

CITY OF LONG BEACH

C-7

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT
333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

April 18, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute an Agreement with KPMG Corporate Finance, LLC, to assist the City in the evaluation and selection process for the operator of the Grand Prix of Long Beach, in an amount not to exceed \$150,000 over a one-year term. (District 2)

DISCUSSION

In 2015, the City released a Request for Proposals (RFP) for assistance in the preparation, evaluation, and selection of an operator for the Grand Prix of Long Beach. Three proposals were received, and Mr. Lance Schaefer was selected to assist the City with the preparation of the Grand Prix RFP for the marketing, operation, and associated event planning for the Grand Prix of Long Beach at a cost of \$50,000.

The Grand Prix RFP, which provided an opportunity for all open-wheeled race formats, was issued on October 5, 2016, and closed on November 18, 2016. The City received two responses, one from the Grand Prix Association of Long Beach, currently affiliated with Indy Car, and the other from World Automobile Championship of California, LLC, proposing a Formula 1 affiliation.

For the selection process, the City will need assistance in analyzing the 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. Mr. Schaefer's experience with multiple race formats, and specific knowledge of the Grand Prix of Long Beach, were critical in preparing the Grand Prix RFP. Given the magnitude of the event and the services that will be required from the contractor, it is recommended that the City engage a consultant with more extensive resources for the evaluation and selection phase of the process.

One of the other firms that responded to assist in the preparation of the Grand Prix RFP was KPMG Corporate Finance, LLC (KPMG). KPMG has extensive depth in their team, which includes Apex Circuit Design, to assist the City in the evaluation and selection phase of the process. As KPMG was one of the firms that originally responded to assist with the RFP process for the Grand Prix of Long Beach, the Purchasing Division has approved the utilization of KPMG on the next phases of this project. KPMG will perform the scope of services as described in Exhibit A, at a cost not to exceed \$150,000.

City staff would like to proceed with an Agreement with KPMG under the following general terms and provisions:

- Term: The agreement shall commence upon City Council approval and shall terminate one year from execution.
- Contract Amount: The agreement shall be for an amount not to exceed \$150,000.
- Scope of Work: Review of technical qualifications, references, referenced engagements; assessment of technical proposal for reasonableness and achievability; comment and review on proposal economic data and sensitivity analyses; assessment of financial capability of proposer teams; review of financial plan and financial data in proposals provided; assessment of commercial viability; and, review of risks allocated between parties.
- Termination: Either the City or KPMG may terminate the agreement at any time during the Term by providing the other party with 30-days prior written notification.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on April 4, 2017 and by Budget Analysis Officer Julissa Josè-Murray on April 3, 2017.

TIMING CONSIDERATIONS

City Council action is requested on April 18, 2017, to allow for timely conclusion of the operator by the end of the third quarter of 2017.

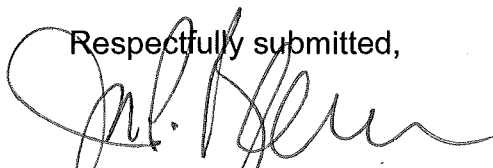
FISCAL IMPACT

Sufficient appropriation exists in the Special Advertising and Promotions Fund (SR 133) in the City Manager Department (CM) for this project.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC
AND PROPERTY DEVELOPMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER