

*Solano County Fair Association
Update to Solano County
Board of Supervisors*

TUESDAY, JULY 28, 2020

BACKGROUND:

At the February 5, 2019 Board of Supervisor's meeting the Board approved a one-year extension to January 31, 2021 of the current Fair Management and Operations Agreement with the Solano County Fair Association (SCFA). The action stipulated a six month check-in which was completed at the October 1, 2019 Board of Supervisor's (BOS) meeting.

As part of the October 1st check-in, the BOS received a report from the Solano County Auditor-Controller's office titled the "Follow-up Review to the Solano County Fair Financial Statement Audit for the Years Ended December 31, 2017 & 2016". Quoting from the report:

"The purpose of the follow-up review was to evaluate the status of the matters identified during performance of the above referenced financial statement audit. The Follow-Up Review Report contains the four (4) matters, auditor recommendations and the Solano County Fair Association (SCFA) management's responses. This follow-up report is limited to reviewing actions taken by the SCFA's management as of August 29, 2019." Further quoting from the September 3, 2019 report:

"Based on our follow-up review, the SCFA management has implemented two (2) of the identified matters, Item 2 – Solano County Fair Management Reports and Item 4 – Compliance with CalPERS Enrollment Requirements, Item 3 – Solano County Fair Operations is currently in progress, Item 1 – Solano County Fair Reporting Structure has not been implemented."

INTRODUCTION:

The following report will summarize SCFA's continued efforts to address the two remaining matters identified in the 2017 / 2016 audit as well as highlight:

- SCFA's response to the COVID-19 Pandemic
- SCFA's plan for a slow recovery from the COVID-19 Pandemic
- SCFA's ongoing planning efforts as an Emergency Response resource
- SCFA's ongoing efforts to continue to support our local communities.
- The 2020 Virtual Solano County Fair

OUTSTANDING MATTERS FROM 2016-2017 AUDIT

Item 3 - As per the draft 2018 & 2019 Audit Report, *Item 3 – Solano County Fair Operations* status remains "in progress". SCFA's cash position has improved dramatically, more than doubling the 2017-year end Cash balance in both 2018 and 2019. (Cash as of December 31, 2017 = \$190,671 – Cash as of December 31, 2019 = \$461,422)

As outlined in the SCFA March 25, 2020 report submitted to the County, SCFA has taken extensive measures to increase profitability. 2020 SCFA operations improvements include:

- Modifying SCFA Annual budgeting format
- Establishing budget coordinated profit margins
- Revising Internal SCFA Purchasing Procedures
- Modification to SCFA Scheduled Work Week

With the above improvements implemented, SCFA management is confident that continued and increased improvement to SCFA's cash position can be anticipated.

Item 1 - As per the draft 2018 & 2019 Audit Report, *Item 1 – Solano County Fair Reporting Structure* status has been upgraded to “in progress”. The modification of SCFA's 2020 budget format had a two-fold purpose; 1) to create a financial reporting structure that would serve as a more effective management tool, and 2) to begin the separation of SCFA related costs from the County's cost of fairgrounds ownership.

The COVID-19 related shut-down provided SCFA management with the opportunity to harvest solid data on fairgrounds operations costs absent any SCFA related activities. A preliminary analysis titled *Enterprise Operating Activity -2020* (attached) reflects initial estimates of actual direct costs related to day-to-day fairgrounds operations independent of any SCFA activity.

QUESTIONING FOUNDATIONAL ASSUMPTIONS

The analysis of fairgrounds maintenance costs, absent any SCFA activity, has also shed some light on how SCFA operations have been measured by the County.

Criteria used by the County of Solano to measure the effectiveness of SCFA operations has been based on several foundational assumptions. SCFA's efforts to address 2016-2017 Audit Item 1 have raised questions about the validity of these assumptions.

SCFA requests that the following assumptions be revisited:

- 1. Lease Revenue Sufficient to cover both underwriting the annual fair as well as paying for bare annual facilities maintenance costs.**
 - a. See attached analysis. It is questionable if there is sufficient lease revenue to both underwrite the annual Solano County Fair and fund basic annual fairgrounds maintenance costs.
- 2. Annual County Fairs are just like local festivals and do not require year-round planning.**
 - a. The Annual County Fair is distinct from local festivals because of the competitive exhibits program. The competitive exhibits programs require a year-round planning effort.
- 3. Curtailing SCFA Facility Rental operations would effectively reduce fairgrounds activity to zero.**
 - a. **Absent SCFA's Facilities Rental operations remaining fairgrounds activities include:**
 - i. The Solano Race Place operates as a year-round activity
 - ii. Onsite fairgrounds' tenants:
 1. Vallejo Gem and Mineral
 2. New Horizons Preschool
 3. Meyers Foodservice
 4. Short term Parking lot tenants

- iii. Multiple agencies needing access to parts of the fairgrounds or interaction with SCFA staff:
1. Solano County Sheriff's Office (Tenant/Training/Rally Point)
 2. Solano County Animal Control (Tenant/Rally Point)
 3. Solano County OES (Evacuation Facility/Rally Point/Radio Relay Tower)
 4. Solano County DGS/CAO (S360 areas maintenance & projects)
 5. Cal Fire or other CA agencies (Rally Point/Spike Camp/Staging per Governor's orders that apply to all CA fairground facilities)
 6. Vallejo Police Department (Training/Rally Point)
 7. Vallejo Fire Department (Training/Rally Point)
 8. Medic Ambulance (Training/Rally Point)
 9. Vallejo Sanitation & Flood Control District (Maintenance/Repair)
 10. City of Vallejo Water Department (Maintenance/Repair)
 11. PG&E (Maintenance/Repair; CRC & Emergency Rally/Staging Point/Spike Camp)
 12. Cal Trans/CHP (Hwy 37 & I-80 perimeters/vehicle accident response)
 13. OutFront Media (billboards)
 14. ATT Cell Site (COW, then "Tower of Justice")
 15. 6FDK "Overflow" Parking site
 16. City of Benicia "official" evacuation location

CONCLUSIONS:

There is a need to reassess the criteria that SCFA's operational performance is measured by. Clearly, large liabilities like the existing pension liability can not be addressed when governed by short-term management agreements.

SCFA respectfully requests that serious efforts, by both parties, are begun to craft a long-term, mutually agreed upon management agreement.

ONGOING SCFA ACTIVITIES / EFFORTS

SCFA RESPONSE TO COVID-19 PANDEMIC

The safety and well-being of our community, our guests and our crew is SCFA's highest priority. SCFA's Board of Directors and its staff are committed to continuing to serve the community of Solano County, fulfill SCFA's fiduciary responsibilities, while continuing as stewards of the Solano County Fairgrounds.

In response to the COVID-19 pandemic SCFA has taken the following actions:

1. All salaried staff has taken a voluntary 25 percent reduction in pay.
2. SCFA cancelled or rescheduled events / activities that did not meet current COVID-19 prevention standards.
3. Suspended or reduced all advertising and marketing costs.
4. Eliminated or reduced all unnecessary maintenance or facility improvements projects.
5. Furloughed the majority of SCFA staff leaving only a basic "bare-bones" crew. Furloughed SCFA crew will continue to receive the same healthcare benefits while furloughed that they enjoyed while working.
6. Created a special webpage where SCFA employees can be updated as new information becomes available. Included on this new webpage are links to resources for COVID-19 impacted employees.
7. Remaining SCFA staff were actively involved in the planning of, and providing support for, the County's COVID-19 drive through testing site.
8. Remaining SCFA staff continue to monitor all new federal and state programs intended to support the small business community, local non-profits, their impacted employees, and the community they serve.
9. Postponed the 2020 Youth Ag Day
10. Pivoted to a Virtual 2020 Solano County Fair – One of the First in the Nation
11. Worked closely with Solano County Public Health officials to develop a SCFA COVID-19 Reopening Plan including the SCFA Board taking action to approve the new policies.
12. Solano County Race Place - first northern California satellite wagering facility to gain approval to reopen

PLANNING FOR A SLOW RECOVERY FROM THE COVID-19 PANDEMIC

It has become increasingly clear that the COVID-19 pandemic will be with us for an extended time. In response, SCFA has modified its business model to adapt to doing business in a COVID-19 world. Some of the immediate changes that SCFA has already implemented:

1. Prepare, review, and update 6 Month Revenue / Cost Projection – reflecting changing reduced revenue stream and minimum expenses.
2. New Events Opportunities – Move to capture new revenue streams created or revealed by pandemic
3. Adapting Old Events to COVID-19 Standards – Explore opportunities with existing event partnerships to test adaptability of current event lineup.
4. Emphasis on SCFA independent funding stream. Pursue securing funding opportunities available to non-profits, small businesses, and other non-government entities.

SCFA'S EMERGENCY RESPONSE PREPARATIONS

SCFA continues to plan, train, and prepare to fill its responsibility as an Emergency Response resource for Solano County's communities. Current SCFA planning efforts include:

1. SCFA's continued participation in preparing for possible wildfire and other disaster response.
2. Providing emergency shelter for both humans and livestock may require more physical space during a pandemic because of social distancing requirements. The Solano County Fairgrounds provides large buildings and larger open spaces than most municipal facilities.

SCFA CONTINUED SUPPORT FOR OUR LOCAL COMMUNITIES

SCFA is mindful of the important role that the annual Solano County Fair, Youth Ag Day, and the many other events hosted at the fairgrounds play in the economic, social, and cultural life of our community.

1. SCFA is a strong economic engine for Solano County, our host city, and Solano communities in general
2. SCFA is committed to supporting and being a resource for ongoing Solano360 development efforts. That commitment specifically includes cooperation with Solano County officials to ensure that ongoing SCFA activities co-exist harmoniously with ongoing development requirements and demands.

2020 VIRTUAL SOLANO COUNTY FAIR

With most surrounding fairs cancelling many if not all their activities, the Solano County Fair Association Board of Directors decided that hosting a complete fair was of the utmost importance. When it became apparent that the COVID-19 pandemic would prevent a traditional fair format SCFA pivoted and went 100 percent virtual.

Countless volunteer hours combined with an incredible response from the community ensured that the 2020 virtual Solano County Fair would be a success. And what a success it was.

Adding to the significance of SCFA's virtual Fair efforts was that the 2020 virtual Solano County Fair was one of the first fairs **nation-wide** to go 100 percent virtual. Since the conclusion of the 2020 virtual Solano County Fair, SCFA Board and staff have been contacted by other state fairs as well as national organizers interested in replicating SCFA's virtual success.

SOLANO COUNTY

VIRTUAL FAIR & LIVESTOCK PROGRAM



FUN *from the* **HAY** *to the* **BAY!** **June 18-21**

27+ HOURS OF LIVE STREAMED BROADCAST

Shown via Restream on our Web Site, Facebook, Twitter and YouTube

4,997 VIEWS ~ 362 HOURS, 53 MINUTES OF WATCH TIME

*More Than 45 Entertainers, Community Contributors & Non-Profit Resources
Over \$11,000 Raised from 20+ Cash Donors, In-Kind Sponsors & Public Donations*

SCFAIR.COM

Users +19.7%
Sessions +24.8%
22% New Users
Avg. Time on Site =
25 minutes

FACEBOOK

Page Views +152%
Page Likes +70%
Post Reach = 19,772
Post Engagement
= 6,942
New Followers + 176%

TWITTER

3.6K Impressions
3.2% Engagement

YOUTUBE

Impressions, Views &
Watch Time +1,000%
40% Unique Views

YOUTH SOLANO LIVING

- 420 Judged Entries
- \$2,041 Paid in Premiums & Awards
- 5 Volunteers Contributing 24 Hours of Time

JUNIOR LIVESTOCK PROGRAM

- 86 Entries in the On-Site Livestock Show
- Awards Given to 22 Champions
- \$122,045 Gross Sales in the Virtual Livestock Auction
- Average Increase of \$339 per Lot Compared to 2019
- 27 Volunteers Contributing 441 Hours of Time
- \$11,000+ Raised from 30 Cash & In-Kind Donors

PRESENTING SPONSORS



CRAIG & CAROLE
PATERSON

SUPERVISOR
ERIN HANNIGAN

Enterprise Operating Activity - 2020

Revenue

Marriott (Oct - Sept)	\$134,087
Cell Tower sub lease (Nov - Oct)	\$7,807
Mattina (Quarterly)	\$69,484
Sprint (July - June)	\$17,990
AT&T (Monthly)	\$43,490
Six Flags (Annual)	\$479,052
E-Sign Lease adjustment	\$50,000
Utility fees reimb. (AT&T) - Leases	\$16,861

Total	\$818,771
--------------	------------------

Expenses

Wages	\$114,629	
Maintenance (80 hrs / week)		\$82,181
Guest Safety (36 hrs / week)		\$32,448
Payroll Taxes	\$8,769	
Maintenance		\$6,287
Guest Safety		\$2,482
Workers Comp	\$7,222	
Maintenance		\$5,177
Guest Safety		\$2,044
Heath Insurance	\$19,534	
Maintenance		\$19,534
Guest Safety		\$0
PERS	\$28,418	
Maintenance		\$23,633
Guest Safety		\$4,785
Professional Services	\$775	
Maintenance		
Quality Source Testing - Fuel (2020)		\$488
Misc. Expenses		\$287
Supplies	\$18,100	
Maintenance		
Janitorial Supplies		\$1,500
Fuel Exp		\$10,400
Safety Supplies		\$1,500
General Supplies		\$3,000
Guest Safety		
Office Supplies		\$270
Safety Supplies		\$240
Fuel Exp		\$1,170
Uniform		\$20
Utilities	\$86,123	
Leases		
PG&E-Electric (AT&T)		\$16,861
Admin / Sheriff's Office		
Alarm System		\$948
Maintenance		
PG&E-Electric		\$40,380
PG&E-Gas		\$168
Water		\$18,706
Phone		\$1,140
Alarm System		\$888
Trash Disposal		\$5,400
Guest Safety		
Phone		\$1,632

Equipment Maintenance	\$40,400	
Maintenance		
Equipment Maintenance		\$10,800
Equipment Repair		\$26,000
Guest Safety		
Equipment Maintenance		\$2,000
Equipment Repair		\$1,600
Liability Insurance	\$130,632	
Maintenance		
Liability Insurance		\$129,076
Auto Insurance - Truck		\$1,556
Dues & Permits	\$56,120	
Leases		
Assessment District		\$55,848
Maintenance		
Commercial Modular Reg		\$33
Bay Area Air Quality Fuel Permit		\$239
Buildings & Grounds	\$23,000	
B&G Maintenance		
Maintenance		\$10,000
Guest Safety		\$250
Leases		\$2,500
B&G Repairs		
Maintenance		\$10,000
Guest Safety		\$250
Travel, Training, Seminars, Meals	\$500	
Maintenance		
Employee Training		\$250
Guest Safety		
Employee Training		\$250
Equipment Rental	\$4,000	
Maintenance		\$4,000
Equipment Not Capitalized	\$1,500	
Maintenance		
Small Equipment Purchases		\$1,000
Guest Safety		
Small Equipment Purchases		\$500
County Services	\$67,000	
Audit		\$34,000
Legal Services		\$28,000
Real Estate		\$5,000
Financial Services		
Interest Expense	\$10,308	
Leases		
Static Billboard		\$10,308
Depreciation & Amortization	\$122,607	
Enterprise Portion		\$122,607
Total Expenses		\$739,636
Capital Improvement		
Annual 6 Flags Parking Lot Improvement Payment		\$64,000
Funds Available for Fair Underwriting		\$15,135

SCFA Projected Cash Position 7/1/2020 - 1/31/2021

Assumes minimal offsite lease revenue, existing facility rental revenue, secure e-sign revenue, and track commissions at 25% of normal

As of 7-1-20	July	August	September	October	November	December	January 2021	
Projected Income								
Offsite Lease Revenue	\$4,598	\$4,598	\$4,598	\$4,598	\$4,598	\$4,598	\$4,598	AT&T + utilities
Onsite Lease Revenue	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650	\$2,650	New Horizons, Gem & Mineral, Sheila
Interim Rentals	\$9,000	\$9,000	\$9,000	\$7,500	\$7,500	\$7,500	\$7,500	Michael's, ABC Tree Farm(July-Sept), Wilhelm (July-Dec), Terrell (July-Dec), BAMT
Esign	\$3,872	\$3,872	\$3,872	\$3,872	\$3,872	\$3,872	\$3,872	US Bloom, Napa Valley Casino
RP Admissions & ATM	closed	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	Admissions \$3000, ATM \$500
Track Commissions 25%	closed	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	ADW/Loc Fees 25%
Salary Reduction Contribution	\$2,568	\$2,568	\$3,853	\$2,568	\$2,568	\$2,568	\$2,568	Salary reductions
CSFA Insurance rebate	\$10,649	\$10,649	\$10,649	\$10,649	\$10,649	\$10,649		credit \$63,894.02
State Allocation	\$30,512							
Income Totals	\$63,849	\$46,837	\$48,121	\$45,337	\$45,337	\$45,337	\$34,688	
Projected Expenses								
Payroll, taxes, pension	\$60,496	\$57,504	\$84,216	\$56,324	\$56,324	\$56,865	\$56,865	
Health Insurance	\$7,306	\$7,306	\$7,306	\$7,306	\$7,306	\$7,306	\$7,306	
Utilities	\$15,660	\$15,660	\$15,660	\$14,660	\$14,660	\$14,660	\$14,660	PG&E, Water, Phone, Alarm, Trash
CSFA Insurance	\$15,496	\$15,496	\$15,496	\$15,496	\$15,496	\$15,496	\$15,496	Liab 9705 & WC 5791
Unemployment	\$15,000			\$15,000				
Maint, repairs, supplies, bank fees, etc.	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	Maint, repairs, supplies, bank fees, etc.
Expense Totals	\$118,959	\$100,967	\$127,679	\$113,787	\$98,787	\$99,327	\$99,327	
Income vs. Expense Over / Under	-\$55,109	-\$54,130	-\$79,558	-\$68,450	-\$53,450	-\$53,990	-\$64,639	
SCFA Cash Position	\$483,967.35	\$428,858	\$374,729	\$295,171	\$226,721	\$173,271	\$119,281	\$54,642
	July	August	September	October	November	December	January 2021	
Lease Receivables	\$618,904	\$18,663	\$18,663	\$18,663	\$18,663	\$18,663	\$18,663	\$730,881
If race place is closed payroll expense will be reduced by:								
		\$7,700	\$11,550	\$7,700	\$7,700	\$7,700	\$7,700	