04/28/18	Taylor Swift Concert I 05/11/18	Taylor Swift Concert II 05/12/18	Earthquakes Soccer Match 07/22/18	Champions Cup Soccer Match 08/04/18	High School Football 09/21/18	Concert (Beyonce & Jay-Z) 09/29/18	SJSU vs Army Football 10/13/18	Pac-12 Football 11/30/18	Redbox Bowl 12/31/18	Mexico vs. Paraguay 03/26/19	2018/19 Special Events	2018/19 YTD Total
No. of Scanned Attendees <sup>(1)</sup>		37,294	49,802	52,074	29,342	44,922	3,701	48,806		24,023	22,587	47,549	-	360,100
No. of Tickets Sold	473	35,302	29,333	50,503	22,281	43,393	3,802	47,235	4,005	24,530	29,484	42,259	-	332,600
Non-NFL Ticket Surcharge	\$ 1,892	\$ 141,208	\$ 117,332	\$ 202,012	\$ 89,124	\$ 173,572	\$ 15,208	\$ 188,940	\$ 16,020	\$ 98,120	\$ 117,936	\$ 169,036	\$ -	\$ 1,330,400
No. of Non-NFL Special Events													100	100
Non-NFL Special Event Attendees													34,036	34,036
Cars Parked at Offsite Lots	-	3,719	2,196	4,580	2,698	4,641	-	4,504	58	1,787	1,858	2,525	-	28,566
City Offsite Parking Fee	\$ -	\$ 20,157	\$ 11,902	\$ 24,824	\$ 15,190	\$ 26,129	\$ -	\$ 25,358	\$ 327	\$ 10,061	\$ 10,461	\$ 14,216	\$ -	\$ 158,623
Stadium Public Safety Costs	\$ -	\$ 212,971	\$ 245,196	\$ 239,864	\$ 191,559	\$ 209,251	\$ 8,007	\$ 240,517	\$ 34,004	\$ 236,701	\$ 338,123	\$ 407,624	\$ 58,098	\$ 2,421,914
Less: Offsite Parking Fee Credit	\$ -	\$ (20,157)	\$ (11,902)	\$ (24,824)	\$ (15,190)	\$ (26,129)	\$ -	\$ (25,358)	\$ (327)	\$ (10,061)	\$ (10,461)	\$ (14,216)	\$ -	\$ (158,623)
Reimbursable Public Safety Costs	\$ -	\$ 192,814	\$ 233,293	\$ 215,040	\$ 176,370	\$ 183,122	\$ 8,007	\$ 215,159	\$ 33,677	\$ 226,640	\$ 327,662	\$ 393,408	\$ 58,098	\$ 2,263,291
Amount Reimbursed	\$ -	\$ 192,814	\$ 233,293	\$ 215,040	\$ 176,370	\$ 183,122	\$ 8,007	\$ 215,159	\$ 33,677	\$ 226,640	\$ 327,662	\$ 393,408	\$ 58,098	\$ 2,263,291

<sup>(1)</sup> The number of scanned attendees was not provided by ManagementCo for the Wedding Fair that was held on April 22, 2018 nor the San Jose State College Football game held on October 13, 2018. It is also important to note that the difference between tickets sold and scanned attendees is not a clear indicator of how many tickets were given away because some tickets are never used (i.e. some individuals with tickets do not show up to the event).



Table 4  
**Levi's® Stadium**  
**Historical Non-NFL Event Statistics**

	2014/15 Q4 Total	2015/16 Q4 Total	2016/17 Q4 Total	2017/18 Q4 Total	2018/19 Q4 Total
No. of non-NFL Ticketed Events	9	17	18	13	12
No. of Tickets Sold	377,312	629,004	582,349	384,282	332,600
Non-NFL Ticket Surcharge	\$ 1,431,540	\$ 2,477,084	\$ 2,329,396	\$ 1,537,128	\$ 1,330,400
No. of Non-NFL Special Events	186	207	127	113	100
Non-NFL Special Event Attendees	62,357	105,997	49,151	62,917	34,036
Cars Parked at Offsite Lots	26,156	55,720	60,969	30,734	28,566
City Offsite Parking Fee	\$ 128,688	\$ 278,704	\$ 313,979	\$ 165,149	\$ 158,623
Cars Parked on Golf Course	12,004	20,661	9,562	-	-
City Golf Course Parking Fee	\$ 60,020	\$ 103,305	\$ 47,810	\$ -	\$ -
Stadium Public Safety Costs	\$ 1,782,821	\$ 3,083,668	\$ 3,207,507	\$ 2,020,343	\$ 2,421,914
Golf Course Public Safety Costs	\$ 76,462	\$ 119,842	\$ 39,905	\$ -	\$ -
Subtotal Event Public Safety Costs	\$ 1,859,283	\$ 3,203,510	\$ 3,247,412	\$ 2,020,343	\$ 2,421,914
Less: Offsite Parking Fee Credit	\$ (128,688)	\$ (278,704)	\$ (313,979)	\$ (165,149)	\$ (158,623)
Reimbursable Public Safety Costs	\$ 1,730,595	\$ 2,924,805	\$ 2,933,433	\$ 1,855,194	\$ 2,263,291
Amount Reimbursed	\$ 1,730,595	\$ 2,924,805	\$ 2,933,433	\$ 1,855,194	\$ 2,263,291

Table 5 summarizes ticketed Non-NFL Events revenue and expenditures by event. This table shows that nine of the twelve events operated at a loss or did not make any money. Table 6 and Table 7 show non-NFL net revenue by event type and event revenue and expenses by category. The Board has expressed an interest in seeing this detailed information on an annual basis. The inclusion of this information is to provide a greater level of transparency and provide the overall financial results of the non-NFL events.

Table 5

**2018/19 Ticketed Non-NFL Events Revenue and Expenditure Summary**

In Millions \$

<b>Ticketed Events</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Net</b>
Monster Jam	1.4	1.6	(0.2)
Taylor Swift Tour Day 1	5.1	6.9	(1.8)
Taylor Swift Tour Day 2	10.5	7.8	2.7
Stadium Links	0.1	0.0	0.0
Manchester United vs Earthquakes	1.6	1.9	(0.3)
ICC: Barcelona vs AC Milan	4.4	4.0	0.4
High School Football Series	0.1	0.1	0.0
Jay-Z/Beyonce	8.4	7.9	0.5
SJSU vs Army	0.2	0.4	(0.2)
Pac-12	1.3	4.0	(2.7)
Redbox Bowl	4.6	5.2	(0.6)
Mexico vs Paraguay	3.6	4.1	(0.5)
<b>Events to date</b>	<b>41.3</b>	<b>43.9</b>	<b>(2.6)</b>

***There were 12 ticketed non-NFL events held in FY 2018/19 with an average net loss to the Stadium Authority of about \$200,000 per event. Out of a total of 12 ticketed non-NFL events, 9 non-NFL ticketed events (75%) were money losing events or generated no revenue for the Stadium Authority.*** Based on the analysis shown in the following tables, Special Events (such as weddings, corporate events, birthday parties, etc.) generate the largest revenue for the Stadium Authority. However, the non-NFL football events (college and high school) and soccer games this year generated substantial losses to the Stadium Authority which, in FY 2018/19, resulted in no Performance Rent that is paid to the City's General Fund.

Section 3.2.1 of the Management Agreement describes the marketing and booking duties and responsibilities of the Stadium Manager as follows:

*Subject to all limitations and exclusions contemplated by the Major Contracts, and consistent with any guidelines as may be adopted from time to time in the Marketing Plan, use commercially reasonable efforts to market, promote, schedule and book Non-NFL Events and other activities at the Stadium in accordance with the Scheduling Procedures;*

*and negotiate, execute, and perform all contracts, use agreements, licenses and other agreements...*

As we move forward it is prudent that the Board be provided a complete Marketing Plan that will provide them with the ability to provide input on the type of Non-NFL events that are being booked and reject those that they do not feel are in the best interest of the Stadium Authority, City, and the surrounding community as a whole. As the Board will recall in early 2019, the ManagementCo was unable to provide a Marketing Plan that could be approved by the Stadium Authority Board and that responded to the Stadium Authority's commercially reasonable questions about the ManagementCo proposed business practices. The ManagementCo's lack of a strong marketing plan that outlines commercially reasonable strategies for generating revenue is a reflection of a poor business practice and contributes to the current fiscal activity.

Table 6  
**Levi's Stadium**  
**Net Revenue for Non-NFL Events**  
**by Event Type**  
**As of March 31, 2019**

EVENT TYPE	2017/18			2018/19			Change	
	No. of Events	Net Revenue <sup>(1)</sup>	% of Total Net Revenue	No. of Events	Net Revenue <sup>(1)</sup>	% of Total Net Revenue	No. of Events	Net Revenue <sup>(1)</sup>
<b>Ticketed Events</b>								
Concerts	2	\$ 1,819,099	35%	3	\$ 1,438,848	7739%	1	\$ (380,250)
Sporting events:								
Football (non-NFL)	4	(3,601,827)	-70%	4	(3,437,297)	-18489%	-	164,530
Soccer	3	3,228,754	63%	3	(267,981)	-1441%	-	(3,496,735)
Miscellaneous events	4	76,379	1%	2	(67,502)	-363%	(2)	(143,881)
Subtotal Ticketed Events	13	\$ 1,522,405	29%	12	\$ (2,333,932)	-12554%	(1)	\$ (3,856,337)
Subtotal Remaining Non-NFL Events (weddings, corporate events, etc.)	113	\$ 3,640,924	71%	100	\$ 2,352,523	12654%	(13)	\$ (1,288,401)
<b>Total Non-NFL Net Revenue</b>	<b>126</b>	<b>\$ 5,163,329</b>	<b>100%</b>	<b>112</b>	<b>\$ 18,591</b>	<b>100%</b>	<b>(14)</b>	<b>\$ (5,144,738)</b>
<b>Total Performance Rent paid to the General Fund<sup>(2)</sup></b>		<b>\$ 2,439,164</b>			<b>\$ -</b>			<b>\$ (2,439,164)</b>
<b>Average General Fund Revenue per Ticketed Event</b>		<b>\$ 55,322</b>			<b>\$ -</b>			<b>\$ (55,322)</b>

<sup>(1)</sup> Does not include non-NFL ticket surcharge revenue

<sup>(2)</sup> Performance Rent is calculated as 50% of the net revenue from Non-NFL events less performance-based credit of 50% of fixed ground rent.

Table 7  
**Levi's Stadium**  
**Non-NFL Event Results by Category**  
**As of March 31, 2019**

	2017/18	2018/19	Change	
	YTD Total	YTD Total	Amount	%
<b>REVENUE:</b>				
Seating Bowl	\$ 32,360,072	\$ 32,456,558	\$ 96,486	0.30%
Ticket Master Fees	2,129,559	1,763,357	(366,201)	-17.20%
Suites	940,225	993,706	53,481	5.69%
Food & Beverage	3,764,714	3,096,509	(668,206)	-17.75%
Parking	1,934,508	1,454,646	(479,862)	-24.81%
Sponsorship	496,600	524,800	28,200	5.68%
Merchandise	110,655	186,169	75,515	68.24%
Miscellaneous <sup>(1)</sup>	13,470,342	10,545,558	(2,924,784)	-21.71%
<b>Total Revenue</b>	<b>\$ 55,206,675</b>	<b>\$ 51,021,303</b>	<b>\$ (4,185,372)</b>	<b>-7.58%</b>
<b>EXPENSE:</b>				
Public Safety/Security	\$ 2,930,619	\$ 3,556,963	\$ 626,344	21.37%
Utilities/Solid Waste	215,877	210,090	(5,787)	-2.68%
Parking	1,507,685	1,481,340	(26,344)	-1.75%
Food & Beverage - Ticketed Events	794,029	714,597	(79,431)	-10.00%
Food & Beverage - Special Events	6,985,053	4,955,338	(2,029,715)	-29.06%
Operations/Janitorial/Maintenance	4,665,504	5,501,936	836,432	17.93%
Miscellaneous <sup>(2)</sup>	32,944,580	34,582,448	1,637,867	4.97%
<b>Total Expense</b>	<b>\$ 50,043,346</b>	<b>\$ 51,002,712</b>	<b>\$ 959,366</b>	<b>1.92%</b>
<b>Total Non-NFL Net Revenue</b>	<b>\$ 5,163,329</b>	<b>\$ 18,591</b>	<b>\$ (5,144,738)</b>	<b>-99.64%</b>

<sup>(1)</sup> Includes special event revenue such as corporate events, weddings, holiday parties, etc.

<sup>(2)</sup> Includes rentals, fees & commissions, transportation, marketing, and other expenses

## Discretionary Fund

The Discretionary Fund is funded by revenue equal to 50% of the Non-NFL Ticket Surcharge of \$4 per event. The 12 ticketed Non-NFL Events contributed \$796,000 to the Discretionary Fund in the reporting period, and \$101,000 was spent on various contractual service agreements. Table 8 shows the revenues and expenses in the discretionary fund since FY 2014/15. The current balance is \$1.96 million.

Table 8

Discretionary Fund - Accrual Basis				
Fiscal Year	Beginning Balance	Revenue	Expenses	Ending Balance
2014/15	\$ -	\$ 715,770	\$ 714,028	\$ 1,742
2015/16	1,742	1,238,542	699,129	541,155
2016/17	541,155	1,164,698	1,209,342	496,511
2017/18	496,511	768,564	-	1,265,075
2018/19	1,265,075	796,294	101,267	1,960,102

## **Stadium Builder Licenses**

The total principal value of currently active Stadium Builder Licenses (“SBLs”) is \$532.4 million and, as of March 31, 2019, 83.1% of the total principal value of all SBLs sold (i.e., \$442.3 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 majority of SBL holders make their payments on time. For those that do not pay on time, SBL service staff, working for ManagementCo 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 is a total of 60,259 currently active SBLs, or 91.4% of the 65,877 total sellable SBL seats. This is down by 208 from the total active SBLs at the end of the prior fiscal year (March 31, 2018). The main reason for the reduction is due to defaulted SBLs. The defaulted SBLs were offset by (1) the sale of new SBLs and (2) the net increase related to the customer seat relocation program. The customer seat relocation program allows customers to trade in their SBLs in return for others in a different location as long as the total face value of the new seats is equal to or greater than the original seats.

During the year ended March 31, 2019, 648 SBLs were sold for a total face value of \$4.2 million. The customer seat relocation program resulted in an increase of \$1.8 million to the SBL face value, while netting 195 more SBLs. There were also 1,050 SBLs defaulted during the year with a total face value of \$6.5 million.

Additional details regarding currently active SBLs are noted in Table 9.

Table 9  
**Santa Clara Stadium Authority**  
**Currently Active Stadium Builder License (SBL) Summary<sup>(1)</sup>**

Through March 31, 2019											
Seat Value	SBL Seats Available	SBL Seats Sold as of 3/31/18	New SBL Sales	Net SBL Relocations	SBL Defaults	Other <sup>(2)</sup>	SBL Seats Sold	SBL Value	SBL Collected	% SBL Principal Collected	
141,392	98	98	-	2	-	-	100	\$ 14,139,182	\$ 11,758,137	83.2%	
80,000	938	928	6	2	(6)	-	930	74,400,000	63,804,879	85.8%	
40,000	2	2	-	-	-	-	2	80,000	61,976	77.5%	
30,000	4,869	4,596	18	(17)	(43)	-	4,554	136,620,000	117,578,705	86.1%	
20,000	3,397	2,973	7	21	(36)	-	2,965	59,300,000	49,915,240	84.2%	
15,000	7	7	-	-	-	-	7	105,000	63,735	60.7%	
12,000	2,167	2,103	37	(6)	(16)	-	2,118	25,416,000	21,318,769	83.9%	
10,000	7	8	-	-	-	(1)	7	70,000	56,514	80.7%	
6,000	20,623	20,177	247	339	(322)	-	20,441	122,646,000	96,466,607	78.7%	
5,000	14,301	13,292	148	(73)	(203)	-	13,164	65,820,000	53,259,955	80.9%	
4,000	917	913	1	(1)	-	-	913	3,652,000	3,227,601	88.4%	
3,000	94	96	-	-	(2)	-	94	282,000	211,782	75.1%	
2,500	45	46	-	-	(1)	-	45	112,500	88,494	78.7%	
2,000	18,373	15,186	184	(71)	(418)	-	14,881	29,762,000	24,424,504	82.1%	
1,000	39	42	-	(1)	(3)	-	38	38,000	29,609	77.9%	
<b>Total</b>	<b>65,877</b>	<b>60,467</b>	<b>648</b>	<b>195</b>	<b>(1,050)</b>	<b>(1)</b>	<b>60,259</b>	<b>\$ 532,442,682</b>	<b>\$ 442,266,507</b>	<b>83.1%</b>	
<b>Plus: Interest on financed SBLs</b>									<b>51,235,623</b>		
<b>Total Principal &amp; Interest</b>									<b>\$ 493,502,130</b>		

<sup>(1)</sup> This table does not include \$20.2 million that has been collected life-to-date from defaulted SBL holders.

<sup>(2)</sup> This change was the result of a SBL system reconciliation in the current year.



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

### ***Operating Budget***

With Fiscal Year 2018/19 complete, total operating revenues for the current reporting period were \$124.7 million, representing 94% of the overall budget for revenues. Stadium rent earned from StadCo totaled \$25.8 million. During the year, the Stadium Authority also collected \$26.8 million in SBL proceeds or 102% of budget. All SBL proceeds are transferred to the debt service fund per applicable loan agreements. The Non-NFL Event ticket surcharge amounted to \$1.6 million or 88% of the budget.

Total operating expenses were \$124.7 million, or 94% of the annual budget. The shared stadium manager expenses were at 94% or \$10.5 million of the \$11.2 million budgeted amount and SBL Sales & Service expenses were 76% of the budget or \$1.8 million. The Stadium Authority pays for all utility costs from February 1<sup>st</sup> through July 31<sup>st</sup> and the tenant (StadCo) pays for utility costs from August 1<sup>st</sup> through January 31<sup>st</sup> (Tenant Season). Utility costs are 96% of the budget for the year, or \$1.5 million. Transfers-out amounted to \$56.5 million. Lastly, Stadium Authority G&A costs were \$1,557,000 or 92% of the budget.

Overall, the Stadium Authority operating fund ended the year with a fund balance of \$22.7 million, which is substantially the same as the previous year. Total revenues and expenses finished the year at 91% of budget. Included in the fund balance amount is a \$11.26 million operating reserve and \$1.96 million in the discretionary fund. The remaining unrestricted portion could be used for other purposes including paying down additional debt for the facility. Recommendations on the use of these funds will be included in the FY 2020/21 Proposed Stadium Authority Budget.

Additional details are shown in Table 10.

Table 10  
**Santa Clara Stadium Authority**  
**Operating Budget Status Report**  
For the Period Ending March 31, 2019 and 2018

Period Ending March 31, 2019										Period Ending March 31, 2018			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Received		Final Budget	YTD Actuals	Budget to Actual Difference	% Received
Resources													
Revenues													
NFL Ticket Surcharge	\$ 8,031,000	\$ -	\$ 1,732,335	\$ 6,344,175	\$ -	\$ 8,076,510	\$ (45,510)	101%	\$ 8,258,000	\$ 7,806,190	\$ 451,810	95%	
SBL Proceeds	27,214,000	7,395,026	1,699,686	316,223	17,340,039	26,750,973	463,027	98%	31,756,000	31,738,451	17,549	100%	
Interest	794,000	165,737	220,492	255,399	360,012	1,001,640	(207,640)	126%	280,000	522,996	(242,996)	187%	
Non-NFL Event Revenue	62,147,000	-	-	-	50,856,562	50,856,562	11,290,438	82%	-	-	-	N/A	
Net Revenues from Non-NFL Events	-	-	-	-	-	-	-	N/A	10,768,135	10,480,223	287,912	97%	
Naming Rights	6,558,000	-	-	3,230,211	3,327,117	6,557,327	673	100%	6,366,000	6,366,337	(337)	100%	
Sponsorship Revenue (STR)	545,000	143,453	81,250	81,250	81,250	387,203	157,797	71%	406,000	456,379	(50,379)	112%	
Rent	25,810,000	6,125,001	7,303,999	6,190,500	6,190,502	25,810,002	(2)	100%	24,500,000	23,375,000	1,125,000	95%	
Senior & Youth Program Fees	230,000	-	66,794	161,139	-	227,933	2,067	99%	231,000	225,116	5,884	97%	
Non-NFL Event Ticket Surcharge	1,800,000	460,552	466,844	233,968	431,224	1,592,588	207,412	88%	2,000,000	1,537,128	462,872	77%	
Bay Area Host Committee Reimbursement	1,400,000	-	107,325	63,011	996,548	1,166,884	233,116	N/A	-	-	-	N/A	
Other Revenue	2,281,000	-	1,686	-	2,280,218	2,281,903	(903)	N/A	-	-	-	N/A	
Revenues Subtotal	\$ 136,810,000	\$ 14,289,768	\$ 11,680,411	\$ 16,875,875	\$ 81,863,471	\$ 124,709,525	\$ 12,100,475	91%	\$ 84,565,135	\$ 82,507,820	\$ 2,057,315	98%	
Net Transfers	-	-	-	-	-	-	-	N/A	(58,517,000)	(57,795,817)	-	99%	
Total Resources	\$ 136,810,000	\$ 14,289,768	\$ 11,680,411	\$ 16,875,875	\$ 81,863,471	\$ 124,709,525	\$ 12,100,475	91%	\$ 26,048,135	\$ 24,712,003	\$ 2,057,315	95%	
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Used		Final Budget	YTD Actuals	Budget to Actual Difference	% Used
Expenses													
Shared Stadium Manager Expenses													
Stadium Operations	\$ 3,721,000	\$ 930,294	\$ 933,201	\$ 930,294	\$ 865,925	\$ 3,659,714	\$ 61,286	98%	\$ 3,613,000	\$ 3,072,360	\$ 540,640	85%	
Engineering	1,835,000	458,681	458,681	458,681	623,532	1,999,576	(164,576)	109%	1,636,000	2,063,747	(427,747)	126%	
Guest Services	813,000	203,248	203,248	203,248	(48,103)	561,641	251,359	69%	848,000	447,248	400,752	53%	
Groundskeeping	164,000	40,892	40,892	40,892	31,426	154,101	9,899	94%	246,000	165,709	80,291	67%	
Security	1,543,000	385,778	385,778	385,778	(98,858)	1,058,475	484,525	69%	1,498,000	1,292,455	205,545	86%	
Insurance	2,871,000	717,513	717,512	717,513	717,509	2,870,047	953	100%	2,787,000	2,786,749	251	100%	
Stadium Management Fee	226,000	-	-	-	225,102	225,102	898	100%	219,000	219,165	(165)	100%	
Shared Stadium Mngr Exps Subtotal	\$ 11,173,000	\$ 2,736,406	\$ 2,739,312	\$ 2,736,406	\$ 2,316,533	\$ 10,528,656	\$ 644,344	94%	\$ 10,847,000	\$ 10,047,433	\$ 799,567	93%	
Other Operating Expenses													
SBL Sales and Service	\$ 2,324,000	\$ 581,000	\$ 594,912	\$ 581,000	\$ 14,395	\$ 1,771,307	\$ 552,693	76%	\$ 2,095,000	\$ 1,449,213	\$ 645,787	69%	
Senior & Youth Fees (paid to City)	230,000	-	66,794	161,139	-	227,933	2,067	99%	231,000	225,116	5,884	97%	
Non-NFL Event Expense	56,519,000	-	-	-	50,837,971	50,837,971	5,681,029	90%	-	-	-	N/A	
Ground Rent (paid to City)	320,000	-	320,000	-	-	320,000	-	100%	285,000	285,000	-	100%	
Performance Rent (paid to City)	2,654,000	-	-	-	-	-	2,654,000	0%	5,116,568	4,972,611	143,957	97%	
Discretionary Fund Expense	990,000	8,486	39,699	41,218	11,865	101,267	888,733	10%	2,230,000	1,209,342	1,020,658	54%	
Utilities	1,506,000	787,500	262,500	-	394,485	1,444,485	61,515	96%	1,434,000	937,978	496,022	65%	
Use of StadCo Tenant Improvements	236,000	463	-	-	255,800	256,263	(20,263)	109%	245,000	237,120	7,880	97%	
Stadium Authority G&A	1,685,000	311,701	394,695	238,224	611,959	1,556,580	128,420	92%	3,395,000	3,025,782	369,218	89%	
College Football Playoff Expense	1,400,000	-	107,325	63,011	996,548	1,166,884	233,116	N/A	-	-	-	N/A	
Other Expenses	105,000	-	-	-	(33,900)	(33,900)	138,900	-32%	76,000	96,602	(20,602)	127%	
Transfers Out	57,340,000	7,372,926	3,477,965	9,349,130	36,329,563	56,529,584	810,416	99%	-	-	-	N/A	
Contribution to Operating Reserve	328,000	-	-	-	-	-	328,000	0%	-	-	-	N/A	
Other Operating Expenses Subtotal	\$ 125,637,000	\$ 9,062,076	\$ 5,263,890	\$ 10,433,722	\$ 89,418,687	\$ 114,178,374	\$ 11,458,626	91%	\$ 15,107,568	\$ 12,438,764	\$ 2,668,804	82%	
Total Expenses	\$ 136,810,000	\$ 11,798,481	\$ 8,003,202	\$ 13,170,127	\$ 91,735,220	\$ 124,707,031	\$ 12,102,969	91%	\$ 25,954,568	\$ 22,486,197	\$ 3,468,371	87%	
Operating Reserve	\$ 11,255,088					\$ 11,255,088			\$ 10,927,270	\$ 10,609,000			
Discretionary Fund	\$ 1,086,407					\$ 1,960,102			\$ 624,677	\$ 1,265,075			

### ***Debt Service Budget***

The Stadium Authority's FY2018/19 debt service revenue budget of \$3.8 million represents anticipated contributions from the Community Facilities District (CFD). During the current fiscal year \$3.8 million was contributed by the CFD. Transfers-in from the operating fund amounted to \$53.2 million or 98% of the budget.

Total Stadium Authority debt service expenses were \$61 million, 98% of the budgeted amount. The debt service expenses for the CFD Advance, the Term A Loan, and the StadCo Subordinated Loan were \$3.5 million, \$26 million, and \$31.5 million, respectively. The Stadium Authority debt service fund ended the year with a fund balance of \$25.6 million which includes \$11.5 million in the debt service reserve account. The remaining \$14 million is reserved for future debt payments.

As of March 31, 2019, the total outstanding amount of Stadium Authority debt had declined to \$340.2 million. This is a reduction in principal of \$42.5 million from the March 31, 2018 outstanding debt amount of \$382.7 million.

Additional details are shown in Tables 11 and 12 and Chart 1.

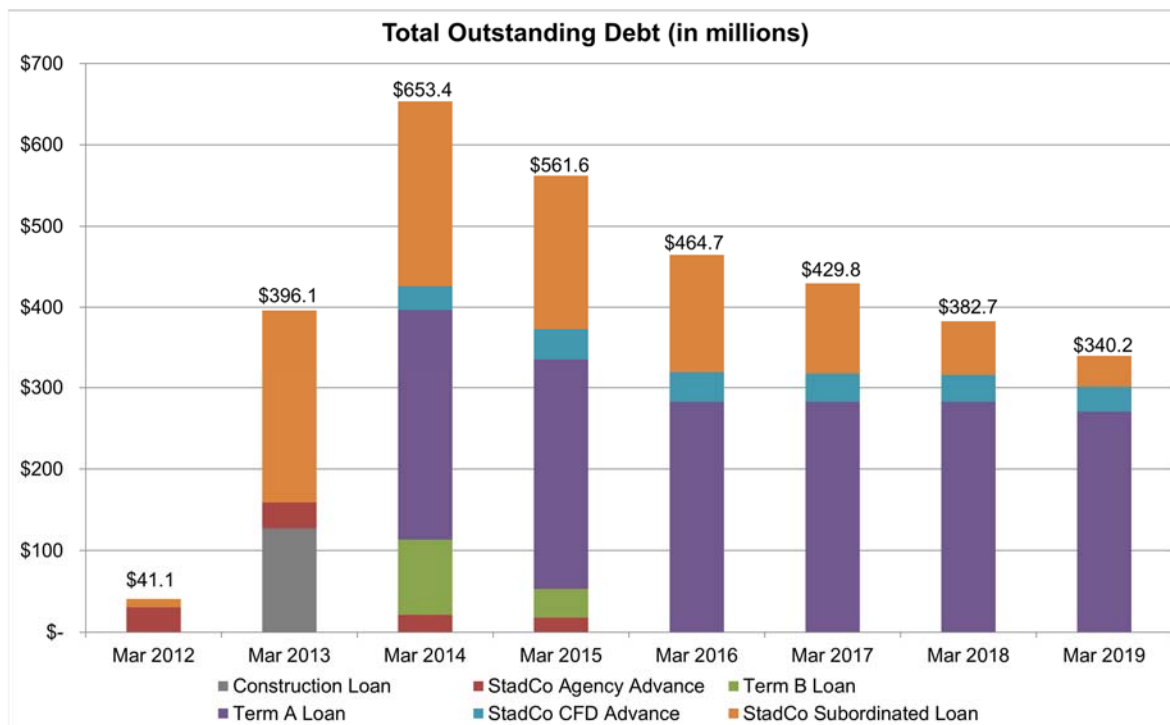
Table 11  
**Santa Clara Stadium Authority**  
**Debt Service Budget Status Report**  
For the Period Ending March 31, 2019 and 2018

	Period Ending March 31, 2019								Period Ending March 31, 2018			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
<b>Resources</b>												
<b>Revenues</b>												
Contribution from CFD	\$ 3,800,000	\$ 984,180	\$ 959,320	\$ 886,110	\$ 950,270	\$ 3,779,881	\$ 20,119	99%	\$ 4,500,000	\$ 4,399,224	\$ 100,776	98%
<b>Revenues Subtotal</b>	<b>\$ 3,800,000</b>	<b>\$ 984,180</b>	<b>\$ 959,320</b>	<b>\$ 886,110</b>	<b>\$ 950,270</b>	<b>\$ 3,779,881</b>	<b>\$ 20,119</b>	<b>99%</b>	<b>\$ 4,500,000</b>	<b>\$ 4,399,224</b>	<b>\$ 100,776</b>	<b>98%</b>
Transfers In from Operating	53,963,000	7,372,926	3,477,965	9,349,130	32,953,036	53,153,057	809,943	98%	55,239,000	54,517,636	721,364	99%
Contribution from Fund Balance	4,653,000	13,825,931	801,467	(5,112,402)	(5,420,700)	4,094,296	558,704	88%		16,588,392	(16,588,392)	N/A
<b>Total Resources</b>	<b>\$ 62,416,000</b>	<b>\$ 22,183,036</b>	<b>\$ 5,238,753</b>	<b>\$ 5,122,838</b>	<b>\$ 28,482,607</b>	<b>\$ 61,027,234</b>	<b>\$ 830,062</b>	<b>98%</b>	<b>\$ 59,739,000</b>	<b>\$ 75,505,252</b>	<b>\$ (15,766,252)</b>	<b>126%</b>
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
<b>Expenses</b>												
CFD Advance	\$ 3,800,000	\$ 878,861	\$ 1,000,671	\$ 884,757	\$ 742,010	\$ 3,506,299	\$ 293,701	92%	\$ 3,860,000	\$ 3,722,535	\$ 137,465	96%
Term A Loan	26,702,000	15,908,172	3,378,330	3,378,330	3,378,330	26,043,162	658,838	98%	21,210,000	21,209,558	442	100%
StadCo Subordinated Loan	31,914,000	5,396,004	859,751	859,751	24,362,267	31,477,772	436,228	99%	51,500,000	50,573,159	926,841	98%
<b>Total Expenses</b>	<b>\$ 62,416,000</b>	<b>\$ 22,183,036</b>	<b>\$ 5,238,753</b>	<b>\$ 5,122,838</b>	<b>\$ 28,482,607</b>	<b>\$ 61,027,234</b>	<b>\$ 1,388,766</b>	<b>98%</b>	<b>\$ 76,570,000</b>	<b>\$ 75,505,252</b>	<b>\$ 1,064,748</b>	<b>99%</b>
Debt Service Reserve	\$ 11,536,235					\$ 11,536,235			\$ 11,536,235	\$ 11,536,235		
Fund Balance						\$ 14,078,363				\$ 18,172,658		

Table 12  
**Santa Clara Stadium Authority**  
**Debt Summary Report**  
For the Period Ending March 31, 2019

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2018	Net Change	Outstanding as of March 31, 2019
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 282,794,108	\$ (12,527,696)	\$ 270,266,412
StadCo CFD Advance	5.73%	32,834,885	(1,908,907)	30,925,978
StadCo Subordinated Loan	5.50%	67,032,627	(28,007,794)	39,024,833
<b>Total</b>		<b>\$ 382,661,620</b>	<b>\$ (42,444,397)</b>	<b>\$ 340,217,223</b>

Chart 1



### ***Capital Improvement Project Budget***

As part of the Capital Expense (“CapEx”) Plan, the following projects have been completed as of the current reporting period:

- Fire Sprinkler System
- Terrazzo Floor Restoration
- CAD Replacement
- Stadium Field Conduits
- Hot Water Additions for Sump Pump

The following CapEx projects are currently in progress:

- Concessions Cart Cabling
- Service Tunnel Epoxy Coating
- Command Post Dispatch
- Security Access Control System
- Stadium Security Cameras

A total of \$1.6 million has been spent in FY 2018/19, which amounts to 20% of the budget. The main reasons that this is below budget are (1) there has been little activity on warranty work which makes up 20% of the CIP Budget, and (2) a number of projects are behind schedule due to the ManagementCo not following State procurement and prevailing wage laws so projects had to be halted. These asset management needs will need to be carried over into the next fiscal year. During this reporting period, the ManagementCo has not demonstrated its ability to award contracts in compliance with state laws.

Additional details are shown below in Table 13.

Table 13

# Santa Clara Stadium Authority

## CIP Budget Status Report

For the Period Ending March 31, 2019 and 2018

	Period Ending March 31, 2019								Period Ending March 31, 2018			
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Received	Final Budget	YTD Actuals	Budget to Actual Difference	% Received
<b>Beginning Balances</b>	\$ 12,358,833	\$ 12,718,700	\$ 12,371,543	\$ 11,750,011	\$ 11,440,978	\$ 12,718,700	\$ (359,867)		\$ 8,528,701	\$ 8,887,218		
<b>Resources</b>												
Transfers In from Operating Budget	3,377,000	-	-	-	3,376,527	3,376,527	473	99.99%	3,278,000	3,278,181	(181)	100%
Transfers from Stadium Development	-	-	-	-	-	-	-	N/A	1,851,000	1,851,000	-	100%
<b>Total Resources</b>	<b>\$ 15,735,833</b>	<b>\$ 12,718,700</b>	<b>\$ 12,371,543</b>	<b>\$ 11,750,011</b>	<b>\$ 14,817,505</b>	<b>\$ 16,095,227</b>	<b>\$ (359,394)</b>	<b>102%</b>	<b>\$ 13,657,701</b>	<b>\$ 14,016,399</b>	<b>\$ (181)</b>	<b>103%</b>
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YTD Actuals	Budget to Actual Difference	% Used	Final Budget	YTD Actuals	Budget to Actual Difference	% Used
<b>Expenses</b>												
Construction	4,875,415	278,907	570,062	246,957	282,324	1,378,251	3,497,164	28%	1,766,517	1,036,285	730,232	59%
Equipment	1,210,000	65,000	17,700	23,076	18,955	124,732	1,085,268	10%	1,022,000	11,385	1,010,615	1%
Contingency	296,546	3,250	-	-	-	3,250	293,296	1%	122,000	-	122,000	0%
Stadium Warranty Related Construction	1,600,971	-	33,769	39,000	-	72,769	1,528,202	5%	1,851,000	250,029	1,600,971	14%
<b>Total Expenses</b>	<b>\$ 7,982,932</b>	<b>\$ 347,157</b>	<b>\$ 621,531</b>	<b>\$ 309,033</b>	<b>\$ 301,279</b>	<b>\$ 1,579,002</b>	<b>\$ 6,403,930</b>	<b>20%</b>	<b>\$ 4,761,517</b>	<b>\$ 1,297,699</b>	<b>\$ 3,463,818</b>	<b>27%</b>
<b>Ending Balances</b>	<b>\$ 7,752,901</b>	<b>\$ 12,371,543</b>	<b>\$ 11,750,011</b>	<b>\$ 11,440,978</b>	<b>\$ 14,516,225</b>	<b>\$ 14,516,225</b>			<b>\$ 8,896,184</b>	<b>\$ 12,718,700</b>		



## City of Santa Clara Net General Fund Impact

During the current reporting period there was a total of \$1.2 million contributed to the General Fund as shown in Table 14. This section of the report also provides information on General Fund revenue and expenditure impacts resulting from the Stadium. Performance Rent is zero because it is calculated at the end of the fiscal year when the Non-NFL Event revenue and expenses have been finalized and provided to Stadium Authority staff by ManagementCo. As previously communicated, staff believes this is in violation of Measure J which assured voters that net revenues would be equal to or greater than market rent. See page 12 for additional information regarding the Net Non-NFL Event Revenue.

Table 14

### City of Santa Clara Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending March 31, 2019

Ground Rent	\$	320,000
Performance Rent		-
Senior and Youth Fee		227,933
Tasman Lots Parking Fee		23,645
Sales Tax		619,224
<hr/>		
<b>Total Net General Fund Impact</b>	<b>\$</b>	<b>1,190,802</b>

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

As described in earlier sections of this report, costs incurred by the City on NFL and Non-NFL Events are tracked and billed to the Stadium Manager. Reimbursement is monitored and included in this report. Public safety costs incurred in support of NFL and Non-NFL Events totaled \$2.9 million and \$1.9 million, respectively. These costs are reimbursed by a combination of payments from the ManagementCo and the offsite parking fees that were collected. There are no outstanding invoices for FY 2018/19.

The City had also incurred costs for planning, preparing and staffing the CFP. These costs amounted to \$170,000 in the current reporting period which has been reimbursed to the City by the Stadium Authority. BAHG has subsequently reimbursed the Stadium Authority for \$129,000 of these CFP planning costs. Per the assignment agreement with the Bay Area Host Committee, the results of the CFP will be audited this year and a separate report will be issued.

In addition to public safety costs, administrative costs are also tracked and billed to the Stadium Authority. These include the cost of providing overall stadium management, financial, human resource, legal, and other services to the Stadium Authority. In the first

three quarters of FY 2018/19, a total of \$428,000 of administrative costs were incurred by the General Fund, which have been reimbursed to the City.

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

As noted on page 24 of this report, the City's General Fund collected ground rent (\$320,000) from the Stadium Authority. Additionally, the Senior and Youth Fee generated \$228,000 which was forwarded to the City in support of senior and youth programs. Lastly, the Tasman Lot Parking Fee generated \$24,000 for the City. See the Glossary for more information on these revenues and how they are calculated.

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

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 sales tax revenue for the City. The last four quarters of sales tax collections from Levi's® Stadium transactions generated \$619,000 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 to attend one or more events at Levi's® Stadium, resulting in potentially 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. The City's proportion is approximately 10%.

Many stadium events bring travelers to 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 the City's 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 collections in Santa Clara and our neighboring cities.

## 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. 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	Fiscal Year	Annual Fixed Ground Rent
1	2014/15	\$ 180,000
2	2015/16	\$ 215,000
3	2016/17	\$ 250,000
4	2017/18	\$ 285,000
5	2018/19	\$ 320,000
6	2019/20	\$ 355,000
7	2020/21	\$ 390,000
8	2021/22	\$ 425,000
9	2022/23	\$ 460,000
10	2023/24	\$ 495,000
11-15	2024/25 - 2028/29	\$ 1,000,000
16-20	2029/30 - 2033/34	\$ 1,100,000
21-25	2034/35 - 2038/39	\$ 1,200,000
26-30	2039/40 - 2043/44	\$ 1,300,000
31-35	2044/45 - 2048/49	\$ 1,400,000
36-40	2049/50 - 2053/54	\$ 1,500,000

**Net Non-NFL Event Revenue** – Net Non-NFL Event revenue is remitted by ManagmentCo to the Stadium Authority on a yearly basis. This is done annually because the final reconciliation of the Non-NFL Event revenues and expenses does not occur until after the conclusion of each fiscal year.

Beginning with FY 2018/19, the Stadium Authority budgeted the Non-NFL Event activity at gross, budgeting for revenue and expenses separately. In the prior fiscal years that activity was budgeted as a net amount.

**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 is 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 FY 2017/18 (July 1, 2017 through June 30, 2018) the offsite parking fee was \$5.42 and it increased to \$5.63 in the City's FY 2018/19.

**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. The performance-based rent credits include 50% of the fixed ground rent for the current lease year.)

**Public Safety Costs** – For each NFL and Non-NFL Event held at Levi's® Stadium, a public safety plan is developed and implemented. Multiple City departments provide staffing, materials, and supplies to support the public safety plan. Services are provided through a combination of City staff, contracts with other agencies (California Highway Patrol, County Sheriff's Office, and City of Sunnyvale) and some vendor provided services.

The Amended and Restated Stadium Lease Agreement section 7.5 states that the tenant is responsible for reimbursing the City for the public safety costs attributed to NFL events at Levi's® Stadium. Additionally, Article 5 of the Stadium Management Agreement notes that the Stadium Manager is responsible for paying Non-NFL Event expenses on behalf of the Stadium Authority. Therefore, the cost of providing public safety services are tracked through the City's financial system and invoices are sent to the Stadium Manager. All of these costs are reimbursed to the City of Santa Clara.

**Senior and Youth Program Fees** – The Amended and Restated Stadium Lease Agreement requires that StadCo collect a Senior and Youth Program Fee of \$0.35 per NFL ticket sold on behalf of the Stadium Authority. Per section 8.2 of the Ground Lease Agreement between the City and the Stadium Authority, the Stadium Authority 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 as detailed in the table below. 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 as detailed in the table below. The annual stadium management fee for each of the first ten lease years are noted in the chart below.

Fiscal Year	Lease Year	Annual Base Stadium Management Fee (SCSA Share)	Stadium Marketing and Booking Fee Benchmark	Net Income from Non-NFL Events	Additional Stadium Marketing and Booking Fee	Total Stadium Management Fee
2014/15	1	\$ 200,000	\$ 5,000,000	\$ 5,207,553	\$ 10,378	\$ 210,378
2015/16	2	206,000	5,150,000	6,079,016	46,451	252,451
2016/17	3	212,180	5,304,500	5,316,894	620	212,800
2017/18	4	218,545	5,463,635	5,163,329	-	218,545
2018/19	5	225,102	5,627,544	18,591	-	225,102
2019/20	6	231,855	5,796,370			
2020/21	7	238,810	5,970,261			
2021/22	8	245,975	6,149,369			
2022/23	9	253,354	6,333,850			
2023/24	10	260,955	6,523,866			

**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.