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June 5, 2022

Mayor Victor Gordo (vgordo@cityofpasadena.net)
Vice Mayor Andy Wilson (awilson@cityofpasadena.net)
Councilmember Tyron Hampton (thampton@cityofpasadena.net)
Councilmember John Kennedy (johnjkennedy@cityofpasadena.net)
Councilmember Steve Madison (smadison@cityofpasadena.net)
Councilmember Gene Masuda (gmasuda@cityofpasadena.net)
Councilmember Jessica Rivas (jerivas@cityofpasadena.net)
Councilmember Felicia Williams (fwilliams@cityofpasadena.net)
correspondence@cityofpasadena.net
Pasadena, California

Re: 6/6/2022 City Council Meeting Agenda #1: Rose Bowl Operating Company Proposed FY2023 Operating Budget; and #2: Consideration of RBOC's Five-Year Strategic Initiatives

Dear Mayor Gordo and Members of the City Council:

A. Introduction

I have been a resident of Pasadena for 19 years. I write to express my deep concern about the City's past payments toward the massive debt on the Rose Bowl and to strongly urge the City Council to commit to NOT spending any more funds from our General Fund or from our fund reserves to pay the debt. While the City is ultimately responsible for paying the debt if the RBOC cannot do so, the Council needs to ensure that the City and the RBOC work wisely and urgently to address the RBOC's financial crisis.

There are passionate views on all sides of the Rose Bowl's financial predicament. Some take the position that the Rose Bowl must be saved at all cost. But I do not believe that the majority of our residents would support our City's continued draining of our General Fund and fund reserves to cover the Rose Bowl debt if it meant a decrease in City services.

In considering the RBOC's proposed strategic initiatives, our community deserves an honest, frank, and thorough public discussion of the various suggested options for increasing the RBOC's revenue and the cost to our residents if the RBOC is unsuccessful. Additionally, our community deserves the City's urgency and transparency on this critical matter.

B. Rose Bowl Debt History

For several years prior to 2016, the Rose Bowl underwent a massive multi-phase renovation project, financed primarily through bonds. The renovation included 54 luxury suites, 48 loge

boxes, 1,200 club seats, state-of-the-art press boxes and a new broadcast center. The cost estimate in 2010 was \$152 million. Ultimately, the \$152-million project cost around \$183 million. As of May 2021, the stadium had collected \$197.72 million in outstanding debt. The City had to step in and pay approximately \$11.5 million of Rose Bowl debt in fiscal year 2021 and approximately \$10 million in fiscal year 2022. Those very substantial debt payments were paid from the City's General Fund and/or General Fund reserves. Last year, former City Manager Steve Mermell advised the City Council that paying the Rose Bowl debt had exhausted much of the City's General Fund Operating Reserve.

For FY 2023, Interim City Manager Cynthia Kurtz reports that the City will not have to pay the Rose Bowl debt obligation due, in large part, to the RBOC's receipt of a one-time \$10 million Shuttered Venue Grant from the federal government. But the FY2023 General Fund Five-Year Forecast shows a substantial increase in debt service for FY2024 and beyond due to having to cover the Rose Bowl debt again. Even worse, according to Ms. Kurtz, with the resumption of debt payments, FY2024 and beyond are projected to have deficits in the General Fund. (C. Kurtz Transmittal Ltr., p. 6.) This can result in a decrease in City services.

The RBOC's Proposed FY2023 Operating Budget projects a net operating loss of \$5.9 million after reserves. (Attachment C to Agenda Report, p. 4.) What this suggests to me is that, unless somehow the Rose Bowl generates substantially more revenue this coming year than is predicted, the City will have to pay millions of dollars more toward Rose Bowl debt starting again in FY2024.

C. There Needs to be Urgency and Transparency in Addressing the RBOC's Dire Financial Situation on a Going-Forward Basis

1. The RBOC's Delay in Coming Back to the City Council

At a special City Council/RBOC joint meeting on June 8, 2021, Councilmembers expressed their concerns about the RBOC's financial situation. The RBOC promised to come back to the City Council to "present a second analysis and an update on their budget to the City Council in approximately 4 -5 months." (6/8/21 Mtg. Minutes.) I have reviewed the City Council's FY2022 agendas and minutes and did not see any RBOC presentation, to the City Council, of its "second analysis," including its strategy for generating more revenue, prior to the June 6, 2022 meeting.

2. The Ad Hoc Committee

At the June 8, 2021 City Council/RBOC joint meeting, Mayor Gordo announced he was forming an ad hoc committee "to help focus on and vet the budget issues/details, and provide guidance to the City Council" (also referred to herein as "the Rose Bowl ad hoc committee"). (6/8/21 Mtg. Minutes.)

Last month, I submitted Public Records Act Request #018864 seeking, *inter alia*, "[a]ll documents related to meetings of the [Rose Bowl] ad hoc committee including, but not limited to, agendas, minutes, notes, reports, presentations, letters, and emails." In response, the City

produced some documents, but stated “[t]he Ad Hoc Committee for which you've requested documents for was not required to prepare or publish agendas, minutes or presentations.”

According to documents produced, the Rose Bowl ad hoc committee members were Mayor Gordo, and Councilmembers Hampton, Madison, and Williams. There is an agenda for the first meeting, on August 12, 2021, but no documents showing that it occurred. The critical goals of the ad hoc committee noted in the agenda included to “Understand RBOC financial status and its financial needs,” “Prioritize revenue opportunities,” and “Consider the impacts of ongoing General Fund support on City Services.”

No agendas, notes or minutes were produced for any other meetings. This is not to suggest the meetings did not occur. Rather, this illustrates a lack of transparency on the ad hoc committee’s part concerning any of its discussions of the RBOC’s financial problems and strategies. Moreover, respectfully, on a subject as critically important as the Rose Bowl debt, all eight elected members of the Council should be involved in those discussions.

3. RBOC Salaries and Bonuses

At the May 9, 2022 Finance Committee meeting regarding the RBOC’s proposed FY2023 budget, Councilmember Williams expressed concern that RBOC staff had received bonuses during FY2021, when the RBOC was “operating in the red” and was receiving money from the City. I did not see a discussion of this issue in the RBOC’s presentation materials for the June 6, 2022 meeting. A public discussion of these bonuses as well as the staff compensation policies of the RBOC would help engender community member confidence that RBOC staff is compensated reasonably, especially in light of the City’s substantial financial support of the RBOC.

D. The RBOC’s Suggested Options for Generating Revenue

According to the PowerPoint presentation on agenda item #2, the RBOC “faces a cumulative deficit of \$19.5 million after debt service through FY 2027.” Further, “RBOC staff and its team of experts have identified approximately \$45.6 million of unfunded capital repair, replacement, and improvement needs through FY 2028.” The RBOC seeks the Council’s authorization to (1) have the General Manager diligently pursue a number of potentially revenue-generating opportunities; and (2) have the incoming City Manager and incoming RBOC CEO work together and report to the RBOC and City Council quarterly with updates on progress. Since we do not even have a City Manager yet, there will be further delay. Is it possible to meet publicly more frequently to get a plan in place and allow the public to weigh in with any concerns?

Many of the suggested options for generating more revenue do not appear likely to approach the very substantial amount needed to address the RBOC’s dire situation. However, corporate or major donor naming rights on the Arroyo campus and its assets, including the Rose Bowl, does appear very promising and does not have the substantial costs and delays of other options. What did the Tournament of Roses receive in selling naming rights to the Rose Parade to Honda?

Likewise, the options involving ancillary opportunities to develop surrounding property in the Arroyo appear promising. Please diligently pursue these options so our City will not have to deplete our General Fund and reserves covering the Rose Bowl debt again.¹

Our City has a substantial need to adequately fund critical programs such as shelter for our hundreds of unsheltered residents, assistance for renters who face eviction, affordable housing, and evidence-based violence prevention programs. We need increased City funding for these programs, not the threat of decreased funding due to the City's payment of the Rose Bowl debt. For this reason, I urge the City Council to commit to not using General Fund money and/or City fund reserves for Rose Bowl debt payments and to ensure that the RBOC diligently pursues options likely to generate sufficient revenue for operations and for the RBOC to cover the Rose Bowl debt and the cost of capital improvements.

E. Conclusion

I sincerely hope that the RBOC can generate sufficient revenue to continue operations at the Rose Bowl. But we cannot place our General Fund at risk, jeopardizing the level of services in our City. Please ensure that Pasadena works for all of its residents. Thank you for your consideration of this letter.

Sincerely,

/s/

Sonja K. Berndt
Pasadena

¹ There is a vague assertion in Slide 26 of the RBOC's PowerPoint (Appendix A) that "Tenants have certain rights/restrictions regarding naming rights." Please insist that the RBOC give a full, public explanation of this concern, if any, and how the concern may be resolved.

McMillan, Acquanette (Netta)

From: John Favre
Sent: Monday, June 06, 2022 7:49 AM
To: PublicComment-AutoResponse
Subject: Council meeting June 6–Rose Bowl budget

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Dear Council Members:

I have lived in Pasadena for 70 years and have often thought about the role of the Rose Bowl Games and their place in our civic identity.

When I went away to college, people stereo typed me as a product of “the City of Roses.” I had thought that the Bowl was only a local enterprise to celebrate football. It is still that, and more, the best exercise loop for the whole region.

But it is still our brand, like it or not. And it has leveraged this into local loyalty as well as a marketing ploy. But now the brand may be costing more than it produces. Yet considering it on a stand alone basis seems short sighted. What if we just kept the tv rights and focused even more on the Bowl’s cousin, the Parade? What if we left it just for New Year’s Day? Or what if we expanded just the brand, selling more tee shirts and maybe running shoes and corporate support and residential identities?

I just wonder whether a complete analysis might include convention and broad civic marketing revenues as well as direct income.

Regards,

John Favre

Sent from my iPad

McMillan, Acquanette (Netta)

From: Paul Little <
Sent: Monday, June 06, 2022 10:42 AM
To: City_Council
Cc: PublicComment-AutoResponse
Subject: City Council Special Meeting-Rose Bowl Funding

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Good morning,

The Rose Bowl is one of Pasadena's most iconic landmarks and one of its largest revenue generators. The Board of Directors of the Pasadena Chamber of Commerce has consistently advocated in support of the Rose Bowl and its ongoing viability.

I do not think the city would ever consider shuttering the venue. The Rose Bowl is too valuable to the city and our identity.

I do hope the City Council begins to seriously consider identifying a long-term funding source to support ongoing operations and/or maintenance of the Rose Bowl.

I would not want funds diverted from other sources that are equally deserving and that also contribute to the city's tax base and our identity. I think the City needs to dedicate a revenue stream for the Rose Bowl, however.

Is there a funding source, either existing or that can be created, that will provide a dedicated cash flow for the Rose Bowl? Can the City assume responsibility for the debt service of the Rose Bowl and identify revenues to compensate the City in return, as it did with the Transient Occupancy Tax and the Pasadena Center? Is there a new revenue stream that can be identified to support the Rose Bowl and insure its ongoing viability as a top-tier sports and entertainment venue?

I appreciate that this is a difficult time for the City and revenue may not be available at this time, but it seems appropriate to consider these questions now, before the issue is critical and difficult decisions must be made.

Thank you for devoting a full agenda to the Rose Bowl and its future.

Paul

Paul Little

Paul Little
President and Chief Executive Officer
Pasadena Chamber of Commerce
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Iraheta, Alba

From: KristinOckershauser <kristin.ockershauser@cityofpasadena.net>
Sent: Monday, June 6, 2022 2:31 PM
To: Gordo, Victor; Wilson, Andy; Hampton, Tyron; Kennedy, John J.; Madison, Steve; Masuda, Gene; Rivas, Jessica; Williams, Felicia; PublicComment-AutoResponse
Subject: Inadequate RBOC/Council Effort to Close Dire Debt

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June 6, 2022

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Re: 6/6/2022 City Council Meeting Agenda #1: Rose Bowl Operating Company Proposed FY2023 Operating Budget; and #2: Consideration of RBOC's Five-Year Strategic Initiatives

Dear Mayor Gordo and Members of the City Council:

I join other taxpayers to register deep concern about the City's past payments toward the massive debt on the Rose Bowl and to strongly urge the City Council to commit to NOT spending any more funds from our General Fund or from our fund reserves to pay the debt. While the City is ultimately responsible for paying the debt if the RBOC cannot do so, the Council needs to ensure that the City and the RBOC work productively and urgently to address the RBOC's financial crisis.

As of May 2021, the Rose Bowl debt was \$197.2 million. Our city's General Fund picked up \$22.5 million of this for 2020 and 2021, and will again be asked for General Fund monies in 2024 and beyond. Meanwhile, other necessary city services will continue to suffer.

The proposals so far to find and develop new sources to pay the debt appear inadequate. However, corporate or major donor naming rights on the Arroyo campus and its assets, including the Rose Bowl, does appear more likely and does not have the substantial costs and delays of other options.

Likewise, the options involving ancillary opportunities to develop surrounding property in the Arroyo appear promising.

The manner in which the Council addresses the dire debt of the RBOC needs to be open to the public, the taxpayers, as opposed to how it's been done so far. Critical meetings of the "Rose Bowl ad hoc committee" this past year of the Mayor and Councilmembers Madison, Hampton and Williams have not been recorded or reported. This is not honest or prudent stewardship.

The Council needs to insist that RBOC take seriously the directive to develop adequate funding sources and report to the Council and the public their plans and results.

City taxpayers do not need an albatross of this size around our necks because RBOC will not work earnestly and quickly to develop adequate funding. And the Council must not be a silent partner in this dereliction of duty.

Sincerely,

Kris Ockershauser

District 6