

Meeting Date: 11/9/10

AGENDA REPORT

City of Santa Clara, California

Agenda Item # 6B-2



Date: November 2, 2010

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

From: Administrative Analyst to the City Manager

Subject: Approval of Agreement for the Performance of Services with KNN Public Finance for Financial Consulting Services to Assist with Ongoing Negotiations with the San Francisco 49ers for an NFL Football Stadium

EXECUTIVE SUMMARY:

At their June 2, 2009 meeting, Council directed the City Manager to proceed with the next phase of negotiations with the San Francisco 49ers for a football stadium in the City of Santa Clara, which is negotiation of the Disposition and Development Agreement (DDA). In addition to City staff departmental expertise, the negotiating team has required specialized expertise in the areas of redevelopment law, land use issues, complex financing options, and real estate issues, particularly pertaining to stadiums and professional sports franchises.

Staff is recommending approval of a consulting contract with KNN Public Finance for consulting services specific to stadium financing and related issues pertaining to the stadium project. Under this contract, KNN Public Finance will provide consulting services on financial matters related to the stadium DDA, and related to the City's review of the 49ers stadium financing plan. Activities directly related to any City financings, such as the issuance of tax allocation bonds or Mello-Roos bonds, are not included in this contract; such activities would be performed pursuant to KNN Public Finance's existing financial advisory contract, with fees contingent on the closing of a financing and paid out of bond proceeds. Although the 49ers have announced a delay in the stadium project, work is continuing on stadium financing and there is a need for specialized financial advice.

Various land use and financing specialists have historically supported the City and/or Redevelopment Agency (RDA): as an example, bond counsel, financial advisors and RDA legal counsel. Due to the complexity of the stadium project, there is a need to support City staff with specialized resources in order to accomplish this next step with the 49ers. On July 14, 2009, Council approved a budget of \$1 million to support these efforts, with \$150,000 earmarked for specialized consulting services related to stadium financing. These monies come from Redevelopment Agency tax increment revenues and can only be used to support redevelopment activities in the North Bayshore Area. No General Fund monies will be used in engaging consulting services for the stadium proposal.

The contract has been placed in Council offices for review.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

KNN Public Finance is a well-respected financial advisory firm that works exclusively with public agency and nonprofits. The City currently uses the services of KNN Public Finance for financial planning and public

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finance transactions, giving KNN the advantage of having in-depth knowledge of the City's financial principles, along with a good working relationship with City staff, providing excellent advice and support on financial matters. KNN Public Finance is experienced in complex financial transactions, as well as sound and prudent debt management practices.

ECONOMIC/FISCAL IMPACT:

The KNN Public Finance contract is not to exceed \$100,000. Funds are available in Redevelopment Agency Contractual Services (account 901-9011-87870).


RECOMMENDATION:

City

That the Council note and file the Agreement for the Performance of Services between KNN Public Finance and the Redevelopment Agency, in an amount not to exceed \$100,000, for financial consulting services to assist staff with ongoing negotiations with the San Francisco 49ers to develop a Disposition and Development Agreement (DDA) for a National Football League (NFL) football stadium.


Redevelopment Agency

That the Agency approve, and authorize the Executive Director to execute, the Agreement for the Performance of Services with KNN Public Finance, in an amount not to exceed \$100,000, for financial consulting services to assist staff with ongoing negotiations with the San Francisco 49ers to develop a Disposition and Development Agreement (DDA) for a National Football League (NFL) football stadium.




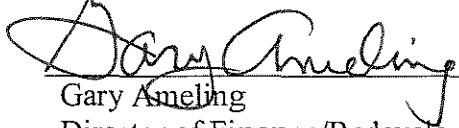
Pamela J. Morrison
Administrative Analyst to the City Manager

APPROVED:



Jennifer Sparacino
City Manager/Executive Director for
Redevelopment Agency

Certified as to Availability of Funds: 
901-9011-87870 \$ 100,000.00



Gary Ameling
Director of Finance/Redevelopment
Agency Treasurer

MAJORITY VOTE OF COUNCIL

Documents Related to this Report:

- 1) *Agreement for the Performance of Services by KNN Public Finance*