



Agenda Report

March 15, 2010

TO: City Council
THROUGH: Finance Committee
FROM: Rose Bowl Operating Company (RBOC)
SUBJECT: Market Study Summary For Rose Bowl Renovation Project

RECOMMENDATION:

This is an information only item.

BACKGROUND:

The staffs of the RBOC and City of Pasadena (City) have been working together in order to develop a financial framework and package that could fund a major renovation to the Rose Bowl.

An essential element of the financing plan is to have a market study completed in order to determine the potential demand for premium seating and the potential new or incremental revenue from stadium sources that could be utilized to fund a renovation to the Rose Bowl. The market study has been conducted by Barrett Sports Group, the sports consultant to the RBOC.

There was a market study conducted in 2006, shortly after the renovation effort started in 2005 (without contemplating the NFL as a long-term tenant). At that time, nearly 3,700 web-based surveys were completed: to UCLA season ticket holders, City of Pasadena residents, Tournament of Roses members, corporate base throughout Southern California. In addition phone interviews and focus groups were also completed at that time. Due to the significant changes in the economy since that time, it was determined that completing new market studies was necessary.

The recently completed market studies included more than 2,900 web based surveys, consisting of the following groups: UCLA donors/season ticket holders, Tournament of Roses members, City of Pasadena residents and greater Los Angeles corporations. In addition, on site surveys at the Rose Bowl Game were completed, as well as focus groups with UCLA donors/season ticket holders, and interviews with existing Rose Bowl suite holders. There also was an updated advertising valuation completed by Premier Partnerships.

The market studies focused primarily on incremental premium seating revenue, which is the primary funding source for the renovation, as well as membership revenue for both horizon and field level areas of the stadium. The questions and information within the market study were intended to provide respondents of the surveys examples of type of premium seating products to be offered, as well as various price points, in order to determine the appropriate quantity and type of seating offered within premium seating, as well as prospective price points (examples of types of products offered are attached to this document).

In addition, an updated valuation for advertising revenue has been completed by the RBOC's current advertising sales agency, Premier Partnerships. Updated assumptions for incremental revenue from concessions and parking revenue have also been developed.

FISCAL IMPACT:

The cost estimate for the renovation project is approximately \$170 million. The current low interest rates and construction costs, coupled with Build America Bonds, a federal program that will reduce interest rates, provided bonds are issued prior to December 31, 2010, provide a significant financial incentive to get the renovation project approved during 2010, so construction may begin in January, 2011.

Respectfully Submitted.



Darryl Dunn
General Manager

Concurrence:



Michael J. Beck
City Manager