

December 2007

At the end of October, based upon year to date, SCCA INC is projecting an operating income of approximately \$200K. The original budget called for an operating income of \$275K.

The temporary membership program was budgeted for 2007; however, because it is not yet fully operational, it is responsible for the YTD shortfall in membership revenue. The shortfall in temporary membership revenue is offset by the associated savings in temporary membership expenses. ProSolo revenues have fallen far short of budget due to low turnouts and cancelled events. This program will get greater attention as we budget for 2008.

The "Street Smarts" program, which is a partnership project with the BMW Owners club and The Tire Rack, is ready for the roll-out at the national convention. The primary purpose of this program is to benefit young drivers; however it will also build community awareness of the SCCA. It is expected to ease site acquisition for Solo and thus generate funds for the regions. The program will certainly build a sense of togetherness between the Solo and Road Race communities in the regions.

Eric Prill reports that the outside sales effort has not yielded the hoped for results. We will not be renewing the full agreement with our outside sales entity (Dean Reinke), although we will offer an arrangement that is commission-based. We have not given up on the concept of having a sales entity on retainer or salary. We have simply recognized that we have not yet found the right individual.

More than \$250,000 in contingencies was paid out at The Run-Offs. This figure does not include pay-outs from companies such as Goodyear, Mazda, and others, which are not administered by the SCCA. Overall, more than \$725,000 in contingencies was administered or verified by SCCA across the Club, Rally and Solo programs in 2007, excluding basic programs.

As I reported last month, SPEED will carry the 2008 World Challenge season. They have also agreed to continue Runoffs Coverage for 2008 and add the VW Jetta TDi Cup as well. We have an agreement in principle, and are working on the final contract. There is also the good news for Solo. In August we reached an agreement in principle with Tire Rack for 2008 through 2010 National Solo program sponsorship. However, as of this writing we have not signed a contract

A tip-of-the-helmet goes out to Eric and his staff for putting on a very successful Club Racing/Runoffs media function on Oct. 5. They utilized eight of the VW GTIs in a PDX that featured all three Topeka TV stations as well as radio personalities, with several of our returning Champions serving as instructors at the event.

In January Colan Arnold's goal was to stop the decline in membership. Toward that end, existing programs have been changed and new programs started. The short-list of program changes and additions include: First Gear, the member referral program, volunteer incentives, and weekend memberships for Club Racing, Rally and Solo. In

addition, membership has made copies of *SportsCar* available to Regions for recruiting, and to provide subscriptions to local libraries. There is also a new brochure with a special first year dues rate. Membership currently stands at 49,985, a decline of 1,098 members since January 1, 2007. While this does not meet the goal for no decrease in membership in 2007, it is important to note that only the First Gear changes were implemented before the prime membership growth season.

The club had 31 First Gear members in January of 2007 compared to 30 at the same time in 2006. By the end of October 2007, First Gear membership had grown to 181. This compares to 20 members at the end of October 2006.

The Member Referral program has brought in 655 new members since its inception in June. By the end of October, regions had issued almost 700 Weekend Memberships at Club Racing events. Thirty-six of the temporary memberships subsequently converted to annual memberships.

2007 membership retention is 76.6%. This compares to a 75.1% renewal rate in 2006. Competition license issuance for 2007 is approximately 9% below the same period in 2006. It is important to note that the number of licenses issued in 2006 was up 8% over 2005. The membership breakdown is: Club Racing 55.3%, Pro Racing 9.9% and Rally/Solo 29.3%.

Nashville Superspeedway will be the venue for the 2008 national RallyCross championships. This move was made to help grow the event and move it into a larger media market.

The Solo Program Numbers are:

Sanctioned events, projection through 2007: 1198 events, average of 65/event, for a total number of entrants of 86,433. This represents a drop of about 3%, which is actually good news and shows the program's strength, given the increase in site issues and travel costs.

The National Tour: 10 events with an average entry of 232 (2006 average of 247). This 6% drop due to schedule issues and travel costs. Pro Solo: 9 events with an average entry of 172 (2006 average of 180 and a historical average of 165). Given the nature of this year's rebuilding plans, which included the program not being a series for the first time in 25 years, some significant schedule issues, and increasing travel costs, this is a remarkable result.

Solo National Championship: 1165 entries (2006: 1169). Problems identified after the 2006 Solo Nationals included: additional and improved course viewing, revised grid arrangement, improved traffic flow and safety and paddock parking assignments. This year's survey shows a high level of participant satisfaction, but gives us clues to areas needing further improvement. The 2008 edition of the event will have the following key areas targeted for improvements: site/surface cleaning using a sweeper/vac, further revisions to grid to avoid surprises from garage rentals and to fine tune viewing areas.

Since there is a high probability that 2008 will be the last year for the event to be at HPT, efforts have already begun to secure a location for the 2009 event. This relocation will be significantly more difficult than the last major relocation (1995) as the event has almost doubled in size during the years in Topeka.

It is intended that both ProSolo and the National Tour will utilize an automated driver identification system, such as bar codes. Besides having reliable timing equipment, this is the single biggest factor in being able to move beyond our current cap on the number of competitors. We expect to bring greater attention to an interest in one of the National Tour events by titling it as the Eastern States Championship, with an expansion to east and west championships in 2009.

The Divisional Cup Championship is scheduled to be launched in selected Divisions. It will bring greater attention and support to our struggling Divisional Solo program. This is an optional program as to not intrude upon the methods and support that some of our Divisions have for their programs.

The club racing report will be slim this month with much more to follow in January. The average car counts in regional racing across the country is averaging 115 down from 2006 (124), but only half of the events have been tallied to date. The average number of volunteers staffing our events remained at 70 the same as in 2006. The Time Trials program continue to grow and expand in 2007; especially the PDX level events which expanded from 25 to 50 events. Regions are finding more ways to incorporate PDX type activities in their events in order to attract new audiences. More interest is being generated on the governance level and we will have all but one division represented on the Time Trial Administrative Council following BOD approval during the December meeting in Topeka.

Until next month, Duck-Out.