

Agenda Item 11  
File #16-842



## **Solano County Fair Association**

### **CY2017 Proposed Budget**

Presentation to Board of Supervisors  
November 1, 2016

# 2016 Activities

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- **Youth Ag Day**
  - 119 classes visit 44 presenters connected with 2,870 third-graders and 720 teachers & chaperones thanks to 54 volunteers and over 95 supporters raising \$31,150
- **Annual County Fair**
  - Overall attendance up for second year, 2.3% over 2015
  - More local groups participating in exhibits and on stages
  - Continue active County agency involvement
- **Year-round events**
  - 17 trade & product shows, 15 & counting public & private gatherings, 6 competitive & sporting events, 5 dog shows, 2 concerts and 1 circus

# Projected CY2016 Results by Activity

	REVENUES	EXPENDITURES	PROFIT / (LOSS) Before Depreciation
Annual Fair	\$615,712	\$785,759	(\$170,047)
Youth Ag Day	\$31,150	\$27,466	\$3,684
Facility Rentals	\$855,858	\$308,436	\$547,422
Solano Race Place	\$560,488	\$387,715	\$172,733
Electronic Sign	\$125,417	\$59,364	\$66,053
Other Sources	\$821,724	\$182,700	\$639,024
Administration / Maintenance / Guest Safety	\$0	\$1,180,840	(\$1,180,840)
<b>TOTALS</b>	<b>\$3,010,039</b>	<b>\$2,932,280</b>	<b>\$78,029</b>

# Unanticipated 2016 Expenses

Costs associated with increased facility rentals	\$55,800
Repair a concourse water leak	\$12,200
Promoter-reimbursed costs for MMA & Boxing events at 2016 Fair	\$10,000
Repair a golf course water leak	\$8,150
Replace 2 compressor units for air conditioning at Solano Race Place	\$6,970
Rebuild utility tractor engine	\$6,180
Repairs to parking lot electrical systems	\$5,050
County of Solano costs for transfer of the Courtyard Marriott lease	\$3,520
Rental of temporary cooling fans for Livestock Barns during 2016 Fair	\$3,360
Provide alternative power during PG&E transformer replacement	\$2,890
Additional Premiums for "We Are Family" Awards	\$2,500
<b>Total Unanticipated Expenses</b>	<b>\$116,620</b>

# Use of 2016 Projected Net Profit

## Net Profit Before Depreciation

**\$78,029**

### Less Contribution to Fair Hands Reserve

- Includes net proceeds from Silent Auction @ Celebrate Solano BBQ (\$4,284)
  - Includes Youth Ag Day donations less direct allocated expenses (\$3,684)
  - Includes dedicated donation to Mick Freese Memorial Fund (\$20,000)
- (\$27,968)**

### Less Contribution to Capital Project/Maintenance Reserve

- Goal: add 1% of Total Projected Revenues (\$30,103)
  - Includes .33 balance from 2016 (\$8,022)
  - Includes anticipated Capital / Maintenance Projects for 2017 (\$8,000)
- (\$16,022)**

### Less Contribution to Solano Race Place Equipment Reserve

- Goal: add 1% of Total Solano Race Place Projected Revenues (\$5,604)
- (\$0)**

### Less Contribution to Parking Reserve

- Goal: add 1% of Total Parking Projected Revenues (\$3,709)
- (\$0)**

### Six Flags Lease Obligation

- Balance of \$64,000 lease obligation will be pulled from eligible restricted reserves that have been redirected to Unrestricted Reserves (\$29,961)
- (\$34,039)**

**Net Contribution to Unrestricted Reserves** **\$0**



# Rate Adjustments for 2017 (effective Jan 1, 2017)

- **Analyzed fair admission and parking fee increases**
  - Conservative 2% gain in paid attendance generated more net revenue than higher fees and temporary reduction in attendance
- **Includes no changes in admission rates by category**

	Gate	Online
Adult (13 to 59)	\$10	\$8
Veterans/Military	\$8	\$6
Seniors (60 & older)	\$6	\$4
Child (6 to 12)	\$6	\$4
Under 5	FREE	

- **Includes flexible rates for interim parking events**
  - Fee range from \$10 to \$15 per vehicle + premium parking
- **Increase rates on Electronic Sign by 10%**
  - Holding back spots to promote events on Fairgrounds

# Appreciation Days

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- **Wednesday, Seniors Day**
  - Age 60 and over receive free admission
- **Thursday, Kids Day**
  - Age 12 and under receive free admission
- **Friday, Military & First Responders Appreciation Day**
  - Current military, police & firefighters showing ID receive free admission for them and their immediate dependents

# Personnel Changes & Wages

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- **Budget includes funding for COLA for year-round staff (up to 3%)**
  - COLAs since 2000 – 3% in 2006, 2% in 2008 and 3% in 2014
  - Anticipated increase in 2017 payroll cost: approximately \$27,500
- **State Minimum Wage Adjustments: \$12,425 increase**
  - Increases to \$10.50/hr on Jan. 1, 2017
  - \$11/hr in 2018, \$12/hr in 2019, \$13/hr in 2020, \$14/hr in 2021 and \$15/hr in 2020
  - 58% of employees earn \$15 or less per hour
- **Increased Retirement costs: up \$6,377**
- **Slight CalPERS rate reduction for health insurance in 2017: \$1,234 savings**



# Capital & Special Projects

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- **Invest \$45,240 in capital and special projects**
  - \$29,240 – State Infrastructure Grant
  - \$8,000 – Fair Hands Reserve
  - \$8,000 – Capital Projects / Deferred Maintenance Reserve
- **Project / Purchase List**
  - **Safety upgrade to doors in McCormack Hall: \$29,240**
  - **Livestock Area Improvement Project: \$8,000**
    - Painting of interior areas of Livestock Barns
    - Upgrading cooling capacity in Livestock Barns
  - **Youth Programming Improvements: \$8,000**
    - Ag Education Activity book for Youth Ag Day
    - Enhanced agriculture display for Youth Ag Day, Fair
    - Audio equipment for Youth Ag Day, Fair
    - Small animal cages for Youth Ag Day, Fair

# Use of .33 Funds

## Estimated .33 funds for 2017

**\$40,356**

Less Auditor-Controller Accounting Services	(\$4,200)
Less CY2016 Audit by Auditor-Controller	(\$25,000)
Less County Counsel Legal Services	(\$5,000)
Less County Lease Management Services	(\$2,000)
Plus Balance of Prior Years Excess .33 Funds	\$877

## Anticipated Balance of .33 Funds for 2017

**\$5,033**

## Use of Prior Years Excess .33 Funds

**\$12,614**

Less 2016 Strategic Painting Project	
- McCormack Hall (purple exterior), concourse restroom exterior, Admin/Operations Complex exterior, concourse curbs	(\$3,737)
Less 2017 Livestock Improvement Project	
- Interior painting of barns & upgrading cooling capacity	(\$8,000)

# Annual Solano County Fair

	2017 Proposed Budget	Chg. from 2016 Budget	% Chg. from 2016 Budget	Chg. from 2016 Projected	% Chg. from 2016 Projected
<b>Revenues</b>	606,535	36,416	6.4%	(9,177)	(1.5%)
<b>Expenditures</b>	819,461	57,831	7.6%	33,702	4.3%

## Revenues

- 2% increase in paid attendance in 2017 ~ approximately 420 more guests
  - Paid attendance was up 4% in 2016 and up 6.9% in 2015
- Consumer spending flat with 2016
- No changes in admission prices, parking fees, or vendor fees & commissions
- Likely last year Fair can absorb escalating costs by relying on modest increases in Fair attendance and consumer spending

## Expenditures

- Anticipates hiring staff instead of using contracted services to provide for janitorial needs

# Youth Ag Day

	2017 Proposed Budget	Chg. from 2016 Budget	% Chg. from 2016 Budget	Chg. from 2016 Projected	% Chg. from 2016 Projected
<b>Revenues</b>	28,000	1,620	6.1%	(3,150)	(10.1%)

**Expenditures**                      28,929                      4,150                      16.7%                      1,463                      5.3%

## Revenues

- Estimate down from 2016 due to in-kind donations not anticipated in 2017

## Expenditures

- Slight bump in anticipated transportation costs
- Increase payroll costs for event coordinator

## Costs Covered?

- Direct expenditures exceed projected revenue by \$929
- Total cost to host the event includes 2% of overhead, for a total of \$52,546
- Overall costs offset by \$4,000 draw from the Mick Freese Memorial Fund

# Facility Rentals

	2017 Proposed Budget	Chg. from 2016 Budget	% Chg. from 2016 Budget	Chg. from 2016 Projected	% Chg. from 2016 Projected
<b>Revenues</b>	870,200	126,500	17.0%	14,342	1.7%
<b>Expenditures</b>	305,011	52,660	20.9%	(3,425)	(1.1%)

## Revenues

- Sustained facility rental market in 2017, offset by anticipated one-time events from 2016
- Adds flexible rental parking structure and premium parking

## Expenditures

- Status quo budget from 2016 actual except for payroll increases

# Solano Race Place

	2017 Proposed Budget	Chg. from 2016 Budget	% Chg. from 2016 Budget	Chg. from 2016 Projected	% Chg. from 2016 Projected
Revenues	513,800	(82,700)	-13.9%	(46,648)	-8.3%

## Expenditures

363,184

(21,949)

-5.7%

(24,531)

-6.3%

## Revenues

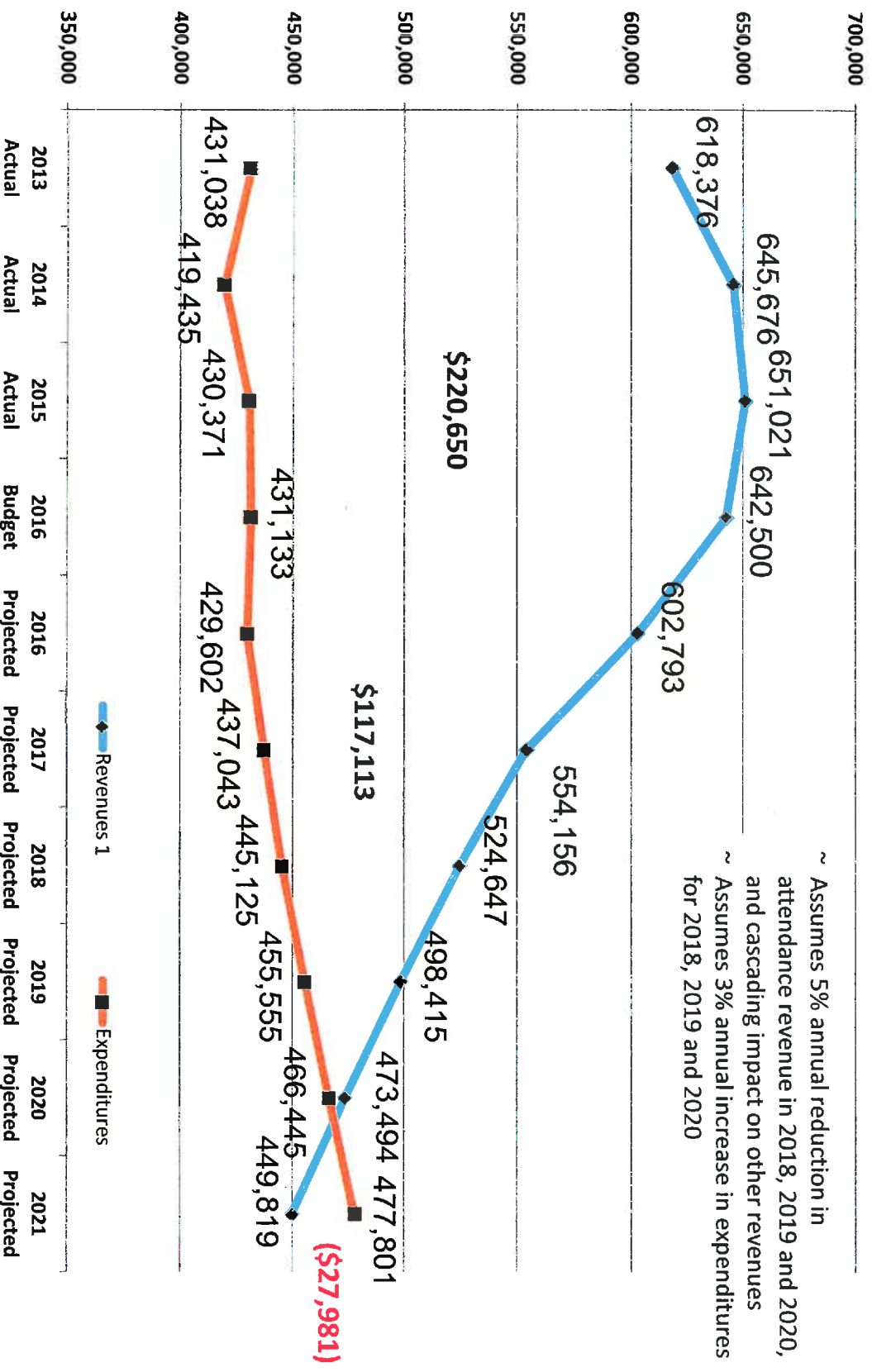
- 5% decline on-site attendance and cascading effect on wagering revenues
- 2017 projections down \$91,317 from 2015

## Expenditures

- Wednesday operations not covering costs
- Recommend closing on Wednesdays without California racing
- New hours effective with 2017 racing season
- Need to evaluate long-term strategies, solutions



# Solano Race Place Projections



# Electronic Sign

	2017 Proposed Budget	Chg. from 2016 Budget	% Chg. from 2016 Budget	Chg. from 2016 Projected	% Chg. from 2016 Projected
Revenues	120,000	10,000	9.1%	(5,417)	(4.3%)

Expenditures	59,048	485	0.8%	(316)	(0.5%)
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## Revenues

- 10% increase in rates offset by holding back spots to promote Fairgrounds
- Continued incorporating sign rentals into Facility Rental contracts and Sponsorship agreements

## Expenditures

- Expenses flat with 2016

# Other Sources

	2017 Proposed Budget	Chg. from 2016 Budget	% Chg. from 2016 Budget	Chg. from 2016 Projected	% Chg. from 2016 Projected
<b>Revenues</b>	<b>884,397</b>	<b>38,066</b>	<b>4.7%</b>	<b>32,673</b>	<b>4.0%</b>
<b>Expenditures</b>	<b>199,311</b>	<b>57,198</b>	<b>40.2%</b>	<b>16,611</b>	<b>9.1%</b>

## Revenues

- 2% CPI on Six Flags Overflow Parking & Other Leases
- State allocation of \$32,487 for operations and training
- State infrastructure grant of \$29,240 for McCormack Hall
- \$4,113 reduction in .33 funds due to declining Solano Race Place activity

## Expenditures

- \$29,240 for door safety upgrades in McCormack Hall offset by less locally funded special projects

# Administration

	2017 Proposed Budget	Chg. from 2016 Budget	% Chg. from 2016 Budget	Chg. from 2016 Projected	% Chg. from 2016 Projected
Expenditures	562,829	582	0.1%	25,646	4.8%
Contingency	19,000	14,000	280%	19,000	100%

## Expenditures

- Status quo budget from 2016 actual except for payroll increases

## Contingency

- Formally establishes a contingency fund of \$19,000

# Maintenance

	2017 Proposed Budget	Chg. from 2016 Budget	% Chg. from 2016 Budget	Chg. from 2016 Projected	% Chg. from 2016 Projected
Expenditures	549,270	(2,959)	(0.5%)	(16,700)	(3.0%)

## Expenditures

- Net reduction in expenditures reflects a concerted effort to allocate expenses to the activity area where there is a direct benefit

# Guest Safety

	2017 Proposed Budget	Chg. from 2016 Budget	% Chg. from 2016 Budget	Chg. from 2016 Projected	% Chg. from 2016 Projected
Expenditures	86,329	10,141	13.3%	8,642	11.1%

## Expenditures

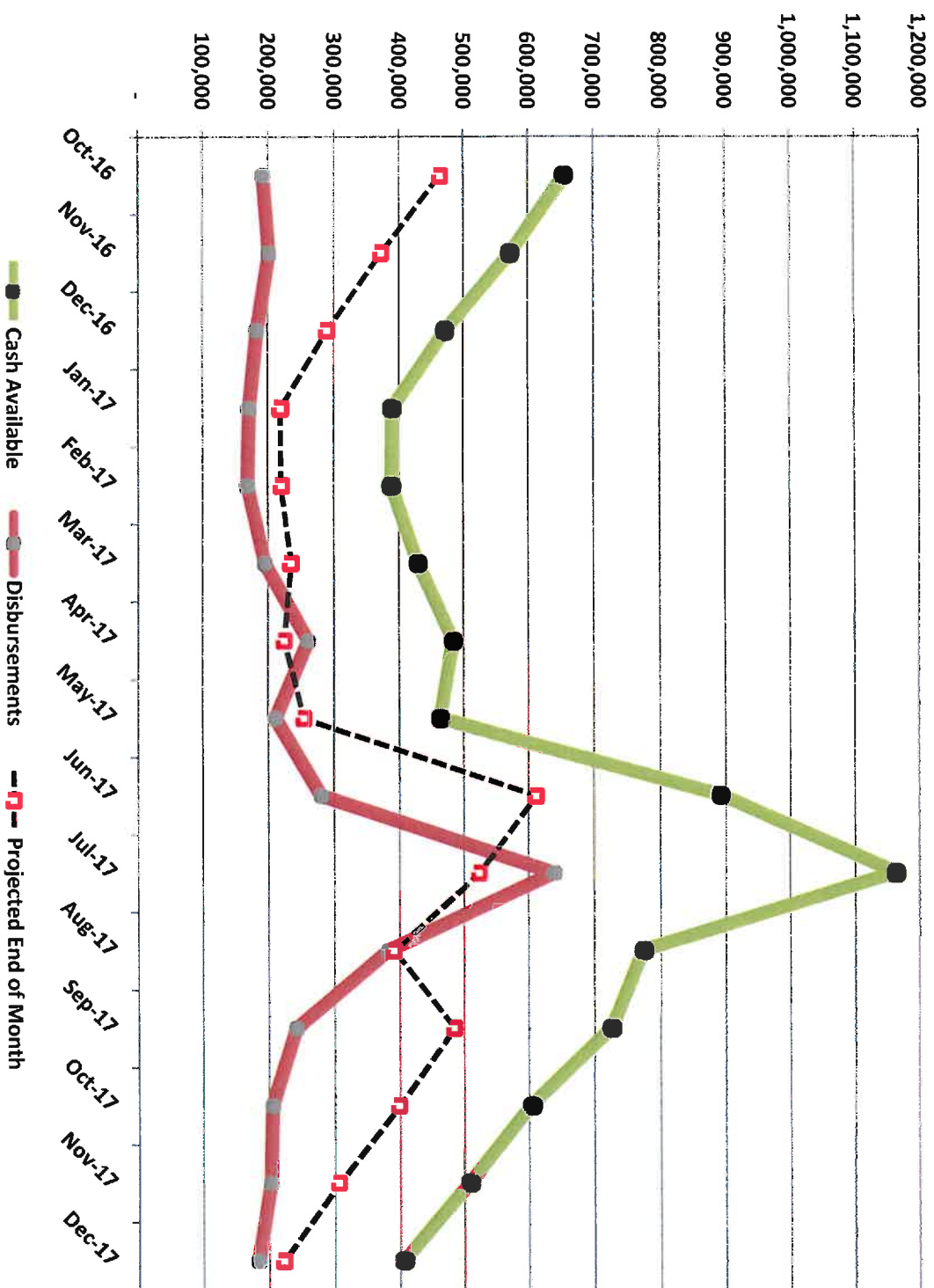
- Compensation costs driving increases in providing Guest Safety services



# 2017 Proposed Budget by Activity

	REVENUES	EXPENDITURES	PROFIT / (LOSS) Before Depreciation
Annual Fair	\$606,535	\$819,461	(\$212,926)
Youth Ag Day	\$28,000	\$28,929	(\$929)
Facility Rentals	\$870,200	\$305,011	\$565,189
Solano Race Place	\$513,800	\$363,184	\$150,616
Electronic Sign	\$120,000	\$59,048	\$60,952
Other Sources	\$854,397	\$199,311	\$655,086
Administration / Maintenance / Guest Safety	\$0	\$1,180,840	(\$1,180,840)
Contingency	\$0	\$19,000	(\$19,000)
<b>TOTALS</b>	<b>\$2,992,932</b>	<b>\$2,992,373</b>	<b>\$559</b>

# 2017 Cash Flow



# Pending Issues

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- **Available reserves inadequate to meet 2018 obligations**
- **New Vallejo water rates likely in 2017**
  - Water rate increases not included in budget
  - Contingency Fund of \$19,000 established
- **Solano Race Place declining attendance**
  - Potential to stop producing surplus revenues by 2021
- **Aging facilities increasing cost of operations**
  - Limited ability to absorb additional unanticipated repairs
- **Solano360 Redevelopment**

# Recommended Actions

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- Approve increasing the SCFA CY2016 budget by \$116,620
- Approve the SCFA CY2017 Proposed Budget
- Approve extending the term of the Agreement by one year to January 31, 2020
  - Early termination language in Agreement to allow for future development of the Solano360 Project
- Authorize SCFA to pursue federal and state grant and other revenues and delegate to the County Administrator approval of associated applications

# Questions

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