



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: James R. Helmer

SUBJECT: SAN JOSE GRAND PRIX

DATE: 06-13-06

Approved

Date

6-13-06

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Approve a Cooperative Agreement between the City of San José, the Santa Clara Valley Transportation Authority (VTA), and San Jose Open Wheel Racing, LLC to reimburse VTA for transit operations, light rail closure, and alternate bus service during the running of the 2006 San José Grand Prix at a cost to the City of \$240,000.

OUTCOME

As contemplated in previously-approved actions for the San José Grand Prix, this agreement will provide reimbursement to the Valley Transportation Authority for activities related to the 2006 San José Grand Prix including bus bridge services to connect light rail service being disrupted by the race track, and additional bus and light rail service to meet the increased service demands of the event.

BACKGROUND

The City of San José in cooperation with San Jose Open Wheel Racing LLC and Champ Car racing have again joined together to bring grand-prix style racing to downtown San José from July 28th through 30th, 2006. Last year's transit ridership exceeded the most optimistic Santa Clara Valley Transportation Authority (VTA) projections by attracting nearly 50,000 riders to transit.

ANALYSIS

As previously identified, the racecourse has significant impacts on both bus and light rail operation in downtown San José, with potential impacts to the operation of the entire system during the three days of racing. The VTA Board has previously authorized modifications to transit service and directed staff to negotiate annual updates to the three-party agreement

established between VTA, the City of San José, and San Jose Open Wheel Racing (formerly Canary Fund). The Second Amended and Restated Agreement between the City and San Jose Open Wheel Racing for the Conduct of the San José Grand Prix requires the City, for the 2006 Race only, to negotiate an Agreement with the VTA for reimbursement of costs related to disruption of light rail service through the race course during the 2006 Race. At time of approval of that Agreement, the Council authorized the City Manager to negotiate and execute such an agreement with VTA in an amount not to exceed \$200,000.

After discussions between VTA, the City, and San Jose Open Wheel Racing representatives, it was determined that the following actions would be necessary and beneficial to ensure effective race operations and access by the public to the venue in the most convenient manner possible. These actions include:

1. Open San Carlos Street for LRT access to/from LRT Maintenance and Storage Yard (at First/Younger) during “non-race” hours of 7:30 PM to 6:30 AM. (Allows for daily cleaning of vehicles, maintenance and secured evening storage.)
2. Provide full cost recovery of VTA expenses for special transit operations to mitigate LRT closure and bus rerouting to include “bus bridge” operations and communication of schedule changes. Transit service costs will be borne by the City for the 2006 race only.
3. Work with VTA to provide a “Roundtrip” fare that can be purchased prior to race weekend in an effort to increase farebox recovery and cost coverage by VTA.
4. Assist in the active promotion of VTA transit services for access to the race event. Allow VTA the opportunity to display vehicles and promote services in Grand Prix promotional materials.

City and VTA staff have negotiated the terms of this agreement and have agreed that the payments by the City of San José to VTA for mitigation of transit impacts will be set at \$240,000 for the 2006 race. Discussions between City of San José, VTA and San Jose Open Wheel Racing officials have refined the scope of mitigation and the estimated costs. The specific reimbursement items include: bus bridge services to mitigate the closure of light rail, management of the closure and opening of light rail, enhanced light rail and bus service to service expected demand, and promotion and management of race weekend transit services.

VTA costs for providing these additional transit services have been estimated at \$435,000 for 2006, but staff has negotiated an offset based upon the estimated increased VTA ridership and the revenues expected to be generated for VTA by the San José Grand Prix during the 2006 race.

ALTERNATIVES

To operate the San José Grand Prix on the current course, light rail must be closed for service on San Carlos Street between Almaden Boulevard and Market Street resulting in a required bus bridge. As a result, no feasible alternatives exist to continuing service except the provision of a bus bridge. The Valley Transportation Authority Board supports the bus bridge approach, but has authorized an agreement based upon reimbursement for costs.

PUBLIC OUTREACH

Community meetings were held on March 14, 2006, April 17, 2006, May 25, 2006 and June 12, 2006. Staff is working with San José Grand Prix to establish a community "Hotline" to respond to any future questions or concerns.

COORDINATION

This item has been coordinated with the Office of the City Attorney, the Santa Clara Valley Transportation Authority, and San Jose Open Wheel Racing, LLC.

COST IMPLICATIONS

Service costs, in order to fully provide expanded transit services to San José Grand Prix patrons, will total \$240,000. The initial estimate for the coverage of Transit Service costs was \$200,000. As part of the January 10, 2006 Council actions, \$200,000 was allocated in the Construction Excise Tax Fund (Fund 465) to cover this expense. The additional \$40,000 will be drawn from the contingency of \$200,000 that was also established on January 10, 2006 for the Grand Prix. This contingency was designed to address issues such as unanticipated expenses for infrastructure design or inspection, or for third party costs, such as the VTA.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	Amt. for Contract	Adopted Budget Page	Last Budget Action (Date, Ord. No.)
465	6377	San José Grand Prix Project	300,000	200,000	N/A	1/10/06 Ord. 27647
001	6377	San José Grand Prix	1,240,000	40,000	N/A	1/10/06 Ord. 27646

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CEQA

Not Applicable

for James R. Helmer
JAMES R. HELMER
Director of Transportation

For questions please contact Ben Tripousis, Transportation Systems Manager, at 408-975-3717.