



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Paul Krutko

SUBJECT: SEE BELOW

DATE: June 13, 2006

Approved

 Date 6/14/06

COUNCIL DISTRICT: 3, 4, 5
SNI AREA: NA

SUBJECT: APPROVE THE USE OF CITY STREETS FOR THE AMGEN TOUR OF CALIFORNIA BICYCLE RACE ON FEBRUARY 21, 2007; AND AUTHORIZE THE CITY MANAGER TO NEGOTIATE AND EXECUTE AGREEMENTS WITH AEG CYCLING, LLC, AND THE SAN JOSE SPORTS AUTHORITY TO FACILITATE PARTICIPATION IN THE AMGEN TOUR OF CALIFORNIA

RECOMMENDATION

It is recommended that the City Council:

- a. Approve the use of City streets for the Amgen Tour of California Stage Finish on Wednesday, February 21, 2007, provided that required street closure and encroachment permits are issued;
- b. Adopt a resolution authorizing the City Manager to negotiate and execute a participation agreement with AEG Cycling, LLC, for a Stage Finish and Lifestyle Festival of the 2007 Amgen Tour of California, consistent with the terms of the Agreement signed for the 2006 Event, in an amount not to exceed \$85,000; and
- c. Adopt a resolution authorizing the City Manager to negotiate and execute an agreement with the San Jose Sports Authority to provide support services for the 2007 Amgen Tour of California, as convener of the Local Organizing Committee for said Tour.

These actions further the vision of San Jose as the world's most livable big city, with diverse and distinctive qualities of life and the City's economic development initiative to "Encourage Sporting Teams, Events and Facilities, Professional as well as Amateur" (Economic Development Strategy Initiative 13).

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OUTCOME

An agreement with AEG Cycling, LLC and the San Jose Sports Authority will result in presentation of the 2007 Amgen Tour of California in San Jose, to include a Stage Finish and Lifestyle Festival which will bring over 800 individuals in the Tour entourage, hundreds of volunteers and thousands of spectators. The national and international exposure for San Jose will be significant, including targeted spots and backdrop coverage; an expanded media / marketing / public relations campaign is expected to generate well over one billion media impressions worldwide through newspaper, television, radio news reports and advertising. The Tour and its Lifestyle Festival will provide opportunities for health based and educational initiatives, physical screening, etc., to encourage a healthy lifestyle for students, residents and visitors.

BACKGROUND

The Amgen Tour of California ("Tour"), successfully inaugurated in February 2006, is a unique weeklong "rolling festival" through California that is the nation's largest professional cycling race and the largest sporting event ever held in California. In 2006, this international, Tour de France-style bicycle race featured 16 professional cycling teams (128 cyclists) competing for the highest prize purse in North America.

On December 13, 2006, the City Council approved the use of City streets for the 2006 Amgen Tour of California Stage Finish/Time Trials and City support in the amount of \$160,000. An estimated 50,000 spectators lined the San Jose portions of the Tour and attended the Lifestyle Festival. The entire 700-mile Tour had 1.3 million spectators, with millions more via television broadcast, including a nightly primetime broadcast on ESPN2. In addition, the Tour distributed nightly Video News Releases to local, regional, national and international media outlets (including targeted European markets) summarizing that day's Stage. Media exposure included regional and national newspapers and all four major wire services (AP, UPI, Agence France Presse and Reuters), and 300 credentialed media covered the event. AEG Cycling has documented 623 million media impressions and 15 million web hits generated by the 2006 Tour.

The 2007 Tour will feature up to 18 teams as a result of the high degree of interest by the professional cycling community, and will take place in multiple "stages" beginning in northern California on Sunday, February 18, and ending in Redondo Beach on Sunday, February 25. San Jose has the opportunity to be a featured city on the 2007 Tour as host of a "Stage Finish" on Wednesday, February 21. This opportunity will once again bring elite racing cyclists to San Jose's streets, offering residents and visitors a unique and exciting sporting event along the Tour route, as well as a Lifestyle Festival in the Downtown.

Initial meetings regarding the 2007 Tour have been held with the Office of Economic Development, Police Department and Department of Transportation. The San Jose Sports Authority will once again assume the role of convener of the Local Organizing Committee, and will work with partner agencies and the City staff technical team to support and grow this signature San Jose sporting event.

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It is anticipated that the City will contract with the Sports Authority on terms consistent with our Agreement for the 2006 Event.

ANALYSIS

The Tour affords San Jose participation in a successfully launched world-class sporting event, with proven appeal to the large number of cycling aficionados in the region, presented by producers with a solid track record of success:

- Cycling is consistently ranked one of the country's top three participation sports and California leads the nation in cycling participation.
- The Tour's California route is developed in conjunction with the international sanctioning body for professional cycling, the Union Cycliste Internationale, and the domestic governing body, U.S.A. Cycling, Inc. Professional and Olympic-level world-class cyclists from over twenty nations are expected to compete. The Tour is one of only a few American races listed in the international professional cycling calendar and, as such, awards important world ranking points to the top finishers.
- The Tour is owned by Anschutz Entertainment Group (AEG), one of the leading sports and entertainment presenters in the world. AEG's contracted agent, Medalist Sports LLC, will plan and manage the event. Medalist Sports is a sports marketing and event promotion firm specializing in the creation, organization and marketing of professional cycling events.

In 2007, San Jose can anticipate an even higher level of national and international exposure from the Tour, as a result of AEG Cycling's expanded media, marketing and public relations effort. In addition to visitor spending by spectators, the 2007 Tour advance team (approximately 150 people) will be staying in overnight accommodations in San Jose. Approximately 400 volunteers will assist as course marshals and in other capacities. The expanded media and marketing campaign, as well as the success of the 2006 Tour, is expected to drive an increase in the number of spectators as well as local sponsor participation in the Lifestyle Festival which will be conducted at the Almaden Boulevard / Park Avenue finish line.

As of the date of this memo, the statewide 2007 Tour route is being finalized with state and local government jurisdictions including Caltrans, the California Highway Patrol, county, and municipal law enforcement agencies. It is anticipated that San Jose's Stage Finish will largely follow the 2006 route, entering from the northeast, and following a challenging, steep loop in the east foothills that was highly favored by spectators in 2006, and which is featured as a highlight in Tour printed and film collateral. Cyclists will then roll rapidly west on City streets into the Downtown, to the finish line at Park Avenue and Almaden Boulevard. The Stage Finish will be primarily handled as a rolling closure as the peloton approaches and passes. The finish line area will include a large screen projection and running commentary of the Tour as it approaches, Stage Finish awards, City hospitality activities, and a Lifestyle Festival featuring dozens of sports and health vendors and organizations.

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San Jose City staff is coordinating an encroachment permit with Santa Clara County staff for use of County roads, and is working with the Valley Transportation Authority to mitigate light rail and bus route impacts. City staff will work with the Tour producer to secure Caltrans permits for any use of state routes and freeway ramp closures.

City staff has discussed the terms of an \$85,000 investment with AEG Cycling to provide the following support for the Stage Finish and Lifestyle Festival:

1. Police traffic control and security;
2. Traffic safety equipment and signage provision/placement;
3. Fire inspection and EMS services;
4. Waste management equipment and trash removal;
5. Permit/approval coordination;
6. Provision of event venue space/equipment;
7. Assistance in securing accommodations and meal service; and
8. Community outreach to residents and businesses.

The terms of the Agreement with AEG are anticipated to be consistent with the Agreement signed for the 2006 Events, which included provisions for the protection of Tour Marks, limitations on advertising and merchandising within the event area, indemnities and insurance.

ALTERNATIVES

Not applicable.

PUBLIC OUTREACH

The San Jose Sports Authority, San Jose Convention and Visitors Bureau, and Team San Jose have participated in discussions about the proposed partnership with AEG Cycling, LLC. The Local Organizing Committee includes a School/Community Involvement Liaison, Volunteer Director, and Media/Public Relations Directors, who will be reaching out to involve and inform the community about the Tour.

Staff will provide direct mail notification of the Stage Finish time and route to residents and businesses along the route, and will work with Council offices and neighborhood associations to reach as many affected residents as possible. Staff will coordinate with the VTA, Greyhound Bus Lines, the Postal Service, waste management companies and school districts concerning any possible impact during the rolling road closure. Significant signage and public notification will occur in the weeks leading up to the event, to inform the general motoring public of event routes and detours.

Staff is planning specific outreach to the business community regarding opportunities to participate in this event as well as to secure economic benefit from serving its attendees.

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COORDINATION

This memorandum has been coordinated with the Department of Planning, Building and Code Enforcement, the City Manager's Budget Office and the City Attorney's Office.

COST IMPLICATIONS

The funds for City support for the 2007 Amgen Tour of California are included in the FY 2006-07 Sports Opportunity Fund.

BUDGET REFERENCE

Fund #	Appn #	Appn Name	RC #	Total Appn	Amt. For Contract	2006-2007 Proposed Operating Budget Page	Last Budget Action
001	3346	Sports Opportunity Fund	009546	\$250,000	\$85,000	IX-8	

CEQA

Exempt, File No. PP05-277



PAUL KRUTKO
Director, Office of Economic Development

For questions please contact Paul Krutko, Director, Office of Economic Development, at 535-8182.