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Pasadena, CA 91107

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2022 MAY -2 AM 8:15

May 1, 2022

Mayor Victor Gordo
Members of the Pasadena City Council
Members of the Pasadena Finance Committee
By Email

Re: The Need to Exercise Fiscal Restraint and Reject the Proposed 2023-2027 Capital Improvements Program (CIP) Budget Regarding \$9.990 Million of RBOC Unrestricted Reserve Funds for More Rose Bowl Improvements

Dear Members of the City Council and Members of the Finance Committee:

A. Introduction

I submitted a letter to the City Council dated April 25, 2022, urging rejection of the following: (1) \$2 million of our vitally important American Rescue Plan Act (“ARPA”) funds to fund fire station improvements (without a detailed cost analysis); (2) \$200,000 of ARPA funds toward the remodel of the Police Department building; and (3) \$9.990 million from the “RBOC Unrestricted Reserve Funds” to fund more Rose Bowl improvements.

Now that the proposed FY2023 Operating Budget has been made public, this letter further addresses the proposal to allow \$9.990 million of RBOC Unrestricted Reserve Funds to fund what appear to be more non-safety-related upgrades and amenities at the Rose Bowl. This Committee and the City Council should reject using this money to fund any and all non-urgent, non-safety-related improvements, thus ensuring that some or all of these funds are available, if necessary, next year to pay the Rose Bowl’s substantial ongoing debt obligation.

B. Brief History of the Rose Bowl’s Massive Debt

As you know, 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 a whopping **\$197.72 million** in outstanding debt.

While historically the RBOC has been able to cover this debt obligation with revenues generated through its business operations, the cancellation of events during the pandemic and stiff competition from SoFi stadium and other venues resulted in the RBOC being unable to pay the debt.¹ According to City staff, 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. Further, the fiscal year 2022 General Fund 5-Year Financial Forecast showed Pasadenans continuing to pay the Rose Bowl debt, resulting in **deficits for our critical General Fund** absent a solution.

For FY 2023, Ms. Kurtz reports that the City will not have to pay the Rose Bowl debt obligation. This is due in large part because the federal government provided the Rose Bowl with a **one-time** \$10 million Shuttered Venue Grant. But the 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: **“Additionally, with the forecast of resuming debt service payments related to the RBOC, FY 2024 and beyond are reflecting projected deficits [in the General Fund].”** (C. Kurtz Transmittal Ltr., p. 6, emphasis added.)

C. The RBOC Should Not be Permitted to Spend Down its Unrestricted Reserve Funds, thus Jeopardizing its Ability to Pay Rose Bowl Debt in FY2024 and Beyond

The CIP 2023-2027 budget proposes that \$9.990 million of the RBOC Unrestricted Reserve Funds fund Rose Bowl improvements in fiscal year 2023. The work to be performed in 2023 using this substantial amount of money does not appear to be safety related, for the most part.² Significantly, the proposed CIP budget shows FY2023 Rose Bowl improvements also being funded with \$1.2 million from the Restricted Capital

¹ Even before the pandemic, Rose Bowl revenues were falling quite substantially. “In fiscal year 2020, for instance, net income from the Rose Bowl’s anchor tenants — UCLA football and the Tournament of Roses — fell by more than 30%, with attendance dropping more than 60% compared to five years before, according to the city.” (*Pasadena Star News*, 5/24/21.)

² “SCHEDULE: In FY 2023, the following projects will take place: broadcast & audio/visual control room upgrades, back of house WiFi, campus fiber upgrades, field sideline bench replacement, concession stand upgrades, perimeter pedestrian flow safety improvements, stadium seating replacement, speaker system replacement, Pavilion club upgrades, Loge Lounge outdoor TV replacement and future project studies & assessments.” (Project Schedule.)

Fund (Legacy Contribution), plus another \$1.365 million for FY2023 preventative maintenance from that same restricted fund.

This situation raises a critical question: Can the RBOC Unrestricted Reserve Funds be used to offset RBOC/Rose Bowl debt? If that is the case, why would the City allow the RBOC to spend nearly \$10 million of its unrestricted reserve funds this year rather than exercise fiscal prudence to ensure that it can pay all or most of the Rose Bowl debt obligation next year? According to Mr. Mermell’s budget transmittal letter last year, over the next five-years, the City’s debt payments will CONTINUE due to Rose Bowl revenue gaps of \$5.4-7.7 million PER YEAR. According to the RBOC budget this year “[u]nfortunately, the structural challenges facing the RBOC continue as the FY 2023 Recommended Budget projects a net loss of \$4.6 million, after deducting the preventative maintenance reserves.” (RBOC Proposed FY2023 Operating Budget, p. 7.)

It has been suggested by some in our city government that, to remain competitive, the Rose Bowl may have to spend more money on upgrades and amenities in order to generate increased revenues. **But at what human cost to the residents of this City?** Our leaders cannot have an “open-checkbook policy” when it comes to Rose Bowl debt and yet fail to provide funding for basic shelter and services for our nearly 300 unsheltered residents, fail to provide funding for adequate protections for our renters, and fail to fund critical evidenced-based violence prevention/intervention programs. Our City leaders cannot allow the RBOC to spend down its own reserves, jeopardizing its ability to cover the Rose Bowl debt in 2024 and beyond, thus exposing our own City’s General Fund and reserves next year and beyond.

D. Conclusion

For the stated reasons, the proposed use of the RBOC Unrestricted Reserve Funds to pay for nearly \$10 million in Rose Bowl improvements this year should be rejected. Thank you for your time and consideration of this letter.

Sincerely,

/s/

Sonja K. Berndt
Pasadena

Cc: correspondence@cityofpasadena.net
gacevedo@cityofpasadena.net
Cynthia Kurtz, Interim City Manager
Matthew Hawkesworth, Director of Finance

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2022 MAY -2 AM 11:45

CITY COUNCIL MEETING – MAY 2, 2022

COMMENT ON ITEM 5: ADVISORY COMMISSION RECOMMENDATIONS – The Northwest Commission advises that no Residential Impact Fee Funds go to DISC GOLF in the Arroyo. The Northwest Commission unanimously rejected CIP funds for Disc Golf.

Staff states that Residential Impact Fees must be used in parks.
As a City, our first mistake was to label the Arroyo Seco a park rather than a nature preserve.

The Hahamongna Master Plan preliminary plan was created in 1992 and the Master Plan was adopted in 2003. I urge council to read page 1-12 item 1.6 of the plan “Goals and Objectives of the Hahamongna Watershed Park Master Plan” (attached below). There is no disc golf mentioned.

Disc Golf does not come up until item 2.10 page 2-57 under “Existing Recreation” and notes that the part of the course located in the Oak Grove area is impacting the trees due to heavy use.

Page 2-62 in the Master Plan, “Summation of the Comments from Hahamongna Watershed Park Community Meetings” – bullet point 5 under Habitat states.
“Eliminate sports fields and Disc Golf”.

I do not dislike disc golf, I argue that using tax payer money to enhance a game area that serves so few people – many non-residents – is not the appropriate use of those funds at this time.

Another important question is, what would the \$100,000 fund? Disc Golf is a low capital cost activity. Nothing specific was disclosed in the proposal – what would these funds actually purchase?

Too often in its history the disc golfers have proven to be bad neighbors in the Arroyo, pushing to expand their space without first receiving permission and generally not playing well with others.

I urge council to ask for historical information on Disc Golf in the Arroyo from the Hahamongna Watershed Park Advisory Committee and Recs and Parks Commission. Do not reward this group at this time. Rather, first require that the disc golf group prove that they deserve public funds.

I would argue that there are other groups in the Arroyo that serve the general public better. Using the \$100,000 to increase the group picnicking areas or to improve the public restrooms in the Arroyo would benefit far more Pasadena residents.

Cindy Schnuelle – Northwest Resident – District 5 NW Commissioner – HWPAC member

05/02/2022
Item 5

1.6 GOALS & OBJECTIVES OF THE HAHAMONGNA WATERSHED PARK MASTER PLAN

The following are the goals and objectives specific to Hahamongna Watershed Park: Goal 1: Preserve, restore, and enhance the native habitats

Objectives:

- Develop a habitat restoration plan for Hahamongna Watershed Park.
- Protect and enhance the Hahamongna Watershed Park wildlife corridor linkages to the upper watershed and the downstream reaches of the Arroyo Seco.
- Restore, enhance, and reestablish the historical native plant communities of the Arroyo Seco.
- Create wetland and aquatic habitats in HWP to increase the biodiversity.
- Locate new facilities in developed or disturbed areas so as to minimize impact to established habitats.
- Enhance the edges of the spreading basins with native trees and other appropriate plantings to blend these facilities with the riparian setting.
- Limit exterior lighting for security, safety, and operational purposes to lessen the impact on nocturnal wildlife.
- Relocate existing overhead power and communications lines to restore the natural environment and provide adequate, safe maintenance access.
- Develop dam maintenance and flood control procedures that promote preservation of native habitats.
- Repair the harmful impacts of the mining operations by re-grading the highly disturbed, unnatural topography within the flood plain to allow for the successful planting of native plant communities to establish quality habitat.
- Establish a monitoring program to study runoff and sediment delivery in the flood basin to determine impacts on plant communities in HWP.
- Restore areas where erosion has occurred.

2.10 EXISTING RECREATION

Existing recreation facilities are located on the west and east sides of HWP. The majority of these facilities are located in the Oak Grove area.

...

Lower Terrace

The lower terrace is situated along the base of the western slope of the basin and extends from the MWD property to the group picnic areas south of the existing play field. The lower terrace includes facilities for passive and active recreation; the facilities include group picnicking, a play field, restrooms, and disc golf course.

...

Disc Golf: The 18-hole disc golf course at HWP is the nation's first disc golf course. Since its inception in early 1970, disc golf courses have been constructed all over the world. The course is quite popular and provides recreation for all ages.

The disc golf course is currently located on both the north and south ends of the lower terrace. The front nine follows the perimeter of the play field, picnic area, and parking area. The back nine is located in the oak grove of the north portion of the lower terrace. **The back nine weaves in and out of the oak trees impacting the trees due to heavy use.**

SUMMATION OF THE COMMENTS FROM HAHAMONGNA WATERSHED PARK COMMUNITY MEETINGS

During the Master Plan process, three community workshops were held to solicit comments on the progress of the Master Plan. The following summation itemizes by topic both the verbal and written comments made during the workshops. In some cases, similar comments, such as “keep it natural” were heard many times, but are not repeated here. As one can see, the list consists of comments from both ends of the spectrum on almost every issue. As the process proceeded, participants gravitated toward a balanced approach—not any one interest group getting everything it wanted, but instead agreeing to disagree and settling for a compromise.

Habitat

- Keep it natural;
- Watershed area should be kept as natural as possible;
- Soften all facilities (parking, buildings) with natural vegetation;
- Most of park should be natural, not full of sports fields;
- **Eliminate sports fields and disc golf course;**
- Keep down the development and buildings in park;
- Advocate wildlife “rehabitation;”
- Stress Native American influence on area;
- Reintroduce native plants and safeguard protected species;
- Create an Engleman Oak monument;
- Organized sports are too intense for a wetlands or nature area;
- Protect the wildlife corridor in basin;
- Develop a plant nursery for endangered plants, trees, and plants used by “gatherers” – protect the plant gene pool at Hahamongna;
- No boating on lakes in order to bring back birds and wildlife;
- No motorized boating;
- The bridge at the north end of the Park should be in wood and kept natural and rustic for hikers and horses;
- The loop perimeter trail is essential for horses and hikers so we can access all the trails, hike, watch the birds and animals and enjoy the view of this restored natural habitat.

McMillan, Acquanette (Netta)

From: Alfred L. Carr
Sent: Monday, May 02, 2022 2:58 PM
To: PublicComment-AutoResponse
Subject: Public Comments for May 2, 2022 City Council Meeting - Agenda Item 5 CIP Budget: \$100,000 Disc Golf Renovation

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Dear City Council, et al.:

Good evening. My name is Alfred Carr, and I am both a resident of District 1 (North Arroyo) and a member of the Northwest Commission. I respectfully request that this comment be made part of the May 2, 2022 record at this Pasadena City Council meeting in regards to the Disc Golf rebuild in Northwest Pasadena pursuant to Agenda Item 5. The Northwest Commission did not approve the expenditure of the \$100,000 for the disc golf and stated that there are numerous other repairs that need to be done.

The short version is that that money can and should be used for the benefit of the Northwest Pasadena community and the Pasadena Community at large. It was brought to our attention that the disc golf course is not used by many City residents, but is a destination location and the non-local public that frequents it are not very "gentle" to the surrounding area and residents.

Given its location, I do not see that there is any economic advantage in spending \$100,000 ear marked for projects on the Arroyo on the disc golf course as there are a myriad of areas in the Arroyo that can benefit from use of the funds ear marked for use in the Arroyo.

For example, the hiking trails, waterways, traffic control, and bike riding roads\trails around the golf course and Rose Bowl can be of a great benefit to the local residents and to those that visit our great City. Lastly, it was stated during the NW Commission meeting that the renovation to the disc golf was the brain child of members of a City department without any

input from the NW Commission. Without more information as to why this is an expenditure that is beneficial to the Northwest (North Arroyo) community, I respectfully, request that City Council remove this budget item from the CIP plan.

Best,

Alfred L. Carr