

**SCSA**

Santa Clara Stadium Authority



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

**Quarter Ending December 31, 2017**



**February 13, 2018**

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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 December 31, 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 after the end of the current fiscal year.

It is important to note that this report includes the incorporation of the following Harvey Rose audit recommendation:

*2.M -The Stadium Authority Board should direct staff to report actual revenues and expenditures on an accrual basis in budgetary documents so that all amounts presented reflect actual results for the year, regardless of the timing of revenue receipt or expenses incurred.*

Staff is requesting specific adjustments (explained on pages 12 and 16 of this report) to bring the 2017-18 Stadium Authority Budget in compliance with the accrual method of budgeting. This method will allow staff to budget more accurately because it will account for when expenses are incurred and revenue is earned and not when cash is actually paid. Staff is recommending the accrual method with this quarterly report in preparation for the fiscal year 2018-19 Stadium Authority recommended budget scheduled for release at the end of February.

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 2016-17 audited financial statements were presented to the Stadium Authority Board on September 19, 2017.

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. For the fiscal year 2018-19 Stadium Authority recommended budget, a Study Session is scheduled for February 27, 2018 with adoption of the budget scheduled for March 27, 2018.

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

This section provides year-to-date and comparative data for 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 December 31, 2017. There were a total of 643,189 tickets sold to all NFL games, an average of 64,319 per game. This average is slightly lower than the 65,422 that was reported in the same period in the prior fiscal year. The ticket sales resulted in \$7.8 million of NFL ticket surcharge revenue to the Stadium Authority. This is up by 5.4% from the same period in the prior fiscal year and is primarily due to holding an additional NFL game in the current period when compared to the prior fiscal year (the prior year included an NFL game played on January 1<sup>st</sup> which fell in the fourth quarter). A total of \$225 thousand of Senior and Youth Program Fees were collected through the third quarter. This was up by \$19 thousand or 9.2% due to the timing of holding ten NFL games in the current period in comparison to nine in the prior fiscal year.

A total of 54,107 cars were parked in the permitted offsite parking lots generating \$293 thousand in offsite parking fees. The Tasman lot parking fee generated \$28 thousand for the General Fund through the third quarter. This is up \$4 thousand when compared to the prior year due to the timing of holding ten NFL games as mentioned previously. The overall number of cars parked in the permitted offsite lots and the Tasman lots went down by over six thousand cars when compared to the prior fiscal year. This decrease is due in part to lower NFL ticket sales and lower overall attendance at the NFL games in the current fiscal year.

There are currently \$2.4 million of NFL event public safety costs to date which is approximately \$400 thousand above the current threshold of \$2 million. This is down by \$308 thousand or 11.4% from the prior year. This decrease is due to a combination of not receiving final invoices from certain third party vendors and the continued effort of City staff to reduce costs by providing services more efficiently.

Of the \$2.4 million NFL event public safety costs, \$293 thousand were covered by the offsite parking fees that were collected and the remaining \$2.1 million were invoiced to the Stadium Manager. The \$500 thousand that was outstanding as of February 5, 2018 will be due on March 1, 2018.

Statistics for the NFL games held at Levi's Stadium in the 2017-18 fiscal year as well as comparative data from the same period in the prior year are shown in the following tables.

**Levi's Stadium  
2017-18 NFL Event Statistics  
As of December 31, 2017**

	Game 1 vs Broncos 08/19/17	Game 2 vs Chargers 08/31/17	Game 3 vs Panthers 09/10/17	Game 4 vs Rams 09/21/17	Game 5 vs Cowboys 10/22/17	Game 6 vs Cardinals 11/05/17
No. of Tickets Sold	61,278	59,295	64,307	64,528	67,480	65,153
NFL Ticket Surcharge <sup>(1)</sup>	\$ 557,568	\$ 553,588	\$ 854,183	\$ 579,381	\$ 1,517,429	\$ 584,669
Senior/Youth Program Fees	\$ 21,447	\$ 20,753	\$ 22,507	\$ 22,585	\$ 23,618	\$ 22,804
Cars Parked at Offsite Lots	5,534	3,113	6,778	6,017	6,939	4,552
City Offsite Parking Fee	\$ 29,994	\$ 16,872	\$ 36,737	\$ 32,612	\$ 37,609	\$ 24,672
Cars Parked on Tasman Lots	495	915	452	495	644	514
City Tasman Lot Parking Fee	\$ 2,475	\$ 4,575	\$ 2,260	\$ 2,475	\$ 3,220	\$ 2,570
Stadium Public Safety Costs	\$ 256,866	\$ 247,233	\$ 243,223	\$ 247,095	\$ 239,585	\$ 241,473
Less: Offsite Parking Fee Credit	\$ (29,994)	\$ (16,872)	\$ (36,737)	\$ (32,612)	\$ (37,609)	\$ (24,672)
Reimbursable Stadium Public Safety Costs	\$ 226,872	\$ 230,361	\$ 206,486	\$ 214,483	\$ 201,976	\$ 216,801
Amount Reimbursed through 02/05/18	\$ 226,872	\$ 230,361	\$ 206,486	\$ 214,483	\$ 173,102	\$ 184,819
Amount Outstanding as of 02/05/18 <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -	\$ 28,874	\$ 31,983

	Game 7 vs Giants 11/12/17	Game 8 vs Seahawks 11/26/17	Game 9 vs Titans 12/17/17	Game 10 vs Jaguars 12/24/17	2017-18 YTD Total
No. of Tickets Sold	65,114	65,623	66,208	64,203	643,189
NFL Ticket Surcharge <sup>(1)</sup>	\$ 1,109,495	\$ 867,454	\$ 593,163	\$ 589,259	\$ 7,806,190
Senior/Youth Program Fees	\$ 22,790	\$ 22,968	\$ 23,173	\$ 22,471	\$ 225,116
Cars Parked at Offsite Lots	5,315	4,769	5,739	5,351	54,107
City Offsite Parking Fee	\$ 28,807	\$ 25,848	\$ 31,105	\$ 29,002	\$ 293,260
Cars Parked on Tasman Lots	511	515	521	468	5,530
City Tasman Lot Parking Fee	\$ 2,555	\$ 2,575	\$ 2,605	\$ 2,340	\$ 27,650
Stadium Public Safety Costs	\$ 242,185	\$ 227,863	\$ 199,045	\$ 243,778	\$ 2,388,347
Less: Offsite Parking Fee Credit	\$ (28,807)	\$ (25,848)	\$ (31,105)	\$ (29,002)	\$ (293,260)
Reimbursable Stadium Public Safety Costs	\$ 213,378	\$ 202,015	\$ 167,940	\$ 214,776	\$ 2,095,087
Amount Reimbursed through 02/05/18	\$ 186,308	\$ 172,782	\$ -	\$ -	\$ 1,595,213
Amount Outstanding as of 02/05/18 <sup>(2)</sup>	\$ 27,070	\$ 29,233	\$ 167,940	\$ 214,776	\$ 499,874

<sup>(1)</sup> NFL Ticket Surcharge is 10% on the price of admission to NFL events, 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 Comparison of NFL Event Statistics**  
**As of December 31, 2017**

	2017-18	2016-17	Change	
	YTD Total	YTD Total	Amount	%
No. of Tickets Sold	643,189	588,794	54,395	9.24%
NFL Ticket Surcharge <sup>(1)</sup>	\$ 7,806,190	\$ 7,403,778	\$ 402,412	5.44%
Senior/Youth Program Fees	\$ 225,116	\$ 206,078	\$ 19,038	9.24%
Cars Parked at Offsite Lots	54,107	61,310	(7,203)	-11.75%
City Offsite Parking Fee	\$ 293,260	\$ 321,264	\$ (28,004)	-8.72%
Cars Parked on Tasman Lots	5,530	4,653	877	18.85%
City Tasman Lot Parking Fee	\$ 27,650	\$ 23,265	\$ 4,385	18.85%
Stadium Public Safety Costs	\$ 2,388,347	\$ 2,696,315	\$ (307,968)	-11.42%
Less: Offsite Parking Fee Credit	\$ (293,260)	\$ (321,264)	\$ 28,004	-8.72%
Reimbursable Stadium Public Safety Costs	\$ 2,095,087	\$ 2,375,050	\$ (279,963)	-11.79%
Amount Reimbursed through 02/05/18	\$ 1,595,213	\$ 2,375,050		
Amount Outstanding as of 02/05/18 <sup>(2) (3)</sup>	\$ 499,874	\$ -		

<sup>(1)</sup> NFL Ticket Surcharge is 10% on the price of admission to NFL events, 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>

<sup>(3)</sup> This amount will be due on March 1, 2018

## Non-NFL Events

This section provides year-to-date 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 319,580 tickets sold for the 11 ticketed non-NFL events that were held, resulting in \$1.3 million 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 million or 44.8% over the same period in the prior year. The primary reason for the decrease is due to fewer events held in the current year (11) when compared to the same time in the prior year (17).

In correlation with the decrease in the number of events, parking at the permitted offsite parking lots also saw a decrease when compared to the prior year. There were 25,741 cars parked at these offsite lots, a 57.8% decrease from the previous year. The City earned \$138 thousand in related offsite parking fees.

Total non-NFL event public safety costs were \$1.6 million, a decrease of \$1.6 million or 49.6% from the prior year. As noted previously, this decrease in cost is due to fewer events held this year when compared to the prior year. Of these costs, \$138 thousand were covered by the offsite parking fee and the remaining \$1.5 million were invoiced to the Stadium Manager. As of February 5, 2018, \$268 thousand was outstanding, most of which will be due at the end of February 2018.

There were also 84 smaller special events held at Levi's Stadium which is a 16.8% decrease from the 101 events that were held in the prior year. However the attendance at these events went up from 43,526 in the prior year to 51,928 in the current year, a 19.3% increase. Examples of these special events include corporate events of various sizes, weddings, holiday parties, high school dances, etc.

Statistics for the 11 non-NFL events held at Levi's Stadium in the first three quarters of the 2017-18 fiscal year as well as comparative data from the same period in the prior year are shown in the following tables.

**Levi's Stadium**  
**2017-18 Non-NFL Ticketed Event Statistics**  
**As of December 31, 2017**

	Monster Jam 04/22/17	U2 Concert 05/17/17	Wedding Fair 05/21/17	Wedemeyer High School Football 06/24/17	Champions Cup Soccer 07/23/17
No. of Tickets Sold	38,805	49,489	401	1,761	58,294
Non-NFL Ticket Surcharge <sup>(1)</sup>	\$ 155,220	\$ 197,956	\$ 1,604	\$ 7,044	\$ 233,176
Cars Parked at Offsite Lots	4,022	3,917	-	-	6,072
City Offsite Parking Fee	\$ 21,075	\$ 20,525	\$ -	\$ -	\$ 32,910
Stadium Public Safety Costs	\$ 169,789	\$ 260,988	\$ 1,624	\$ 8,013	\$ 234,599
Less: Offsite Parking Fee Credit	\$ (21,075)	\$ (20,525)	\$ -	\$ -	\$ (32,910)
Reimbursable Public Safety Costs	\$ 148,714	\$ 240,463	\$ 1,624	\$ 8,013	\$ 201,689
Amount Reimbursed through 02/05/18	\$ 148,714	\$ 240,463	\$ 1,624	\$ 8,013	\$ 201,565
Amount Outstanding as of 02/05/18 <sup>(2)</sup>	\$ -	\$ -	\$ -	\$ -	\$ 124

	Gold Cup Final 07/26/17	High School Football 09/23/17	Coldplay Concert 10/04/17	Wedding Fair 10/15/17	Pac 12 Championship 12/01/17
No. of Tickets Sold	57,728	3,679	44,547	438	38,282
Non-NFL Ticket Surcharge <sup>(1)</sup>	\$ 230,912	\$ 14,716	\$ 178,188	\$ 1,752	\$ 153,128
Cars Parked at Offsite Lots	5,455	-	2,819	-	3,107
City Offsite Parking Fee	\$ 29,566	\$ -	\$ 15,279	\$ -	\$ 16,840
Stadium Public Safety Costs	\$ 257,951	\$ 9,063	\$ 265,611	\$ 3,557	\$ 177,144
Less: Offsite Parking Fee Credit	\$ (29,566)	\$ -	\$ (15,279)	\$ -	\$ (16,840)
Reimbursable Public Safety Costs	\$ 228,385	\$ 9,063	\$ 250,332	\$ 3,557	\$ 160,304
Amount Reimbursed through 02/05/18	\$ 228,209	\$ 9,063	\$ 244,173	\$ 3,557	\$ -
Amount Outstanding as of 02/05/18 <sup>(2)</sup>	\$ 177	\$ -	\$ 6,159	\$ -	\$ 160,304

	Foster Farms Bowl 12/27/17	Bacon & Beer Classic 02/24/18	Mexico vs. Iceland Soccer Match 03/23/18	2017-18 YTD Total
No. of Tickets Sold	26,156	-	-	319,580
Non-NFL Ticket Surcharge <sup>(1)</sup>	\$ 104,624	\$ -	\$ -	\$ 1,278,320
Cars Parked at Offsite Lots	349	-	-	25,741
City Offsite Parking Fee	\$ 1,892	\$ -	\$ -	\$ 138,087
Stadium Public Safety Costs	\$ 102,795	\$ -	\$ -	\$ 1,491,135
Less: Offsite Parking Fee Credit	\$ (1,892)	\$ -	\$ -	\$ (138,087)
Reimbursable Public Safety Costs	\$ 100,903	\$ -	\$ -	\$ 1,353,048
Amount Reimbursed through 02/05/18	\$ -	\$ -	\$ -	\$ 1,085,381
Amount Outstanding as of 02/05/18 <sup>(2)</sup>	\$ 100,903	\$ -	\$ -	\$ 267,667

<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**  
**As of December 31, 2017**

	<b>Non-NFL Special Event YTD Total</b>
No. of Events	84
No. of Attendees	51,928
Reimbursable Stadium Public Safety Costs	\$ 110,689
Amount Reimbursed through 02/05/18	\$ 110,689
Amount Outstanding as of 02/05/18	\$ -

**Levi's Stadium**  
**2017-18 Comparison of Non-NFL Event Statistics<sup>(1)</sup>**  
**As of December 31, 2017**

			<b>Change</b>	
	<b>2017-18 YTD Total</b>	<b>2016-17 YTD Total</b>	<b>Amount</b>	<b>%</b>
No. of non-NFL Ticketed Events	11	17	(6)	-35.29%
No. of Tickets Sold	319,580	579,059	(259,479)	-44.81%
Non-NFL Ticket Surcharge <sup>(2)</sup>	\$ 1,278,320	\$ 2,316,236	\$ (1,037,916)	-44.81%
No. of Non-NFL Special Events	84	101	(17)	-16.83%
Non-NFL Special Event Attendees	51,928	43,526	8,402	19.30%
Cars Parked at Offsite Lots	25,741	60,969	(35,228)	-57.78%
City Offsite Parking Fee	\$ 138,087	\$ 313,979	\$ (175,892)	-56.02%
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	\$ 1,601,824	\$ 3,140,666	\$ (1,538,842)	-49.00%
Golf Course Public Safety Costs	\$ -	\$ 39,905	\$ (39,905)	-100.00%
Subtotal Event Public Safety Costs	\$ 1,601,824	\$ 3,180,571	\$ (1,578,747)	-49.64%
Less: Offsite Parking Fee Credit	\$ (138,087)	\$ (313,979)	\$ 175,892	-56.02%
Reimbursable Public Safety Costs	\$ 1,463,737	\$ 2,866,592	\$ (1,402,855)	-48.94%
Amount Reimbursed through 02/05/18	\$ 1,196,070	\$ 2,866,592		
Amount Outstanding as of 02/05/18 <sup>(3) (4)</sup>	\$ 267,667	\$ -		

<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>

<sup>(4)</sup> \$261 thousand will be due at the end of February

## Discretionary Fund

One-half of the non-NFL ticket surcharge, that was noted previously, funds the discretionary fund. As of December 31, 2017, 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). On November 21, 2017, the Board approved the appropriation of \$100,000 for a Stadium Authority communication consultant from the discretionary fund. This payment was made in January and will be reflected in the fourth quarter report. The following table shows the revenues and expenses in the discretionary fund since Fiscal Year 2014-15. The current balance is \$1 million.

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	Revenue	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 Q3	1,705,853	510,284	1,173,342	1,042,795

## Stadium Builder Licenses

The total principal value of currently active Stadium Builder Licenses (SBLs) is \$529.4 million and, as of December 31, 2017, 76.9% of the total principal value of all SBLs sold (i.e., \$407 million) had been collected. This is down \$2.6 million when compared to the March 31, 2017 Financial Status Report due to defaulted SBLs being removed from the Active SBL Summary.

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 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.



## Santa Clara Stadium Authority Budget Status Reports

### ***Operating Budget-Accrual Adjustments***

As mentioned previously, staff is requesting specific budget adjustments to bring the 2017-18 Stadium Authority Budget in compliance with the accrual method of budgeting. This was a recommendation made by Harvey Rose during the Measure J compliance audit (as shown below).

*2.M -The Stadium Authority Board should direct staff to report actual revenues and expenditures on an accrual basis in budgetary documents so that all amounts presented reflect actual results for the year, regardless of the timing of revenue receipt or expenses incurred.*

The following adjustments are being proposed in order to bring the 2017-18 operating budget to full accrual basis:

### **Revenues – net increase of \$5.5 million**

- **Net Revenues from Non-NFL Events** – increase of \$5.5 million in order to accrue the estimated 2017-18 net revenues from Non-NFL events. The current balance of \$5.3 million reflects the net revenues from Non-NFL events that were held in the 2016-17 fiscal year (April 1, 2016 through March 31, 2017).

### **Expenses – net increase of \$3.6 million**

- **Performance Rent** – increase of \$2.6 million in order to accrue the 2017-18 expense. The current balance of \$2.5 million reflects the expense calculated from net Non-NFL revenues for the 2016-17 fiscal year (April 1, 2016 through March 31, 2017).
- **Discretionary Fund Expense** – increase of \$1 million to accrue the 2017-18 expense.

Budget adjustments for the 2017-18 fiscal year as well as the beginning and ending budget balances are shown in the following table.

# Santa Clara Stadium Authority

## Operating Budget Adjustment - Accrual Basis

	2017-18 Fiscal Year		
	Budget <sup>(1)</sup>	Adjustments	Final Budget
<b>Resources</b>			
<b>Revenues</b>			
NFL Ticket Surcharge	8,258,000		8,258,000
SBL Proceeds	28,056,000		28,056,000
Interest	280,000		280,000
Net Revenues from Non-NFL Events	5,305,000	5,463,135	10,768,135
Naming Rights	6,366,000		6,366,000
Sponsorship Revenue (STR)	406,000		406,000
Rent	24,500,000		24,500,000
Senior & Youth Program Fees	231,000		231,000
Non-NFL Event Ticket Surcharge	2,000,000		2,000,000
<b>Revenues Subtotal</b>	<b>75,402,000</b>	<b>5,463,135</b>	<b>80,865,135</b>
Net Transfers	(54,817,000)		(54,817,000)
<b>Total Resources</b>	<b>20,585,000</b>	<b>5,463,135</b>	<b>26,048,135</b>
	<b>Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>
<b>Expenses</b>			
<b>Shared Stadium Manager Expenses</b>			
Stadium Operations	3,613,000		3,613,000
Engineering	1,636,000		1,636,000
Guest Services	848,000		848,000
Groundskeeping	246,000		246,000
Security	1,498,000		1,498,000
Insurance	2,787,000		2,787,000
Stadium Management Fee	219,000		219,000
<b>Shared Stadium Mngr Exps Subtotal</b>	<b>10,847,000</b>	<b>-</b>	<b>10,847,000</b>
<b>Other Operating Expenses</b>			
SBL Sales and Service	2,095,000		2,095,000
Senior & Youth Fees (paid to City)	231,000		231,000
Ground Rent (paid to City)	285,000		285,000
Performance Rent (paid to City)	2,528,000	2,588,568	5,116,568
Measure J Compliance Audit	-		-
Discretionary Fund Expense	1,250,000	980,000	2,230,000
Utilities	1,434,000		1,434,000
Use of StadCo Tenant Improvements	245,000		245,000
Stadium Authority G&A	3,395,000		3,395,000
Other Expenses	76,000		76,000
<b>Other Operating Expenses Subtotal</b>	<b>11,539,000</b>	<b>3,568,568</b>	<b>15,107,568</b>
<b>Total Expenses</b>	<b>22,386,000</b>	<b>3,568,568</b>	<b>25,954,568</b>

<sup>(1)</sup> The Budget column includes budget adjustments that were approved at the board meetings that were held on July 11, 2017 and November 27, 2017.

### ***Operating Budget***

The total operating revenues for the first three quarters of the 2017-18 fiscal year were \$42.7 million representing 53% of the overall budget for revenues. Stadium rent collected from StadCo totaled \$16.9 million which does not include a 2017-18 rent prepayment of \$1.1 million that was made in the 2016-17 fiscal year. Net revenues from 2016-17 non-NFL events were \$5.3 million. During the current reporting period, the Stadium Authority also collected \$7.8 million in SBL proceeds. This line item is trailing behind at 28% of the budget due to the fact that most SBL holders make their annual payments in the last quarter of the fiscal year. All SBL proceeds are transferred to the debt service fund per applicable loan agreements.

Total operating expenses were \$15.6 million as of December 31, 2017, or 60% of the annual budget. Similar to last year, insurance expense is at 96% of the budgeted amount due to an uneven payment schedule. With 75% of the year complete, the shared stadium manager expenses are at 74% of the \$10.8 million budgeted amount. SBL Sales & Service expenses are only 33% of the budget due to a large true-up from the 2016-17 fiscal year because of significant savings in staff costs and commissions paid on sales of SBLs. Discretionary fund expenses were 53% of the budgeted amount of \$2.2 million. These funds were used to cover 2016-17 NFL event public safety costs over the public safety cost threshold. Lastly, Stadium Authority G&A costs are \$1.8 million or 54% of the budget.

Overall, the Stadium Authority operating fund ended the third quarter of the 2017-18 fiscal year with a fund balance of \$28.2 million. Included in that amount is a \$10.6 million operating reserve and a \$1 million discretionary fund.

# Santa Clara Stadium Authority

## Operating Budget Status Report

For the Period Ending December 31, 2017 and 2016

	Period Ending December 31, 2017						Period Ending December 31, 2016				
	Final Budget	Q1 Actuals		Q2 Actuals		Q3 Actuals		YTD Actuals		Balance	% Received
Beginning Balances	\$ 20,147,800	\$ 20,498,355	\$ 21,784,841	\$ 26,995,159	\$ 20,498,355	\$ (350,555)		\$ 18,211,404	\$ (1,052,404)		
<b>Resources</b>											
Revenues											
NFL Ticket Surcharge	8,258,000	-	2,544,721	5,261,469	7,806,190	451,810	95%	7,403,786	1,048,214	88%	
SBL Proceeds	28,056,000	-	7,822,277	-	7,822,277	20,233,723	28%	16,572,677	17,231,323	49%	
Interest	280,000	88,107	79,167	107,579	274,853	5,147	98%	63,832	(63,832)		
Net Revenues from Non-NFL Events	10,766,135	5,316,894	-	-	5,316,894	5,451,241	49%	6,079,016	(774,016)	115%	
Naming Rights	6,366,000	-	3,136,127	-	3,136,127	3,229,874	49%	3,044,783	3,136,217	49%	
Sponsorship Revenue (STR)	406,000	95,040	81,250	81,250	257,540	148,460	63%	486,267	230,733	68%	
Rent	24,500,000	3,375,000	6,750,000	6,750,000	16,875,000	7,625,000	69%	16,875,000	7,625,000	69%	
Senior & Youth Program Fees	231,000	-	87,293	137,823	225,116	5,884	97%	206,002	35,988	85%	
Non-NFL Event Ticket Surcharge	2,000,000	361,824	464,088	194,656	1,020,568	979,432	51%	2,095,436	(95,436)	105%	
<b>Revenues Subtotal</b>	<b>80,865,135</b>	<b>9,236,865</b>	<b>20,964,923</b>	<b>12,532,777</b>	<b>42,734,565</b>	<b>38,130,570</b>	<b>53%</b>	<b>52,826,800</b>	<b>28,374,200</b>	<b>65%</b>	
Net Transfers	(54,817,000)	-	(11,080,387)	(8,314,720)	(19,395,107)	(35,421,893)	35%	(18,131,890)	(42,596,110)	30%	
<b>Total Resources</b>	<b>26,048,135</b>	<b>29,735,220</b>	<b>31,669,377</b>	<b>31,213,216</b>	<b>43,837,813</b>	<b>2,358,122</b>	<b>95%</b>	<b>52,906,315</b>	<b>(15,274,315)</b>	<b>141%</b>	

	Period Ending December 31, 2017						Period Ending December 31, 2016				
	Final Budget	Q1 Actuals		Q2 Actuals		Q3 Actuals		YTD Actuals		Balance	% Used
Shared Stadium Manager Expenses											
Stadium Operations	3,613,000	903,198	733,881	761,802	2,398,881	1,214,119	66%	2,151,963	1,218,037	64%	
Engineering	1,636,000	408,914	507,570	551,259	1,467,742	168,258	90%	960,678	563,322	63%	
Guest Services	848,000	211,891	64,771	156,036	432,699	415,301	51%	472,890	422,110	53%	
Groundskeeping	246,000	61,545	56,768	(28,636)	89,878	156,322	36%	92,990	62,010	60%	
Security	1,498,000	374,541	268,130	296,376	939,048	558,952	63%	1,171,925	373,075	76%	
Insurance	2,787,000	451,545	2,103,240	116,248	2,671,032	115,968	96%	2,539,000	166,000	94%	
Stadium Management Fee	219,000	620	-	-	620	218,380	0%	212,000	46,451	22%	
<b>Shared Stadium Mngt. Exps Subtotal</b>	<b>10,847,000</b>	<b>2,412,255</b>	<b>3,734,361</b>	<b>1,853,084</b>	<b>7,999,699</b>	<b>2,847,301</b>	<b>74%</b>	<b>7,435,897</b>	<b>2,970,103</b>	<b>71%</b>	
Other Operating Expenses											
SBL Sales and Service	2,085,000	535,875	(260,507)	419,675	695,043	1,399,957	33%	1,205,594	739,406	62%	
Senior & Youth Fees (paid to City)	231,000	-	64,708	137,937	202,645	28,355	88%	206,002	35,988	85%	
Ground Rent (paid to City)	285,000	-	285,000	-	285,000	-	100%	250,000	-	100%	
Performance Rent (paid to City)	5,116,568	2,533,447	-	-	2,533,447	2,583,121	50%	2,932,008	(405,008)	116%	
Measure J Compliance Audit	-	-	-	-	-	-	0%	200,000	121,428	61%	
Discretionary Fund Expense	2,230,000	1,173,342	-	-	1,173,342	1,056,658	53%	1,000,000	699,129	70%	
Utilities	1,434,000	747,000	143,012	-	890,012	543,988	62%	1,473,000	319,876	78%	
Use of StadCo Tenant Improvements	245,000	-	(3,940)	-	-	(3,940)	-2%	250,000	253,940	-2%	
Stadium Authority G&A	3,395,000	548,461	715,733	581,475	1,845,669	1,549,331	54%	849,000	814,490	96%	
Other Expenses	76,000	-	(4,149)	-	(4,149)	80,149	-5%	123,000	92,616	75%	
<b>Other Operating Expenses Subtotal</b>	<b>15,107,568</b>	<b>5,538,124</b>	<b>939,857</b>	<b>1,139,087</b>	<b>7,617,069</b>	<b>7,490,498</b>	<b>50%</b>	<b>14,906,348</b>	<b>1,388,549</b>	<b>84%</b>	
<b>Total Expenses</b>	<b>25,954,568</b>	<b>7,950,379</b>	<b>4,674,218</b>	<b>2,992,172</b>	<b>15,616,769</b>	<b>10,337,799</b>	<b>60%</b>	<b>18,265,000</b>	<b>4,358,652</b>	<b>77%</b>	
<b>Ending Balances</b>	<b>\$ 20,241,368</b>	<b>\$ 21,784,841</b>	<b>\$ 26,995,159</b>	<b>\$ 28,221,044</b>	<b>\$ 28,221,044</b>	<b>\$ (7,979,677)</b>		<b>\$ 37,999,967</b>	<b>\$ (19,632,967)</b>		
Operating Reserve	10,927,270	10,609,000	10,609,000	10,609,000	10,609,000	318,270		10,300,000	309,000		
Discretionary Fund	1,555,853	713,423	945,467	1,042,795	1,042,795	513,068		799,016	1,576,239		
Operations and Maintenance	7,758,245	10,462,418	15,440,692	16,569,249	16,569,249	(8,811,005)		6,958,984	26,121,728		
<b>Ending Balances</b>	<b>\$ 20,241,368</b>	<b>\$ 21,784,841</b>	<b>\$ 26,995,159</b>	<b>\$ 28,221,044</b>	<b>\$ 28,221,044</b>	<b>\$ (7,979,677)</b>		<b>\$ 37,999,967</b>	<b>\$ (19,632,967)</b>		

### ***Debt Service Budget – Adjustments***

As mentioned previously, staff is requesting specific budget adjustments to bring the 2017-18 Stadium Authority Budget in compliance with the accrual method of budgeting. This was a recommendation made by Harvey Rose during the Measure J compliance audit (as shown below).

*2.M -The Stadium Authority Board should direct staff to report actual revenues and expenditures on an accrual basis in budgetary documents so that all amounts presented reflect actual results for the year, regardless of the timing of revenue receipt or expenses incurred.*

The following adjustments are being proposed in order to true-up the 2017-18 debt service budget and to bring the budget to full accrual basis:

#### **Revenues – net increase of \$900 thousand**

- **Contribution from CFD** – increase of \$900 thousand in order to accrue the special hotel tax that is collected in the fourth quarter of the 2017-18 fiscal year.

#### **Expenses – net increase of \$14.9 million**

- **CFD Advance** – increase of \$260 thousand to accrue fourth quarter interest expense at year-end.
- **Term A Loan** – increase of \$7.1 million to accrue interest expense for the months of October 2017 through March 2018 that will be paid on April 1, 2018.

In addition to the above accrual adjustments, staff is requesting the following true-up appropriation:

- **StadCo Subordinated Loan** – increase of \$7.5 million for year-end interest expense and a principal payment made earlier in the fiscal year. The 2017-18 Budget included an amount that would be paid towards debt from excess revenues at year-end; however, the actual amount was higher than originally projected.

Budget adjustments for the 2017-18 fiscal year as well as the beginning and ending budget balances are shown in the following table.

# Santa Clara Stadium Authority

## Debt Service Budget Adjustment - Accrual Basis

	2017-18 Fiscal Year		
	Budget	Adjustments	Final Budget
<b>Resources</b>			
<b>Revenues</b>			
Contribution from CFD	3,600,000	900,000	4,500,000
<b>Revenues Subtotal</b>	<b>3,600,000</b>	<b>900,000</b>	<b>4,500,000</b>
Net Transfers	51,539,000	-	51,539,000
<b>Total Resources</b>	<b>55,139,000</b>	<b>900,000</b>	<b>56,039,000</b>
	Budget	Adjustments	Final Budget
<b>Expenses</b>			
CFD Advance	3,600,000	260,000	3,860,000
Term A Loan	14,140,000	7,070,000	21,210,000
StadCo Subordinated Loan	30,469,340	7,530,660	38,000,000
<b>Total Expenses</b>	<b>48,209,340</b>	<b>14,860,660</b>	<b>63,070,000</b>

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

The Stadium Authority's 2017-18 debt service revenue budget of \$4.5 million represents anticipated contributions from the Community Facilities District (CFD). During the course of the first three quarters \$2.7 million was contributed by the CFD.

Total Stadium Authority debt service expenses for the current reporting period were \$44.5 million, 71% of the budgeted amount. Debt service payments were made on the CFD Advance (\$2.7 million), the Term A Loan (\$14.1 million) and the StadCo Subordinated Loan (\$27.7 million).

The Stadium Authority debt service fund ended the current quarter with a fund balance of \$23.9 million which includes \$11.5 million in the debt service reserve account. The remaining \$12.3 million will be used for future debt payments.

As of December 31, 2017, the total outstanding amount of Stadium Authority debt had declined to \$401.9 million. This is a reduction in principal of \$27.8 million from the March 31, 2017 outstanding debt amount of \$429.8 million

# Santa Clara Stadium Authority

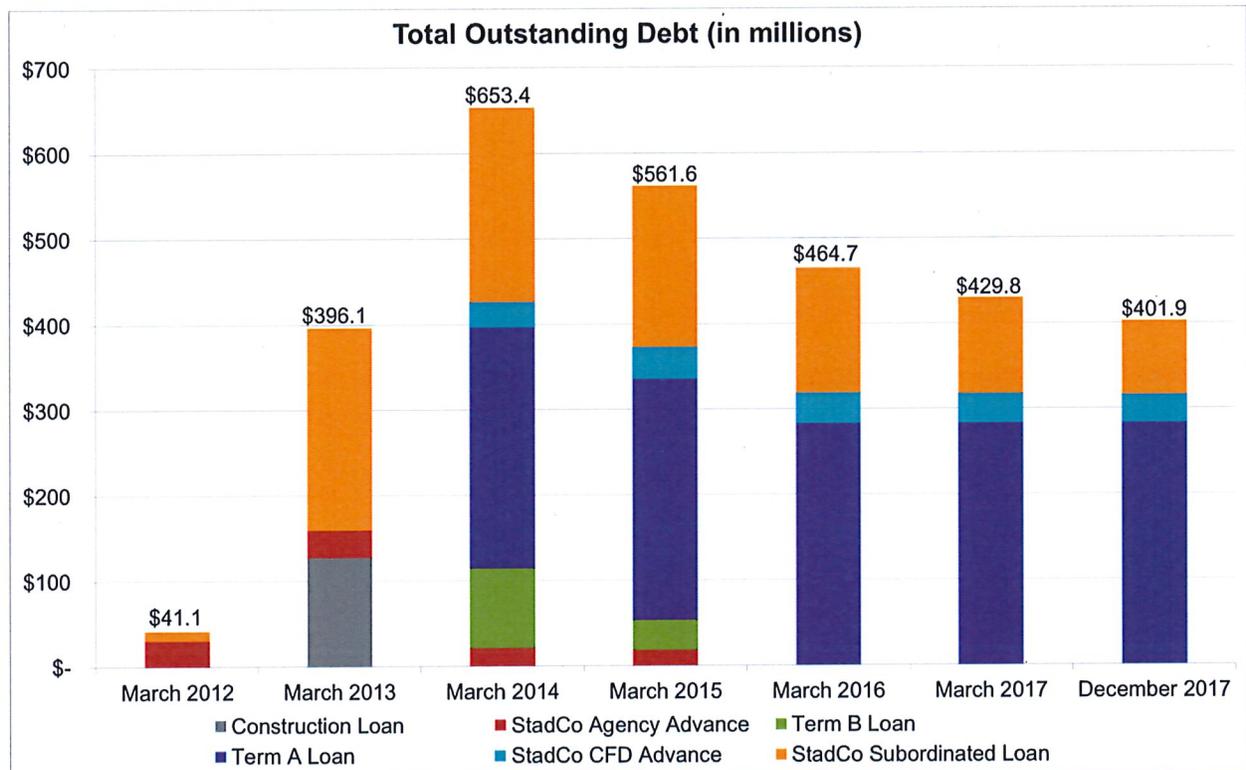
## Debt Service Budget Status Report

For the Period Ending December 31, 2017 and 2016

	Period Ending December 31, 2017					Period Ending December 31, 2016		
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Final Budget	YTD Actuals	% Received
<b>Beginning Balances</b>	\$ 42,887,813	\$ 46,297,286	\$ 11,536,235	\$ 22,616,622	\$ 46,297,286	\$ (8,828,573)	\$ 36,891,573	81%
<b>Resources</b>								
Revenues								
Contribution from CFD	4,500,000	854,660	909,445	897,022	2,661,127	1,838,873	2,755,899	81%
Revenues Subtotal	4,500,000	854,660	909,445	897,022	2,661,127	1,838,873	2,755,899	81%
Net Transfers	51,539,000	-	11,080,387	8,314,720	19,395,107	32,143,893	16,010,090	28%
Total Resources	98,926,813	47,151,945	23,526,067	31,828,364	68,353,519	30,573,294	55,657,562	63%
<b>Expenses</b>								
CFD Advance	3,860,000	854,660	909,445	897,022	2,661,127	1,198,873	2,755,899	81%
Term A Loan	21,210,000	7,069,853	7,069,853	7,069,853	14,139,705	7,070,295	14,139,705	100%
StadCo Subordinated Loan	38,000,000	27,691,198	909,445	27,691,198	10,308,802	10,308,802	18,285,485	35%
Total Expenses	63,070,000	35,615,710	909,445	7,966,875	44,492,030	18,577,970	35,181,090	50%
<b>Ending Balances</b>	\$ 35,856,813	\$ 11,536,235	\$ 22,616,622	\$ 23,861,489	\$ 23,861,489	\$ (1,296,472)	\$ 20,476,472	
Debt Service Reserve	11,536,235	11,536,235	11,536,235	11,536,235	11,536,235	-	11,536,235	-
Debt Service	24,320,578	-	11,080,387	12,325,254	12,325,254	11,995,324	8,940,237	(1,296,472)
<b>Ending Balances</b>	\$ 35,856,813	\$ 11,536,235	\$ 22,616,622	\$ 23,861,489	\$ 23,861,489	\$ (1,296,472)	\$ 20,476,472	

## Santa Clara Stadium Authority Debt Summary Report For the Period Ending December 31, 2017

Type of Indebtedness	Interest Rates	Outstanding as of March 31, 2017	Net Change	Outstanding as of December 31, 2017
Stadium Funding Trust Loan:				
Term A Loan	5.00%	\$ 282,794,108	\$ -	\$ 282,794,108
StadCo CFD Advance	5.73%	34,414,899	(1,445,272)	32,969,627
StadCo Subordinated Loan	5.50%	112,564,310	(26,401,398)	86,162,912
<b>Total</b>		<b>\$ 429,773,317</b>	<b>\$ (27,846,670)</b>	<b>\$ 401,926,647</b>



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

As part of the CapEx plan the following projects are currently in progress: (1) water treatment/softener system, (2) fire alarm, (3) LED service tunnel lighting, (4) aesthetic improvements, (5) field event emergency exit signage, (6) restroom stall vacancy signage, (7) field safety barrier for security, (8) landscaping, and (9) other stadium signage. A total of \$696 thousand has been spent through the first three quarters of the current fiscal year in relation to the CapEx plan.

In addition, of the \$1.9 million carried forward as a warranty reserve, \$198 thousand has been spent. This includes work related to (1) shattered glass panels, (2) accordion door issues, and (3) expansion joint waterproofing.

A total of \$894 thousand, which includes capital expense projects and warranty related work, has been spent on stadium capital expenses or 19% of the \$4.8 million budget.

# Santa Clara Stadium Authority

## CIP Budget Status Report

For the Period Ending December 31, 2017 and 2016

	Period Ending December 31, 2017				Period Ending December 31, 2016						
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Final Budget	YTD Actuals	% Received			
Beginning Balances	\$ 8,528,701	\$ 8,887,218	\$ 8,700,667	\$ 10,052,357	\$ 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	2,121,800	1,061,200	67%
Net Transfers from Stadium Development	1,851,000	-	1,851,000	-	1,851,000	-	100%	-	-	-	0%
<b>Total Resources</b>	<b>13,657,701</b>	<b>8,887,218</b>	<b>10,551,667</b>	<b>10,052,357</b>	<b>10,738,218</b>	<b>2,919,483</b>	<b>79%</b>	<b>9,273,000</b>	<b>8,211,800</b>	<b>1,061,200</b>	<b>89%</b>
	Final Budget	Q1 Actuals	Q2 Actuals	Q3 Actuals	YTD Actuals	Balance	% Used	Final Budget	YTD Actuals	Balance	% Used
<b>Expenses</b>											
Construction	1,766,517	186,551	301,581	207,709	695,841	1,070,676	39%	3,025,000	42,873	2,982,127	1%
Stadium Warranty Related Construction	1,851,000	-	197,729	-	197,729	1,653,271	11%	-	-	-	0%
Equipment	1,022,000	-	-	-	-	1,022,000	0%	275,000	121,413	153,588	44%
Contingency	122,000	-	-	-	-	122,000	0%	-	-	-	0%
<b>Total Expenses</b>	<b>4,761,517</b>	<b>186,551</b>	<b>499,310</b>	<b>207,709</b>	<b>893,570</b>	<b>3,867,947</b>	<b>19%</b>	<b>3,300,000</b>	<b>164,286</b>	<b>3,135,715</b>	<b>5%</b>
<b>Ending Balances</b>	<b>\$ 8,895,184</b>	<b>\$ 8,700,667</b>	<b>\$ 10,052,357</b>	<b>\$ 9,844,648</b>	<b>\$ 9,844,648</b>	<b>\$ (948,464)</b>		<b>\$ 5,973,000</b>	<b>\$ 8,047,515</b>	<b>\$ (2,074,515)</b>	

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

Levi's 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 \$4 million in public safety costs were incurred in support of the non-NFL events and NFL games that were held at Levi's Stadium in the first three quarters of the current fiscal year. The City received reimbursements during this period totaling \$2.4 million. 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 \$362 thousand of administrative costs were incurred by the General Fund. Administrative cost reimbursements of \$349 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) and ground rent (\$285 thousand) from the Stadium Authority. Additionally, the Senior and Youth Fee generated \$203 thousand which was forwarded to the City in support of senior and youth programs. The Tasman Lot Parking Fee associated with the first four NFL games was received in the third quarter totaling \$12 thousand. This fee for the remaining six NFL games was received in the fourth quarter and will be included in the next quarterly report. 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 \$137 thousand of sales tax for the City (transactions that took place in the third quarter of calendar year 2017). The last four quarters of sales tax collections from Levi's Stadium transactions generated \$535 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 Period Ending December 31, 2017 & 2016

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

	December 31, 2017	December 31, 2016
Public Safety Cost Reimbursement		
NFL Public Safety Cost Reimbursement <sup>(3)</sup>	\$ 1,376,637	\$ 1,875,304
Non-NFL Event Public Safety Cost Reimbursement <sup>(3)</sup>	955,373	2,377,560
City Offsite Parking Fees	85,677	402,085
Subtotal Public Safety Cost Reimbursement	2,417,687	4,654,949
Administrative Cost Reimbursement	349,398	307,880
Ground Rent	285,000	250,000
Performance Rent	2,533,447	2,932,008
Senior and Youth Fee	202,645	206,002
Tasman Lots Parking Fee	11,785	8,445
<b>Total General Fund Revenues</b>	<b>5,799,962</b>	<b>8,359,285</b>

### General Fund Expenditures

Public Safety Costs		
NFL Event Public Safety Costs	2,388,347	2,696,315
Non-NFL Event Public Safety Costs	1,601,824	3,180,571
Subtotal Reimbursable Public Safety Costs	3,990,171	5,876,886
Administrative Costs	362,274	304,734
<b>Total General Fund Expenditures</b>	<b>4,352,445</b>	<b>6,181,620</b>

### General Fund Impact

<b>Net General Fund Impact</b>	<b>\$ 1,447,517</b>	<b>\$ 2,177,666</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 December 31, 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 the timing of when reimbursements are received.

## 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. 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.

**NFL Event Public Safety Costs Threshold** – The Amended and Restated Stadium Lease Agreement describes the public safety costs threshold for the first three years of the Lease term. 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. Stadium Authority executive staff has taken the position that the cap is not enforceable in 2017-18 and subsequent years. StadCo has been paying all of the NFL public safety costs to date. In prior years the Stadium Authority reimbursed StadCo for any NFL public safety costs over the threshold with its discretionary fund. Staff does not recommend continuing this practice beginning the current fiscal year.

**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. The performance rent calculations for the two most recent fiscal years is noted in the chart below.

## City of Santa Clara

### Stadium Authority Performance Rent Calculation

	2016-17 <sup>(1)</sup>	2015-16 <sup>(1)</sup>
Ground Rent	\$ 250,000	\$ 215,000
Non-NFL Event Revenue	52,238,762	89,754,081
Non-NFL Event Expense	(46,921,868)	(83,675,065)
<b>Net Non-NFL Event Revenue</b>	<b>\$ 5,316,894</b>	<b>\$ 6,079,016</b>
50% of Net Non-NFL Event Revenue	\$ 2,658,447	\$ 3,039,508
Performance Based Rent Credits		
50% of Fixed Ground Rent	(125,000)	(107,500)
Public Safety Costs Over Threshold	-	-
Received PIT	-	-
Disproportionate Taxes	-	-
<b>Total Performance Based Rent</b>	<b>\$ 2,533,447</b>	<b>\$ 2,932,008</b>

<sup>(1)</sup> This data is related to events occurring in the fiscal years noted above, however the cash payment of the performance rent is received by the City in the following fiscal years.

**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 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	Actual Net Income from Non-NFL Events	Actual 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	To be determined		
2018-19	5	225,101	5,627,544			
2019-20	6	231,854	5,796,370			
2020-21	7	238,810	5,970,261			
2021-22	8	245,974	6,149,369			
2022-23	9	253,353	6,333,850			
2023-24	10	260,954	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.