America's Cup: Coming to San Francisco!

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What IS the America's Cup?

- Sailing competition between nations
  - Governed by a 2-page Deed of Gift
- First won in 1851 by the schooner *America*
  - Hence the trophy's name
  - Race around the Isle of Wight
- The oldest active trophy in sports
  - 9 America's cup contests before 1st Olympics
- Most difficult trophy in sports to win
  - Only 4 nations have held the trophy

Elements of a Modern America's Cup

- Several years of warm-up racing
- Challenger Series
  - 2 to 4 months
- Defender Series
  - 2 to 4 months
- Defense: 1 defender and 1 challenger
  - 1 to 3 weeks
- Total Duration: 2 to 5 months

America's Cup History

- Origins: 1851 race around the Isle of Wight

- US History: Newport, RI 1852-1982
  San Diego 1988, 1992, 1995
  San Francisco 2013
- Other Locations: Fremantle, Aus
  Auckland, NZ
  Valencia, SP

The America's Cup Evolution

New Era: Standardized Multihulls

Parameters: AC72

- Length: 72 feet
- Beam: 46 feet
- Displacement:
  - 15,500 pounds
- Sail:
  - Wing
  - 3,229 sq ft

Some SF Details

- Yacht design
- Natural amphitheater
- New course format: tight tactical racing
- Media and online broadcasting
- New governance: Neutral organizing body
  - America's Cup Race Management
- Locally: America's Cup Organizing Committee
  - Mark Buell

The Timing

- World Series: 2011-2012
  - Begin: July 16, 2011
  - AC72 introduced in late 2012
- Louis Vuitton Challenger Selection Series
  - July 13 – September 1, 2013
    - Round Robin
    - Quarterfinals
    - Semifinals
    - Challenger finals
- Final Cup Match: best 5 of 9
  - September 7-22, 2013

The Participants – 8 To Date

- Defender: Oracle Racing, USA
- Challengers:
  - Prada (Italy)
  - Energy Team (France)
  - Artemis (Sweden)
  - Team NZ
- Potential (+2, maybe more)
  - S. Korea, China

The AC Village

America's Cup Economics

Economic Methodology

- Start with evidence on spending from most recent (normal) America's Cup
  - Valencia 2007
- Add in what we know about the differences between Valencia and San Francisco
- Perform case studies
- Generate aggregate economic benefits through Input/Output analysis

Case Studies: Benefits

- Fleet Week: Increased economic activity at Pier 39 by 25%
- Could generate $80 million in additional hotel revenues
- Napa and Sonoma: increased spending of $68 million

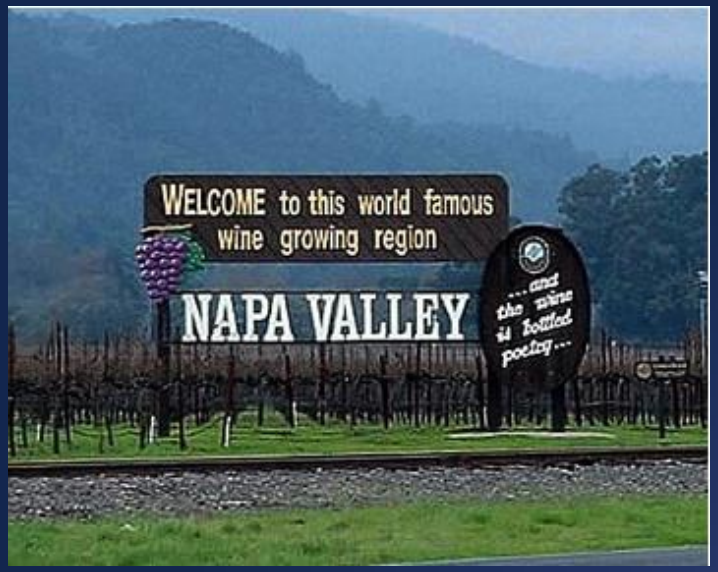
Overall Economic Benefits - Assumptions

- Spending is similar to Valencia, except for:
  - Increased tourism
  - Reduced Super Yacht activity
  - Much less government spending

Spectator Projections

	Weekend Days	Week Days	Days of Final
AC (Public) Park*	50,000-100,000	30,000-100,000	50,000—100,000
Event Live Sites**	250,000-500,000	100,000-250,000	250,000-500,000
* Number of people per day from opening (9:30am) to closing (at 24:00)			
** number of spectators on Crissy Field and other locations near Golden Gate Bridge and Embarcadero			

Regional Draws

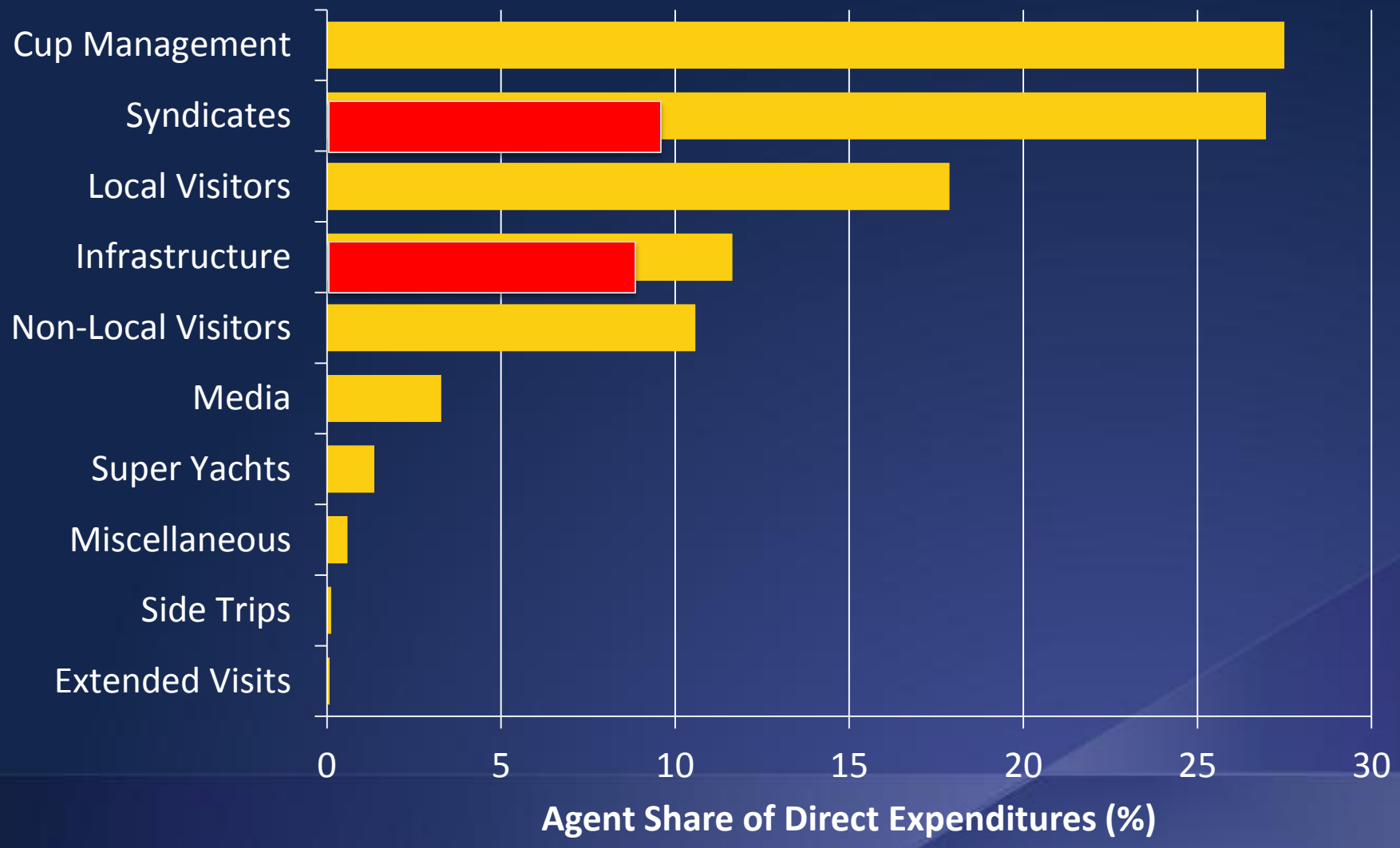


Overall Economic Benefits – Direct Spending

America's Cup Expenditures ($ millions)

Agents	Auckland 2003	Valencia 2007	San Francisco 2013	Updates
Syndicates	163.6	557.4	215.8	-129.5
Super Yachts	110.8	39.4	11.3	
Cup Mgmt	19.2	149.2	195.2	+
Media	18.8	25.7	25.7	+
Gov't/Inf	5.1	3,237.8	100.0	-20.0
Int'l Visitors	33.1	194.2	86.1	
U.S. Visitors	0.0		150.4	
Other		140.2	5.0	
Total	**350.7**	**4,343.9**	**789.5**	**-149.5 (19%)**
Total w/o Gov't	**345.6**	**1106.1**	**689.5**	

Sources of Direct Spending



Overall Economic Benefits – Total Economic Activity

	Output ($ Millions)	Employment	State and Local Taxes ($ Millions)
Direct	790	5,912	45
Total	~~1,372~~	~~8,839~~	~~85~~
	~1,000	~6,500	~62

San Francisco City/County Revenues

($ Millions)

City Tax Revenues Attributable to the America's Cup

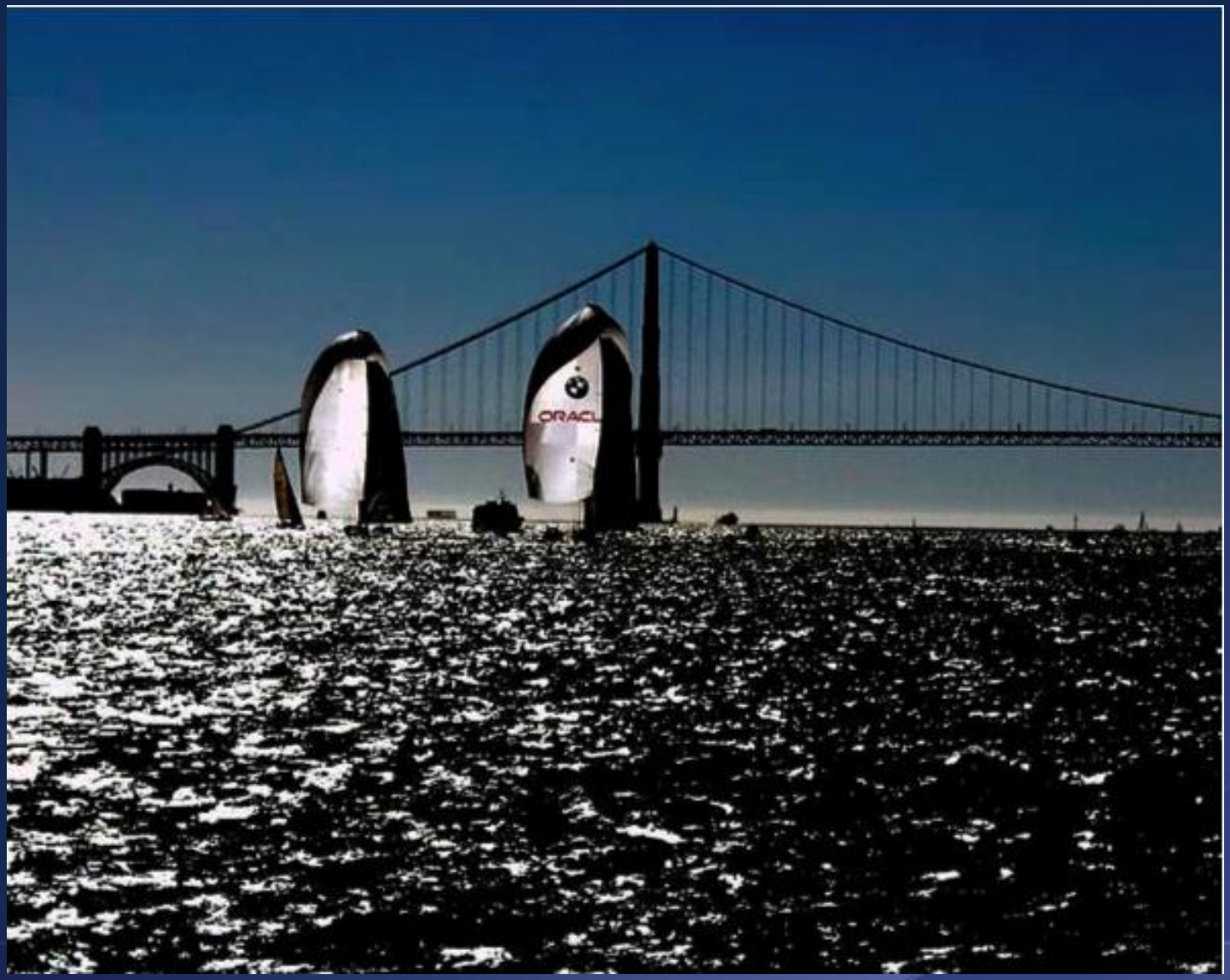
Revenue Source	Direct	Total
Transient Occupancy Tax (Hotel)	12	12
Payroll Taxes	5	8
Retail Sales Taxes	2	3
Total	20	24
Tourism Related City Costs		11
Net Increase in Revenues		13

Costs and Caveats

- Congestion
- Higher prices for locals and other tourists
- Crowding out of other economic activity
- Tourism puts demands on city services

Summary

- Truly unique opportunity for San Francisco and California
- $650-800 million in additional spending
- $1-1.4 billion in additional economic activity
- The potential impact is much larger
  - The event repeats if Oracle defends successfully
  - Potential stimulated tourism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- *Regional Analysis*
- *Business & Market Analysis*
- *Ports & Infrastructure Analysis*
- *Economic Impact Analysis*
- *Public Policy Analysis*

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