



BOARD OF DIRECTORS AGENDA REPORT

MEETING DATE: **DECEMBER 18, 2025** ITEM: **10A**

SUBJECT: **Presentation of 2026 Budget Submittal Letter**

DATE: December 12, 2025

FROM: James Canfield, CEO

PRESENTATION BY: James Canfield, CEO

Information Item

BACKGROUND

At its November 2025 meeting, the Board of Directors approved the 2026 budget.

Staff will present 2026 Budget Summary Letter to complete the budget process. A copy of the letter is attached.



Date: December 18, 2025

To: 32nd District Agricultural Association Board of Directors

Subject: 2026 Operating Budget and Capital Expenditures/Major Projects Highlights

We are pleased to present highlights of the 32nd District Agricultural Association's 2026 operating budget and capital expenditures. The 2026 budget provides approximately \$65.5 million in funding and reflects the District's continued commitment to supporting existing services and programs in alignment with its mission of creating equitable community access to agriculture, entertainment, cultural, and educational experiences.

As a state agency under the California Department of Food & Agriculture, the District operates as a fully self-funded enterprise. It receives no financial support from the State of California, and all operational, capital, and long-term improvement costs are supported through District generated revenues. The organization oversees several important community assets—including Centennial Farm, Heroes Hall, and The Ranch Community Center—which provide year-round learning opportunities and community engagement.

With an annual budget exceeding \$60 million, the District produces Imaginology, a STEAM-focused education event, and the widely celebrated OC Fair. In addition to these signature events, outside promoters host more than 150 year-round events across the District's fairgrounds, contributing to the region's cultural and economic activity. To support these operations, the District employs 123 civil service employees and 350 part-time, temporary employees year-round, along with approximately 1,400 additional part-time staff during the OC Fair.

The development of this budget represents a comprehensive and collaborative effort across 52 departments. It reflects the culmination of multiple Finance and Audit Committee meetings, extensive departmental discussions, a public budget study session, and a public board meeting for review and adoption. Preparing this budget requires a dedicated and knowledgeable team committed to producing a document that guides the upcoming year while strengthening the District's long-term priorities. The 2026 budget achieves these objectives and supports the continued success of the District's programs, services, and community impact.

Strategic Priorities

The 2026 budget is guided by the goals, mission, vision, and organizational values established with the 2025-2029 Strategic Plan, which emphasizes Safety, People, Integrity, Stewardship, Compliance, Diversity and Inclusion, Excellence, Community and Neighborliness, and Fun. These values underpin the District's operational decision-making and long-range planning efforts.





As the District enters the first full year of implementing the new five-year strategic plan, the 2026 budget is designed to support both stability and strategic advancement. It reinforces the organization's commitment to the plan's four pillars of Innovation, Stewardship, Operational Excellence, and Visitor Experience, ensuring that budget priorities align with the strategic direction set by the Board of Directors. The 2026 budget focuses on strengthening guest experiences, investing in workforce development, modernizing technology and infrastructure, and supporting community-centered programming.

Economic Outlooks

The 2026 Economic Forecast Report from the Woods Center for Economic Analysis and Forecasting at California State University, Fullerton, anticipates modest cooling in the labor market, including a slight rise in unemployment in Orange County before conditions begin to improve later in the year. Payroll employment is projected to grow 0.35%, signaling slower but still positive job gains.

Inflationary pressures are expected to persist, with Consumer Price Index and core inflation trending near 3%, above the Federal Reserve's target but consistent with the gradual stabilization seen in recent quarters. The forecast describes this environment as a moderate "snagflation" period, a weaker strain of stagflation. Snagflation is marked by a bit of inflation and a labor market that is in a soft patch or "snag." Nationally, the economy continues to outperform recession expectations, with projected real GDP growth of 2.4% supported by strong consumer fundamentals and easing policy uncertainty.

Overall, the outlook for 2026 suggests a continued soft-landing scenario with resilient economic performance, manageable inflation, and stable consumer demand. These conditions provide a prudent foundation for the District's 2026 budget, allowing the organization to balance fiscal responsibility with ongoing community programming and operational priorities.

2026 Budget Overview

This 2026 budget was developed with careful consideration of the economic indicators and forecasting data available. Consequently, the 2026 adopted budget represents a concerted effort to present a fiscally conservative budget that adequately supports the District for another successful year of programming and activities. As we once again approach the upcoming year with "cautious optimism," we remain confident that the annual OC Fair, as well as the District's educational assets – including Centennial Farm, Heroes Hall, and The Ranch Community Center – are beloved by the community and will remain in strong demand.

At the onset of the budget development process, the following assumptions were provided to staff as a guideline for the upcoming budget year:

- Use the 2025 fair model for 2026





- Control ticket sales at 55,000 per day (from 50,000 in 2025)
- Year-round parking prices increase to \$15; Admission prices increase as follows:
 - Senior pricing increases to \$10 (from \$9)
 - Weekend adult pricing increases to \$18 (from \$15)
 - Weekday early-bird Admission promotion (more details to come)
- 35 shows in the Pacific Amphitheatre
- Budget for overtime for part-time, seasonal employees and an increase in minimum wage
- Four additional civil service headcounts (Event Services, Capital Projects, Exhibit & Education and Maintenance)
- Inclusion of feature exhibit
- Continue a 2-day in-person Imaginology event
- Continue shared model for The Ranch – community and boarding/training
- \$3.9M capital expenditures program

This year's budget assumptions included a few notable differences from the previous year, including four additional civil service headcounts to support our continued operational growth. Additionally, it reflects the new shared model of The Ranch Community Center with community-forward equine experiences and programs. Lastly, the 2026 budget includes a \$3.9M capital expenditures program representing a decrease of \$400,000 compared to the previous 2025 adopted budget.

Revenue Highlights

The adopted 2026 operating budget projects total revenues of \$70.4 million, compared to \$65.1 million in 2025, reflecting an increase of \$5.3 million, or 8.1%. Below are some key highlights of significant revenue changes found in the 2026 budget:

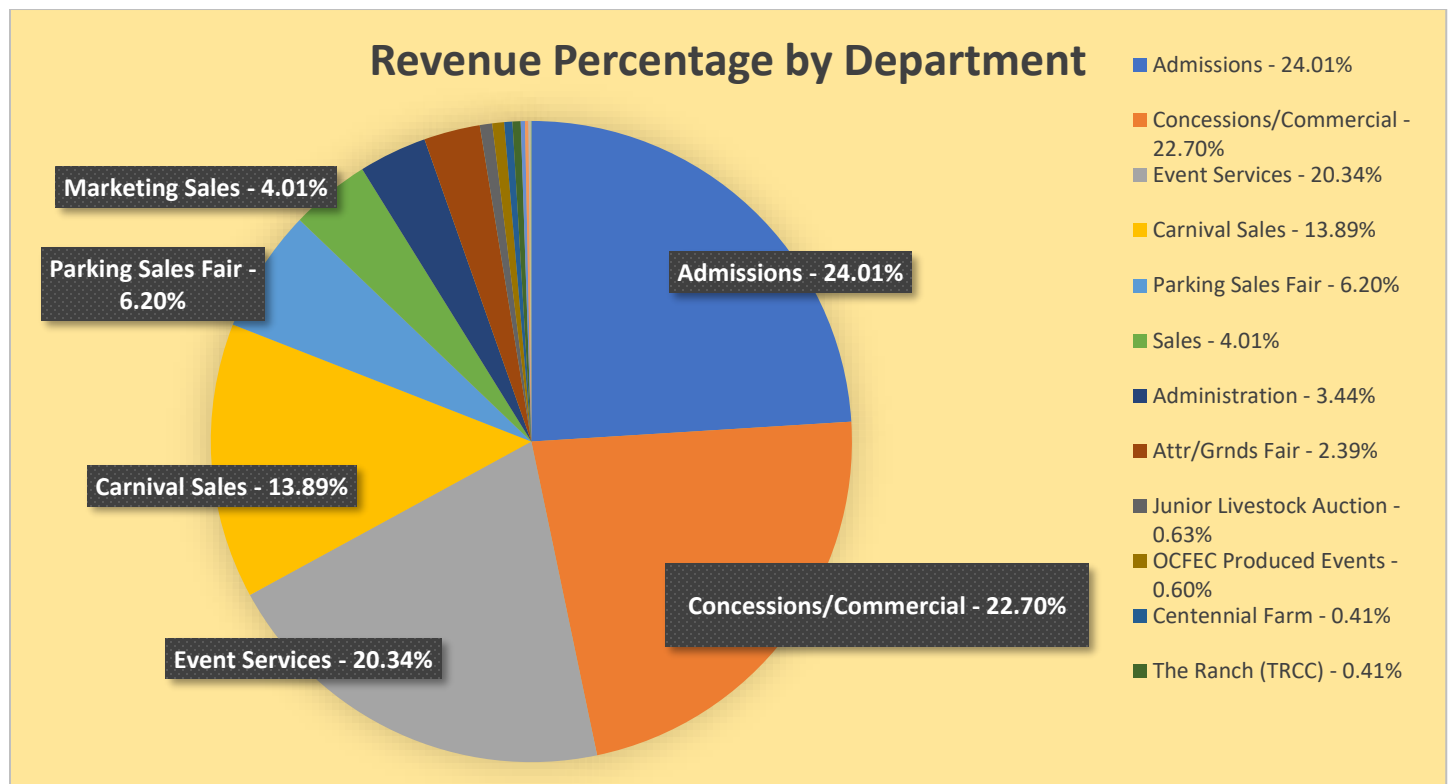
- **Department 30 (Event Services)** – Modest scheduled increases in year-round building rental and fair merchant space fees, coupled with the addition of new events and the expansion of existing events, are anticipated to result in total revenues of \$11.1M, an increase of \$1.1M over 2025.
- **Department 50 (Admissions)** – Estimated total revenue increase of \$1.5M based on 2025 actual ticket sales, increased attendance cap of 55,000, and proposed General Admission Weekend and Senior rates.
- **Department 58 (Carnival Sales)** – While carnival sales pricing is not anticipated to increase, carnival sales revenues are estimated to increase by \$114,541 based on actuals from 2025.





- **Department 64 (Commercial & Concessions)** – Modest scheduled increases in fair merchant space fees will result in increased revenues of \$28,550. Additionally, projected higher food and beverage sales will result in revenue increases of \$263,852 compared to 2025.
- **Department 72 (Pacific Amphitheatre)** – Estimated revenues are anticipated to increase by \$1.92M due to budgeting for 35 shows and the strategy of contracting higher-priced performances in 2026.
- **Department 87 (Sales)** – Higher sponsorship sales resulting in an estimated total increase in revenue of \$337,208.

The following chart provides a breakdown of revenue percentages by department:





Expenditure Highlights

Operating expenditures are divided into two categories – department expenditures and labor expenses. For 2026, total operating expenditures are projected at \$64,828,734, an increase of \$4,988,697 from the 2025 adopted budget. Regarding departmental expenditures, the 2026 budget reflects a concerted effort by staff to minimize the impact of inflation. As the cost of supplies, contracts, and utilities continue to rise, staff continues to effectively manage individual departmental budgets and contracts to limit the budgetary impact for the upcoming year. However, due to significant increases in certain contracts, including higher performance fees, equipment rental costs, and the model for The Ranch Community Center, overall department expenditures are projected to increase by \$2,528,382 compared to 2025. A summary of operating expenditures across all departments is provided in the table below:

Function/Department No.	Projected Revenues	Projected Labor	Projected Non-Labor Expenses
Administration - Dept 06	\$ 1,875,000	\$ 1,549,176	\$ 1,261,744
Human Resources - Dept 07	\$ -	\$ 1,444,978	\$ 245,277
Technology & Production - Depts 08, 09, 19	\$ -	\$ 799,906	\$ 1,275,214
Finance/Accounting - Dept 10, 49, 59	\$ 41,075	\$ 791,468	\$ 293,559
Business Services - Dept 12	\$ -	\$ 454,727	\$ 21,200
Exhibits & Education - Depts 11, 14, 27, 29, 41, 42, 43, 44, 46, 53, 62, 82, 84	\$ 800,797	\$ 2,681,152	\$ 1,739,339
Marketing - Dept 15	\$ -	\$ 551,789	\$ 2,202,500
Communications - Dept 18	\$ -	\$ 629,345	\$ 141,750
Maintenance Operations - Depts 20, 22, 28, 63	\$ 15,500	\$ 5,841,667	\$ 5,305,642
Creative Services - Dept 21	\$ -	\$ 567,413	\$ 53,550
Security, Parking & Traffic - Depts 23, 32, 51, 52	\$ -	\$ 4,179,627	\$ 2,704,115
The Ranch Community Center - Dept 25	\$ 223,242	\$ 358,740	\$ 1,081,633
Event Services - Depts 30, 33	\$ 11,100,000	\$ 2,915,528	\$ 1,413,750
Admissions - Depts 31, 38, 50, 66, 67	\$ 16,134,032	\$ 1,392,815	\$ 1,156,557
Guest Services - Dept 47	\$ -	\$ 391,751	\$ 82,600
Entertainment - Depts 48, 69, 70, 72, 78	\$ 18,110,899	\$ 1,428,638	\$ 14,366,964
Carnival Sales - Dept 58	\$ 7,578,000	\$ 317,658	\$ 296,000
Concessions & Commercial - Dept 64	\$ 12,383,400	\$ 420,102	\$ 86,300
Sales - Dept 87	\$ 2,188,000	\$ -	\$ 302,560
Major Projects - Dept 97	\$ -	\$ -	\$ -
Depreciation - Dept 99	\$ -	\$ -	\$ 4,080,000
TOTAL	70,449,944	(26,716,480)	(38,112,254)





As shown in the table above, labor expenses for 2025 are anticipated to total \$26,716,480, an increase of \$2,640,315, or approximately 10.1% over the previous year. Labor expenses take into consideration additional salary and benefits costs for civil service employees, four new civil service headcounts, increased benefits costs amongst all bargaining units, and an across-the-board wage increase for part-time, temporary employees of \$0.35 above the mandated minimum wage to remain competitive in the labor market. It should be noted that labor expense change is also impacted by the CalPERS employer contributions reverting to 31.42% after the temporary one-time reduction to 26.31% in 2025.

Net Proceeds

Categories	2025 Adopted	2026 Proposed	\$ Change	% Change
Total Revenues	\$65.1M	\$70.4M	+\$5.3M	8.14%
Labor Expenses	\$24.26M	\$26.72M	+\$2.46M	10.14%
Non-Labor Expenses	\$35.58M	\$38.10M	+\$2.52M	7.11%
Capital Expenditures	\$4.3M	\$3.9M	-\$0.4M	-9.30%
Net Proceeds	\$5.25M	\$5.58M	+\$0.33M	6.29%

In light of the budgetary pressures anticipated in 2026, net proceeds are projected to total \$5,621,209 representing an increase of \$372,220 compared to the 2025 adopted budget. The increase demonstrates continued fiscal discipline and positions the organization well for sustained financial stability in 2026. It should be noted, however, that the District's tendency for conservative financial budgeting and policies has directly resulted in a current cash and cash equivalent balance of \$60.9 million as of November 30, 2025.

Capital Expenditures/Major Projects

The 2026 Capital Expenditures/Major Projects program is comprised of 51 projects totaling \$4.3 million in expenditures, broken out into the following categories: Capital Expenditures, Major Expenditures, Equipment Purchases, and Contingencies.

- **Capital Projects:** \$1,825,000
 - 20 projects ranging from \$15,000 to \$250,000
- **Major Expenditures:** \$1,038,000
 - 20 projects ranging from \$15,000 to \$200,000





- **Equipment Purchases:** \$946,000
 - 26 equipment purchases ranging from \$5,000 to \$250,000
- **Contingency:** \$100,000

Notable Work Efforts for 2026

5-Year Strategic Plan

This year marks the launch of the District's 2025–2029 Strategic Plan, a comprehensive roadmap developed by the Board of Directors and staff through an inclusive and collaborative public process. Building on the completion of our updated mission, vision, values, and organizational purpose, the new plan establishes four guiding pillars: Innovation, Stewardship, Operational Excellence, and Visitor Experience. With the plan now finalized, the organization will actively implement initiatives. These efforts include strengthening technology infrastructure, expanding understanding of guest preferences, improving facilities to meet growing needs, enhancing revenue opportunities, refining internal processes, and promoting responsible stewardship of the State's assets.

Master Site Plan – Phase II

Phase I of the multi-year Master Site Plan (MSP) has now been completed, marking the addition of 16,600 square feet to the Administration Building. Staff are projected to move into the new Administration Building by the end of 2025. Planning for Phase II, which focuses on the restroom facilities, is currently underway.

The Ranch Community Center

District staff made notable progress in 2025, primarily by focusing on deferred maintenance (particularly box stall and electrical repairs), resulting in the completion of approximately 50% of the barns on the private boarding side. In addition to these maintenance projects, staff successfully launched the Ranch Discovery Day program, holding two events in 2025. Staff continues to plan Ranch Discovery Days to be offered quarterly in 2026. The 2026 budget includes revenues and expenses related to the ongoing development of public programs and incremental growth in private boarding. The Ranch Community Center staff remains dedicated to customer service and to maintaining the health, safety, and well-being of the horses as top priorities.

Conclusion

We believe the 2026 budget represents a conservative and responsible financial plan that supports staff in continuing to advance the District's strategic priorities while supporting the events and programming that the community values. Additionally, the 2026 budget includes ongoing investments in capital expenditures and the continued maintenance of the property.





The budget is designed to be both responsible and forward-thinking. We are committed to closely monitoring its progress through monthly variance reports, regular meetings with the Finance Monitoring and Audit Committee, and consistent updates to the Board and the public.

In closing, we remain grateful to the Board of Directors for its leadership and to the many staff members whose work contributes to the preparation, review, and implementation of this 2026 annual budget. We look forward to another successful year. We look forward to the challenges and opportunities of the coming year and remain dedicated to ensuring the OC Fair & Event Center continues to be the beloved and special place it is.

Sincerely,

James Canfield
Chief Executive Officer

Melissa Au-Yeung
Chief Administrative Officer

