

Agenda Report

January 8, 2018

TO: Honorable Mayor and City Council
FROM: City Manager
SUBJECT: Approval of Amendment to the Pasadena Tournament of Roses Association Master License Agreement (No. 20,502)

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the action proposed herein is exempt from environmental review pursuant to the California Environmental Quality Act ("CEQA"), State CEQA Guidelines Section 15301 (existing facilities); and
2. Authorize the City Manager to sign an amendment to the Amended and Restated Master License Agreement with the Pasadena Tournament of Roses Association.

BACKGROUND:

The Pasadena Tournament of Roses Association ("Tournament") annually stages and produces the Tournament of Roses Parade and Rose Bowl Game. Both long-standing traditions, these events require the full support and cooperation by the City. To formalize the relationship between the City of Pasadena and the Tournament, including terms and conditions upon which the Tournament may use City property, facilities and services required for staging of the New Year's events, both entities entered into an Amended and Restated Master License Agreement ("MLA") in November, 2010.

The MLA established a provision for a five year review of the Annual Base Fee for the use of City owned facilities, including the Wrigley Mansion, Rosemont Pavilion, the Rose Palace, the Rose Bowl and the Jackie Robinson ball fields. Pursuant to Section 10.1 (D) (Subsequent Renegotiation of the Annual Base Fee), the City and the

Association conducted a review of the Annual Base Fee for all City Facilities, other than Rose Bowl facilities based upon a methodology set forth in the MLA. In the course of this, the Tournament gave notice to the City that it was electing to vacate the Rose Palace in order to consolidate float building activity in a new facility purchased by the Tournament for that purpose. The Rose Palace was subsequently leased to another user. In light of increasing costs for the staging of New Year's events, both the City and Tournament recognized that the expense side of the financial relationship, called the "Expense Fee" in the MLA, could be better managed and presented an opportunity for review alongside the Annual Base Fee adjustment. In addition, the planning methodology for public safety and associated costs was also addressed. The result of the negotiations is a recommendation to amend the MLA, as follows:

Section 10.1 of the MLA relating to Annual Base Fee for the use of City owned facilities should be amended to reflect a new Annual Base Fee Structure as follows: (1) beginning with Tournament Year 2016/2017 (FY17), the Annual Base Fee will be adjusted by a one-time increase of 11% to \$700,278.45 with a fixed annual increase of 3.0% per year; (2) in Tournament Years 2025/2026 (FY26) and Tournament Years 2035/2036 (FY36), the Annual Base Fee shall be adjusted by 5.0% over the prior Tournament Year with annual 3% increases thereafter for the remaining term of the MLA.

Section 10.2 of the MLA relating to the "Expense Fee" should be amended so that the existing "Expense Fee" formula is replaced by an automatic 50/50 split of event-related expenses incurred by the City for each Tournament year. This will also eliminate the need for the "Supplemental City Expense" section. This recommendation does not impact the Rose Bowl Game financials nor does it include Rose Bowl Game related expenses in the "Expense Fee" calculation. It is anticipated that the City will provide the same level of services to the Tournament as in prior years.

Section 8.4 (Parade Staging Plan) of the MLA will be amended to incorporate reference to the Joint Safety Plan, which will become a confidential part of the staging plan. The addition of the "Joint Safety Plan" will be developed based on contemporary security concepts, threat assessment evaluation, and best practices in the public safety fields, and will otherwise be consistent with the non-delegable duties of government, and presently existing contracts, if any.

ENVIRONMENTAL:

The action proposed herein is exempt from environmental review pursuant to State CEQA Guidelines Section 15301 (existing facilities). This exemption applies when

approving a license of public facilities involving negligible or no expansion of the use beyond that currently in existence. The action proposed herein, amendments to an existing license agreement for public facilities, changes financial terms only and does not expand the use beyond that currently in existence.

FISCAL IMPACT:

The revised Annual Base & Expense Fees totaled \$1,610,039.40 for Tournament Year 2016/2017 (FY17). The combined Base & Expense Fee for FY18 will be reduced by a \$196,996.43, following the July 31, 2017 vacation of Rose Palace, and the revised Annual Base & Expense Fee for Tournament Year 2017/2018 (FY18) will be confirmed pending a final accounting of the 2018 New Year's events.

Respectfully submitted,



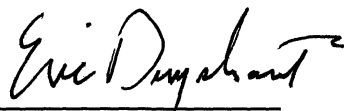
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