Financial Models for California Memorial Stadium (CMS) & the Student Athlete Performance Center (SAHPC)

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The decision to proceed with the renovation and retrofitting of California Memorial Stadium (CMS) was made after the campus was given a choice by the Regents: address the safety issues or vacate the stadium. The cost of playing home games elsewhere would have cost the campus at least $5 million a year, while the recession has created one of the most favorable bidding climates in recent memory. With those factors in mind a decision was made to proceed and we now await final approval from the Regents in January.

The financial plan ensures that retrofitting and renovation work on CMS will be completely self-supporting, and will not, under any scenario, rely on revenue sources external to Intercollegiate Athletics (IA). A key element of the financial model is the Endowment Seating Program (ESP) that makes available for sale long-term rights to just over 3000 of the retrofitted stadium's seats. Approximately 70% of the proceeds will go for the retrofit of the stadium, including the north and south "fault zones" and the west side of the Stadium bowl. The remaining 30% will be used to meet new ADA requirements, enlarged concourses for circulation, and better fan amenities, including more restroom facilities and chair-back seats.

In order for the construction project to be fully self-supporting Intercollegiate Athletics needs to sell 75% of the seats that are included in the ESP program. As per current pledges and commitments, IA will have sold 70% of the inventory by the end of this calendar year. Conservative estimates suggest that IA will have little trouble selling another 5%---about 150 seats--- of the inventory before construction is scheduled to start in January 2011. (One indication of the program's success to date is the fact that IA initially projected the 70% mark would not be reached until June, 2010.) If, for some reason, IA is unable to sell 75% of the seats prior to the start of construction, IA will be ready to further evaluate the size and scope of its program in order to meet its debt obligations without any additional reliance on revenues or funds from the campus.

Revenue from ESP payments will be invested in a fund functioning as an endowment (FFE) managed by the UCB Foundation and will also help support long-term financial stability of the Athletic Department. Beginning immediately, proceeds from the endowment will be used to supplement Athletic Department operations.

The Student Athlete High Performance Initiative (SAHPI) model has a similar financing structure – philanthropic revenue from the SAHPI campaign has been invested in an FFE managed by the UC Regents. The SAHPI project is also intended to be self-supporting (i.e., not rely on additional funds from campus) and, like the CMS FFE, the SAHPI FFE will help fund construction and support the long-term financial stability of the Athletic Department as proceeds from the endowment will be used to supplement Athletic Department operations. Bonds to support the construction of the SAHPC were sold in the summer, and yielded an all-in cost, over thirty years, of less than 4%.