

BOARD OF SUPERVISORS AGENDA ITEM SUMMARY

Requested Board Meeting Date: August 6, 2013

ITEM SUMMARY, JUSTIFICATION and/or SPECIAL CONSIDERATIONS:

Public Hearing and approval of Lease Auction Bid Package for a proposed Southern Arizona Raceway to be located on 400 acres near Pima County Fairgrounds within the Southeast Regional Park. Bid Package seeks an entity/person to design, build and operate a multi-use road course raceway that will generate new jobs and a minimum of \$15 million in capital improvements to the Fairgrounds area. Lease will be in accordance with the Arizona Revised Statute 11-256.

CONTRACT NUMBER (If applicable) _____

STAFF RECOMMENDATION(S)

Staff recommends approval and release of the Lease Auction Bid Package for a new multi-use raceway.

*OK for
agenda
8/6/13*

*CR
7/25/13*

CLERK OF BOARD USE ONLY

BOS MTG DATE: _____

ITEM NO. _____

PIMA COUNTY COST: **\$ 0** and/or REVENUE TO PIMA COUNTY

FUNDING SOURCE(S): **N/A**

(i.e. General Fund, State Grant Fund, Federal Fund, Stadium Dist. Fund, etc.)

ADVERTISED PUBLIC HEARING: **YES** NO

BOARD OF SUPERVISORS DISTRICT: 1 2 3 4 5 **All**

IMPACT:

IF APPROVED:

If approved, Pima County will have the opportunity to attract a new, flexible racing and motorsports attraction that will bring rent income and a minimum of \$15 million in new construction and new jobs, activities and events near the Pima County Fairgrounds within the SE Regional Park at no cost or risk to taxpayers."

IF DENIED:

A new attraction generating incremental revenue through rent payments as well as community economic impact to Pima County along with new full-time jobs will not take place.

DEPARTMENT NAMES:

Economic Development and Tourism/Real Property

CONTACT PERSON: Tom Moulton/Neil Konigsberg

TELEPHONE NO: 47353; 46582

Public Informational Meeting
For the Proposed Southern Arizona Raceway
July 23, 2013

Approximately 40 people attended the meeting held in the Sunset Cantina at the Pima County Fairgrounds. Channel 13 KOLDNews was also present. Seven members of the public asked to make remarks, six speakers were in favor of the new raceway and one had some concerns over increased noise potential.

County attendees were Tom Moulton, ED&T Director; Tobin Rosen, Assistant County Attorney; and Brian Shirk, Program Manager for ED&T. Jeff Nordensson, County communications director was in attendance but did not participate. Several SE Regional Park Attraction management were also present.

Tom Moulton opened the meeting with remarks commenting about the importance of tourism and providing entertainment for tourists as well as Pima County residents. He gave an overview of the fairgrounds, its longevity and its successful growth in attendance and revenue, as well as the other activities that are held at the fairgrounds. He then discussed other county attractions including the varied attractions near the fairgrounds ... four racetracks, shooting ranges, and the southeast regional park itself. He explained that the comments from this meeting would be given to the Board of Supervisors to assist them in preparing for their August 6, 2103 meeting at which a public hearing will be held regarding the proposed racetrack. He suggested that citizens attend the August 6th meeting if they wished to share any thoughts for the racetrack with the Supervisors. Tom then described the basic concept is to build a multi-use racetrack that will enhance the other racing sports already at the southeast regional park and will not be intended to replace any motorsports facilities that now exist. He said that nothing is set in stone and the public can assist the County in developing the racetrack concept and bid package. Tom discussed the SERP master plan and said that this new racetrack came about as a part of the master plan discussions. He stated that the County is basically a landlord and experts build and operate the attractions in the County. He explained the bidding package, the land lease concept and that the successful bidder will be responsible for designing, building and operating the new facility entirely at its own expense; no tax dollars would be spent on the racetrack facility. The successful bidder will be required to perform its due diligence including researching the viability of the racetrack and the size of the potential market for racing. The speakers were as follows:

1. Mr. Mike Masunas: asked how long the SIR drag strip and the oval track had been operating at the park. He then surmised that those venues are as loud as or louder than what is being proposed, so the area is already exposed to noise. Mr. Masunas stated that anyone moving to a residence near the area should have been told by their realtor about the racing as well as the distractions caused by the annual fair because these activities have been going on for a long time. Tom then went into a discussion about noise abatement and requirements in the bid package for some sort of abatement plan. Mr. Masunas asked if shotguns fired at the nearby shooting range would be louder than the proposed racetrack. Tom Moulton discussed noise studies and estimated that a shotgun blast is significantly louder as are concerts that are held on

occasion at the fairgrounds. Tom asked Jon Baker how many noise complaints he had received regarding concert noise from residences in the area and Jon said none in his 12 years at the fairgrounds. Mr. Masunas surmised that anyone moving to the area or has lived here for a while should know about the noise situation. Tom said that we may do a professional noise study of the area before the existence of the new track and then again after it is operational. Mr. Maunas then asked if the new facility would bring in new jobs. Tom guessed that perhaps up to 200 new jobs and even more part time jobs would be created and that the economic impact could be from \$20 million to \$100 million depending on the activities.

2. Mr. Mickey Dowlins: thinks the track would be good for training young drivers and for driving high performance cars. He is a part of a 200 member car club; he offered his help in the project.
3. Mr. Paul Ober from Green Valley: He is very enthusiastic and supportive; he urged us to be sure the track provides multiple access roads to and from the racetrack in order to avoid traffic back-ups on I-10 like those that are experienced during the fair. The facility should have RV amenities. He suggested learning about the best practices from other tracks around the country and that racing enthusiasts like him are willing to drive long distances to attend racing events.
4. Mr. John Mabry: supports the new track and believes it will be good for youth training and activities, especially for motorcycle riders.
5. Mr. Steve Lynch: Supported the new facility and stated that Pima County should address the bigger picture as well in developing the racetrack. Hotels, access, and future building in the area. Be sure that any future building on the surrounding land is compatible with the racetrack. A racetrack developer must be assured that their investment will not be ruined by allowing incompatible developments nearby. Tobin Rosen was asked by a member of the audience what the legal rights of the developer would be related to future land owners and developers in the area. Mr. Rosen explained that there are numerous laws governing real estate. He stated that nuisance laws prohibit creation of nuisances. He also stated that anyone buying real estate is responsible for performing due diligence and should be aware of any potential nuisance prior to making a purchase of property. He also said that the County owns a great deal of land in the area and that the State owns a great deal more. It is doubtful that residential use would be granted on those lands in the foreseeable future. He ended by stating that the bid package requires the successful bidder to comply with the county noise ordinance and must agree not to create a nuisance.
6. Charles Quiroz: spoke in strong support of the racetrack. He believes that the events and the availability of the facility to high schools and colleges will assist in the development of new technologies and greater protection of the environment in the future by encouraging youth to seek knowledge in engineering, science and technology.
7. "Unidentified Man": this gentleman did not identify himself but stated that he lives in the Sycamore Hills Estates lying south of the fairgrounds, having moved there one and one half years ago. He does not like the noise that exists now although the noise is not real loud but he can hear it, and is concerned about the increase in noise; he stated that the County should not spend any taxpayer money on the racetrack and should not be offering any monetary incentives like the waiving of taxes; he doesn't believe that it will succeed financially; and that the area **will** develop with housing and other incompatible uses that will eventually cause the track to close.

Both Tom Moulton and Tobin Rosen assured him that no taxpayer money will be spent and that no property tax would be paid by the racetrack developer because it is County-owned land. Mr. Rosen said that the only tax would be commercial lease tax that is mandated by statute. Mr. Moulton stated that it is his desire that the new track would not be as loud as the existing drag strip and that noise abatement measures are a part of the bid requirements.

There were no more speakers and the meeting ended at approximately 6:50 pm after Tom gave a short synopsis of the meeting comments and invited everyone once again to attend the upcoming Board of Supervisors meeting.



PROPOSED SOUTHERN ARIZONA RACEWAY INFORMATION Southeast Regional Park

- Pima County in the coming weeks will be putting out a bid package to the public for an opportunity to design, build and operate the facility.
- The project is the leasing of property owned by Pima County, Arizona for the design, development, construction, operation and maintenance of a **Fédération Internationale de l'Automobile (FIA)** Grade 2 Licensed multi-use automotive raceway facility or similar public racing facility.
- The Lessee will be required to build the Facility entirely at its own expense, and operate, insure, repair and maintain the Facility, also at its own expense, for the term of the lease. Taxpayer money is not going to pay for this.
- The Facility must be operated as a public facility, with public access and reasonable use rates, and Lessee must provide agreed-upon public programs and benefits.
- Noise Abatement techniques must be integrated into the design and operation of the facility. Bid evaluation points will be awarded to any entity that clearly develops a noise reduction strategy.
- Must include at a minimum a +/- 3 mile championship automotive racecourse, racecourse lighting, pit road, pit area, and all requirements as mandated by the FIA Grade 2 license or similar racetrack.
- Must be designed to host Open Wheel Racing, Sports Car Racing and Motorcycle Racing. In this case, a multi-use track would be able to convert too many different configurations allowing driving schools, corporate and government test programs and public entertainment events. Some of the types of racing may be IndyCar, Historic and Classic Car Racing, Sports Car Club of America (SCCA), American Motorcycle Association (AMA), Pirelli World Challenge, or National Auto Sports Association (NASA).
- Must provide spectator amenities such as grandstands, restrooms, concessions, parking, and RV parking/facilities.
- Must include a paved paddock, fueling station, oil recycle facility, wash rack, maintenance facilities and necessary track buildings.
- Must involve a minimum Phase One capital investment of \$15 million dollars.
- Is encouraged to include educational youth outreach programs, designed to create opportunities for schools and low-income youth.
- Its operational schedule must work with the nearby school and neighborhood communities.
- The bidder must have been in business, as a raceway developer or operator, for at least five years in projects similar in size and scope to this proposed project.
- The bidder must be a legal entity with authority to contract with other organizations, individuals, political subdivisions, and business entities, and conduct motor sports, sanctioned motor sport racing, motor sports exhibitions and auctions, motor sports education, private motor sports clubs, and similar events.
- Pima County has extensive experience leasing attraction spaces, from Old Tucson Studios, the Arizona-Sonora Desert Museum, the Pima County Air & Space Museum and the Titan Missile Museum. We know the model can work to provide top-tier venues while remaining conscious of taxpayer resources.

[illegible]