



CITY OF LONG BEACH

R-34

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

August 8, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP CM17-011 for production of an annual Grand Prix Race and associated events; and,

Authorize the City Manager, or designee, to execute all documents necessary to enter into an Exclusive Negotiating Agreement with Grand Prix Association Long Beach, LLC, a Delaware limited liability company, for up to 90 days with the option of two, 30-day extensions, for the production of an annual Grand Prix Race and associated events, for the period of five years, from July 1, 2018 to June 30, 2023, with the option of one five-year extension. (District 2)

DISCUSSION

In October 2016, the City released Request for Proposals RFP CM17-011 (RFP) seeking proposals from representatives or promoters of open-wheel auto racing formats to produce an annual Grand Prix Race event, as well as supporting race car events and other race-related activities, which in tandem create a large-scale, preeminent, world class race car event providing family-oriented entertainment and drawing national and international attention to the City.

The RFP was advertised in the Long Beach Press-Telegram on October 7, 2016, and 5,380 potential proposers were notified of the RFP opportunity. Of those proposers, 74 downloaded the RFP documents via the City's electronic bid system. The RFP documents were made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at: www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority and women-owned business groups. The RFP closed on November 18, 2016. The City received two responses, one from the Grand Prix Association of Long Beach (GPALB), currently affiliated with Indy Car, and the other from World Automobile Championship of California, LLC (WACC), proposing a Formula 1 affiliation.

After completing an exhaustive evaluation process, it is the recommendation of City staff that the City Council authorize the City Manager to enter into an Exclusive Negotiating Agreement (ENA) with GPALB for an initial period of 90 days, with the option of two 30-day extensions, to negotiate an agreement between the City and GPALB for the production of a Grand Prix Race and associated events, for an initial period of five years, with the option of one five-year extension, at the discretion of the City. Upon completion, the final agreement will be presented to the City Council for approval.

EVALUATION PROCESS

To assist in the selection process, the City engaged a specialized team from KPMG, including experts in the field of racing and motor sports. KPMG (with assistance from their industry subconsultant, Apex Design) provided assistance in analyzing the financial, operational, technical, and promotional aspects of the proposals; the feasibility and capability of the proposers; the economic benefits and revenue opportunities for the City; and, the impact on City services. Upon completion of its review, KPMG provided the City a final report, which included an overview of the proposals, a detailed review of the information provided in the proposals and subsequent clarification questions submitted to the proposers, an evaluation of the responses with respect to the RFP evaluation criteria, and conclusions based on its technical evaluation.

Additionally, both proposers were invited to present to a review committee (Committee) comprised of City staff, subject matter experts, and outside staff from municipalities that have produced similar-sized special events.

City staff reviewed both the KPMG report and the feedback received from the Committee to assess the strengths and limitations of both proposals. The findings of this review are presented below.

Findings

The evaluation process revealed strengths and limitations in both proposals. A copy of the full KPMG report is attached. The following is a summary of key considerations that were identified by the KPMG report and by City staff.

Grand Prix Association of Long Beach (GPALB)	World Automobile Championship of California (WACC)
<ul style="list-style-type: none">• Ability to organize and promote an event in 2019.• Demonstrated economic benefits to the City.• Demonstrated ability to deliver street race over multiple years in the City.	<ul style="list-style-type: none">• Indicated significant potential economic benefits.• Extensive operational experience in comparable events.• Demonstrated marketing and event promotion capability of partners (Liberty Media Corporation).

Grand Prix Association of Long Beach (GPALB)	World Automobile Championship of California (WACC)
<ul style="list-style-type: none">• Ability to deliver on technical and financial aspects.• Ability to produce valid license to produce sanctioned race.• Provided sufficient level of information to support financial, operational, and promotional aspects of race.• GPALB currently holds a five-year permit from the California Coastal Commission.• Economic benefits are based on estimates from a study completed in 1997.	<ul style="list-style-type: none">• Proposer's connections with both Automobile Competition Committee of the United States (ACCUS) and FIA key management personnel may expedite the commencement of a technical relationship.• Unable to organize and promote an event until 2020 at the earliest.• At this time, a recent economic impact study evaluating the benefits specifically to the City is not available to allow the City to make an informed assessment of the magnitude and likelihood of the benefits stated in the proposal.• Understanding of the City's possible financial liability is unknown.• Unclear whether cost estimates were completed by recognized cost consultant. Sanctioning from governing body will not occur until after selection is made; unclear what happens if Formula 1 does not agree to hold a race.• Modifications to City infrastructure would require reconstruction of certain streets, medians and intersections. Pit structures contemplated to be built limit long-term redevelopment of area, result in loss of parking spaces in the Elephant Lot and potential taking of park lands adjacent to the Elephant Lot.• Physical changes to the race course may require CEQA review, zone change and approval of the California Coastal Commission, which could require an estimated 24 months.

After review of the proposals and follow up questions/clarification submitted in response to the RFP, consideration of input from the Interview Panel (consisting of staff from the Departments of Public Works, Economic and Property Development, Fire, Police and Office of Special Events, and representatives from the City's Economic Development Commission and the City of Los Angeles Special Events Office), and review of the KPMG report and its findings, City staff has determined that GPALB submitted the most qualified, responsible, and feasible proposal based upon review of the submittals, in-person interviews, and the criteria specified in the RFP. Further, GPALB provided a sufficient level of detail on financial, operational, technical, and marketing information in their response to the RFP; performed in a satisfactory manner in their existing contract obligations; and, were able to demonstrate the economic benefits of the Grand Prix Race and associated events to the City.

Finally, the City analyzed the concept of hosting both races of differing formats (IndyCar and Formula 1) simultaneously. City staff explored the dual race option and determined that it is not feasible because: (i) the two race formats have different requirements for the track (including length of track, race course layout, ancillary improvements) that are not compatible; (ii) it is unknown how multiple races would impact attendance and economic outcomes; and, (iii) Formula 1 has indicated that they would view back-to-back races as a competitive disadvantage.

Conclusion

After thorough consideration, City staff recommends entering into an ENA with GPALB based on the depth of information provided on the operational, marketing, promotional, and community benefits associated with its proposal.

Staff recommends that the City Council authorize the City Manager, or designee, to enter into an ENA with GPALB to negotiate terms of an agreement for the promotion and operation of an Indy Car Grand Prix Race and associated events. The ENA will be for a term of 90 days, with up to two 30-day extensions, if negotiations are not completed.

While a detailed agreement with GPALB will be negotiated during the term of the ENA, the general terms and conditions of the agreement will include:

- Five-year initial term with one five-year option to extend the term, at the discretion of the City.
- The promoter will significantly reduce current set up and take down times, similar to those proposed by WACC.

- The promoter will alleviate or remove the negative physical impacts of the race on the City's streets, sidewalks and infrastructure (including tire marks on pavement and sidewalks, and slurry sealing streets) either through individual effort or a payment to the City.
- The promoter will provide the City with an Economic Impact Study periodically to quantify the benefits of the race to the City.
- The promoter will pay a Race Fee, Administrative Cost Reimbursement, Extraordinary Cost Reimbursement, and Lost Revenues to the City.
- The City will have no responsibility for out-of-pocket expenses associated with the Grand Prix Race and associated events.
- The promoter will provide an outreach program for disadvantaged youth during the term of the agreement.
- The parties will agree on the promotional package to be provided to the City.
- All physical improvements to the track will be the responsibility of the promoter.
- The race will be held annually in April, unless a change is approved by the City Manager.
- Minimum of 14 cars will participate in the race.
- The promoter will submit a schedule of planned events for race week to the City Manager for approval.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 25, 2017 and by Assistant Finance Director Lea Eriksen on July 7, 2017.

TIMING CONSIDERATIONS

City Council action is requested on August 8, 2017, to allow adequate time for race event preparations.

FISCAL IMPACT

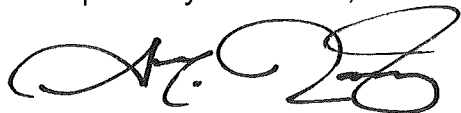
There is no fiscal impact associated with the recommended action to initiate an ENA with GPALB. Financial terms and conditions will be provided when the proposed contract is presented for City Council approval. It is the intention of City staff that all costs incurred by the City as a result of the Grand Prix Race and associated events will be reimbursed by GPALB, and there will be no fiscal impact on the City budget.

HONORABLE MAYOR AND CITY COUNCIL
August 8, 2017
Page 6

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



for JOHN KEISLER
DIRECTOR OF ECONOMIC
& PROPERTY DEVELOPMENT



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JK:KM:jmv

Attachment: KPMG Report

APPROVED:


PATRICK H. WEST
CITY MANAGER

**CITY OF LONG BEACH
REQUEST FOR PROPOSALS NUMBER CM17-011**

Grand Prix of Long Beach Proposal Review

JULY 27th, 2017



This report is provided to the City of Long Beach pursuant to agreement dated April 19th, 2017 and is subject in all respects to the terms and conditions of that statement of work, including restrictions on use of this report by third parties.

If this report is received by anyone other than the City of Long Beach the recipient is placed on notice that the report has been prepared solely for the City of Long Beach's benefit and its own use. KPMG does not authorize recipient or any other party to rely on this report and any such reliance shall be at recipient's sole risk. Therefore, KPMG LLP shall have no liability or responsibility in respect of the advice, recommendations, or other information in the report to recipient or any other party other than Client. Further, this report and its contents may not be shared with or disclosed by the recipient to anyone without the express written consent of Client.

Our observations are based on the completeness and accuracy of any one or more of the facts, assumptions, and representations provided by the City of Long Beach upon which we relied, relating to the matters to which our observations are addressed. Unless separately agreed in writing, we will not update our observations for subsequent changes or modifications to the law, regulations, or to the judicial and administrative interpretations thereof, nor to take into account your correcting, updating, or providing new or additional facts or information you supplied or any assumptions on which we relied in preparing our advice.

The advice or other information in this document was prepared for the sole benefit of the City of Long Beach and may not be relied upon by any other person or organization. KPMG accepts no responsibility or liability in respect of this document to any person or organization other than KPMG's client, the City of Long Beach.

CONTENTS

1	EXECUTIVE SUMMARY	4
2	BACKGROUND	7
2.1	Request for Proposals Overview	7
3	REVIEW PROCESS	9
4	OVERVIEW OF PROPOSALS	10
4.1	Grand Prix Association of Long Beach	10
4.2	World Automobile Championship of California, LLC	10
	REVIEW OF PROPOSALS	12
4.3	Grand Prix Association of Long Beach	12
4.4	World Automobile Championship of California, LLC	20
5	CONCLUSIONS	45
5.1	Grand Prix Association of Long Beach	45
5.2	World Automobile Championship of California, LLC	45
5.3	Comparative Summary of Economic Information Provided	49
6	APPENDICES	54
6.1	Clarification Questions (Round 1)	54
6.2	Clarification Questions (Round 2)	56
6.3	Formula One Circuit Data	60
6.4	Preliminary Data Gap Assessment	62
6.5	Additional Information Notes – As provided by Proposers	91

1 EXECUTIVE SUMMARY

The City of Long Beach (the City) annually hosts the Grand Prix of Long Beach and has done so since 1975. The Grand Prix is a three-day weekend event and the culmination of a week of supporting race car events and race related activities. The event, including the race week, is a large scale regional event drawing an estimated 180,000 attendees and attracting global corporate sponsorship. The event is overlaid on existing streets in downtown Long Beach and, after 42 years, is the longest running street race in North America. The current featured race at the Grand Prix event is the Verizon IndyCar race at the end of race week. The event is currently operated by Grand Prix Association of Long Beach (GPALB) under an existing agreement that expires June 30th, 2018 with two optional annual renewals.

The City of Long Beach issued a Request for Proposals (RFP) seeking proposals from representatives or promoters of open-wheel auto racing formats (Formula One or IndyCar only) to provide the annual Grand Prix event, as well as supporting activities and events, which are hosted in downtown Long Beach each year. The City issued the RFP on October 5th, 2016 which included responses due October 28th, 2016. Following a request from a proposer, the City subsequently issued an addendum on October 24th, 2016 which extended the due date to November 18th, 2016.

The City received proposals from two teams in response to the RFP.

- Grand Prix Association of Long Beach:
 - GPALB is the existing promoter of the current ten and a half day event which culminates in the Grand Prix event over the last three and a half days. The GPALB race format is IndyCar for the final Grand Prix race.
 - GPALB has confirmed its ability to organize and operate an event in spring 2019.
 - GPALB does not anticipate any changes to the overall footprint of the circuit in the near future.
 - GPALB has noted that attendance was listed at 182,400 people over three days in 2016 and that the economic impact to the City of Long Beach in 2016 'could be \$40 million' (based on an adjusted number from a report completed in 1997 and currently unavailable).
- World Automobile Championship of California, LLC (WACC)
 - WACC is proposing a Formula One race format.
 - In response to clarification round 2 on June 12th, 2017, WACC indicated that it will not be able to organize and operate a race in spring of 2019. It indicated the earliest year it will be able to operate a race will be 2020.
 - Several adjustments to the current format have been noted, including reducing the event duration from ten days down to one weekend and making adjustments to the circuit, such as adding length and provision of a temporary or permanent pit building, to meet Fédération Internationale de l'Automobile (FIA) Grade 1 Formula One and Formula One Management (FOM) standards. WACC has indicated that the initial capital requirement for this and initial operational expenses is estimated to be \$25.1 million to be financed through investments from sponsors, racing teams, drivers and others. This figure is made up of an estimated \$14.0 million

of circuit upgrade works, \$9.0 million of operating expenses, \$1.6 million of administration costs and \$0.6 million of annual venue rent.

- In addition to the \$25.1 million capital raise, WACC has indicated that the deposit for the sanction fee required by Formula One would be paid for through a letter of credit for \$10 million with the remainder to be covered by event cash flows. It is unclear from the information provided how much the remainder is estimated to be.
- WACC has indicated that an economic impact of \$100 million would accrue to the region, however, as noted in its response “it has not been possible to secure an economic impact study for a Formula One race event in Long Beach.”

The proposal review team completed an initial review of the bid submissions which indicated that in order for the City to conduct an assessment against the criteria stated in the RFP, additional information would be required and therefore two rounds of clarifications were conducted. The clarification questions are included in the appendix to this report. All information received, together with proposals and interviews, was then used as the basis of review against the City’s stated criteria.

A summary of the key considerations associated with each proposer are noted in the table below.

Table 1. Key Potential Benefits and Limitations of Proposals

Proposer	GPALB	WACC
Potential benefits	<ul style="list-style-type: none"> • Ability to organize and promote an event in 2019. • Economic benefits to the City have been noted (see limitations). • Conducted Street Race in Long Beach for many years and delivered on technical and financial aspects. • FIA Grade 2 Circuit License valid through 2020. • Coastal Commission approval for current circuit for next 4 years. 	<ul style="list-style-type: none"> • Significant additional potential economic benefits indicated (however additional information is required to confirm, see limitations). • Personnel has extensive operational experience in comparable events. • Strong marketing and event promotion capability of Liberty Media Corporation. • Proposer’s connections with both Automobile Competition Committee of the United States (ACCUS) and FIA key management personnel may expedite the commencement of a technical relationship.
Limitations	<ul style="list-style-type: none"> • Economic benefits are unsubstantiated and the provided estimate appears to be based on a study completed in 1997. 	<ul style="list-style-type: none"> • Unable to organize and promote an event until 2020 at the earliest. • At this time a recent and relevant economic impact study is not available to allow the City to make an informed assessment of the magnitude and

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

Proposer	GPALB	WACC
		<p>likelihood of the benefits stated in the proposal.</p> <ul style="list-style-type: none"> • Further understanding of the City’s possible liability is required for circumstances under which costs exceed expectations and/or expected revenues fall short of forecasts. • Unclear whether cost estimates completed by recognized cost consultant. • Coastal Commission approval yet to be given for proposed circuit.

It should be noted that the current contract expires in 2018 and only GPALB has indicated it is able to organize and promote a race in 2019. WACC has stated that it cannot perform, organize and promote an event in 2019, and will only be able to do so in 2020 if the City makes a decision by November 30, 2017 (although it is unclear what decision WACC is referring to from the information provided). In addition, GPALB stated in an interview with City staff that it has Coastal Commission approval for the current circuit for the next 4 years, providing no adjustments are made. By contrast, WACC does not currently have Coastal Commission approval for its proposed circuit. This process would occur after a Council decision is made and represents a level of approval risk to the City. WACC has indicated that it estimates this process to take at least 3 months. The City estimates that it will take approximately 12 months for environmental review (CEQA), several months for site plan review and potential zone change, and 12 months for Coastal Commission approval following the City’s approvals.

Based on this assessment it therefore appears that if the City wishes to conduct a race event in the spring of 2019, as contemplated in the RFP, pursuing negotiations with GPALB is the only available option based on the information presented and reviewed at this time. Other options available to the City, including extending the RFP evaluation period and seeking additional information such as an economic impacts study from proposer teams, appear to be unworkable due to the expiration timing of the existing contract and would result in the loss of the event in 2019.

2 BACKGROUND

2.1 Request for Proposals Overview

The City issued an RFP seeking proposals from representatives or promoters of open-wheel auto racing formats (Formula One or IndyCar only) to provide the annual Grand Prix event, as well supporting activities and events. The City issued the RFP October 5th, 2016 which included requests for responses on October 28th, 2016. Following a request from a proposer the City subsequently issued an addendum on October 24th, 2016 which extended the due date to November 18th, 2016.

The City outlined several goals and objectives as shown below:

- Increase the revenue and the economic impact to the City, its local businesses, hotels, restaurants, retail businesses, entertainment venues, and transportation services;
- Maximize the positive exposure of the City in all forms of media, including national and international television broadcasts;
- Maximize the number of attendees over Race Week and provide opportunities for affordable ticket sales for appropriate recognized groups;
- Maximize opportunities for creative use and access to the race circuit for traditionally non-race related organizations during times that the race circuit is closed and no races are occurring;
- Minimize negative impacts to surrounding businesses and residences;
- Minimize the cost to the City, and services provided by the City;
- Minimize set-up and take-down timeframes for installation and removal of circuit improvements;
- Cooperate with local businesses in a manner that increases revenues for all businesses within and adjoining the race circuit;
- Engage all impacted businesses and residents in an effort to accommodate special needs and/or requests;
- Secure sponsorships that are of the highest caliber, presenting the City in the best possible framework;
- Focus on family-friendly entertainment;
- Develop a marketing plan and other planned activities that reflect innovation and relevancy in an evolving sports entertainment market; and
- Restore the race circuit to its original condition, or a better condition, immediately following the Event.

In addition to stated goals and objectives the RFP indicated other key requirements, which included:

- **Circuit Information:** any modification to the circuit or construction of any new facilities will be at the expense of the promoter and subject to the approval of the City Council and the California Coastal Commission.

- Financial capacity information shall be provided, recommended items include financial statements for the last five years, statement of net worth, experience in delivering events and letters of support from sanctioning bodies.
- Current terms and conditions: at a minimum proposals shall meet or exceed the requirements in the existing contract.

The stated criteria in the RFP are as follows:

- 5.1.1 Demonstrated competence;
- 5.1.2 Experience in performance of comparable engagements;
- 5.1.3 Expertise and availability of key personnel;
- 5.1.4 Financial stability;
- 5.1.5 Conformance with the terms of the RFP;
- 5.1.6 Extent of increase to revenues/economic impacts;
- 5.1.7 Extent that negative impacts to business/residents are minimized;
- 5.1.8 Innovative marketing plan/planned activities; and
- 5.1.9 Support from sanctioning body (Formula One/IndyCar).

Proposals were evaluated against these criteria.

3 REVIEW PROCESS

The City Council of Long Beach, at its meeting on 18th April, 2017, approved an agreement by the City Manager to engage KPMG Corporate Finance LLC and Apex Circuit Design Ltd to assist in the review of the responses received for the RFP seeking proposals from representatives or promoters of open-wheel auto racing formats (Formula One or IndyCar only) to provide the annual Grand Prix event. The review team assisted the City in an initial review of the proposals and submitted two rounds of clarifying comments during the course of the review process. The City subsequently held interviews with each proposer team on June 29th, 2017.

The proposal evaluation conducted by the review team was based on information submitted by each team in their initial proposals and in response to clarifying questions. The evaluation process was limited to a review of the technical qualifications, references and proposal information in order to provide the City with comments on the reasonableness of the proposals with regards to the City’s stated evaluation criteria. The review process followed is summarized below.

Figure 1. Outline of Review Process



* Clarification questions included in Appendix.

4 OVERVIEW OF PROPOSALS

4.1 Grand Prix Association of Long Beach

The GPALB currently operates and promotes the existing IndyCar event for the Long Beach Grand Prix. It has conducted street races in Long Beach for the past 42 years. GPALB states that no complaints about financial mismanagement or non-fulfilment from spectators, vendors or teams have occurred in its time operating the Long Beach Grand Prix.

The current Long Beach Grand Prix event is the second largest street race in North America and second largest event on the Verizon IndyCar Series calendar behind the Indianapolis 500. GPALB stated that 182,400 people attended the event over three days in 2016, the largest crowd since 2000.

GPALB claims that the Grand Prix may have generated an economic impact of more than \$40 million to the City in 2016, however, as stated by GPALB, this is based on data from an economic study which was conducted in 1997 and is no longer available.

GPALB does not anticipate any changes to the overall footprint of the circuit in the near future, although updates and modifications to the safety system are constantly being made. It currently holds a Circuit License Grade 2 valid till 2020.

GPALB has stated that it is not seeking any financial support from the City of Long Beach to organize and promote the event.

Finally, GPALB has affirmed that it is able to hold the event in spring 2019.

4.2 World Automobile Championship of California, LLC

Formed in 2012, WACC is an entity created specifically to bring Formula One back to California. A Formula One event is currently held in Austin, Texas (Circuit of the Americas) and has been running since 2012. There have been several other Formula One events held in the United States including Phoenix, AZ (first held in 1989 for 3 years), Dallas, TX (first held in 1984 for 1 year), Detroit, MI (first held in 1982 for 7 years), Las Vegas, NV (held in 1981 for 2 years), and Watkins Glen (first held in 1961 for 20 years).

The current IndyCar circuit would need to be re-engineered to meet FIA Formula One requirements which require a higher standard of specification. These modifications include extensions, widening, pit/garage buildings, other permanent or temporary facilities to be constructed. The current length of the circuit is 1.97 miles while the minimum length for Formula One is 2.01 miles.

WACC outlined an estimated initial capital requirement of \$25.1 million to cover circuit upgrades and initial operating and administration costs. In addition, WACC has indicated that the deposit for a sanction fee required by Formula One would be covered by a letter of credit for \$10 million.

WACC has indicated that an economic impact of \$100 million would accrue to the region, however, as noted in their response "it has not been possible to secure an economic impact study for a Formula One race event in Long Beach."

WACC has indicated that it will not be able to organize and operate a race in spring of 2019. It has indicated the earliest year that they will be able to operate a race will be 2020, however, in order to

meet this later date, they would need a determination from the City by 30th November, 2017 (although it is unclear what decision WACC is referring to from the information provided).

REVIEW OF PROPOSALS

4.3 Grand Prix Association of Long Beach

Demonstrated competence (5.1.1)

- GPALB is the incumbent promoter and has stated that it is able to organize an event in spring 2019.
- GPALB has conducted a street race in Long Beach for many years and appears to have delivered on the technical needs of an annual temporary facility on previous occasions.
- GPALB asserts that it has consulted on Detroit Grand Prix, Meadowlands, Denver and St. Petersburg Grand Prix. In 1996-2005 GPALB purchased, renovated and operated Gateway International Raceway (St Louis) and Memphis Motorsports Park. GPALB states that it has worked with Formula One, IndyCar, IMSA, NHRA, NASCAR, SCCA and Drifting.
- While no track, pit or paddock plan was provided with the proposal, the following statement was included – “The Association does not anticipate any changes to the overall footprint of the circuit in the near future, although updates and modifications to the safety system are constantly being made.”
- No schedule of materials was provided with the proposal relating to capital cost components, however, since GPALB has stated it does not anticipate changes to the circuit footprint, it appears from the information provided that no significant additional capital costs would be required. The City also maintains records of its annual expenses and revenues associated with the event.
- A detailed construction and take-down schedule was provided in GPALB’s response to round 2 clarifications outlining activities for each day of the program.
- A detailed Parking and Traffic Management Plan for 2016 was provided, which assesses traffic patterns and parking conditions under both existing and event conditions. It also includes strategies and protocols to manage parking and traffic (e.g. highway radio, closure schedules and access).
- In response to clarification questions, GPALB provided details of how and where materials are stored throughout the event.

Experience in performance of comparable engagements (5.1.2)

- GPALB is not responsible for promoting other race events, though its proposal states that other race promoters consult with it for its knowledge and expertise including the Detroit Grand Prix, Meadowlands Grand Prix, Denver Grand Prix and the St. Petersburg Grand Prix.
- GPALB also purchased, renovated and operated Gateway International Raceway in St. Louis and Memphis Motorsports Park between 1996 and 2000.
- There is clear evidence of event overlay with hospitality and entertainment offerings outside of the main track-based event(s).

Expertise and availability of key personnel (5.1.3)

- There is an implied adequacy of GPALB key personnel as the promoter has been able to deliver on each annual event in the past. GPALB has provided the names of key personnel, though limited background information detail was included for those personnel.
- The current role at GPALB, prior role at GPALB and term of employment was provided for the President, Director of Operations, Marketing Director and Communications Director. No further supporting biographical data of note has been supplied for the four named management personnel.
- A statement noting that interns are seconded from California State University Long Beach (CSULB) was also included.

Financial stability (5.1.4)

- The RFP requested documents that detail the proposer's financial ability to host a Grand Prix Race Event in Long Beach California. Recommended documents include:
 1. Balance sheets for the last five (5) years;
 2. Income statements for the last five (5) years;
 3. Detail of sources and uses of funds for each Race Event;
 4. Promoter's statement of net worth;
 5. Method and details of funding the Event;
 6. Event Pro-Forma detailing sources and uses of funds.
- GPALB provided contacts from a number of major vendors for the City to contact to confirm Grand Prix's fiscal integrity. These organizations included: IndyCar, Primed Productions, the City of Long Beach Special Events, Staff Pro, Inc., Savor/SMG Food Service, and Long Beach Convention Center. This was not considered sufficient to satisfy the requirements in the RFP and therefore clarification questions requesting further information were submitted.
- In its response to the first round of clarification questions, a letter was provided from GPALB's owner, Aquarium Holdings, LLC stating that its owners Kevin Kalkhoven and Gerald Forsythe would be prepared to provide support as needed "in the remote possibility it were to become necessary."
- In its response to the second round of clarification questions, GPALB submitted five years of high-level balance sheet data and income statements for the company. The data provided did not include any notes or detailed supporting commentary. Based on the information provided it appears that the general financial trends of the company have continued for the period of time provided.
- GPALB stated that it does not anticipate any changes to the overall footprint of the circuit in the near future, although updates and modifications to safety systems are regularly being made. Based

on the information provided, it does not appear that there would be a significant increase in capital costs associated with the event.

- While no changes to the circuit are anticipated, GPALB was asked to provide evidence of its budget and strategy to accommodate evolving track safety standards to International Best Practice and security (for spectators, competitors, teams, officials and VIPs).

In response, GPALB stated that since it owns almost all of the assets needed to conduct the annual race event, a considerable amount is budgeted each year to upgrade as well as renovate the assets. GPALB stated that for the years 2014-2017 over \$1.5 million was spent in safety systems and track related areas as well as those for spectator amenities.

- GPALB stated that there are no additional anticipated costs to the City related to the event and that it will continue to reimburse the City for its contracted services and would pay for additional services that both parties agree in the future.

Conformance with the terms of the RFP (5.1.5)

- Assessment of proposals for this criteria addressed by City of Long Beach procurement staff.

Extent of increase to revenues/economic impacts (5.1.6)

- As part of the proposal review process, the team reviewed economic information in the following documents provided by GPALB:
 - Grand Prix Association RFP CM17-011 Proposal10380 (“GPALB Proposal”);
 - The marketing plan included as an attachment to the proposal (“GPALB Marketing Plan”); and
 - Responses to clarification questions (“GPALB Clarification Responses”).

1. Detailed analysis and supporting documentation for projected revenues to the City of Long Beach

- GPALB Proposal claims that the Grand Prix generated an economic impact of “more than **\$40 million**” to the City of Long Beach. The claim is based on a 1997 study that showed a “total economic impact of approximately **\$30 million** per year”. The analysis has not been updated since and the original report is also no longer available.
- According to its clarification responses, GPALB spent around **\$2.5 million** in 2017 on event related expenditures. A breakdown of the \$2.5 million is not provided and it is not clear which expenditures are included. Expenditures reimbursed to the City of Long Beach range from **\$0.54 million** to **\$0.64 million**. These expenditures would have a direct economic impact on the City of Long Beach.

2. Visitor spending and revenue: additional revenues to local business, visitor spending, increased activity for local businesses and restaurants due to the event

- GPALB Clarification Responses cite data provided by the Long Beach Convention and Visitors Bureau which indicates that direct entertaining at the Grand Prix resulted in, 13,833 room nights, for 15,450

attendants, yielding \$0.314 million in Transient Occupancy Tax (TOT)¹ and an estimated economic impact of **\$7 million**. Estimated economic impact is based on a spending assumption of \$775 per (out of town) attendee and \$364 per local attendee.

3. *Analysis of anticipated attendance and revenue*

- Estimated three day attendance (for the race weekend and includes Thursday special event attendance) is provided in the table below.

Table 2. Summary of IndyCar Race Attendance at Long Beach

Year	Estimated Attendance
2012	170,600
2013	174,245
2014	180,340
2015	181,450
2016	182,400
2017	183,355

Source: GPALB Clarification Responses

- The GPALB proposal does not provide detailed revenue estimates from ticket sales, however it notes that the highest priced tickets are sold for \$142 for the weekend, while a three day general admission sold for \$90.
4. *Analysis of sponsorship and viewership revenues and supporting documentation*
- Media coverage consisted of 5,529 media placements including domestic and international print, online and broadcast media. GPALB clarification responses indicate that “total publicity value is a sum of the total equivalent advertising value for every article or broadcast hit generated by the Toyota Grand Prix of Long Beach”. This represented an estimated **\$56.6 million** in 2016.
 - The GPALB proposal provides an estimate that the City of Long Beach received an exposure value of more than \$11 million. GPALB revised this estimate based on 2017 information available as shown in the table below. The revised estimate claims that exposure value was around \$18.4 million (supporting documentation indicates it was actually **\$15.4 million**).

¹ While this number is difficult to confirm, implied room rates based on a 12% TOT imply \$189 per room night, which appear reasonable.

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

Table 3. Impressions and Exposure Value (in millions)

Exposure Source	Impressions	Exposure Value	Exposure Value [Revised based on Clarification Responses]
International Television	0.6	\$5.07	\$2.04
National Television	2.0	\$7.69	\$7.69
Television News	40.9	\$1.07	\$1.07
Advertising	133.6	\$3.48	\$3.48
Print Media	40.9	\$1.06	\$1.06
Total	218.0	\$18.40	\$15.35

Source: Joyce Julius & Associates

- GPALB Proposal indicates that there are 10 hours of first run, national network television between its six racing events including the event in Long Beach. The GPALB Marketing Plan indicates that for 2017, the Verizon IndyCar event is scheduled to air for 3 hours of live coverage on NBC Sports Coverage plus one hour qualifying show, 2 hours on Fox Network and 1.5 hours on CBS Sports Network. Verizon IndyCar broadcast is transmitted via ESPN International television around the world. International broadcast coverage consisted of 195 hours.
- In response to the RFP requirement, “Promoter shall ensure that the Grand Prix Race Event receives at least one (1) hour of national television exposure”, GPALB indicates that it is willing to “amend this requirement to include a minimum of four(4) hours of national television or similar type media exposure” for the race and supporting events.

5. *Assessment of economic impacts of new or additional planned events*

- The Grand Prix Pageant is held on Wednesday night of race week at the Maya hotel and attracts around 500 guests to the event. Economic impact of the event is estimated around \$10,000 – 15,000.
- Economic Impacts of additional events held during the race week are estimated by GPALB to be \$0.25 million². The “Thunder Thursday” and “Roar in the Shore” events generate attendance of approximately 6,000 and 2,000 people respectively.
- GPALB has developed the “Green Power Prix View” – a diversified Life Style Expo, including 150 displays in 270,000 square foot of exhibit space at the Long Beach Entertainment and Convention Center.
- Friday and Saturday night concerts are also integrated into the weekend schedule and ticket price.

² It appears that these only include direct expenditures and do not include any multiplier estimates for additional economic impacts that would arise for example from workers who work during the race week making additional expenditures. Based on provided attendance and estimated economic impact, expenditures are assumed to be \$31 per attendee (estimate based on GPALB provided data).

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

6. *Economic impact estimates of expenditures related to the event: such as construction / renovation of track, event personnel and related expenditures, support services expenditures such as police, fire department, and sanitation*
 - According to clarification responses, 15 full-time employees are employed by GPALB. Employment increases by another 23 individuals for 3-4 months around the event. During the race week, an additional 1,250 personnel are employed by both GPALB as well as other vendors and businesses involved in the event, per the response. This implies that approximately 15,260 person days of employment are generated directly by the event.
 - Estimated payroll for all employees is **\$3.1 million**. While this claim cannot be confirmed, dividing total estimated payroll estimated by the estimated person-days of employment yields an average hourly rate of \$25.40.
7. *Analysis and documentation of sensitivity to assumptions*
 - GPALB does not provide any guidance on sensitivity to assumptions and how costs or impacts to residents might be different under different baseline assumptions.
8. *Plans to boost attendance at the event and anticipated increases in attendance through the implementation of these plans*
 - GPALB Clarification Responses indicate that attendance varies due to a number of factors such as “attractiveness of the various racing series, star power of the concert performers ...inclement weather, threat to public safety and general economic conditions”. Anticipated growth in attendance ranges from 1-2% (which is consistent with attendance figures from 2012 – 2017) with an observed average annual attendance growth rate of 1.45%.

Extent that negative impacts to business/residents are minimized (5.1.7)

1. *Analysis of clean-up efforts, and anticipated expenditures related to clean up costs*
 - GPALB proposal and clarification responses do not discuss this in detail aside from providing confirmation that “[a]s in the past we will continue to restore the circuit to its original condition” with an additional discussion on the requirement to remove any visible tire marks on the streets after the race. GPALB contends that the requirement “to remove any visible tire marks on the streets after the race is not included in the current agreement.”
2. *Evaluation of expenditures needed to minimize impacts to businesses and residents from noise, traffic closures and allowing for alternate transportation options*
 - The GPALB proposal mentions that it has “worked with the City and downtown stakeholders to revise track installation and removal schedule to reflect specific concerns of the stakeholders”. These include alterations to grandstand locations and expedited removal of grandstands and safety systems within 24 hours of race activities in certain locations with complete removal just 17 days after the event in 2016. GPALB provided a detailed construction schedule starting almost 60 days prior to the event and ending 28 days after the event.

- GPALB offers a relocation program for affected residents that do not wish to remain in the area by taking impacted residents for out of town excursions. The program includes bus rides and \$10 per resident to spend at the destination each day. The program has been availed by approximately 15 – 50 residents each (weekend) day.
3. *Traffic demand management plans and anticipated closures to roadways and other impacts leading up to and during the event*
- GPALB provided a traffic demand management study conducted for the 2017 Toyota Grand Prix. Road closures would start on the Wednesday morning of race week through Monday, with Pine Avenue being open to traffic at 7pm each day. The traffic demand management study includes plans for displaying variable message signs and radio announcements for announcing road closures. Also included in the plan are accommodations for parking for attendees.
4. *Documentation of plans to minimize costs to the City*
- GPALB Clarification Responses state that “the existing Contract requires the City to insure that the streets are annually maintained, repaired and ready to accept race cars. GPALB is financially responsible for all costs related to any street modifications”. Expenditures reimbursed to the City of Long Beach for Special Event costs (Police, Fire and not for street work) range from **\$0.54 million to \$0.64 million**.
5. *Analysis of anticipated costs of restoration of City property and other residual costs*
- GPALB clarification responses state that “the existing Contract requires the City to insure that the streets are annually maintained, repaired and ready to accept race cars. GPALB is financially responsible for all costs related to any street modifications”.
 - As discussed above, the GPALB proposal and clarification responses do not discuss the restoration of City Property in detail aside from providing confirmation that “[a]s in the past we will continue to restore the circuit to its original condition”.
 - GPALB contends that the requirement “to remove any visible tire marks on the streets after the race is not included in the current agreement.” The Proposal adds that the removal of all visible tire marks after the race is a complicated issue involving a number of factors such as i) “whether there is existing technology to conduct such an effort”, ii) “identifying the referenced tire marks keeping in mind that the streets are utilized by normal vehicles 362 days of the year”, iii) “impact of such an effort on the existing street surface” and iv) “the unknown cost factors involved”. The Proposal indicates that GPALB in 2016 contracted with Extreme Pressure Systems (EPS) – an organization utilized by Long Beach Airport to remove tire buildup from its tarmac. A test for removal of visible tire marks was conducted which indicated that the removal of visible tire marks “required enough water pressure which also began to impact on the surface”, thus “making the surface unfit for racing activity”.
 - Given the above, the GPALB Proposal indicates that “it is open to having further dialogue on how best to proceed” to address the removal of any visible tire marks.

6. *Analysis of sensitivity to assumptions*

- GPALB does not provide any guidance on sensitivity to assumptions and how costs or impacts to residents might be different under given different baseline assumptions. However, given that GPALB currently hosts the event and expenditures, impacts and costs are well known and sensitivity to assumptions may be considered less critical.

Innovative marketing plan/planned activities (5.1.8)

- GPALB provides a marketing plan annually to the City and attached the 2017 marketing plan to its proposal. The marketing plan includes details of GPALB's objectives and strategy in relation to media/event coverage, PR, sponsorship involvement, lifestyle and alternative energy expo, music concerts, regional promotions, advertising, corporate entertainment and its foundation activities.
- The marketing plan provided by GPALB appears to provide a comprehensive description of its overall marketing strategy.
- GPALB appears to consider strategies to maintain traditional media coverage (such as television, radio and editorial coverage) while also expanding its reach to its audience through the use of such social media sites as Facebook, Twitter, Instagram and Snapchat.
- Its Public Relations strategy includes Long Lead Media/Press Days, Media Luncheons, news releases, event media guides and media operations.
- GPALB states that it consistently pursues major sponsors for the event. Sponsors in 2017 included Toyota, Firestone, Verizon, Hilton, Tecate and others. The marketing plan also provides details of promotions conducted by sponsors.
- Its non-racing events include a Lifestyle and Alternative Energy Expo featuring displays of automotive, alternative energy and lifestyle products and services. In addition, it incorporates music concerts which it believes generate significant ticket sales.
- Its regional promotions include auto shows, restaurant promotions, poster distribution and special events such as the NASCAR Race at Auto Club Speedway and Grand Prix Night at various LA sports events.
- It is stated that since its inception, the Grand Prix Foundation of Long Beach has donated more than \$2.5 million in cash to charities within the City of Long Beach and organizations within Southern California.

Support from sanctioning body (Formula One/IndyCar) (5.1.9)

- GPALB has proven through supplied certification, that they meet the FIA Grade 2 requirements for circuit construction and safety. Its circuit license is valid through 2020.
- GPALB has also included a letter in its proposal from the CEO of IndyCar, addressed to the City Manager of Long Beach (dated October 7, 2016). The letter states IndyCar's intention of extending the relationship with GPALB in the future. IndyCar currently owns, operates and sanctions the Verizon IndyCar Series.

4.4 World Automobile Championship of California, LLC

Demonstrated competence (5.1.1)

- In its response to round 2 clarifications, WACC advised that it is unable to organize and operate a race in spring 2019 and that the earliest it is able to organize and operate a race is 2020. However, in order for the City to operate a Formula One event in 2020, the City would need to make a decision by November 2017 (although it is unclear what decision WACC is referring to from the information provided).
- WACC is promoting Formula One, a category requiring an FIA Grade 1 license. As a result, it needs to adequately prove that it understands the needs of, and has budgeted for the increased requirements for the track and its safety infrastructure from a regulatory perspective in comparison to the current Grade 2 requirements for an IndyCar event.
- WACC has stated that regular FIA Grade 1 inspections are undertaken for the annual IndyCar race. The current FIA license for GPALB for the existing circuit is Grade 2. The review team submitted a request for more detail from WACC with regards to the apparent need to upgrade to a contemporary FIA Grade 1 circuit. WACC responded with a summary level cost breakdown of the upgrades it views as necessary to reach FIA Grade 1 compliance.
- WACC included in its proposal a hand-marked, low resolution track plan which does not appear to conform to a FIA drawing standard. Ideally, a Computer Aided Design (CAD) plan for track, identifying all FIA mandatory components required and any plans for enhancement in future, following FIA drawing guide 'Circuit Drawing Format version 3' or later should be provided to give confidence that the proposed track would meet FIA Grade 1 requirements.
- In response to clarification questions provided June 5th, 2017, WACC gave a summary of details of the proposed budget for race circuit modifications and new construction. A high level cost breakdown was provided that included a temporary pit and race control complex, safety walls, fence panels, energy absorption/tire pallets, security fencing, pedestrian bridges, localized repaving, road widening, communications, lighting systems and contingency (included units and materials). These high level cost details suggest very competitive rates for construction in comparison to anecdotal information for equivalent facilities on the Formula One calendar and should, potentially, be assessed with greater detail by a suitably experienced cost consultant. Estimates for event operating expenses, administration and annual venue rent (Convention Center) were included in the proposal, though a detailed breakdown of these costs was not included.
- WACC provided a written assertion that FIA compliance would be achieved with the modified track configuration and budget, though no such evidence of this appears to be included. The WACC proposal stated that the pit garage, race control and hospitality building could be temporary, permanent or a combination of both. If the building were permanent, WACC proposes a pit complex that it believes could provide a legacy value to the City of Long Beach when not used for motorsport. These uses were said to include use for the Long Beach Marathon, Fred Hall Fishing and Hunting Show and other "Festival" type events.

- A clarification question was asked regarding how material will be stored, protected and repaired between events when the circuit is dismantled. In response, WACC stated that it will rent an all year storage yard for safety equipment and weather-sensitive equipment will be stored in special containers. It also noted that WACC plans to rent grandstands and thus the storage of material will not be WACC's responsibility.
- WACC advised that a minimum of 18 months lead time is need after a Council decision to provide the minimum lead time for preparation. Design approval by the FIA Circuits and Safety Commission of a circuit for a Formula One event does not occur until the City has committed that it is prepared to provide a "host" venue for the event and the right level of design information has been submitted by the event promoter to the FIA Safety Office via the national ASN (ACCUS) for such approval.

Homologation, the licensing of a track, is only ever provided by the FIA once the track is constructed to the specifications approved by the Circuits and Safety Commission, inspected and is operationally ready.

WACC indicated that the following would be included within its estimated timeframe:

- 3 to 4 months to finalize a contract;
- 3 months to gain Coastal Commission approval; and
- 2 months for final FIA approval.

WACC assert that Liberty Media is waiting to see if the City is would be prepared to wait till 2020 for a possible Formula One event.

Experience in performance of comparable engagements (5.1.2)

- As WACC was formed in 2012 for the purpose of bringing Formula One back to Long Beach, the company has not conducted similar events elsewhere. It does, however, include a team of experienced individuals who appear to have extensive operational experience in comparable events.
- Liberty Media has strong capability and experience in promoting large-scale public events (including sporting events). It's expertise in this respect would likely be an advantage in organizing and promoting a Formula One event.
- The proposal provides emphasis on the delivery of a varied mix of Formula One-focused hospitality and entertainment activities around the Formula One race weekend.
- In its clarification response received June 6th, 2017, WACC outlined three proposed events (which it has been approached about by third party entities) including:
 - An after-market automotive parts and accessories trade show sponsored by SEMA;
 - Automotive Sports Marketing and Technology Forum in association with Sports Business Journal and CSU School of Business;
 - Annual auction for vintage racing cars.

Expertise and availability of key personnel (5.1.3)

- WACC provided an organizational tree outlining the company and ownership structure, as well as the roles, resumes, experience and credentials of key personnel including the Board of Directors, Chairman/CEO, Operations Director, Chief Marketing Officer, CFO and Community/Public Relations Director.
- Christopher Pook (Managing Partner and CEO) and Marty Hunt (Operations Director) both, based on the information provided, appear to have extensive operational experience of comparable events.
- Formula One has a recent history of visiting new venues on temporary street circuits and there is always a ready supply of experienced operations personnel.
- It is noted, however, that at this time a Chief Marketing Officer has yet to be appointed.

Financial stability (5.1.4)

- The WACC proposal included a circuit upgrade budget, however, it is not clear whether the budget and assumptions were produced by a recognized cost consultant. When a high level comparison is made to other international events, certain assumptions included appear to be relatively optimistic. In addition it appears, from the low resolution, hand-marked circuit map provided by WACC, that the proposed circuit runs in the opposite direction to the current IndyCar track. The only indication of this is a small arrow identifying the direction into the pit lane entry. If this is the case, this change of direction may add to the circuit upgrade costs driven by required changes in safety infrastructure such as run-off to suit anti-clockwise track layout and emergency access points in addition to the previously identified extra material required to accommodate an FIA Grade 1 layout over the current Grade 2.

WACC advised in its interview that it is not seeking any financial commitment from the City, although uncertainty still exists in relation to which party would be responsible for payments if a significant cost-overflow or revenue shortfall were to occur.

- The RFP requested documents that detail the promoter's financial ability to host a Grand Prix Race Event in Long Beach California. Recommended documents include:
 1. Balance sheets for the last five (5) years;
 2. Income statements for the last five (5) years;
 3. Detail of sources and uses of funds for each Race Event;
 4. Promoter's statement of net worth;
 5. Method and details of funding the Event;
 6. Event Pro-Forma detailing sources and uses of funds.

Capital Requirement

- WACC has outlined a budget of \$25.1 million for its capital raise requirement intended to cover circuit modifications, and initial administration and operating costs. Major categories in the budget are included in the table below.

Table 4. Summary of WACC Capital Requirement Budget Included in Proposal

Budget Item	Estimated Cost (\$m)
Event operating expenses	\$9.0m
Temporary pit and race control complex	\$5.4m
Circuit communications, signaling, lighting	\$3.5m
Administration	\$1.6m
Pedestrian Bridges	\$1.5m
Safety Walls	\$1.2m
Debris Fence Panels	\$1.0m
Contingency	\$0.8m
Annual Venue Rent – Convention Center	\$0.6m
Other circuit upgrade costs	\$0.5m
Total Capital Raise Requirement	\$25.1m

- Based on the team’s experience, it appears that WACC’s budget proposes to deliver a Formula One street race for a lower cost than has anecdotally been reported for other Formula One street circuits.³
- In addition, the performance of Formula One cars change significantly from year to year, meaning circuit specifications often need to be altered. For example, it is known that the mid-corner speeds for 2017 and beyond are considerably higher than any previous year, requiring many existing Grade 1 circuits to upgrade their energy absorption barriers.

Annual Operating Budget

- In addition to the initial capital raise requirement of \$25.1 million, WACC has included a forecast annual operating budget in its proposal (see summarized table below). It includes annual total revenues of \$38.4 million and expenses of \$32.6 million, leaving an EBITDA of \$5.8 million. The expenses include \$9.0 million of operating costs and \$1.6 million of administration costs. It appears that the first year of these costs will be paid for from the \$25.1 million capital raise.

³ <http://www.totalsportek.com/f1/race-fees-cost-to-host-formula-1-grand-prix/>

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

Table 5. Summary of Operating Budget Included in Proposal

Budget Item	Estimated Cost (\$m)
Total Seating/Admission Revenue	\$31.5m
Other Revenues (Sponsorship, Hospitality, Food and Bev)	\$6.9m
Total Revenues	\$38.4m
Event Operating Expenses	\$9.0m
Administration	\$1.6m
Prize Money/Transportation – FOM Ltd	\$21.5m
Annual Venue Rent / Convention Center	\$0.6m
Total Expenses	\$32.6m
EBITDA	\$5.8m

- A separate expense item for “Prize Money/Transportation – FOM Ltd” is included in the operating budget and is estimated to cost \$21.5 million annually. This appears to be an annual fixed cost paid with event cash flows.
- While WACC estimates EBITDA of \$5.8 million, costs of financing associated with the initial capital raise will need to be paid from these earnings. In addition, it is not clear how funds to pay for the full sanctioning fee will be raised. It is stated that the deposit is to be covered by a letter of credit – however, the timing of the payment of the fee and the necessary funds to cover the letter of credit is not clear.
- WACC stated in its interview that it does not seek any financial support from the City. WACC was asked in clarifications whether cost overruns would be absorbed by WACC or passed to the City. The response provided by WACC was unclear.

Formula One Sanctioning Fee

- WACC was asked a clarification question requesting details of how the sanctioning fee for Formula One would be paid as well as the balance for the required Letter of Credit to the Commercial Rights Holder and subsequent years of annual fees.

In its response, WACC stated that a Letter of Credit will be provided for \$10 million (funded by a guarantee from Schneider Finance) to cover the Formula One deposit fee. Based on the team’s experience and research, this figure appears low in comparison to other Formula One events however, it is possible that a special commercial deal could be negotiated between WACC and Liberty Media.

It was stated that the Letter of Credit will be posted annually during the term of the Formula One contract with the balance of the fee being paid from event revenues. Based on information

provided, the funding of the deposit, the balance of this fee and how it will be covered if revenues drop below forecasts is still uncertain.

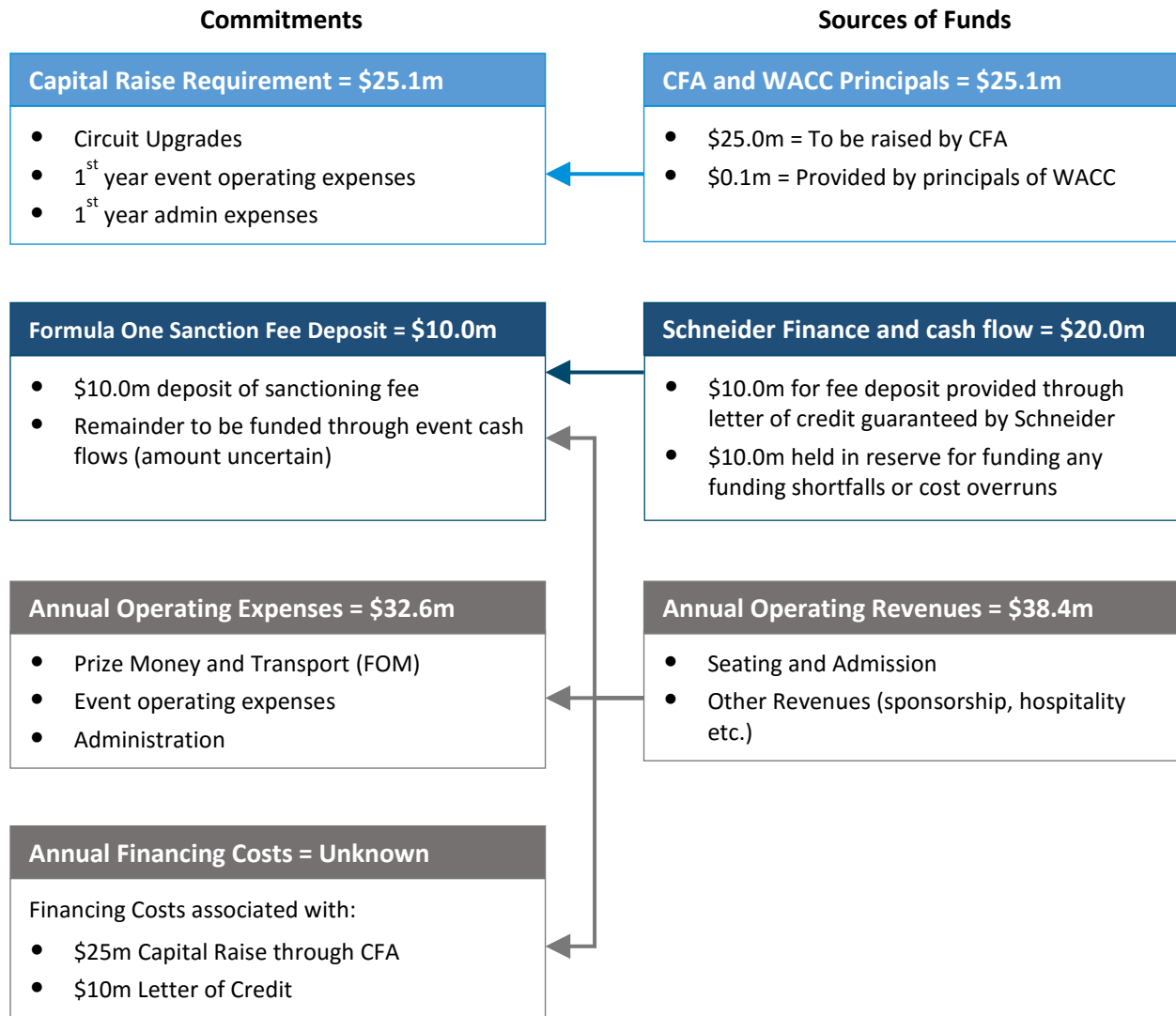
Pedestrian and Traffic Management Assessment

- In its proposal, WACC recommends that a complete re-assessment of pedestrian and traffic management be conducted prior to the operation of a Formula One event due to the greater volume of spectators. In response to clarification questions, WACC stated that it views this exercise as a “shared” responsibility and did not provide any details of the financial responsibilities of the parties conducting this additional study.

Source of Funds

- In its proposal, WACC identified two key business relationships which will assist it to raise capital for the implementation and operation of a Formula One event. The first is Corporate Finance Associates (CFA), an investment banking firm serving middle-market companies based in Orange County, California. The second is Schneider Brothers Group (Schneider), an asset management firm based in London, England.
- According to WACC, its relationship with CFA and Schneider represent two separate financial resources:
 - CFA is tasked with raising \$25 million to fund the fiscal start-up requirements (including circuit upgrades and initial operating and administration costs).
 - Schneider will provide a \$20 million guarantee. According to WACC, of this, \$10 million will be provided for a letter of credit to cover the deposit for the Formula One sanction fee. How this will be funded in practice is uncertain from the information provided. WACC stated that the remainder of \$10 million will be held in reserve in the event that a shortfall occurs in the CFA capital fund or a severe overrun in start-up expenses eventuates.
- A diagram of the commitments and sources of funds (as understood from the information in the proposal and responses to clarification questions) is provided below.

Figure 2. Commitments and Sources of Funds as Outlined in Proposal



Corporate Finance Associates

- WACC states in its proposal that CFA would manage the \$25 million ‘capital raise’ needed to undertake the circuit modifications necessary to bring the Long Beach circuit into FIA compliance as well as provide ‘start-up’ operating funds. A high-level capital raising plan was included in response to clarification questions.
- The breakdown of the required capital raise totals \$25.1 million. CFA would raise \$25 million with the additional \$114,692 to be provided by the principals of WACC LLC.

Schneider Finance

- In response to clarification questions, WACC indicated that Schneider Brothers would provide a \$20 million guarantee. A letter of credit will be provided for \$10 million to pay for the deposit of the fee for Formula One (supported by a guarantee from Schneider Brothers). The balance of the fee would be paid out of cash flow generated by event revenues. The remaining \$10 million of the Schneider guarantee will be held in reserve in the event that a shortfall occurs in the CFA Investment Capital fund or a severe overrun in start-up expenses.
- The major activity of Schneider is “Private Asset and Wealth Management”. Its areas of investment include industrial, technology and new companies with a registered copyright. In 2016, Schneider had total net assets of £408m and a total funds under management of £707 million.
- The 2015-2016 Annual Report for Schneider Brothers Group was provided with the proposal. The only financial statement data included for Schneider is a high level consolidated group balance sheet for 2015 and 2016.
- A Graydon Rating Review and a Dun & Bradstreet Credit Review were provided for Schneider.
- Following a review of the financial data provided for 2015 and 2016, it appears that current assets have risen by £35.6 million, largely driven by an increase in Debtors and Prepayments of £82.4 million and offset by a decrease in stocks of £46.9 million (stated to be caused by a provision for a write down in line with current market conditions). During the same time frame, current liabilities appear to have risen £125.3 million driven by an increase in the “Creditors other” account. It is unclear from the information provided what the underlying cause of this movement is.
- Reported current assets were £549.4 million and £585.1 million in 2015 and 2016 respectively. While current liabilities were £54.3 million and £179.6 million in 2015 and 2016 respectively.
- Reported Net Assets of £495 million and £405 million in 2015 and 2016 respectively. This appears to have been mainly due to an increase in Total Liabilities £125 million, partially offset by an increase in Total Assets of £36 million.

Conformance with the terms of the RFP (5.1.5)

- Assessment of proposals for this criteria addressed by City of Long Beach procurement staff.

Extent of increase to revenues/economic impacts (5.1.6)

As part of the proposal review process, the team reviewed economic information in the following documents provided by WACC.

- World Auto Championship RFP CM17-011 Proposal10384 (“WACC Proposal”);
- A Letter of Opinion dated July 1, 2013, included in the proposal (“2013 LO”);
- Final Proposal Letter in response proposal questions (“Clarification Responses”).

Additional studies provided by WACC included:

- Major Event Trust Fund Gain From Formula One United States Grand Prix 2012;
- Circuit Of The Americas (COTA) Economic Impact (Grey-Hill Advisors);
- Grand Prix Canada Montreal Attendance Estimates;
- Review of Economic Impact Studies on Sporting Events;
- Formula One Australian Grand Prix: Benefits to Victoria.

WACC has presented an analysis of revenue /economic impact to the City of Long Beach of a Formula One event. The economic impact is estimated by WACC to be \$100 million and the benefit of sponsorship and viewership are estimated to be \$191 million.

WACC did not perform an economic impact analysis of the Formula One Race event specifically to the City of Long Beach. Rather, citing limited time, the analysis presented draws upon data from, and analyses performed for, several prior Formula One events to estimate the revenue and economic impact. The proposal first estimates the direct spend arising from: ticket sales and related activities such as food and beverage, hospitality services, hotel revenue, visitor spend etc. It then applies a multiplier of 1.6 to account for indirect and induced effect of the event.

The information provided by WACC to support the assumptions made, is limited. For instance the 2013 LO estimates hotel revenue to be \$13.0 million in hotel revenue based on 7,000 to 8,500 hotel rooms occupied for 3.9 nights, and another 900 to 1,000 rooms being occupied for 6.85 room nights, at a rate \$400/night. In contrast, in its clarifications, WACC estimates hotel revenue to be \$8.8 million with 3,500 rooms for 4 night at \$500 per room and 2,000 room for 3 night at \$300 nights. Similarly, while the Final Proposal Letter provided by WACC estimates visitor spending to be \$36 million based on 80,000 visitors spending \$150, the 2013 LO estimated the visitor spending to be \$4.5 million assuming 10,000 visitors spending \$450 each⁴. While there may be bases for these differing assumptions, in the absence of supporting documentation it is challenging to evaluate the reasonableness of the resulting estimates.

The 2013 LO estimates that “out of area visitors to Austin accounted for 70% of the attendees” while in the City of Long Beach only 10,000 of the approximately 80,000 visitors per day of the race weekend will be able to stay given limited availability of hotel rooms in the City. Many of the other visitors would stay outside of the City of Long Beach and likely spend outside of the City of Long Beach. The WACC proposal does not account for these leakages in its economic impact estimates, thereby potentially overstating the economic impacts to the City of Long Beach.

There is limited direct support in the documentation for WACC’s reliance on a 1.6 multiplier for indirect and induced effects and questions remain if that is the appropriate number to use for the City of Long Beach. Still, we note that that the multiplier of 1.6 is consistent with the multiplier observed in the TexasEconomicImpact.org study for the Austin region (provided as supporting documentation) and

⁴ It appears that the difference exists because the 2013 LO assumes only 10,000 of the 80,000 visitors would stay in the City of Long Beach with other visitors staying outside the area. WACC clarification responses do not take into account these differing assumptions.

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

slightly lower than the overall multiplier estimated by the COTA Economic Impact study of 1.7 (when comparing total economic impact to direct economic expenditure).

WACC's response is incomplete with respect to various topics of interest to the City per the RFP such as: documentation of plans to minimize of costs to the City and analysis of anticipated costs of restoration of City property and other residual costs. For example, WACC does not provide any specific estimates for how it will return the Circuit (as indicated in Appendix A of the RFP) in "a neat, clean condition and in good order and repair, free and clear of litter and rubbish" aside from mentioning in Responses for Clarification that "all out of pocket City costs will be reimbursed". Additionally WACC does not provide a discussion of how it intends to remove tire marks from the race circuit and restore the condition of City property.

Finally, we note that the region of focus in WACC's analysis appears to extend beyond the City of Long Beach. Consequently, the estimates may be overstated from the specific point of view of the City of Long Beach.

Based on the incomplete nature of the information provided, we are unable to make an assessment of the revenue and economic impacts of a Formula One event on the City of Long Beach without receiving additional information from the proposer.

Supporting Documentation:

- A Letter of Opinion dated July 1, 2013 ("2013 LO"): The WACC proposal states that the document was "authored by 4 prominent members/leaders of the Long Beach Area Chamber of Commerce" and is an " independent study/review of the potential economic benefit of a FIA Formula One event to the City of Long Beach." The 2013 LO estimates the economic impact of the race "not only to Long Beach but the greater Long Beach region" to **exceed \$100 million** based on an "analysis of miscellaneous data obtained from a variety of sources familiar with the Formula One," which included results observed at previous events, including, those at Montreal, Austin and Melbourne.
- Different economic studies were provided by WACC in the Clarification Responses. These include:
 - Major Event Trust Fund Gain From Formula One United States Grand Prix 2012;
 - Circuit Of The Americas (COTA) Economic Impact (Grey-Hill Advisors);
 - Grand Prix Canada Montreal Attendance Estimates;
 - Review of Economic Impact Studies on Sporting Events; and
 - Formula One Australian Grand Prix: Benefits to Victoria.

1. Detailed analysis and supporting documentation for projected revenues to the City of Long Beach

The WACC proposal estimates the following economic impact:

- Estimated economic benefits to the City of \$100 million or more;
- Additional economic benefit of global television coverage to the City of \$191 million; and
- Incremental sales tax revenue of \$900K from sales of cars by The International Auction House.

Evaluation:

- **Economic Impact Assumptions:** The WACC proposal directly cites economic impacts from 2013 LO even though attendance estimates and other estimates are slightly different between the 2013 LO and underlying estimates developed by WACC. The table below summarizes these illustrative comparisons with revenue estimates cited as an example (which are illustrative and not comprehensive). Ultimately, the 2013 LO estimates cannot directly be adopted by WACC as the economic impact of WACC hosting the Formula One race.

Table 6. Revenue Estimates for Formula One

Impact Category	2013 LO (2013 \$)	WACC Proposal
Ticket Sales Revenue	\$30.0m	\$31.5m
Added Revenues (Sponsorships etc.)	\$17.8m	\$6.9m
Total	\$47.8m	\$38.4m

- **Economic Impact Estimates:** Clarification Responses provided by WACC provide some additional estimates on economic impact. The total direct impact which is then multiplied by the same 1.6 cited multiplier to calculate the total economic impacts. As highlighted in the table below, these expenditures, even accepting key assumptions at face value, fall short of the claimed \$100 million (\$81 million on an ongoing basis and \$103 million in the first year). Further, not all of these economic impacts will accrue to the City of Long Beach and include impacts to the greater Los Angeles / Long Beach metropolitan region.

Table 7. Direct Expenditure Assumptions

Economic Impact Category	Expenditures	Source / Comment
Hotel Rooms		
3,500 4 nights at \$500	\$7.0m	WACC Clarification Responses
2,000 3 nights at \$300	\$1.8m	WACC Clarification Responses
Visitor Expenditures		
80,000 at \$150 daily (3 days)	\$36.0m	WACC Clarification Responses; 2013 LO indicates that only 10,000 visitors would be staying in the City of Long Beach. Remaining would be staying – and hence spending. WACC estimates do not adjust for this impact.
Race Administration & Construction Expenditures	\$11.0 m	While the category claims one-time construction expenditures (\$14.0 mil) are included it seems they have not and only event operating (\$9.0m), Administration (\$1.6m) and Venue (\$0.6m).
Race Revenues	\$38.0m	Race revenues cannot be directly included since: i) These include \$21.5m in prize money, most of which will likely be spent outside of Long Beach by race winners. ii) Operating expenses are counted twice.
Total Expenditures (claimed)	\$93.8m	WACC Clarification Responses
Adjusted Expenditures	\$50.6m	Excluding race revenues but including EBITDA (\$5.8m).
Adjusted Expenditures (First Year of Formula One)	\$64.6m	Includes one time construction expenditures.

- Economic Impacts of Other Formula One Events:** To support its revenue/economic impact estimate of \$100 million, WACC additionally provided source documentation that presented the economic impact of previous Formula One related events, to support its analysis of the economic impact of the Grand Prix Race to the City of Long Beach.

The table below summarizes the information provided by WACC on the economic impact of previous races.

Table 8. Formula One Economic Impact Comparison

Source Documentation Provided	Date	Study Location	Economic Impact
Formula One Australian Grand Prix ⁵	2011	Victoria, Australia	AUD 32.0m to 39.3m
The Circuit of the Americas (COTA) ⁶	2013	Austin, Texas	USD 507.0m
Major Event Trust Fund Gain from Formula One United States Grand Prix ⁷	2012	Austin, Texas	USD 483.9m

- Comparability of Economic Impacts:** The above cited studies include a much larger area of analysis than the City of Long Beach. For example, the Major Event Trust Fund Study (2012) for Austin, Texas calculates economic impacts for the 7 county regions surrounding the City of Austin. The COTA study similarly studies the broader “Austin region”. Estimates of population from the Census are provided below. It is clear that the population of the City of Long Beach is much smaller than the larger Austin metro area even though the City is part of a much larger metropolitan area. Given the smaller population base in the City of Long Beach, economic impacts accruing to the City itself will likely be much smaller even if overall economic impacts to the Long Beach -Los Angeles-Anaheim metro region are of a similar magnitude as the cited studies.

⁵ The Formula One Australian Grand Prix report was prepared by Ernst and Young in 2011 for the Government of the state of Victoria. It examined the impact of the 2011 Formula One event in Melbourne. The attendance was estimated by the Australian Grand Prix Corporation to be 298,187 visitors and by Ernst & Young to be 123,787 under its definition of “unique” visitors. Ernst & Young’s study is based on a quantitative analyses employing a Computable General Equilibrium model of the economy and estimated an impact of AUD \$32 million to AUD \$39 million. The impact estimated in the report is for the State of Victoria, not just for the City of Melbourne.

⁶ The COTA analysis performed by Greyhill Advisors estimated the economic impact of the Austin 2013 Grand Prix to be \$507 million for the Austin Region. While this report studied the economic impact of the Circuit of The Americas, a year-round, multi-use campus located in Austin, Texas that includes a permanent Grand Prix facility, it did breakout the impact of the 2013 Grand Prix event. However, as WACC itself acknowledges, the difference between the COTA and Long Beach events introduces potential comparability issues. Further the Greyhill Advisors analysis appears to evaluate the impact of COTA on the “Austin region”. For reference, the Austin Metropolitan Statistical Area encompasses five counties, and has a population of 2 million.

⁷ The analysis of the economic impact of the Austin Formula One event on the Major Event Trust Fund of the State of Texas was prepared by TexasEconomicImpact.com. Based on a 2013 LO, it appears that attendance at the event was 265,499. The study which relied on a quantitative analysis is based on the IMPLAN model for economic impact analysis, estimated the economic impact of the Formula One event on the 7 county area including and surrounding the City of Austin to be \$429 million, and on the State of Texas to be \$483 million.

Table 9. Regional Population Comparisons

Area	2010 Census	2016 Estimate
City of Austin, Texas	790,390	947,890
Austin – Round Rock Metro Area	1,716,289	2,056,405
City of Long Beach	462,257	470,130
Los Angeles – Long Beach - Anaheim	12,828,837	13,310,447

Source: Census Bureau

- Economic Impacts and Leakage:** An important consideration in assessing economic impacts is the concept of leakage. Leakage occurs when spending occurs in a region but the goods and services are produced in other regions so economic spending does not generate economic impacts in the local market and economic benefits “leak out” of the economy. The 2013 LO estimates that “out of area visitors to Austin accounted for 70% of the attendees” while in the City of Long Beach only 10,000 of the approximately 80,000 visitors per day of the race weekend will be able to stay. Many of the other visitors would stay outside of the City of Long Beach and likely spend outside of the City of Long Beach. The WACC proposal does not account for these leakages in its economic impact estimates and economic impacts to the City of Long Beach are likely to be lower.
- Economic Impacts Multipliers:** WACC provided and referenced an article titled “2008 Review of Economic Impact Studies on Sporting Events”, to support its use of a 1.6 multiplier, noting the multiplier is “very conservative” compared to the average presented in the article of 2.37⁸. We note that a 1.6 multiplier is consistent with that implied by the analysis of economic impact of the Austin Formula One event on the Major Event Trust Fund of the State of Texas. The COTA Economic Impact study estimates an overall multiplier of 1.7 comparing total economic impacts to direct economic expenditures.
- Attendance Estimates:** As the WACC Proposal notes, the 2013 LO does not present a “current Economic Impact Study” but rather extrapolates from a variety of data, particularly, prior Grand Prix events held at three locations, one in the US and two international (Australian Grand Prix held in Melbourne, Canadian Grand Prix held in Montreal and the United States Grand Prix held in Austin). It is useful to note that per the 2013 LO, the events are considerably larger than the IndyCar Grand Prix Race at the City of Long Beach is currently (using attendance as a measure of scale).

⁸ However the same article states that the observed multipliers tends to be controversial appears to go on to recommend an alternate multiplier or approach; unfortunately, the page of the article that has the recommendations is missing in the pdf document provided.

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

Table 10. Comparison of Attendance Estimates

Event	Attendance ⁹	Source
Long Beach Grand Prix 2016	180,000	RFP
Australian Grand Prix 2013	323,000	2013 LO
Canadian Grand Prix 2012	300,000+	2013 LO
Austin Grand Prix 2012	265,499	2013 LO

- Payroll:** Based on the 2013 LO, WACC estimates a payroll of 30 full-time employees and 5,000 part time employees translating to a full-time “within circuit” payroll of **\$2.0 million**. No discussion or supporting analysis is provided on how the additional payroll (FTE and PT) numbers were determined. Nor is it clear, if, or how many of, the employees are local or sourced from outside of the City. Note, COTA in Austin, which is a permanent circuit and hosts many other events (Moto GP, X Games etc.) supported 172 full time equivalent jobs (which include indirect and induced jobs from direct employment) in 2013 based on the study provided by Greyhill Advisors.
- Ticket sales and revenue from hospitality, parking and souvenir sales:** The WACC proposal provides estimated revenues of **\$31.5 million** based on sales of 115,000 tickets and additional revenues of **\$6.9 million**. As a comparison, the 2013 LO’s revenue estimates are based entirely on projection provided by “Formula One Management” which assumed that 115,000 tickets (for the 3-day weekend) would be sold for **\$30 million** (which translates to \$261 per ticket) and additional revenues of **\$17.8 million**, an amount that represents 60% of ticket sales, would be generated from sponsorship hospitality services, food and beverage and other sources. It is not clear why the average ticket price in Long Beach would be higher than that cited for Austin in the 2013 LO, of \$165. Applying the lower \$165 per ticket rate would lower the ticket revenue to \$19 million from \$30 million, even assuming the same volume of ticket sales. As a comparison, ticket prices for the Formula One event in Austin range from \$595-\$445 for premium grandstands, \$395 - \$275 for bleacher seating and \$159 for 3 day General Admissions¹⁰.

Table 11. Comparison of Average Seat and Ticket Prices

Metric	WACC Proposal	2013 LO
Average Seat Price	\$326	-
Average General Admission Price	\$189 ¹¹	-
Average (Seat + General Admission) Ticket Price	\$273	\$261

⁹ Attendance measured over the full weekend.

¹⁰ <http://www.circuitoftheamericas.com/2017-f1/tickets> Accessed June 27th, 2017. Note, these are not final ticket prices but reflect official advertised ticket prices as of the date the website was accessed.

¹¹ Single day tickets for Friday, Saturday and Sunday were aggregated on a 3 day ticket basis for calculation purposes.

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

2. *Visitor spending and revenues: additional revenues to local business, visitor spending, increased activity for local businesses and restaurants due to the event*

- The WACC provides the COTA Economic Impact study prepared by Greyhill Advisors as supporting documentation for their assertions related to visitor spending. Per the COTA economic impact study, visitor spending in Austin totaled \$423m for FY2014 (note that this is spending that occurs over the full year and over many different events as COTA is a permanent circuit in Austin). Visitor spending for each event is not provided in the documentation.

Table 12. Visitor Spending

Documentation Provided	Date	Study Location	Visitor Spending
The Circuit of the Americas (COTA)	2014	Austin, Texas	USD 423m (annual)

- **Visitor Spending:** In the Clarification Responses provided by the WACC, daily visitor spending of \$36 million is calculated by multiplying projected number of visitors (80,000) by an estimated daily spending rate of \$150. The WACC uses the 2008 Review of Economic Impact Studies on Sporting Events’ estimation of \$146.89 per day expenditure as the basis of their \$150 per day spending.
- The documentation provided by WACC is consistent with the assertion that visitors may be expected to spend \$150 per day after allowing for inflation, even though WACC does not appear to adjust for regional variations. We also note that the estimates presented in the clarification responses for visitor spending sharply diverge from that in the 2013 LO, which estimates that of the approximately 80,000 per day race weekend visitors, only 10,000 will be staying in Long Beach, spending about **\$4.5 million** based on \$450 per person (over the 3 days).
- **Hotel revenue & Transient Occupancy Tax:** The 2013 LO estimates **\$13.0 million** in hotel revenue during the race weekend from 900 to 1,000 rooms being occupied for 6.85 room nights and 7,000 to 8,500 hotel rooms, for 3.9 room nights. Applied to a room rate estimate of \$400/night, this would “conservatively generate in excess of \$13.0 million in direct revenue to area hotels not including taxes and fees.”

Commentary from a real estate firm that the average race fan stayed 3-4 nights in Austin hotels during the 2012 event and that the average stay for race team personnel, sponsorship parties and other production personnel averaged 5-6 nights, appears to be the quantitative basis for the 2013 LO’s expected occupancy assumption. It should be noted that the entire \$13.0 million would not likely accrue to the hotels in the City because by the 2013 LO’s own estimates, the City has only 5,000 hotel rooms. The 2013 LO acknowledges that this visitor count will result in a 100% occupancy of the 5,000 hotel rooms it estimates to be available in the City. Additionally 2013 LO does not provide sources for the number of hotel rooms estimated and additionally how much hotel supply has changed since 2012. Transient Occupancy Taxes for revenues that would accrue to the City are not calculated as part of the WACC proposal.

3. *Analysis of anticipated attendance and revenue*

- In its response to clarification questions, WACC has estimated that on average 80,000 people per day will attend the event, with total attendance over the 3 day weekend estimated at 242,500 attendees. However, the WACC proposal projects revenues based on 85,000 available seats and approximately 20,000 general admission seats (or 315,000 paid attendance over the three day weekend). The table below summarizes the attendance figures provided in the supporting documentation provided by WACC.

Table 13. Formula One Attendance

Documentation Provided	Date	Study Location	Attendance
Formula One Australian Grand Prix	2011	Victoria, Australia	298K total attendance, 100-120k per day
The Circuit of the Americas (COTA)	2014	Austin, Texas	122K (average per day) ¹²
Major Event Trust Fund Gain from Formula One United States Grand Prix	2012	Austin, Texas	120K - 125K (average race day)
Grand Prix Canada	2005-2010	Montreal, Canada	300K – 334K total attendance or 100k-110k per day

Evaluation: Based on the supporting documentation provided, assuming 242,000 attendees for the Formula One Grand Prix event and 315,000 paid attendance in the City of Long Beach may be considered reasonable. However we note the following:

- **Non-resident Attendees:** 242,500 attendees over the three day weekend include 17,000 resident spectators who will be non-paying attendees. It is not clear how this estimate of resident spectators was developed and how reasonable this estimate might be.
- **Revenue Estimates:** While paid attendance of 215,000 is estimated (accounting for empty seats on certain days), revenue estimates are much more optimistic based on these assumptions and do not take into consideration any unsold tickets on any days. The revenue estimates include 85,000 seats plus an additional 20,000 general admission tickets (15,000 three-day general admission and 5,000 tickets single day tickets). The WACC proposal states that “General Admission spectators will be limited 10,000 daily”.
- **Attendance Uncertainty:** Canadian Grand Prix attendance (based on spectator counts assembled by Tourisme Montreal and provided by WACC) grew from 235,000 spectators in 1998 to 300,000 in 2010 but as the experience in Austin indicates, the growth may not be steady. First year attendance on a 3-day basis in Austin was 265,499 (2012) followed by 250,324 in 2013. It dropped further to

¹² Based on Formula One 2013 person days of attendance of 466,948, with the average stay of 3.82 nights. Source: COTA 2014 © 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

224,011 in 2015 due to bad weather but recovered in 2016 to 269,889¹³. It should also be noted that attendance might also be impacted by the timing of the race in the calendar. If the Long Beach race is too close in terms of timing to Austin or Mexico then international race fans might forgo the additional travel to Long Beach. In either case, sensitivity scenarios around attendance and revenues would help to understand a number of potential adverse scenarios.

4. *Analysis of sponsorship and viewership revenues and supporting documentation*

- Based on the provided supporting documentation, it can be assumed that there will be remote viewership and sponsorships, however, even assuming that the event would generate \$191 million in sponsorship and viewership revenue, the information provided does not establish how much of the \$191 million in benefits realized would accrue to the City.

The 2013 LO mentions that the above estimate includes “\$166.7 million in exposure generated verbally and visually through television broadcasts and a further \$24.4 million through...print and major online media sources” as shown in the table below. The COTA study cites similar impacts (\$185 million) from the same source (Formulamoney), however these benefits are not included in the economic impact estimates developed by COTA for Austin. Further, absent additional information, the review team is not in a position to evaluate the reasonableness of the estimated economic benefit from remote viewership. It is also noted, that the basis of estimated revenues related to sponsorship (estimated at \$2.75 million) are not provided.

Table 14. Estimated Global Media Exposure in Austin

Exposure Type	Amount (in Millions \$)
Television Broadcasts	\$166.7
Print and Online Media	\$24.4
Total	\$191.1

Source: 2013 LO

- The 2013 LO provides significant detail on historical viewership of Formula One events based on the 2012 Formula One Global Broadcast Report. In 2012, 355.1 million distinct viewers saw the races many of whom watched more than one race. US households consisted of approximately 10 million viewers – with the majority of the viewers outside the US. In 2012, “Formula One was televised in 185 countries by 110 broadcast partners with 21,000 hours of coverage”.
- The table below, based on 2013 LO, summarizes Formula One distinct viewership (i.e. a viewer is counted only once for entire season) for 2011 and 2012 seasons (20 races) – many of whom watched multiple races. According to the 2013 LO, for many broadcasters – in the major markets of (France, Germany, Italy, United Kingdom and Brazil) audience share during Formula One race weekends increased appreciably, ranging from 23%-40% compared to 10-28% during non-race

¹³ <https://www.bizjournals.com/austin/news/2015/10/26/austin-f1-attendance-drops-again-during-soggy-race.html>

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

weekends. However, based on information provided, it appears that viewership in the largest 11 markets has declined between 2011 and 2012 overall.

Table 15. Estimated (distinct) Viewership for the Formula One Season (in millions)

Country / Region	2012 Viewership	2011 Viewership
Europe	167.5	168.3
France	26.2	25.2
Germany	34.3	36.0
Italy	34.8	34.0
Poland	12.0	12.1
Spain	31.6	29.0
United Kingdom	28.6	32.0
Brazil	85.6	77.0
China	48.9	75.0
Japan	29.6	32.5
Russia	13.8	15.1
United States	9.7	9.8
Total (11 Largest Markets)	355.1	377.7

Source: 2013 LO

- According to the 2013 LO, in 2012 (year of the Austin Formula One race), a total of 4.5 hours of news coverage was seen by 48 million times across the United States. Across the world, Formula One news coverage, was carried on 150 TV Channels on 12,458 news broadcasts, watched 10.8 billion times for a total of 236 hours of news coverage. The table below summarizes news coverage of Formula One by region.

Table 16. News Coverage of Formula One in 2012

Region	Number of TV Channels	Number of Broadcasts	Times Viewed (in millions)	Hours of Coverage
Asia	26	1,296	1,292	27:16:28
Europe	88	9,344	4,655	180:55:56
South America	1	330	4,682	8:34:17
Australia	6	1,012	135	14:51:32
North America	29	476	48	4:24:10
Total	150	12,458	10,811	236:02:23

Source: 2013 LO

5. *Assessment of economic impacts of new or additional planned events*

- In its response, WACC provides high level information on the economic impact of additional planned events. Claimed impacts are summarized below:

Table 17. Additional Planned Events

Event	Claimed Impacts	Comments
Vintage Race Car Auction	<ul style="list-style-type: none"> • The WACC proposal claims an “International Auction House creating sales in excess of \$100 million and new sales tax revenue of \$900,000.00”. • Clarification Responses indicate that the Auction House has “expressed confidence that sales will reach \$30 Million.” • Clarification Responses cite sales were \$30.6 million for Amelia Island (3/10/17) and at Pebble Beach (8/20/16-8/21/16) \$129.8 million. 	It appears that estimated sales of auction vehicles would be lower and likely to generate smaller sales tax for the City of Long Beach (\$0.3 million approximately compared to \$0.9 million claimed initially). However it is difficult to assess these claims without further information. The estimated taxes might be lower depending on the ultimate use district of the vehicle.
After Market Trade Show (sponsored by SEMA)	<p>Clarification Responses indicate that:</p> <ul style="list-style-type: none"> • Event to be held Sunday, one week in advance of the Grand Prix. • Estimated exhibitors would occupy some “300-500 hotel rooms in and around 	It is difficult to assess these claims without further information.

Event	Claimed Impacts	Comments
	<p>Greater Long Beach area for the 8 day period”.</p> <ul style="list-style-type: none"> • “This Show would completely occupy both the Arena and Main Convention Hall of the Long Beach Convention Center”. 	
Automotive Marketing and Technology Forum	<p>Clarification Responses indicate that:</p> <ul style="list-style-type: none"> • It is “estimated that this event would drive a further 500 to 700 hotel rooms in and around Greater Long Beach area for additional 2-3 nights”. 	It is difficult to assess these claims without further information.
Rainbow Harbor / Shoreline Marina	<ul style="list-style-type: none"> • The WACC proposal claims Rainbow Harbor and Shoreline Marina be included in the proposed Agreement. “Such inclusion would provide substantial increase of fees to the City”. • Clarification Responses indicate that “study of the economics of making Rainbow Harbor a part of the overall Grand Prix has not been undertaken...once the cost of renting the Harbor from the City has been established, retail pricing would be completed”. 	It is difficult to assess these claims without further information from WACC and from the City of Long Beach.

- The WACC proposal mentions a Cycling event along with additional events with Run Racing, Inc. and the City of Long Beach’s Park and Recreation Department to develop a series of non-automotive sub events. Specific details have not been provided by WACC.
 - No bases for the assumption relating to car auction sales volume or, other economic impact analyses have been provided. As such, the economic impact due to new or additionally planned event have not been evaluated.
6. *Economic impact estimates of expenditures related to the event: such as construction / renovation of track, event personnel and related expenditures, support services expenditures such as police, fire department, sanitation*
- WACC provides high level information on planned track changes, and provides estimated capital requirements related to circuit improvements/upgrades, event operating expenses, administration and annual venue rent. For instance, in its clarification responses, WACC notes race administration and construction expenditures of \$11 million (which seem to be a combination of event operating expenses \$8.95 million, administration \$1.55 and venue rental \$0.6 million). Confirmed details regarding the basis for the \$11 million estimate is not provided. Initial construction estimates are provided at \$14.0 million. Assuming these are reasonable the economic impact to the City of such expenditures are not presented. Additionally, estimates of (likely higher) cost for city services

related to police, fire and sanitation departments, are also not provided or estimated – the WACC proposal claims these are included in event operating expenses.

7. *Analysis and documentation of sensitivity to assumptions*

- WACC in its proposal and clarification responses has provided no guidance on sensitivity to assumptions and how revenues or related impacts might be different under different baseline assumptions.

8. *Plans to boost attendance at the Event and anticipated increases in attendance through the implementation of these plans*

- Additional events that are planned are described above. Specific economic impacts or likely impacts on the ability of the planned events to increase attendance have not been provided by WACC. A high-level marketing plan is provided but specific impacts on attendance are not discussed.

Extent that negative impacts to business/residents are minimized (5.1.7)

1. *Analysis of clean-up efforts, and anticipated expenditures related to clean up costs*

- Event Operating Expenses are estimated in the WACC proposal at \$8.95 million. Detailed breakdown of the costs and how much of those expenses are expected to accrue to the City have not been provided. WACC proposal indicates that City fees and costs are included in the event operating expenses and clarification responses mention “all out of pocket City costs will be reimbursed.”

2. *Evaluation of expenditures needed to minimize impacts to businesses and residents from noise, traffic closures and allowing for alternate transportation options*

- WACC’s response indicates that it has received feedback from local businesses and operators south of Seaside Way that claim that the first weekend of activity is impactful to their business and early placement of safety equipment impacts the business. As a result, the first weekend of activity will be suspended and no safety equipment or grandstands will be installed on the Southside of Shoreline Drive. All safety equipment will be moved by 12 noon Monday immediately following the race at South side of Shoreline Drive and Southeast side of Aquarium Way.
- WACC proposal mentions that it will limit overall construction and tear down period to 60 days (45 days prior to the event¹⁴ and 15 days following the event).
- WACC will appoint a full time “Community Liaison Officer” who will in meet with residents and business and develop mitigation plans to address concerns and anticipated impacts.
- WACC’s clarification responses indicate that daily out of town trips offered to neighbors immediately adjacent to the circuit will be reimbursed.

¹⁴ Clarification Responses indicate that “following the first year’s event every effort will be made to reduce that advance construction time down to 30 days”. Additionally, in Year 1 construction of the Pit/Garage/Race Control complex will need to commence 90 days in advance of the event.

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

- WACC proposes a traffic demand management plan be developed to minimize impacts to local residents and ensure the most efficient ingress and egress options be utilized.
 - WACC does not provide additional information on the expenditures needed to minimize impact to the businesses.
3. *Traffic demand management plans and anticipated closures to roadways and other impacts leading up to and during the event*
- In clarification responses WACC indicates that the traffic management plan is a “shared” responsibility between WACC and the City of Long Beach. The shared responsibility in terms of costs and time would have to be agreed upon by both parties to the extent that such an agreement would be acceptable to the City of Long Beach.
4. *Documentation of plans to minimize costs to the City*
- WACC does not provide any detailed plans to minimize costs to the City aside from discussing some strategies (such as noting that “there are distinct differences in the two events and some services may not be required while on the other hand, new services may well be required” and noting that “a considerable number of Police Officers are being used for Traffic and Pedestrian Management”) and recommending that a pedestrian and traffic demand management study be conducted at a minimum of 12 months in advance of the first Formula One event. WACC stated that “the emphasis for which should be costs and services reduction created by new efficiencies and a new approach to managing this all critical element of a major event in the form of a 21st Century Temporary Circuit Formula One Grand Prix”.
5. *Analysis of anticipated costs of restoration of City property and other residual costs*
- WACC does not provide any specific cost estimates that can be anticipated for restoration of City property. Based on expenditure assumptions provided it is not clear how much of the expenses are budgeted for the restoration of City property. As discussed above, Event Operating Expenses are estimated in the WACC proposal at \$8.95 million – which include estimates of City fees and costs.
 - WACC does not provide any specific estimates for how it will return the Circuit (as indicated in Appendix A of the RFP) in “a neat, clean condition and in good order and repair, free and clear of litter and rubbish”. A discussion of how WACC intends to remove tire marks from the race circuit and restore the condition of City property (as indicated in Appendix A of the RFP) including “removal, in an environmentally-sensitive manner, of any visible tire marks on the streets” is not provided.
6. *Analysis of sensitivity to assumptions*
- WACC in its proposal and clarification responses has not provided any guidance on sensitivity to assumptions and how costs or impacts to residents might be different under different baseline assumptions.

Innovative marketing plan/planned activities (5.1.8)

- WACC included a high level marketing plan in its proposal which provides summary level information on its strategy for marketing in local, regional, national and international markets.
- For the local market, WACC stated that print, radio, television and social media strategies will be implemented and would commence 120 days prior to the event. National promotional activities would commence 180 days prior to the event and would include print, electronic and social media strategies as well as a domestic Airline Race Weekend Travel Package. The International strategy would include 'Visit the USA' travel packages in association with a bulk travel wholesaler. It was stated that a major emphasis would be put on countries with Formula One races.

Support from sanctioning body (Formula One/IndyCar) (5.1.9)

- A Formula One event requires a circuit that conforms to the FIA's Circuit Safety Guidelines and must secure a Grade 1 homologation license.
- A clear acknowledgement that the FIA's standards should be met in the WACC proposal suggests intent to accommodate FIA standards.
- In its proposal, WACC attached a copy of a letter addressed to The Honorable Robert Garcia, Mayor of the City of Long Beach, dated 14 November, 2016 and sent from the ACCUS. The letter is said to confirm that ACCUS (USA FIA representative member) on behalf of the FIA, would act as 'Sporting Organizer' for a Formula One Grand Prix in Long Beach, subject to certain contractual obligations being met.
- The letter also states that it undertakes due diligence to ensure that the entities it contracts with have the experience and capacity to undertake the responsibilities of a Grand Prix. It is stated that Mr. Christopher R. Pook is a former Director and Vice President of ACCUS, was President, CEO and Chairman of a major sanctioning organization in the United States, has promoted many racing events across the United States, including in Long Beach, Denver, St. Louis and Miami and has been in the business of motorsports for over four decades. The letter states that based on this information, "Mr Pook amply meets the assurances that we would need."
- In response to clarifications, WACC submitted a copy of a 2013 letter from then CEO of Formula One Management Ltd., Bernie Ecclestone stating Formula One's interest in returning to Long Beach. WACC has stated that in the interim, communications with Liberty Media have taken place with respect to its proposal. The level of formal support from Liberty Media is currently unclear.
- Proposer's connections with both ACCUS and the FIA key management personnel will expedite the commencement of a technical relationship, but no evidence of an actual technical relationship with the FIA is shown in the proposal.
- WACC advised that a minimum of 18 months lead time is need after a Council decision to provide minimum lead time for preparation. Design approval by the FIA Circuits and Safety Commission of a circuit for a Formula One event does not occur until the City has committed that it is prepared to provide a "host" venue for the event and the right level of design information has been submitted by the event promoter to the FIA Safety Office via the national ASN (ACCUS) for such approval.

Homologation, the licensing of a track, is only ever provided by the FIA once the track is constructed to the specifications approved by the Circuits and Safety Commission, inspected and is operationally ready.

WACC indicated that the following would be included within its estimated timeframe:

- 3 to 4 months to finalize a contract;
 - 3 months to gain Coastal Commission approval; and
 - 2 months for final FIA approval.
- WACC assert that Liberty Media is waiting to see if the City is would be prepared to wait till 2020 for a possible Formula One event.

5 CONCLUSIONS

5.1 Grand Prix Association of Long Beach

- Being the incumbent promoter, GPALB has stated that it is able to organize an event in spring 2019.
- GPALB has conducted a street race in Long Beach for many years and appears to have delivered on the technical needs of an annual temporary facility on previous occasions.
- GPALB does not anticipate any changes to the overall footprint of the circuit in the near future, although it stated that updates and modifications to the safety system are regularly made.
- GPALB has proven through supplied certification that it meets the FIA Grade 2 requirements for circuit construction and safety and this certification is valid through 2020.
- GPALB stated in interviews that it has Coastal Commission approval for the current circuit for the next 4 years, providing no adjustments are made. In this respect, GPALB's approval risk is mitigated.
- There is an implied adequacy to GPALB key personnel as the promoter is able to deliver on each annual event. GPALB has provided the names of key personnel, though limited background information detail for those personnel.
- In its response to second round clarification questions, GPALB submitted five years of high-level balance sheet data and income statements for the company. The data provided did not include any notes or detailed support. Based on the information provided it appears that general financial trends of the company have continued for the period of time provided.
- GPALB has noted that the economic impact in 2016 'could be \$40 million.' This figure is unable to be verified as it is based on an adjusted number from a report completed in 1997 which is currently unavailable.

5.2 World Automobile Championship of California, LLC

- WACC indicated that it is unable to organize and operate a race in spring 2019 and that the earliest it is able to organize and operate a race is 2020. However, in order for the City to operate a Formula One event in 2020, it would need to make a decision by November 2017 (although it is unclear what decision WACC is referring to from the information provided).
- WACC provided a summary of details of the proposed budget for race circuit modifications and new construction. A high level cost breakdown was provided that included a temporary pit and race control complex, safety walls, fence panels, energy absorption/tire pallets, security fencing, pedestrian bridges, localized repaving, road widening, communications, lighting systems and contingency (included units and materials). These high level cost details suggest very competitive rates for construction in comparison to equivalent facilities on the Formula One calendar and should, potentially, be assessed with greater detail by a recognized cost consultant.
- WACC advised that it is not seeking any financial commitment from the City, although based on information provided, uncertainty still exists in relation to the extent of the City's liability if a significant cost-overrun and/or revenue shortfall were to occur.

- WACC does not currently have Coastal Commission approval for its proposed circuit. This process would occur after a Council decision is made and represents a level of approval risk to the City. WACC has indicated that it estimates this process to take at least 3 months, whereas the City’s estimate is considerably longer.
- Christopher Pook (Managing Partner and CEO) and Marty Hunt (Operations Director), both, based on the information provided, appear to have extensive operational experience of comparable events.
- WACC has presented an analysis of revenue /economic impact to the City of Long Beach of a Formula One event. The economic impact is estimated to be \$100 million and the benefit of sponsorship and viewership are estimated to be \$191 million. WACC did not perform an economic impact analysis of the Formula One race event specifically for the City of Long Beach. Rather, citing limited time, the analysis presented draws upon data from, and analyses performed for, several prior Formula One events to estimate the revenue and potential economic impact.

A 2013 Letter of Opinion was provided which estimated “the potential economic benefit of a FIA Formula One event to the City of Long Beach”. However, the Letter of Opinion is not recent and does not provide significant details of the basis of the assumptions. Further, the Letter of Opinion is not recent and does not take into account WACC’s specific assumptions (such as attendance, anticipated event expenditures, or proposed events). While additional economic information was provided in response to clarification questions, the estimated economic benefits are unable to be verified without a recent, well-documented economic study undertaken for the proposed Formula One event in Long Beach.

- WACC stated in its proposal that “FIA/FOM would not permit an IndyCar event to be held on the same circuit in the same time frame i.e. 10 days”. The review team is not aware of any regulations which would prevent this and that this decision could potentially be due to logistical or competitive reasons.
- In its proposal, WACC recommends that a complete re-assessment of pedestrian and traffic management be conducted prior to the operation of a Formula One event due to the greater volume of spectators. In response to clarification questions, WACC stated that it views this exercise as a “shared” responsibility and did not provide details of how this additional study is expected to be paid for.
- In its proposal, WACC attached a copy of a letter addressed to The Honorable Robert Garcia, Mayor of the City of Long Beach, dated 14 November, 2016 and sent from the ACCUS. The letter is said to confirm that ACCUS (USA FIA representative member) on behalf of the FIA, would act as ‘Sporting Organizer’ for a Formula One Grand Prix in Long Beach, subject to certain contractual obligations being met.
- WACC submitted a copy of a 2013 letter from then CEO of Formula One Management Ltd., Bernie Ecclestone stating Formula One’s interest in returning to Long Beach. WACC has stated that in the interim, communications with Liberty Media have taken place with respect to its proposal. The level of formal support from Liberty Media is currently unclear. The City could consider establishing a

dialogue directly with Formula One Management/Liberty Media to verify the likely commercial implications of the Formula One race for WACC, or to seek written evidence via WACC of the terms agreed.

- WACC advised that a minimum of 18 months lead time is needed after a Council decision to provide the minimum lead time for preparation. Design approval by the FIA Circuits and Safety Commission of a circuit for a Formula One event does not occur until the City has committed that it is prepared to provide a “host” venue for the event and the right level of design information has been submitted by the event promoter for such approval.

WACC indicated that the following would be included within its estimated timeframe:

- 3 to 4 months to finalize a contract;
- 3 months to gain Coastal Commission approval; and
- 2 months for final FIA approval.

As a number of approvals (Coastal Commission, FIA) are yet to be secured for the proposed Formula One event, this represents a potential timing risk for delivery of the event.

Table 18. Summary Comparison Table

Category	GPALB	WACC
Race format	IndyCar	Formula One
Proposed event duration	10 ½ days	One weekend
Earliest event	2019	2020
Proposed upgrades to circuit	No anticipated changes	Upgrades necessary to meet Formula One standards:
Coastal Commission Approval	Approval for 4 years	Not yet approved
Circuit License	Circuit License Grade 2	Requires Circuit License Grade 1 - To be approved after circuit constructed
Sanctioning body approval	Approved	To be negotiated after finalization of contract with the City
Economic Impacts stated	\$40m in economic impacts although unsubstantiated - based on 1997 report no longer available	\$100m in economic impacts although WACC did not perform a detailed economic impact study specifically for the City of Long Beach
Proposed set up / take down schedule	Provided detailed construction schedule starting almost 60 days prior to the event.	Will limit overall construction and tear down period to 60 days (45 days prior to the event and 15 days following the event).

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

Category	GPALB	WACC
	Removal of safety systems within 24 hours of race activities in certain locations with complete removal 17 days after the event.	Further, after the first year, every effort will be made to reduce the initial construction time to 30 days from 35 days.

5.3 Comparative Summary of Economic Information Provided

Comparison Metric	GPALB	WACC	Comment
Economic Benefits - Attendance	<ul style="list-style-type: none"> Estimated attendance for the race weekend and associated events has ranged from approximately 170,000 (2012) to approximately 183,000 (2017). Over the past few years attendance has grown at approximately 1.45% per year. 	<ul style="list-style-type: none"> WACC proposal claims an estimated 242,500 including resident spectators. Comparing to other Formula One events: attendance in Austin (approximately 224,000 – 270,000), Montreal (235,000 – 300,000) and Melbourne (298,000-300,000). 	<ul style="list-style-type: none"> Relative spectator hosting capacity (of different Formula One race locations) is not provided to assess reasonableness of estimate relative to seating capacity.
Economic Benefits - Economic Impacts	<ul style="list-style-type: none"> Economic Impacts provided by GPALB are estimated based on a 1997 study (study is no longer available) which found a \$30 million economic impact, adjusted to \$40 million in current dollars. 	<ul style="list-style-type: none"> WACC Proposal claims a \$100 million in economic impact; 2013 LO provided as part of the proposal also claims a \$100 million impact on the City of Long Beach. Economic Impact for the Formula One race in Austin (a permanent circuit) are estimated at \$484 million (for the State of Texas¹⁵) to \$507 million. 	<ul style="list-style-type: none"> GPALB does not provide any detail for the economic impact study, thus it is very difficult to confirm the magnitude of claimed impacts. It is possible that the magnitude of the economic impacts estimated for the Austin region may be comparable to the greater Long Beach / Los Angeles area (and possibly for the State of California) – although there a number of important differences between the two regions; however, impacts to the City of Long Beach are more difficult to assess without further study.

¹⁵ Corresponding estimate for the 7-County region surrounding and including the City of Austin are \$429 million



Comparison Metric	GPALB	WACC	Comment
<p>Economic Benefits – Sponsorship & Exposure</p>	<ul style="list-style-type: none"> Media coverage consisted of 5,529 media placements including domestic and international print, online and broadcast media. GPALB clarification responses indicate that “total publicity value is a sum of the total equivalent advertising value for every article or broadcast hit generated by the Toyota Grand Prix of Long Beach”. This represented an estimated \$56.6 million in 2016. The GPALB proposal provides an estimate that the City received an exposure value around \$18.4 million – supporting documentation indicates it was \$15.4 million (including Print Media, Advertising, TV News and International TV). 10 hours of first run, national network television between its six racing events including the event in Long Beach According to the Marketing Plan for 2017, the Verizon IndyCar event is scheduled to air for 4 hours of live coverage on NBC Sports Coverage, 2 hours on Fox Network and 1.5 hours on CBS Sports Network. Verizon IndyCar broadcast is transmitted via ESPN International television around the world. 	<ul style="list-style-type: none"> WACC claims that the event would generate \$191 million in sponsorship and viewership revenue including \$166.7 million in exposure generated verbally and visually through television broadcasts and a further \$24.4 million through print and major online media sources, based on impacts for the City of Austin. In 2012, 355.1 million distinct viewers (across all 20 season races) saw the Formula One race many of whom watched more than one race. US households consisted of approximately 10 million viewers – with the majority of the viewer’s outside the US. In 2012, “Formula One was televised in 185 countries by 110 broadcast partners with 21,000 hours of coverage”. In 2012 (year of the Austin Formula One race), a total of 4.5 hours of news coverage was seen by 48 million times across the United States. Across the world, Formula One news coverage, was carried on 150 TV Channels on 12,458 news broadcasts, watched 10.8 billion times for a total of 236 hours of news coverage. 	<ul style="list-style-type: none"> Information provided by WACC does not establish how much of the \$191 million in benefits realized would accrue to the City. GPALB estimates \$18.4 million (\$15.4 million based on supporting documentation) which includes International Television Print Media, Advertising and Television News. It is not clear if WACC’s estimate includes monetization of media coverage as provided by GPALB estimated at \$56.6 million. Thus it is unclear if the appropriate comparison between GPALB estimate and WACC estimate is between \$71 million (\$15.4 million + \$56 million) or just \$15.4 million relative to \$191 million.

© 2017 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA and SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

Comparison Metric	GPALB	WACC	Comment
	International broadcast coverage consisted of 195 hours.		
Economic Benefits – Visitor Spending	<ul style="list-style-type: none"> An estimated economic impact, due to visitor spending, of \$7 million yielding \$0.314 million in Transient Occupancy Tax (TOT) in 2013. GPALB clarification responses cite data provided by the Long Beach Convention and Visitors Bureau which indicates that direct entertaining at the Grand Prix based on 13,833 room nights, for 15,450 attendants in 2013. Estimated impact is evaluated at \$775 per attendee for out of town attendee and \$364 per local attendee (or an average of \$454 per attendee). 	<ul style="list-style-type: none"> In the clarification responses provided by the WACC, daily visitor spending of \$36 million is calculated by multiplying projected number of visitors (80,000) by an estimated daily spending rate of \$150. The WACC uses the 2008 Review of Economic Impact Studies on Sporting Events’ estimation of \$146.89 per day expenditure as the basis of their \$150 per day spending. Hotel room expenditures are estimated to be \$8.8 million (4 nights at \$500 for 3,500 rooms and 3 night at \$300 for 2,000 rooms). Estimates presented in the clarification responses for visitor spending sharply diverge from that in the 2013 LO, which estimates that of the approximately 80,000 per day race weekend visitors, only 10,000 will be staying in Long Beach, spending about \$4.5 million based on \$450 per person (over the 3 days). 	<ul style="list-style-type: none"> Visitor expenditures for WACC range from \$4.5 million to \$36 million. Hotel room expenditures are estimated at \$8.8 million for the City of Long Beach. Total estimate ranges from \$13.3 million to \$44.8 million. GPALB provides estimates of \$7 million for visitor spending. It is not clear if this includes only hotel expenditures or other visitor spending as well.

Comparison Metric	GPALB	WACC	Comment
Economic Benefits – Event Expenditures	<ul style="list-style-type: none"> According to its clarification responses, GPALB spent around \$2.5 million in 2017 on event related expenditures. A breakdown of the \$2.5 million is not provided and it is not clear which expenditures are included. Expenditures reimbursed to the City of Long Beach range for special event expenses from \$0.54 million to \$0.64 million. Total Payroll for the event, both by GPALB and other vendors and businesses involved with the event are estimated at \$3.1 million. 	<ul style="list-style-type: none"> Event Operating Expenses are estimated in the WACC proposal at \$8.95 million. Administration is estimated at \$1.55 million and Venue cost (Convention Center) is estimated at \$0.6 million, for a total cost of \$11.0 million. Detailed breakdown of the costs and how much of those expenses are expected to accrue to the City have not been provided. WACC proposal indicates that City fees and costs are included in the Event Operating Expenses. Based on the 2013 LO, WACC estimates a payroll of 30 full-time employees and 5,000 part time employees translating to a full-time “within circuit” payroll of \$2.0 million. 	<ul style="list-style-type: none"> GPALB does not provide any detail on event related expenditures, and it is not clear what is included in event related expenditures provided at \$2.5 million. WACC estimates that event related expenditures will be at \$11.0 million. Absent details about the costs and how much of those is payable to the City, the reasonableness of these estimates cannot be readily assessed.
Economic Impacts – Revenues	<ul style="list-style-type: none"> Revenue estimates are not provided however, ticket prices notes that the highest priced tickets are sold for \$142 for the weekend, while a three day general admission sold for \$90. 	<ul style="list-style-type: none"> Revenue are estimated at \$31.5 million from ticket sales and \$6.9 million from sponsorships and miscellaneous revenues. Formula One ticket prices are generally much higher. WACC assumed prices range from \$245-\$450 and \$175 for 3 day general admissions. 	<ul style="list-style-type: none"> While GPALB have not provided revenue estimates, ticket prices and anticipated attendance are lower than WACC. A basis for WACC ticket prices are not provided although they appear to be comparable to current prices at the Austin Formula One Grand Prix.

Comparison Metric	GPALB	WACC	Comment
Economic Costs – Cleanup Costs	<ul style="list-style-type: none"> Expenditures reimbursed to the City of Long Beach rang for special event expenses from \$0.54 million to \$0.64 million. Proposal states that expenditures will be reimbursed to the City as have been in the past. GPALB stated it is open to further dialogue with respect to clean up costs for tire marks. 	<ul style="list-style-type: none"> Reimbursed expenditures to the City of Long Beach range are not separately provided but are included in Event Operating Expenditures. Proposal states that expenditures will be reimbursed to the City. Clean up costs for tire marks are not specifically provided in the WACC proposal. Pedestrian and Traffic impact study is a considered shared responsibility between WACC and the City of Long Beach. 	<ul style="list-style-type: none"> Both proposals state that expenditures will be reimbursed to the City.
Economic Costs – Impacts to Businesses and Residents	<ul style="list-style-type: none"> GPALB provided a detailed construction schedule for 2017 starting almost 60 days prior to the event. Expedited removal of grandstands and safety systems within 24 hours of race activities in certain locations with complete removal just 17 days after the event, in 2016. 2017 schedule indicates complete removal will take 28 days after the event. 	<ul style="list-style-type: none"> WACC proposal mentions that it will limit overall construction and tear down period to 60 days (45 days prior to the event and 15 days following the event). WACC Clarification Responses claim that after the first year, every effort will made to reduce the initial construction time to 30 days from 45 days. 	<ul style="list-style-type: none"> WACC does not provide significant detail on how it will deliver on the proposed setup and tear down time period but advised it will do so by hiring more construction crews. It is unclear whether WACC’s expedited time frame is achievable. In addition the City has identified the potential for added fire and police safety risks.

6 APPENDICES

6.1 Clarification Questions (Round 1)

Grand Prix Association of Long Beach		
No.	Subject	Clarification
1	Financial Capacity	Please provide documentation (as recommended in 3.3.1 of the RFP) that details your team’s financial ability to host a Grand Prix Race Event in Long Beach?
2	Financial Capacity	Please provide any evidence of budget and strategy to accommodate evolving track safety standards to International Best Practice and security (for spectators, competitors, teams, officials and VIPs)?
3	Circuit License	In section 3.3.3 you assert that the current 1.97 mile course meets FIA Grade 2 compliance. This suggests that there is some dialogue with the FIA. Can you please provide a copy of the most recent circuit license from the FIA?
4	Costs to the City	The proposer “contracts with approved City vendors to do work that would normally be covered by the City” (Proposal Reference 3.1.6). If possible, please provide additional information on anticipated costs to the City related to the Grand Prix event.
5	Economic Impact	Please provide any additional detail for assumptions made, analysis conducted and supporting documentation for the extent of the economic impact to the City.
6	Economic Impact	Please provide any additional detail, calculations and assumptions for the statement that “The [Toyota] Grand Prix generated an economic impact of more than \$40 million to the City in 2016”.
7	Economic Impact	Please provide additional detail, calculations and assumptions for the statement that “...the potential of this group for Long Beach would be 93,831 room nights, \$160 million dollars in total estimated economic impact and \$4.9 million in direct Transient Occupancy Tax to the City of Long Beach”.
8	Economic impact	Please provide supporting documentation, calculations assumptions that estimate that “the confirmed bookings as direct result of entertaining at the Grand Prix included 11,871 room nights, totaling \$280,017 in Transient Occupancy Tax and \$6.7 million in economic impact”.

World Automobile Championship of California, LLC		
No	Subject	Clarification
1	Circuit Upgrade Details	You have identified some track changes to accommodate FIA requirements, but have not identified a budget for the circuit upgrade or the new construction of facilities. Could you please provide information for this?
2	Operating Expense Forecasts	Do your event operating expenses (outlined on p50) cover any capital component of the track, pit, paddock or event equipment?
3	Track Changes	You refer to track changes to extend the circuit length but make no mention of safety infrastructure to meet FIA Grade 1 requirements. Can you supply us with your engineering analysis of those changes, please?
4	Capital Requirement	Could you please provide a breakdown of the US\$25m Capital Raise required to undertake circuit modifications and start-up operating funds?
5	Capital Requirement	You have sought commercial support to raise US\$25m to cover the sanctioning fee for Formula One. Are you able to provide the balance required for <ol style="list-style-type: none"> a. the required Letter of Credit to the Commercial Rights Holder; and b. for subsequent years to pay the annual fees?
6	Negative impacts to City	In relation to Evaluation Criteria 5.1.7, how has WACC measured the minimization of negative impacts for the City? Please provide any available supporting information.
7	Traffic Management Plan	Is the new 'Pedestrian and Traffic Management Plan' and 'Overview Planning Exercise' mentioned on page 73 to be funded by the City?
8	Economic Impact	Please provide supporting analysis/documentation for the revenue items that amount to the \$100M in economic benefit for the City. Please provide supporting analysis for using a 1.6 multiplier in calculating the economic benefit to the City.
9	Economic Impact	Please provide addition detail for assumptions made, analysis conducted and supporting documentation for the extent of the economic impact to the City due to events planned by WACC during the Formula One Grand Prix.
10	Viewership	What are the assumptions used to conclude that remote viewership of the Austin Grand Prix would be comparable to viewership of the Long Beach Grand Prix? Please provide detail on assumptions made and calculations conducted.
11	Economic Impact	Please provide the formula and supporting analysis used to determine visitor spending throughout the three-day Event.
12	Economic Impact	How were the number of fulltime and part-time employees determined?

6.2 Clarification Questions (Round 2)







































Grand Prix Association of Long Beach	
No	Clarification
1	Please provide recommendations outlining how GPALB could maximize opportunities, including lessons learned from comparable events elsewhere (both in USA and globally) and how they can be applied to the Long Beach event?
2	Please provide further information where relevant of the expertise and availability of key personnel per Criteria item 5.1.3 including details of experience at GPALB and with other entities and prior events.
3	Please provide any information available for an event project management program which details the build-up, event and dismantling.
4	How is material stored when the circuit is dismantled; what is the protocol for preservation of materials, protection and repair between events?
5	Please provide a bill of quantities and specification for circuit materials.
6	Please provide any available additional data (such as attendance) and anticipated economic impacts of other planned activities such as the Green Power Prix-View, Rock n Roar Concerts or the Grand Prix Pageant. (Proposal Reference, 2017 Marketing Plan)
7	<p>Proposal states that "...the potential of this group for Long Beach would be 93,831 room nights, \$160 million dollars in total estimated economic impact and \$4.9 million in direct Transient Occupancy Tax to the City of Long Beach".</p> <p>To confirm our understanding, the 93,831 room nights represents the combined future potential bookings that can arise through CVB customers? Implied room rates are significantly higher (\$400) than those used for confirmed bookings (\$200). Could you please explain why this is the case? (Proposal Reference: 3.1.1)</p>
8	The proposer "Contracts with approved City vendors to do work that would normally be covered by City". Please provide estimates of the economic impact of these expenditures, if any are available. (Proposal Reference: 3.1.6)
9	Please provide any available historical data (prior to 2016) on attendance – estimated at 182,400 people for 2016. Please provide any projections for future attendance. Please provide any assumptions made as part of these projections. (Proposal Reference 3.1.1)
10	Please provide additional documentation and data that support the statement that 5,529 media placements were made at a publicity value of \$56.6 million. (Proposal Reference 3.1.2)
11	Please provide any available additional documentation and data to support the statement that "the City received an exposure value of more than \$11 million". (Proposal Reference: Marketing Plan)

12	Please provide any available estimates of event related expenditures – which have a direct economic impact on the City - and any estimates of full time or part-time employment generated by the event.
13	The proposer “Contracts with approved City vendors to do work that would normally be covered by City”. If available, please provide estimates of current and anticipated costs related to the Grand Prix event and the assumptions and data on which these estimates are based. (Proposal Reference 3.1.7)
14	Please provide any available detail on expenditures that minimize existing and future costs to the City – such as track repair or modifications to the street surface. (Proposal Reference 3.1.5)
15	Please provide any traffic demand management plans if available. The proposal documents restoration of travel on Pine Avenue after race activities. Please provide any other road closures that are implemented for race activities. (Proposal Reference 3.1.5)
16	To the extent that attendance in the future is anticipated to increase, please provide any plans for added facilities and services required to handle greater attendance at race activities.
17	Please provide any supporting data on the relocation program i.e. number of residents living in the impacted areas, day excursions offered and taken – including any details of any plans to offer incentive. (Proposal Reference: Marketing Plan)

World Automobile Championship of California, LLC	
No	Clarification
1	Can you please confirm if simulations have been run on the circuit design to define the correct impact barrier location, type and depth to meet current FIA guidelines?
2	Can you please confirm that the existing track (which is not to be resurfaced according to your plans) has been evaluated and meets FIA guidelines for flatness?
3	Is proposed debris fencing engineered to current FIA guidelines for Formula One?
4	Will any cost overruns to the proposed budget be absorbed by WACC or passed onto the City?
5	Please provide any information available for an event project management program which details the build-up, event and dismantling.
6	How will material be stored when the circuit is dismantled to be preserved, protected and repaired between events?
7	Please provide any evidence available of dialogue between WACC and FIA for the homologation of the circuit as well as dialogue with regulatory bodies on the control of the event. Likewise, please provide evidence of any dialogue showing support or commitment made by Liberty Media.
8	Could you please provide the outline Capital Raising Plan mentioned in Letter from Corporate Finance Associates on p19 of the Proposal?
9	Please identify the relationship, interfaces and roles between Corporate Finance Associates (CFA), Schneider Finance and WACC. Is the \$20m mentioned in the Schneider Finance letter part of, or in addition to, the \$25m requirement outlined in the CFA letter?
10	Exhibit 3 provides a number of data points and assumptions for the impacts of Formula One. Please provide any supporting data for these comparisons (Proposal reference 3.1.1).
11	What are the assumptions used by WACC in selling 115,000 3-day tickets and estimated 242,500 attendees over the 3 days? Resident attendees and spectators are estimated at 17,000 for the 3 day weekend. In relation to the data shared for attendance at other locations, how have these estimates been adjusted for Long Beach and considering a new venue for the race? (Proposal reference 3.1.3 p49)
12	The cited economic impact study states “out of area visitors to Austin accounted for 70% of the attendees”. How would that compare to Long Beach and the greater Los Angeles area? (Provided reference study in proposal)

13	Media exposure monetized for the City of Austin was estimated at \$190M in economic benefit (Proposal reference study cites Formula Money as a source). How would these be different or applicable for the City of Long Beach? Please provide any available supporting analyses. (Proposal reference 3.1.1)
14	Please provide any benchmarking exercise conducted for the ticket sale prices. What would be the estimated sales tax or other revenues to the City? (Proposal reference 3.1.1 and 3.1.3)
15	The WACC response to clarification questions indicates that an International Auction House has identified up to \$100M worth of vintage cars and that approximately 30% would be up for auction. Does this mean that sales would be approximately \$30M? Please reconcile this figure with the estimated \$100M stated in the WACC proposal. Is there any additional detail available to support \$100M in inventory available for auction?
16	Please describe specific ways in which the WACC will boost media coverage and remote viewership of the event and potential benefits of media coverage to the City. Please provide any available details of your Public Relations strategy for the event. (Proposal reference 3.1.3 and 3.1.2)
17	Please provide if available, any estimate of the potential revenues and costs associated with the non-automotive sub-events to be planned in concert with the City of Long Beach’s Parks and Recreation Department and Run Racing, Inc. Response to clarification questions mentions additional events including an after-market automotive parts and accessories trade show and Automotive Sports Marketing Technology Forum. Please provide if available, any estimate of the potential revenues and costs associated with these. (Proposal reference Proposal 3.1.4)
18	Please provide if available, any estimates of the potential revenues associated with Rainbow Harbor/Shoreline Marina inclusion in new agreement? What would be the potential costs to the City of this inclusion? (Proposal reference 3.1.5)
19	Please provide if available, support for the projected revenues related to sponsorships/official products and other miscellaneous revenues associated with the event. What would be additional revenues to the City that would accrue through these?
20	Please provide if available, quantitative estimates of costs for the City and local businesses related to the run up to and through after the Event. How does WACC anticipate that it will minimize costs – such as road closures, disruptions to businesses and clean-up costs?
21	WACC has stated that the volume of spectators will be considerably greater than currently experienced. How will this higher volume of spectators impact costs to the City? (Proposal reference 3.1.6)
22	The WACC proposal and responses to questions mention the appointment of a Community Relations position. Besides eliminating first weekend activities, how will impacts to local residents be minimized, particularly from noise and other impacts? Will any options be offered to local residents who do not wish to stay in the area during race activities? (Proposal reference 3.1.6)

6.3 Formula One Circuit Data

Circuits		Countries	Begin in	Nb
Bakou	Baku Street Circuit	 Azerbaijan	2016	2
Sochi	Sochi International Street Circuit	 Russia	2014	4
Austin	Circuit of the Americas	 USA	2012	5
New Delhi	Buddh International Circuit	 India	2011	3
Yeongam	Korea International Circuit	 South Korea	2010	4
Yas Marina		 United Arab Emirates	2009	8
Singapour	Marina Bay Street Circuit	 Singapore	2008	9
Valencia	Valencia Street Circuit	 Spain	2008	5
Istanbul	Istanbul Park	 Turkey	2005	7
Shanghai	Shanghai International Circuit	 China	2004	14
Sakhir	Bahrain International Circuit	 Bahrain	2004	13
Kuala Lumpur	Sepang International Circuit	 Malaysia	1999	18
Spielberg	Red Bull Ring	 Austria	1997	11
Melbourne	Albert Park	 Australia	1996	22
Aïda	Okayama International Circuit	 Japan	1994	2
Donington	Donington Park	 United Kingdom	1993	1
Barcelone	Circuit de Catalunya	 Spain	1991	27
Magny-Cours	Circuit de Nevers Magny-Cours	 France	1991	18
Phoenix		 USA	1989	3
Suzuka	Suzuka International Racing Course	 Japan	1987	28
Hungaroring		 Hungary	1986	31
Jerez de la Frontera		 Spain	1986	7
Adelaïde	Adelaide Street Circuit	 Australia	1985	11
Estoril	Autódromo Fernanda Pires da Silva	 Portugal	1984	13
Dallas	Dallas Fair Park	 USA	1984	1
Detroit		 USA	1982	7
Caesars Palace		 USA	1981	2
Imola	Autodromo Internazionale Enzo e Dino Ferrari	 Italy	1980	27
Montréal	Circuit Gilles Villeneuve	 Canada	1978	38
Jacarepagua	Autódromo do Rio de Janeiro	 Brazil	1978	10
Fuji	Fuji International Speedway	 Japan	1976	4
Long Beach		 USA	1976	8
Dijon-Prenois		 France	1974	6
Anderstorp	Scandinavian Raceway	 Sweden	1973	6
Zolder	Circuit Terlaemen	 Belgium	1973	10
Interlagos	Autodromo José Carlos Pace	 Brazil	1973	34
Nivelles	Complexe Européen de Nivelles-Baulers	 Belgium	1972	2
Le Castellet	Paul Ricard High Tech Test Track	 France	1971	14

Circuits		Countries	Begin in	Nb
Le Castellet	Paul Ricard High Tech Test Track	France	1971	14
Österreichring		Austria	1970	18
Hockenheim	Hockenheimring	Germany	1970	35
Montjuïc Park		Spain	1969	4
Mont-Tremblant		Canada	1968	2
Jarama		Spain	1968	9
Mosport Park	Mosport International Raceway	Canada	1967	8
Le Mans	Circuit Bugatti	France	1967	1
Kyalami		South Africa	1967	20
Clermont-Ferrand	Circuit de Charade	France	1965	4
Zeltweg	Zeltweg Flugplatz	Austria	1964	1
Brands Hatch		United Kingdom	1964	14
Mexico City	Autódromo Hermanos Rodríguez	Mexico	1963	17
East London	Prince George Circuit	South Africa	1962	3
Watkins Glen	Watkins Glen International	USA	1961	20
Riverside	Riverside International Raceway	USA	1960	1
Sebring	Sebring International Raceway	USA	1959	1
Monsanto		Portugal	1959	1
Avus	Automobil-Verkehrs- und Übungs-Straße	Germany	1959	1
Ain-Diab		Morocco	1958	1
Porto	Circuito da Boavista	Portugal	1958	2
Pescara		Italy	1957	1
Aintree	Aintree Motor Racing Circuit	United Kingdom	1955	5
Buenos Aires	Autodromo Juan y Oscar Gálvez	Argentina	1953	20
Zandvoort	Circuit Park Zandvoort	Netherlands	1952	30
Rouen-les-Essarts		France	1952	5
Pedralbes		Spain	1951	2
Nürburgring		Germany	1951	40
Monza	Autodromo Nazionale di Monza	Italy	1950	66
Reims	Circuit de Reims-Gueux	France	1950	11
Spa-Francorchamps		Belgium	1950	49
Bremgarten		Switzerland	1950	5
Indianapolis	Indianapolis Motor Speedway	USA	1950	19
Monaco		Monaco	1950	64
Silverstone		United Kingdom	1950	50

Source: <http://www.statsf1.com/en/circuits.aspx>

6.4 Preliminary Data Gap Assessment

Grand Prix Association of Long Beach

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
5.1.1	Demonstrated competence	Provision of suitable data defining the circuit and infrastructure, requiring:		
		1. CAD plan for track, identifying all FIA mandatory components required and any plans for enhancement in future, following FIA drawing guide 'Circuit Drawing Format version 3' or later;	No track plan provided with proposal however, the proposal includes the following statement – “The Association does not anticipate any changes to the overall footprint of the circuit in the near future, although updates and modifications to the safety system are constantly being made”;	Provided image of the course layout from the 2017 Parking and Traffic Management Plan.
		2. CAD plan for pit and paddock;	No pit and paddock plan provided with proposal (however no plans to change existing set-up see above 5.1.1 1.);	N/A
		3. A bill of materials for the first two items and a cost plan;	No bill of materials provided with proposal (however no plans to change existing set-up see above 5.1.1 1.);	A high-level list of quantities and specifications for race circuit materials used in the building of the track was provided.
		4. Identification of any costs to be borne by the City of Long Beach for the circuit and motorsport infrastructure so as to allow the City to plan for, schedule road improvements and budget such works in advance;	The Proposal includes the following statement – “The Association does not anticipate any changes to the overall footprint of the circuit in the near future, although updates and modifications to the safety system are constantly being made.” The City maintains records of its annual expenses and revenues associated with the event.	GPALB stated that it is financially responsible for all costs related to any street surface modifications requested by the GPALB or Race Sanctioning Organizations.
		5. Demonstration that the applicant has observed the protocols defined in	Evidence of FIA compliance has been provided for FIA Grade 2.	N/A

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		Appendix O of the FIA Sporting Code (Procedures for the Recognition of Motor Racing Circuits) resulting in an FIA homologation license from previous event, or confirmation via ACCUS, the USA member club of the FIA, that the circuit design has been approved by the FIA Circuits and Safety Commission for a Grade 2 license once built and approved by an FIA circuit inspector;		
		6. An event project management program which details the event build up, event and dismantling, demonstrating a commitment to minimized disruption to road users and adjacent stakeholders;	No program is provided with the proposal;	Provided a detailed construction schedule starting almost 60 days prior to the event. Expedited removal of grandstands and safety systems within 24 hours of race activities in certain locations with complete removal just 17 days after the event.
		7. A plan for the storage compound for all material when the circuit is dismantled, together with a maintenance plan to demonstrate how material is preserved, protected, repaired between events.	No storage compound drawing is provided or maintenance program in proposal.	Provided information of how and where grandstand, platform, and safety system materials are stored and maintained.
5.1.2	Experience in performance of comparable engagements	Demonstrate that the promoter is able to maximize all opportunities for all stakeholders, namely:		
		1. How do other event promoters of comparable street races extract maximum value for the host city, for	No evidence of benchmarking is provided, save to say that GPALB consults to other events, suggesting their status as the benchmark to those events;	Included information of how GPALB looks at ways to maximize potential of event. Examples provided include: upgrade to food products/services,

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		adjacent stakeholders and for the event itself;		creating a communal location with live music, large vision screens etc. (Welcome Plaza), adding virtual reality components to Lifestyle Expo, and SEMA Convention style safety attractions.
		2. Lessons that can be learned from comparable events elsewhere (within and outside the USA) and can they be applied to Long Beach;	Though there is clear evidence of event overlay with hospitality and entertainment offerings outside of the main track-based event(s), there is little evidence of evolution to add other entertainment activities based on research from other venues;	See above comment – noted examples of where taken ideas from other events.
		3. Symbiotic associated events that could be run concurrently that would attract a wider demographic and, accordingly, increase the spectator numbers.	Same comment as 2 above; the opportunity to ‘sweat’ the main asset with supporting events is, perhaps, a major opportunity for improvement for the City and for stakeholders in Long Beach.	See above comment – noted examples of where taken ideas from other events.
5.1.3	Expertise and availability of key personnel	Provision of information proving that the event team possess appropriate skills: Key personnel should be listed, their roles, responsibilities and experience/competence should be defined, as should their budget within the project and their authority/accountability to perform their roles.	Current role at GPALB, prior role at GPALB and term of employment provided for the President, Director of Operations, Marketing Director and Communications Director. No further information was provided other than to say that interns are also to be seconded from CSULB.	No further substantial information provided.
5.1.4	Financial stability	3.3.1 - Documents that detail Promoter’s financial ability to host a Grand Prix Race Event in Long Beach, California. Recommended documents include: 1. Balance sheets for the last five (5) years; 2. Income statements for the last five (5) years;	None of the documents recommended in the RFP were provided with the proposal; Proposal states that information requested is proprietary and highly sensitive and therefore cannot be provided; Provided phone numbers for contacts to confirm Grand Prix’s fiscal integrity –	Provided 5 years of high level balance sheet and income statement data.

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		<p>3. Detail of sources and uses of funds for each Race Event;</p> <p>4. Promoter’s statement of net worth;</p> <p>5. Method and details of funding the Event;</p> <p>6. Event Pro-Forma detailing sources and uses of funds.</p>	<p>including staff from the City of Long Beach, Indy Car and contractors;</p> <p>Suggested to google search the net worth of co-owners of Aquarium Holdings LLC;</p> <p>Proposal appears to rely on past performance;</p> <p>Clarification response included a letter from co-owners outlining the past performance of GPALB and intention of continuing to meet its obligations;</p> <p>Clarification response included expenditures for the years 2014-2017 for safety system and track related areas as well as for those related to spectator amenities.</p>	
		<p>3.3.2 - Promoter’s experience in successfully delivering a world-class Grand Prix Race Event.</p> <p>Evidence of Proposer delivering a financially successful event of similar nature in the past including descriptions of involvement, outcomes of events, revenue, attendance and expense statistics, letters from partners and City stakeholders.</p>	<p>The proposal states that the GPALB has been conducting a street race in Long Beach for the past 42 years and during that time has ‘met all of its financial obligations’.</p> <p>GPALB states has been asked to consult on other street events such as the Detroit Grand Prix, Meadowlands, Denver and St. Petersburg Grand Prix. 1996-2005 GPA purchased, renovated and operated Gateway International Raceway (St Louis) and Memphis Motorsports Park. Also Operated a sports car event at Del Mar Fairgrounds.</p>	<p>N/A – See comment from Proposal and Round 1 Clarifications.</p>
		<p>3.3.2 - Details of circuit improvements and cost to provide a race course that meets the proposed race specifications.</p>	<p>Expenditures for safety track and systems, and spectator, team and VIP was provided for the period 2014-2017.</p>	<p>N/A – See comment from Proposal and Round 1 Clarifications.</p>

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		It is expected that these details include an itemized set of required works along with corresponding budgeted costs and event operating expenses.	<p>The Proposal includes the following statement – “The current 1.97 mile Grand Prix course in Long Beach has been in existence since 2000 and has met all of the safety and operational requirements of the FIA to be certified as a Grade 2 facility.</p> <p>The Association does not anticipate any changes to the overall footprint of the circuit in the near future, although updates and modifications to the safety system are constantly being made.”</p>	
5.1.5	Conformance with the terms of this RFP	<p>The current agreement (Attachment B) with The GPALB expires June 30, 2018, with two (2) optional annual renewals.</p> <p>At a minimum, proposals should meet or exceed the current terms and conditions.</p>	[For the City’s legal advisors to consider]	[For the City’s legal advisors to consider]
5.1.6	Extent of increase to revenues / economic impacts	<p>Detailed economic impact study, estimating the revenue increase to the City and direct and indirect effects on (employment, income, output and taxes) to the City and impacts on local businesses. The study would provide detailed assumptions and where possible supporting data.</p>	<p>A high level estimate of past economic impact of the race has been provided by GPALB. The estimate (more than \$40 million) is based on a study conducted in 1997 and the original study is no longer available.</p> <p>A recent study with detailed assumptions and analyses are not provided.</p>	
		<p>1. Detailed analysis and supporting documentation for projected revenues to the City;</p>	<p>Revenues to the City such as Transient Occupancy Tax are estimated (\$0.2 million). However other important categories such as sales tax and other revenues are not provided;</p>	

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		<p>2. Visitor spending and revenues: Additional revenues to local business, visitor spending, increased activity for local businesses and restaurants due to the event – with supporting assumptions and analyses where possible;</p>	<p>Proposal states that in 2013, entertaining at the Grand Prix generated 11,871 room nights, \$0.2 million in Transient Occupancy Tax and associated economic impact of \$6.7 million.</p> <p>Proposal claims the <i>potential future</i> bookings “93,831 room nights, \$4.9 million in Transient Occupancy Tax and \$160 million in economic impact”.</p> <p>The assumptions and/or data sources on which the room night estimates are based are not clear; and room rates used for future bookings seem optimistic based on our preliminary review;</p>	<p>Clarification questions requested additional detail on claimed visitor spending.</p> <p>GPALB responses resulted in revising original claims in the Proposal</p> <ul style="list-style-type: none"> Actual totals on convention bookings to the Grand Prix were “13,833 room nights, with convention attendance of 15,450”. Resulting occupancy tax was \$0.31 million and economic impact of \$7.01 million. Visitors Bureau in 2016 brought 75 guests and customers with annual <i>potential</i> consisting of 73,027 room nights, 138,700 attendance, with \$1.76 million in occupancy tax and \$68 million in economic impact.
		<p>3. Analysis of anticipated attendance and revenue;</p>	<p>Proposal claims an estimated attendance of 182,400 people over 3 days in 2016.</p> <p>Details on paying spectators and non-paying spectators, local versus out of town visitors is not provided. Estimated revenues and revenues to the City are not provided;</p>	<p>In response to Clarification Questions, GPALB provided historical attendance estimates from 2012 – 2017 ranging from 170.6 to 183.4 thousand. Future attendance will vary based on a number of factors but GPALB estimates to increase 1-2% per year.</p>
		<p>4. Analysis of sponsorship and viewership revenues and supporting documentation;</p>	<p>Proposal states that: “Based on National Television Impression Value Analysis performed for Toyota as title sponsor of the event it is estimated that City of Long Beach received an exposure value of \$11 million”.</p>	<p>In response to clarification questions, GPALB provided additional detail on its claimed value of \$11 million and revised it to \$18 million (a review of the detailed information indicates that documentation supports \$15.4 million).</p>

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
			Proposal states that: "In 2016 the event featured 5,529 media placements, estimating a publicity value of \$56.68 million". High level estimates are provided but basis or assumptions are not provided;	In response to Clarification Questions, GPALB provided additional detail with 3 exhibits showing how the \$56.68 million was calculated. GPALB response indicated that "total publicity value is a sum total of equivalent advertising value for every article or broadcast hit generated by Toyota Grand Prix of Long Beach...if Story A took up space in newspaper equivalent to a \$1,000 ad[vertisement], its total publicity value would be \$1,000".
		5. Assessment of economic impacts of new or additional planned events;	Events around the Grand Prix which includes the Green Power Prix-View, Rock n Roar Concerts or the Grand Prix Pageant are discussed; However, economic impact assessments of these events is not separately provided and it is not clear to what extent the events have already been included in estimated impact of greater than \$40 million;	Clarification Questions requested additional information on other planned activities. GPALB provided additional details on the economic impact and attendance of additional planned events. These included <ul style="list-style-type: none"> • Grand Prix Pageant, 500 guests, \$10-15k in economic impact • Thunder Thursday and Roar in the Shore, attendance 6,000 and 2,000 respectively and a combined economic impact of \$250k However, the basis of or details regarding estimates or sources of information are not provided.
		6. Economic impact estimates of expenditures related to the event: such as construction / renovation of track, event personnel and related expenditures, support services	Expenditures related to the event, likely to create jobs and positive economic impacts are not provided presumably because the Association does not anticipate any changes to the overall footprint of the circuit in the	In response to Clarification Questions the GPALB indicated that it "spent just over \$2.5 million on event related expenditures which had a direct economic impact on the City of Long Beach". It hires 15 full time employees

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		expenditures such as police, fire department, sanitation;	near future, except for updates and modifications to the safety system;	and 23 employees for 90-12- days. 1,250 additional personnel are used during event week by GPALB and other vendors and businesses. Total payroll is estimated at \$3.1 million. The basis and source for event related expenditures of \$2.5 million is not clear and the basis for total payroll estimate has not been provided. No additional detail or information was provided on anticipated construction expenditures.
		7. Analysis and documentation of sensitivity to assumptions;	Proposal does not provide any review of assumptions or sensitivity to them;	N/A
		8. Plans to boost attendance at the Event and anticipated increases in attendance through the implementation of these plans.	Marketing plan discusses various strategies to increase media coverage and grow attendance such as advertising and sponsor promotions.	N/A
5.1.7	Extent that negative impacts to business / residents are minimized	Detailed assessment of negative impacts to businesses and residents. Planned expenses and approaches to minimize those impacts	Qualitative discussions are provided but quantitative estimates are not provided.	N/A
		1. Analysis of clean-up efforts, and anticipated expenditures related to clean up costs;	Proposal claims no additional costs to the City due to the Grand Prix event. Contracted services would be reimbursed;	N/A
		2. Evaluation of expenditures needed to minimize impacts to businesses and residents from noise, traffic closures and allowing for alternate transportation options;	Proposal documents restoration of travel on Pine avenue after race activities. Impacts to Aquarium parking is minimized through altering the construction schedule.	In response to Clarification Questions, GPALB provided details on the relocation program offering out of town trips to residents. Approximately 20-30 residents

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
			<p>Convention Center events are accommodated.</p> <p>Proposal mentions that a number of residents living in the impacted areas were offered day excursions to leave affected areas if they wished.</p> <p>However, no quantitative assessment of costs or impacts, number of residents and other city streets impacted are provided;</p>	<p>availed the program each weekend day since 2008.</p>
		3. Traffic demand management plans and anticipated closures to roadways and other impacts leading up to and during the event;	Traffic demand management plans and impacts to residents and traffic are not discussed;	In response to Clarification Questions a detailed Parking and Traffic Management plan was provided.
		4. Documentation of plans to minimize of costs to the City;	The proposer states that “there are no additional anticipated costs the City related to the Grand Prix event...Grand Prix Association will reimburse City for its contracted services and would also pay for any additional services that both parties would agree upon in the future”;	No additional detail or information was provided.
		5. Analysis of anticipated costs of restoration of City property and other residual costs;	Appendix A provides a discussion of restoration of City property focusing particularly on tire marks after the race. An assessment of costs of restoration of City property are not discussed;	No additional detail or information was provided.
		6. Analysis of sensitivity to assumptions.	Quantitative costs estimates or sensitivity to assumptions are not provided or discussed.	No additional detail or information was provided.

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
5.1.8	Innovative marketing plan / planned activities	<p>Develop a marketing plan and other planned activities that reflect innovation and relevancy in an evolving sports entertainment market.</p> <p>Marketing Plan could include the following elements:</p> <ol style="list-style-type: none"> 1. Strategic Objectives for the event; 2. At a minimum the marketing plan should include a high-level description of innovative strategy for: <ol style="list-style-type: none"> a) Advertising; b) Media/Event Coverage; c) PR Plan; d) Media Action Plan; e) Sponsorship Involvement; f) Non-racing events / charity; g) Promotions. 	<p>Provided high-level description of innovative strategy for:</p> <ol style="list-style-type: none"> a) Advertising; b) Media/Event Coverage; c) PR Plan; d) Media Action Plan; e) Sponsorship Involvement; f) Non-racing events / charity; g) Promotions. 	<p>Provided further data on:</p> <ol style="list-style-type: none"> 1. Prior and projected weekend attendance figures 2. A detailed statement of media placements 3. Publicity Value 4. NewsEdge search results for Grand Prix Long Beach articles. 5. Media exposure impressions, time, exposure value

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
5.1.9	Support from sanctioning body (Formula One/Indycar)	<p>It is important that all sanctioning bodies be properly engaged; in the case of INDYCAR, this can be sanctioned by the series organizer, which is INDYCAR, though Best Practice principles should apply and an internationally accepted definition of track safety is provided by the FIA, for which INDYCAR would require an FIA Grade 2 license.</p> <p>For Formula One, the FIA needs to be fully engaged, both in terms of homologation of the circuit as well as provision of key officials and control of an event.</p> <p>In both cases, INDYCAR and Formula One, there is a need to demonstrate to the regulatory bodies:</p> <ol style="list-style-type: none"> 1. Continuous dialogue to approve the circuit on an annual basis, enhancing safety in line with guidelines, regulations and best practice; 2. Continuous dialogue with the regulatory bodies on matters relating to race control operations, time keeping, marshals, training for personnel, preparation for events and provision of equipment and vehicles for medical, intervention, recovery and repair; 3. Evidence of acceptance by the regulatory bodies that the circuit design and preparations for the event meet the regulatory body's approval. 	<p>GPALB Provided a Circuitry License Grade 2 – valid until February 2020.</p> <p>Letter from IndyCar to City Manager stating that current sanction agreement runs through 2018 and has every intention of extending the relationship into the future.</p>	N/A – See comment from Proposal and Round 1 Clarifications.

World Automobile Championship of California

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
5.1.1	Demonstrated competence	Provision of suitable data defining the circuit and infrastructure, requiring:		
		1. CAD plan for track, identifying all FIA mandatory components required and any plans for enhancement in future, following FIA drawing guide 'Circuit Drawing Format version 3' or later;	Hand marked low resolution track plan provided with proposal, not conforming to any FIA drawing standard;	N/A
		2. CAD plan for pit and paddock;	No pit and paddock plan provided with proposal;	N/A
		3. A bill of materials for the first two items and a cost plan;	In response to clarification questions provided June 5 th , 2017, World Automobile Championship of California (WACC) gave a summary of details of the proposed budget for Race Circuit Modifications and New Construction. Cost breakdown included a Temporary Pit and Race Control Complex, Safety Walls, Fence Panels, Energy Absorption/Tire Pallets, Security Fencing, Pedestrian Bridges, Repaving, Widening, Communications, Lighting Systems and Contingency (included units and materials). Estimates for Event Operating Expenses, Administration and Annual Venue Rent (Convention Center) also provided;	N/A – See comment from Proposal and Round 1 Clarifications.

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		<p>4. Identification of any costs to be borne by the City of Long Beach for the circuit and motorsport infrastructure so as to allow the City to plan for, schedule road improvements and budget such works in advance;</p>	<p>There is reference to Event Operating Expenses of US\$8.95m. It is assumed in the WACC proposal that all track works are separate and associated costs for track works are outside their purview;</p>	<p>Statement that “all out of pocket City costs will be reimbursed.”</p> <p>WACC stated it “will work closely with the City to ensure an efficient ingress and egress of spectators as well as the provision of other City Services, the payment for which WACC will be responsible.”</p>
		<p>5. Demonstration that the applicant has observed the protocols defined in Appendix O of the FIA Sporting Code (Procedures for the Recognition of Motor Racing Circuits) resulting in an FIA homologation license from previous event, or confirmation via ACCUS, the USA member club of the FIA, that the circuit design has been approved by the FIA Circuits and Safety Commission for a Grade 2 license once built and approved by an FIA circuit inspector;</p>	<p>Written assertion that FIA compliance would be achieved with the modified track configuration, though no written evidence of the same.</p>	<p>WACC submitted a copy of a 2013 letter from then CEO of Formula One Management Ltd., Bernie Ecclestone stating Formula One’s interest in returning to Long Beach.</p> <p>WACC has stated that in the interim, communications with Liberty Media have taken place with respect to its proposal. The level of formal support from Liberty Media is currently unclear.</p> <p>WACC indicated that Liberty Media is waiting to see if the City is would be prepared to wait till 2020 for a possible Formula One event.</p>
		<p>6. An event project management program which details the event build up, event and dismantling, demonstrating a commitment to minimized disruption to road users and adjacent stakeholders;</p>	<p>No detailed program is provided with the proposal;</p>	<p>WACC proposal mentions that it will limit overall construction and tear down period to 60 days (45 days prior to the event and 15 days following the event).</p> <p>WACC Clarification Responses claim that after the first year, every effort will made to reduce the initial construction time to 30 days from 35 days.</p>

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		7. A plan for the storage compound for all material when the circuit is dismantled, together with a maintenance plan to demonstrate how material is preserved, protected, repaired between events.	No storage compound drawing is provided or maintenance program in proposal.	Brief statement that WACC will rent an all year storage yard for safety equipment. Grandstands will be rented and thus storage of this material will not be WACC's responsibility.
5.1.2	Experience in performance of comparable engagements	Demonstrate that the promoter is able to maximize all opportunities for all stakeholders, namely:		
		1. How do other event promoters of comparable street races extract maximum value for the host city, for adjacent stakeholders and for the event itself;	WACC proposal benchmarks to other Formula One events and highlights increased revenue opportunities over INDYCAR;	N/A – See comment from Proposal and Round 1 Clarifications.
		2. Lessons that can be learned from comparable events elsewhere (within and outside the USA) and can they be applied to Long Beach;	There is little material analysis of the existing INDYCAR event, instead an emphasis on delivery of a good mix of Formula One focused hospitality and entertainment around the Formula One race weekend;	N/A – See comment from Proposal and Round 1 Clarifications.
		3. Symbiotic associated events that could be run concurrently that would attract a wider demographic and, accordingly, increase the spectator numbers.	In its clarification response received June 6 th , 2017, WACC outlined three proposed events (which it has been approached about by third party entities) including: <ul style="list-style-type: none"> • An after-market automotive parts and accessories trade show sponsored by SEMA; • Automotive Sports Marketing and Technology Forum in association with Sports Business Journal and CSU School of Business; 	N/A – See comment from Proposal and Round 1 Clarifications.

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
			<ul style="list-style-type: none"> Annual auction for vintage racing cars. 	
5.1.3	Expertise and availability of key personnel	Provision of information proving that the event team possess appropriate skills: Key personnel should be listed, their roles, responsibilities and experience/competence should be defined, as should their budget within the project and their authority/accountability to perform their roles.	WACC provided an organizational tree with personnel and relevant credentials.	N/A – See comment from Proposal and Round 1 Clarifications.
5.1.4	Financial stability	<p>3.3.1 - Documents that detail Promoter’s financial ability to host a Grand Prix Race Event in Long Beach, California. Recommended documents include:</p> <ol style="list-style-type: none"> Balance sheets for the last five (5) years; Income statements for the last five (5) years; Detail of sources and uses of funds for each Race Event; Promoter’s statement of net worth; Method and details of funding the Event; Event Pro-Forma detailing sources and uses of funds. 	<p>WACC has provided:</p> <ul style="list-style-type: none"> Description of business partners (Corporate Finance Associates (CFA) and Schneider); Established \$25m capital raise needed to bring circuit into FIA compliance and other startup funds; Letter from CFA Letter from Schneider Group Uses of funds - A breakdown of the required \$25m capital requirement was provided as a response to clarification questions. The breakdown of uses included Circuit Upgrades, Operating Expenses, Administration and Annual Venue Rent; WACC outlined how it plans to fund the deposit for the Formula One fee and annual fees for subsequent years; 	<p>WACC provided a brief capital raising plan defining the three classes of member investment in WACC LLC.</p> <p>WACC provided further information and clarification of the relationship between WACC, CFA and Schneider in funding event start up and circuit upgrade costs.</p>

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
			<ul style="list-style-type: none"> • Schneider Group Annual Report (2015-16) <ul style="list-style-type: none"> - Includes simplified 2015/16 balance sheet but no income statement; • Graydon and D&B Rating Reviews • Provided annual operating projections (revenues and operating expenses – pp 49-50). 	
		<p>3.3.2 - Promoter’s experience in successfully delivering a world-class Grand Prix Race Event.</p> <p>Evidence of Proposer delivering a financially successful event of similar nature in the past including descriptions of involvement, outcomes of events, revenue, attendance and expense statistics, letters from partners and City stakeholders.</p>	<p>Provided experience of WACC members – experience in prior grand prix events including Mexico, Long Beach, Las Vegas, Detroit, Dallas, Denver, New Jersey and St Petersburg. No details relating to financial outcomes, revenue, attendance or expenses were provided.</p>	<p>N/A – See comment from Proposal and Round 1 Clarifications.</p>
		<p>3.3.2 - Details of circuit improvements and cost to provide a race course that meets the proposed race specifications.</p> <p>It is expected that these details include an itemized set of required works along with corresponding budgeted costs and event operating expenses.</p>	<p>WACC provided expected circuit modifications and temporary/permanent venues such as ‘fixed’ Pit Garage, Race Control and Corporate Hospitality facilities. Budgeted costs were provided with the response to clarification questions provided on June 5th, 2017 (see detail included above for 5.1.1 3.)</p>	<p>N/A – See comment from Proposal and Round 1 Clarifications.</p>
5.1.5	Conformance with the terms of this RFP	The current agreement (Attachment B) with The Grand Prix Association of Long Beach expires June 30, 2018, with two (2) optional annual renewals.	[For the City’s legal advisors to consider]	[For the City’s legal advisors to consider]

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		At a minimum, proposals should meet or exceed the current terms and conditions.		
5.1.6	Extent of increase to revenues / economic impacts	Detailed economic impact study, estimating the revenue increase to the City and direct and indirect effects on (employment, income, output and taxes) to the City and impacts on local businesses. The study would provide detailed assumptions and where possible supporting data.	<p>WACC cites a previously conducted economic study completed in 2013. The economic impact study examines economic benefits of Formula One racing in Long Beach based on results observed at previous events, i.e. Montreal, Austin and Melbourne.</p> <p>The study generally does not provide the sources used to develop the inputs and assumptions. As part of the responses to clarification questions, WACC provided supporting studies and data for Montreal, Austin and Melbourne.</p> <p>Estimates provided in the study are directly used by WACC. A key assumption is that the economic impact of WACC’s hosting the Formula One race in Long Beach would be similar.</p> <p>As part of the responses to clarification questions, WACC provided some supporting analyses for the claim that “Economic benefits to the City of Long Beach and Greater Long Beach Region equal \$100 million”.</p>	<p>Clarification Questions requested information regarding the comparability of Formula One economic impacts in Austin to those in the City of Long Beach. Provided economic impact studies mention “out of area visitors to Austin accounted for 70% of the attendees”. WACC response mentioned that for the Greater Los Angeles Area the number of out of town attendees “would be similar or possibly a little lower”. No information was provided regarding the basis for this claim.</p> <p>No additional information was provided regarding economic impact estimates specifically for the City of Long Beach.</p>
		Detailed analysis and supporting documentation for projected revenues to the City;	The 2013 economic impact study provides high level estimates for the revenues to be expected from the event and the associated economic impacts to the City of Long Beach based on results from past races.	WACC responses mention that there is currently no Sales Tax on ticket sales in the City of Long Beach or Los Angeles County. WACC commented that hotel prices are higher in Long Beach so they

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
			<p>The basis for assumptions and how these might be different for Long Beach is not provided.</p> <p>Estimates of revenues to the City are not provided except for certain special events like holding an International Race Car Auction.</p>	<p>would expect sales & room taxes to be proportionally higher.</p> <p>No additional detail on anticipated revenues to the City are provided.</p>
		<p>Visitor spending and revenues: Additional revenues to local business, visitor spending, increased activity for local businesses and restaurants due to the event – with supporting assumptions and analyses where possible;</p>	<p>The cited, 2013 economic impact study provides estimates of visitor spending based on high level assumptions of expected hotel stays and per day spending:</p> <ul style="list-style-type: none"> • High level figure provided for the additional payroll amount; • High level figure provided for revenues from hospitality services, lifestyle expo, food and beverage, souvenir and program sales, parking and other activities; • Basis for assumptions and how these might be different for Long Beach is not provided. <p>As part of the responses to clarification questions, WACC provided some reference sources and data for evaluating daily expenditures by visitors estimated at \$150 per day. Some data on attendance is provided for other races such as Austin and Montreal.</p>	<p>WACC commented that Long Beach is not a new venue for Formula One as Long Beach was a host in the past (1976-83). As such, no adjustments have been made to attendance assumptions relative to other Formula One events.</p> <p>No additional detail on visitor spending assumptions were provided.</p>

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
			How these attendance assumptions might be different for Long Beach and for a new race (compared to more established race tracks) is not provided.	
		Analysis of anticipated attendance and revenue;	<p>The WACC proposal indicates that ticket sales are estimated to be greater than \$30M with ancillary revenues estimated at an additional \$7M.</p> <p>Basis for assumptions are not provided. Revenue breakdown by ticket type is provided and projections for ancillary revenue but any supporting analysis is not provided.</p>	<p>WACC provided additional assumptions supporting ticket sales and attendance estimates.</p> <ul style="list-style-type: none"> • “Projected spectator attendance is based upon historical numbers of attendees at Austin, Montreal, Mexico City and Years 1 & 2 at Indianapolis”. • Regarding paid attendance, WACC mentions that “the maximum number of ‘paid’ event attendees over the three days would be 315,000 if every ticket sold was in attendance. ...The 242,500 reference in previously submitted responses is based upon a 100% actual attendance on Sunday, 75% on Saturday and 60% actual on Friday”. Additionally, WACC mentions that there would be “17,000 non-paying ‘spectators/viewers’ watching the venue from high rise buildings immediately north of Seaside Way”. • WACC commented that Long Beach is not a new venue for Formula One as Long Beach was a host in the past. As such, no adjustments have been

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
				<p>made to attendance assumptions relative to other Formula 1 events.</p> <p>No information was provided regarding, how the number of non-paying resident spectators was determined.</p> <p>No additional information was provided on any benchmarking exercise on ticket pricing and how these were determined.</p>
		<p>Analysis of sponsorship and viewership revenues and supporting documentation;</p>	<p>High level information provided:</p> <ul style="list-style-type: none"> • An estimated economic benefit of \$190M from remote viewership, based on a previous estimated impact in 2012 in Austin, TX; • Basis of assumptions and how these might be different for Long Beach is not provided. 	<p>Clarification Questions requested information regarding the monetization of media exposure for the City of Long Beach and comparability to Austin.</p> <p>WACC responses mentioned that media exposure would likely be much higher than Austin:</p> <ul style="list-style-type: none"> • Southern California is widely considered the largest media market after New York • Combined population of LA metro region is above 13 million, compared to 2 million in Austin. The novelty of the event would create “enormous media exposure for Long Beach” • Long Beach is considered “one of the most beautiful venues” and one of the “most competitive events” from a technical driving and race strategy perspective • Marketing value of the Formula 1 event would be similar to 1984 Olympic Games

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
				<ul style="list-style-type: none"> • While Formula 1 viewership has declined slightly, 2016 Forbes article stated that US Grand Prix event gained 16.5 million more viewers compared to 79.6 average gain for all other F1 races • While television viewership has declined, online streaming has increased significantly • Television viewership distribution is the responsibility of FOM, however WACC will on “a best efforts basis request that FOM insist on a pre-event promotional package with the domestic US carrier” <p>Clarification Questions requested information regarding support for revenues related to sponsorships / official products.</p> <ul style="list-style-type: none"> • WACC response clarifies the difference between Official Product revenues – confined to “products used and promoted at the venue itself” compared to Sponsorship Revenues, which belong to FOM Limited, the results of products advertised by FOM worldwide as part of the Formula One World Championships • Pricing has been based “upon values obtained ‘unofficially’ from other venues”. Other revenues such as Concessions, hospitality and

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
				<p>souvenirs are based upon typical event expenditures.</p> <ul style="list-style-type: none"> City will not participate in the Promoters event revenues rather an Administrative Fee plus City's expenses will be paid by the Event Promoter WACC notes that greater the expenditures made by visitors to the City, the greater the tax revenues to the City. <p>No additional information was provided on any benchmarking exercise on ticket pricing and how these were determined.</p>
		Assessment of economic impacts of new or additional planned events;	<p>Qualitative discussion provided.</p> <ul style="list-style-type: none"> The WACC proposal indicates that non-racing events are planned in concert with the City of Long Beach (included in race period and race related activities); Responses to clarification provides some additional activities, these include: <ul style="list-style-type: none"> An after-market automotive parts and accessories trade show; some 300-500 hotel rooms are estimated to be occupied by exhibitors for the 8 day period; An automotive sports marketing and technology forum; some 500 to 700 hotel rooms will be occupied for an additional 2-3 nights; Estimates of additional revenue for the City through holding International 	<p>Clarification Questions requested information regarding a proposed auction of vintage race cars during Formula One race week.</p> <ul style="list-style-type: none"> WACC Proposal mentioned potential sales of \$100 Million, this was revised to \$30 Million in the Responses to Clarification. WACC mentions that recent auctions such Amelia Island (March 2017) total sales were \$30.5 million and at Pebble Beach (August 2016) sales were \$129.8 million. <p>No documentation or additional information was provided on anticipated inventory for auction or the sources for similar vintage race car auctions.</p> <p>Clarification Questions requested further information regarding the inclusion of</p>

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
			<p>Racecar Auction generating sales of \$100 million with taxes to the City estimated \$900K. Basis for estimates and assumptions are not provided;</p> <ul style="list-style-type: none"> Beyond hotel room occupancy, economic impacts of the marketing forum, trade show and race car auction are not provided. Economic impacts of various events such as the Golf Tournament and other Charity events are not provided. WACC Proposal includes a proposal to include to Rainbow Harbor and Shoreline Marina to be included as part of the proposed new agreement. Such inclusion would provide “substantial increase of fees to the City”, a “substantial increase in business” and “substantial increase in sales tax”. However, specific details are provided. 	<p>Rainbow Harbor / Shoreline Marina in agreement and potential revenues to the City.</p> <p>WACC responses indicate that:</p> <ul style="list-style-type: none"> The “economics of Rainbow Harbor a part of the overall Grand Prix has not been undertaken”; Once the “cost of renting the Harbor from the City has been established, retail pricing would be completed. Rainbow Harbor would create another “Energy Center” similar to the race in Monte Carlo. Aquarium of the Pacific would be turned to a Corporate Hospitality Center over the weekend, “thus replacing lost weekend attendee revenues and creating yet another unique ‘Energy Center’”. The City would not incur any expenses for these and identified expenses would be reimbursed. <p>WACC responses indicate that a number of non-race events would be organized including:</p> <ul style="list-style-type: none"> 5k running race on the circuit during down time <p>Similar bicycle riding event by an experience bicycle promoter</p>
		Economic impact estimates of expenditures related to the event: such as construction / renovation of track, event personnel and	Some high level information and discussion is provided on the cost of upgrading the condition of the race track.	N/A

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		related expenditures, support services expenditures such as police, fire department, sanitation;	High level estimates of employment both full time and part time are provided in the 2013 study. Basis for assumptions are not provided.	
		Analysis and documentation of sensitivity to assumptions;	No information/analysis is provided.	N/A
		Plans to boost attendance at the Event and anticipated increases in attendance through the implementation of these plans.	The marketing plan provides some general discussion of efforts to boost attendance. No estimates are provided for the likely impact of these efforts on boosting attendance and revenues to the City. Media promotion of the event at the local, regional, national and international levels is discussed in the marketing plan.	N/A
5.1.7	Extent that negative impacts to business / residents are minimized	Detailed assessment of negative impacts to businesses and residents. Planned expenses and approaches to minimize those impacts	A high level qualitative discussion was provided. WACC states that it will work with the City and local businesses in order to minimize any negative impact due to the event. However specific quantification of costs is not provided and in some cases the party responsible for bearing the costs is not identified.	Clarification Questions requested further information regarding quantitative estimates of costs to the City and local businesses. WACC responses indicate that: <ul style="list-style-type: none"> • Current public sector costs were provided as part of the RFP process. WACC has based its expenses taking into consideration “certain efficiencies that can be achieved by better forward planning and the reduction of construction and tear down times of the Safety system” • WACC will “institute a considerably more efficient and communicative system of messaging to the local

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
				<p>business and residential community”. “Accurate and efficient communication will result in a reduction of impacts to local residents and businesses”</p> <p>However, no specific details are provided aside from mentioning a traffic and pedestrian management study will be conducted.</p>
		Analysis of clean-up efforts, and anticipated expenditures related to clean up costs;	<p>High level qualitative discussion provided:</p> <ul style="list-style-type: none"> • The WACC provides a set-up and tear down schedule (45 days prior to event and 15 days post event); • Any additional costs to the City such as removal of tire marks or other costs are not documented. 	N/A
		Evaluation of expenditures needed to minimize impacts to businesses and residents from noise, traffic closures and allowing for alternate transportation options;	<p>High level qualitative information is provided.</p> <ul style="list-style-type: none"> • The WACC recommends a complete overview planning exercise in advance of the event; • A community liaison officer will be appointed to manage relationships with businesses; • 9 months in advance of the event, WACC proposes to identify all businesses and residents that are within or adjacent to the circuit. Specific mitigation plans will be developed on a 	N/A

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
			<p>case by case basis including signage, alternate ingress and exit routes and notification systems;</p> <ul style="list-style-type: none"> Likely range of costs to the City and disruptions to the City are not quantified. 	
		<p>Traffic demand management plans and anticipated closures to roadways and other impacts leading up to and during the event;</p>	<p>High level qualitative discussion provided.</p> <ul style="list-style-type: none"> The WACC states that it will work with local businesses to minimize the negative impact of the event; A Community Liaison Officer will be appointed to meet with businesses and residences in advance of the event; Proposal indicates that “a complete reassessment of Pedestrian and Traffic Management be conducted”; WACC considers these costs as a “shared” responsibility between the parties. WACC proposal states that a Pedestrian and Traffic Management study needs to be conducted; It is not clear, to what extent the City will be reimbursed for the additional costs that would likely accrue to the City for managing the greater volume of spectators. 	
		<p>Documentation of plans to minimize of costs to the City;</p>	<p>Qualitative discussion is provided.</p>	<p>Additional qualitative discussion is provided.</p>

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
			<ul style="list-style-type: none"> WACC states that the first weekend of activities will be suspended and replaced with other events; No safety equipment and grandstands will be installed in certain areas (south side of Shoreline Drive between Pine Avenue and Aquarium Way and similarly on the Southside of Aquarium way between Shoreline Drive and Queensway Bridge); Corporate entertainment program will be organized for the Aquarium of the Pacific in order to replace lost revenues. 	<ul style="list-style-type: none"> WACC reiterates that all out of pocket expenses will be reimbursed; WACC notes that the number of City Employees involved in the event were considerably less than now although attendees were larger. WACC indicates that “[it] will work closely with the City to ensure efficient ingress and egress of spectators as well as the provision of other City Services” <p>No additional detail or specific information is provided on how WACC will minimize costs to the City.</p>
		Analysis of anticipated costs of restoration of City property and other residual costs;	No quantitative information is provided beyond general plans discussed above.	No additional detail or information is provided.
		Analysis of sensitivity to assumptions.	No analysis provided.	No additional detail or information is provided.
5.1.8	Innovative marketing plan / planned activities	<p>Develop a marketing plan and other planned activities that reflect innovation and relevancy in an evolving sports entertainment market.</p> <p>Marketing Plan could include the following elements:</p> <ol style="list-style-type: none"> Strategic Objectives for the event; At a minimum the marketing plan should include a high-level description of innovative strategy for: <ul style="list-style-type: none"> h) Advertising; i) Media/Event Coverage; 	<p>Provided high level strategy for:</p> <ul style="list-style-type: none"> Geographical approach to marketing (local, regional, national, international); Media Promotional Protocols – Identified the need for strong relationships with automotive sports media, regular contact with Formula One North America media, need for media contact protocol (details of this protocol not provided); General Promotion Protocols including newsletters, email, press releases and social media, event personality 	<p>Provided clarification to supporting information for spectator attendance, ticket sales assumptions, out of area visitors, media exposure monetized.</p> <p>WACC provided description of responsibilities for television viewership distribution.</p> <p>Provided further information on non-race events such as a pro-am 5km running race, cycling events, in addition to charity events.</p>

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		<ul style="list-style-type: none"> j) PR Plan; k) Media Action Plan; l) Sponsorship Involvement; m) Non-racing events / charity; n) Promotions. 	<p>availability, interviews, promotions at other race events nationally and in Montreal and Mexico City;</p> <ul style="list-style-type: none"> • Sponsorships – Discussed Formula One’s sponsors and outlined WACC’s intention to sell official product categories to companies such as AT&T, Mercedes Benz, and Coca Cola. <p>In its clarification response received June 6th, 2017, WACC outlined three proposed events (which it has been approached about by third party entities) including:</p> <ul style="list-style-type: none"> • An after-market automotive parts and accessories trade show sponsored by SEMA; • Automotive Sports Marketing and Technology Forum in association with Sports Business Journal and CSU School of Business; • Annual auction for vintage racing cars. 	
5.1.9	Support from sanctioning body (Formula One/Indycar)	<p>It is important that all sanctioning bodies be properly engaged; in the case of INDYCAR, this can be sanctioned by the series organizer, which is INDYCAR, though Best Practice principles should apply and an internationally accepted definition of track safety is provided by the FIA, for which INDYCAR would require an FIA Grade 2 license.</p> <p>For Formula One, the FIA needs to be fully engaged, both in terms of homologation of</p>	<p>A clear acknowledgement that the FIA’s standards should be met in the WACC proposal suggests intent to accommodate FIA standards.</p> <p>Proposer’s connections with both ACCUS (USA FIA representative member) and the FIA key management personnel will expedite the commencement of a technical relationship, but no evidence of a technical relationship with the FIA is shown in the proposal.</p>	<p>WACC submitted a copy of a 2013 letter from then CEO of Formula One Management Ltd., Bernie Ecclestone stating Formula One’s interest in returning to Long Beach.</p> <p>WACC has stated that in the interim, communications with Liberty Media have taken place with respect to its proposal. The level of formal support from Liberty Media is currently unclear.</p>

Criteria	Evaluation Criteria	Expected Information Could Include	Information Provided in Proposal and Round 1 Clarification Responses	Information Provided in Round 2 Clarification Responses
		<p>the circuit as well as provision of key officials and control of an event.</p> <p>In both cases, INDYCAR and Formula One, there is a need to demonstrate to the regulatory bodies:</p> <ul style="list-style-type: none"> • Continuous dialogue to approve the circuit on an annual basis, enhancing safety in line with guidelines, regulations and best practice; • Continuous dialogue with the regulatory bodies on matters relating to race control operations, time keeping, marshals, training for personnel, preparation for events and provision of equipment and vehicles for medical, intervention, recovery and repair; • Evidence of acceptance by the regulatory bodies that the circuit design and preparations for the event meet the regulatory body’s approval. 		<p>WACC indicated that Liberty Media is waiting to see if the City is would be prepared to wait till 2020 for a possible Formula One event.</p>

6.5 Additional Information Notes – As provided by Proposers

Grand Prix Association of Long Beach

Transportation

The Grand Prix Association works with various City entities to bring people to the event using alternative transportation means. These alternate methods are promoted in the media as well as on the official race website and Fan Guide, which is distributed to all ticket buyers. They include an expanded program in conjunction with AquaLink and AquaBus where fans can ride the service directly to the event from Alamitos Bay and the Queen Mary, decreasing the traffic impact downtown. In 2016, the service logged 4,022 rides to and from the event during race weekend.

Community

The Grand Prix has a number of programs in place to provide discounted and free tickets to appropriate groups and individuals within the City. Among those:

- 900 tickets are distributed by Long Beach Boys & Girls Club
- 100 tickets are distributed by Long Beach Area Boy Scouts of America
- Through this program, more than 11,000 tickets have been distributed to youths over the past 11 years
- Annually, the Grand Prix schedules local school visits on Wednesday and Thursday of race week which provide Long Beach students the opportunity to talk to and hear from professional race drivers and to see and touch a race car.
- Every year, the Grand Prix schedules Friday school tours which include complimentary Friday tickets for students and a brief tour of the facility.

GPALB works with the local community to provide a discount ticket program to offer an affordable ticket opportunity to increase the number of attendees over race week to local companies, colleges, residential groups and other entities.

In addition, the Grand Prix Association provides several items on an annual basis to the Grand Prix Foundation for use in its charitable endeavors.

Every year, Grand Prix sponsor King Taco puts together a free Sunday grandstand ticket program, partnering with two local organizations to provide 1,000 underprivileged kids the opportunity to come to the Grand Prix on Sunday of race weekend.

Social Media

The Grand Prix is committed to growing its official social media channels, which continue to show increases year by year.

- Facebook: In 2016, the Grand Prix's Facebook page was up 11% in organic followers over 2015, 146% in engaged users and 204% in organic reach. In 2015, gains were similar: up 16% in followers, 60% in engaged users and 174% in reach over 2014.
- Twitter: In 2016, the Grand Prix Twitter channel was up 66% in followers over 2015 with an organic (unpaid) reach of more than 525,000. In 2015, the channel was up 11% in followers and had a reach of over 300,000. For the past three years, the Grand Prix Twitter hashtag "#TGPLB" has trended nationally on Saturday and Sunday of race weekend.
- Instagram: Likewise, the Grand Prix's Instagram channel has posted big gains in followers over the past couple of years. In 2016, it was up 127% in followers over 2015 and in 2015, it was up 54% in followers over 2014.
- Overall social media coverage in 2016 included a total of 4,055,970 organic (unpaid) impressions on the three GPALB channels that track impressions (Facebook, Twitter, Instagram).

Events

- There are a number of events, FREE to the public, staged by the Grand Prix Association in conjunction with the City and other groups, in and around the Grand Prix race circuit.
- The Green-Power Prix-View as well as the Fiesta Friday and Saturday night concerts are already integrated into the weekend schedule and do not require a separate ticket for attendance.
- The Grand Prix Pageant is held on Wednesday night of race week at the Maya Hotel and attracts around 500 guests to the event.

Improvements

- Upgrade the food product and service to meet the expectations of our spectators. Creating a Food Truck Experience representing a wide variety of choices available on site during the weekend.
- Concerted effort made to establish a location within the circuit where people could congregate and enjoy the atmosphere in a communal setting. In 2017, we created such an area located inside the largest of our entry points and called it "Welcome Plaza." (Further details in proposal).
- For 2018, looking at adding a Virtual Reality component to the Lifestyle Expo similar to what is currently incorporated in the Dew Tour.

Other points

- The Grand Prix Association also provides labor and equipment to a number of local events in Long Beach FREE of charge to the City and associated organizers.
- The GPALB contracts with All American Asphalt to do road repairs or modifications to the street surface as needed, thereby negating the need for the City to schedule these services.

- Over the years, the GPALB has worked with the City and downtown stakeholders to revise the track installation and removal schedule to reflect specific concerns of the stakeholders (details provided in proposal).
- Shoreline Village is provided a booth space in the Grand Prix Lifestyle Expo for marketing purposes, free of charge.
- Five LED sign boards are provided to businesses with a message that businesses are open during racetrack construction.
- The official Toyota Grand Prix of Long Beach Fan Guide, with a distribution of 75,000 race attendees, and the Grand Prix website contain information on local hotels, restaurants and other businesses in Long Beach.
- The official Grand Prix Souvenir Program annually contains a story on “things to do” in Long Beach, intended for race attendees looking for other activities during their visit.
- Aquarium of the Pacific: In 2016, for the first time, the Aquarium was fenced outside of the race circuit and open to the general public for race weekend. The Aquarium reported attendance of 4,374 on Saturday and 4,393 on Sunday. The GPALB provided Long Beach Transit shuttles to bring patrons to the Aquarium from the designated parking area.
- In 2016, the GPALB convinced Toyota to place its free Ferris Wheel in the Shoreline Village parking lot to enhance foot traffic for its merchants. By all accounts from Toyota and Shoreline Village, the effort was deemed a success and will be repeated in 2017.
- The GPALB works with Famous Dave’s, which engages in a promotional marketing effort that includes a kids’ zone and car show outside the restaurant in Pine Ave. circle.
- In 2017 and future years, the GPALB anticipates the relocation of its annual free-to-the-public “Thunder Thursday” event to the area on Shoreline Drive, west of Pine Ave., with a car show in the Pike Outlets plaza north of Shoreline Drive.
- GPALB will engage with impacted businesses and residents in an effort to accommodate special needs and/ or request – details provided in proposal.
- GPALB has made a family-friendly atmosphere including free weekend admission for children 12 and under, an attractive Kid’s Zone and interactive games at the event. Further details in proposal.
- Additional documentation supporting the statement that 5,529 media placements were made at a publicity value of \$56.6 million can be seen in Exhibits 2, 3 and 4 provided by Meltwater, which the GPALB uses to monitor media coverage.
- Relocation Program - When the Grand Prix race circuit included Ocean Blvd., seven apartment buildings were offered out-of-town day excursions on Saturday and Sunday of Grand Prix weekend. When the race circuit was reconfigured and Ocean Blvd. was no longer impacted the Grand Prix offered to grandfather these buildings and keep the day-excursion plan in place despite the fact that occupants had changed over time. Residents occupying buildings constructed after the start of the Grand Prix in 1975 were not eligible for this program.

World Automobile Championship of California

- With the award of the right to stage a FIA Formula One World Championship event in the City of Long Beach, WACC would confirm that it will comply with Business License, Construction Permit, Special Event Authorizations etc. that are part of the City of Long Beach’s protocols for the operation of such an event pursuant to the requirements of Clause 9.4 of RFP No.CM17-011.
- The exact schedule for a Formula One World Championship weekend is determined jointly by the FIA and FOM Ltd. Event operators must submit to FIA/FOM full details of events scheduled at the facility two weeks prior to a FIA World Championship weekend.
- ACC has also noted that currently on the first of the two weekends an “automotive” style event takes place thus necessitating 75% of the circuit to be used, which in turn creates an added impact on numerous Residences and Businesses either within or immediately adjacent to the Circuit, over and above the impact created by the 3-1/2 day Grand Prix Race Event.
- It should be noted that FIA/FOM would not permit an IndyCar event to be held on the same circuit in the same time frame – i.e. 10 days.
- It is possible that a FIA World Endurance Championship event might be permitted, however the question would be, “can the market place support two high cost events over a 10-day period?” – probably not, furthermore, if such an event was held on the first weekend, it would necessitate the closing of the circuit on a Thursday before the first weekend thus creating an even greater and longer impact on the Residences and Businesses within or adjacent to the Circuit.
- Celebrity Charity Golf Tournament, 747 Freighters arrive at Long Beach Airport bringing The Formula One “Circus to Town” – Mid/Late Morning, Vintage Automobiles and Wine Tasting for Charity – Early Evening, Black Tie Formula One Personalities Dinner for Charity – Evening, Induction Ceremonies – Walk of Fame – Formula One Personalities/World Champions – Further information in proposal.
- Family friendly entertainment
 - full schedule of supporting races would be scheduled, including in all probability, a round of The Porsche Cup, The Ferrari Challenge and either the Formula 2000 series or Formula Mazda Series. The later two series are critical inasmuch as they will showcase the young drivers of ‘tomorrow’ who could potentially aspire to be Formula One pilots of the future.
 - In addition to the ‘on-circuit’ activities, the Exhibit Hall of the Long Beach Convention and Entertainment Center will be used to present a Motorsports Lifestyle Exposition admission to which will free to all attendees.
 - Formula One events traditionally have a “Pit Walk” for spectators whereby Drivers make themselves available to autographs etc.
 - Grandstands will be ‘Smoke Free’ and certain areas in certain Grandstands will be designated as “Alcohol Free”.
 - Every effort will be made to re-establish the Celebrity Race.
- As previously stated, the pit facility building could be permanent or temporary or a combination of both; if permanent or partially permanent, it could be used for other major events that take place on Shoreline Drive, including but not limited to the Long Beach Marathon where the use of the facility could produce an additional \$250,000.00 in Corporate Hospitality in addition to providing a more ‘structured’ Race Organization and Management Center. Other users could include the annual Fred Hall Fishing and Hunting Show and “Festival” type events that currently take place in Rainbow Lagoon.

- In order to ensure that the entire venue, is restored to its original condition, and or better, immediately prior to the event, a complete circuit inspection will be undertaken by City and WACC representatives; any deficiencies/damage will be noted. If such deficiencies/damage are material to the operation of the event, then WACC will request the City to remedy them, or alternatively WACC will remedy them and pass the cost through to the City pursuant to the existing agreement between the City and GPALB.
- Immediately following the completion on of the tear-down of the event, a similar inspection will occur; any damages or deficiencies found following the event will be the responsibility of WACC to repair to the satisfaction on of the City, or alternatively, the City will repair and pass through the cost to WACC whose responsibility it will be to pay those costs.
- WACC will annually submit to the City a detailed, but flexible set-up and tear- down schedule which will seek to minimize the impact and inconvenience on both local businesses and residences within or immediately adjacent to the race circuit.
- WACC warrants that it will work with the City to consistently endeavor to improve construction and tear down schedules wherever possible, providing such improved schedules comply with the safety regulations of the FIA and WACC's insurance carriers.
- At a minimum, WACC would propose the following overall construction me frame: with the exception of certain Grandstands and Pedestrian Bridges on the South side of Shoreline Drive, East of Shoreline Village, WACC will limited the overall construction and tear down period to 60 days – 45 days prior to the event and 15 days following the event.
- Necessary FIA required communications and signaling systems will be installed.
- WACC has engaged in discussions with local business operators annually impacted by the operation of the Grand Prix. (Details included in proposal).
- First weekend of activities should be suspended and replaced with other events.
- Specific hospitality centers would be organized with food and beverage businesses currently in the area adjacent to Rainbow Harbor.
- A specific corporate entertainment program would be organized for the Aquarium of the Pacific.
- A positive working relationship between WACC and the businesses that are adjacent to the Race Circuit, a Community Relations position would be created for the express purpose of establishing and maintaining direct relationships with those businesses.
- Proposed circuit laid out and inspected by FIA in 2013 and 2014.
- WACC will rent a storage yard for the Safety Equipment, equipment sensitive to weather will be stored in special containers.

Disclaimer:

This document is confidential and does not carry any right of publication or disclosure to any other party. Neither this presentation nor any of its contents may be used for any other purpose without the prior written consent of KPMG Corporate Finance LLC.

The information in this presentation reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change and such changes may be material. In preparing this presentation, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was provided to us by or on behalf of The City of Long Beach.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

While the information presented and views expressed in this presentation and the oral briefing have been prepared in good faith, KPMG Corporate Finance LLC accepts no responsibility or liability to any party in connection with such information or views.

