

# REPLACEMENT

COUNCIL AGENDA: 03-01-11

ITEM: 2.9



## Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Kim Welsh  
Jennifer A. Maguire

**SUBJECT:** AMGEN TOUR OF CALIFORNIA

**DATE:** February 23, 2011

Approved

*Deana Pittore*

Date

*2/24/11*

**COUNCIL DISTRICT:** All

### REPLACEMENT

#### REASON FOR REPLACEMENT

Replacement memo to reflect an increase to the appropriation amount and provide updated information regarding sponsorships.

#### RECOMMENDATION

It is recommended that the City Council adopt the following Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund to receive private sponsorships for the Amgen Tour of California:

- a) Increase the City-wide San José Cycling Events appropriation in the amount of \$100,000; and
- b) Increase the estimate for Other Revenue by \$100,000.

#### OUTCOME

Increasing appropriations and revenue estimates by \$100,000 will allow the City to enter into agreements with private sponsors of the 2011 Amgen Tour of California in San Jose, which will include a Stage Finish and Lifestyle Festival that will bring over 1,000 individuals in the Tour's entourage and thousands of spectators to San Jose.

#### BACKGROUND

The Amgen Tour of California ("Tour") - an international, Tour de France-style race featuring professional cycling teams - was inaugurated in February 2006 and reoccurred in February 2007, February 2008, February 2009 and May 2010. San Jose has successfully competed to participate as a

“host city” in the Tour since its inaugural date and has been named a Host City for the 6th consecutive year. This unique weeklong “rolling festival” through California is the nation’s largest professional cycling race and is considered the most important and successful race in the United States.

The 2011 Amgen Tour of California will cover more than 800 miles of beautiful California terrain, beginning in South Lake Tahoe and concluding in Thousand Oaks. Telecasts of the 2011 Tour will be available both domestically and internationally with webcasts and other social media productions set to increase global media exposure. The Versus network will provide live High Definition coverage of the 2011 Tour, including all the exciting finish-line sprints. Since Versus started airing coverage of the Amgen Tour of California in 2007, the network has seen average viewership growth of 46 percent. Last year’s race saw the number of viewers tuning in to the network’s daily coverage double from 2007 (3 million vs. 1.5 million).

Since 2007, San Jose has developed public-private partnerships with major businesses in Silicon Valley to support cycling initiatives and programs. When San Jose had an opportunity to submit a Request for Proposal to participate as a Stage Finish host city for the 2011 Tour, it was anticipated that strong private-public partnership would be needed to off-set costs related to the Tour. After consultation with the Silicon Valley Leadership Group about fundraising for the Tour, San Jose submitted a Letter of Intent to participate in the 2011 Tour.

The City of San Jose and the Silicon Valley Leadership Group (SVLG) are the two partners for the May 18 Tour Stage Finish in San Jose. SVLG has raised \$100,000 in private sponsorships to support production costs associated with the Tour. The City will contribute \$36,000 from existing Sports Opportunity Funds and \$94,000 in sponsorship funds generated from prior San Jose cycling events.

In addition to the \$100,000 raised by SVLG for the Tour Finish, SVLG has raised an additional \$50,000 to produce the King of the Mountain Charity Challenge sponsored by SunPower and Webcor.

The City will enter into a participation agreement with Tour organizer AEG Cycling, LLC to host the portion of the 2011 Amgen Tour of California in San Jose. The City will also enter into an agreement with the San Jose Sports Authority to assist in production of San Jose portion of the Tour. In addition, the City will enter into a sponsorship agreement with the Silicon Valley Leadership Group.

### **Terms of Participation Agreement**

The terms of the 2011 Participation Agreement with AEG are consistent with the Agreement signed for the 2006, 2007, 2008, 2009 and 2010 Events, and AEG’s standard required provisions for the protection of Tour Marks, limitations on advertising and merchandising within the event area, indemnities and insurance.

The City, with its partners, will provide AEG Cycling 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. Accommodations, parking and meal service
8. Advertising/public relations/marketing and
9. Community outreach to residents and businesses.

The San Jose Sports Authority will once again assume the role as a convener of the Local Organizing Committee, and will work with partner agencies and the City staff technical team to support this signature San Jose sporting event. The City will contract with the Sports Authority, on terms consistent with our Agreement for the 2010 Tour, for the provision of equipment, staff, printing and other Tour support on a reimbursable basis, in an amount not to exceed \$100,000. This amount is included in the City's and partners' investment in the Tour.

### **ANALYSIS**

The Tour affords San Jose participation in a 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. 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.

The national and international exposure for San José will be significant, including targeted spots and backdrop coverage. The media / marketing / public relations campaign is expected to generate well over 3.5 billion media impressions worldwide through on-line, print, television and radio news reports. The Tour and its Lifestyle Festival will provide opportunities for health based and educational initiatives to encourage a healthy lifestyle for students, residents and visitors.

Using the Economic Impact Tool developed in the "*Analysis of the Economic and Fiscal Impact of Cultural and Sporting Events in San Jose*" accepted by City Council on April 10, 2007, the economic impact of the 2010 Amgen Tour of California was \$2.9 million. This is a conservative method of estimation that counts only the impact of non-resident 'visitors' to the event. The net new incremental tax impact on City sales and hotel tax was \$147,000.

The Cultural Affairs division of the Office of Economic Development (OED) leads the City's Event Liaison Team. The Event Liaison Team will coordinate with Santa Clara County to obtain any encroachment permits that may be required for use of County roads, work with VTA to mitigate light rail and bus route impacts, and work with Caltrans to secure any required permits for use of state routes and freeway ramp closures.

### **EVALUATION AND FOLLOW UP**

The overall economic impact of the 2011 Amgen Tour will be evaluated based on spectator count, expenditures by the event producer and cycling teams, and vendor participation. Total media impressions, including live and nightly coverage of the Tour, will be assessed to determine the regional,

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national and international exposure for the City of San Jose. The Tour will also be included in several specific City performance measures, including evaluation of the City's performance in providing services and facilities and how the community at large rates the variety of events offered within San Jose.

### **PUBLIC OUTREACH**

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While this action does not meet any of the above Criteria, this memorandum will be posted on the City's website for the March 1, 2011 Council Agenda.

Staff will provide direct mail notification of the Stage Finish 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 County of Santa Clara, 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. OED staff is coordinating media for the event and also conducting specific outreach to the business community regarding opportunities to participate in this event.

### **COORDINATION**

This item has been coordinated with the City Attorney's Office, Risk Management, and Planning, Building and Code Enforcement.

### **FISCAL/POLICY ALIGNMENT**

The Amgen Tour of California advances Strategic Goal #12 of San Jose's Economic Strategy to "Develop a Distinctive Set of Sports, Art and Entertainment Offerings, Aligned with San Jose's Diverse, Growing Population." Furthermore, it helps San Jose's Green Vision Goals by encouraging our community members to utilize the miles of on-street and trail bike paths within our City and to embrace bicycle travel as an attractive means of transportation.

**COST SUMMARY/IMPLICATIONS**

The total cost of the Amgen Tour of California is estimated to not exceed \$230,000 and it is anticipated this estimate will be lowered once the specific route and stage finish locations are confirmed. To offset the production costs for the Tour, the Silicon Valley Leadership Group has raised \$100,000 in private sponsorships. City support for production costs will come from the Office of Economic Development's Gift Trust Fund Sponsorship Gifts appropriation (\$14,000), San Jose Cycling Events private sponsorship appropriation (\$80,000) and Sports Opportunity Fund (\$36,000). The \$36,000 from the Sports Opportunity Fund is the only General Fund support involved.

**BUDGET REFERENCE**

The table below identifies the funds and appropriations proposed to support the 2011 Amgen Tour of California recommended as part of this memo.

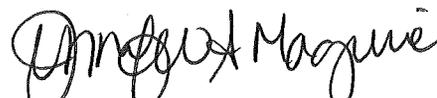
Fund #	Appn #	Appn. Name	RC #	Total Appn.	Amt for Event	2010-2011 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)*
<b>Current Funding Available</b>							
001	3346	Sports Opportunity Fund	N/A	\$100,000	\$36,000	IX - 25	6/29/10, Ord. No. 28765
139	3512	Sponsorship Gifts	N/A	\$14,396	\$14,000	XI - 41	10/19/10, Ord. No. 28829
<b>Total Current Funding Available</b>							
<b>Additional Funding Recommended</b>							
001	3789	San José Cycling Events	N/A	\$80,000	\$180,000	IX - 25	10/19/10, Ord. No. 28829
<b>Total Funding</b>					<b>\$230,000</b>		

**CEQA**

CEQA: Not a Project, File No. PP10-067(b), Appropriation Ordinance.

/s/

KIM WALESH, Chief Strategist  
 Acting Director of Economic Development

  
 JENNIFER A. MAGUIRE  
 Budget Director

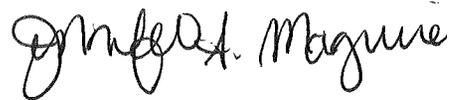
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I hereby certify that there will be available for appropriation in the General Fund in the Fiscal Year 2010-2011, monies in excess of those heretofore appropriated there from, said excess at least \$100,000.



JENNIFER A. MAGUIRE

Budget Director

For questions, please contact Tammy Turnipseed, Events Director, Office of Cultural Affairs, at 793-4343.