



# Agenda Report

October 7, 2019

**TO:** City Council

**FROM:** Terry Tornek, Mayor

**SUBJECT: AUTHORIZATION TO ENTER INTO NOVATION AND AMENDMENT AGREEMENT BETWEEN GAMBLE HEIRS, CITY OF PASADENA, UNIVERSITY OF SOUTHERN CALIFORNIA, AND THE GAMBLE HOUSE CONSERVANCY AND SEEK COURT APPROVAL THEREOF; AND SUBSEQUENTLY TO ENTER INTO AN OPERATING AGREEMENT WITH THE GAMBLE HOUSE CONSERVANCY AND CONCURRENTLY TERMINATE LICENSE AGREEMENT WITH UNIVERSITY OF SOUTHERN CALIFORNIA**

**RECOMMENDATION:**

It is recommended that the City Council:

- A. Find that the actions proposed herein are exempt from environmental review pursuant to State CEQA Guidelines Section 15301 (existing facilities), there are no features that distinguish this project from others in the exempt class, and no unusual circumstances exist; and
- B. Authorize the City Manager or his designee to finalize negotiations and enter into a Novation and Amendment Agreement between the Gamble Heirs, the City of Pasadena, the University of Southern California, and the Gamble House Conservancy, and then seek court approval of such Novation and Amendment Agreement; and
- C. If such court approval is granted, finalize negotiations and enter into an Operating Agreement with the Gamble House Conservancy regarding licensing and operating the Gamble House, and concurrently terminate a License Agreement with the University of Southern California regarding the Gamble House.

**BACKGROUND:**

Through a 1966 Agreement between the Gamble Family, the City, and University of Southern California ("University") (the "Agreement") the Gamble Family donated the real property on which the Gamble House sits and certain other personal property to the City of Pasadena to ensure its preservation for use and enjoyment by the public. During that

time and under the stewardship of the University as the operating agent for the City, the Gamble House has become a popular destination for the general public. Although operating, preserving, maintaining and repairing the Gamble House is a significant financial commitment that USC was well suited to take on in 1966, circumstances have changed significantly since then such that now there is a significant endowment in place that allows the Gamble House to be self-supporting (except for expenses historically covered by the City as set forth below). Accordingly, the parties to the original 1966 Agreement (the Gamble Heirs, the City and the University) agree that transferring operations of the Gamble House to a charitable foundation will best serve the Gamble House going forward. The Gamble House Conservancy ("Conservancy") was recently formed for this purpose, and can be entirely devoted to the Gamble House and act more efficiently and with a broader reach since it will not be bound by university protocols and restrictions.

The initial transaction necessary to accomplish this objective requires court approval since the original Gamble donors and signators to the Agreement are deceased. All of the involved parties have worked together to negotiate an amendment to the original 1966 Agreement ("Amendment") to, among other objectives, accomplish a novation to the Agreement so that the Conservancy assumes the University's rights and obligations under the Agreement and the University is released and discharged from its obligations under the Agreement, and to amend certain terms of the Agreement to modernize it.

Assuming the court approves of the Amendment, the City would have to enter into an Operating Agreement with the Conservancy, which would grant the Conservancy the right, license and privilege to use City-owned property, namely the Gamble House, and spell out the further operating privileges and duties of the Conservancy, generally as follows:

1. The Conservancy would be granted a license to the Gamble House property for an initial term of 35 years, with the right to negotiate three additional renewal periods of 10 years each.
2. Uses at the Gamble House would be consistent with those in the past, namely a museum and educational facility, grounds tours, operation of retail sales (shop/bookstore), Conservancy events and fundraisers, a Scholars-in-Residence program, and other purposes that promote educational activities regarding the Gamble House, or that may otherwise assist or promote the Conservancy's development of scholarships or programs targeted towards persons with low to moderate incomes to increase awareness of the City's history and the architectural legacy of the Gamble House. If the Conservancy were to want to host events different than these, it would have to seek City approval.
3. The Conservancy would report annually to the City regarding its operations and audited financial statements.

4. The Conservancy would operate and maintain the Gamble House at its expense (and shall advise the City Manager of certain contracts over \$300,000), and the City would continue to pay for all utilities, landscaping, certain property maintenance in a manner consistent with historical practice, and property insurance.

Concurrently, the City would then have to terminate and release the University from License Agreement No. 10, 304, by which the City granted the University the right, license and privilege to use City-owned property, namely the Gamble House.

**COUNCIL POLICY CONSIDERATIONS:**

The General Plan sets forth principles regarding preserving Pasadena's historic resources and fostering Pasadena as a cultural, scientific, corporate, entertainment and education center for the region. In addition, among the goals of the General Plan are preservation and enhancement of Pasadena's cultural and historic buildings and landscapes as valued assets and important representations of its past and sources of community identity. The action proposed herein advances those principles and goals.

**ENVIRONMENTAL ANALYSIS:**

State CEQA Guidelines Section 15301 exempts from environmental review the operation, permitting, licensing of existing public structures involving negligible or no expansion of the existing or former use. The action proposed herein, while complicated from a transactional standpoint, is simply the substitution of one licensee of the Gamble House (University) to another (Conservancy). The use will not expand or change, and no physical changes are approved herewith. Given these facts, there are no features that distinguish this project from others in the exempt class, and no unusual circumstances exist that would make this exemption inapplicable.

**FISCAL IMPACT:**

Except for the original obligations of the City to pay utilities and landscaping maintenance costs, the Gamble House is financially self-sustaining under its stewardship by the University, and will remain so under its stewardship by the Conservancy. The City is in the process of re-evaluating insurance coverage of the Gamble House, and there may be additional expenses related to insurance.

Respectfully submitted,

  
TERRY TORNEK  
Mayor