



Agenda Report

October 20, 1997

TO: CITY COUNCIL

FROM: THE ROSE BOWL OPERATING COMPANY

SUBJECT: RESOLUTION TO APPROVE ROSE BOWL OPERATING COMPANY "BASE" MODEL CONTRACTS FOR CONSTRUCTION, EMPLOYMENT, SERVICES AND LABOR.

RECOMMENDATION:

It is recommended that the City Council adopt a resolution which adopts the standard terms and conditions and fee schedules under which the RBOC may contract when entering into agreements for construction, employment, services and labor related to the management of the RBOC Area.

BACKGROUND:

By action of the City Council, the Rose Bowl Operating Company was created by Pasadena Municipal Code Chapter 2.175 as an advisory body to the Pasadena City Council and then incorporated as a California nonprofit public benefit corporation in January of 1994. On May 18, 1995, the City Council largely effected the transfer of operational authority for the Rose Bowl to the RBOC with the signing of the Operating Agreement between the parties. At the time, incorporated into the Operating Agreement, was specific language that states that the Rose Bowl Operating Company was formed to secure the management, operation and maintenance of specific assets in order to optimize their revenue gathering capacity, while minimizing the net cost to the City and avoiding the City's exposure to operating losses. The City Council also articulated in the Operating Agreement that the primary purpose of the Rose Bowl Operating Company is to return economic and civic value to the City of Pasadena by managing a world-class stadium and a profession quality golf course complex in a residential, open-space environment. In order to accomplish the aforementioned goals, the City Council specifically stated that the City desired to streamline the process for the management of the Rose Bowl area and not add another level of bureaucracy. On June 24, 1996, in order to achieve the

aforementioned goals, and provide the Rose Bowl Operating Company with the necessary latitude and flexibility to function as a professional business organization, the City Council adopted Ordinance #6709. This specific ordinance provided for greater flexibility in RBOC procurements by allowing the RBOC to enter into contracts on terms and conditions approved by City Council and for expenditures approved by City Council through either a budgetary process or a fee schedule. It is not appropriate to codify (adopt by ordinance), specific contract terms and conditions or fee schedules for entrepreneurial activity for the following reasons: First, the sheer volume of material would create another volume of the municipal code, and, second, this is the type of material that will be modified and placed again before Council from time to time, and this can be more readily accomplished if adopted by resolution and not by ordinance. Therefore, resolutions which adopt specific contract terms and conditions and fee schedules are being brought to Council.

Relevant to the approval of the resolutions, we believe it is important to note that during the past several years that the Rose Bowl Operating Company has been administering the stadium and golf course, both facilities have significantly increased their utilization. The Rose Bowl has been through its busiest period in the history of the stadium. Since 1993 the Rose Bowl Operating Company has overseen the close-out of the 1993 Super Bowl, were intimately involved in the planning and preparation and ultimate presentation of the world's largest sporting event, the 1994 World Cup, produced the most aggressive concert series in the history of the stadium with the Pink Floyd, Rolling Stones, Juan Gabriel and Eagle concerts. In addition to the operation aspects of the Rose Bowl, the Rose Bowl Operating Company has also overseen the largest construction project in the history of the stadium since it was built. The \$22.5 million construction project.

The golf course has consistently increased the number of rounds played on an annual basis. In addition, the restaurant, the concessionaire and the pro shop have also increased their activities on an annual basis. Given all of these factors, we believe that it is extremely important to finalize these resolutions to gain greater latitude provided in them, so as to function in a more timely way and reduce the time required of the City Council to address routine construction, employment, service and labor contracts of the RBOC.

Although the City Council, by approving these resolutions, will provide greater latitude to the Rose Bowl Operating Company in the day to day administration of the business, the Council will maintain the appropriate controls and oversight in the following manner:

1. By the appointment of individual members to the Rose Bowl Operating Company, the Council will always maintain the ability to establish and control the business and operational culture of which the organization will function under.

2. Since the Operating Agreement requires the Rose Bowl Operating Company to recognize and adhere to certain City ordinances such as the Purchasing Ordinance, the Affirmative Action Ordinance and the Arroyo Seco Ordinance, these matters will give guidance and control to the Operating Company in reference to these important City policies.
3. The City Council maintains the authority of approval over the annual operating budget of the Rose Bowl Operating Company. Articulated within this budget are expenditures for services, labor and full time employment positions.
4. City Council will continue to exercise control over the Operating Company by approving the standard contracting forms utilized by the Rose Bowl Operating Company.
5. The City Council will maintain the ability to establish the fees for use of the facilities.

In addition to the aforementioned, the Finance Subcommittee of the Rose Bowl Operating Company will be recommending at the regular meeting of the Rose Bowl Operating Company for October, a new financial system which will provide for greater financial accountability by providing timely information regarding individual events and specific profit centers within those events. Working with the Director of Finance, a system has been developed which will provide for the Finance Departments continued responsibility for collecting and maintaining financial and operational information for the Rose Bowl and golf course. The Rose Bowl Operating Company will via contract hire a consultant to work with the General Manager in developing the appropriate business reports and will assist in developing systems to allow for the extraction of necessary information from the City's data base to complete these reports.

In conclusion, by approving these resolutions, the City Council will reaffirm the previous action taken by establishing the aforementioned ordinance which will provide for greater flexibility and authority for the Rose Bowl Operating Company to approve contracts for construction, employment, services and labor in excess of \$75,000. The benefit to the Rose Bowl Operating Company will be the ability to function in a more timely way, to expedite important business decisions regarding the aforementioned categories. The benefit to the City will be the accomplishment of the original goals and objectives established in the Operating Agreement and to reduce the amount of time necessary on the part of the City Council for dealing with day to day business issues of the Rose Bowl and golf course.

The proposed resolution is exempt from the California Environmental Quality Act (CEQA) under the General Rule that CEQA applies only to activities which may have a significant effect on the environment. (Section 15063 (b) (3)).

FISCAL IMPACT:

None.

Respectfully submitted,



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President

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