

# Agenda Report

May 20, 2013

TO: Honorable Mayor and City Council

FROM: Rose Bowl Operating Company

SUBJECT: Amendment to the Operating Agreement providing for additional Naming Rights Opportunities to the RBOC and provide conceptual approval for the improvements identified as Donor Plaza and Court of Champions.

## **RECOMMENDATION:**

It is recommended that the City Council approve the following:

1. Find that the actions proposed herein are exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15061(b)(3) (general rule) and 15301 (existing facilities-minor); and
2. Approve an amendment to the Operating Agreement in order to provide maximum Naming Rights Opportunities to the RBOC within the Stadium fence line; and
3. Approve an amendment to the Operating Agreement between the RBOC and City in order to provide specific Naming Rights Opportunities to the RBOC outside of the Stadium fence line and within the RBOC Area; and
4. Provide conceptual approval for stadium improvements, specifically Donor Plaza (located outside Gate A) and the Court of Champions to be constructed during FY 2014

## **BACKGROUND:**

### **Legacy Naming Rights Opportunities**

The Rose Bowl Legacy Campaign is well under way, and the RBOC is committed to taking the actions necessary to ensure that Legacy Connections has the rights and support it needs to continue to be successful. In that regard, on October 11, 2010, the RBOC and City Council approved an amendment to the Operating Agreement between the RBOC and the City of Pasadena to allow the RBOC, through Legacy Connections, to secure contributions for specific Rose Bowl Stadium naming rights. The funds raised through Legacy's naming rights efforts are primarily intended to provide funding for elements of the Rose Bowl Stadium Renovation Project ("Project"). On November 4,

2010, the RBOC approved the specific naming opportunities to be established for donor opportunities, the corresponding ranges indicated for the particular stadium features to be sold, as well as the proposed Naming Recognition Guidelines, to ensure that all naming recognition decisions were accomplished according to an established set of standards.

Although the Operating Agreement action does delegate to the RBOC the authority to manage the naming rights process, it is appropriate to provide an updated, comprehensive list of the naming rights opportunities available and to add the following additional inventory opportunities. (Please note that current pledge amounts per naming opportunity are included within this list, which is attached hereto in Exhibit "A." Please also note that Exhibit "A" is intended to be a living document, in that it lists those naming opportunities currently identified, but may be added to as the RBOC identifies additional opportunities.):

- Court of Champions (concept approval included)
- Donor Plaza (concept approval included)
- Pavilion
- Coaches' booths within Pavilion
- Escalators area within Pavilion
- Tunnels
- Command Post
- Horizon Level (Level C)
- Escalators
- Kitchen
- Display cases (to be placed throughout Stadium & Pavilion)
- Statue
- Rose gardens and bushes
- Benches (which may be installed)
- Field Naming Rights
- Historic Moments

In addition, there are several items that are potential naming rights opportunities but for which a dollar amount has not yet been set, including field naming rights and Horizon Level (Level C).

It is also appropriate, at this time, to seek authority for naming rights for any inventory within the fence line. As Legacy and the RBOC meet with success in identifying naming opportunities for identified inventory, opportunities to name unidentified inventory are also arising. So that there are not repeated amendments to the Operating Agreement, the RBOC seeks overall approval to name all inventory within the fence line. It should be noted that the RBOC will return to Council for discussion and approval of the pledge amount for the field, if it is determined to seek a naming rights entity for this purpose.

In addition, there are opportunities that are outside of the fence line and within the “RBOC Area” as defined in the Operating Agreement for naming opportunities. The RBOC seeks approval to name specific inventory within the RBOC Area as that term is defined in the Operating Agreement, on a case by case basis. At this time, Legacy has determined there to be value in the following opportunities:

1. Area H\* (\$2,000,000 - \$3,000,000)
2. Parkway Entrance - Entrance to the Rose Bowl at corner of Arroyo Blvd & Seco Street which is contemplated to be named as “ [Donor name] Parkway (\$2,000,000 - \$3,000,000)
3. Donor Plaza (area outside Gate A) for brick campaign. (\$1,000,000 - \$2,000,000 minimum anticipated via public campaign)

\*If a naming opportunity is identified for Area H, it is anticipated that a significant amount of revenue would be dedicated for improvements on Area H. When there is additional information on this opportunity, Legacy Connections and RBOC staff will return to Council for discussion and approval of the minimum pledge amount and details once they become available.

It is anticipated that over time it is likely that additional naming opportunities outside the fenceline may present themselves, and although this amendment would delegate to the RBOC the authority to manage the naming rights process for the areas identified herein, authority for additional naming rights outside the fenceline will be sought from the RBOC Board and/or City Council, as well as any other appropriate governing bodies, as appropriate.

### **Donor Plaza and Court of Champion Improvements – Conceptual Approval**

One of the key aspects of Legacy Connections’ efforts is to provide private funding for stadium improvements that visitors to the Rose Bowl will be able to experience and enjoy. As the Rose Bowl Legacy campaign continues, two key elements of the campaign are expected to be constructed in FY 2014 that will enhance the Rose Bowl Stadium’s “front door”. Staff is seeking conceptual approval for both the donor plaza and the Court of Champions improvements. The donor plaza is located on the apron in front of Gate A which will pay tribute to the 100<sup>th</sup> Rose Bowl Game and the it’s tremendous history. The planned Court of Champions improvements, which is a feature that is expected to be one of the highlights of Legacy Connections efforts.

It is anticipated that these projects will proceed to the Planning Commission and return to City Council to amend the FY14 CIP budget within the next 30 -45 days, along with review by the Design Commission this summer.

#### **Donor Plaza (public campaign)**

The primary focus of the public campaign to date has been to develop a brick plaza in front of the main entrance to the stadium. As discussions and plans have been worked on since Legacy Connections was formed, an opportunity has presented itself that has provided staff of the RBOC, City and Legacy Connections with great promise that the public campaign may exceed any previous expectations. The Tournament of Roses has agreed to participate in the underwriting of the brick campaign, and lead the sales and marketing efforts of the campaign.

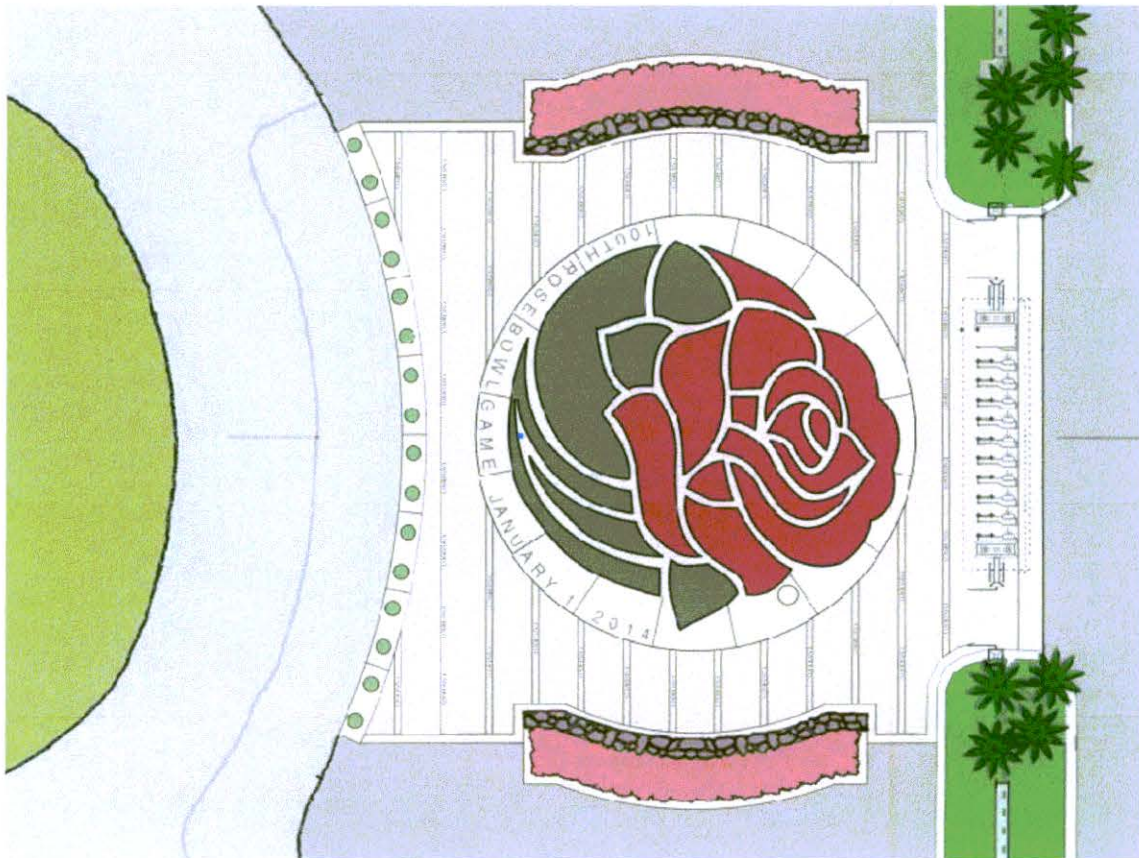
The plaza will honor the 100<sup>th</sup> Rose Bowl Game, which will be played on January 1, 2014, and would have the Tournament's "Rose" as a medallion in front of the stadium. The Tournament intends to market the opportunity to sell bricks to its partners with the Pac 12 and Big 10 Conferences, member institutions and fans of Rose Bowl Games who have special memories of the historic stadium. In addition, Legacy Connections and the RBOC will work with the Tournament, as Pasadena citizens and fans of the stadium may also be interested in purchasing bricks at the stadium. There is expected to be in excess of 10,000 bricks available. The prices of bricks have not been finalized, but it is anticipated the costs would vary depending upon size and location with a base price of under \$200 per brick.

The public campaign is important for a few key factors, including the financial opportunities it is anticipated to provide to support the future of the Stadium. Additionally it will, also provide an affordable opportunity for people who care about the Rose Bowl to have their name associated with the stadium in comparison to other naming opportunities at the stadium (e.g. naming of tunnels).

Proceeding in this direction would be a fitting way to have the Rose Bowl Game and Tournament of Roses recognized at the front door of the stadium, and given the Tournament's reach, would provide a greater opportunity to increase revenue, which would be earmarked for stadium improvements, which would need to be approved by both the RBOC and Tournament of Roses.

The City of Pasadena Public Works Department has developed an estimate for the cost of the plaza, and it is estimated to cost approximately \$1 million. The Tournament of Roses will provide the initial \$500,000 from a stadium capital improvement account they have funded. In addition, as part of the renovation, the Tournament will provide an additional \$100,000 annual gift, the first of which is expected to be provided to the RBOC by the end of calendar year 2013. This gift is as defined in the Master License Agreement with the City. The Tournament is agreeing to make the annual gift, up to \$500,000, without

conceding or agreeing that it is otherwise payable under the Master License Agreement due to issues associated with “substantial completion”. The annual gift is triggered by “substantial completion” as defined in the Master License Agreement. The first \$400,000 of revenue from brick sales will provide the remaining funding in order to get to \$1 million, per the estimate for the plaza. It is important to recognize that there will likely be a need to provide bridge funding for the plaza, and the RBOC will be expected to provide this, which would likely come from project proceeds on a short term basis and then replenished, as funds are received from brick sales (e.g. one alternative is to have RBOC proceeds from BCS 2014 Game be the funding source for the bridge financing). Once additional information is clarified, staff will return to the City Council through the RBOC as appropriate concerning such items as bridge funding, construction management/contracts, and schedule.



### Court of Champions

In addition, Legacy is in the final stages of the development of a significant improvement package for the Court of Champions, which will include a donor name as part of this key part of the entrance to the stadium.

The Court of Champions is located directly under the historic Rose Bowl sign, and is the location that visitors look for the years their school participated in the Rose Bowl Game. As part of the improvements to the Court of Champions, there is expected to be a relief, which would pay tribute to the history of the Rose Bowl Stadium, and is expected to add a feature that will enhance the front door.

Legacy Connections is expecting to provide funding for the fulfillment costs of the Court of Champions, which, based on cost estimates by C.P. O'Halloran, is expected to cost approximately \$1 million, recognizing that the timing of the receipt of expected funds is still being finalized. Similar to the donor plaza, once additional information is clarified, staff will return to the RBOC with an update on timing of funding and/or requested action from the board.

It should also be noted that the Design Commission would be reviewing both of these upgrades to the stadium in the near future.



Rose Bowl staff and Legacy Connections staff are continuing to work together on a regular basis, including weekly meetings and regular communication, in order to coordinate their efforts.

**ENVIRONMENTAL:**

The actions proposed herein are exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3), the general rule that

CEQA applies only to projects which have the potential for causing a significant effect on the environment. This exemption is applicable to the amendments to the Operating Agreement. Those amendments do not commit the City or the RBOC to any particular construction project, or any other action that would create any possibility for a significant effect on the environment.

In addition, the State CEQA Guidelines Section 15301 exempts from environmental review minor alterations of existing public structures that involve negligible or no expansion of the use. The alterations contemplated herein at the donor plaza and Court of Champions would not alter the use of the Stadium in any manner. The alterations are aesthetic only, would involve minor re-paving with bricks, and re-facing of existing surfaces. Further, none of the alterations would modify any historically significant character-defining feature of the Stadium. Accordingly, the projects described herein do not require additional environmental review.

**FISCAL IMPACT:**

It is the goal of the Rose Bowl Legacy campaign to raise \$20 million net for the Project. At the present time, Legacy has raised approximately \$10. million in the form pledges (both written and verbal) towards this goal. Legacy shall also be responsible for raising funds for any fulfillment costs associated with providing the naming opportunities and identified improvements, although it is possible an advance on fulfillment costs may be necessary due to timing issues.

It is anticipated that between the brick campaign and Court of Champions, Legacy Connections will generate approximately \$ 7 million net. Legacy is expected to provide \$2 million to the RBOC by the end of 2013, which is consistent with the RBOC Funding Plan for the renovation.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Darryl Dunn', with a long horizontal flourish extending to the right.

Darryl Dunn,  
General Manager

**EXHIBIT "A"**

**~ DRAFT ~**

**Rose Bowl Stadium Naming Recognition Guidelines**



**Legacy Recognition Opportunities**

**Rose Bowl Stadium Campaign**

|  |                                |
|--|--------------------------------|
| <b>Court of Champions</b>                      | <b>5,000,000</b>               |
| <b>Terry Donahue Pavilion</b>                  | <b>3,000,000</b>               |
| <b>Donor Plaza</b>                             | <b>2,000,000 - 1,000,000</b>   |
| <b>Area H Park</b>                             | <b>3,000,000 - 2,000,000</b>   |
| <b>Broadcast Level G</b>                       | <b>2,000,000 – 1,000,000</b>   |
| <b>Horizon Level Court</b>                     | <b>2,000,000 – 1,000,000</b>   |
| <b>Parkway Entrance</b>                        | <b>3,000,000 - 2,000,000</b>   |
| <b>UCLA Locker Room &amp; Training Area</b>    | <b>1,000,000 – 500,000</b>     |
| <b>Visitor Locker Room &amp; Training Area</b> | <b>1,000,000 - 500,000</b>     |
| <b>Large South End Tunnels (2)</b>             | <b>1,000,000 - 500,000 ea.</b> |
| <b>Command Post</b>                            | <b>750,000 – 250,000</b>       |
| <b>East &amp; West Tunnels (15)</b>            | <b>500,000 - 300,000 ea.</b>   |
| <b>North &amp; South End Tunnels (9)</b>       | <b>500,000 - 250,000 ea.</b>   |
| <b>North End Tunnels (2)</b>                   | <b>500,000 – 250,000 ea.</b>   |
| <b>Pac-10 Coaches Booth</b>                    | <b>250,000 – 100,000</b>       |



|                                     |                              |
|-------------------------------------|------------------------------|
| <b>Big Ten Coaches Booth</b>        | <b>250,000 – 100,000</b>     |
| <b>Print Media Areas (2)</b>        | <b>250,000 – 100,000 ea.</b> |
| <b>Historic Bridge (2)</b>          | <b>200,000 - 100,000 ea.</b> |
| <b>Television Network Booth</b>     | <b>100,000 – 50,000</b>      |
| <b>Kitchen</b>                      | <b>100,000 – 50,000</b>      |
| <b>Pac-10 AD Suite</b>              | <b>100,000 - 50,000</b>      |
| <b>Big Ten AD Suite</b>             | <b>100,000 - 50,000</b>      |
| <b>Pac-10 Radio Booth</b>           | <b>50,000 – 25,000</b>       |
| <b>Big Ten Radio Booth</b>          | <b>50,000 – 25,000</b>       |
| <b>Control Booth</b>                | <b>25,000 – 15,000</b>       |
| <b>Audio Visual Booth</b>           | <b>25,000 – 15,000</b>       |
| <b>Replay Booth</b>                 | <b>25,000 – 15,000</b>       |
| <b>Stats Booth</b>                  | <b>25,000 – 15,000</b>       |
| <b>Media Area Near Locker Rooms</b> | <b>25,000 – 15,000</b>       |
| <b>Stairwell</b>                    | <b>25,000 – 10,000</b>       |
| <b>Escalators</b>                   | <b>25,000 – 10,000 ea.</b>   |

Items TBD include, Pavilion Historic Moments, Benches, Hedges, Roses, Rose Bushes, Rose Beds, Coaches Corner, Museum/Retail Store, Field naming consideration, various locations throughout the interior of the Terry Donahue Pavilion, and various locations within the interior of the fence line of the Stadium. Any and all changes herein are subject to the rights of IMG as provided in Agreement to License No. 20,540 and any amendments thereto.