



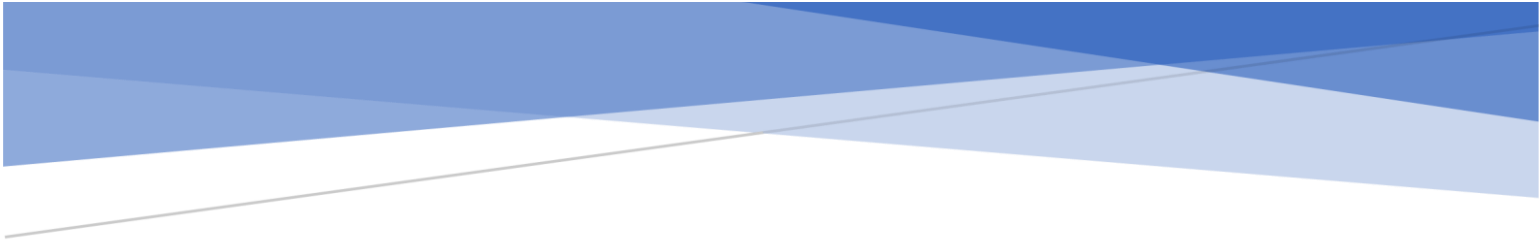
LONG-TERM SUSTAINABILITY STUDY

**KITSAP COUNTY FAIR &
STAMPEDE**

Final Report

January 11, 2019

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January 11, 2019

Kitsap County Board of Commissioners
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KCS Consulting Team is pleased to submit the attached Long-term Sustainability Study to the Kitsap County Commissioners.

This report should be taken in context with the limitations that exists within most County governments, including Kitsap County. Parks Department provides services to Kitsap County's 250,000+ residents. The limitations for the Parks Department include resources and staffing, competition for County resources, and priorities of services delivered.

The Parks Department understands there are diverse interests for their services and activities by individuals in the community. Although the Fair and Stampede is ranked lower by those individuals surveyed; it ranks extremely high with those who embrace the significance of the event on the community, volunteers, sponsors and stakeholders. The purpose of this study is to develop a self-funded sustainability plan that will not only secure the future of this annual event but help it grow and thrive. Understanding the efforts necessary to secure that future through community collaboration with the Kitsap County Board of Commissioners and the Parks Department must occur for such efforts to prove successful. The path to long-term sustainability will be paved by the efforts of many.

Keep in mind that this journey has been traveled before. In Washington State, the NW Washington Fair in Lynden and the Benton-Franklin Fair in Kennewick have traveled this non-profit path successfully. More recently the Oregon State Fair transitioned in to a public corporation in 2014 and has since obtained financial sustainability and grew attendance upwards of 60%. These are examples to embrace and use as models for success.

The recommendations in the Kitsap County Fair & Stampede Long-Term Sustainability Study are based on analysis of their specific financial, operational and market situation at the time of this study. The implementation of this plan may be impacted by events beyond the control of the study's authors.

Best Regards.

KCS Consulting Team

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EXECUTIVE SUMMARY

RECOMMENDATION FOR NEW BUSINESS MODEL

Of the five different business models considered, only two business models were determined to be worthy of recommendation for the Kitsap County Fair & Stampede. They include either a Non-Profit Organization or a Public Corporation, but in both cases, the new governance Board will replace the oversight and policy making authority of the Kitsap County Board of Commissioners and Parks Department.

It is the recommendation of the KCS Consulting Team that Kitsap County Fair & Stampede be transferred to a newly established Non-Profit Organization (501c3). This will allow the Fair & Stampede to enter this restructuring on even footing and build an organization that meets the requirements for the entity to be successful and secure its long-term sustainability. Although the new model will require start-up funds from the County, the non-profit should achieve financial sustainability without County funding.

Generally, it will take twelve to eighteen months to develop a non-profit organization designed for compatible purposes with a seated board, executive director/CEO and functioning business systems, i.e., accounting, contracting, legal, banking services, human resources, risk management, etc. However, to expedite the process, it is suggested the Commissioners, with the assistance of the Parks Department, appoint a Transition Team. While the Transition Team develops recommendations, the Commissioners solicit and appoint Fair & Stampede Board members. This can shorten the implementation time to less than twelve months. Details of the Transition Team's responsibilities and deadlines are outlined in Exhibits C-1 and C-2.

KEY FINDINGS AND OPERATING OBSERVATIONS

The key findings and operating observations were developed through review of reports and financial statements; on-site visits before and during the annual Fair; and interviews with Commissioners, Parks staff, Fair Manager, Board members, Fair & Stampede supporters, and other stakeholders. After such review and visits, the following analysis and observations were concluded.

- The Kitsap County Fair & Stampede has experienced annual attendance ranging between 70,000 – 74,000 visitors; with 50.9% of attendees receiving free admission tickets or tickets paid through a sponsorship. The Fair & Stampede needs to develop and implement a plan to increase attendance, increase repeat visits and/or increase per capita spending to increase annual participation by the general public. This should result in a greater market penetration.
- Strong sponsorship participation is reflective of the community support the Fair & Stampede receives. Changes should be made in the accounting of the sponsorship benefits (admission tickets, rodeo tickets, parking, booth space) to better represent the value of the sponsorship.
- Commitment and involvement by over 1,000 volunteers, twenty-four participating non-profits, and hundreds of exhibitors show a strong commitment by citizens and businesses in Kitsap County.

- In 2018, carnival ticket sales and food concession revenue increased by 45% and 15.5%, respectively, which indicates a significant increase in sales. By providing value added offerings, the Fair & Stampede could increase spending per person. Examples of value-added offerings would include sales of unique and quality food, flash sale of carnival ride tickets and gate admission, additional alcohol events, etc.
- Continue to improve communications through the monthly Board meeting and weekly meeting with the Fair Manager. Work on providing continuous updated expense and revenue information in a concise format that provides the Parks staff and Fair Manager with up-to-date information. This will allow them to make planning, operational and marketing decisions based on results-based data. Keep Board members informed of proposed changes and gain their input.

RECOMMENDATIONS FOR FUTURE YEARS

Over the past few years, the Fair & Stampede has averaged 70,000+ in annual attendance, with little change from year to year. Whether the Fair & Stampede moves to a non-profit business model or continues with the current business model, the following recommendations are provided to increase attendance; improve profitability; improve communication and streamline the operation.

It is recommended that the Fair & Stampede:

- Shorten the length of the event
- Change the dates of the Fair & Stampede to assist the Stampede in gaining more participants.
- Relocate key profit centers, i.e. carnival and food to prominent locations to encourage per capita spending.
- Increase the beer garden footprint to include the rodeo arena.
- Reduce and/or restructure gate admission prices to increase attendance.
- Improve programming to attract younger demographics while enhancing entertainment value for baby boomers.
- Continue to attract high quality sponsors but adopt industry-based standards to account for sponsor benefits to better quantify sponsorship contributions.
- Create a media campaign around carnival safety to counter the 2018 carnival accident.
- Promote the Fair & Stampede by developing and implementing a marketing and communication plan that includes a stand-alone Fair & Stampede website, social media, traditional digital media, e-blasts, and selective print media. The digital and social media should be the cornerstone of the marketing plan.
- Reconstruct annual training for support staff and Fair department supervisors and key volunteers.
- Require each staff and supervisor to develop a department and/or process manual that reflects the processes, procedures, contacts, spending, etc.
- Annually clarify the roles and responsibilities of the Fair Manager, Board Members and department supervisors. Reaffirm to whom they report and to whom they should bring requests and issues.
- Continue to build an enhanced relationship between the Fair & Stampede so they have a clear understanding and appreciation that the relationship is mutually beneficial. The result of this synergetic relationship makes the whole greater than the parts.

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STUDY BACKGROUND

On September 6, 2018, Kitsap County entered into a contract with KCS Consulting, LLC (KCS) to determine the path to long –term sustainability of the Kitsap County Fair & Stampede. Joining KCS in this effort is Don Hillman (Hillman Consulting, Inc) and Rod Markin (Markin Consulting LLC), two highly respected experts in the field. Through the financial analysis and review of the Kitsap County Fair & Stampede activities, the KCS Consulting Team herein provides a review of the current operations, recommendations for future improvements, and a detailed path to self-sustaining independence.

The study does not include a review of other activities hosted on the property.

The methods used to collect, organize, review, and analyze the information and data consisted of the following scope of work:

- Interview Stakeholders
- Evaluate the Current Business Operations
- Financial Analysis of the Current Business Model
- Analysis of Different Operating Models
- Research, Analyze and Assess Market Factors, Financial Trends; and Comparable Fairs,
- Analysis of Current Fair Layout, Activities, and Features
- Recommend Future Business Operations
- Research and Present the Best Suggested Course of Action for Continued Fair and Management

The report summarizes its scope of work in two major recommendations which includes the transition in to a new business model and adoption of various changes to its current operating models. The recommendations are supported by a discussion of key findings and observations.

The report is to be presented to the Kitsap County Board of Commissioners.

FAIR & STAMPEDE BACKGROUND

The first recorded Kitsap County Fair was held in 1923 in Port Orchard, some 15 miles from its present location. It moved to its present location in Central Kitsap in 1958. Forty acres each was transferred by the Kitsap Fair Association and Chief Kitsap Stampede to Kitsap County in 1960 and 1965, respectively. Kitsap County is required to “forever utilize such property for public, outdoor recreation purpose.” In addition, the statutory warranty deed indicated that the “Kitsap County Fair Association, Inc. are hereby designated to operate the Kitsap County Fair for so long as said corporation is ready, willing and able to so operate said fair.” It appears that the Association ceased to exist sometime in the 1970s.

The Kitsap County Fair & Stampede is held annually for the purpose of educating, entertaining, and creating a better quality of life for the residents of Kitsap County and surrounding counties.

The current-day Kitsap County Fair & Stampede occurs in mid-August; and occupies multiple buildings, barns, covered areas and groomed grounds. It hosts upwards of 74,000 visitors at this annual five-day celebration. There is an abundance of competitive exhibits, consumer information, 4H and FFA exhibits, and open class livestock competitions. Traditional fair offerings include commercial exhibits, specialty food and beverages, family style stage and grounds entertainment, and a carnival including kiddie rides. The Thunder Bird Arena plays host to a PRCA Rodeo, Xtreme Bulls, and Destruction Derby.

The event is supported by a variety of businesses providing significant financial support for its operation and mission.

Supporting this unique agriculturally-based community event is an army of over 1,000 volunteers representing a cross section of businesses, military, and non-profit organizations throughout the County.

The Kitsap County Fair & Stampede is currently offered through the County Parks Department; a department within Kitsap County government. A nine-member advisory board, appointed by the County Commissioners, works with the Park Department management. Volunteer board members are assigned to oversee the rodeo, commercial exhibits, still life exhibits, rodeo, livestock, admissions, parking, entertainment, concessions, and security activities. The volunteer board works with a fair manager contracted by the Parks Department.

The Kitsap County Fair & Stampede is just one of many events held at the Fair & Event Center; which is owned by the Kitsap County and managed by the Parks Department.

BUSINESS MODEL EVALUATION & RECOMMENDATION

CURRENT BUSINESS MODEL

The management of the Kitsap County Fair & Stampede is by the Kitsap Parks Department; which is a department within Kitsap County government. The oversight of the annual Fair & Stampede is managed by a contracted position that plans and manages the annual county Fair & Stampede. In addition, the County Commission appoints the Fair Board; which provides advice to the Commissioners; and advise, guide and assist the Fair Manager and Parks Department. One person on the Board serves as a liaison for the Stampede.

At the time of this report, the Kitsap Fair Board consists of six members. Chapter 1.16 of the Kitsap County ordinances designates there are to be nine members of the Board. Due to the resignation of Board members, the Board is temporarily reduced to six members. The purposes of the Board of Directors are to advise, guide and assist the Parks Director or designee in the development and operation of the Annual Kitsap County Fair & Stampede. Their duties, as defined in their by-laws, is to advise in the areas of rate and fee schedules; policy and regulations; and master plans for the fairgrounds set-up; and other matters as requested. Each Board member has a specific area of responsibility: admissions, commercial exhibits, concessions, entertainment, open class livestock, open class exhibits, parking and traffic, rodeo, and security. The Board is a volunteer board.

In addition, most of the Fair departments are either staffed by volunteers or volunteers contracted through a non-profit. A majority of paid staff are County employees who are compensated for working during the Fair.

All business operations conducted by the Kitsap County Fair & Stampede must adhere to the state laws and Kitsap County rules, regulations and policies for accounting, purchasing, personnel, contracting, legal, risk management, public records, maintenance and capital construction.

ALTERNATIVE MODELS

There are five business models, including the current model, that were considered for the Kitsap County Fair & Stampede. They include:

Current Business Model	Oversite by county, budget based, must comply with state and county rules and policies, strong community influence
Private Non-profit:	Oversite by board, fair managed by CEO, policies set by board, procedures set by CEO, balances profit and community-based results
Public Corporation	Oversite by board, fair managed by CEO, reports to County, board sets policy and budget, CEO sets procedures, balances profit and community-based results
Public For-profit Corporation	Oversite by board, managed by CEO, profit based, board sets policy, CEO sets procedures and manages the fair, market driven, less emphasis on community desires.

Leased Fair Operation	Oversite and management by lessee, operational policy and procedures set by lessee, profit based, market driven, less emphasis on community desires.
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Further information is provided on the elements of each model; please refer to Exhibit A in the Appendix.

To understand which recommended business model is best for the Fair & Stampede; one needs to understand that a Fair is a market driven business with strong community involvement. Following is an explanation of key elements of the new model which will best fit the needs of the Kitsap County Fair & Stampede for long-term sustainability.

The proposed Fair Board will set policy; and needs to be focused on the well-being of the Fair without the distractions of conflicting responsibilities within the Fair. The Board must ensure the entity is streamlined; solicits a level of community commitment; and provides business flexibility with ethical and sound business practices that are more typical to the private, non-profit sector. An entrepreneurial event, such as the Fair & Stampede, must be able to take advantage of business opportunities with efficient processes set by the board and CEO. In addition, a private non-profit will structure their staff, so they are working only when necessary to put on the Fair and Stampede. Those personnel policies need to be set by the policy board and work schedules set by the CEO. This will result in retaining good staff while minimizing the overall staffing requirements.

Exhibit A in the Appendix, lists the types of business models, including the current structure, which are possible options. If the new model must be financially self-sufficient and allow for community input and participation. The public corporation and leased models focus on the profitability but give less consideration to community involvement and input. The two options which have proven successful at other fairs are the non-profit and the public corporation models.

- Non-Profit Corporation.** A nonprofit corporation is any legal entity which has been incorporated under the law of its jurisdiction for purposes other than making profits for its owners or shareholders (RCW 24.3). Nonprofit corporations are exempt from the income taxes that affect other corporations but only if they conduct business exclusively for the benefit of the general public. They must file a statement of corporate purpose with the Secretary of State. They pay a fee, create articles of incorporation, conduct regular meetings, and fulfill other obligations to achieve and maintain corporate status. After the initial board appointments, the Kitsap County Commissioners will pass all responsibilities and liabilities over to the new governing board. Examples of this type of organization are the Benton County Fair and the NW Washington Fair & Event Center in Washington State.
- Public Corporations.** A public corporation is an entity that is created by the state to carry out public mission and services (RCW 35.21.730). To carry out their public mission and services, a public corporation participates in activities or provides services that are also provided by private enterprise. A public corporation is granted increased operating flexibility in order to best ensure its success, while retaining principles of public accountability and fundamental public policy. The board of directors of the public corporation is delegated the authority to set policy and direction of the public corporation. The Kitsap County Board of Commissioners would appoint governing board

members; and the Fair & Stampede would report their progress annually to the Commissioners. An example of this type of model is the Oregon State Fair.

RECOMMENDED MODEL

The essence of a new model is to provide the latitude necessary to conduct business in a manner that facilitates the success of the corporation in a market in which it must compete. The government environment can, at times, be counterintuitive to the entrepreneurial environment necessary for the Fair to pursue growth.

Of the five models displayed in Exhibit A, only two provide the opportunity for the Kitsap County Fair & Stampede to fully develop into an entrepreneurial entity while keeping true its public purpose. Either model can work. The deciding factor of which one to choose is how much control and guidance does the Board of Commissioners wish to retain.

No matter which business model is found most acceptable, the new governing Board will take the place of the current Kitsap County Board of Commissioners and Parks Department in providing oversight and establishing policy for the event.

Model Recommendation. Although both business models can function admirably; it is the recommendation of the KCS Consulting Team that the Kitsap County Fair & Stampede be reorganized as a non-profit corporation. The non-profit model can be the most efficient transition of the two models. This model allows the Fair & Stampede the latitude to streamline its business operation and perform as a responsive and entrepreneurial organization while keeping to professional business standards. It is also recommended that the Commissioners be instrumental in making this transition. Initial funds from the County is required to provide the new non-profit a platform to move to self-sufficiency. It further demonstrates to the citizens of Kitsap County the Commissioner's commitment to the organization.

There have been some cases where these new business models did not meet the expectations for longevity. Generally, this occurs when the model change is not well thought out; not funded adequately during the first few years of operation; and viewed as a profit center for the County; then the new entity has floundered or failed. The success of the transition of the Fair to a new business model is a reflection of the County and Commissioner's ability to plan and transition the organization with forethought and commitment to its long-term success.

The Commissioners should appoint a Transition Team to develop proposed business elements. This leaves the Commissioners the time to select the Board of Directors. The Transition Team will prepare the articles of incorporation, by-laws and other business elements for review and approval by the incoming Board of Directors.

The Commissioners should first consider who they place on the new policy board. Appointees should be committed to the Fair & Stampede but also have a strong business sense in order to fully understand their responsibilities and what it will take for long-term success. The board also must be aware of their community's needs and provide those ideas and concerns to the CEO. The Board is a policy Board and must leave the actual management to the CEO. It is advisable for the board to represent the Stampede

and Fair operational interests in addition to having a strong business element to help guide the organization towards long-term financial stability. To strengthen the new Board's oversight and policy making roles, the Board would be well served by the addition of ex officio board members that serve the interest of 4H & FFA. In addition, it is recommended that a non-voting youth representative be appointed to provide a millennial perspective.

A strong full-time CEO must be hired who can understand the market and political dynamics while creating an environment that will encourage participation and innovativeness to ensure the event progresses. This individual must be able to listen and work with staff while guiding the Fair in a successful direction. The CEO should always have their fingers on the budget. The manager needs to develop a business and operational plan, which is approved and supported by the board; that provides a path to self-sufficiency and success.

In transitioning to the new model, the current Advisory Board members, which head various fair-time departments, would continue to serve the Fair & Stampede in those capacities as Superintendents. They should be included in the budget development and kept aware where their department is on revenue and expenses. Any new expenditure request must meet criteria set up by the CEO. The Board and CEO need to continually encourage and acknowledge the contributions of these key volunteers in order to attract and retain individuals for these positions.

TRANSITION TEAM

The Transitions Team should be made up of individuals, both on and off the Fair & Stampede Board, with specific expertise in the professional areas listed below. When possible, request that the professionals join the Transition Team on a pro bono basis. Specific positions on the current board should be assigned to assist the individual Transition Team groups. Also, the Commissioners should contract with a project manager to coordinate the Transition Team and provide clerical support for their projects. A sample schedule for each Team member's responsibility is outlined in Exhibit C-2. In addition, Exhibit C-1 provides a schedule for key deadlines for forming and preparing the non-profit to operate.

- **Legal.** Recruit an attorney with expertise in setting up small non-profit corporations. This Team member should be the first appointee since many of the legal responsibilities must be completed before other tasks can be accomplished. They will also assist the Manager in developing general rules and policies for the non-profit at a later date.
- **Accounting and Financial.** Enlist an accountant with expertise in providing services to small non-profit corporations. This should be the second appointee since structuring the financial and accounting requirements must be completed when the non-profit starts business.
- **Banking and Credit Card.** Recruit a banker with expertise in working with non-profits or small businesses. Setting up the bank account, credit card and credit card processing are important responsibilities that need to be initiated early in the process.
- **Risk Management and a Commercial Insurance Agent.** These members will work on recommending insurance requirements, policies and required insurance language for contracts.

- **Human Resource Specialist.** This member will work on the personnel manual, employee packets, and position descriptions.
- **Safety Specialist and Risk Management.** These members will work on safety rules, accident investigation requirements, safety meeting requirements, etc.
- **Web Designer or Advertising Agency.** These members will provide recommendations for web designers and social media campaigns.

If requested, the KCS Team can provide samples of various documents required to set-up the non-profit and the operational requirements for a functioning non-profit. In addition, KCS can offer recommendations for industry experts to participate in the Transition Teams. These individuals may or may not require a fee to participate.

ANALYSIS OF CURRENT OPERATIONS

FAIR & STAMPEDE OBSERVATIONS

The Kitsap County Fair & Stampede operates over a five-day period in August of each year, pairing traditional fair programming with exciting arena events. Traditional fair programming includes 4H, FFA and open class livestock competitions, still exhibits, free stage entertainment, food and beverage concessions, commercial exhibits and a carnival. This portion of the programming is physically separated from the arena events by Fairgrounds Road. The Kitsap County Fair & Stampede operates with a modest budget for both traditional fair programming and arena events.

COMMUNITY COMMITMENT TO THE FAIR AND STAMPEDE

There is a high level of devotion and passion for the Fair & Stampede by most interviewees and stakeholders. There is also a strong sense of community as demonstrated by the number of volunteers, sponsorship support, non-profit involvement, 4H, FFA and open class exhibitors. Many county fairs do not enjoy this level of support.

- Volunteers. There are over 1,100 volunteers who volunteer directly for the Kitsap County Fair & Stampede
- Non-profit Volunteers. Over twenty-five different non-profits participate at some level at the Kitsap Fair. Many of which use their volunteer services to solicit funds to benefit their non-profit mission
- Sponsors. Local companies contribute over \$200,000 in sponsorship dollars to mutually benefit their organization and the Fair & Stampede.
- 4H & FFA. There are over forty-five 4H clubs with 500+ exhibitors participating in the Kitsap County Fair & Stampede. The county Fair exhibits are culmination of a full year's efforts on the part of 4H participants. 4H and FFA are leadership programs that keep kids involved in positive youth development activities. The county fair is the only path 4H kids can qualify for state competitions.
- WCFA. The Washington County Fairs Association selected the Kitsap County Fair as one of the five best county fairs in Washington.
- Parks Staff. Even when it puts a higher demand on their workload, most Parks staff still are happy to be involved in the annual event.

ADMISSIONS AND ATTENDANCE

Gate Admissions. A separate admission is charged for the traditional fair. Fair-only Adult admission is \$10. Seniors and Youth are \$7 and \$2 on opening day. Children five years old or under are free. A \$5 Fair & Stampede general admission fee is offered to Military personnel admissions for the opening performance of the PRCA Rodeo.

Combo Tickets. Fair Admission must be purchased in combination with the tickets for entrance into arena events. The combined Fair & Stampede admission ranges from \$11 for general rodeo seating up to \$36 for Xtreme Bulls Premium Box Seats.

Attendance. According to Etix reports for the 2015 to 2018 Kitsap County Fair & Stampede, total attendance has averaged about 72,000 per year – ranging between 70,000 and 74,000 attendees over that period. Of the 72,000 average Fair attendees, 38.7% bought admission tickets to the Fair, 10.3% were vendors/exhibitors, and 50.9% were complimentary/free admissions. Etix reports indicated that attendance at all arena events (Rodeo, Extreme Bulls and Derby) ranged from 21,608 in 2015 to 23,957 in 2018. More than 50 percent of attendance at these events result from complimentary tickets issued by the Fair or in sponsorships.

Per Capita Ticket Sales. Between 2015 and 2018, per capita ticket sales (gate and arena events) ranged from \$6.98 to \$7.86 – reflecting discounts for Family Day, Military/First Responders Day, \$1 'til 1pm promotion, and senior and kid day promotions. Generally, standard ticket prices are the same on all days of the Fair.

MARKET PENETRATION

Based on age categories for persons age 5 and older, ticket sales have averaged about an 11% market penetration (total patron ticket sales divided by Kitsap County population age 5 and older). Overall total attendance market penetration for the Kitsap County Fair & Stampede has been about 28% - compared with market penetrations ranging from 41% to 127% for comparable fairs (see Exhibit B).

FOOD & ALCOHOL

Food Concessions. Gross per paid attendee concession sales increased from \$12.23 in 2017 to \$14.12 in 2018 – a 15.5% increase.

Arena Beer Garden. Alcohol beverages are limited only to a venue adjacent to the arena events. Alcohol service is provided by a non-profit through an annual sponsorship of \$15,000 which is paid to the Fair & Stampede. The Arena Beer Garden only provides alcohol during and after the arena events.

CARNIVAL

Carnival Unlimited Ride Wristbands are \$26 in advance or \$35 once the Fair & Stampede opens. In 2018, gross carnival ticket sales jumped by 45% over 2017 sales – from \$211,428 to \$306,461. Similarly, per capita carnival ticket sales increased from \$7.37 in 2017 to \$11.15 in 2018. The significant increase in total carnival ticket sales in 2018 can be attributed to several factors, including (1) overall improved economic conditions, (2) increase in carnival advance and on-site prices, and (3) change in the mix of pre-sale versus on-site ticket sales.

PARKING REVENUES

General Parking is \$6 per vehicle. Parking revenue increased slightly in 2018 over 2017; despite a decline in paid and overall attendance over 2017. Parking is contracted out to a non-profit to perform the parking of vehicles. They are paid on a per ticket basis.

SPONSORSHIPS

The Fair & Stampede does an excellent job securing sponsorships. Sponsor support has increased over a four-year period, from \$178,000 to \$217,00. There appears to be a floating benefit structure on sponsorships and some sponsor's benefits exceed the sponsor's dollar contributions. All sponsorship

revenue is accounted for in a single revenue account rather than crediting the various benefits to appropriate accounting codes.

STAMPEDE & ARENA EVENTS

Arena Events. Arena events include Xtreme Bulls, PRCA Rodeo and Destruction Derby. A separate entertainment venue is associated with nightly entertainment following arena events. Alcoholic beverages are served only during and after arena events. The arena events provide exceptional value to the overall programming offered by the Fair & Stampede. Given the County's demographics, both the rodeo events and destruction derby events provide affordable entertainment not provided elsewhere. It supports the larger portion of sponsorship associated with the Fair & Stampede while providing sponsors a unique connection with its patrons.

Rodeo Partnerships. Top Hands, a non-profit organization, contributes significant sponsorship funds to the Extreme Bulls and PRCA Rodeo programs to provide enhanced purses and support many critical costs such as bull fighters, announcer, judges, timers, etc. Generally, these sponsorship revenues and expenses are accounted for under the overall sponsorship accounting code; which is separate from the Fair cost center.

Wranglers are a key part in the success of the Stampede. They provide significant efforts to ready the area for rodeo events and then transform the footing for a destruction derby. The commitment of this group to the event is commendable; and the event could not function without them.

FAIR PROGRAMING

Traditional Fair Programming. The current fair programming elements are consistent with other agricultural events; and enhances the event's value to their community. It's the agricultural programming that separates the Fair & Stampede from other community festival-style events. Such programming focuses on youth involvement and competition which provides an important connection with the community and their agricultural roots. Although few Kitsap County residents live on working farms, continuous interaction with its agrarian community allows for an important connection to our past and future. Capitalizing on youth elements enhances its longevity.

4H & FFA. These programs are integral to the value of the Fair to the community. Their programs provide leadership training, responsibility and overall youth development. The event is important for the members of both groups to demonstrate their abilities and interests. For 4H, the Kitsap County Fair and Stampede is the key avenue for Kitsap County members to progress to the state contests.

OVERALL LAYOUT

In viewing the layout of any fair, one must approach it from a retailing standpoint. Put the high value and more profitable activities where the customer must go through to get to certain attractions. A retail example would be to put the milk in the back of the store and the candy at the cash register. The carnival is currently located in a corner of the fairgrounds where people need to purposefully go to the area to participate. Some of the entertainment (Lumberjack Show) is located past the carnival in the back section of the fairgrounds. Food concessions are distributed throughout the fairgrounds. Re-

arranging the food around key entertainment venues would help increase the per capita spending for food.

FAIR & STAMPEDE RECOMMENDATIONS

CURRENT OPERATIONS

The Fair & Stampede offers unique entertainment and educational programming but must continually change to remain relevant and grow its audience. This can be accomplished by adjusting the number of event days; rotating internal venue locations where practical; restructuring admission fees; and changing its marketing approach.

Some of the recommendation can be implemented in 2019; others will need to be implanted after the non-profit is formed. Specific recommendations are enclosed in a border at the end of the description that will provide guidance as to when those recommendation can be implemented.

THE 2019 FAIR & STAMPEDE

It is unlikely that a new operating model will be in place prior to the end of 2019. Therefore, it will be necessary to produce the 2019 Kitsap County Fair & Stampede under the Kitsap County operating model. Several recommendations are offered so that the 2019 Kitsap County Fair & Stampede remains relevant, competitive, and positioned for success under its new operating model beginning in 2020. These recommendations will also be relevant if the Commissioners choose to remain with the current business model into the future.

ATTRACTING MORE PAID ATTENDEES

To attract more people to future Fairs, changes are needed to market the event (e.g., add social media, separate website from Parks & Recreation); varied programming to appeal to an aging population and families with children under eighteen; and revised layout of the Fair to bring carnival and entertainment offerings more to the front/center of the grounds.

PROGRAMMING

The Kitsap County Fair & Stampede exists in a very competitive environment, both from other area events as well as from ever-changing demographics. To stay relevant and grow attendance, there must be an internal drive by management to continually change and update programming and events whenever possible. Increasing participation from the region is essential, both from its youth (4H/FFA) and still exhibitors. Consider including STEM or STREAM (Science, Technology, Reading, Engineering, Arts, and Math) programming to capture more suburban youth participation. Collaborating with 4H, local schools and colleges for those programs would be advisable. Activities and events such as wine tasting, professional culinary contests and demonstrations, displays with information supporting green energy and conservation, are some examples of fair time activities that have brought in new participants and fair guests. The Fair Manager should visit with other fairs to find out what new ideas are working at those fairs.

Some of these ideas can be implemented in 2019 but others, like the STEM program, will need to be developed over the next few years.

LAYOUT CONSIDERATIONS

Given the financial importance of the carnival, consideration should be given to relocate the carnival to a more prominent location such as the parking lots surrounding the Kitsap Sun Pavilion. This location would enjoy better foot traffic from the major parking lots. Vendors in the Kitsap Sun Pavilion may also benefit from the location of the carnival to this proximity.

Parking displaced by the carnival around the Kitsap Sun Pavilion could be relocated to the previous carnival location. With the relocation of the Kiddie Carnival, consideration should be given to moving the Center Stage and creating a food court on three sides.

There should be a discussion immediately between the Fair Manager and the carnival to determine if moving them to the Pavilion is possible this year. Conversations with the Parking Supervisor will also need to occur. The Fair Manager needs to determine if arranging the food concessionaires around the Center Stage is achievable this year. If these cannot be accomplished in 2019, further discussion should occur soon after the Fair to determine how to achieve the new layout.

MARKETING & ADVERTISING

From a marketing and advertising perspective, developing a robust public communication plan that embraces a strong stand-alone website, social media, traditional digital media (TV and Radio), e-blasts, and selective print media is recommended. When funds are tight, concentrate on digital and social media platforms. Leveraging sponsorship dollars whenever possible. This is especially true for the younger generation; their means of communications is electronic through cell phones and internet; not the local newspaper and radio. As additional funds become available, investing in more marketing and advertising would be advisable.

For 2019, the Fair Manager can put more emphasis on selling tickets through the existing website and social media. Development of a new website should wait until the new non-profit organization is formed.

LENGTH OF THE FAIR & STAMPEDE

The event may benefit from adopting a four-day operating schedule, i.e., Thursday – Sunday. Generally, overall attendance, carnival, parking and percentage rents are not affected by shorting the number of event days. Those regular attendees, whether they attend only once or multiple times each year, continue to attend on that basis. There may be some expenditure savings as well. These savings usually come from the cost of entertainment and support services for operating one day less.

From the perspective of arena events, an analysis should be performed to see what arena events and performances provide the largest attendance and have the greatest return-on-investment associated with those events and performances. Based on a four-day operating model, the rodeo could schedule

it's Saturday evening performance as a matinee; the rodeo could be reduced to two performances; and the Xtreme Bulls could be rescheduled to Saturday.

Reorganizing the events in the arena can be achieved in 2019. The other adjusting the Fair to a four-day event should be researched and decided at least two years prior to implementation.

FAIR DATES

An analysis should be performed to determine whether shifting fair dates back a week or more would help the rodeo with regards to participants and rodeo stock. A parallel analysis should be performed to determine if moving dates would have a material effect on fair-related programming and availability of contractors and vendors. Reviewing competing events in the surrounding area would also be advisable.

This analysis can be initiated when the non-profit forms and hires a professional CEO. The CEO should provide at least eighteen months' notice to participants, contractors and superintendents, if the fair dates are changed.

FAIR ADMISSION & FEE STRUCTURE

The Fair & Stampede provides excellent entertainment value; however, total attendance for the last four years has not grown significantly. Given the area demographics and the lack of other competitive events during the same period of the summer, there should be a focus on increasing overall attendance. Attendance drives all revenue levels, especially sponsorship and percentage partners such as food vendors and carnival.

There are various ways to increase fair attendance without costly program enhancements. One is by revising the overall admission fee structure. The second is to reduce admission fees on week-days only (Wednesday-Friday). The third is to significantly reduce admission fees through an advance, time-limited promotion, i.e., 12-hour flash sale. A daily analysis is required to see which method may generate the best benefit to the Fair & Stampede and its stakeholders. Each of these approaches need to be supported by significant media efforts, otherwise their success may be limited.

Keep in mind that the Fair & Stampede must continually strive to introduce its programming to younger demographics. Families are some of the hardest hit when prices get to high. To miss a generation of Fair & Stampede attendees can affect the event long-term. Any reduction in admission revenue is replaced by increases in attendance, parking revenue, and percentage payments by concessionaires and carnival.

The current Fair Manager can analyze the current financial data and determine the cost benefit of reducing the gate price for the all days or only weekdays. This decision needs to be completed prior to any agreements with sponsors or development of promotional materials.

COMMUNICATION & TRAINING

Communications. This cohesive effort needs to include a formal communication plan that provides timely information to major stakeholders, i.e., Advisory Board, Fair Manager, Top Hands, sponsors, 4H, FFA, exhibitors, carnival, volunteer coordinators, etc. This might require hiring an additional staff person to gather, coordinate and disseminate the information. The communication plan should include meeting calendars, budget expectations, production timelines, 2019 program and layout changes. This individual could also serve as the Transition Team coordinator when the Fair & Stampede moves to a new business model.

This recommendation can be developed and should be initiated in 2019 since the individual can work on the communication plan and coordination of the Transition Team at the same time.

Training. Training each year is essential even if there is a high percentage of returning volunteers and staff. This allows for improved efficiency resulting from full knowledge of current and modified processes and procedures. It is highly recommended that each department and permanent staff member develop an operations manual that defines processes, procedures, changes in the operations, listing of volunteers with phone numbers, an organizational chart, and other information that is pertinent to that department or responsibility. The manual will provide consistency from year to year; and provide guidance for new supervisors coming into the department.

Training of current staff and volunteers should be started in 2019. The manual development should occur during the 2019 Fair & Stampede, then finished after the event.

FINANCIAL INFORMATION & ACCOUNTING

The County accounting system obviously accounts for all the Fair & Stampede revenue and expenses, but they may be listed under different accounting codes. For example, sponsorship revenue and expenses are stated in accounting code 1331, while general operations are under 9502, making it difficult for the Parks Department and Fair Manager to get a full profit and loss view of the Fair's activities.

In addition to combining the two cost centers together, there needs to be a better accounting of the sponsorship expenses. Sponsorship revenues and some expenditures are lumped together solely under the 1331 cost code but their needs to be a further breakout of the expenditures. For example, if a sponsor receives 500 general admission tickets, 100 parking passes and booth space as defined in the sponsorship package, the value of those benefits should be accounted for as sponsorship expenses (i.e. gate admission, parking, booth space) leaving the remainder of the sponsorship monies as net revenue. After the expenses are broken out, they need to be accounted for in 9502 in order to gain a full picture of the sponsorship expenses.

Some cost codes, such as professional services, need to be broken down further. This category includes entertainers, rodeo professionals, Fair Manager, competitive judges, janitorial services, providers of services and supplies, advertising services, etc. These should be further broken down into categories

that present a full picture. For example, competitive judges should be accounted for under competitive or still competitions; rodeo professionals under the Stampede section. While it may require manual transfers within the County system, it will be much easier once the event moves to a non-profit model.

It is important to view and analyze this financial information in one organized and concise document that includes all the Fair & Stampede revenues and expenses. It will require combining the 1331 account information with the 9502 revenues and expenses; and breaking down and grouping into like categories and/or departments. It is difficult to get a full profit and loss picture when the financial information is provided in bits and pieces; in different accounting codes or lumped into general categories. This is essential for the Fair Manager and Parks Department to evaluate the success and profitability. The profit and loss statements can be developed by the Parks Department's accounting staff.

Manual manipulation of the Fair & Stampede data can occur for the 2019 event. Once the organization has transitioned to a non-profit and a new accounting system, the breakout and combination of the information can easily be event. If it cannot be accomplished through the County's accounting process, then an informal profit carried out.

SPONSORSHIP

Although the Fair and Stampede attract considerable sponsorship revenue, two issues need to be addressed. First, each specific dollar level of sponsorship (i.e. \$2,500, \$10,000, \$25,000) needs to have a consistent and reasonable benefit package associated with that level. For example, every \$2,500 sponsor should be offered the same number of tickets, parking passes, booth space, etc., if all those benefits are appropriate for that sponsorship level. The benefits provided to the sponsor should not exceed a determined value and should not result in a negative net profit from the sponsorship. This entire sponsorship program should be developed, defined and approved prior to presenting the package to any sponsor. Secondly, the benefits provided to a sponsor need to be accounted for in the appropriate cost codes. If a sponsor signs a \$2,500 contract and is provided 25 tickets valued at \$10 each, the \$250 should be accounted for as an expense in the admissions cost code rather than sponsorship. This is customary under industry standards for sponsorship accounting.

This can be accomplished manually in 2019 but will be achieved easily in the new non-profit accounting system.

CONTRACTING & PURCHASING

Generally, government accounting requires more levels of approval than seen in private industry. Although little can be streamlined in the Kitsap County contracting process, moving to a non-profit entity will allow the Fair and Stampede to be nimble while still complying to proper accounting standards.

The current contracting and purchasing processes must stand until the new non-profit organization is formed and operational.

STAMPEDE

Given the importance of the rodeo events, the Fair Manager and Stampede principals should continue to meet regularly since some of the **RECOMMENDATIONS FOR CURRENT OPERATIONS** may affect the rodeo production, event scheduling, costs, and ticket pricing. An increased effort by the Fair manager and Stampede organizers needs to occur to better understand each organization's budget, obligations and operations. This would help solidify the understanding that the joint effort of each organization is greater than if each entity stood on its own.

There are more than a dozen PRCA rodeos in Washington State with several of them having a two-day performance model. Reducing the rodeo to two performances may generate more rodeo cowboy participation depending on the dates chosen. If prize money stays the same as a three-performance rodeo, this could also aid in recruiting rodeo participants. From a fan perspective, the rodeo cowboys and stock are the stars. Having enough rodeo participants for each event and less turnouts is critical.

Improved communication and sharing of information between the Stampede and Fair should be accomplished during the 2019 Fair & Stampede. Reducing the Stampede to a two-day event along with a day each for Bull Riding and Destruction Derby, needs to be implemented at least before sponsorships are negotiated and promotional materials are developed for the Fair & Stampede.

FAIR AND STAMPEDE ADVISORY BOARD

UNFILLED ADVISORY BOARD POSITIONS

Commissioners should appoint the unfilled Advisory Board positions with an eye towards skills needed for Board positions under the new operating model. With a full complement of the Board, they should be divided into two groups. The first group would organize and perform operational functions for the Fair and Stampede. They would manage the competitions, security, parking, food concessions, etc. The second group would concentrate on transitioning the Fair and Stampede to a non-profit organization. They would work closely with the other Transition Team members who are appointed by the County Commissioners. This move will help demonstrate the commitment by the Board of County Commissioners for the Fair & Stampede. It should be noted that members of the Advisory Board may not be automatically placed to the new Non-Profit Board since skills, experience, community involvement and time commitment differ significantly.

Filling the current Board positions should be completed as soon as qualified candidates can be found. Assigning responsibilities to each Board member should be based on their qualifications and experience.

KITSAP COUNTY FAIR & STAMPEDE ADVISORY BOARD

The Advisory Board needs to work closely with the Parks Department and Fair Manager focusing on the **RECOMMENDATIONS FOR CURRENT OPERATIONS**. Not all the recommendations need to be implemented in 2019, but they need to be thoroughly discussed with consensus on which of the recommendations can be considered the most relevant and add value to the 2019 event. It is advisable

for the Parks Department and Fair Manager work cooperatively to develop a short-term strategic plan to implement the most achievable recommendation. The Advisory Board is a working board, with each member having a specific responsibility. Communications between the parties concerning the plan is paramount; especially during 2019, which is a critical transition year for everyone.

FINAL THOUGHTS

The Kitsap County Fair & Stampede exists in a very unique niche; and to be successful, requires the efforts and expertise of many stakeholders. It may well serve all parties to have key stakeholders of the Fair & Stampede gather informally just before and after the 2019 Kitsap County Fair & Stampede to celebrate the herculean efforts of all concerned. There should be keen understanding that the results of the combined efforts of all parties is greater than if each entity stood on its own.

APPENDIX

EXHIBIT A: MODEL TYPE COMPARISON

EXHIBIT B: MARKET, FINANCIAL & COMPARATIVE FAIRS

EXHIBIT C-1: KEY DATES FOR THE NON-PROFIT TRANSITION

EXHIBIT C-2 TRANSITION TEAM RESPONSIBILITIES & DEADLINES