

# Agenda Report

May 11, 2015

**TO:** Honorable Mayor and City Council

**THROUGH:** Finance Committee

**FROM:** Rose Bowl Operating Company (RBOC)

**SUBJECT:** Amendments to Fiscal Year Ending June 30, 2015 (FY 2015)  
Adopted Operating Budget

## **RECOMMENDATION:**

It is recommended that the City Council:

Amend the Fiscal Year 2015 Adopted Budget as detailed in the Proposed Budget Amendment section of this report by.

1. Appropriating additional expenditures in the amount of \$4,681,495.
2. Recognizing additional projected revenue in the amount of \$4,790,957. for a net fiscal impact to the RBOC is \$109,462.

## **BACKGROUND:**

This agenda report details proposed changes to the Fiscal Year (FY) 2015 Operating Budget as adopted by the City Council in June 2014. The proposed amendments are detailed in the following section.

### **Proposed Budget Amendments**

The RBOC's original, adopted budget for FY 2015 (July 1, 2014 – June 30, 2015) is

\$44,130,840 in revenue and \$41,735,329 in expenditures for a net positive amount of \$2,395,511.

The RBOC's recommended revised budget for FY 2015 shows revenue of \$46,176,971 and appropriations of \$43,671,998 for a revised, net positive amount of \$2,504,973 for the aforementioned increase of \$109,462.

It is necessary to have a budget amendment outlining the additional expenditures that put the appropriation amount above what was approved by the RBOC and City Council.

There are also actual revenue items that will exceed their budgeted amounts.

Below is a summary of additional revenue that occurred during FY 2015:

#### Revenue

1. The Legacy Connections made a contribution to the RBOC in February 2015 in the amount of \$2,500,000. This amount was not included in the original, adopted budget for FY 2015.
2. There is now being included an additional \$100,000 in the form of an annual gift from the Tournament of Roses Association.
3. The Food & Beverage subcontractors' fees are now estimated to be about \$98,000 higher than originally budgeted.
4. Advertising revenue beyond the base payment should amount to an additional \$80,000.
5. Event Revenue is estimated to be about \$1,638,095.
6. Some of the costs for the Environmental Impact Report (EIR) for the "Music & Arts Festival" are expected to be paid (reimbursed) by the promoter, \$400,000. (included in # 4 below.)

Below is a summary of additional expenses related to FY 2015:

#### Expenses

1. "Renovation Project" Funding

Recognize and appropriate \$2,500,000 for the aforementioned Legacy Connections contribution to be specifically designated for the "Renovation Project".

2. Music & Arts Festival Environmental Impact Report (EIR)

Recognize and appropriate \$720,000 to pay for the EIR with the promoter to reimburse the RBOC for some of these costs (\$400,000). (See # 6 in Revenue section above)

3. Recognize and appropriate \$50,000 to account for a benchmark payment to Legends Premium Seating.

4. Non-Event Expenses

Recognize and appropriate \$355,374 to account for additional Non-Event Expenses such as higher utilities and internet services, ongoing routine maintenance of the newer "Pavilion" complex, Locker Room and Public Safety building, especially for elevators/escalators and HVAC-related matters and for additional temporary and seasonal staffing.

5. Debt Service

- Recognize and appropriate \$340,144 to account for additional interest expense stemming from the "Synthetic Fixed Rate" Swap portion of the refunded 2006 bonds, resulting from the recalculation of the payment schedules for the 2013 bonds.
- Recognize and appropriate \$280,000 to account for the first principal payment for the 2010 C bond, which although transcends the RBOC's fiscal year, is due in its entire amount prior to year-end.
- Recognize and appropriate \$435,977 of estimated Investment Income being earned on the Debt Service Reserve Fund (DSRF) for the 2010 bonds to be designated to increase this same DSRF for future debt service.

In the past this revenue was instead used to partially offset debt service in the current fiscal year.

**FISCAL IMPACT:**

Approval of the proposed budget amendments will increase FY 2015 total authorized appropriations by \$4,681,495. This amount will be offset by additional revenue, mostly capital contribution and event-related, approximately \$4,790,957, which is anticipated to be earned and received in FY 2015.

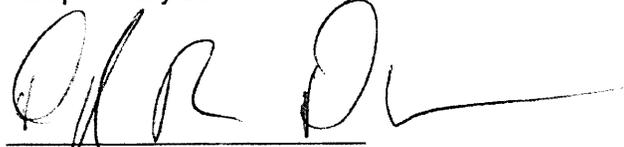
**Operating Budget**

**FY 2015**

**Amendments**

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Legacy Connections contribution - designated	\$2,500,000	(\$2,500,000)	\$0
T of R Association Annual Gift	100,000		100,000
Higher F & B Subcontractors' Fees	98,000		98,000
Additional Advertising Revenue	80,000		80,000
Event Revenue	1,638,095		1,638,095
Music & Arts Festival (EIR contribution)	400,000	(720,000)	(320,000)
Misc. Revenue	(25,138)		(25,138)
Benchmark payment to Legends Premium Seating		(50,000)	(50,000)
Non-Event Expenses:		(355,374)	(355,374)
Additional Interest Expense - "Swap Interest" (2006/2013 Bonds)		(340,144)	(340,144)
Principal Payment - (2010 C Bond)		(280,000)	(280,000)
Investment Income on DSRF (2010 Bonds) - designated		(435,977)	(435,977)
<b>Total</b>	<b><u>\$4,790,957</u></b>	<b><u>(\$4,681,495)</u></b>	<b><u>\$109,462</u></b>

Respectfully submitted by:



DARRYL DUNN,  
General Manager