

Agenda Report

TO: CITY COUNCIL **DATE:** July 25, 2001
THROUGH: BUSINESS ENTREPRISE COMMITTEE
FROM: CYNTHIA J. KURTZ, CITY MANAGER
SUBJECT: AMENDMENTS TO AGREEMENT # 12,380 WITH THE PASADENA
CENTER OPERATING COMPANY AND CORRESPONDING BYLAWS.

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the proposed amendments to Operating Agreement # 12,380 with the Pasadena Center Operating Company (PCOC) and Bylaws.
2. Direct the City Attorney to draft amendments to the Pasadena Municipal Code (PMC) Sections 2.165.030, 2.165.040, 2.165.060, 2.165.070, 3.32.260(G), 3.32.280, 3.32.350, 3.32.380, 4.08.025, 4.08.026, and 4.08.027 and insert appropriate sections as required by the proposed amendments to the Bylaws of PCOC.

BACKGROUND:

In 1990 the City of Pasadena executed agreement # 12,380 with the Pasadena Center Operating Company (PCOC) a non-profit corporation formed in 1973 to manage and operate the Pasadena Convention Center and supervise the Pasadena Convention and Visitors Bureau. The Bylaws of PCOC were revised in March of 1996.

The PCOC initially approached the City with the request to update the agreement and bylaws to reflect current practices. After careful review by the PCOC and City Staff the attached documents reflect the changes needed in the operating agreement and bylaws to update current practices, put into writing good faith practices that have never been formerly acknowledged, bring into compliance certain business practices required when

using public dollars and standardize language used in operating agreements with all operating companies created by City ordinances.

The Agreement and Bylaws have been amended to include minor and substantive changes recommended by the City Manager's Office, PCOC Board and City Attorney's office. Legal changes are proposed to make the Agreement and Bylaws similar to the Rose Bowl Operating Company's Agreement and Bylaws. The legal changes require that the PCOC comply with the City's contracting requirements. The current Agreement requires the City to indemnify and defend the PCOC Board to the full extent of the law; the new Agreement clarifies this and sets out specific areas that the PCOC should obtain insurance for. Minor changes in names (Board of Directors to City Council etc.) address and management-reporting requirements have been adjusted to describe current practices. Finance arrangements on the transient occupancy tax have been clarified and the selection process for board members has been updated. Finally, the requirement that the City Manager or his/her designee and the hotel representatives be residents of the City has been deleted.

PCOC formally accepted and approved all of the proposed amendments.

PASADENA MUNICIPAL CODE CHANGES SUMMARY

Changes in the Agreement and Bylaws will impact the following Pasadena Municipal Codes:

1. PMC Section 2.165.030(A)(1): Change the nominations from 6 City Directors to 7 Council Members and delete the reference to the Pasadena Chamber of Commerce.
2. PMC Section 2.165.030(A)(2): Change the number of hotel rooms for a major hotel from 200 to 250. Clarify that the PCOC has approved a rotation for the major hotel representation since there are now more than 4 major hotels in the City.
3. PMC Sections 2.165.030(C) and (D): Clarify that the City residency requirement does not apply to the hotel representatives or the City Manager's designee.
4. PMC Section 2.165.040(A): Clarify that all members except the City Manager's designee and the hotel representatives need to be residents of the City.
5. PMC Section 2.165.060: Clarify that the same person cannot simultaneously hold the offices of President and Secretary and Secretary and Treasurer.
6. PMC Section 2.165.070: Amend the quorum from 6 to 7 for the 13-member board.

7. PMC Sections 4.08.025, 4.08.026 and 4.08.027: Amend to allow PCOC to sign certain contracts up to \$75,000 as long as they are done in compliance with the City's contracting procedures.
8. PMC Section 3.32.260(G), 3.32.280, 3.32.350 and 3.32.380: Amend to include PCOC or insert similar sections that establish rates, fees, and conditions under which PCOC is allowed to contract.
9. Add sections similar to PMC Section 2.155.030(2), relating to the appointment of the City Manager or his or her designee that does not have to be approved by the City Council.

OPERATING AGREEMENT #12,380 SUBSTANTIVE CHANGES SUMMARY

The following is a list of substantive changes being proposed for the Operating Agreement;

- Eliminate City Council approval of staffing levels as well as salary and wage levels for garage employees.
- Eliminate City Council approval of employment contracts, salaries, wages and labor agreements.
- Clarify how City provides funding to PCOC by specifying base rate of Transient Occupancy Tax (TOT) (10.18%) and proportion of TOT that goes to general fund (40%). Define incremental TOT and percentage of increase that goes to PCOC (100%).
- Insert sections addressing Indemnity, Public's Right to Information, Affirmative Action; Fair Employment Practices, Accessibility, Conflict, and Termination.
- Insert sections clarifying the City's contracting requirements and setting out the respective areas where the Center can contract for services.

BYLAWS SUBSTANTIVE CHANGES SUMMARY

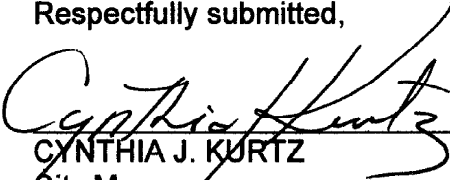
The following is a list of substantive changes to the Bylaws:

- Delete Pasadena residency requirement for the City Manager representative and the hotel representatives.
- Eliminate Chamber of Commerce as a nominating entity for board membership. Increase room requirement from 200 to 250 to define major hotel and establish a rotation system for hotel representation on the board.
- Eliminate requirement that City Manager designee be approved by City Council.
- Clarify one person cannot hold the office of President and Secretary or Secretary and Treasurer.
- Include Articles on Indemnification, Insurance, Committees and Conflict of Interest consistent with changes in the Operating Agreement.


FISCAL IMPACT STATEMENT:

This action by the City Council will not impact City funds or the revenue and expenditures of PCOC.

Respectfully submitted,


CYNTHIA J. KURTZ
City Manager

Prepared by:


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