



Agenda Report

June 4, 2007

To: City Council
Through: Economic Development and Technology Committee

From: Rose Bowl Operating Company

Subject: Appropriate funding for environmental analysis and financial related consultants for the Rose Bowl Strategic Plan

RECOMMENDATION:

It is recommended that the City Council approve:

1. The initiation of the environmental analysis of the Rose Bowl Strategic Plan Project as required by the California Environmental Quality Act ("CEQA"); and
2. A Journal Voucher appropriating \$125,000 from the unappropriated Rose Bowl Fund to the Rose Bowl Operating Company's Fiscal Year 2007 Operating Budget to support continuation of the Strategic Plan effort. Under separate action, the City Manager is recommending that an appropriation of \$125,000 in General Fund dollars be made and that these funds be transferred to the Rose Bowl Operating Company to support this effort

EXECUTIVE SUMMARY:

The Rose Bowl Strategic Plan is the combination of proposed long-term improvements to the stadium along with a comprehensive financing plan for its implementation.

The development of the strategic plan began in earnest on June 6, 2005, after the City Council decided not to pursue negotiations with the National Football League. Since May 8, 2006, the City of Pasadena, along with the Rose Bowl's primary football tenants, the Tournament of Roses and UCLA, provided \$500,000 to begin the initial phase of the strategic plan process.

During this initial phase of the process, staff of: City of Pasadena, RBOC, Tournament of Roses and UCLA have been meeting with HOK Sports Architects in order to identify the stadiums deficiencies and prepare a document outlining the proposed improvements for the next 20-30 years. Simultaneously, Barrett Sports Group has been engaged in financial market studies to identify potential additional funding sources for any future improvements.

The next phase of this project will encompass the environmental analysis of the proposed improvements along with the completion of a realistic financing plan. It is for this phase of work, that additional funds are being requested from the City Council and Rose Bowl Operating Company.

BACKGROUND:

The Rose Bowl is an icon for Pasadena and has special meaning to sports fans throughout the United States, and internationally. Although the Rose Bowl is in an acceptable physical condition today, it is in need of a Strategic Plan that focuses on both improvements, which will be a guide that will enable the City and RBOC to address the stadium's needs and programmatic requirements to preserve and enhance the stadium for the next 30 years, as well as a financial plan that will focus on stabilizing the financial future of the RBOC.

The priority elements of the Strategic Plan represent a business plan for the long-term utilization of the Rose Bowl. The objectives of the strategic plan are:

- Improve public safety
- Maintain the stadium's historic landmark status
- Create a revenue stream for long term reinvestment in the stadium
- Enhance the facility operations
- Enhance the fan experience

Ignoring the future of the Rose Bowl could allow the stadium to deteriorate, and eventually lose marquis events, as is happening to the Cotton Bowl in Dallas and the Orange Bowl in Miami.

The Strategic Plan has two phases: the initial phase was the development of the improvements, as well as preliminary financial analysis, and initial community outreach. \$500,000 was allocated for this phase of work, expenditures from the original budget include architectural services, financial planning, community outreach, historic preservation consulting services, code analysis, landscape design, structural/civil/mechanical/plumbing/electrical engineering consultants, construction cost estimation, and a valuation analysis for field naming rights. Approximately \$60,000 is remaining from this initial phase of work, which will be used for the completion of architectural work by HOK Sport Architects. Additional community outreach is planned during this phase.

The draft improvements plan has been presented to the RBOC Board of Directors, in addition to regular updates to the Economic Development and Technology Committee of City Council. Staff of the RBOC, City, Tournament of Roses and UCLA has been meeting/speaking on a regular basis concerning the needs and proposed goals for the Strategic Plan.

Draft Improvements Plan

The prospective improvements plan is a roadmap for the City/RBOC in addressing the stadium's needs and programmatic requirements to preserve and enhance the stadium far into the future. The stadium has the reputation as one of the top college football stadiums in the United States and has hosted some of the world's most significant events. However, there are some very important issues that need to be addressed, particularly safer exiting for patrons, re-organization and expansion of space on its concourse, utility upgrades, additional concession stands and restrooms in order to have an appropriate quantity of each for a stadium that has a 90,000 seat capacity.

Proposed long term improvements are as follows:

- Additional Stadium Exiting (Horizon Level and/or Tunnel Widening)*
- New Suite/Club/Press Facility (West Sideline Addition)*
- Plaza Level infrastructure upgrades*
- Plaza Level Reorganization*
- Seating Replacement*
- New Video Board/Ribbon Board*
- Hall of Fame/Museum
- South Plaza behind Court of Champions
- Service Level (underground)
- Horizon Level Amenities (Restrooms and Concessions)
- Landscaping
- Field Lighting (east side)
- Graphics
- Sound System

** - identified by staff groups as higher priorities*

The preliminary budget for the priority work is approximately \$250 million. This dollar figure assumes beginning construction in 2009, and includes construction escalation and soft costs.

Financing Plan

The financing plan is not complete at this point, however a significant amount of work has been done to date. An initial market study was completed by Barrett Sports Group. The study was conducted to identify potential incremental revenue sources that may be generated by the proposed renovations identified within the draft improvements plan. The identified incremental revenue will be estimated

and used for financing purposes, as well as for ongoing operating and capital maintenance.

The initial market study, which included surveys of season ticket holders of UCLA, membership of Tournament of Roses, Pasadena residents and businesses both in Pasadena and greater Los Angeles, included an estimate of the potential demand for premium seating such as luxury suites, loge boxes and club seats. Premium seating would be a key component of the financing plan for the proposed renovation.

In addition to the above referenced study, a field naming rights valuation has been completed, which has the potential to be a funding source for prospective improvements.

Dedicating a revenue stream is essential to maintaining this large landmark properly into the future. Staff continues to pursue the potential of private/public partnerships, specifically as it relates to private partners for advertising and premium seating. In addition, staff will explore opportunities for private/public partnerships in the area of a food & beverage concessionaire along with the golf course operator.

The development of a private individual funding base via philanthropic efforts is also being pursued. To launch this philanthropic effort, planning for a dinner on the Rose Bowl field for 1,000 people honoring a local CEO and national sports personality is underway.

NEXT STEPS

The next steps in completing and adopting the strategic plan, includes the environmental review, the completion of a financing plan, and additional community outreach and involvement.

Project Review & Approval/Environmental

RBOC staff has met with city staff in order to update them on the prospective improvements plan. City staff has determined that pursuant to the California Environmental Quality Act (“CEQA”), an updated environmental analysis will be required. Preliminary analysis by staff indicates that the Environmental Impact Report previously prepared and certified for the NFL-related Rose Bowl project gives full consideration to the majority of impacts associated with the current project. The updated environmental analysis, however, will consider updated information with respect to the addition of a proposed new horizon level/new aisles, and vertical circulation. In addition, an analysis will be evaluated of potentially widening the existing tunnels in order to improve exiting. Work in connection with the updated environmental analysis is underway now.

HOK will work closely with the RBOC, City staff, historic preservation consultant, and the environmental consultant to assist in the further development of the prospective improvements. Additional analysis is necessary for the improvement of emergency exiting from the stadium. The historic preservation consultant will continue to work closely with HOK in this regard, so the environmental consultant can analyze potential impacts on the historic character of the stadium. It is anticipated that additional drawings and renderings will be necessary in order to enable the environmental consultant as well as the community to study and understand prospective alternatives that fulfill the strategic plan's goals. In addition, HOK will work closely with a cost estimator to provide updates to the cost estimate as appropriate and coordinate with staff to determine a phasing of the proposed improvements.

Community Outreach

Community outreach has been emphasized throughout the initial phase of this process, which included presentations to Service Clubs throughout Pasadena, along with a presentation at the Rose Bowl to representatives of various neighborhood associations and organizations.

An open house was co-hosted by the RBOC and Pasadena Heritage on January 20, 2007, which was a stunning success, attracting approximately 500 attendees. Community partners of the open house included the Linda Vista/Annandale Homeowners Association, Neighborhood Coalition, Pasadena Center Operating Company and NAACP.

During the next phase of the Strategic Plan process, the following effort should provide the Pasadena community with additional opportunities to study and comment on the proposed improvements plan. Below are the planned community awareness and informational opportunities:

1. Community Presentations. Conduct presentations to organizations throughout Pasadena, such as: neighborhood associations, Council district meetings, community/civic organizations and business organizations
2. Newsletter. Initiate a simple "Update" newsletter to send out periodically to all contacts by mail and/or email. Provide regular updates to city's "In Focus." Develop periodical reports on feedback, progress and proposed Plan elements.
3. Web Site. Update Rose Bowl Stadium web site, "Improvements Plan Update" Maintain and update simple project-oriented pages with links to relevant visuals and other materials.
4. Open House – A second Open House is being planned for the fall in 2007 that will enable the Pasadena community to understand existing conditions at the stadium and what is contemplated within the improvements plan, comment, and ask questions related to the planning process.

Attached, at the end of this report, is an example list of organizations that the RBOC intends to contact during the Strategic Plan process.

Below is a tentative schedule for the Strategic Plan process:

Tentative Strategic Plan Phase Two Schedule

City Council review	June 4, 2007
Development of Financing Plan	Ongoing
EIP prepares Draft Updated Environmental Analysis	Approx. 4 weeks
Internal City staff review of draft Updated Environmental Analysis	Approx. 2 weeks
EIP prepares 2nd draft Updated Environmental Analysis (incorporating staff comments)	Approx. 2 weeks
Internal City staff review of 2nd draft Updated Environmental Analysis	Approx. 1 week
EIP prepares FINAL draft Updated Environmental Analysis (45-day public review period)	6 weeks
EIP prepares responses to public comments and issues FINAL Updated Environmental Analysis	Approx. 3 weeks

It is important to recognize that regular updates throughout the process will be provided to both the RBOC and City Council.

Upon final approval of the project, the design process will begin with schematic drawings and formulation of a construction schedule and facility staging plan.

FINANCIAL

A financing plan will be finalized as part of the Strategic Plan.

It is anticipated that there will be a significant amount of revenue generated by the improvements. Further study needs to be done to verify some important factors, including bond counsel analysis if bonds would be tax exempt or not. Historically Rose Bowl bonds have been tax exempt, but with changing tax laws, a thorough analysis must be undertaken; this factor alone may make a difference of up to \$30 million in the budget. The potential use of historic preservation investment tax credits also will be thoroughly analyzed, as this is a 20% incentive discount of most rehabilitation costs: a very significant savings. Examining possible structure for premium seating could have tax advantages/implications as well.

Discussions with our major tenants also will occur to determine their support for implementation of the proposed improvements and support for our efforts going forward.

The budget for the next phase of the Strategic Plan:

Updated Environmental Documentation (CEQA)	\$75,000
Barrett Sports Group (Financial consulting)	70,000
Historic Tax Credit Analysis	35,000
Community Outreach	35,000
Bond Counsel/Disclosure Counsel	TBD
Historic Resources Group	25,000
<u>Review of tax structure related to Premium Seats</u>	<u>10,000</u>
Total	\$250,000

It should also be recognized that all potential revenue sources, which are listed below will continue to be thoroughly analyzed to determine funding sources for the Strategic Plan.

Potential Revenue Sources

- Premium seating
 - New club level seating
 - New suites with added amenities
- Increased sponsorship revenue
 - Video/Ribbon Boards
- Private/public partnerships
- Naming rights for various areas (field, gates, etc...)
- Additional revenue from minor events
- Historic tax credit
- Philanthropic opportunities
- Admission surcharge
- Parking surcharge
- Contract amendments with primary tenants: UCLA and Tournament of Roses

FISCAL IMPACT:

The overall budget for the further development (phase two) of the strategic plan is \$250,000. Funds will be provided equally between the City of Pasadena and RBOC.

Respectfully submitted by:



for William E. Thomson
President

ATTACHMENT A

Example of Organizations targeted to be contacted during the next phase:

Organization	Focus
Old Pasadena Management District	Business
South Lake Avenue Business Association	Business
Pasadena Chamber of Commerce	Business
Playhouse District Association	
Arroyo Seco Foundation	Community/Civic
Assistance League of Pasadena	Community/Civic
Leadership Pasadena	Community/Civic
League of Women Voters of Pasadena	Community/Civic
Pasadena Beautiful Foundation	Community/Civic
Pasadena Community Foundation	Community/Civic
Pasadena Jaycees	Community/Civic
Pasadena Center Operating Company	Community/Civic
Pasadena Heritage	Historic Pres.
Latino Heritage Assoc.	Minority
NAACP of Pasadena	Minority
American Institute of Architects	Community/civic
Alta San Rafael	Neighborhood
Altos Arroyo Assoc.	Neighborhood
Arroyo Gardens Homeowner's Assoc.	Neighborhood
Arroyo Seco Community Action Committee/	Neighborhood
Arroyo Terrace Assoc./	Neighborhood
East Arroyo Residents Assoc./	Neighborhood
Lincoln Avenue Project Area Committee	Neighborhood
Linda Vista-Annandale/	Neighborhood
Northwest Commission	
Neighborhood Strengthening Project	Neighborhood
United Neighbors Assoc.	Neighborhood
West Pasadena Residents Assoc	Neighborhood
Windsor-Arroyo/ Alonzo Edwards	Neighborhood