



Agenda Report

April 4, 2016

TO: Honorable Mayor and City Council
FROM: Rose Bowl Operating Company
**SUBJECT: CERTIFICATION OF THE ENVIRONMENTAL IMPACT REPORT (EIR)
FOR THE ARROYO SECO MUSIC AND ARTS FESTIVAL AND
RELATED PROJECT APPROVALS**

RECOMMENDATION:

It is recommended that the City Council conduct a public hearing to consider the following actions:

1. Adopt a resolution certifying the Final Environmental Impact Report (FEIR) and adopting a Mitigation Monitoring and Reporting Program for a music and arts festival to occur in the Rose Bowl and on Brookside Golf Course;
2. Adopt a resolution adopting a Statement of Overriding Considerations for a music and arts festival to occur in the Rose Bowl and on Brookside Golf Course;
3. Authorize the General Manager of the Rose Bowl Operating Company to finalize negotiations and enter into a License Agreement of up to 20 years between the RBOC/ City of Pasadena and Anschutz Entertainment Group (AEG) for the Arroyo Seco Music and Arts Festival;
4. Direct the City Clerk to file a Notice of Determination with the Los Angeles County Recorder within 5 days; and
5. Conduct first reading of an ordinance amending the Pasadena Municipal Code Section 3.32 (Arroyo Seco Public Lands Ordinance) to increase the number of displacement events from 12 to 15 per year without requiring further approval of the City Council and to allow amplified sound and increased uses on the Brookside Golf Course to accommodate the Arroyo Seco Music and Arts Festival.

RECOMMENDATION OF THE ROSE BOWL OPERATING COMPANY:

As required by the Operating Agreement between the City and the Rose Bowl Operating Company ("RBOC"), on March 24, 2016 the RBOC Board of Directors reviewed the proposed amendment to Title 3, the license agreement overview and the FEIR and formally recommended approval of each by the City Council. Members of the

public asked questions at that time, and while oral responses were given, further elaboration is provided in Attachment D.

EXECUTIVE SUMMARY:

The RBOC and City of Pasadena have an opportunity to host an annual music and arts festival (the "festival" or "project") that would occur at the Rose Bowl Stadium and on the Brookside Golf Course. The annual festival would take place over two or three days (Friday through Sunday), likely in June, with a capacity of up to 93,000 daily attendees (including approximately 3,400 employees). The first year of the festival, anticipated to be in 2017, would be limited to two days with a maximum of 75,000 attendees.

The festival requires an amendment to the Arroyo Seco Public Lands Ordinance (Pasadena Municipal Code Chapter 3.32) and approval of a license agreement with Anschutz Entertainment Group (AEG). The proposed amendment to the Arroyo Seco Public Lands Ordinance would increase the number of annual displacement events allowed without required findings by the City Council from 12 to 15, would modify allowed uses of the Brookside Golf Course so that displacement events and amplified sound are permitted in conformance with long standing practice, and would establish that the festival would not occur in the same calendar year as any NFL regular season game at the Rose Bowl. Finally, because the festival could take place for more than five years, City Council approval of the license agreement is required. The Arroyo Seco Public Land Ordinance amendment and license agreement also require an analysis of their potential environmental impacts. Pursuant to the California Environmental Quality Act, a Final Environmental Impact Report (FEIR) has been prepared.

Pursuant to the Operating Agreement between the City and RBOC, the RBOC Board provided its recommendation to the City Council regarding the Municipal Code amendment to Title 3, in addition to recommendations on the proposed license agreement between the City/RBOC and AEG, and certification of the FEIR associated with the project.

The festival is projected to generate between \$90 million and \$106 million over the proposed 20-year period. The revenues are critical to help stabilize the RBOC operating budget, currently at \$40 million annually, in addition to funding future capital improvements for the stadium, which, through 2020, are projected to cost approximately \$19 million. An Economic Impact Study of the festival projected a total of \$385 million in potential overall economic benefits to the City over the life of the festival. The festival will also generate jobs for Pasadena residents. While the exact number of Pasadena residents who will work the festival cannot be estimated at this time, Rose Bowl events in 2015 created more than 600 jobs for Pasadena residents overall.

BACKGROUND:

As the RBOC continues to plan for its future, identifying a third tenant¹ is paramount to help stabilize the long-term financial health of the Rose Bowl. The reliable income from an additional anchor tenant would help to sustain the stadium's long-term financial future so long as the festival is in place. A music and arts festival would fit with the City's image as a cultural, entertainment and arts destination. AEG, a world-class music and arts festival promoter, would execute the event.

In 2012, the RBOC Board of Directors recognized that, despite the highly successful renovation to the Rose Bowl, the future of the stadium would be challenged by a number of factors, including, but not limited to, increased local and regional competition and the long-term levels of success of UCLA and the Tournament of Roses. Of particular and pressing concern to the RBOC is the funding of future capital improvements necessary for upkeep of the historic stadium.

In 2013, in an effort to identify a reliable revenue stream, the RBOC targeted a music and arts festival as a potential revenue opportunity which warranted evaluation. The RBOC contacted three of the top music festival producers in the country, conducted extensive interviews with each, and identified AEG as the preferred partner to produce a music festival in the Central Arroyo.

On March 5, 2015, the RBOC signed a letter of intent to explore a license agreement with AEG to host a three-day music and arts festival on an annual basis at the Rose Bowl Stadium and on parts of the Brookside Golf Course. The agreement would extend over 10 years, with two 5-year renewal options for a total potential term of 20 years. The parties each have the right to terminate the agreement after three years. In addition, the RBOC has the ability to terminate at each of the renewal opportunities (years 10 and 15).

PROJECT DESCRIPTION:

The proposed project includes an annual three-day music and arts festival that would occur at the Rose Bowl Stadium and on Brookside Golf Course sites. The annual festival would take place over two or three days (Friday through Sunday), likely in June, with a capacity of up to 93,000 daily attendees (including approximately 3,400 employees). The first year of the festival, anticipated to be in 2017, would be limited to two days with a maximum of 75,000 attendees. The employees include personnel for setup, festival operations and breakdown, as up to four musical stages are proposed as a part of the festival.

The stages would be used for amplified musical performances throughout the duration of the event with performances on stages potentially overlapping throughout the day.

¹ The other two tenants are UCLA and the Tournament of Roses.

The festival site would open at 10:00 a.m. on Friday and at 9:00 a.m. on Saturday and Sunday, with performances not anticipated to start before noon on any day of the festival. All-amplified musical performances end by 11:00 p.m. on each event day and patrons of the festival would be required to vacate the festival site by midnight.

Food and beverage concession stands, including multiple food courts and a beverage garden that would highlight local restaurants, chefs, breweries, wineries, and farmers' markets, would be placed throughout the festival site. Eleven existing Rose Bowl Stadium concessions stands would also be in use. Art exhibits highlighting local and international art would be placed throughout the festival grounds. In addition, merchandise sales areas, one main boutique and several satellite boutique locations, as well as lounge/VIP areas would be situated throughout the festival area.

The project does not include any physical changes to the Rose Bowl Stadium or to any of the surrounding features. The seating available at the stadium would not increase or decrease. The project does not include any ground disturbing or excavation activities, any interior or exterior renovation to the Rose Bowl, or any new permanent structures on the project site.

MUNICIPAL CODE AMENDMENT:

Sections 3.32.250 through 3.32.380 of the PMC address the use and operation of the Rose Bowl. The proposed project includes amending the PMC, Chapter 3.32, Arroyo Seco Public Lands Ordinance, to increase the number of displacement events from 12 to 15 per year without requiring further approval of the City Council (currently defined in Chapter 3.32.270 of the PMC). The amendment would specify that the proposed festival could not occur in the same calendar year as any National Football League (NFL) regular season game.

In addition, the proposed project would include amending the allowable uses on the Brookside Golf Course to conform to long-standing and current practices. Chapter 3.32.460 defines the allowable uses on the Brookside Golf Course to include golf and clubhouse uses and parking. The amendment would acknowledge ongoing uses of the Brookside Golf Course for displacement events and associated activities, including the use of amplified sound. Currently, amplified sound, including live bands, are used during wedding ceremonies and receptions, corporate events, car shows, part of Rose Bowl Stadium events (e.g. alumni events), parties and celebrations, and golf tournaments, on the Brookside Golf Course.

LICENSE AGREEMENT:

Below are key proposed elements of the license agreement with AEG. Additional key provisions are summarized in Attachment A.

TERM: 10 years, beginning in 2017. AEG shall have two consecutive 5-year options to renew the Facility License Agreement. The parties each have the right to terminate the agreement after three years. In addition, the RBOC has the ability to terminate at each of the renewal opportunities (years 10 and 15).

LICENSE PERIOD: The License Period for each Event shall include approximately two weeks of set-up, two consecutive performance days in the first year and up to three consecutive performance days in subsequent years, and approximately a week of tear-down. The dates for the Event are intended to be during the same weekend each June.

LICENSE FEE: RBOC to receive a minimum license fee in the amount of \$2 million in year one, \$2.5 million in year two, \$3 million in year three and going up per CPI in each successive year.

The Minimum License Fee payment for the first year of each Renewal Term shall increase by 25% over the previous year and each subsequent year during that Renewal Term it shall increase at the greater of 3% or CPI (not to exceed 5% in any single year). There will be a revenue incentive opportunity for the RBOC vs. minimum license fee, which will include all revenue streams (e.g. ticket, parking, food & beverage, sponsorships)

ADMISSION TAX There shall be admission tax (currently \$1.61 per paid ticket) applied to each ticket sold.

CAPITAL IMPROVEMENT PROVISION Upon AEG's receipt of a fully executed Facility License Agreement, AEG shall pay RBOC a one-time payment of Three Million Three Hundred Thousand Dollars (\$3,300,000). The contribution for the first Renewal Period will be Two Million Two Hundred and Fifty Thousand Dollars (\$2,250,000), and for the second Renewal Period shall be Two and One Half Million Dollars (\$2,500,000). This contribution is in addition the license fee.

ARROYO/COMMUNITY CONTRIBUTION: AEG shall include a One Dollar (\$1.00) per ticket per day fee for each ticket sold to an Event, which shall be payable to RBOC and may be used in part for Arroyo upgrades and restoration.

AEG

DELIVERABLES:

AEG will be responsible for delivering the following under the terms of the Facility License Agreement for the Event:

- Presentation of the Event.
- Procurement of all performers, inclusive of any financial guarantees to artists and all travel and lodging expenses.
- All production expenses including, staging, production equipment including temporary construction, lighting, sound, temporary structures, kiosks, digital display monitors, production fees, stagehands, production technicians, and other such items required to produce the Event.
- Local, regional and national marketing, advertising and promotion of the Event.
- Commercially reasonable efforts to promote Pasadena local businesses in its Event marketing efforts (i.e., Pasadena hotels listed on official Event website).

FACILITY EXPENSES:

AEG shall reimburse RBOC and/or City for all actual documented Event related expenses provided by RBOC and/or City that are commercially reasonable, including, but not limited to, the following:

- Ushers, security, door guards, ticket takers, cleaning, EMS, traffic, grounds crew, stage hand labor and other personnel needed to produce the Event.
- Any and all municipal services and expenses, including but not limited to police, traffic control, fire, EMS, public works, etc.
- Replacement of damaged Stadium and/or Golf Course turf, and any damage to the Facility, as necessary.

SPONSORSHIP:

AEG shall have the sole right to sell sponsorships to the Event. AEG acknowledges that the Stadium has existing sponsors (and a relationship with IMG) and agrees RBOC will not be required to remove or cover sponsorship signs, advertisements, show-bills, etc. inside or in front or on any part of the Stadium, including the Stadium entry gates.

LICENSES AND PERMITS: RBOC shall obtain all legal rights to host the Event (e.g. environmental clearance and municipal code amendments) at its sole cost and expense. However, AEG shall pay RBOC up to Four Hundred Thousand Dollars (\$400,000) to cover its actual, out of pockets expenses related to an Environmental Impact Report payable as follows: \$200,000 upon execution of this Letter/Term Sheet and the remainder based on actual costs up to the maximum amount of \$400,000 upon presentation of the Final EIR to the City Council.

AEG PREFERRED VENUE: During the Term, the RBOC shall have a Right of First Negotiation for the Rose Bowl Stadium with respect to any music concert or sporting event to be produced or promoted by AEG or any of its wholly owned or controlled affiliates in the Los Angeles area with an expected attendance of 30,000 or more.

LOAD IN/LOAD OUT: It is anticipated that the only time that recreation will be closed in the Arroyo will be on event dates. Load in and out on the golf course portion of the venue will be limited to no more than 9 holes, therefore it is expected that a minimum of 27 holes will be available for play at all times, other than on event dates.

NEIGHBORHOOD MANAGEMENT PLAN

One of the most important aspects of the event will be a neighborhood management plan that will be co-developed by AEG, the RBOC and the City of Pasadena (particularly the Pasadena Police Department (PPD)). Specific elements of the plan may include:

- Monthly, and weekly as the event dates approach, communication and/or meetings with neighbors leading up to and on event day(s)
- Two-tier security checkpoint process
- Designated private and public security to rove in and monitor neighborhoods
- Identifying wristbands and/or parking placards for protected areas
- Sound control and design handled by promoter, not artist
- Sound utilizes state of the art technology to focus music on audience, not neighborhoods

ENVIRONMENTAL ANALYSIS:

The impacts of the proposed project have been the analyzed in the Arroyo Seco Music and Arts Festival FEIR (SCH #2015051025). The FEIR was prepared to analyze the potential environmental impacts of a three-day annual music and arts festival. The FEIR analyzed the potential impacts to Aesthetics, Air Quality, Biological Resources,

Cultural Resources, Greenhouse Gas Emissions, Land Use, Noise, Public Services, Recreation, Traffic and Circulation, and Water Supply. Of these eleven areas, the FEIR concluded there would be significant impacts related to Air Quality, Greenhouse Gas Emissions, Noise, Recreation, and Traffic and Circulation. All other impacts were determined to be less than significant or less than significant with mitigation measures incorporated.

Scoping & Public Outreach

An Initial Study (IS) and Notice of Preparation (NOP) were released on May 8, 2015 to announce that the City was preparing the EIR and to solicit comments and input on what topics the EIR should analyze. The 30-day period to submit comments began on May 8 and ended on June 8, 2015. During the period for public review of the Initial Study, three scoping meetings were held on May 21, 2015, May 23, 2015, and May 27, 2015, to explain the project and obtain input from the public on what topic areas should be considered in the preparation of the Draft Environmental Impact Report (DEIR).

Draft Environmental Impact Report

The DEIR was released for review on December 21, 2015 and comments were accepted until February 19, 2016. While the California Environmental Quality Act (CEQA) requires a minimum 45-day review period for a DEIR once it is prepared, a 60-day public review period was provided for this project. Staff presented the DEIR to the Transportation Advisory Commission on January 28, 2016, the Recreation and Parks Commission on February 2, 2016 and the Planning Commission on February 10, 2016 to obtain their comments.

In addition to receiving comments from Commissioners at each of these meetings, a number of public speakers provided comments. While there were some speakers who attended more than one hearing, seven speakers provided comments at the Planning Commission hearing, three at the Transportation Advisory Commission and two speakers at the Recreation and Parks Commission. During the review period, staff received a total of 17 letters and e-mails (over 250 comments were received).

Responses to Comments

CEQA requires that the FEIR include a list of all commenters, all comments that were received, and responses to each comment. For this project, a wide variety of comments were received. Some comments were related directly to CEQA impacts such as traffic and recreation while other comments were related to the project and were outside the parameters of CEQA analysis.

While no changes were made to the conclusions of the DEIR as a result of the comments received, several mitigation measures were altered and/or strengthened,

new mitigation measures were developed, and additional explanation of previous analysis was provided.

Final Environmental Impact Report

As noted above, the FEIR analysis determined the project would result in significant impacts related to Air Quality, Greenhouse Gas Emissions, Noise, Recreation, and Traffic and Circulation. Impacts to Aesthetics, Biological Resources, Cultural Resources, Land Use, Public Services, and Water Supply were determined to be less than significant.

Less than Significant Impacts

Aesthetics: Less than Significant Impact

The Aesthetics analysis in the FEIR concluded that the project would not substantially degrade the existing visual character or quality of the site and its surroundings. The FEIR identified the potential to create a new source of substantial light or glare, which could adversely affect day or nighttime views in the area. However, this impact was reduced to less than significant with the adoption of Mitigation Measures AES-1 and AES-2.

Biological Resources: Less than Significant Impact

The FEIR concluded that the proposed project could interfere with the movement of native, resident, or migratory wildlife avian species or with established native resident or migratory wildlife corridors. The implementation of mitigation measure BIO-1 however, reduces the potentially significant impact to less than significant.

Cultural Resources: Less than Significant Impact

The FEIR includes a Historic Resources Assessment that was prepared to analyze the proposed project's operation and temporary structures' effect on the Historic Resources located within the Central Arroyo Seco. The Historic Resources Assessment and the FEIR concluded that the proposed project would not cause a substantial adverse change in the significance of known historical resources as defined in Section 15064.5 of the CEQA Guidelines.

Land Use: Less than Significant Impact

The FEIR analyzed the project's potential impact on Land Use, including whether it would physically divide a community or conflict with an applicable land use plan. It was concluded that in addition to not physically dividing a community, the project would not conflict with land use plans such as the Land Use and Green Space, Recreation, and Parks Elements of the City's General Plan, the Arroyo Seco Public Lands Ordinance, or the Arroyo Seco Master Plan. Impacts were determined to be less than significant.

Public Services: Less than Significant Impact

The FEIR also analyzed the potential impact of the project on Public Services, specifically, fire and police protection. The FEIR concludes that while the festival would increase the need for fire and police services, the proposed Project would not result in the need for new or physically altered facilities in order to maintain acceptable service ratios, response times, or other performance objectives for fire protection and emergency services.

Water Supply: Less than Significant Impact

In response to comments received during the scoping period in light of the current drought Southern California is experiencing, the FEIR analyzed the project's potential impacts related to water supply. The FEIR concluded that the project would result in a minor temporary increase in water usage, and there would be no need for expanded or additional water supply facilities.

Significant and Unavoidable Impacts

Air Quality: Significant and Unavoidable Impact

The Air Quality analysis in the FEIR concluded that while the project would not conflict with an applicable air quality plan or expose sensitive receptors to substantial concentrations of pollutants or objectionable odors, the project would still have significant impacts. The impacts are the generation of pollutants in excess of the South Coast Air Quality Management District's (SCAQMD) significance thresholds and cumulatively considerable effect on air quality. Both of these impacts result primarily from vehicle emissions and the number of vehicle trips associated with the project. With the adoption of Mitigation Measures AIR-1 and GHG-1, the impacts to air quality would be reduced, but would remain significant and unavoidable.

Greenhouse Gas Emissions: Significant and Unavoidable Impact

The FEIR concluded that the project would result in an increase of Greenhouse Gas (GHG) emissions associated with project operations, including vehicular traffic to and from the project site. The increase would be up to 7,695 metric tons of carbon dioxide equivalents (MTCO₂e) per year, which exceeds the SCAQMD's screening threshold of 3,000 MTCO₂e per year. Mitigation Measure GHG-1 reduces the potential impact, however the project's impact is considered to be significant and unavoidable.

Noise: Significant and Unavoidable Impact

The Noise analysis in the FEIR concluded that while the project would not result in a permanent increase in ambient noise levels, the noise levels generated by the project would exceed the thresholds in the Noise Ordinance, even on a temporary or periodic basis. More specifically, the noise generated by the festival itself would not exceed the noise thresholds but it would be the road noise generated by vehicular traffic on the streets that would exceed the thresholds.

No feasible mitigation measures are available to reduce the road noise generated by the vehicular traffic and impacts remain significant and unavoidable.

Recreation: Significant and Unavoidable Impact

The Rose Bowl loop and the fields and parks surrounding the Rose Bowl provide significant recreational opportunities for residents of Pasadena and surrounding communities. The FEIR analyzed the potential for the project, as a displacement event at the Rose Bowl facilities, to adversely affect existing on-site recreational facilities, indirectly increase the use of parks or other recreational facilities such that substantial physical deterioration could occur, or result in the need for construction of new parks or expansions to existing parks such that environmental impacts would occur.

The FEIR concluded that while the displacement of recreation users uses could result in the increased use of other neighborhood and regional parks and/or other recreational facilities in the city, this increase would not result in physical deterioration of these facilities and would not lead to the need for new or physically altered parks and recreational facilities. Additionally, the short-term effect of this displacement of users would not necessitate the need for the construction of additional recreational facilities or expansion of existing facilities, such that environmental impacts would result.

The FEIR also concluded that although the project's impact does not rise to the level of significance, the project's incremental contribution to recreation impacts is considered cumulatively considerable. Mitigation Measure REC-1 requires the City to monitor Citywide park use during festival days and repair any deterioration to parks and recreational areas that occurs as a result of the festival. As a result of this mitigation measure, the cumulative impact would be reduced but would remain significant and unavoidable.

Traffic and Circulation: Significant and Unavoidable Impact

The traffic study for the project was prepared by Fehr and Peers, based on the City's new traffic metrics. The study analyzed Vehicle Miles Traveled (VMT) per capita and Vehicle Trips (VT) per Capita for the City of Pasadena, and Levels of Service (LOS) for intersections that are subject to jurisdictions located outside of the City. The study concluded that the project would result in a significant impact in both VMT per Capita and VT per Capita for the City of Pasadena. Additionally, of the 43 intersections analyzed (located in other jurisdictions), existing plus project and the future (2016) plus project scenarios determined that the festival would significantly impact traffic at 18 intersections on a weekday and 13 intersections on a weekend day. For the future (2026) plus project scenario, the festival would significantly impact traffic at 21 intersections on a weekday and 15 intersections on a weekend day. For the future (2035) plus project scenario, the festival would significantly impact traffic at 21 intersections on a weekday and 16 intersections on a weekend day.

To mitigate the identified impacts, the FEIR includes two traffic-related mitigation measures, Mitigation Measures TRA-1 and TRA-2. TRA-1 requires establishment of an

annual traffic management plan that is coordinated with City departments, outside agencies, service providers and residents and includes promotion of transit usage, incentivizes carpooling and utilizes technology to distribute information. TRA-2 requires establishment of an annual post-event report card that analyzes the event and includes recommendations for subsequent events. As a result of these mitigation measures, the impacts would be reduced but would remain significant and unavoidable.

In addition to VMT, VT and LOS analyses discussed above, the traffic study also analyzed temporary impacts to CMP arterial intersections. The LOS analysis for the future (2026) plus project scenario determined that the festival would significantly impact one intersection. The LOS analysis for the future (2035) plus project scenario for determined that the festival would significantly impact two intersections. Mitigation measures TRA-1 and TRA-2 would be implemented, which would help improve overall circulation issues in surrounding jurisdictions resulting from the proposed project. However, even with implementation of this measure, the traffic impacts would remain significant and unavoidable.

Alternatives

The FEIR analyzed four project alternatives that would avoid or lessen significant environmental impacts, while still meeting the basic objectives of the project:

1) No Festival (No Project)

The CEQA Guidelines require EIRs to include a No Project Alternative for the purpose of allowing decision makers to compare the effects of approving the project with the effects of not approving the project. Alternative 1, the No Festival (No Project) Alternative, would assume that the Rose Bowl Operating Company (RBOC) would not enter into a License Agreement (the Agreement) with Anschutz Entertainment Group (AEG, festival operator) to host the three-day Arroyo Seco Music and Arts Festival on an annual basis (10 years with two five-year renewal options) at the Rose Bowl Stadium complex and surrounding area. The No Festival Alternative would not amend the Pasadena Municipal Code (PMC), Chapter 3.32, "Arroyo Seco Public Lands Ordinance", to increase the number of displacement events from 12 to 15 or increase the allowed uses on the Brookside Golf Course. Under the No Festival Alternative there would be no project, no agreement, and no amendment, and the Rose Bowl and Brookside Golf Course operations would continue consistent with ongoing practice.

2) Revised Layout

Alternative 2, the Revised Festival Layout Alternative, would relocate the alternate main stage location from Area H to Lot K to reduce the potential cumulative recreation impacts associated with the closure of Area H. Under this Alternative, after the first year of the festival, the main stage located within the Rose Bowl Stadium that may move out to Area H would be instead be moved to Lot K. Stages B, C, and D on the Brookside

Golf Course would not be moved. Setup, operation, and breakdown of the Revised Festival Layout Alternative would remain consistent with that of the proposed project.

3) Reduced Capacity

Alternative 3, the Reduced Capacity Festival Alternative would limit the number of attendees to a maximum of 61,819 people, including employees, as opposed to 93,000 for the proposed project (a decrease of 31,181 people). This reduction is based on an approximate 33 percent reduction in vehicle miles traveled, in order to reduce project-related traffic impacts during the three days of the festival. The reduction would also require less vehicle parking, both on-site at the Rose Bowl and at the five off-site parking locations (though all off-site parking locations would still be utilized).

Correspondingly, there would also be a reduction in the shuttle bus trips that would be required to operate to and from the off-site parking locations to the festival site. While the overall capacity of the festival would be reduced under this Alternative, the overall physical boundaries, setup, operation, and breakdown of the event would remain unchanged from the proposed project. Under this Alternative, the Agreement and Amendment would still occur consistent with that proposed under the project.

4) No Increase in Displacement Events

Under Alternative 4, the No Increase in Displacement Events Alternative, the RBOC could enter into an Agreement with AEG to host a three-day festival; however, the Amendment to increase the number of displacement events allowed at the Rose Bowl Stadium without further City Council approval would not occur. The festival would take place within the existing twelve (12) displacement events per year allowed by the PMC without further approval by the City Council. This Alternative would still include the Amendment to allow for displacement event and related uses within the Brookside Golf Course. In addition, setup, operation, and breakdown of this Alternative would remain consistent with that of the proposed project. Under this Alternative, the festival and the Agreement with AEG could occur; however, the Amendment to allow additional displacement events would not be necessary.

STATEMENT OF OVERRIDING CONSIDERATIONS:

As noted above, the proposed project will result in significant environmental impacts that cannot be mitigated. As a result, CEQA requires that the City Council adopt a "Statement of Overriding Considerations" before it may approve the proposed project.

A "Statement of Overriding Considerations" is a finding by the City Council that the benefits of the Project outweigh its environmental impacts and therefore the City Council has elected to proceed with the project despite its impacts.

Staff recommends that the City Council adopt such a statement for this project. The FEIR clearly identifies a number of significant environmental impacts and members of the community have expressed legitimate objections to the impacts that will result from

the project. However, the significant impacts related to this proposal are temporary and would primarily occur on the three event days per year.

The benefits of the Project are also significant. The festival is projected to generate between \$90 million and \$106 million over the proposed 20-year period. The revenues are critical to stabilizing the RBOC operating budget, currently at \$40 million annually, in addition to funding future capital improvements for the stadium, which, through 2020, are projected to cost approximately \$19 million. An Economic Impact Study of the festival projected a total of \$385 million in potential overall economic benefits to the City over the life of the festival.

FISCAL IMPACT:

The RBOC recently updated its pro-forma through 2021, and presented it to the Finance Committee of the City Council on March 14, 2016. The RBOC included recommended capital improvements in the amount of approximately \$18.9 million through 2021. This figure assumed that a Wi-Fi installation throughout the stadium will be funded by a third party. This figure also excludes future capital improvements to the golf course and clubhouse.

ROSE BOWL OPERATING COMPANY FINANCIAL ANALYSIS (LIMITED SCOPE)

Financial Performance – Summary

- The following table summarizes the estimated financial performance of the Rose Bowl Stadium based on the assumed event mix Adjusted income/(loss) after golf course/debt service.
- Program balance assuming all capital improvements (\$18.9 million from FY 2016 to FY 2020)
- Program balance assuming only recommended capital improvements (\$16.8 million from FY 2016 to FY 2020)

	Base Case	Sensitivity #1 Music Festival
Adjusted Income/(Loss) After Golf Course/Debt Service		
FY 2016	\$3,728	\$3,728
FY 2017	\$768,813	\$3,234,643
FY 2018	\$129,348	\$2,885,556
FY 2019	\$665,017	\$3,928,911
FY 2020	(\$595,395)	\$2,847,959

	Base Case	Sensitivity #1 Music Festival
All Capital Improvements - Program Balance - Ending		
FY 2016	\$4,001,298	\$4,001,298
FY 2017	\$4,276,082	\$9,741,912
FY 2018	(\$3,976,348)	\$4,245,689
FY 2019	(\$10,976,024)	\$509,907
FY 2020	(\$13,982,285)	\$946,999
Recommended Capital Improvements - Program Balance - Ending		
FY 2016	\$4,001,298	\$4,001,298
FY 2017	\$4,409,082	\$9,874,912
FY 2018	(\$2,693,348)	\$5,528,689
FY 2019	(\$9,565,024)	\$1,920,907
FY 2020	(\$11,888,285)	\$3,040,999

Sensitivity #1, assumes minimum rent for music & arts festival from FY 2017 to FY 2020 (capital contribution is also included)

The following schedule is the anticipated direct fiscal impact from the agreement with AEG.

Minimum Rent		
Year of Event	Lowest Scenario	Highest Scenario
	3%	5%
<u>Initial Term</u>		
1	\$2,000,000	\$2,000,000
2	\$2,500,000	\$2,500,000
3	\$3,000,000	\$3,000,000
4	\$3,090,000	\$3,150,000
5	\$3,182,700	\$3,307,500
6	\$3,278,181	\$3,472,875
7	\$3,376,526	\$3,646,519
8	\$3,477,822	\$3,828,845
9	\$3,582,157	\$4,020,287
10	\$3,689,622	\$4,221,301
Total (Years 1-10)	\$31,177,008	\$33,147,327

Minimum Rent		
Year of Event	Lowest Scenario	Highest Scenario
	3%	5%
<u>Renewal Term 1</u>		
11	\$4,612,027	\$5,276,627
12	\$4,750,388	\$5,540,458
13	\$4,892,899	\$5,817,481
14	\$5,039,686	\$6,108,355
15	\$5,190,877	\$6,413,773
Total (Years 11-15)	\$24,485,878	\$29,156,693
<u>Renewal Term 2</u>		
16	\$6,488,596	\$8,017,216
17	\$6,683,254	\$8,418,077
18	\$6,883,752	\$8,838,980
19	\$7,090,264	\$9,280,929
20	\$7,302,972	\$9,744,976
Total (Years 16-20)	\$34,448,839	\$44,300,178
Total (Years 1-20)	\$90,111,725	\$106,604,197

Note: Minimum Rent payments for years 1-3 fixed.

Respectfully submitted,


 Darryl Duhn
 RBOC General Manager

Attachments: (4)

Attachment A – Additional License Agreement Provisions

Attachment B – Final Environmental Impact Report prepared for the Arroyo Seco Music and Arts Festival (Distributed Separately)

Attachment C – Economic Impact Study by Micronomics

Attachment D – RBOC Board meeting: summary of public questions and responses