

TO: Mayor Bill Bogaard and Members of the City Council  
FROM: Darryl Dunn, General Manager *DD*  
SUBJECT: Tournament of Roses Contract Amendment Agenda Report  
DATE: AUGUST 7, 2008

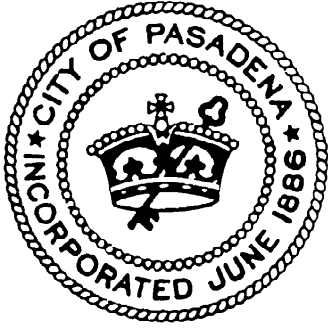
Mayor Bogaard and Members of the Council,

Attached is an agenda report related to a recommended contract amendment with the Tournament of Roses so the Rose Bowl can host the BCS National Championship Game on January 7, 2010.

It is my understanding that this packet is going out before the RBOC has voted on the item (August 7<sup>th</sup> @ 6:30 p.m.), so if the RBOC takes action that varies at all from the recommendation listed on the agenda report, the information will be provided on the floor of the Council on the 11<sup>th</sup> of August.

cc: Barney Melekian, City Manager

08/11/2008  
5.A.1



# Agenda Report

August 11, 2008

TO: City Council  
FROM: Rose Bowl Operating Company  
SUBJECT: Tournament of Roses Contract Amendment

## **RECOMMENDATION:**

It is recommended that the City Council approve an amendment to the Master License Agreement with the Tournament of Roses to:

1. Host the 2010 Bowl Championship Series (BCS) National Championship Game on January 7, 2010, with the recommendation that 100% of net stadium proceeds will be dedicated to the Rose Bowl Strategic Plan Fund
2. Accept a \$4 million contribution for the Rose Bowl Strategic Plan Fund in lieu of market-based adjustments to the Annual Base Fee through December 31, 2016

## **BACKGROUND:**

### BCS Game

As part of the BCS in 2010, the Rose Bowl Stadium will have an opportunity to host both the annual Rose Bowl Game and BCS National Championship Game. The Rose Bowl Game will occur on January 1, 2010, and the BCS National Championship Game will occur on January 7, 2010.

This is part of the current BCS structure and the same double hosting format has also occurred at the University of Phoenix Stadium in 2007 (Fiesta Bowl), Superdome in 2008 (Sugar Bowl) and will also be occurring at Dolphins Stadium in 2009 (Orange Bowl).

It should be recognized that in November, 2005, an agenda report was submitted to the RBOC and City Council requesting approval for a contract amendment for the hosting of the 2010 game with options to host games in 2014 and 2018, which was approved by both the RBOC and City Council. The Tournament of Roses relationship with the BCS has changed since then, as previously the Tournament of Roses, Pac 10 and Big 10 Conferences were the controlling entity of the 2002, 2006, and 2010 BCS Games, that arrangement has now shifted for the 2010 Game to the BCS itself (representatives of all major college football conferences), with the Tournament of Roses being the manager of

the Game. This structure is now consistent with the structure of the other BCS Bowl Games (Orange, Sugar and Fiesta).

The agreement in 2005 compared to what is being proposed for the BCS Game is very similar, with the major difference being a \$4 million contribution towards the Strategic Plan fund by the Tournament of Roses. In addition, staff has updated information related to projected revenues and expenses, now, compared to 2005, due in large part to the Rose Bowl hosting the 2006 National Championship Game. It should also be recognized that at this time the Tournament of Roses does not have an agreement in place to manage the 2014 or 2018 game with the BCS, hence those prospective games will not be referenced within this agreement.

Below are the key provisions as related to the BCS National Championship Game

License Fee: \$225,000

Field Damage: Tournament of Roses shall be responsible for all expenses for all field preparation costs, including any necessary re-sodding and related expenses.

Facility Expenses: Tournament of Roses shall be responsible for all day of game facility expenses up to \$400,000. Payment in excess of this amount is subject to the approval of the Tournament of Roses.

RBOC shall be responsible for building fixture servicing (e.g. elevator repair, HVAC repair, etc...). RBOC shall also be responsible for expenses related to having the stadium prepared for the event (e.g. clean up from previous event), as well as police costs related to traffic management of the event (these stadium expenditures are traditionally stadium expenditures in event agreements).

Suites: Tournament of Roses will be provided eight suites complimentary for the event. All other suites will be controlled by the RBOC, however, the game tickets must be purchased at face value by the RBOC.

Staging Plan: The Tournament of Roses will include all aspects of the BCS National Championship Game in a supplemental staging plan that will be attached to the staging plan, pursuant to the Master License Agreement.

Parking: RBOC has right to all turf parking areas, as well as revenue from 1,000 paved parking spaces. Tournament of Roses has rights to all other paved parking spaces.

Fan Festival: The RBOC will have the right in conjunction with ESPN to host a pre-game Fan Festival. This also occurred in 2006, and was extremely successful. The Tournament has pledged to provide the RBOC with the opportunity to purchase 1,000 tickets, which staff anticipates to be able to utilize to develop packages related to the fan festival and other sponsorship enhancement opportunities.

Flea Market: Tournament of Roses to compensate for any lost spaces due to hosting BCS event.

Broadcast/Media Rights: Will be exclusively with BCS/Tournament of Roses which is consistent with previous agreements.

Other key aspects will remain the same as referenced in the current Master License Agreement. They are as follows:

Food/Beverage: The RBOC has the right to all food/beverage revenue throughout the Arroyo, with the exception of private hospitality areas (excluding university parties)

Novelties – BCS via Tournament of Roses has the exclusive right to all licensed merchandise

Advertising – RBOC has the right to all permanent advertising, Tournament of Roses has the right to all temporary advertising

Admission Tax – The Tournament of Roses shall impose the City of Pasadena admission tax on each ticket sold, which is estimated to be \$1.48 per ticket

#### Master License Agreement (MLA) Rent Adjustment

Within the MLA, it is contemplated that each five years the City and the Association shall commence a review of the rental market impacting the City Facilities covered by the Annual Base Fee (including the Rose Bowl) used by the Association. This was scheduled to occur in 2006; at the time it was determined due primarily to the Strategic Plan efforts that it would be best to defer the review. Recently those discussions have ensued, as have discussions involving the Strategic Plan.

The funding for the Strategic Plan is the key to stabilizing the stadium long term both from a physical as well as a fiscal perspective. The RBOC recently established a Strategic Plan Fund with initial seed money of \$1,470,000. The Tournament would like to provide \$4 million towards this fund, in lieu of an adjustment to the Annual Base Fee, through January 2016. As proposed, there still would be consumer price index based increases to the Annual Base Fee. RBOC staff has conferred with our financial consultant, Barrett Sports Group, who has reviewed the Tournament of Roses agreement as well as the other BCS bowl games. Barrett believes that a \$4 million contribution in addition to the existing contractual terms within the MLA seems suffice from a comparative standpoint to the other elite bowl games over the course of each 5 year cycle. The Tournament of Roses would provide the RBOC with \$2 million no later than December 31, 2008 and the remaining \$2 million no later than December 31, 2010. It should be noted that the improvements would have to be mutually agreed upon.

Within the agreement, there also will be language clearly delineating utility expenses outside the stadium fence line, as currently some of the ancillary Tournament of Roses activities (e.g. hospitality tents, media uplinks, etc..) impacts the RBOC's utility bill on a year round basis.

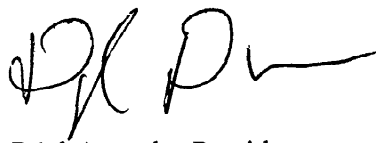
Additionally, clarity will be added to several areas of the MLA, none of which is anticipated to have any financial impacts. Examples of these include, but are not limited to: use of parking areas for hospitality functions which could necessitate additional shuttle bus service; the party responsible for staging of the hospitality functions would also be responsible for the finances related to the additional shuttle operation, best efforts to have other activities in the Arroyo will have adverse impacts on staging of BCS Game, extend use period of Use period through January 7, 2010.


### **FISCAL IMPACT**

Attached is a matrix related to the staging of the BCS National Championship Game. The net from that event is expected to be approximately \$1.5 million to the RBOC in addition the RBOC will receive a \$4 million contribution towards implementation of the Strategic Plan.

In addition, the economic impact from the BCS National Championship Game for Pasadena is expected to be in the tens of millions of dollars, excluding the media that will be occurring during the college football season leading up to the telecast of the BCS National Championship Game at the Rose Bowl, and the event itself, which is expected to be watched by approximately 20 million people.

Respectfully submitted,



 Paul Arevalo, President  
Rose Bowl Operating Company

ROSE BOWL OPERATING COMPANY

\* 2010 BCS NATIONAL CHAMPIONSHIP \*

<u>ITEM</u>	AGREEMENT APPROVED BY RBOC AND CITY COUNCIL  <u>(OCT 2005 PROJECTION)</u>	TOURNAMENT REVISED PROPOSAL  <u>(JUNE 2008)</u>
ANNUAL BASE FEE	\$225,000	\$225,000
TICKET SURCHARGE	ADMISSION TAX PROJECTED: \$1.45  \$128,959	ADMISSION TAX PROJECTED: \$1.48  \$131,720
COSTS TO RBOC	\$0	T of R EXPENSES (\$334,784)  ADDITIONAL RBOC COSTS (\$145,337)
FOOD & BEVERAGE	100% RBOC retains \$'s  \$313,590	100% RBOC retains \$'s  \$485,875
PARKING	\$235,954	RBOC, turf + 1,000 paved T of R, paved  \$40  \$278,193
SUITES	\$472,534	\$475,000
ADVERTISING INCOME *	\$0	\$0
ESPN TAILGATE EVENT	\$0	\$120,000
<b>NET EVENT INCOME</b>	<b><u>\$1,376,038</u></b>	<b><u>\$1,570,451</u></b>

\* ADDITIONALLY ADVERTISING SHOULD NOT HAVE BEEN REFERENCED AS IT IS ALLOCATED TO THE NEW YEAR'S ROSE BOWL GAME AND NOT TO THE BCS GAME. PREVIOUSLY THERE WAS \$254,750 INADVERTENTLY ALLOCATED TO THIS LINE ITEM.