



TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTOR STAFF REPORT

AGENDA TITLE: Airshow 5 Year Check in Ad Hoc Committee Update and Consideration of Service Agreement for Airshow Services with the Experimental Aircraft Association (EAA) Chapter 1073, Kid Zone Children’s Museum, and the Truckee Optimists

MEETING DATE: April 19, 2017

PREPARED BY: Director O’Dette and Director Jones with staff support by General Manager Kevin Smith

RECOMMENDED ACTION: Hear an update from the Ad Hoc Committee on the progression and status of the Truckee Tahoe Airshow and Family Festival. The Ad Hoc Committee also recommends consideration and approval of the attached Airshow Services Agreement between the Truckee Tahoe Airport District and the EAA Chapter 1073, the Kid Zone Children’s Museum, and the Truckee Optimists. This agreement provides the District with services to include all design, planning, organization, and implementation of an annual Airshow and Family Festival event.

DISCUSSION: The Ad Hoc Committee and Staff had the opportunity to meet with the Airshow Committee various times over the past few months to conduct a Check-In and review on the event as well as to understand how the non-profits are doing in their ongoing effort to produce the 2017 Show as it is now in its 6th year.

The District has worked with the EAA Chapter 1073, the Kid Zone Children’s Museum, and the Truckee Optimist for the past 5 years to put on the Truckee Tahoe Airshow and Family Festival. These three groups make up the Airshow Committee. Airport Staff provides technical and facility support for the event. All planning, logistics, and the majority of the event implementation are provided by the Committee and their volunteers.

There was a high level of consensus among the group that the show is a big success. The Airshow Committee enjoys working on the event and very much would like to continue producing the Show. The group felt strongly that it has become a wonderful community gathering. The Ad Hoc Committee and staff agree and acknowledge that the success of the event is due primarily to the many hours, year after year, of work provided by the Airshow Committee, their volunteers, along with support from Airport Staff and the Board of Directors. The Airshow is the District's signature event where the public and the aviation community can come together and enjoy the Airport and Aviation.

The one issue identified by the Airshow Committee that is not working at the level necessary is fundraising for the Airshow. The arrangement the District has with the Airshow Committee is that the District funds the cost of the Airshow (\$160,000 annually) while the organizations that make up the Airshow Committee split all revenue derived from the Show as well as sponsorship revenue. The Airshow Committee is typically able to generate about \$30,000 to \$35,000 annually in cash to split 3 ways from the Show. Despite aggressive sponsorship marketing including using consulting and other resources to generate interest in sponsorships, the Airshow Committee has not been able to generate enough interest in sponsorship fundraising to meet their goals. Their original goal for the 2012 show was to generate \$25,000 per non-profit. As production of an airshow with 12,000 to 15,000 attendees is a major endeavor, \$25,000 in revenue for their organization for a full year's worth of volunteer work was seen as worthy of the effort. Unfortunately sponsorship revenues have been difficult to secure. The Air Show Committee with agreement from Staff, the Ad Hoc Committee attribute this to the following:

1. A significant amount of competition among local non-profits for sponsorship revenue. As we are all aware, our community is blessed with many non-profits all doing great work but competing for the same local dollars.
2. A strong desire to keep the Airshow free for our community and not charge for admission or parking. This reduces the potential revenue options for the Airshow Committee, however, the Airshow Committee agrees that the show should be free and is not advocating for paid admission or parking.
3. The District's past community sponsorship and partnerships successes have given the impression to many potential sponsors that the Airshow Committee really doesn't need the funding as the Airport has already provided them substantial financial support.
4. Recent Community Partnerships and large construction projects have given the impression to some in our community that the Airport District has ample funding and can support its own event. Although, the attempt was made to separate the Airport from the 3 non-profits producing the Air Show, that message is difficult to convey.
5. Norm Justesen of the Optimist Club who spearheads the Sponsorship effort indicates that much of their revenue comes from \$100, \$250, and \$500 donations. He believes that among small businesses they feel the Air Show, due to its size and attendance, do not really need their small donation.
6. There are relatively few large local business that can be major sponsors. Competition for their non-profit funding support is substantial.

7. Our event does not appeal to large out of area businesses nor is marketing the Show outside the District boundaries a District goal.

Due to these considerations, the non-profits which make up the airshow committee are seeking assistance from the District to reach their fundraising goals. A change in the fund raising methodology is necessary for them to continue to produce the Air Show. The Ad Hoc Committee along with Staff are in agreement that the lack of ability to reach their fundraising goals is not due to a deficiency of motivation or effort by the Airshow Committee. A robust effort using many ideas and concepts has been tried for the past 5 years with little net gain in overall fundraising. The Ad Hoc Committee, with staff support, recommend the following:

1. The District move away from our current informal agreement with the Airshow Committee to a formal Airshow Services Agreement with these 3 non-profits.
2. In the agreement (see attached) the Non-profits will provide Airshow services to include planning, production, organization, and implementation of the event in return for a fee of \$22,000 per year per organization or \$66,000 total annually.
3. The \$22,000 annual fee plus any additional sponsorships and revenue they generate on the day of the event will be used to fund local children and youth programs as outlined in the agreement and per the charters of their individual organizations.
4. An annual reporting requirement back to the District on how funds were used is included.
5. The District will continue to pay for logistical costs and fees for the Show which is currently \$160,000 per year.
6. Providing a fee for services allows the Airshow Committee to put their efforts in to providing a great Airshow and Family Festival instead of countless hours fundraising.

This Airshow funding methodology allows the Airshow Committee to reach its original fundraising goal of at least \$25,000 per organization per year. Moving to this type of an agreement will solidify and stabilize the District's ability to provide a quality airshow for our community while providing resources to local non-profits who provide resources to local youth and children's programs. The alternatives are to discontinue the Airshow and Family Festival or pay a private production company to produce the Show. In checking with a few production companies and Airshow industry experts, the District would pay between \$45,000 with substantial local volunteer support to over \$130,000 for full production company support to put on a similar airshow. This would be in addition to the \$160,000 currently budgeted.

WHAT'S NEXT: Review the attached Airshow Services Agreement. If approved by the Board, the District will enter into a 5 year agreement with the EAA Chapter 1073, The Kid Zone, and the Truckee Optimist. It is proposed that the Agreement begin this fiscal year.

FISCAL IMPACT: The Airshow is currently budgeted at \$160,000. If the Board approves the Airshow Services Agreement, the Fiscal impact for FY2017 will be an additional \$66,000 for a total Airshow expense of \$226,000. Staff is confident that District Operating Budget can accommodate

a \$66,000 Airshow expense overrun due to stronger than expected winter fuel sales and transient use fees.

PUBLIC COMMUNICATIONS: The involvement of these 3 non-profits in our annual Airshow is well documented in our community. The Airshow Services Agreement has been provided for public review and comment. It will also be on a regular 5 year review cycle and will be up for public discussion and consideration on a regular basis. The District will also ask each non-profit to provide an annual report of how they used the funding received by the District.

SAMPLE MOTION(S): I move to (approve, continue, deny) the Airshow Services Agreement between the Truckee Tahoe Airport District and the EAA Chapter 1073, The Kid Zone Museum, and the Truckee Optimists as attached (or amended).

ATTACHMENTS:

Airshow Services Agreement