

**An Open Letter to Santa Clarans  
by City Councilmembers Jamie McLeod and Will Kennedy  
and by SantaClaraPlaysFair.org**

A major campaign is underway to encourage Santa Clarans to vote for a football stadium (Measure J). We oppose the stadium because we believe that public money should be spent on the public, and any private investment of public money should have a positive return on investment. The following are the top ten reasons why we oppose the 49ers stadium subsidy. An explanation and information source is provided.

**Top Ten Reasons Why We Oppose the 49ers Stadium Subsidy**

- 1 MEASURE J WILL RESULT IN A NET \$67 MILLION LOSS TO THE CITY'S GENERAL FUND.
- 2 FUNDING FOR SANTA CLARA UNIFIED SCHOOL DISTRICT COMES FROM THE CITY'S REDEVELOPMENT FUND, NOT FROM THE 49ERS OR THE STADIUM.
- 3 MEASURE J EXTENDS THE SWEETHEART RENT DEAL ON THE 49ERS' TRAINING CENTER -- THEY PAY ONLY 1% OF WHAT OTHER BUSINESSES PAY THE CITY.
- 4 MOST STADIUM JOBS WILL BE PART-TIME AND LOW WAGE, THE CONSTRUCTIONS JOBS ARE TEMPORARY AND FEWER THAN 7% WILL GO TO SANTA CLARANS.
- 5 TAX MONEY WILL BE SPENT ON THE STADIUM, DESPITE THE 49ERS' CAMPAIGN CLAIMS.
- 6 THE ECONOMIC IMPACT OF THE STADIUM IS MINIMAL
- 7 THE 49ERS' CLAIM THAT THEY WILL PAY OPERATIONS AND MAINTENANCE COSTS HAS A MAJOR LOOPHOLE.
- 8 THE 49ERS CAN DECIDE TO BRING IN THE OAKLAND RAIDERS, EVEN IF THE CITY OPPOSES IT.
- 9 MEASURE J WILL RESULT IN \$6 MILLION LESS BEING SPENT ON AFFORDABLE HOUSING.
- 10 MEASURE J COMMITS THE CITY TO A 2-TO-1 LOSS ON OUR INVESTMENT.

## **1 Measure J will result in a net \$67 million loss to the City's General Fund.**

Most Santa Clarans are not aware of this finding which appears in the city's economic study. What this means is that even after all direct and indirect stadium revenue to the General Fund is counted, the General Fund still ends up losing a net \$67 million -- because the revenue is not nearly enough to offset the cost. Unfortunately, the 49ers marketing materials falsely claim that the General Fund will not be impacted. It will, by \$67 million.

You may have read that no General Fund money goes into building the stadium. This is literally true, but misleading, because redevelopment money which would otherwise flow into the General Fund will be diverted to pay for stadium construction. This diversion, plus other losses caused by the stadium total \$98 million. The expected stadium General Fund revenues over the 40 year lease, including rent and all new taxes, total only \$31 million. The result is a \$67 million net loss. (i.e.  $98 - 31 = \$67$  million).

The General Fund is used by the city to pay for police, fire, libraries and parks, etc. The loss of \$67 million will have a major impact on these services. The current General Fund budget is approximately \$150 million. \$67 million is enough money to keep the city going for over 5 months. While the 49ers promise that there will be no taxes, less money in the General Fund will eventually result in either reduced services or new taxes. The City Council just hasn't addressed that yet.

The \$67 million figure is in "net present value" or today's dollars. In nominal dollars, the figure is much greater. We use "net present value" because it is used by city staff, and is consistent with standard accounting principals.

Source: [SLIDE 48 TO CITY'S 6/2/09 POWERPOINT PRESENTATION, "CITY GENERAL FUND CONSIDERATIONS"](#)

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## **2 Funding for Santa Clara Unified School District comes from the City's redevelopment fund, not from the 49ers or the stadium.**

The 49ers urge Santa Clarans to vote for Measure J "for our schools." But their marketing campaign creates the impression that the additional funding for the Santa Clara Unified School District (SCUSD) comes from stadium revenue or from the 49ers. It does not. The money actually comes from property taxes paid into the city's redevelopment agency (RDA) fund -- the same fund we have used to pay for libraries, bike trails, and fire stations. The 49ers cannot take credit for providing this money -- the money comes from Santa Clara taxpayers.

This transfer of money from the City's RDA to SCUSD is because the duration of the RDA must be extended to fund the stadium so the City can take on new debt. In order to extend the RDA, state law requires more RDA money to SCUSD (but not to the Cupertino or Campbell school districts).

SCUSD will get RDA money either way, they just get more with RDA extension. But the transfer of money is like "robbing Peter to pay Paul." SCUSD's gain of \$21.7 million should be compared to the overall net loss of \$67 million loss to the City's General Fund. And those who live in the Cupertino or Campbell school districts will not only see their city lose money, but will also get nothing for their schools.

Source: [MEMORANDUM TO RON GARRETT, ASSISTANT CITY MANAGER FROM KEYSER MARSTON ASSOCIATES, JUNE 2, 2009.](#)

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### **3 Measure J extends the sweetheart rent deal on the 49ers' training center -- they pay only 1% of what other businesses pay the city.**

The 49ers only pay us about \$26,000 per year for rental of 11.2 acres of city land -- less than many Santa Clarans pay for their mortgage/rent. Three businesses near the training center pay the city \$1.4 million, \$1 million, and \$.5 million per year for properties about one-third the size of the training center. This means that the 49ers pay about 1% per acre of what these other businesses pay. If the 49ers paid rent at the same rate per acre as these other businesses, they would pay the city \$2,600,000 million per year, not \$26,000.

We see no reason why the city should provide bargain basement rent to the 49ers when other businesses pay fair market rent. The term sheet requires the city to extend the rent deal as long as the stadium lease is in effect, possibly until 2074. This cheap rent deal alone is worth millions to the 49ers and costs the city millions in potential General Fund revenue. The loss caused by this loss of revenue has not been calculated, and is *in addition* to the \$67 million loss to the General Fund.

Source: [TERM SHEET, SECTION 17.3](#)

Source: [CITY OF SANTA CLARA ANNUAL LEASE REVENUES](#)

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### **4 Most stadium jobs will be part-time and low wage, the constructions jobs are temporary and fewer than 7% will go to Santa Clarans.**

Most stadium jobs will only be available a few days per year and will not be highly paid. Construction jobs will be available, but will only last 31 months. According to the economic report, 93% of construction jobs will go to non-Santa Clarans. That leaves only 90 construction jobs for Santa Clara residents.

Source: [NEW 49ERS STADIUM ECONOMIC IMPACT ANALYSIS, CSL \(49ERS' CONSULTANTS\)](#)

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## **5 Tax money will be spent on the stadium, despite the 49ers' campaign claims.**

The 49ers' bumper sticker states that there are "No Taxes." In fact, redevelopment funds *are* property tax dollars. Redevelopment funds can be and have been spent for projects that benefit all Santa Clarans like bike trails, libraries and fire stations. There is also a new hotel tax, much of which will be paid by Santa Clara businesses which lease out rooms to incoming business travelers. The utility funds which will be spent are not tax dollars, but they *are* money which belongs to Santa Clara residents. Finally, the stadium plan doesn't address how the city will replace the \$67 million loss to the General Fund. Just because we haven't planned any new taxes now doesn't mean we will not have to in the future.

Source: [SLIDE 35 OF CITY'S 6/2/09 POWERPOINT PRESENTATION](#)

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## **6 The economic impact of the stadium is minimal**

The 49ers' consultants prepared a report which admits that the city's "economic activity" and "personal earnings" will increase by only 1/1000 as a result of the stadium. The impact on our city is a "drop in the bucket." Many Santa Clara companies provide much more to our city's economy, without asking for a subsidy or city involvement of any kind. Also, only about 1% of the stadium construction spending will occur in Santa Clara.

Source: [MEMORANDUM TO RON GARRETT, ASSISTANT CITY MANAGER, JUNE 1, 2007.](#)

Source: [NEW 49ERS STADIUM ECONOMIC IMPACT ANALYSIS, CSL \(49ERS' CONSULTANTS\)](#)

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## **7 The 49ers' claim that they will pay operations and maintenance costs has a major loophole.**

The stadium would be run by the "Stadium Authority," which would be a new branch of the city government. The 49ers, though, have the right to approve or disapprove the stadium budget. The 49ers are only responsible for paying operations and maintenance costs which *they* say are "reasonable."

Disagreements are likely to occur as to what the 49ers have to pay for, especially as the stadium ages and expensive renovations are required. The city has no way to force the 49ers to pay more if the maintenance is insufficient because the 49ers make the final decision and will not submit to binding arbitration of disputes. It is not clear who would end up paying for repairs if the 49ers choose not to.

A similar arrangement exists for public safety costs. The 49ers will pay a pre-negotiated amount for public safety costs. However, if the city has miscalculated, and doesn't have enough to cover the public safety costs, the 49ers cannot be required to pay more unless the shortfall

results from specific new security rules which may be imposed by the NFL in the future.

Source: [TERM SHEET, SECTION 9.1 \(OPERATIONS AND MAINTENANCE ISSUE\)](#)

Source: [AGENDA REPORT, 6/2/09 PAGE 5 \(OPERATIONS AND MAINTENANCE ISSUE\)](#)

Source: [TERM SHEET, ATTACHMENT C \(PUBLIC SAFETY ISSUE\)](#)

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## **8 The 49ers can decide to bring in the Oakland Raiders, even if the city opposes it.**

The city has surrendered its right to control whether the Raiders will move to Santa Clara in the future. The 49ers now have sole authority over this decision.

Source: [TERM SHEET, SECTION 16.1](#)

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## **9 Measure J will result in \$6 million less being spent on affordable housing.**

The stadium will take \$6 million nominal dollars in redevelopment funds which otherwise would have been spent on affordable housing. Affordable housing is a city program which assists many first-time homebuyers and persons with modest incomes to purchase a home.

Source: [SLIDE 45 OF CITY'S 6/2/09 POWERPOINT PRESENTATION](#)

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## **10 Measure J commits the City to a 2-to-1 loss on our investment.**

The city is required to direct \$114 million towards the stadium project (\$106 million net present value). This is made up of Redevelopment money, utility money, and hotel tax money. In addition, we must provide the land for the stadium and lose more money by extending the 49ers sweetheart rent deal at the neighboring training center.

In return, the city receives well less than half of what it puts in - only \$57 million in General Fund and redevelopment revenue over the 40 year lease. This is made up of rent (\$8 million) projected profits from other events (\$18 million) additional sale/property/hotel taxes collected (\$29 million) and Senior/Youth Fee (\$3 million). These values are in "net present value," or today's dollars. We don't see why the city should enter into a stadium deal which is projected to lose more than two dollars for every dollar taken in.

The 49ers' claim that they pay "fair market value" on the stadium land ignores the fact that in order to receive rent, the city must pay an amount at the beginning of the lease which is worth far more than all of the future rent combined. Also, the majority of what the 49ers call "rent" is not guaranteed, and is not really rent. It is only the possibility of earning money from other events

You may wonder why the 49ers claim that they will pay \$40 million in rent over the course of the lease, and we say it is only \$8 million. The difference is that we use “net present value,” which accounts for inflation, and the 49ers use nominal value, which does not. The city staff uses net present value. Because most of the rent will be paid many years from now, it will be greatly devalued by inflation. So the value of all of the rent which the 49ers will pay over the 40 year lease is only valued at \$8 million by city staff.

The same is true of “performance based rent” (i.e. the city’s share of profit from concerts, etc.) which the city values at \$18 million, net present value, and the Senior/Youth fee which the city values at \$3 million, net present value. The 49ers’ campaign materials claim that these amounts are much higher because they use nominal values. Only by comparing the net present value of the costs and the revenues, can you determine whether the project will make, or lose money. That comparison shows that the stadium loses money.

Source: [SLIDE 35 OF CITY’S 6/2/09 POWERPOINT PRESENTATION](#)

Source: [SLIDE 45 OF CITY’S 6/2/09 POWERPOINT PRESENTATION](#)

Source: [SLIDE 47 TO CITY’S 6/2/09 POWERPOINT PRESENTATION](#)

Source: [PRELIMINARY ESTIMATE OF RETURN AFTER INVESTMENT FROM STADIUM PROJECT](#)

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Slide 48 to City's 6/2/09 Powerpoint presentation, "City General Fund Considerations"

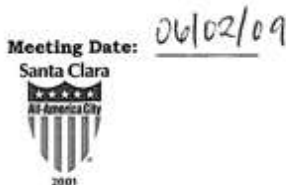
Economics		
City General Fund Considerations		
\$NPVs 2008-09		
	One Team	Two Teams
<b><u>MAX.</u> General Fund Potential – No Stadium</b>		
Cooperation Agreement repayment from TI	\$67 M	\$67 M
General Fund Property tax – if no SB 211	\$8 M	\$8 M
City land for stadium site	\$23 M	\$23 M
<b>Total</b>	<b>\$98 M</b>	<b>\$98 M</b>
<b>General Fund Return After Investment with Stadium</b>	<b>\$31 M</b>	<b>\$67 M</b>
As Percent of Estimated Maximum General Fund Potential Without Stadium	32%	68%

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**Memorandum to Ron Garrett, Assistant City Manager from Keyser Marston Associates, June 2, 2009.**



**AGENDA REPORT**  
City of Santa Clara, California



**Date:** June 2, 2009

**To:** City Manager/Executive Director for Redevelopment Agency/City Council Information

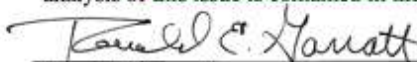
**From:** Assistant City Manager/Assistant Executive Director for Redevelopment Agency

**Subject:** Net Property Tax Benefit to the Santa Clara Unified School District as a Result of the Proposed 49ers Stadium

Subsequent to the release of the Council/Agency Agenda Report titled "Joint Council and Redevelopment Agency 'Committee of the Whole' Special Meeting to Consider a Proposed Term Sheet Between the City of Santa Clara/Redevelopment Agency and the San Francisco 49ers for the Construction and Operation of an NFL Stadium" on Friday, May 29, 2009, a question arose as to the amount of net property tax benefit accruing to the Santa Clara Unified School District (SCUSD) through the implementation of SB 211 property tax payments to taxing agencies arising from the Agency's need to incur new debt as a portion of the proposed stadium construction financing.

City staff and its fiscal/economic consultant, Keyser Marston Associates (KMA), and SCUSD staff and their property tax consultant have recently met and exchanged information in order to determine the net property tax benefit to the District if the proposed stadium project were to move forward. The staff Agenda Report estimated the District would receive \$20 million in additional property tax revenue due to SB 211 through the remaining life of the Redevelopment Plan in 2026 (see Agenda Report, bottom of page 6). Due to an editing omission, the \$20 million reference was not parenthetically notated as being stated in terms of "net present value."

On completion of this mutual review of Bayshore North Redevelopment Area property tax increment projections, the net benefit of additional property tax accruing to the School District as a result of the stadium project is \$21.7 million (net present value) and \$26.2 million (in nominal dollars). A summary of the analysis of this issue is contained in the attached report from Keyser Marston Associates.

  
\_\_\_\_\_  
Ronald E. Garratt  
Assistant City Manager / Assistant Executive  
Director for Redevelopment Agency

APPROVED:

  
\_\_\_\_\_  
Jennifer Sparacino  
City Manager / Executive Director for  
Redevelopment Agency

*Documents Related to this Report:*

- 1) *Keyser Marston Associates Report – Dollar Implications to Taxing Agencies-SB 211 Amendment*





KEYSER MARSTON ASSOCIATES  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

**MEMORANDUM**

ADVISORS IN  
REAL ESTATE  
REDEVELOPMENT  
AFFORDABLE HOUSING  
ECONOMIC DEVELOPMENT

SAN FRANCISCO  
A. JERRY KEYSER  
TIMOTHY C. KELLY  
KATHY LARUE JONES  
DEBBIE M. KERN  
ROBERT E. SUTTAHORE  
REED E. KAWAHARA

LOS ANGELES  
KATHLEEN H. HEAD  
JAMES A. RAB  
PAUL C. ANDERSON  
GREGORY D. SWEETEN  
KEVIN E. ENGSTROM  
JULIE L. ROMEY  
DENISE BUCKENHAF

SAN DIEGO  
GERALD M. TRIMBLE  
PAUL C. MARRA

**To:** Ron Garratt, Assistant City Manager  
City of Santa Clara

**From:** Keyser Marston Associates, Inc.

**Date:** June 2, 2009

**Subject:** Dollar Implications to Taxing Agencies – SB 211 Amendment

The following memo provides information regarding the projected dollar implications of adopting an SB 211 amendment of the Agency's Bayshore North Project Area ("Project Area") to districts that receive property taxes within the Project Area. In addition, an explanation is provided regarding the difference between the estimated impact to the Santa Clara Unified School District (SCUSD) identified in the Agenda Report for the June 2, 2009 Committee of the Whole meeting and the independent estimate provided by SCUSD in a May 29, 2009 letter to the Mayor and City Council.

**Background**

An SB 211 amendment would effectively extend the Agency's ability to incur new debt through December 2016 and is a requirement to proceed with a stadium transaction or another project that would obligate the Agency's tax increment or require issuance of debt. The amendment would trigger a requirement for the Agency to make payments to districts that receive property taxes within the Project Area including SCUSD, the County, and the City General Fund.

Without adopting an SB 211 amendment, the Agency would stop collecting tax increment once existing debt is repaid. The majority of the Agency's existing debt is projected to be repaid by 2019-20 (unless an SB 211 amendment is adopted). Once the debt is repaid, property tax revenues will be distributed to SCUSD, the County, City of Santa Clara, and other districts in the Project Area rather than the Agency.

To: Ron Garratt, Assistant City Manager June 2, 2009  
Subject: Dollar Implications to Taxing Agencies - SB 211 Amendment Page 2

#### Revenue Impact to Santa Clara Unified School District

The Agenda Report for the June 2, 2009 Committee of the Whole meeting includes an estimate of revenue impact to the SCUSD of approximately \$20 million. This figure approximates the \$21.7 million in the attached projection and previously referenced in the Agenda Report for the January 15, 2008 Committee of the Whole meeting. The estimate contrasts with a \$141 million estimate provided in the letter from SCUSD.

Subsequent to the May 29<sup>th</sup> Letter, the City, SCUSD and their respective consultants KMA and Public Economics Inc. discussed the estimates in more depth and exchanged and discussed key assumptions. The parties now concur on an estimate of revenue impact to SCUSD as follows:

#### Revenue to SCUSD

	With SB 211 and with Stadium	No SB 211 and No Stadium or other New Agency Project*	Net Increase in Revenue with SB 211 and with Stadium
Net Present Value	\$66.9 Million	\$45.3 Million	\$21.7 Million
Nominal Dollars	\$133.3 Million	\$107.1 Million	\$26.2 Million

\*that would require an incurrence of debt by the Agency

As shown, the estimated net increase in revenue to SCUSD in present value terms is \$21.7 million. In nominal dollar terms the estimate is \$26.2 million.

The initial difference between the two estimates (Agenda report \$20 million and SCUSD \$141 million) is explained by two main factors:

1. The Agenda Report figure was in terms of net present value (discounted to 2008-09). The SCUSD number was in nominal future dollars.
2. The Agenda Report figure represents the net increase in projected revenue to SCUSD with an SB 211 amendment versus without an SB 211 amendment.
  - a. With SB 211, SCUSD receives pass throughs.
  - b. If no SB 211 amendment is adopted, as noted previously (page 1), SCUSD is projected to begin receiving its regular share of property taxes in 2019-20.

The estimate contained in the SCUSD letter represented the gross payments to SCUSD triggered by an SB 211 amendment. The estimate did not reflect a

**To:** Ron Garratt, Assistant City Manager June 2, 2009  
**Subject:** Dollar Implications to Taxing Agencies - SB 211 Amendment Page 3

deduction for payments that would be received without an SB 211 amendment, i.e., the SCUSD estimate assumed that, without SB 211, the Agency would still have the ability to collect all the tax increment through the 2026 limit.

#### **Dollar Implications to Other Agencies**

Table 1, attached, includes a summary of the dollar implications to each of the taxing agencies in the Project Area from proceeding with an SB 211 amendment and construction of the proposed stadium.

Table 1

Projected Revenue Impact to Taxing Agencies: Adopt SB 211 Amendment and Proceed with Stadium  
 Bayshore North Redevelopment Project  
 Santa Clara Redevelopment Agency

Working Draft June 2, 2009

Based on updated Planning Scenario Projection and Inclusive of Stadium (in column A)	A.	B.	C.
	With SB 211 and With Stadium	No SB 211 No New Projects <sup>3</sup>	Net Increase/(Decrease) With SB 211 & Stadium
	\$Millions <i>Statutory Pass Thru + Basic Aid payments</i>	\$Millions <i>Property taxes that revert to taxing agencies once existing RDA debt is re-paid</i>	\$Millions
<b>Net Present Value in FY 2008-09</b>			
<b>Schools</b>			
Santa Clara Unified School District	\$66.9	\$45.3	\$21.7
County Office of Education	\$7.5	\$4.7	\$2.8
West Valley-Mission Com. College <sup>1</sup>	<u>\$3.2</u>	<u>\$0.0</u>	<u>\$3.2</u>
Subtotal	\$77.6	\$50.0	\$27.7
<b>Other Local Agencies</b>			
City of Santa Clara	\$4.3	\$11.8	(\$7.6)
Santa Clara County	\$17.6	\$21.3	(\$3.6)
Voter Approved Levies	\$0.0	\$4.6	(\$4.6)
Santa Clara Valley Water District	\$1.3	\$2.6	(\$1.3)
Bay Area Air Quality Mgmt District	\$0.1	\$0.3	(\$0.2)
Santa Clara Bridge District	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>
Subtotal	\$23.4	\$40.6	(\$17.3)
ERAF & Offsets to State Funding for Schools <sup>2</sup>	\$2.9	\$31.8	(\$28.9)
<b>Total</b>	<b>\$103.9</b>	<b>\$122.4</b>	<b>(\$18.5)</b>
<b>Nominal Future Dollars</b>			
<b>Schools</b>			
Santa Clara Unified School District	\$133.3	\$107.1	\$26.2
County Office of Education	\$14.9	\$11.1	\$3.8
West Valley Mission Com. College	<u>\$6.5</u>	<u>\$0.0</u>	<u>\$6.5</u>
Subtotal	\$154.7	\$118.2	\$36.5
<b>Other Local Agencies</b>			
City of Santa Clara	\$8.5	\$28.0	(\$19.5)
Santa Clara County	\$35.6	\$50.3	(\$14.7)
Voter Approved Levies	\$0.0	\$10.8	(\$10.8)
Santa Clara Valley Water District	\$2.7	\$6.2	(\$3.6)
Bay Area Air Quality Mgmt District	\$0.3	\$0.7	(\$0.4)
Santa Clara Bridge District	<u>\$0.0</u>	<u>\$0.1</u>	<u>(\$0.0)</u>
Subtotal	\$47.0	\$96.1	(\$49.1)
ERAF & Offsets to State Funding for Schools <sup>2</sup>	\$5.9	\$75.3	(\$69.4)
<b>Total</b>	<b>\$207.6</b>	<b>\$289.6</b>	<b>(\$82.0)</b>

**Notes**<sup>1</sup> Reflects net amount retained by Community College District per State formula.<sup>2</sup> Includes property taxes shifted to the Educational Revenue Augmentation Fund (used to meet State funding obligations to schools).<sup>3</sup> No new projects requiring the RDA to adopt an SB 211 amendment. Based on a projection of Cooperation Agreement debt repayment consistent with current Agency practice.

Sources: City of Santa Clara, KMA.

Prepared by Keyser Marston Associates, Inc.

Filename: net impact to taxing agencies 6-2-09.xls; 1summary; 6/2/2009; dd: Page 1 of 1

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## Term sheet, Section 17.3

### **ARTICLE 17.** **ADJACENT PROPERTY**

**Section 17.1 Theme Park.** The Stadium will be built and operated consistent with the Agency's obligations under the Ground Lease with First Refusal Purchase Rights for the Great America Theme Park, or other arrangements acceptable to the Theme Park tenant.

**Section 17.2 Other Stadium Area Property.** If the City or Agency offers for sale or lease for private development any real property owned by either of them identified on Attachment D, the City or Agency, as applicable, shall give notice to 49ers Stadium Company that such property is being offered for sale or lease, and 49ers Stadium Company shall have the right to participate as a potential buyer or lessee in any Request for Proposals or other similar City or Agency process to determine the disposition of the property.

**Section 17.3 49ers Training Facility Lease.** The Team's existing ground lease of the property at 4949 Centennial Boulevard, used as the Team's headquarters and training facility, shall remain in full force and effect on its existing terms and conditions, except that it will be extended to be co-terminous with the Stadium Lease, the leased premises will be adjusted to exclude property included in the Stadium Site, and the non-economic terms may be coordinated with the Stadium Lease.

[Signatures follow on Page 27]

## City of Santa Clara Annual Lease Revenues

City of Santa Clara Annual Lease Revenues Fiscal 2006/2007						
TYPE OF LEASE	ANNUAL LEASE REVENUE	TOTALS	LEASED AREA (acres)	TOTAL ACRES	YEAR LEASED	LEASE TERMINAL DATE
<b>Entertainment/Sports</b>						
Great America Theme Park	\$5,462,452		116.4		1989	50 yrs
Great America Parking	\$117,857		62.4		1989	50 yrs
49ers Training Center	\$22,732		11.7		1987	55 yrs
PAL/BMX Track	\$1,543		12		1998	25 yrs
subtotal		\$5,604,584		202.0		On closed landfill. Lease with non-profit. Kids sports venue.
<b>Office</b>						
The Irvine Company	\$3,639,002		41		2030	75 yrs
TechMart	\$1,000,000		3.6		1998	75 yrs
Commerce Plaza	\$27,346		3.7		1971	50 yrs
Clay Street	\$1,200		0.1		2030	ongoing
subtotal		\$4,667,548		48.4		Small single family home rented to non-profit (Heart of the Valley) as an office.
<b>Hotels</b>						
Hyatt Regency Santa Clara	\$1,385,327		5		1985	99 yrs
Hilton Santa Clara	\$569,086		3.9		1999	85 yrs
subtotal		\$1,954,413		8.9		
<b>Housing</b>						
Interland Apartments	\$1,236,804		45		1990	75 yrs
Gloriana House	\$24,000		0.2		2004	ongoing
Quebral House	\$24,000		0.1		2004	ongoing
subtotal		\$1,284,804		45.3		RDA Housing pays rent to City and then sub-leases to non-profit at a nominal rent. Single family home rented to non-profit (Project Match) for shared senior housing. RDA Housing pays rent to City and then sub-leases to non-profit at a nominal rent. Single family home rented to non-profit (Bill Wilson Center) for homeless teens.
<b>Restaurants/Retail</b>						
David's Restaurant	\$80,461		1		1967	30 yrs
David's of Santa Clara	\$100,541		3		1999	30 yrs
Florillo's Restaurant	\$35,600		0.8		1997	50 yrs
Peddlers Plaza	\$8,120		1.3		1971	50 yrs
City Hall Cafeteria	\$1,200		*		2002	5 yrs
subtotal		\$229,922		5.1		* 2,200 sq. ft.
<b>Cellular Telephone Sites</b>						
OmniStar (2 sites)	\$43,131		*		1989/2000	each 20 yrs * 2,200 sq. ft. and 600 sq. ft.
NexTel	\$27,911		*		1999	15 yrs
T-Mobile	\$27,537		*		2003	11 yrs
Metro PCS	\$31,215		*		2004	15 yrs
subtotal		\$129,794		0.1		* 350 sq. ft.
<b>Miscellaneous</b>						
Construction Staging Facility	\$36,000		1.5		2005	mo to mo
Pumpkin Patch/Christmas Tree Farm	\$20,000		2.5		2005	ongoing
subtotal		\$56,000		4.0		Remainder parcel located adjacent to the Northern Receiving Station. Rented for 3 months each year. Site at SW corner of Monroe and San Tomas.

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## New 49ers Stadium Economic Impact Analysis, CSL (49ers' consultants)



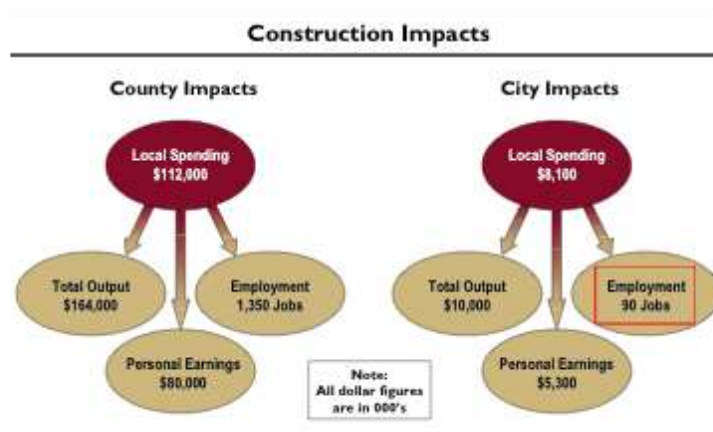
### 7.0 Construction Period Impacts

The impact of the construction phase of a project is determined by the volume and nature of construction and other development-related expenditures as well as the region in which they take place. Based on the latest estimates prepared by the project pre-construction managers, the "hard" construction costs (excluding "soft" costs) for the stadium are assumed to be approximately \$727 million.

The economic impacts resulting from this construction expenditure depend on the nature of the spending and the extent to which the spending takes place locally. Based on detailed cost estimates prepared by the project preconstruction managers, it is estimated that approximately \$112 million of construction expenditures would be spent on materials and labor derived from within Santa Clara County, of which \$8.1 million would be spent within the City of Santa Clara.

Based on these assumptions, the total direct spending occurring within the County and City was calculated. The economic impacts resulting from those spending levels were estimated by applying multipliers that specifically reflect the unique characteristics of the local construction industry, as summarized in the following exhibit.

*The construction of the stadium will have an impact on the local workforce over a three-year period.*



As shown, an estimated \$112 million of construction spending is estimated to take place within Santa Clara County, generating approximately \$164 million in total output during the construction period. This level of economic activity is estimated to support 1,350 jobs with total personal earnings of approximately \$80 million.



Approximately \$8.1 million of project spending is estimated to occur within the City of Santa Clara, which would generate approximately \$10.0 million in output and \$5.3 million in earnings while supporting approximately 90 jobs during the construction period.

In terms of tax revenues, it is assumed that 100 percent of direct materials spending would be subject to sales tax, while approximately 27 percent of indirect spending would be taxable. Based on these assumptions, the following table summarizes the estimated fiscal impacts generated during the construction period.

**Fiscal Impacts During Construction Phase**

<b>Total Taxable Sales</b>	
State	\$573,727,000
County	56,286,000
City	7,927,000
<b>Tax Revenues</b>	
State Taxes	\$28,686,000
County Taxes	985,000
City Taxes	79,000
Public Safety (Prop 172) <sup>(1)</sup>	281,000
<b>Total Sales Tax Revenues</b>	<b>\$30,031,000</b>

(1) Represents Prop 172 taxes generated by spending taking place within Santa Clara County.

*More than \$30 million in State and local sales tax revenues could be generated during the stadium construction phase.*

It should be noted that unlike the other economic impact figures presented in this report, the impacts related to stadium construction are not measured annually. The construction related impacts presented herein represent the *total* impacts taking place over the entire construction period, which is estimated to last for approximately 31 months.

## Economics

### Public Contribution & CFD

#### Public Contribution:

Redevelopment Agency Maximum	\$42 Million
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Substation Relocation	\$20 Million
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Parking Garage for Stadium	<u>\$17 Million</u>
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<b>Total Public Contribution</b>	<b>\$79 Million</b>
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CFD (Hotel Mello Roos)	<u>\$35 Million</u>
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<b>Total Public Contribution &amp; CFD</b>	<b>\$114 Million</b>
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Return to [TOP TEN REASONS WHY WE OPPOSE THE 49ERS STADIUM SUBSIDY](#)

## Memorandum to Ron Garrett, Assistant City Manager, June 1, 2007.

**To:** Ron Garratt, Assistant City Manager  
**Subject:** Evaluation of CS&L Economic & Fiscal Benefits Study

June 1, 2007  
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### Summary

The findings of KMA's review, as discussed in the following text, are summarized below:

- Economic benefits of the proposed stadium project to the City of Santa Clara have been estimated by CS&L for: (1) annual benefits derived from operation of the completed facility, and (2) one-time benefits derived from construction activity.
- For both categories of benefit, CS&L has provided benefits related to economic activity, employment, personal earnings, and fiscal benefit to the City of Santa Clara. In their analysis, the economic benefits of both the existing training facility and the stadium have been taken into account; since there are several potential scenarios for deployment of the training facility, we have chosen to separate these functions in our analysis.
- All the estimates of annual benefits are for a single year and the estimates related to construction impacts are for the construction period. Expressing these amounts over a long period of time would, of course, result in larger estimates of benefit, though ratios of benefit to existing economic activity might not change.
- CS&L findings were restated in 2007 dollars for purposes of this summary by KMA. Findings are presented in 2012 dollars in the CS&L report.

### Annual Benefits

- CS&L has indicated that the project (stadium and existing training facility) will generate \$85 million in economic activity in the City of Santa Clara. *We generally concur with this estimate; however, of the total, we estimate that about 50% would be attributable to the stadium and the balance to the existing training facility. The amount attributable to the stadium equates to about 0.1% of economic activity in the City of Santa Clara (0.2% including the training facility).*
- CS&L has indicated that the project will generate 830 jobs (full-time equivalent). *We generally concur with this estimate; of the total, we estimate that about 60% would be attributable to the stadium. This would equate to 0.4% of jobs located in the City of Santa Clara (0.7% including the training facility). Approximately 13% of jobs located in the City of Santa Clara are held by residents of the City.*

**To:** Ron Garratt, Assistant City Manager  
**Subject:** Evaluation of CS&L Economic & Fiscal Benefits Study

June 1, 2007  
Page 3

- CS&L has indicated that the project will generate \$38 million in personal earnings. *This estimate also appears generally reasonable; of the total (stadium and training facility), we estimate that \$17 million is attributable to the stadium. This equates to 0.1% of personal incomes earned in the City of Santa Clara (0.3% including the training facility).*
- CS&L has indicated that the project will generate \$700,000 in 2007 (total) per year in general fund revenue (excludes training facility). *Our adjusted estimate is nearly identical (\$650,000 per year), with the assumption that all municipal costs associated with the stadium will be reimbursed by the Stadium Authority to the City as is proposed by the team. The City's General Fund Budget (FY 2006-07) is \$135 million.*

#### One Time Benefits From Construction

- CS&L has provided the following metrics for the City of Santa Clara: (1) economic activity – \$9 million; (2) employment – 80 employees (full-time equivalent); (3) personal earnings – \$4 million. *Our analysis indicates that these estimates are reasonable; only benefits associated with contractors and suppliers located in the City are included.*
- CS&L has indicated that construction will generate \$70,000 (total) in general fund sales tax revenue. *Our analysis indicates that this estimate is probably conservative; only off-site taxable sales in the City of Santa Clara are included. Additional net sales tax revenue to the City may be generated from the construction site (as long as not utilized to finance the cost of the stadium).*

#### Key Terminology

*Economic activity* – equivalent to the gross revenues of a firm. Economic activity is also referred to as economic output. For the City, in this analysis, economic activity consists of the gross receipts of businesses located in the City and is after deduction of receipts which are projected to immediately leave the City economy.

*Personal earnings* – gross wages and salary income including bonuses and before taxes.

*Employment* – full and part time jobs.

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## Term Sheet, Section 9.1 (operations and maintenance issue)

**Section 8.3 Police, Traffic and Emergency Services.** The Stadium Authority will enter into an agreement with the City consistent with the principal terms summarized in Attachment C (the "Public Safety Agreement") pursuant to which the Stadium Authority will reimburse the City for Public Safety Costs. For NFL Games and other large events, staffing for police services will be provided by the City as well as pursuant to agreements with surrounding jurisdictions.

### **ARTICLE 9.** **NET OPERATING EXPENSES**

**Section 9.1 Budget Overview.** As provided above, the Stadium Operation and Maintenance Plan, including the Annual Stadium Operating Budget and a Capital Expenditure Plan, will be adopted annually by the Stadium Authority, provided that, each year, 49ers Stadium Company will have the right to reasonably identify the costs and expenses in the Annual Stadium Operating Budget that will be included in Reimbursable Expenses and, therefore, be subject to 49ers Stadium Company reimbursement. The Annual Stadium Operating Budget will include a projection of the Stadium Operating Revenue (as defined in Article 10 below) and overall Stadium expenses for that year, and will itemize those costs and expenses that will constitute Reimbursable Expenses (i.e., costs and expenses subject to 49ers Stadium Company reimbursement) and those that will constitute Stadium Authority Discretionary Expenses (i.e., costs and expenses not subject to 49ers Stadium Company reimbursement). The Stadium Authority Discretionary Expenses will be paid for by another funding source, such as the Stadium Authority Discretionary Fund, or will not be incurred.

**Section 9.2 Calculation and Reimbursement of Net Operating Expenses.** For each year during the term of the Stadium Lease, 49ers Stadium Company will, as part of the annual rent payable under the Stadium Lease, reimburse the Stadium Authority for the Net Operating Expenses applicable to such year. For purposes hereof, "Net Operating Expenses" for each year will be the amount, if any, by which Reimbursable Expenses exceed Stadium Operating Revenue; provided, however, that Net Operating Expenses will be reduced by amounts paid out of the reserve for operating expenses, described in clause (c) of Article 15 below.

### **ARTICLE 10.** **STADIUM OPERATING REVENUE**

Except as provided herein, the Stadium Authority will be entitled to and will receive all "Stadium Operating Revenue," which means, for each year during the term of the Stadium Lease, all revenue from operation of the Stadium, excluding Team Revenue and any revenue from Civic Events. Stadium Operating Revenue will include, without limitation, the following:

**Section 10.1 Ticket Surcharges.** NFL Ticket Surcharge proceeds not needed to pay debt service or other costs of the NFL Ticket Surcharge financing, including releases from any NFL Ticket Surcharge bond reserves, if any. Non-NFL Ticket Surcharges will be included in Stadium Operating Revenue when and to the extent provided in Section 13.5 below.



## Agenda Report, 6/2/09 page 5 (operations and maintenance issue)

Date: May 29, 2009

To: City Manager/Executive Director for City Council/Redevelopment Agency Action

Subject: Proposed Term Sheet Between the City of Santa Clara/Redevelopment Agency and the San Francisco 49ers for the Construction and Operation of an NFL Stadium

Page 5

- Upon completion of stadium construction, the 49ers will play their pre-season, regular season and post-season home games in the City, except as may otherwise be prescribed by the NFL. A permanent second team in the stadium will have the same requirements.
- The 49ers will pay the cost of demolition at the end of the lease if the SA (City Council) chooses to demolish the stadium.
- The SA will develop an annual stadium operating budget in cooperation with the 49ers and the 49ers will pay all operating expenses the team considers reasonable. There will be a dispute resolution process in place if the 49ers and SA cannot agree on a proposed budgeted item and, for public safety expenses, there will be a dispute resolution process available whereby the decision of the arbitrator will be final. In addition, a "Discretionary Fund" will be established within the SA from performance-based revenues resulting from a ticket surcharge on non-NFL event tickets. This fund is intended to be available to cover stadium operating expenses that are not agreed to in the budget development process and thus not reimbursed by the team, or additional expenses that may arise during the year that the SA chooses to pay for, particularly for Civic Events that the SA may wish to hold at the stadium. The SA may elect to distribute Discretionary Fund revenues to the City if the fund exceeds \$1 million, but one-half of any such distribution will remain with the SA to offset costs subject to the team reimbursement.
- The City, its Police and Fire Departments, the SA and the 49ers will develop and continuously update as needed, a Public Safety Plan describing procedures for traffic management, security and public safety at NFL games and other large events at the stadium. The SA will reimburse the City for the actual and reasonable costs of police, traffic control, fire, emergency services and similar services attributable to stadium events. Public safety capital expenditures dedicated to stadium operations will be budgeted for in the stadium's development budget. Public safety costs attributable to NFL games, including an amortization charge for capital equipment dedicated to the stadium, will be included in reimbursable expenses to the City up to a maximum annual amount equal to the product of \$170,000 multiplied by the total number of pre-season, regular season and post-season NFL games played in the stadium. This is the "Threshold" amount for the season (e.g., 10 home games times \$170,000 maximum reimbursement per game results in a Threshold of \$1.7 million for the season). For every season after the first, the Threshold will be increased by 4% per year; 6% per year if two teams are playing in the stadium. "Principal Terms of the Public Safety Agreement" can be found as Attachment C to the Term Sheet (Exhibit 5).

In addition, the SA will reimburse the City up to \$500,000 for each of the first two years of stadium operations for the actual total compensation of a police lieutenant and sergeant to establish a special events unit to develop procedures and protocols for the implementation of the Public Safety Plan as well as coordinating joint powers/mutual aid agreements with surrounding jurisdictions for the use of officers to supplement City of Santa Clara police officers on game days. If a second team plays in the stadium on a permanent basis, the SA will reimburse the City \$250,000 for each of the first two years the second team is playing to allow the Special Events Unit to update their operating procedures based on two teams playing in the stadium. If the NFL mandates new or expanded security measures that substantially increase Public Safety costs in connection with NFL games, and these new measures cause the existing Threshold to be exceeded, then, at the request of the City, the Threshold shall be adjusted.

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## Term Sheet, Attachment C (public safety issue)

(\$1,700,000). For each NFL season thereafter, the Per Game Factor referenced above will be increased by four percent (4%) per year, subject to adjustment as provided in Section 7(ii) below. If Public Safety Costs attributable to NFL Games in any year exceed the Threshold, the excess will be treated in accordance with Section 6 below. In determining costs subject to the Threshold, the following will apply:

(i) The Stadium Authority will reimburse the City up to \$500,000 for each of the first two years of Stadium operations for the actual total compensation of a police lieutenant and sergeant to establish a special events unit and to develop procedures and protocols for the implementation of the Public Safety Plan as well as agreements with surrounding jurisdictions, and these costs will be considered Reimbursable Expenses, but will not count toward the Threshold;

(ii) Rental from third parties of barricades and radios will be negotiated by the Stadium Authority or 49ers Stadium Company, and the cost of such rental will be separately included in Reimbursable Expenses and will not count toward the Threshold;

(iii) Any police escorts or additional security requested for Team and visiting team players will be the responsibility of the Team or the visiting team, and will not count toward the Threshold;

(iv) The charge for capital expenditures, which may be for amortization or for deposits to a sinking fund, will be in an amount equal to the fair share of reasonable capital expenditures required for public safety for the Stadium, which charge will be equitably allocated between NFL Events and Non-NFL Events. The portion of such charge that is attributable to NFL Events will be subject to the Threshold.

### 5. Possible Adjustment of Threshold.

(i) If the NFL mandates specific new or expanded security measures that substantially increase Public Safety Costs in connection with NFL Games, and the reasonable cost of such new or expanded measures will cause the Threshold to be exceeded, then, at the request of the City, the Threshold shall be increased so that such new or expanded measures will not cause the Threshold to be exceeded. If the Stadium Authority, 49ers Stadium Company and the City are unable to agree on the amount of such increase, determination of the adjustment may be subject to arbitration pursuant to Section 8 below.

(ii) If due to unanticipated circumstances other than new or expanded security measures mandated by the NFL, Public Safety Costs paid by the Stadium Authority to the City for NFL Games exceed the Threshold over any three (3) consecutive years, then, at the request of the City, the Stadium Authority, 49ers Stadium Company and the City will engage in good faith negotiations with respect to possible increase in the Threshold; provided, however, that 49ers Stadium Company will not be obliged to agree to any increase in the Threshold pursuant to this clause (ii) and the issue shall not be subject to arbitration pursuant to Section 8 below.

6. Public Safety Costs in Excess of Threshold. Any Public Safety Costs attributable to NFL Games paid by the Stadium Authority to the City in excess of the Threshold in any year,

## Term sheet, Section 16.1

(a) First, One Million Dollars (\$1,000,000) will be transferred to the Stadium Capital Expenditure Reserve; provided, however, that for any year in which a Second Team Capital Reserve Deposit is made pursuant to Section 14.1(c) above, no transfer to the Stadium Capital Expenditure Reserve will be made under this clause (a);

(b) Second, One Million Dollars (\$1,000,000) will be paid to the City as additional Ground Rent;

(c) Third, Two Million Dollars (\$2,000,000) will be retained by the Stadium Authority to fund future Reimbursable Expenses; and

(d) Fourth, the remainder, if any, will be disbursed one-third each to the City, to the Stadium Capital Expenditure Reserve, and to the Stadium Authority to fund future Reimbursable Expenses.

### **ARTICLE 16.** **SECOND TEAM**

**Section 16.1 Second Team.** 49ers Stadium Company will have the right to enter into a sublease with a second NFL team ("Second Team"), on terms and conditions consistent with and subject to the Stadium Lease to allow the Second Team to play its home games in the Stadium, subject to the following conditions:

(a) Repayment of Upfront Investment. Prior to the date that the Second Team plays its first home game in the Stadium, the Agency will receive an amount equal to the Agency Upfront Investment, which, as provided in Section 7.4 above, is estimated under current economic conditions to be approximately Twenty-Eight Million Dollars (\$28,000,000).

(b) Repayment of Advance. 49ers Stadium Company will pay to the City or Agency prior to the date that the Second Team plays its first home game in the Stadium an amount equal to all the tax increment previously paid to 49ers Stadium Company as payment on the principal amount of the 49ers Agency Advance.

(c) Forgiveness of 49ers Agency Advance. From and after the date the Second Team plays its first home game in the Stadium, 49ers Stadium Company will have no further right to receive tax increment and will forgive all principal and interest of any outstanding 49ers Agency Advance.

(d) Additional Fixed Ground Rent. Commencing in the first year the Second Team plays its home games at the Stadium, the Stadium Authority will pay to the City, as additional Fixed Ground Rent ("Second Team Fixed Ground Rent"), One Million Dollars (\$1,000,000) per year. Beginning in the eleventh year of Second Team occupancy, the Second Team Fixed Ground Rent will equal One Million One Hundred Thousand Dollars (\$1,100,000) per year, and such amount will, provided the Second Team continues to play its home games at the Stadium, increase One Hundred Thousand Dollars (\$100,000) every five (5) years thereafter during the initial term of the Stadium Lease. For each extension of the Ground Lease, the Second

## Economics

### Return to Agency (NPV/2008-09)\*

	<u>One Team</u>	<u>Two Teams</u>
<b>Return to Agency</b> Tax Increment From Stadium (including housing TI)	\$6 M	\$8 M
<b>Investment</b> ( <i>Excluding Garage</i> ): \$42 M but NPV is \$36 M	\$36 M	\$36 M
<b>Net Return to Agency</b> ( <i>Before Garage</i> )	<b>(\$30 M)</b>	<b>(\$28 M)</b>
<b>Garage Expense</b> ( <i>40% allocation</i> ) \$17 M but NPV is \$15 M	\$15 M	\$15 M
<b>Net Return to Agency</b> ( <i>After Garage</i> )	<b>(\$45 M)</b>	<b>(\$43 M)</b>

\*Presented in terms of Net Present Value in 2008-09 based on a 6% discount rate

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Slide 47 to City's 6/2/09 Powerpoint presentation

Economics		
Return to City (NPV/2008-09)*		
Return to City	One Team	Two Teams
Fixed Ground Rent	\$8 M	\$18 M
Performance-Based Rent	\$18 M	\$15 M
Senior / Youth Program Fee	<u>\$3 M</u>	<u>\$3 M</u>
Subtotal	\$29 M	\$36 M
Property Taxes	\$2 M	\$4 M
Sales Tax, VLF, TOT Incl.		
Convention Center Synergy	\$20 M	\$26 M
Repay Investment w / 2nd Team	N/A	\$21 M
Total Return	\$51 M	\$87 M
Investment	\$20 M	\$20 M
Net Return to City	\$31 M	\$67 M
*Presented in terms of Net Present Value in 2008-09 based on a 6% discount rate Not including RDA		

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# Preliminary Estimate of Return after Investment from Stadium Project

## Exhibit 7

### Preliminary Estimate of Return After Investment from Stadium Project - Net Present Value (NPV) in 2008-09 <sup>(1)</sup>

49er Stadium Term Sheet  
Santa Clara, CA

NPV in 2008-09 <sup>(1)</sup>

	City of Santa Clara		Redevelopment Agency		Note
	One Team	Two Teams	One Team	Two Teams	
<b>I. Return to City</b>					
Fixed Ground Rent	\$8 M	\$18 M	N/A	N/A	N/A
Performance-Based Rent	\$18 M	\$15 M	N/A	N/A	Reduced in first 10 yrs, then \$1 M/yr with 100k bumps every 10 years
Senior / Youth Program Fee	\$3 M	\$3 M	N/A	N/A	Performance rent after credits discounted at 10%
Subtotal	\$29 M	\$36 M	N/A	N/A	From \$0.35 Ticket Fee
Repay Investment w / 2nd Team	N/A	\$21 M	N/A	N/A	N/A
Property Taxes	\$2 M	\$4 M	\$8 M	\$8 M	Payback \$28 M upfront investment, forgive advance and pay back principal
Sales Tax, VLF, TOT	\$20 M	\$26 M	N/A	N/A	RDA: TI from stadium; City: pass thru-prop tax after 2028 from stadium
Total	\$51 M	\$87 M	\$8 M	\$8 M	Per CS&L with refinements by KMA and including impact of synergy with convention center; two team estimate assumes 2nd team in 8th year.
<b>II. Investment (excluding Garage)</b>					
	\$20 M	\$20 M	\$36 M	\$36 M	City Investment = relocate substation; RDA Investment = \$28 M bonds & cash + \$12 M Advance + \$1.7 M Dev Fees = \$42 M but NPV = \$36 M.
<b>III. Return After Investment (excluding Garage)</b>					Excludes CFD (Hotel Mello)
	\$31 M	\$67 M	(\$30 M)	(\$28 M)	
Investment in Garage (40% allocation)	N/A	N/A	\$15 M	\$15 M	NPV in 2008-09 of \$17 M allocable share of parking garage cost
<b>IV. Return After Investment (including Garage)</b>					
	\$31 M	\$67 M	(\$45 M)	(\$43 M)	

#### Notes:

- (1) Revenues and expenses over 40 year initial lease term are converted to present value in 2008-09 for comparison purposes using a discount rate of 6% except performance rent discounted at 10%. Revenues were inflated at 3% per year except property taxes and tax increment inflated at 2% per year. Revenues and expenses from one-time or periodic events (i.e. super bowl) or an incremental increase in development near the stadium are difficult to predict and have not been included in the analysis.

Sources: San Francisco 49ers, City of Santa Clara, KMA

Prepared by Keyser Marston Associates, Inc.

Filename: \\sf-fs1\employee\ddosazma\keyser\Santa Clara - 49er\term sheet presentation\Staff report exhibits 5-28-09b.xls; ROLs: 5/29/2009; id