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
  o 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
  o Two preseason games, eight regular season games and two playoff games
  o 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
  o Stadium Authority received $8.4 million in NFL ticket surcharge revenue based on 10% of ticket sales to NFL events
  o 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
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
Non-NFL Events

• Eight ticketed Non-NFL events compared to twelve in prior year

• A total of 184,000 tickets were sold, **down 45%**
  
  o 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

- 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

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

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

*Numbers may vary due to rounding
## Non-NFL Events Loss

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

<table>
<thead>
<tr>
<th>Event Type</th>
<th>No. of Events</th>
<th>Net Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ticketed Events</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concerts</td>
<td>1</td>
<td>$856,583</td>
</tr>
<tr>
<td>Sporting Events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Football (Non-NFL)</td>
<td>3</td>
<td>$(3,170,926)</td>
</tr>
<tr>
<td>Soccer</td>
<td>2</td>
<td>$(65,295)</td>
</tr>
<tr>
<td>Miscellaneous Events</td>
<td>2</td>
<td>$(458,609)</td>
</tr>
<tr>
<td><strong>Subtotal Ticketed Events</strong></td>
<td>8</td>
<td>$(2,838,247)</td>
</tr>
<tr>
<td><strong>Subtotal Ticketed Events - Other Expenses</strong></td>
<td></td>
<td>$(167,217)</td>
</tr>
<tr>
<td><strong>Subtotal Non-Ticketed Non-NFL Events (weddings, corporate events, etc)</strong></td>
<td>79</td>
<td>$1,492,331</td>
</tr>
<tr>
<td><strong>Subtotal Other Operating Expenses</strong></td>
<td></td>
<td>$(1,227,881)</td>
</tr>
<tr>
<td><strong>Total Non-NFL Event Net Revenue</strong></td>
<td>87</td>
<td>$(2,741,014)</td>
</tr>
</tbody>
</table>

Total Estimated Performance Rent paid to the General Fund

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

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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
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
  o 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
  o 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
  o 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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Beginning Balance</th>
<th>Revenue</th>
<th>Expenses</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/15</td>
<td>$</td>
<td>$715,770</td>
<td>$714,028</td>
<td>$1,742</td>
</tr>
<tr>
<td>2015/16</td>
<td>1,742</td>
<td>1,238,542</td>
<td>699,129</td>
<td>541,155</td>
</tr>
<tr>
<td>2016/17</td>
<td>541,155</td>
<td>1,164,698</td>
<td>1,209,342</td>
<td>496,511</td>
</tr>
<tr>
<td>2017/18</td>
<td>496,511</td>
<td>768,564</td>
<td>-</td>
<td>1,265,075</td>
</tr>
<tr>
<td>2018/19</td>
<td>1,265,075</td>
<td>796,294</td>
<td>101,267</td>
<td>1,960,102</td>
</tr>
<tr>
<td>2019/20</td>
<td>1,960,102</td>
<td>367,748</td>
<td>-</td>
<td>2,327,850</td>
</tr>
</tbody>
</table>

- 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*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ground Rent</td>
<td>$355,000</td>
</tr>
<tr>
<td>Performance Rent</td>
<td>-</td>
</tr>
<tr>
<td>Senior and Youth Fee</td>
<td>$250,000</td>
</tr>
<tr>
<td>Tasman Lots Parking Fee</td>
<td>$34,410</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>$834,314</td>
</tr>
<tr>
<td><strong>Total Net General Fund Impact</strong></td>
<td><strong>$1,473,724</strong></td>
</tr>
</tbody>
</table>

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
  o No payment recommended at this time
  o 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.
SCSA
Santa Clara Stadium Authority