



Agenda Report

October 23, 2000

To: City Council via Business Enterprise Committee
From: Rose Bowl Operating Company (RBOC)
Subject: Arroyo Seco Food & Beverage Contract Option

RECOMMENDATION:

It is the recommendation of the Rose Bowl Operating Company that the City Council approve a 10-year contract extension between the RBOC and Arroyo Seco Food and Beverage (ASF&B) that will take effect on February 5, 2001.

The recommendation is based on the RBOC and ASF&B agreeing on the following:

1. The percentage of gross receipts to be paid to the RBOC by Concessionaire (ASF&B) shall be 12.5%, with a minimum rent of \$375,000 for years 1 through 3; \$400,000 for years 4 through 6 and \$425,000 for years 7 through 10.
2. The Concessionaire (ASF&B) will be responsible for the following interior and exterior maintenance: \$1,000 per month for landscaping maintenance and ASF&B shall maintain interior of Clubhouse, except for the Pro Shop.
3. The Concessionaire (ASF&B) will pay \$50,000 toward the construction of a new banquet room; ASF&B to pay RBOC 20% for New Year's Day catering activities, providing ASF&B receives exclusive for same.

BACKGROUND:

On February 5, 1985, the City of Pasadena entered into an eight-year agreement with ASF&B to operate the restaurant and cater events on the golf course at Brookside Clubhouse. The city received 8.5% of gross receipts during the first term of subject contract.

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On September 19, 1991, the City of Pasadena entered into an extension of the contract ending February 4, 2001 at a rate of 12.5% payable to the City. Within the agreement, it states: *“on or before August 1, 2000 (extended to September 7, 2000), City shall evaluate Concessionaire’s performance under this Agreement to determine in City’s sole judgment, whether Concessionaire’s performance has been satisfactory. If satisfactory, City shall grant concessionaire the option to renew this Agreement for one additional term of five (5) years, provided that Concessionaire and City, on or before October 1, 2000 agree on the following terms:*

1. *The percentage of gross receipts to be paid to the City;*
2. *The nature of Concessionaire’s maintenance responsibilities in or about the interior or exterior of the shop area;*
3. *Other terms and conditions as city and concessionaire agree are appropriate at the time.”*

On September 7, 2000, the RBOC determined that ASF&B has been contractually compliant and is eligible to negotiate the five-year option, providing both parties would agree to the above terms. ASF&B has requested a 10-year contract rather than to exercise the five-year option.

Below are some facts related to the current and proposed operation of ASF&B:

	Current	Proposed
Facility size	8,000 square feet	10,000 square feet
Uses	Restaurant (2,000 s/f) Banquet (6,000 s/f)	Converted area: Banquet (addl. 2,000 s/f)
Square Foot Revenue	\$325	
Current Minimum Rent	None	\$375,000 minimum
Percentage Rent	12.5%	12.5%; 20% New Years Day
Average rent past five years	\$302,610	\$375,000 min. (year 1-3) \$400,000 min. (year 4-6) \$425,000 min (year 7-10)

Gross receipts paid to the RBOC

The following has been proposed by ASF&B:

1. A 10-year lease to include food and beverage rights to the Brookside Golf Course and Jackie Robinson Field on New Years Day.
2. Pay the following rent: (1) guaranteed rent of \$375,000 annually for years 1-3; 400,000 annually for years 4-6; and \$425,000 annually for years 7-10; (2) percentage rent of 12.5% of revenue at the restaurant/banquet facilities and 20% of New Years day revenue at the golf course and stadium.

ASF&B has paid the following rent to City/RBOC since 1990-91:

2/90 – 1/91	\$241,548	2/95 – 1/96	\$269,613
2/91 – 1/92	\$257,800	2/96 – 1/97	\$269,576
2/92 – 1/93	\$331,860	2/97 – 1/98	\$306,021
2/93 – 1/94	\$308,988	2/98 – 1/99	\$305,937
2/94 – 1/95	\$320,512	2/99 – 1/00	\$362,981

Minimum rent to date – none.

Maintenance responsibilities

ASF&B has agreed to maintain all of the interior of the clubhouse (except the Pro Shop). In addition, ASF&B will contribute \$1,000 per month towards landscaping on the grounds.

Other terms and conditions

ASF&B has proposed to:

1. Pay \$50,000 toward construction of a new banquet room (former men's locker room).
2. Pay for improvements in the dining room and current banquet rooms.

It should be noted that staff has contacted an independent estimator, C.P. O'Halloran Associates, who has verbally confirmed that the costs beyond the basic shell for the new clubhouse banquet room should not exceed \$50,000, and specifications for the room should be based on expectations of both parties.

FISCAL IMPACT:

Minimum rent for ASF&B does not exist currently. With minimum rent beginning February 5, 2001, over next the 10-year period, ASF&B's minimum rent paid to RBOC will be \$3.6 million. This is an increase of \$625,000, compared to the past 10 years rent, which totaled \$2.97 million.

The rent related to New Year's Day activities is estimated to increase by a minimum of \$10,000 per year.

Prepared by,



Darryl Dunn
Rose Bowl General Manager

Respectfully submitted by,



Porfirio Frausto
RBOC President