



BOARD OF SUPERVISORS AGENDA ITEM REPORT

Requested Board Meeting Date: July 5, 2016

Title: Southern Arizona Raceway Alliance LLC (SAR LLC)- Lease Termination (CTN 14*150)

Introduction/Background:

1. On April 8, 2014 Pima County Board of Supervisors authorized SAR LLC (CTN 14*150) to fund, design, develop, construct, operate and maintain an FIA Grade 2 Licensed automotive raceway facility or similar public racing facility. The Lease was authorized on an initial 36 month "Maximum Design and Construction Period".

(Section 4. Term, Section 4.1 Design and Construction Period). "In the event that Tenant has not commenced construction of the Raceway within eighteen (18) months of the effective date April 08, 2014 this lease will automatically terminate and will be of no further force or effect."

2. On June 16, 2015 the Lease was amended to extend the Design and Construction Period to April 8, 2016

3. On March 15, 2016 the Lease was amended to extend the Design and Construction Period to July 8, 2018.

4. On June 30, 2016 Pima County was advised by SAR LLC they had decided to abandon their efforts to complete the project. (see enclosed letter)

Discussion:

SAR stated the reason they are requesting a lease termination is a competing racing venue is planned for Casa Grande, AZ and the inability to raise the \$20 million required to fund the project.

Conclusion:

Due to SAR LLC's inability to fund and continue the project on the projected time line SAR has requested to terminate the lease.

Recommendation:

It is recommended that the Board of Supervisors approve the request to the termination of Lease by SAR LLC. (CTN 14*150)

Fiscal Impact:

An FIA Grade 2 Licensed automotive raceway facility will not be built in Pima County which would have contributed to increasing tourism and provide economic development to the region through the creation of new jobs.

Board of Supervisor District:

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☒ All

Department: Economic Development & Tourism

Telephone: (520) 724-7355

Department Director Signature/Date: Thomas P. Marshall 6/24/16

Deputy County Administrator Signature/Date: JAW 6/27/16

County Administrator Signature/Date: C. DeLuca 6/28/16

Southern Arizona Raceway, L.L.C.

June 30, 2016

To: The Honorable Chairman and Members of the Pima County Board of Supervisors

CC: C. H. Huckelberry, County Administrator and Tom Moulton, Director Economic Development & Tourism

It has come time for us to share with you that after two and a half years of trying to raise the \$20M required to fund and build the 1st Phase of the Raceway we have decided to abandon our efforts to complete the project. We sincerely appreciate the support we have received from everyone at Pima County, our advisors, our partners at the U of A Tech Park, interested friends who cheered us on and gave us encouragement along the way and those who actively worked with us to raise the funds to build the Raceway.

As far back as our first Business Plan in 2011, our 2013 Bid Response document to win the right to lease the land from Pima County for the Raceway and then in our final 2015 Owner/Investor Plan we warned of a competing racing venue planned for Casa Grande, a project concept begun around 2007-2008. We surmised in all of those documents that the first to market would carry the day.

As it turns out the developer of that project, after almost 8 years of trying finally found a dotcom multi-millionaire investor who will be the sole owner of the new project called Attesa. The project consists of 2,360 acres for residential, commercial, industrial uses and a major motor sports racing facility including two 2.8 mile road course, one for a motor sports club and the other for major sanctioned racing events. To date the investor has spent \$14.6M acquiring the land and it is our estimate that he has committed another \$3 to \$5M in design, engineering, legal, marketing and research consultants and, as he has stated, will break ground in 2017 building the racing venues first.

Although we have serious doubts that Casa Grande has the location or tourist infrastructure to attract sanctioned racing to the venue we can no longer in good faith encourage people to invest in the Southern Arizona Raceway.

With warmest regards to all,

Richard "Andy" Anderson, Co-Founder
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Charles Quiroz, Co-Founder
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520-245-5275
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MEMORANDUM

Date: June 15, 2016

To: Dr. John Moffatt, Director
Economic Development Office

From: C.H. Huckelberry
County Administrator 

Tom Moulton, Director
Attractions and Tourism Office

Re: **Southern Arizona Raceway Alliance LLC Letter Dated June 30, 2016, Received on June 14, 2016 Regarding Discontinuation of Lease with Pima County**

As you can see from the attached letter dated June 30, 2016, Southern Arizona Raceway LLC will no longer pursue development of a major racing facility on County-owned land with a conditional lease.

I ask that termination of this lease be placed on the July 5, 2016 Board of Supervisors Agenda.

With potential lease termination, the 400 acre plus property should be made available for economic development purposes. An inventory of all available planning, mapping or other resources regarding this property should be made so we have appropriate background and engineering information from which to judge the appropriateness of the property for future economic development proposals.

CHH/anc

Attachment

c: John Bernal, Deputy County Administrator for Public Works
Jan Leshner, Deputy County Administrator for Community and Health Services