

Agenda Report

TO: CITY COUNCIL

DATE: JUNE 6, 2005

FROM: CITY MANAGER

SUBJECT: APPROVAL OF STATEMENT OF OVERRIDING CONSIDERATIONS FOR THE ROSE BOWL STADIUM RENOVATION PROJECT AND AUTHORIZATION TO SUBMIT A PROJECT PROPOSAL TO THE NATIONAL FOOTBALL LEAGUE

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt a resolution:
 - a) adopting a Statement of Overriding Considerations
 - b) making environmental findings,
 - c) adopting a Mitigation Monitoring Program,
 - d) approving the project consisting of the recommended project and principal term sheet; and
 - e) incorporating the following recreational improvements into the project as additional community benefits:
 - i. installation of artificial turf on an existing sports field;
 - ii. construction of a field at Sycamore Grove in Hahamongna Park;
 - iii. construction of a multi-use field at Hahamongna;
 - iv. construction of a new field at Robinson Park;
 - v. restoration of trail and rock walls in the lower Arroyo; and,
 - vi. investment in maintenance, security and/or other improvements to make school grounds available for use for non-organized recreational use.
2. Direct the City Clerk to file a Notice of Determination with the Los Angeles County Recorder; and,
3. Authorize the City Manager to transmit a proposal, consistent with the approved project, to the National Football League (NFL).

EXECUTIVE SUMMARY

On May 16, 2005, City Council adopted a resolution certifying the Environmental Impact Report for the Rose Bowl Stadium Renovation Project. CEQA requires the decision-making agency to balance the benefits of a proposed project against its unavoidable environmental risks when determining whether to approve a project. A Statement of Overriding Considerations (Attachment A - Exhibit 5) and Findings and Fact in Support of Findings (Attachment A - Exhibit 4) must be adopted before adopting a project. These documents state the reasons to support the project in light of the environmental impacts. A Mitigation Monitoring Program (Attachment A - Exhibit 6) also must be adopted outlining the specific mitigation measures that will be

enacted to reduce environmental impacts. A resolution adopting all three documents and approving the Recommended Design (Attachment A - Exhibit 1) and principal term sheet (Attachment A - Exhibit 2) is included in Attachment A.

As a means to mitigate environmental impacts of the proposed project and in response to comments on the Draft EIR from the public and City commissions, a modified design was developed to preserve historical characteristics of the stadium while meeting the program requirements of the NFL project. This project, as mitigated, is referred to as the Recommended Project throughout this report. Staff is recommending that the City Council approve submittal of the Recommended Project and term sheet, as illustrated in the attachments, to the NFL. A list of responses to questions from the community regarding the Recommended Project and the proposed term sheet is included as Attachment G.

This report also refers to the "NFL Proposed Project" and the "Alternative Design Project." The NFL Proposed Project is the project proposed by the NFL and submitted by the RBOC in August 2004; its architectural design and building program were analyzed in the EIR. The Alternative Design Project was submitted by the RBOC in October 2003 and is one of four alternatives analyzed in the EIR. The NFL later determined it to be infeasible.

BACKGROUND

Statement of Overriding Considerations

The attached Statement of Overriding Considerations for the Recommended Project outlines the benefits of the project to the community. The project will have significant economic benefits to the City through the avoidance of capital and maintenance costs for the Rose Bowl thereby freeing City funds for other important public priorities. The City will no longer be obligated to expend approximately \$12 million toward stadium improvements required under the current lease with UCLA. The gross savings in interest and principal payments as a result of this, coupled with the interest savings that will be realized if the current RBOC debt is not restructured in order to accommodate the UCLA obligation is estimated at \$18 million. Finally, under a proposed management agreement with the NFL, the RBOC will no longer need to spend approximately \$550,000 per year for ongoing capital maintenance improvements to the stadium. The net cash flow to the Rose Bowl Operating Company based upon the terms and conditions of an NFL lease and management agreement for the first five years of such agreement is projected to be \$6.7 million and \$92.9 million over the proposed initial 25 years. The net cashflow to the City based upon the terms and conditions of an NFL lease agreement for the first five years of such agreement is projected to be \$13.3 million and \$40.8 million over the proposed initial 25 years. In total, the project local benefit of the proposed transaction is \$20 million over the first five years and \$133.7 million over the initial 25 years. A memo outlining the financial impact of the NFL to the Rose Bowl and the City is Attachment C. In addition, the private investment estimated to be between \$500 and \$600 million to renovate the Rose Bowl will result in a more competitive venue and more effective use of a City facility. The modernization of the stadium will also result in improved disabled access, improved emergency egress, and general improved comfort of patron seating.

During the discussion at its last meeting, the City Council expressed concern regarding impacts on the users of Area H. The EIR concluded that interference with recreation in Area H would be a significant impact. Council members suggested that perhaps other recreational opportunities could be developed for Area H users. While no mitigation is possible to avoid an impact to Area H, new or improved fields developed elsewhere in the City could provide

recreational benefits to the community by creating additional recreational opportunities. Revenue from the NFL could be used to create such new recreational opportunities to counter balance the impacts to existing facilities. The first five years of the agreement with the NFL would generate \$19.9 million in revenue to the City and RBOC. Staff recommends that the City Council earmark half of that now for community benefits as follows:

- installation of artificial turf on an existing sports field (cost estimate: \$1 million),
- construction of a field at Sycamore Grove in Hahamongna Park (cost estimate: \$1.25 million),
- construction of a multi-use field at Hahamongna (cost estimate: \$1.85 million),
- construction of new field at Robinson Park (cost estimate: \$2.8 million),
- restoration of trail and rock walls in the lower Arroyo (cost estimate: \$1 million), and,
- investment in maintenance, security and/or other improvements to make school grounds available for use for non-organized recreational use (up to \$420,000 per year for five years).

The recreational benefits have been incorporated into the project through inclusion in the project approval resolution.

Recommended Project

Renovations of the Rose Bowl Stadium are proposed to extend the building's long-term use and financial viability by upgrading the stadium and placing the NFL as a long-term tenant with the ability and obligation to finance renovations and maintenance. The Recommended Project was developed in response to public comments and comments made at commission meetings regarding the NFL Proposed Project. A modified design, the Recommended Project, was developed to preserve the majority of the character defining features on the north side of the Rose Bowl, thereby providing a greater opportunity to retain the stadium's National Historic Landmark designation, while also meeting the objectives of the NFL.

The Recommended Project would add up to approximately 816,000 square feet of new space and bring building systems up to current Building Code requirements. Major components of the Recommended Project include demolition of the existing suites and press box structure and new construction of club lounges and three levels of suites on the east and west sides of the stadium. Also proposed is the construction of a Hall of Fame museum and store at the south end of the stadium.

This design would preserve views to character defining features that comprise the exterior of the south and north (approximately 50%) of the Rose Bowl. A summary of effects on character defining features of the Rose Bowl is provided in Attachment D. The new structures along the north and south sides would be physically separated and visually differentiated from the historic structure, and would be a long-term reversible condition. A breakdown of what would be included in the separate levels of the new and renovated spaces in the Recommended Project is shown in Attachment E.

The Recommended Project captures modified elements of two alternatives discussed in the Draft EIR, the NFL Proposed Project (Project) and the Alternate Design Project. It includes the heavier profile structure for club suites similar to the proposed project on the west side, which was already altered by the construction of the Press Box. It includes three levels of luxury suites on the east side which would be built on free-standing supports. On the east side, the Arroyo stone landscaped berms and retaining walls would be removed during construction, but would be replaced in a location approximately 45' east from their original location to conceal

concessions and restrooms. (The berm was removed and not replaced in the NFL Proposed Design analyzed in the EIR.) On the north side, the Recommended Project would generally preserve the character defining features at the north end of the stadium. The berm would be preserved in its current location on the north side. The Recommended Project would eliminate the proposed large new scoreboard on the north and instead preserve the smaller historic scoreboard also on the north. A permanent circulation concourse will be installed at the rim of the stadium and a removable, temporary concourse and temporary seating structure could also be placed above the rim of the Bowl on the north side to expand seating from 65,000 to 75,000 patrons, as originally proposed. However, that removable structure would not typically be in place. To replace the area of the scoreboard that has been removed by the Recommended Project, two new scoreboards that would be smaller than that in the proposed project would be placed on the east and west sides adjacent to the suite structures allowing more visibility to the mountains north of the stadium. The Recommended Project includes construction of some new one-story concession and restroom facilities on the ground level along the northern perimeter of the Rose Bowl property. The proposed changes to the south side would be similar to that proposed both for the proposed project and the Alternate Design Project. No new below grade concourse would be constructed as proposed by the Alternate Design Project. Additionally, the stadium structure would continue to be supported by earth, not structure. All other building elements and the square footage of the facility components would be similar to the proposed project. Therefore, the Recommended Project will still improve accessibility for disabled persons, will provide for upgrades to building systems and will add egress opportunities that will enhance the safety at the stadium. Similarly, with the reduction of seating capacity, patrons will be provided with additional room in the seating areas for a more comfortable experience.

The Recommended Project would impact the seating capacity and the number of events held at the stadium. The Rose Bowl currently has 92,000 seats and in recent years has attracted an average of 52,000 people for typical major events. The Recommended Project would significantly reduce the total seating capacity of the stadium to approximately 65,000 with the ability to add up to 10,000 additional seats for special events for a total maximum of 75,000 seats. Special events would include the UCLA versus USC football game, Super Bowl, collegiate Rose Bowl game and Bowl Championship Series.

Currently, approximately 21,000 cars are parked in the Arroyo for major events with a capacity of up to 24,000 if parked tandem. The proposed project reduces that number to 18,000 to reduce environmental impacts. The concept of further reduced parking and additional shuttles was evaluated as a means of further reducing impacts but was found to create more impacts in areas outside the Arroyo resulting in a more significant level of total environmental impact.

The Rose Bowl currently holds approximately 12 displacement events (attendance exceeding 20,000) per year primarily on weekends. The proposed project would increase the number of permitted displacement events to 25 per year. Approximately eight events would be for UCLA football games and up to two post-season collegiate games, including the Rose Bowl Game. Up to thirteen events are reserved for the NFL events with approximately two to be held on weeknights.

With more events, the project would reduce the availability of existing recreational facilities in the Central Arroyo up to 13 more days per year. Master scheduling and coordinating of events will help mitigate these impacts. Brookside Park would be retained for picnics and some casual park and picnic use, even during events, and parking in Area I would be reserved for Kidspace and RBAC users. However, soccer fields would not be available in Area H during major events. It is anticipated that there will be capacity on PUSD fields to absorb some of the impacts on

Area H. PUSD has recently identified a substantial number of non-Pasadena sports groups who have been renting their fields. However, the District is committed to prioritizing local teams and youth and will be changing their policy to support the needs of Pasadena teams as first priority on their Pasadena sites. Attachment F lists the organized sports and related events regularly held in the Brookside Park and Area H during weekends over the months of September through December in 2002, 2003 and 2004. The matrix identifies whether NFL games are projected to have any impact on those events and, if so, what accommodations would be available to mitigate that impact.

Principal Terms

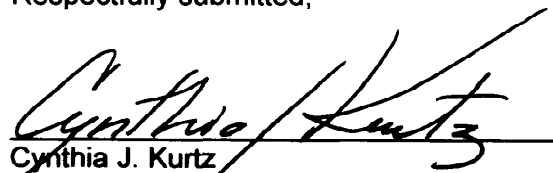
On May 19, 2003, Council approved 15 guidelines for negotiating a term sheet with the NFL. The original guidelines and the principal terms for a lease agreement with the NFL project are outlined in Attachment B. In summary, the NFL would enter into a 25-year lease with possible extensions of up to an additional 30 years and would rehabilitate the stadium according to a City approved design that is intended to maintain the building's historic designation. The NFL would pay rent, would pay for all operations, maintenance, capital, repairs and improvements for the stadium during the lease term, and would provide the City/RBOC adequate revenues to pay outstanding bonds related to the stadium without using golf course revenue. The City would continue to own the stadium and the Rose Bowl Operating Company would continue its oversight of the tenants using the stadium. The NFL would receive a license agreement for the use of parking spaces in the Arroyo including 18,000 spaces for major events and lesser amounts (not in Area H) for smaller events. Area H would only be available for parking up to 25 major events per year.

FISCAL IMPACT

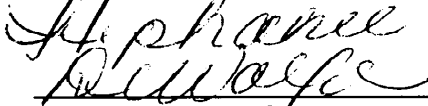
The Rose Bowl Stadium Renovation project, estimated to cost between \$500 and \$600 million, would greatly improve the condition of the stadium by bringing it up to state-of-the-art condition allowing it to compete with other modern stadiums for a broad range of events. The NFL would pay for all operations, maintenance, capital, repairs and improvements for the Rose Bowl during the lease term, and would provide the City/RBOC adequate revenues to pay outstanding Rose Bowl bonds without using golf course revenue.

In the first five years, estimated revenue with the NFL is \$19.99 million. Without the NFL during that same time period, there is a projected deficit of \$518,000. Over the life of the initial 25 year lease, total revenues are projected to be \$133.7 million. A 25 year forecast of a non-NFL scenario was not completed because the current lease with UCLA only runs through 2023. Based upon the non-NFL pro-forma completed and previously presented to the City Council, the RBOC experiences a negative cashflow of approximately \$823,000 between fiscal year 2009 and 2023, the anticipated beginning timeframe of the NFL lease and the remaining term of the UCLA lease. In addition, the additional events held at the Rose Bowl are expected to benefit local businesses. The project will also generate, plan check and permit fees that will cover the costs of processing the necessary permits.

Respectfully submitted,

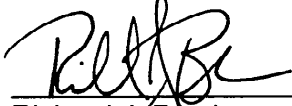

Cynthia J. Kurtz
City Manager

Prepared by:



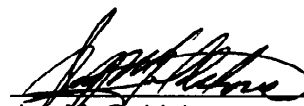
Stephanie DeWolfe
Deputy Director of Planning & Development

Approved by:



Richard J. Bruckner
Director of Planning and Development

Concurrence:



Jay M. Goldstone
Director of Finance

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| Attachment A | Resolution to Approve Project and Associated Environmental Documents |
| Exhibit 1 | Recommended Project Plans |
| Exhibit 2 | Principal Term Sheet |
| Exhibit 3 | Resolution to Certify EIR |
| Exhibit 4 | Findings and Facts in Support of Findings |
| Exhibit 5 | Statement of Overriding Considerations |
| Exhibit 6 | Environmental Mitigation Monitoring Program |
| Attachment B | Expanded Principal Term Sheet |
| Attachment C | Memo Regarding Financial Impact of the NFL to the City of Pasadena |
| Exhibit 1 | Economic Impact Study: Evaluating the Impact of an NFL Team - Addendum |
| Attachment D | Jones and Stokes Memorandum Regarding Recommended Project including Table of Summary of Effects on Character Defining Features of the Rose Bowl |
| Attachment E | Breakdown of Each Level of Recommended Project |
| Attachment F | Impacts on Recreation Use of Area H & Brookside Park |
| Attachment G | Responses to Questions from the Community |