



**City of
Santa Clara**
The Center of What's Possible

(ENDORSED)
FILED
AUG 12 2025
Clerk of the Court
Superior Court of CA County of Santa Clara
BY Britney Huelbig DEPUTY



August 12, 2025

Britney Huelbig, Deputy Manager
Civil Grand Jury
201 North First Street
San José, CA 95113

Transmitted via email

Subject: Update on 2023-24 Civil Grand Jury Report, “Outplayed: Measure J, the City of Santa Clara, and the San Francisco 49ers”, Recommendations

Dear Ms. Huelbig,

This letter provides an update on the City of Santa Clara (City) and Santa Clara Stadium Authority’s (Stadium Authority) efforts for the remaining recommendations in the 2023-24 Santa Clara County Civil Grand Jury report titled, “Outplayed: Measure J, the City of Santa Clara, and the San Francisco 49ers.”

- **Recommendation 2:** The City should commission its own report to determine the Stadium’s actual economic impact over the last decade. This recommendation should be implemented by July 1, 2025.

City/Stadium Authority Update: The City/Stadium Authority previously shared that before it proceeds with a comprehensive economic impact analysis, the City/Stadium Authority intends to analyze the appropriate methodology and time period for such an analysis. Since then, the Stadium Authority has hired a consultant to provide a high-level review of the 49ers’ study of the fiscal and economic impacts of Levi’s Stadium, its tenants, and the events hosted between 2014 and 2023. A copy of the consultant’s report is included as an attachment to this letter.

The consultant’s report has helped inform the Stadium Authority’s proposed methodology and the time period of review. Through a consultant, the Stadium Authority will complete a review of the Stadium’s financial impacts to the City’s General Fund between 2014 and 2021 and the Stadium’s economic impact between 2022 and 2025. 2022 was selected as a starting point because no major Non-NFL Events were held at the Stadium between 2020 and 2021 due to the COVID-19 Pandemic. Major Non-NFL Events resumed at the Stadium in May 2022. The Stadium Authority also plans to complete a separate third-party economic impact study of the 2026 major events.

- **Recommendation 3:** The May 2024 settlement agreement gives the Board/City Council new flexibility to divert Excess Revenue from the Stadium Authority to the City's General Fund. When diverting Excess Revenue, the Board/City Council should be mindful of the long-term financial health of the Stadium Authority and request the Treasurer to produce a long-term plan for funding all required Stadium reserves, including reserves for capital improvements. This recommendation should be implemented by October 31, 2024.

City/Stadium Authority Update: Stadium Authority staff completed a long-term financial plan as a tool for recommending funding for reserves, including reserves for capital improvements. The Stadium Authority FY 2025/26 Operating, Debt Service, and Capital Budget includes a 10-Year Forecast section that includes projections for Operating Revenues and Expenses, Debt Service Activity, Use of Excess Operating Revenue, Reserve Activity, and Overall General Fund Impact. The budget document is accessible on the Stadium Authority's Financial Reports webpage:

<https://www.santaclaraca.gov/home/showpublisheddocument/86271/638810251057400000>

- **Recommendation 7:** The Stadium Authority should retain the expertise needed to meaningfully weigh in on ManCo's Marketing Plan to ensure that the Stadium Authority's profitability is maximized. The Stadium Authority should also establish a yearly audit procedure to measure and analyze each season's Marketing Plan against its outcomes, updating future plans based on this analysis. This recommendation should be implemented by December 31, 2024.

City/Stadium Authority Update: In the City/Stadium Authority's prior update, it was communicated that the Stadium Authority was hiring a consultant to conduct market research on how large multi-purpose venues promote and market Non-NFL Events, review the Levi's Stadium Marketing Plan, and provide ongoing research and analysis of stadium market and Non-NFL event trends. Completion of this item has been delayed, however, the City hired Canyon Oaks to assist with this effort. The consultant is working on their reports with anticipated project completion in late summer/early fall. Copies of the final reports will be provided to the Civil Grand Jury.

- **Recommendation 8:** As part of the Marketing Plan, Stadium Authority should require that ManCo produce a marketing plan that maximizes profits for the Stadium Authority and incentivizes ManCo marketing staff to prioritize the profitability of the Stadium Authority. This recommendation should be implemented by December 31, 2024.

City/Stadium Authority Update: This recommendation is a part of the work that the City's consultant, Canyon Oaks, is completing. Please see update for Recommendation 7.

- **Recommendation 10:** The Stadium Authority should hire a professional third-party consultant, not affiliated with the 49ers, to analyze the reasonable expectations for non-NFL events such as:

- An analysis of the market revenue potential for non-NFL events at the Stadium.
- An analysis of ManCo's Marketing Plans, comparing successful (FY 2022-23) and unsuccessful (FY 2017-18) bookings to potential market revenue.
- A plan with measurable objectives and incentives for ManCo to achieve these results.

This recommendation should be implemented by December 31, 2024.

City/Stadium Authority Update: This recommendation is a part of the work that the City's consultant, Canyon Oaks, is completing. Please see update for Recommendation 7.

- **Recommendation 12:** The Stadium is not an appropriate location for a Community Facility. The Stadium Authority should work with the 49ers to identify and procure an alternative space for community needs. This recommendation should be implemented by June 30, 2025.

City/Stadium Authority Update: The City/Stadium Authority wants to explore relocation and/or renegotiation of the Community Facility benefit, and we want to be open to the possibility that there may be a more appropriate location or community benefit that can be provided within the Stadium. However, there have been a number of significant capital improvements to the Stadium within the last year that include, but are not limited to, the Levi's Naming Rights signage replacement, video board upgrades, bowl modifications for FIFA World Cup 2026, field lighting system upgrades, and suite renovations. The City and Stadium Authority, through their respective permitting and landlord oversight functions, have been working with ManCo on these capital projects to prepare the venue for the Super Bowl LX and FIFA World Cup 2026 events in 2026. The City/Stadium Authority has engaged ManCo about the recommendation to identify an alternative location for a Community Facility; however, due to ongoing construction in the Stadium leading up to the 2026 major events and the subsequent 2026 Non-NFL Event and NFL seasons, the City and Stadium Authority will reinitiate this effort after the 2026 NFL Season ends, in February 2027.

- **Recommendation 13:** The Stadium Authority should insist on consultation and prior notice before any major Stadium event commitments are made. This recommendation should be implemented by December 31, 2024.

City/Stadium Authority Update: The City/Stadium Authority previously shared that the issue was presented to ManCo, with a plan to have a deeper discussion on the topic in the future. Stadium Authority and ManCo have continued to improve communications and coordination efforts in all areas, including Non-NFL Events. This continues to be topic of ongoing discussion between the Stadium Authority and ManCo, with the Stadium Authority's intention to develop and implement a more formalized consultation and noticing process by the 2026 Non-NFL Event season.

Re: Update on 2023-24 Civil Grand Jury Report, "Outplayed: Measure J, the City of Santa Clara, and the San Francisco 49ers", Recommendations

August 12, 2025

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The City is preparing a separate letter to provide the Civil Grand Jury with updates on the progress of the recommendations outlined in the 2023-24 Civil Grand Jury report, "Irreconcilable Differences: Santa Clara City Council."

Sincerely,



Jovan D. Grogan
City Manager/Executive Director

Cc: Glen R. Googins, City Attorney/Stadium Authority Counsel

Attachment: Keyser Marston Report entitled "Fiscal and Economic Impacts of Levi's Stadium"



KEYSER MARSTON ASSOCIATES

MEMORANDUM

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AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

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A. JERRY KEYSER
TIMOTHY C. KELLY

To: Santa Clara Stadium Authority

From: Keyser Marston Associates, Inc.

Date: March 28, 2025

Subject: Fiscal and Economic Impacts of Levi Stadium

Background and Purpose

The San Francisco 49ers released a study in October 2023 that provides estimates of the fiscal and economic impacts of Levi Stadium, its tenants, and the events it has hosted over the nine-year period from 2014 to 2023 period (“49ers Study”).

The FY 2023-24 Santa Clara County Civil Grand Jury (“Civil Grand Jury”) released a report dated June 13, 2024 describing the findings of the 49ers Study as “un-verified” and recommending the City conduct its own economic impact study.

Santa Clara Stadium Authority (SCSA) engaged Keyser Marston Associates, Inc. (KMA) to provide a high-level review of the 49ers Study. The purpose is to inform SCSA’s next steps in response to the Civil Grand Jury’s recommendation regarding documentation of the economic impacts of Levi Stadium. This memorandum describes tentative feedback from this high-level review. Feedback is described as “tentative” because a review of supporting information on study methodology, if made available, may lead to revisions, and a more comprehensive review may also yield additional feedback.

Key Findings

The following summarizes findings from a high-level review of the 49ers Study:

- 1) Economic Impact Findings are Potentially Understated.** Business spending estimates are a driver of the economic impact findings of the 49ers Study. Total spending of \$452.5 million over a nine-year period, or an average of \$50.3 million per year, is identified. This figure is similar to the \$48 million total of SCSA’s

operating budget and Non-NFL event expenditures for FY 2023-24¹. However, a business spending figure that captures the full scope of Levi Stadium and tenant operations would substantially exceed SCSA's operational expenditures due to inclusion of the following additional categories of spending a) 49ers share of stadium operations expenses, b) concessionaire operational expenses, and c) 49ers team operations expenses, each of which are additional to SCSA stadium expenses. Thus, business spending figures referenced in the 49ers Study appear not to be comprehensive and may therefore lead to an understatement².

- 2) Costs Should be Considered.** As acknowledged in the 49ers Study, the focus is on gross revenues without consideration of corresponding expenses. For example, the approximately \$311 million in SCSA revenue quantified in the study consists primarily of NFL ticket surcharges and stadium rent. These revenue streams are dedicated to funding SCSA stadium operational expenses and debt service. Revenue streams dedicated to stadium expenses should either be excluded, or corresponding expenses should also be considered, to provide a full picture of net fiscal impact.
- 3) Sales Tax Estimates Appear Understated.** SCSA tracks and reports sales tax generation associated with Levi Stadium as part of quarterly financial status reports. Through June 30, 2023, approximately \$5.3 million³ in sales tax has been generated from spending inside the stadium. In contrast, the 49ers Study identifies \$2.4 million in sales tax generation over the same period, or approximately \$3 million less. For this reason, the estimate in the study appears to be understated. A likely explanation is that the 49ers Study included only sales taxes generated by attendee spending outside of the stadium, not inside the stadium.
- 4) Fiscal Results by Jurisdiction Require Modification.** The 49ers Study attributes all property tax revenues to the County; however, property taxes generated by the stadium are allocated to multiple jurisdictions whose tax bases include the stadium, including the City of Santa Clara, the County of Santa Clara, Santa Clara Unified School District, and others. In addition, hotel taxes and sales taxes attributed to the County are likely to accrue to other incorporated cities within Santa Clara County, rather than to the County itself, since most hotels and retail outlets are within incorporated cities.

¹ Based on SCSA Financial Status Report for Quarter and Fiscal Year Ending March 31, 2024.

² It is possible that adjustments to gross business spending were made to reflect the portion of spending that impacts the local economy, and this may explain a portion of the apparent understatement; however, information on any such adjustment was not presented.

³ This figure is based on quarterly financial status reports. Sales taxes were not reported for the initial two years of stadium operations and have been estimated based on the average of the succeeding three years.

- 5) Survey Methodology Requires Clarification.** Attendee length of stay and out-of-stadium spending figures drawn from attendee surveys appear high. For example, for one 49er game, results indicate 63% of attendees are visitors from outside Santa Clara County, stayed an average of 1.66 days and spent \$144 per person⁴ outside the stadium. Spending and length-of-stay figures are not surprising for attendees who travel from outside the region but appear high for attendees that live in other Bay Area counties, which likely represents most of the 63% out-of-county visitors. Inquiry into survey methodology may be warranted to understand what measures were taken to ensure a representative sample.
- 6) Apparent Inconsistencies in Certain Estimates.** Assuming the survey data discussed above, identifying a 1.66-day average length of stay for the 63% of visitors who came from outside of Santa Clara County, is representative, it implies demand for up to approximately 16,700 hotel room nights⁵ countywide. In contrast, hotel occupancy tax estimates translate into approximately 4,300 room nights countywide⁶. Thus, there is an apparent inconsistency in what attendees reported regarding length of stay and the hotel spending estimates.

⁴ \$144 per person was calculated from study estimates for a specific Denver Broncos at 49ers game on 12/9/2018 as $\$144 = \$6,315,428 \text{ aggregate spending} / (69,449 \text{ attendees} * 63\% \text{ out-of-county visitors})$. This \$144 per person figure differs from the \$203 per person stated in the text of the study.

⁵ $\sim 16,700 \text{ room nights} = 69,449 \text{ attendees} * 63\% \text{ from out of County} / 2.62 \text{ persons per party}$. Of course, not all out-of-county visitors spend the night; however, survey results indicating an average visit of 1.66 days suggests many do and this calculation illustrates what it implies in terms of hotel room nights.

⁶ $\sim 4,300 \text{ room nights} = \$129,000 \text{ in hotel taxes} / 12\% \text{ blended TOT rate} / \$250 \text{ assumed nightly rate}$.