

The great Texas gamble



Colin Richmond



Getting F1 back on America's radar is a tough call, but promoter Tavo Hellmund is sure he's about to hit pay-dirt – and Bernie believes in him

**BY CHRISTIAN SYLT
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Formula 1 boss Bernie Ecclestone jokes that he has known the 40-year-old Hellmund “since before he was born”. His father, Gustavo Hellmund-Rosas, was president of Mexico’s GP organising committee when the race returned in 1986 after a 15-year absence. “My dad and Bernie worked on the deal to bring the Grand Prix back,” says Hellmund. “He also promoted the Indycar races in Mexico in the early 1980s, and the World Cup in ’86.”

Hellmund got involved with “all aspects of the company, from ticket taking and sweeping as a kid to the operational side in my late teens and early twenties”. He was distracted by the allure of motor racing, however, and crossed the Atlantic to become a gopher at Ecclestone’s Brabham F1 team. “I did that so I had an inside track on how F1 worked and what Bernie was doing to grow it into what it is today,” says Hellmund. But back then he didn’t want to

make his name in F1 as a race promoter, dreaming instead of following in the footsteps of Phil Hill and Mario Andretti.

“I started racing as an amateur and did well in America at the lower levels,” explains Hellmund, who worked his way up to the Grand National division of NASCAR. “Then I decided to go to England and be an F1 star. I did Formula Ford, Vauxhall Junior and F3. At the same time I couldn’t get the events >>>



Getting a Formula 1 race off the ground in the current economic climate is no mean feat. First of all you have to identify a suitable circuit or find the money to build one, which can cost up to (and over) £140 million. Then you need to ensure the race will break even on ticket sales alone since Formula One Management

(FOM) keeps all other revenues. Imagine trying to do all that in America, which hasn't hosted F1 since 2007, two years after the Indianapolis tyre debacle when just three teams raced. Now how about picking Austin as the location – a city with no F1 heritage. Race promoter Tavo Hellmund must have something special up his sleeve if he's going to pull this off by summer 2012 when the US Grand Prix returns to the calendar.

Hellmund (top right) looks a little like Jim

Carrey and shares the Canadian actor's rapid-fire manner of speaking. When it was announced last May that his company Full Throttle Productions had got a 10-year contract to host the US GP it was treated with scepticism – Hellmund was not well known in F1. Even FIA president Jean Todt described the deal as “just a project” and said it was “far too early to conclude anything”. But luckily for Hellmund, the person holding the keys knew him well.



Hellmund was on hand when the track build started last December. Left: crucially, he has Bernie's backing

promotion business out of my system. So I dabbled in promoting events, be it concerts or hot air balloon festivals."

In the early '90s the untimely death of one of Hellmund's friends at the hands of a drunk driver led him to found a campaign called 'Safe and Sober', which involved racing drivers attending schools to educate pupils about wearing a seat belt and not drinking and driving. It grew into a year-round programme called Racing for Education, which was so successful that Hellmund was commended by then-US President George Bush.

Next came race promotion, and in 2004 Full Throttle ran its first 'Texas Racefest' in Austin. This combined a Grand National NASCAR race with a USAC Midget Car meeting, a series that spawned stars such as Jeff Gordon and Tony Stewart.

"Bernie was egging me on, saying 'when are you going to give up trying to be a bloody driver?'" says Hellmund. "He was this wise old sage knowing I wasn't going to get into F1."

A Formula 1 drive might have been beyond Hellmund, but promoting a race was becoming more realistic, with the sport in the middle of a turbulent eight years at Indianapolis. In 2007 Indy severed its ties with F1, and this was the catalyst for Hellmund's bid.

"We started talking hard about Austin two weeks after they announced they weren't going back to Indianapolis," he says. Over the past five years F1's global profile has accelerated, bringing the sport onto the radar of emerging nations such as Abu Dhabi, Singapore and South Korea. Their governments are prepared to foot F1's host fees, using the exposure to drive tourism and put their nations on the sporting map. This fuelled a bidding war that has sent the average race fee soaring to £19m

Austin will be a Tilke track, but with Hellmund's input



and put F1 out of the reach of many locations. Indianapolis was one of them, giving Hellmund a foot in the door.

He has a good idea why the Motor Speedway, home to the Indy 500, wasn't right for F1: "Just like you wouldn't try to run NASCAR at Monte Carlo, how do you compete with an institution that has a 100-year head start?" He makes the point that at most of the circuits visited by F1, the series dominates. But this could never be the case at Indianapolis.

Hellmund adds that the facility itself is crucial to F1's success. "Indianapolis has a permanent structure that you can only modify so much. When you look at the history of Grand Prix racing in America, all the way back to Sebring in the 1950s, the only time there was a permanent facility was at Watkins Glen." Even New York, which has been frequently mooted as a GP location, doesn't have the space to build this kind of F1-dedicated track. Texas does, and this was crucial for Ecclestone.

"Full Throttle are the only people we found in America who are going to build a world-class circuit," says Ecclestone. But it took more than this to get the green light. Hellmund says he

"had to convince Bernie that Austin was the right place because he viewed it 25 years ago as a town". It's changed a lot since then. Austin is nicknamed Silicon Hills due to its status as the second most important technological centre in the US behind Silicon Valley. This makes it particularly appealing for F1, and multiple team sponsors – including AMD and AT&T – are located near the city.

With Houston and Dallas under 200 miles away, Austin has a catchment area of 22 million people and a low unemployment rate. It also has hundreds of bars for the twenty-something set, and is best known for its hugely popular South by Southwest music and film festival.

The geographic location is the big pull, though. Hellmund says: "An ideal location is central from both coasts, the closer to Mexico the better because then you start becoming the Grand Prix of the Americas instead of just the United States GP."

Andrew Craig, the former chief executive of Champ Car, says: "Austin is in the unusual position of being one of the few major US cities that isn't home to a franchise for any major sport. So a US GP would have reduced competition and high appeal to residents starved of live sports events."

"The Texaco-backed Champ Car race in Houston, which ran until 2007, was successful in attracting high levels of corporate support and boasted full grandstands, and the Indycar race in Fort Worth is one of that series' most successful events. With the right promotion and date, Austin is a venue that could work for F1."

Weather-wise Hellmund says the best time for the GP would be in the autumn, but the date is as yet undecided. He has to be "ready to hold a race in June" – again, no mean feat. >>>

"Austin is a venue that could work for F1"

|| F1 IN AMERICA

With the luxury of space, Hellmund is building a 3.4-mile circuit within 10 miles of both downtown Austin and the city's Bergstrom international airport. The first stages of construction began in December and Hellmund says he is on target. But he adds: "The biggest challenge has been our timeline. We're trying to do a four-year process in 18 months."

Hellmund knows the circuit will be a flagship for F1 in America, so it's crucial that it lives up to expectations. "We've got to provide a venue that has proper entertainment value. It's got to be a good fan experience." As such, many of the track's corners can be viewed from each grandstand seat and, as a former driver himself, Hellmund has strived to ensure the circuit is challenging.

"We've taken four or five corners we like from other circuits and used them as a pattern for certain sections of our track," he says. "There's a corner from Turkey, a couple from Silverstone and one from Hockenheim." The track also has a total elevation change of 133ft and, in common with three other current F1 races – Istanbul, Abu Dhabi and Brazil – it will run in an anti-clockwise direction.

Given such attention to detail it may seem surprising that Hellmund is using the much-criticised Hermann Tilke to do the design work. "Don't think I haven't been fully aware of the criticism of Tilke and 'cookie cutter' race tracks," he says. "We had to dig in on a couple of ideas; fortunately Hermann knows we don't give in easily and we remind him that we are the client, not the other way around." Hellmund also installed Texan architects HKS to collaborate with Tilke. It sounds promising, and the state of Texas certainly thinks so.

In 2004 the Texan government passed a bill to make available a fund to attract major sporting events, and although F1 wasn't on the list, Hellmund persuaded the state to include it. As a result the state has made available up to \$25m (£15m) for each year of the F1 deal.

Hellmund stresses that the money comes from "increased sales tax revenue generated by the event. Not only is it motel and hotel, it's retail, rental, alcohol and everything." He adds that unlike bids for events such as the Olympics and World Cup, he has privately financed his F1 bid. "The government should look like geniuses because they didn't spend a penny in three years of bidding for the F1 rights, and they're not going to spend a penny on building the circuit."

Ecclestone says "the government won't lose their money" and this is supported by research.

An average of 160,000 spectators visit each Grand Prix and, according to F1's industry monitor *Formula Money*, this gives governments a 710 per cent return on their investments.

The state's \$25m will cover what Full Throttle pays to FOM in 2012, but it will soon fall short. Written into contracts is a clause that increases the amount paid by 10 per cent annually. By the tenth year of its deal it is expected that Full Throttle will be paying around \$59m (£36m), which would leave a \$34m (£21m) shortfall after

says McCombs. "This is natural for us to present because I think the American media will respond to it." Such support will almost certainly be key to F1's success in the US because when it comes to advertising agencies, they don't get much bigger than Clear Channel. With 900 stations under its control, the company is the largest radio station owner in the US. It also owns outdoor advertising space in 25 countries – very useful when it comes to spreading the word about a Grand Prix.

As a graduate of the University of Texas in Austin, McCombs is backing the GP for personal and professional reasons. "We look at what it would bring to our state, then at what it's brought to other countries. We're joining a world fraternity rather than one at state or national level. The international scope is what truly interests me."

McCombs has experience in the sports arena as a former owner of basketball and American football teams. "My F1 investment is comparable to the other sports teams I've had ownership in," he says.

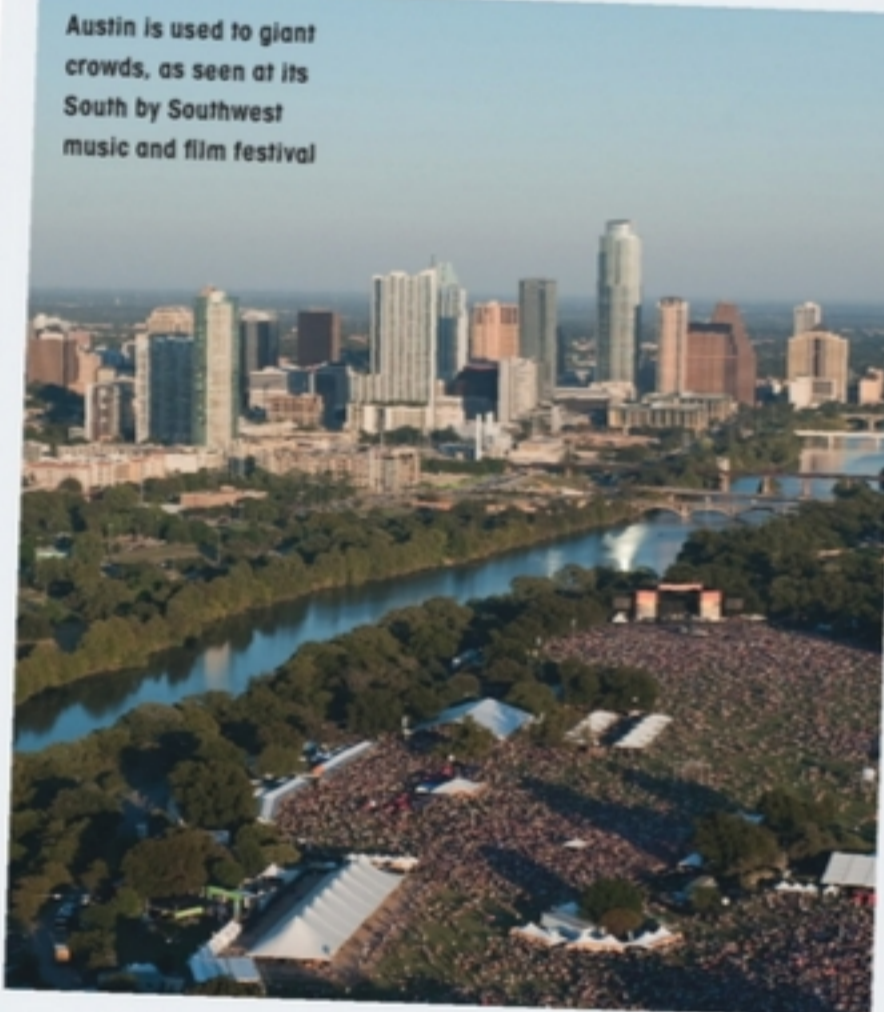
"I think there will be a big financial return but that will come because of the ancillary programmes and not the race itself." McCombs has owned nearly 400 businesses in his career and currently runs the largest car dealership in Texas, so he stands to gain a great deal from the additional business brought in by the GP. But first Hellmund will have to reignite US interest in F1.

He believes people underestimate the support F1 has in the US. "We're working on a marketing plan which we hope to get out in the next 90 days. One of the things we'll do is have GP parties starting this year in parks, with big screens, music and a show car programme across the US."

"It would be really nice to have an American who is excelling at F1, but I think if Sergio Perez gets on well in the Sauber that will help us with Mexico." Off-track, US celebrities such as *Star Wars* creator George Lucas and film star Sylvester Stallone are huge F1 fans, and their endorsement could bring in valuable publicity. But some things will be harder to pull off. Hellmund believes broadcasters need to do more to educate viewers about the sport: "As a group we agree there should be a 15-minute educational piece prior to each GP."

But the biggest risk to success in the US is still F1 imploding – just as it did to its shame at Indy in 2005. "If they build a good circuit and there's no politics they'll win fans in a heartbeat," says former World Champion Nigel Mansell. "The racing fans of America embrace great racing." If Hellmund can achieve this, he'll win the grandest prize of all. **M**

Austin is used to giant crowds, as seen at its South by Southwest music and film festival



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the state's contribution. Then comes the circuit construction cost, which Hellmund says "is not much less than \$250m (£153m)". Accordingly, it's no surprise FOM wanted to see the colour of his money before giving the race the green light.

Hellmund's financiers include Prophet Capital Management, an Austin-based private investment company, as well as two Texans – former motorcycle World Champion Kevin Schwantz (whose backing no doubt helped the track land a 10-year deal to host MotoGP from 2013) and billionaire Red McCombs, who co-founded outdoor advertising company Clear Channel.

"Clear Channel will help with promotion,"