



## Legislation Details (With Board Report)

**File #:** A 21-106      **Name:** Approve Amendment No. 2 to Choura Events Agreement

**Type:** BoS Agreement      **Status:** Passed - County Administrative Office

**File created:** 3/26/2021      **In control:** Board of Supervisors

**On agenda:** 4/20/2021      **Final action:** 4/20/2021

**Title:** Approve and authorize the Contracts/Purchasing Officer or his designee to execute Amendment No. 2 to the Agreement with Choura Events (RFP No. 10703) for a Temporary Hospitality Structure at WeatherTech Raceway Laguna Seca reducing the annual lease payments from \$775,000 to \$387,000 for fiscal years 2021 and 2022.

**Sponsors:** County Administrative Office

**Indexes:**

**Code sections:**

**Attachments:** 1. Board Report, 2. Choura Events Agreement, 3. Choura Events - Amendment No. 1, 4. Choura Events - Amendment No. 2, 5. Completed Board Order Item No. 62

Date	Ver.	Action By	Action	Result
4/20/2021	1	Board of Supervisors	approved - county administrative office	Pass

Approve and authorize the Contracts/Purchasing Officer or his designee to execute Amendment No. 2 to the Agreement with Choura Events (RFP No. 10703) for a Temporary Hospitality Structure at WeatherTech Raceway Laguna Seca reducing the annual lease payments from \$775,000 to \$387,000 for fiscal years 2021 and 2022.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve and authorize the Contracts/Purchasing Officer or his designee to execute Amendment No. 2 to the Agreement with Choura Events (RFP No. 10703) for a Temporary Hospitality Structure at WeatherTech Raceway Laguna Seca reducing the annual lease payments from \$775,000 to \$387,000 for fiscal years 2021 and 2022.

### SUMMARY/DISCUSSION:

This request supports the use of Choura Events, Inc., for the provision of the Temporary Hospitality Structure at WeatherTech Raceway Laguna Seca. The County previously entered into an agreement with Choura Events for the installation of a Temporary Hospitality Structure for five (5) racing seasons - 2019 through 2023 (the County has an option for a second such structure, which has not been exercised).

A&D Narigi Consulting LLC believes the use of this temporary structure is vital to WeatherTech Raceway's ability to sell hospitalities during premier race events and that such a structure is an expectation of the series and guests that attend premier events. In 2020-2022, the intent is to also utilize the structure for other events outside of major races. Projected estimated gross revenue based on revenues generated in 2019 would be in the \$700,000- \$800,000 range. Revenue is based on a full schedule of races and spectators allowed with no capacity restrictions.

The Agreement executed on April 24, 2019 was a five-year contract due to expire on October 30, 2024. The two major points of this Amendment No. 2 are the 50% reduction from the original lease terms of the

agreement to be paid to Choura by the County, a savings of \$387,000 annually, and the final \$100,000 owed by County for the fiscal year 2020 being rescinded by Choura. Original annual lease amount was \$775,000. Additional savings will be enjoyed by County through the annual prep and repairs to the structure that will be completed by Choura at Choura's expense.

The County will be responsible for the annual cost to winterize the temporary structure at an estimated cost not to exceed \$20,000. Work will be approved by Laguna Seca Recreation Area's Management and performed by Choura. In addition, the County will pay for 50% of the structure cost, effective November 1, 2020, until this Amendment No. 2 is fully executed. Cost shall not exceed \$3,000 per month. Annual permits through RMA's Building & Permit Department will run between \$800-\$1,200 and will be a County expense. The structure will be permitted for use 12 months of the year. Historically, the permit allowed only 6 months of use. HVAC is not installed in the structure which has been the case since the beginning of the original term. Annual cost to rent an HVAC system per season is estimated at \$85,000. To purchase a system including installation is estimated at \$95,000. This expense would be an obligation of the County. The annual revenue and expense will be realized in the FY 2021-22 budget and reported in the annual profit and loss statement for Laguna Seca Recreation Area.

A&D Narigi Consulting, LLC's desire is to continue the tradition of attracting high-end racing series with sophisticated guests and emphasizing a major improvement regarding the "lifestyle experience" at Laguna Seca Recreation Area and they believe it is critical to retain this structure until a long-term plan is determined regarding permanent structures for hospitality use during events.

A&D Narigi Consulting, LLC's objective for the off-season is to rent out the structure for local/social events and corporate retreats.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has reviewed and approved this Amendment as to form.

FINANCING:

The contract with Choura Events will be funded through Fund 453 Laguna Seca Budget Unit 8536. Funding for the Agreement is included in the FY 2020-2021 Approved Budget. Approval of the recommended action will have no additional impact on the County General Fund.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The items included in this report relate to the Board of Supervisors Strategic Initiatives on Economic Development, Administration and Infrastructure.

Mark a check to the related Board of Supervisors Strategic Initiatives

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

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Approved by: Dewayne Woods, Assistant County Administrative Officer, ext. 5309

Attachments: Choura Events Agreement; Amendment No. 1; Amendment No. 2