

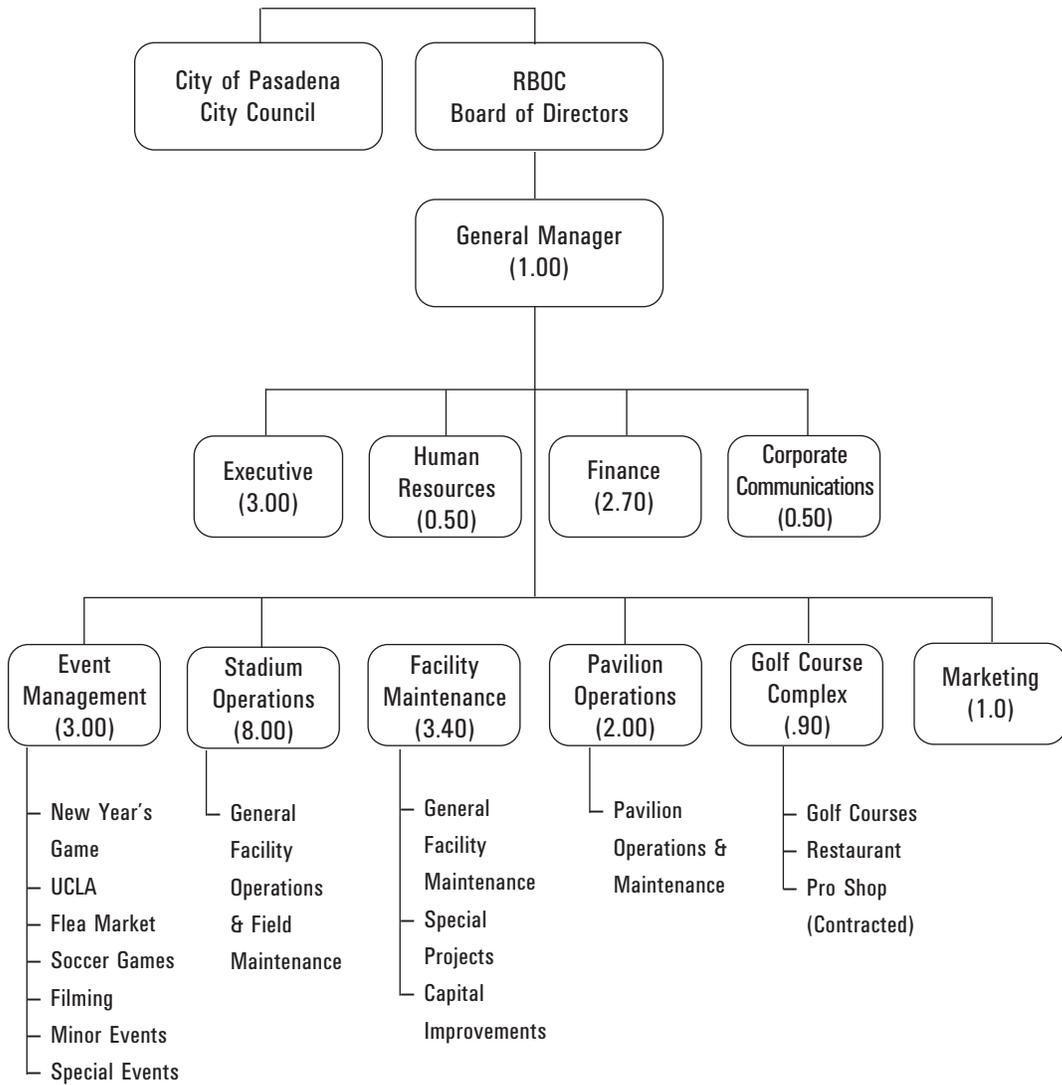


ROSE BOWL OPERATING COMPANY



*Santa Catalina Branch Library
Opened in 1931*

CITY OF PASADENA
ROSE BOWL OPERATING COMPANY



CITY OF PASADENA
ROSE BOWL OPERATING COMPANY

MISSION STATEMENT

The mission of the Rose Bowl Operating Company (RBOC) is to improve the quality of life in Pasadena by providing top quality entertainment and by generating revenue through the operation of a world-class stadium and a professional quality golf course complex.

PROGRAM DESCRIPTION

The RBOC is a California non-profit, public benefit corporation, founded in 1995 by an act of the Pasadena City Council. As a legally separate entity, the RBOC has an independent board that governs its operations and adopts its annual budget. The operations of the RBOC are accounted for as a distinct component unit of the City consistent with generally accepted accounting principles. As such, the following information is for informational purposes only.

The RBOC's primary purpose is to enhance economic and civic value to the City of Pasadena by managing a world-class stadium and a professional quality golf course complex in a residential open-space neighborhood. The RBOC is responsible to the residents of Pasadena to inform them of potential environmental impacts from the operation of the stadium, to take all reasonable preventive measures and to seek feedback from those impacted.

The Rose Bowl's multifaceted events have included the annual New Year's Rose Bowl Football Game, with the 2002 and 2006 games also counting as the BCS National Championship Game, the standalone 2010 and 2014 BCS Championship Games, 1984 Olympics Soccer Finals, 1994 Men's World Cup Soccer, 1999 Women's World Cup Soccer Finals, five (5) Super Bowl football games, UCLA home football games, a variety of concerts and other activities such as the monthly R.G. Canning Flea Market, car shows and filmings, all of which generate revenue for the Rose Bowl Fund.

In addition, the RBOC is responsible for the management of the Brookside Golf complex through concessionaire contracts with

American Golf Corporation and John Wells Pro Shop. The Company performs the following services:

- Manages a world-class stadium
- Manages a professional quality golf course

DEPARTMENTAL RELATIONSHIP TO CITY COUNCIL GOALS

Maintain Fiscal Responsibility and Stability:

To address this goal, the RBOC strives to generate sufficient revenue to meet bond debt service and other operating budget obligations.

Improve, Maintain and Enhance Public Facilities and Infrastructure:

The RBOC also continues in striving to generate sufficient revenue to complete contractual obligations of the "Renovation Project" and to maintain the stadium for the long-term, which is a priority of the RBOC.

Support and Promote the Quality of Life and the Local Economy:

The RBOC works diligently to attract events that will generate jobs as well as tax revenue for the City of Pasadena via hotels, shopping, restaurants and other sources.

FISCAL YEAR 2014 ACCOMPLISHMENTS

The Rose Bowl Operating Company accomplished the following during FY 2014:

- Continued to expand community outreach by having a series of community meetings, inviting Neighborhood associations, as well as organizations that have shown interest in the Rose Bowl. Such meetings include "scoping sessions" with regards to the Environmental Impact Report currently underway;
- Continued the Construction Phase 4 of the "Renovation Project" (Strategic Plan), with the construction and installation of the following items; new brick donor plaza, new gate A structure, upgrades to Court of Champions, new public

CITY OF PASADENA
ROSE BOWL OPERATING COMPANY

restrooms at field level, reconfiguration of the West and East sidelines along with the re-established historic field level hedge;

- For the 15th consecutive year beginning with fiscal year ended 1999, obtained an unqualified opinion from the outside, independent auditors on its separate company financial statements and schedules, the latest fiscal year being fiscal year ended June 30, 2013;
- For 5th year in a row experienced food & beverage sales that were higher on average with the newer concessionaire than with the previous subcontractor;
- Continued a now 87 year tradition by staging an annual July 4th / Independence Day event with a variety of music acts and other forms of entertainment acts such as “Kenny G”, “The Mariachi Divas”, the “TNT Action Sports”(freestyle motorcycle show) and the “Condor Squadron” (WW2 flyover). Also, in the process of booking a similar event for July 4, 2014 for upcoming fiscal year 2015, again featuring fireworks and other entertainment acts;
- Repeated as home venue for the Gold Cup Men’s Soccer Championship game;
- Welcomed Justin Timberlake and Jay-Z to the Rose Bowl as part of their “Legends of Summer” stadium tour;
- Staged the 100th Tournament of Roses football game, with another classic Pac-12 / Big-10 match-up between the Stanford Cardinal and the Michigan State Spartans. Michigan State, the Big-10 champion, returned for the first time since 1988 and Stanford, the Pac-12 champion, made a 3rd consecutive appearance. Michigan State prevailed with a 24 – 20 victory;
- Hosted the “BCS National Championship” for the 4th time since 2002, featuring the Auburn Tigers vs. the Florida State Seminoles. Led by Heisman Trophy winner and quarterback Jameis Winston, Florida State rallied in the second half and after a seesaw battle won the contest by a score of 34 – 31;

- Co-promoted the Rose Bowl Half Marathon for the 7th consecutive year, which was again profitable despite ongoing competition from many similar events;
- Hosted the “Autism Speaks” event for the 11th consecutive year;
- The Flea Market enjoyed increasing success, performing even better with higher attendance levels;
- Continued to conduct and tally surveys with customers of the Pro Shop, Restaurant and Golf Course at Brookside to determine where improvements can be made;
- Continued ongoing Fairway Improvements with the installation of Kikuyu sod on course # 2 and finished the Lake Renovation project, both part of the overall Golf Course Master Plan; and
- Continued to collect the “9.5% of Golf Course Revenue” from American Golf Corporation, approximately \$527,000 plus another \$100,000 (for the 4th of 5 years) to fund the multi-year Golf Course Master Plan and other golf-related CIP’s.

FISCAL YEAR 2015 ADOPTED BUDGET

Operating Budget:

The FY 2015 Adopted Budget of \$47,885,000 is \$2,645,000 or 5.2 percent lower than the FY 2014 Revised Budget.

Personnel:

A total of 26.0 FTEs are included in the FY 2015 Adopted Budget. This includes a new Maintenance Manager to oversee the newly-constructed “Pavilion” building as well as a new Maintenance Worker for the stadium.

YEAR-OVER-YEAR BUDGET CHANGES

Rose Bowl Fund:

FY 2015 total estimated expenses increased from FY 2014 by approximately \$10,864,000 due primarily to additional, major “Special Events”, higher utilities, ongoing routine maintenance of the newer “Pavilion” complex, and increased capital expense

CITY OF PASADENA
ROSE BOWL OPERATING COMPANY

related to the Rose Bowl Renovation Project. These increases are partially offset by lower debt service for FY 2015 (\$213,000) as a result of the recalculation of one of the 2013 bond debt schedules. Phase 4 of the project will be complete in August, 2014.

This increase is comprised mostly of event costs (approximately \$12,018,775) especially those corresponding to the additional major, "Special Events" that have been booked including:

- Manchester United Soccer Game (\$1.04 million);
- Beyonce & Jay-Z Concert – 1 night (\$1.82 million).
- Eminem & Rihanna Concert – 2 nights (\$3.87 million),
- One Direction Concert - 3 nights (\$4.48 million);
- Partially offsetting the overall increase in expenses, is a decrease in "Capital Maintenance Funding" for the "Renovation Project" in the amount of \$3,435,919 which represents the FY 2014 budgeted amount from the BCS Game to be used for this purpose.

Other factors to the increased costs include the following:

- UCLA vs. USC football game which costs more than a regular UCLA game (approximately \$285,000);
- Addition of two FTE's (approximately \$96,000) to support management and maintenance of the new pavilion building and the stadium;
- Water & Power at the stadium (approximately \$134,000) partially due to distribution costs (fixed costs for delivering energy throughout the city, e.g. power poles, wires, substations and transformers). Until the switch is made from the old meter to the new meter, there will be such charges for both meters. Even after such a switch is made, the reduction in these costs from retaining the older meter along with the new meter, would be minimal;
- Increase in the California "Minimum wage" on July 1, 2014

from \$8 per hour from \$9, or 12.5%, which far exceeds the annual change in CPI per the FY 2015 Budget Instructions of about 1.4%, could increase many of the event costs incurred from some of the subcontractors whose expiring contracts may be extended or replaced.

Anticipated revenue that will help offset these expenses consist of the aforementioned special major events, i.e., the Manchester United vs. The Galaxy soccer game, the Beyonce & Jay-Z concert, the Eminem & Rhianna concerts, the One Direction concerts, the UCLA vs. USC football game and the ever, better performing Flea Market.

Golf Fund:

Cost Changes (from FY 2014 Revised): Most operating expenses are being increased by 1.4 percent as per the FY 2015 Budget Instructions. There is an additional \$75,000 in water which would represent 50% of any excess once American Golf Corporation reaches the \$850,000 threshold in water consumption. Capital Expenditures are decreasing by \$150,000 from \$1,300,000 to \$1,150,000 in FY 2015. Of this \$1,150,000, the Golf Course Master Plan makes up \$700,000 and Brookside Clubhouse Upgrades comprises the other \$450,000.

FTE Changes (from FY 2014 Revised):

FTEs decreased from 1.75 to 0.90 in FY 2015 as a result of .85 FTE moving to Rose Bowl Stadium.

Revenue Changes (from FY 2014 Revised):

Decrease of approximately \$49,000 to reflect lower Investment Income. Also, the golf course will not be open as much due to additional displacement events at the Rose Bowl.

FUTURE OUTLOOK

The Rose Bowl Stadium Renovation is making the stadium better for the future. The improvements planned and completed through the Rose Bowl Stadium Renovation project are essential in ensuring the stadium's long term viability as a premier sports

CITY OF PASADENA
ROSE BOWL OPERATING COMPANY

venue for years to come. This renovation has completed in prior phases the following amenities for patrons; new video boards, restrooms, widened seating access tunnels and a new premium seating structure, which includes club seating, lounges and true luxury suite seating. It is this additional, premium club/luxury suite seating that will generate revenue from sales to cover the expense of the renovations and also provide additional opportunities for the stadium to generate ancillary revenue. In addition to the new revenue-generating opportunities provided by the renovation of the stadium, a philanthropic group, Legacy Connections, has been formed to spearhead private sponsorship/naming rights efforts to defray some of the project costs.

To date, Legacy Connections has raised approximately \$11.2 million in pledges to offset the renovation costs. In order for Brookside Golf Course to remain competitive and successful, water conservation projects will be undertaken to include the removal of irrigated turf, irrigation modification and tunnel connection to existing irrigation system, again all part of the Golf Course Master Plan's Fairway Improvement phase. Improvements to Brookside Clubhouse will include upgrades to the existing patios and the front entrance, funded by the Golf Course CIP fund.

The employees of the RBOC will use their best efforts in continuing to pursue those opportunities that will maximize and improve the RBOC's financial position.

CITY OF PASADENA
ROSE BOWL OPERATING COMPANY

	FY2012 Actual	FY2013 Actual	FY2014 Adopted	FY2014 Revised	FY2015 Adopted
SUMMARY OF REVENUE & EXPENDITURES BY FUND (\$000)					
Rose Bowl					
Revenue	\$20,388	\$26,958	\$29,615	\$38,252	\$41,409
Expenses	(7,767)	(14,211)	(15,527)	(17,875)	(28,739)
Debt Service	(12,624)	(12,876)	(12,256)	(12,049)	(11,836)
Renovation Project Funding	(1,074)	(1,141)	(3,436)	(8,601)	0
Capital Maintenance Funding	0	0	0	0	0
Rose Bowl Total	(\$1,077)	(\$1,271)	(\$1,605)	(\$273)	\$834
Golf Course					
Revenue	\$2,796	\$2,676	\$2,781	\$2,770	\$2,721
Expenses	(504)	(474)	(549)	(616)	(533)
Debt Service	0	0	0	0	0
Capital Maintenance Funding	(632)	(617)	(627)	(627)	(627)
Golf Course Total	\$1,659	\$1,585	\$1,605	\$1,527	\$1,561
RBOC Total	\$582	\$314	\$0	\$1,254	\$2,395

SUMMARY OF APPROPRIATIONS BY EXPENDITURE CATEGORY (\$000)

Division					
Operations	\$22,602	\$29,320	\$32,396	\$39,768	\$41,735
Capital	71,800	50,918	10,100	10,762	6,150
Total Appropriations	\$94,402	\$80,238	\$42,496	\$50,530	\$47,885

SUMMARY OF APPROPRIATIONS BY FUND (\$000)

Fund					
Rose Bowl	\$21,465	\$28,229	\$31,219	\$38,525	\$40,575
Golf Course	1,137	1,091	1,176	1,243	1,160
Bond Proceeds	70,000	36,000	0	0	0
Fund Balance	1,800	14,918	10,100	10,762	6,150
RBOC Total	\$94,402	\$80,238	\$42,496	\$50,530	\$47,885

SUMMARY OF FTEs BY DIVISION

Division					
Rose Bowl	20.15	20.40	22.25	22.25	25.10
Golf Course	1.85	1.60	1.75	1.75	0.90
RBOC Total	22.00	22.00	24.00	24.00	26.00

SUMMARY OF APPROPRIATIONS – CAPITAL

Capital	\$71,800	\$50,918	\$10,100	\$10,762	\$6,150
----------------	-----------------	-----------------	-----------------	-----------------	----------------

CITY OF PASADENA
ROSE BOWL OPERATING COMPANY

PERFORMANCE MEASURES	FY 2013 Actual	FY 2014 Target	FY 2014 Mid-Yr Actual	FY 2015 Target
ROSE BOWL				
Council Goal(s): Maintain and ensure customer satisfaction, contract compliance, and consistent revenue performance with competitors.				
Objective: Maintain community, tenant and patron satisfaction on a consistent basis throughout the fiscal year.				
1. Keep number of community complaints to 5 or fewer per quarter (20 per year)	4	20	4	20
2. Clean surrounding neighborhoods within 24 hours of event	100%	100%	100%	100%
3. Respond to disturbances related to events in a timely manner	100%	100%	100%	100%
GOLF COURSE				
Council Goal(s): Maintain and ensure customer satisfaction, contract compliance and consistent revenue performance with competitors.				
Objective: Ensure 100% compliance with contract requirements.				
1. 100% compliance with contract requirements	100%	100%	100%	100%
2. Completion of contracted capital improvements by American Golf	N/A	N/A	N/A	N/A
Objective: Ensure customer satisfaction with respect to 1) playing conditions, 2) aesthetics of golf course, 3) pro shop merchandise and 4) quality of food service.				
1. Baseline of 3.0 on a 4 point scale for customer satisfaction with playing conditions and aesthetics of golf course.	3.0	3.0	3.0	3.0
2. Baseline of 3.0 on a 4 point scale for customer satisfaction with quality and appeal of pro shop merchandise.	3.4	3.0	3.3	3.0
3. Baseline of 3.0 on a 4 point for customer satisfaction with quality and delivery of food service.	3.1	3.0	3.2	3.0
Objective: Compare revenue figures with those of other golf courses.				
1. Gather data from other golf courses regarding number of rounds played, using the competitors average (ca) as a target.	159,430	155,000	74,221	156,000
	(CA=\$134,658)		(CA=\$66,065)	
2. Gather data from other golf courses regarding green fees, using these competitors' average (ca) as a target.	\$3,924,750	\$3,850,000	\$1,892,066	\$3,950,000
	(CA=\$3,904,569)		(CA=\$1,943,143)	
3. Gather data from other golf courses regarding cart rental fees, using these competitors' average (ca) as a target.	\$1,161,831	\$1,100,000	\$552,173	\$1,150,000
	(CA=\$810,961)		(CA=\$426,300)	
<i>Notes: CA = Competitors' Average</i>				