

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: RAISSA DE LA ROSA, ECONOMIC DEVELOPMENT AND
MARKETING COORDINATOR
SUBJECT: PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
APPROVAL OF THE IRONMAN HOST VENUE AGREEMENT
FOR 2017 - 2021, AND AUTHORIZING THE CITY MANAGER TO
EXECUTE ALL CONTRACTS AND AGREEMENTS RELATED TO
THE IRONMAN AND IRONMAN 70.3 EVENTS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Planning and Economic Development Department that the Council, by resolution, approve the Ironman Host Venue Agreement (Agreement), and authorize the City Manager, or designee, to approve and execute necessary contracts and agreements, including rental agreements related to the Ironman and Ironman 70.3 Events to be held in 2017, 2018, 2019, 2020, and 2021, in individual amounts that do not exceed \$100,000.

EXECUTIVE SUMMARY

World Triathlon Corporation, owner and producer of Ironman and Ironman 70.3 Events, has asked Santa Rosa to host an Ironman and an Ironman 70.3 Event (Events) in the five consecutive years beginning in 2017 and ending in 2021. These Events will take place on the second Saturday in May and the 4th Saturday in July. In accordance with the attached Memorandum of Understanding (Attachment 3) with the Santa Rosa Chamber of Commerce (Chamber), the Chamber will serve as the partner of the City in sharing all obligations under Event Agreement. Additionally, the Chamber will serve as the primary fiscal agent for these Events. The annual cost to produce these two events is estimated not to exceed \$500,000. All funds to produce the events will be provided from the Santa Rosa Tourism Business Improvement Area, the Sonoma County Tourism Business Improvement Area, and rebates paid by participating hotels. This item supports Council Goal 1, *Create a Strong, Sustainable Economic Base*, in that the event is expected to generate a substantial economic return to the City. Attachment 5 provides an example assessment of the potential economic impact to the community.

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BACKGROUND

Over two decades the World Triathlon Corporation (WTC) has established its Ironman and 70.3 Ironman events as the premier endurance sport events in the world. WTC currently operates over 35 such events in the United States, and dozens more worldwide. WTC's World Championship Race in Kona, Hawaii, is seen as the "Super Bowl" of endurance events.

Up until 2015 the former Vineman Race was a locally owned and produced triathlon held in Sonoma County for over 20 years. While the Vineman was an "Ironman" distance race, it was owned by WTC. In 2015 WTC purchased the Vineman and now seeks to host a full and half-Ironman branded event in Sonoma County and based in Santa Rosa over the next five years from 2017 to 2021 under the names "Ironman Santa Rosa" and "Ironman 70.3 Santa Rosa".

Triathlons consist of swimming, cycling, and running elements. As such, the Ironman Events will begin with a swim in Lake Sonoma; permission for which has already been secured through the US Army Corps of Engineers. Athletes will transition from the swim to the bicycle portion of the race at Lake Sonoma and follow a course that will end at Courthouse Square in Santa Rosa. Athletes will transition in Courthouse Square from the bicycle to the run portion of the race, which will take participants into the county before concluding again at Courthouse Square.

Ironman events are mass participation events similar to Levi's GranFondo. Typical full Ironman events attract 2,500 athletes, while the half-Ironman (70.3) attract 3,400 athletes. Athletes stay an average of four nights at an event and bring an average of 2.6 family members or friends with them.

The City code and City policy give the City Manager the authority to enter into agreements for general and professional services and the purchase of supplies in amounts that do not exceed \$100,000. The City code and policies do not delegate to the City manager the authority to approve and execute certain other agreements, such as facility rental agreements. In order to perform its hosting obligations in connection with the Events, the City may need to enter into such other agreements and would like to obtain the authority of the City Manager to approve and execute these agreements in amounts that do not exceed \$100,000 should the need arise.

PRIOR CITY COUNCIL REVIEW

Not applicable.

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ANALYSIS

1. Based on information contained in the Host Venue Agreement, staff estimates the cost of the event to be approximately \$500,000. In broad terms, the expenses are broken down as follows:

Event Fees	\$200,000
Labor / Services	\$75,000
Public Safety	\$100,000
Public Works	\$75,000
Outside Vendors	\$25,000
Misc. Production Costs	\$25,000

2. No General Fund monies have been, nor are they expected to be used for production expenses related to the Ironman Events.
3. The event costs will be covered by commitments totaling \$270,000 from Santa Rosa's Tourism Business Improvement Area through funds contributed by both the Santa Rosa Chamber of Commerce and the City's Economic Development Division allotments, \$100,000 committed from the Sonoma County Tourism Advertising Program, sponsorship funds and room rebate payments from area hotels. In addition, Economic Development staff and Chamber staff will be seeking in-kind contributions for budget-specific line items for such things as print needs and road closures.
4. In order to fulfill the obligations of the Host Venue Agreement, it is necessary to negotiate and enter into additional contracts and agreements regarding the local production of the Events. These agreements will be entered into and guaranteed by the Santa Rosa Chamber of Commerce.
5. The estimated return on investment (ROI) for these Ironman events has been calculated in two parts: (1) impacts specifically related to hosting the annual events and (2) impacts related to activities derived from the presence of Ironman Events in Santa Rosa.
6. Under the first category, the annual economic impacts directly related to Ironman are anticipated to be \$13.6 million. This is based on unique characteristics of the Ironman events and Ironman athletes. We anticipate 5,000 athletes participating in the two events each year. Based on a 2013 study of Ironman Whistler, these athletes will spend an average of 4 nights and bring 2.6 family members or friends

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with them. In the Whistler Study, the average spend for each athlete and his party was \$2,720 which computes to the \$13.6 million estimate.

Calculating impacts for the second category of ROI is challenging. However, based on the Whistler Study, 43% of the athletes can be expected to make a pre-event training trips to our community. Further, a full 86% of the participants said they were likely to return for a vacation.

7. Ironman provides host Cities with access to the “Ironman” demographic. Ironman athletes:

- Have an average income of \$247,999
- 92% hold college degrees or higher
- 83% are homeowners
- 68% male and 32% female
- 44% influence the financial decisions of their companies
- 39% work at companies with more than 1,000 employees

This is a highly valued demographic for any tourism destination.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Santa Rosa Tourism Business Improvement Area (TBIA) Advisory Board has approved funding this agreement from TBIA funds and recommends approval.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 - Ironman Host Venue Agreement
- Attachment 2 - Draft Memorandum of Understanding between the City of Santa Rosa and the Santa Rosa Chamber of Commerce

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- Attachment 3 – Ironman 2016 Overview
- Attachment 4 - Economic Impact Report from Tourism Whistler
- Resolution

CONTACT

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