

Sponsorship of the K2 Cycle Race

TO	Economic Development Committee
FROM	Ben Dunbar-Smith - Economic Development Programme Manager
DATE	25 February 2016
SUBJECT	Three-year sponsorship of the K2 Cycle Race

1 Purpose of Report

The Economic Development Committee (EDC) made a decision at its 26 November 2015 meeting to sponsor the K2 Cycle Race for the 2015-16 year in order to foster the event and encourage the development of corporate sponsorship. Since November, the K2 organisers have obtained a \$15,000 a year corporate sponsorship for three years, which is however subject to Council support for three years. This report seeks the extension of the Council sponsorship for the three-year term.

2 Background

At its meeting on 26 November 2015. The Economic Development Committee made decisions on the allocation of the \$50,000 available for the second round of the Major Event Sponsorship grants for 2015-16. The Committee made the following decisions:

- **Winter Music Festival (Creative Mercury Bay) from 4-6 June 2016.** \$30,000 in Y1, \$20,000 in Y2, and \$10,000 in Y3 (Year 2 + 3 are subject to EDC review, dependent on success of previous year's event).
- **Seafood Festival (Coromandel Business Association) for Anzac Weekend 23-25 April 2016** \$10,000 in Y1, \$5000 in Y2, and Year 3 subject to further consideration based on demonstrated success.
- **K2 Cycle Race (Spirit of Coromandel Trust) for 29 October 2016** \$10,000 for the 2015-16 year.

3 Issue

In approving the K2 Cycle Race grant, the Economic Development Committee noted the importance of the event to the Coromandel's brand, but questioned why the event which has been running for 13 years had not managed to pick up major corporate sponsorship (apart from the Cranleigh Sponsorship). In discussion with race organisers, TCDC staff were told that major financial sponsorship was hard to come by, and many smaller sponsors preferred to give product (T-shirts, drink bottles etc) rather than cash. The Economic Development Committee agreed to provide a one-off grant of \$10,000 to boost the chances of securing sponsorship, with the proviso that the organisers must demonstrate that attempts have been made to find corporate sponsorship.

Following on from the Economic Development Committee meeting, the K2 Race organisers have been working hard to secure sponsorship. In conjunction with EDC staff, the K2 race organisers have been in contact with the Flight Centre travel agency. Flight Centre have agreed to sponsor the event for three years at \$15,000 a year. Flight Centre have indicated that sponsorship at this \$15,000 level is conditional upon TCDC continuing to be involved in funding the long-term development of the race. Flight centre have indicated that they would seek their \$15,000 of corporate sponsorship to be matched by \$10,000 of TCDC sponsorship each year.

In addition to the sponsorship, the Flight Centre have indicated that they are willing to promote the K2 Race - billed as the toughest cycle race in the Southern Hemisphere - through their Australian and New Zealand businesses, including their client database. Contiguous with this Flight Centre promotion, the K2 Race team have held discussions with the Chief Executive of Tourism New Zealand. This has resulted in Tourism New Zealand agreeing to provide support in creating awareness amongst the cycling communities of Australia to compete in the K2.

These responses indicate that the K2 organisers have stepped up the promotion of the race to a new level, which will help support the cycle race's iconic status as part of the Destination Coromandel brand.

4 Discussion

The K2 Race's success in obtaining Flight centre financial support, and the marketing backing of Tourism New Zealand raises two issues for the Economic development Committee:

- a) A) Given the K2 organisers have been successful in raising the corporate sponsorship, then is the Economic Development Committee willing to extend the K2 major events grant for the three year period - as requested by the sponsors (and the original application by the K2 organisers)?
- b) B) If the Committee is willing to commit to a three-year event grant, then at what level should this grant be at ? The corporate sponsor is seeking TCDC's \$10,000 pa to parallel the corporate \$15,000 pa.

If the Committee agrees to extend the events grant for the three-year term, then the Committee has the option of either providing \$10,000 a year for three years, or alternatively opting for a sliding scale commencing at \$10,000 in the first race year, then dropping to \$7,500 in Year 2, and \$5000 in Year 3. Either option would be subject to the K2 event continuing to meet or better its current 1150 rider participation each year.

Subject to the Committee's decision on providing a three year grant to K2 of \$10,000 in the first year of the race (which is to be held on 29th October 2016), then staff would request that \$5000 be paid in March of the 2015-16 year, and the remaining \$5,000 be paid on 1 July 2016 from the 2016-17 financial year. Subsequent year grants would be paid in February and June each year. This staggered payment will make allowance for some \$8,000 of unbudgeted small event grants which have come into the Major Events cost centre in recent months for the 2015-16 financial year. These small events costs relate to items such as hall hire, street closures, licence fees and street clean-up fees which Council has previously agreed would be something which TCDC would absorb to support events.

On another issue, the Coromandel Seafood Festival has originally applied to hold their event on Anzac weekend 23-25 April 2016. However after discussions with the Coromandel community, the organisers have asked to change this date to May 7-8 which will not interfere with Anzac day celebrations. Staff believe this is a reasonable request, and would recommend the Committee support this change of date.

5 Suggested Resolution(s)

That the Economic Development Committee:

1. Receives the K2 Sponsorship report dated 25 February 2016.
2. Acknowledges the K2 organiser's success in attracting significant corporate sponsorship, and supports the extension of the K2 grant over a three year period.
3. Provides a grant of \$10,000 for three years - subject to the K2 organisers continuing

to obtain an appropriate level of corporate sponsorship, and that the event continues to grow above the current 1150 rider level.

4. Allows for staff to pay the first year's grant of \$10,000 in two tranches - one in March 2016, and the second in July 2016, with subsequent years being paid in February and June each year.
5. Permits the Coromandel Seafood Festival to shift the dates to May 7-8 May, and still retain the Major Events Grant funding
6. Delegates to the Economic Development Programme Manager the authority to sign funding contracts with the successful Major Events applicants, subject to any relevant payment conditions.