



Monterey County

Item No.

Board Report

Board of Supervisors Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: A 22-443

August 23, 2022

Introduced: 8/8/2022

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

Approve and authorize the Monterey County Laguna Seca Representative (MCLSR) to execute an Event Agreement (Agreement) between Porsche Cars North America, Inc. (Porsche) and the County of Monterey (County) for a motorsports event at WeatherTech® Raceway at Laguna Seca (WRLS) with event dates beginning September 28 through October 1, 2023.

RECOMMENDATION:

It is recommended that the Board of Supervisors approve and authorize the Monterey County Laguna Seca Representative (MCLSR) to execute an Event Agreement (Agreement) between Porsche Cars North America, Inc. (Porsche) and the County of Monterey (County) for a motorsports event at WeatherTech® Raceway at Laguna Seca (WRLS) with event dates beginning September 28 through October 1, 2023.

SUMMARY/DISCUSSION:

The proposed Agreement with Porsche is to hold the Porsche Rennsport Reunion VII (Event) at WRLS. The Event will be Rennsport Reunion's 75th anniversary and will be held from Thursday, September 28, through Sunday, October 1, 2023. The Rennsport Reunion was previously held at Laguna Seca in 2011, 2015, and 2018. The County was awarded this Event through a competitive process among four other North American racetracks.

The proposed Event is classified as a "Major Event," with attendance estimated at 80,000 over the four-day period. The Event is considered a worldwide celebration showcasing the rarest of Porsche's vintage automobiles, race cars, and modern-day models. The Event will host a Heritage Tent, noncompetitive "racing" and exhibition demonstrations on the track as well as an estimated fifty (50) legendary race car drivers and Porsche's Board of Directors from Germany. The Event will be planned and managed by A&D Narigi Consulting, LLC (A&D), the County's manager of WRLS, in cooperation with Porsche's Event team.

The proposed Agreement structures the Event as a shared-revenue venture. The County will retain 100 percent (100%) of the vehicle registration fees and the first \$100,000 of ticket sales, with the balance of general admission and preferred parking shared fifty-fifty (50/50). Hospitality and sponsorship revenue will be retained by the County, with other shared revenue sources weighted in favor of the County. The majority of the expenses will be fronted by the County with reimbursements made through Event revenue. The County shall pay Porsche their share of revenue in two payments: (1) the first is due thirty (30) days prior to the Event, and (2) the final balance is due within sixty (60) days after the completion of the Event. The Agreement contains nonstandard insurance provisions that have been approved by Risk Management.

Based on proforma information provided by A&D, a significant economic benefit will be realized throughout the County, with the four- (4-) day Event contributing an estimated \$38 million in *direct spend* (expenditures for goods/materials/services) and \$3.4 million in local and state tax generation. Total anticipated gross revenue to the County is \$5.1 million with an estimated net revenue of \$1.3 million. With the award of this prestigious Event, WRLS and the County, once again, will be spotlighted as a world-renowned racetrack and destination.

A new Start/Finish Bridge (Bridge) is an important component of the Agreement. County obligations under the Agreement, require replacement of the Bridge as well as completion of necessary resurfacing work on the track. Should the new Bridge not be completed in time for the Event, contingent requirements (e.g., transportation and space for hospitality) would take effect, and the costs and implementation would be borne by the County.

Staff requests the Board of Supervisors approve the proposed Agreement with Porsche to hold the 2023 Porsche Rennsport Reunion VII Event at WRLS and authorize the MCLSR to execute the Agreement.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel, Auditor-Controller's Office, and Risk Management reviewed and approved the proposed Agreement as to form, fiscal provisions, and nonstandard insurance and liability provisions, respectively. The proposed major event will be carefully managed and coordinated with area agencies to ensure public safety and reduce potential impacts to local residents to the greatest extent feasible.

FINANCING:

This Agreement structures the Event as a shared-revenue venture with anticipated revenue generated through general ticket sales, preferred parking, merchandise, and sponsorship sales. Hospitality, vendor, exhibitor, and sponsorship revenue will be retained by the County. The majority of expenses are the responsibility of the County, with reimbursement coming from anticipated revenue shared with Rennsport. Projected revenues and expenses related to this event will be included in the Fiscal Year 2023-24 Requested Budget.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommended action supports the Board of Supervisors Strategic Initiatives for Economic Development and Infrastructure. Revenue-generating events help sustain County Parks' operations and infrastructure. The proposed Event is anticipated to generate significant income for local businesses and the County through direct spend, indirect expenditures, and tax generation.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Reviewed by: Bryan Flores, Chief of Parks

Approved by: Randell Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities, & Parks

DocuSigned by:
Randell Ishii
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Attachment:

Attachment A-Proposed Event Agreement-Porsche

(Attachment is on file with the Clerk of the Board)