

DATE: 11-11-2013
MEETING OF: 11-22-2013
FROM: Dave Kegebein
RE: Ocean Speedway Contract

BACKGROUND:

On 9-19-2008 the district contracted with Ocean Speedway to use district facilities to conduct motorized auto racing from 3-7-2009 to 10-7-2013.

On 2-17-2009 at the request of Ocean Speedway the parties attempted to amend the rental agreement by revising several terms including the addition of two three year options. The primary five year agreement expires at the end of this month.

In the fall of 2012 Ocean Speedway contacted the District and offered to discuss modifying the terms of their agreement. Conversations about potential modifications have occurred off and on since as the District & Ocean Speedway work to resolve issues with the neighborhood group CAFA.

Management asked Jerry Blair of the Attorney General's Office (DAA Attorney) to prepare a proposed new agreement to replace the potential options spelled out in the current agreement.

Management desires to assist the board with entering into a new agreement that clearly spells out each party's responsibilities & obligations. The proposed Agreement provides the district improving cash flow over the next six years and allows the district time to conduct a comprehensive economic analysis of potential future land & facility utilization. The current Auto Racing facility occupies approximately 25% of the districts income producing space. Managements current estimate is the auto Racing Facility will produce about 9% of the district's 2013 rental revenue.

FISCAL IMPACT

As spelled out in item 2 of the proposed agreement.

STAFF RECOMMENDATION

That the board approve the new Revenue Generating Agreement as Prepared by Jerry Blair of the California Attorney General's Office between Ocean Speedway and the 14th DAA.

ATTACHMENTS

- Proposed Agreement
- Current Agreement