



Board of Supervisors Memorandum

December 13, 2016

Rillito Racing Operating Agreement Extension

Background

On January 19, 2016, the Board of Supervisors unanimously approved an extension through June 30, 2017 to allow racing at Rillito Regional Park through the 2017 racing season. As the racing season nears, the Rillito Park Foundation was awarded a \$1 million grant for improvements to the Rillito Regional Park racing facilities. The grant is predicated on a minimum four-year agreement for operation of the racing facilities; through the 2021 racing season. The funds will be used to provide much needed repairs to the facility. Natural Resources, Parks and Recreation staff, in consultation with County Attractions and Tourism staff, have identified more than \$2 million in needed structural, safety and aesthetic improvements. None of these improvements are currently funded by Pima County. Additionally, the agreement extension will provide a minimum of \$56,000 in lease revenues that will be used to offset the cost of funding the Attractions and Tourism Office.

No other changes to the Operating Agreement are requested. The agreement is similar in nature to several of the County's other attractions agreements, such as Arthur Pack Golf Course and Old Tucson Studios, both of which have considerably longer-term agreements.

The Operating Agreement continues our effort to establish Rillito Regional Park as a true multipurpose facility that allows a variety of sports – including soccer, rugby, lacrosse and football – as well as a variety of annual events. These activities, along with the highly successful farmers market and thousands of Loop users, make Rillito Regional Park one of the top recreation venues in the region. This agreement provides significant private investment in this popular public facility, further improving it for expanded utilization.

Recommendation

I recommend the Board of Supervisors approve extension of the Operating Agreement with Rillito Racing, Inc. to June 30, 2021.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "C.H. Huckelberry".

C.H. Huckelberry
County Administrator

CHH/mjk

Attachment



BOARD OF SUPERVISORS AGENDA ITEM REPORT
CONTRACTS / AWARDS / GRANTS

Requested Board Meeting Date: December 13, 2016

or Procurement Director Award ☐

Contractor/Vendor Name (DBA): Rillito Racing, Inc., a non-profit corporation

Project Title/Description:

Approval of Amendment 2 to the Agreement for Non-exclusive Operation of Rillito Racetrack

Purpose:

The purpose for this amendment is to:

- 1) extend the term of existing agreement to June 30, 2021;
- 2) add \$56,000 rental revenue (\$14,000 per year for 4 years); and
- 3) add subsection 14.6--Plans and Construction in section 14--Repairs and Maintenance of the existing contract to allow the Rillito Racing, Inc. ("Operator") to provide Pima County \$900,000 cash and \$100,000 in-kind services for Rillito Racetrack facility improvements. Subsection 14.6 also requires Operator to provide, at its sole cost and expense, construction ready, sealed plans and specifications to Pima County for Pima County to construct Rillito Racetrack improvements.

In summary, this amendment results in a total investment of \$1 million (\$900,000 cash and \$100,000 in-kind services) to improve Rillito Racetrack facility over a five-year period plus \$56,000 in rental revenue. The total cash revenue of this amendment is \$956,000.

Procurement Method:

Cooperative Agreement

Program Goals/Predicted Outcomes:

Continue horse racing for the next four years and construct the necessary improvements at the Rillito Racetrack facility.

Public Benefit:

Horseracing will continue at Rillito Racetrack as supported by various members of the public. Operator will invest \$1million in improvements to the Rillito Racetrack facility.

Metrics Available to Measure Performance:

Retroactive:

No.

Document Type: _____ Department Code: _____ Contract Number (i.e., 15-123): _____
Effective Date: _____ Termination Date: _____ Prior Contract Number (Synergen/CMS): _____
☐ Expense Amount: \$ _____ ☐ Revenue Amount: \$ _____
Funding Source(s): _____

Cost to Pima County General Fund: _____

Contract is fully or partially funded with Federal Funds? ☐ Yes ☐ No ☐ Not Applicable to Grant Awards
Were insurance or indemnity clauses modified? ☐ Yes ☐ No ☐ Not Applicable to Grant Awards
Vendor is using a Social Security Number? ☐ Yes ☐ No ☐ Not Applicable to Grant Awards

If Yes, attach the required form per Administrative Procedure 22-73.

Amendment Information

Document Type: CT Department Code: ED Contract Number (i.e., 15-123): 14*537
Amendment No.: 02 AMS Version No.: 3
Effective Date: 12/13/2016 New Termination Date: 06/30/2021
☐ Expense ☒ Revenue ☐ Increase ☐ Decrease Amount This Amendment: \$956,000.00
Funding Source(s): _____

Cost to Pima County General Fund: \$0.00

Contact: Nanette Slusser or Lisa Matthews

Department: Public Works Administration

Department Director Signature/Date: _____

Deputy County Administrator Signature/Date: _____

County Administrator Signature/Date: _____

(Required for Board Agenda/Addendum Items)

Telephone: 724-8396

11/30/16

11/30/16

11/30/16

**PIMA COUNTY DEPARTMENT OF:
ECONOMIC DEVELOPMENT & TOURISM**

PROJECT: Agreement for the Non-exclusive Operation of Rillito Racetrack

PARTIES: Rillito Racing, Inc., an Arizona non-profit corporation

CONTRACT NO.: CT ED 140000 00000 00000537

TERM: 07-01-2014 to 06-30-2021

ORIGINAL CONTRACT TERM: 07-01-2014 to 06-30-2015

TERMINATION DATE THIS AMENDMENT: 06-30-2021

ORIGINAL CONTRACT AMOUNT: \$14,000.00 *

AMOUNT PRIOR AMENDMENT: \$28,000.00

AMOUNT THIS AMENDMENT: \$956,000.00 *

TOTAL CONTRACT AMOUNT \$998,000.00

**based on eight live race days; does not include per person amount*

**AMENDMENT TWO
TO THE AGREEMENT FOR THE NON-EXCLUSIVE OPERATION OF
RILLITO RACETRACK**

WHEREAS on July 1, 2014 a non-exclusive Operation and Management Agreement of Rillito Racetrack ("Agreement") was made and entered into between PIMA COUNTY, a body politic of the State of Arizona (hereinafter referred to as "County"); and Rillito Racing, Inc., an Arizona non-profit corporation (hereinafter referred to as "Operator"); and

WHEREAS on June 30, 2015 the Agreement expired; and,

WHEREAS on January 19, 2016, the Pima County Board of Supervisors unanimously voted to extend the term of the Agreement to June 30, 2017; and,

WHEREAS, the parties desire to extend the term of the Agreement for an additional four (4) years to June 30, 2021 to provide for additional racing seasons at Rillito Park and to provide for the investment by the Operator of additional sums of money for improvements at Rillito Park.

Now, therefore, the Parties agree as follows:

CHANGE SECTION 3—Term and Renewal

FROM:

"3. Term and Renewal. The term of this Agreement is from July 1, 2014 to June 30, 2017. Any extension of this Agreement must be approved by County's Board of Supervisors in conformity with any renewal process or policy that the Pima County Board of Supervisors may determine prior to the expiration of this Agreement."

TO:

"3. Term and Renewal. The term of this Agreement is from July 1, 2014 to June 30, 2021. Any extension of this Agreement must be approved by County's Board of Supervisors in conformity with any renewal process or policy that the Pima County Board of Supervisors may determine prior to the expiration of this Agreement."

ADD SUB-SECTION 14.6—Plans and Construction to the end of SECTION 14—Repairs and Maintenance

"14.6. Plans and Construction. The operator intends to invest One Million Dollars (\$1,000,000.00) over Five (5) years in improvements to the racing facilities at Rillito Regional park. The first year improvements include the reconstruction of the dismantled barns and associated utilities (water and electricity) which are budgeted at One Hundred Thousand Dollars (\$100,000.00) and will be retained from the Year 1 allocation. The Operator will submit drawings by a licensed architect for these improvements, and County will not withhold appropriate permits if the drawings meet all standards. The Operator may reassemble the barns and install associated utilities with oversight by County. On or before July 1, 2017, Operator and County will agree to prioritize the list of improvements described in Exhibit C (the "improvements"), which County will review in accordance with section 16.2 of this Agreement. Operator will irrevocably provide to County the sum of Nine Hundred Thousand Dollars (\$900,000.00) in cash over five (5) years in the following increments; Year 1 in kind funding in the amount of One Hundred Thousand Dollars (\$100,000.00) to be used by Operator to reassemble barns; Year 2 through 4, Two Hundred Thousand Dollars (\$200,000.00) each year, and in year 5, Three Hundred Thousand Dollars (\$300,000.00). Operator will make required annual contributions by October 1st of each year. Failure by Operator to deposit required funds with County by October 1st of each year will be a material breach of this Agreement for which County may immediately exercise its right under Section 22 to terminate the Agreement without providing Operator written notice and the opportunity to cure the breach as provided in that Section. County will deposit these funds in a Special Revenue Account to be used by County for the construction of the Improvements. County will construct the Improvements using contractors that County has approved for work in compliance with the requirements of Title 34 of A.R.S., and County staff will supervise said construction. All disbursements from the Special Revenue Account will be made by County and shall (i) be used solely for the Improvements prioritized by Operator and County. If the funding in the Special Revenue Account is insufficient for the construction of all of the Improvements, County may, at County's sole discretion, reduce the scope of the Improvements to be constructed."

All other provisions of the Agreement, not specifically changed by this Amendment, shall remain in effect and be binding upon County and Operator.

PIMA COUNTY

Sharon Bronson, Chair
Pima County Board of Supervisors

Date

ATTEST:

Robin Brigode, Clerk of the Board

Date

APPROVED AS TO FORM:



Tobin Rosen, Deputy County Attorney
Civil Division



Date

APPROVED AS TO CONTENT:


Tom Moulton, Director
Pima County Attractions & Tourism

11-30/16
Date

Rillito Racing Inc.


Frank B. DeFazio, Secretary

11-30-2016
Date

Exhibit C

(3 pages)

Rillito Park (Racetrack Complex) - Improvements and Renovations

| Rillito Racetrack Complex Projects | Estimated Project Cost | RPF / Repp McInain | P.C. Priority | Priority 1 Costs | Comments |
|--|------------------------|--------------------|---------------|------------------|---------------------------|
| Barns | | | | | |
| Relocate horse washing stations | 10,000 | x | | | |
| Reconstruct 56 horse stalls | 84,000 | x | | | |
| Clubhouse | | | | | |
| Clubhouse Roof Renovation | 93,000 | | 1 | 93,000 | Remodel Clubhouse Kitchen |
| Clubhouse Kitchen Counter Upgrades to Stainless Steel | 20,000 | | | | Remodel Clubhouse Kitchen |
| Clubhouse Kitchen Hood upgrade | 20,000 | | | | Remodel Clubhouse Kitchen |
| Clubhouse Kitchen Floor Replacement | 15,000 | | | | Remodel Clubhouse Kitchen |
| Remodel Clubhouse Kitchen | 66,382 | x | | | |
| ADA Elevator (Lift) to Access Clubhouse/Grandstand | 117,000 | | | | |
| Add elevator to facade of Clubhouse | 48,000 | x | | | |
| Install ramp between Clubhouse and Grandstand | 6,000 | | | | |
| Strengthen wall at southwest corner of 2-story Clubhouse | 5,000 | | 1 | 5,000 | |
| Renovate Clubhouse seating for ADA & Code Compliance | 130,000 | | | | |
| Raise ceiling mounted TV stands at Clubhouse | 1,300 | | | | |
| Remediate clearance issues at Concession Area 7 & 8 | 8,600 | | | | |
| Provide secondary means of egress at Concession Areas 6, 7 & 8 and Betting Counter 3 | 2,800 | | 1 | 2,800 | |
| Update food-service finishes at north end of Concession Area 8 | 2,800 | | | | |
| Add mini-splits to lower office areas | 4,500 | | | | |
| Convert Clubhouse coolers to HVAC | 72,000 | x | | | |
| Add ADA bathroom to Clubhouse | 12,000 | x | | | |
| Grandstand | | | | | |
| Strengthen masonry mezzanine enclosure walls | 80,000 | | 1 | 80,000 | |
| Strengthen sloping Grandstand support beam | 7,000 | | 1 | 7,000 | |
| Strengthen mezzanine support beam | 7,000 | | 1 | 7,000 | |
| Replace countertops at Concession Area 1 | 7,000 | | | | |
| Install ADA-compliant work surfaces at Concession, Betting and Offices | 9,000 | | | | |

Rillito Park (Racetrack Complex) - Improvements and Renovations

| Rillito Racetrack Complex Projects | | Estimated Project Cost | RPF / Repp Mclain | P.C. Priority | Priority 1 Costs | Comments |
|---|--|------------------------|-------------------|---------------|------------------|----------|
| Correct headroom issues at Concession Areas 2&3 | | 5,300 | | | | |
| Remediate doorway clearances at Office 1,2&3 | | 200 | | | | |
| Remediate floor surfaces at Betting Counter and Betting Office 1,2 & 3 | | 600 | | | | |
| Remediate level changes Lower Grandstand Floor | | 20,500 | | 1* | 21,100 | |
| Correct flue at grandstand building | | 1,400 | | | | |
| Correct outside air connection for furnace | | 2,100 | | | | |
| Correct Emergency & exit lighting at Grandstand | | 22,000 | | 1 | 22,000 | |
| Replace all stairs | | 124,000 | | | | |
| Replace all handrails | | 25,000 | | | | |
| Renovate seating for ADA & Code compliance | | 19,000 | | | | |
| Renovate & upgrade Mens & Womens Restroom on ground floor for ADA Compliance | | 40,000 | | 1 | 40,000 | |
| Restore Stewards box atop of Grandstand | | 88,949 | x | | | |
| Add additional box seating to Grandstand | | 70,000 | x | | | |
| Relocate Clubhouse coolers to Grandstand | | 12,250 | x | | | |
| Restore Glass Panels to ends of Grandstand | | 70,000 | x | | | |
| General Facility | | | | | | |
| Install Standpipes at all stairways | | 30,000 | | | | |
| Replace non-compliant doors | | 39,000 | | | | |
| Remove restroom accessories and mount at correct height | | 1,200 | | | | |
| Correct ventilation at Jockey building | | 11,300 | | | | |
| Remove & replace wiring, panel boards and receptacles in Grandstand & Clubhouse as needed | | 100,000 | | 1 | 100,000 | |
| Replace plumbing fixtures at Grandstand* | | 124,000 | | | | |
| Refurbish beer lines in all bars | | 12,500 | x | | | |
| Miscellaneous repairs to facility allowance | | 40,000 | x | | | |
| Clean and repaint facility | | 165,000 | x | | | |
| Additional ADA improvements allowance | | 40,000 | x | | | |
| Update bathrooms throughout | | 40,000 | x | | | |
| Overhead, coordination, and general conditions | | 125,337 | x | | | |
| Jockey Building Potable Water Repiping | | 5,000 | | 1 | 5,000 | |
| Sales Tax | | 50,592 | x | | | |

Rillito Park (Racetrack Complex) - Improvements and Renovations

| | | Estimated Project Cost | RPF / Repp Main | P.C. Priority | Priority 1 Costs | Comments |
|--|---|---------------------------|-----------------------|------------------|---------------------|----------|
| | Rillito Racetrack Complex Projects | | | | | |
| | Outside Track Viewing and Overflow Area by Clubhouse and around Grandstand - Patch, Crack Seal and Seal Coat Asphalt | 50,000 | | 1* | 28,900 | |
| | Portable ADA Path to Cross Track (2) | 18,000 | | | | |
| | Rillito Park Grandstand & Clubhouse Access Asphalt Path Improvements | 30,000 | | | | |
| | | \$ 2,211,610 | | | \$ 411,800 | |
| | <i>Italicized items preferred by RPF</i> | | | | | |
| | *combined ground surface leveling items totalling \$50,000 | | | | | |