



Agenda Report

April 9, 2018

TO: City Council
FROM: Rose Bowl Operating Company (RBOC)
SUBJECT: 10 Year Soccer Exclusivity with AEG/LA Galaxy

RECOMMENDATION:

It is recommended that the City Council:

1. Find that action proposed herein is exempt from the California Environmental Quality Act because it is not a "project" as defined in the State CEQA Guidelines, Section 15378(b)(2) and therefore is not subject to environmental review; and
2. Approve a ten-year exclusive partnership with AEG for international soccer matches held at the Rose Bowl.

BACKGROUND:

The Rose Bowl has had a tremendous history of hosting international soccer at our venue, including the finals of both the men's and women's World Cups as well as the Finals of the Olympics in 1984, and COPA America in June of 2016. Our historic landmark has also hosted national teams of United States, Brazil, and Mexico. In addition, the stadium hosted the Los Angeles Galaxy (which is owned by AEG) as a tenant from 1996-2002. In recent years, the Rose Bowl has hosted European Club teams, specifically Barcelona, Real Madrid, Chelsea, Inter Milan, and Manchester United.

As noted above, AEG has been an integral part of soccer programming at the Rose Bowl starting with the Rose Bowl being their home venue from 1996-2002. In recent years AEG has been involved in marketing, promoting and attracting almost every international soccer match held at the Rose Bowl.

With additional venue competition coming into the LA market (Banc of California Stadium, Coliseum renovation, and new NFL stadium in Inglewood) it is imperative that the RBOC seek long-term revenue opportunities, a topic that has been discussed often with the City Council in the past. One key opportunity in that regard is the ability of the RBOC to officially align itself with a global force in soccer so as to ensure that world-class soccer continues to come to the Rose Bowl stadium once the coming venue competition is in full swing. As a founding partner in MLS and operator of dozens of soccer venues throughout the world, AEG is the ideal choice for this partnership.

Pursuant to the Arroyo Seco Public Lands Ordinance (specifically PMC Section 3.32.260.F), the City Council must approve of any proposed contracts involving the use of the Rose Bowl which anticipate an attendance of over 20,000 and which is of a duration of more than 5 years. As this deal would involve such attendance and is for 10 years, it requires Council approval. It is recommended that the Council approve the framework of this deal that would require AEG to present matches they are involved with in the greater Los Angeles market at the Rose Bowl Stadium (as it relates to stadiums that have a capacity over 35,000), and authorize the General Manager to finalize negotiations in substantially the same manner, recognizing that the revenue streams for the RBOC will be:

- License Fee
- Admission Tax
- Concessions
- Parking
- Premium Seating
- Per ticket fee to the RBOC

In return for this exclusivity, and additional marketing and operational support, the RBOC will incentivize AEG with a portion of net revenues from said events. It is anticipated that this portion of net revenues will for the most part be offset by higher license fees charged to event organizers based on the additional services that AEG will offer (marketing, match management, etc.) to the group promoting the event.

Based on the deal points it is anticipated that in excess of \$300,000 will be retained by the RBOC (net) per match.

It is anticipated there will be 1-2 matches annually as a result of this relationship. These events are intended to fall within the cap of 15 events allowed by the Pasadena Municipal Code. If AEG is able to offer a third match opportunity, and the number of displacement events exceeds 15 in a given year, then the RBOC and City Council will need to vote on the event in question and AEG is not guaranteed the event.

ENVIRONMENTAL:

The action proposed herein is approval of an exclusivity deal for soccer with AEG, and is not approval of any actual soccer event. Further, the action proposed herein does not exceed the cap of 15 events at the stadium as allowed by the Pasadena Municipal Code, as these soccer events would be reserved under that cap. Each year, if AEG actually proposes a soccer event, the event will be reviewed pursuant to CEQA at that time.

FISCAL IMPACT:

It is anticipated that the RBOC will generate in excess of \$300,000 from each event during the 10-year term.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Darryl Dunn', with a stylized flourish at the end.

Darryl Dunn
General Manager