



Laguna Seca Recreation Area

Operations Update

June 8, 2021

Mission Statement

To be outstanding stewards of this internationally iconic venue through an experienced, motivated and unified team, building loyalty for and providing positive economic results to Monterey County and financial stability for Laguna Seca Recreation Area.



TEAMWORK MAKES IT ALL HAPPEN

A&D Narigi Consulting Executive Committee

John Narigi
President/General Manager

Roberta Cristi
Director of Operations

Director of Park & Track Operations

Gayle Davies
Executive Administrator

Barry Toepke
***Director of Heritage Events
& Public Relations***

Steve Fields (AFS)
***Senior Vice President of Sponsorship
& Sales***

Kimberly Marlar
Director of Finance

Jeanie Sumners
Director of Marketing

Culture Statement

We are hardworking, positive individuals coming together to build an organization of integrity through respect and mutual goals.

SWOT Analysis

A SWOT analysis is a valuable tool to identify our internal strengths and weaknesses, as well as our external opportunities and threats.

The analysis provided the team with valuable data to better understand the goals and business objectives required of the team to initiate the success in 2021-2022 and beyond.



2020-2021-2022 Objectives

- Execute new business model representing Laguna Seca Recreation Area
- WeatherTech Raceway Laguna Seca will always be the main attraction with Family Friendly activities added for guest enjoyment generating incremental revenue
- Park & Camping facilities upgraded to create “Welcome Areas”; landscape, signage, gracious hospitality
- Partner with ownership and private individuals to create a long-term strategic master plan to secure the required capital necessary to reinvest in LSRA to address the current and future renovations that need to be considered. The master plan needs to secure a vision for LSRA if it is to remain a positive economic driver for the County of Monterey.
- Stabilize the financial position of Laguna Seca Recreation Area allowing for incremental growth in the future.



Achievements

Deferred Maintenance over the years necessitates a major capital investment. Laguna Seca competes with modern sports venues for consumers' discretionary income, and as such, must elevate to meet expectations.

- Resolved internal accounting challenges by adding finance department, implementing control policies for expense and revenue.
- An in-house security department replaced an outsourced agency to provide both late night security and during events, as needed. A significant cost savings was realized.
- The volunteer camp host program was overhauled with direct reporting to management. Visitor and camper comments have been highly complimentary and there is a significant increase in miscellaneous revenue versus 2019 reporting.
- The volunteer program was restructured and introduced as the Laguna Seca Volunteer Association that is comprised of 250 experienced individuals. There are 20-plus service organizations onboard, as well as the VFW. A new position of Volunteer Coordinator was established and works closely with the LSVA president to ensure proper coverage.
- Successfully negotiated numerous agreements on behalf and in cooperation with the County of Monterey for services and events. Legal, insurance and financial terms all considered.

Achievements

- Embarked on improving facility reputation through local activities (e.g., high school graduations, chamber events, emergency shelter) and addressing concerns of the longevity of the facility with motorsport leaders.
- Safely reopened June 1 2020 to track renters under strict protocols. Through May 2021 more than 25,000 guests have safely run events in the closed paddock without any incidents involving health and safety. Four racing events have been held, all without spectators.
- Greater emphasis on marketing and social media to elevate the brand. New messaging initiatives include the campgrounds and family activities in the fresh open air. This is the first time camping has been exploited, which has been successful in both feedback and revenue.
- Public relations department is engaged in positive exposure for the brand and revenue generation messaging.
- Park Signage is being improved to provide a consistent brand. This is for both information and safety purposes.
- The Raceway Store layout was improved. A fresher product line is being designed and orders are monitored to avoid vast quantities of unsold product. Store was closed March 2020 at the onset of the pandemic and refocused for online sales. Store was opened for larger track rentals.

Achievements

- Sales and sponsorships remain under All Fields Sports and, like all businesses, was challenging in 2020 due to the pandemic, but there are solid 2021 rebound indications. An emphasized focus is on automobile companies for hosting events that traditionally come with heightened economic impact to businesses and county TOT and sales tax.
- Completely revamped the track rental department to better accommodate renter needs and streamline internal efficiencies. A cleaner brand and message were created, and convenient package pricing was developed to better serve the track renter. Online Track Rental registration was initiated in cooperation with Monterey County ITD. The results of all efforts enhanced revenue and increased guest satisfaction.
- Track and Park Department was restructured with key associates. Maintenance and building cleanliness is ongoing and has been positively noticed by renters and race series.
- Created a highly successful Driver Appreciation Weekend in lieu of the 2020 Rolex Monterey Motorsports Reunion.
- Despite corporate spending nearly halted during pandemic, Ford Motor Company was retained as Featured Marque of the 2021 Rolex Monterey Motorsports Reunion. A new Advisory Council has been appointed and 450 cars have been selected. Rolex returns as title sponsor and will be supported by new activations for fan enjoyment.

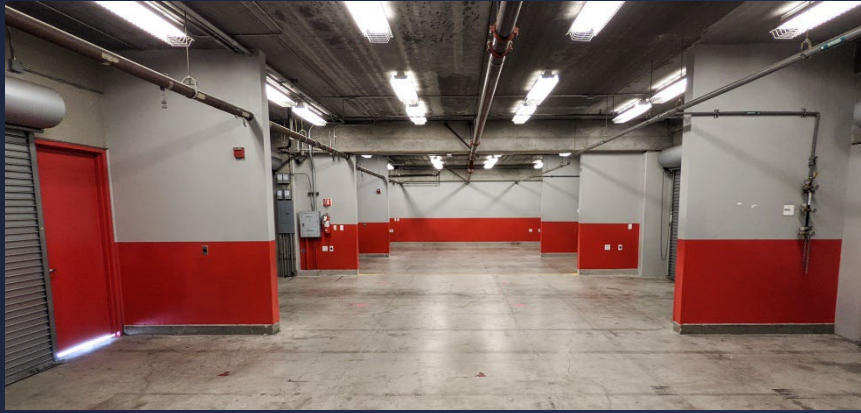
Achievements

- A new focus on family activities at all events are designed to attract a new non-motorsport audience to increase attendance and fan interest in the experience of attending an event.

General Maintenance Projects Completed:

- Refurbished all restrooms and showers, garages, pit row suites (interior and exterior seating), Concessions building, Stewards room, Highway 68 sign, Hospitality Island building and trellis upgrade, Guest Entry Booth, Hospitality Pavilion and other ancillary buildings.
- Daily landscaping for welcoming appearance and enhanced fire safety at the Highway 68 entry and throughout the park, access roads and campsites.

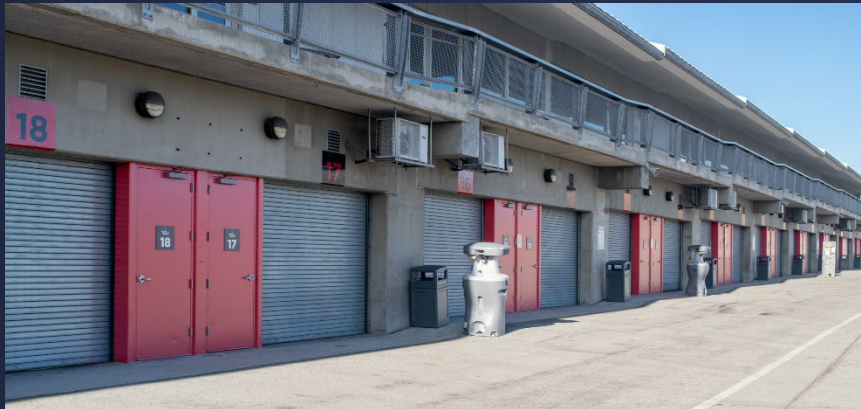
CORKSCREW



The Island Trellis



Raceway Store



Pit Row Suite Garage



Graduation of six Monterey County Schools

LAGUNA SECA VOLUNTEER ASSOCIATION



Volunteers have played a critical role in the success and growth of the facility since opening in 1957. This continues today through the Laguna Seca Volunteer Association. This experienced group of volunteers will now work closely with management and new volunteer coordinator to ensure everyone's needs are being met. Through a dedicated program, volunteers will feel welcomed and appreciated like never before. More than 250 individuals are ready for events and will be further supported by 20 plus service organizations that rely on funding to support their local charitable endeavors. New accounting procedures are in place to ensure proper reporting and timely payments.



LAGUNA SECA RACEWAY FOUNDATION

Significant progress has been made fostering a productive relationship with the not-for-profit Laguna Seca Raceway Foundation. Meetings with its president Ross Merrill are customary and a clearer communication and needs assessments established. This collaborative partnership will continue to grow as events return and programs can be executed that raise awareness of and funds for the raceway facility.




LAGUNA SECA
RACEWAY FOUNDATION

CORKSCREW

IT'S MORE THAN A RACE TRACK...MORE THAN A PARK

IT'S AN EXPERIENCE!

- 
- ✓ WEDDINGS
 - ✓ CONCERTS
 - ✓ CAMPING
 - ✓ MEETINGS
 - ✓ CORPORATE RETREATS
 - ✓ CONFERENCES
 - ✓ EVENT HOSPITALITY
 - ✓ RECREATIONAL ACTIVITIES
 - ✓ COMMUNITY EVENTS
 - ✓ RACES
 - ✓ FESTIVALS

CAMPGROUNDS

- Friendly welcoming service
- 380 Rustic Campsites
- Panoramic Views of Salinas Valley, Los Laureles Grade, and the Monterey Bay
- Located 15 minutes from the Monterey Peninsula with shopping, world renown dining and wine tasting
- 18 golf courses, Pebble Beach and Carmel
- 45 minutes from the Big Sur scenic coastline
- Race activity year-around
- In-House Security
- Service Score YTD 4.7 out of 5

Total Park Only Income excludes Track Rental (per calendar year)

2021 - \$161,629

2020 - \$ 64,026

2019 - \$126,040

Difference Year to Date

2021/2019 28%

2021/2020 152%



HOSPITALITY

Laguna Seca Recreation Area over the next three to five years. There is a hidden revenue gem in non-event hospitality that has never fully been tapped. Supporting internal efforts to begin marketing hospitality venues, the Monterey County Convention and Visitors Bureau (MCCVB) is now fully engaged. FAM trips with destination leaders, website integration and greater visibility with Visit California is in process, as companies begin looking toward hosting offsite programs. The pure energy and scenery that Laguna Seca Recreation Area provides is unmatched on the Central Coast.



ACTIVITIES OFF TRACK

- Event Hospitality
- Corporate Programs
- Go-Karting
- Camping/RV Year-Around
- Hiking and Biking Trails
- Picnicing



Twilight Cycling



Cars and Coffee



MARKETING AND COMMUNICATIONS

Objectives

Engage a wide audience range

- Promote a family-friendly environment
- Target millennials with sporty, road racing interests, recreation
- Core Market engagement, Northern, Central and Southern California, West Coast
- Laguna Seca Recreation Area – Park use, camping, rentals
- Target the Multi Cultural Market

Increase social engagement through online platforms

- Create and execute a platform specific “personality” consistent in postings
- Increase direct user engagement through platform personality
- Engage influencers, sponsors, teams and drivers
- Geo Targeting thru media partners and Google Ads to our targeted market – San Jose, San Francisco, Sacramento, Fresno, Modesto, Los Angeles

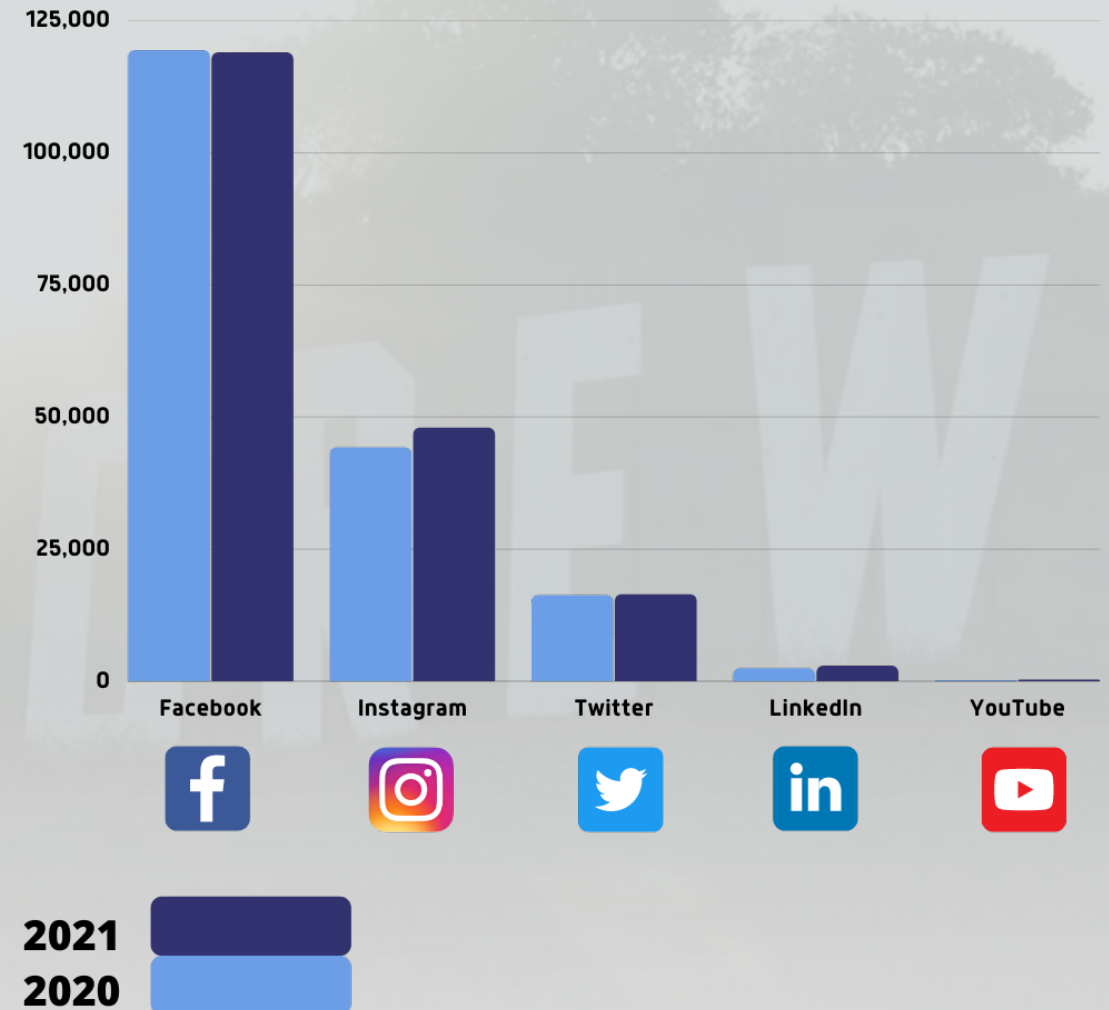


SOCIAL MEDIA APRIL 2020 / 2021

WeatherTechRaceway.com Website Traffic

	<u>2020</u>	<u>2021</u>
Page Views	780,760	340,630
Total Sessions	259,860	121,511
Unique Visitors	185,711	93,500
Avg. Visit Duration	2:01	1:40
Pages per Visit	3	2.8

Social Media Platforms



Sales and Sponsorships

DRAFT

REVENUE AND GOALS 2021 / 2022

Corporate Sponsorships	2019 TOTALS	2021 GOALS	% OF INCREASE
	\$2,266,827	\$2,444,854	8%
Vendor / Expo	2019 TOTALS	2021 GOALS	% OF INCREASE
	\$379,714	\$400,000	5%
Corporate Hospitality	2019 TOTALS	2021 GOALS	% OF INCREASE
	\$1,077,530	\$1,120,000	4%
Souvenir Programs Digital Assets	2019 TOTALS	2021 GOALS	% OF INCREASE
	\$44,505	\$65,000	47%
OEM Track Rentals	2019 TOTALS	2021 GOALS	% OF INCREASE
	\$0	\$1,800,000	100%
	2019 TOTALS	2021 GOALS	
Total	\$3,768,576	\$5,829,854	



Economic Impact

The true benefit of Laguna Seca Recreation Area and WeatherTech Raceway Laguna Seca

MAJOR EVENT ATTENDANCE 2019
278,710
TOTAL ATTENDANCE

SPENDING 2019
\$116,701,611
TOTAL SPENDING

82% of Attendees are Non-Residents
72% of Attendees Plan to Visit Monterey County on
non-Race Weekends

TAX GENERATED

\$2.1M TOT Tax
\$5.7M CA State Tax Generated
2.6M Monterey County Tax Generated

DIRECT SPENDING

Lodging	\$20,798,269
Food & Beverage	\$30,851,879
Transportation	\$10,546,501
Retail, Entertainment, Other	\$54,504,962

TOTAL DIRECT SPENDING

\$116,701,611*

*Based on calculations used from the 2018 CSUMB Study

FINANCIAL 2020/2021

LSRA

Profit & Loss Projection

July 1, 2020 – June 30, 2021

Estimated Revenue

Notes

Track	\$ 5,590,049	Actual YTD as of 4/30/21 with estimated revenue for May and June based on booked Track Rentals: only 2 days available (unrented)
Store	152,871	Annualized based on actual YTD as of 4/30/21; the store has not reopened full time due to COVID; sales are primarily online and during specific days with track activity
Fuel	427,502	Actual YTD as of 4/30/21 with estimated revenue for May and June based on booked Track Rentals
Sponsorship & Sales	1,329,282	Actual YTD as of 4/30/21
Camping	475,241	Annualized based on actual YTD as of 4/30/21
All other	<u>645,022</u>	Standard revenue is annualized based on Actual YTD as of 4/30/21; special occurrence revenue is not annualized
Total	8,619,967	

Estimated Expenses

Salaries & benefits	\$ 2,966,101	Actual cost. Est. \$423,899 in unspent Management Fee to be returned to MoCo; \$524,416 in unspent Management Fee was returned for FY 2019-20
Operating expense (Internal)	<u>4,814,323</u>	Annualized based on actual YTD as of 4/30/21 with Est additional one time expenses for May and June
Total	7,780,424	

NOI Before MoCo 839,543

MoCo Direct & Allocated Expenses 1,196,279 Annualized based on actual YTD as of April 30, 2021

NOI \$ (356,736)

Please note: In current LSRA Management's first 6 months of operation (January – June 2020), the track was closed for 77 days due to COVID resulting in 45% of staff being laid off or furloughed.

FINANCIAL 2021/2022

LSRA

Profit & Loss Projection

July 1, 2021 – June 30, 2022

Estimated Revenue

Notes

Track	\$ 5,874,860	Based on rate increase implemented in April 2021 and expectation of additional track rentals.
Store	1,248,338	20% increase in sales compared to 2019 based on assumption of 20% increase in attendance for events and reopening full time in July 2021.
Fuel	643,000	Based on additional events and additional track rental days.
Sponsorship & Sales	5,704,600	Per All Fields Sports
Camping	586,225	Based on rate increase implemented in April 2021 and expectation of increased occupancy throughout the year.
All other	<u>8,035,379</u>	Includes Admissions, Event Camping, Hospitality, Sanctioning/Promoter Fees, Participant Entry Fees, Facility, Parking and Storage, etc.
Total	\$ 22,092,402	

Estimated Expenses

Salaries & benefits	\$ 3,612,573	Includes 3% salary increases and ramping up staff after PY staff reductions due to COVID.
Operating expense (Internal)	<u>15,224,251</u>	Primarily based on 2019 with reductions where feasible.
Total	\$ 18,836,824	

NOI Before MoCo 3,255,578

MoCo Direct & Allocated
Expenses 1,969,075 Per County of Monterey Finance Dept.

NOI \$ 1,286,503

Please note: This budget assumes 100% capacity will be allowed, however, a budget for 50% capacity as been prepared if needed due to COVID constraints.

Capital Improvement Projects (CIP) Requests

CIP Projects considered to be critical and requiring discussion, planning and funding. All involve the current business operation

- Start/Finish Bridge or alternative
- Public Address System Replaced
- Resurfacing of Track, planned for 2020 due to COVID, postponed to 2022. Last resurfaced in 2007
- Track Safety repairs required by INDYCAR and committed for 2021 event
- Radio replacement, 350 total required for proper communication during events
- New Track Cameras for use in race control to monitor track activity throughout events and track rentals

The above are considered necessities to operate the current business in a professional manner. Cost estimates are available. All requests were submitted for consideration in the 2021-2022 Laguna Seca Recreation Area operations plan. Other major facility upgrades were also included. Given the time and process required to finalize plans and complete projects, direction is requested. Funding opportunities require serious discussion with key stakeholders.

LOOKING FORWARD

2021 – OUR BEST SEASON YET

April 29 – May 2

Trans Am SpeedFest – Non Spectator event

July 9 – 11

GEICO Motorcycle MotoAmerica Superbike SpeedFest at Monterey

July 16 – 18

AHRMA Classic MotoFest of Monterey

August 7-8

Monterey Pre-Reunion

August 12-15

Rolex Monterey Motorsports Reunion

September 10 – 12

Hyundai Monterey Sports Car Championship (TBC)

September 17 – 19

Firestone Grand Prix of Monterey

November 11 – 14

Velocity Invitational





WeatherTech®
Raceway
LAGUNA SECA

THANK YOU