



February 3, 2014

To: Honorable Mayor Bill Bogaard and Members of the City Council

From: Officers of the Rose Bowl Operating Company (RBOC)
Victor Gordo, President
Edward Garlock, Vice President
Joel Bryant, Secretary
Dennis Murphy, Treasurer

Date: February 3, 2014

Subject: Governance Report

Honorable Mayor Bogaard and Members of the City Council:

The Governance Report, "A Review of the Rose Bowl Operating Company," was presented to the Board of Directors of the Rose Bowl Operating Company at its Special Meeting of October 3, 2013.

As a general matter, the RBOC Board found the Report to be thoughtful and comprehensive and concurred in the overall conclusion that the Operating Company model has functioned well and should be maintained. The Report recognizes that the RBOC is a very important part of the City of Pasadena and has been governed responsibly.

Specifically, we believe the current as well as past councils have done the community a great service in terms of the appointments to the RBOC.

Currently the RBOC has the following skillsets among its 14 member Board of Directors:

- Former General Manager of a Major League Baseball Franchise
- Two compliance officers, one being of a major university
- Two City Managers
- Presidents of organizations (past and present)
- Construction Attorney
- Past RBOC General Counsel
- Certified Public Accountants

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- Technology expertise
- Extensive community and non-profit leadership positions

Beyond the investment of time that the board provides, as well as providing leadership in advocating for the renovation of Pasadena's National Historic Landmark, the board oversees one of the most successful public golf courses in the country. The combination of skillsets and commitment to our community has evolved into a board that serves Pasadena well.

Beyond the general direction of the Report, there were six specific recommendations presented. The Board discussed each of the recommendations, in detail, and provides the following comments on each of them, although recommendation # 2 has been revised since the full board reviewed this report:

- 1. City Manager's Recommendation: Direct the City Manager to work with the General Managers of the RBOC and PCOC to develop amendments to their respective Operating Agreements to be considered by the City Council and the boards of the RBOC and PCOC, implementing the following in order to enhance oversight by the City Council of City Operating Companies:**

RBOC comment: The RBOC Board indicates that there is a pressing need to update its Operating Agreement, which was signed in 1995, and is outdated. Specifically, the Operating Agreement needs to be renegotiated in areas such as City costs as billed to the RBOC control over those costs, and other related operational issues, and brought before the RBOC Board and the City Council for approval of an amended or restated agreement.

- 2. City Manager's Recommendation: Present information, during the annual operating budget review, regarding anticipated adjustments in salary and benefit line-items (revised recommendation from that presented to the Finance Committee);**

RBOC Comment: The board reviewed this item prior to the Finance Committee and they were not supportive of the recommendation to "Adopt the policy of formally adopting salary control rates and benefit structures through the budget process for city operating companies."

The RBOC's perspective on this issue is that the City Council presently has overall budgetary control and authority over the RBOC, including the overall amounts budgeted for personnel both compensation benefits and salary. . In addition, the RBOC operates subject to the same open government laws and policies that govern the City of Pasadena's operations,

The RBOC recognizes its responsibility to report to the Council, including the amount anticipated to be expended on salaries to staff. It is the RBOC understanding that the intent of the current, revised recommendation is that the information be presented proactively, not for approval or disapproval by the City Council, but so that Council is aware of the proposed changes. Based upon that understanding, the revised recommendation seems acceptable.

- 3. City Manager's Recommendation: Adopt the practice of regular reporting by City operating companies to the City Council through quarterly reports from General Managers or Board Chairs.**

RBOC Comment: The RBOC agrees that this practice would enhance communication and understanding of the progress of the RBOC on a regular basis.

- 4. City Manager's Recommendation: Direct each of the Operating Companies to submit monthly financial information to the City's Finance Director to be included in the quarterly financial monitoring submitted to the City Council Finance Committee.**

RBOC Comment: The RBOC concurs with regular submittal of financial information to the City, but believes that it is more practical to submit on a quarterly basis, rather than on a monthly basis for reasons of relevance of the information, and workload impact with available resources.

- 5. City Manager's Recommendation: Direct the City Manager to work with the General Managers to develop a policy for capital project construction management and return to the City Council for consideration.**

RBOC Comment: The RBOC agrees that examining a policy related to future capital project construction management is prudent. It should be recognized that Public Works is currently managing an element of construction work, which is the development of a bio-swale in front of the Rose Bowl, along with street improvements connecting Seco Street to the Rose Bowl entrance.

- 6. City Manager's Recommendation: Direct City staff and Rose Bowl Operating Company staff to jointly undertake an analysis of event coordination in the Arroyo.**

RBOC Comment: The RBOC understands the importance of event coordination in the Arroyo. Currently the RBOC meets monthly with neighborhood representatives concerning, among other items, a review of upcoming events. At these meetings City representatives are often invited to attend. The RBOC looks forward to participating collaboratively with the City and stakeholders related to this process, and would agree to splitting costs of outside consultants with the City regarding this item.

The RBOC agrees with the overall recommendations and look forward to working collaboratively with the City Manager and staff to revise and update the operating agreement, so it is consistent with the intent of the purpose of the RBOC.

We appreciate the confidence of the Council and the community as we lead two of Pasadena's treasures and vow to continue to serve for the long term success of both the Rose Bowl and Brookside Golf Course.

cc: City Manager Michael Beck