

Agenda Report

November 13, 2000

TO: City Council

FROM: Cynthia J. Kurtz, City Manager
Darryl Dunn, RBOC General Manager

SUBJECT: Approval of Process for Deciding the Use of the 10% Green Fee Arroyo Set-Aside Funds

RECOMMENDATION:

It is recommended that the City Council approve the following process regarding the appropriation and expenditure of the 10% Green Fee Arroyo Set-Aside Funds (Arroyo Funds):

1. All Arroyo Funds and the interest earned on these funds may be spent for any capital project in the Arroyo, including the Golf Course and Rose Bowl Stadium. Qualified capital projects include those projects located within the Arroyo, have a one-time nature, and are not considered routine maintenance.
2. Recommendations for the use of the Arroyo Funds may originate from any source, including but not limited to, Rose Bowl Operating Company (RBOC) staff or Board Members, City staff, other City Boards and Commissions, the City Council.
3. Recommendations for the use of the Arroyo Funds will primarily be presented during the annual Capital Improvement Budget process; however, may be presented at any time during the fiscal year.
4. Regardless of the project proposed for funding from the Arroyo Funds, any and all recommendations will be presented to the Recreation and Parks Commission and the RBOC. Any action taken by these Bodies will be forwarded to the City Council for consideration.
5. The City Council will have the final decision on the use of Arroyo Funds.
6. Any approved project will be incorporated into the City's Capital Improvement Budget.

RECOMMENDATION FROM RECREATION AND PARKS COMMISSION:

This item was presented to the Recreation and Parks Commission for review and comment. On a unanimous vote of the Commission, the Commission opposed the above recommendations. In addition, the Commission voted to recommend that "All Arroyo Funds (past, current and future), including interest thereon, be spent solely on projects in the Arroyo, excluding the Rose Bowl and Golf Course.

BACKGROUND:

On December 16, 1985, the City of Pasadena and American Golf entered into Agreement Number 12,651. Section 9 of this Agreement, entitled "Capital Improvement Fund", set aside 10% of the gross receipts generated from green fees for projects in the Arroyo. Specially, this Section states "American (referring to American Golf) agrees to pay to City ten percent (10%) of the gross receipts from green fees from the Golf Course for a capital improvement fund for future projects related to the development of the Arroyo Seco. The tournament surcharge for green fees shall not be included in the above gross receipts. All specifications associated with such projects shall be reviewed and approved by the City Manager. American agrees that City shall have custody and control of this fund. City agrees that American may pay such monies to City on or before August 20th and February 20th of each year beginning on August 20, 1986."

On September 29, 1998, Agreement 12,651 was amended to assign the City's interest to the RBOC. In addition, Section 9 was split into to sub-sections, 9.1 and 9.2. Section 9.1 added additional provisions to the Agreement and states, "From each green fee paid from April 15, 1998, American shall deduct one dollar (\$1.00) and pay it to either RBOC or City for a capital improvement fund for future projects related to the development of the Golf Courses. All specifications associated with such projects shall be reviewed and approved by the General Manager. American agrees that RBOC shall have custody and control of this fund. RBOC agrees that American may pay such monies to either RBOC or City on or before August 20th and February 20th of each year before August 20, 1998. American has voluntarily agreed to undertake this contribution program and understands that it is not a surcharge or tax imposed by government and agrees not to characterize, promote or advertise it as a surcharge or tax.

The language in Section 9.2 parallels the original wording of Section 9 of the original agreement, with some minor amendments to reflect the assignment of the agreement to the RBOC. Virtually even reference to the City is replaced with the RBOC and all references to the City Manager now refer to the General Manager of the RBOC.

This past June, staff presented a detailed analysis of the sources and uses of the Arroyo Funds. Since that time, these Funds have been segregated into a separate fund and have accrued interest. In addition, in July of this year, the City Council appropriated \$200,000 in Arroyo Funds for brush removal in the Arroyo.

DISCUSSION:

While the use of Arroyo Funds have always been approved by the City Council, it may not have always been clear to the Council that Arroyo Funds were being spent. A project may have been included in the Capital Improvement Budget with Arroyo Funds being identified as the source; however, it is clear that the City Council would now like to have a more formal process established for the use of these Funds. This is also important in light of the discussion regarding the appropriate use of these Funds.

In order to provide the City with the greatest flexibility, staff is recommending that the City Council not restrict itself or future City Councils on what is and is not an appropriate project. So long as the funds are spent in the Arroyo, a Council may determine that improvements to the Golf Course is critically necessary and may wish to use Arroyo Funds for such a project.

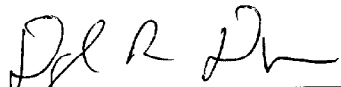
Under staff's recommendation, each decision may be made on a case-by-case basis. RBOC or City staff, City Council committees or commissions, community groups and/or Council Members could originate a recommendation regarding the use of Arroyo Funds for any capital project in the Arroyo. Recommendations regarding the expenditure of Arroyo Funds would be reviewed by the Recreation and Parks Commission and the Rose Bowl Operating Company. A report supporting or opposing the recommendation from these two Bodies would be presented to the City Council, along with the Agenda Report. Final decision making authority would rest with the City Council.

Primarily, appropriation recommendations would be incorporated into the Capital Improvement Budget process, however, would not be limited solely at that time of year. A separate section of the Capital Improvement Budget transmittal letter will be added to highlight any recommendations that call for the use of Arroyo Funds.

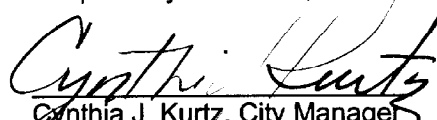
FISCAL IMPACT:

There is no fiscal impact associated with this action. As of June 30, 2000, the Arroyo Fund had a cash balance of \$2,502,488. Of this amount, \$2,392,869 represents Arroyo Fund revenues, while \$109,619 represents interest earned during fiscal year 2000. In July 2000, \$200,000 was appropriated from this Fund for one-time brush removal in the Arroyo.

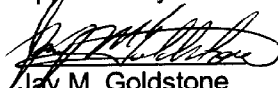
Respectfully submitted


Darryl Dunn, General Manager

Respectfully submitted,


Cynthia J. Kurtz, City Manager

Approved by:


Jay M. Goldstone
Director of Finance