

R-40

October 5, 2021

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Consent to a request by the Grand Prix Association of Long Beach, LLC, to leave concrete blocks from the 2021 Long Beach Grand Prix in place along Seaside Way, Shoreline Drive (east of Pine Avenue), and within the Elephant Lot, for a period of seven months, through the conclusion of the 2022 race and corresponding takedown period, or May 1, 2022;

Authorize the City Manager, or designee, to execute all documents necessary to amend and/or apply for California Coastal Commission approval of the same; and,

Authorize the City Manager, or designee, to execute all documents necessary for a First Amendment to Amended and Restated Operating Agreement No. 34876 with Grand Prix Association of Long Beach, LLC, to amend provisions of the agreement as necessary to facilitate the Association's request. (District 2)

DISCUSSION

The Long Beach Grand Prix (Grand Prix) is the longest-running major street race in North America. On April 15, 1975, the City of Long Beach (City) and Grand Prix Association of Long Beach, LLC (Association), entered into an agreement to host the event in Downtown Long Beach. The Grand Prix, an IndyCar Series race, encompasses three-and-half days of races and ancillary events and has a tremendous impact on local and regional economies and local hospitality and tourism industries. The Grand Prix is a large-scale regional event drawing more than 200,000 visitors to Long Beach annually. The event provides significant national exposure for Long Beach and generates significant economic benefit to the City.

The current iteration of the agreement is Amended and Restated Operating Agreement No. 34876 (Agreement), which the City Council approved on December 5, 2017. The current term of the Agreement expires on June 30, 2023, and contains a City option for one additional five-year extension. To that end, staff from the Economic Development Department have entered negotiations to extend the Agreement. While terms and conditions of the longer extension are still being negotiated, the Association has requested one item be considered immediately due to the approvals needed to effectuate the request. As a result of the cancellation of the 2020 race, the Association has experienced a significant financial hardship and is requesting the ability to leave specific race infrastructure from the conclusion of the 2021 race in place through the end of the 2022 race and corresponding takedown period. The Association estimates that leaving the roadside concrete blocks (Blocks) along Seaside Way, Shoreline Drive (east of Pine Avenue), and the Elephant Lot would reduce setup time by three days and could save the Association approximately \$89,000 through one less set-up in 2022. In exchange for allowing

the Blocks to remain in place, the Association has agreed to use a portion of the savings to conduct road remediation through one-time emulsion treatment to asphalt portions of the track to be determined in consultation with the City's Department of Public Works. Further, reducing the set-up time for the 2022 race will result in less noise and interruption to businesses and residents nearby.

Staff have worked closely with the affected City departments, including Public Works and the Office of Special Events and Filming, to vet the Association's request. In addition to City Council approval, Coastal Commission consideration is required to facilitate the request before the end of the 2021 takedown period, which ends on October 17, 2021. To accommodate the Association's request and timing considerations, staff recommend a First Amendment to the Agreement with the following significant modifications to the terms and conditions:

- 2021 Infrastructure to Remain in Place: City consents to allow the Association to leave up to 1,082 Concrete Blocks located along Seaside Way, Shoreline Drive (east of Pine Avenue) and within the Elephant Lot in place after the conclusion of the 2021 race on September 26, 2021, through the end of the 2022 race and corresponding takedown period on May 1, 2022. No advertisements are allowed to remain on the Blocks.
- Cost Savings and Road Improvements: The Association will utilize a portion of the realized cost savings, estimated to be \$89,000, to conduct road remediation through one-time emulsion treatment to the asphalt portions of the track in consultation with the Department of Public Works. City acknowledges this allows further community benefit through reduced set-up impacts to the businesses and residents nearby.
- Security and Maintenance of Items Left in Place: The Association agrees to inspect the Blocks on a bi-monthly basis, remove all graffiti on Blocks when discovered, and add the City as additional insured onto its insurance policies for the Blocks, while they remain in place.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on September 21, 2021 and by Budget Management Officer Rhutu Amin Gharib on September 22, 2021.

TIMING CONSIDERATIONS

City Council consideration of this amendment is requested on October 5, 2021, to ensure the City and Association can secure the appropriate regulatory approvals from the Coastal Commission before the end of the takedown period in 2021 and execute the First Amendment to the Agreement promptly.

FISCAL IMPACT

There is no fiscal impact to leaving the concrete blocks in place for the seven months until the next Grand Prix race commences. The Association will utilize a portion of the realized cost savings, estimated to be \$89,000, to conduct road remediation through one-time emulsion treatment to the asphalt portions of the track in consultation with the Department of Public Works. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:



THOMAS B. MODICA
CITY MANAGER