



Agenda Report

June 8, 2020

To: Honorable Mayor and City Council
From: Rose Bowl Operating Company (RBOC)
Subject: **APPROVAL OF AN EXTENSION OF THE OPERATING AGREEMENT BETWEEN THE ROSE BOWL OPERATING COMPANY AND THE CITY OF PASADENA FOR A PROPOSED PERIOD OF JULY 1, 2020 TO JULY 1, 2023**

RECOMMENDATION:

It is recommended that the City Council approve the following actions:

1. Find that the actions proposed herein are exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Sections 15061(b)(3), the common-sense exemption;
2. Extend the Operating Agreement between the RBOC and the City of Pasadena from the current expiration date of July 1, 2020 to July 1, 2023 (latest date); and
3. Direct the parties to return to the Board and the City Council at least semi-annually with updates on progress concerning the RBOC's financial matters.

EXECUTIVE SUMMARY:

By way of this report, the General Manager of the RBOC and City Manager are recommending to the City Council that the Operating Agreement between the City and the RBOC be extended from its current expiration of July 1, 2020 to July 1, 2023, to allow for the continued operation of the Rose Bowl Stadium and Brookside Golf Course by the Rose Bowl Operating Company. This three-year extension of the Operating Agreement will give time for RBOC to address a changed competitive market and rebound from effects of shutdown from COVID-19. RBOC will explore potential new strategies to maintain and enhance the Rose Bowl's competitive position in a changing and increasingly competitive environment, while continuing to respect its historic nature and its location in the natural beauty of the Arroyo Seco and residential neighborhood.

The RBOC Board of Directors unanimously approved this report at its May 12, 2020 meeting.

BACKGROUND:

The action proposed herein extends the unique and vital relationship between and the RBOC and the City of Pasadena in managing the Rose Bowl Stadium and the Brookside Golf Courses. The

Rose Bowl Stadium and the Brookside Golf Courses are public goods developed by the City as community assets that should be maintained and operated in a manner consistent with broad economic and social impacts. Accordingly, in 1994 the City created the RBOC as a California Nonprofit Public Benefit Corporation whose purpose is “to return economic and civic value to the City of Pasadena by managing a world-class stadium and a professional- quality golf course complex in a residential open-space environment.”¹ With regard to the Rose Bowl Stadium, this broad economic and social impact extends throughout all of Southern California, and markedly distinguishes Pasadena from every other city in California. The success of the Stadium has been an iconic symbol of the City and region for the past 98 years.

The City of Pasadena entered into an Operating Agreement with the RBOC for management of the Rose Bowl Stadium and Brookside Golf Courses effective May 19, 1995. The Agreement establishes the legal authority for the RBOC to conduct business and gives the RBOC authority to act as the City’s agent and bind the City contractually within the framework set forth in the Agreement. Examples of this authority include but are not limited to: spending authority within annual budgets approved by the City Council; entering into agreements with event promoters, tenants and vendors; and authorization to enter into agreements with third parties who act as representatives of the RBOC for various purposes. The Agreement also establishes policies and rules by which the RBOC must conduct its business. An analysis prepared by the City Manager’s Office in 2013 found that the relationship set forth in the Operating Agreement has worked well to further the stated goals of the City Council. The term of the Operating Agreement ends on July 1, 2020.

In order to enable the RBOC to continue its management of the important City assets, the Board of the RBOC and the City Council are requested to extend the term of the Operating Agreement for a period of up to three years, until July 1, 2023 under the same terms and conditions as currently apply in the Agreement.

The RBOC’s business model is facing new challenges in the form of impacts from COVID-19 as well as uncertainty on when the Rose Bowl will be able to host large scale events. Operational modifications may need to occur as a result of the pandemic, attendance for key Rose Bowl tenants may not meet expectations, and there is increased competition from other stadium venues in Southern California as well as reduced interest in golf.

The RBOC is currently examining a variety of short and longer-term opportunities to address these unique challenges, as well as to address the financial challenges the RBOC was facing even before the pandemic. It is possible that to realize some of these opportunities, changes to the provisions of the Operating Agreement may be necessary. The duration of the proposed

¹ Articles of Incorporation of Rose Bowl Operating Company, filed with the Secretary of State of the State of California on March 24, 1994.

extension, up to three years, is intended to provide sufficient time to make such determinations and then return to the Board and Council for further action, perhaps even within the next year or so. RBOC staff will work closely with City staff to determine what changes may be necessary, so that a report back to the RBOC Board and City Council will present a unified recommendation on future Agreement amendments, and any other necessary actions that may follow (such as amendments to the Pasadena Municipal Code).

FISCAL IMPACT:

There is no immediate fiscal impact associated with the proposed extension of the Operating Agreement. It should be noted that the RBOC intends to have regular updates to the Council that would continue to lay out future fiscal impact projections of the RBOC's business model.

Respectfully Submitted,



Darryl Dunn
General Manager

Concurrence:



STEVE MERMELL
CITY MANAGER