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Memo Discussing Issue Coming before BoCC on Tuesday, May 4, 2021

This memorandum does not solicit feedback from any Commissioner and Commissioners are specifically asked not to respond to it (or discuss it amongst one another outside of a duly noticed BoCC meeting) as doing so could and likely would constitute a violation of one or more provisions of Chapters 119 and/or 286, Fla. Stat. So that it may be made available to the public, a copy of this memo is being provided to the Clerk to the Board so that it may be included in the minutes for the **Tuesday, May 4, 2021** BoCC meeting. Please see the previously provided County Attorney's Office Inter-Office Memo dated December 12, 2016 which indicates that communications of this variety are authorized under applicable law.

Please forgive any typos in this memo as I am typing it late at night with the goal of getting it out prior to commissioners having staff briefings on Friday, April 29, 2021.

During the Wednesday, April 18, 2021, meeting of the Tourism Development Council (hereinafter "TDC"), the applicant was represented by Jim Breen and Mary Breen. Cliff Graham, representing the Melbourne International Airport (hereinafter "MLB" or "airport"), was also in attendance and spoke entirely in favor of the applicant.

I subsequently learned that the airport is necessarily favorable to the applicant because it is collecting 15 to 20 percent of profits earned at the show. This was never volunteered by Jim Breen, Mary Breen, or Cliff Graham during the roughly two hours of discussion regarding this item at the TDC.

During the TDC meeting, it was mentioned that the applicant is based in San Diego, California – a point I will not forget as I erroneously suggested the applicant was from San Francisco and was enthusiastically corrected. How is it relevant that the applicant hails from California?

By Mary Breen's own admission, this is the "very first production show" the applicant has ever held in Brevard County.

During the applicant's presentation to the TDC, the applicant claimed, both in writing and verbally, that their show housed at MLB and headlined by the Blue Angels will have a **\$12M** economic impact.

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The last time we awarded TDT funding for an airshow to be housed at MLB, we awarded \$26,500 based upon a detailed economic impact study which evaluated a recent show put on at the very same airport which also featured a military jet team – the U.S.A.F. Thunderbirds. This study, conducted after the 2018 MLB airshow took place and was, by all measures, successful found an economic impact of **\$1.27M including non-tourism** impact. This was a well-managed, well-run show, put on by a... forgive the pun... frequent flyer who is a local property owner with an established reputation for putting on quality events and not... eliminating waste... in his own backyard.

The applicant was quick to point out that a high, double-digit, percentage of ticket sales were made by purchasers living a far distance from Melbourne. What I never did hear, though, is how many ticket sales took place. It is relatively easy to display a high percentage when the total number is low. I remain curious as to how many tickets were actually sold.

When I asked the applicant how he a roughly 10-fold higher economic impact than the 2018 MLB airshow could be justified, the response included a lot of words and very little content, perhaps in the hopes that everyone listening would forget the original question by the time the answer – if it could be termed as such – was finished.

I was initially told, in response to my question, that the applicant puts on a “boutique” airshow. When I indicated that I have no idea what that means and that I was looking for specificity in how the applicant could justify the incredible difference, amongst the word salad, I was advised, at one point, that this is the first time in many years that the Blue Angels will be flying a new aircraft. To think that there will be a **10-fold increase** in the economic impact due to a team flying F-18s instead of F-16s is ridiculous. Absent flying alien spaceships, this does not make sense. Questioning this, I was also advised that the \$12M figure was **based upon events the applicant has put on at other locations**. Perhaps the applicant utilized Tokyo or Los Angeles to arrive at this figure?

Even taking the improbable \$12M claim at face value, we have a known economic impact based upon a substantially similar event that was retrospective (with the benefit of hindsight). Again, the real number is likely far closer to \$1.2M and keep in mind that the 2018 MLB airshow did not have an incredibly successful event precede it by mere weeks.

The applicant attempted to make the specious argument that the \$26,500 awarded to put on the **2019** MLB airshow was not equitable because that team did not feature a jet team. I immediately pointed out that while this was technically correct, the economic impact study was based on the **2018** show which featured the Thunderbirds. That red herring cannot swim!

The 2021 Cocoa Beach airshow had a world-class lineup including a B-1 stealth bomber, B-52 eight-engine bomber, A-10 tank killer, F-22 stealth fighter, the U.S.A.F. Thunderbirds and a variety of other incredible aircraft including a second team. This event's extreme success is almost certain to lead to a decreased level of interest and a

decreased attendance of a show which, bluntly, has nowhere near the same lineup of aircraft.

I strongly suspect this reality will be used as an excuse for the 2021 MLB airshow's near certain failure to demonstrate a \$12M economic impact, though the applicant was well aware of the Cocoa Beach airshow's success at the TDC meeting in which the applicant still insisted their upcoming show will have a \$12M economic impact. Ask Tourism Office staff what they think of the \$12M figure and allow them to be candid.

I have numerous additional concerns regarding this show – many of which I mentioned during the TDC meeting - but I wish to highlight the absurdity of the suggested economic impact.

We are being asked to believe a stratospherically high economic impact by a group with whom we have had no prior dealings. The only local individual who came forward to speak in favor of this group represents an entity entitled to a double-digit percentage of all earnings and stands to directly gain by every TDT dollar allocated to this event. This incredible conflict was never once so much as whispered during the two hours the item was discussed at the TDC. Instead, Mr. Graham feigned impartiality while defending multiple aspects of the event.

Some may wonder whether it is fair to allocate over \$90,000 to the 2021 Cocoa Beach airshow and a substantially lower number to the 2021 MLB airshow. There are numerous reasons why our fiduciary duty requires that we not award a similar amount without necessitating a discussion on which areas of the county generate the greatest percentage of the TDT.

First, the Cocoa Beach airshow was held – as is rather obvious – at Cocoa Beach. Aircraft were taking off from Patrick SFB and TICO. A six-digit number of people were able to observe much or all of the show at no cost. It is nearly impossible to monetize a Florida beachfront airshow where folks can gather freely.

This is why Ft. Lauderdale regularly awards substantial government grants to make a recurring beachfront airshow a reality. It drives tourism but is difficult to directly monetize in the form of ticket sales. Moreover, when I approached Bryan Lilley, the producer of the Cocoa Beach airshow, two years ago to entice him into holding the show, we were approaching 2020: the first year in far longer than I have been alive – since prior to man first walking on the moon – in which we would not have a single airshow in Brevard County. This is no longer remotely the case.

As I mentioned when the Cocoa Beach airshow came to the BoCC requesting TDT funding, I gave Mr. Lilley my word that I would go to bat for him to obtain funding so that he could rely on my assurance of support in putting into place all that needed to be done to secure the incredible teams and aircraft which he was able to acquire for the show. No such assurance was made to the California-based producer of the 2021 MLB airshow.

The Valiant Air Command came to an agreement with Mr. Lilley that each would take alternating years to put on shows so as not to parasitize attendance and ticket sales from one another. Moreover, it is my understanding that the Valiant Air Command was paid \$25,000 to fly numerous WWII era aircraft in the 2021 Cocoa Beach show. This money would not have been available but for the allocation of TDT funding from the BoCC.

While competition is usually good, it may not be so great to use government funds to put on an event which follows mere weeks after (and directly competes with) another event put on using the same source of government funds. The 2021 MLB airshow will certainly happen regardless of whatever funding decision we may make and there has never been any claim of which I am aware to the contrary.

Jim Breen indicated that he wishes to put on the MLB airshow every other year. This would almost certainly directly conflict with the plans of both Mr. Lilley and the Valiant Air Command – both of which utilize non-profits to put on their Brevard County airshows and both of which seek to break even in putting on these events.

We must ask ourselves if we wish to flush a foreign for-profit enterprise (and a local airport) with funding to directly compete with a local non-profit foundation and a local non-profit museum (Valiant Air Command).

Having spoken with staff, I understand that staff approached the Breens and essentially had to push them to apply for funding. You are welcome to ask Tourism Office staff if this is accurate.

This reinforces the fact that the 2021 MLB airshow taking place **does not hinge on whether we grant TDT funding**. From an ROI perspective, there is no reason to grant anywhere near what is being requested.

On a separate but related matter, based upon commentary received, during the TDC meeting, by the applicant and by Cliff Graham, it is my understanding that the aerobatic box for the 2021 MLB airshow is also substantially smaller than the aerobatic box used in the successful 2018 MLB airshow. This is due to a lease arrangement the airport entered into with Embraer which directly resulted in the 2019 MLB airshow not to have a jet team out of concern for directing too much aerobatic energy toward the crowd.

While it appears that the 2021 MLB airshow may have a waiver (a waiver to be issued partly on account of the proficiency of the Blue Angels) from the FAA, due to this concern, regardless of what amount may be awarded to assist the Melbourne Airshow, all funding absolutely needs to be contingent on the **show taking place with the Blue Angels actually flying**. The aerobatic box concern is not so much a concern which justifies altering the value of any TDT funds awarded so much as it justifies conditioning any award on the **show taking place with the Blue Angels actually flying**.

Our fiduciary duty obliges us to award any funding to this project with caution. Suggesting a \$12M economic impact amounts to selling us a bill of goods. All evidence points to this being horribly unrealistic at best and intentionally dishonest at worst.

Despite this event following the 2021 Cocoa Beach airshow and despite it taking place regardless of what, if anything, we may choose to award, I was amenable, at the TDC meeting, to awarding \$26,500 for this event – the same amount we awarded a producer with a reputation for putting on numerous successful airshows in Brevard County - to produce a recent and comparable event at the same location.

I genuinely believe this is beyond fair. Let the applicant prove itself. Let it prove me wrong by having the promised \$12M economic impact. As I relayed to the applicant, if they can demonstrate, with verifiable measurables, that they produce this impact, I will add their item myself to both the TDC and the BoCC agendas in the future and I will happily lobby for them getting substantially increased funding. For now, though, we are being asked to trust a group with whom we have never dealt.

I urge you to proceed with caution.

/s/ Bryan A. Lober