

Mayor, police chief, businesses all need Grand Prix to succeed

by Rachel Bernstein, *Maryland Daily Record*, August 25th, 2011

When Jay G. Davidson wakes up on Labor Day Monday, the biggest test he's ever prepared for will be over.

And Davidson said he feels confident that he — and the rest of Baltimore Racing Development LLC — have done the best they can to create a successful inaugural year of the Baltimore Grand Prix.

“I look at it like preparing for a test in law school or even a court case,” said Davidson, formerly an attorney for Columbia-based U.S. Foodservice Inc. “Once you're prepared for it, you let it go and you perform. The things you can't control, you can't feel bad about them.”

For the past 18 months, Davidson and a group of Baltimore-based investors have dealt with several hurdles in putting together the city's first IZOD IndyCar race. The three-day event at the Inner Harbor is expected by city officials and tourism industry professionals to lure 100,000 visitors and \$70 million into the area.

The event's success is critical to many:

Mayor Stephanie Rawlings-Blake, who faces a primary election just nine days after the race, and Police Commissioner Frederick H. Bealefeld III see an opportunity to change Baltimore's “Wire”-fed perception; city tourism officials see an opportunity to build Baltimore's reputation as a sports hub and tourism hot spot; and downtown business owners eye the race as a way to make a few more dollars on an otherwise dull tourism weekend.

Similar races have helped the reputations of other cities, city leaders say.

While government officials and race organizers don't expect the first year — the city has committed to five years of racing — to turn a profit, they say success of the event hinges on whether visitors will return to the city.

“That's the question mark,” said Lee H. Berke, president of Scarsdale, N.Y.-based LHB Sports, Entertainment & Media Inc., which helps sports entities create their own media networks. “And it doesn't get answered until the event takes place.”

The Long Beach example

Long Beach, Calif., was little more than a port city before 1975, said Jim Michaelian, CEO of the Grand Prix Association of Long Beach.

City officials and business owners wanted to make its mark nationally and internationally, and show off its coastline and beaches to potential tourists. So when the Grand Prix presented an opportunity to help change the perception of the city, race organizers jumped at the chance to make the event successful, Michaelian said.

Thirty-seven years later, Michaelian said three factors are crucial to keeping a race strong: political leaders, affected communities and businesses involved in the event have to come together to make the race work as a concept; the venue has to be attractive and easily accessible; and the race itself needs to be a draw for multiple demographics.

Creating a more festival-like environment and itinerary around the race will bring in families, non-racing fans and children, he said.

“You have to provide a variety of experiences in a venue like that even for the non-hardcore race fan,” Michaelian said. “It’s like a festival that happens to feature race cars.”

Rawlings-Blake said the choice to thrust Baltimore into the spotlight for such an event was a bold one.

“There are risks when you do anything bold,” she said. “But we’re looking forward to this becoming a real change of the way Baltimore’s perceived, in the same way as Long Beach. . . . The mayor told me he would do it again in a heartbeat because of the economic impact it’s brought to the city.”

When a race is successful, it can enhance the image of a city, Berke said.

Indianapolis was able to boost its image with the Indianapolis 500, as well as bring in amateur sports, events and championships that made the city stand out to visitors, he said.

But when the Kentucky Motor Speedway in Sparta, Ky., held a NASCAR Sprint Cup race in July, Berke said, severe traffic problems cast a bad light onto the event itself.

Kentucky Motor Speedway had hosted smaller, less prestigious events before, but the Sprint Cup race was the first of its size at the venue. Interstate 71 near the track was clogged for hours, leaving many fans unable to attend the race. Speedway Motorsports Inc. offered to exchange fans’ unused tickets for future events at Speedway Motorsports tracks as a result.

Rawlings-Blake said the Baltimore Grand Prix is just one of several steps to creating a long-lasting positive impact for the city. Baltimore hosted the U.S. Conference of Mayors in June as a way to expose the nation’s politicians to the city.

“When they got the chance to visit, they said they wanted to come back,” Rawlings-Blake said.

Rawlings-Blake said city leaders, along with race organizers, will meet after the event to discuss how to improve it next year.

Through the process of coordinating the event, obstacles in neighborhood communication and financial backing have hurt the perception of the race, said David Troy, a Baltimore software developer and founder of 410 Labs. Relying on the event's success could be a risky move for Rawlings-Blake in an election year as well, he said.

"The mayor has put this out there as an example of something she believes is a good and worthy thing for the city of Baltimore," said Troy, who has been a vocal supporter of one of Rawlings-Blake's opponents, Otis Rolley III. "And to the extent that it is or is not, it's a referendum on her judgment. I think whatever happens, she certainly needs to own the up- or downside of this thing."

Troy said that even if the race is successful, organizers and city businesses and residents need to examine the downsides the city has endured for the race. Removal of trees, road closures that worsen traffic, and the closing of some University of Maryland facilities have all affected Baltimore's residents, Troy said.

Safety first

Ensuring that the Baltimore Grand Prix is safe for visitors, residents and businesses is a weight Baltimore City Police Commissioner Frederick H. Bealefeld III says he's recognizes is top priority.

"We're very cognizant of it," Bealefeld said. "We're certainly cognizant that these major sporting events put Baltimore on a national stage, and we have the experience. This certainly comes with a complexity of problems or public safety issues that we don't normally confront in terms of such a large traffic footprint."

Bealefeld said the effect the race will have on the city's businesses is unprecedented, particularly since the race will start on a Friday.

After this summer's Fourth of July celebration at the Inner Harbor, where a fatal stabbing occurred and a bullet hit a child, Bealefeld said the police department will employ a different strategy during the Grand Prix. Much of the department's concern will be traffic flow and controlling the concentrated crowd so vehicles can easily get in and out of the race area.

A command center will be created in an undisclosed location to monitor traffic and crowd activity using video cameras, helicopter video feeds and other data systems, Bealefeld said. Several hundred law enforcement officers will be on the streets via foot, horseback and motorcycles, and a large number of plainclothes officers will be scattered throughout the area, he said.

“The construction has been going on for over a year, and our planning has been going on over a year,” Bealefeld said. “We’ve been rerouting [Maryland Transportation Authority] bus routes, dealing with fire responses and [ambulance] responses, and the university hospital is on the edge of this thing. ... We’ve been mindful of that, and we believe we have a good plan.”

Short-term inconvenience

As for the businesses around the race track, many tourist attractions are using the event to draw visitors.

Van Reiner, CEO of the Maryland Science Center, said attendance is usually good on Labor Day weekend. But, Reiner said he doesn’t know how having race bleachers set up just down the Inner Harbor promenade from the center will affect attendance.

“I think it’ll be a short-term inconvenience for a long-term improvement,” Reiner said. “There’s more of an opportunity to get people in the front door.”

The Maryland Science Center has partnered with local Boy Scout groups, which have sponsored one of the race cars, to have a race car in front of the museum Sept. 3. Scout troops wearing uniforms will get discounted tickets, Reiner said.

The Maryland Zoo in Baltimore is creating a “Zoo Prix” festival weekend with animal-themed games. Grand Prix attendees who bring race ticket stubs to the zoo will be able to get a second zoo ticket at half-price after buying one, said Jane Ballentine, spokeswoman for the zoo. The National Aquarium in Baltimore is offering a discount for Grand Prix visitors through an online promotional code.

John Holley, director of sales and marketing for the 757-room Hilton Baltimore, said the hotel is 100 rooms shy of being completely occupied for the Grand Prix weekend. And being about 80 percent occupied isn’t something that typically happens over Labor Day weekend, Holley said.

“If they could continue to place it there over Labor Day ... Downtown Baltimore needs events like that to keep the influx of tourists year-round,” Holley said.

According to the city’s tourism agency, Visit Baltimore, hotel occupancy has averaged 65 percent during Labor Day weekend from 2006 to 2010. Saturday night is typically the strongest of the extended weekend’s days, said spokeswoman Sara Hisamoto, with average hotel occupancy of 85 percent during those years.

Judi DiGioia, sales and marketing manager for Morton’s the Steakhouse, at Conway and Charles streets, said the hassle of getting in and out of the restaurant during the weekend will be well worth it to employees.

“When my staff is coming in and we’re busy, they’ll be making good money,” she said. “Many of them work for gratuities, so when all that business is happening, people will be happy and willing to get in here.”

Baltimore City Council member William H. Cole IV said that after 18 months of planning the race, the event is doing exactly what he had hoped it would do.

“It’s selling a lot of tickets, and it fills hotels and restaurants,” Cole said. “Nowadays I have people calling me asking if I can hook them up with tickets for Sunday’s race. Those are good problems to have now.”

Cole said that after the event he will assess with city officials and race organizers the economic impact on small businesses, which is expected to be greater than what a typical Labor Day weekend would create.

Investor woes

Among the city officials who have raised support for the Baltimore Grand Prix are the event’s organizers and investors, many of whom are local businessmen.

Davidson said that if the investors were looking for a quick pot of money, backing the Grand Prix financially was not the way to go. Events like the Grand Prix take a long time to become profitable, he said.

“We certainly want this to be viable, but there are other ways we could have invested and seen a quicker rate of return,” Davidson said. “But we all wanted to bring a great event to Baltimore, to help rebrand the city.”

Davidson said the event’s success will be defined by whether visitors come back to Baltimore for either a vacation or for the second year of the Grand Prix.

David Rather, owner of Mother’s Federal Hill Grille and an investor in Baltimore Racing Development LLC, said his personal gain was from nabbing catering business at the Grand Prix.

“Even if I lost money, I’d still make some revenue back on catering,” Rather said. “I’d like to be involved in special events. “

Rather declined to disclose how much he has invested in the race, but he also assisted by booking bands and working on the Budweiser block party area.

Rather said his involvement in the next few years remains uncertain. Not being able to completely focus on Mother’s and opening a second location for the restaurant has hurt sales, he said.

But bringing back the race next year depends on investors committing to the event, even if it doesn't make money, said John A. Moag Jr., CEO of Moag & Co., an investment and advisory firm for sports, media and entertainment in Baltimore.

"Odds are it will not make money in its first year," Moag said. "So investors need to make the commitment and are going to have to sustain that first year."

Moag, former chairman of the Maryland Stadium Authority, said the Grand Prix is riskier than Ravens games or events like the Preakness Stakes because it hasn't been done in Baltimore before.

"All-Star Games are played every year across the country, they're a riskless exercise," Moag said. "But the big issue is if they are unable to make a financial success out of it and aren't able to sustain the loss and reinvest until it works."

Troubles on the road

It hasn't been a smooth track for the Grand Prix organizers.

This week, two of the group's original investors filed for temporary restraining orders and an order for injunctive relief to pay back \$1.2 million in total confessed judgments.

And while many similar races across the country — in Long Beach, Toronto and St. Petersburg, Fla., for example — have title sponsors, Baltimore's does not.

"Sponsorships have dragged," Rather said. "That's been a little difficult."

Rather also said there have been many unforeseen expenses that have forced organizers to put up more money than expected.

For example, he said, after a change in the race course, organizers had to spend nearly \$2 million they weren't counting on to create the pit lane at the parking lot at Oriole Park at Camden Yards.

But Rather says it has been worth it.

"This," he said, "was a really cool opportunity to be involved from the ground floor and produce an event."

Come Labor Day Monday, Jay Davidson hopes to be feeling the same way.

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