

RESOLUTION NO. 73039

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE SECOND AMENDED AND RESTATED AGREEMENT TO CONDUCT A SAN JOSE GRAND PRIX, BY AND AMONG THE CITY, THE REDEVELOPMENT AGENCY AND SAN JOSE OPEN WHEEL RACING LLC, SUCCESSOR IN INTEREST TO CANARY ENTERPRISES, LLC; DIRECTING THE CITY MANAGER TO NEGOTIATE THE LEASE OR PURCHASE OF PROPERTY FROM CALTRANS OF THOSE CERTAIN PARCELS UNDER HIGHWAY 87 AND UNDER I-280 EAST AND WEST OF ALMADEN BOULEVARD; AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH THE VALLEY TRANSPORTATION AUTHORITY AND SAN JOSE OPEN WHEEL RACING LLC TO MODIFY TRANSIT SERVICE TO ACCOMMODATE THE GRAND PRIX**

**WHEREAS**, in December 2004, the City Council approved an agreement with Canary Enterprises LLC (“Canary”), San Jose Arena Management LLC and the San Jose Sports Authority to conduct the San Jose Grand Prix, based on a race circuit to be constructed on portions of the City-owned HP Pavilion, as well as certain streets and parks surrounding HP Pavilion; and

**WHEREAS**, on April 26, 2005, the City Council approved an Amended and Restated Agreement to conduct the San Jose Grand Prix, amending, among other things, the proposed race circuit and eliminating certain financial obligations of the City and Redevelopment Agency of the City of San Jose (“Agency”); and

**WHEREAS**, the 2005 San Jose Grand Prix was held on July 29-31, and the economic impact on the City is estimated at \$41.6 million, which comes from direct spending (overnight visitors, day visitors and race supporting activities) and indirect spending from new transactions caused by the additional money being brought to the local economy; and

**WHEREAS**, the City also received the value of marketing the City as the 2005 San Jose Grand Prix was broadcast to more than 100,000 viewers on NBC-11 and had international coverage to 54 countries; and

**WHEREAS**, San Jose Open Wheel Racing, LLC (“Operator”), successor in interest to Canary, has requested that the City and Agency provide financial support for the 2006 and 2007 San Jose Grand Prix based on the operating experience with the 2005 race and their desire to make improvements in the race circuit; and

**WHEREAS**, the proposed Second Amended and Restated Agreement (“Agreement”) would obligate the City and Agency to provide a total estimated amount of \$2.89 million for the 2006 race and \$1.11 million for the 2007 race; and

**WHEREAS**, the Agreement would also require that the City and Agency design the improvements to the race circuit, provide funds to support Valley Transportation Authority (“VTA”) light rail operations including the bus bridge, provide financial assistance for pedestrian bridge improvements, marketing of the Downtown, and expediting set-up and tear-down activities for subsequent event coordination, provide an investment in support of race operations, and provide services to the event at no cost to Operator, including permit fees; and

**WHEREAS**, the Agreement requires the City to use reasonable efforts to obtain the use of the Caltrans-owned parcels at the 280 and Almaden Boulevard for potential use by the Operator for future races; and

**WHEREAS**, the Agreement requires the City to pay VTA for costs incurred due to modifications to transit service to accommodate the 2006 Grand Prix.

**NOW, THEREFORE**, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

1. The Second Amended and Restated Agreement to Conduct a San Jose Grand Prix is approved, by and among the City, the Redevelopment Agency and San Jose Open Wheel Racing LLC, successor in interest to Canary Enterprises LLC, amending among other things the proposed Race Circuit and defining certain financial obligations of the City and Agency in the amount of approximately \$2.9 million for the 2006 race and \$1.1 million for the 2007 race, subject to appropriation.

2. The City Manager is directed to negotiate the lease or purchase of property from Caltrans of those certain parcels under Highway 87 and under I-280 east and west of Almaden Boulevard for parking and related support uses in conjunction with the Grand Prix.

3. The City Manager is authorized to negotiate and execute, as necessary, an agreement with the Valley Transportation Authority and San Jose Open Wheel Racing LLC to modify transit service to accommodate the Grand Prix, at a cost not to exceed \$200,000.

ADOPTED this 10<sup>th</sup> day of January, 2006, by the following vote:

AYES: CAMPOS, CHAVEZ, CHIRCO, LeZOTTE,  
NGUYEN, PYLE, WILLIAMS; GONZALES

NOES: CORTESE, REED, YEAGER

ABSENT: NONE

DISQUALIFIED: NONE

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RON GONZALES  
Mayor

ATTEST:

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LEE PRICE, CMC  
City Clerk