

Agenda Report

December 16, 2013

TO: Pasadena City Council
FROM: Rose Bowl Operating Company (RBOC)
SUBJECT: Amendment To Master License Agreement With Tournament Of Roses Association

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the action proposed herein is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 (existing facilities) as the ((leasing or licensing, whichever is appropriate)) of an existing facility.
2. Approve an amendment to the Master License Agreement between the Tournament of Roses and City of Pasadena for use of the Rose Bowl Stadium.

ROSE BOWL OPERATING COMPANY RECOMMENDATION:

The Rose Bowl Operating Company Board is scheduled to consider this item at a special meeting on Friday, December 13. Staff will update the City Council on the outcome.

BACKGROUND:

The City/RBOC and the Tournament of Roses entered into a new 30-year Master License Agreement in November 8, 2010 to enable the Rose Bowl Renovation Project. In January, 2013, the RBOC and City Council approved additional funding for the renovation project in the amount of \$30 million. At the time, it was recognized that contract amendments with both UCLA and the Tournament of Roses would be required due primarily to the fact that some of the project elements were notable to be completed as originally anticipated when the tenant agreements were negotiated.

The agreement with the Tournament of Roses provides both an investment by the Tournament of Roses in the amount of \$1 million and also clarifies project elements to be completed to achieve substantial completion, which would be consistent with the proposed amendment with UCLA.

The 2010 Master License Agreement (MLA) with the Tournament of Roses provided the RBOC with both an equity contribution of \$2 million from the Tournament of Roses, as well as a ticket surcharge in the amount of \$10 per ticket which was implemented beginning with the 2011 Rose Bowl Game. The MLA also contemplates a gift in the amount of \$100,000 annually following the declaration of substantial completion of the renovation project elements. Since substantial completion has not yet been declared and is not expected until 2018, the annual gift would not be required at this time. Under the proposed amendment, the Tournament of Roses would provide the annual gift through 2017 regardless of whether substantial completion has been met. Under the terms of the amendment, the Tournament of Roses will direct those funds in support of the \$1 million Donor Plaza. Five years of the annual gift, combined with a \$500,000 contribution from the Tournament of Roses CIP fund will fund the construction of Donor Plaza.

The Tournament of Roses has also agreed to provide direct assistance in promoting the Donor Plaza Brick Campaign which is expected to generate approximately \$2 million for the RBOC through its fundraising partner Legacy Connections. With the Tournament of Roses assistance in funding the construction and promoting and marketing the Brick Campaign, it is expected more revenue will be possible as a result of their involvement.

Until the RBOC attains substantial completion, the City/RBOC has agreed to provide the Tournament of Roses some additional benefits, recognizing that their contributions toward the project are continuing. The Amendment clarifies which outstanding renovation project elements are required to be completed in order to attain substantial completion. Those elements are:

- Complete field wall and historic hedge restoration at east and west sidelines
- Construct two new public restrooms (tunnels 23A and 28A)
- Modify existing tunnels 7A and 15A for use as filed level exit path
- Reconfigure maintenance work areas under stadium at south end to accommodate new restrooms structures
- Construct new bio swale
- Upgrade 8 entry gates with new stadium signage and sponsorship opportunities
- Expand concourse area between Gates D and F
- Transfer existing structures to be fed off of new 17 kv service and utility backbone
- Upgrade service yard and storage at north side of stadium
- Upgrade 46 temporary concession stands

- It is important to note that this work is funded by the RBOC and the contract for this has been awarded and is scheduled to begin in January, 2014, and be completed by August, 2014.

Until substantial completions is declared by RBOC, the following benefits will be provided to the Tournament of Roses since the financial benefits to RBOC will continue to be provided by Tournament of Roses::

- \$25,000 credit toward TOR expenses at the stadium.
- 20 complimentary club seats for UCLA season and Rose Bowl Game
- The TOR shall be entitled to utilize stadium for a reasonable number of events for remainder of contract (must pay out of pocket expenses)

In addition, the Tournament of Roses has requested that the following improvements, although not required to meet substantial completion, will be a priority for capital spending.

- Construction of a restroom adjacent to tunnel 13/14 of stadium
- Removal and relocation of the existing concession stand located adjacent to tunnels 15/15A and the installation of a new permanent or temporary stand in its place

These important improvements will contribute to an enhanced experience for fans and visitors to Rose Bowl events, particularly the Rose Bowl Game. As a concession to the Tournament of Roses until the additional elements above are completed, they shall receive 10 club seats rather than 20 once substantial completion is attained and the continuance of the \$25,000 credit.

ENVIRONMENTAL

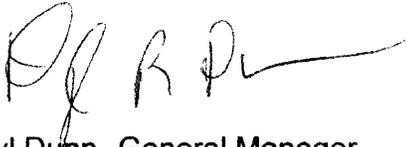
The action proposed herein is an amendment to an existing lease ((or license agreement, whichever is appropriate)) to the existing Rose Bowl Stadium. State CEQA Guideline Section 15301 (existing facilities) from further environmental review the leasing and licensing of existing facilities where there is negligible or no expansion of the use. The action proposed herein falls under this exemption and does not expand the use beyond what is currently allowed.

FISCAL IMPACT:

The RBOC will reduce its annual revenues by \$25,000 annually until substantial completion is attained, however, staff believes that it is offset by the contribution of the funding of Donor Plaza, not to mention the revenue that is anticipated to be generated

due to sales of bricks which are available to be purchased by fans of the Rose Bowl Game and Rose Bowl Stadium. The Brick Campaign is expected to generate approximately \$2 million for the Rose Bowl through Legacy.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. R. Dunn', with a long horizontal flourish extending to the right.

Darryl Dunn, General Manager