

Agenda Report

November 22, 1999

TO: City Council

FROM: Rose Bowl Operating Company (RBOC)

SUBJECT: Revised Budget, Fiscal Year 2000

RECOMMENDATION:

It is recommended by the RBOC that City Council approve of a revised budget for Fiscal Year 2000.

BACKGROUND:

On June 21, 1999 the City Council adopted a budget for the City of Pasadena Fiscal Year 2000, which includes the budget for the Rose Bowl Operating Company (RBOC).

Based upon fiscal year 2000 first quarter results, it has become clear that there are several areas of concern relating to the RBOC's ability to meet its budget. These include the following:

- UCLA attendance is lower than originally projected due to a poor start. This has negatively affected projected revenue.
- SuperCross sales were slow and it is doubtful if the budgeted amount of revenue for this event will be attained.
- After meeting with concert promoters, the outlook is slim that the Rose Bowl will host a major concert during FY 2000.
- The Women's World Cup finals were more successful than originally anticipated and the net revenue to the RBOC was higher.
- Lilith Fair generated more revenue than included in the recommended budget.
- An audit for FY 99 was complete, which showed a negative cash flow for the RBOC of \$1.2 million.
- Attendance for the Los Angeles Galaxy has been decreasing, rather than increasing, negatively impacting revenue.

Due to the above listed reasons, it has been determined that a revised budget for FY 2000 is necessary. Although projections for several areas of the RBOC are not anticipated to be met, it is important to note that revenue is still projected to be increased over FY 99 and operating expenses are projected to be reduced. Attached are comparisons of revenue and expenses between fiscal year 1999 actuals, the original budget for FY 2000, and the revised FY 2000 budget. There is also a column that shows the variance between the adopted budget for FY 2000 and the proposed revised budget for FY 2000.

When revising the budget, Rose Bowl staff has worked very closely with the City of Pasadena's Department of Finance and have been provided with continual input from the RBOC's Finance Committee. The following items have been deleted in the proposed revised budget:

- The elimination of 2.5 staff positions.
- A reduction of \$100,000 in maintenance expenses.
- Elimination of selected business trips; including conventions and the 2000 Super Bowl.

The following items have been added to the budget:

- A soccer match involving U.S. and Iran. Net revenue from this event is projected to be \$150,000.
- Green Fee increases for the Golf Course. Projected increased revenue to the RBOC for FY 2000 to be \$60,000, based on a \$2.00 price increase effective January 2000. It should be noted that the fee increase needs to be approved by both the RBOC and City Council. Overall, if the fee increase is approved, it will result in a \$32,916 increase to the Golf Course Complex. This is due to a reduction in projected revenue to the Barkley Restaurant and John Wells Pro Shop, which is considered a part of the Golf Course Complex operation.

It should also be noted that there still remains a \$490,599 shortfall for the revised budget. There have been discussions with the City Manager, who is recommending to the City Council to reduce transfers by \$500,000 from the FY 2000 budget.

REPORTING PROCEDURES BETWEEN THE CITY OF PASADENA & RBOC


During the revised budget process there has been considerable dialogue between Rose Bowl and City staff related to the working relationship, specifically related to the financial relationship between the two entities. Rose Bowl staff is recommending the following concerning the working relationship:


- The attendance of the Finance Director of the City of Pasadena will be requested at all Rose Bowl Operating Company Finance Committee meetings.
- The Rose Bowl Operating Company will provide quarterly reports to the City Council, which will include financial results from events at the Rose Bowl and Golf Course and all operating expenses.

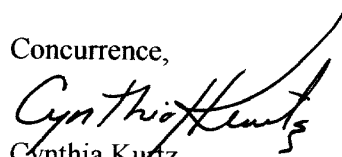
FISCAL IMPACT:

The Operating Budget by its very nature addresses fiscal impacts and will be discussed in further detail.

Respectfully submitted by,


for Daniel Castro
President


Darryl Dunn
General Manager

Concurrence,

Cynthia Kurtz
City Manager