

Board Report

...Title

It is recommended the Board of Supervisors:

- a. Receive staff report on the progress of the competitive process for selecting a Concessionaire to manage and program Mazda Raceway Laguna Seca (MRLS) as well as other facilities and programs available at Laguna Seca Recreation Area (LSRA);
- b. Consider and approve the second major phase of the process, which is now recommended to involve the issuance of a Request for Qualifications (RFQ), an objective evaluation process and the selection of 2-3 finalists as determined by the collective ratings of the evaluators:
- c. Approve the revised timeline identified in staff report and authorize the issuance of a RFQ.

...Report

RECOMMENDATION:

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- b. Consider and approve the second major phase of the process, which is now recommended to involve the issuance of a Request for Qualifications (RFQ), an objective evaluation process and the selection of 2-3 finalists as determined by the collective ratings of the evaluators:
- c. Approve the revised timeline identified in staff report and authorize the issuance of a RFQ.

SUMMARY/DISCUSSION:

On January 26, 2016, the Board of Supervisors approved authorized the issuance of a Request for Expression of Interest (RFEI) as the initial phase of a competitive process to select a Concessionaire to manage and program MRLS and potentially the other activities at LSRA. Five formal confidential responses were received from interested entities. In addition there have since been several more inquiries from potential proposers. (It should be noted that responding to the RFEI is not a requirement to continue in the competitive process.) These responses indicate that there are several qualified entities that likely will compete for the Concession Agreement. Thus staff is recommending moving the process forward to the next phase.

As authorized by the Board of Supervisors on January 26, 2016, the next phase of the competitive process is to issue a Request for Proposal (RFP). Staff, after further consideration, however, recommends a modification to issue a RFQ instead of a RFP. The purpose of the RFQ is to identify the best qualified entities to be finalists for the new Concession Agreement. It is evident that the process needs to ensure objectivity in the selection of the finalist(s) while at the same time allowing flexibility for the proposers to suggest partnership arrangements with the County that would offer the best mutual benefits. One downside of issuing a RFP at this time is

that it would likely need to be a relatively rigid process since the County would need to have a prescriptive approach such that the evaluation of the proposals can be as objective possible, as it will be necessary for the evaluators to compare “apples-to-apples” to the extent possible. The existing Concession Agreement has been more or less the same for decades and it would by default be the basis for the RFP. Staff believes that the suggested RFQ approach will likely result in a more satisfactory outcome since this step will ensure that the proposers are thoroughly vetted before the creation of the Concession Agreement is addressed. It is anticipated the proposers will have unique business plans for LSRA; forcing them to address the Concession Agreement at this time could result in missing an opportunity. The issuance of a RFQ will also provide more flexibility at the back end of this competitive process insofar as once the finalist(s) is selected, the County can determine whether it wants to issue an RFP or possibly enter into negotiations with the finalist(s) to create the new Concession Agreement.

Furthermore, a RFP will take longer to issue than a RFQ because of the high degree of specificity required. Upon approval of this requested action by the Board of Supervisors. The RFQ could be issued within a week. In part this longer RFP timeline is attributable to the reality that more than 100 questions were forwarded by the RFEI respondents, many of them of a complex nature. The County needs to address many of those questions and include the responses if and when the RFP is issued. That will not be a critical path issue with the RFQ since the questions apply more to the content of the Concession Agreement, not the qualifications of the entities that may propose.

Based upon their qualifications, it is anticipated that 2-3 finalists will be selected to continue in the process once the objective evaluation process of the RFQ submittals is complete. At that point the County can ask for proposals from the finalists or enter into exclusive negotiations. An updated schedule incorporating the RFQ process is included in this report.

RFQ Information Request

Listed below is the nature of the information that will be requested of respondent entities to the RFQ. It is important to keep in mind that each entity may be unique in that there may be different organizational/business structures that may be formed specifically for this Concession. The following represents the type of information that may appear in the RFQ (though not in this form).

- Evidence that the entity has 5+ years of successful experience in auto racing, maintaining racing facilities, affiliations with sanctioning bodies and promoters;
- Description of parent organization(s) and entity that would be assembled for the Concession;
- Identification and qualifications of the Board members and key people that would be assigned to the organization;
- Demonstration of financial qualifications and financial stability of the Concession entity, and capacity and willingness to finance capital expenses.

- Experience staging non-racing event of scale such as concerts, festivals and recreational competitions;
- Experience undertaking \$ 5m+ annual concessions;
- Business plan and vision for MRLS and LSRA;
- Affiliation and experience with multi-media—TV, radio and social media;
- Experience recruiting, training and staging volunteers in major events.
- Business relationships in Monterey County and willingness to share concessions with area businesses and vendors.
- Demonstrated ability to plan and manage significant capital projects.
- Involvement/partnerships with non-profit agencies.

Evaluation Process

The evaluation process will be overseen by the County Administrative Office. Objective evaluation criteria will be developed for the RFQ. The evaluation rating criteria will address the above information requests. It is anticipated that the top 2-3 rated respondents will be selected as finalists. The Evaluation Team will likely consist of highly qualified individuals selected for their expertise in one or more of the areas listed below. The members must not have business or personal relationships that would potentially compromise his/her objectivity:

- A business executive of a moderate to large company.
- A professional from the entertainment business.
- At top local government official with strong recreation programming and budget experience.
- An auto industry expert with knowledge of the business and concessions.
- A banker or accountant to evaluate financial information.
- A member designated by the County Budget Office.

It is possible that an evaluation team member could possess more than one of the areas of expertise described above. It also may be desirable to have more than one member with expertise in the racing industry. It is anticipated that the evaluation process will involve a review of the documents submitted in the RFQ itself as well as formal presentation to the Evaluation Team with an opportunity for the Team to ask questions of the proposers. It is anticipated that the Evaluation Team members will each individually evaluate and score the RFQs, then meet together to review, discuss and rank the RFQs. The bottom ranked RFQ respondents will be eliminated and others will be scheduled to make a presentation to the Team before final rankings

are determined. It is anticipated that 2-3 finalists will emerge from this process, but that depends upon many factors that cannot be anticipated at this time. Once the finalists have been identified, staff will report to the Board of Supervisors and the next step of the process can be determined.

Evaluation Criteria

The statements below provide general descriptions about the type of criteria that will be developed to guide the RFQ proposers in what and the Evaluation Team will be applying to rate the submittals. The criteria will be fine-tuned as the RFQ package is developed.

- Qualifications of the key people involved with the Concession and the suitability of the organization/entity that will operate the Concession

- Comprehensiveness and clarity of RFQ submitted and the presentation to the Evaluation Team.

- Experience in all aspects of facilitating and conducting activities and programs involving auto racing, including large scale racing events.

- Experience and capability to manage or facilitate the conduct of major events other than auto racing.

- Experience and capability to maintain auto raceways and related facilities.

- Interest and capability to undertake most or all of LSRA maintenance and operations.

- Experience working with sponsors, promoters and media.

- Financial strength and accountability.

- Availability of capital to finance a capital improvements and ability to plan and undertake a long term capital improvement program.

- Soundness of the business plan and vision for LSRA.

- Extent of regional business relationships and willingness to engage local vendors and non-profits.

Proposed Schedule

May 10: Action on staff recommendation by the Board of Supervisors

May 16: Release RFQ to the public

June 8-10: Site visit (one day)

June 30: RFQs due

July 1-31: Evaluation period

July 13-22: Presentations scheduled

August 1: Determine finalists

August 23 or 30: Report to Board on next step (Finalist negotiations or RFP)

OTHER AGENCY INVOLVEMENT:

The CAO's Office and (IGLA and Contracts/Purchasing), and County Counsel have participated in preparation of this report. The recommendations contained in this report were reviewed and approved by the Parks Ad Hoc Committee on April 20, 2016.

FINANCING:

There is no impact to the General Fund as a result of the actions recommended in this report.

Prepared by: _____
Gene Rogers, Management Specialist

Approved by: _____
Mark Mariscal, Parks Director