

Agenda Report

October 17, 2005

TO: City Council

FROM: Rose Bowl Operating Company

THROUGH: Economic Development and Technology Committee

RE: Strategic Work Plan for the Future of the Rose Bowl Stadium

RECOMMENDATION:

It is recommended that the Board of Directors of the RBOC approve and recommend that the City Council approve:

1. The development of a Strategic Work Plan for the future of the Rose Bowl Stadium, according to the outline set forth in this memorandum;
2. The allocation of up to \$250,000 in City of Pasadena Funds for the development of the Strategic Work Plan; and
3. The postponement of the implementation of recommendations Nos. 1 and 2 until the results of the initiative concerning the NFL is determined.

BACKGROUND:

On June 6, 2005, there were insufficient votes within the City Council to proceed with negotiations with the National Football League ("NFL") for the renovation of the Rose Bowl Stadium. The City Council, did however, approve in concept the allocation of up to \$150,000 in City of Pasadena funds to develop for the Rose Bowl a Plan B (now designated the Strategic Work Plan or "Plan") that (1) would contemplate no involvement of the NFL, and (2) would seek to identify the means of assuring the future financial stability of the Rose Bowl. During the discussion, the RBOC was identified as the lead agency for this project and was instructed to return to the City Council to provide an outline for development of this Strategic Work Plan.

During the environmental impact report process for the NFL project and on other occasions, the RBOC received information from various parties, including our tenants and the public at large, expressing their views on the future of the Rose Bowl, with and without the NFL. Following the June 6th City Council meeting, we again met with UCLA and the Tournament of Roses to discuss the future of the Rose Bowl.

For purposes of this report, the focus is on the Rose Bowl Stadium. We recognize that Brookside Golf Course, in particular, and other RBOC tenants and one-time events, such as R.G. Canning Flea Market and concerts, are important contributors to the overall operations of the RBOC. Their contributions will be highlighted as we update the RBOC's business plan as a part of the Strategic Work Plan, and they will be involved in any decisions concerning prospective improvements to the facility.

THE STRATEGIC WORK PLAN STUDY PROPOSAL

The RBOC proposes to manage a multi-track process involving all key stakeholders in the development of a Strategic Work Plan for the future of the Rose Bowl that will seek to ensure its financial stability and its continuing status as one of the preeminent college football stadiums in the country and site of the annual Tournament of Roses championship game. The RBOC expects that the Plan will present one or more options for the City Council and the City of Pasadena to consider. The RBOC recognizes that any options that emerge from this planning process will need to be evaluated against the option of maintaining the status quo, that is, doing nothing further in the way of special efforts to upgrade the Rose Bowl. Two of the options that will need to be reviewed thoroughly include public safety enhancements that will analyze both potential improvements to the evacuation/exiting plan of the Rose Bowl, as well as security features for the stadium. Also, the Plan should review in detail the factors necessary to enable the stadium to be competitive with other major college football stadiums throughout the country. It should be noted that cost estimates and prospective funding sources will be an important part of the planning process.

The Stakeholders

The key "stakeholders" of the Rose Bowl that should be involved in this process include, most particularly, the taxpaying citizens of the City of Pasadena, which owns the facility, and its two main tenants, the Tournament of Roses and UCLA, each of which has a long-term lease for the use of the facility. Both the Tournament of Roses and UCLA need to be considered as partners in this planning effort. In addition, we recognize that others in the community at large, including individuals, nearby neighborhood associations, other operations in the Central Arroyo (such as Kidspace and the Rose Bowl Aquatic Center), and others with a special interest in the Rose Bowl, have a vested interest in the ultimate direction of the Rose Bowl.

It should also be pointed out that the members of the RBOC, appointed by the City from each of the city council districts and by the key tenants of the facility, represent the specially designated stakeholders in this process. Through its corporate charter, the RBOC is charged with responsibility for returning "economic and civic value to the City of Pasadena by managing a world-class stadium and a professional quality golf course complex in a residential open-space environment." Moreover, in its management and operating agreement with the RBOC, the City expressly charged the RBOC "to secure the management, operation and maintenance of specific [Rose Bowl] assets in order to optimize their revenue-gathering capacities while minimizing the net cost to City and avoiding City exposure to operating loss." The RBOC has the particular experience and has acquired the expertise to lead and manage this planning process. It is in the discharge of its

corporate responsibilities and in stewardship of the precious asset entrusted to it by the City, that the RBOC undertakes this effort.

Setting the Stage

The Rose Bowl is an 80-year old stadium with maintenance requirements that can be expected to increase with each year. It operates at an annual net loss and is subsidized by revenue from Brookside Golf Course operations. The Rose Bowl has a special and historic relationship with the Tournament of Roses such that the two entities are synonymous to many in the country and around the world. While the Tournament hosts a single event each year, that event produces by far the largest single contribution of revenue to Rose Bowl operations. At the same time, the long-term tenant relationship with UCLA has become increasingly important to the future of the Rose Bowl. The Tournament's current lease with the City expires in 2019, while the current UCLA lease with the RBOC expires in 2023. Without question, the key to the future financial stability of the Rose Bowl depends on the renewal of those two lease arrangements. In addition, it is vital that the Rose Bowl Stadium host the new BCS National Championship Game. There is no guarantee of that in future years, and the condition of the stadium will be an important element if the Rose Bowl is to continue to be the dominant facility for bowl games in the United States.

In these deliberations about the future of the Rose Bowl, we will ask all concerned to think outside the box, to set aside any preconceived notions of what they might like the result to be, and to take this opportunity to bring an imaginative and critical, but impartial, eye to what may or may not be possible. However, we also recognize we will not be acting on a clean slate with nothing to limit our imaginations. We must take into account physical limitations, *e.g.*, an 80-year old stadium, as well as fiscal limitations, *e.g.*, how to pay for whatever is presented in the Strategic Work Plan. The main goal of this effort is to devise a plan to insure that the Rose Bowl is a premier football venue in the United States.

In developing the Strategic Work Plan, we will consider those elements that are important to the various stakeholders and interested parties: the number and type of future events; potential physical modifications to the stadium to address public safety concerns, or to make the stadium more attractive from a competitive standpoint; and funding opportunities to pay for whatever investment is to be made in the stadium, such as potential commercial opportunities (*e.g.*, naming rights), assessment of philanthropic opportunities and the like.

The Process

The Strategic Work Plan will be the end product of this planning effort, and we expect to present it to the RBOC and then to the City Council within six months after the City Council directs the RBOC to implement this planning effort. The RBOC will be the lead agency, and its entire Board of Directors will be responsible for approving, and making the ultimate recommendation on the Strategic Work Plan to the City Council. The planning effort will proceed along the following parallel tracks:

- Tenant Opportunity Track – To consider what capital repairs and other capital improvements may be needed to remain competitive and what revenue enhancement opportunities may result therefrom, and to develop preliminary architectural and engineering analyses of those opportunities with the greatest revenue potential comparing estimated cost, preliminary design and revenue impacts. To the extent it becomes relevant, other Rose Bowl tenants or event promoters, *e.g.*, the Flea Market, will be included in discussions of potential facility improvements or revenue generating opportunities. In each instance, each tenant will be asked to consider what facility improvements will be needed for the tenant’s operations at the Rose Bowl to remain competitive and what improvements have the potential to generate additional revenue. In the case of the major tenants, formal revenue enhancement analyses will be undertaken. The Tenant Opportunity Track Team will consist of representatives of the Tournament of Roses, UCLA, RBOC, and, as needed, financial/marketing analysts, architects/engineers, and an historical preservation consultant. Subgroups of this Team will meet as often as needed to complete preliminary analyses of options for further consideration, including consideration by the Community Workshop Track.
- Community Views Workshop Track – To elicit views and suggestions from the community at large on event mix, event enhancement opportunities, potential operational concerns, and revenue enhancement opportunity ideas that emerge from the Tenant Opportunity Track effort. This will be accomplished through an extensive outreach plan within the community. We recommend that their interests be elicited through a series of workshops:
 - Neighborhood Forum – Focusing specifically on the East Arroyo and Linda Vista areas, as these areas have impacts that are unique to other parts of the city.
 - Arroyo user groups – Organizations such as the Rose Bowl Aquatic Center, Kidspac, AYSO, Villa Park Soccer, Golfers, Bicyclists, Equestrian Riding Clubs, and the like.
 - Businesses – Chamber of Commerce, Hotels, Old Pasadena, PCOC, Restaurants
 - Environmentalists/Preservationists – Focusing on groups that are interested in both the future of the Arroyo from an environmental perspective and for those who have passion for preservation.
 - Council District Forums – Going, in conjunction with a council representative, to each council district to participate in a forum concerning the future of the Rose Bowl.
- Outcomes - The end product of this planning effort will be the Strategic Work Plan that contains proposals for presentation to the RBOC and ultimately to the City Council to consist of:
 - a statement confirming the long-term goals of the Rose Bowl and its place in the life of the City of Pasadena;
 - a comprehensive statement of the current operating and physical condition of the Rose Bowl; a report on our surveys of other major college football stadium, including stadiums that host BCS National Championship Games;

- analyses of the most promising option or options to emerge from the tenant and community discussions relating to facility improvements and/or other revenue generating opportunities, including cost estimates;
 - preliminary drawings of any significant Rose Bowl facility improvements to be proposed; and
 - any proposed plan or options for financing such improvements that came out of the tenant and community discussions.
- Timing:
 - As soon as practical after the City Council directs the RBOC to implement the Strategic Work Plan process, this planning effort will formally begin with an initial Community Views Workshop. At this initial session, the RBOC will present for discussion a set of fact sheets relevant to Rose Bowl operations, and the fact sheets will serve as a common information base for the planning efforts.
 - Discussions with the main Rose Bowl tenants have been ongoing, but will be formalized into a more regular series of planning sessions anticipating specific outcomes, and financial/design consultants will be engaged.
 - Subsequent Community Views Workshops will be scheduled on a bi-monthly basis, or as needed, to coincide with developments emerging from the Tenant Opportunity Track discussions. The RBOC will rely on these sessions to advise the community at large of the progress reached on the planning process, including issues that have been raised previously and addressed, any new issues that may have arisen, and the like. It is anticipated that three such Community Workshops will be needed over a six-month planning period; however, the scheduling of sessions on both planning tracks will be on an as-needed basis.
 - A final meeting or meetings will be scheduled to include tenant representatives and consultants to present the Strategic Work Plan to the community at large prior to its finalization and presentation to the RBOC.
 - The Strategic Work Plan will then be presented to the RBOC for its approval.
 - The Strategic Work Plan as recommended by the RBOC will be presented to the City Council as the final decision-maker.

It will be imperative to retain a specialized architectural firm, qualified sports-oriented financial group and an historic preservation consultant. In addition, a community outreach firm will also be necessary to provide information to the community at large related to this important effort and to help the RBOC conduct the collaborative process.

Recently, an initiative regarding the NFL at the Rose Bowl was filed with the City of Pasadena. Given the climate that will be created as a result of this action, it is recommended that the Strategic Work Plan process be held in abeyance until the outcome of the initiative process is determined.

BUDGET

The proposed budget for the development of the Master Plan for the Revitalization of the Rose Bowl Stadium is \$250,000. While this is an increase of \$100,000 from the amount approved in concept on June 6, 2005, it should be noted that this is the maximum amount that would be expended. Depending on the direction that the planning process ultimately takes, it could be less. The budget is broken down as follows:

- Financial Analysis - \$50,000
- Architectural - \$150,000
- Historical Preservation - \$15,000
- Community Outreach - \$35,000

FISCAL IMPACT:


It is anticipated that funding for this project would be made available from the City's General Fund.

Prepared by:



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Respectfully submitted,



for Edward S. Garlock
RBOC President