



Rose Bowl Operating Company

April 2, 2009

TO: Rose Bowl Operating Company
FROM: Darryl Dunn, General Manager
SUBJECT: Strategic Plan Pre-Development Funding

RECOMMENDATION:

It is recommended that the RBOC approve and recommend that the City Council appropriate \$1,525,000 from RBOC Strategic Plan Fund to pay for pre-development costs related to project development, financial planning and community relations for further development of the Rose Bowl Strategic Plan.

BACKGROUND:

The Rose Bowl stadium is a Pasadena icon and planning for its physical improvement and long-term financial viability is imperative. The alternative is that the stadium may fall into disrepair, running the risk of eventually joining other prominent venues built primarily to host college football bowl games (Orange, Sugar, Cotton, and Citrus Bowls), which are now either demolished or on the verge of becoming extinct.

The effort to revitalize the Rose Bowl began in 2002 in discussions with the National Football League. In 2005 it was determined that having the NFL become the major player in the long term solution for the Rose Bowl was not acceptable to Pasadena, although the EIR associated with the NFL effort was certified by the City Council on May 5, 2005. Subsequently, the RBOC and the City began to consider how to develop a positive and stable future for the Rose Bowl without the NFL as part of the equation. The current strategic plan emerged from that effort and has resulted in the preparation and certification of a Supplemental Environmental Impact Report (SEIR) and an initial financial analysis. Five primary strategic planning objectives were identified by the RBOC, along with representatives of the City, Tournament of Roses and UCLA:

- Improve public safety;
- Enhance fan experience;
- Maintain National Historic Landmark status;
- Develop revenue sources to fund long-term improvements; and
- Enhance facility operations.

The SEIR was certified by the City Council in June, 2008. However, at that time, a financing plan did not seem viable as the preliminary cost estimate was significantly higher than projected revenue from improvements and/or potential of other funding opportunities.

Since June, 2008, the RBOC has continued its effort to develop a financing plan based upon the SEIR and/or develop an alternate program within the envelope of the SEIR that would have a better chance of becoming financially viable. Because of the serious downturn of the national economy we have not been able to find a funding solution for the proposed scale of the project which was estimated to cost in the \$200-300 million range.

In October, 2008, the RBOC began discussions with Struever Bros. Eccles & Rouse, Inc. (SBER) and their associated team. SBER had successfully spearheaded the renovation of the Fenway Park baseball stadium in Boston, which was built in 1912 and which over the past 7 years has undergone more than \$150 million in renovations. It should be noted that many of the challenges that were faced by SBER in renovating Fenway Park are very similar to those we face with the Rose Bowl stadium, limited space, the need for infrastructure upgrades, the need for improved exiting, the need to generate additional revenue for long-term funding of the improvements, the need to enhance the fan experience and the need to satisfy the Secretary of Interior's Standards so that the project can qualify for Historic Tax Credits. The SBER plan for the Rose Bowl focuses on achieving the five primary objectives in a modest, incremental manner that depends on addressing specific fan experience and operational concerns with the current facility, rather than proposing a total overhaul of the existing infrastructure and amenities by embracing the historic character. This approach results not only in a more manageable financial commitment, but also in simpler physical changes to the historic stadium. While no single element of this package, taken alone, would comprehensively address the goals of the Rose Bowl, taken together, these improvements would appear to work well together to significantly enhance the historic appeal, fan experience, and operational capacity of the Rose Bowl, and should result in extending its useful life well into future generations. The preliminary cost estimate for the plan is approximately \$160 million. Based upon preliminary financial projections, assuming the economy recovers, it appears that the majority of the \$160 million can be generated from incremental revenue derived from the improvements.

The plan concept has been shared with the stakeholders of the Rose Bowl and has received positive reactions from all parties. In order to proceed and make the Strategic Plan a reality the following work needs to be undertaken both from identifying revenue and costs related to the project:

Revenue Analysis:

- Review and update market study and analysis based on new economic climate and project revisions for premium seating and advertising
- Update Financing models and financing plans with City/TOR/UCLA based upon updated revenue projections & construction cost estimates
- Negotiations between RBOC/City and tenants
- Pursue prospective revenue opportunities, including historic tax credit and philanthropic opportunities

Costs Analysis:

Project Scope/Pricing Documents:

- Extend contracts with Consulting Team to assist in the development of Project Scope
- Prepare and coordinate project narrative that outlines project scope with informational drawing in order to obtain more refined cost estimates.
- Study way finding signage and develop
- Obtain stadium 3D ‘Scan Survey’ of stadium and concourse
- Continue to refine Project Scope with Planning & Development Department
- Review Code Analysis and Proposed Exiting Improvements with City
- Work with Operations staff for TOR/UCLA/RBOC/CITY for continued development of project scope
- Develop feasible construction phasing plan
- Work with Consulting Team to update construction cost estimate(s) and constructability
- Work with structural, mechanical, geotechnical and civil engineers for necessary study to determine construction methods and validate construction assumptions
- Work with concrete restoration consultant to have a preliminary review of proposed plans and impact on concrete seating bowl structure
- Have historic preservation consultant work with staff and project development team
- Review preliminary project scope with City Commissions (Design Review/Historic Preservation/Planning)

In addition, an important element of the continued effort will focus on community outreach.

Community Outreach Plan:

- Present the plan to neighborhood associations, business organizations, civic and council districts
- Utilize the Rose Bowl and City of Pasadena’s web site to demonstrate and explain the prospective improvements
- Hold Open Houses periodically at the Rose Bowl to provide opportunities for the public to better understand the prospective improvements
- Analysis of potential economic and employment opportunities that will help Pasadena residents
- Use the City’s General Plan outreach process as a means to reach the public

The timeline of the next steps, which are outlined above, would be to begin each of these major elements (financial analysis, costs analysis and community outreach) immediately with the goal of having this phase of work completed by the end of 2009. It is important to note that the difficult state of the country’s economy may play a significant factor in the development and timing of the financing plan. It is our goal to have a three year implementation plan, and to begin construction in January, 2011 in order to be complete in time for the 100th Rose Bowl Game, which will be played on January 1, 2014. It is recognized this is an ambitious time line however initial feedback from all of the stakeholders (city, tenants, community) has been very positive related to both the vision of the plan, as well as preliminary cost estimates and preliminary incremental revenue opportunities. If the RBOC and City is going to complete the

project in time for the 100th Rose Bowl Game, having a cost estimate that is more refined as well as an agreement with the city and tenants on a financing plan by the end of 2009 is needed.

FISCAL IMPACT:

The RBOC established a Strategic Plan Fund in 2007. The purpose of the Strategic Plan Fund is to pay for costs related to the continued effort of the Plan. Currently there is \$3.5 million available in this fund, with the expectation of an additional \$3.7 million being contributed by December, 2010, due to the BCS Game. It is anticipated that the costs of the next phase related to the Strategic Plan is estimated to be approximately \$1,525,000 which will fund the financial, project development and community outreach plans which are outlined above, and will begin immediately with the goal of having this phase completed by the end of 2009.

This phase to be completed will be the foundation for the final development drawings that will provide the required start needed in order to proceed with any work.

Respectfully submitted,

Darryl Dunn
General Manager