

Agenda Report

September 8, 2003

TO: City Council

FROM: City Manager

**SUBJECT: AGREEMENT WITH THE NATIONAL FOOTBALL LEAGUE FOR
COMPENSATION TO PROCEED WITH ENVIRONMENTAL REVIEW
FOR POTENTIAL USE OF THE ROSE BOWL STADIUM**

RECOMMENDATION:

It is recommended that the City Council approve an agreement with the National Football League for compensation to proceed with an environmental impact review for potential renovation of the Rose Bowl Stadium for NFL use.

BACKGROUND:

The National Football League (NFL) has expressed interest in pursuing the opportunity to place an NFL team in the Rose Bowl. An EIR is required to determine if such a renovation is feasible. The Rose Bowl Operating Company will act as applicant and the City will proceed with the environmental review process and land use entitlements for the rehabilitation of the stadium.

The premise points of the agreement are as follows:

- The NFL will pay \$300,000 up front toward the cost of an EIR and will reimburse an additional \$200,000 upon receipt of appropriate documents. Although it is not expected that costs will exceed \$500,000, the agreement includes provisions for the City to pay the first \$100,000 in additional costs and the NFL to pay the second \$100,000 should it be necessary.
- The City believes the EIR will be completed and presented to the City Council in 42 weeks. The agreement commits that in no case will the completion date be later than 54 weeks from the date of agreement. Should the City exceed this deadline for reasons other than forces beyond the control of the City or delays imposed by the NFL, the City will reimburse the NFL.

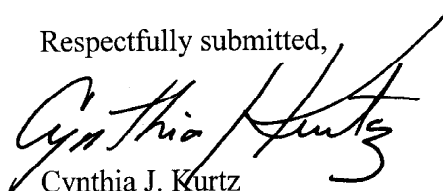
- Once the agreement is signed, the City is obligated to complete the EIR process. If the NFL chooses to make a final agreement with another location before the completion of the EIR process, the NFL will pay a minimum of \$300,000 or all cost incurred to date if that number exceeds \$300,000.
- In the event the City certifies the EIR and approves the land use entitlements for rehabilitation of the Rose Bowl for NFL use, the NFL will make a good faith effort to make a decision and enter into definitive agreements with the City within the later of six months following certification/approvals or the next regularly scheduled NFL Owners Meeting after the certification/approvals.

The NFL has clearly stated an understanding that the City makes no assurances regarding the ultimate certification of the EIR or approval of the land use entitlements and, further, that the City must exercise independent judgment in reviewing the EIR and considering the land use entitlements.

FISCAL IMPACT:

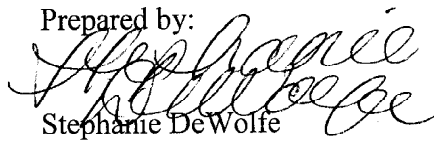
The execution of this agreement could result in costs to the City of \$100,000 should total cost of the EIR exceed \$500,000. If necessary, these costs would be funded by the RBOC as applicant.

Respectfully submitted,



Cynthia J. Kurtz
City Manager

Prepared by:



Stephanie De Wolfe
Assistant to the City Manager

**NATIONAL FOOTBALL LEAGUE**

Roger S. Goodell
Executive Vice President
Chief Operating Officer

September 4, 2003

Ms. Cynthia Kurtz
City Manager
City of Pasadena
100 North Garfield Avenue
Room 237
Pasadena, CA 91109

Dear Ms. Kurtz:

Thank you for meeting with us in New York and again recently in Los Angeles. As you know, we understand the community interests that have led the City of Pasadena to explore how to rehabilitate the Rose Bowl; we appreciate the time and effort that has gone into developing your proposal for doing so; and we welcome the opportunity to continue working with you on a possible Rose Bowl rehabilitation. In addition, we are supportive of your strategy for seeking prompt review by the appropriate agencies of the proposed stadium design and for completing the environmental review process.

As we discussed, you plan shortly to initiate the necessary next steps -- specifically preparing an Environmental Impact Report (EIR) and pursuing land use entitlements for rehabilitating the Rose Bowl. The National Football League (NFL) understands that the City of Pasadena (City) is preparing to retain consultants to prepare the EIR and advance the process for complying with the California Environmental Quality Act. We and our project team (which includes Latham & Watkins and our stadium consultants), are available to work with you, your EIR consultant, and other consultants and attorneys to support your efforts. We are most interested in achieving the objectives that are important to your community, while ensuring that the EIR allows for a first-class, state-of-the-art stadium that will meet the needs of an NFL team and will be suitable for Super Bowls. We understand that the City can make no assurances regarding the ultimate certification of the EIR and approval of the land use entitlements, and we understand that the City must exercise its independent judgment in reviewing the EIR and considering the land use entitlements.

The City and the Rose Bowl Operating Company (RBOC) have estimated that EIR related third party consultant costs will be approximately between \$300,000 and \$500,000. In addition, the City and the RBOC have agreed to provide the staff reasonably necessary to support the processing of the EIR and the land use entitlements. The City believes that it will complete this work within approximately 42 weeks of the date the City enters into this letter agreement (the "Effective Date"), but in any event within 54 weeks of the Effective Date.

In an effort to assist the City in this process, the NFL is prepared to pay to the City up to \$500,000 for third party EIR consultant costs. The NFL would initially approve a budget of \$300,000, and any subsequent budget changes would be subject to our mutual prior approval that such costs need to be incurred. Any third party EIR consultant costs in excess of \$500,000 also would be subject to our mutual prior approval and would be shared between the City and the NFL as follows: the City would pay for the first \$100,000 of costs above \$500,000 and the NFL would pay the next \$100,000 of costs above \$600,000. Subject to the foregoing, the NFL will promptly pay or reimburse the City for such costs upon receipt of appropriate documentation. Upon approval of the initial budget, the NFL shall be required to pay at least \$300,000 of such costs, provided that the City in good faith continues to process the EIR and pursues the land use entitlements relating to an NFL stadium and subject to the City's reimbursement obligation referenced below.

We each expect that the NFL and the City's investment in the EIR process will be financially recognized in any agreement between the City, the RBOC, and the NFL (or one of its Member Clubs) regarding locating a team at the Rose Bowl.

In the event the City certifies the EIR and approves the land use entitlements for rehabilitating the Rose Bowl for NFL use, the NFL shall make a good faith effort to make a decision whether or not it will locate a team at the Rose Bowl and enter into definitive agreements with the City within the later of (i) six months following the certification of the EIR and approval of the land use entitlements or (ii) the next regularly scheduled NFL Owners Meeting following certification of the EIR and approval of land use entitlements. In the event that the EIR or land use entitlements are challenged by way of litigation, referendum or initiative, the time for the NFL to make a good faith decision shall be extended until a successful resolution of such litigation, referendum or initiative.

If the City does not complete the EIR or does not make a decision regarding whether or not to certify the EIR and approve the land use entitlements within 54 weeks of the Effective Date, subject to reasonable delays for events beyond the City's control (other than delays caused by the project consultants retained by the City and their subconsultants), or delays caused by the NFL, the City shall reimburse the NFL for any payments made by the NFL to the City under this letter agreement. If at any time prior to expiration of such period, the NFL enters into a binding agreement to construct a stadium in the Los Angeles area or the NFL announces that it is no longer pursuing the Rose Bowl as a site for an NFL team, then the NFL shall pay all costs due under this letter agreement through the date of such other agreement or announcement.

Nothing in this letter shall require the NFL to select the Rose Bowl as a site for an NFL team or the City to enter into definitive agreements with the NFL or one of its Member Clubs.

This letter agreement shall be construed and enforced in accordance with, and governed by, the internal laws of the State of California. This letter agreement is the entire agreement with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written communications. This letter agreement and the provisions contained herein shall not be construed or interpreted for or against any person or beneficiary hereof because

that person drafted or caused that person's legal representative to draft any of its provisions. This letter agreement is binding upon the undersigned, successors in interest and assigns. Any dispute among the parties arising out of or relating to this letter agreement shall be submitted to arbitration under rules of American Arbitration Association (AAA), and shall be finally determined by one arbitrator in mandatory binding arbitration in Albuquerque, New Mexico. This letter agreement and the provisions hereof cannot be altered or modified by a fully or partially executed oral modification, and further cannot be altered, modified or otherwise changed in any respect except by subsequent writing duly executed by all parties hereto or by their authorized representatives. This letter agreement may be executed in counterparts each of which is equally admissible in evidence, and each executed counterpart shall fully bind each party who has executed it. A fax copy of this letter agreement may be deemed as an original.

If this arrangement is acceptable to the City, please countersign this letter below and return the original to me. We look forward to our continued work together.

Sincerely,

 Roger Goodell

ACCEPTED AND AGREED:

City of Pasadena

By: _____

Title: _____

Date: _____