



CITY OF LONG BEACH

R-35

DEPARTMENT OF ECONOMIC DEVELOPMENT

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December 5, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager or designee to execute any and all documents necessary for an Amended and Restated Agreement with the Grand Prix Association of Long Beach, LLC, a Delaware limited liability company. (District 2)

DISCUSSION

On August 8, 2017, after an extensive Request for Proposals (RFP) process, the City Council authorized the City Manager to enter into an Exclusive Negotiating Agreement (Agreement) with Grand Prix Association of Long Beach, LLC (Association), to negotiate terms of an agreement for the promotion and operation of an Indy Car Grand Prix Race and associated events (Grand Prix).

The Grand Prix has been an important marquee event in the City for decades, and the Association has been a responsive and flexible operator of this highly successful event. The Grand Prix is a large scale regional event drawing more than 200,000 visitors to Long Beach, annually. The event provides significant national exposure for the City, and generates significant economic benefit to the City.

Economic Development staff has worked closely with the affected City departments, including Police, Fire, Public Works and the Office of Special Events and Filming on the terms of the Agreement. While some of the provisions of the existing Agreement will remain unchanged, the proposed Amended and Restated Agreement will include the following significant modifications to the terms and conditions:

- As directed by the City Council on August 8, the Amended term shall be extended through June 30, 2023, and include one five-year option through June 30, 2028, approved at the sole discretion of the City.
- The overall construction and installation schedule has been reduced by one week from 60 to 53 days. Additionally, the Association has agreed to expressly compress the time schedule in proximity to the Aquarium and adjacent restaurant pads. Previously, the only restriction to installation and setup in this area was that no work could occur earlier than 60 days prior to the race. The amended terms shall now state that K-rail and related safety systems shall be placed in

front of the Aquarium of the Pacific (along the north and south side of Aquarium Way) no earlier than the second Sunday prior to the Race Period; the fencing around the perimeter of the Aquarium of the Pacific shall be installed no earlier than the Monday prior to the Race Period; grandstand no. 40 (on the portion of the parking lot in front of the restaurant pad at 90 Aquarium Way) shall be constructed no earlier than the second Monday prior to the Race Period; grandstand no. 36 (on the portion of the parking lot in front of the restaurant pad at 340 S. Pine) shall be constructed no earlier than the second Wednesday prior to the Race Period; all grandstands in the valet parking lot south of Shoreline and all K-rail and related safety systems on the south side of Shoreline and Aquarium Way between Pine Avenue and the beginning of the Aquarium of the Pacific circle shall be removed no later than 11:00 am on the Tuesday immediately following the Race Period; and all remaining K-rail and related safety systems on the south side of Aquarium Way shall be removed no later than 6:00 pm on the Wednesday immediately following the Race Period.

- Association shall be responsible for reasonable cost of repair for damage to City-owned, operated, leased or controlled property, including landscaping. This shall include the annual removal of tire marks resulting from the Race in key turns along the race circuit.
- Association shall provide a Permit Fee in the amount of \$91,757 and Administrative Cost Reimbursement Fee in the amount of \$47,524 adjusted annually by CPI.
- Association shall reimburse the City for Extraordinary Expenses, including cost of incremental City services required for the operation of the race and associated events, cost of materials, supplies, or equipment required to provide incremental services, and lost parking revenue directly related to the staging or operation of the race and associated events. The City shall determine the total Extraordinary Expenses required for the 2018 race and associated events. This expense calculation will then be adjusted annually by CPI.
- Association shall develop and submit for approval a Community Access Program for outreach to disadvantaged youth.
- Association shall provide an Economic Impact Study to the City for its review, comment and approval. Study shall be updated upon request from City, though no earlier than every three years.

The provisions noted above provide that the Association will reimburse the City for the cost of conducting the race and associated events, including costs for administration, police, fire, refuse, traffic, sweeping, sewer, inspections and other requisite City service.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 9, 2017 and by Budget Analysis Officer Julissa José-Murray on November 13, 2017.

TIMING CONSIDERATIONS

City Council action is requested on December 5, 2017, to allow adequate time for race and associated events preparations.

FISCAL IMPACT

It is expected that under the provisions outlined above, the Association will pay to the City the cost of incremental City services necessary for conducting this event. Therefore, there is no fiscal impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER