Monterey County Board of

Supervisors Response to the

2015-2016 Monterey County Civil Grand Jury Final Report

REVISED

MONTEREY COUNTY PARKS AND SCRAMP: UNCERTAINTIES AND INSTABILITIES

July 19, 2016

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RESPONSE TO: Findings F-1, F-2, F-3, F-4, F-5, and F-6

Finding F-1: SCRAMP has not been a financially fit concessionaire to the County since 2008.

Response F-1: *The Board of Supervisors agrees with this finding.*

Finding F-2: The County did not confront SCRAMP with a direct communication that SCRAMP's late payments and business practices jeopardized its contractual agreement with the County until March 2014.

Response F-2: *The Board of Supervisors agrees with this finding. Prior to March 2014 there were numerous informal communications by the County to SCRAMP's executive and finance staff raising concerns about late payments and other business practices of SCRAMP. In March 2014, the County formalized its communications with SCRAMP regarding these matters.*

Finding F-3: SCRAMP's 2011 and 2014 draft proposals have not adequately addressed the realities of a "boutique" racing venue with significant traffic and sound restrictions in an environmentally sensitive location.

Response F-3: *The Board of Supervisors disagrees partially with this finding. The County's had concerns regarding SCRAMP's financial ability to implement its 2014 proposal based upon SCRAMP's financial performance problems which began in 2008.*

Finding F-4: The County has delayed acting on SCRAMP's proposals without clearly communicating in writing how and why these proposals were inadequate i.e.; because 1) SCRAMP did not explain how environmental impacts, such as noise and traffic, would be mitigated and 2) SCRAMP failed to demonstrate that it possessed the necessary financial capabilities to operate the racetrack.

Response F-4: *The Board of Supervisors disagrees partially with this finding. The County's concerns regarding SCRAMP's proposals have been primarily centered on concerns related to SCRAMP's financial performance since 2008.*

Finding F-5: SCRAMP's 'philanthropic' contribution to local civic groups might be better described as "assisting civic fund raising on County land." Civic groups and their volunteers are paid for providing services during a racing event, like parking cars or serving ice cream.

Response F-5: *The Board of Supervisors agrees with this finding.*

Finding F-6: It is essential that SCRAMP or its successor at Laguna Seca demonstrate organizational adaptability.

Response F-6: *The Board of Supervisors agrees with this finding.*

REPORT TITLE:	Monterey County Parks and SCRAMP Uncertainties and Instabilities
RESPONSE BY:	Monterey County Board of Supervisors
RESPONSE TO:	Recommendations R-1, R-2, R-3, R-4, R-5, R-6, and R-7

Recommendation R-1: The County of Monterey should assign sufficient staff with both managerial and financial expertise to oversee the agreement and fiscal operations of the Laguna Seca Recreational Area. This position should have enough standing to directly advise County decision makers.

> ***Response R-1:*** *The recommendation has been implemented. Negotiations for a new concession agreement will be led by a team headed up by an Assistant County Administrative Officer working in conjunction with the County's fiscal, legal and operations staff.*

Recommendation R-2: The County's next concession agreement for the racetrack should be explicit that program proposals are the responsibility of the SCRAMP Board of Governors (or its successors).

> ***Response R-2:*** *This recommendation has not yet been implemented but will be implemented. Responsibility for program proposals will be clearly delineated in the new concession agreement for Laguna Seca which should be completed by the end of December 2016..*

Recommendation R-3: The County should immediately assure that all environmental surveys of the park are clearly communicated to bidders participating in the RFP process.

> ***Response R-3:*** *. This recommendation has been partially implemented. Certain environmental information has been made a part of the RFEI/RFQ process conducted to date. It is possible that additional environmental survey information may be needed as part of the RFP process going forward. The need for such information will be evaluated at the appropriate time and will be further implemented to the extent warranted.*

Recommendation R-4: The new concession agreement should clearly define the operator's philanthropic responsibilities to local civic groups.

> ***Response R-4****: This recommendation has not yet been implemented but will be implemented. As necessary, definition of the operator's philanthropic responsibilities will be clearly delineated in the concession agreement*

Recommendation R-5: SCRAMP or its successor should be required to notify the County of loans or transfers between operating and capital and any loans that restructure financing for approved capital projects.

> ***Response R-5:*** *This recommendation has not yet been implemented but will be implemented. Full transparency and reporting related to financial matters involving operating funds, capital funds, loans and transfers will be a requirement of the concession agreement*.

Recommendation R-6: The County's next concession agreement for the racetrack should oblige a full cost and rate review of all income and non-income producing uses of the facility. This rate review should be undertaken regularly but at least every other year as part of the operator's best practices and should be available for inspection by the County.

> ***Response R-6:*** *This recommendation has not yet been implemented but will be implemented. The new concession agreement will require full cost and rate review of all income and non-income producing uses of the facility on a regular basis.*

Recommendation R-7: Monterey County Parks and the Parks Commission should be advised and have input into any plan to expand recreational uses of the Laguna Seca Recreation Area. There may be alternative uses of the Laguna Seca property and these discussions should always be part of concession agreement negotiations. But, if the noise, traffic and environmental constraints truly preclude a successful sports car racing program then Monterey County should initiate some long range planning to reconfigure the recreational uses of the Laguna Seca Recreational Area.

> ***Response R-7:*** *Regarding sentence #1 above, this recommendation has been implemented. The County Parks Commission has taken a much more active role providing advice and recommendations on County parks issues. It is expected that this role will continue.*
>
> *Regarding sentence #2 above, this recommendation will be implemented. It is anticipated that the concession agreement negotiations will include a discussion regarding various uses which the prospective concessionaire may wish to have considered by the County.*
>
> *Regarding sentence #3 above, because this recommendation addresses a future contingency; whether or not the recommendation is implemented will depend upon circumstances which may or may not occur at a future date. At this point in time, the County fully expects that a successful vehicle racing program can be operated at Laguna Seca under an appropriate concession agreement.*