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Santa Clara Votes to Terminate the Forty Niners as the Stadium Manager of Non-NFL Operations at Levi's® Stadium

Santa Clara Stadium Authority initiates the termination of Forty Niners Stadium Management Company, LLC as the Stadium Manager for non-NFL operations, based on violations of legal obligations, the management agreement and Measure J

SANTA CLARA, Calif. – At the Tuesday, Sept. 17 special meeting of the Santa Clara Stadium Authority, the Board voted 6-0 to initiate termination of the management agreement with the Forty Niners Stadium Management Company, LLC (Forty Niners) for non-NFL operations. The Forty Niners as the Stadium Manager has made misrepresentations, failed to comply with laws and the contract, violated prevailing wage laws, and mismanaged operations resulting in declining non-NFL net revenues. Board member Patricia Mahan had an excused absence from yesterday's meeting.

City Attorney/Stadium Authority General Counsel Brian Doyle reported out the closed session vote, which can be [viewed online](#).

“When the Forty Niners signed on to become the Stadium Manager for Levi's® Stadium, they represented possessing 'substantial experience and expertise' to manage the Stadium on behalf of a public entity,” said Mayor Lisa Gillmor, who also serves as the Stadium Authority Chair. “In the years since, their lack of the compliance, transparency and accountability expected of managers of a publicly owned facility has made it abundantly clear that this is not the case. Not only are the Forty Niners demonstrated that they are unqualified for the role, they have engaged in egregious state law violations that have put the Stadium Authority in an untenable position. The only path forward at this point is to defend and protect Santa Clarans by terminating our stadium management agreement with the Forty Niners for non-NFL events and operations.”

The chart below shows how total non-NFL net revenues have declined over the years, from a high of \$6,079,016 in Fiscal Year 2015/16 to a low of \$18,591 for the last fiscal year. Earlier this year, the Forty Niners told the media they projected \$0 revenue for the current fiscal year.

EVENT TYPE	2014/15		2015/16		2016/17		2017/18		2018/19	
	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue	No. of Events	Net Revenue
Ticketed Events										
Concerts	0	\$ -	7	\$ 3,791,985	4	\$ 2,424,572	2	\$ 1,819,099	3	\$ 1,438,848
Sporting events:										
NCAA College Football	5	(3,007,907)	4	(2,316,903)	4	(2,946,165)	4	(3,601,827)	4	(3,437,297)
Soccer	2	3,948,144	2	891,300	5	2,414,209	3	3,228,754	3	(267,981)
Miscellaneous events	2	2,504,912	4	(149,392)	5	(159,175)	4	76,379	2	(67,502)
Subtotal Ticketed Events	9	\$ 3,445,149	17	\$ 2,216,989	18	\$ 1,733,441	13	\$ 1,522,405	12	\$ (2,333,932)
Special Events (weddings, corporate events, etc.)	186	\$ 1,762,404	204	\$ 3,862,027	127	\$ 3,583,453	113	\$ 3,640,924	100	\$ 2,352,523
Total Non-NFL Net Revenue	195	\$ 5,207,553	221	\$ 6,079,016	145	\$ 5,316,894	126	\$ 5,163,329	112	\$ 18,591
Total Performance Rent paid to the General Fund		\$ 2,513,777		\$ 2,932,008		\$ 2,533,447		\$ 2,439,164		\$ -

Potential Changes to Forty Niners' Delegated Procurement Authority

In addition to terminating the Forty Niners as the Stadium Manager for non-NFL operations, the Board voted 6-0 to change the delegated contracting authority, which previously allowed the Forty Niners to procure purchases and services up to \$250,000 without prior Board approval.

A second reading of the ordinance will take place on Oct. 8 and, if the Board votes to adopt the ordinance at the October meeting, it would become effective 30 days later on Nov. 8, 2019. After the ordinance becomes effective all Stadium Authority contracts will have to be brought to the Stadium Authority Board for public approval.

This proposed change is to provide the public with assurance that public dollars are being spent correctly after it became known that the Forty-Niners did not have expertise in public management and that they had been refusing to provide the Authority with its own financial records. The new process will ensure accountability and transparency to future expenditures.

Next Steps

The Stadium Authority's termination of the Forty Niners Stadium Management Agreement will likely proceed to a confidential arbitration proceeding. Accordingly, the Stadium Authority's ability to comment on those proceedings will be limited.

The Stadium Authority supports moving these proceedings to a public forum and believes that the public has the right to know how the Forty Niners have mismanaged their duties.

About the City of Santa Clara

Located at the heart of Silicon Valley about 45 miles south of San Francisco, the City of Santa Clara truly is "The Center of What's Possible." Incorporated in 1852, Santa Clara covers an area of 19.3 square miles with a population of 120,000. Santa Clara is home to an extraordinary array of high-tech companies, including Applied Materials, Hewlett-Packard, Intel, Nvidia, Oracle, and Ericsson. The City of Santa Clara is also home to Santa Clara University, California's Great America Theme Park, and Levi's® Stadium, home of the San Francisco 49ers and Super Bowl 50. For more information, go to SantaClaraCA.gov.

About the Santa Clara Stadium Authority

Established to provide for the development and operation of Levi's® Stadium, the Santa Clara Stadium Authority exists as a public body, separate and distinct from the City of Santa Clara. The seven elected members of the City Council serve as the governing board for the Stadium Authority. The mayor serves as chair of the Stadium Authority, with the city manager as the executive director and the city attorney as the Stadium Authority's general counsel. The City is not liable for the debts or obligations of the Stadium Authority.

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