

## CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE

100 Congress Avenue, Suite 1300  
Austin, Texas 78701-2744

September 12, 2014

Deputy Comptroller  
Comptroller of Public Accounts  
111 E. 17<sup>th</sup> Street  
Austin, Texas 78774

*VIA HAND DELIVERY*

***RE: Application for Participation in the Texas Major Events Trust Fund (2014  
Formula 1 United States Grand Prix)***

Dear Deputy Comptroller:

Circuit Events Local Organizing Committee, is organized as a Texas non-profit corporation (the "***Committee***") with the purpose to help facilitate and support motor racing and other events, including the event, commonly known as "2014 Formula 1 United States Grand Prix" (the "***Race Event***") that is scheduled to be held in Austin, Texas during the weekend of October 31 through November 2, 2014. Further, as an integral part of this support, the Committee and the City of Austin, as approved by City Council resolution of June 29, 2011, entered into an "***Agreement***" with the Committee, dated June 29, 2011, whereby the City of Austin agreed to be the "endorsing municipality" for the Race Event, and in the capacity of endorsing municipality (i) authorized the Committee to act as the "local organizing committee" for purposes of applying to, securing and promoting the Race Event for the Austin area, as well as the application for and qualification of the Race Event as an "Event" under TEX. REV. CIV. STAT. ART. 5190.14 (the "***Act***") Section 5.A., the Texas Major Events Trust Fund (the "***Trust Fund***") and (ii) authorized and appointed the Committee, as the City of Austin's sole and exclusive designee for and on behalf of the City of Austin, to submit, pursuant to TAC Title 34, Part 1 Chapter 2, Subchapter A, Rule 2.102, a request to the Texas Comptroller of Public Accounts for participation in the Trust Fund program and a request to the Texas Comptroller to determine the incremental increase in the receipts of various taxes (*e.g.* sales and use taxes, mixed beverage taxes, hotel occupancy taxes), by the City of Austin, as the endorsing municipality, for the one (1) year period that begins two (2) months before the date of the first event (scheduled for October 31-November 2, 2014), in accordance with the Comptroller's procedures and in accordance with the Act, and the rules promulgated thereunder (the "***Rules***").

It is my honor and great pleasure to submit this application from the Committee, as the City of Austin's duly appointed and authorized designee for and on behalf of and binding upon the City of Austin, as the formal request, pursuant to Rule 2.102, for participation in the Trust Fund

September 12, 2014

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program and a request to the Texas Comptroller to determine the incremental increase in the applicable taxes for the City of Austin for the October 31-November 2, 2014 Race Event.

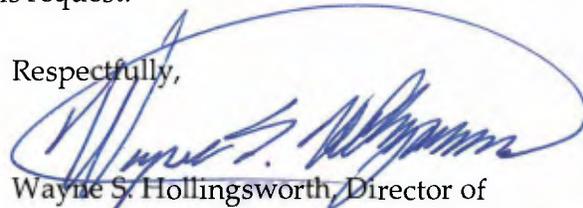
Further, as required by Rule 2.102(a)-(d), enclosed with this letter are: (i) a letter, dated July 10, 2012 from Formula One Management, Ltd, the site selection committee for the Race Event confirming selection of the Circuit of the Americas' facilities in Austin, Texas, as Attachment 1; (ii) the economic impact study (EIS) and other data with detailed information prepared by Don Hoyte, Ph.d. on the direct expenditures and direct impact data for the endorsing municipality hosting the event and for the requested market area (the "*Economic Study*"), as Attachment 2; (iii) affidavits from the City of Austin, the Committee and Dr. Hoyte as to the accuracy of the Economic Study, as Attachment 3; (iv) a description of the requested market area, as Attachment 4; (v) a list of all related Race Event activities proposed to be included in the trust fund estimate, as Attachment 5, with data for each such activity including projected attendance figures, ticket sales and relevant production and expenditure information related to the activity, included in the Economic Study; and (vi) the Request Worksheet to Establish an Event Trust Fund for the Race Event, as Attachment 6; (vii) included as Attachment 7 is a letter, dated September 9, 2014, from Mr. Marc Ott, City Manager for the City of Austin to the Comptroller's Office requesting participation in the Trust Fund for the Formula 1 Race Event; and (viii) affidavits from the Committee and the City of Austin endorsing a Major Events Trust Fund, included as Attachment 8.

Upon the Committee's receipt of an approval letter from the Comptroller's office establishing a Trust Fund and setting out the "local increment" amount for the Race Event, the Committee has been authorized and expects to have the necessary funding to fund such local increment amount directly into the Trust Fund established for the Race Event.

If you have any questions or comments on or need any additional information or clarification on the above request, please do not hesitate to contact me or any member of the Board of Directors of the Committee.

Thank you for your time and consideration of this request.

Respectfully,



Wayne S. Hollingsworth, Director of  
Circuit Events Local Organizing Committee

Mr. Robert Wood, Comptroller's Office  
Ms. Leela Fireside, Legal Dept., City of Austin  
Mr. Sam Bryant, Director  
Mr. Ford Smith, Director  
Mr. Rodney Gonzales, Director  
Mr. Jason Dial, CEO of COTA

**Application for Participation in the Texas Events Trust Fund  
(2014 Formula 1 US Grand Prix – October 31 – November 2, 2014)  
September 12, 2014**

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a Major Events Trust Fund

**ATTACHMENT 1**

**Site Selection Committee Designation Letter**



10 July 2012

Mr Wayne Hollingsworth  
Director  
Circuit Events Local Organizing Committee  
100 Congress Avenue, Suite 1300  
Austin, Texas 78701-2744

Dear Mr Hollingsworth

**Re: United States Grand Prix – Selection of the City of Austin**

I am writing to confirm the selection of the City of Austin as the site of the upcoming Formula 1 United States Grand Prix, which will be held on November 16-18, 2012 at the permanent race facility owned by Circuit of the Americas, LLC ("*COTA*"), and to offer some background concerning the selection process.

As early as 2007, I began conferring with cities interested in becoming the site for the United States Grand Prix. Several U.S. cities and locations demonstrated an interest in hosting the event and provided compelling proposals to that effect. The FIA Formula One World Championship (the "*Championship*") is a global sporting event, places on the annual calendar are limited and Formula One Management Ltd. ("*FOML*") has also received strong interest from cities and locations outside the United States that are desirous of staging a round of the Championship. In 2010, Full Throttle Productions, LP ("*Full Throttle*") submitted an application to host the United States Grand Prix at a new facility to be constructed near the City of Austin. After carefully weighing Austin's suitability against that of the other interested cities, in the United States and elsewhere, FOML selected Austin as the location for the United States Grand Prix to be a round of the Championship from 2012 to 2021.

FOML entered into contracts with Full Throttle granting it the rights to promote the United States Grand Prix. Beginning in mid-2011, it became apparent that Full Throttle was having difficulty meeting its obligations, ultimately resulting in the termination of the Austin selection and the related contracts. Construction on the COTA facility was stopped in November 2011. At that time, although competition for an FIA FORMULA ONE WORLD CHAMPIONSHIP was substantial and we had the opportunity to give Austin's place on the 2012 calendar to another location, as the issues that caused FOML to revoke Austin's previous selection were resolved, we evaluated Circuit Events Local Organizing Committee's application and again selected Austin to stage a round of the Championship. We then entered into new contracts for the promotion of the event with COTA.

The fact that Austin was selected, after a highly competitive selection process, to host a round of the FIA FORMULA ONE WORLD CHAMPIONSHIP in the United States and then reselected in late 2011 as our chosen location for a round of the Championship says much about support for the event in the region and our view that Austin is a very desirable location. FOML believes that Austin will be a very successful venue for the United States Grand Prix, and we are looking forward to the inaugural event in November and to many successful events in the future at the new COTA facility.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bernie Ecclestone', written in a cursive style.

**Bernie Ecclestone**  
**Chief Executive Officer**  
**Formula One Management Limited**

**ATTACHMENT 2**

**Economic Impact Study**



# Major Event Trust Fund Gain from the 2013 Formula One United States Grand Prix:

Review of Post-Event Data and  
Request for  
2014 United States Grand Prix

## Austin, Texas

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Don Hoyte, Ph.D.

[TEXASECONOMICIMPACT.COM](http://TEXASECONOMICIMPACT.COM)

9.11.2013

Prepared for

**Circuit Events Local Organizing Committee**

100 Congress Avenue, Suite 1300

Austin, Texas 78701-2744

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## The 2013 Formula One United States Grand Prix

By all accounts the first Formula One United States Grand Prix held at the new Circuit of the Americas facility outside Austin, Texas was an unqualified success. Virtually no snags were encountered the entire week with the possible exception of a few minor issues at the track. The total three-day attendance by fans at the track reached 265,499--the third highest count of the entire 2012 F1 season. The final day attendance of 117,429 was the second highest count in 2012 F1 season and the total value of brand exposure for sponsors reached an estimated \$150.9 million---the highest such figure at F1 races in 2012.

The second F1 USGP was an equal success. In only its second year, Austin's U.S. Grand Prix became part of Formula One history. German driver Sebastian Vettel won in the United States for the first time and for a record eight straight victory in a single season, beating the old mark of seven wins held by German legend Michael Schumacher.<sup>1</sup>

Off -the-track successes were perhaps even more historic. In hosting both the USGP and the UT-Oklahoma State game on the same weekend, Austin showed it can handle world class racing AND 99,739 avid football fans simultaneously.<sup>2</sup> With that level of interest, it's not surprising that Michael Barnes noted that the level of activity in Austin that week may have been exceeded only by New Year's Eve celebrations marking the end of the millennium in 1999.<sup>3</sup>

Following that success, this report builds on published reports of post-event data about the 2013 event to document the economic gains from holding the event in the Austin Area and for Texas with special reference to the taxes generated under the Major Event Trust Fund. The purpose of this report is to establish the economic and tax gains to the state and to Austin that are firmly tied to post-event data points.

The underlying accuracy of this approach is perhaps best seen in the first few tables of this report in which daily attendance estimates are developed in order to derive hotel revenues from out-of-state and out-of-area fans. While any one data point may or may not be accurate down to the last decimal place, in order to simultaneously satisfy **known** data points such as track attendance, average length of stay in hotels, observed occupancy rates, room rates and Smith Travel Data hotel revenue estimates for the Austin-Round Rock area during most of the event week, the visitation pattern **must** look very much like the pattern identified in those tables or those known data points could not be replicated. Moreover, key hotel occupancy levels and room rates are from sources independent from any parties involved in presenting the USGP.

This report relies on substantial **known** data on attendance, occupancy rates, length of stay and hotel revenue. While the exact number of out of state visitors staying in hotels on one particular

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night may not be a data point actually collected, for the observed length of stay, occupancy rates and revenues gains to be correct, the overall pattern of fan attendance at the event must be very similar to that depicted in Tables 1 and 2.

Invaluable in this effort are the results of two surveys. One, conducted by the University of South Carolina survey research team interviewed 670 fans attending the 2013 F1 event at COTA<sup>4</sup>. A copy of the survey instrument used is presented in Appendix A. The second survey was of more than 4,000 ticket holders conducted via internet and which was essential to accurately determining the percent of persons from outside Texas attending F1. Much of this is discussed in Appendix B.

In addition, estimates are compared to other available sources such as nightly room occupancy tracked by Smith Travel Research Data, total mixed beverage tax collections recorded by the Comptroller and ticket price sales data from COTA. In all cases the survey results proved very close to these other data sources.

## **Fan and Participant Attendance at 2013 Formula One USGP**

Immediate post-race data initially indicated that the 2013 Formula One USGP saw a total of 113,162 people attend the Sunday race making the second version of F1 also the second largest sporting event behind the inaugural F1 race in 2012 that drew more than 117,000. Initial total three-day attendance at the 2013 race reached 250,324.<sup>5</sup> However, it was later determined that these totals neglected to include those on-site for the support races and FOM representatives also on-site televising the event. As a result, Table 1 puts the total Sunday attendance at 114,512 and total three-day attendance at 254,374, somewhat higher than the figures originally noted immediately after the event.

To accurately estimate the spending by fans and participants at the race it is possible to fairly closely simulate the pattern of attendance of the various groups at the race based on known attendance figures at the event itself, length of stay patterns from fan surveys and other key fan behavior survey data. Moreover, the experience and records of COTA are instrumental in estimating the stay patterns for race participants such as drivers and teams, FOM officials, COTA staff, SODEXO staff and sponsors.

Although the race actually occurs over but three days, weeks of planning and preparation activity precede the actual race dates. Moreover, the chance to enjoy the festive F1 atmosphere in Austin and attend sponsored (and un-sponsored) pre-event celebrations draw fans into the Austin area well before the event begins. And in 2013 there was the added crowd pressure of UT football fans on Saturday for an 2:30 p.m. showdown with conference rival Oklahoma State.

The starting point for these estimates is the known attendance on each race day<sup>6</sup> and the distribution of this attendance into various groups for the final day of racing as presented by the Circuit Events Local Organizing Committee's post-event preliminary certification to the Texas Comptroller of Public Accounts.<sup>7</sup> The unadjusted figures are set in bold in Table 1 for Sunday with the non-bolded Sunday figures including updated figures for some groups and other groups omitted in the preliminary figure from December 2013. The net impact in the peak attendance figures is to increase this slightly from the announced 113,162 persons to 114,512 due to that addition of 400 F1 suppliers, 350 participants in the two support race categories and 600 broadcast personnel. The other figures in Table 1 are estimated based on knowledge of the likely behavior of each group during the race weekend and the daily attendance totals adjusted for updated data.<sup>8</sup>

Table 1  
**2013 Formula One USGP Race Attendance Estimate at COTA**

	COTA <u>Passes</u>	Promo & Sponsor <u>Passes</u>	Paddock <u>Club</u>	22 F1 Teams, FOM & F1 <u>Suppliers</u>	Support <u>Races</u>	<u>Officials</u>	COTA & Event <u>Staff</u>	Broadcast & Media	SODEXO <u>Staff</u>	<u>TOTAL</u>
Friday	47,159	627	2,423	2,800	350	2,060	1,604	1,580	1,023	59,626
Saturday	66,082	879	3,395	2,800	350	2,060	1,887	1,580	1,203	80,236
Sunday	<b>97,308</b>	<b>1,294</b>	<b>5,000</b>	2,800	350	<b>2,060</b>	<b>2,516</b>	1,580	<b>1,604</b>	114,512
3-Days	210,549	2,800	10,819	8,400	1,050	6,180	6,007	4,740	3,830	<b>254,374</b>

Clearly the largest group attending the race weekend are the fans represented by the attendance using COTA passes, promotional or sponsor passes and at the paddock club.<sup>9</sup> Estimating the visitation patterns of both out-of-state and non-local Texans at the USGP is crucial to estimating the tax gain under the METF for F1.

Table 2 presents the attendance by out-of -state fans for the 2013 USGP based on the attendance figures in Table 1 and the percentage of fans from out of state as derived from two survey efforts of fan attendance as discussed in Appendix B. On average, it is estimated that 66.6 percent of the fans entering on COTA passes came from outside Texas. It is believed that the percentage of out-of-state fans in the Paddock area and receiving special sponsor passes is slightly higher than the overall percentage for the fans entering on COTA passes. Accordingly it is likely that 70,388 out-of-state fans attended the final day of the event (67.9 percent of all fans).

Table 2

**Out-of State Fan Attendance at 2013 Formula One USGP**

	---OOS Fans at COTA ---			Total OOS Fans at COTA	F1 Fans No- shows at COTA	OOS F1 Visitors Never at COTA	Total OOS Visitors	OOS F1 Visitors
	COTA Passes	Promo & Sponsor Passes	Paddock Club				in Austin for F1	Staying the Night
Monday							13,547	13,547
Tuesday							20,526	20,526
Wednesday							30,450	30,450
Thursday							42,735	42,735
Friday	30,284	533	2,181	32,998	14,036	1,317	48,351	48,351
Saturday	42,436	747	3,056	46,239	15,295	1,723	63,256	63,256
Sunday	62,488	1,100	4,500	68,088	-	1,906	69,995	52,044
Monday							52,044	17,695
Tuesday							17,695	
					Average Nights Stayed		4.12	288,604

The overall pattern of fan visitation to Austin for F1 is not just limited to those that show up at COTA on a particular day. Because this is a three-day event and some fans may arrive too late to attend track activities on one of the first two days, or simply choose not to go on one day even if they are in town. So there are likely to be a number of "no-shows" at the track both Friday and Saturdays. These are fans that are actually in Austin on Friday or Saturday for the event but for one reason or another do not go to the track that day and therefore could not be counted in COTA figures.

A second group of "fans" are also in Austin for F1 but would not show up in the fan counts at COTA. The survey of ticket purchasers at F1 asked how many fans accompanied each group that were not intending to go to the track at any point during the weekend. Based on the response to that survey, just counting fans showing up at COTA would undercount persons in the Austin area from outside Texas for the F1 event by about 2.8 percent and in the Austin area for F1 from other parts of Texas by about 2.0 percent.

The last two columns of Table 2 simulate the pattern of stay by out-of-state visitors in Austin for F1 based on the pattern of hotel-room usage for each day as developed by Smith Travel Research for these days, and the total number of person-nights out-of-state fans stay in Austin. The 2013 on-site survey asked out-of-state fans how many nights they will stay in Austin for F1 and this group averaged 4.12 nights. The patterns of stay in the last two columns of Table 2 total the correct number of visitor-nights for the 8 day event period and parallel changes in the nightly

hotel occupancy data collected by Smith Travel Research so this pattern is likely to closely reflect the actual level of nightly activity.<sup>10</sup>

Table 3 presents the same data for non-local Texans visiting Austin for F1. From the survey of fans attending F1, non-local Texas fans comprised 63 percent of all Texas fans. This implies that total non-local Texas fans probably totaled 20,925 on Sunday at COTA. Texas fans from outside the local area stayed 2.16 nights in the Austin area for the F1 USGP---significantly shorter than the 4.12 nights stayed by out-of-state fans. In total, non-local Texans spent an estimated 46,243 person-nights in the Austin area for F1.

Table 3

**Non-local Texas Fan Attendance at 2013 Formula One USGP**

	<b>-Non-Local Texas Fans at COTA -</b>			<b>Total Non-Local Texas Fans at COTA</b>	<b>Non-Local Texas F1 Fans No-shows at COTA</b>	<b>Non-local Texas F1 Visitors Never at COTA</b>	<b>Total Non-Local Texas Visitors in Austin for F1</b>	<b>Non-Local Texas F1 Visitors Staying the Night</b>
	<b>COTA Passes</b>	<b>Promo &amp; Sponsor Passes</b>	<b>Paddock Club</b>					
Monday							45	45
Tuesday							301	301
Wednesday							1,203	1,203
Thursday							4,811	4,811
Friday	9,929	59	153	10,141	1,078	236	11,455	11,455
Saturday	13,913	83	214	14,210	2,686	355	17,251	17,251
Sunday	20,488	122	315	20,925	-	439	21,364	10,645
Monday							10,645	532
Tuesday							532	
					<b>Average Nights Stayed</b>		2.16	
					<b>Total Nights Stayed</b>			46,243

The remaining groups involved in Formula One tend to have slightly longer patterns of stay than the fans. While the exact stay patterns for these groups isn't known with certainty, based on professionals familiar with the arrival and departure schedule of these Formula One participants at COTA, Table 4 probably fairly represents the arrival and departure schedules for these groups and their related average length of stay. In particular, team set-up does require some significant lead time as does some parts of the television coverage preparation.<sup>11</sup>

Table 4

**Participants at 2013 Formula One USGP**

	----- Total Participants -----						----- Out-of-State Participants -----					
	F1 Teams, FOM & F1 Suppliers	Support Races	Officials	COTA & Event Staff	Broad- cast & Media	SODEXO Staff	F1 Teams, FOM & F1 Suppliers	Support Races	Officials	COTA & Event Staff	Broad- cast & Media	SODEXO Staff
Mon.	10			129			10					
Tue.	20			129			20					
Wed.	30			129			30					
Thu.	30			129			30					
Fri.	30		14	129			30		14			
Sat.	30		28	257			30		28			
Sun.	30		28	514		328	30		28			
Mon.	1,700	213	1,124	1,029	400	656	1,683	191	1,101	62	380	39
Tue.	2,200	275	1,685	1,143	698	729	2,178	248	1,652	69	663	44
Wed.	2,200	275	2,060	1,270	1090	810	2,178	248	2,019	76	1,036	49
Thu.	2,800	350	2,060	1,411	1286	900	2,772	315	2,019	85	1,222	54
Fri.	2,800	350	2,060	1,568	1580	999	2,772	315	2,019	94	1,501	60
Sat.	2,800	350	2,060	1,929	1580	1,230	2,772	315	2,019	116	1,501	74
Sun.	2,800	350	2,060	2,516	1580	1,604	2,772	315	2,019	151	1,501	96
Mon.	1,700	213	1,288	514	245	656	1,683	191	1,262	31	221	39
Tue.	400				206	328	396				185	
Wed.	20						20					
Avg. Nights Stayed	6.00	5.79	6.02	4.09	4.48	4.14	6.00	5.79	6.02	3.53	4.47	3.74

Table 5 presents the overall pattern of stay by all visitors at the F1 USGP: local fans, non-local Texas fans, out-of-state fans and event participants.

Table 6 presents out-of-state fans and participants in the first seven columns and the number of non-local Texas fans at F1 USGP by day. At the bottom of this table are three crucial figures for each group---the average number of nights stayed by the group, the percentage of nights stayed in a hotel or motel, and the average number of persons per room for those staying in the hotel or motel. For out-of-state fans and non-local Texas fans, these figures are derived directly from the USC fan survey. The number of nights stayed, percentage stayed in hotels and the average persons per room for the other groups at F1 are estimated based on knowledge of the behavior of these groups and the levels of the same variables as derived from the survey of out-of-state fans.

Table 5

**All Fans and Participants in Austin for 2013 Formula One USGP**

	<u>Fans</u>	FOM & F1 <u>Teams</u>	<u>Officials</u>	COTA & Event <u>Staff</u>	<u>Media</u>	SODEXO <u>Staff</u>	<u>TOTAL</u>
Monday		10		129			139
Tuesday		20		129			149
Wednesday		30		129			159
Thursday		30		129			159
Friday		30	14	129			173
Saturday		30	28	257			315
Sunday		30	28	514		328	900
Monday	12,227	1,200	1,124	1,029	200	656	16,435
Tuesday	20,604	1,800	1,685	1,143	200	729	26,161
Wednesday	32,670	2,200	2,060	1,270	245	810	39,255
Thursday	48,975	2,400	2,060	1,411	490	900	56,236
Friday	67,378	2,400	2,060	1,568	980	999	75,385
Saturday	90,967	2,400	2,060	1,929	980	1,230	99,566
Sunday	105,988	2,400	2,060	2,516	980	1,604	115,548
Monday	64,428	1,500	1,288	514	245	656	68,631
Tuesday	18,819	200		-	206	328	19,552
Wednesday		20		-			20
Average Nights Stayed	3.36	5.96	6.02	4.09	3.62	4.14	3.49

Table 6

**Out-of-Area Fans and Participants in Austin for 2013 Formula One USGP**

	----- Out of State Fans and Participants -----								TOTAL
	OOS Fans	F1 Teams, FOM & F1 Suppliers	Support Races	Officials	COTA & Event Staff	Broad- cast & Media	SODEXO Staff	Non-Local Texas Fans	
Monday		10							10
Tuesday		20							20
Wednesday		30							30
Thursday		30							30
Friday		30		14					44
Saturday		30		28					58
Sunday		30		28	31				89
Monday	13,547	1,683	191	1,101	62	380	39	42	17,046
Tuesday	20,526	2,178	248	1,652	69	663	44	281	25,661
Wednesday	30,450	2,178	248	2,019	76	1,036	49	1,124	37,179
Thursday	42,735	2,772	315	2,019	85	1,222	54	4,497	53,699
Friday	48,351	2,772	315	2,019	94	1,501	60	10,707	65,819
Saturday	63,256	2,772	315	2,019	116	1,501	74	16,124	86,177
Sunday	69,995	2,772	315	2,019	151	1,501	96	19,969	96,818
Monday	52,044	1,683	191	1,262	31	221	39	9,950	65,420
Tuesday	17,695	396				185	20	532	18,828
Wednesday		20							20
Avg. Nights Stayed	<b>4.12</b>	6.00	5.79	6.02	3.74	4.47	3.95	<b>2.17</b>	3.82
% in Hotel	<b>80.9%</b>	95.0%	95.0%	95.0%	85.0%	90.0%	85.0%	<b>51.5%</b>	
Persons/rm	<b>1.96</b>	1.25	1.5	1.25	1.96	1.75	1.96	<b>2.21</b>	

(note: figures in **bold** directly from the survey)

Combining the visitation patterns in Tables 5 and 6, the estimated percentage of each group staying in hotels and the number of persons per room generates a pattern of room-night demand by the various groups attending F1 in the first three columns of Table 7. Assuming that all F1 participants will stay in hotels in the City of Austin that are the most accessible to the track facilities, groups of fans likely will be distributed among City of Austin hotels, hotels in the Austin area outside the city, and hotels outside the Austin Area according to the pattern in Table 7.

Table 7  
**Hotel Room Demand at 2013 Formula One USGP**

	<u>Participants</u>	<u>OOS Fans</u>	<u>Non-Local Texas Fans</u>	<u>Total F1 Room Demand</u>	<u>COA Rooms</u>	<u>Other Austin Area Rooms</u>	<u>Outside Austin Area Rooms</u>
Monday	8			8	8		
Tuesday	15			15	15		
Wednesday	23			23	23		
Thursday	23			23	23		
Friday	33			33	33		
Saturday	44			44	44		
Sunday	58			58	58		
Monday	2,476	4,889	10	7,375	6,476	899	
Tuesday	3,458	8,148	66	11,671	10,109	1,562	
Wednesday	3,933	12,629	262	16,825	14,663	2,162	
Thursday	4,529	17,725	1,049	23,303	17,060	5,328	
Friday	4,679	20,054	2,499	27,232	17,123	5,974	4,135
Saturday	4,695	26,236	3,763	34,693	18,984	6,479	9,230
Sunday	2,503	21,585	2,322	26,410	16,292	4,618	5,500
Monday	405	7,339	124	7,868	6,302	1,566	
Tuesday	15			15	15		

This fan distribution is derived by assuming the fans will distribute themselves among the hotels inside the City of Austin (COA) or outside the city but inside the Austin area in proportion to the number of hotel rooms occupied in the City of Austin and other areas within the local Austin region.<sup>12</sup> However, this proportionate distribution ceases on Thursday as the total utilization of City of Austin hotel space by F1 participants and fans reaches 85 percent of all occupied hotel rooms in the city.<sup>13</sup> At this point F1 fans increasingly rely on hotel rooms in the Austin area but outside of the city until that capacity reaches 90 percent of those occupied rooms. This results in an overflow of F1 fans to facilities outside the Austin area Friday night, Saturday night and Sunday night. Although it is by no means certain that all the overflow rooms booked outside the Austin area are in the City of San Antonio, to understand the degree to which outlying areas can handle this overflow, the peak overflow on Saturday night of 9,230 rooms amounts to about 20 percent of the hotel rooms in the City of San Antonio.

The fans surveyed at the 2013 F1 by the University of South Carolina also indicated how much they spent per night on hotel rooms. Those fans from outside Texas staying in hotels rooms spent an average of \$234.63 a night for their hotel room. Texas fans from outside the Austin area spent an average of \$242.61 a night. Nightly room rates as tracked by Smith Travel Research peaked at \$342.83 a night on Saturday in hotels in the City of Austin and \$298.03 a night for

hotels in the Austin area but outside of the City of Austin. In addition, the average of room costs cited by Smith Travel Research each night during the week of the race when weighted by the likely profile of F1 attendees during those nights in Austin yields an average of about \$244 a night---very close to the figures cited in the USC survey.

To develop a total spending pattern on hotels for both fans and participants, the Smith Travel Research average nightly room charge for hotels in Austin the area was used as the appropriate price for out-of-state and non-local Texans staying in the city of Austin. These prices were adjusted up by 20 percent and applied to the pattern of out-of-state participants staying in Austin under the assumption that these groups would seek better accommodations and be less price-sensitive. As a check to this process it should be noted that the total estimated hotel spending for F1 participants and fans staying in the city of Austin during the five peak nights of F1 activity is less than 90 percent of the total hotel spend estimated by Smith Travel Research for those nights in Austin. Smith Travel Research prices for hotels outside of the City of Austin were adjusted upward slightly to reflect the higher demand and willingness to pay premium prices by F1 visitors.<sup>14</sup>

Table 8  
**Hotel Room Expenditures at 2013 Formula One USGP**

	Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Monday	\$1,301				
Tuesday	\$2,721				
Wednesday	\$4,143				
Thursday	\$4,094				
Friday	\$5,897				
Saturday	\$8,041				
Sunday	\$9,899				
Monday	\$450,197	\$603,723	\$112,525	\$1,062	\$198
Tuesday	\$601,780	\$955,365	\$179,823	\$7,395	\$1,392
Wednesday	\$727,217	\$1,554,614	\$262,601	\$32,448	\$5,481
Thursday	\$1,604,088	\$3,507,011	\$1,002,735	\$208,623	\$59,650
Friday	\$1,989,821	\$4,587,460	\$1,532,086	\$574,299	\$191,800
Saturday	\$2,011,975	\$6,159,144	\$2,001,102	\$887,573	\$288,372
Sunday	\$971,303	\$4,995,906	\$1,081,353	\$539,963	\$116,874
Monday	\$64,614	\$736,622	\$177,018	\$12,520	\$3,009
Tuesday	\$2,280				
<b>TOTAL</b>	<b>\$8,459,371</b>	<b>\$23,099,844</b>	<b>\$6,349,244</b>	<b>\$2,263,885</b>	<b>\$666,776</b>
				Total State Hotel Tax from OOS F1 Visitors:	\$2,274,508
				Total COA Hotel Tax from Out-of Area F1 Visitors:	\$3,044,079

Table 8 notes that F1 participants spent an estimated \$8.5 million on hotel stays for the 2013 Formula One USGP. Out of State fans spent \$23.1 million in the City of Austin for hotels and another \$6.3 million on their stays in hotels in the Austin area or just outside the Austin area.

## Ticket Sales

Certainly key to the financial viability of the U.S. Grand Prix in Austin are ticket sales. Not as well appreciated is that those sales also serve as a major revenue driver for the state and for the city of Austin in determining the gain under the Major Event Trust Fund.

Based on the USC survey results, the average ticket price paid per person by out-of-area attendees (both out-of-state and non-local Texans) was about \$611. This is likely a fairly accurate price since after including revenues estimated from paddock access tickets and prices set in the secondary market, the average ticket price from the 2013 survey should have been about slightly over \$600 according to COTA. In addition, in 2013 each out-of-area fan spent \$15 on tickets to the FanFest (this is an average over all fans).

Applying these 2013 averages to the ticketed attendance by group from Table 2, total ticket revenues and state sale tax generation is presented in columns 1 and 2 of Table 9. Based on this estimate, the state gained nearly \$2.7 million in sales taxes from hosting F1 that it would not have otherwise realized had the event been held in another state.<sup>15</sup> The local gain to the City of Austin in that portion of local sales tax counted as generated by the event<sup>16</sup> was about \$549,000.

Table 9

### Ticket Expenditures at 2013 Formula One USGP

	<u>OOS Fans</u>	<u>Non-Local Texas Fans</u>
Attendees in Austin	69,995	19,969
Ticketed Attendees	68,088	19,558
Cost per F1 Ticket	\$611.02	\$611.02
Cost per Fan Fest Ticket	\$15.09	\$15.09
Total Ticket Expenditure	\$42,631,068	\$12,245,793
Tax Gain under METF		
State Sales Tax	\$2,664,442	
Local Sales Tax*	\$548,769	

## Auto Rental Expenses

Another important state revenue source gained from hosting events such as the USGP is the tax revenue received from short-term car rentals. Based on the USC survey results, a little more than half of the out-of-state groups said they were renting a car (56.4%) while at F1 and, on average, these groups rented 1.27 vehicles per group keeping them for an average of 5.1 days. Only about 13 percent of non-local Texas visitors rented cars while at F1, renting 1.2 vehicles per group for an average of 3.3 days.

Out-of-state and out-of-area fans visiting for F1 and renting at least one car indicated that they spent, on average, \$81.73 a day renting these vehicles.<sup>17</sup> Based on the USC survey data on the percentage of groups renting cars, the number of persons per group and the length of stay of each group, Table 10 presents the likely expenditures on rental cars during the 2013 F1 week.

Table 10  
**Car Rental Expenditures at 2013 Formula One USGP**

	OOS Participants	OOS Fans	Non-Local Texas Fans
Attendees	6,854	69,995	19,969
Persons/group	1.2	3.3	3.8
Groups	5,712	21,210	5,255
% Renting	85.0%	56.4%	13.0%
Cars/group	1.00	1.30	1.20
Days renting	6.6	5.1	3.3
Cost/day/car	\$122.51	\$81.73	\$81.73
Total Expenditure	\$3,925,521	\$6,479,212	\$221,841
Total State Car Rental Tax Gain	\$1,040,473		

Note that the rental car rate used for out-of-state participants of \$122.51 is based on the rate for 22 standard sized cars advertised for rent at the Austin Airport from Friday November 14 to Saturday November 15, 2013---the weekend of the 2013 F1.<sup>18</sup> That these automotive professionals should choose to rent at higher rates than more price-sensitive fans should not be surprising.

This level of rental activity should generate more than \$1.0 million in auto rental tax from out-of-state fans and F1 participants.

## Mixed Drink Expenditures and Alcohol Taxes

Both mixed drink taxes and ABC Title 5 alcohol taxes generate funds from events such as F1. Those taxes are considered as supporting the Major Events Trust Fund to the extent that those taxes represent a gain to the state (or, respectively to the locality).

The Texas mixed drink tax is 14% percent tax assessed on of the price of the drink sold. The tax accrues to both the state, the municipality and the county with the state retaining 11% of the 14% assessment, and the municipality and county each remitted 1.5%.

The USC survey of F1 fans asked about daily spending on both beer and wine and on other alcoholic beverages.<sup>19</sup> Based on the responses of out-of-area fans, each fan spent an estimated \$42.81 per day on mixed drinks.<sup>20</sup> Given the number of out-of-state fans and participants at the event, Table 11 estimates that the total mixed drink expenditures at F1 by out-of-state attendees reached about \$16.1 million generating nearly \$1.8 million in mixed drink tax revenue for the state.

Table 11

### Mixed Drink Expenditures at 2013 Formula One USGP

	OOS Participants (COA)	OOS Fans inside COA	OOS Fans Outside COA	Non-local Texans inside COA	Non-Local Texans Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Attendees at COTA	6,854	47,339	20,749	13,598	5,960
Attendees not at COTA	-	1,326	581	286	125
Per person Expenditures/day, persons at COTA	\$21.40	\$42.81	\$42.81	\$42.81	\$42.81
Per person Expend./day, persons not at COTA		\$26.88	\$26.88	\$26.88	\$26.88
Days Stayed	6.6	5.1	5.1	3.3	3.3
Total Mixed Drink Expend.	\$968,225	\$10,516,734	\$4,609,468	\$1,946,280	\$853,051
Total Mixed Drink Expenditures OOS Visitors:			\$16,094,427		
Total Mixed Drink Tax to the State:		\$1,770,387			
Title 5 ABC Tax		\$412,017			
Total Mixed Drink Expenditures OOA Visitors in Austin:			\$13,431,239		
Total Mixed Drink tax to COA from expenditures by OOA Visitors at F1 in Austin:					\$201,469

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Total mixed drink expenditures by out of area visitors in the City of Austin was nearly \$13.4 million generating \$201,469 in tax revenues for the city.

By way of rough validation of these figures, the Comptroller's mixed drink database notes that total mixed drink tax remittances to the city in January 2014 amounted to \$2,064,202 which primarily covers activity in the fourth quarter of 2013 (October, November and December). The implication of the \$201,000 figure at the bottom of Table 11 is that F1 -related activity accounted for a bit over 10 percent of the remittances during these three months. Given that F1 undoubtedly had a strong influence on mixed drink spending for 7 or 8 days of the quarter amounting to just under 9 percent of the days in the quarter, the figures in Table 11 seem reasonable given that F1 is the largest single event held in Austin for the last two years.

Table 11 also shows the gain to the state from the taxes imposed by Title 5 of the Alcoholic Beverage Code (Title 5 ABC). Title 5 ABC is a complex tax levied on the basis of the alcohol content of various beverages by volume. To simplify the calculation of this tax for out-of-state visitors to F1, the estimate of the Title 5 ABC tax in Table 11 is based on a derived value-based percentage linking revenue from the Alcoholic Beverage Tax to mixed beverage tax sales.

Specifically, in the January 2013 Biennial Revenue Estimate prepared by the Comptroller of Public Accounts, the estimated tax gain during the next biennium for the mixed beverage tax is \$1,624 million (see page 17). The estimated gain from the Title 5 ABC tax is estimated at \$416 million or roughly a quarter of the tax raised by the state under the mixed beverage tax. Accordingly, while the mixed beverage tax gain noted in Table 11 applies the statutory state tax rate of 11 percent to the estimated value of mixed beverages sold to F1 out-of-state visitors, the amount for Title 5 ABC tax is approximated by applying a tax rate of 2.56 percent of the value of mixed beverage sales which raises about a quarter of mixed beverage tax gain accruing to the state from this event. There is no local tax component to the Title 5 ABC tax.

To round out the alcohol beverage sales related to F1, the USC survey also asked respondents to estimate their daily purchases of beer and wine while at F1. This expenditure was not collected in the previous year's survey or otherwise included in the previous estimates of activity driven by F1. These daily averages are combined with the attendance data from Table 11 to estimate in Table 12 the total beer and wine sales for out-of-state visitors to F1 and out-of-area visitors to Austin for F1.

Table 12  
**Beer and Wine Expenditures at 2013 Formula One USGP**

	OOS Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Attendees at COTA	6,854	47,339	20,749	13,598	5,960
Attendees not at COTA	-	1,326	581	286	125
Per person Expend./day persons at COTA	\$43.27	\$86.54	\$86.54	\$86.54	\$86.54
Per person Expend./day, persons not at COTA		\$54.97	\$54.97	\$54.97	\$54.97
Days Stayed	6.6	5.1	5.1	3.3	3.3
Total Beer and Wine Expend.	\$1,957,403	\$21,478,706	\$9,414,083	\$3,965,018	\$1,737,861

## Merchandise Sales

Attendees at F1 were asked to estimate how much they felt they would spend each day on merchandise while at either COTA or FanFest.<sup>21</sup> Based on the responses from the out-of-area fans, Table 13 estimates the expenditures made by out-of-state fans, participants and non-local Texans while at the event. Based on the number of attendees at COTA each day during the event, it is estimated that fans averaged 2.2 days at COTA facilities.

Attendees at F1 were also asked to estimate how much they felt they would spend each day on merchandise in Austin outside of COTA facilities and to estimate the same sort of expenditures by persons in their group not at COTA.. Based on the responses from the out-of-area fans, Table 13 also estimates the expenditures made by out-of-state fans, participants and non-local Texans while at the event.<sup>22</sup>

Table 13  
**Merchandise Expenditures at 2013 Formula One USGP**

	OOS Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Attendees at COTA	6,854	47,339	20,749	13,598	5,960
Attendees not at COTA	-	1,326	581	286	125
Expenditures at COTA/person/day	\$83.01	\$166.02	\$166.02	\$166.02	\$166.02
Expend. Outside COTA/person/day by persons at COTA	\$38.99	\$77.97	\$77.97	\$77.97	\$77.97
Expend. Outside COTA/person/day by persons not at COTA	-	\$168.16	\$168.16	\$168.16	\$168.16
Days at COTA	3.0	2.6	2.6	2.3	2.3
Days in Austin	6.6	5.1	5.1	3.3	3.3
Total Merchandise Expenditure	\$3,470,484	\$40,353,100	\$17,686,700	\$8,948,423	\$3,922,080
Merchandise Expend. State Sales Tax	\$3,844,393				
Merch. Expend. Local Sales Tax in COA	\$527,720				

In total, the state sales tax gain attributable to out-of-state F1 fans and participants probably reached more than \$3.8 million from the 2013 USGP. The local sales tax gain to the City of Austin from merchandise sold to out-of-area fans and participants reached nearly \$528,000.

## Food and Non-Alcoholic Beverage Expenditures

The USC survey also asked visitors to F1 to estimate the amount they spent each day on food and non-alcoholic beverages. Once again, F1 visitors at COTA were asked to estimate the spending for people in Austin with them but not at the COTA facilities the day of the survey. Table 14 presents the results of the survey and the estimated spending by participants, out-of-state fans and out-of-area fans at the 2013 F1.

On average, fans at COTA indicated they spent \$168.40 a day on food and beverages. While this may seem high to some, it should be noted that in two other cases where objective measures of the survey results are available, both survey-established hotel room rates and ticket prices square well with that data. Moreover, the total level of mixed drink spending based in part on survey-derived spending questions also seems plausible given tax remittance data.

Table 14

**Food & Non-Alcoholic Beverage Expenditures at 2013 Formula One USGP**

	OOS Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Attendees at COTA	6,854	47,339	20,749	13,598	5,960
Attendees not at COTA	-	1,326	581	286	125
Expend./person/day by persons at COTA	\$157.66	\$157.66	\$157.66	\$157.66	\$157.66
Expend./person/day by persons not at COTA	-	\$141.04	\$141.04	\$141.04	\$141.04
Days in Austin	6.6	5.1	5.1	3.3	3.3
Total Food and Non-Alcoholic Beverage Expend.	\$7,131,972	\$39,017,398	\$17,101,264	\$7,207,781	\$3,159,159
F & B Expend. State Sales Tax	\$3,953,165				
F & B Expend. Local Sales Tax in COA	\$533,572				

In total, the gain in sales tax to the state attributable to food and beverage sales to F1 out-of-state visitors probably nearly reached \$4.0 million in 2013. The gain to the City of Austin exceeded \$533,000.

## Other Entertainment Expenditures

The USC survey asked respondents at COTA to estimate their daily spending on other entertainment activities while in town for F1. In addition, respondents were asked about the spending of persons in their group who many not have been at COTA the day the interview was conducted.

Based on their responses, Table 15 estimates the total spending on other entertainment activities by F1 participants and fans while in Austin for F1. As in other cases, time restraints on participants at F1 would probably limit their ability to participate in other activities to the same degree as fans, so their daily expenditures are limited to half of those of the typical out-of-area fan.

Table 15  
**Non-F1 Entertainment Expenditures at 2013 Formula One USGP**

	OOS Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Attendees at COTA	6,854	47,339	20,749	13,598	5,960
Attendees not at COTA	-	1,326	581	286	125
Expend./person/day by persons at COTA	\$36.51	\$73.01	\$73.01	\$73.01	\$73.01
Expend./person/day by persons not at COTA	-	\$68.29	\$68.29	\$68.29	\$68.29
Days in Austin	6.6	5.1	5.1	3.3	3.3
<b>Total Non-F1 Entertainment Expend.</b>	<b>\$1,651,392</b>	<b>\$18,088,943</b>	<b>\$7,928,355</b>	<b>\$3,340,702</b>	<b>\$1,464,224</b>
Non-F1 Entertain. Expend. State Sales Tax	\$1,296,970				
Non-F1 Entertain. Expend. Local Sales Tax-COA	\$173,108				

Total sales tax gain to the state from non-F1 entertainment expenditures was almost \$1.3 million in 2013 while the local sales tax gain to the City of Austin was more than \$173,000.

## Travel Expenditures to Attend the United State Grand Prix in 2013

Fans attending the F1 event at COTA were also asked to estimate their travel expenses in getting to the event. Table 16 presents an estimate of the likely travel expenses in getting to the 2013 F1 event based on the survey results. Most noticeable in this regard is the distinctly different travel behavior of out-of-state visitors when compared to non-local Texans.

About 63 percent of out-of-state visiting fans indicated they traveled to F1 by air. In contrast, 93 percent of non-local Texans traveled to the event in a car. Respondents were also asked to estimate how much they spent on one-way airfare to the event. Out-of-state respondents airfare averaged \$562 as compared to \$396 spent by in-state travelers. In total, out-of-state fans spent about \$24.8 million in airfare to attend the F1 event.<sup>23</sup>

Table 16  
**Travel Expenditures to 2013 Formula One USGP**

	OOS Participants (COA)	OOS Fans Staying inside COA	OOS Fans Staying Outside COA	Non-local Texans Staying inside COA	Non-Local Texans Staying Outside COA
Total Attendees in Austin	6,854	48,665	21,330	13,884	6,085
Percent Traveling by Air	80%	63%	63%	7%	7%
Percent Traveling by Car	20%	37%	37%	93%	93%
Avg one-way air cost	\$562	\$562	\$562	\$396	\$396
Avg one-way miles driven	858	858	858	257	257
Avg Size of group driving	1.75	2.88	2.88	3.03	3.03
Avg. Round Trip Car Cost/person	\$549	\$333	\$333	\$95	\$95
One-Way Airfare Spending	\$3,081,558	\$17,230,287	\$7,552,008	\$384,859	\$168,683
Round-trip Car Travel cost	\$752,734	\$6,001,509	\$2,630,452	\$1,227,004	\$537,794
Texas/Austin Portion	\$358,674	\$2,859,693	\$1,253,399	\$613,502	\$0
<b>Total State/Austin Travel Cost</b>	<b>\$3,440,233</b>	<b>\$20,089,981</b>	<b>\$8,805,407</b>	<b>\$998,361</b>	<b>\$168,683</b>

Fans also indicated that they traveled considerable distances by car to attend F1 with out-of-state visitors traveling on average 858 miles one-way and out-of-area Texans traveling 257 miles. Based on the mileage rate currently allowed for travel by the IRS and the average size of group traveling by car, the average cost of the car travel to and from the F1 event for out-of-state fans is \$333 per person and \$95 per person for Texans.

Based on the average number of miles from Austin to seven border cities in Texas (Orange, Texarkana, El Paso, Brownsville, Laredo, Wichita Falls and Dalhart), the average car traveler from outside Texas would spend about 407 miles of their trip in Texas (48 percent of their trip). Accordingly, for out-of-state visitors Table 16 assigns 48 percent of the cost of the car travel to Texas and for non-local Texans assigns half of the spending to Austin if the traveler stayed in Austin.

As is well-known, commercial airfare is not subject to state sales taxes that could be considered a gain to the state from holding the event. Moreover, while there the state does receive considerable tax revenues directly from gasoline sales, those direct taxes are not considered in calculating the METF. Nonetheless, travel expenditures that are considered a gain to the state and the locality from holding an event do drive indirect and induced economic activity which in turn does generate tax gains under the METF.

## Cost of Presenting the 2013 U S G P

Also considered in developing the direct, indirect and induced economic and tax gain from hosting events under the Major Event Trust Fund are expenses related to presenting the event in Texas. From COTA financial accounting records, Table 17 presents COTA's expenses in 2013 related to putting on the Formula One race.<sup>24</sup> These expenses were reviewed and those that would have double-counted expenditures covered in other tables (such as the cost of goods sold at the event) were removed from Table 17.

Total COTA annual overhead expenses were apportioned to F1 based on the proportion that F1 represents of all COTA revenues.

Table 17

### U.S. Grand Prix Event Presentation Expenses

	USGP and Fanfest Accounts	COTA Overhead attributable to Formula One	Total F1 Expense
Wages and Salaries (compensation)	498	8,352,224	8,352,722
Professional & Legal	183,196	5,673,550	5,856,746
Facilities & Maintenance	8,624,992	5,518,871	14,143,863
Marketing	3,716,187	4,672,561	8,388,748
Other	320,244	1,822,581	2,142,825
Insurance	295,095	1,272,457	1,567,552
Contract Labor	902,064	1,248,719	2,150,783
Equipment & Supplies	270,692	1,128,064	1,398,756
Telecom	462,021	606,682	1,068,704
Event Related	7,779,004	462,993	8,241,998
Travel & Entertainment	131,175	372,030	503,206
Ticketing	236,454	11,084	247,538
Sanction Fees (non-FOM), Content Fees and Royalties	2,966,532	0	2,966,532
Net Race Contract Requirements	1,184,117	0	1,184,117
<b>TOTAL</b>	<b>27,072,271</b>	<b>31,141,817</b>	<b>58,214,088</b>

## Corporate, Sponsor and Team Spending

While it is possible to interview fans about their spending behavior, count tickets and even monitor accounting systems for COTA event expenditures, one category of expenditures at F1 remains difficult to capture---spending by corporate suppliers, sponsors and even Formula One teams themselves. These entities are independent actors who are not contractually required to report expenditures to COTA but certainly use the USGP to market themselves to their existing and potential clients through hospitality suites, corporate functions and other marketing contacts. Moreover, since those activities are provided to attendees free-of-charge, even on-site interviews with attendees would not be unable to solicit from those respondents the value they receive from those expenditures.

But, based on the number of entities involved, an estimate of the number of clients typically involved, the number of days this activity occurs and the approximate per guest spending, Table 18 estimates to total value of corporate, sponsor and team spending used to maintain and develop contacts important to their businesses.<sup>25</sup> In total these groups spend an estimated \$15.0 million on these marketing activities this is not otherwise picked up in fan surveys or by COTA accounting systems.

Table 18  
Corporate, Sponsor and Team Spending at 2013 Formula One USGP

Sponsor/Teams	Number	Avg. # Guests	Days	Cost/Guest	Total
F1 Teams	11	250	3	\$300	\$2,475,000
F1 Team Major Sponsors	44	100	3	\$400	\$5,280,000
F1 Team Suppliers/Sponsors	150	4	3	\$350	\$630,000
F1 Series Sponsors	10	70	3	\$500	\$1,050,000
F1 High End Entertainment Events	4	300	1	\$1,000	\$1,200,000
Non Affiliated Corporate Entertainment	240	20	3	\$300	\$4,320,000
<b>Total</b>					<b>\$14,955,000</b>
State Sales Tax Gain					\$934,688
City of Austin Sales Tax Gain					\$149,550

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## Direct Economic and Tax Gains from 2013 F1

To develop estimates of the indirect and induced impacts of hosting the Formula One race on the state and the City of Austin, the Texas Comptroller of Public Accounts maintains a model which, given the level of direct economic impacts, estimates the indirect and induced economic and tax gains from the direct profile of expenditure gains from fans, competitors and related personnel as well as direct event presentation expenses. Since what constitutes a gain to the state under the Major Event Trust Fund differs somewhat from what constitutes a gain to the City of Austin, Table 19 presents these gains for Texas and for Austin based on the estimates contained in Tables 8 through 18 of this report.

Table 19

**Direct Economic and Tax Gains from 2013 F1**

	<u>State Impact</u>	<u>Direct METF Tax Gain</u>	<u>Austin Impact</u>	<u>Direct METF Tax Gain</u>
Hotel	\$37,908,460	\$2,274,508	\$33,823,100	\$3,044,079
Car Rental	\$10,404,732	\$1,040,473	\$10,626,574	
Mixed Drink (incl. Title 5 ABC tax)	\$16,094,427	\$2,182,404	\$13,431,239	\$201,469
Beer and Wine	\$32,850,193		\$27,401,128	
Merchandise	\$61,510,285	\$3,844,393	\$52,772,008	\$527,720
Food & Non-Alcoholic Beverage	\$63,250,634	\$3,953,165	\$53,357,151	\$533,572
Non-F1 Entertainment	\$27,668,691	\$1,296,970	\$23,081,037	\$173,108
Travel Cost to F1	\$32,335,620		\$24,528,575	
Event Presentation Expenses	\$58,214,088		\$58,214,088	
Corporate, Sponsor & Team Spending	\$14,955,000	\$934,688	\$14,955,000	\$149,550
Tax from Ticket Sales		\$2,664,442		\$548,769
<b>TOTAL</b>	<b>\$355,192,130</b>	<b>\$18,191,042</b>	<b>\$312,189,900</b>	<b>\$5,178,266</b>

In total, the total direct economic gain to the state from hosting this event should exceed \$355.1 million. The total direct tax gain to the state reached \$18.2 million with the local Austin economy directly gaining \$5.2 million.

It should be noted that this total direct impact of the 2013 F1 USGP to the state of \$355.2 million is larger than the impact reviewed for the 2012 USGP of \$274.1 million presented in Table 14 of the 2012 report with that event having a slightly higher attendance.<sup>26</sup> The primary differences between the results of the 2012 review and this review are in four areas: 1) the review of the 2012 event included only the expenditures on mixed beverages and no expenditures on beer and wine (\$33 million), 2) the survey conducted of the 2012 event contained very little data on Non-F1 related entertainment expenditures (\$28 million), 3) the 2012 analysis contained little information about spending by sponsors, teams and other corporate entities (\$15 million), and 4) because of survey limitations in 2012, that report probably underestimated actual merchandise expenditures by more than \$11 million. When considered on the same basis as this report, the total impact of the 2012 event was more likely about \$361 million.

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## Indirect and Induced Economic and Tax Gains from 2013 USGP

In addition to the direct economic and tax gains from the F1 event, the state and city gain both economic activity and taxes as these direct impacts filter their way through the state and local economies. These gains are termed indirect and induced increases. For example, in order for restaurants and hotels to serve F1 guests, they must increase the orders for food, drinks and other materials from their suppliers. That increased demand generates indirect economic gains as the activity filters its way down the supply chain.

Moreover, to supply increased demand for services additional workers must be hired or have their hours extended increasing their take home pay. As those workers spend that additional money this too generates increased induced demands throughout the state and the city.

The total effects of increased direct spending along with indirect and induced spending is presented in Table 20 based on the Texas Comptroller's IMPLAN model. This table indicates that the \$355.2 million in direct expenditures driven by hosting the Formula One event generates \$122.8 million in indirect impacts and another \$166.7 million in induced impacts for a total gain of \$644.7 million in economic activity to Texas.

From a tax perspective, in addition to the \$18.2 million in tax gain to the state from direct economic activity must be added \$5.9 million in indirect tax gains and \$9.7 million in induced tax gains for a total tax gain of \$33.8 million to the state. On a similar basis when including both indirect and induced tax effects, the City of Austin's total tax gain from the 2013 F1 event was \$9,620,916.

In comparison, for the 2013 U.S. Grand Prix the Comptroller's office approved a total estimated state gain of \$25,024,710 and a local matching contribution of \$4,003,954. This implies that the post-event analysis indicates the true impact of the 2013 F1 USGP on the state was more than 35 percent greater than the estimate produced by the Comptroller's office and in retrospect the event gained \$5.8 million more for the state than it was allotted under the METF in 2013.

Based on post-event survey information and data from organizations not affiliated with COTA or F1, it appears the tax gain to Texas for the 2013 U.S. Grand Prix greatly exceeded the gain estimated by the Comptroller's office in September 2013.

Table 20  
**METF Expenditures and Taxes for the 2013 U.S. Grand Prix at Circuit of the Americas**

	----- Direct Spending -----		----- Indirect Effects ----		--- Induced Effects ---		----- TOTAL Effects -----	
	Spending	Taxes	Spending	Taxes	Spending	Taxes	Spending	Taxes
Hotel	\$37,908,460	\$2,274,508	\$14,766,744	\$647,977	\$15,101,273	\$877,796	\$67,776,477	\$3,800,281
Food and Non-Alcoholic Bev.	\$63,250,634	\$3,953,165	\$23,043,840	\$1,146,458	\$26,470,290	\$1,538,250	\$112,764,764	\$6,637,873
Alcoholic Beverage	\$48,944,620	\$2,182,404	\$17,831,789	\$887,151	\$20,483,244	\$1,190,329	\$87,259,653	\$4,259,885
Event Presentation Expenses	\$58,214,088		\$19,039,881	\$1,080,432	\$39,358,822	\$2,289,177	\$116,612,791	\$3,369,609
Rental Cars	\$10,404,732	\$1,040,473	\$3,789,888	\$161,109	\$3,301,805	\$192,131	\$17,496,424	\$1,393,714
Merchandise	\$61,510,285	\$3,844,393	\$18,673,754	\$931,997	\$31,050,456	\$1,804,175	\$111,234,495	\$6,580,565
Non-F1 Entertainment	\$27,668,691	\$1,296,970	\$8,399,869	\$346,896	\$11,124,710	\$654,718	\$47,193,270	\$2,298,584
Travel Cost to F1	\$32,335,620		\$12,390,995	\$506,604	\$13,532,405	\$786,127	\$58,259,020	\$1,292,731
Corporate, Sponsor & Team Spend.	\$14,955,000	\$934,688	\$4,862,406	\$200,807	\$6,258,643	\$364,722	\$26,076,049	\$1,500,216
Tax from Ticket Sales		\$2,664,442						\$2,664,442
<b>TOTAL</b>	<b>\$355,192,130</b>	<b>\$18,191,042</b>	<b>\$122,799,166</b>	<b>\$5,909,431</b>	<b>\$166,681,647</b>	<b>\$9,697,425</b>	<b>\$644,672,944</b>	<b>\$33,797,898</b>

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## **METF Request from Hosting the 2014 U.S.G.P.**

The most reasonable estimate for the gain of the 2014 F1 USGP under the major event trust fund process is the same level this report documents for the 2013 event based on the best post-event data and analysis. This analysis includes and is consistent with key benchmarks of economic activity generated by credible research organizations not affiliated with the event.

Accordingly, based on the data and analysis used to review the impact of the 2013 event, this report requests the Comptroller establish a trust fund for the 2014 F1 USGP to contain up to \$33,797,898 in state funds when matched by up to \$5,407,664 in funds submitted on behalf of the City of Austin pending submittal and verification of eligible expenses.

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## **Appendix A**

**Survey Instrument used at 2013 U.S.G.P.**



**PARTICIPATE AND WIN MERCHANDISE FROM THE FORMULA 1 U.S. GRAND PRIX!!**

Thank you for taking the time to complete this survey. Your feedback is extremely important to us in conducting our research. **This survey should only take about 5 minutes of your time.**

For the purposes of this survey, your **immediate travel party** refers to the group traveling with you and sharing expenses for things like accommodations or transportation. A tour group is **not** a travel party.

For the purposes of this survey, the acronym **COTA** stands for The Circuit of the Americas.

If you live in the U.S., what is your residential zip code?	zip code
If you live outside the U.S., what country are you from?	country

<b>If you live OUTSIDE TEXAS...</b>		
...is the primary reason for your visit to attend the F1 Grand Prix and/or related Fan Fest?	Yes	No
...did you RESCHEDULE a previously planned visit to Texas in order to attend?	Yes	No
...did you EXTEND a previously planned visit to Texas in order to attend?	Yes	No

<b>If you live INSIDE TEXAS...</b>		
...would you have traveled outside Texas to attend a similar event if held elsewhere in the U.S.?	Yes	No
...how would you have spent the money you spent today attending F1 had the F1 Grand Prix not been in Austin?		
<input type="checkbox"/> other local Texas events or activities	<input type="checkbox"/> an event or trip outside of Texas	<input type="checkbox"/> would not have spent

<b>If you live OUTSIDE AUSTIN...</b>		
...how many people came with you on your visit to Austin?	people	
...how many of these people are here at COTA with you today?	people	
...how many of these people will attend at least one day of racing at COTA during your visit?	people	
...how many of these people traveled by AIRPLANE to Austin?	people	
...what would you estimate the average one-way cost of each airline ticket to be? <i>(skip if none)</i>	dollars	<input type="checkbox"/> don't know
...how many of your group traveled by CAR to Austin?	people	
...what would you estimate the average miles traveled to be for these people? <i>(skip if none)</i>	miles	<input type="checkbox"/> don't know
...how many nights are you and your immediate party staying in/around the Austin area?	nights	
...how many of these nights will you spend at a hotel OR motel OR bed and breakfast?	nights	

...how many rooms did you reserve at a hotel OR motel OR bed and breakfast? <i>(skip if none)</i>		rooms
...what is the average room cost in your hotel OR motel OR bed and breakfast? <i>(skip if none)</i>	dollars/night	<input type="checkbox"/> don't know
...are you or someone in your immediate group renting one or more cars during your stay?	Yes	No
...how many rental cars is your group renting for how many days? <i>(skip if none)</i>	cars	days
...how much is each rental car costing your group per day? <i>(skip if none)</i>	dollars/day	<input type="checkbox"/> don't know



UNIVERSITY OF  
**SOUTH CAROLINA**  
College of Hospitality, Retail  
and Sport Management



<b>Considering the amount of money YOU have spent or will spend TODAY, excluding tips and tax, how much will be on:</b>		
...Formula 1 Grand Prix event tickets?	dollars	<input type="checkbox"/> don't know
...Fan Fest tickets (ticketed concert)?	dollars	<input type="checkbox"/> don't know
...other entertainment at private parties, movies, museums, etc.?	dollars	<input type="checkbox"/> don't know
...food and non-alcoholic beverages?	dollars	<input type="checkbox"/> don't know
...beer and wine beverages?	dollars	<input type="checkbox"/> don't know
...other alcoholic beverages?	dollars	<input type="checkbox"/> don't know
...merchandise at the Formula Grand Prix or Fan Fest venues?	dollars	<input type="checkbox"/> don't know
...other non-event retail merchandise (apparel, gifts, souvenirs, etc.)?	dollars	<input type="checkbox"/> don't know

<b>If there are other members of your group not attending COTA today with you, how much do you think they will spend today on:</b>		
... entertainment such as movies, museums, golf, other sporting events, etc.?	dollars	<input type="checkbox"/> don't know
...food and non-alcoholic beverages?	dollars	<input type="checkbox"/> don't know
...beer and wine beverages?	dollars	<input type="checkbox"/> don't know
...other alcoholic beverages?	dollars	<input type="checkbox"/> don't know
...shopping in town for apparel, gifts, souvenirs, etc.?	dollars	<input type="checkbox"/> don't know

Which of the following best describes you?					
<input type="checkbox"/> ticketed fan	<input type="checkbox"/> ticketed sponsor	<input type="checkbox"/> corporate attendee	<input type="checkbox"/> accredited official	<input type="checkbox"/> vendor	<input type="checkbox"/> other

Based on your experience thus far, how satisfied are you with your overall experience this weekend?

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<input type="checkbox"/> very dissatisfied	<input type="checkbox"/> somewhat dissatisfied	<input type="checkbox"/> neutral	<input type="checkbox"/> somewhat satisfied	<input type="checkbox"/> very satisfied
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What is your age group?	<input type="checkbox"/> 18-24	<input type="checkbox"/> 25-34	<input type="checkbox"/> 35-44	<input type="checkbox"/> 45-54	<input type="checkbox"/> 55+
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What is your annual household income?					
<input type="checkbox"/> <\$25,000	<input type="checkbox"/> \$25,000-\$49,999	<input type="checkbox"/> \$50,000-\$74,999	<input type="checkbox"/> \$100,000-\$149,999	<input type="checkbox"/> \$150,000-199,999	<input type="checkbox"/> \$200,000+

What is your gender?	<input type="checkbox"/> male	<input type="checkbox"/> female
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What is your race?	<input type="checkbox"/> White	<input type="checkbox"/> African American	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Asian	<input type="checkbox"/> Other
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What is your e-mail address?*	
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\*By providing us your e-mail address, you will be entered in a drawing to win merchandise from the 2013 F1 United States Grand Prix. Your e-mail address **will not** be provided to any third-party vendors.

Thank you very much for participating in our survey. We hope you enjoy the rest of your visit.

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## Appendix B: Percentage of Out-Of-State Fans at 2013 Formula One Grand Prix

A key feature of the Texas Major Events trust Fund (METF) that is largely responsible for ensuring that state expenditures on trust fund events do not exceed the state revenue from holding the event, is the requirement that the tax gains from an event that are eligible to be deposited into the trust fund for the event are only those that represent a gain to the state from holding the event. For tax gains from expenditures by fans and participants attending an event, since the first implementation of the Trust Funds that has been interpreted as those taxes paid on expenditures by out-of-state fans and event participants made during their stay for the event.<sup>27</sup> Similarly, in counting the gains to the local municipality hosting the event, only those expenditures by fans and participants visiting for the event from outside the local market are counted as gains from the event.<sup>28</sup>

Accordingly, establishing an accurate estimate of the number of persons present at the event from outside Texas and outside the Austin area is crucial to establishing the gain to the state and to Austin from hosting events receiving support from METF.

Often, the location of credit card ticket purchases is used as a surrogate for more direct measures of the number of persons attending from outside the state. But, using the results of two surveys of fans attending the 2013 F1 USGP a more accurate estimate can be obtained since reliance on the location of credit card users ignore the fact that many tickets purchased by Texans for F1 are actually used by non-Texans and some tickets purchased by non-Texas are used by Texans.

Table B-1 presents the relevant figures derived from two surveys of fans attending the 2013 F1 USGP in order to estimate the percentage of fans from outside Texas using general admission tickets, personal seat license tickets and reserved seating tickets as opposed to the percentage of fans purchasing those tickets. For about 80 percent of fan attendees, tickets are purchased by setting up an account with COTA. This universe of attendees excludes those fans in the paddock area, fans for which special passes were issued, or fans purchasing tickets for which no account was created (typically those purchasing a ticket at walk-up windows at the event).

Very accurate estimates of group sizes can be obtained using the number of tickets sold per account for tickets purchased by local buyers (those in the Austin-Round Rock-San Marcos area), Texas buyers from the rest of the state, and buyers in other states in the U.S. Since these averages cover the sale of more than 60,000 tickets to people in these three groups, it is believed those averages are quite representative of the groups sizes for those purchasers.

However, a large number of accounts established by travel agents and ticket re-sellers operating in foreign markets causes the average number of tickets per foreign account to be an unrealistic group average of more than 8 tickets per account. For this group, to ensure that the concept of a

"group" matches the concept that used in the survey of ticket purchasers, Table B-1 uses an out of state group average that is based in part on the average number of tickets purchased per account by purchasers from the U.S. but outside Texas (3.31 tickets per account), and the average number of persons per group attending the 2013 F1 event as determined by the results of 647 surveys administered during the race weekend by the University of South Carolina (USC Survey). These survey results indicate that the average size of a group at F1 in 2013 headed by someone from outside the U.S. was 4.22 which is almost half of the 8.09 tickets per account average figure reflected in the number of tickets sold per account when purchased by someone outside the U.S.

The first line of Table B-1 presents the group size averages for Texas-based ticket purchasers and non-Texas based ticket purchasers. The average in column one is the weighted average of the number of tickets purchased by local purchasers and other Texas purchasers applied to the respective group size averages. The average in column two is the weighted average of the number of tickets purchased per account by non-Texas purchasers and the USC survey-based average group size for non-U.S. purchasers.

Table B-1  
**Ticket Usage by Fans\* Attending 2013 F1 USGP**

	Texans	Non-Texans
Avg. # persons per group (1)	3.32	3.70
# Respondents Interviewed (2)	1,490	1,340
# Persons Represented	4,940	4,954
# OOS Guests Present (2)	941	4,815
Percent of OOS Guests	19.0%	97.2%

(1) Average tickets per account for Texans and U.S. residents. Average group size from USC survey for international groups

(2) From Post-event ticket-purchaser survey

\*excluding fans in the Paddock, attending on special passes or purchasers the week of the event.

The post-event ticket purchasers survey was conducted via e-mail and included 2,830 responses with 1,490 being an account-holder from Texas and 1,340 being account holders from outside Texas. Based on the respective group averages, these responses are representative of 4,940 ticket users attending the event on a ticket purchased by someone from Texas, and 4,954 ticket users attending the event using a ticket purchased by someone from outside the state.

The ticket purchasers from Texas indicated that a total of 941 or 19 percent of their tickets were used by non-Texans. Conversely, non-Texans indicated that of their 4,954 tickets purchased 4,815 or 97.2 percent were used by someone from outside Texas.

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These percentages become crucial in estimating the percent of persons from outside Texas that attended the 2013 F1 USGP. The USC Survey interviewed 647 persons about their activities at F1. Some of the key responses are summarized for four different groups identified in the surveys being from the Austin area, from Texas but not local, from the US but outside of Texas, and international respondents.

Based just on the number of surveys some 57% of respondents were from outside Texas. However, this does not adjust for the fact that these respondents reflect groups that differ in the average number of persons per group and that, as just discussed, there is likely some cross-over in groups with out-of-staters mixed in with Texas residents and even some Texas residents attending with predominately out-of-state groups.

Using key averages and percentages from the USC surveys and the post-event ticket purchaser survey for the four groups of respondents (local, non-local Texans, non-Texan U.S., and international), Table B-2 develops an estimate of the percent of fans attending the 2013 F1 USGP that are from outside Texas. Of the 2,204 persons attending F1 represented by the 644 survey respondents, an estimated 66.6 percent of them (1,468 fans) are from outside Texas. Of the estimated 2,251 persons represented in the survey that are in Austin for F1 (whether or not they actually went to COTA), an estimated 66.7 percent are from outside Texas.

Table B-2

### Percentage of Out-of-State Visitors to Austin for 2013 Formula One USGP

University of South Carolina and Post-Event Ticket Survey Results

Respondent's Home:	Number of Surveys	Percent	Persons/Group in Austin for F1	% of Persons in Group Not Attending F1	# Persons/Group at F1 USGP	Persons Attending F1 USGP	Persons in Austin for F1 USGP
<u>Austin</u>	<b>121</b>	18.70%	3.59*	0	3.59*	434	434
Texas Attendees						352	352
Outside Texas Attendees						83	83
<u>Texas, not Local</u>	<b>156</b>	24.00%	<b>3.53</b>	2.00%	3.43**	532	548
Texas Attendees						431	443
Outside Texas Attendees						101	104
<u>US, not Texas</u>	<b>270</b>	41.90%	<b>3.44</b>	2.80%	3.36**	911	931
<i>Texas Attendees</i>						26	26
<i>Outside Texas Attendees</i>						886	905
<u>International</u>	<b>97</b>	15.00%	<b>4.34</b>	2.80%	4.22**	409	421
Texas Attendees						11	12
Outside Texas Attendees						398	410
<u>Unknown</u>	<b>3</b>	0.50%					
<b>Total</b>	<b>647</b>	100%				2,286	2,334
<b>Total From Outside</b>							
Texas	<b>367</b>	367				1,468	1,502
Percent from Outside Texas		56.7%				64.2%	64.4%

**Bold** denotes data from USC interviews during 2013 F1

*Italics* denotes data from Post-Event Ticket purchasers survey

\* Average number of tickets sold per account in Austin-Round Rock area

\*\*Average group size in Austin adjusted for percent of persons in group not attending F1

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<sup>1</sup> John Maher, "Vettel Races into History," *Austin American Statesman*, November 18, 2013, page C1.

<sup>2</sup> see Ken Herman "The lessons learned during an Austin weekend unlike any other," *Austin American Statesman*, November 18, 2013, p. C1.

<sup>3</sup> Michael Barnes, "Wall-to-Wall in Downtown," *Austin American Statesman*, November 18, 2013, p. C2.

<sup>4</sup> Koesters, Todd C. and Ballouli, Khalid, United States Grand Prix--Executive Summary, report prepared by the University of South Carolina, College of Hospitality, Retail and Sport Management, Department of Sport and Entertainment Management, undated report to Circuit of the Americas.

Of the 670 survey 647 were deemed useable with the others containing too many missing data items to be deemed reliable.

In rough terms, this sample size implies that the "margin of error" from this survey is about 4 percentage points.

The concept and application of the "margin of error" from a survey is a complex set of calculations and is, in part, dependent upon the nature of the question asked. The simplest example to show how sample size affects the margin of error involves questions of a yes-no nature, the most familiar being "would you vote for person x?"

In such questions where the "true" percentage of people voting for person X is P, the standard error about a measured level of p from a random sample of size n can be estimated from just the observed level of p and the sample size n assuming a random sample of respondents and that n is small relative to the total population size N. Under such assumptions the standard error is defined as:

$$\text{Standard error} \approx \sqrt{\frac{p(1-p)}{n}}$$

Perhaps surprising to some, the standard error is a function of only two terms---the percentage being estimated (p) and the number of observations in the survey sample "n". (Technically there is a correction required to account for how the size of the sample "n" relates to the size of the total population "N", but in practice as long as the number of sample observations used is less than 5% of the total population this correction is negligible. Since in the case of F1, 647 surveys amount to only about 1 percent of peak Sunday attendance, this adjustment is, in fact, quite small.)

So effectively the standard error of an estimate of p from a sample of size n is directly proportional to the square root of the product of p and "not p" and inversely proportional to the square root of n---the number of persons questioned in the sample. Since it is usually of interest to only be concerned with how big the standard error could possibly be, a "worst case" scenario is adopted toward the numerator. In that case, the standard error is maximized when the true percentage is .50 since as values of p trend away from .5, p times (1-p) decreases so the standard error of the estimate decreases for questions in which the observed percentage response is very different from 0.5.

As an example, in the 1990s a *Newsweek* poll put Sen. John Kerry's level of support as a presidential nominee at 47 percent based on a sample of 1,013 respondents. Given the results of that sample, this implies a standard error of 1.6% so that it can be said that John Kerry's "true" support level would lie within 45.4 percent to 48.6 percent 95 times out of 100. (i.e. the measured percent plus and minus the standard error). Note this is a range of 3.2 percentage points and the clear implication is that with 95 percent certainty, John Kerry would not win the election at that point.

If, however, a poll of the same sample size said John Kerry's support was 20 percent, sampling methodology would put the confidence interval at 18.7 percent to 21.3 percent--- a much "tighter" range of only 2.5 percentage points. So for questions in which the actual percentage to be measured is not close to .5, the variability shrinks for a set sample size. Note that in this hypothetical example if John Kerry's support had been at only 20 percent, that means

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that 95 times out of 100 the "true" level of Kerry support would lie in the interval 18.7 percent to 21.3 percent--- a much "tighter" range of only 2.5 percentage points. This relationship is usually ignored when considering polling data because any survey of support for which a candidate received only 20 percent (or alternatively received 80 percent support) would be so obvious as to probably not merit doing a survey in the first place. However, in some other cases it must be appreciated that basing the standard error on the assumption that the true percent is 50 percent greatly underestimates the precision of the survey results since it would overestimate the size of the standard error.

So retuning to the accuracy of a survey based on 647 useable responses as the F1 survey was, this implies that AT LEAST 95 times out of 100 the "true" value of a percentage measured by the survey at 50 percent would lie in the range 48 percent to 52 percent or a 4 percentage point range. For percentages which are significantly different from 50 percent (above or below), the variability of the survey would be less than plus or minus 2% (less than 4 percentage points total). So the 4 percent figure of accuracy of the F1 survey is, if anything, on the high side for most questions asked in the F1 fan survey.

<sup>5</sup> John Maher, "Vettel Races into History," *Austin American Statesman*, November 18, 2013, page C1.

<sup>6</sup> Augmented with the inadvertently omitted figures on TV production personnel and those involved with secondary races.

<sup>7</sup> Circuit Events Local Organizing Committee's post-event submission to Texas Comptroller of Public accounts on December 11, 2013.

<sup>8</sup> In this regard the previous Saturday total attendance cited in newspaper sources was 78,886 and the Friday attendance was 78,886. The new totals in Table 1 are slightly higher at 80,236 and 59,626 respectively.

<sup>9</sup> Paddock Club attendance figures are entirely controlled by F1 and the estimates presented in Table 1 are the best available to COTA during the race. But, contractual obligations prohibit even COTA from having exact attendance figures for this group.

<sup>10</sup> Two things should be noted about this methodology. First, trying to get the stay-pattern to reflect Smith Travel Research's hotel room demand figures does not imply that all of these visitors stayed in hotels. But the hotel stay-data does likely closely parallel the overall pattern of demand for all accommodations. Second, the daily pattern of stay in Table 2 does include rough estimates for a number of no-shows about which there is really very little data. Eliminating these no-shows from consideration would not affect the fact that based on the Sunday attendance figures for out of state persons and the survey data on the number of nights stayed, the total of the nights stayed over the time period surrounding the event would need to sum to about 287,000 person nights. Completely eliminating the "no-shows" would not change the total of person-nights out-of-staters were in the Austin area which is determined by the peak number of out-of-staters and the average length of stay. Without including a significant number of non-shows at COTA Friday and Saturday, the daily pattern of out-of-state visitors staying in Austin for F1 would have to be quite odd in order to still reach 287,000 person-nights over the days visitors were in Austin.

<sup>11</sup> Records examined by SODEXO indicated that about 6 percent of their staff was from outside Texas.

<sup>12</sup> Total occupied hotel rooms in Austin and the surrounding area is tracked by Smith Travel Research and is presented in the following table:

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### Smith Travel Research Data

<u>Date</u>	<u>COA Occupied Rooms</u>	<u>Austin Area Occupied Rooms</u>
Nov 11, 2013	18,668	22,864
Nov 12, 2013	20,536	25,359
Nov 13, 2013	19,551	24,691
Nov 14, 2013	20,070	25,990
Nov 15, 2013	21,297	27,935
Nov 16, 2013	22,334	29,533
Nov 17, 2013	19,167	24,299
Nov 18, 2013	16,888	21,374

<sup>13</sup> Actually this cap on allocating F1 fans to City of Austin hotels was lowered to 75 percent of all occupied rooms on Friday night and 80 percent of all occupied rooms Saturday night to accommodate those in town for the UT football game.

<sup>14</sup> Prices cited by STR do not include taxes.

<sup>15</sup> Note this figure only counts out-of-state attendees.

<sup>16</sup> By statute this is only 1% of the taxable sales gain from hosting the event even though total local sales tax collections from ticket sales would be twice that amount with still excludes sales tax on tickets sold to local fans.

<sup>17</sup> Since rental car companies rarely quote or advertise rental rates that include all taxes and fees, it is doubtful that persons responding to this question in a survey situation would give estimates that include taxes and fees. Most responses were in round figures.

<sup>18</sup> See <http://AustinAirportcarrental.com> last visited on 8/7/2013.

<sup>19</sup> The survey asked a several questions about the respondent's per-day spending on a number of items. Because such open-ended questions about spending do not inherently contain an upper limit to the amount claimed, it is possible that one or two very large responses can have a disproportionate influence on the overall average. To ensure that is not the case in this analysis, the "average" spending figure cited in Tables 11 - 15 actually excludes the highest value claimed by any one out-of-state respondent and by any one non-local Texan. Accordingly, these averages are, if anything, conservative interpretations of survey data.

<sup>20</sup> Because of the nature of auto racing and the time demands, it is likely participants at F1 spent only half as much per person per day as did out-of-state and out-of-area fans.

<sup>21</sup> To reiterate, the survey asked a several questions about the respondent's per-day spending on a number of items. Because such open-ended questions about spending do not inherently contain an upper limit to the amount claimed, it is possible that one or two very large responses can have a disproportionate influence on the overall average. To

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ensure that is not the case in this analysis, the "average" spending figure cited in Tables 11 - 15 actually excludes the highest value claimed by any one out-of-state respondent and by any one non-local Texan. Accordingly, these averages are, if anything, conservative interpretations of survey data.

<sup>22</sup> Once again based on time limitations for F1 participants to engage in spending off-site, the average expenditure per day for these visitors is cut in half.

<sup>23</sup> For the purposes of estimating the total impact of out-of-state fans and participant at F1, it is assumed that the one-way fare expenditures would be spent in Austin while the return airfare would accrue to the home destination.

<sup>24</sup> Detailed expense data was provided by Richard McComb, COTA Chief Financial Officer, August 14, 2014.

<sup>25</sup> Based on data provided by Richard McComb, COTA Chief Financial Officer, August 14, 2014.

<sup>26</sup> Circuit Events Local Organizing Committee, **Major Event Trust Fund Gain from the 2012 Formula One United States Grand Prix: Review of Post-Event Data and Projections for 2013 United States Grand Prix**, September 23, 2014.

<sup>27</sup> Primarily those occur during the actual dates the event is "active," but some of those expenditures do precede the event during set-up periods and for a short time after the event.

<sup>28</sup> In addition, taxes generated by direct, indirect and induced expenditures made to actually produce the event are eligible for deposit into the trust fund.

**ATTACHMENT 3**

**Affidavits to Accompany Economic Impact Study**



Susan Combs Texas Comptroller of Public Accounts

**Affidavit to be COMPLETED by any party(ies) providing economic data to support a request for a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund**

**AFFIDAVIT**

*[Affidavit to be signed and sworn (notarized) by anyone providing information to be used in the estimate of the incremental tax increase]*

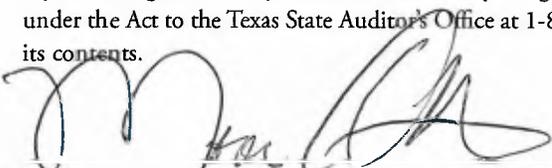
I, MARC OTT, CITY OF AUSTIN MANAGER, am providing information to be used by a city, county or local organizing committee for the purposes of receiving funding through the Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), and hereby swear and affirm that, to the best of my knowledge, any data provided is true and accurate, and any projections made are based on reasonable assumptions documented in the information provided. I further swear and affirm that I have reviewed the information being submitted, and that all of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and correct, to the best of my knowledge. Information provided includes but is not limited to an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue associated with hosting the event in Texas, including a listing of any data for any related activities;

I understand that the city, county or local organizing committee is receiving funding under the Act for the purposes of facilitating this event: 2014 FORMULA 1 GRAND PRIX RACE EVENT on these dates: OCTOBER 31 - NOVEMBER 2, 2014 and that the information will be provided by the city, county or local organizing committee as a government document

I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.

I understand that the offense of perjury, under Section 37.02, Texas Penal Code, is committed when a person, with intent to deceive and with knowledge of the statement's meaning, makes a false statement under oath or swears to the truth of a false statement previously made and the statement is required or authorized by law to be made under oath.

I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents.

  
Affiant Signature

MARC OTT  
Printed Name

City Manager, City of Austin  
Title and Name of Organization

September 9, 2014  
Date

Sworn and subscribed before me by the said

MARC OTT  
(Printed Name of Recipient's Authorized Representative)



this 9th day of September, 20 14

Notary Public, State of Texas

Notary's printed name: OLIVIA A PARKER My commission expires: March 26, 2015 (Seal)



**Affidavit to be COMPLETED by any party(ies) providing economic data to support a request for a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund**  
**AFFIDAVIT**

*[Affidavit to be signed and sworn (notarized) by anyone providing information to be used in the estimate of the incremental tax increase]*

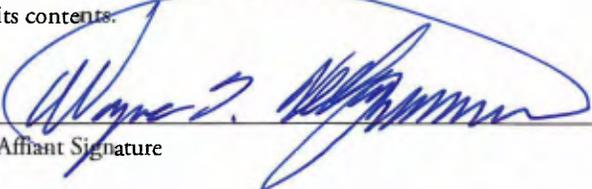
I, WAYNE S. HOLLINGSWORTH, SECRETARY, am providing information to be used by a city, county or local organizing committee for the purposes of receiving funding through the Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), and hereby swear and affirm that, to the best of my knowledge, any data provided is true and accurate, and any projections made are based on reasonable assumptions documented in the information provided. I further swear and affirm that I have reviewed the information being submitted, and that all of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and correct, to the best of my knowledge. Information provided includes but is not limited to an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue associated with hosting the event in Texas, including a listing of any data for any related activities;

I understand that the city, county or local organizing committee is receiving funding under the Act for the purposes of facilitating this event: 2014 FORMULA 1 GRAND PRIX RACE EVENT on these dates: OCTOBER 31 - NOVEMBER 2, 2014 and that the information will be provided by the city, county or local organizing committee as a government document

I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.

I understand that the offense of perjury, under Section 37.02, Texas Penal Code, is committed when a person, with intent to deceive and with knowledge of the statement's meaning, makes a false statement under oath or swears to the truth of a false statement previously made and the statement is required or authorized by law to be made under oath.

I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents.

  
Affiant Signature

WAYNE S. HOLLINGSWORTH  
Printed Name

WAYNE S. HOLLINGSWORTH, Secretary of Circuit  
Title and Name of Organization Events Local Organizing Committee, on  
behalf of such non-profit corporation

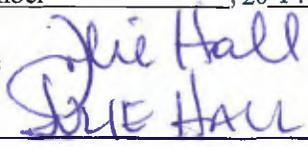
September 12, 2014  
Date

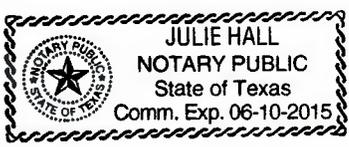
Sworn and subscribed before me by the said

Wayne S. Hollingsworth  
(Printed Name of Recipient's Authorized Representative)

this 12th day of September, 20 14.

Notary Public, State of Texas

  
JULIE HALL



Notary's printed name: JULIE HALL My commission expires: 6-10-2015 (Seal)



### Affidavit to be COMPLETED by any party(ies) providing economic data to support a request for a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund

#### AFFIDAVIT

(Affidavit to be signed and sworn (notarized) by anyone providing information to be used in the estimate of the incremental tax increase)

I, Don Hoyte, am providing information to be used by a city, county or local organizing committee for the purposes of receiving funding through the Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), and hereby swear and affirm that, to the best of my knowledge, any data provided is true and accurate, and any projections made are based on reasonable assumptions documented in the information provided. I further swear and affirm that I have reviewed the information being submitted, and that all of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and correct, to the best of my knowledge. Information provided includes but is not limited to an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue associated with hosting the event in Texas, including a listing of any data for any related activities;

I understand that the city, county or local organizing committee is receiving funding under the Act for the purposes of facilitating this event: Formula One U.S. Grand Prix on these dates: Oct 31 - Nov 2, 2014 and that the information will be provided by the city, county or local organizing committee as a government document

I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.

I understand that the offense of perjury, under Section 37.02, Texas Penal Code, is committed when a person, with intent to deceive and with knowledge of the statement's meaning, makes a false statement under oath or swears to the truth of a false statement previously made and the statement is required or authorized by law to be made under oath.

I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents

Don Hoyte  
Affiant Signature

Don Hoyte  
Printed Name

Texas Trust Funds, com  
Title and Name of Organization

9/4/2014  
Date

Sworn and subscribed before me by the said

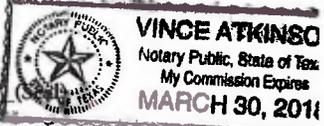
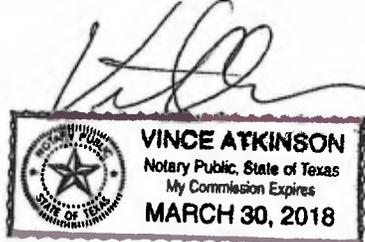
\_\_\_\_\_  
(Printed Name of Recipient's Authorized Representative)

this 4<sup>th</sup> day of September, 2014.

Notary Public, State of Texas

Notary's printed name: Vince Atkinson

My commission expires: March 30, 2018



## ATTACHMENT 4

### Requested Economic Impact Study Market Area

The requested basic economic impact region for the Formula One United States Grand Prix event scheduled for the weekend of October 31 through November 2, 2014 is the five-county Austin Metropolitan area, including Travis, Williamson, Hays, Bastrop, and Caldwell Counties (collectively, the "Economic Impact Region"). This designated Economic Impact Region has been used for the Economic Study.

## ATTACHMENT 5

### Events & Activities Schedule

#### Friday, October 31, 2014:

Practice 1 – 10:00 – 11:30

Practice 2 – 14:00 – 15:30

#### Saturday, November 1, 2014:

Practice 3 – 10:00 – 11:00

Qualifying – 13:00

#### Sunday, November 2, 2014:

Race – 14:00

\* Anticipated additional events will be added to schedule. See more details in the Economic Impact Study.

**ATTACHMENT 6**

**Request Worksheet To Establish An Events Trust Fund**



*The following is a step by step guide to the request process of the Event Trust Funds program.*

#### STEP 1:

Review the ETF Administrative Code.

#### STEP 2:

Complete and submit the attached “Request Worksheet” along with the statutorily required documents outlined in Section 5 to request that the Comptroller determine the incremental tax increase of an event. Must be received by the agency not less than 120 days prior to the event. Please submit to:

Deputy Comptroller  
Comptroller of Public Accounts  
111 E. 17th Street  
Austin, TX 78774

#### STEP 3:

Submit the Event Support Contract to the Comptroller for review. This document should be sent to the Comptroller at the address above not later than the event date.

- **Event Support Contract** is a contract executed by a local organizing committee, an endorsing municipality, or an endorsing county and a site selection organization that outlines the responsibilities of each party. For more information on what an Event Support Contract should include, you may refer to our *Event Support Contract Guidelines* on the website ([http://www.texasahead.org/tax\\_programs/event\\_fund/](http://www.texasahead.org/tax_programs/event_fund/)).

You will be notified following the agency review of Event Support Contract. Please do not submit any local match funds or any expense reimbursement requests until you have been notified that the Event Support Contract has been accepted.

It is not necessary to submit the Event Support Contract in order to receive an estimate of the Incremental Tax Increase, however, agency review and acceptance of the Event Support Contract is required prior to submission of local match funds and expense reimbursement requests.

#### STEP 4:

Submit Local Funds. Must be submitted no later than 90 days following the event.

#### STEP 5:

Submit reimbursement requests.

Review the About Trust Fund Payments section on the website and submit any questions to our Event Trust Fund Accounting team at [etf.accounting@cpa.state.tx.us](mailto:etf.accounting@cpa.state.tx.us).



## Request Worksheet to Establish an Events Trust Fund

Please submit this informational worksheet with your official request to establish an events trust fund.

This worksheet is STEP 2 in the process to establish an Event Trust Fund – Requesting that the Comptroller determine the incremental tax increase of an event Must be received by the agency not less than 120 days prior to the event. Please submit to:

Deputy Comptroller  
Comptroller of Public Accounts  
111 E 17th Street  
Austin, TX 78774

### SECTION 1: Endorsing Municipality or County

CITY OF AUSTIN

Endorsing City or County

LEELA FIRESIDE (Legal) and RODNEY GONZALES

City or County Contact (officer or employee available to answer any/all follow-up questions)

Leela.Fireside@austintexas.gov and

(512) 974-2163 / (512) 974-2313

Contact email

Rodney.Gonzales@austintexas.gov

Contact phone (area code and phone number)

Has the Endorsing City or County reviewed the event and found that it meets all eligibility requirements, as listed in VCTS 5190.14?

Yes  No

Has the Endorsing City or County determined that it will contribute local funding ("local match") to the Events Trust Fund, if established?

Yes  No

### SECTION 2: Local Organizing Committee

Has the City or County authorized a Nonprofit Local Organizing Committee to enter into an agreement with the Site Selection Organization to host the event on behalf of the City or County?

Yes  No

If "YES," provide the following information for the LOCAL ORGANIZING COMMITTEE:

CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE

Local Organizing Committee (LOC) designated in the official request letter

Is the LOC a registered non-profit corporation?

Yes  No

45-2727397

LOC Tax Payer ID#

CIRCUIT EVENTS LOCAL ORGANIZING COMMITTEE

Complete Business Name

## SECTION 2: Local Organizing Committee *(continued)*

WAYNE S. HOLLINGSWORTH

LOC Contact Name

whollingsworth@abaustini.com

Contact email

(512) 435-2306

Contact phone (area code and phone number)

If "NO," The City or County must directly enter into the event hosting agreement with the site selection organization.

**NOTE:** If your ETF request is approved, the Event Support / Event Hosting AGREEMENT will be required for submittal to receive reimbursement.

## SECTION 3: Site Selection Organization

Formula One Management Ltd.

Site Selection Organization

Chloe Targett-Adams, Legal Department

City or County Contact (officer or employee available to answer follow-up questions – if different from above listed contacts)

ctargett-Adams@fomltd.com

Contact email

+44 (0) 20-75846668

Contact phone (area code and phone number)

The Comptroller's office reserves the right to contact the Site Selection Organization or any other organization directly related to this event.

## SECTION 4: Event Information

2014 Formula 1 United States Grand Prix

Official Event Name

THE CIRCUIT OF THE AMERICAS

Venue

www.circuitoftheamericas.com/f1

Event Website

Location of this event the previous five years:

1 See Attachment

2

3

4

5

Source of information:

## SECTION 4: Event Information *(continued)*

October 31, 2014	November 2, 2014	November 2, 2014
First Day of Activities	Last Day of Activities	Date of the PRIMARY Event
114,512	76,849	
Anticipated TOTAL attendance at the PRIMARY event	Anticipated Out of State Attendance at the PRIMARY Event	

The Comptroller is required by statute to collect from the requestor and then evaluate the actual attendance figures for an ETF event. After this event has concluded you will need to offer final attendance figures. How do you plan on calculating these figures?

Post event certification of attendance estimates will be based on ticket sales, out of state ticket purchases, post-event survey data, driver and team registration, press passes issued, passes issued by event sponsor.

## SECTION 5: Checklist

### *ETF Checklist of documents required to issue an Estimate of Incremental Taxes.*

- ETF Request Worksheet.
- SELECTION Letter CLEARLY indicating a highly competitive selection process, and that the selection was based on an application by the endorsing city, county or local organizing committee. This selection letter should clearly indicate the selected LOC, the selected municipality, and the event date. The date must match the requested event date.
- REQUEST Letter CLEARLY indicating the municipality or county's endorsement of the event; names the LOC and the municipality or county's contact; and matches up with the Selection Letter.
- Economic information allowing the Comptroller to make a determination as to the incremental tax increase to the State of Texas.
- Affidavit signed by each endorsing city, county and/or LOC.
- Affidavit signed by party(ies) providing economic data to support this request.

**You will be notified of the Estimate of Incremental Taxes following the completion of the agency's review, typically within 30 days of submission.**

Signature and title of submitter (submitter should have authority to represent the Endorsing City or County as it regards this request)

Signature

Wayne S. Hollingsworth, Director

Title

## Race calendar

Round	Race Title	Grand Prix	Circuit	Date
1	ING Australian Grand Prix	Australian GP	 Albert Park, Melbourne	29 March
2	Petronas Malaysian Grand Prix	Malaysian GP	 Sepang International Circuit, Kuala Lumpur	5 April
3	Chinese Grand Prix	Chinese GP	 Shanghai International Circuit, Shanghai	19 April
4	Gulf Air Bahrain Grand Prix	Bahrain GP	 Bahrain International Circuit, Sakhir	26 April
5	Gran Premio de España Telefónica	Spanish GP	 Circuit de Catalunya, Barcelona	10 May
6	Grand Prix de Monaco	Monaco GP	 Circuit de Monaco, Monte Carlo	24 May
7	ING Turkish Grand Prix	Turkish GP	 Istanbul Park, Tuzla	7 June
8	Santander British Grand Prix	British GP	 Silverstone Circuit, Silverstone	21 June
9	Großer Preis Santander von Deutschland	German GP	 Nürburgring, Nürburg	12 July
10	ING Magyar Nagydíj	Hungarian GP	 Hungaroring, Budapest	26 July
11	Telefónica Grand Prix of Europe	European GP	 Valencia Street Circuit, Valencia	23 August
12	ING Belgian Grand Prix	Belgian GP	 Spa-Francorchamps, Spa	30 August
13	Gran Premio Santander d'Italia	Italian GP	 Autodromo Nazionale Monza, Monza	13 September
14	SingTel Singapore Grand Prix	Singapore GP	 Marina Bay Street Circuit, Marina Bay	27 September
15	Fuji Television Japanese Grand Prix	Japanese GP	 Suzuka Circuit, Suzuka	4 October
16	Grande Prêmio Petrobras do Brasil	Brazilian GP	 Autódromo José Carlos Pace, São Paulo	18 October
17	Etihad Airways Abu Dhabi Grand Prix	Abu Dhabi GP	 Yas Marina Circuit, Abu Dhabi	1 November

Sources:<sup>[74]</sup><sup>[75]</sup>

## Calendar changes

- The Chinese Grand Prix was brought forward from its October date to April to become the third round of the championship.
- Abu Dhabi made its first appearance on the F1 calendar with the Abu Dhabi Grand Prix being held at the Yas Marina Circuit on Yas Island on 1 November, thereby displacing the Brazilian Grand Prix as the final round of the season.

## Rule changes

The FIA released preliminary technical regulations for the 2009 season on 22 December 2006,<sup>[76]</sup> and were revised several times to accommodate the findings of the Overtaking Working Group (formed in response to concerns that passing in wheel-to-wheel racing was becoming increasingly rare)<sup>[77]</sup> and the increasing need for cost-cutting in the sport in the wake of the economic crisis.<sup>[78]</sup>

- Slick tyres returned for the first time since they were banned for the 1998 season. Bridgestone continued to be the sole supplier of tyres, and drivers still had to use both compounds of tyre during a race.<sup>[79]</sup> Soft tyres were differentiated by a green marking around the sides of the tyres, rather than a white marking in a groove as used in 2008.<sup>[80]</sup> Further, wet tyres were renamed "intermediate" and extreme-weather tyres were renamed "wet".<sup>[81]</sup>
- The aerodynamic regulations were radically altered for the 2009 season. The front wings were made lower and wider, while rear wings were changed to be higher and narrower.<sup>[4]</sup> As well as the changes in the dimensions of the wings, bodywork became much more regulated with many of the additional components seen in previous seasons (including barge boards, winglets and turning vanes) removed,<sup>[4]</sup> making 2009 cars noticeably different in appearance than in previous years. The diffuser at the rear of the car was moved back and upwards. Many other minor chassis components were also standardised. The aim of the new aerodynamic regulations, as well as the reintroduction of slick tyres, was to decrease reliance on aerodynamic downforce and increase mechanical grip with the aim of making wheel-to-wheel racing easier.<sup>[82]</sup>
- For the first time, cars were allowed to use driver adjustable bodywork, in the form of adjustable flaps in the front wing. The flaps could be adjusted by up to six degrees, limited to only two adjustments per lap.<sup>[4]</sup> Adjustable front wings were designed to improve downforce when following another car, another change designed to improve overtaking.
- Kinetic Energy Recovery Systems, a regenerative braking device designed to recover some of the vehicle's kinetic energy normally dissipated as heat during braking, were introduced for the 2009 season. The recovered energy can be stored electrically, in a battery or supercapacitor, or mechanically, in a flywheel,<sup>[83]</sup> for use as a source of additional accelerative power at the driver's discretion by way of a *boost button* on the steering wheel.<sup>[82]</sup> The regulations limit the



Banned since 1998, slick tyres were re-introduced for 2009.



A ban on aerodynamic appendages resulted in the 2009 cars having smoother bodywork.

from the German Grand Prix onwards, except the races in Singapore, Brazil and Abu Dhabi, where the seat was filled by Christian Klien.<sup>[53]</sup>

- During the mid-season hiatus, Nick Heidfeld left Mercedes to take up a new role with Pirelli as their official test driver ahead of their return to Formula One.<sup>[98]</sup>
- Following the end of the European season at the Italian Grand Prix, Pedro de la Rosa was dropped by BMW Sauber and summarily replaced by Nick Heidfeld, who last drove for the team in 2009.<sup>[55]</sup> It was reported that the change was made because of de la Rosa's poor performance relative to team mate Kamui Kobayashi in general and Heidfeld's knowledge of the Marina Bay and Yas Marina circuits in particular. With Heidfeld joining Sauber, former Renault driver Romain Grosjean was drafted in as his replacement for Pirelli.<sup>[99]</sup>
- Hispania Racing test driver Christian Klien replaced Sakon Yamamoto for the Singapore Grand Prix after Yamamoto allegedly contracted food poisoning ahead of the race,<sup>[51]</sup> but was later seen in the Singapore paddock suffering no apparent symptoms, sparking talk of unpaid debts by the Japanese driver and further financial afflictions for the team to deal with when the logo of one of Klien's personal sponsors appeared on the car for the weekend.<sup>[100]</sup> Team principal Colin Kolles confirmed that the arrangement would be for one race and Yamamoto would return to the cockpit at Suzuka provided he recovered in time.<sup>[101]</sup> Klien also replaced Yamamoto at Interlagos and Abu Dhabi, though no explanation was given for the change.<sup>[102]</sup>



Michael Schumacher returned to the sport with Mercedes after a 3-year hiatus.

**2010 calendar**

On 21 September 2009 the provisional 2010 calendar was issued by the World Motor Sport Council containing 19 races,<sup>[3]</sup> followed by a second provisional schedule which had the Abu Dhabi and Brazilian Grands Prix switching dates.<sup>[103]</sup> The final calendar was released on 11 December 2009.<sup>[104]</sup>

Round	Race Title	Grand Prix	Circuit	Date
1	Gulf Air Bahrain Grand Prix	Bahrain GP	Bahrain International Circuit, Sakhir	14 March
2	Qantas Australian Grand Prix	Australian GP	Albert Park, Melbourne	28 March
3	Petronas Malaysian Grand Prix	Malaysian GP	Sepang International Circuit, Kuala Lumpur	4 April
4	Chinese Grand Prix	Chinese GP	Shanghai International Circuit, Shanghai	18 April
5	Gran Premio de España Telefónica	Spanish GP	Circuit de Catalunya, Barcelona	9 May
6	Grand Prix de Monaco	Monaco GP	Circuit de Monaco, Monte Carlo	16 May
7	Turkish Grand Prix	Turkish GP	Istanbul Park, Tuzla	30 May
8	Grand Prix du Canada	Canadian GP	Circuit Gilles Villeneuve, Montreal	13 June
9	Telefónica Grand Prix of Europe	European GP	Valencia Street Circuit, Valencia	27 June
10	Santander British Grand Prix	British GP	Silverstone Circuit, Silverstone	11 July
11	Großer Preis Santander von Deutschland	German GP	Hockenheimring, Hockenheim	25 July
12	Eni Magyar Nagydíj	Hungarian GP	Hungaroring, Budapest	1 August
13	Belgian Grand Prix	Belgian GP	Spa-Francorchamps, Spa	29 August
14	Gran Premio Santander d'Italia	Italian GP	Autodromo Nazionale Monza, Monza	12 September
15	SingTel Singapore Grand Prix	Singapore GP	Marina Bay Street Circuit, Marina Bay	26 September
16	Japanese Grand Prix	Japanese GP	Suzuka Circuit, Suzuka	10 October
17	Korean Grand Prix	Korean GP	Korea International Circuit, Yeongam	24 October
18	Grande Prémio Petróbras do Brasil	Brazilian GP	Autódromo José Carlos Pace (Interlagos), São Paulo	7 November
19	Ethad Airways Abu Dhabi Grand Prix	Abu Dhabi GP	Yas Marina Circuit, Abu Dhabi	14 November

**Calendar changes**

- The Bahrain Grand Prix was run on a new layout at the Bahrain International Circuit. In this configuration, the drivers leave the old circuit shortly after turn four and follow a loop of nearly 900 metres in length, before re-joining the circuit before the old turn five. This increased the overall lap distance from 5.412 km (3.363 mi) to 6.299 km (3.914 mi).<sup>[105]</sup> The race reverted to the circuit's original layout from 2012.<sup>[106]</sup>
- The British Grand Prix was originally planned to move from Silverstone Circuit to Donington Park in 2010,<sup>[107]</sup> but the owners of Donington Park failed to raise the necessary £135 million bond to redevelop the circuit and infrastructure.<sup>[108]</sup> After extended negotiations with Bernie Ecclestone, the organisers of Silverstone came to an agreement that will see the British Grand Prix hosted by the circuit for the next seventeen years, utilising the new "Arena" configuration which increases lap distance by 760 metres (0.47 mi).<sup>[109][110]</sup>
- The Canadian Grand Prix returned in 2010 after its one-year absence.<sup>[111]</sup>
- The German Grand Prix returned to Hockenheim for one year, after being held at the Nürburgring in 2009.
- The Japanese Grand Prix was due to return to Fuji Speedway for 2010, as part of a year-on-year rotation with Suzuka Circuit. However, Fuji's owners Toyota announced that they had abandoned plans for Fuji to hold the race, citing the global recession as the main reason for this.<sup>[112]</sup> Suzuka will continue to hold the event in 2010 and in 2011.<sup>[113]</sup>
- South Korea made its first appearance on the F1 calendar under the name Korean Grand Prix with a race being held at the Korea International Circuit in Yeongam on 24 October. On the 12 October, the circuit passed its inspection.<sup>[114]</sup>

**Changes**

**Rule changes**

- Refuelling during the race was abolished for the first season since 1993.<sup>[115][116]</sup> Despite the resolution over the budget cap and the decision for 2010 to fall back to the 2009 rules, FOTA expressed interest in a refuelling ban as it represents a way to cut costs.<sup>[117]</sup>

Round	Race Title	Grand Prix	Circuit	Date
1	Qantas Australian Grand Prix <sup>[103]</sup>	Australian GP	 Albert Park, Melbourne	27 March
2	Petronas Malaysia Grand Prix <sup>[104]</sup>	Malaysia GP	 Sepang International Circuit, Kuala Lumpur	10 April
3	UBS Chinese Grand Prix	Chinese GP	 Shanghai International Circuit, Shanghai	17 April
4	DHL Turkish Grand Prix <sup>[105]</sup>	Turkish GP	 Istanbul Park, Istanbul	8 May
5	Gran Premio de España Santander	Spanish GP	 Circuit de Catalunya, Barcelona	22 May
6	Grand Prix de Monaco	Monaco GP	 Circuit de Monaco, Monte Carlo	29 May
7	Grand Prix du Canada	Canadian GP	 Circuit Gilles Villeneuve, Montreal	12 June
8	Grand Prix of Europe	European GP	 Valencia Street Circuit, Valencia	26 June
9	Santander British Grand Prix	British GP	 Silverstone Circuit, Silverstone	10 July
10	Großer Preis Santander von Deutschland	German GP	 Nürburgring, Nürburg	24 July
11	Eri Magyar Nagydíj	Hungarian GP	 Hungaroring, Budapest	31 July
12	Shell Belgian Grand Prix <sup>[106]</sup>	Belgian GP	 Circuit de Spa-Francorchamps, Spa	28 August
13	Gran Premio Santander d'Italia	Italian GP	 Autodromo Nazionale Monza, Monza	11 September
14	SingTel Singapore Grand Prix <sup>[107]</sup>	Singapore GP	 Marina Bay Street Circuit, Marina Bay	25 September
15	Japanese Grand Prix	Japanese GP	 Suzuka Circuit, Suzuka	9 October
16	Korean Grand Prix	Korean GP	 Korea International Circuit, Yeongam	16 October
17	Airtel Grand Prix of India <sup>[108]</sup>	Indian GP	 Buddh International Circuit, Greater Noida	30 October
18	Etihad Airways Abu Dhabi Grand Prix	Abu Dhabi GP	 Yas Marina Circuit, Abu Dhabi	13 November
19	Grande Prêmio Petróbras do Brasil	Brazilian GP	 Autódromo José Carlos Pace, São Paulo	27 November

### Calendar changes

- The Yas Marina Circuit was to be reconfigured for the Abu Dhabi Grand Prix following heavy criticism over a lack of overtaking in the 2010 race.<sup>[109]</sup> The organisers of the race elected to postpone the circuit modifications for one year in the face of rule changes – the introduction of Pirelli tyres and the Drag Reduction System – that they felt directly addressed the criticisms levelled at the circuit.<sup>[110]</sup>
- The Bahrain Grand Prix was originally scheduled to be the opening race of the season on 13 March, but was called off by the organisers in light of anti-government protests in the country.<sup>[111]</sup> A final decision on whether the race was to be rescheduled for later in the year or cancelled outright had to be made by 3 June.<sup>[112]</sup> At this meeting the World Motor Sport Council (WMSC) voted unanimously to reinstate the race to the calendar,<sup>[113]</sup> rescheduling it for 30 October 2011.<sup>[113]</sup> The inaugural Indian Grand Prix would have moved to be the final race of the season in December to accommodate the change. However, the Formula One Teams Association (FOTA) opposed the rescheduling.<sup>[114][115]</sup> One week after the WMSC voted to return the race to the calendar, organisers for the Bahrain Grand Prix officially abandoned their bid to return to the calendar.<sup>[116]</sup> The Indian Grand Prix was restored to its original date.
- The German Grand Prix moved from the Hockenheimring to the Nürburgring, in keeping with the event-sharing arrangement between the two circuits.
- The 2011 season saw the addition of the Indian Grand Prix to the calendar.<sup>[117]</sup> Originally known as the Jaypee Group Circuit, the venue was officially renamed the Buddh International Circuit in April 2011.<sup>[118]</sup> Airtel was subsequently announced as title sponsor for the inaugural race.<sup>[108]</sup>
- The Malaysian Grand Prix changed its name to the Malaysia Grand Prix as part of efforts to promote the country.<sup>[104]</sup>

### Rule changes

- 2011 saw the return of the 107% rule in qualifying.<sup>[3][119]</sup> Under this arrangement, any driver who fails to set a time within 107% of the fastest lap in Q1 may not be permitted to take part in the race; for instance, if the fastest lap is 1 minute 40 seconds (100 seconds), a driver must set a time faster than 1 minute 47 seconds (107 seconds) in order to make it to the grid. However, if a driver who fails to set an appropriate lap time can show cause for his inclusion in the race – for example, if a driver failed to set a lap time in qualifying due to a mechanical fault, but had previously set a lap time within 107% of the pole-sitter's time in free practice – the stewards may allow that driver to take part in the race.
- The ban on team orders – the practice of teams ordering a driver to follow instructions that would be advantageous to their team mate (for example, ordering them to move aside and allow their team-mate to pass them) – was lifted after the 2010 German Grand Prix, with the practice to be "regulated" on the race track.<sup>[120]</sup> The practice of coding instructions to conceal the nature of the order would be banned to prevent deception to the spectators and stewards. The FIA increased the maximum allowable penalty which racing stewards can issue to teams from \$100,000 to \$250,000.<sup>[121]</sup>
- Sole tyre supplier Bridgestone announced that it would not renew its contract with Formula One at the end of the 2010 season,<sup>[122]</sup> with Pirelli chosen as the tyre supplier for 2011 by the FIA World Motor Sport Council.<sup>[3][123]</sup> The Pirelli logo on each tyre will be colour-coded to identify each compound and tread pattern being used.<sup>[124]</sup> Cars will have a mandatory weight distribution to provide Pirelli with a technical specification, and preventing teams making changes to the internal configuration of their cars should they prove not to suit the cars.<sup>[125]</sup> At the final test in Barcelona, it was revealed that drivers would need to make three pit stops at most races, in line with Pirelli's mandate to design a higher wearing tyre.<sup>[126]</sup>
  - The Belgian Grand Prix saw a small controversy when several teams discovered their tyres had blistered during qualifying, but were not permitted to change their tyres ahead of the race because the damage was the result of the car set-up rather than an accident.<sup>[127][128]</sup> Pirelli pointed to Red Bull Racing's practice of running camber settings that were outside their recommended parameters as the cause of the blistering,<sup>[129]</sup> and said they would be more cautious with their recommendations for Monza to prevent the problem from arising again.<sup>[130]</sup>

Charles Pic — who placed fourth in the 2011 GP2 Series driving for Addax — joined Marussia, replacing d'Ambrosio.<sup>[47]</sup>

**Mid-season changes**

The season only saw one driver change, which was brought about when Lotus driver Romain Grosjean was found by race stewards to be responsible for causing a multi-car pile-up at the start of the Belgian Grand Prix. He was given a one-race ban and a €50,000 fine for his role in the collision, forcing him to miss the Italian Grand Prix.<sup>[85]</sup> He was replaced by the team's testing and reserve driver, Jérôme d'Ambrosio.<sup>[31]</sup> Grosjean returned to the team for the next round in Singapore.<sup>[86]</sup>

**2012 calendar**

Round	Race Title	Grand Prix	Circuit	Date
1	Qantas Australian Grand Prix	Australian GP	 Albert Park, Melbourne	18 March
2	Petronas Malaysia Grand Prix	Malaysian GP	 Sepang International Circuit, Kuala Lumpur	25 March
3	UBS Chinese Grand Prix	Chinese GP	 Shanghai International Circuit, Shanghai	15 April
4	Gulf Air Bahrain Grand Prix	Bahrain GP	 Bahrain International Circuit, Sakhir	22 April
5	Gran Premio de España Santander	Spanish GP	 Circuit de Catalunya, Montmeló	13 May
6	Grand Prix de Monaco	Monaco GP	 Circuit de Monaco, Monte Carlo	27 May
7	Grand Prix du Canada	Canadian GP	 Circuit Gilles Villeneuve, Montreal	10 June
8	Grand Prix of Europe	European GP	 Valencia Street Circuit, Valencia	24 June
9	Santander British Grand Prix	British GP	 Silverstone Circuit, Silverstone	8 July
10	Großer Preis Santander von Deutschland	German GP	 Hockenheimring, Hockenheim	22 July
11	Eni Magyar Nagydíj	Hungarian GP	 Hungaroring, Budapest	29 July
12	Shell Belgian Grand Prix	Belgian GP	 Circuit de Spa-Francorchamps, Spa	2 September
13	Gran Premio Santander d'Italia	Italian GP	 Autodromo Nazionale Monza, Monza	9 September
14	SingTel Singapore Grand Prix	Singapore GP	 Marina Bay Street Circuit, Marina Bay	23 September
15	Japanese Grand Prix	Japanese GP	 Suzuka Circuit, Suzuka	7 October
16	Korean Grand Prix	Korean GP	 Korea International Circuit, Yeongam	14 October
17	Airtel Indian Grand Prix	Indian GP	 Buddh International Circuit, Greater Noida	28 October
18	Etihad Airways Abu Dhabi Grand Prix	Abu Dhabi GP	 Yas Marina Circuit, Abu Dhabi	4 November
19	United States Grand Prix	United States GP	 Circuit of the Americas, Austin, Texas	18 November
20	Grande Prêmio Petrobras do Brasil	Brazilian GP	 Autódromo José Carlos Pace, São Paulo	25 November

Source:<sup>[47]</sup>



Nations hosting Formula One Grands Prix in 2012.

**Calendar changes**

- After the 2011 Bahrain Grand Prix was cancelled,<sup>[88]</sup> the race was reinstated for the 2012 season with a provisional date in October.<sup>[89]</sup> The final version of the calendar brought the race forward to April.<sup>[4]</sup>
- The German Grand Prix returned to Hockenheim after the 2011 German Grand Prix was held at the Nürburgring, in line with the event's policy of alternating between venues.
- The Turkish Grand Prix was removed from the calendar after Formula One Management and the event organisers could not agree on a renewed contract. In August 2011, organisers of the race revealed that they were negotiating with Bernie Ecclestone to resume their place on the calendar.<sup>[90]</sup> However, the race was removed from the calendar later that month.
- In May 2010, it was announced that Austin, Texas would host the return of the United States Grand Prix, the first since Indianapolis in 2007. Known as the Circuit of the Americas, the venue will be a brand-new, purpose-built permanent circuit designed by event promoter Tavo Hellmund and 1993 Grand Prix Motorcycle World Champion Kevin Schwantz<sup>[91]</sup> with the assistance of German architect and circuit designer Hermann Tilke.<sup>[92]</sup> In November 2011, Bernie Ecclestone expressed "minor" doubt over the race going ahead after what he described as "disagreements inside the [management] company"<sup>[93]</sup> and gave the circuit owners and race organisers a deadline of 7 December<sup>[94]</sup> — coinciding with the meeting of the FIA World Motorsports Council and the release of the final 2012 calendar — to sort out their differences or else risk losing the event entirely.<sup>[95]</sup> The final calendar included the race,<sup>[4]</sup> with Ecclestone confirming that a new arrangement had been made, and that

Round	Race title	Grand Prix	Circuit	Date
1	Rolex Australian Grand Prix	Australian GP	Melbourne Grand Prix Circuit, Melbourne	17 March
2	Petronas Malaysia Grand Prix	Malaysian GP	Sepang International Circuit, Kuala Lumpur	24 March
3	UBS Chinese Grand Prix	Chinese GP	Shanghai International Circuit, Shanghai	14 April
4	Gulf Air Bahrain Grand Prix	Bahrain GP	Bahrain International Circuit, Sakhir	21 April
5	Gran Premio de España	Spanish GP	Circuit de Catalunya, Barcelona	12 May
6	Grand Prix de Monaco	Monaco GP	Circuit de Monaco, Monte Carlo	26 May
7	Grand Prix du Canada	Canadian GP	Circuit Gilles Villeneuve, Montreal	9 June
8	Santander British Grand Prix	British GP	Silverstone Circuit, Silverstone	30 June
9	Großer Preis Santander von Deutschland	German GP	Nürburgring, Nürburg	7 July
10	Magyar Nagydíj	Hungarian GP	Hungaroring, Budapest	28 July
11	Shell Belgian Grand Prix	Belgian GP	Circuit de Spa-Francorchamps, Francorchamps	25 August
12	Gran Premio d'Italia	Italian GP	Autodromo Nazionale Monza, Monza	8 September
13	SingTel Singapore Grand Prix	Singapore GP	Marina Bay Street Circuit, Marina Bay	22 September
14	Korean Grand Prix	Korean GP	Korea International Circuit, Yeongam	6 October
15	Japanese Grand Prix	Japanese GP	Suzuka Circuit, Suzuka	13 October
16	Airtel Indian Grand Prix	Indian GP	Buddh International Circuit, Greater Noida	27 October
17	Ethiad Airways Abu Dhabi Grand Prix	Abu Dhabi GP	Yas Marina Circuit, Abu Dhabi	3 November
18	United States Grand Prix	United States GP	Circuit of the Americas, Austin	17 November
19	Grande Prêmio do Brasil	Brazilian GP	Autódromo José Carlos Pace, São Paulo	24 November

Sources:<sup>[77][78][79]</sup>

**Calendar changes**

**New and returning races**

- The European Grand Prix will be discontinued starting in 2013.
- Starting in 2008, the German Grand Prix has alternated between the Nürburgring in Nürburg and the Hockenheimring in Hockenheim. The Nürburgring hosted the German Grand Prix in 2013.<sup>[2]</sup>



States hosting Formula One Grands Prix in 2013.

**Failed race bids**

- The 2013 season was scheduled to see the addition of the Grand Prix of America to the calendar.<sup>[73]</sup> The race was to take place on a new, Hermann Tilke-designed street circuit in New Jersey in June of that year,<sup>[80]</sup> back-to-back with the Canadian Grand Prix.<sup>[81]</sup> However, shortly after the race was given a date on the provisional calendar, Bernie Ecclestone admitted that the contract with organisers in New Jersey had been nullified,<sup>[82]</sup> and organisers later confirmed that the race had been removed from the 2013 calendar and rescheduled for 2014.<sup>[74]</sup> The collapse of the race was attributed to the failure to get all of the necessary permits to hold the race from multiple branches of state and federal government departments.<sup>[83]</sup>

**Changes**

**Rule changes**

**Sporting regulations**

- At the June 2012 meeting of the World Motor Sport Council, the FIA announced plans to introduce cost-control measures for the 2013 season, which would be policed by the FIA pending the agreement of the teams.<sup>[84]</sup> This follows a failed attempt by former FIA president Max Mosley to introduce a budget cap for the 2010 season,<sup>[85]</sup> and the withdrawal of Ferrari, Scuderia Toro Rosso, Sauber and Red Bull from the Formula One Teams Association in December 2011 over the implementation of the Resource Restriction Agreement,<sup>[86][87]</sup> a voluntary agreement between teams to limit costs in the sport.<sup>[88]</sup>
- Following HRT's omission from the provisional entry list,<sup>[8]</sup> the grid was reduced to twenty-two cars, prompting an adaptation of the qualifying procedures. With twenty-two cars on the grid, six cars—instead of seven—will be eliminated during the first period of qualifying, with six more eliminated at the end of the second period (as in 2006–08). The third qualifying period remains unchanged, with the ten fastest drivers all advancing to the final ten minutes of qualifying.<sup>[89]</sup>
- The rules governing the use of the Drag Reduction System (DRS) have been altered. Where drivers were free to use the system at will during free practice and qualifying, from 2013, the use of DRS is restricted to the designated DRS zone in a bid to improve safety.<sup>[90]</sup> In response to this, the FIA announced plans to include two DRS zones at every circuit on the 2013 calendar where it was feasible to do so.<sup>[91]</sup>

### Mid-season changes

- In the week before the British Grand Prix, Caterham F1 announced that team owner Tony Fernandes had sold his controlling stake in the team to a group of Swiss and Dubai-based investors. Former Midland and Spyker driver Christijan Albers was appointed as team principal, with the team declaring its intentions to continue competing under the Caterham name.<sup>[79]</sup>
- Three-time 24 Hours of Le Mans winner and 2011 Super Formula champion André Lotterer made his Formula One debut with Caterham, replacing Kamui Kobayashi at the Belgian Grand Prix.<sup>[13]</sup> Under the terms of the deal, Kobayashi returned to the team for the Italian Grand Prix.<sup>[12]</sup>

### Season calendar

The following nineteen Grands Prix are currently scheduled to take place in 2014.<sup>[6][80][81]</sup>

Round	Grand Prix	Circuit	Date
1	Australian Grand Prix	 Melbourne Grand Prix Circuit, Melbourne	16 March
2	Malaysian Grand Prix	 Sepang International Circuit, Kuala Lumpur	30 March
3	Bahrain Grand Prix	 Bahrain International Circuit, Sakhir	6 April
4	Chinese Grand Prix	 Shanghai International Circuit, Shanghai	20 April
5	Spanish Grand Prix	 Circuit de Barcelona-Catalunya, Barcelona	11 May
6	Monaco Grand Prix	 Circuit de Monaco, Monte Carlo	25 May
7	Canadian Grand Prix	 Circuit Gilles Villeneuve, Montreal	8 June
8	Austrian Grand Prix	 Red Bull Ring, Spielberg	22 June
9	British Grand Prix	 Silverstone Circuit, Silverstone	6 July
10	German Grand Prix	 Hockenheimring, Hockenheim	20 July
11	Hungarian Grand Prix	 Hungaroring, Budapest	27 July
12	Belgian Grand Prix	 Circuit de Spa-Francorchamps, Stavelot	24 August
13	Italian Grand Prix	 Autodromo Nazionale Monza, Monza	7 September
14	Singapore Grand Prix	 Marina Bay Street Circuit, Singapore	21 September
15	Japanese Grand Prix	 Suzuka Circuit, Suzuka	5 October
16	Russian Grand Prix	 Sochi Autodrom, Sochi <sup>[2]</sup>	12 October
17	United States Grand Prix	 Circuit of the Americas, Austin	2 November
18	Brazilian Grand Prix	 Autódromo José Carlos Pace, São Paulo	9 November
19	Abu Dhabi Grand Prix	 Yas Marina Circuit, Abu Dhabi	23 November

Sources:<sup>[6][80][82]</sup>



### Calendar changes

- Red Bull reached an agreement with Bernie Ecclestone to revive the Austrian Grand Prix after a ten-year absence from the calendar. The race will be held at the Red Bull Ring,<sup>[81][83]</sup> which previously hosted the Austrian Grand Prix in 2003, when the circuit was known as the A1-Ring.
- The Bahrain Grand Prix was held as a night event under lights, similar to the Singapore Grand Prix.<sup>[84]</sup> The decision to hold the race under lights was taken as a means of marking the tenth anniversary of the event.<sup>[85]</sup>
- The Hockenheimring is scheduled to return to the calendar to host the German Grand Prix, in keeping with the event-sharing agreement first established in 2008 with the Nürburgring for the two circuits to host the Grand Prix in alternating years. The Hockenheimring last hosted a Formula One Grand Prix in 2012.<sup>[86]</sup>
- The Indian Grand Prix will not be held in 2014 following the devaluation of the Indian rupee and ongoing complications arising from Indian taxation laws,<sup>[87]</sup> which had dogged the event since its inaugural race in 2011, with authorities classifying the Grand Prix as "entertainment", which under Indian law would have entitled the authorities to claim a portion of the teams' revenue as tax for competing in India, something they would have been unable to do if the race had been classified as a "sport".<sup>[88]</sup> The race promoters initially came to an agreement with Bernie Ecclestone to skip the 2014 event and return to the calendar early in 2015,<sup>[89]</sup> however, in March 2014, Ecclestone stated that the race will likely be pushed back to 2016 while the sport tries to resolve the taxation issue.<sup>[5]</sup>
- The Korean Grand Prix, Mexican Grand Prix, and the Grand Prix of America were included in the provisional calendar published in September 2013, but were later removed from the final calendar released in December.<sup>[6][90]</sup>
- The calendar will see the addition of the Russian Grand Prix with the race to be held at the Sochi Autodrom at the end of the season.<sup>[2][91][92]</sup> The race will take place on a street circuit to be constructed around the Sochi Olympic Park. It will be the first Russian Grand Prix in a century, and the first time the country has ever hosted a round of the Formula One World Championship.<sup>[3]</sup> The International Olympic Committee had cautioned that it would use its power to delay the race until 2015 if it felt that construction of the circuit and facilities were disrupting preparations for the 2014 Winter Olympic Games,<sup>[93]</sup> This is no longer an issue as the 2014 Winter Olympics (and Paralympics) have been successfully completed.
- The United States Grand Prix had been provisionally scheduled for 9 November. However, the date coincided with a University of Texas American football team home game, which would have strained Austin's tourism infrastructure. The final calendar rescheduled the race for 2 November to eliminate this conflict.<sup>[94]</sup>



**ATTACHMENT 7**

**City of Austin Letter to Comptroller re Participation in METF**



# City of Austin

## City Manager's Office

P. O. Box 1088, Austin, TX 78767  
(512) 974-2200, Fax (512) 974-2833

*Marc A. Ott, City Manager*  
*Marc.Ott@ci.austin.tx.us*

September 9, 2014

The Honorable Susan Combs  
Texas Comptroller of Public Accounts  
Post Office Box 13528, Capitol Station  
Austin, Texas 78711-3528

Comptroller Combs:

The City of Austin requests participation in the Major Event Trust Fund (METF) program pursuant to Tex. Rev. Civ. Stat. Art. 5190.14 Section 5A (Act) as authorized by Austin City Council action contained in resolution dated June 29, 2011 in support of the Formula 1 United States Grand Prix for 2012 – 2021 inclusive. This action satisfies the requirements of 34 TAC Section 2.102(a)(1) and documents that Austin is the endorsing municipality in accordance with the Act.

Enclosed is correspondence from Formula One Management Ltd. (FOML) confirming the selection of Austin, Texas as the location for this event during October 31 through November 2, 2014. The correspondence from FOML satisfies the requirements found at 34 TAC Section 2.102(a)(2).

The correspondence from FOML states that the selection of Austin as the location for the Formula 1 United States Grand Prix for 2012 - 2021 was completed after substantial competition in their process of reviewing a number of venues interested in hosting their series. Further, FOML does not anticipate holding any other similar Formula 1 United States Grand Prix Event in Texas or its contiguous states during any year that the FOML is held at the Circuit of the Americas in Austin. We believe that this supports a finding that Austin was selected as the site for this event consistent with the requirements of 34 TAC Section 2.101.

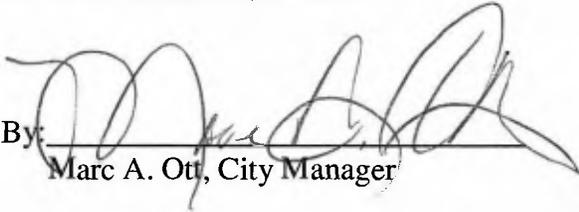
This letter also confirms that the Circuit Events Local Organizing Committee is the City's designee to act as the local organizing committee for the event, to make application to the Comptroller for participation in the event METF under the Act, to submit the METF economic

The Honorable Susan Combs  
September 8, 2014  
Page 2

impact analysis, to fund the City's local contribution to the METF, and to receive reimbursement of trust funds for eligible expenses from the METF for the race that is occurring October 31 through November 2, 2014.

Sincerely,

CITY OF AUSTIN, TEXAS

By:   
Marc A. Ott, City Manager



**ATTACHMENT 8**

**Affidavits Endorsing a Major Events Trust Fund**



### Affidavit to be COMPLETED by any / all City, County, and/or LOC endorsing a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund

#### AFFIDAVIT

[Affidavit to be signed and sworn (notarized) by each Endorsing Municipality, Endorsing County, and Local Organizing Committee (if applicable)]

I, MARC OTT, an authorized representative of: City of Austin a [local organizing committee (nonprofit organization), endorsing city or endorsing county] (circle one) that is receiving funding through the Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), hereby swear and affirm that, to the best of my knowledge, internal controls, processes and procedures have been designed and implemented to help ensure that the recipient and its use of these funds complies with all applicable laws, rules, and written guidance from the Texas Comptroller's office. I further swear and affirm that I have reviewed the information being submitted, and that all of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and correct to the best of my knowledge. Information provided includes but is not limited to:

- (1) a letter from the municipality or county requesting participation in the trust fund program and signed by a person authorized to bind the municipality or county;
- (2) a letter from the site selection organization on organization letterhead selecting the site in Texas;
- (3) an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue associated with hosting the event in Texas, including a listing of any data for any related activities;
- (4) a Request Worksheet to Establish an Events Trust Fund form and any attachments; and
- (5) an Event Support Contract.

I understand that I am receiving funding under the Act for the purposes of facilitating this event: 2014 Formula 1 Grand Prix Race on these dates: October 31 - November 2, 2014

I understand that non-compliance with reporting requirements could be treated as a violation of the statute and/or program rules resulting in the possible withholding of disbursement funding.

I understand that it is a felony offense under Section 37.10, Texas Penal Code, to knowingly make a false entry in, or false alteration of, a governmental record, or to make, present, or use a governmental record with knowledge of its falsity, when the actor has the intent to harm or defraud another.

I understand that the offense of perjury, under Section 37.02, Texas Penal Code, is committed when a person, with intent to deceive and with knowledge of the statement's meaning, makes a false statement under oath or swears to the truth of a false statement previously made and the statement is required or authorized by law to be made under oath.

I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents.

[Signature]  
 Affiant Signature  
City Manager, City of Austin  
 Title and Name of Organization

MARC OTT  
 Printed Name  
Sept 9, 2014  
 Date

Sworn and subscribed before me by the said

MARC OTT  
 (Printed Name of Recipient's Authorized Representative)  
 this 9th day of September, 2014



Notary Public, State of Texas

Notary's printed name: OLIVIA A PARKER My commission expires: March 26, 2015 (Seal)



### Affidavit to be COMPLETED by any / all City, County, and/or LOC endorsing a Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund

#### AFFIDAVIT

*[Affidavit to be signed and sworn (notarized) by each Endorsing Municipality, Endorsing County, and Local Organizing Committee (if applicable)]*

I, WAYNE S. HOLLINGSWORTH, Director, an authorized representative of: Circuit Events Local Organizing Committee, a [local organizing committee (nonprofit organization), endorsing city or endorsing county] (circle one) that is receiving funding through the Major Events Trust Fund, Events Trust Fund, or Motor Sports Trust Fund ("the Act"), hereby swear and affirm that, to the best of my knowledge, internal controls, processes and procedures have been designed and implemented to help ensure that the recipient and its use of these funds complies with all applicable laws, rules, and written guidance from the Texas Comptroller's office. I further swear and affirm that I have reviewed the information being submitted, and that all of the statements made and information provided herein, including statements made and information provided in any attachments are true, complete, and correct to the best of my knowledge. Information provided includes but is not limited to:

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- (2) a letter from the site selection organization on organization letterhead selecting the site in Texas;
- (3) an economic impact study or other data sufficient for the Comptroller's office to make the determination of the incremental increase in tax revenue associated with hosting the event in Texas, including a listing of any data for any related activities;
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I understand my obligation to provide information about event expectations, performance, and expenses that are true and accurate to the best of my knowledge and ability. I also understand my obligation to immediately report any known or suspected waste, fraud, and abuse of funds received under the Act to the Texas State Auditor's Office at 1-800-892-8348. I hereby swear and affirm that I have read the entire affidavit, and I understand its contents.

*Wayne S. Hollingsworth*  
Affiant Signature

WAYNE S. HOLLINGSWORTH, Director  
Printed Name

Director, Circuit Events Local Organizing Committee  
Title and Name of Organization

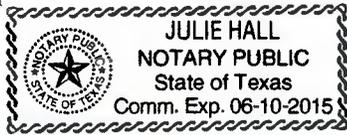
September 12, 2014  
Date

Sworn and subscribed before me by the said

WAYNE S. HOLLINGSWORTH, Director  
(Printed Name of Recipient's Authorized Representative)

Circuit Events Local Organizing Committee, on behalf of said non-profit corporation

this 12th day of September, 2014  
Notary Public, State of Texas



Notary's printed name: Julie Hall

My commission expires: 6-10-2015 (Seal)