

REPORT OF GENERAL MANAGER

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On July 30, 1999, the Department of Recreation and Parks (RAP) executed Contract Number 2908 (Contract) with Valley Cultural Center (VCC) to provide afternoon "Concerts in the Park". The concerts are free to the public and VCC is not currently required to pay RAP for the use of the Pavilion under the current contract. VCC is allowed to enter into sub-agreements with vendors to sell merchandise, food, and beverages and provide donor recognition to individuals and organizations who contribute towards various improvements to the Pavilion facility.

During the term of the Contract, VCC has provided a number of improvements to the Pavilion, including, but not limited to: installation of a security camera system; electrical upgrades; canopy repairs; installation of light poles; and painting of the Pavilion interior and exterior. VCC has also provided backstage furniture.

The Contract is set to expire on July 29, 2014. Section 2 ("Term") of the Contract provides for one (1) fifteen (15) year option to renew at the sole discretion of the Board. On February 24, 2013, VCC transmitted written correspondence to RAP requesting that the Board exercise the fifteen (15) year option. RAP staff and VCC began discussions regarding revisions to the Contract before recommending that the Board exercise the fifteen (15) year option.

Proposed Contract Amendment

Staff recommends that the Board approve a proposed amendment (Amendment) to the Contract to revise specific terms and conditions:

1. VCC will pay RAP an annual use fee to supplement utilities, trash collection and maintenance costs. The annual fee for the 2014 Season will be \$2,740.00, and will increase throughout the term of the contract;
2. VCC will be authorized to increase its summer use of the Pavilion to provide film or stage presentations during the Summer Season and to hold an annual Fourth of July Event;
3. VCC will be allowed additional use of the Pavilion for cultural performances throughout the year, subject to the prior written approval of the RAP General Manager, for which VCC will pay an additional fee (per day / per event). The additional fee for the 2014 Season will be \$250 (per day / per event) and increase throughout the term of the contract;
4. Contract language is included to ensure that all forms of sponsor recognition conform to Board policies and requirements.

Over the past several years, RAP has been forced to reduce its discretionary budget to pay for citywide services (utilities, trash disposal, centralized services, and employee overhead). These costs

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currently account for approximately twenty-five percent (25%) of the entire RAP budget and has resulted in less discretionary funding for maintenance and recreation programs.

RAP has supplemented VCC operations at the Pavilion since 1999 by providing utilities for the Pavilion and trash collection from the increased use of the facility (up to 6,500 attendees per event) and vendor booths. Also, RAP maintains the restrooms and the grounds, which requires additional resources during the Summer Season due to the increased capacity from both VCC operations and additional activities by other organizations permitted by the Valley Region. The annual fee of \$2,740.00 by VCC will offset the costs RAP is required to contribute towards services.

The Office of Councilmember Bob Blumenfield (Third Council District), the Superintendent of RAP's Valley Region, and the Acting Assistant General Manager over Planning, Maintenance and Construction has concurred with RAP staff's recommendations regarding the Amendment and exercising the fifteen year option.

ENVIRONMENTAL IMPACT STATEMENT:

Staff has determined that the proposed Amendment with VCC will continue to allow the Pavilion to be used for programs involving no expansion of use, and, therefore, is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article III, Section 1, Class 1 (14) of the City CEQA Guidelines.

FISCAL IMPACT STATEMENT:

Upon execution of the Amendment, VCC will reimburse RAP approximately \$45,192.00 over the second fifteen (15) year term of the contract.

Additional revenue to RAP from VCC for increased use beyond what is authorized in the Amendment is unknown at this time.

This report was prepared by Joel Alvarez, Senior Management Analyst, and Robert Morales, Senior Management Analyst, Partnership Division.