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CANARY FUND AND THE SAN JOSE GRAND PRIX (A)

This is going to be a very exciting event, which will not only benefit the city of San Jose, but will provide Canary Fund with an exciting platform to raise awareness and money for its unique new approach in the battle against cancer.

— Don Listwin¹

On July 28, 2005, Don Listwin looked forward to the start of a hectic three day weekend. The San Jose city streets would be the site of a Champ Car World Series auto race, promoted by Listwin to benefit his non-profit Canary Fund,² an organization dedicated to developing early detection methods for cancer. Listwin had formed the Canary Fund in April 2004, and believed that putting on a major event would quickly bring the Fund to the public's attention, and to the attention of wealthy donors, particularly in the local technology community.

DON LISTWIN AND THE CANARY FUND

In late summer of 2000, Don Listwin was executive vice president of Cisco Systems, having joined the company as a product manager during the company's early days. Listwin had led the development of several key Cisco businesses, each of which had generated billions of dollars annually. He was often mentioned as the likely successor to CEO John Chambers, but as Chambers was just 50 at the time, it would be some time before Listwin would be likely to move to the top spot.

He decided to leave Cisco to become CEO of OpenWave, a company that connected mobile devices such as cell phones to the Internet. Upon leaving Cisco, he had to cash out all his vested stock options. Fortunately, he did so shortly before the stock market crashed, providing him with a substantial fortune.

¹ "San Jose Race to Benefit Canary Fund," motorsport.com, December 8, 2004.

(<http://www.motorsport.com/news/article.asp?ID=174439&FS=CHAMPCAR> , January 30, 2006.)

² Canary Fund later changed its name to Canary Foundation. The initial name, Canary Fund, is used throughout this case, as that was the name at the time of the 2005 race, and the name used in race publicity.

David Hoyt prepared this case under the supervision of Professor George Foster as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

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Listwin joined OpenWave as the Internet bubble began to burst. While most companies developing mobile Internet devices failed, Listwin led OpenWave through difficult financial times back to profitability by 2004.

At about the time Listwin joined OpenWave, his mother, who he described as “my best friend,” was diagnosed with late-stage ovarian cancer. This form of cancer was particularly difficult to diagnose, as there were no good screening tests. If detected early, the chances of survival were good. However, if detected after it spread beyond the ovaries, which was the case in 75 percent of diagnoses, the prognosis was poor. Of the nearly 26,000 women diagnosed annually with ovarian cancer in the U.S., more than 16,000 died from the disease.³ Listwin had previous experience with cancer, as 20 years earlier his father had been diagnosed with, and survived, colon cancer. His mother, having been diagnosed after the disease had reached a late stage, was not so fortunate—she died a year later.

After his mother died, Listwin decided to devote time and money to the problem of early cancer detection. While ovarian cancer was usually diagnosed too late, he learned that most research was directed at finding new drugs and improving treatment, where pharmaceutical companies could anticipate a substantial financial return. Little research was focused on improving early diagnosis.

Listwin searched for researchers working in early detection, and found Dr. Nicole Urban at the Fred Hutchinson Cancer Research Center in Seattle, who had been working on blood proteins that indicated the presence of ovarian cancer (“biomarkers”). He gave Hutchinson \$1 million to expand its ovarian cancer efforts, and another \$1 million to enable Urban to open a biomarker laboratory. In 2002, he gave Hutchinson another \$10 million.

Finally, in 2004, he decided to leave OpenWave and devote full time to his cancer work. Listwin contacted Dale Jantzen, a former high school classmate and engineer, who Listwin had worked with in Canada and had recruited to join him at Cisco. Jantzen had left Cisco at about the same time as Listwin, working at several start-ups. At the time Listwin contacted him, Jantzen was between jobs. Listwin and Jantzen analyzed the field and decided that a new organization could help bring efforts together, and provide funding at critical points to produce a dramatic impact on early cancer detection.

He formed a non-profit foundation, the “Canary Fund” to work for early detection of cancer. The fund was named for the canaries that once served as an early detection system to alert coal miners of hazardous fumes. The Listwin Family Foundation paid the administrative and overhead costs of the new organization, with all contributions to the Canary Fund being used for early cancer detection activities. Jantzen stayed on as the organization’s president. Dr. Lee Hartwell, a Nobel laureate, president of Hutchinson, and a leading advocate of early detection research, commented: “Don brings a unique perspective to this effort. He has this big, IT [information technology] vision of how to help. He knows about business and wants to be a catalyst.”⁴

³ Tom Paulson, “Ovarian Cancer War Must Shift to Early Detection, Millionaire Says,” *Seattle Post-Intelligencer*, December 8, 2005. Online at http://seattlepi.nwsouce.com/local/251259_biomarker08.html (January 3, 2006).

⁴ *Ibid.*

By 2005, the Canary Fund had collaborations with the Fred Hutchinson Cancer Research Institute in Seattle, Stanford University Medical Center, and The University of California San Francisco Comprehensive Cancer Center. The Fund's Scientific Advisory Board included a number of leading researchers, including Hartwell. It focused on supporting efforts to develop a standards-based biomarker discovery platform that could be used for various cancer-specific biomarker panels and imaging agents, with the initial focus on ovarian cancer.⁵

Listwin used his engineering background and his entrepreneurial spirit, in addition to his bank account, to speed work in the field. He noticed that researchers at different institutions (or within the same institution) were not sharing information, where collaborative efforts could bring faster results, so he challenged them to be more open with their work. He became convinced that systems collaboration was an important strategy for the cancer industry. He also recognized that important work was often delayed by the traditional research funding process. During one meeting, he asked for changes that would increase productivity, to be told by a researcher that more money would be needed — so he immediately wrote a check for \$125,000 to speed the work.

Listwin had a goal of raising \$50 million for the Canary Fund by 2010. This was not his primary measure of success, however. As he explained,

We're talking to [a high net-worth technology entrepreneur] about sponsoring work. Now, I don't expect [him] to write a check to Canary, but I don't care. There's a lot of work that needs to be done... that we've laid the groundwork for. The measure of success at Canary is stimulating activity in molecular diagnostics, not how much money is spent. The \$13 or \$14 million we've given to the Hutchinson is stimulating upwards of \$100 million of research. Our measure of success will be whether the market moves to molecular diagnostics, as opposed to whether we raise \$50 million. We're committed to the current science program to the end of the decade. At that point, if we haven't made real progress, we need to reevaluate what we're doing.⁶

ORIGINS OF THE SAN JOSE GRAND PRIX

In the late 1990s, one of Listwin's responsibilities at Cisco had been marketing. When planning for a major trade show in Europe, Cisco wanted to highlight the Internet as a major force in telecommunications. Rather than do a conventional trade show exhibit, he wanted to find something more creative and meaningful. He hired a promotions company, The Wilkinson Group (TWG) to think about creative alternatives. The resulting project was a partnership with the United Nations for an event "NetAid" that was designed to increase awareness and funding for combating global poverty.

The success of NetAid introduced Listwin to the concept of using a major event to highlight a strategy and build public awareness. When he started the Canary Fund, he faced a problem

⁵ Canary Fund Website: www.canaryfund.org (January 3, 2006).

⁶ Quotations are from interviews with the author, unless otherwise noted.

common to new non-profits: how to stand out from the enormous number of worthy causes, bring attention to an important issue, and raise a substantial amount of money. The typical process (asking wealthy friends for money, holding galas and other fundraising events) didn't offer the promise of rapidly focusing attention on early cancer detection — at least not at the pace that Listwin was seeking.

In May 2004, a month after founding Canary Fund, Listwin enlisted TWG to come up with an event that would put the Canary Fund on the public map. Dave Wilkinson, head of TWG, brought in his former partner, Kevin Bartram, to help with the project. Wilkinson and Bartram had worked with Listwin on NetAid, and in the intervening years, Bartram had formed his own company, Sponsorship Strategies.

The objectives were to raise money for the Fund, bring the Fund to the public's attention, and to access high net worth individuals. He believed that a significant event could be a platform for conducting conversations with potential large donors. He wanted the event to take place in 2005.

TWG considered a wide range of possibilities, from working with established organizations, to starting a new event. Working with an established organization, such as the NBA, would be expensive, and it would be difficult to stand out in a crowded field of other affiliated organizations. Creating a new concept would be risky, but Listwin would own the event and it might be easier to get attention for the Canary Fund. TWG developed a list of about 100 potential events. In order to operate an event, conduct the necessary negotiations and sign contracts, Listwin formed a for-profit company, Canary Enterprises.⁷ Canary Enterprises provided office space and support to Canary Fund without charge.

Jantzen worked with TWG to pare down the list, then presented the top ideas to Listwin over dinner in July 2004 (**Exhibit 1**). One of the top TWG recommendations was an auto race in downtown San Jose as part of the Champ Car World Series (CCWS, or Champ Car). In addition to the race, TWG recommended a broad affiliation with CCWS, which had an active program to support selected charities and social causes. Jantzen later recalled that,

We kept going over the list and rejecting car racing. It could be anything but car racing. Fund raising is a soft sell; car racing is in-your-face, scantily clad women, loud, power, big personality — totally different cultures. You don't need to look too far back, and tobacco was a major racing sponsor, as well as all sorts of things you would not associate with cancer fund raising.

However, they kept analyzing the alternatives, and running the numbers. They decided that racing offered an enormous opportunity to raise awareness, and to raise money for cancer research. Ultimately, they decided that this was the best vehicle for meeting their objectives.

TWG introduced Listwin to the new co-owner of CCWS, Kevin Kalkhoven, and the two met for dinner. They discussed Listwin's objectives, and the opportunity for a race in San Jose. Listwin anticipated that the race would require capital expenditures of \$4-5 million, and generate an

⁷ Canary Enterprises later changed its name to San Jose Open Wheel Racing LLC.

operating loss of \$2 million the first year, but that it would be profitable after that. Kalkhoven warned him that the first year loss would probably be higher.

TWG also introduced Listwin and Jantzen to Bob Singleton, who ran the CCWS races in Vancouver and Toronto, which were owned by the Molson brewing company. Singleton had experience with using races as a vehicle for raising money and visibility for charity. The Molson races raised about \$500,000 every year for children's charities in Toronto and Vancouver. The three met at the Vancouver race in late July 2004. Singleton liked the idea of a race in San Jose, and encouraged Listwin to keep the race and the charity separate, but to tie them together by conducting other events around the race weekend specifically to benefit the charity — such as a party with the drivers, a gala, and other events whose proceeds would all go to the Canary Fund.

A high-profile auto race through the streets of San Jose offered the potential to generate a tremendous amount of visibility for Canary Fund. While the event would be expected to cost Listwin money in its inaugural year (who planned to cover any losses himself), in subsequent years it was expected to be financially self-supporting, while generating funding for Canary Fund. The Canary Fund could use raise money directly by conducting events affiliated with the race. TWG's research showed that technology executives were particularly keen on motor racing, which suggested that a race might give Listwin a useful platform for conversations with wealthy potential donors.

Having decided that developing a new auto race was the event best suited to meeting his objectives, Listwin now faced the daunting task of putting together the event. He had to reach an agreement with CCWS to get onto the series schedule, design a race track in the streets of San Jose, negotiate with San Jose for permission to close the city for several days to conduct the event, and put together all the logistics of a major event. When this had been done in other cities, it had taken at least 18 months. Listwin was going to try to pull it off in less than a year.

CHAMP CAR WORLD SERIES

In 2004, CCWS was emerging from bankruptcy under the leadership of its new owners, Kevin Kalkhoven, Gerry Forsythe, and Paul Gentilozzi. All were wealthy. Kalkhoven having made a fortune as CEO of JDS Uniphase, leaving just before the dot.com crash in 2000 and becoming a venture capitalist in Silicon Valley. Forsythe was a very successful businessman, and a long time race team owner. Gentilozzi was long-time race driver and car owner, with more than 35 years in the auto racing industry.

CCWS was the successor to a rich history of open wheel racing in North America. Open wheel race cars, are built specifically for racing, with a single seat, exposed wheels, and aerodynamic wings. The most visible open wheel race in North America, the Indianapolis 500, began in 1909. For much of the 20th century, the Indianapolis 500 was part of a premier open wheel race series run by the United States Auto Club (USAC).

In 1979, team owners joined to form Championship Auto Racing Teams (CART) in part to try to contain escalating costs. CART ran its own series, while USAC continued to run the Indy 500, which remained part of the CART schedule, and the most important race of the year. CART developed a highly popular race series that included races on oval tracks (both superspeedway

and short-tracks), road courses, and city streets. CART also added races in Australia, Japan, and other countries. The diversity of tracks, the sophistication of the cars, and the Indy 500, attracted top drivers from around the world and a large following of fans.

In 1994, Tony George, the owner of the Indianapolis Motor Speedway, decided to form his own series, the “Indy Racing League” (IRL), using the Indy 500 as the centerpiece event. CART teams were effectively excluded from the next few Indy 500s in order to help the IRL get established. The original stated objectives for the IRL were to reduce the costs of racing, encourage American drivers, return to the traditional oval tracks, and focus on racing in America.

The split between CART and IRL hurt open wheel racing in the U.S. badly, and coincided with a surge in popularity of NASCAR, a racing series that traditionally had been concentrated in the South, and used cars that looked superficially like passenger cars. CART struggled after the split, as did the IRL.

In 1998, CART went public, but the infusion of IPO money was gone within a few years, and the company entered bankruptcy. The assets were put up for auction in late 2003, and were purchased by Kalkhoven, Forsythe, and Gentilozzi in February 2004, the winning bidders against the IRL’s Tony George.

The new owners were determined to make the series a success, and both had the financial wherewithal to support the redevelopment of the series. They renamed the series Champ Car World Series, and set about to rebuild it by creating events that would create excitement beyond that generated by the racing. They added activities and entertainment to race weekends that appealed to “event-goers” in addition to race fans, and focused more heavily on events on city streets, which had proven very popular. 2004 was the first season under the new ownership, and the recent bankruptcy made some in the racing community were skeptical of the long-term prospects for the series.

CART had traditionally held a race at Laguna Seca Raceway, just an hour’s drive south of San Jose, and built into the hills just inland of the beautiful Monterey coast. It was a picturesque venue, with a rich racing history. However, after the IRL/CART split, attendance at the annual CART race had declined to unsustainable levels. By 2004 there was widespread speculation that CART might leave Laguna Seca. Kalkhoven, who lived near San Jose, was particularly interested in moving the race to the Silicon Valley.

CREATING THE SAN JOSE GRAND PRIX (SJGP)

Creating the race required many negotiations, the most important being with CCWS to become part of the 2005 event schedule, and with the City of San Jose for permission to use the city streets, and to effectively close the city for about a week. A third immediate concern was to design the track, which would determine many of the details of the San Jose negotiations, as well as the range of people and organizations impacted by the event. Jantzen and Listwin began working on all three tasks immediately, and they proceeded in parallel.

Designing the Track

When Listwin and Jantzen returned to San Jose from attending the Vancouver race in July 2004, a CCWS person came with them to begin working on the track design. The track would go around the HP Pavilion, San Jose's sports arena and home to the NHL Sharks hockey team. It would go through the HP Pavilion parking lot, then transition to the city streets. Based on this track design, Jantzen and Listwin negotiated with CCWS and San Jose. Jantzen took the primary responsibility for negotiating the details of these agreements.

Negotiating with CCWS

The basic form of the relationship between an event promoter and CCWS was that the promoter paid CCWS a sanctioning fee. The promoter provided the event — the track, concessions, security, permits, etc. CCWS brought its racing teams and races.

CCWS was very interested in holding a race in San Jose. CCWS and its predecessor, CART, had held conversations with San Jose officials over the years about a possible event. Since the Laguna Seca race had not been doing well, a San Jose race would keep the series in the San Francisco bay area. However, a race was not possible without a promoter to provide financing and cover the financial risks. Listwin offered the opportunity to turn a CCWS race in San Jose into a reality.

Listwin described the negotiation with CCWS as “reasonably straight forward.” The most important items to negotiate were the sanctioning fee and the term of the agreement. They settled on a five year agreement, with a provision for a five year extension. The size of the sanctioning fee was extremely important to CCWS, since each newly negotiated fee provided support for its fee negotiations with other promoters. Jantzen and Listwin accepted a fee that they felt was high, but negotiated a set of benefits for Canary Fund to offset the high fee. The two most important benefits were for Canary Fund to be one of two “official social causes” of the entire CCWS series, and a program related to the CCWS two-seat race car.

The “2-seater” was a CCWS race car that was specially designed to have a passenger seat behind the driver (**Exhibit 2**). The car was used for promotional purposes, to give media personalities, and VIPs high speed rides around the track, and enable them to experience the sensations of racing — the extreme forces of acceleration, braking, and turning, as well as the dramatic narrowing of the road that a driver perceived when driving down a concrete-block-lined street speeds of nearly 200 mph. The final agreement stipulated that the 2-seater, its transporter, and the uniforms of its personnel, would be branded with the Canary Fund colors and logo, and that half the rides at each venue would be available for use by Canary Fund. These rides could be used to help establish relationships with potential donors.

While the basic outline of the agreement was straightforward, the contract itself was extremely long and complex, detailing many technical requirements. Jantzen described the contract as containing lots of long, complex attachments describing the promoter's responsibilities. For instance, it specified that a certain number of phone lines needed to be pulled, and that a certain

amount of power needed to be available. Yet, many of the specifics depended on how many teams CCWS was actually going to bring to the event.

A further complication was that CCWS was emerging from bankruptcy, and its organization was still being built. The basic promoter's contract incorporated decades of history. Jantzen recalled: "So, I'm asking, 'what about paragraph 17b(3)2,' and they say, 'we haven't looked at it in 15 years. You don't need to worry about that.' And I say, 'let's take it out,' but they worry that they might have to change something else."

To help understand which items were critical, and which were not important, Jantzen had many conversations with Singleton. With his deep understanding of race operations, Singleton was able to explain that, for instance, that power was now handled in a different way than described in the contract. Jantzen recalled that his inexperience led to great frustration on both sides — he was frustrated with the CCWS contract, and CCWS was frustrated with him going through it line by line. Looking back after the first race was completed Jantzen observed that "as it turns out, it [was] a bunch of crap. Nobody cares about [the technical details in the contract], but it took a lot of time, and was difficult."

The final agreement with CCWS was completed in September 2004. The race would be part of the 2005 calendar — practice and qualifying would take place on July 29 and 30, with the race scheduled for July 31 (**Exhibit 3**).

Negotiating with the City of San Jose

In the case of the SJGP, Listwin, the prospective promoter, did not own the track, so he needed to negotiate with the City of San Jose on a wide range of issues, including access to streets, police and fire services, and cooperation with the local transit agency. Furthermore, the city's business interests would be substantially impacted, so their cooperation needed to be obtained.

As with the CCWS contract, Jantzen handled the detailed negotiations. The previous CCWS and CART discussions with San Jose also helped pave the way for an agreement with the city. The central person for San Jose in these discussions had been Dean Monroe, executive director of the San Jose Sports Authority.⁸ From the city's perspective, a high-profile race offered an exceptional opportunity to market San Jose to a national, or even international audience. As Jantzen described the situation, "Champ Car wanted to be in San Jose. Dean wanted Champ Car in San Jose. When Don [Listwin] came along as a potential promoter, suddenly there was something to build momentum around, not just talk."

Jantzen found that the interest that had previously been developed within the city leadership made it easy to get meetings. He found that the appropriate city staffers were receptive, and helpful in getting through the bureaucracy. Politicians were willing to listen, and to act. By a stroke of luck, the assistant city manager had previously worked for the city of Long Beach, host of the country's longest-running street race. As a result, they were able to use the Long Beach contract as a model, compared with having to start from scratch.

⁸ The San Jose Sports Authority was founded in 1991 as a non-profit organization funded by the City of San Jose, serving as the sports marketing agency of the City. (<http://www.sjsa.org/aboutus/>, January 30, 2006).

Three people were particularly helpful in getting the contract through the city — the head of the San Jose Sports Authority (Monroe), the assistant city manager, and the head of the city's economic development function.

Cities that hosted auto races generally provided some support for the event, but there wasn't a consistent model, nor a standard amount of support provided. The largest support that Jantzen knew of for a CCWS race was about \$10 million annually from the Queensland state government in Australia to encourage tourism for a race in Surfers Paradise that typically drew 200-300,000 fans. Often, cities provided "essential services" (police and fire). The race on Cleveland airport, however, received little public money, nor free services.

In order to put the race together quickly, Listwin agreed to pay all costs, with a cap on the amount of city expenses that he would cover. The agreement with the city was completed in December 2004, just 8 months before the race was scheduled to take place. The agreement was for five years.

Putting Together a Team, and a Major Change

Listwin knew that he had to put together an outstanding team if he hoped to have a successful event. Neither he nor Jantzen had any experience in running an auto race, so he needed to recruit that expertise. They had met Singleton in July, and wanted him to join the team as general manager for the race. Singleton had provided technical advice during the negotiations with CCWS, but was already employed, and was not initially receptive. By October, however, he began to seriously consider moving to San Jose. He had run Canadian races for 10 years, and each year it was more and more difficult to improve the already well-run events. The Canadian races were well established when he had taken them over, and the opportunity to create something from the ground up was appealing. The affiliation with the Canary Fund was also appealing — Singleton had lost family members to cancer, and identified strongly with the cause, and with Listwin's passion. At the end of October 2004, Singleton moved to San Jose to run the new race.

Singleton's first step was to put together an experienced team. The new race was an enormous venture, and he needed people with experience. He hired the person who had run operations for the Toronto race, who had 20 years experience and had worked on many races conducted on street circuits.

Singleton also believed that it was important to bring local people into the organization, and to educate them in the racing business. His approach was to hire people who understood the racing business, and put local people together with them so that they could transition to local people over time. Some functions, such as ticket sales, could be staffed entirely with local people. The one area where there was no compromise, however, was with safety. Any time that safety was involved, Singleton insisted on experience people. He commented, "At an event like this, safety's got to be paramount. You get people in the wrong location, or doing the wrong thing, and the repercussions can be scary."

The track around the HP Pavilion had already been designed by the time Singleton arrived. As Singleton and Jantzen worked to prepare for the race, they developed a long list of problems with the track design. As Jantzen described the situation:

We were coming up against of set of obstacles with the ... track that we could have knocked down. Any one of them could have been overcome. But it came to the point when I've got this big list, and I've got my head down knocking down the problems. Don [Listwin] came in and didn't look at the individual items, but looked at the size of the list and said "You're knocking your head against the wall. You need to make a change [to the track location]."

Singleton had come to the same conclusion, and was particularly concerned about the capability for future expansion of the event at the HP Pavilion track. He realized that the location was not big enough to handle space requirements for things like pit boxes for the cars and grandstands. They might make the location work in the first year, when they expected a field of 18 cars, but there would never be enough room for pits for a field of more than 20 cars. If the expected 100,000 or more fans came, the spectators were going to be jammed into a small space. Furthermore, the track went under a freeway in two locations, and the freeway was scheduled for construction lasting about two years. There was no guarantee that this would not impact the ability to use the streets under the construction.

Singleton reviewed the situation with CCWS, and recommended to Listwin that they relocate the course to the downtown area, running it entirely on city streets. In addition to addressing the space problems, using the city streets would also enable San Jose to present a more visually appealing face on television coverage and for fans. The proposed relocation would put the pit straight onto Almaden Avenue, a wide, palm tree-lined street. The cost of the relocation would be on the order of \$1 million, including the cost of work already done to prepare the original track.

The new track design incorporated two elements that made it unique among temporary street circuits. The new layout used only city streets, and was entirely within the core of downtown. Other tracks used large parking lots as part of the track (as had the original San Jose design), and generally extended to convention centers or arenas outside the city core (again, as had the original design). Putting the race entirely on city streets in the downtown core resulted in additional costs that were not incurred at other city race courses. City transit services would be disrupted. Normal business in the city would be impacted. The logistics and services needed for the track and the race would be more complicated. Many obstacles, such as trees, street signs, and other normal parts of downtown streets would need to be removed, relocated, or designed around. In the case of San Jose, the new track would also cross light rail tracks at several places. With cars approaching speeds of 200 mph, and very little space between the bottom of the car and the track, track designers tried to make the track surface as smooth as possible. Creating a racetrack that went over the light rail tracks without causing the cars to bounce excessively was a serious challenge.

In April 2005, Listwin made the decision to change the track location. He agreed to pay for the increased costs, and the city quickly approved the new track layout, with the amended agreement

signed on April 26, 2005.⁹ (See **Exhibit 4** for the revised track layout.) With only three months left before the race, a myriad of tasks, both large and small, needed to be taken care of to make the race a reality. For instance, Singleton had to decide how many grandstands to build. He commented:

One of the general manager's biggest decisions is how many grandstands to build at a temporary circuit. There's an old saying "If you put 10,000 people into an 11,000 person grandstand it's full. If you put 10,000 people into a 15,000 person grandstand, you're a bust." So, you try to build to demand, but you've got to make the call 6-7 weeks out, because your suppliers have to prepare equipment and get materials.

The challenge was particularly difficult because this was the first time the event would be run, and there was no history to use as a guide. Races in Long Beach, Toronto, and Edmonton had attendance in the range of 150,000 – 200,000 over three days.

In addition to the huge number of anticipated problems, one unexpected setback posed a serious threat to completing the track in time for the race. Temporary race courses were lined by large concrete blocks topped by fencing. These blocks and fences prevent cars (or car parts) from getting into occupied areas and injuring spectators or course workers. The San Jose race would require 1,200 of these 8,000 pound blocks, each of which was 13 feet long, 40 inches high, and two feet deep.

All temporary race tracks used similar movable blocks, but they were very expensive to transport, so each promoter bought a set for each city. Singleton had put the contract up for bid, and awarded the contract to a company in Mexico City that had made the blocks for several other tracks in the U.S. The contract stipulated that the vendor was responsible for delivering the blocks to San Jose in time to start construction four weeks before the event.

The vendor delivered the blocks to Union Pacific on time for rail shipment to San Jose, but the rail company missed its deadlines. Three weeks before the race, the blocks still had not arrived. Singleton escalated the matter to the senior management of Union Pacific, which arranged for the trains to speed directly to San Jose, without stopping at intermediate stations. However, when they got to San Jose, the nearby station didn't have the required unloading capabilities, so they had to go to nearby Milpitas, and truck the blocks to San Jose. Once the blocks arrived, the crane crews that had been scheduled for single day shifts had to work around the clock, 7 days a week to get the blocks in place in time for the race.¹⁰

⁹ Del Borgsdorf and Harry Mavrogenes, "Amended San Jose Grand Prix Agreement," memorandum to the Mayor of San Jose, the San Jose City Council, and the Redevelopment Agency Board, January 3, 2006.

¹⁰ After the race, the blocks were stored locally. Each year, some blocks need to be replaced due to chipped corners and other wear. Replacement blocks would be purchased locally.

“MORE THAN A RACE”

Listwin, Jantzen, and Singleton wanted the San Jose event to be more than just an auto race. This was consistent with Kalkhoven’s vision for the overall Champ Car series. Singleton commented:

I love temporary street circuits. You’re architecting the festival side. I shake my head at some promoters who don’t put on a festival, a party. They just put on a race. I think you die. You might sell tickets the first year, but you’re not going to sell any tickets the second year. It’s a race. You can go to Infineon [just north of San Francisco] to watch a race. You can go to Laguna Seca to watch a race. It had better be a festival. There had better be other things to do. That’s the challenge for San Jose. In addition to the race, people need to have a good time. That’s how you grow your fan base... We’re going to get the race fan. We need to get the event goer. We need people to say “We’ve got to be at this event. Look what’s going on.”

Singleton cited an example from his experience in Toronto. When he arrived, there was a beer garden in the track infield that could hold 1,500 people, but which was empty during the race. Bob challenged his staff to fill the beer garden during the race, while at the same time filling the seats for the race. To do that, they had to program activities that appealed to a wide range of people. He said, “If four people go to a race, two like racing and two don’t care. [The two that don’t care] are here to see the ladies walk around, listen to music, whatever. They sat in the beer garden and listened to music. By year three, the beer garden was full when the race was going on.”

The most prominent wording in all promotional material for the first race in San Jose (posters, advertisements, event program) was the phrase “More Than a Race” in larger type font than even the name of the event. The three day event included driver autograph sessions, live music, and other activities for attendees. The racing program included four other race series in addition to CCWS (**Exhibit 5**).

On Wednesday of race week, an invitation-only gala was held, and at the same time, a cinema near the track put on a film festival with a racing theme. On Thursday evening, a free music program was put on in a park in the track infield. Drivers were scheduled to attend each of these events.

During the three day race weekend, “The Checkered Flag Family Fun Festival Area” in the track infield was open free of charge to all race ticket holders. It included two music stages with live performances, interactive games, and other programs for families. There were other activities during race weekend, including vendor exhibits, a fashion show, and a silent car auction, driver autograph sessions, and a fan forum. A major fundraising event for Canary Fund was held on Friday evening at one of the premier hotels in downtown San Jose, with live entertainment, and live and silent auctions.

Paul Newman, actor, race driver, and CCWS race team owner, organized the CXO Go-Kart race in the track infield, in which amateur participants (generally local executives) paid \$7,500 each to compete. The money raised went to the Canary Fund.

Singleton's vision of the interaction between the race and the charity was for the charity to be separate from the race, but to benefit from events surrounding the race, such as the galas and the go-kart race.

ECONOMICS OF A TEMPORARY STREET CIRCUIT RACE

The specific financial details of operating a CCWS race were confidential, but in general, a race might have revenues in the range of \$8-10 million. This would be made up of ticket sales (about 40 percent of total revenue), sponsorship (about 35 percent), and hospitality (about 25 percent). The sanctioning fee paid to CCWS might be in the range of 10 to 25 percent of revenues. Design and construction costs were highly variable, and were highest in the first year of a new event. As described above, the fact that the San Jose race was run entirely on city streets in the downtown core, resulted in higher construction costs than other temporary street circuits. The capital costs (concrete blocks, fencing, and paving) were expected to be \$4-5 million for the 2005 race.

The financial impact on the host city was also an important factor in the success of the race.

Tickets

There were approximately 23,000 grandstand seats for the inaugural race. In addition, there were 60 luxury suites. Spectators could also buy general admission tickets, which gave them access to a number of viewing locations around the track, plus access to the paddock area and the various entertainment offerings at the track.

For the first year, Singleton outsourced ticket sales and marketing to Silicon Valley Sports and Entertainment (SVSE) and Ticketmaster. SVSE handled marketing for the San Jose Sharks hockey team, and was based at the HP Pavilion. Since the NHL was shut down by a lockout during preparation for the race, SVSE could devote their attention to the race. SVSE handled suite sales as well as some grandstand sales. Ticketmaster handled individual ticket sales.

Grandstand tickets were sold only on a three-day basis. General admission tickets could be purchased either for the entire event or for a single day. Attendees could purchase tickets for paddock access, where they could see the cars being prepared. Those in the most expensive grandstands could also buy tickets for special VIP tours of the pit area (**Exhibit 6**).

Since only part of the track could be seen from any location, a number of "Jumbotron" screens were placed around the track providing full coverage of the racing action.

In addition to grandstand and general admission tickets, there were 60 luxury suites above the grandstands on pit straight. These two-story suites held either 25 or 50 people. The bottom story was fully enclosed and air conditioned, with a restroom, tiered seating, and windows on three sides, allowing a wide view of the track. The top story was open to the air, shielded from the sun by a large tent covering. Catered food was served in the suites. Suites were purchased for use

by companies for entertaining employees, customers and other guests. The cost of these suites ranged from \$20,000 to \$50,000 for the three days.¹¹

Sponsorship

Sponsorship sales for the race were outsourced to Sponsorship Strategies, the company run by Bartram, who had helped TWG and Canary Fund through the conceptual development phase. Sponsorship was a critical part of the economics of racing, both for the race teams and for the race promoters. The bulk of the income of a race team came from selling advertising space on cars, uniforms, and the large transporters that carried the cars and equipment to the track and served as the base of operations for the team during the race weekend.

Race promoters offered sponsorship opportunities in a number of ways, addressing a wide range of needs for sponsoring companies. Some companies provided sponsorship in the form of cash, some in the form of services. Some wanted name recognition through exposure to a broad audience. This was achieved through signage around the track that would be seen in television broadcasts and photos of the event, as well as by event attendees. Some wanted to entertain employees and guests, while others wanted exposure for their products or services at the venue.

There were several levels of race sponsorship. The most expensive was the position of title sponsor. Taylor Woodrow, a home building company, signed on as title sponsor for the first year, with an agreement to be either title or presenting sponsor the second year. Thus, the race was called the “Taylor Woodrow Grand Prix of San Jose.” At the time, Taylor Woodrow was not well known in the San Francisco Bay Area. The company wanted to expand its activities in the area, and sponsorship of the race gave it high visibility. It also helped the company establish relationships in the local community and government, and to be seen as supporting San Jose.

There was no presenting sponsor for the 2005 race, but if Taylor Woodrow elected to become presenting sponsor for 2006, the race might be called, “The Title Sponsor Grand Prix of San Jose, presented by Taylor Woodrow.” The presenting sponsor position would be less expensive than the title sponsor, but would also have less visibility. While actual sponsorship costs were confidential, title sponsorship for a first-year event of this size and type typically cost in the mid-six figures while presenting sponsorship cost in the low-to-mid six figures.

A second tier of sponsors included the local Toyota dealers, a local Mercedes dealer, and the local Miller beer distributor. All together, the race sponsors paid nearly \$1 million to participate in the first race (**Exhibit 7**). Once the race was established and successful, sponsorship fees would be expected to increase.

An essential part of the sponsorship effort was to line up media sponsors. There were three primary media sponsorships available — television, radio, and newspaper. The NBC affiliate in San Jose (KNTV) was the television sponsor. The *San Jose Mercury News* won the newspaper sponsorship over the *San Francisco Chronicle*. ClearChannel was the radio sponsor, with the primary competition being the KNBR, the station that covered the San Francisco Giants baseball

¹¹ Andrew Hamm, “Grand Prix Suite Sales Remain in Low Gear,” *Silicon Valley/San Jose Business Journal*, June 13, 2005.

team and the San Francisco 49ers football team. Together, these companies contributed over \$2 million in advertising, as well as substantial editorial support.

The live television coverage was part of the CCWS series-wide contract, which called for the race to be shown on the cable SpeedChannel. KNTV rebroadcast the race locally at 4:00 the day of the race. This rebroadcast provided KNTV with substantial advertising revenue, with some of the ad spots provided to race sponsors.

ClearChannel provided radio spots that could be used to attract other sponsors, and the *Mercury News* also provided advertising — both in the form of ad space, and as part of advertisements for the race, in which sponsors were listed. As Bartram explained, “You need to figure out what assets your partners have that you can leverage. You need to find ways to get partners more involved.” So, as part of a sponsorship package, a company might receive a certain amount of signage around the track, some ClearChannel radio spots, an advertisement on the KNTV rebroadcast of the race, an advertisement in the *Mercury News*, and some tickets to the race.

In addition to advertisements, the *Mercury News* also produced a special section for the race. The original agreement was this to be 16 pages, but it ended up as a 48 page supplement, making lots of advertising money for the *Mercury News*.

For the first year, the total corporate sponsorship was less than Listwin had hoped, in large part due to the short amount of time available to see sponsorship. Since the agreement with the city was not finalized until the end of 2004, most companies already had their 2005 marketing budgets in place by the time they were even aware of the upcoming race, and had not budgeted race sponsorship. In addition, the race was a novel idea for the city, and it was difficult for many potential sponsors, particularly in the technology community, to appreciate the amount of exposure, and the extent of the race as “a happening.” Finally, the short time between the first announcement and the actual race, combined with the change in track location, made the event seem “unreal” to some. As Bartram said, “Some technology executives didn’t really believe that the race was going to happen, right up to the last minute.”

Hospitality

Revenue from hospitality included both concessions and catering to suites. Concessions consisted of booths (10 feet by 10 feet). Companies bought booths for one of three purposes: sales, exposure, or sample give-aways. Singleton brought in a company that he had worked with in Toronto to handle concession sales. They sold the booths, and helped place them in desirable locations. Companies paid for the booths, then kept the revenue from their sales. The price for sampling booths was highest, as these companies would pay a substantial fee for access to the large number of race attendees. Items provided at sampling booths included food products, sunscreen, and perfume. The next highest price booths were sold to those selling products, such as food or sunglasses. Booths used for exposure might be purchased by organizations such as the U.S. Army or local building contractors.

Providing catering services to the luxury suites required a company with proven capabilities. The quality of food and service had to be excellent. The company had to be able to service all suites, and had to be able to be able to do so from a base of operations at the track, as

transportation to and from the track during the event would not be possible. Catering contracts were generally constructed in one of two ways: the promoter received a percentage of sales, or received an up-front fee plus a smaller percentage. Singleton preferred the later arrangement, and put the catering contract up for bid, which was won by Centerplate, a publicly traded company that was highly experienced in catering to large sports and entertainment events.

Event Costs

The primary operating costs for the promoter were the sanctioning fee, course construction and preparation, and staffing required for running the event, selling tickets, sponsorship, and functions. As we have seen, many activities, such as ticket sales and sponsorship, were outsourced for the first race. Thus, the sanctioning fee and course preparation were the largest costs for the initial race.

The sanctioning fee was previously discussed. The race track was 1.448 miles long, entirely through downtown city streets. Some of the preparation costs, such as repaving streets, were fixed, and would be highest for the first race. Other costs, such as setting up barriers and grandstands, were variable.

Preparing the course required 7,000 tons of asphalt concrete for repaving streets so that they would be smooth enough for racing, an effort that took more than two months. The concrete barriers and fencing were 3.5 miles long, as both sides of the track had to be protected, as well as run-off areas, and both sides of pit road. 4,000 tires were used in critical areas to absorb the impact of an out-of-control race car.¹²

Financial Impact on the Host City

The financial impact of an auto race was a critical factor for the host city. A race caused a certain amount of disruption, but provided visibility for the city, as well as a great deal of spending at local business establishments. The Long Beach Grand Prix, first run in 1975, and the longest running street race in the U.S., had been the major catalyst for a dramatic renovation of the city. As was described above, most cities provided some economic support to races, with the amounts varying widely.

The direct financial benefit came from money spent by race teams and attendees at local businesses. A race might attract several thousand overnight visitors, and CCWS alone brought about 1,500 people (including race teams), each of whom paid for hotels, food, and other services for at least three days. In addition, people attending the race paid for tickets, parking, concessions, and other items directly related to the race. The money spent directly for the race also spurred additional spending — the “multiplier effect.”

¹² Race Program, p. 13.

A study by Cal State University, Long Beach, concluded that the race generated \$45 million in direct financial benefit each year, not including any multiplier effect.^{13,14} Despite the financial benefit to the city, race promoters had struggled for several years before becoming profitable.¹⁵

A June 2005 publication from the office of the Texas Comptroller of Public Accounts reported that the San Antonio Grand Prix, run from 1987 to 1990, brought a total of \$55 million for the local economy, and that the Texaco/Havoline Grand Prix of Houston (1998-2001) had an annual economic impact of more than \$30 million. Both Texas races had eventually stopped, however, because the promoters had lost money due to the high cost of putting on the races. The Controller's office report was written in support of a proposed bill to provide financial subsidies to help cover the costs of conducting future races in the state.¹⁶

CONCLUSION

As race weekend approached, Listwin and his team had accomplished an enormous amount. They had put together a complex event in a remarkably short time. The event promised to put Canary Fund on the map, drawing attention, and hopefully money, to the early cancer detection effort (**Exhibit 8**).

STUDY QUESTIONS

1. How do the potential events described in Exhibit 1 meet Listwin's objectives for Canary Fund? Are there alternatives that you think meet these objectives more effectively than promoting an auto race?
2. The race track was changed shortly before the race, at substantial cost. What are the merits of making this late change, as compared to using the initial track for the first year, and changing for the second year, if needed?
3. How did the short time to put the race together impact decisions that Listwin and his team made? What might they have done differently if they had had more to prepare?
4. Assume that the race was successful. What changes would you propose for the second year, based on the planning for the first race?

¹³ J.P. Vettrano, "American Monaco: Twenty-six Years Later, the Long Beach Grand Prix is Just a Big County Fair," *AutoWeek*, April 24, 2000, p. 53.

¹⁴ Financial impact studies are the subject of skepticism by some economists.

¹⁵ Gordon Kirby, "Faith in a Vision," *Racer*, September 1994, pp. 82-3.

¹⁶ Karen Hudgins, "Grand Prix Racing Eyes Texas Comeback: Taking it to the Streets," *Fiscal Notes*, Office of the Texas Comptroller of Public Accounts, June 2005.

Exhibit 1 Canary Fund Event Alternatives

On June 4, 2004, TWG provided Listwin and Jantzen with conceptual descriptions of eight events to consider. These concepts were the result of brainstorming and evaluation of about 100 different ideas.

“THE GLOBAL HOPE” MUSIC FESTIVALS

This was a series of about 10 music festivals to be conducted in 2005, using well-know artists such as Aaron Neville and the Neville Family, Dave Matthews, Bob Dylan, ZZTop, Willie Nelson, Keith Richard and Ron Wood of the Rolling Stones, and Lenny Kravitz. Revenues were projected to be about \$1 million per event. It was anticipated that the festival concept could be sustained for several years, with audiences of about 20,000 per concert. In addition to concert ticket sales, there was the potential for television production, concert DVDs, CDs, and other related sales.

A related alternative was to develop a relationship with a major producer and owner of performance venues, such as Clear Channel Entertainment, and have Canary Fund be the cause for tours or music festivals that they promoted.

TECHNOLOGY CONFERENCE PRODUCER ALLIANCE

MediaLive International operated some of the world’s largest technology trade shows, including COMDEX. These attracted over one million attendees annually, with 6,000 technology partners participating, and 11,000 press attendees. MediaLive was looking for a cause partner as part of its own marketing. Canary Fund might be able to access the MediaLive database, and take advantage of its web presence. Canary Fund might also be able to create entertainment events within MediaLive events, to generate revenue for the Fund, and at the same time improve conference attendees’ experience.

PRIVATE CONCERT STRATEGY

This concept, which could be implemented in at least two ways, was to provide people with relatively close access to celebrity performers. In one alternative, artists would donate their time to provide private performances in small venues or homes of wealthy individuals. In another alternative, larger events would be conducted, with both private and public performances open to the public. It was estimated that 5-10 such events per year would be required to meet the Canary Fund’s financial objectives. Artists would be approached through one of the top performing rights organizations, BMI or ASCAP. While BMI already was tied to one cancer-related cause, ASCAP did not have a cause outside of music, and was seeking one to support

CIRQUE DU SOLEIL CUSTOM EVENT

In 2004, *Cirque du Soleil* was expanding its offerings and looking for production partners. It did not have a cause affiliation at the time. The concept was for *Cirque* to develop a new program that would be designed to benefit Canary Fund.

As an alternative, the organization that operated shows such as the Ringling Brothers/Barnum and Bailey's Greatest Show on Earth and all of Disney's road shows could develop a show to benefit Canary Fund.

THE MARATHON STRATEGY

Elite Racing of San Diego operated nine marathon-type running events. At some of these, a concert was produced along the course, and at the end of the event (a "Rock and Roll Marathon"). They also produced an elite running/race television show. Several cities had expressed interest in running Rock and Roll Marathons, and would pay for the privilege, in order to increase their tax bases and reputations. Elite Racing was for sale, and the proposal was for Canary Fund to acquire the organization.

CHAMP CAR STRATEGY

Champ Car (CCWS) wanted to add a race in San Jose in 2005. They needed an investor to promote the race. CCWS had one series cause, Paul Newman's Hole in the Wall Gang children's camp program. Discussion with CCWS showed that the series was interested in adding Canary Fund as a series social cause. The proposal was to promote the proposed race in San Jose.

BACKSTAGE PASS/SNEAK PREVIEW

This concept was to offer people exclusive backstage access at concerts and plays, advance screenings of major movies, special access to new episodes of TV shows, early access to video games, and other types of VIP access or sneak peaks. These would be combined with VIP hospitality and celebrity involvement, and offered in exchange for a significant donation to the Canary Fund. They could also be auctioned online. They could also be sold on a subscription basis. This concept required a network of alliances with movie studios, concert production companies, Broadway producers, and other entertainment owners.

THE 10 PERCENT RESTAURANT STRATEGY

The National Restaurant Association represented more than 300,000 restaurants in the United States. It had a charitable program with Second Harvest Food Banks, but did not support a national charity. The concept was for a media campaign that would drive business to member restaurants, with the restaurants contributing 10 percent of their sales to the Canary Fund for purchases within a specified time period.

Exhibit 2 Canary Fund 2-Seater Race Car



The Canary Fund 2-seater race car has a passenger seat, providing the sensation of racing at speed for prospective donors.

Source: Canary Fund (used with permission).

Exhibit 3 **Champ Car World Series Schedule 2005**

April 10	Long Beach Grand Prix (street course)
May 21	Monterrey Grand Prix (Mexico) (road course)
June 4	Milwaukee (oval)
June 19	Portland Grand Prix (road course)
June 26	Cleveland Grand Prix (street course – airport)
July 10	Toronto (street course)
July 17	Edmonton (street course)
July 31	San Jose Grand Prix (street course)
August 14	Denver Grand Prix (street course)
August 28	Montreal (road course)
September 24	Las Vegas (oval)
October 23	Surfers Paradise, Australia (street course)
November 6	Mexico City Grand Prix (road course)

Street course: temporary race course using city streets or airports.

Road course: permanent racing facility, with both left and right turns.

Oval: permanent oval track.

Source: San Jose Grand Prix Program, p. 74

Exhibit 4 Diagram of 2005 San Jose Grand Prix Circuit



Source: Canary Fund (with permission)

Exhibit 5
Schedule for the 2005 Taylor Woodrow Grand Prix of San Jose

Races shown in bold. Other activities, practice and qualifying shown unbolded.

Tuesday, July 26

4:00-9:00 PM Event at Santana Row (race theme for local high-end shopping area, with car on display)

Wednesday, July 27

7:00-10:00 PM Festival in cooperation with the San Jose Business Journal (invitation only)

7:00PM Event at San Pedro Cinema

Thursday, July 28

5:00 PM Music in the Park event

Friday, July 29

7:15 Gates Open

7:45-8:00 AM US Touring Car Practice

8:15-8:45 Trans-Am Practice

9:00-9:30 Toyota Atlantic Practice

9:45-10:00 Canary Fund 2-seater car on track

10:15-11:30 Champ Car Practice

12:30-1:00 PM Trans-Am Practice

1:15-1:45 Toyota Atlantic Qualifying

1:45-2:15 Trans-Am Drivers Autograph Session

2:00-3:00 Champ Car Qualifying

4:00-4:30 Trans-Am Qualifying

4:00 Champ Car Driver Autograph Session

4:45-5:05 Formula Drifting

5:20-5:50 US Touring Car Qualifying

6:05-6:35 Historic Stock Car Practice

6:00 Canary Fund "Cabana" Fundraiser at the San Jose Fairmont Hotel

6:30 Live music for the public

Saturday, July 30

7:15 AM Gates Open

7:45-8:15 Canary Fund 2-seater car on track

8:30-8:45 Trans-Am Final Practice

9:00-9:15 Toyota Atlantic Practice

9:30-9:45 Formula Drifting

Exhibit 5 (continued)

10:30-11:30	Champ Car Practice
11:45AM-12:15 PM	US Touring Car Qualifying
Noon-12:45PM	Champ Car Fan Forum
12:30-1:00	Historic Stock Car Practice
1:15-1:45	Toyota Atlantic Qualifying
2:00-3:00	Champ Car Qualifying
4:00-5:15	Cytomax Sport Drink 100 Trans-Am Race
5:00-7:00	Miss San Jose Grand Prix Finale
5:30-6:00	US Touring Car Race
6:15-6:45	Historic Stock Car Qualifying

Sunday, July 31

7:15 AM	Gates Open
8:00-8:15	Toyota Atlantic Warm-up
8:30-8:45	Historic Stock Car Warm-up
9:25-9:50	Canary Fund 2-seater car on track
10:00-10:30	Champ Car Warm-up
10:45-11:00	Historic Stock Car Event Benefiting Canary Fund
11:15	Toyota Atlantic Race
12:15-12:30 PM	Formula Drifting
2:00	Taylor Woodrow Grand Prix of San Jose
4:00-4:30	Historic Stock Car Race

Source: Taylor Woodrow Grand Prix of San Jose Program, p. 17.

Exhibit 6
Ticket Packages and Prices (2005)

		Corporate and Group Price (20 tickets or more)	Regular Price (19 tickets or less)
Gold Grandstand (includes paddock pass)	3 Day	\$120	\$150
Silver Grandstand (includes paddock pass)	3 Day	\$100	\$125
Bronze Grandstand	3 Day	\$60	\$75
Accessible Seating	3 Day	\$48	\$60
General Admission	3 Day	\$48	\$60
	Friday	\$20	\$25
	Saturday	\$28	\$35
	Sunday	\$36	\$45
Paddock Pass	3 Day	\$25	\$30
VIP Pit Walk-Thru Pass (available to Gold Grandstand Ticket Holders)	3Day	\$25	\$30

Source: Grand Prix of San Jose

Exhibit 7
Sponsors for the 2005 Race

Sponsor	Category	Level (Cash Sponsors)	In-Kind	Donation to Canary Fund
Taylor Woodrow	Home Builders	Title		X
Autobahn Mercedes	Automotive	Category		X
Cytomax	Beverages	Category		X
Miller/South Bay Beverages	Beer	Category	X	
Toyota	Automotive	Category		
ACS	Technology	Sponsor		
Hankook	Tires	Sponsor		
Moly Shield	Lubricant	Sponsor		
Novell/Intel	Technology	Sponsor		
AC Delco	Automotive	Supporting		
Bridgestone/Firestone	Tires	Supporting		
Chevron	Fuel	Supporting	X	
Draper & Esquin	Spirits	Low Level	X	Low Level
Fairmont	Hotel	Low Level	X	
Santana Row	Shopping Center	Low Level		
SJ Vespa	Motor Scooters	Low Level	X	
Skylar Haley (Essn)	Carbonated Fruit Juice	Low Level	Low Level	
Super Taqueria	Quick Serve Retail	Low Level		
Togos	Fast Food Retail	Low Level	Low Level	
AAA Towing	Towing		X	
Business Journal	Advertising		X	
Chipotle	Volunteer Lunches		X	
Cinema San Pedro	Event		X	
Convention and Visitors Bureau	Event		X	
East Bay Motor Sports	ATVs		X	
eBay	Internet Auctions		X	
Glacéau	Water		X	
Hertz Equipment	Equipment		X	
Hertz Rental	Automobiles		X	
Hyatt	Hotel		X	
Ikon	Office Equipment		X	
iLoop	Media		X	
InterVision	Internet Connection		X	
Pure & Simple	Suite/Cabana Gifts			Low Level
VTA	Transportation		Low Level	
Wine & Rose Limo	Transportation		Low Level	
Yellow Cab	Transportation		X	

Exhibit 7 (continued)

Sponsors on the previous page are listed alphabetically their cash sponsorship category. In decreasing order, sponsors were categorized as:

- Title
- Presenting (none for the 2005 race)
- Category
- Sponsor
- Supporting

Major media sponsors provided in-kind support totaling approximately \$2 million. They were:

- ClearChannel (radio)
- KNTV/NBC 11 (television)
- Mercury News (print)

Source: Sponsorship Strategies

Exhibit 8
Pit Straight at the 2005 San Jose Grand Prix



Grandstands and hospitality suites on the Almaden Avenue pit straight. The race pits are on the road to the right of the palm tree-lined median strip. The race track is on the left.

Source: <http://www.sanjosegrandprix.com> (January 26, 2006). Used with permission.