



July 7, 2023

VIA EMAIL
Pasadena City Council

Re: City Council July 10, 2023 Item #15--RBOC Brookside Golf Course Improvement Project

Mr. Mayor and Members of the Pasadena City Council:

The West Pasadena Residents' Association ("WPRA") feels it would be irresponsible to proceed with the Project identified above, including transferring \$1 million in startup funds to the RBOC, without a complete and thorough Business Plan. We and others have previously voiced concern to the RBOC and publicly about the CEQA MND process that the RBOC employed, however this letter focuses on the financial aspects of the proposed project. The WPRA respectfully suggests that you make no decisions at all at this Hearing and instead send this proposed project to the Council Finance Committee for a full financial evaluation including a detailed report back to the Council.

The WPRA has reviewed the following documents relative to the expansion of the Brookside Golf Course Driving Range and the Mini Golf 36-hole improvement and project plan. The review was focused upon the financial data presented in these documents:

Family Golf Project 2022

Family Golf Project Undated

Draft Update Report/Market and Financial Potentials for Mini-Golf at Brookside Golf Course by Pro Forma Advisors LLC

Initial Study/MND January 2023

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RBOC new June 2023 financial projections which include a future \$3.5 million income line item from Mini Golf

Because the RBOC has recently included a financial request for \$1,000,000 in funding from the City to begin the Improvement Plan, a review of the financial elements of the Improvement Plan is appropriate. Now that the RBOC has begun requesting substantial public funds, the City is obligated as a fiduciary to conduct a proper financial evaluation of the success or failure of the project before investing \$1,000,000 or more. We suggest that the City Council and its Finance Committee focus on the following areas.

Business Plan: the two projects within the Improvement Plan lack specific definition, only general uses.

Most investors would require a sophisticated, comprehensive business plan before paying \$1,000,000 toward a more expensive project, particularly where one aspect of the project is an untested use like the mini golf at issue here. Pasadena is spending its citizens' funds and should do no less. The business plan would evaluate the strengths and the weaknesses of the proposal, and the likelihood of achieving economic projections.

There is no business plan here. Final projections provided by Pro Forma that were presented in the RBOC summary document referenced above simply provide estimates without providing their specific analytical back up. This wouldn't cut it for a private project and shouldn't cut it for Pasadena either.

Most plans would include:

An Executive Summary-outlining the general points, guiding the reader to specific elements. The RBOC Improvement Plan basically amounts to an Executive Summary without the most basic framework.

Market Research and Analysis- specific analysis of comparative facilities in cities similar to Pasadena with actual financial performance, size of the potential market, demographic and penetration rates of the potential customers, hours of operation and lighting, etc.

Marketing and Sales strategy-what sales efforts will be made to attract customers.

Management and organization structure

Operating forecast for revenues and expenses going out for 3-5 years. This would also include 3 cases to illustrate possible success or failure: downside case, likely or base case, and optimistic case for revenue, expenses, and cash flow.

A Schedule of assumptions that are the basis for the projected financial forecasts for investor scrutiny.

Annual and quarterly budgets for revenues, expenses and capital expenditures.

The Improvement Plan overall

The construction costs and projected financial data presented were compiled over two years ago by Pro Forma. Construction costs haven't been revised per the documents listed above, and surely have risen in the past two years. Within the financial projections, the Gross Revenues, EBITDA, and Expenses were all reduced by approximately 15-17% from the Pro Forma projections, without explanation, which raises questions of accuracy.

The Mini Golf component- Pro forma offers "Selected Characteristics of Miniature Golf Courses at Golf Courses." Three comparatives were provided, namely Arroyo Seco in South Pasadena, Del Mar Golf Center, and the Del Mar and Mcinnis Park in San Rafael. We view the three courses as too different to provide data from which to predict success at Brookside with any confidence.

- Arroyo Seco has no direct comparative value, due to size, maintenance, and amenities.
- Del Mar Golf Center has a degree of comparative value at their "Pelly's Mini Golf." Here, there are non-golf themes such as surfing, and there are a number of other family venues nearby such as the Del Mar Fairgrounds, that Brookside does not have.
- Mcinnis is in San Rafael, and it's "Swing & Putt" is probably the closest comparative offered to Brookside. However, the facility is huge, at 450 acres, and offers many other uses such as batting cages that Brookside does not have.

As you can see, our review of the financial information provided by the RBOC reveals too many unknowns for the City to use \$1 million of taxpayer funds yet. WPRA has a vested interest in the Rose Bowl's success, which is why we want any

projects motivated by raising revenue to be methodically analyzed lest Pasadena's citizens grow tired of funding maintenance and improvements because the RBOC pursued well-intentioned but not well-vetted projects financed by taxpayer funds.

Thank you for your attention to our comments and concerns.

Respectfully,

/s/ Evan J. Davis

Evan Davis, President
West Pasadena Residents' Association