

CORRESPONDENCE

Customer Information

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Request Classification

Topic: General Comment-City Clerk	Request type: Problem
Status: Open	Priority: Normal
Assigned to: Ruben Martinez	Entered Via: Web

Description

City of Pasadena continues to find unlimited money for all kinds of projects including a new \$1 million appropriation they want for the golf course at the Rose bowl if they find zero money to help housing affordable housing for the homeless and seniors it's disgusting and corruption in my opinion

Reason Closed

Date Expect Closed: 05/26/2023

Enter Field Notes Below

Notes:

Notes Taken By: _____ **Date:** _____

Robles, Sandra

From: David B. Coher
Sent: Monday, July 3, 2023 4:07 PM
To: PublicComment-AutoResponse
Subject: July 10, 2023 Council Meeting - RBOC Agenda Item
Attachments: A map of a golf course Description automatically generated with medium confidence.jpeg

Follow Up Flag: Follow up
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Dear Councilmembers:

I am writing to express my concerns with the Rose Bowl staff's driving range and mini-golf proposal. ***Unfortunately, the current plan is not fully developed, puts the RBOC's stable funding through festivals at risk, and creates a potential of substantial liability for the City. The City Council would best send this back for the RBOC to direct Rose Bowl staff to finish the work required before it can reasonably be approved.***

Therefore, I ask that you postpone deciding on this matter until a complete proposal can be brought to you – one that fully informs you about what you are being asked to support!

Killing the Golden Goose

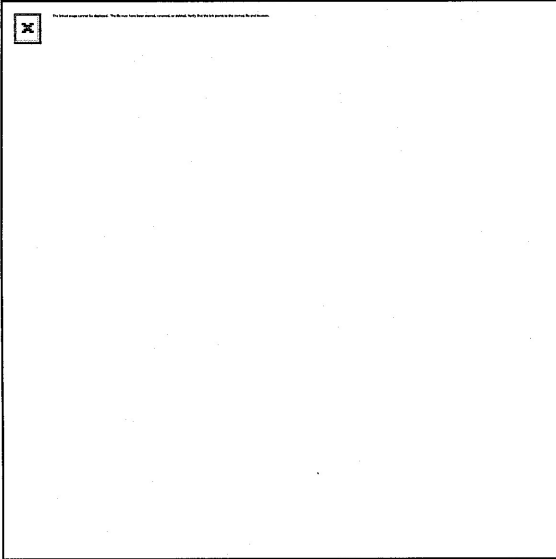
The proposal, sketched out in a limited fashion in the MND study, shows that this construction site will be in the middle of Brookside's current festival grounds - despite the existing festival business delivering much-needed cash for the City of Pasadena and the Rose Bowl, all with a limited impact to the residents.

Brookside currently hosts up to 10 music festivals a year. Combined, these festivals bring in a minimum of \$3 million a year for five years, comprising over 47% of the revenues for operations!

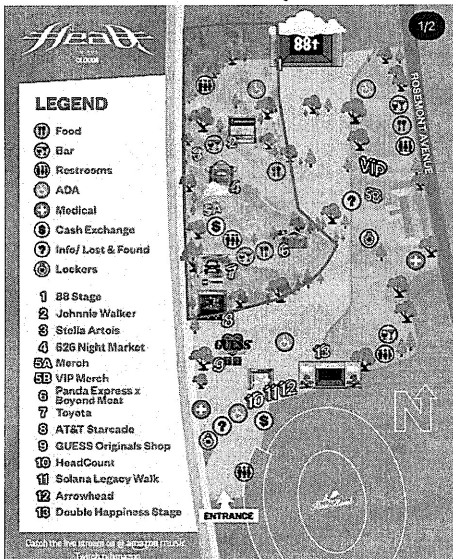
Unfortunately, the current proposal would occupy most of the festival grounds - essentially killing this business. If you don't believe me, look at the drawings on the next page, taking the MND study's area (their red line) and laying it over the map of a recent festival. On the next page, you will see that the red line they draw is across the bulk of the festival grounds.

But Rose Bowl staff incredulously claims that the festival organizers “love the plan.” Yet, despite their “love” for it, we haven’t heard any public comment supporting it from the festival organizers (AEG), or, more importantly, ***we have not heard any commitment from festival organizers to not use this proposal as an excuse to renegotiate the current deal or lower future payments.***

CURRENT MAP



FUTURE MAP (SEE RED LINE)



How happy would you be if you paid \$3 million a year to hold parties for five years and someone put that red line in the middle of your party?

Until we see commitments from the festival organizers, the proposal, in short, is to kill the one thing that consistently provides the stable financing that is so desperately needed to maintain America’s Stadium and the surrounding Brookside golf course.

Questionable Math

But it gets worse. The current proposal is to kill the bird in our 'hand' (of a festival business) for two in the 'bush' (of an untested business theory).

The finances for the proposal are mere guesses by staff. ***There has yet to be any independent analysis provided by anyone***, let alone someone with experience running the proposed new business or anything like it.

Incredibly buried in reports from April 2023, ***staff initially claimed that the driving range and mini golf would generate \$2.4 million of profit a year. As of June 15, this somehow got a lot more profitable, and they now claim this will make \$3.5 MILLION OF PROFIT EVERY YEAR!***

Assuming 350 days of continuous operations for 10 hours a day, 36 holes of mini-golf, and a family or group of four on every hole, 10 hours a day, rain-or-shine, they'll need \$27.78 of profit per foursome. Furthermore, \$3,500,000 divided by \$27.78 per foursome means 126,000 foursomes or another 504,000 – half a million – golfers or mini-golfers in the Arroyo!

Needing to make \$6.94 per each of these half-million customers (to get to \$3.5 million a year) and assuming operating costs of, conservatively, \$10 a person means a \$17 ticket. (Meaning this business would have an incredible 42% profit margin!) ***Does anyone know a Pasadena family of four who will pay \$68 to play miniature golf in the rain?***

Gold-Plated Miniature Golf

Yet, the math gets even more silly as the proposal would require millions of dollars from the City of Pasadena – meaning you as the City Council and us as taxpayers!

Officially, the proposal calls for \$1 million upfront and with no plan to pay it back - but that's just the start. ***Buried in the staff report is that the proposal calls for \$1.2 million a year to finance a total budget of at least \$11.6 million (assuming City-issued municipal bonds at 2.5% interest) - with you, the City Council, on the hook, if the nearly half a million golfers and mini-golfers a year don't show up to play in the rain.***

These figures are based upon debt service payments of \$1.2 million being 'expected.' ***But, of course, the inevitable cost overruns on a \$11.6 million construction project are not expected. You guys on the City Council will be on the hook to pay for that mulligan!***

Sponsorship

I have heard rumors that the numerous financing issues discussed in this letter will all be resolved by a sponsorship coming in to save the day. ***Sponsorship is unrealistic for three reasons.***

First, ***a large cash infusion from a sponsor will not save a flawed business model.*** While the sponsorship idea is intriguing, it would have to be an over \$11 million startup payment to avoid the City of Pasadena losing money on building this proposed facility. Then it would have to generate multi-million annual fees to keep the business from losing money yearly!

Second, even if such a high-dollar sponsorship deal can be negotiated, a sponsor would only pay so much if it brought in attendance figures approaching the half-million golfers discussed above. ***The number of visitors required to justify the necessary sponsorship dollars to make this work would devastate the neighborhood.***

Third, for any sponsorship deal to bring in that kind of money, ***it would have to be a commercial sponsorship deal, otherwise prohibited by current law.*** To change that rule would upset the balance built up over many years between the competing interests in the Rose Bowl neighborhood – all to build a money-losing miniature golf course.

Thank You

Thank you for taking the time to consider my comments and the concerns raised.

I also wish to thank you in advance for what I anticipate will be an easy call for you – ask the RBOC to direct Rose Bowl staff to finish the required homework of having a meaningful business analysis conducted by a competent expert in the field and then balancing out all these numbers so that they make financial sense for the City and you, the City Council.

Very Sincerely,
David Coher