



Board of Directors Financial Monitoring Committee Meeting – 2021 Budget Study Session

November 13, 2020

Committee Members

Newton Pham, Chair

Doug La Belle, Member

Please take notice that this public meeting of the 32nd District Agricultural Association, a California state institution, is being recorded using video recording equipment. Please also take notice that the 32nd District Agricultural Association will release video recordings of its public meetings where required under California law.

Please silence your cell phones

The Mission of OCFEC is...

Celebration of Orange County's
Communities, Interests, Agriculture and
Heritage

(with results justifying resources expended)





5. Matters of Public Comment

Speakers are requested to sign in prior to the start of the meeting and are limited to three minutes. Public comment is allowed on issues NOT on the current Agenda. However, no debate by the Board shall be permitted on such public comments, and no action will be taken on such public comment items at this time, as law requires formal public notice prior to any action on a docket item.

This will be an open and interactive workshop where members of the public can ask questions and provide input to the Committee.



Budget Process

- Fiscal year runs January through December
- Budgets are created annually for each department and then consolidated into an organization-wide budget
- The 53 departmental budgets are directly overseen by 13 management staff
- Through monthly variance reports and monthly reforecasting throughout 2021, each department's budget will be closely monitored. The Board, staff and public will receive regular updates



A Look Back at 2020 Budget

- The 2020 budget was developed from the ground up
- Nothing about the 2020 budget preparation process could have prepared us for the year we are now experiencing
- The cancelation of the 2020 OC Fair and the inability to hold mass gatherings has had a devastating impact
- In May, we estimated a \$20M deficit to budget by the end of the year
- We also projected an \$18M loss in cash reserves
- Throughout the year, we have been focused on cutting costs, providing space for emergency purposes and working with promoters on safe and healthy vehicle-based events
- We are now projecting a \$16.8M deficit to budget and a \$16.6M loss in cash reserves by the end of the year



Budget Assumptions for 2021

- \$10M-\$12M net deficit to budget (35-40% improvement from 2020)
- Up to \$2M net proceeds from 2021 OC Fair
- \$825K capital budget
- Minimal event activity in Q1 and Q2; Q4 event activity reduced to 25% of Q4 2019
- 2021 civil service labor headcount same as 2020 (includes pay cuts)
- Utilities and other operational expenses cut from 2020
- 2021 OC Fair at 50% fixed daily attendance (30,000)
- 2021 OC Fair expenses adjusted per reduction in programming
- Pacific Amphitheatre concerts sold at 50% capacity
- 2021 OC Fair programming adjusted to achieve budget goals
- Additional staff/supplies increased for health and safety initiatives



Economic Factors Affecting 2021 Budget

Cal State Fullerton, Woods Center for Economic Analysis and Forecasting

- Late 2019: “The baseline scenario from top OC economists is that, while flirting with recession over the next 12-18 months, the U.S. economy will manage to escape it...but just barely.”
- “At the end of February, the U.S. was basking in the golden age of an expansion that had lasted more than a decade.”
- “The Great Disruption”
- “More encouragingly, after a difficult summer, there are now signs that the economy is growing more confidently ‘around the virus,’ so to speak.”
- “These developments make a strong case for a sustained economic recovery, which, although fragile, is unlikely to keel over into another abyss over the forecast horizon.”



Economic Factors Affecting 2021 Budget

- Regular meetings held with Dr. Clayton Chau, OC Public Health Officer
- The OC Fair is NOT a theme park or amusement park
- Potential exists to host a modified 2021 OC Fair
- Four conditions must be met:
 - An approved COVID-19 vaccine must be on the market
 - The vaccine must be widely distributed in Orange County
 - The Orange County immunity level must be between 65-80%
 - Proof of vaccination by event attendees



Labor Outlook

- Total labor: \$15.5M (\$4.9M reduction from 2020 budget)
- Minimum wage increases to \$14/hr.
- Increased PERS contribution
- No new Civil Service headcount
- Year-round and fair part-time headcount cut due to projected decreases in events and fair attendance



Facility Rental and Fair Merchant Rates

- Increases to reflect competitive market rates
- Facility Rental Fees
 - Increasing \$25-\$75 per day depending on size/location
- Fair Merchant Space Fees
 - Increasing \$25-\$75 for the run of fair depending on size/location
 - Average increase is \$3/day



2020 v. 2021 Budget Changes

Revenue: from \$52.2M to \$23.5M

- No OC Market Place
- Fewer events
- Interest revenue decrease
- Fair admissions revenue
- Renegotiating performance fees to be profitable at 50% capacity
- Eliminating Super Pass sales
- 50% capacity in Hangar
- Elimination of traditional programming in Action Sports Arena
- Fair competitive entry categories reduced; some moving to virtual format
- Concessions and merchant revenue at 50% - reduction in number of both
- Carnival revenue reduced by 50%
- Parking revenue flat
- ❖ Two new self-produced events added to generate revenue



2020 v. 2021 Budget Changes

Expenses: from \$50.4M to \$35.3M

- + Return rights for civil service supervisor
- + Unemployment fees
- + Increase in credit card fees
- + Increase in benefits costs
- + Increased legal fees
- × Virtual Imaginology
- × Reduction in utility expenses
- × Travel drastically reduced; no out of state travel
- × Seasonal staff reductions
- × Civil service pay cuts
- × Reduction in Professional Services such as OCSD, CMPD, Janitorial, Production, Employee Shuttles, Gate Operations Contractor, etc.
- × Modified fair
- × Fewer equipment rentals due to reduced programming (fencing, computers, trailers, stages, trussing, signage, etc.)
- × No nightly Main Mall show with pyro
- × Transition to more digital marketing assets, rather than print
- × Fair décor costs reduced



Parking and Fair Admission Rates

- Parking
 - \$10
 - No need for off-site parking lot expenses
- Fair Admission
 - Budget is carrying an average ticket price of \$9.33
 - Blended rate of current adult, senior and youth admission
 - Actual admission prices under review and will be brought back for Board approval



2021 Travel Budget

- **Conferences and Conventions:**
 - All virtual
 - No out of state travel projected for 2021
- **Training and Learning opportunities:**
 - Mandatory State compliance training (Sacramento)
- **All travel is in compliance with CA State law**



2021 Capital / Major Expenditure				
2020 Carry-forward (Capital Expenditure)	FY 2021	Postponed 2022	FY 2022	FY 2023
Property signage		200,000		
Box Office - roof replacement		40,000		
ASA electrical upgrade		30,000		
Admin exterior resurfacing - color coat		30,000		
Pacific Amphitheater Box Office awning			64,000	
Pacific Amphitheater storm water pumps			80,000	
2020 Carry-forward (Major Expenditures)				
Lot G - utilities	350,000			
Plaza Pacific south lawn - Serenity Garden		80,000		
Fire Lane - curb painting		50,000		
Portable rolling bleachers			28,000	
Exterior parking perimeter - landscaping			30,000	
Main Mall lighting retro fit - tower lights			20,000	
2020 Carry-forward Total:	350,000	430,000	222,000	0

Capital Expenditure	FY 2021	Postponed 2022	FY 2022	FY 2023
Heroes Hall medallion - replacement/repair		150,000		
Administration windows - replacement (8)		35,000		
Court Yard - replace shade cloth		50,000		
Ranch building - install trellis		35,000		
Exterior parking lot repairs		150,000	150,000	150,000
Interior parking lot repairs		100,000	100,000	100,000
Back Flow / Valve - replacement (all grounds)		20,000	15,000	15,000
Box Office - replace drive island			250,000	
Administration building - office space improvements			58,000	
E&E work space upgrade - exterior			12,000	
Action Sport Arena Sound wall			1,000,000	
Costa Mesa building - elect upgrade			20,000	
Pacific Amphitheater - restroom roll up doors			60,000	60,000
Way Finding signage			100,000	100,000
Plaza West - accessibility ramp and stairs				45,000
Centennial Farm - Welcome Center/Gift Shop				23,000
Gate 10 remodel				20,000
Maintenance yard - compactor cover				150,000
Action Sport Arena - replace restroom				200,000
Parking lot lighting controls				150,000
Capital Expenditure Total:	0	540,000	1,765,000	1,013,000

Equipment	FY 2021	Postponed 2022	FY 2022	FY 2023
Valve exerciser		5,500		
Exhibit equipment		37,500	37,500	37,500
Livestock fence panels			28,000	
Power monitoring system			100,000	
4-seater utility cart with fold down back seat (E&E)			14,000	
E&E - passenger cart			12,000	
Taylor Dunn carts - fleet replacement			15,000	15,000
Portable restroom			30,000	30,000
Equipment Total:	0	43,000	236,500	82,500

Major Expenditures	FY 2021	Postponed 2022	FY 2022	FY 2023
All grounds Wi Fi	45,000			
All grounds PA	30,000			
Main/Blue Gate - entry drive alterations	90,000			
Surveillance system - upgrade	20,000		20,000	
Parking lot maintenance	100,000		100,000	100,000
Replace in-grounds electrical boxes	20,000		30,000	30,000
Picnic tables	20,000		20,000	20,000
Parking lot Fencing - green wrought iron fence		30,000		
Repair 400 amp free standing electrical panels		26,000		
Electrical SO cord storage containers		5,500	5,500	
Umbrellas		10,000	10,000	10,000
Feature exhibit equipment		37,500	37,500	37,500
Aluminum barricades			20,000	20,000
Cable ramps			10,000	10,000
Crowd control stanchions / carts			10,000	10,000
Portable elect panels			25,000	25,000
Fair material			20,000	20,000
2 yard trash dumpsters			25,000	25,000
Pacific Amphitheater - landscape				15,000
Major Expenditure Total:	325,000	109,000	333,000	322,500

Capital Expenditures/Major Projects

	FY 2021	FY 2022	FY 2023
Capital Budget total:	325,000	2,334,500	1,418,000
Contingency:	150,000	100,000	100,000
Cap-X budget:	475,000	2,434,500	1,518,000
2020 Carry forward:	350,000	0	0
GRAND TOTAL	825,000	2,434,500	1,518,000

Expenses Over \$50,000

Board of Directors Governing Policy 4.05.02 – CONTRACTING AND SIGNATURE AUTHORITY

- In accordance with Board Bylaws Article VI, the Board may authorize any officer or agent of the 32nd DAA to enter into any contract on behalf of the 32nd DAA. Within this context, the Board authorizes the CEO contract signature authority to execute a check or purchase commitment of \$50,000 or less. Notwithstanding the foregoing, the Board authorizes the CEO contract signature authority to execute talent guarantees of \$400,000 or less. Splitting expenses or orders to avoid these limits is not acceptable. Exclusions from this Contracting and Signing Authority Policy include commitments that have been separately authorized by the Board via the “Over \$50,000 Expenditure Budget Schedule,” which is submitted with each annual budget or an approved contract, LOU or rental agreement or is payment for utilities, Cal Card expenditures, insurance, payroll or State mandated services.*

VENDOR	EXPLANATION
Board of Equalization	Sales and Use Tax
Department of Forestry & Fire Protection	State Fire Marshal Services
Department of Justice	Attorney Services
Franchise Tax Board	CA Non Resident Withholding Remittance
California Economic Development Dept.	Unemployment Fees



RFPs To Be Released in 2021

Type of Service	Proposed Release Date
Restroom trailers with ADA	January 1, 2021
Shuttle services	January 1, 2021
Golf cart rental	January 1, 2021
Bottled water	January 1, 2021
Fencing rental	February 1, 2021
Mobile modular portable storage	Feb 1, 2021
Concert merchandising	July 1, 2021
Carbonated beverages/bottled water sponsorship	October 1, 2021
Carnival	Q4, 2021
Admissions and Teller office trailers	November 1, 2021
Pacific Amphitheatre Video	December 1, 2021
Armored courier services	December 1, 2021
Campground restroom trailer with ADA	December 1, 2021



2021 Budget Roll-Up

2021 PROPOSED BUDGET		
REVENUE		
Total OCFEC Self-Produced Event Revenue	\$21,445,879	
Total Rental Revenue	\$1,896,695	
Total Non-Operating Revenue	\$182,446	
TOTAL REVENUE:		\$23,525,020
EXPENSES		
Total Operating Expense	(\$30, 543,520)	
Total Non-Operating Expense <i>(Depreciation, Major Projects, Net Pension Adjustment – GASB 68)</i>	(\$4,800,000)	
TOTAL EXPENSES:		(\$35,343,520)
TOTAL NET PROCEEDS:		(\$11,818,500)



2021 Budgeted Fair P&L

2021 Budgeted Fair Profit/Loss		
REVENUE		
Attractions:	\$6,405,349	
Services:	\$13,948,500	
TOTAL REVENUE:		\$20,353,849
EXPENSES		
Attractions:	(\$5,337,401)	
Marketing:	(\$994,489)	
Services:	(\$2,444,560)	
Total Fair Labor, Benefits, Taxes:	(\$5,145,084)	
TOTAL EXPENSES:		(\$13,921,534)
TOTAL NET PROCEEDS:		\$6,432,315



Questions ?

Upcoming meeting:
Board of Directors Meeting
November 19, 2020
9:00 a.m.





OC Fair & Event Center – Costa Mesa, California