



Agenda Report

November 19, 2007

TO: City Council
THROUGH: Finance Committee

FROM: Rose Bowl Operating Company

SUBJECT: AMENDMENT TO FISCAL YEAR 2008 OPERATING BUDGET -
APPROPRIATION OF \$220,000 TO PROVIDE FOR ADDITIONAL
ARCHITECTURAL AND FINANCE RELATED WORK FOR THE ROSE
BOWL STRATEGIC PLAN.

RECOMMENDATION:

It is recommended that the City Council approve a journal voucher appropriating \$220,000 from the Rose Bowl Fund undesignated retained earnings to the Fiscal Year 2008 operating budget to fund additional architectural and finance related work for the Rose Bowl Strategic Plan.

EXECUTIVE SUMMARY:

The Strategic Plan is a roadmap for the City and the RBOC to address the Rose Bowl Stadium's needs and programmatic requirements to preserve and enhance the stadium. The Rose Bowl is one of the top college football stadiums in the United States and has hosted some of the world's most significant athletic 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 the concourse, utility upgrades, additional concession stands and restrooms in order to have an appropriate quantity of each for a stadium with a 90,000 seat capacity. Dedicating a revenue stream is essential to maintain the stadium properly for the long term. The Rose Bowl is a distinguished National Historic Landmark, and the proposed projects will not jeopardize the stadium's Landmark status.

To develop the strategic plan, The City of Pasadena, RBOC, Tournament of Roses, and UCLA have been meeting with HOK Sports and Barrett Sports Group to develop a consensus on proposed physical improvements to the stadium, as well as the development of a financing plan.

In addition, the RBOC has been working with the City of Pasadena on an environmental analysis of the Rose Bowl Strategic Plan as required by the California Environmental Quality Act (“CEQA”).

To date, a total of \$750,000 has been allocated to this effort through combined financial contributions from City of Pasadena (\$375,000), UCLA (\$125,000), Tournament of Roses (\$125,000), and RBOC (\$125,000). Approximately \$600,000 has been spent to date, but it is anticipated that it will become necessary to spend in excess of \$750,000, as described below.

It is likely that all elements that are desired by the tenants and RBOC will not be able to be constructed due to financial limitations. However, the RBOC has been focusing on development of a donor group to help mitigate those limitations.

BACKGROUND

The development of the strategic plan began in June of 2005, after the City Council decided not to pursue negotiations with the National Football League. In May of 2006, \$500,000 was budgeted to begin the initial phase of the strategic planning process.

During this time period, the programmatic needs for the stadium’s future were developed by the architects, HOK, with participation from the RBOC, City, UCLA and Tournament of Roses. In addition, priorities were developed by these entities. Several consultants were retained as well, including a code consultant, mechanical engineer, structural engineer, cost estimator, civil engineer, media consultant and community outreach consultant.

During the same period, Barrett Sports Group conducted a market study to determine the appropriate amount of premium seating that could be supported in a renovated facility, as well as other funding opportunities.

In June of 2007, an additional \$250,000 was appropriated for the environmental analysis of the proposed improvements along with the continued development of a financing plan. A naming rights analysis was also completed, as was a feasibility study on the potential use of historic tax credits. Bond counsel, Fulbright and Jaworski and disclosure counsel, Squire Sanders, were also retained during this time period, as was a financial advisor, PFM, for the project.

The request for additional funds is being requested due to the complexities and additional time needed as it relates to the development of a financing plan, the

completion of the master plan document and the pursuit of a philanthropic campaign to provide funding for the future of the Rose Bowl.

Barrett Sports Group

Barrett Sports Group has been retained to date via purchase orders with the RBOC, as the amount they have been compensated has been within the amount the RBOC General Manager's authority. Although there is still approximately \$25,000 available to compensate Barrett in fiscal year 2008, it is apparent that this amount will be exceeded hence; a request is being made to enter into a contract between Barrett Sports Group and the RBOC. It is anticipated that Barrett Sports Group will continue to play a key role in the development of the financing plan as well as providing analytical support to the RBOC/City and its tenants, UCLA and Tournament of Roses, as Barrett has been the primary financial expert in developing the financing plan and key assumptions into future revenue projections as a result of the project.

It should be noted that originally it was hoped that the development of the financing plan would be completed by the end of 2007. However, until negotiations with the tenants are concluded and the particular revenue sources for the project identified, the financing plan cannot be completed. Further, additional funding may be necessary should Barrett's services be needed extensively during negotiations.

HOK

Additional work related to SEIR

As a result potential changes in the scope of certain elements of the master plan additional services on the part of HOK have become necessary. Specifically, as the environmental team was analyzing the horizon level, which was the primary method developed for addressing exiting concerns, the impact on the historic component of the seir had a strong likelihood of being significant. Additional discussions and meetings occurred between HOK and staff to determine whether another opportunity may exist to address the exiting concerns of the stadium, without having a significant impact on the historic element of the seir. This effort resulted in the development of both the tunnel widening concept and internal concourse concept. It should also be noted that the development of these concepts also could have an impact on the plaza level improvements, which are also a priority of the project. The RBOC agreement with HOK called for HOK's tasks to be completed once the draft master plan was submitted, as it was contemplated from that point forward only the environmental analysis would occur. Since additional work has become necessary, additional funding for completion of the draft master plan has become necessary. The estimated amount for this segment of the work is \$50,000.

Additional work related to philanthropic opportunities

The Rose Bowl, which is primarily a venue for college football, is unique in that it is not owned by a university, and does not receive donations. There are very few municipally owned stadiums that have this distinction (Orange Bowl Stadium, Cotton Bowl Stadium, Los Angeles Memorial Coliseum). The Orange Bowl Stadium has just lost its tenant of 70 years, the University of Miami, and will likely be demolished as it has no use and is in poor condition. The Cotton Bowl Game is moving out of the Cotton Bowl Stadium. The City of Dallas, which owns the Cotton Bowl Stadium, is intending to remove the Cotton Bowl name from the stadium.

The RBOC has been focusing on development a donor group to help support the stadium and avoid the fate of other stadiums named for bowl games. Very preliminary discussions have been initiated between the RBOC and a few potential donors.

Although the master plan addresses the programmatic needs of the stadium, the plan does not provide the type of drawings that will be necessary to attract prospective donors; hence it has been requested to provide more detailed drawings that could excite prospective donors. After meeting with HOK and members of a potential donor group, it has been determined that the drawings should be focused on;

- 1) **South End Entrance-** The enhancement and prospective improvements to the front door of the Rose Bowl
- 2) **Internal Concourse-** Development of new space that could be a significant improvement to the fan experience, as the current concourse does not provide adequate space to handle large crowds
- 3) **Historical Walk-** completely around the stadium or in certain locations , so patrons could walk around the Rose Bowl and recognize the great history of the stadium
- 4) **Hall of Fame/Museum-** This could be modeled after the museum at Wimbledon, which could provide excitement and memorialize some of the great moments in Rose Bowl history

It is anticipated that the additional drawings in addition to further financial analysis would enable a potential donor to understand what their dollars could establish for the future of the Rose Bowl. It is anticipated that this segment of the work will cost approximately \$100,000.

FISCAL IMPACT

Funding for the proposed additional services to be provided by HOK and Barrett Sports Group is available from the Rose Bowl Fund's undesignated retained earnings. Approval of the recommendation would leave approximately \$855,000 remaining in undesignated retained earnings.

Respectfully submitted,



for William E. Thomson, President
Rose Bowl Operating Company

ROSE BOWL OPERATING COMPANY

*** STRATEGIC PLAN ***

	<u>APPROPRIATED</u>				
	<u>PHASE 1</u>	<u>PHASE 2</u>	<u>SUB-TOTAL</u>	<u>PROPOSED</u>	<u>TOTAL</u>
CITY	\$250,000	\$125,000	\$375,000		\$375,000
UCLA	125,000		125,000		125,000
RBOC		125,000	125,000	220,000	345,000
TOURNAMENT OF ROSES ASSOCIATION	125,000		125,000		125,000
TOTAL	<u>\$500,000</u>	<u>\$250,000</u>	<u>\$750,000</u>	<u>\$220,000</u>	<u>\$970,000</u>