

Santa Clara Stadium Authority Budget in Brief

ADOPTED FISCAL YEAR 2025/26 OPERATING, DEBT SERVICE AND CAPITAL



To Our Santa Clara Residents:

Each year, the Santa Clara Stadium Authority (Stadium Authority) brings forward a budget that is based in part on documentation submitted by the Forty Niners Stadium Management Company LLC (ManCo) for Stadium Authority Board consideration. On March 11, 2025, the Stadium Authority Board (Board), which oversees the ManCo's management of Levi's® Stadium for taxpayers, approved the Fiscal Year (FY) 2025/26 Operating, Debt Service and Capital Budget that includes all required payment obligations for the Stadium Authority and adequate reserves. The Board also authorized the Executive Director to work with a marketing consultant and ManCo to review, finalize and approve the 2025 Levi's® Stadium Events Marketing Plan that was submitted by ManCo.

The Stadium Authority's annual budget provides the resources necessary to administer the duties of the Stadium Authority. This includes support for operating Levi's® Stadium during Non-National Football League (Non-NFL) Events through a management company. Advancing the FY 2025/26 work plan, payment of required debt obligations and maintenance of a five-year capital plan are also included in the FY 2025/26 Stadium Authority budget.

The Adopted FY 2025/26 Budget totals \$77.3 million which is \$11.1 million lower than the \$88.4 million FY 2024/25 amended budget. This lower figure is primarily due to a \$7.7 million decrease in Performance Rent paid to the City since the FY 2024/25 budget included three years of rent, \$3.5 million decrease in payment for the Public Safety Cost (PSC) 2024 Outstanding Balance due to lower projected excess revenues and \$5.5 million decrease in capital expenditures. This decrease was offset by an increase of \$958,000 in debt service primarily due to projected payments for the CFD Advance, \$1.6 million in naming rights expense for its obligations under the Naming Rights Agreement for suite and ticket allocation to the FIFA World Cup 2026 soccer matches, \$2.1 million for PSC Over Threshold and \$916,000 in other operating expenses.

SANTA CLARA STADIUM AUTHORITY BUDGET-IN-BRIEF
FY 2025/26 ADOPTED OPERATING, DEBT SERVICE AND CAPITAL BUDGET

Budget Highlights

Budget Summary

Santa Clara Stadium Authority Total Budget Summary

	<u>2024/25 Amended Budget</u>	<u>2025/26 Adopted Budget</u>	<u>Increase (Decrease)</u>
Operations (Net of Transfers Out)	\$ 44,602,000	\$ 38,073,000	\$ (6,529,000)
Debt Payments	19,687,000	20,645,000	958,000
Capital Projects	24,076,725	18,589,000	(5,487,725)
Total Budget	\$ 88,365,725	\$ 77,307,000	\$ (11,058,725)

- The Operating Budget totals \$38.1 million, which is \$6.5 million lower than the \$44.6 million FY 2024/25 amended budget. This decrease is primarily due to reduced spend on Performance Rent and the projected payment for the PSC 2024 Outstanding Balance.
- Debt Payments total \$20.6 million, representing a \$958,000 increase to the FY 2024/25 amended budget. This increase is primarily driven by higher projected payments for the CFD Advance.
- Capital Projects are budgeted at \$18.6 million, a \$5.5 million decrease from the FY 2024/25 amended budget, due to projected reduction in capital expenditures.

SANTA CLARA STADIUM AUTHORITY BUDGET-IN-BRIEF

FY 2025/26 ADOPTED OPERATING, DEBT SERVICE AND CAPITAL BUDGET

Operating Budget

Revenues

Santa Clara Stadium Authority Operating Budget Summary

	2024/25 Amended Budget	2024/25 Projected Actuals	2025/26 Adopted Budget
Revenues			
NFL Ticket Surcharge	\$ 13,700,000	\$ 14,595,000	\$ 15,034,000
Stadium Builder License (SBL) Proceeds	5,057,000	7,969,000	5,156,000
Interest	3,534,000	5,435,000	3,421,000
Net Revenues from Non-NFL Events	6,000,000	9,250,000	5,300,000
Naming Rights	7,830,000	7,830,000	8,065,000
Sponsorship Revenue (STR)	519,000	837,000	722,000
Rent	24,762,000	24,762,000	24,762,000
Senior & Youth Program Fees	268,000	279,000	270,000
Non-NFL Events Ticket Surcharge	1,149,000	1,394,000	3,426,000
Non-NFL Events PSC Depreciation Reimbursement	-	291,000	89,000
Total Revenues	\$ 62,819,000	\$ 72,642,000	\$ 66,245,000

- Non-NFL Event Ticket Surcharge is budgeted to increase by \$2.3 million to \$3.4 million due to the surcharge being increased from \$4 per ticket to a minimum of \$8 per ticket
- Net Revenues from Non-NFL events are projected to be \$5.3 million based on an estimate of six concerts, two soccer events and approximately 50 non-ticketed special events

SANTA CLARA STADIUM AUTHORITY BUDGET-IN-BRIEF

FY 2025/26 ADOPTED OPERATING, DEBT SERVICE AND CAPITAL BUDGET

Expenses

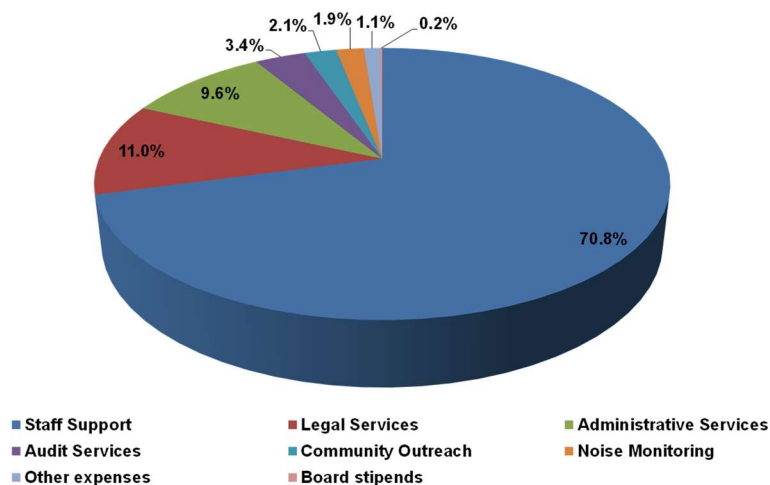
Santa Clara Stadium Authority Operating Budget Summary

	2024/25 Amended Budget	2024/25 Projected Actuals	2025/26 Adopted Budget
Expenses			
Shared Stadium Manager Expenses ⁽¹⁾	\$ 13,554,000	\$ 13,363,000	\$ 13,989,000
SBL Sales and Service	2,448,000	2,611,000	2,324,000
Buffet Costs	900,000	900,000	927,000
Senior & Youth Program Fees (paid to City)	268,000	279,000	270,000
Ground Rent (paid to City)	1,000,000	1,000,000	1,000,000
Performance Rent (paid to City)	9,825,000	11,450,000	2,150,000
Discretionary Fund Expense	250,000	-	250,000
Utilities	1,488,000	1,711,000	1,796,000
Use of StadCo Tenant Improvements	151,000	172,000	106,000
Stadium Authority General & Administrative	3,793,000	2,682,000	4,172,000
Stadium Authority Legal Services	495,000	479,000	515,000
Naming Rights Expense	136,000	136,000	1,724,000
Other Expenses	748,000	696,000	763,000
PSC Over Threshold	-	2,312,000	2,143,000
PSC 2024 Outstanding Balance	6,473,000	9,214,000	2,972,000
Transfer to City General Fund from Excess Revenues	3,073,000	5,893,000	2,972,000
Transfers Out - Debt Service	17,471,000	17,471,000	17,646,000
Transfers Out - Capital Expenditure Reserve	4,032,000	4,032,000	5,153,000
Transfers Out - Capital Expenditure Reserve (Levi's Naming Rights)	1,575,000	1,575,000	-
Total Expenses	\$ 67,680,000	\$ 75,976,000	\$ 60,872,000

⁽¹⁾ Stadium Operations, Engineering, Guest Services, Groundskeeping, Security, Insurance, and Stadium Management Fee

- Shared Stadium Manager Expenses (Stadium Authority and the Forty Niners) are budgeted at \$14.0 million, a 3% increase from the prior year
- Performance Rent and Transfer to the City's General Fund from excess revenues are budgeted at \$2.2 million and \$3.0 million respectively
- The General and Administrative and Legal Services expense budget of \$4.7 million includes funding for 8.7 full-time equivalent positions totaling \$3.3 million which is a baseline level of support necessary for Stadium Authority operations

Stadium Authority FY2025/26 General and Administrative Budget and Legal Services Budget



SANTA CLARA STADIUM AUTHORITY BUDGET-IN-BRIEF

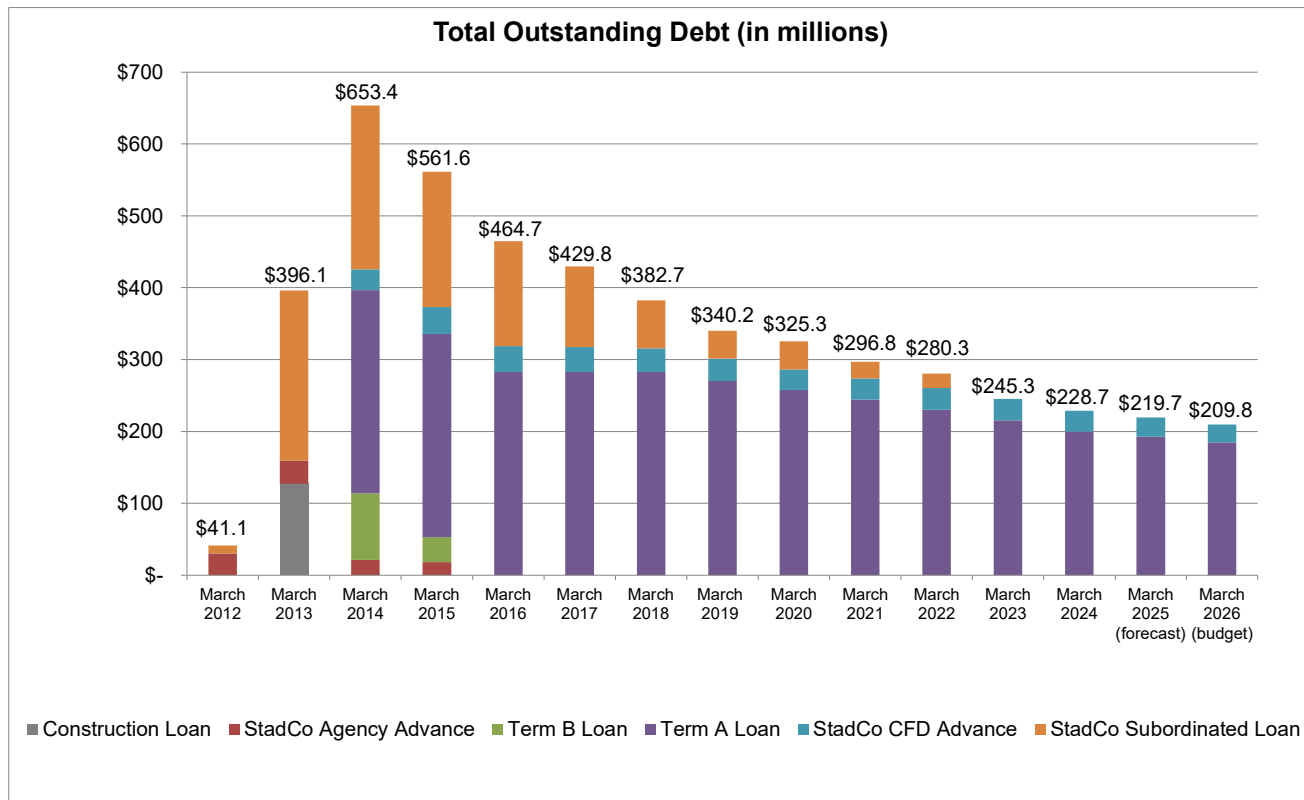
FY 2025/26 ADOPTED OPERATING, DEBT SERVICE AND CAPITAL BUDGET

Reserves

- This Operating Budget includes the following reserves: Operating Reserve (\$27.7 million); Renovation/Demolition Reserve (\$49.2 million); and Discretionary Fund Reserve (\$1.2 million).

Debt Service Budget

The Stadium Authority has two remaining loans outstanding. The Term A Loan is a fixed rate loan with annual minimum principal payments. The Stadium Authority closed on this loan in 2013 to refinance the original construction loan when Levi's® Stadium was being built. The Community Facilities District (CFD) Advance is also a fixed rate loan. The CFD Advance was used to finance various infrastructure costs that were incurred around the stadium while it was being built.



- Debt service expenses are budgeted at \$20.6 million, an increase of \$958,000 compared to the prior year due to the increase in payments for both CFD Advance and the annual Term A required principal payment
- Total outstanding debt is budgeted to drop from \$219.7 million to \$209.8 million due to paying down the Term A loan and the (CFD) Advance

SANTA CLARA STADIUM AUTHORITY BUDGET-IN-BRIEF

FY 2025/26 ADOPTED OPERATING, DEBT SERVICE AND CAPITAL BUDGET

Capital Expense Budget

- Capital expenditure expenses are budgeted at \$18.6 million
- \$13.4 million is budgeted for carry over projects (e.g. Naming Rights signage, lighting systems, aesthetic improvements, furniture replacement)
- \$5.2 million is budgeted for new projects (e.g. LED retrofit project phase 2, escalator canopies, trash compactor units, plumbing fixtures)



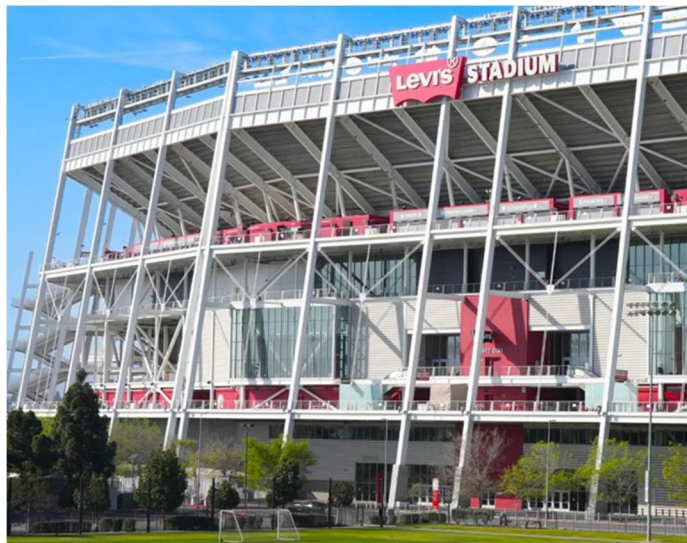
SANTA CLARA STADIUM AUTHORITY BUDGET-IN-BRIEF

FY 2025/26 ADOPTED OPERATING, DEBT SERVICE AND CAPITAL BUDGET

Key Issues

Super Bowl LX & FIFA World Cup 2026

- Six FIFA World Cup 2026 soccer matches will be held at Levi's® Stadium between June 13 – July 1, 2026
- Super Bowl LX will be played at Levi's® Stadium on February 8, 2026
- Pre-planning efforts are ongoing including negotiation and execution of various agreements with the NFL, FIFA, Bay Area Host Committee (BAHC) ManCo and other organizations to mitigate City and Stadium Authority risks



2024 Settlement Agreement

- In May 2024, the Board and City Council accepted terms for settlement of longstanding disputes with the 49ers over obligations to reimburse the 49ers for “buffet costs” for certain NFL game ticket holders and “public safety costs” paid by the 49ers to the City above a contractual public safety costs “threshold”
- In addition to resolving disputes over the claimed prior balances for buffets and public safety costs, the settlement also includes terms related to ongoing buffet costs and public safety costs over the threshold
- Excess revenue cash flows into the City’s General Fund, an increase to the non-NFL event ticket surcharge revenue, an increase to the senior and youth program fee and an adjustment to the Performance Based Rent calculation which allows more revenue to flow to the City’s General Fund were part of the settlement
- Amendments to the Stadium Lease between the Stadium Authority and StadCo and the Ground Lease between the Stadium Authority and the City were required as part of the settlement



SANTA CLARA STADIUM AUTHORITY BUDGET-IN-BRIEF

FY 2025/26 ADOPTED OPERATING, DEBT SERVICE AND CAPITAL BUDGET

Non-NFL Events Marketing Plan

- The Net Non-NFL Event Revenue is budgeted at \$5.3 million in FY 2025/26 which is 43% lower than the FY 2024/25 projection of \$9.3 million
- Historically, actual performance has exceeded the preliminary budget adoption based on additional event bookings that may occur after the start of the fiscal year
- The Executive Director's Office will continue to provide oversight and work with ManCo to strive to book events that maximize net revenue per event through various efforts, including refining and implementing the Marketing Plan

Levi's® Naming Rights Signage Replacement



- The Naming Rights agreement with Levi Strauss & Co, initially signed in 2013 for 20 years, was extended by 10 years through an amendment, totaling \$273.1 million in revenue for the Stadium Authority over 30 years, ending on February 29, 2044
 - Under the terms of the agreement Stadium Authority is obligated to provide Levi's® with suite and ticket allocation for each FIFA World Cup 2026 soccer match. The estimated and not to exceed costs for this obligation is \$1.6 million
 - As part of the First Amendment to the Naming Rights Agreement, the Stadium Authority agreed to replace the existing main Levi's® Stadium signage
- In FY 2024/25, ManCo completed a competitive solicitation process for this project and the total estimate is \$4.7 million with the Stadium Authority's portion being \$3.9 million
 - In December 2024, the Enhanced Signage Project was approved by the Board

SANTA CLARA STADIUM AUTHORITY BUDGET-IN-BRIEF

FY 2025/26 ADOPTED OPERATING, DEBT SERVICE AND CAPITAL BUDGET

Capital Expense Reserve

- Capital Expense (CapEx) Reserve is funded by two main sources outlined in the Stadium Lease Agreement; the FY 2025/26 contribution amounts will be \$2.8 million and \$1.4 million respectively.
- Due to upcoming capital projects, this reserve balance is budgeted to decrease to \$2.6 million in FY 2025/26.
- Given the limited source of funding and an aging stadium, an additional \$1.0 million contingent allocation of revenues to the CapEx Reserve has been included in the adopted budget.
- Stadium Authority will continue to work with ManCo to prioritize projects within the five-year CapEx plan.



10-Year Forecast

- In June 2024, the Santa Clara Civil Grand Jury published a report entitled, “Outplayed: Measure J, the City of Santa Clara, and the San Francisco 49ers” (Civil Grand Jury report) which details the Civil Grand Jury’s findings and recommendations
- One of the recommendations was for the City Council and Stadium Authority Board to be mindful of the long-term financial health of the Stadium Authority and for the Treasurer to prepare a long-term plan for funding the required Stadium Authority reserves, including reserves for capital improvements, therefore the FY 2025/26 budget includes a new section for a 10-Year Forecast

SCSA

SANTA CLARA STADIUM AUTHORITY

The Budget-in-Brief is an overview of the Stadium Authority's Adopted FY 2025/26 Operating, Debt Service and Capital Budget. The completed budget document can be accessed on the Stadium Authority's website at: SantaClaraCA.gov/SCSA.

For more information or questions about this report, contact:

City of Santa Clara - Finance Department

1500 Warburton Avenue

Santa Clara, CA 95050

(408) 615-2340