

Agenda Report

August 19, 2024

TO: Honorable Mayor and City Council

THROUGH: Economic Development and Technology Committee (March 19, 2024)

FROM: Rose Bowl Operating Company (RBOC)

SUBJECT: DELEGATE TO THE RBOC BOARD THE MAKING OF FINDINGS TO TEMPORARILY INCREASE THE NUMBER OF DISPLACEMENT EVENTS WITHIN THE CENTRAL ARROYO

RECOMMENDATION:

1. Find that the recommended action is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines per Section 15061(b)(3), the “Common Sense” exemption that CEQA only applies to projects that may have an effect on the environment; and
2. Direct the City Attorney to prepare and return with an ordinance within 60 days to amend PMC 3.32.270.A to delegate to the RBOC Board the making of findings required for the RBOC to host up to 25 displacement events per calendar year until December 31, 2033 (ten-year period).

BACKGROUND:

The Arroyo Seco Public Lands Ordinance (PMC Section 3.32.270) establishes guidelines and policies related to the administration of the Arroyo Seco, including the Rose Bowl Stadium and adjacent areas. The ordinance states that the City seeks to achieve a balance between the use of the Rose Bowl and the impact of such use on surrounding residential areas. To achieve that balance, Section 3.32.370 of the ordinance limits the number of displacement events to no more than 15 in any one calendar year without the permission of the City Council to hold additional events beyond 15. To exceed 15 displacement events in any one calendar year, the City Council must make certain findings.

The RBOC originally requested that the City Council make the findings required by PMC 3.32.270.A to authorize the RBOC to host up to 25 displacement events per calendar year until December 31, 2033. At the Economic Development and Technology Committee meeting on March 19, 2024, EdTech recommended that the Arroyo Seco Public Lands Ordinance be amended to delegate the making of the above-mentioned

findings to the RBOC Board on an individualized basis, with the ability to host up to 25 displacement events per calendar year, until December 31, 2033.

It has become clear that ensuring the RBOC will continually be able to pay the City's bond debt on the 2012 renovation project at the stadium is dependent on its ability to count on the revenue generated by hosting up to 25 displacement events on an annual basis. RBOC financial reports presented to the Council over the last few years demonstrate that when the Rose Bowl has 22 or more displacement events, the Rose Bowl has demonstrated that it can be financially viable. The RBOC's FY24 budget anticipated 25 events, and its FY23 audited financial statements document the positive financial impact of an increase in the number of events. In addition, the RBOC has necessarily increased its preventative maintenance spending over the past few years. Limiting the Rose Bowl Operating Company to a maximum of 15 displacement events per calendar year will put the Rose Bowl Operating Company in a financial deficit position and dependent on the City's general fund to pay the debt.

Los Angeles is the most competitive stadium markets in the country, and with the certainty provided by the actions proposed herein, the RBOC will be able to show content providers that our complex is a viable option for them to commit to annual content on our campus. The ability to plan on these events will allow the RBOC and City to address the long-term debt, and operational and capital needs for the Stadium and campus.

Further, the uncertainty and additional time it takes to seek the approval of Council to host more than the 15 displacement events allowed by the Arroyo Seco Ordinance is a major source of concern and obstacle for event promoters. For example, the RBOC's music festival contract which allows for an annual exceedance of 15 displacement events will have to be renewed by 2025, and the RBOC's contract with AEG to serve as the exclusive venue for certain professional soccer matches must be renewed by 2027. Both of these critical sources of annual revenue are dependent on the Council finding that exceeding 15 displacement events is consistent with the Arroyo Seco Public Lands Ordinance. In addition, every time the RBOC has an opportunity to host a concert, a major soccer match or other revenue-generating event, it must seek leave of Council to do so. This process takes time and leads to uncertainty on the part of promoters as to whether their event will be able to move forward, and if it is permissible, whether the timing will match the promoters' need to announce the event to ensure enough time for successful ticketing sales. Approval of the recommendation puts the RBOC in a better position to secure opportunities in a competitive marketplace.

During this ten-year period from 2024-2033, the RBOC will be in close communication with the City regarding not only the impacts on surrounding neighborhoods from displacement events at the Rose Bowl Stadium, but also the RBOC's financial position and its ability to reinvest in the Rose Bowl Stadium in a manner that keeps it operational and competitive into its next 100 years. Maintaining these facilities requires a deep connection and commitment to partnership between the City and RBOC. It is understood that the RBOC must continue to explore and implement other reliable revenue streams, such as the recent increase in the TBID with a set allocation toward

the RBOC, the continued pursuit of state and federal legislation to return funds to the historic stadium such as the recent passage of California Senate Bill 96, and the continued work toward improving golf operations and profitability.

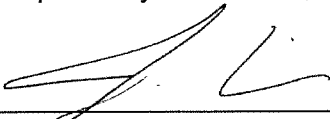
ENVIRONMENTAL:

The action proposed herein has been determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3), the "Common Sense" exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Such is the case with the proposed municipal code amendment. Prior to any action by the RBOC pursuant to the amended ordinance, appropriate CEQA review will be conducted.

FISCAL IMPACT:

There is no direct fiscal impact due to the proposed changes. However the proposed changes have the ability to secure the financial future of the RBOC. Only a few years ago, the City believed that the then-financial challenges associated with the Rose Bowl were as significant as any the City has faced in decades. In FY22 the City's General Fund paid \$9.2M toward the RBOC's bond debt, and additional bond payments of up \$7.7M by the City were projected every year going forward. Just a few years later, the RBOC's operating financial outlook has improved significantly since the end of the pandemic, in large part due to the 22 displacement events the RBOC was able to host in the 2022 and 2023 calendar years. The RBOC has submitted and presented detailed reports to Council regarding this financial turnaround and will continue to do so as required by the Operating Agreement and as Council may desire. With the certainty provided by the action proposed herein, the RBOC will be able secure further long-term contracts with its music festival and soccer partners, and independent event promoters, thereby securing the financial future of the Rose Bowl Stadium and Brookside Golf Courses.

Respectfully submitted,



Jens Weiden
Chief Executive Officer
Rose Bowl Operating Company

Attachments: Economic Impact Reports from recent displacement events: Mexico vs. Peru soccer match, and Music of the Spheres World Tour - COLDPLAY