

Date: August 9, 2021

To: Thomas B. Modica, City Manager



From: John Keisler, Director of Economic Development



For: Mayor and Members of the City Council

Subject: **Grand Prix Update**

The City of Long Beach (City) maintains Agreement No. 34876 (Agreement) with the Grand Prix Association of Long Beach, LLC (Association), for annual races in Long Beach. Recently, the City Council requested additional information about certain terms and conditions of the Agreement including the set-up and take-down period, reimbursement for damages, and maintenance and repair requirements following the conclusion of the event. The purpose of this memorandum is to provide the City Council with a response to these questions prior to consideration of an extension of the Agreement.

BACKGROUND

The Long Beach Grand Prix (Grand Prix) is the longest running major street race in North America. On April 15, 1975, the City and Association entered into the first agreement to host the event in Downtown Long Beach. The Grand Prix, which is now an IndyCar Series race, encompasses three-and-half days of races and ancillary events and has a tremendous impact on both the local and regional economies, as well as local hospitality and tourism industries. The Grand Prix is a large-scale regional event drawing more than 200,000 visitors to Long Beach, annually. The event provides significant national exposure for Long Beach and generates significant economic benefit to the City.

The current iteration of the Agreement was approved by the City Council on December 5, 2017. The term of the Agreement expires on June 30, 2023 and contains a City option for an additional five-year extension. The Agreement requires that the City provide its notice to exercise its option to extend the term on or before June 1, 2021, which has been extended to September 15, 2021 by agreement between the parties to allow for additional due discussion and due diligence. Before approving an extension to the Agreement, the City Council has requested a staff update regarding impacts of the event on the surrounding area. There are several terms and conditions in the Agreement related to the set-up, take-down, maintenance, and repair of the race course.

Set-up and Take-down Requirements

Section 3 of the Agreement includes several terms and conditions that limit the timeframe for the set-up and take-down of the decorations, lay down yard, and Race Circuit. In recent years, the City and the Association have successfully reduced the number of days that infrastructure and equipment from the event impact businesses, public streets, and the surrounding visitors and entertainment area before and after the event.

Specifically related to the City Council request, construction and decorations can begin 53 days prior to the date of the race (a reduction of one full week from prior agreements), and must be removed within 21 days after the end of the race. The Association has up to 30 days after the race for removal should there be weather or other circumstances beyond the Association's control that would delay removal. Additionally, the Association agreed to expressly compress the time schedule in proximity to the Aquarium and adjacent restaurant pads. Previously, the only restriction to installation and setup in this area was that no work could occur earlier than 60 days prior to the race. The amended terms now state that:

- K-rail and related safety systems must be placed in front of the Aquarium of the Pacific (along the north and south sides of Aquarium Way) no earlier than the second Sunday prior to the Race Period;
- Fencing around the perimeter of the Aquarium of the Pacific must be installed no earlier than the Monday prior to the Race Period;
- Grandstand No. 40, located on the portion of the parking lot in front of the restaurant pad at 90 Aquarium Way, must be constructed no earlier than the second Monday prior to the Race Period;
- Grandstand No. 36, located on the portion of the parking lot in front of the restaurant pad at 340 South Pine Avenue, must be constructed no earlier than the second Wednesday prior to the Race Period; all grandstands in the valet parking lot south of Shoreline Drive and all K-rail and related safety systems on the south side of Shoreline Drive and Aquarium Way between Pine Avenue and the beginning of the Aquarium of the Pacific circle must be removed no later than 11:00 a.m. on the Tuesday immediately following the Race Period; and,
- All remaining K-rail and related safety systems on the south side of Aquarium Way must be removed no later than 6:00 p.m. on the Wednesday immediately following the Race Period.

Additionally, the City and the Association are required to mutually agree upon an area which is to be available 75 days prior to the race for mobilization of materials and equipment. The lay down yard must be cleared within 30 days after the race.

Reimbursement of Expenses

Section 7 of the Agreement requires reimbursement of certain expenses including, but not limited to: administrative costs; extraordinary expenses such as City services; lost parking revenue; reasonable cost of repair or damages to City-owned, leased or controlled property, landscaping and improvements and facilities; and the removal of tire marks. Unfortunately, there are limitations to what can be removed from asphalt surfaces. Blasting the asphalt with a water cannon has been found to destroy the surface of the pavement. City and the Association continue to explore ways to remove tire marks from asphalt surfaces without causing damages to the roadway.

To ensure compliance with the Agreement, the following activities are completed before, during, and after the race event:

- **Track Walk:** Before and after the race, City staff from Public Works and Special Events walk the Race Circuit with staff members from the Association so that both groups identify areas of responsibility between the City and the Association. This is a very collaborative and unified approach.
- **Street Sweeping:** The Race Circuit is swept and vacuumed numerous times before, during and after the race period to remove rubber, tire marks, and other debris.
- **Slurry Seal:** Slurry seal is applied to cracks on an annual basis between turns 6 and 8 to limit the expansion of cracks throughout the year. Slurry seal is not typically used on asphalt racecourses because it cannot withstand the demands of the race. The City also avoids utilizing slurry seal on turns because there may be a risk to the race cars and drivers. The areas where slurry seal is applied are very small (8 feet by 8 feet). The City works with the Association to approve the slurry materials applied to the streets so that it does not create an unsafe situation for the race cars.
- **Concrete Water Blasting:** Utilizing water blasting is an effective strategy for removing tire marks on concrete portions (approximately 55 percent) of the Race Circuit but is not recommended for asphalt surfaces because it degrades the asphalt surface quickly and can potential lead to more costly repairs and an accelerated replacement cycle.
- **Oil Emulsion:** Utilizing an oil emulsion treatment is an effective strategy for hiding tire marks on the asphalt portions (approximately 45 percent) of the Race Circuit but is not recommended for concrete surfaces because it can cause a safety hazard. The City and the Association have been working together to pilot test oil emulsion treatments as an effective means to restore the asphalt roads to the desired condition.
- **Grind & Overlay:** If the asphalt is regularly blasted or treated with chemicals for the removal of tire marks, it is likely that the roadway will require a complete grind and overlay every 5 to 10 years. Additionally, to ensure the integrity of ongoing future repairs there will likely be required an initial full-depth street reconstruction foundation rebuild every 25 years at an estimated cost of \$1,500,000.00.
- **Restriping:** all cross walks, yellow markers, and other street indicators are repainted and restriped following the race to reduce the visible presence of tire markings or impacts to the roadway. The Association pays for all restriping and repainting.
- **Other:** The City and the Association have explored several other cleaning materials, including sand, baking soda, and Simple Green, that present a range of concerns. Some chemicals break down the roadways and may expose the City to potential environmental issues relating to runoff.
- In addition to cleaning, the City Council requested information about the potential costs annually to provide a slurry seal for the full Race Circuit which is not recommended due to the combination of asphalt and concrete. Staff estimate that the cost to provide a full slurry seal is \$140,000.00 annually and a full grind and overlay of the asphalt areas of the Race Circuit would cost approximately \$900,000.00 annually.

Race Course Inspection and Cleaning

To ensure that roadways are safe and repairs are completed properly, the City and the Association participate in an extensive review process of the Race Circuit both before and after the event. The following section describes the race course inspection and cleaning process.

Prior to the Race, the City repairs and maintains any cracks, utility covers, and other safety issues in advance of the race so that the circuit is safe for participants and spectators. The Race Circuit consists of approximately 54.5 percent concrete and 45.5 percent asphalt (as illustrated on the attached aerial). In response to City Council questions about the maintenance of the Race Circuit, staff conducted research and prepared an overview for the issues to be considered. The following is a breakdown of the straightaways and turns which describe the surface material (in parentheses) and any unique maintenance or repair issues involved.

- Start/Finish Line: Shoreline Drive (concrete) includes an asphalt edge adjacent to the concrete that is inspected, repaired, and maintained.
- Straightaway: Shoreline Drive (concrete) is a very wide street (approximately 60 feet across). This would cost approximately \$900,000 for full grind and overlay.
- Turn 1: Shoreline Drive to Aquarium Way (concrete to asphalt).
- Turn 2 & 3: Aquarium Way at Dolphin Fountain (asphalt).
- Turn 4: Aquarium Way (asphalt).
- Turn 5: Chestnut Place to Shoreline Drive (asphalt to concrete).
- Turn 6: Shoreline Drive to Pine Avenue (concrete to asphalt) typically has the most wear and tear and likely needs a full grind and overlay more often. Tire marks and slurry crack sealant on decades old asphalt are very visible.
- Turn 7: Pine Avenue and Bay Street (asphalt).
- Turn 8: Pine Avenue to Seaside Way (asphalt).
- Seaside Straightaway (asphalt): resurfaced approximately four years ago.
- Turn 9: Convention Center Parking Lot (asphalt).
- Turn 10: Convention Center Parking Lot (asphalt).
- Turn 11: Shoreline Drive (concrete with asphalt edges).

Extraordinary Expenses

Additionally, the Association is required to reimburse the City for Extraordinary Expenses, including cost of incremental City services required for the operation of the race and associated events, cost of materials, supplies, or equipment required to provide incremental services, and lost parking revenue directly related to the staging or operation of the race and associated events. The City determined the total Extraordinary Expenses required for the 2018 race and

associated events and adjusts the calculation using the annual change in the Consumer Price Index (CPI).

As requested by the City Council, the following list of activities provides a summary of these costs for the 2019 event. Staff from the Departments of Police, Fire, Parks, Recreation and Marine, Water, Public Works, and the Office of Special Events and Filming reported a total of \$677,789 in reimbursements related to the event, including a breakdown of the following impacts:

| Items | Reimbursements |
|--|-----------------------|
| Special Events and Filming Permit/Admin: | \$144,713 |
| In Lieu of Parking Revenue: | \$48,284 |
| Police Department Operations: | \$197,190 |
| Fire Department Operations: | \$154,816 |
| Public Works (Track-Related Expenses): | \$106,406 |
| Public Works (Street Sweeping): | \$9,581 |
| Water Department (Operations): | \$16,799 |
| Traffic Paint and Signs: | Directly Billed |
| Janitorial: | Directly Billed |
| Irrigation/Plant Replacement: | Directly Billed |
| Total: | \$677,789 |

There are several additional requirements imposed on the Association by the City Council in the current Agreement that benefit the community, including the development and delivery of a Community Access Program for outreach to disadvantaged youth, and the delivery of an Economic Impact Study every three years. Staff have confirmed that both requirements have been satisfied.

Next Steps

As directed by the City Council, staff from the Economic Development Department have initiated discussions with the Association to identify strategies for increasing the positive impacts of the Grand Prix to the local economy and community and reducing the negative impacts of the Grand Prix to surrounding businesses and City infrastructure. This includes identifying methods of reducing the set-up and take-down times, achieving full cost recovery and repair of City infrastructure impacted by the Grand Prix, and providing options for adjusting the Race Circuit in the event a development opportunity presents itself.

To accommodate for these regular meetings, Race Circuit onsite visits, and solution testing for the removal of tire marks, the Association has requested to extend the extension deadline to September 15, 2021. It is anticipated that staff will bring a proposed amendment to the

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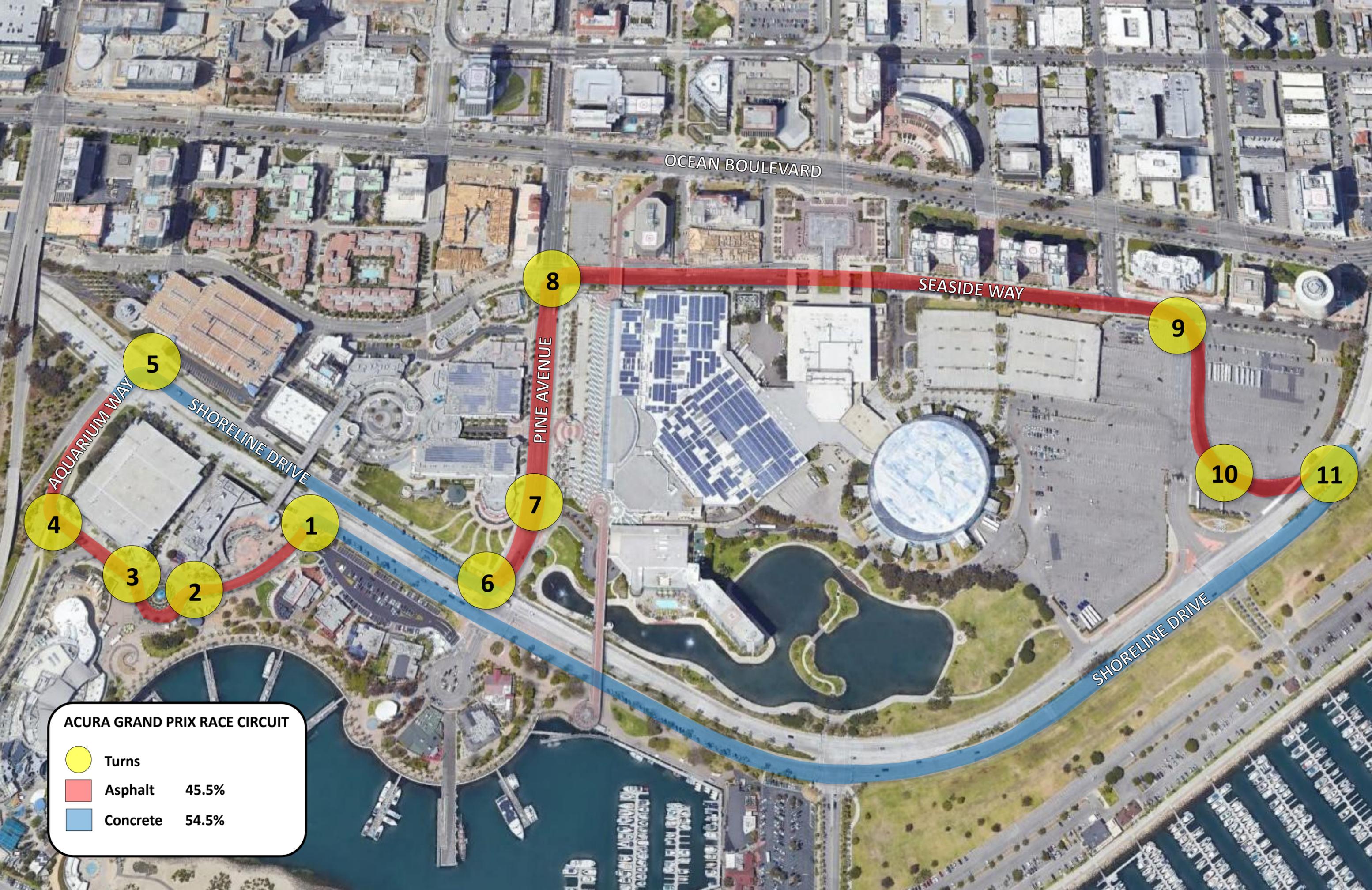
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Agreement in a public meeting for City Council review and approval prior to the extension deadline of September 15, 2021.

If you have any questions, please contact me directly at John.Keisler@longbeach.gov or (562) 570-5282.

ATTACHMENT

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
LINDA F. TATUM, ASSISTANT CITY MANAGER
TERESA CHANDLER, DEPUTY CITY MANAGER
KEVIN J. JACKSON, DEPUTY CITY MANAGER
REBECCA G. GARNER, ADMINISTRATIVE DEPUTY CITY MANAGER
MONIQUE DE LA GARZA, CITY CLERK
DEPARTMENT DIRECTORS



OCEAN BOULEVARD

SEASIDE WAY

PINE AVENUE

AQUARIUM WAY

SHORELINE DRIVE

SHORELINE DRIVE

ACURA GRAND PRIX RACE CIRCUIT

- Turns
- Asphalt 45.5%
- Concrete 54.5%

