

Agenda Report

October 28, 2024

TO: Honorable Mayor and City Council

FROM: Office of the City Manager

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A GAMES AGREEMENT WITH THE LOS ANGELES ORGANIZING COMMITTEE FOR THE 2028 OLYMPIC AND PARALYMPIC GAMES (OCOG)

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the action proposed herein is statutorily exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15272, "Olympic Games," and categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15323, "Normal Operations of Facilities for Public Gatherings;"
2. Authorize the City Manager to negotiate and enter into a Games Agreement with the Los Angeles Organizing Committee for the 2028 Olympic and Paralympic Games.

BACKGROUND:

The City of Pasadena has the distinct honor of having been an Olympic Games venue host city on two prior occasions, the first in 1932 when track cycling was held at the Rose Bowl, and again in 1984 when the Rose Bowl hosted Olympic soccer, including the gold medal match between France and Brazil, played in front of 101,799 spectators. With the selection of the City of Los Angeles as host city of the 2028 Olympic Games, Pasadena once again has a unique opportunity to host Olympic soccer at the Rose Bowl as well as potentially other Olympic events.

In 2016, the City of Pasadena and the Rose Bowl Operating Company submitted letters expressing their interest in participating as a venue city for the 2024 Olympic and Paralympic Games (Games) to the International Olympic Committee (IOC). The IOC subsequently awarded the 2024 Olympic Games to Paris and the 2028 Olympic Games to the City of Los Angeles.

The City and the Los Angeles Organizing Committee for Olympic and Paralympic Games 2028 (OCOG) now wish to enter into a binding Games Agreement that sets forth the governing principles and commitments for the City's participation as a venue city. The Games Agreement provides the framework for how the City and OCOG will work together to deliver a successful Games. Key elements of the Games Agreement include defining the City's role, the process for delivery of standard and enhanced public services in connection with the Games, and the reimbursement of certain City expenses and lost revenue through supplemental agreements that will be negotiated in the future between the City and the OCOG.

The Games Agreement addresses various foundational administrative and legal obligations respective to the Games. To date, several other venue cities have executed Games Agreements, including the cities of Long Beach, Inglewood, and Carson, while other cities, including Santa Monica, remain in negotiations with the OCOG. The OCOG generally prefers to maintain uniform contract terms in its Games Agreements with its venue cities; however, City staff has negotiated several contract modifications that allow for greater City authority or input in decision-making, operational flexibility, and fewer ambiguities in contract language.

The nature of negotiating Olympic agreements at this relatively early stage in the process means that the fiscal impact to the City of Pasadena by hosting the Games is unknown at this time but will be negotiated and developed in supplemental agreements. While the City is reasonably confident that it will recover its costs related directly to the provision of Enhanced City Resources, there are no guarantees in the Games Agreement that this will occur. The City's ability to recover its costs are dependent on several factors, including the ability to secure favorable reimbursement terms in supplemental agreements, the financial success of the Games, and ultimately, the solvency of the OCOG. Despite the financial uncertainties, the City is well-positioned to enter into this Games Agreement. The venue and surrounding infrastructure to support the Games already exist, and the City has a long history of successfully hosting major events at the Rose Bowl, including international and Olympic soccer events, Super Bowls, the Olympic Games and the College Football Playoff. As such, in contrast with some other venues in the region, staff does not anticipate the need to fund and to construct capital improvements to support the Games. The primary cost drivers to the City are those to enhance the level of services that will be required to support the Games and related events. These may include costs for enhancements to public safety, sanitation, streets and roadways maintenance, code enforcement, traffic control, and other services that will be defined in supplemental agreements to be negotiated in the coming years.

City Council approval of the proposed Games Agreement is the next step in formalizing the relationship between the City as a venue city, and the OCOG in preparation for the 2028 Games. The following sections summarize the key provisions of the current draft of the Games Agreement, which as of the time of this writing are still being negotiated.

1. Term - The term of the Games Agreement will commence on the effective date and remain in effect until the earlier of the date that the OCOG ceases to exist; the City and OCOG mutually agree to terminate the Games Agreement; or the Games Agreement is terminated as a result of the default of the OCOG or City. The OCOG may terminate the Agreement for any or no reason by providing at least six (6) months advance notice up until the date that is one year prior to the Games Period. The OCOG may terminate the Agreement within one year of the Games Period only in the event of a City default. The City can only terminate the Games Agreement unilaterally in the event of a OCOG Default or in the event the Venue Use Agreement (described below) is not entered into by December 31, 2026, subject to a 60-day extension period.
2. Delivery of City Resources
 - a. Enhanced City Resources Master Agreement (ECRMA) –The City and the OCOG will work closely to define the City’s normal and customary services, which is pegged to the normal and customary services provided by the City of Los Angeles (as described in more detail below), and the enhanced public services that will be required to support the Games. The agreement will be formalized in the ECRMA. The ECRMA is expected to include the terms and processes under which the City will provide Enhanced City Resources and address critical details such as the types of services that may be provided, the levels of those services, reimbursement rates, and the payment timeline for reimbursement. The ECRMA will be negotiated and expected to be executed on or before October 1, 2026, subject to City Council approval.

Of note, the Games Agreement states that the City’s normal and customary service levels will be determined by comparison to those of the City of Los Angeles. The OCOG and the City of Los Angeles have not completed their negotiations to establish normal and customary service levels or the costs of those services, and the rates at which the OCOG would reimburse the City of Los Angeles for these services. As a result, the Games Agreement requires the City to agree to unknown reimbursement rates to provide unknown levels of unknown services at unknown costs. Given the substantial disparity in size and service delivery methods between Los Angeles and Pasadena, this clause creates financial uncertainty.

- b. Compensation - Compensation for Enhanced City Resources will be calculated based on the unit and rate of a given Enhanced City Resource identified in the ECRMA and/or Venue Services Agreement (VSA). The OCOG will reimburse the City only for the agreed costs for the delivery of mutually agreed upon Enhanced City Resources required to support the Games as described in the various agreements. The OCOG will not

reimburse the City for those normal and customary services that the City would be providing were the Games not occurring.

- c. Payment Timing and Structure - The City and OCOG will mutually agree on payment timing and structure terms within the ECRMA for any Enhanced City Resources provided in support of the Games.

3. Venue Agreements

- a. Venue Services Agreement (VSA) - The VSA is expected to establish the specific Enhanced City Resources that will be provided at the Rose Bowl and other terms for the use of the venue by the OCOG. The VSA will be negotiated and executed on or before October 1, 2027, subject to the approval of the City Council and/or Rose Bowl Operating Company. The Enhanced City Resources to be provided under the VSA will be estimated based on a geographical footprint of the venue known as the Games Footprint that is deemed to be in effect for the periods of time that the Games occur. The Games Footprint will be specifically defined within the VSA. The parties have not yet determined how the Games Footprint will be defined, but the OCOG will, with input from the City, establish the perimeter of the Games Footprint. The OCOG will reimburse the City for agreed costs for the delivery of Enhanced City Resources within the Games Footprint as described in the VSA.
 - b. Venue Use Agreement (VUA) – The VUA will establish the terms and conditions of the use of the Rose Bowl for the Games. The VUA will contain additional provisions that are reasonable and customary for venue agreements concerning the hosting of events similar to the Games. The VUA will be negotiated subject to the approval of the Rose Bowl Operating Company. If the VUA is not agreed to by December 31, 2026 and, subject to a 60-day extension right, the City will have the ability to terminate the Games Agreement and withdraw from hosting any part of the 2028 Games.
4. Admissions/Ticket Tax - The City agrees to not subject the Games and/or constituent events to any future admissions taxes, parking taxes or related taxes arising out of OCOG's use of the Rose Bowl that are adopted after the Effective Date, except for regular CPI related increases and increases taken in connection with tax measures put on a ballot pursuant to a voter-led petition.
 5. Street Trading - The City shall maintain restrictions prohibiting sidewalk vendors on City public rights of way within a specified radius of the venue during Olympic events.

6. **Transportation and Traffic:** The City will work with the OCOG and City, regional, and state transportation leaders to assist in the development of the 2028 Games Mobility and Transportation Plan. The City's transportation and traffic command and control operations will be available to support overall Games transport and traffic solutions.
7. **Public Safety -** Consistent with the U.S. Department of Homeland Security's designation of the Games as a National Special Security Event, the City will work with the California Olympic and Paralympic Public Safety Command, IOC, the U.S. Department of Homeland Security, and the OCOG to ensure a safe and peaceful celebration of the Games within the City.
8. **License of the City's Logo –** The City grants to the OCOG the nonexclusive right to use the City's symbols, emblems, logos, trademarks and service marks, in any medium, for use in connection with the Games.
9. **Branding -** In the months leading up to the Games, the City, at its sole expense, has the option to implement the OCOG cross-city branding plan on property and inventory controlled by the City, subject to prior City approval of the branding plan.
10. **Commercial Identification Prohibitions –** The Agreement prohibits the City from making any commercial use of its relationship with OCOG or the Games without the prior written consent of OCOG, including referring to the Games in any sales literature, letters, pitch materials, press releases, website, social media, apps, brochures or other written materials; except as may be necessary or appropriate to perform the City's obligations under the Agreement or provide information pertinent to the protection of public health, safety or welfare during the period of the Games.
11. **Dispute Resolution –** The City and the OCOG will work together in an effort to amicably resolve any disputes arising out of the Games Agreement. If an amicable settlement cannot be reached, the matter will be resolved via binding arbitration. This is the sole procedure for the resolution of disputes arising from the Games Agreement.

12. Indemnification - The City will indemnify, defend and hold harmless the OCOG, other Olympic parties, the City of Los Angeles, and the State of California for claims arising from (a) any negligent act or omission or willful misconduct by the City in connection with the performance of the Games Agreement, (b) any breach of the City's representations, warranties or covenants under the Games Agreement, (c) any defect in the structure, design or layout of the public services, if the City is legally liable for the defect and has no immunity for same, or (d) any claim that is the direct result of City's negligent performance of any public services pursuant to the Games Agreement. This indemnification will not apply to the extent a claim or liability arises out of any gross negligence or willful misconduct of OCOG.

The OCOG will indemnify, defend and hold harmless the City for the negligence or willful misconduct in the performance of the Games Agreement of the OCOG, other Olympic parties, the City of Los Angeles, the State of California and any of those parties' representatives or a breach of OCOG's representations, warranties or covenants under the Games Agreement.

13. Sustainability - The City and OCOG will encourage and support a responsible concern for environmental issues and will require that the Games be conducted in a manner consistent with these values.

14. IOC Approval - The Agreement, once executed between the City and OCOG, is subject to approval by the IOC, which would be sought by OCOG, with best efforts of City to support and cooperate with OCOG in seeking such approval.

ECONOMIC IMPACT:

The Games Agreement establishes a general framework for hosting the Games, including a reimbursement process for enhanced City resources as provided above and beyond normal customary services, and a commitment to support a fiscally responsible Games. As discussed above, the supplemental agreements will return to the City Council and/or the Rose Bowl Operating Company for consideration and approval.

It is anticipated that the economic impact from hosting the Games at the Rose Bowl Stadium will be substantial to the City, the Rose Bowl, and the local and regional community. Hosting the Games presents a unique opportunity for the City and the Rose Bowl Stadium to continue its storied history of hosting international soccer matches, which has included the Olympics, the COPA America, the national teams of United States, Brazil, and Mexico, as well as European club teams. Hosting the Games will once again elevate the City's profile on a world-stage and position the City and the Rose Bowl to host future large-scale events.

Moreover, LA28 estimates that 10-15 million ticketed spectators will arrive in the greater Los Angeles area during the course of the Games. With the influx of visitors and spectators for the events held in the City, it is reasonable for the City to expect significant increased economic activity, particularly in the hotel and housing, and restaurant sectors. The Rose Bowl Operating Company and the Pasadena Center Operating Company jointly prepare Event Impact Reports after each displacement event. These Event Impact Reports have demonstrated that displacement events of all types at the Rose Bowl have resulted in higher average hotel room rates, greater hotel room nights generated, business sales, and increases in local tax revenue.

OLYMPIC GAMES IMPACT ON OTHER ROSE BOWL EVENTS:

There is presently no firm number of Olympic events that the Rose Bowl has been asked to host. However, based on previous discussions, it is anticipated that there will be at least six matches played at the Rose Bowl. In that regard, the RBOC is mindful of the fact that it cannot unilaterally commit to more than 25 major events in a fiscal year without separate review and approval by the City Council. The Olympic events will take precedence over all major events in that fiscal year, excepting those to which the Rose Bowl is contractually obligated today.

COUNCIL POLICY CONSIDERATION:

This action is consistent with the City Council's goals to ensure public safety, increase conservation and sustainability, improve mobility and accessibility, and to support and promote the quality of life and the local economy.

ENVIRONMENTAL ANALYSIS:

Entering into a Games Agreement is statutorily exempt from CEQA pursuant to State CEQA Guidelines Section 15272 (Olympic Games), which provides a statutory exemption for activities or approvals necessary for the bidding for, hosting or staffing of, and funding or carrying out of Olympic Games under the authority of the International Olympic Committee. Furthermore, entering into the Agreement is categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15323 (Normal Operations of Facilities for Public Gatherings) and there are no features that distinguish this project from others in the exempt class; therefore, there are no unusual circumstances. Section 15323 exempts operations of existing facilities for public gatherings for which the facilities were designed and where there is a past history of the facility being used for the same or similar kind of purpose, such as the Rose Bowl.

FISCAL IMPACT:

There is no direct fiscal impact associated with this recommendation, as it relates only to the approval of the Games Agreement. The fiscal impact of hosting the Games is unknown at this time. Subsequent agreements addressing costs associated with the Games will be presented to the City Council for consideration and approval at a later date.

Respectfully submitted,



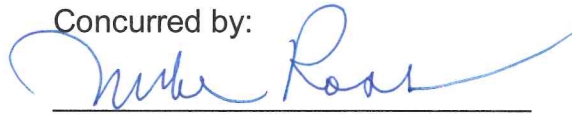
ALEX SOUTO
Deputy City Manager
City Manager's Office

Concurred by:



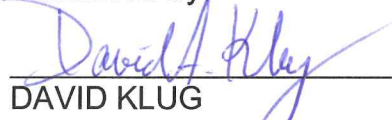
JENS WEIDEN
Chief Executive Officer, Rose Bowl
Operating Company

Concurred by:



MIKE ROSS
Chief Executive Officer, Pasadena
Center Operating Company

Concurred by:



DAVID KLUG
Economic Development Director

Approved by:



MIGUEL MÁRQUEZ
City Manager

- Attachments (3):
Attachment A - City of Carson Games Agreement
Attachment B - City of Long Beach Games Agreement
Attachment C - City of Inglewood Games Agreement