Attachment E

Economic Impact Study:

Evaluating the impact of an NFL Team on the Pasadena, San Gabriel Valley and Los Angeles County Markets

Rose Bowl

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I. INTRODUCTION

The UCLA Anderson School of Management is pleased to present to the Rose Bowl Operating Company (RBOC) the findings of our economic impact analysis. The Anderson School was retained by the RBOC for the purposes of evaluating the economic impact on the City of Pasadena, the San Gabriel Valley and Los Angeles County stemming from the economic activity associated with operating an NFL franchise at the Rose Bowl. The RBOC is a California nonprofit, public benefit corporation, established in 1995 by the Pasadena City Council. The RBOC's primary purpose is to enhance economic and civic value to the City of Pasadena by managing a world class stadium and professional quality golf course complex in a residential open-space neighborhood.

The NFL has been absent from the Los Angeles market since 1994 when the Raiders and Rams relocated to Oakland and St. Louis, respectively. With the NFL's national cable contracts expiring at the end of the 2005 season, speculation abounds as to the possibility of the NFL returning to the Los Angeles market. Based on a recent meeting among team owners and league officials, Commissioner Paul Tagliabue declared the NFL would like to have a team back in Los Angeles by the 2008 season. Team owners are pushing for a stadium site decision by spring of 2005 in order to allow the NFL sufficient time to make the return of a team to Los Angeles a reality.

During these discussions, three stadium locations have been mentioned: the Rose Bowl in Pasadena, the Los Angeles Memorial Coliseum and a currently undeveloped site in Carson. Both the Rose Bowl and the Coliseum would undergo extensive renovations to comply with NFL standards, while the land in Carson would be home to a brand new facility. Each of these sites will be examined further in **Section III: Project Background**.

This study will look specifically at the bid to bring an NFL team to play at a renovated Rose Bowl. Furthermore, it is designed to assess the economic impact that an NFL Team will have on three different geographical areas: the City of Pasadena, the San Gabriel Valley and Los Angeles County. The impact is broken down into four key measures: output benefits, employment created, household earnings benefits and tax revenues. This study only considers "new dollars" spent within a particular area that otherwise would not have been spent. The impacts associated with these incremental expenditures are then determined by using economic multipliers to estimate the total benefit created for the economy under study. The IMPLAN software package, a product of the Minnesota IMPLAN Group (MIG), is used to calculate the benefits, which will be discussed in detail in **Section IV: Methodology**.

The economic benefits to Pasadena, the San Gabriel Valley and Los Angeles County will be assessed through the impacts created by three main avenues: (1) Stadium Renovation, (2) Regular Season Operations and (3) Super Bowls. A section of the report is dedicated to each of these three stimuli, and within each section a sub-section is dedicated to each type of benefit: output, employment, household earnings and tax.

The Stadium Renovation designs are underway by Hellmuth, Obata & Kassabaum, Inc. ("HOK"). The construction budget is not yet clearly defined, but estimated costs are between $350 and $400 million. The Stadium Renovation and benefits will be discussed in detail in **Section VI: Stadium Renovation**.

Regular Season operations will consist of a minimum of ten home games per season (eight regular season and two pre-season games) with the potential for a maximum of two additional playoff games per season. Regular Season operations will bring economic benefit from fans, the players, coaching staff, full-time front office staff and game day staff as well as team spending, the visiting team and visiting media. The Regular Season Operations' benefits will be discussed in detail in **Section VII: Regular Season Operations**.

The NFL projects that a Super Bowl would be played in Los Angeles every four years should a team re-enter the market. Los Angeles is an attractive vacationing destination and is a logical choice to host the Super Bowl with high regularity. The feasibility of this estimate, along with the benefit that periodic Super Bowls would bring to the Los Angeles market, is discussed in detail in **Section VIII: Super Bowls**.

In conducting this study, numerous people were interviewed in order to make assumptions as accurate as possible. However, many assumptions are subject to speculation either on the part of interviewees or based on personal judgment. Assumptions have been clearly laid out in all cases for the reader to follow, and obviously, a difference in assumption will lead to a different impact in one or more areas. Additionally, this study has based all of its calculations and assumptions on current (2004) dollars. These numbers will undoubtedly change based on inflation and other economic factors occurring by the time a team would begin play in 2008.

The Executive Summary highlights the total Output Benefits, total Employment Benefits, total Household Earnings Benefits and total Tax Benefits by each of the three stimuli for each of the three geographical areas.

II. EXECUTIVE SUMMARY

This study is designed to report the economic impact an NFL Team playing in the Rose Bowl would have on three geographical areas: (1) Pasadena, (2) the San Gabriel Valley and (3) Los Angeles County. Three different economic stimuli will contribute to the impacts created in each of the three areas: (1) Stadium Renovation, (2) Regular Season Operations and (3) Super Bowls.

This section gives an overview of the four different measures of benefit discussed in the Introduction: Output, Employment, Household Earnings and Tax, for each geographical area due to each economic stimulus. A brief description of each measure ensues:

1. **Output**: This result relates to the gross receipts for goods or services generated by an economic stimulus on a cumulative basis. As such, it includes all value added (payments to workers, taxes paid, and profit).

2. **Employment**: This result captures the cumulative change in employment resulting from the economic stimulus.

3. **Household Earnings**: This result captures the cumulative change in household earnings precipitated by the initial change in output. It is important to note that household earnings are a component of the output measure described above.

4. **Tax Impact**: This result captures the incremental tax benefit realized from the initial change in output for a specified jurisdiction. Note that this result is reported on a gross basis (it only considers incremental revenues) and does not factor in local government expenses necessitated by the project at hand (i.e., the cost of providing additional policing on game days at the Rose Bowl).

Each of the three stimuli has a different time horizon and occurs at different frequencies. The benefits from construction are a one-time benefit, the benefits from Regular Season Operations are an annual benefit, and the benefits from a Super Bowl will be an occasional benefit. Therefore, it is not possible for this study does to determine one absolute number which encapsulates the total economic benefit derived from an NFL Team playing in the Rose Bowl.

This study focuses on gross spending assumptions and uses IMPLAN software to calculate the Output, Household Earnings and Employment benefits. Tax benefits are calculated separately, based on the spending levels and the appropriate rates and accruals. For each economic stimulus, the total economic benefit is comprised of Output benefits, Tax benefits, Household Earnings benefits and Employment benefits. Direct Output Benefits are inclusive of Household Earnings; therefore, care should be taken to not double count the impact of Household Earnings.

All of the reported benefits for *Pasadena* are specific to Pasadena; all of the benefits for the *San Gabriel Valley* include Pasadena plus all of the additional towns in the San Gabriel Valley; and all of the benefits for *Los Angeles County* include the entire San Gabriel Valley plus the remainder of the county.

To assist the reader in understanding the layout of this study's research and results, **Section V** is titled "How to Read the Study." The reader is urged to carefully read this section before delving into the economic stimuli sections.

The summary charts below give the total benefit for Output, Employment, Household Earnings and Tax. These benefits are broken down into further detail in **Sections VI, VII and VIII.**

Stadium Renovation

A major renovation to the Rose Bowl is essential prior to the introduction of an NFL team to the Pasadena/Los Angeles market. The construction effort is concentrated on Pasadena and will be the stimulus that will have the largest economic impact on Pasadena specifically. As illustrated in **Figure 1**, there will also be even greater benefits to the San Gabriel Valley and Los Angeles County, beyond what is recognized in Pasadena.

Figure 1: Stadium Renovation Benefit

Stadium Renovation	Pasadena	San Gabriel Valley	Los Angeles County
Output	$50,314,928	$164,173,244	$281,911,821
Employment	306	980	2,193
Household Earnings	23,316,874	69,380,879	110,820,902
Tax	68,707	N/A	1,374,134

Regular Season Operations

Benefits from Regular Season Operations will be recurring to Pasadena, the San Gabriel Valley and Los Angeles County on an annual basis. Much of the benefit will occur outside of Pasadena and the San Gabriel Valley, based on the assumptions made in this study. The exact location of the team's training facility is unknown at this point, although it is assumed to be within Los Angeles County. More specific information on the training facility's location could have significant impact on the economic benefits to Pasadena and the San Gabriel Valley.

Figure 2: Regular Season Operations Benefit

Regular Season Operations	Pasadena	San Gabriel Valley	Los Angeles County
Output	$3,309,439	$8,060,919	$73,081,791
Employment	97	142	869
Household Earnings	1,233,332	3,131,797	27,204,285
Tax	140,716	N/A	578,908

Super Bowl

A single Super Bowl hosted at the Rose Bowl is estimated to bring in just over $315 million dollars to Los Angeles County. As is evident by **Figure 3**, a large percentage of this benefit would accrue to Los Angeles County, outside of Pasadena and the San Gabriel Valley. It is also noted that the employment reported would be for a relatively short time period leading up to and shortly following the Super Bowl game.

Figure 3: Super Bowl Benefit

Super Bowl	Pasadena	San Gabriel Valley	Los Angeles County
Output	$4,318,514	$35,456,854	$315,418,016
Employment	54	428	3,689
Household Earnings	1,793,796	14,351,336	125,295,155
Tax	58,704	N/A	1,956,731

III. PROJECT BACKGROUND

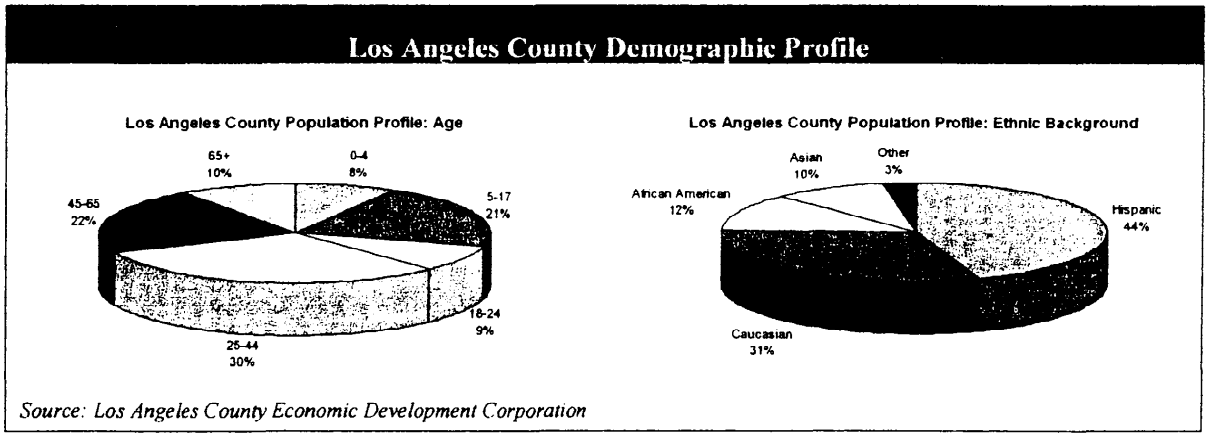
This section provides an overview of the Los Angeles Market and the current stadiums which are considered options to house an NFL franchise. Additional information related to Los Angeles attaining an NFL franchise can be found in the Appendices, including The History of the NFL in Los Angeles (**Appendix 1**), Sports and Entertainment in the Los Angeles Market (**Appendix 2**), Historical Analysis of NFL Attendance in Los Angeles (**Appendix 3**), NFL Economics (**Appendix 4**) and Franchise Relocation in the NFL (**Appendix 5**).

A. The Los Angeles Market

Los Angeles County

Los Angeles County, covering 4,752 square miles, has an estimated 2003 population of approximately 10.1 million, which is greater than the population of 41 of the 50 states in the country (based on state data as of 2000).[1] From 2000 – 2003, Los Angeles County's population grew by 352,000, the largest growth of any county in the nation over that period.[2] Los Angeles County is a diverse community, as evidenced by the demographic profile illustrated in **Figure 4**.

Figure 4: Los Angeles Demographic Profile



Source: Los Angeles County Economic Development Corporation

Los Angeles County's leading industries (by average employment) are business & professional management services (including management consulting, engineering and advertising), tourism, health services/bio-med, direct international trade and motion picture/TV production.[3] The top eight private employers in the county (in order) are Kaiser Permanente, Boeing, Ralph's, Bank of America, Target, SBC, CPE and Northrop Grumman, all of which employed over 10,000 people in 2002.[4] Fourteen members of the 2002 Fortune 500 are headquartered in Los Angeles County, including The Walt Disney Company, Northrop Grumman, Mattel and Hilton Hotels.

The San Gabriel Valley

Located just east of downtown Los Angeles, the San Gabriel Valley spans 400 square miles, and is made up of 35 independent towns and communities, including the cities of Alhambra, Pasadena and San Gabriel. Approximately 1.9 million people make up the population of the San Gabriel Valley. The business environment flourishes with wholesale and trade due to the convenience of

rail lines, airports, and highways in the area. Many Fortune 500 employers such as Miller Brewing Company, Edison International and Avery Dennison house large operations or offices in the San Gabriel Valley.[5] A set of zip codes to define the San Gabriel Valley was provided by the San Gabriel Valley Economic Partnership (a listing of these zip codes is provided in **Appendix 11**). The San Gabriel Valley is fully contained within Los Angeles County.

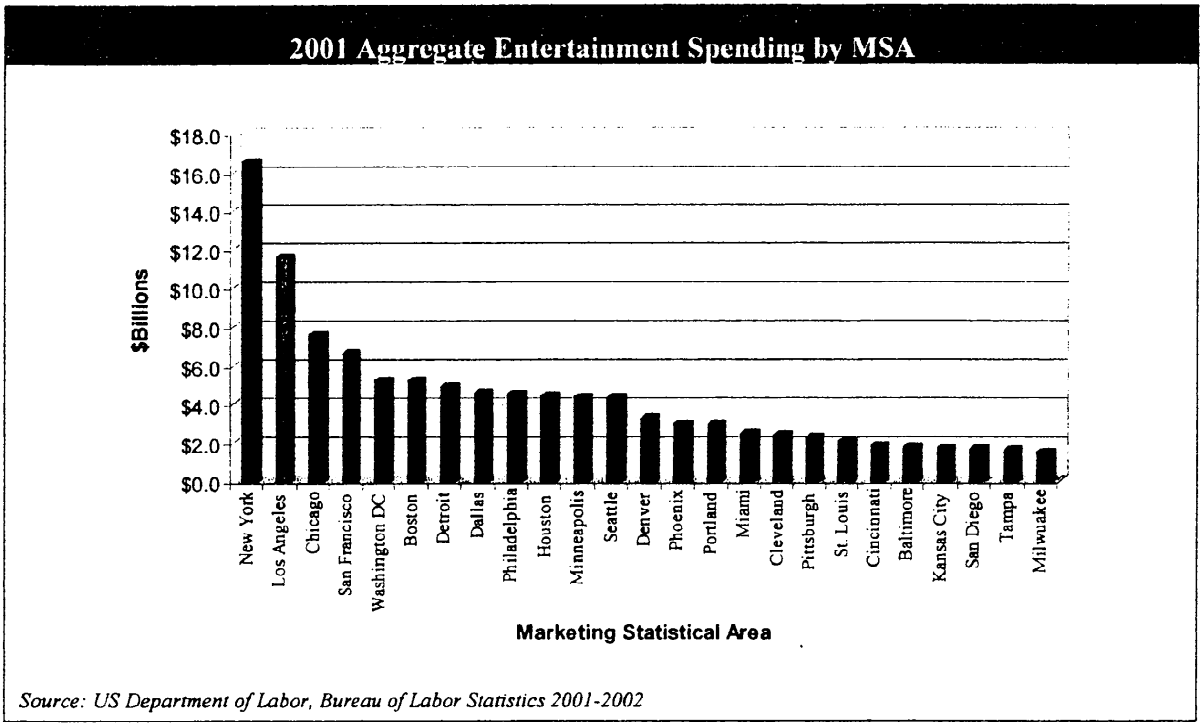
The City of Pasadena

Pasadena is located at the base of the San Gabriel Mountains, approximately ten miles from downtown Los Angeles. The City of Pasadena is roughly 23 square miles and is comprised of over 58,000 housing units. According to Revised Census 2000 figures, Pasadena's population is 136,237, with a median age of 34.5. Major employers in Pasadena include Jet Propulsion Laboratory, California Institute of Technology, Huntington Memorial Hospital, Bank of America, Kaiser Permanente, Pasadena Unified School District and Pasadena City College.[6] The City of Pasadena is the annual host of the Tournament of Roses Parade and Rose Bowl football game, now, respectively, in their 116th and 91st years. The City of Pasadena is fully contained within the San Gabriel Valley.

The City of Los Angeles

The City of Los Angeles is the second largest city in the United States, with an estimated 2003 population of 3.9 million people.[7] The city is 470 square miles and contains approximately 11.5% of the area and 38.8% of the population of Los Angeles County.[8] Approximately 30.5% of the city's population earns more than $50,000 in annual income.[9] In 2003, median effective household buying income (also referred to as after tax or disposable income) was $33,398, well below the state and national averages of, respectively, $42,484 and $38,305. However, when compared to other MSAs (marketing statistical areas) for which consumption data is available, Los Angeles accounted for more than $11 billion in entertainment spending, surpassing every other MSA, with the exception of New York.

Figure 5: 2001 Aggregate Entertainment Spending by MSA



Source: US Department of Labor, Bureau of Labor Statistics 2001-2002

B. The Current Situation: Proposed Los Angeles Stadium Sites

The absence of a professional football team in the Los Angeles market has become a more prominent issue as the NFL's existing television rights deal with broadcast and cable networks is set to expire in 2005. Placing an NFL team in Los Angeles, the nation's second largest television market, may enhance the value of the new contract to both the league and the networks. At the recently concluded (May, 2004) NFL owners' meeting held in Amelia Island, FL, Commissioner Paul Tagliabue "expressed a desire to have a stadium site chosen for the NFL's return to Los Angeles at this time next year and a team on the field for the 2008 season."[10] Since May of 2003, the league has engaged in dialogue with three Los Angeles County-based stadium sites regarding the opportunity to host an NFL team. Those sites include an undeveloped site in Carson, the Coliseum in downtown Los Angeles and the Rose Bowl in Pasadena. There has been a significant amount of discussion and speculation regarding Los Angeles and its attempt to bring a professional football franchise to the city. The following summarizes the most current public information regarding the three stadium sites.

(1) Carson: The proposed stadium development site in Carson is a "157-acre plot, located within a mile of two major freeways."[11] The site sits atop a former toxic landfill and has been vacant for more than 35 years. In May of 2003, the NFL, in conjunction with a local developer (GMS Realty), announced it would appropriate $10 million of league funds to explore the feasibility of a stadium. However, GMS Realty failed to secure the land rights from the Glaziers Union Pension Fund, which bought the land in 1989 and has experienced recent financial difficulty. In March of 2004, Hopkins Real Estate Group entered into an agreement with the Glaziers Union to buy the land of the proposed site for $30 million. Presently, Steve Hopkins, president of the development

company, plans "to develop a mixed use commercial and residential project, but his commitment is to the seller and the city to explore a stadium."[12]

(2) The Los Angeles Memorial Coliseum: The Coliseum is the former home of the Los Angeles Raiders and the current football home of the University of Southern California Trojans. The proposed Coliseum redesign would reduce overall capacity from 92,000 seats to 78,000 seats, increase the size of the locker rooms and move the restrooms and concessions indoors.[13] According to Coliseum officials, the reconstruction project would be financed entirely with private funding and would not require taxpayer dollars.[14] The Coliseum has completed its environmental review process and is examining other issues relating to the community and reconstruction, including ownership control of luxury boxes, parking and aid to the nearby Hoover Redevelopment Zone.[15]

(3) The Rose Bowl: The Rose Bowl is the current football home of the UCLA Bruins and home to five past Super Bowls, most recently in 1993. The proposed Rose Bowl renovation would increase the stadium's functional space by approximately 800,000 square feet while reducing seating capacity from approximately 91,000 to 63,000 seats. This will leave the Rose Bowl below the 2003 average NFL capacity of 66,726 (refer to **Appendix 13**). Highlights of the renovation plans include increasing the size of existing locker rooms, creating new luxury boxes and building new functional space throughout the facility. The cost of the project is estimated at $350 – $400 million.[16] In September 2003, the City of Pasadena accepted the National Football League's offer to pay for a study which would assess the environmental impacts of rebuilding the Rose Bowl to house an NFL team. The deal requires the NFL to pay up to $500,000 for the environmental impact report.[17] The environmental impact report is currently on hold, pending a redesign of the original construction plans.

IV. METHODOLOGY

A. Introduction & Overview

Consistent with traditional economic impact studies, this study examines the direct, indirect and induced benefits of basing a National Football League franchise at the Rose Bowl in Pasadena by using the multiplier methodology. Results are expressed in terms of four key economic impact measures: (1) *Output*, (2) *Household Earnings*, (3) *Employment* and (4) *Tax Impact*. The area under study includes the City of Pasadena, the San Gabriel Valley and Los Angeles County. This study examines the impacts resulting from the following three economic stimuli:

1. *Stadium Renovation*
2. *Regular Season Operations*
3. *Super Bowls*

For the purposes of modeling the economic impact with regard to the Stadium Renovation, this study relies on primary data received from the architectural firm of Hellmuth, Obata & Kassabaum, Inc. ("HOK"), the leading designer of sports and entertainment facilities. Barton Malow, a Maryland-based construction and design services firm that specializes in stadium construction and renovation projects such as this one, provided data on key cost strategies. For the purposes of modeling the economic impact with regard to the Regular Season Operations, this study assumes an average, yet competitive, NFL franchise that plays a total of ten home games, including the pre-season. In the spirit of conservatism, potential home playoff games were not included. Any playoff games would be strictly incremental to the analysis. For the purposes of modeling the economic impact with regard to Super Bowls, this study relies on data from previously conducted studies and Los Angeles Convention and Visitor Bureau statistics, adjusted to reflect the reality of the events and market under study.

Extensive primary and secondary research was conducted in order to estimate the data input for the economic impact models. This research included news articles, scholarly and journal articles, books, government statistics, financial analysis and personal interviews. Where necessary, this study uses personal and professional judgment to form assumptions. **Sections VI, VII and VIII** present the impacts resulting from each of the economic stimuli described above. In conjunction, details on all underlying assumptions and data sources have been provided to assist the reader in interpreting the results.

It is important to note that this study only considers *incremental* changes in economic activity, inherently acknowledging that the inclusion of re-directed expenditures would overstate, and therefore misrepresent, the projected impact. The calculation of incremental expenditures is quite complex and relies on a host of assumptions and data sources. Conservatism has been embraced in formulating all estimates. To assist the reader, all assumptions relating to incremental expenditures are clearly outlined.

In addition, it is important to note that this study is being presented in 2004 dollars. **Appendix 6** supplies a detailed discussion of the multiplier methodology. The ensuing sections will briefly discuss categories of impact and resulting benefits along with the study area.

B. Measures of Economic Impact

The multiplier methodology allows the estimate of several key measures of economic impact: (1) *Output*, (2) *Employment*, (3) *Household Earnings* and (4) *Tax Impact*. Each of these measures is described as follows:

1. **Output**: This result relates to the gross receipts for goods or services generated by an economic stimulus. As such, it includes all value added (payments to workers, taxes, and profit). Total output represents the sum of the initial change in output plus the output induced by the multiplier effect.

2. **Employment**: This result captures the cumulative change in employment resulting from the economic stimulus. There are two components of employment. The first component represents the literal change in employment stemming from an economic stimulus. For instance, 10 people were hired for a year to build a single-family home. The second component represents the employment that is generated from the effect of increased spending (direct, indirect and induced) in the economy; these 10 people spend their incomes in such a way that results in the creation of 2 additional jobs (for example). The first component of employment is calculated using standard full-time equivalent (FTE) analysis. According to the example above, since 10 people were hired full-time for a year, this equates to an FTE of 10. If 10 people were hired and only worked 20 hours a week for a full year (as opposed to 40), this would equate to 5 FTEs. The second component of employment is calculated by the IMPLAN software package and is based on the change in employment resulting from increased spending in the economy. It is important to note that IMPLAN does not distinguish between full-time and part-time jobs so long as they are year round.

3. **Household Earnings**[18]: This result captures the cumulative change in household earnings precipitated by the initial change in output. It is important to note that household earnings are a component of the output figure noted above.

4. **Tax Impact**: This result captures the incremental tax benefit realized from the initial change in output. Note that this result is reported on a gross basis (it only considers incremental revenues) and does not factor in local government expenses necessitated by the project at hand (i.e., the cost of providing additional policing on game days at the Rose Bowl).

C. Direct & Indirect and Induced Effects

Each measure of economic impact is comprised of three separate types of impact: (1) *Direct Effects*, (2) *Indirect Effects* and (3) *Induced Effects*. Each of these impact categories is described as follows:

1. **Direct Effects** refer to the initial change in economic activity (final demand) for the industry or sector in question. To reiterate, this change in economic activity must be produced within the area under study. It refers to the impact on the amount of output produced locally. Often, economic development professionals

will apply a "% local" factor, which represents the expected percent of output produced locally versus imported from outside the area, to arrive at a discounted figure. This study reports results in terms of local Direct Effects, subtracting the value of output produced in outside regions. In addition, the initial change must be incremental to the local economy – not the result of re-directed expenditures. In the study at hand, Direct Effects have been estimated in relation to the three economic stimuli presented at the outset of this section: (1) Stadium Renovation, (2) Regular Season Operations and (3) Super Bowls. Each of these economic stimuli is broken down into specific line items, based on primary and secondary research, and outlined in detail within **Sections VI, VII and VIII** of this study.

2. **Indirect Effects** refer to the impact of industries buying from other industries in response to the increased demand from the directly-affected industry. The Indirect Effects category captures the impact of all subsequent rounds of industry purchases precipitated by the initial change in final demand. These ensuing rounds of purchases become increasingly weaker in impact due to the leakages described above.

3. **Induced Effects** refer to the changes in local spending that result from increases in household earnings within both the directly and indirectly impacted industry sectors.

In summary, through research and data collection, the *Direct*, *Indirect* and *Induced* effects of all three economic stimuli within the three areas under study have been modeled and estimated. As described above, these effects combine to produce the total impact, which is summarized in terms of four overall measures: (1) *Output*, (2) *Household Earnings*, (3) *Employment* and (4) *Tax Impact*.

IMPORTANT NOTE: For the purposes of reporting, Indirect and Induced effects for each measure have been collapsed into a single Indirect effects category.

Appendix 7 provides an in depth diagram and example of Direct, Indirect and Induced effects

D. The Study Areas

This study analyzes the impact of the foregoing stimuli on three distinct, self-contained study areas: the City of Pasadena, the San Gabriel Valley and Los Angeles County. Each of these areas is comprised of a set of zip codes which were used for partitioning the data for each model. Zip code sets for the City of Pasadena and the San Gabriel Valley were provided by the San Gabriel Valley Economic Partnership (a listing of these zip codes is provided in **Appendix 11**). It is important to note that the City of Pasadena is fully contained within the San Gabriel Valley, which is fully contained within the County of Los Angeles. This relationship allows for an understanding of the extent to which economic activity in Pasadena drives the San Gabriel Valley economy. Likewise, it allows for an understanding of the extent to which economic activity in the San Gabriel Valley drives the Los Angeles County economy.

E. The IMPLAN Software Package

The IMPLAN software package from Minnesota IMPLAN Group, Inc. (MIG) has been used to assist in developing a model which is reflective of local economic conditions. **Appendix 8** provides greater detail about the software and its functionality. **Appendix 9** presents two illustrative examples to demonstrate how the software operates.

F. Tax Methodology

Many different taxes were considered in this study; in which some will provide incremental benefits and others will not. The methodology used to calculate tax benefits is laid out in **Appendix 10.**

V. HOW TO READ THIS STUDY

The purpose of this section is to assist the reader in understanding the layout of the upcoming impact sections. To reiterate, there will be a separate section for each area of economic stimulus: (a) Stadium Renovation, (b) Regular Season Operations and (c) Super Bowls. Each section will contain the following sub-sections:

(1) *Overview*
This sub-section will provide the reader with a description of the economic activity associated with the economic stimulus at hand. In addition, a summary table of impacts will be displayed. This table will outline the key measures of impact associated with each of the three study areas.

(2) *Direct Output Benefits*
This sub-section will outline the incremental expenditures that result in Direct Output Benefit for each study area. *It is important to note that the total incremental expenditures may differ from the Direct Output Benefit due to leakage.* All relevant assumptions will be detailed to provide the reader with access to the methodology used in estimating incremental expenditures. These assumptions drive the remainder of the benefits.

(3) *Indirect Output Benefits*
This sub-section discusses the Indirect Impact, as estimated by the IMPLAN model for each study area. Take note that the figures discussed herein include both the Indirect and Induced Impacts, which were collapsed for the sake of clarity.

(4) *Employment Benefits*
This sub-section discusses the impact on Employment, as estimated by the IMPLAN model for each study area. IMPLAN calculates Direct and Indirect Employment, which is created as a response to consumer spending in the study area. This study also calculates "Literal Employment," which is actual jobs or FTEs (Full Time Equivalents) created as a result of specific activity.

(5) *Household Earnings*
This sub-section discusses the impact on Household Earnings, as estimated by the IMPLAN model for each study area.

(6) *Tax Benefits*
This sub-section discusses the impact on Taxes for the City of Pasadena and Los Angeles County, as estimated through a distinct methodology. Since IMPLAN's tax output is aggregated (it does not distinguish between state, local and federal government), this study undertook a distinct approach in estimating the tax benefit to the City of Pasadena and Los Angeles County. Please refer to **Appendix 10** for more detail.

Note that each of the four overall measures mentioned above: (1) *Output*, (2) *Household Earnings*, (3) *Employment* and (4) *Tax*, have both Direct and Indirect Benefits. This study has dedicated a separate sub-section for Direct and Indirect Output. The sub-sections for Household Earnings and Employment contain both the Direct and Indirect Benefits. The sub-section on tax only considers expenditures associated with Direct Output for the reasons stated in **Appendix 10**.

VI. STADIUM RENOVATION

A. Overview

In order to play host to an NFL team, the Rose Bowl would require significant renovations and upgrades. The Rose Bowl Operating Company has hired Hellmuth, Obata & Kassabaum, Inc. (HOK), the leading architectural firm for sports and entertainment facilities, to plan the renovations.

Discussions with HOK have indicated that the Rose Bowl stadium renovation would include an additional 800,000 square feet of usable space constructed throughout the facility. This space would contain team facilities, such as locker rooms and workout areas, service areas for concession vendors and storage space. Renovation plans also would call for more concession stands, increased restroom capacity and wider concourses. In addition, the newly redesigned stadium would have a capacity of approximately 63,000, with the possibility of expanding to 70,000 seats during special events like the Rose Bowl Game and the Super Bowl. This represents a significant reduction in capacity from the current level of over 90,000 seats. Much of this capacity reduction is made necessary by the addition of up to 200 luxury suites, which represent a considerable and essential revenue stream for the franchise. HOK and Barton Malow, a Maryland-based construction and design services firm that specializes in stadium construction and renovation projects such as this one, estimate that these renovations will take approximately two years, however it is likely that football will be played during the construction period.

The details of the financing arrangement have yet to be finalized as of the writing of this study, and likely will not be completed until early 2005. A summary of other stadium financing arrangements can be reviewed in **Appendix 14**

A summary of the total economic impact for Pasadena, the San Gabriel Valley and Los Angeles County is given in **Figure 6**, which is based on the assumptions in the Direct Output Benefits section below:

Figure 6: Stadium Renovation Economic Benefits

Stadium Renovation	Pasadena	San Gabriel Valley	Los Angeles County
Output	$50,314,928	$164,173,244	$281,911,821
Employment	306	980	2,193
Household Earnings	23,316,874	69,380,879	110,820,902
Tax	68,707	N/A	1,374,134

B. Direct Output Benefits

As of the writing of this study, the renovation design plans are in advanced stages, with some details still needing to be finalized. Nonetheless, Barton Malow was able to provide detailed cost allocation estimates for the HOK design. In order to input the various levels of spending into the IMPLAN model, the cost estimates needed to be assigned to the appropriate industry or sector code. For example, expenditures such as "Structural Concrete Slabs" and "Stair & Ramp Structures" were assigned to the "Cement manufacturing" sector in IMPLAN, while others such as "Preliminary Sitework (Clear and Regrade)" and "Demolition of Miscellaneous Components in Existing Stadium" did not fit clearly into a sector, and were thus assigned to the "Other maintenance and repair construction" sector in IMPLAN.

With all expenditures assigned to their respective sectors, it was possible to determine the percentage of cost allocations to each sector. These percentages are summarized in **Figure 7** below. Two sectors in particular require additional explanation: *Contingencies* and *Fees*. Contingencies represent a fixed percentage of direct construction costs set aside for cost overruns. As such, these costs do not fit into one particular sector. Similarly, Fees correspond to up-front expenses paid to general contractors, local construction permit fees and possibly local construction taxes. To deal with these line items, the Contingencies and Fees categories were spread proportionately throughout all other cost categories.

Figure 7: Summary of Construction Cost Allocations

Summary of Construction Cost Allocations		
Implan Sector	**Name of industry/commodity**	**% costs**
39	Highway, street, bridge, and tunnel construction	0.51%
40	Water, sewer, and pipeline construction	0.09%
40	Water, sewer, and pipeline construction	0.37%
45	Other maintenance and repair construction	17.80%
99	Carpet and rug mills	0.07%
117	Wood windows and door manufacturing	2.24%
161	Paint and coating manufacturing	0.25%
186	Ceramic wall and floor tile manufacturing	0.16%
191	Cement manufacturing	17.39%
199	Cut stone and stone product manufacturing	0.01%
203	Iron and steel mills	2.48%
206	Rolled steel shape manufacturing	1.82%
235	Metal window and door manufacturing	2.31%
237	Ornamental and architectural metal work manufacturing	0.92%
259	Construction machinery manufacturing	1.14%
278	AC, refrigeration, and forced air heating	5.97%
291	Elevator and moving stairway manufacturing	0.89%
309	Audio and video equipment manufacturing	2.95%
312	All other electronic component manufacturing	6.41%
326	Lighting fixture manufacturing	0.04%
366	Institutional furniture manufacturing	1.80%
381	Sporting and athletic goods manufacturing	0.16%
384	Sign manufacturing	0.31%
428	Insurance agencies, brokerages, and related	0.35%
428	Bonds	1.01%
457	Investigation and security services	0.05%
Spread	Contingencies	0.00%
Spread	Fees	0.00%
10006	Labor Expense	32.50%
	Total	**100.00%**

In addition to entering total expenditures by sector into IMPLAN, the amount of those expenditures designated for labor and wages must be specified. Barton Malow estimated that approximately 30 to 35% of the total cost of the renovation would go toward paying the workers, who each earn on average $30 to $35 per hour. As Barton Malow did not have labor cost estimates broken down by individual sector, the assumption was made that 32.5% of expenditures within each sector were spent on labor, for a total labor expense of $113,750,000.

Furthermore, it was necessary to determine what portion of wages would be paid to construction staff originating from the City of Pasadena, the San Gabriel Valley and Los Angeles County. To arrive at these figures, it is assumed that the construction workforce would be proportionally

distributed across each of the study areas. Using population as a proxy, this study estimates that local wages are broken down according to the following table:

Figure 8: Wage Breakdown for Stadium Renovation

Study Area	Population	% of Wages	Local Wages
Pasadena	136,237	1.35%	$1,534,352
San Gabriel Valley	1,900,000	18.81%	21,398,515
Los Angeles County	10,100,000	100.00%	113,750,000

As of the writing of this study, HOK was updating its design plans with reductions in excavation work on the seating bowl and on the underground structures. HOK and Barton Malow estimated that the revised design plans would lower the total cost of the project from approximately $438 million to between $350 million and $400 million. Unable to determine exactly what impact the new design would have on the cost allocations as outlined above, the most logical assumption was to leave the allocation percentages unchanged and change only the total project cost. Thus, our "Low" case refers to a $350 million total cost of renovation, while the "High" case depicts the benefits of a $400 million renovation cost. The Summary Chart above reflects the conservative "Low" case; with $350 million worth of gross spend. This creates a Direct Output Benefit of **$37.8 million for Pasadena, $92.7 million for the San Gabriel Valley and $158.9 million for Los Angeles County**.

C. Indirect Output Benefits

Using the "Low" case, the Indirect Output Benefits stemming from the economic activity associated with the Rose Bowl Stadium Renovation are calculated using IMPLAN software and are projected as follows:

Figure 9: Stadium Renovation Indirect Output Benefits

Stadium Renovation	Pasadena	San Gabriel Valley	Los Angeles County
Direct Output Benefit	$37,783,875	$92,682,573	$158,917,763
Indirect Output Benefit	12,531,053	71,490,671	122,994,058
Total Output Benefit	50,314,928	164,173,244	281,911,821
Implied Multiplier	1.33	1.77	1.77

The implied multiplier is the total Output Benefit divided by the Direct Output Benefit, which shows the multiplying magnitude that the Direct Output Benefits have on the economy. As is evidenced above, the output multipliers associated with this activity range from 1.33 for Pasadena to 1.77 for Los Angeles County.

The Indirect Output Benefits include both the indirect and induced effects. Indirect effects capture the impact of businesses buying from businesses while induced effects capture the impact of households buying from businesses.

D. Employment Benefits

The Employment Benefits, again assuming the "Low" case of $350 million project cost, stemming from the economic activity associated with the Rose Bowl Stadium Renovation are calculated by using the IMPLAN software package and by conducting a full-time employment (FTE) analysis of the literal employment necessitated by this economic stimulus.

To calculate the literal employment required to complete the renovation, it was necessary to conduct a full-time equivalent (FTE) analysis. Assuming a wage of $32.50 per hour and a 2,000 hour work-year, construction workers earn an average salary of $65,000 per year. Based on total labor expense of $113,750,000, this implies that 1,750 work years are required over a two year period. This is equivalent to an FTE of 875 yearly jobs in Los Angeles County (assuming all labor is from within the County). By assuming that construction jobs are distributed evenly throughout the population of Los Angeles County, one arrives at the Literal Employment estimates (or FTE) listed below.

It is important to note that these employment figures have been annualized. Furthermore, these jobs are expected to last for a period of 2 years through the conclusion of the renovation. The results are projected as follows:

Figure 10: Stadium Renovation Employment Benefits over 2 years

Stadium Renovation	Pasadena	San Gabriel Valley	Los Angeles County
Literal Employment	11.8	164.6	875.0
Direct Employment	233.4	500.5	801.7
Indirect Employment	61.2	314.7	515.9
Total Employment	306.3	979.8	2,192.7

The Indirect Employment Benefits include both the indirect and induced effects. Indirect effects capture the impact of businesses buying from businesses while induced effects capture the impact of households buying from businesses.

E. Household Earnings

The Household Earnings stemming from the economic activity associated with the Rose Bowl Stadium Renovation in the "Low" case are calculated using IMPLAN software and are projected as follows:

Figure 11: Stadium Renovation Household Earnings Benefits

Stadium Renovation	Pasadena	San Gabriel Valley	Los Angeles County
Direct Household Earnings	$18,354,112	$42,639,836	$65,962,376
Indirect Household Earnings	4,962,762	26,741,043	44,858,526
Total Household Earnings	23,316,874	69,380,879	110,820,902

It is important to note that household earnings are included in the total Output Benefits above, and are therefore not an additional benefit above the total output reported at the beginning of this section. The Indirect Household Earnings include both the indirect and induced effects. Indirect effects capture the impact of businesses buying from businesses while induced effects capture the impact of households buying from businesses.

F. Tax Benefits

The Tax Benefits stemming from the economic activity associated with the Rose Bowl Stadium Renovation are projected below. For reasons discussed in the Tax Benefit Methodology section, this study only considers the incremental tax benefit associated with the initial economic activity; Indirect Tax Benefits have not been calculated. This study focuses on tax impacts to the City of Pasadena and Los Angeles County.

With respect to the Sales and/or Use Tax on the Stadium Renovation, the taxable base is materially less than the total cost less construction labor cost. The ability of a local jurisdiction to capture the Sales or Use Tax on materials and fixtures incorporated into a construction project within its boundaries is very complex and uncertain. With respect to the Sales and Use Tax revenues that the City of Pasadena and Los Angeles County might be able to capture, it was necessary to estimate what percent of the renovation budget would be spent on taxable materials and fixtures. Based on conversations with an official at Barton Malow, this study has assumed that 42.5% of the renovation budget will be spent on taxable materials and fixtures. This represents a total of $148,750,000. Furthermore, it was necessary to determine what percent of these material and fixture acquisitions would be subject to Sales Tax by the City of Pasadena and Los Angeles County (purchased from vendors within these jurisdictions).

- This study has assumed that the City of Pasadena might be able to capture Sales Tax on **5%** of all material and fixture acquisitions.

- This study has assumed that Los Angeles County might be able to capture Sales Tax on **50%** of all material and fixture acquisitions.

It must be noted that these percentages are merely assumptions and could be materially more or less. Deviation from these percentages could dramatically impact the estimated Sales Tax revenues accruing to both the City of Pasadena and the Los Angeles County.

In line with the assumptions above, if Pasadena were to capture Sales Tax on as much as 5% of materials and fixture procurement, it would receive $0.069 million. If Los Angeles County were to capture Sales Tax on as much as 50% of material and fixture procurement, it would receive $1.4 million. These calculations are illustrative only. The actual amounts could be materially different.

In addition to Sales Tax revenues projected, this study has analyzed the impact of the City's ability to self-accrue Sales Tax and pay it as a Use Tax on materials and fixtures purchased outside of the State of California. This would dramatically increase the incremental Sales Tax revenue available to the City. Under this scenario, the point of sale would be reported as Pasadena and accordingly, the full 1% of Sales Tax revenue would accrue to the City (instead of being pooled and re-allocated). This assumes that the City would be able to have contractors refrain from paying Sales Tax to out-of-state vendors but rather self-accrue it. It is important to note that this analysis is purely incremental to that already calculated. In the previous analysis, the study assumed 5% of materials would be subject to Sales Tax in the City of Pasadena (purchased from vendors in the City of Pasadena) and that 50% would be subject to Sales Tax in the County of Los Angeles (purchased from vendors in Los Angeles County). The current analysis assumes the following conditions:

- The remaining 50% of materials are purchased outside the State of California.

- The City of Pasadena is successfully able to self-accrue the Sales Tax and accordingly receive 1% of the proceeds.

If these conditions hold, an additional $687,067 in Sales Tax revenue could be generated for the City of Pasadena. Given the contingent nature of these conditions, these additional Sales Tax revenues have not been included in the figure below.

With respect to the construction tax, whether the tax would be levied on the renovation of a publicly owned facility such as the Rose Bowl is not known at this time. The Pasadena City Council has the right to exempt the renovation from the construction tax. If the tax were levied on the full renovation cost, it would be borne by the NFL and the City General Fund would benefit. However, because the City levies the tax, and is also the party bargaining with the NFL on rent and other terms related to the renovation and use of the Rose Bowl, the amount of any construction tax collected will likely be offset through the bargaining process. These concessions could take the form of smaller up-front payments, reduced rent or other economic considerations. For the purpose of conservatism, the study does not consider the benefit of any construction tax.

The incremental Tax Benefit is **$0.069 million for Pasadena and $1.4 million for Los Angeles County**.

Figure 12: Incremental Tax Benefit: Stadium Renovation

Incremental Tax Benefit: Stadium Renovation

Study Area	Material and Fixture Purchases	% Subject to Sales and Use Tax[1]	Total Spent Locally	Gross Spend[2]	Tax Collected	Tax Rate	Distribution to City	Tax Revenue to City
Pasadena								
Sales and Use Tax	$148,750,000	5%	$7,437,500	$6,870,670	$566,830	8.25%	1.00%	$68,707
							Incremental Stadium Renovation Tax Benefit to Pasadena	**$68,707**

Study Area	Material and Fixture Purchases	% Subject to Sales and Use Tax[1]	Total Spent Locally	Gross Spend[2]	Tax Collected	Tax Rate	Distribution to County	Tax Revenue to City
Los Angeles County								
Sales and Use Tax	$148,750,000	50%	$74,375,000	$68,706,697	$5,668,303	8.25%	2.00%	$1,374,134
							Incremental Stadium Renovation Tax Benefit to Los Angeles County	**$1,374,134**

1. This percentage is merely an assumption to illustrate the tax revenue potential of the renovation. Please see Appendix 10: Tax Methodology for more information.

2. Gross Spend is based on the Total Spent Locally before Sales and Use Taxes.

VII. REGULAR SEASON OPERATIONS

A. Overview

An NFL franchise playing at the Rose Bowl will bring annual recurring economic benefits to the City of Pasadena, as well as to the San Gabriel Valley and Los Angeles County. For the purposes of calculation, this study has assumed eight regular season games and two pre-season games for a total of ten games. It is conceivable that up to an additional two games could be hosted in any given year if the team was to have home field advantage throughout the playoffs. In the spirit of conservatism, no post-season benefit has been considered.

Direct output benefits to the economy as a result of regular season operations come from multiple sources, including the spending by fans, players, coaches, front office staff, game-day employees, the team, the visiting team and the media. The assumptions for each of these areas are laid out below.

A summary of the total economic impact for Pasadena, the San Gabriel Valley and Los Angeles County is given in **Figure 13,** which is based on the assumptions in the Direct Output Benefits section below.

Figure 13: Regular Season Operations Economic Benefit

Regular Season Operations	Pasadena	San Gabriel Valley	Los Angeles County
Output	$3,309,439	$8,060,919	$73,081,791
Employment	97	142	869
Household Earnings	1,233,332	3,131,797	27,204,285
Tax	140,716	N/A	578,908

There are seven distinct components under this section: (1) *Fans*, (2) *Players*, (3) *Coaching Staff*, (4) *Front Office and Game Day Employees*, (5) *Team Spending*, (6) *Visiting Team* and (7) *Visiting Media.* **Figure 13**, above, includes the benefit from each of the components. The assumptions and Direct Output Benefits have been laid out for each below. Following the Direct Output Benefits section, each of the following sections (Indirect Output Benefits, Employment Benefits, Household Earnings and Tax Benefits) also include the impact from each of these seven components. Further detail can be seen in **Appendix 19**.

B. Direct Output Benefits

1. Fans

When fans attend NFL football games, they spend money on many things, including game tickets, concessions, lodging (if they reside outside the local market), food and alcohol outside of the stadium, retail purchases, entertainment outside of the football game, auto rental, local

transportation (including public transit as well as taxi services), gasoline and parking. For games at the Rose Bowl, the benefits of this spending will be divided among the City of Pasadena, the San Gabriel Valley and Los Angeles County, depending on where the fans decide to spend their money.

A fans' origination will determine whether the dollars spent are new or redirected spending in the areas under consideration. Fans will come from one of four areas: 1) Pasadena, 2) The San Gabriel Valley excluding Pasadena, 3) Los Angeles County excluding The San Gabriel Valley or 4) outside of Los Angeles County. It is assumed that all money spent in relation to attending an NFL football game is as a substitute for some other form of spending and is not coming from the fans' savings.

As an example, if a fan lives in Pasadena and attends a football game, the money spent on parking at the game is probably money that would have otherwise been spent at a different location in Pasadena; therefore, it is not an incremental benefit to the City, the San Gabriel Valley or Los Angeles County. If, on the other hand, a fan lives in downtown Los Angeles, the money spent on parking is considered an incremental benefit to both the City of Pasadena and the San Gabriel Valley, although not to the County. However, for a fan from Orange County or other areas outside of Los Angeles County, the money spent on parking is considered an incremental benefit to all three areas.

This study makes assumptions about which areas fans will stay and spend their money when visiting Los Angeles County to attend a football game. Furthermore, this study assumes that fans spend money between Pasadena, the San Gabriel Valley and Los Angeles County in the same proportion as they occupy hotel rooms in each of those areas. These assumptions will be discussed in more detail below. While this is inaccurate on a per capita basis and does not represent an accurate portrayal of reality, it was assumed, under conservatism, that the flows into and out of each area would balance on a gross basis.

According to data from a previous study on the Rose Bowl, 40% of all visitors to Rose Bowl events live outside of Los Angeles County.[19] This study similarly assumes that 40% of fans attending an NFL game at the Rose Bowl will originate from outside of Los Angeles County. In the spirit of conservatism, this study assumes that the dollars that the remaining 60% of fans (who live in Los Angeles County) spend on game day are all merely redirected dollars within the economy of each fan's area of origination and will have no incremental impact on any of the three areas contained in the models. As a result, for the remainder of this section, only fans originating outside of Los Angeles County will be considered.

This study assumes that the three areas under consideration receive an economic benefit only from spending in the categories of lodging, food and alcohol outside of the stadium, retail purchases, entertainment outside of the football game, auto rental, local transportation, gasoline and parking. Therefore, the study areas do not receive an economic benefit from ticket or concession sales. Reasoning and explanation for this assumption follows.

In the NFL, the revenues from ticket sales across all venues are divided among all of the teams in the league. The home team receives 60% of the revenue from each game, and the visiting team receives the other 40%. Since the team, and not the local area, receives the benefits of these revenues, the only potential benefit to the city would be through taxes. However, as mentioned in the Methodology section, the only tax applicable to game tickets is the Admission Tax, which directly benefits the Rose Bowl Operating Company. Therefore, ticket sales do not result in any benefit to the city or surrounding areas.

Similarly, the revenues for concessions sold at NFL venues are typically retained, either in part or in full, by the home team (NFL merchandise and apparel excluded). The revenue split between the NFL franchise and the stadium or municipality is highly dependent on each team's lease agreement. A study by Team Marketing Report estimates that the average cost for a family of four attending an NFL game is $301.75, which includes tickets, concessions, parking and merchandise inside the stadium (see **Appendix 15**). Once the cost of tickets is backed out, a family of four at an average NFL game spends $89.95, or $22.49 per person. The NFL attendance average is 94.7% of stadium capacity for regular season games,[20,21] so in the spirit of conservatism, this study assumes that 94.7% of the Rose Bowl's 63,000 seat capacity will be filled for pre-season and regular season games. Over the course of a ten-game season, this leads to a total spend of $13.4 million. This study will only consider the tax consequences of these retail purchases. The cost of game tickets for a team playing at the Rose Bowl is expected to be near the top of the league[22]; although the cost of concessions would likely follow suit, this study uses the conservative league average in order to calculate tax benefits.

For the 40% of fans originating outside of Los Angeles County, all of the money spent in association with attending a football game is considered incremental spending and must be broken down into the estimated impacts on the City of Pasadena, the San Gabriel Valley and Los Angeles County as a whole. This study analyzes the spending on lodging separately from the spending on other categories in order to capture the proportionately greater impact on the City of Pasadena, since it is the ultimate destination of all fans attending a football game. It is understood that people who might have visited the greater Los Angeles area for reasons other than an NFL game may change their plans as a result of a scheduled game. Thus, only *incremental* increases in room occupancy over historical occupancy levels are considered a benefit to the three geographic areas under consideration, while all spending related to other expenditure categories is considered an incremental economic benefit.

Lodging

As previously stated, average NFL attendance is 94.7% of stadium capacity for regular season games[23,24], so in the spirit of conservatism, this study assumes that 94.7% of the Rose Bowl's 63,000 seat capacity will be filled for regular season games. According to a report analyzing visitor behavior at Qualcomm Stadium in San Diego, California, 40% of game attendees resided out of county. That same report estimated that 40% of those out-of-county attendees required a hotel room (40% x 40% = 16% of total fans).[25] Thus, this study assumes that 9,546 fans (16% of 59,661) will need hotel rooms for a regular season game. The Los Angeles County Convention and Visitors Bureau estimate the average party size for leisure travelers to be 1.8 people.[26] At 1.8 guests per room, a total of 5,304 hotel rooms per night will be necessary throughout Los Angeles County to lodge visitors for a regular season NFL game weekend.

This study first assumes that Pasadena hotels will achieve 100% occupancy during such games, while the rest of the fans will stay in the San Gabriel Valley and other areas of Los Angeles County in ratios comparable to the overall number of rooms in each area. Using these assumptions, a weighted average daily room rate for all of Los Angeles County was calculated based on the number of rooms utilized in each of the three geographic areas for a regular season football game and the annual average daily room rate in those areas. This results in an average daily room rate of $97.29, or a per-person average daily room rate of $54.05 (based on 1.8 people per room) across all of Los Angeles County.[27,28]

It is assumed that the average length of stay is 1.5 nights for out-of-town fans. Pasadena, for example, has 1,669 hotel rooms, which when assuming a 1.5 night stay for the average fan, would create a basis of 2,504 room-nights (1,669 x 1.5). Historically, with a 75% occupancy rate, over a 1.5 night period, 1,881 Room-Nights would be occupied. Therefore, 623 Incremental Room-Nights are available to be purchased. Since it is assumed that Pasadena will sell-out on game day weekends, all 623 of these Incremental Room-Nights will be purchased by out-of-town fans. This leaves 7,336 Room-Nights (5,304 hotel rooms needed per night x 1.5 night average length of stay - 623 incremental Room-Nights satisfied by Pasadena hotel rooms) to be spread across the remainder of The San Gabriel Valley and Los Angeles County.

Total spending on lodging in the greater Los Angeles area for a regular season football game, as well as incremental benefits due to increased occupancy rates, are summarized in **Figure 14**. The incremental gross spending in all of Los Angeles County due to visitor lodging will be $793,862 per game. This means a gross increase in lodging expenditures of $7,938,621 over eight regular season games and two pre-season games.

Figure 14: Regular Season Lodging Analysis

Regular Season Lodging Analysis (Based on a 1.5 night average stay)				
	Pasadena	San Gabriel Valley [1]	Los Angeles County [2]	Total
Historical Room Nights Purchased	1,881	11,790	94,908	108,579
Total Regular Season Weekend Room Nights Purchased	2,504	12,560	101,474	116,538
Incremental Room Nights Purchased	623	770	6,566	7,959
Average Daily Rate	$136.89	$64.55	$100.37	$97.29
Total Spending on Lodging	$342,768	$810,748	$10,184,927	$11,338,443
Incremental Spending on Lodging	85,213	49,671	658,978	793,862

Source: Historical Room Nights and Average Daily Rates from Smith Travel

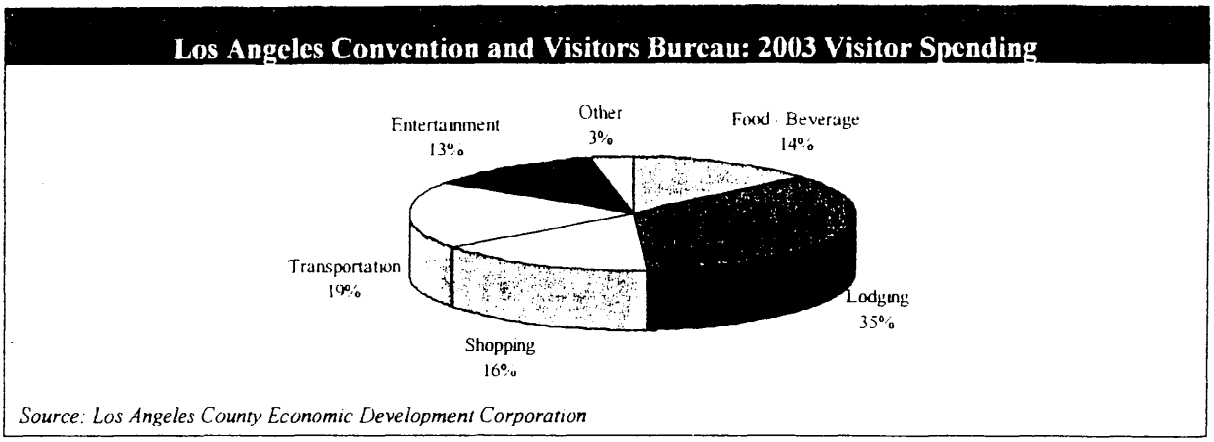
1 San Gabriel Valley spending does not include Pasadena

2 Los Angeles County spending does not include Pasadena or San Gabriel Valley

Non-hotel Visitor Spending

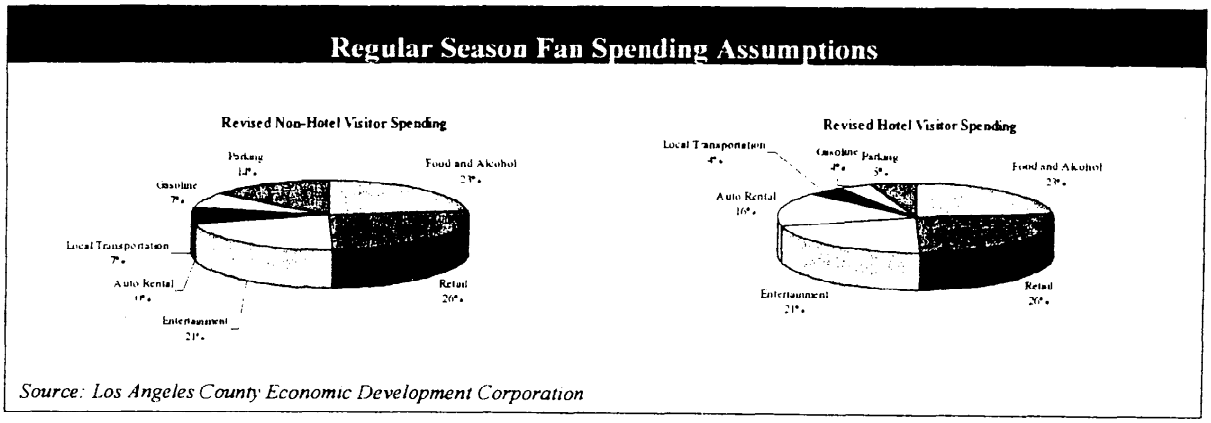
According to the Los Angeles County Convention and Visitors Bureau 2003 report on Los Angeles County travel statistics, domestic overnight visitors (visitors originating outside of Los Angeles County) make expenditures in the proportions illustrated in **Figure 15**.[29]

Figure 15: Los Angeles Convention and Visitors Bureau: 2003 Visitor Spending



Because this study considers lodging as a separate detailed analysis from the rest of visitor expenditures, the other categories of spending were broken down into similarly weighted proportions, less lodging. Hotel visitors were considered to make expenditures in all of the categories, while visitors who did not require hotels (but still originated outside of Los Angeles County) were assumed to spend no money on Auto Rental, with their remaining transportation expenditures being divided among the other transportation categories (Local Transportation, Gasoline and Parking). In addition, the "Other" category was redistributed among the three largest spending segments for purposes of the IMPLAN model. These breakdowns for both Non-Hotel Visitors and Hotel Visitors are illustrated in the two charts in **Figure 16**.

Figure 16: Regular Season Fan Spending Assumptions



As a result, it was estimated that a visitor to Los Angeles County for a regular season football game, who stays in a hotel, will spend a total of $160.65 per day, broken down into $54.05 for lodging, as described above, and $106.60 for other expenditures. A visitor who does not require a hotel room was estimated to spend a total of $38.35 per day. (See **Appendix 16** for details on the expenditure calculations for both categories of visitors.) As previously mentioned, 40% of fans originating outside of Los Angeles County require hotel rooms, and 60% do not. This equates to 16% of all fans spending $160.65 per day (including hotel) and 24% of all fans spending $38.35 per day (no hotel necessary). The resulting weighted average per-day spending for visitors originating outside of Los Angeles County is $87.27.

The gross expenditures from the total number of domestic overnight fans are divided into spending in each of the three geographical areas, based on the proportion of total hotel rooms utilized in each of the areas on weekends during a regular season football game. As previously mentioned, Pasadena hotels are assumed to reach full occupancy before the remaining room requirements are allocated to San Gabriel Valley hotels or other Los Angeles County hotels. Thus, since this study calculated 2.1% of total Los Angeles County hotel rooms occupied during a regular season weekend to be located in Pasadena, 2.1% of the gross expenditures by fans were attributed to Pasadena in each area of spending. Similarly, 12.9% of the gross expenditures were attributed to the San Gabriel Valley, inclusive of the expenditures for Pasadena. And 100% of the gross expenditures were attributed to Los Angeles County, inclusive of the expenditures in both the San Gabriel Valley and Pasadena. Based on these assumptions, the gross expenditures by domestic overnight fans are estimated as follows in **Figure 17**.

Based on these assumptions for gross expenditure, the Direct Output Benefit of fan spending is **$1.2 million for Pasadena, $3.5 million for the San Gabriel Valley and $26.0 million for Los Angeles County**.

Figure 17: Gross Fan Expenditures

Gross Fan Expenditures				
Implan Sector		**Pasadena**	**San Gabriel Valley**	**Los Angeles County**
481	Lodging (Incremental Spending)	$852,128	$1,348,840	$7,938,621
481	Food and Alcohol	116,323	699,890	5,414,777
411	Retail[1]	132,941	799,875	6,188,316
478	Entertainment	108,014	649,898	5,028,007
432	Auto Rental	50,125	307,912	2,386,917
395	Local Transportation	26,184	160,847	1,246,875
142	Gasoline	26,184	160,847	1,246,875
397	Parking	41,763	256,542	1,988,700
	Total	**$1,353,663**	**$4,384,651**	**$31,439,089**

1 Retail Expenditures do not include NFL licensed merchandise

2. Players

Each NFL team carries a roster of 53 players, whose combined salaries cannot exceed the salary cap set by the league. The 2004 NFL salary cap is $80,582,000 million.[30] In 2003, it was $75,007,000. The NFL salary cap is the absolute maximum each club may spend on player salaries in a capped year. For 2003, that amounted to 64.25% of league-wide "Defined Gross Revenues" (divided by 32 teams), made up of pre-season, regular season and post-season gate receipts, radio and television rights and NFL licensing. For 2004 it rose slightly, to 64.75% of said revenues."[31]

In order to calculate the Direct Output Benefits of these 53 players to Pasadena, the San Gabriel Valley and Los Angeles County, it is necessary to make assumptions regarding the geographical

areas in which players will live, and assess whether they will live year-round or spend just the duration of the season in the greater Los Angeles area. At the time of this study, it is yet to be determined where the team's training facility would be located. This could have a dramatic affect on where players decide to live, especially those choosing to reside in the Los Angeles area only for the duration of the season.

Based on the U.S. Department of Labor and Bureau of Labor Statistics' Consumer Expenditure Survey, 2000 – 2002, it has been determined that consumers in the top quintile (top 20%), who have an average income before tax of $121,367 spend 65% of their Pre-tax income on annual expenditures. This is the highest bracket reported in the survey. **Appendix 17** shows the dollar and percentage breakdowns of this spending. Assuming a team payroll at the maximum level set by the salary cap, the average NFL salary is approximately $1,500,000, which puts the average player at the high end of the upper quintile.

In order to account for such high salaries, this study bracketed all of the current NFL players into one of four salary categories based on their 2003 contribution to their respective teams' salary cap: 3.1% of players earn greater than $5 million, 16.6% of players earn between $1.5 and $5 million, 31.8% of players earn between $500 thousand and $1.5 million, and the remaining 48.5% earn less than $500 thousand. Based on these percentages, the study extrapolates the number of players that would fall into each salary bracket for a Los Angeles team's roster. Different assumptions have been made for each salary bracket with regard to the amount of annual pre-tax income spent on annual expenditures, the geographical location players would reside and the percentage of time spent in the greater Los Angeles area during a given year. In the nature of conservatism and based on conversations with a local agency which represents NFL players, this study assumes that no players would reside in Pasadena or the San Gabriel Valley.[32] This study acknowledges that this may not be an accurate portrayal of reality and that players could very well decide to live in Orange County or other locales outside of the study areas. However, given the imprecise nature of making guesses as to where players will live, this study embraces the simplifying assumption that all players will live squarely within Los Angeles County (in areas excluding Pasadena and the San Gabriel Valley). Again, this assumption would likely change if the team's training facility were located in one of these areas. For detailed assumptions, please refer to **Appendix 18. Figure 18** shows the assumptions around the breakdown of Player Spending.

Based on these assumptions, the Direct Output Benefit of player spending is **$0 for Pasadena, $0 for the San Gabriel Valley and $8.4 million for Los Angeles County.**

Figure 18: Regular Season Player Spending Assumptions

Player Spending Assumptions			
		Expenditures	
Implan Sector	Spending Categories	% of Annual	Annual $'s
405	Food at Home	5.7%	$628,778
481	Food Away from Home	5.8%	632,388
481	Alcoholic Beverages	1.0%	113,036
509	Housing	21.7%	2,389,162
30/32	Utilities	4.9%	534,767
402	Household Furnishings	4.4%	483,804
408	Apparel and Services	4.6%	502,272
344	Vehicle Purchases	13.8%	1,519,871
142	Gasoline	2.5%	271,758
467	Health Care	4.1%	452,976
478	Entertainment	5.8%	639,887
427	Personal Insurance	15.1%	1,661,790
multiple	Other Expenditures	10.6%	1,166,739
	Total	**100.0%**	**$10,997,226**

3. Coaching Staff

All NFL teams have one head coach, an offensive coordinator and defensive coordinator and between ten and thirteen position coaches. Unlike player salaries, there is no cap or pay schedule for coaches, resulting in a wide range of payrolls between the highest and lowest teams in the league. Head coaches make in the range of $600 thousand to $5 million, each of the two coordinators make between $600 thousand and $2 million and position coaches are paid up to $400 thousand.[33] For the purposes of this study, the approximate league averages have been used for coaching salaries: $2.5 million for the head coach, $750 thousand for each coordinator and $300 thousand for each of ten position coaches.[34] However, a big name head coach could impact this figure.

Similar to the player analysis, it is necessary to make assumptions regarding the geographical locations in which the coaches will live and the portion of the year they will live in the greater Los Angeles area in order to assess the Direct Output Benefits to Pasadena, the San Gabriel Valley and Los Angeles County.

As a rule, coaches' salaries are not as significant as player salaries. Coaches would also be more likely to live year-round in the greater Los Angeles Area. For the purposes of this study, it is assumed that the coaching staff will spend 90% of its aggregate time in Los Angeles County. It has been estimated that 100% of the staff will live in Los Angeles County, 0% will live in the San Gabriel Valley and 0% will live in Pasadena. This study acknowledges that this may not be an accurate portrayal of reality and that coaches could very well decide to live in Orange County or other locales outside of the study areas. However, given the imprecise nature of making guesses as to where coaches will live, the study embraces the simplifying assumption that all coaches will live squarely within Los Angeles County (in areas excluding Pasadena and the San Gabriel

Valley). In addition, as with the player scenario, the location of the training facility could certainly impact these assumptions.

Based on the U.S. Department of Labor and Bureau of Labor Statistics' Consumer Expenditure Survey, 2000 – 2002, it has been determined that consumers in the top quintile (top 20%), who have an average Income before tax of $121,367 spend 65% of their Pre-tax income on annual expenditures. This is the highest bracket reported by the survey. **Appendix 17** shows the dollar and percentage breakdowns of this spending. Coaches are assumed to have annual expenditures in line with these figures, and no adjustments have been considered. Although the head coach could command a significant salary, it is highly speculative without a specific franchise or coaching staff targeted at this point. **Figure 19** shows the assumptions around the breakdown of Coaches Spending.

Based on these assumptions, the Direct Output Benefit of coaches spending is **$0 for Pasadena, $0 for the San Gabriel Valley and $3.1 million for Los Angeles County.**

Figure 19: Coaches Spending Assumptions

Coaches Spending Assumptions			
		Expenditures	
Implan Sector	Spending Categories	% of Annual	Annual $'s
405	Food at Home	5.7%	$234,136
481	Food Away from Home	5.8%	235,480
481	Alcoholic Beverages	1.0%	42,091
509	Housing	21.7%	889,644
30/32	Utilities	4.9%	199,129
402	Household Furnishings	4.4%	180,152
408	Apparel and Services	4.6%	187,030
344	Vehicle Purchases	13.8%	565,949
142	Gasoline	2.5%	101,193
467	Health Care	4.1%	168,673
478	Entertainment	5.8%	238,273
427	Personal Insurance	15.1%	618,795
multiple	Other Expenditures	10.6%	434,455
	Total	**100.0%**	**$4,095,000**

4. Front Office and Game Day Employees

An NFL teams' full-time front office staff varies greatly in size, between 40 and 150 members, with a likely average falling around 70.[35] These staff numbers range from higher salary positions such as the General Manager and Senior Vice Presidents down to lower salary positions, such as Ticket Sales staff. When considering the entire staff, the average salary ranges from $60 thousand to $70 thousand. For the purposes of calculation, this study assumes a $65 thousand salary for 70 staff members, for an aggregate salary of $4.55 million. This study does not include the salaries or income generation of potential team owners. Any potential owner is likely to

either already live in the greater Los Angeles area and not provide incremental benefit or not relocate to the greater Los Angeles area as a result of the purchase.

It is acknowledged that not every full-time employee will be at the same income level; however this study uses the average salary as a basis for full-time staff expenditures. Based on the average salary, full-time staff members fall in the fourth quintile of the U.S. Department of Labor and Bureau of Labor Statistics' Consumer Expenditure Survey, 2000 – 2002. Consumers in this bracket spend 85% of their pre-tax income on annual expenditures. It is also assumed that all of the full-time staff will live in Los Angeles County year-round: 20% in Pasadena, an additional 0% in the San Gabriel Valley and the remaining 80% in other parts of Los Angeles County. **Figure 20** shows the assumptions and Direct Output Benefits of full-time staff spending in Pasadena, the San Gabriel Valley and Los Angeles County.

Based on these assumptions, the Direct Output Benefit of front office staff spending is **$0.53 million for Pasadena, $0.55 million for the San Gabriel Valley and $2.8 million for Los Angeles County**.

Figure 20: Front Office Personnel Spending Assumptions

Front Office Personnel Spending Assumptions

		Expenditures	
Implan Sector	**Spending Categories**	**% of Annual**	**Annual $'s**
405	Food at Home	7.3%	$280,682
481	Food Away from Home	5.8%	223,472
481	Alcoholic Beverages	0.9%	35,660
509	Housing	20.7%	800,633
30/32	Utilities	6.2%	238,196
402	Household Furnishings	3.6%	137,657
408	Apparel and Services	4.2%	160,587
344	Vehicle Purchases	16.5%	638,589
142	Gasoline	3.1%	120,325
467	Health Care	5.3%	206,447
478	Entertainment	5.3%	203,916
427	Personal Insurance	11.5%	442,955
multiple	Other Expenditures	9.8%	378,383
	Total	**100.0%**	**$3,867,500**

Source for Expenditure Level: U.S. Department of Labor and Bureau of Labor Statistics' Consumer Expenditure Survey, 2000 – 2002

In addition to full time staff, an NFL game played at the Rose Bowl would require additional game day staff members. Contemporary Services Corporation is the firm that currently provides security for UCLA football games at the Rose Bowl, in addition to game day services for many NFL venues. While UCLA provides its own ushering and ticket-taking for collegiate games, Contemporary Services would likely assume these responsibilities for NFL games. Based on a conversation with Jim Granger at Contemporary Services, it is assumed that 946 game day staff members would be required per game, assuming maximum deployment. These staff members' responsibilities would span from outside the stadium in the local neighborhoods to all security

and ushering responsibilities inside the stadium. A breakdown of the staff responsibilities can be found in **Appendix 19**. The Rose Bowl or NFL team would be billed approximately $17.50 per hour for each employee (in 2004 dollars). Each employee would work approximately 8.5 hours for each of the ten games. Roughly 60% of the billing rate would go towards staff salaries, or an approximate total of $844 thousand for the season.

While Contemporary Services will provide a majority of the manpower needed for game day, there is also the concession staff and the additional game day operations staff to consider. CenterPlate currently runs the concessions operations for UCLA games and would likely provide services for an NFL team as well. Based on a conversation with Mark McClure, CenterPlate's General Manager at the Rose Bowl, approximately 800-1000 staff members are required to staff a football game. These staff members are from 32 different non-profit groups, of which fourteen are from Pasadena, seven are from areas of the San Gabriel Valley outside of Pasadena and the remaining eleven are from other parts of Los Angeles County. These non-profit groups are paid 11% of the gross concession receipts for each game. Since NFL games serve alcohol, UCLA games alone do not serve as a good proxy for concession receipts. However, the Rose Bowl game does serve alcohol; based on the reduction in seating capacity from past Rose Bowl games in combination with the addition of alcohol above UCLA game totals, Mark McClure of CenterPlate estimates $400,000 in concessions, or $44,000 that is paid out to non-profit groups. It is assumed that all of this $44,000 is paid out to the employees in the form of wages.

Additional operations includes approximately 300-350 staff members, including fire, police, paramedics, audio technicians, shuttle drivers, grounds crew, plumbers, electricians, janitorial, elevator technicians, scoreboard operators, etc.[36] The Rose Bowl Operating Company expects to pay roughly $192,000 per game for all of these services.[37] The services provided by the city do not include a mark-up, and the mark-up on the remaining services is assumed to be minimal; therefore this total expense is assumed to be paid out in salaries.

It is assumed that a large majority of these jobs will be filled by individuals with lower to moderate levels of income, including a large number of retired individuals who are sports fans. It is estimated that these employees will live in the greater Los Angeles area year-round and will treat this income earned as supplemental to disposable income, which means 100% will flow directly into the local economy. The expenditures per category were estimated based on levels of the third quintile of the U.S. Department of Labor and Bureau of Labor Statistics' Consumer Expenditure Survey, 2000 – 2002.

A larger percentage of part time staff will be from Pasadena and the San Gabriel Valley; the estimated percentages vary among the different functions. For the services offered by Contemporary Services, 50% of the staff is from Pasadena, an additional 16% from other San Gabriel Valley towns and the remaining 34% from Los Angeles County.[38] The same percentages have been assumed for the additional operations staff. For concessions, it is assumed that there are the same number of staff from each non-profit group, so the salaries are prorated based on the number of groups, which leads to 75% of the staff coming from Pasadena, an additional 9.7% from other San Gabriel towns and 15.3% from the remainder of Los Angeles County. **Figure 21** shows the assumptions for part-time staff spending in Pasadena, the San Gabriel Valley and Los Angeles County.

Based on these assumptions, the Direct Output Benefit of game day employee spending is **$0.57 million for Pasadena, $0.74 million for the San Gabriel Valley and $1.1 million for Los Angeles County**.

Figure 21: Game Day Personnel Spending Assumptions

Game Day Personnel Spending Assumptions			
		Expenditures	
Implan Sector	Spending Categories	% of Annual	Annual $'s
405	Food at Home	8.3%	$123,005
481	Food Away from Home	5.4%	79,976
481	Alcoholic Beverages	1.1%	15,571
509	Housing	21.4%	315,499
30/32	Utiliites	7.0%	103,472
402	Household Furnishings	3.5%	51,115
408	Apparel and Services	4.1%	61,082
344	Vehicle Purchases	16.1%	237,125
142	Gasoline	3.4%	49,835
467	Health Care	6.8%	100,310
478	Entertainment	4.5%	65,806
427	Personal Insurance	8.7%	128,609
multiple	Other Expenditures	9.8%	144,901
	Total	**100.0%**	**$1,476,305**

Source for Expenditure Level: U.S. Department of Labor and Bureau of Labor Statistics' Consumer Expenditure Survey, 2000 – 2002

5. Team Spending

In addition to paying the salaries of coaches, players and staff, an NFL team will spend money on procurement of equipment, supplies, utilities and insurance as well as marketing. While all of these expenditures are real dollars that can potentially impact the greater Los Angeles County economy, they are difficult to measure.

Much of the team's spending on equipment and supplies will come from league-wide contracts with companies such as Riddell and Gatorade[39] which will have no impact on the local economy. While expenses on supplies, utilities, insurance and marketing will create some benefit to the economy, the numbers are too speculative at this stage in the process. In the nature of conservatism, this study has not included any direct output benefit associated with this spending.

6. Visiting Team

Between pre-season and the regular season, ten home games will be played at the Rose Bowl, requiring visiting teams to travel to Los Angeles. As a result, these teams will spend money primarily on hotels, food and transportation. While other minimal expenses could be included, it is unlikely that team members will be spending any measurable amount of money on entertainment leading up to game day.

The Pasadena Economic Development Center has indicated that it would be highly unlikely for visiting teams to stay in Pasadena or the San Gabriel Valley, and much more likely that they would stay in downtown Los Angeles, Beverly Hills or Santa Monica. Furthermore, it is likely

that teams will stay in higher end hotels.[40] Hotel rooms in Santa Monica and Beverly Hills range between $145 and $170 per night.[41] For the purposes of calculation, this study uses $150 per night.

Based on previous studies, conversations with the Los Angeles Convention and Visitors Bureau and personal judgment, it is assumed that expenditures on food and transportation will be $75 and $20 per day per person.

It is estimated that approximately 75-85 members of the visiting team, including players, coaches and staff will travel for game days.[42] Furthermore, visiting teams are likely to spend only one or two nights in Los Angeles, depending on the distance of travel. Teams coming across the country will arrive on Friday for a Sunday game, whereas West coast and Midwest teams would likely arrive on Saturday.[43] Estimates for average daily per capita expenditures are shown in **Figure 22**. Each of these daily expense categories are multiplied by a factor of 1,200 to arrive at aggregate season totals. This factor is calculated assuming eighty traveling members, with an average stay of 1.5 days per game, for a total of ten games throughout the season.

Since visiting teams will likely be staying in hotels outside of the San Gabriel Valley, this study assumes that all of the associated benefits will accrue to Los Angeles County outside of Pasadena and the San Gabriel Valley. **Figure 22** shows the assumptions and the total annual expenditure associated with the visiting teams' spending.

Based on these assumptions, the Direct Output Benefit from the visiting team is **$0.0 for Pasadena, $0.0 for the San Gabriel Valley and $0.3 million for Los Angeles County**.

Figure 22: Visiting Team Spending Assumptions

Visiting Team Spending Assumptions			
		Expenditures	
Implan Sector	Spending Categories	Daily $	Annual $'s
481	Food outside stadium	$75.00	$90,000
395	Transportation	20.00	24,000
479	Lodging	150.00	180,000
	Total	**$245.00**	**$294,000**

7. Visiting Media

Members of the media will also come to Pasadena and greater Los Angeles to cover each of the 10 home games. Included are broadcasters and members of the national network crew, national newspaper reporters and local newspaper and radio reporters. While the preseason games will not be nationally televised, it can be expected that a similar number of media will be in attendance for these games by assuming local networks will provide broadcast to the visiting team's city.

The same daily expenditures have been used as in the preceding *Visiting Team* section. Based on previous studies, it is estimated that 70 members of the media will visit Los Angeles for an

average of 3.5 days for each pre-season and regular season game played at the Rose Bowl.[44] Furthermore, it is assumed that the media will stay in similar locations to the players in order to gain the best possible access to the team. Each of these daily expense categories are multiplied by a factor of 2,450 to arrive at aggregate season totals. This factor is calculated assuming seventy traveling members, with an average stay of 3.5 days per game, for a total of ten games throughout the season. **Figure 23** shows the assumptions and the total annual expenditure associated with the visiting media's spending.

Based on these assumptions, the Direct Output Benefit from the visiting media is **$0 million for Pasadena, $0 million for the San Gabriel Valley and $0.6 million for Los Angeles County.**

Figure 23: Visiting Media Spending Assumptions

Visiting Media Spending Assumptions			
		Expenditures	
Implan Sector	Spending Categories	Daily $	Annual $'s
481	Food outside stadium	$75.00	$183,750
395	Transportation	20.00	49,000
479	Lodging	150.00	367,500
	Total	**$245.00**	**$600,250**

C. Indirect Output Benefits

The Indirect Benefits stemming from the economic activity associated with a Regular Season of Operations are calculated using IMPLAN software and are projected as follows:

Figure 24: Regular Season Operations Indirect Output Benefits

Regular Season Operations	Pasadena	San Gabriel Valley	Los Angeles County
Direct Output Benefit	$2,264,226	$4,765,993	$42,293,901
Indirect Output Benefit	1,045,213	3,294,926	30,787,890
Total Output Benefit	3,309,439	8,060,919	73,081,791
Implied Multiplier	1.46	1.69	1.73

The implied multiplier is the total Output Benefit divided by the Direct Output Benefit, which shows the multiplying magnitude that the Direct Output Benefits have on the economy. As is evidenced above, the output multipliers associated with this activity range from 1.46 for Pasadena to 1.73 for Los Angeles County. The breakdown for each of the categories in the Direct Output Benefits section: (1) *Fans*, (2) *Players*, (3) *Coaching Staff*, (4) *Front Office and Game Day Employees*, (5) *Team Spending*, (6) *Visiting Team* and (7) *Visiting Media* are included in **Appendix 19**.

The Indirect Output Benefits include both the indirect and induced effects. Indirect effects capture the impact of businesses buying from businesses while induced effects capture the impact of households buying from businesses.

D. Employment Benefits

The Employment Benefits stemming from the economic activity associated with a Regular Season of Operations are calculated by using the IMPLAN software package and by conducting a full-time employment (FTE) analysis of the literal employment necessitated by this economic stimulus.

To calculate the literal employment required by one regular season of operations, it was necessary to conduct a full-time equivalent (FTE) analysis. This was conducted utilizing data received from officials at the Rose Bowl along with several of its key vendors. For Front Office staff, this analysis was straight-forward since these employees work full time. The only assumptions necessary relate to where these employees live. With respect to the Game Day employees, the FTE analysis required several computational steps. It was first necessary to obtain data on total number of employees required for a game day, the average hours worked on Game Day and the total number of work days per year. Using this information, this study was able to arrive at an FTE percentage of 3.85%. This means that each Game Day employee represents 3.85% of a full-time job. Coupling this statistic with assumptions regarding where Game Day employees live, this study arrived at the Literal Employment estimates (or FTE) listed below.

The annualized results are projected as follows:

Figure 25: Regular Season Operations Employment Benefits

Regular Season Operations	Pasadena	San Gabriel Valley	Los Angeles County
Literal Employment	63.0	59.0	150.0
Direct Employment	24.7	55.7	464.2
Indirect Employment	9.4	27.1	254.4
Total Employment	97.1	141.9	868.5

The breakdown for each of the categories in the Direct Employment Benefits section: (1) *Fans*, (2) *Players*, (3) *Coaching Staff*, (4) *Front Office and Game Day Employees*, (5) *Team Spending*, (6) *Visiting Team* and (7) *Visiting Media* are included in **Appendix 19**. The Indirect Employment Benefits include both the indirect and induced effects. Indirect effects capture the impact of businesses buying from businesses while induced effects capture the impact of households buying from businesses.

E. Household Earnings

The Household Earnings stemming from the economic activity associated with a Regular Season of Operations are calculated using IMPLAN software and are projected as follows:

Figure 26: Regular Season Operations Household Earnings

Regular Season Operations	Pasadena	San Gabriel Valley	Los Angeles County
Direct Household Earnings	$827,387	$1,906,873	$16,014,406
Indirect Household Earnings	405,945	1,224,924	11,189,879
Total Household Earnings	1,233,332	3,131,797	27,204,285

The breakdown for each of the categories in the Direct Household Earnings section: (1) *Fans*, (2) *Players*, (3) *Coaching Staff*, (4) *Front Office and Game Day Employees*, (5) *Team Spending*, (6) *Visiting Team* and (7) *Visiting Media* are included in **Appendix 19**.

It is important to note that Household Earnings are included in the total Output Benefits above, and are therefore not an additional benefit above the total Output reported at the beginning of this section. The Indirect Household Earnings benefits include both the indirect and induced effects. Indirect effects capture the impact of businesses buying from businesses while induced effects capture the impact of households buying from businesses.

F. Tax Benefits

The Tax Benefits stemming from the economic activity associated with a Regular Season of Operations are projected in **Figure 27**. For reasons discussed in the Tax Benefit Methodology section, this study only considers the incremental tax benefit associated with the initial economic activity, Indirect Tax Benefits have not been calculated. It is also important to note that the $13.4 million in-stadium spending mentioned in the *Fans* section above included parking. Since sales tax does no apply to parking, the in-stadium spending that is subject to tax is just over $11.3 million. This study focuses only on tax impacts for the City of Pasadena and Los Angeles County. **The incremental Tax Benefit is $0.14 million for Pasadena and $0.58 million for Los Angeles County**.

Figure 27: Incremental Tax Benefit: Regular Season Operations

Incremental Tax Benefit: Regular Season Operations							
Study Area	Sector	Total Spending	Gross Spend [1]	Tax Collected	Tax Rate	Distribution to County	Tax Revenue to County
Los Angeles County							
Players	Apparel	$502,272	$463,993	$38,279	8.25%	2.00%	$9,280
	Reading	37,632	34,764	2,868	8.25%	2.00%	695
	Gasoline	271,758	251,047	20,711	8.25%	2.00%	5,021
	Miscellaneous	202,187	186,778	15,409	8.25%	2.00%	3,736
	Food Away from Home	632,388	584,192	48,196	8.25%	2.00%	11,684
	Motor Vehicles	1,519,871	1,404,038	115,833	8.25%	2.00%	28,081
	Household Furnishings	483,804	446,932	36,872	8.25%	2.00%	8,939
Coaches	Apparel	187,030	172,776	14,254	8.25%	2.00%	3,456
	Reading	14,013	12,945	1,068	8.25%	2.00%	259
	Gasoline	101,193	93,481	7,712	8.25%	2.00%	1,870
	Miscellaneous	75,288	69,550	5,738	8.25%	2.00%	1,391
	Food Away from Home	235,480	217,533	17,947	8.25%	2.00%	4,351
	Motor Vehicles	565,949	522,817	43,132	8.25%	2.00%	10,456
	Household Furnishings	180,152	166,422	13,730	8.25%	2.00%	3,328
Front Office Staff	Apparel	160,587	148,348	12,239	8.25%	2.00%	2,967
	Reading	12,884	11,902	982	8.25%	2.00%	238
	Gasoline	120,325	111,155	9,170	8.25%	2.00%	2,223
	Miscellaneous	78,223	72,261	5,962	8.25%	2.00%	1,445
	Food Away from Home	223,472	206,440	17,031	8.25%	2.00%	4,129
	Motor Vehicles	638,589	589,920	48,668	8.25%	2.00%	11,798
	Household Furnishings	137,657	127,165	10,491	8.25%	2.00%	2,543
Game Day Staff	Apparel	61,082	56,427	4,655	8.25%	2.00%	1,129
	Reading	4,803	4,437	366	8.25%	2.00%	89
	Gasoline	49,835	46,037	3,798	8.25%	2.00%	921
	Miscellaneous	30,261	27,955	2,306	8.25%	2.00%	559
	Food Away from Home	79,976	73,880	6,095	8.25%	2.00%	1,478
	Motor Vehicles	237,125	219,053	18,072	8.25%	2.00%	4,381
	Household Furnishings	51,115	47,220	3,896	8.25%	2.00%	944
Fans	Miscellaneous	6,188,316	5,716,689	471,627	8.25%	2.00%	114,334
	Gasoline	1,246,875	1,151,848	95,027	8.25%	2.00%	23,037
	In-stadium Spending	11,314,709	10,452,387	862,322	8.25%	2.00%	209,048
	Food and Beverage	5,414,777	5,002,103	412,674	8.25%	2.00%	100,042
Visiting Team	Food and Beverage	90,000	83,141	6,859	8.25%	2.00%	1,663
Visiting Media	Food and Beverage	183,750	169,746	14,004	8.25%	2.00%	3,395
			Incremental Regular Season Tax Benefit to LA County				**$578,908**

Incremental Tax Benefit: Regular Season Operations							
Study Area	Sector	Total Spending	Gross Spend	Tax Collected	Tax Rate	Distribution to City	Tax Revenue to City
Pasadena							
Front Office Staff	Apparel	$32,117	$29,670	$2,448	8.25%	1.00%	$297
	Reading	2,577	2,380	196	8.25%	1.00%	24
	Gasoline	24,065	22,231	1,834	8.25%	1.00%	222
	Miscellaneous	15,645	14,452	1,192	8.25%	1.00%	145
	Food Away from Home	44,694	41,288	3,406	8.25%	1.00%	413
	Motor Vehicles	127,718	117,984	9,734	8.25%	1.00%	1,180
	Household Furnishings	27,531	25,433	2,098	8.25%	1.00%	254
Game Day Staff	Apparel	35,092	32,418	2,674	8.25%	1.00%	324
	Reading	2,760	2,549	210	8.25%	1.00%	25
	Gasoline	28,630	26,448	2,182	8.25%	1.00%	264
	Miscellaneous	17,385	16,060	1,325	8.25%	1.00%	161
	Food Away from Home	45,947	42,445	3,502	8.25%	1.00%	424
	Motor Vehicles	136,231	125,848	10,382	8.25%	1.00%	1,258
	Household Furnishings	29,366	27,128	2,238	8.25%	1.00%	271
Fans	Lodging	852,128	757,514	94,614	12.49%	3.75%	28,384
	Gasoline	26,184	24,188	1,996	8.25%	1.00%	242
	Miscellaneous	132,941	122,809	10,132	8.25%	1.00%	1,228
	In-stadium Spending	11,314,709	10,452,387	862,322	8.25%	1.00%	104,524
	Food and Beverage	116,323	107,458	8,865	8.25%	1.00%	1,075
						Incremental Regular Season Tax Benefit to Pasadena	**$140,716**

1. Total Spending includes tax collections, therefore Gross Spending is Total Spending divided by 1 plus the tax rate

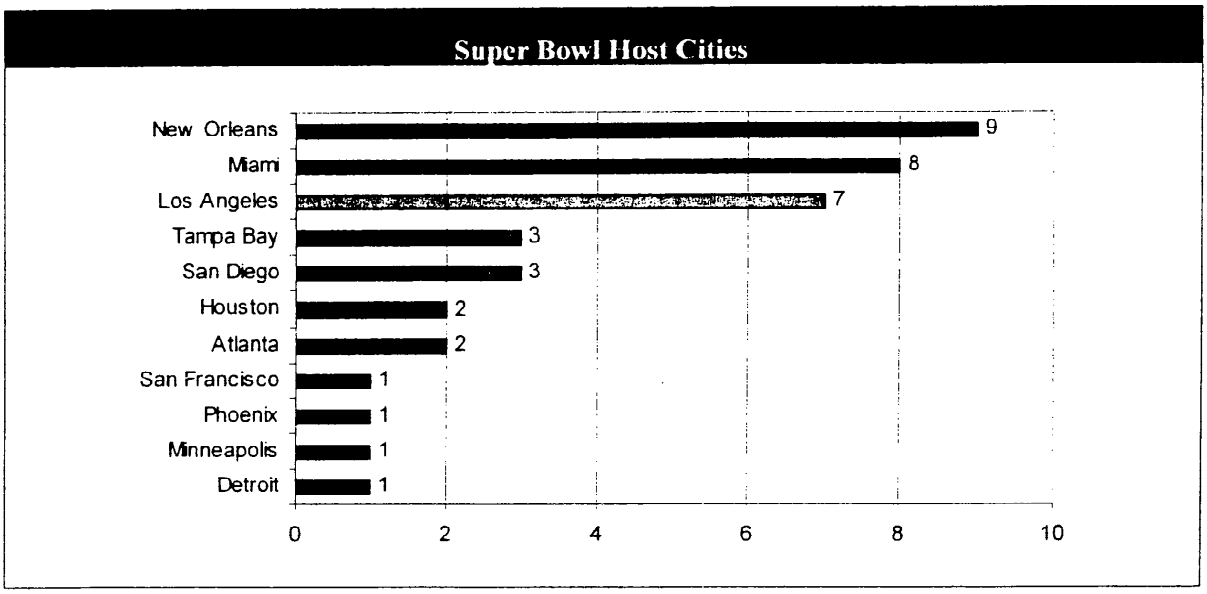
VIII. SUPER BOWLS

A. Overview

This section is designed to address the impact that one Super Bowl would have on the City of Pasadena, the San Gabriel Valley and Los Angeles County. This section has a slightly different lay-out then the two previous sections, with additional material prior to addressing the Direct Output Benefits, Indirect Output Benefits, Employment Benefits, Household Earnings and Tax Benefits associated with a Super Bowl played at the Rose Bowl. First, the remainder of the Overview discusses the feasibility of hosting a Super Bowl every four years. Second, there is a sub-section titled *Impact of Super Bowls* which discusses the traditional benefits realized by a host city. Third, there is a sub-section which highlights *Historical Economic Impact Studies* in relation to previous Super Bowls.

The NFL estimates that a Super Bowl would be played in Los Angeles every four years upon the return of an NFL franchise. At first glance, this estimate sounds aggressive, given the variety of Super Bowl locations over the past several years. Specifically, nine different cities have hosted the game over the past fifteen years, and seven different cities have hosted over the past ten years. Over the course of the Super Bowl's 38-year history, eleven different cities have played host to the NFL's biggest game.

Figure 28: Super Bowl Host cities



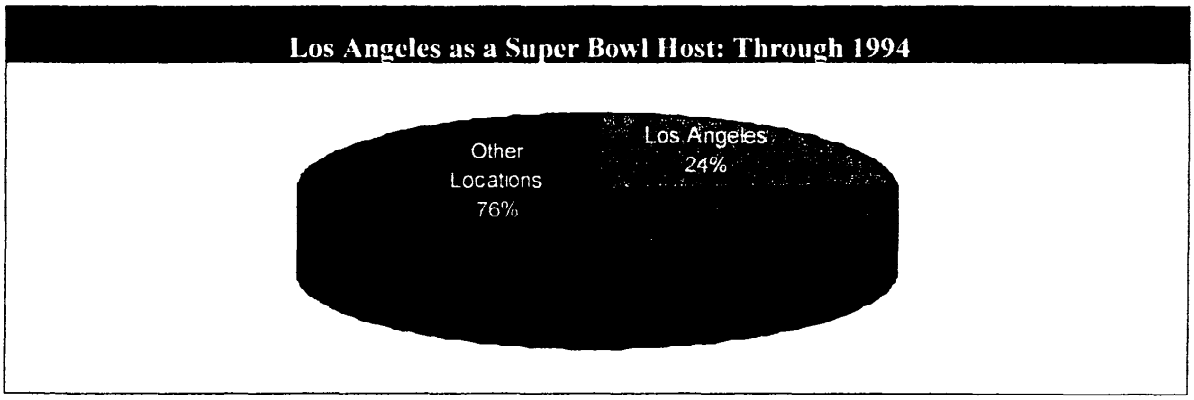
The Super Bowl has always been hosted by a city that has either a high likelihood for warm weather in late January / early February or a domed stadium. Currently, fifteen out of thirty-two teams in the NFL fit these criteria (refer to **Appendix 20**). Five of these fifteen have never hosted a Super Bowl (Dallas, Indianapolis, St. Louis, Oakland and Jacksonville), although Jacksonville will host its first game in 2005, leaving a pool of eleven cities that have hosted, excluding Los Angeles. The 2006 Super Bowl will be played at Ford Field in Detroit, the 2007 Super Bowl will be played at Pro Player Stadium in Miami and the 2008 game will return to Phoenix.[45] There is

also the distinct possibility that the New York Jets will enter the host race with a new domed stadium located in Manhattan by the end of the decade. New York is already making a push for the 2010 Super Bowl.[46]

Despite the array of cities that has hosted the Super Bowl, the greater Los Angeles area is third on the list with seven; five hosted in Pasadena at the Rose Bowl and two hosted in Los Angeles at the Coliseum. Because the NFL will only allow teams that have current franchises to host the Super Bowl, the last game played in Los Angeles was Super Bowl XXVII at the Rose Bowl in 1993. At the time the Raiders and the Rams left Los Angeles, there had been a total of 29 Super Bowls. Seven of those had been hosted by Los Angeles, or approximately 24% of all Super Bowl games up to that point.

Additionally, there has been talk about creating either two or three cities as semi-permanent Super Bowl locations. If the NFL is to proceed with this plan, it is likely that Los Angeles would be the primary choice, contingent upon the return of a franchise.[47]

Figure 29: Los Angeles as a Super Bowl Host: Through 1994



Given the above, it is not beyond reason to assume that Los Angeles, and in turn the Rose Bowl, could reap the benefits of a Super Bowl every four years, which would have significant economic impact on Pasadena, the San Gabriel Valley and Los Angeles County.

B. Impact of Super Bowls

> **"Economic impact is one reason the Super Bowl is so widely sought. For a $3.6 million investment to put on the game, a metropolitan area stands to net tremendous returns over a substantial period of time. Any investment which garners a 5,000 percent return is a pretty sound business move."**
> ---Charles Scurr, president of the South Florida Host Committee (XXIX)[48]

Direct game day benefits of the Super Bowl are similar to benefits associated with regular season game day activities in terms of parking and concessions, but significantly different in terms of food, lodging, entertainment and corporate sponsorships. During the regular season, an

overwhelming majority of game day fans are local, and drive to the game and potentially return without making any additional purchases outside of the stadium. However, the Super Bowl is a national event frequented by business professionals and fans from all over the country. These visitors typically stay multiple nights in a local hotel and spend meaningful dollars on food, drinks and entertainment during their visit.

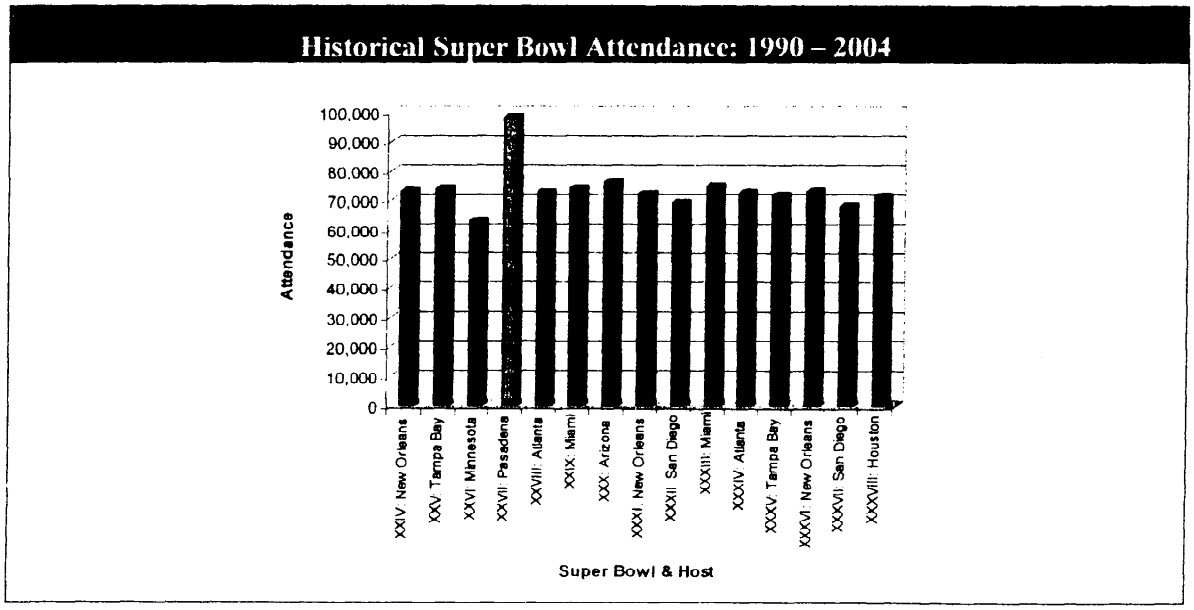
The economic benefit of a Super Bowl is highly dependent upon the location of the game. Many factors, including (1) the host site's stadium capacity, (2) the general population's familiarity with the host city (on the part of incoming travelers) and (3) the host city's ability to serve as a tourist destination will significantly impact the economic benefit of hosting a Super Bowl.

When analyzing Los Angeles as a host city, some of these factors are likely to increase the total economic benefit generated by the Super Bowl, while others will detract from the overall financial impact.

(1) Stadium Capacity

Based on the popularity of the event and the passion of NFL fans, the Super Bowl game would likely be a sell-out regardless of location; therefore, stadium capacity has a direct impact on the overall economic benefit of hosting a Super Bowl. Tickets to the game are divided on a percentage basis among the participating teams (17.5% each), the host team (5.0%), the remaining NFL teams (34.8% in total) and the league (25.2%).[49] While the proposed Rose Bowl facility is estimated to hold 63,000, the Rose Bowl Operating Company and HOK estimate an additional 7,000 seats would be added for marquis events like the Rose Bowl and the Super Bowl, bringing capacity to 70,000. Since 1990, Super Bowl attendance has averaged 73,608 or 3,608 more than the new Rose Bowl would seat at 100% capacity (see graph below). When excluding the 1993 Super Bowl game (held in Pasadena) from the analysis, due to its "outlier" status, the renovated Rose Bowl appears on par with historical Super Bowl attendance.

Figure 30: Historical Super Bowl Attendance: 1990-2004



(2) Generating Awareness

One benefit of hosting a Super Bowl is increased domestic and international awareness of the host city. Super Bowls have been some of the most-watched television events in U.S. broadcasting history. Super Bowl XXXVIII in Houston, TX attracted more than 143 million viewers in the US and 1 billion viewers around the world.[50] Super Bowl XXXVII in San Diego, CA drew approximately 138 million US viewers.[51] In most cases, the Super Bowl serves as a form of public relations, where the host city essentially receives free publicity from broadcast coverage sent around the world. In some cases, a smaller venue like Jacksonville or San Diego can create awareness among visitors who are seeing the cities' commercial and residential strengths for the first time. For example, approximately one-third of all non-local corporate delegations at Super Bowl XXVII in San Diego were comprised of decision-makers who could influence the site of future business meetings and conventions. When surveyed, nearly 95% of those visitors stated "that they would consider holding future meetings and conventions in San Diego."[52]

According to the Department of Commerce, Los Angeles is already the second most visited city in the United States, second to only New York City. As a result, it is unlikely that corporate decision-makers, making the trip for the Super Bowl, will be unfamiliar with the greater Los Angeles area. It is believed that the Super Bowl will primarily serve as a public relations tool, reminding corporations and potential tourists about the numerous benefits provided by the city. However, economic benefit related to such "advertising" is long-term in nature and very difficult to quantify with any degree of precision. As a result, analysis of future benefits relating to increased awareness of Los Angeles will be omitted from this study.

(3) Tourist Destination

The following analysis summarizes the value proposition of a Super Bowl site, focusing on potential strengths and weaknesses associated with three important areas: local tourist attractions, consumer purchasing power and available lodging in a potential host location.

Historically, the number of out-of-town visitors traveling to the Super Bowl host city is not capped by the seating capacity of the stadium. Tourist attractions in and around the host city can attract additional visitors to the Super Bowl site, while also increasing the average length of stay per visitor, which will generate additional economic benefit. Los Angeles, as one of the country's leading tourist destinations, would likely capture significant additional benefits from an inflow of Super Bowl visitors.

Los Angeles County is home to several of the country's leading tourist attractions, including Universal Studios, the Getty Museum, the Santa Monica Pier and the Hollywood Walk of Fame. Outside of Los Angeles County, other leading destinations, including Disneyland and Disney's California Adventure, are located less than an hour's drive from downtown Los Angeles. In 2003, Disneyland, Disney's California Adventure and Universal Studios Hollywood were the 2nd, 8th and 10th most frequented theme parks in the U.S., attracting, respectively, 12.7 million, 5.3 million, and 4.5 million visitors.[53] While Los Angeles County would not garner direct economic benefit from increased theme park attendance in Orange County, the Disney parks may cause Super Bowl attendees to bring their families along on their visit, leading to an overall increase in daily spending.

To the extent that a host city is more expensive than the average host site, a Super Bowl can generate additional gross spending. Most visitors will likely be eating multiple meals and spending multiple nights in a hotel. Some visitors will be buying gasoline, consuming alcoholic beverages and frequenting entertainment venues. Assuming that a host city with relatively higher prices does not detract visitors, more expensive restaurant and bar tabs, nightly hotel rates and gasoline prices will translate into greater economic benefit to the surrounding area (versus a "less expensive site").

According to Mercer Human Resource Consultants, Los Angeles ranks the third most expensive city in the United States, and the 22nd most expensive city in the world. Mercer's analysis looked "at 144 cities around the world and [measured] the comparative cost of more than 200 items...including housing, food, clothing, household goods, transport and entertainment."[54] The two U.S. cities ranked more expensive, New York City, NY and White Plains, NY, have never hosted a Super Bowl. Therefore it is reasonable to assume higher than average daily expenditures on the part of visitors who travel to Los Angeles for the Super Bowl, thereby providing increased economic benefit to the city and its surrounding areas.

The number of hotel rooms in the host city will have a dramatic effect on the direct economic benefit of hosting a Super Bowl. To the extent that the host city had a shortage of hotel rooms, visitors may choose not to attend, or may be forced to find lodging in a nearby city or town. For example, with regard to the upcoming game in Jacksonville, the host "has fewer in-city hotels than any previous host city. As a result, of the more than 100,000 visitors expected for the February 6th game, many likely won't make a visit to Downtown Jacksonville from Daytona Beach or South Georgia hotels, except on game day."[55] Due to the significant capacity of Los Angeles area hotels, such issues likely would not occur if Los Angeles were to host a Super Bowl.

Increased economic impact comes from two sources: additional rooms (higher utilization) and increased nightly rates. The baseline comparison, in order to measure the volume of additional rooms, is the historical vacancy rates during late January and early February. This volume of rooms, at typical rates, is the gross economic spend on hotels that the host city could expect if not playing host to the Super Bowl. An event with the stature of the Super Bowl will significantly drive up hotel rates. However, only the marginal benefit of additional hotel lodging should be factored in when calculating the economic benefit a Super Bowl generates. A two-step calculation is necessary. First, the additional rooms above the traditional occupancy rate must be calculated at the increased nightly rates. Second, the incremental cost per room above the traditional rates on the historically occupied rooms must be calculated. It can certainly be argued that many of the historical visitors who travel to the city would not come as a result of the Super Bowl and increased rates. However, what is important is the incremental revenue generated as it compares to a normal year. If a city's hotels are filled to capacity as a result of a Super Bowl, it can also be assumed that the rooms of any traditional travelers that do not visit will be filled by additional Super Bowl attendees.

C. Historical Economic Impact Studies

Figure 31 depicts the results of several historical economic impact studies associated with selected Super Bowls since 1985. The greatest estimated economic impact is $442 million, associated with Super Bowl XXXVII in San Diego, CA. The lowest estimated economic impact is $142 million, associated with Super Bowl XXVI in Minneapolis, MN. For a list of sources see **Appendix 21**.

Figure 31: Previous Super Bowl Economic Impact Studies

$ in millions

Super Bowl Economic Impact Summary						
Super Bowl	Year	Location	Attendance	Direct Economic Benefits	Indirect Economic Benefits	Total Economic Benefits
XIX	1985	Palo Alto	N/A	N/A	N/A	176
XXII	1988	San Diego	73,302	95	102	198
XXIII	1989	Miami	75,129	N/A	N/A	N/A
XXIV	1990	New Orleans	72,919	170	158	328
XXV	1991	Tampa Bay	73,813	80	78	158
XXVI	1992	Minnesota	63,130	60	82	142
XXVII	1993	Pasadena	98,374	102	128	230
XXVIII	1994	Atlanta	72,817	95	112	207
XXIX	1995	Miami	74,107	251	196	447
XXX	1996	Arizona	76,347	121	121	241
XXXI	1997	New Orleans	72,301	N/A	N/A	263
XXXII	1998	San Diego	68,912	135	184	319
XXXIII	1999	Miami	74,803	N/A	N/A	438
XXXIV	2000	Atlanta	72,625	158	172	330
XXXV	2001	Tampa Bay	71,921	N/A	N/A	349
XXXVI	2002	New Orleans	72,922	N/A	N/A	363
XXXVII	2003	San Diego	67,603	234	209	442
XXXVIII	2004	Houston	71,525	N/A	N/A	N/A
Average			**73,679**	**$136**	**$140**	**$290**

D. Direct Output Benefits

As demonstrated above, there are a variety of benefits that accrue to a city through hosting a Super Bowl. This section lays out the assumptions and expected Output Benefits associated with a single Super Bowl played at the Rose Bowl. The assumptions are based on previous studies specific to the NFL, as well as current statistics provided by the Los Angeles County Convention and Visitor's Bureau. This study addresses the benefits by addressing lodging separately from the rest of visitor spending. A summary of the total economic impact for Pasadena, the San Gabriel Valley and Los Angeles County is given in **Figure 32**.

Figure 32: Super Bowl Economic Benefit

Super Bowl	Pasadena	San Gabriel Valley	Los Angeles County
Output	$4,318,514	$35,456,854	$315,418,016
Employment	54	428	3,689
Household Earnings	1,793,796	14,351,336	125,295,155
Tax	58,704	N/A	1,956,731

Lodging

Economic contributions to Los Angeles County related to Super Bowl lodging should focus on the incremental benefit to the County, not the gross benefit. It is widely known that hotels in the host city operate at close to 100% utilization for the days leading up to and including the Super Bowl. However, without the Super Bowl event, some portion of those rooms would have been sold to customers vacationing or conducting business in the host city. In order to analyze this marginal benefit to Los Angeles County, it is necessary to track historical occupancy rates and average daily rates ("ADR") for Pasadena, the San Gabriel Valley and Los Angeles County. It could be argued that some conventions may be rescheduled or moved due to the higher nightly room charges and that those vacant rooms would be filled by Super Bowl visitors. While such substituting may in fact occur, Los Angeles County's next best alternative to hosting the Super Bowl remains its historical number of rooms occupied and its average daily rates.

The Super Bowl is traditionally held in late January or early February. Pasadena and San Gabriel Valley hotels ran at occupancy rates of 70.5% and 74.8%, respectively, for the week ending January 31, 2004. For the whole of Los Angeles County (excluding Pasadena and the San Gabriel Valley), occupancy rates were 69.3% over the same time horizon. Therefore, only the hotel rooms sold above those historical rates will be factored into the overall economic benefit.

Pasadena's and the San Gabriel Valley's ADRs for the last week in January, 2004 were, respectively, $114.02 and $74.89. For rooms in Los Angeles County (excluding rooms in Pasadena and San Gabriel Valley), the ADR was $111.99. Please note that the preceding ADRs include TOT. **Figure 33** summarizes historical room occupancy and gross spending on lodging in Los Angeles County for the four nights ending January 31, 2004. Based on historical data, gross spending on lodging over that four-night period was $32.4 million.

Figure 33: Historical LA County Lodging Analysis

Historical LA County Lodging Analysis - Four Nights Ending Jan. 31st	
Pasadena: Total Room Nights Purchased	4,708
San Gabriel Valley: Total Room Nights Purchased [1]	37,469
Los Angeles County: Total Room Nights Purchased [2]	258,336
Total Super Bowl Room Nights Purchased in Los Angeles County	300,513
Pasadena: Average Daily Rate	$114.02
San Gabriel Valley: Average Daily Rate	74.89
Los Angeles County: Average Daily Rate	111.99
Pasadena: Total Spending on Lodging	$536,762
San Gabriel Valley: Total Spending on Lodging [1]	2,806,020
Los Angeles County: Total Spending on Lodging [2]	28,930,949
Total Super Bowl Spend on Lodging in Los Angeles County	$32,273,731

1. San Gabriel Valley spending does not include Pasadena

2. Los Angeles County spending does not include Pasadena or San Gabriel Valley

In order to calculate incremental gross spending on Super Bowl lodging there are six primary assumptions that must be made, which include: (1) the aggregate capacity utilization of all local hotels, (2) the percentage increase in historical nightly rates, (3) the average length of stay per visitor, (4) the total number of visitors to Los Angeles County, (5) the percent of visitors requiring a hotel room and (6) the average party size per hotel room. Most of these "inputs" can be estimated based on references to previous Super Bowls. Much of this data is included in a report prepared by Marketing Information Masters, Inc. ("MIM") for the NFL, entitled "Estimated Economic Impact on San Diego Due to Hosting Super Bowl XXXVII."

(1) Hotel Utilization: The Greater Houston Convention & Visitors Bureau estimates that hotel occupancy in Harris County exceeded 98% capacity during the four days up to and including Super Bowl XXXVIII. In the calculations below, this study assumes that the City of Pasadena will operate at 100% utilization (1,669 rooms)[56], while the county-wide estimate has been revised slightly downward, to approximately a 96% utilization for the San Gabriel Valley (12,523 rooms excluding Pasadena) and Los Angeles County hotels (93,147 rooms excluding the San Gabriel Valley). While the 96% county-wide utilization rate may appear high, the City of Los Angeles' hotels ran a 95% occupancy rate during NBA All Star Weekend (Feb 13-15, 2004), and the Super Bowl figures to attract a significantly larger number of visitors.[57]

(2) % Increase in ADR: MIM analyzed the nightly room rate increase for the Super Bowl weekend and calculated that hotel room rates across San Diego increased by approximately 130% over the previous four-year average. For this study, the estimate was revised downward, to 100%, due to the significantly greater supply of hotel rooms throughout Los Angeles County.

(3) Average Length of Stay: According to the Greater Houston Convention & Visitors Bureau, the NFL imposed a four-night minimum stay at Houston and Greater Harris County hotels. This study has assumed the NFL would employ a similar standard throughout Los Angeles County.

(4) Super Bowl Visitors: According to MIM, the total number of visitors to San Diego as a direct result of the Super Bowl was 347,995. According to the Greater Houston Convention & Visitors Bureau, the number of visitors to Super Bowl XXXVIII in Houston was estimated to be approximately 120,000. With a significant discrepancy in estimated visitors between the two most recent Super Bowls, this study has taken a conservative estimate of 150,000 visitors to Los Angeles County. Note that this figure does not include visitors to Orange County. While Orange County's resorts, including Disneyland's properties and beachfront hotels, represent viable lodging alternatives, Super Bowl visitors to Orange County are not included in this forecast.

(5) Visitors Requiring Lodging: Based on information in the MIM report, 72% of non-local guests visiting San Diego stayed in a hotel. For conservatism, we have used a "conversion rate" of 70%.

(6) Average Party Size Per Hotel Room: According to the Los Angeles Convention and Visitors Bureau, the average size of a leisure party is 1.8 people per hotel room. For business visitors, the average party size is 1.4 people per room. This study has taken the average of the two numbers, or 1.6 people per room, which implies an equal number of groups traveling to Los Angeles for business and pleasure.

Figure 34: Summary of Los Angeles Market Lodging Assumptions

Summary of Los Angeles Market Lodging Assumptions	
(1) San Gabriel Valley and Los Angeles County hotel utilization rate	96%
(2) % increase in historical nightly room rates	100%
(3) Average length of stay (in nights)	4.0
(4) Number of visitors to Los Angeles County	150,000
(5) % of visitors requiring a hotel room	70%
(6) Average party size per hotel room	1.60

Based on *Assumptions 4-6* above, this study estimates that the 150,000 Super Bowl visitors traveling to Los Angeles County will require 65,625 hotel rooms per night (150,000 x 70% requiring lodging / 1.6 persons per room). Furthermore, combining the fact that Los Angeles County has a maximum capacity of approximately 107,000 rooms with *Assumption 1*, that Los Angeles hotels will operate at a 96% capacity level (and 100% for Pasadena) implies that 36,000 visitors will be occupying hotel rooms for non-Super Bowl related events.

Based on *Assumption 3*, an average stay of 4.0 nights, Super Bowls visitors will require a total of 262,500 room nights over a four day. This leaves an additional 144,000 room nights for non-Super Bowl visitors. *Assumption 2* assumes a 100% increase in nightly rates applied to all rooms. **Figure 35** shows the total number for rooms purchased over a four-night period, the average nightly rates and the total spend on lodging for Pasadena, the San Gabriel Valley and Los Angeles County. Overall, gross spending on hotels during Super Bowl week is estimated to total $88.7 million for the whole of Los Angeles County. It is important to note that this figure is not

incremental spending, but rather the total spending for Super Bowl and non-Super Bowl related guests over a four-night span.

Figure 35: Super Bowl Lodging Analysis Summary

Super Bowl Lodging Analsyis Summary	
Pasadena: Total Room Nights Purchased	6,676
San Gabriel Valley: Total Room Nights Purchased [1]	48,037
Los Angeles County: Total Room Nights Purchased [2]	357,303
Total Super Bowl Room Nights Purchased in Los Angeles County	412,016
Pasadena: Average Daily Rate	$228.03
San Gabriel Valley: Average Daily Rate	149.78
Los Angeles County: Average Daily Rate	223.98
Pasadena: Total Spending on Lodging	$1,522,340
San Gabriel Valley: Total Spending on Lodging [1]	7,194,937
Los Angeles County: Total Spending on Lodging [2]	80,028,449
Total Super Bowl Spend on Lodging in Los Angeles County	$88,745,726

1. San Gabriel Valley spending does not include Pasadena

2. Los Angeles County spending does not include Pasadena or San Gabriel Valley

Figure 33 displays that at historical occupancy and ADRs Los Angeles County would generate lodging receipts of $32.27 million over the four day period ending Jan. 31st, irrespective of the Super Bowl event. **Figure 35** displays that Los Angeles County would generate total lodging receipts of $88.75 million over the four day period ending Jan. 31st while hosting a Super Bowl. Therefore, incremental Super Bowl lodging expenditures total approximately $56.47 million. **Figure 36** summarizes the incremental spending in Pasadena, the San Gabriel Valley and Los Angeles County as a result of the Super Bowl.

Figure 36: Incremental Super Bowl Lodging Benefit

Incremental Super Bowl Lodging Benefit	
Pasadena: Total Room Nights Purchased	1,968
San Gabriel Valley: Total Room Nights Purchased [1]	10,568
Los Angeles County: Total Room Nights Purchased [2]	98,967
Total Super Bowl Room Nights Purchased in Los Angeles County	111,503
Pasadena: Total Spending on Lodging	$985,578
San Gabriel Valley: Total Spending on Lodging [1]	4,388,917
Los Angeles County: Total Spending on Lodging [2]	51,097,501
Total Super Bowl Spend on Lodging in Los Angeles County	$56,471,995

1. San Gabriel Valley spending does not include Pasadena

2. Los Angeles County spending does not include Pasadena or San Gabriel Valley

Los Angeles County, as a whole, would benefit from an additional 112,234 room purchases over four nights and an increase in ADRs of 100% on all hotel rooms across the county. This estimated room occupancy increase is modest when compared to Super Bowls held in Tampa Bay, Atlanta and New Orleans, but in line with the benefit generated by San Diego related to Super Bowl XXXVII. **Figure 37** compares the number of room nights sold during the month each city hosted the Super Bowl with the average number of room nights in non-game years. It is believed that San Diego represents the most relevant comparable data due to its proximity to Los Angeles and its historical January hotel occupancy rates.

Figure 37: Previous Super Bowl Hosts' Hotel Occupancy

Super Bowl Hosts: Hotel Occupancy During Month of Game				
Year	**Host City**	**Room Nights Sold in Game Year**	**Avg. Room Nights Sold in Non-game Years ('98-'03)**	**Difference in Room Nights**
2000	Atlanta	8,077,962	7,582,934	495,028
2001	Tampa	4,659,768	4,257,381	402,387
2002	New Orleans	5,554,831	5,232,717	322,114
2003	San Diego	7,473,144	7,349,793	**123,351**
Average		**6,441,426**	**6,105,706**	**335,720**

Source: HVS International

Visitor Spending

Much of the following analysis on Super Bowl visitor spending is related to two previous economic impact reports: "Estimated Economic Impact on San Diego Due to Hosting Super Bowl XXXVII," prepared by Marketing Information Masters, Inc. ("MIM") for the NFL, and "Economic Impact Study of A Professional Football Team on the Los Angeles Market," prepared by the UCLA Anderson School of Management for the Los Angeles Sports and Entertainment Commission.

Figure 38: Previous Frameworks for Analyzing Super Bowl Visitor Spending

Previous Frameworks for Analyzing Super Bowl Visitor Spending

UCLA Anderson	% of Daily Spend	Daily Spend in $
Food and Alcohol	36.4%	$69.94
Retail	23.3%	44.84
Entertainment	18.2%	34.97
Auto Rental	7.8%	14.95
Local Transportation	5.3%	10.15
Gasoline	2.6%	5.08
Parking	1.0%	1.97
Other	5.3%	10.15
Total Daily Expenditures	100.0%	$192.04

Marketing Information Masters	% of Daily Spend	Daily Spend in
Food and Alcohol	42.3%	$108.
Retail	33.9%	86.
Entertainment	11.0%	28.
Auto Rental	3.7%	9.
Local Transportation	5.0%	12.
Gasoline	0.0%	0.
Parking	0.0%	0.
Other	4.1%	10.
Total Daily Expenditures	100.0%	$255.

Note: Visitor spending does not include lodging

The discrepancy in total daily spending is primarily attributable to the timing of the two reports. The previous UCLA Anderson study was completed in June 1996, while the MIM report was published in April 2003. Based on these studies, the three primary components of visitor spending are Food and Alcohol, Retail and Entertainment, with Auto Rental and Local Transportation also accounting for a small portion of total daily spending. The main difference in the two reports is the percent of spending attributed to those "Big 3" groups. Based on the numerous entertainment venues in Los Angeles County, a larger portion of daily spending should be attributed to entertainment. Accordingly, this study employed the former UCLA Anderson study as the key framework in the analysis. In order to adapt this methodology to the IMPLAN software utilized for economic modeling, 5.3% of daily spending related to "Other Expenditures" has been redistributed among the Food and Alcohol, Retail and Entertainment components.

The MIM report for San Diego calculated total daily visitor spending of $377, or $255.70 excluding spending on lodging. Based on cost of living data previously discussed, this study estimates that total daily spending for a Los Angeles Super Bowl attendee would be $400.00 per day. After determining a weighted ADR for Los Angeles County hotels during the Super Bowl and factoring in the average party size per room, this study estimates total daily spending on lodging per person to be $135.28, bringing daily spending across the other various categories to $264.72. **Figure 39** outlines the daily spending per visitor for a Los Angeles Super Bowl, excluding Lodging.

Figure 39: Daily Spending per Visitor: Los Angeles Super Bowl excluding Lodging

Daily Spending per Visitor for a Los Angeles Super Bowl			
		Expenditures	
Implan Sector	Spending Categories	% of Daily	Daily $'s
481	Food and Alcohol	38.2%	$101.02
411	Retail	25.0%	66.18
478	Entertainment	20.1%	53.21
432	Auto Rental	7.8%	20.60
395	Local Transportation	5.3%	13.99
142	Gasoline	2.6%	7.00
397	Parking	1.0%	2.72
	Total Daily Expenditures	**100.0%**	**$264.72**

E. Indirect Output Benefits

The Indirect Output Benefits stemming from the economic activity associated with hosting the Super Bowl are calculated using IMPLAN software and are projected as follows:

Figure 40: Super Bowl Indirect Output Benefits

Super Bowl	Pasadena	San Gabriel Valley	Los Angeles County
Direct Output Benefit	$2,904,787	$20,416,446	$178,669,923
Indirect Output Benefit	1,413,727	15,040,408	136,748,093
Total Output Benefit	4,318,514	35,456,854	315,418,016
Implied Multiplier	1.49	1.74	1.77

The implied multiplier is the total Output Benefit divided by the Direct Output Benefit, which shows the multiplying magnitude that the Direct Output Benefits have on the economy. As is evidenced above, the output multipliers associated with this activity range from 1.49 for Pasadena to 1.77 for Los Angeles County.

The Indirect Output Benefits include both the indirect and induced effects. Indirect effects capture the impact of businesses buying from businesses while induced effects capture the impact of households buying from businesses.

F. Employment Benefits

The Employment Benefits stemming from the economic activity associated with the hosting the Super Bowl are calculated using IMPLAN software and are projected as follows:

Figure 41: Super Bowl Employment Benefits

Super Bowl	Pasadena	San Gabriel Valley	Los Angeles County
Direct Employment	41.5	299.2	2,522.0
Indirect Employment	12.6	128.3	1,166.6
Total Employment	54.1	427.5	3,688.5

The Indirect Employment Benefits include both the indirect and induced effects. Indirect effects capture the impact of businesses buying from businesses while induced effects capture the impact of households buying from businesses. It is also noted that the employment reported would be for a relatively short time period leading up to and shortly following the Super Bowl game. These numbers are not annualized, as it is unknown exactly how long these jobs would last. However, if annualized the employment numbers would reduce significantly.

G. Household Earnings

The Household Earnings stemming from the economic activity associated with hosting the Super Bowl are calculated using IMPLAN software and are projected as follows:

Figure 42: Super Bowl Household Earnings

Super Bowl	Pasadena	San Gabriel Valley	Los Angeles County
Direct Household Earnings	$1,260,289	$8,925,409	$77,106,884
Indirect Household Earnings	533,507	5,425,927	48,188,271
Total Household Earnings	1,793,796	14,351,336	125,295,155

It is important to note that Household Earnings are included in the total Output Benefits above, and are therefore not an additional benefit above the total output reported at the beginning of this section. The Indirect Household Earnings benefits include both the indirect and induced effects. Indirect effects capture the impact of businesses buying from businesses while induced effects capture the impact of households buying from businesses.

H. Tax Benefits

The Tax Benefits stemming from the economic activity associated with hosting the Super Bowl are projected below. For reasons discussed in the Tax Benefit Methodology section, this study only considers the incremental Tax Benefit associated with the initial economic activity; indirect tax benefits have not been calculated. This study focuses only on Tax Impacts for the City of Pasadena and Los Angeles County. The incremental Tax Benefit is $0.059 million for Pasadena and $1.96 million for Los Angeles County.

Figure 43: Incremental Tax Benefit: Super Bowl

Incremental Tax Benefit: Super Bowl

Study Area	Sector	Total Spending	Gross Spend [1]	Tax Collected	Tax Rate	Distribution to County	Tax Revenue to County
Los Angeles County							
Visitor	Miscellaneous	$39,806,825	$36,773,049	$3,033,777	8.25%	2.00%	$735,461
	Gasoline	4,208,651	3,887,899	320,752	8.25%	2.00%	77,758
	In-stadium Spending[2]	1,131,471	1,045,239	86,232	8.25%	2.00%	20,905
	Food and Beverage	60,761,138	56,130,381	4,630,756	8.25%	2.00%	1,122,608
				Incremental Super Bowl Tax Benefit to LA County			**$1,956,731**

Study Area	Sector	Total Spending	Gross Spend	Tax Collected	Tax Rate	Distribution to City	Tax Revenue to City
Pasadena							
Visitor	Lodging	$985,578	$879,117	$106,461	12.11%	3.63%	$31,938
	Miscellaneous	645,000	595,843	49,157	8.25%	1.00%	5,958
	Gasoline	68,194	62,997	5,197	8.25%	2.00%	1,260
	In-stadium Spending[2]	1,131,471	1,045,239	86,232	8.25%	1.00%	10,452
	Food and Beverage	984,528	909,495	75,033	8.25%	1.00%	9,095
				Incremental Super Bowl Tax Benefit to Pasadena			**$58,704**

1. Total Spending includes tax collections, therefore Gross Spending is Total Spending divided by 1 plus the tax rate

2. In stadium spending for Super Bowl is assumed to be the same as one regular season game.

IX. OTHER CONSIDERATIONS

School District

The Rose Bowl currently has a deal in place with the concession services and the local school district that provides a $0.25 donation to the school district for every beverage that is sold through the concession stands. This currently totals approximately $80,000 when considering UCLA football games and other events at the stadium. With an NFL team, assuming the same deal is in place, this amount would likely double raising an additional **$80,000** for the school district.

Admission Tax

The current admissions tax is unique in that 100% of the proceeds go exclusively to the RBOC, not to the City of Pasadena's General Fund. Since the RBOC is a quasi-public entity that exists to serve the public interest, the study has quantified the impact to the RBOC's operating budget resulting from two distinct economic stimuli: (1) One Regular Season of Operations and (2) One Super Bowl. To calculate projected RBOC Admission Tax revenues resulting from One Regular Season of Operations, the study made the following assumptions: (1) the maximum tax of $1.19 will be levied on each ticket, (2) there will be 10 NFL games played at the Rose Bowl (8 regular season and 2 preseason) and (3) 94.7% of stadium seats will be sold (capacity utilization). Accordingly, the Admission Tax can be expected to generate **$709,966** in incremental revenues. To calculate projected RBOC Admission Tax revenues resulting from One Super Bowl, the study made the following assumptions: (1) the maximum tax of $1.19 will be levied on each ticket and (2) 100% of stadium seats will be sold (capacity utilization). Accordingly, the Admission Tax can be expected to generate **$74,970** in incremental revenues. These figures must be accompanied by the caveat that whether the tax will continue to be levied at the current rate and whether the proceeds will continue to be retained entirely by the RBOC is unknown at this time. Please see the **Appendix: 10: Tax Methodology** for further information.

TOT Tax

All TOT Tax revenues accrue directly to the City of Pasadena. The city, in turn, distributes 70% of all TOT revenues directly to the Pasadena Center Operating Company (PCOC) while the remaining 30% accrues to the City's General Fund. Since the PCOC is a quasi-public entity that exists to serve the public interest, the study has quantified the impact to the PCOC's operating budget resulting from two distinct economic stimuli: (1) One Regular Season of Operations and (2) One Super Bowl. One Regular Season of Operations is expected to generate **$64,432** in incremental revenues to the PCOC. One Super Bowl is expected to generate **$74,523** in incremental revenues to the PCOC.

UCLA Football and Stadium Renovation

Under the current proposed plans by HOK, UCLA would continue to play its regular season football games at the Rose Bowl at a reduced capacity during the renovation. If this plan changes, there would be a detrimental impact to the Pasadena area for that time period. Pasadena would lose fan income from twelve UCLA games over the two years, as well as two Rose Bowl games. There is also a good chance that the reduced capacity will attract fewer fans to Pasadena for the Rose Bowl game and, consequently, the Rose Bowl Parade after the construction is complete. This will be a recurring reduction in economic benefit to Pasadena.

Golf Course

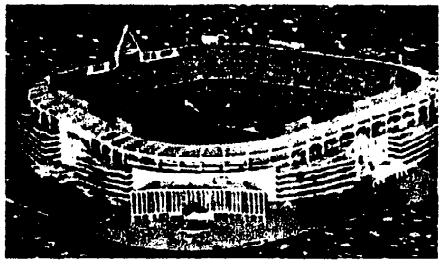
With ten NFL football games, there will be ten additional Sundays that the golf course surrounding the stadium will be out of use. This will result in lower revenues for the Rose Bowl Operating Company, through a reduction in greens fees and restaurant and pro shop purchases. However, it will have minimum impact on the Pasadena Economy, as profits to this business do not create revenue for the city. Any reduction in jobs would be minuscule.

X. APPENDICES

Appendix 1: History of NFL in Los Angeles

Los Angeles Rams

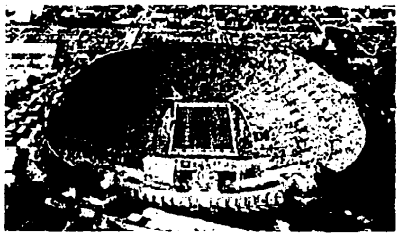
In 1937, the NFL granted the City of Cleveland, OH a football franchise, which was subsequently named the Cleveland Rams. In 1946, team owners Daniel F. Reeves and Fred Levy, Jr. received approval to move the franchise to Los Angeles, CA, where the team played its home games in the Los Angeles Memorial Coliseum. The Rams' operations in Los Angeles remained a part of the Reeves/Levy ownership group through 1972. Following the death of Mr. Reeves in 1971, the Reeves estate sold the Rams to Chicago industrialist Robert Irsay for $19 million. In July 1972, Mr. Irsay traded his ownership rights in the Rams to Carol Rosenbloom for Mr. Rosenbloom's rights in the Baltimore Colts and several million dollars. Mr. Rosenbloom oversaw the Rams' operations until his death in April 1979. Mr. Rosenbloom's widow, Georgia Frontiere, assumed control of the team's operations and moved the team to Anaheim Stadium (see photo) in Anaheim, CA, prior to the start of the 1980 season. The Rams franchise played its home games in Anaheim for fifteen seasons prior to relocating to St. Louis, MO, in 1995. Ms. Frontiere still oversees the team's day-to-day operations.



During its time in the Los Angeles area, the Rams franchise enjoyed periods of on-field success, appearing in seven NFC Championship games (from 1974 – 1989) and one Super Bowl.[58] The teams of the 1950s featured Hall of Famers Elroy "Crazy Legs" Hirsch (WR) and Norm Van Brocklin (QB). During the 1960s, the Rams' defensive line of Merlin Olsen, Rosey Grier, Deacon Jones and Lamar Lundy, known as the "Fearsome Foursome" (see photo), dominated opposing offenses.[59] The group still ranks among the greatest defensive line units in league history. In 1980, the Rams played the Pittsburgh Steelers in Super Bowl XIV, losing by a score of 31-19. Later in the decade, the Rams featured Hall of Fame running back Eric Dickerson, who led the team to the 1985 NFC Championship Game. However, in the 1990s, the Rams franchise fell on hard times, never winning more than six games in a season from 1990 – 1994. Consecutive losing seasons took a toll on ticket sales, with average paid attendance dropping below 45,000 for the first time since the team moved to Anaheim.

In 1994, the Rams were approached by the City of St. Louis about a potential move to a new stadium in the Midwest. While the Rams operated in the nation's second largest media market, the team did not reap the full benefits of "local" revenues, due to their stadium lease agreement. St. Louis built the team a new, domed stadium and offered "the Rams 100% of the revenue from luxury boxes, club seats, concessions, a guarantee of 85% attendance and options to build even more boxes, plus 75% of all stadium advertising sales." [60] The offer was far superior to the deal the Rams had in place with the City of Anaheim and Anaheim Stadium. While the NFL initially attempted to block the Rams from leaving Los Angeles, they eventually allowed the move, fearing a lawsuit by the City of St. Louis.

The Raiders were the eighth member of the American Football League, which was formally organized on August 14, 1959. The team was originally located in Oakland, California. Following a 1-16 record during the 1962 season, the Raiders named a San Diego Assistant Coach, Al Davis, as their new head coach, who improved the team record to 10-4 the following year. Mr. Davis briefly left the team in 1966 to become Commissioner of the AFL, but following the completion of the AFL-NFL merger in June 1966, he returned to the Raiders as Managing General Partner. Under Mr. Davis's leadership, the Raiders posted a winning record in nineteen out of twenty seasons from 1965 – 1984. In 1980, when the Rams moved "from the Los Angeles Coliseum to nearby Anaheim, Mr. Davis tried to move the Raiders to L.A., but was rebuffed by the league. The Los Angeles Coliseum sued the NFL, and the Raiders joined the antitrust action."[61] In June 1982, after a lengthy legal battle, a federal district court ruled in favor of the Raiders. The franchise was allowed to relocate to Los Angeles, and the Raiders and the Coliseum were awarded, respectively, $35 million and $15 million in damages. The NFL ultimately paid the Raiders $18 million as the result of a settlement.[62]



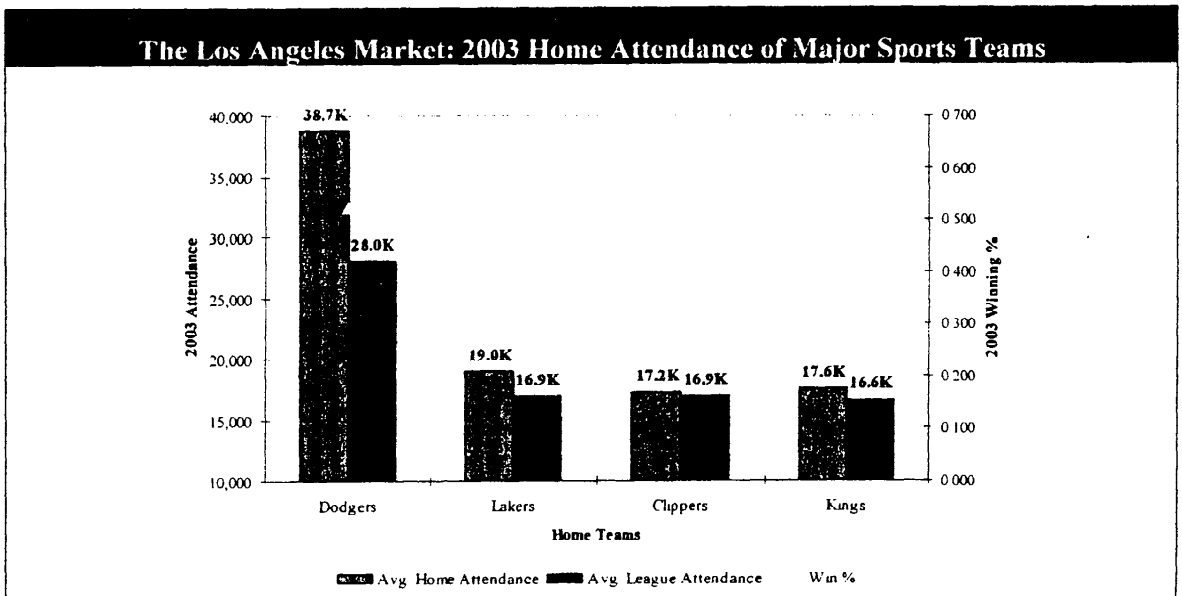
In 1983, the team's first year in L.A., the Raiders defeated the Washington Redskins in Super Bowl XVIII by a score of 38-9. During the Raiders' twelve seasons in Los Angeles, the franchise won the AFC Western Division six times.[63] The teams were led by Hall of Famers Howie Long (DL) and Marcus Allen (RB) and superstar two-sport athlete Bo Jackson.

Despite the Raiders' on-field success, Mr. Davis encountered several off-field issues upon entering the Los Angeles market, including poor attendance, an outdated playing facility and little political support to upgrade the Raiders' facility.[64] As a result, Mr. Davis entered into talks to move the team on several occasions. In 1987, he entered into discussions with the City of Irwindale to move the Raiders twenty miles east of Los Angeles. Irwindale gave the Raiders $10 million to legitimize its effort, but "environmental issues, financing problems and regional opposition scuttled plans"[65] for a $115 million, 65,000-seat stadium. The deposit was nonrefundable, and Irwindale lost its initial payment. In the early 1990s, Mr. Davis and Los Angeles officials negotiated a $15 million renovation to the Coliseum and conducted a feasibility study relating to a new football stadium. Then in 1994, the Northridge earthquake struck the greater Los Angeles area causing significant structural damage to the Coliseum. At almost the same time, the Rams entered into negotiations to move to St. Louis. Believing he had leverage with city officials and the NFL, Al Davis began to negotiate with the league about moving the Raiders to a brand new facility adjacent to the Hollywood Park race track in Inglewood, CA. However, that proposed deal fell apart when it was rumored that the NFL (with the hopes of keeping the Rams in-town) would insist that the new stadium accommodate another Los Angeles team. As a result, Davis accepted $63 million in up-front payments from the City of Oakland and a pledge to renovate the Oakland-Alameda County Coliseum in exchange for returning the team to the Bay area.[66]

Appendix 2: Sports and Entertainment in Los Angeles Market

The City of Los Angeles is home to four major professional sports franchises: the Los Angeles Dodgers, Los Angeles Lakers, Los Angeles Clippers and Los Angeles Kings. The Lakers, Clippers and Kings all play their homes games at Staples Center, a new downtown sports and entertainment facility that opened in 1999. The Dodgers play their home games at Dodger Stadium, which opened in 1962 and is located in Chavez Ravine. In 2003, the only Los Angeles-based team to qualify for the postseason was the Los Angeles Lakers, who posted a winning percentage of .610. The Dodgers achieved a winning percentage of .525, while the Kings and Clippers, respectively, posted winning percentages of .471 and .286. Despite what could be described as below-average on-field performance, all four of the Los Angeles-based teams achieved above-average home attendance, compared to the league averages. The discrepancy is greatest in the case of the Dodgers, who drew 38% more attendees than the league average, but even in smaller NBA and NHL arenas, Los Angeles-based teams outdrew the league average by 2-12%.

Figure 44: Los Angeles Market: 2003 Home Attendance of Major Sports Teams



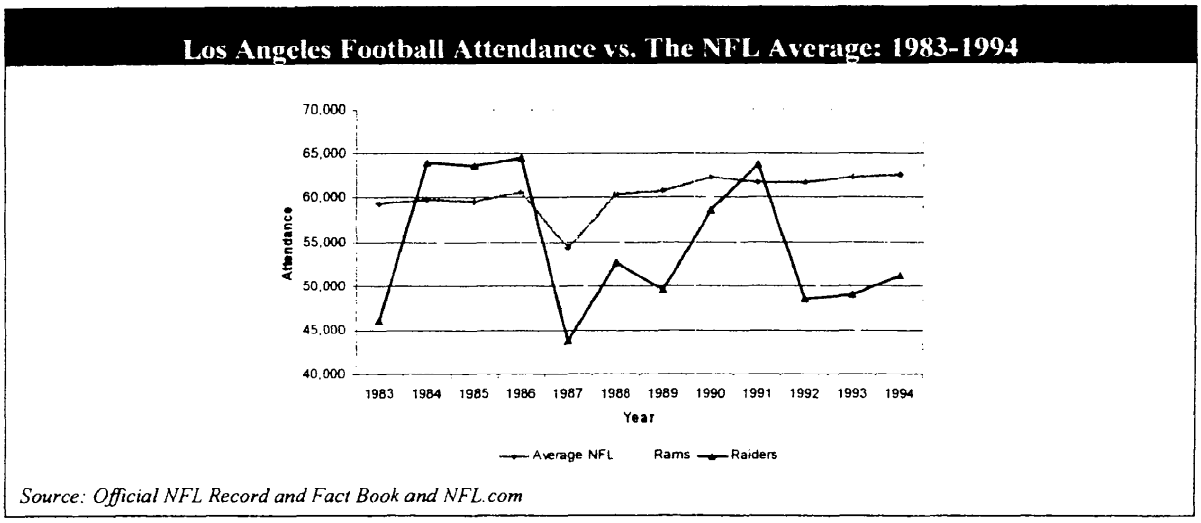
Note: NBA and NHL attendance based on 2002-2003 season; analysis omits Anaheim Angels and Anaheim Mighty Ducks

Source: ESPN.com, MLB, NBA and NHL

Appendix 3: Historical Analysis of NFL Attendance in Los Angeles

According to Ballparks.com, the capacity of the Los Angeles Memorial Coliseum and Anaheim Stadium were 92,000 and 70,500, respectively, when the Raiders and Rams relocated. Based on available information regarding average NFL stadium capacity in the mid-1990s (69,646 seats per NFL stadium), the Coliseum was relatively large, compared to other league parks, while Anaheim Stadium was a more typical-sized venue. Since no NFL franchise has operated in Los Angeles since 1994, a 12-year historical period was analyzed from 1983 to 1994 to compare the Rams' and Raiders' attendance figures to a league benchmark. Over the twelve-year period, the Raiders surpassed the league average on four occasions, or 33% of the time. The Rams, playing in a smaller market and less-than-ideal stadium, struggled to match the league attendance average. Both teams suffered steep attendance declines in the early 1990s, due to poor on-field performance and increasing speculation about their departures. However, the combined Los Angeles market generated attendance in excess of 90,000 during the 1994 season, implying the market should readily support and sustain one new franchise in Los Angeles.

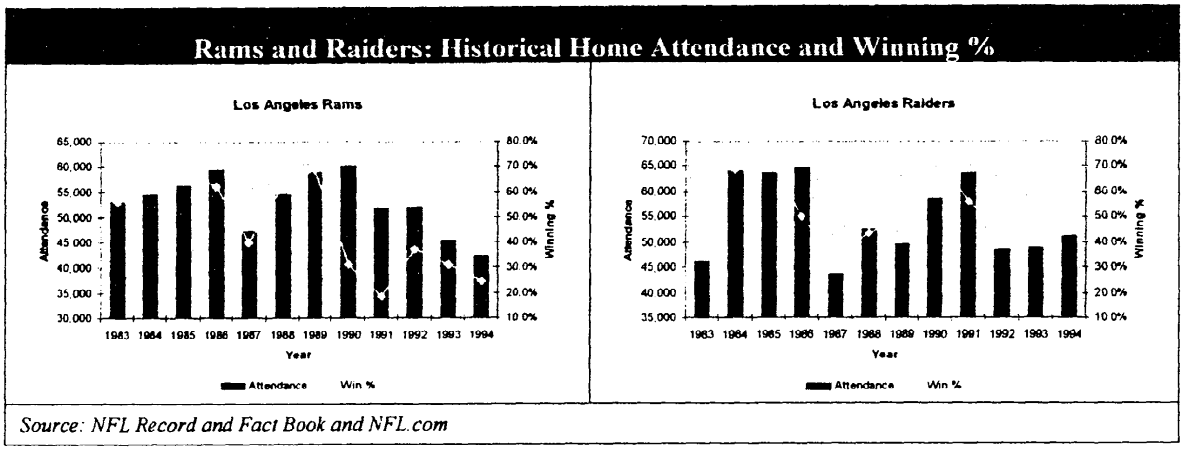
Figure 45: Los Angeles Football Attendance vs. the NFL Average



Source: Official NFL Record and Fact Book and NFL.com

Both the Rams' and the Raiders' historical home attendance numbers were correlated to on-field performance. The Rams, in particular, consistently appeared to draw more fans when the team was winning and suffered a decline when the team was losing. Both teams also experienced a lag between on-field success and ticket sales, increasing home attendance the year following a winning season.

Figure 46: Rams and Raiders: Historical Home Attendance and Winning %



Source: NFL Record and Fact Book and NFL.com

Appendix 4: NFL Economics

The Collective Bargaining Agreement ("CBA") of each of the four major U.S. professional sports leagues dramatically impacts the competitive landscape of each sport. During collective bargaining negotiations for each league, lengthy conversations have focused on the inclusion of a league-wide salary cap. The National Basketball Association ("NBA") has implemented a "soft" salary cap whereby teams that spend over the imposed league limit of $43.8 million (2003-2004) are taxed on the salary expenditures above the cap; such "luxury tax" is re-distributed among the league's remaining teams.[67] The primary benefit of the soft cap is that teams have flexibility to exceed the salary cap to keep their own free agents, providing greater continuity for fans. As a result, a significant number of NBA franchises actually exceeded the league cap last year. Major League Baseball ("MLB") does not have a salary cap, which allows a big market team like the New York Yankees to spend $184 million on 2004 player salaries, approximately $143 million more than the salaries of the Montreal Expos.[68] The National Hockey League ("NHL") also does not currently have a salary cap. NHL owners claim that they must implement some salary controls to maintain the economic viability of the league. As a result, the NHL is preparing for a lengthy collective bargaining negotiation which may disrupt part or all of the upcoming hockey season.

Unlike their counterparts, the NFL and its players have implemented a Collective Bargaining Agreement that ensures a level playing field where no team can outspend its competitors to gain a competitive advantage. Presently, the NFL is the only major sports league to employ a "hard" salary cap, which cannot be exceeded by any league franchise. The 2004 NFL salary cap will be $80.6 million, a slight increase over the 2003 cap of $75.0 million. According to the NFL Collective Bargaining Agreement, the 2004 league cap is set at 64.75% of league-wide "defined gross revenues."[69] Defined gross revenues include regular season, pre-season and post-season gate receipts, payments received from cable and broadcast networks for the right to broadcast NFL games and revenues related to the sale of NFL merchandise and apparel. Regular season gate receipts "are split 60% – 40% between the home and visiting teams; ...pre-season revenue is split 50% – 50%."[70] The proceeds from the league's cable and broadcast television contracts and merchandising revenues are split evenly among NFL franchises. It is important to note that franchises maintain total possession of "local" revenues related to concessions, parking, local advertising and promotion, signage, local sponsorship agreements, stadium clubs and luxury box income.[71] NFL teams negotiate their stadium leases on an individual basis, and the terms related to stadium revenue sharing (between the team and the stadium / municipality) vary greatly. As an example, the New York Giants, who would figure to be among the greatest revenue generating franchises, ranked only 20th in 2002 league revenues (refer to **Appendix 12**).

> Despite playing in the biggest, richest TV market in America, the Giants are the financial laggards of the National Football League... The Giants must pay 10% of the stadium gate to the New Jersey Sports and Exposition Authority, which owns [Giants Stadium]. The team makes $1.5 million on concession sales while most teams generate at least 50% more. The Giants also get only $7 million in stadium advertising and sponsorship revenue, against a $12 million league average. They don't have a stadium name sponsorship like the Philadelphia Eagles, who'll get an annual $7 million over 20 years from Lincoln Financial. In a tattered Giants Stadium, from 142 "club seats" and 115 luxury boxes, the team takes in only $5 million. League average from premium seating is $18 million."[72]

Since no team is allowed to spend in excess of the salary cap on player wages, a large portion of the revenue disparity flows to the bottom line. NFL franchises have frequently relocated or threatened to relocate to garner more favorable stadium lease terms to improve profitability.

In 1999, the NFL created the G3 fund which aims to help teams raise private money to pay for new stadiums. The league uses its $18 billion television contract to borrow money to assist teams in financing new facilities.[73] By early 2003, the NFL had made loans totaling $650 million to eight teams.[74]

Appendix 5: Franchise Relocation in the NFL

Over the past ten years, four NFL teams left their existing market and relocated to a new city. All of the activity occurred from 1994 to 1996 when the Los Angeles market lost both the Rams and the Raiders, the Browns moved from Cleveland to Baltimore (and were subsequently renamed the Baltimore Ravens) and the Oilers moved from Houston to Nashville (and were subsequently renamed the Tennessee Titans). While the Rams and Oilers had seen a significant decline in attendance during the last years in their respective markets, franchise relocation has generally occurred because teams have been offered extremely favorable stadium deals in other cities. The Raiders received an up-front payment from the City of Oakland, the Rams were offered a brand new facility in St. Louis with luxury boxes and the Ravens were given a rent-free lease by the City of Baltimore. Once teams have relocated, they have typically seen an improvement in attendance and on-field performance. As compared to the average historical attendance in each team's former home, the 2003 attendance figures for the Rams at the Edward Jones Dome and the Titans at Adelphia Coliseum increased by more than 30%. 2003 stadium utilization in St. Louis, Baltimore and Nashville was slightly greater than 100% (implying sales of standing-room-only-tickets). In addition, each franchise has participated in the Super Bowl since relocating, with the Rams and Ravens winning their first modern-era championship. The correlation between on-field performance and relocation is not just a coincidence. Owners and front office executives leverage their state-of-the-art facilities to attract free agents, who value the amenities, features and equipment of new stadiums.

While an existing NFL franchise has not relocated since the Oilers left Houston in 1996, several teams have moved into new or refurbished stadiums within their existing market. Excluding the aforementioned relocations, between 1987 and 2002, the NFL opened thirteen new stadiums, with another two undergoing major renovations.[75] In 2003, the Eagles moved into their new home, Lincoln Financial Field, which they estimate may create an additional $35 – $45 million in annual revenues for the franchise.[76] The Chicago Bears returned to a reconstructed Soldier Field for the 2003 season, and the New York Jets recently announced plans for an $800 million Manhattan stadium, which, if approved, would be tied to New York's bid for the 2012 Olympics.[77] Other teams rumored to improve upon their existing facilities include the Indianapolis Colts, the San Diego Chargers and the New Orleans Saints.[78]

Figure 47: NFL Relocation and attendance

Recent NFL Franchise Relocation

		Former Home				New Home						
Team [1]	Year Announced	City	Stadium	5 year Avg Home Attendance [2]	Avg 5 Year Win % [2]	City	Stadium [3]	2003 Avg. Attendance	2003 Winning %	2003 Stadium Utilization [4]	% Increase in Attendance	Super Bowl Appearances
Rams	1994	Los Angeles	Anaheim Stadium	50,206	0.288	St. Louis	Edward Jones Dome	66,057	0.750	101.1%	31.6%	2
Raiders	1994	Los Angeles	Coliseum	54,215	0.588	Oakland	Network Associates Coliseum	55,008	0.250	87.3%	1.5%	1
Ravens	1995	Cleveland	Municipal Stadium	69,315	0.450	Baltimore	M&T Bank Stadium	69,597	0.625	101.0%	0.4%	1
Titans	1996	Houston	Astrodome	47,734	0.488	Nashville	The Coliseum	68,809	0.750	102.7%	44.2%	1

Source: Sportseconomics.com, Kenyon sports attendance database, ballparks.com

1. Current franchise name
2. Based on last five seasons in former city
3. Current stadium name
4. Equal to average 2003 attendance / stadium capacity

Appendix 6: Input Output and the Multiplier Methodology

To measure economic impact, the widely accepted multiplier methodology has been used. This methodology considers the impact of an initial jolt of new spending within a local economy. For instance, consider a simple example: the impact on a County level as a result of a local bottle manufacturer being awarded a new contract from an out-of-state bottling operation. Since this is a new contract, it constitutes new money injected into the local economy. In turn, the manufacturer uses these dollars to purchase numerous inputs, ranging from labor to raw inputs, such as sand. Since the contract will require hiring several additional employees, this increase in earnings results in additional rounds of consumer spending. However, some of these dollars may be earned by employees originating from a neighboring County. Furthermore, some of these dollars are surely spent outside of the local economy – perhaps on a weekend vacation taken by a local worker. These dynamics describe the economic reality of leakage, which refers to the re-direction of new dollars to areas outside of the economy under study. Thus, the initial jolt to the local economy produces successive rounds of spending until the initial dollars have been diluted to the point of non-materiality. The use of multipliers, which are applied to the initial new spending in the amount of the contract, allows one to estimate the total impact on the County economy.

The multiplier methodology has its underpinnings in input-output (I-O) tables which are created by the Bureau of Economic Analysis (BEA), housed within the U.S. Department of Commerce. An I-O table is an accounting framework which shows the industrial distribution of inputs purchased and outputs sold between various sectors of the economy. The tables are constructed using data on detailed trade flows between industries and information on final demands (total output). The BEA produces I-O tables on a national, state and sub-state basis. These I-O tables (also known as RIMS II or Regional Input-Output Modeling System) form the basis of the multiplier methodology.

Ultimately, I-O tables reflect how much each industry purchased and/or sold to every other industry within the economy under study. I-O models are set in motion by changes in final consumption (final demand).[79] Industries then respond to these changes by selling to final consumers or by selling goods and services (intermediate inputs) to other industries, who will meet the final demand.

Algebraic manipulation of these I-O tables produces multipliers that measure the impact of a change in one industry on all other industries within the local economy. Applying the full range of multipliers to expenditures in all sectors allows the user to estimate the total impact on the local economy. Through statistical techniques, multipliers take into account all leakages that may occur, including leakages of taxes, savings and imports from other regions. This ensures the integrity of the regional multipliers.

Multipliers may only be applied to changes in final demand for locally produced products. If, for instance, a new construction project requires the purchase of concrete and there are no local concrete manufacturers, it would be improper to include this change in demand for concrete as an impact on the local economy. Assuming the existence of a local concrete manufacturer, however, the multipliers would account for the subsequent impact leakages that naturally occur.

When applying multipliers to a given expenditure, it is necessary to know whether the dollar amount is in "purchaser" or "producer" prices, as well as the year of the expenditure. I-O models are concerned with the effects of expenditures on industries. Accordingly, all values must be stated in producer prices. Producer prices refer to the price paid for a good at the factory door or, in other words, the price paid for a given industry's output. On the other hand, purchaser prices

refer to the price paid for a good at the retail level. If incremental expenditures are stated in purchaser prices, these values must be broken down into the appropriate producer prices for all involved sectors. This process is accomplished through the use of margins. Margins represent the difference between producer and purchaser prices due to markups throughout the value chain. The process of margining assigns portions of the end price paid by the purchaser to the correct I-O sectors. The appropriate multiplier is then applied to each sector's expenditures in order to account for the comprehensive economic impact of the incremental dollars paid at purchase.

For an item purchased at the retail level (stated as a purchaser price), it is necessary to break down this expenditure into the portion going to the retailer, the wholesaler, the transporter and the manufacturer. The sum of these four components will always be equivalent to the gross amount spent at the retail level. Margins only apply to retail purchases; service-oriented purchases do not have margins associated with them. Since the service provider is a manufacturer of sorts, this purchase is already stated in producer prices. Thus, expenditures such as those at restaurants or bars do not require the use of margins, while expenditures at grocery stores do.

Margins are estimated on a sector-by-sector basis using nationally-averaged data. Where appropriate, margins have been adjusted to reflect local economic reality.

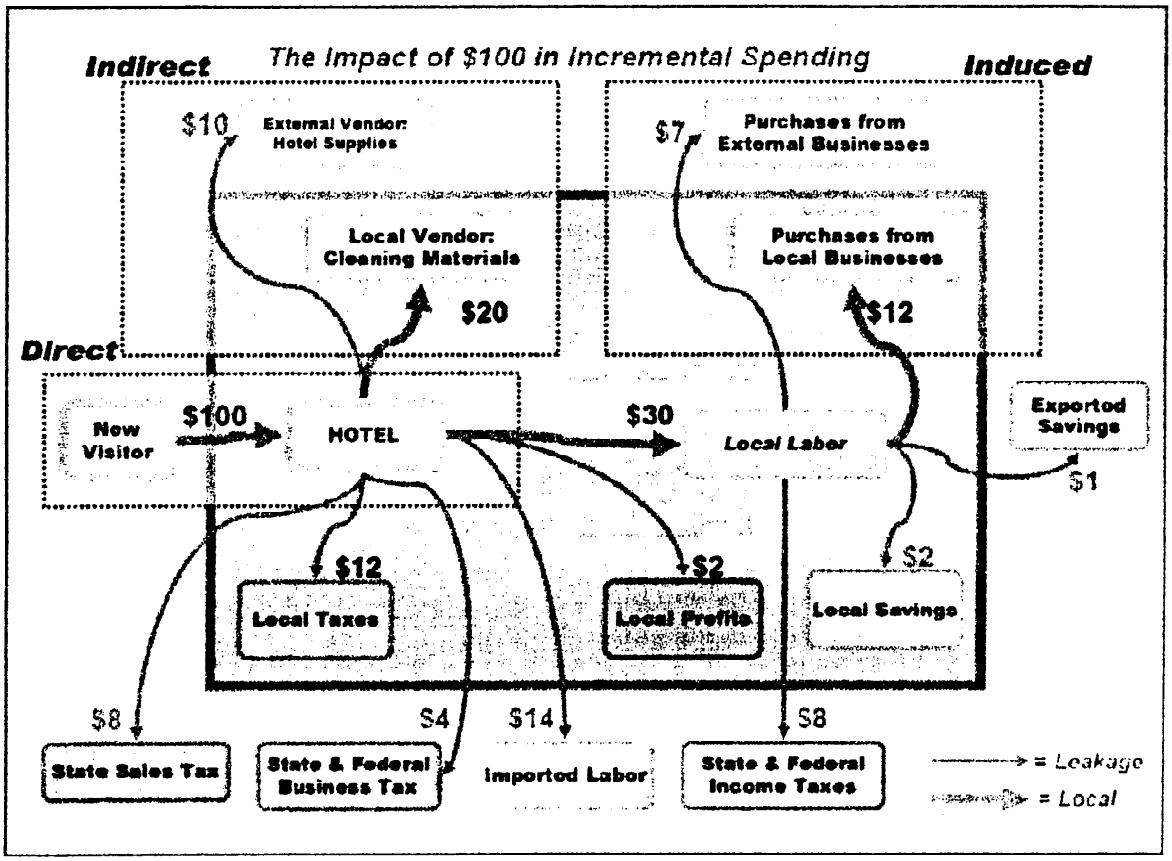
Before proceeding, it is important to acknowledge some of the assumptions and potential weaknesses of the multiplier methodology.

- ✓ I-O tables from which multipliers are derived are one-year period models (alternatively described as static equilibrium models). This analysis does not attempt to map benefits in a typical discounted cash flow fashion. Thus, it is assumed that to the extent that expenditures are recurring, similar benefits will be realized from year to year.
- ✓ The model built for this study assumes that the proportions in which each industry purchases inputs from other industries are unchanged during the period of analysis, thereby eliminating the possibility of scale economies.
- ✓ I-O models assume current employees are at full utilization, such that any change in demand will create new jobs.
- ✓ All impacts are stated in terms of expected/predicted values. Great lengths have been taken to ensure the reasonability and legitimacy of the model's inputs (as well as that of the model itself).
- ✓ I-O models assume that all firms in a given industry employ the same production technology (using national averages) and produce identical products.
- ✓ I-O models assume that there are no economies or diseconomies of scale in production. Models are linear and, therefore, assume that if inputs are doubled, outputs are also doubled.

Appendix 7: Input / Output Diagram and Example

The diagram below depicts the methodological approach used in conducting this study. In this simplified example, an economic stimulus is considered that generates incremental economic activity in the study area. The diagram demonstrates the impact of a visitor purchasing $100 worth of services from a local hotel.

Figure 48: Total Local Impact Example: Diagram



- The large Blue shaded box represents the area under study.
- Green boxes represent State, Federal and Local governments to which taxes accrue.
- Small Blue boxes represent local and imported sources of labor to whom incremental wages are paid (imported labor refers to labor from outside of the study area). It is important to specify that these are incremental wages; if the existing workforce in the local hotel industry were operating under capacity, no new employment would be generated. In that case, there would be no incremental wages.
- The Purple box represents profits which accrue to local business owners. If profits accrue to a corporation, they are considered a form of leakage. If profits accrue to a sole proprietor, they are considered a form of labor income. In the example above, it is assumed that the hotel is owned and managed by a corporation. Accordingly, these business profits are leaked from the study area (notwithstanding the fact that the corporation is assumed to be headquartered locally).
- Gray boxes represent both local and exported savings. All forms of savings are considered leakage.
- Yellow boxes refer to local businesses, including the hotel from which the initial service was purchased.
- Red arrows represent areas of leakage. The reader may wonder why local taxes are considered leakage. Although local taxes undeniably benefit the local municipality, from an economic modeling perspective, they are considered leakage.
- Green arrows represent subsequent expenditures within the area under study.
- Direct refers to "Direct Impact," which captures the initial change in the local economy.
- Indirect refers to "Indirect Impact," which captures the effect of businesses buying from other businesses to meet the increased level of demand.
- Induced refers to "Induced Impact," which captures the effect of household earnings being spent and re-spent.

Figure 49 details the local economic impact associated with the stimulus. It displays the local impact only since substantial leakage occurs when local businesses and households purchase goods and services from businesses outside the study area.

Figure 49: Total Local Impact Example: Output

Measure of Economic Impact	Local Direct	Local Indirect & Induced	Total Local Impact
Output	$100	$62	$162

The Local Indirect and Induced impacts include purchases of services from local vendors and households. It is important to note that the Indirect and Induced Effects are probably larger than are represented because the diagram only depicts the initial round of spending by affected businesses and households.

In terms of local taxes, the economic impact to local government from the initial expenditure is $12 (assuming a 12% transient occupancy tax). In reality, additional tax revenues will accrue to local government stemming from the impact of increased retail spending by the visitor and the households earning incremental wages.

Finally, in terms of local household earnings, the economic impact to local households is $30 since this represents the incremental wages paid to wage earners in the study area. This $30 only represents the impact to household earnings stemming from the initial expenditure. While not depicted in this diagram, it is important to note that there are additional impacts (Indirect & Induced) to household earnings stemming from the effects of additional rounds of spending by businesses and households.

As illustrated in **Figure 48,** the initial economic stimulus of $100 produces $50 in immediate leakage. This leakage takes the form of tax payments, payments to imported labor and external vendors and corporate profits. The additional rounds of spending depicted also produce further leakage.

Appendix 8: The IMPLAN Software Package

IMPLAN allows the user to estimate input-output models on a localized basis, adjusting national I-O tables to reflect sales, income and employment data for the locality. IMPLAN organizes its sectoring scheme into 509 NAICS-based sectors (North American Industry Classification System). Three regional areas are encompassed in this study: the City of Pasadena, the San Gabriel Valley and Los Angeles County. The data sets for Pasadena and the San Gabriel Valley are each defined by a set of zip codes provided by the San Gabriel Valley Economic Partnership (a listing of these zip codes is provided in **Appendix 11**), while Los Angeles County is a standard data set.

The IMPLAN model produces multipliers that can be used to estimate each of the distinct measures of impact referenced above (Output, Household Earnings, Employment and Tax Impact). The inputs into the IMPLAN model are the changes in final demand. The changes in final demand within each associated sector are designated on either an industry or commodity basis, depending on whether the purchase is made direct from a producer or a retailer. This distinction is important since the inputs to a multiplier model must be stated in producer prices. The IMPLAN software package converts initial purchases into producer prices, when identified as a commodity. This process is conducted by applying margins (based on national averages) to arrive at producer values within each affected industry (retail, wholesale, manufacturing and transportation). A line item is given industry status if it is already stated in producer prices, such as expenditures on lodging or food establishments. Overall, this treatment is known as the bill of goods approach, where the initial change in final demand is broken down into the producer prices for each of its inputs. An illustrative example of this process is provided in the section that follows.

The following are several additional key points that characterize the IMPLAN model:

- ✓ IMPLAN applies deflators to convert expenditures to the base year of 2001, the latest year for which IMPLAN's structural matrices are available. When reporting IMPLAN's results, it is then necessary to re-inflate these figures to convert results into 2004 dollars.

- ✓ Expenditures which are plugged into IMPLAN should include all money spent on taxes.

- ✓ The multipliers which IMPLAN applies to the initial change in economic activity take into account the leakage associated with taxes

- ✓ IMPLAN shows the distribution of impacts across all sectors of the local economy. For instance, the impacts of an incremental increase in construction can be disaggregated to demonstrate the impact on all other linked (or producing) industries.

- ✓ IMPLAN utilizes econometric modeling to estimate the percent of a good produced locally based upon a region's characteristics. This is known as a regional purchase coefficient ("RPC"). The application of an RPC gives the model liberty to "guess" what percent of the output is produced locally. If the user has more complete information about origin of production, he/she may override the model's estimate.

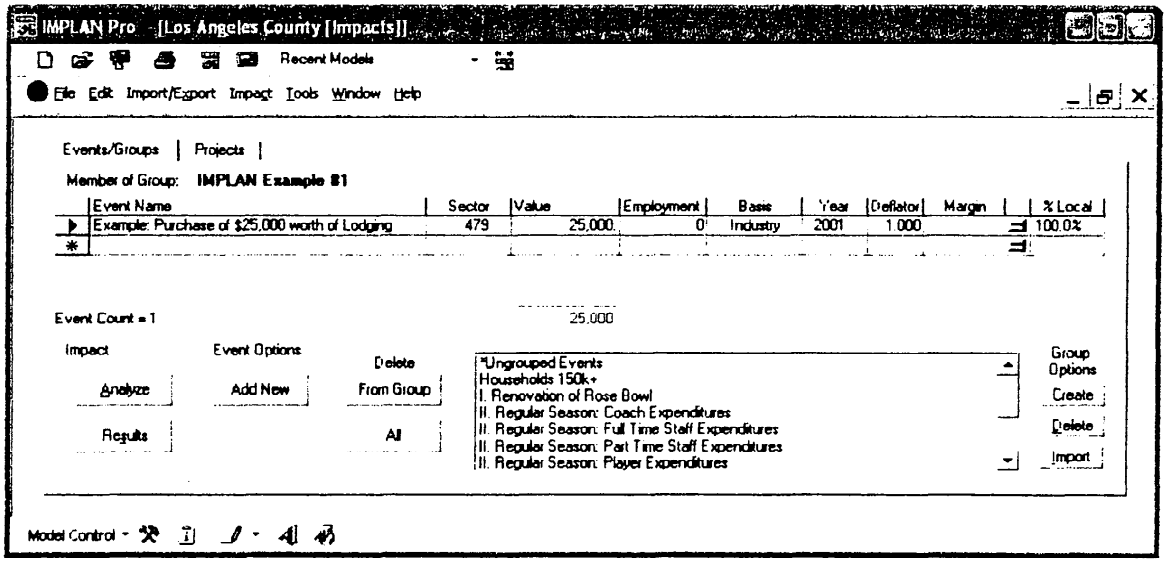
- ✓ IMPLAN does not distinguish between part-time and full-time job so long as the job is year round. This is significant because IMPLAN's definition of employment is different from the commonly used "full-time employment", or FTE, standard.

Appendix 9: Illustrative Examples

Example #1: Lodging Expenditures

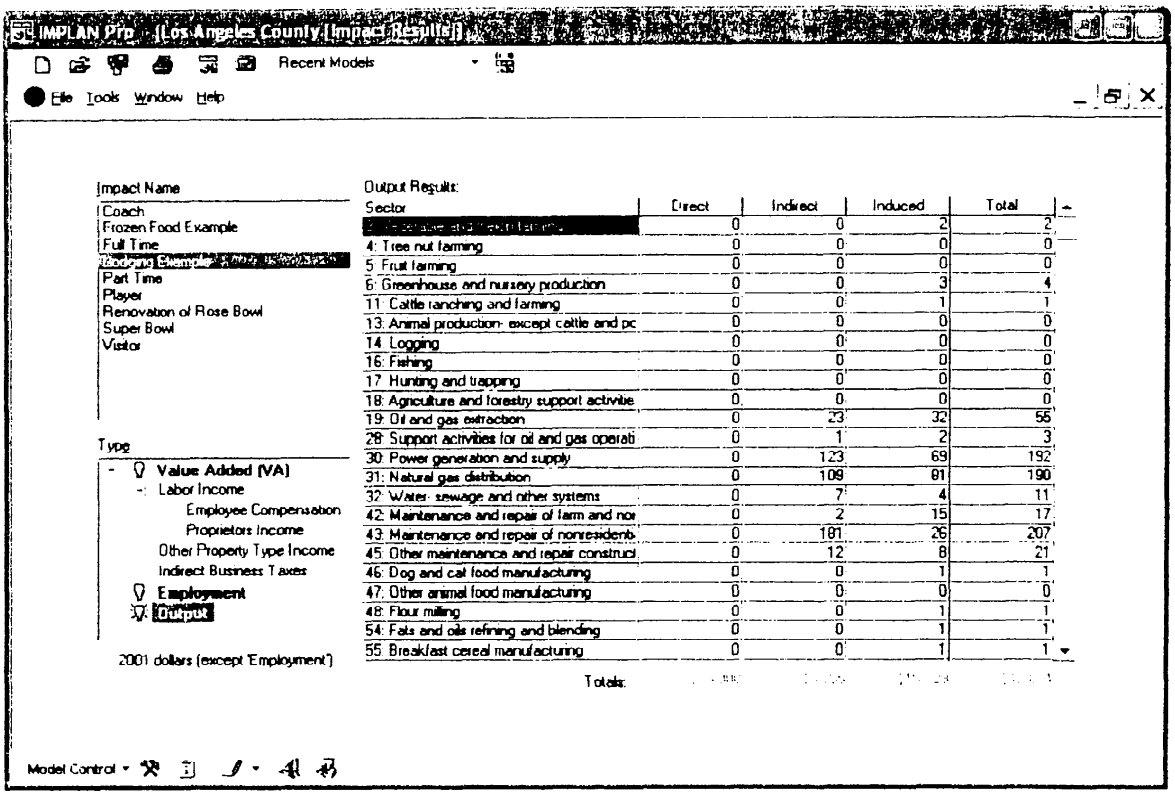
A simple example has been contrived to illustrate the use of IMPLAN in estimating impacts. Suppose that Los Angeles, California is selected as the destination for a one-time sports industry convention in 2001. It is estimated that this convention will attract $25,000 in total expenditures on lodging. It is important to note that this figure is inclusive of hotel tax collections. To estimate the impact of this incremental expenditure, $25,000 is entered along with the appropriate sector classification into IMPLAN.

Figure 50: IMPLAN Screen shot



As illustrated above, IMPLAN estimates the change in employment needed to meet this final demand in lodging (in this case it is 0). The user selects industry as the basis since lodging is a final good stated in producer prices. Since the $25,000 is already stated in 2001 prices, the deflator selected is 1.00. No margin is selected since, as explained, margins are only applied to arrive at producer prices. % Local (also known as the regional purchase coefficient – RPC) is 100% since the "production" of this lodging is contained fully within Los Angeles County. With this input data, IMPLAN then calculates the estimated impacts resulting from this increase in lodging expenditures. These results are summarized in **Figure 51**.

Figure 51: IMPLAN Screen shot



In terms of output, the *Direct Output Benefit* is equivalent to the initial change in lodging expenditures, $25,000. The *Indirect Output Benefit* is estimated to be $6,695, capturing the impact of the lodging industry's increased purchases of inputs from other industries. The *Induced Output Benefit* is estimated to be $10,329, summarizing the impact of the increase in Household Earnings being spent and re-spent in the local economy. Similar outputs can be obtained for both Employment and Household Earnings (Labor Income), visible in the box above.

In summary, this initial increase of $25,000 in lodging expenditures is estimated to have the following Benefits in Los Angeles County, California:

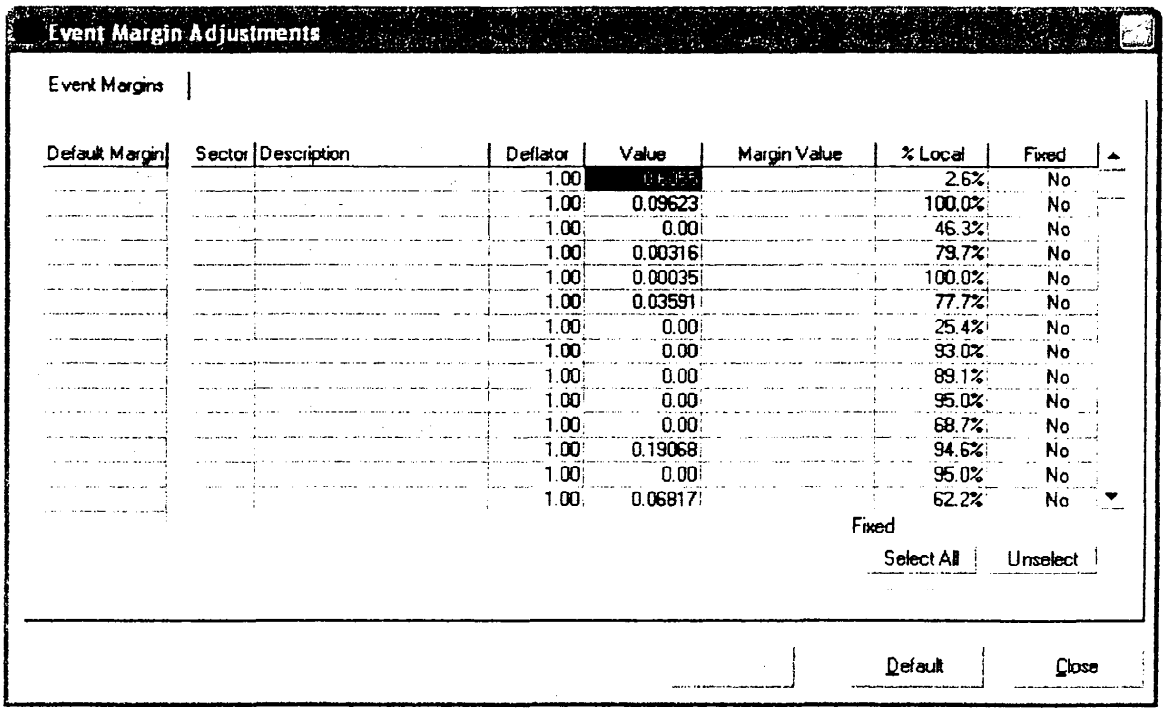
Figure 52: IMPLAN Example

Measure of Economic Impact	Local Direct	Local Indirect & Induced	Total Local Impact
Output	$25,000	$17,024	$42,024
Employment	0.4	0.2	0.6
Household Earnings Labor Income	10,904	6,074	16,978

Example #2: Purchase of Frozen Foods

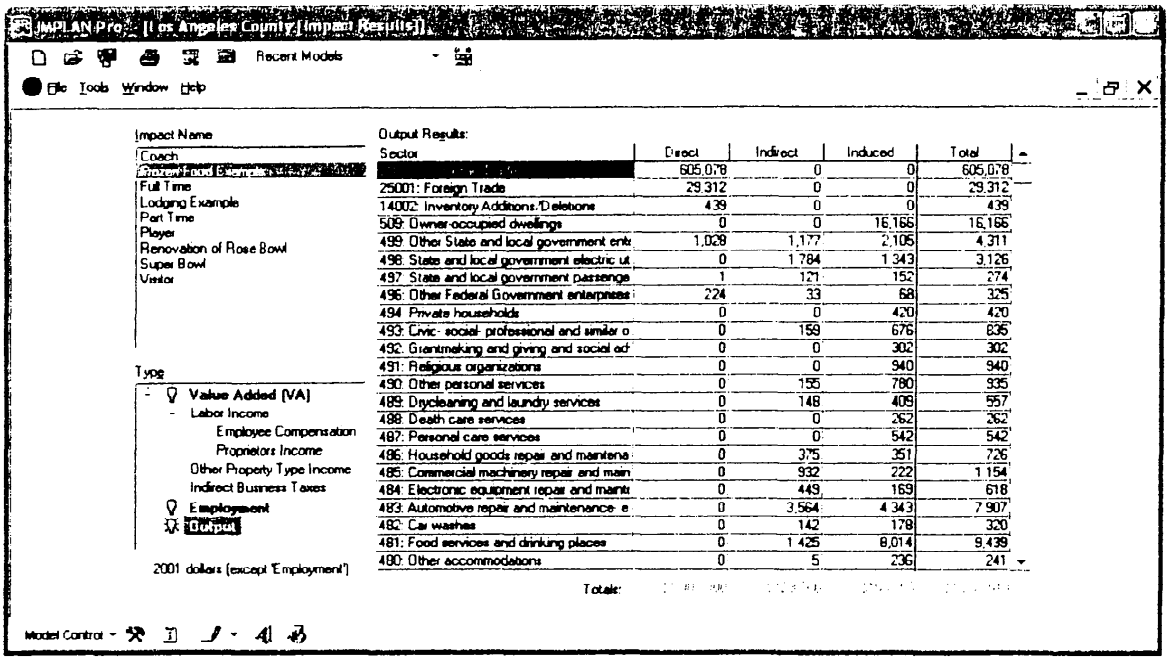
This example examines the impact of the purchase of $1,000,000 worth of frozen foods in Los Angeles County, Minnesota. Since this amount is stated as a purchaser price, it is entered on a commodity basis. Accordingly, IMPLAN will apply margins, which will convert this figure into the respective values received by various sectors. **Figure 53** demonstrates the margins applied to this expenditure. For instance, approximately 60% of the expenditure flows to frozen food manufacturers, 9% accrues to the wholesale trade, while 19% flows to food and beverage stores. The margin value column represents the gross amount that flows to each sector.

Figure 53: IMPLAN Screen shot



By selecting IMPLAN's RPCs, the model estimates the percent produced locally for each sector that is involved, based on econometric modeling of the region's characteristics. By summing the margin value for each sector multiplied by % Local, the direct local benefit can be determined. Conversely, this means that (100% minus % Local) represents the amount produced outside of the study area. The total amount produced outside the study area (amount imported) is determined by summing the margin value for each sector multiplied by (100% minus % Local). IMPLAN's output table demonstrates this breakdown in the "Direct" column illustrated below.

Figure 54: IMPLAN Screen shot



As can be seen here, more than $630,000 is immediately leaked from the local economy in the form of Domestic and Foreign Trade (imports from domestic areas outside the study area). This leaves the balance, approximately $370,000, as a direct benefit to the local economy. This direct benefit is shared across multiple sectors of the local economy.

Appendix 10: Tax Benefit Methodology

The economic effects of locating an NFL franchise at the Rose Bowl would generate incremental tax revenues for multiple levels of government including: City, County, State and Federal. However, this study only considers the incremental tax benefit to the City of Pasadena and to the County of Los Angeles. This study does not include incremental tax revenues that accrue to quasi-public entities such as the Rose Bowl Operating Company (RBOC) or the Pasadena Center Operating Company (PCOC) when calculating tax benefit for the City of Pasadena (these calculations are done separately in **Section X: Other Considerations**). Furthermore, this study does not consider tax revenues which accrue to the multiple municipalities contained within the San Gabriel Valley.

This study separately analyzes the tax benefits associated with each of the three following economic stimuli (1) Stadium Renovation, (2) One Regular Season of Operations and (3) One hosted Super Bowl. Since tax benefits can be on a recurring or one-time basis, the study carefully qualifies all reported figures.

For the purposes of quantification, this study only considers the tax benefits associated with initial expenditures (i.e., the Direct Output Benefits). In other words, only the first round of incremental expenditures is considered. This approach has been undertaken since it represents the most conservative methodology for estimating expected tax benefits. While indirect and induced economic effects associated with economic output are surely real (and represent the essence of the input/output methodology which underpins this study), attempts to quantify the tax consequences of these effects are speculative since they involve numerous assumptions about successive rounds of economic activity. Therefore, this study only considers those areas of incremental expenditures that are most palpable and easily quantifiable, namely direct output effects.

The following paragraphs describe each tax considered and the relevant jurisdiction to which revenues accrue.

Retail Sales Tax and Use Tax

All retail sales within the County of Los Angeles are subject to an 8.25% sales tax. The following table details the distribution of sales tax revenue:

Figure 55: Los Angeles County Sales Tax Revenue Distribution

Los Angeles County Sales Tax Revenue Distribution	
Jurisdiction	*% Accruing*
State of California	5.25%
County of Los Angeles	2.00%[1]
City of Pasadena	1.00%

[1] *1.50% to County Transit Districts & 0.50% to County Mental Health*

As evidenced above, cities within the County receive a general distribution of 1.00% on all retail sales made within their jurisdiction. This study assumes that all applicable expenditures are reported at gross levels and therefore already include sales tax collections. To calculate the

incremental tax impact of these expenditures, the gross is divided by 1.0825; this figure is then subtracted from the gross to arrive at retail sales tax collections.

With respect to the sales tax on the Stadium Renovation, the taxable base, as it relates to the City of Pasadena and the County of Los Angeles, is materially less than the total construction cost less labor cost.

Under California State law, the two taxable components of a construction contract are (1) Materials and (2) Fixtures. Materials refer to items that are affixed to real property and upon doing so lose their identity and become part of the real property. Fixtures refer to items that accessorize a building or structure and do not lose their identity when installed. Under California tax law, equipment rentals are not taxable as they do not involve the exchange of "tangible personal property."

Sales Tax is the responsibility of the seller and is allocated to the jurisdiction where the seller's sales office or order desk is located (at the seller's registered place of business). In the event Sales Tax is not paid, the buyer is responsible for paying a Use Tax. Use Tax revenues accrue to a county allocation pool which is then proportionately distributed to the jurisdictions within the county (based on the ratio of taxable sales).

The ability of a local jurisdiction to capture the Sales and/or Use Tax on materials and fixtures incorporated into a construction project within its boundaries is very complex and largely uncertain. While this study acknowledges the implicit subtleties of Sales and Use Taxes, any effort to quantify Sales and Use tax revenues is extremely speculative. Accordingly, any Sales and Use Tax revenue projections must be interpreted with an acknowledgment of the inherent "noise" involved.

With respect to the Sales and Use Tax revenues the City of Pasadena and Los Angeles County might be able to capture, it was necessary to estimate what percent of the renovation budget would be spent on taxable materials and fixtures. Based on conversations with an official at HOK, this study has assumed that 42.5% of the renovation budget will be spent on taxable materials and fixtures. This represents a total of $148,750,000. Furthermore, it was necessary to determine what percent of these material and fixture acquisitions would be subject to Sales Tax by the City of Pasadena and Los Angeles County – namely, purchased from vendors within these jurisdictions).

- This study has assumed that the City of Pasadena might be able to capture Sales Tax on **5%** of all material and fixture acquisitions.

- This study has assumed that Los Angeles County might be able to capture Sales Tax on **50%** of all material and fixture acquisitions.

It must be noted that these percentages are merely assumptions and could be materially more or less. Deviation from these percentages could dramatically impact the estimated Sales Tax revenues accruing to both the City of Pasadena and the Los Angeles County.

In addition to Sales Tax revenues projected, this study has analyzed the impact of the City's ability to self-accrue Sales Tax and pay it as a Use Tax on materials and fixtures purchased outside of the State of California. This would dramatically increase the incremental Sales Tax revenue available to the City. Under this scenario, the point of sale would be reported as Pasadena's and accordingly, the full 1% of Sales Tax revenue would accrue to the City (instead of being pooled and re-allocated). This assumes that the City would be able to have contractors

refrain from paying Sales Tax to out-of-state vendors but rather self-accrue it. It is important to note that this analysis is purely incremental to that already calculated. In the analysis above, the study assumed 5% of materials would be subject to Sales Tax in the City of Pasadena (purchased from vendors in the City of Pasadena) and that 50% would be subject to Sales Tax in the County of Los Angeles (purchased from vendors in Los Angeles County). This incremental analysis assumes the following conditions:

- The remaining 50% of materials are purchased outside the State of California.
- The City of Pasadena is successfully able to self-accrue the Sales Tax and accordingly receive 1% of the proceeds.

Transient Occupancy Tax (TOT)

A Transient Occupancy Tax (TOT) of 12.11% is levied on all lodging purchases made within the City of Pasadena. The following table details the distribution of TOT revenue:

Figure 56: City of Pasadena TOT Revenue Distribution

City of Pasadena TOT Revenue Distribution	
Jurisdiction / Party	*% of TOT Dollars Accruing*
City of Pasadena - General Fund	30%
City of Pasadena - Distributed to PCOC	70%

All TOT Tax revenues accrue directly to the City of Pasadena. The city, in turn, distributes 70% of all TOT revenues accrue directly to the Pasadena Center Operating Company (PCOC) while the remaining 30% accrues to the City's General Fund. The PCOC is a quasi-public entity that manages the City's auditorium and convention center. Since these funds are strictly apportioned to the PCOC's operating budget, this study does not include this 70% when calculating the tax benefit to the City of Pasadena. However, since the PCOC exists to serve the public interest, its portion of TOT revenues have been quantified separately in **Section X: Other Considerations** for each applicable economic stimulus.

For unincorporated areas of Los Angeles County, there is a TOT tax of 12%. Analysis of the City's 2003-04 budget reveals that TOT revenues are largely inconsequential. Furthermore, it is assumed that overnight visitors to Los Angeles County that require lodging will not stay in a hotel located in an unincorporated area of Los Angeles County. Therefore, this study does not consider the associated tax impacts.

This study assumes that all applicable expenditures are reported at gross levels and therefore already include TOT collections. To calculate the incremental tax impact of these expenditures, the gross is divided by 1.1211; this figure is then subtracted from the gross to arrive at TOT collections.

Admissions Tax

The City of Pasadena levies a Rose Bowl Admission tax. The following table outlines the details of this tax:

Figure 57: City of Pasadena Rose Bowl Admissions Tax

City of Pasadena Rose Bowl Admissions Tax	
Flat Tax per Ticket	$0.07
Tax per $1.00 Face Value of Ticket	0.099
Maximum Ticket Tax	1.19

Currently under the Admissions Tax, a flat $0.07 tax is assessed on a per ticket basis. In addition, a tax of $0.099 is levied on every $1 of the ticket value. The maximum allowable tax per ticket is

$1.19. This implies that all tickets with a face value over $11.31 are taxed at the maximum allowable amount of $1.19.

The current admissions tax is unique in that the 100% of the proceeds go exclusively to the RBOC, not to the City of Pasadena's General Fund. Thus, in an economic sense, it is essentially equivalent to a percent rent paid by an event promoter. Whether the tax will continue to be levied at the current rate and whether the proceeds will continue to be retained entirely by the RBOC, is not just unknown but also very unlikely. At a minimum, a very large proportion of the burden of the tax would fall on the NFL franchise, as the event promoter. Since the power to levy the tax rests with Pasadena, the amount of any Admission Tax collected will be largely offset through lease agreement negotiations between the Rose Bowl and the franchise.

This study has assumed that the Admission Tax will continue to be levied and that the RBOC will continue to exclusively benefit from its proceeds. To calculate projected Admission Tax revenues, the study made the following assumptions: (1) the maximum tax of $1.19 will be levied on each ticket, (2) there will be 10 NFL games played at the Rose Bowl (8 regular season and 2 preseason) and (3) 94.7% of stadium seats will be sold (capacity utilization). Since Rose Bowl Admission Tax revenues are not incremental to the City of Pasadena, this study does not include them in calculating tax benefit to the City of Pasadena. However, since the RBOC exists to serve the public interest, they have been quantified separately in **Section X: Other Considerations.**

Construction Tax

The City Council has the prerogative to levy a 1.92% construction tax on the cost of any construction carried out in the City. The following table outlines the details of this tax:

Figure 58: City of Pasadena Construction Tax

City of Pasadena Construction Tax	
Percentage of Value	1.92%

Whether the tax would be levied on the renovation of a publicly owned facility such as the Rose Bowl is not known at this time. The Pasadena City Council has the right to exempt the renovation from the construction tax. If the tax were levied on the full renovation cost, it would be borne by the NFL and the City General Fund would benefit. However, because the City levies the tax, and is also the party bargaining with the NFL on rent and other terms related to the renovation and use of the Rose Bowl, the amount of any construction tax collected will likely be offset through the bargaining process. These concessions could take the form of smaller up-front payments, reduced rent or other economic considerations. For the purpose of conservatism, the study does not consider the benefit of any construction tax.

Property Tax

The County of Los Angeles levies an annual property tax of 1% on the assessed value of all taxable real estate within the County. **Figure 59** shows the distribution of property tax revenues. Other taxing entities refer to school districts, flood control districts, community colleges, etc.

Figure 59: County of Los Angeles Property Tax Revenue Distributions

County of Los Angeles Property Tax Revenue Distributions	
Jurisdiction/Party	*% of Property Tax Dollars Accruing*
City of Pasadena	22%
Other Taxing Entities	78%

The grounds on which the Rose Bowl is located are currently exempt from the County's Property Tax. Conversations with City officials suggest that the current valuation of the land on which the Rose Bowl sits is approximately $13.5 million. While the future assessed value of the Rose Bowl structure itself is unknown, it must equate at least to the value of the improvements associated with renovation. It is important to note that the exemption currently enjoyed could be eliminated in the future depending on the financial and governance arrangements of a potential deal between the NFL and the City. Another potential revenue stream stemming from Property Tax is that of the possessory interest paid by luxury box holders. However, since incremental Property Tax revenues for the Rose Bowl property are contingent on many factors and their estimation would be largely speculative, this study does not attempt to quantify this future potential impact.

Other Taxes

This study concerns itself with a conservative estimation of the most tangible tax impacts to the City of Pasadena and Los Angeles County. There are a number of additional taxes which were specifically excluded because their calculation is largely speculative and inexact. These taxes include personal income tax, corporate income tax, municipal utilities taxes and municipal permit fees, among others. This does not mean that these taxes fail to have an incremental impact to the jurisdictions under study.

Most of the inputs to the tax impact analysis were the product of this study's independent research. The appropriate tax rates were applied to these expenditures to arrive at the bottom-line tax impact. However, if necessary, the study relied on IMPLAN's margining process to arrive at taxable spend. Margins are applied to gross spending to arrive at taxable spend. Tax collected is the difference between the two.

The following section outlines important considerations that were made in calculating the impacts to both the City of Pasadena and Los Angeles County for each economic stimulus.

(1) Tax Benefits Associated with Stadium Renovation

The renovation of the Rose Bowl produces significant tax benefits to the City of Pasadena and Los Angeles County. Since the renovation is a one-time economic event that will span nearly two years, the associated tax impact covers multiple years. The tax impacts for the renovation are reported on a cumulative basis – that is, they span the duration of the project.

Materials and fixtures procured in conjunction with the renovation will be subject to the Sales and/or Use Tax. As stated above, the ability of a local jurisdiction to capture the Sales and/or Use Tax on materials and fixtures incorporated into a construction project within its boundaries is very complex and uncertain. Therefore, this study has made assumptions about what percentage of material and fixture acquisitions are subject to Sales and/or Use Tax (See above).

With respect to the Construction Tax, this study assumes the tax will not be levied for the reasons outlined above. Another potential tax impact involves the County's Property Tax. Currently, the Rose Bowl is exempt from paying Property Tax; however this exemption could be overturned in the future. Since the scale of a potential Property Tax is based on a future assessed value that is not currently quantifiable, this study does not consider Property Taxes.

(2) Tax Benefits Associated with One Regular Season of Operations

One Regular Season of Operations produces significant tax benefits to both the City of Pasadena and Los Angeles County. Tax benefits for regular season operations are reported on an annual, recurring basis. Taxes considered include Sales Tax, Transient Occupancy Tax (TOT) and Admission Tax. Since 100% of Admission Tax revenues and 70% of TOT revenues accrue to the RBOC and PCOC respectively (not to the City of Pasadena's General Fund), this study does not include these tax revenues in calculating Tax Benefit to the City of Pasadena. However, since these quasi-public entities exist to serve the public interest, this study has calculated these incremental tax revenues in **Section X: Other Considerations**.

(3) Tax Benefits Associated with Hosting One Super Bowl

Hosting a Super Bowl at the Rose Bowl produces significant tax benefits to both the City of Pasadena and Los Angeles County. The reported tax benefits encompass the cumulative effect of hosting a single Super Bowl. Taxes considered include Sales Tax, Transient Occupancy Tax (TOT) and Admission Tax. As stated above, since 100% of Admission Tax revenues and 70% of TOT revenues accrue to the RBOC and PCOC respectively (not to the City of Pasadena's General Fund), this study does not include these tax revenues in calculating Tax Benefit to the City of Pasadena. However, since these quasi-public entities exist to serve the public interest, this study has calculated these incremental tax revenues in **Section X: Other Considerations**.

Appendix 11: Pasadena and San Gabriel Zip Codes

Pasadena and San Gabriel Zip Codes					
Pasadena		*San Gabriel*			
91050	91186	91001	91109	91714	91770
91051	91187	91003	91110	91715	91771
91101	91188	91006	91114	91722	91772
91102	91189	91007	91115	91723	91773
91103	91191	91009	91116	91724	91775
91104		91010	91117	91731	91776
91105		91011	91118	91732	91778
91106		91012	91121	91733	91780
91107		91016	91123	91734	91788
91109		91017	91124	91735	91789
91110		91024	91125	91741	91790
91114		91025	91126	91744	91791
91115		91030	91129	91745	91792
91116		91031	91131	91746	91793
91117		91050	91175	91747	91795
91121		91051	91182	91748	91797
91123		91066	91184	91749	91799
91124		91077	91185	91750	91801
91125		91101	91186	91754	91802
91126		91102	91187	91755	91803
91129		91103	91188	91756	91804
91131		91104	91189	91765	91841
91175		91105	91191	91766	91896
91182		91106	91702	91767	91899
91184		91107	91706	91768	
91185		91108	91711	91769	

Source: San Gabriel Valley Economic Development Partnership

Appendix 12: Financial Overview of NFL Franchises

Financial Overview of NFL Franchises					
Franchise	**Valuation**	**Valuation Rank**	**2002 Revenues**	**Revenue Rank**	**2002 Operating Income**
Washington Redskins	$952	1	$227	1	$88
Dallas Cowboys	851	2	198	2	52
Houston Texans	791	3	193	3	48
New England Patriots	756	4	189	4	67
Cleveland Browns	695	5	174	5	40
Denver Broncos	683	6	171	6	49
Tampa Bay Buccaneers	671	7	168	7	46
Baltimore Ravens	649	8	155	11	43
Carolina Panthers	642	9	161	8	45
Miami Dolphins	638	10	159	9	32
Detroit Lions	635	11	159	9	37
Chicago Bears	621	12	132	31	16
Tennessee Titans	620	13	155	11	42
Philadelphia Eagles	617	14	134	29	4
Seattle Seahawks	610	15	153	13	33
Green Bay Packers	609	16	152	14	30
Pittsburgh Steelers	608	17	152	14	11
St Louis Rams	602	18	150	16	31
Kansas City Chiefs	601	19	150	16	31
New Orleans Saints	585	20	146	18	43
Oakland Raiders	576	21	144	19	16
New York Giants	573	22	143	20	16
Jacksonville Jaguars	569	23	142	21	37
San Francisco 49ers	568	24	142	21	16
New York Jets	567	25	142	21	8
Buffalo Bills	564	26	141	24	35
Cincinnati Bengals	562	27	141	24	33
San Diego Chargers	561	28	140	26	33
Indianapolis Colts	547	29	137	27	18
Minnesota Vikings	542	30	135	28	35
Atlanta Falcons	534	31	133	30	0
Arizona Cardinals	505	32	126	32	13
League Average	**$628**		**$155**		**$33**

Source: fballiance.org

Appendix 13: 2003 NFL Attendance

2003 NFL Attendance			
Franchise	**2003 Regular Season Home Games**	**2003 Total Regular Season Attendance**	**2003 Average Regular Season Attendance**
Washington	8	643,997	80,500
N.Y. Giants	8	628,960	78,620
Kansas City	8	627,840	78,480
N.Y. Jets	8	622,255	77,782
Denver	8	607,167	75,896
Miami	8	587,787	73,473
Cleveland	8	585,564	73,196
Buffalo	8	584,122	73,015
Carolina	8	582,566	72,821
Houston	8	563,748	70,469
Atlanta	8	563,676	70,460
Green Bay	8	562,819	70,352
Baltimore	8	556,634	69,579
Tennessee	8	550,472	68,809
New Orleans	8	548,894	68,612
New England	8	547,488	68,436
Philadelphia	8	544,349	68,044
San Francisco	8	540,644	67,581
St. Louis	8	528,456	66,057
Tampa Bay	8	524,352	65,544
Minnesota	8	513,437	64,180
Seattle	8	512,150	64,019
Dallas	8	511,224	63,903
Chicago	8	492,821	61,603
San Diego	8	492,165	61,521
Detroit	8	490,442	61,305
Cincinnati	8	479,488	59,936
Pittsburgh	8	477,584	59,698
Indianapolis	8	454,138	56,767
Oakland	8	440,063	55,008
Jacksonville	8	428,072	53,509
Arizona	8	288,499	36,062
NFL Avarage	**8**	**533,809**	**66,726**

Source: NFL and Kenn.com

Appendix 14: Historical NFL Stadium Financing

Historical NFL Stadium Financings						
City	Year Built/Renov.	Estimated Stadium Project	Percentage of Public Contribution	Percentage of Private Contribution	$ Public Contribution	$ Private Contribution
Arizona	1958/90	$395	66%	34%	$260.7	$134.3
Atlanta	1992	214	100%	0%	214	0.0
Baltimore	1998	224	89%	11%	199	24.6
Buffalo	1973/99	63	100%	0%	63	0.0
Carolina	1996	240	23%	77%	55	184.8
Chicago	1924/03	590	66%	34%	389	200.6
Cincinnati	2000	450	94%	6%	423	27.0
Cleveland	1999	300	71%	29%	213	87.0
Denver	2001	370	62%	38%	229	140.6
Detroit	2002	471	27%	73%	127	343.8
Green Bay	1967/03	295	57%	43%	168	126.9
Houston	2002	424	73%	27%	310	0.0
Jacksonville	1955/95	161	91%	9%	147	14.5
New England	2002	406	17%	83%	69	337.0
Oakland	1968/96	100	100%	0%	100	0.0
Philadelphia	1971	519	36%	64%	187	332.2
Pittsburgh	2001	234	59%	41%	138	95.9
St. Louis	1995	257	100%	0%	257	0.0
Seattle	2002	465	64%	36%	298	167.4
Tampa Bay	1998	168	91%	9%	153	15.1
Tennessee	1999	292	75%	25%	219	73.0
Washington	1997	259	27%	73%	70	189.1
	Average:	**$314**	**67.6%**	**32.4%**	**$194.9**	**$118.6**

Source: ftbaltimore.org

Appendix 15: NFL Stadium Fan Cost Index

NFL Stadium Fan Cost Index

Franchise	Avg. Ticket [1]	Ticket Rank	Beer [2]	Soda [2]	Hot Dog [2]	Parking [2]	Program [2]	Cap [2]	Fan Cost Index ("FCI") [3]
New England	$75.33	1	$5.50	$3.50	$3.50	$25.00	$5.00	$14.95	**$405.22**
Washington	68.06	2	6.00	3.00	4.00	20.00	5.00	14.95	**372.14**
Chicago	65.00	3	5.00	3.50	3.50	20.00	5.00	19.99	**367.98**
NY Giants	61.67	7	6.25	3.50	3.75	15.00	5.00	17.99	**349.14**
NY Jets	62.20	6	6.25	3.50	3.75	10.00	5.00	17.99	**346.30**
San Francisco	58.00	11	5.00	3.50	4.25	20.00	5.00	19.99	**342.98**
Philadelphia	64.00	4	5.75	3.00	3.00	10.00	5.00	14.99	**341.48**
Oakland	58.89	9	4.50	2.50	3.00	15.00	7.00	17.99	**331.53**
Kansas City	58.40	10	3.75	2.25	3.50	18.00	5.00	18.00	**323.10**
Minnesota	59.00	8	4.00	2.50	3.00	10.00	5.00	19.99	**325.98**
Jacksonville	62.85	5	5.00	3.00	3.00	10.00	5.00	9.95	**325.30**
Denver	57.28	12	4.50	2.50	2.75	20.00	5.00	14.00	**317.12**
Green Bay	54.40	15	4.75	3.00	2.75	25.00	6.00	14.95	**317.01**
Baltimore	53.03	18	7.00	4.00	4.00	25.00	0.00	14.00	**315.11**
Houston	50.67	19	6.00	3.25	5.00	10.00	5.00	20.00	**307.70**
St. Louis	54.92	13	6.75	3.00	2.75	10.00	5.00	14.95	**306.08**
Detroit	53.91	16	4.50	2.75	3.50	10.00	5.00	18.00	**305.64**
Pittsburgh	54.55	14	3.75	2.50	2.25	20.00	4.00	14.95	**302.61**
Tampa Bay	49.78	20	5.75	3.50	4.75	15.00	5.00	14.00	**296.63**
Dallas	53.06	17	5.00	3.50	3.50	12.00	5.00	10.00	**292.23**
Indianapolis	47.39	21	5.00	3.00	3.00	10.00	5.00	14.95	**273.48**
Cleveland	45.71	25	5.00	3.00	3.50	10.00	5.00	15.00	**268.82**
San Diego	46.82	23	4.25	2.75	2.25	8.00	7.00	13.99	**265.74**
Tennessee	43.35	27	6.00	3.00	3.00	15.00	5.00	15.00	**264.41**
Seattle	43.06	28	5.50	3.25	3.25	20.00	5.00	12.00	**264.23**
Miami	46.46	24	5.50	2.00	3.00	10.00	5.00	12.00	**260.83**
Cincinnati	47.28	22	4.25	3.25	2.50	10.00	4.00	10.00	**254.60**
New Orleans	43.87	26	5.00	3.00	3.50	20.00	5.00	6.00	**253.49**
Buffalo	42.55	29	5.50	2.50	2.50	10.00	4.00	16.00	**251.18**
Carolina	42.27	30	5.50	2.75	3.00	5.00	n/a	18.00	**244.06**
Atlanta	34.63	32	5.25	3.50	3.75	8.00	5.00	18.00	**232.04**
Arizona	35.99	31	5.00	2.50	3.50	5.00	3.00	19.00	**229.67**
League Average	**$52.95**		**$5.21**	**$3.01**	**$3.32**	**$14.09**	**$4.84**	**$15.36**	**$301.68**

Source: Team Marketing Report 2003

1 Average ticket price represents a weighted average of season ticket prices for general and club-level seats. Luxury suite sales are excluded from the survey.

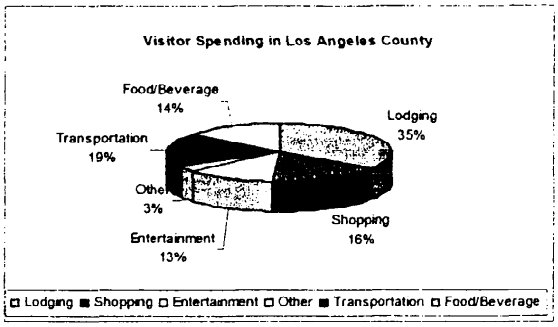
2 Costs were determined by telephone call with representatives of the teams, venues and concessionaires. Identical questions were asked in all interviews.

3 The Fan Cost Index comprises the prices of (2) adult average-price tickets, (2) child average-price tickets, (2) small draft beers, (4) small soft drinks, (4) regular-sized hot dogs, parking for (1) car, (2) game programs and two (2) adult sized caps.

Appendix 16: Visitor Spending

Spending Basis

According to the Los Angeles County Convention and Visitors Bureau 2003 report on Los Angeles County travel statistics, domestic overnight visitors (visitors originating outside of Los Angeles County) made expenditures in the proportions illustrated in the following Diagram and the amounts listed in the following Table.[80]



Domestic Overnight Visitor Spending Breakdown

Spending Categories	% of Daily Spend	Visitors with Hotel	Visitors without Hotel
Lodging	35%	$57.40	$20.65
Food/Beverage	14%	22.96	8.26
Shopping	16%	26.24	9.44
Entertainment	13%	21.32	7.67
Transportation	19%	31.16	11.21
Other	3%	4.92	1.77

Adjustment for NFL Spending Categories

Based on this study's more detailed information available regarding categories of NFL fan expenditures, as well as a more detailed analysis of the location of lodging expenditures, it was assumed that visitors originating outside of Los Angeles County made expenditures in the same dollar amounts as calculated in the Los Angeles County report in the categories of Food/Beverage, Shopping, Entertainment, Transportation and Other.

Specifically, the Transportation category of spending was broken down into expenditures on Auto Rental, Local Transportation, Gasoline and Parking. Based on a survey of online car rental agencies, a standard daily auto rental rate is $29.99 per day for an economy car.[81] For the assumed NFL travel party size of 1.8 people, this equates to Auto Rental expenditures of $16.67 per person per day. It was assumed that fans originating outside of Los Angeles who did not need hotel accommodations also did not need auto rentals. Parking at the Rose Bowl will be $15.00 per car.[82] Again assuming a travel party size of 1.8 people as well as a 1.5-day trip, this equates to expenditures of $5.56 per person per day. This study assumed that the remaining balance of Transportation expenditures was divided evenly between the Local Transportation and Gasoline categories.

Based on these assumptions, domestic overnight NFL visitors to the Rose Bowl (visitors originating outside of Los Angeles County) will make expenditures in the proportions and amounts listed in the following Table.

NFL Domestic Overnight Visitor Spending Breakdown				
	Visitors with Hotel		Visitors without Hotel	
	% of	Daily	% of	Daily
Food and Alcohol	22%	$22.96	22%	$8.26
Retail	25%	26.24	25%	9.44
Entertainment	20%	21.32	20%	7.67
Auto Rental	16%	16.67	0%	0.00
Local Transportation	4%	4.47	7%	2.83
Gasoline	4%	4.47	7%	2.83
Parking	5%	5.56	14%	5.56
Other	5%	4.92	5%	1.77
Total Daily Expenditures	100%	$106.60	100%	$38.35

Adjustment for Economic Model

In order to model this data using IMPLAN, it was necessary to redistribute the "Other" category expenditures to established categories. These expenditures were divided proportionately into the three largest spending categories of Food and Alcohol, Retail and Entertainment. Based on these assumptions, domestic overnight NFL visitors to the Rose Bowl (visitors originating outside of Los Angeles County) will make expenditures in the proportions and amounts listed in the following Table.

NFL Domestic Overnight Visitor Spending Breakdown - No 'Other'				
	Visitors with Hotel		Visitors without Hotel	
	% of	Daily	% of	Daily
Food and Alcohol	23%	$24.56	23%	$8.84
Retail	26%	28.07	26%	10.10
Entertainment	21%	22.81	21%	8.21
Auto Rental	16%	16.67	0%	0.00
Local Transportation	4%	4.47	7%	2.83
Gasoline	4%	4.47	7%	2.83
Parking	5%	5.56	14%	5.56
Total Daily Expenditures	100%	$106.60	100%	$38.35

In summary, based on the above assumptions, visitors originating outside of Los Angeles County who require hotel accommodations will spend $54.05 (as previously calculated) on hotel expenditures and $106.60 per day on other expenditures, and visitors originating outside of Los Angeles County who do not require hotel accommodations will spend a total of $38.35 in expenditures per day.

Appendix 17: Consumer Spending Survey

Consumer Spending Survey					
Category	Lowest 20 percent	Second 20 percent	Third 20 percent	Fourth 20 percent	Highest 20 percent
Income before taxes	$8,316	$21,162	$36,989	$59,177	$121,367
Average annual expenditures	19,061	27,140	36,881	50,432	79,199
Food at home	2,144	2,677	3,073	3,660	4,528
Food away from home	1,042	1,464	1,998	2,914	4,554
Alcoholic beverages	172	234	389	465	814
Housing	4,434	6,004	7,882	10,440	17,205
Utilities, fuels, and public services	1,661	2,209	2,585	3,106	3,851
Household furnishings and equipment	544	904	1,277	1,795	3,484
Apparel and services	953	1,168	1,526	2,094	3,617
Vehicle purchases and maintenance	2,541	3,892	5,924	8,327	10,945
Gasoline and motor oil	581	907	1,245	1,569	1,957
Health care	1,402	2,183	2,506	2,692	3,262
Entertainment	813	1,103	1,644	2,659	4,608
Personal insurance and pensions	512	1,484	3,213	5,776	11,967
Other Expenditures [1]	2,260	2,911	3,620	4,934	8,402
% of Annual Average Expenditures					
Total Expenditures as a percent of Income	229%	128%	100%	85%	65%
Food at home	11.2%	9.9%	8.3%	7.3%	5.7%
Food away from home	5.5%	5.4%	5.4%	5.8%	5.8%
Alcoholic beverages	0.9%	0.9%	1.1%	0.9%	1.0%
Housing	23.3%	22.1%	21.4%	20.7%	21.7%
Utilities, fuels, and public services	8.7%	8.1%	7.0%	6.2%	4.9%
Household furnishings and equipment	2.9%	3.3%	3.5%	3.6%	4.4%
Apparel and services	5.0%	4.3%	4.1%	4.2%	4.6%
Vehicle purchases and maintenance	13.3%	14.3%	16.1%	16.5%	13.8%
Gasoline and motor oil	3.0%	3.3%	3.4%	3.1%	2.5%
Health care	7.4%	8.0%	6.8%	5.3%	4.1%
Entertainment	4.3%	4.1%	4.5%	5.3%	5.8%
Personal insurance and pensions	2.7%	5.5%	8.7%	11.5%	15.1%
Other Expenditures [1]	11.9%	10.7%	9.8%	9.8%	10.6%

Source: U.S. Department of Labor and Bureau of Labor Statistics, Consumer Expenditure Survey, 2000-2002

1 Other Expenditures include: Public transportation, Personal Care products and services, Reading, Education, Tobacco products, Miscellaneous, Cash Contributions

Appendix 18: Player Spending

2003 NFL Player Salaries

Range	NFL Players
> $10,000,000	1
$9,000,000 - $9,999,999	1
$8,000,000 - $8,999,999	6
$7,000,000 - $7,999,999	10
$6,000,000 - $6,999,999	15
$5,000,000 - $5,999,999	28
$4,000,000 - $4,999,999	39
$3,000,000 - $3,999,999	61
$2,000,000 - $2,999,999	126
$1,500,000 - $1,999,999	99
$500,000 - $999,999	622
$100,000 - $499,999	816
< $100,000	132

Source: USAToday.com

NFL Roster Spending Assumptions

NFL Roster Spending Assumptions	< $500,000	$500,000 - $1,499,999	$1,500,000 - $4,999,999	> $5,000,000
NFL Players	948	622	325	61
Percentage	48.5%	31.8%	16.6%	3.1%
Midpoint Salary [1]	$250,000	$1,000,000	$3,250,000	$6,563,809
Assumed LA Roster	25	17	9	2
Total Payroll	$6,250,000	$17,000,000	$29,250,000	$13,127,618
% Living in LA county	80%	70%	60%	50%
% Living in San Gabriel Valley	0%	0%	0%	0%
% Living in Pasadena	0%	0%	0%	0%
% Living outside LA county	20%	30%	40%	50%
% of year spent in-town	90%	75%	60%	50%
% of year spent out-of-town	10%	25%	40%	50%
% of Pre-tax salary spent on Annual Expenditures	55%	45%	35%	25%
Total Gross Spending in LA County	$2,475,000	$4,016,250	$3,685,500	$820,476
Total Gross Spending in San Gabriel Valley	$0	$0	$0	$0
Total Gross Spending in Pasadena	$0	$0	$0	$0

Source: USAToday.com

1. Midpoint for $5,000,000 category is the average salary for the 61 players with 2003 Salary Cap Values greater than $5,000,000

Los Angeles County Consumer Expenditure Breakdown						
Annual Expenditure Breakdown (Los Angeles County)	**%**	**< $500,000**	**$500,000 - $1,499,999**	**$1,500,000 - $4,999,999**	**> $5,000,000**	**Total**
Food at home	5.7%	$141,511	$229,633	$210,722	$46,912	$628,778
Food away from home	5.8%	142,323	230,952	211,932	47,181	632,388
Alcoholic beverages	1.0%	25,439	41,281	37,882	8,433	113,036
Housing	21.7%	537,697	872,536	800,680	178,250	2,389,162
Utilities, fuels, and public services	4.9%	120,353	195,300	179,216	39,898	534,767
Household furnishings and equipment	4.4%	108,883	176,688	162,137	36,095	483,804
Apparel and services	4.6%	113,040	183,433	168,327	37,473	502,272
Vehicle purchases and maintenance	13.8%	342,057	555,065	509,354	113,394	1,519,871
Gasoline and motor oil	2.5%	61,161	99,247	91,074	20,275	271,758
Health care	4.1%	101,945	165,429	151,806	33,795	452,976
Entertainment	5.8%	144,011	233,690	214,445	47,740	639,887
Personal insurance and pensions	15.1%	373,997	606,895	556,916	123,982	1,661,790
Other Expenditures	10.6%	262,582	426,100	391,009	87,048	1,166,739

Source: US Department of Labor and Bureau of Labor Statistics, Consumer Expenditure Survey, 2000 - 2002

Appendix 19: Regular Season Operations Detail

Regular Seaon Operations Detail

		Output				Employment					HH Eanings		
Category	Region	Direct	Indirect	Total	Mult.	Literal	Direct	Indirect	Total	Mult.	Direct	Indirect	Total
Fans	Los Angeles County	$26,011,406	$19,848,988	$45,860,394	1.76	NA	327 5	162.9	490.5	NA	$11,239,468	$7.109,016	$18,348,484
	San Gabriel Valley	3,475,794	2,489,085	5,964,879	1.72	NA	45 3	21.5	66.8	NA	1,533,908	916,212	2,450,120
	Pasadena	1,170,528	543,617	1,714,145	1.46	NA	15 5	4.8	20.3	NA	507,348	204,396	711,744
Players	Los Angeles County	8,366,644	5,572,933	13,939,577	1.67	NA	66 9	46.7	113.6	NA	2,357,421	2,093,482	4,450,903
	San Gabriel Valley	0	0	0	NA	NA	0 0	0.0	0.0	NA	0	0	0
	Pasadena	0	0	0	NA	NA	0 0	0.0	0.0	NA	0	0	0
Coaches	Los Angeles County	3,115,460	2,075,175	5,190,635	1.67	NA	24 9	17.4	42.3	NA	877,825	779,543	1,657,368
	San Gabriel Valley	0	0	0	NA	NA	0 0	0.0	0.0	NA	0	0	0
	Pasadena	0	0	0	NA	NA	0 0	0.0	0 0	NA	0	0	0
Full-time staff	Los Angeles County	2,831,598	1,910,279	4,741,877	1 67	70.0	22 6	15.9	108.6	NA	819,577	710,911	1,530,488
	San Gabriel Valley	546,586	344,087	890,673	1.63	0.0	4 4	1.6	6.0	NA	158,971	131,981	290,952
	Pasadena	525,599	243,552	769,151	1.46	14.0	4 4	2.2	20 6	NA	154,662	97,964	252,626
Part-time	Los Angeles County	1,074,543	714,749	1,789,292	1 67	80.0	8 5	6.0	94.5	NA	307,263	265,337	572,600
	San Gabriel Valley	743,613	461,754	1,205,367	1.62	59.0	6.0	4.1	69.1	NA	213,994	176,731	390,725
	Pasadena	568,099	258,044	826,143	1.45	49.0	4 8	2.4	56.2	NA	165,377	103,585	268,962
Team Purchases	Los Angeles County	0	0	0	NA	NA	0.0	0.0	0.0	NA	0	0	0
	San Gabriel Valley	0	0	0	NA	NA	0.0	0.0	0.0	NA	0	0	0
	Pasadena	0	0	0	NA	NA	0.0	0.0	0.0	NA	0	0	0
Visiting Team	Los Angeles County	294,000	218,882	512,882	1.74	NA	4.5	1.8	6.3	NA	135,732	76,139	211,871
	San Gabriel Valley	0	0	0	NA	NA	0.0	0.0	0.0	NA	0	0	0
	Pasadena	0	0	0	NA	NA	0.0	0.0	0.0	NA	0	0	0
Media	Los Angeles County	600,250	446,884	1,047,134	1 74	NA	9 2	3.6	12.8	NA	277,120	155,451	432,571
	San Gabriel Valley	0	0	0	NA	NA	0.0	0.0	0.0	NA	0	0	0
	Pasadena	0	0	0	NA	NA	0.0	0.0	0.0	NA	0	0	0

Appendix 20: NFL Cities as a Super Bowl Host

NFL Cities as A Super Bowl Host

Stadium	Team	Dome	Warm weather	City Hosted	Last Super Bowl	Year	# Hosted
Have hosted as of the end of 2005 season							
Reliant Stadium	Houston Texans	No	Yes	Yes	XXXVIII	2004	2
Qualcomm Stadium	San Diego Chargers	No	Yes	Yes	XXXVII	2003	3
Louisiana Superdome	New Orleans Saints	Yes	N/A	Yes	XXXVI	2002	9
Raymond James Stadium	Tampa Bay Buccaneers	No	Yes	Yes	XXXV	2001	3
Georgia Dome	Atlanta Falcons	Yes	N/A	Yes	XXXIV	2000	2
Pro Player Stadium	Miami Dolphins	No	Yes	Yes	XXXIII	1999	8
Sun Devil Stadium	Arizona Cardinals	No	Yes	Yes	XXX	1996	1
Hubert H. Humphrey Metrodome	Minnesota Vikings	Yes	N/A	Yes	XXVI	1992	1
Ford Field	Detroit Lions	Yes	N/A	Yes	XVI	1982	1
3Com Park	San Francisco 49ers	No	Yes	Yes	XIX	1985	1
ALLTEL Stadium	Jacksonville Jaguars	No	Yes	No	N/A	N/A	1
Have not hosted but are capable							
Texas Stadium	Dallas Cowboys	No	Yes	No	N/A	N/A	
RCA Dome	Indianapolis Colts	Yes	N/A	No	N/A	N/A	
Network Associates Coliseum	Oakland Raiders	No	Yes	No	N/A	N/A	
Edward Jones Dome	St. Louis Rams	Yes	N/A	No	N/A	N/A	
Have not hosted and are not capable							
M&T Bank Stadium	Baltimore Ravens	No	No	No	N/A	N/A	
Ralph Wilson Stadium	Buffalo Bills	No	No	No	N/A	N/A	
Bank of America Stadium	Carolina Panthers	No	No	No	N/A	N/A	
Soldier Field	Chicago Bears	No	No	No	N/A	N/A	
Paul Brown Stadium	Cincinnati Bengals	No	No	No	N/A	N/A	
Cleveland Browns Stadium	Cleveland Browns	No	No	No	N/A	N/A	
Invesco Field at Mile High	Denver Broncos	No	No	No	N/A	N/A	
Lambeau Field	Green Bay Packers	No	No	No	N/A	N/A	
Arrowhead Stadium	Kansas City Chiefs	No	No	No	N/A	N/A	
Gillette Stadium	New England Patriots	No	No	No	N/A	N/A	
Giants Stadium	New York Giants	No	No	No	N/A	N/A	
Giants Stadium	New York Jets	No	No	No	N/A	N/A	
Lincoln Financial Field	Philadelphia Eagles	No	No	No	N/A	N/A	
Heinz Field	Pittsburgh Steelers	No	No	No	N/A	N/A	
Seahawks Stadium	Seattle Seahawks	No	No	No	N/A	N/A	
Aldelphia Coliseum	Tennessee Titans	No	No	No	N/A	N/A	
FedEx Field	Washington Redskins	No	No	No	N/A	N/A	

Source: NFL.com, SuperBowl.com

Note: This chart does not make any assumptions about the readiness of the physical stadium infrastructure

Appendix 21: Historical Super Bowl Studies Sources

1985: Bay Area Super Bowl Task Force
1988: CIC Research, Inc.
1990: Timothy P. Ryan
1991: Center for Economic Management
1992: Wilbur Maki
1993: Anderson School of Management
1994: Selig Center for Business Research
1995: Sports Management Research
1996: The Center for Business Research
1997: Various newspaper articles
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