



Agenda Report

September 6, 2018

TO: Rose Bowl Operating Company through Operations Committee
FROM: Darryl Dunn, General Manager
SUBJECT: Rose Bowl Renovation Project

RECOMMENDATION:

This report is for information only.

BACKGROUND:

The iconic Rose Bowl Stadium, a National Historic Landmark constructed in 1922, is one of the oldest football stadiums in the country. The stadium has played host to five Super Bowls, the Men's World Cup, the Women's World Cup, the 1932 and 1984 Olympic Games, and countless other special events.

The Rose Bowl Operating Company and City of Pasadena recognizing the changing and increasingly competitive marketplace in which the Stadium operates, in 2006 they joined with the Stadium's primary football tenants, the Tournament of Roses and UCLA, and a few community members to develop a strategic plan aimed at ensuring the Stadium's long-term use and financial viability. They were tasked to draft a plan for the stadium that included a detailed development plan, construction schedule, and financial plan intending to achieve the following primary objectives:

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

The initial plan was estimated to cost well over \$300 million and was determined to be infeasible from a financing perspective.

In October 2008, the RBOC began discussions with Janet Marie Smith and her associated team, including DAIQ Architects, who had successfully spearheaded the renovation of Fenway Park baseball stadium in Boston, which was built in 1912 and which over the course of 8 years completed over \$150 million in renovations. It should be noted that many of the challenges that were faced in renovating Fenway Park were very similar to those faced 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 focus on historical integrity of the improvements.

The proposed Rose Bowl Renovation Improvements Project (“Project”), much like the Fenway Park experience, focused on achieving the five primary objectives in a manner that depended on addressing specific fan experience and operational concerns with the existing facility, rather than proposing a total overhaul of the existing infrastructure and amenities by embracing its historic character. This approach resulted not only in a more manageable financial commitment, but also more appropriate physical changes to the historic stadium. While no single element of the Project, taken alone, would comprehensively address all of the objectives, taken together, these improvements worked well together to significantly enhance the historic appeal, fan experience, and operational capabilities of the Rose Bowl, and resulted in extending its useful life well into future generations.

Four years of planning, seven years of construction, and \$182.7 million the Rose Bowl Renovation Improvements Project has achieved its final milestone, contractual substantial completion as of June 27, 2018. The project not only met its five primary objectives (noted above) but set a new bar for local participation on city funded projects; approximately 10% of all wages paid on the project were paid to a total of 285 Pasadena residents (approximately \$2.5 million)¹ plus an additional \$5.2 million in local procurement and subcontracting².

In addition, it not only maintained the stadium’s historic landmark status, it received preservation awards and recognition for its efforts from the following agencies; City of Pasadena, Los Angeles County, and the State of California.

Work Completed by Year/Phase

- 2011 Phase 1; utility loops (one power and one technology), South end egress (4 tunnels widened/added intermediate aisles and handrails), new video board, new East scoreboard, rebuild vintage South scoreboard, 10 new LED ad panels, and started the pavilion foundations.
- 2012 Phase 2; constructed 7 of the 8 electrical substations, North end egress (4 tunnels widened/added intermediate aisles and handrails), reconstruction of 4 West concourse restrooms, and demolition and construction of the pavilion begins.
- 2013 Phase 3; new permanent broadcast cable and broadcast building, energize new utility loops, Gate A reconstruction, Court of Champions and Donor Plaza.
- 2014 Phase 4; final substation, East and West field reconfiguration and hedges, new public field restrooms in tunnels 23A and 28A.
- 2015 Phase 5; Gates C, E, F and N and North Service Yard Improvements.
- 2016 Phase 6; Gates G, B, and D.

¹ Local Hire Program Report, by CBA dated June 13, 2016

² Staff Agenda Report to RBOC dated June 2, 2016

- 2017 and 2018; new temporary concession stands

Although the Rose Bowl Renovation Improvements Project was a needed and successful endeavor it was not without its own challenges. Mostly revolving around the budget.

In May of 2010 the Rose Bowl Renovation Improvements Project was approved by city council and in October 2010 the funding plan in the amount of \$152M was approved by city council, with the acknowledgement of a \$7.5M funding gap. The ‘funding gap’ was expected to be addressed through the course of the project through a combination of the following elements; 2014 TOR/BCS capital maintenance fee, 2014 BCS RBOC additional revenue, RBOC/City additional bond proceeds due to reduction in taxable bond requirements, favorable construction bids, and philanthropic efforts.³

Unfortunately, right out of the gate, the project funding needed re-evaluation and modification. The issuance of the Rose Bowl bonds was completed on November 23, 2010 and negative market conditions caused the City to fall short of its estimate. This resulted in only \$125.6 million in bond proceeds for construction verses the estimated \$129.4 million. Additionally, the equity contribution estimate was revised to a more conservative amount of \$14 million. These factors combined to increase the funding gap from the original estimate of 7.5 million to approximately \$12.2 million.⁴

Phase 1 Construction started on January 10, 2011. Although the project had successfully coexisted with the monthly flea markets without incident, the first milestone date for the project was the June 25, 2011 International Gold Cup Final soccer match. Making sure the entire South end of the seating bowl along with the concourse was put back together to accommodate the anticipated sold out crowd was daunting, but also an excellent opportunity to test the planned exiting improvements and prepare for the first football season while under construction.

The proposed improved seating bowl existing was to widen up to 12 of the 28 entrance tunnels and bisect the bench seating sections to allow for an intermediate aisle allowing an anticipated 40%-50% decrease in exit time. The soccer match was the first major event to observe the plan in action; the South end had successfully completed 4 tunnels and sections, while the North end remained unimproved (these sections scheduled for 2012). The patrons seated in the South seating sections had been able to totally vacate these sections in approximately 20 minutes, while the North patrons took approximately 40 minutes.

Although the Phase 1 construction encompassed the seating bowl, utility loop, South tunnel widening and egress improvements, new video board, scoreboards, and advertising panels were all on schedule and budget. By April 2011, the project had bid and awarded nine prime contracts for Phase 1 work for a total of \$23.8 million. While the concourse work was progressing well it

³ Staff Agenda Report to City Council dated October 11, 2010

⁴ Staff Agenda Report to City Council dated April 25, 2011; note: *Pasadena did, however, fare better than other jurisdictions selling bonds during the same period. Staff discussed the option of waiting to sell the bonds to see if market conditions improved, but after consultation with financial advisors and other market experts, it was decided to proceed with the sale. This turned out to be a wise decision. Selling the bonds at a later date prior to the expiration of the BABs program would have reduced bond proceeds by an additional \$1.2 to \$1.4 million and added to the updated \$12.2 million gap.*

was the pavilion's selective demolition, shoring, earthwork, and concrete foundations that were struggling. At that time, the project estimate was trending with a \$4.5 million increase over the initial budget, due primarily to the new foundations for the Pavilion citing steel and concrete material increases.

As the summer continued, the pavilion foundations and construction continued to struggle. Shortly after ground broke for the pavilion foundations, the general contractor awarded this work began to struggle and was unable to keep up with the demanding work load and schedule and eventually defaulted. This unfortunate situation left the remainder of the pavilion project in jeopardy.

The pavilion was originally sequenced and bid to demolish one half of the original press box and build half back during consecutive off seasons to provide adequate seating for the 2012 and completed by September 1, 2013. The Phase 2 bids with this schedule came in well over the estimated pavilion budget. Therefore, the need to transfer work to other contractors, re-evaluate the remainder of the pavilion work, and re-sequence the work, lead the project team to re-package and rebid the remaining scope (above Level C) to a single general contractor. The new schedule required the high-risk decision to demolish of the entire press box and build the Pavilion to a point of completion necessary to allow UCLA to successfully host their patrons for the 2012 football games.

Although the resequencing and rebidding was successful, it was costly. The new pavilion was not only able to successfully house the 2012 football season, it reached substantial completion approximately 4 months early in April 2013. This allowed the building to be used and tested on a few summer events before the first UCLA game.

With the increased construction costs for the pavilion, the project team along with the assistance of an independent expert, reestablished a realistic construction budget for the remainder of the project and additional funding revisited. The project costs had incrementally risen to approximately \$195 million as a result of necessary changes in design, market conditions, unanticipated existing conditions and the contractor default. The independent expert, retained by the city to review the project to understand the primary reasons for the unanticipated cost impacts, identified deficiencies in the original Project budget that undervalued the Project and provided recommendations going forward that were implemented to the extent practicable for the remainder of the project.⁵

With the full understanding of the new estimated Project cost, in January 2013, the RBOC and City Council approved additional funding for the continuation of the renovation project in the amount of an additional \$30 million, resulting in total approved funded project budget in the amount of \$168.8 million for work through December 2014 (Phases 3 and 4).⁶ All additional work would be considered and contingent on the identification of additional funding at that time.

May 12, 2014 the RBOC and City Council approved the appropriation of an additional \$5 million, resulting in total appropriated project budget in the amount of \$173.8 million for work

⁵ Staff Agenda Report to City Council dated January 7, 2013

⁶ Staff Agenda Report to City Council dated January 7, 2013

completed in 2015 (Phase 5). Funding provided by Legacy and 2014 BCS RBOC revenue. This work would encompass 4 of the 8 entrance gates along with the reconstruction of the North Service Yard. This work was bid and awarded in the fall 2014 for construction to proceed in 2015.

June 22, 2015 the RBOC and City Council approved the appropriation of an additional \$3 million, resulting in total approved project budget in the amount of \$176.8 million for preparation and construction of 2016 work. The planned work was for the remaining 3 gate structures and to finalize the electrical upgrades and concourse resurfacing. The funding for this work was identified as a third-party entity to reimburse the RBOC to accelerate these gates to meet their construction schedule. Unfortunately, prior to awarding the construction contract, the commitment was revised to half of the construction cost, requiring the need to amend the budget and reidentify the funding sources for the final phase of work. Prior to finalizing the project budget, it was necessary to clean up the project balance sheet. The project balance sheet has been carrying credits in the amount \$2.7 (defaulted contractor and broadcast cabling reimbursement) for a total project increase of \$5.9 million.

Therefore, on December 14, 2015 the RBOC and City Council approved the appropriation of funds in the amount of \$5,900,000 for the continuation and completion of the renovation project, resulting in total approved project budget in the amount of \$182.7 million.

Although the ‘construction’ aspect of the Project completed in 2016, during 2017 up through June 30, 2018 the Project has been completing project close down efforts along with the design, fabrication and delivery of 46 temporary concession stands as the final contractual element for our two primary stakeholders.

FISCAL IMPACT:

This report summarizes the total fiscal impact as related to the approved \$182.7 million Rose Bowl Renovation Project budget.

Total Project Funding Sources = \$182.7 million

Total Bond Proceeds	\$156.1 million
Total Equity Contributions	\$26.6 million

Total Project Expenditures = \$182.6 million

Total Direct and Indirect Construction Costs	\$153.04 million
Total Soft and Specialty Costs	\$29.52 million

Refer to Attachment A – Project Expenditures Summary for additional information.

Respectfully submitted,



Darryl Dunn
General Manager

**ATTACHMENT A
 PROJECT EXPENDITURE SUMMARY**

Rose Bowl Renovation Project

FINAL REPORT

Project Component Cost Summary
 The Rose Bowl
 Pasadena, California

Update #70
 June 30, 2018

A	B	B.1	B.2	B.3	C	D	E
Description	Approved Budget	\$168.8M Approved Budget	\$173.8M Approved Budget	\$182.7M Approved Budget	Approved Changes	Total Awarded and Approved	TOTAL SPENT TO DATE
	10/5/2010	1/7/2013	6/5/2014	11/18/2015	11/18/2015	(B.3 + C)	6/30/2018
Direct Construction Costs							
Concourse	\$ 13,800,000	\$ 13,179,358	\$ 16,497,900	\$ 18,018,351	\$ 5,744,563	\$ 19,544,563	\$ 19,861,859
Entry Gates	1,200,000	400,000	2,849,596	6,869,436	\$7,003,142	8,203,142	8,145,874
Concession Improvements	5,700,000	500,000	610,000	610,000	(\$5,367,718)	332,282	328,222
Restroom Buildings	2,400,000	4,031,154	4,705,303	4,705,303	\$2,309,186	4,709,186	4,709,187
Scoreboards and Displays	11,900,000	9,292,878	9,680,513	9,680,513	(\$2,368,061)	9,531,939	8,849,425
Bowl Egress, Aisles and Field Walls	5,100,000	6,440,211	6,907,674	6,907,674	\$2,084,292	7,184,292	7,045,659
Stadium Tunnels	11,500,000	8,416,874	8,416,917	8,416,917	(\$3,083,084)	8,416,917	8,419,642
Press Box	53,100,000	83,640,360	84,552,417	84,552,417	\$31,962,671	85,062,671	85,085,820
Construction Contingency	10,500,000	6,199,652	2,408,554	2,940,409	(\$10,500,000)	-	-
Total Direct Cost	115,200,000	132,100,487	136,628,874	142,701,020	27,784,991	142,984,991	142,445,687
Indirect Construction Costs							
Project Management	6,800,000	7,790,000	8,370,730	8,963,890	2,163,890	8,963,890	8,963,889
Owner's Representative Fee	1,000,000	1,233,072	1,199,410	1,165,000	164,672	1,165,000	1,164,672
Project Management Facilities	400,000	450,000	450,000	470,000	70,000	470,000	466,796
Indirect Costs Contingency	-	-	100,000	-	(100,000)	-	-
Subtotal, Indirect Construction Costs	8,200,000	9,473,072	10,120,140	10,598,890	2,398,890	10,598,890	10,595,356
Total Construction Cost	123,400,000	141,573,559	146,749,014	153,299,910	30,183,881	153,583,881	153,041,044
Soft Costs							1/0/1900
Design Fees	12,800,000	14,460,000	15,309,545	16,080,000	3,100,000	15,900,000	15,777,283
Other Fees and Expenses	6,300,000	6,410,000	7,590,000	6,945,090	541,119	6,841,119	7,420,313
Specialty Expenses	2,800,000	2,730,000	2,760,000	2,900,000	100,000	2,900,000	2,885,477
Furniture, Fixtures and Equipment	3,500,000	3,500,000	3,800,000	3,475,000	(25,000)	3,475,000	3,439,375
Soft Costs Contingency	3,000,000	1,775,000	100,000	-	(3,000,000)	-	-
Third Party Reimbursable	-	(1,748,558)	(2,508,558)	-	-	-	-
Total Soft Costs	28,400,000	27,126,442	29,559,545	29,400,090	716,119	29,116,119	29,522,449
TOTALS	151,800,000	168,700,000	173,800,000	182,700,000	30,900,000	182,700,000	182,563,492