

Santa Clara Stadium Authority

Action on the Stadium Authority Financial Status Report for the
Quarter and Fiscal Year Ending March 31, 2020
Item #6 (20-725)

October 13, 2020



Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2020

Agenda

- Financial Highlights
- Methodology and Limitations
- NFL Events
- Non-NFL Events
- Operating Budget / Debt Status
- Capital Improvement Program
- Other Issues / Updates
- Recommendation

Financial Status Highlights

- NFL Events experienced improved performance due to additional playoff games
- Non-NFL Events performed at a **\$2.7 million** loss
 - Not recommended for payment at this time; still under review including \$1.2 million in other expenses received in the 4th Quarter
- Capital Improvement Program expenditures continue at a slow pace
- Concern over unpaid invoices and future General Fund impact

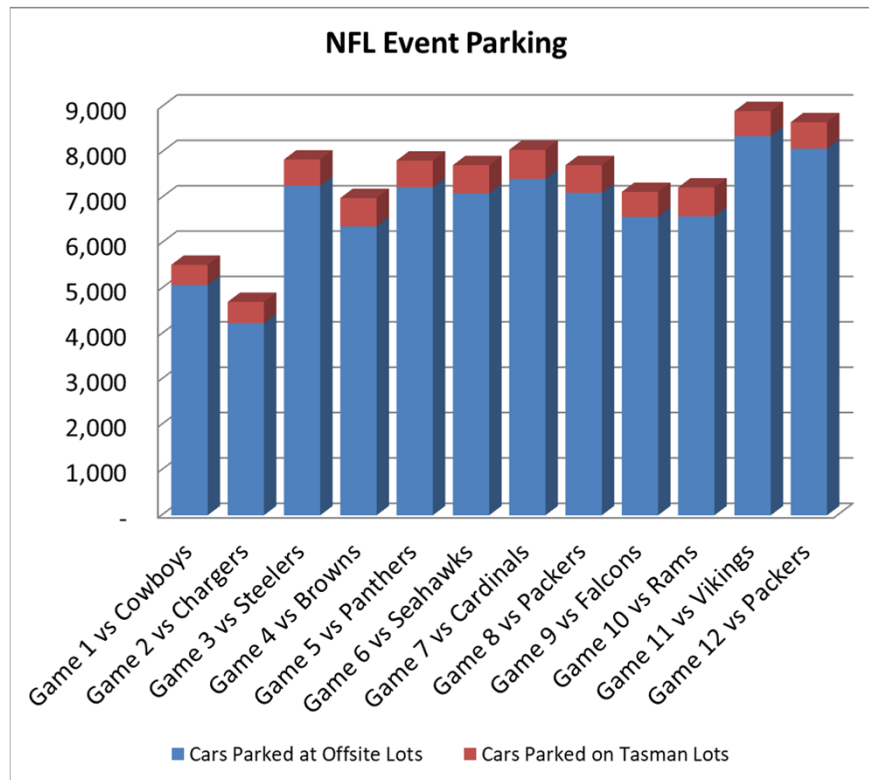
Methodology and Limitations

- Information for NFL and Non-NFL event statistics and financial information related to Stadium Manager expenses are provided by ManagementCo.
- Some source documentation reviewed for Non-NFL events and review continues to progress.
- For Shared Expenses and NFL related financials, detailed review of financial information or source documentation is not conducted, however sampling is completed by KPMG.
- Firm contracted to review and evaluate Non-NFL event financial information from prior years – report expected later this year.

NFL Events

- Total of 12 NFL Games in FY2019/20
 - Two preseason games, eight regular season games and two playoff games
 - A total of 804,000 tickets were sold, up 23.4% vs. prior year
 - An average of 2.8% increase in ticket sales per game
 - Stadium Authority received \$8.4 million in NFL ticket surcharge revenue based on 10% of ticket sales to NFL events
 - City of Santa Clara received \$250,000 in Senior & Youth Fees based on \$0.35/ticket to NFL events

NFL Events - Parking

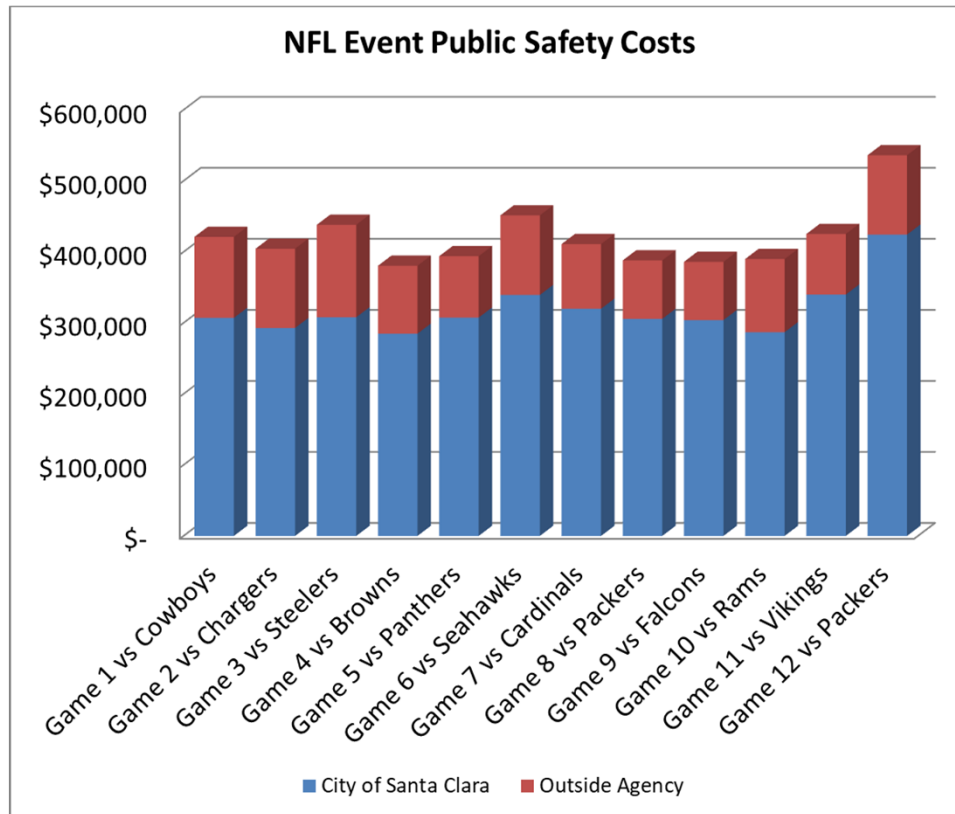


- A total of 81,000 cars were parked in offsite parking lots, average of 20% increase per game
- A total of 6,900 cars were parked in the Tasman Lots, average of 21% increase per game
- Generating \$34,000 in parking fees to General Fund

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NFL Public Safety Costs



- Public safety costs amounted to \$5.4 million:
 - \$3.8 million (70%) are direct City costs
 - \$1.6 million (30%) are outside agency costs
 - \$476,000 were covered by the offsite parking fee
 - **\$1 million** still unpaid

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Non-NFL Events

- Eight ticketed Non-NFL events compared to twelve in prior year
- A total of 184,000 tickets were sold, down 45%
 - Stadium Authority received \$735,000 in Non-NFL ticket surcharge revenue based on \$4 per ticket sold to all non-NFL events (one-half for stadium operations and one-half for Stadium Authority Discretionary Fund)
- Total of 79 non-ticketed events with 33,500 attendees, decrease 21% in event count, 6% decrease in attendees

Non-NFL Ticketed Events

75% Lost Money

FY2019/20 Ticketed Non-NFL Events Revenue and Expenditure Summary
In Millions \$

Ticketed Event	Revenue	Expense	Net
Monster Jam	\$ 1.6	\$ 2.0	\$ (0.4)
Bay Area Wedding Fair	0.0	0.0	0.0
USWNT vs South Africa	0.3	0.1	0.2
ICC: Chivas vs Benfica	1.2	1.5	(0.3)
Rolling Stones: No Filter Tour	11.4	10.5	0.9
High School Football Series	0.1	0.1	0.0
Pac-12 Championship	3.1	5.7	(2.6)
Redbox Bowl	4.6	5.2	(0.6)
Total Ticketed Non-NFL Net Revenue to date	\$ 22.3	\$ 25.1	\$ (2.8)

*Numbers may vary due to rounding

- 6 of 8 ticketed events lost or did not make money
- Largest loss was Pac-12 Championship – last year to be held at Levi's

Non-NFL Events Loss

Levi's® Stadium
Net Revenue for Non-NFL Events
by Event Type
FY 2019/20 Quarter 4

Event Type	No. of Events	Net Revenue
Ticketed Events		
Concerts	1	\$ 856,583
Sporting Events		
Football (Non-NFL)	3	(3,170,926)
Soccer	2	(65,295)
Miscellaneous Events	2	(458,609)
Subtotal Ticketed Events	8	\$ (2,838,247)
Subtotal Ticketed Events - Other Expenses ⁽²⁾		\$ (167,217)
Subtotal Non-Ticketed Non-NFL Events (weddings, corporate events, etc)	79	\$ 1,492,331
Subtotal Other Operating Expenses		\$ (1,227,881)
Total Non-NFL Event Net Revenue	87	\$ (2,741,014)
Total Estimated Performance Rent paid to the General Fund⁽¹⁾		\$ -

⁽¹⁾ Performance Rent is calculated as 50% of the net revenue from Non-NFL events less performance-based credit of 50% of fixed ground rent

⁽²⁾ Other Expenses not attributable to a specific event

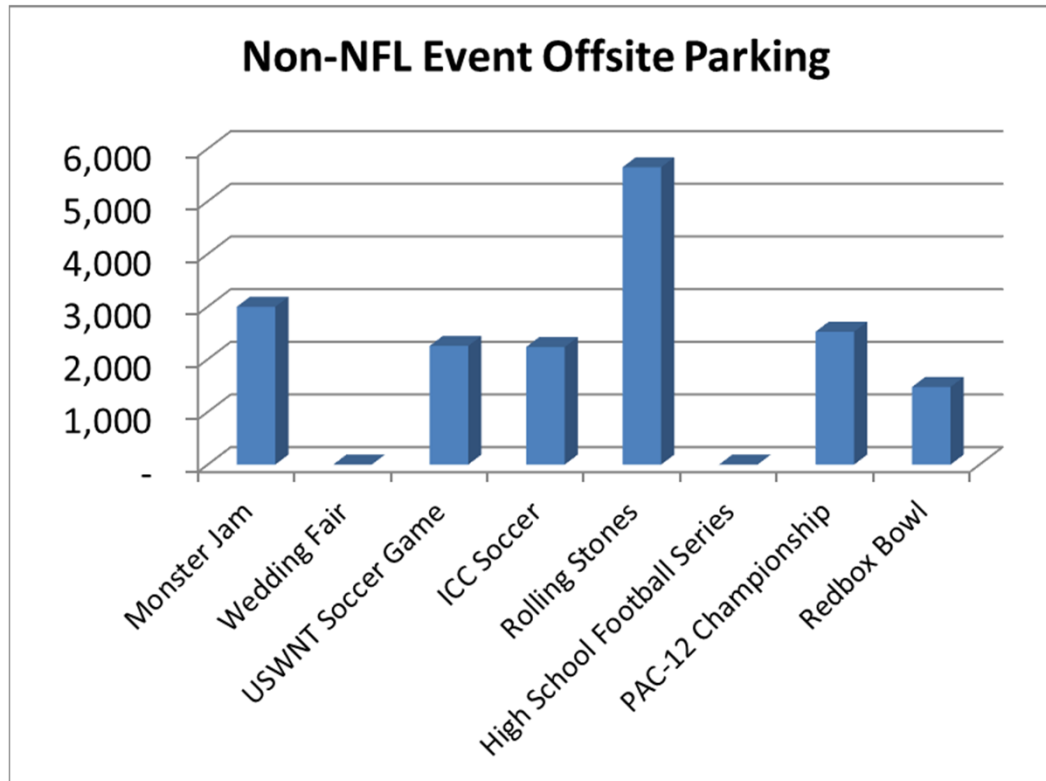
- **\$2.7 million** loss for FY2019/20
- Special Events generate revenue
- Non-NFL Football events biggest loss
- Other Operating Expenses in question

Non-NFL Events Loss

Timeline

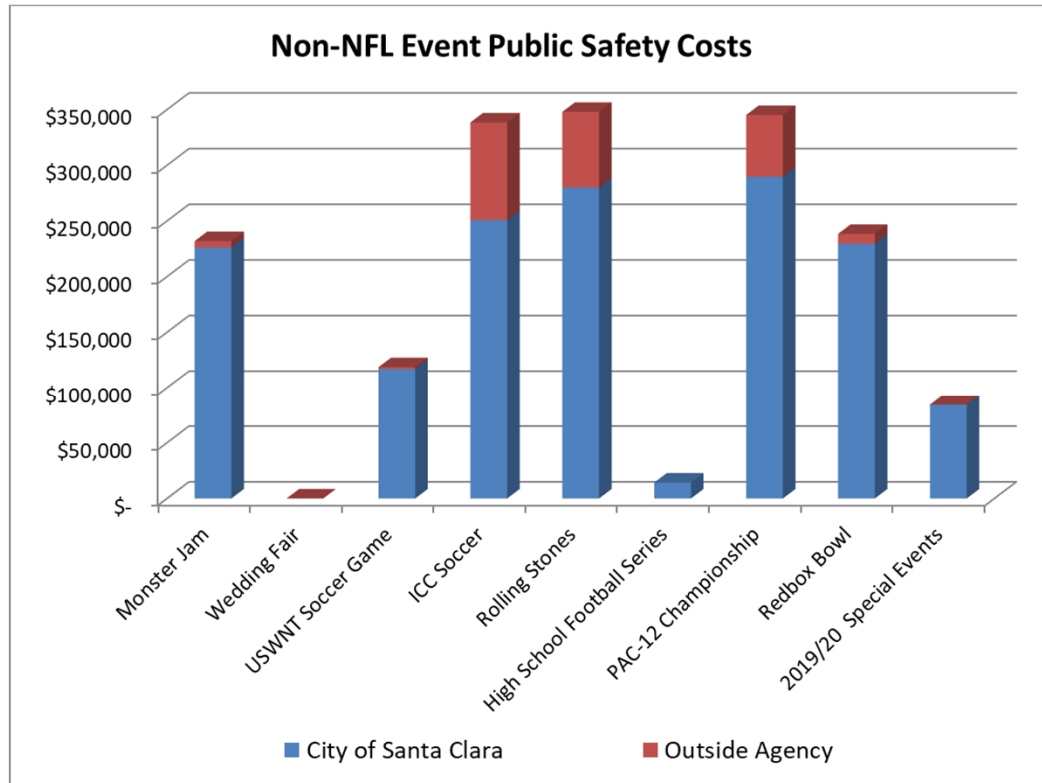
- March 2019 – ManCo was unable to provide a projection for Non-NFL Events for FY 2019/20 during budget development process
- Board approved \$5.8 million budget for Non-NFL Event Net Revenue for FY2019/20 given no support from ManCo for submitted budget
- February 2020 – ManCo projected “TBD” for FY2019/20
- March 2020 – ManCo projected \$1.7 million to \$2 million loss for FY2019/20
- June 2020 – \$2.7 million loss for FY2019/20 was reported with an invoice for immediate payment
 - Payment in litigation and detailed review in progress

Non-NFL Events – Parking Down



- A total of 17,000 cars were parked in offsite parking lots, down 40%
- Generated \$99,000 in offsite parking fees

Non-NFL Events – Public Safety Costs



- Public safety costs amounted to \$1.7 million:
 - \$1.5 million (88%) are direct City costs
 - \$200,000 (12%) are outside agency costs
 - \$99,000 were covered by the offsite parking fee
 - **\$826,000** still unpaid

Operating Budget Summary

- Total Operating Revenues of \$97.8 million or 133% of annual budget
 - Over budget due to non-NFL event revenue recorded at gross; ManagementCo provided budget net of expenses
- Total Operating Expenses of \$73.2 million or 100% of annual budget
 - Excess revenues were distributed in FY 2020/21 for the operating reserve, subordinate loan debt service (49ers diverted a portion for revolving loan repayment), and capital reserve

Stadium Builder Licenses (SBLs)

- Value of currently active SBLs is \$531.7 million (60,237 or 91% of 65,879 sellable SBLs)
- A total of 86% of principal value has been collected as of March 31, 2020 (\$458.9 million)
- 1,310 new SBLs were sold with total face value of \$7.9 million

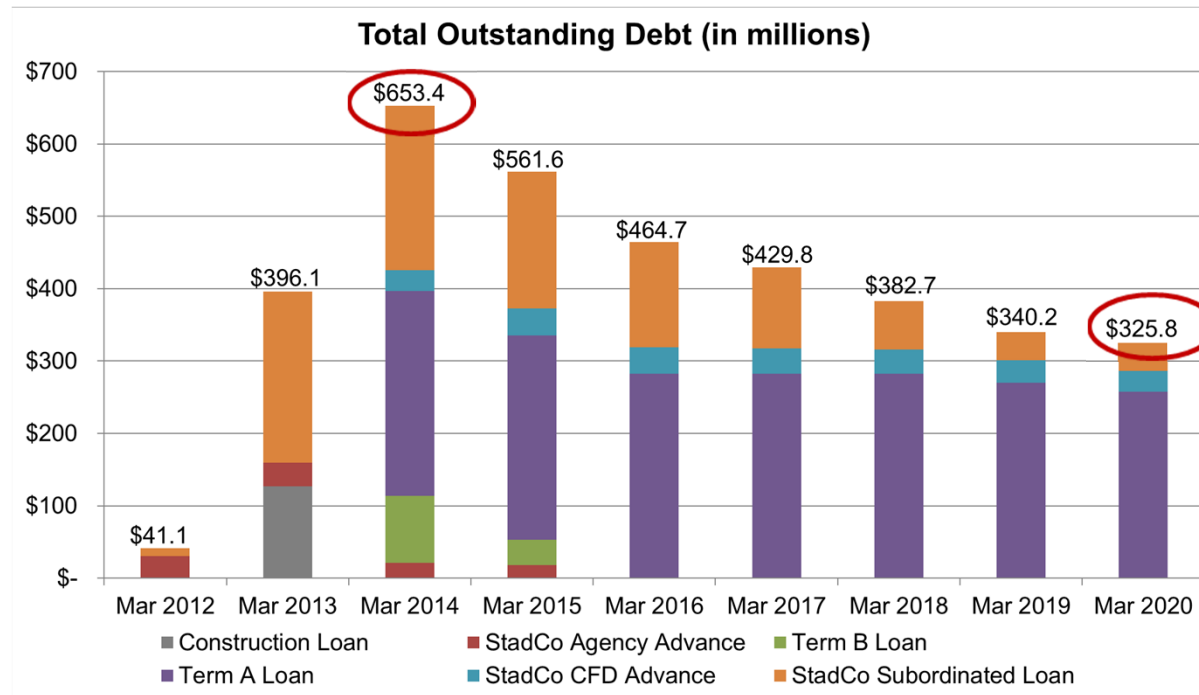
Growing Discretionary Fund

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
2019/20	1,960,102	367,748	-	2,327,850

- Current balance is \$2.3 million
- Discretionary fund previously used to pay NFL public safety costs above the public safety threshold

Over Half of Debt Paid



- Total principal reduction of \$15 million

Only 1% of Capital Budget Expended

- Total Capital Budget of \$14 million
- \$132,000 or 1% spend on Stadium CIP costs
 - Completed multiple Public Safety Purchases
 - Kawasaki Mule and Upgrades, 2 Auto Pulse Automated Compressors, Lifepack Monitor, Mobile Radio, Diesel Particulate Filter and Chemical Warfare Detector
- Projects halted due to State procurement and prevailing wages

Concern over Future General Fund Impact

Net General Fund Impact

For Stadium Authority Fiscal Year to Date Ending March 31, 2020

Ground Rent	\$	355,000
Performance Rent		-
Senior and Youth Fee		250,000
Tasman Lots Parking Fee		34,410
Sales Tax		834,314

Total Net General Fund Impact	\$	1,473,724
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Assume no
Performance Rent
for upcoming year

Other Issues / Updates

- Total unpaid invoices \$1.9 million NFL / \$1.1 million Non-NFL
- Non-NFL Events documentation review in progress for **\$2.7 million** loss / also under litigation
 - No payment recommended at this time
 - Increase of \$1.2 million in “Other Operating Expenses” in 4th Quarter, under review and at question
- Shared Stadium Manager expenses review in progress – delay due to COVID-19 limited access
- Capital Improvement Program expenditures continue at a slow pace

Other Issues / Updates

- Non-NFL Event audit report for prior years expected later this year
- Financial Management System – award October 13 Agenda
- Other expenses for Stadium Manager General and Administration – reviewing supporting documentation and explanation of additional services
- SBL scanning project will require project manager and workplan

Recommendation

Note and file the Santa Clara Stadium Authority Financial Status Report for the Quarter and Fiscal Year Ending March 31, 2020.

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