



SUPPLEMENTAL

COUNCIL AGENDA: 06-27-06
ITEM: 2.52

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: James R. Helmer

SUBJECT: SAN JOSE GRAND PRIX

DATE: 06-22-06

Approved

Date

6/23/06

COUNCIL DISTRICT: Citywide

REASON FOR SUPPLEMENTAL MEMO

This item is agendized for the June 27, 2006 Council meeting and staff wished to provide additional information regarding the VTA's costs to provide transit services during the 2006 San Jose Grand Prix.

BACKGROUND

City Council is considering 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. Some questions have been raised regarding the necessity of a reimbursement and breakdown of VTA's increased transit service costs. This memorandum is in response to these inquiries.

ANALYSIS

The cooperative agreement under consideration will provide reimbursement to the Santa Clara Valley Transportation Authority (VTA) 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. It is important to note that in order to provide additional transit services during race weekend VTA incurs substantial additional costs. Each additional bus and light rail vehicle is supported by VTA maintenance, operations and supervisory staff in order to provide the level of service required by an event the magnitude of the San Jose Grand Prix.

The 2006 San Jose Grand Prix brings additional challenges to VTA with the opening of the Vasona light rail extension to Campbell in the Fall of 2005. This extension will increase VTA's operating cost with respect to supporting this year's race event, as it requires extra train service

and the addition of a new bus bridge operating between the Race Street Light Rail Station and Downtown San Jose. Neither of these items were required for last year's event.

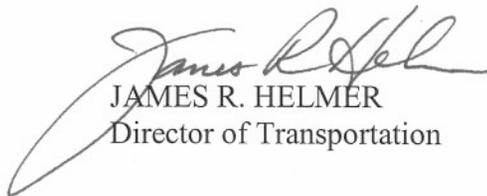
VTA staff has been directed by the VTA Board of Directors to ensure that the provision of additional transit service to accommodate the Grand Prix would be cost neutral to VTA. After detailed review and negotiation, City, Grand Prix, and VTA staff have determined that the necessary transit services can be provided for the recommended \$240,000 without negatively impacting VTA and its other services.

It should be noted that the San Jose Grand Prix paid VTA \$210,000 compensation for the 2005 San Jose Grand Prix. Factors to consider that justify the cost increases related to this year's event include inflation, rising fuel costs and the additional resources related to the new Vasona rail extension. Providing public transit services produces inherently high operating costs, additional ridership is not expected to cover the costs of these additional transit services.

While VTA did enjoy nearly 50,000 additional weekend riders during last summer's Grand Prix event, the increased revenue did not compensate for the increased costs of the service accommodations, which were provided. For the 2006 event these accommodations include additional light rail trains and operators, two bus bridges and additional operators to accommodate the severed light rail service along San Carlos Street, as well as supervisors, and maintenance staff to respond to the challenges presented by the large number of expected patrons. Labor expenses also include the process of returning trains to their maintenance yard at night for cleaning.

On the revenue side, VTA is taking measures to increase revenues. VTA has implemented a new Excursion Fare on light rail that is priced at the cost of two one-way tickets. This should reduce the post-event fare collection problems they encountered at last year's event. Additionally, VTA will be establishing ticket booths and placing fare inspectors in the downtown area stations and at the Children's Discovery Museum Station to improve ticket sales and reduce fare evasion.

Finally, it is important to note that the costs of providing increased transit services for the San Jose Grand Prix will be the City's responsibility for the 2006 race only. Transit service costs for future races will be borne by San Jose Open Wheel Racing, LLC.


JAMES R. HELMER
Director of Transportation

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