



November 27, 2023

TO: Honorable Board of Supervisors  
FROM: Dana Stoehr, CEO  
RE: 2024 Proposed Budget for San Mateo County Exposition and Fair Association

**Recommendation:**

Adopt a resolution accepting and approving the San Mateo County Exposition and Fair Association 2024 Budget.

**Background and Highlights:**

The County is the owner of the San Mateo County Event Center (“Event Center”), in the City of San Mateo, which is used for conferences, conventions and expositions. The Event Center is managed by a non-profit organization, the San Mateo County Exposition and Fair Association (“Association”), pursuant to the “Agreement Providing for Management of the San Mateo County Fair and the San Mateo County Event Center” (“Event Center Management Agreement”), dated November 1, 2018, various forms of which have been in place since 1984.

The Event Center Management Agreement provides, at Paragraph 5, that “For each calendar year, prior to the expenditure of any funds or the creation of any obligations for the Association, in connection with the use and operation of Event Center, the Association shall submit to the County a budget setting forth in detail all of the items of expenditures and contemplated receipts for the Fair and Event Center, including the satellite wagering facility, during the succeeding year, which budget shall be subject to the approval of the County; following County approval, it shall be submitted to the Division of Fairs and Exposition of the State Department of Food and Agriculture in accordance with applicable law...”

At the Association’s Board Meeting on November 15, 2023, the Association Board reviewed and approved the proposed 2024 budget for the operation of the Association.

We continue to be proud of the collaboration with San Mateo County for our historic and successful pandemic response and ongoing Capital Improvement Program. The Event Center and Fair continue to provide San Mateo communities benefits while operating a successful business and hosting the annual Fair.

Again, in 2023, the Association sponsored over \$500,000 in both in-kind and direct donations to other nonprofits serving San Mateo County. We are proud to support our community organizations so they can continue to thrive and meet their goals.



During the 2023 San Mateo County Fair, we hosted 2,154 children from ages 6 to 12 on “Kids Day” and 2,592 Seniors on “Senior Day” free of admission charges. These programs returned in 2023 (after an absence of several years) and were successful. We received many positive comments on free Senior Day – which many fairs have discontinued.

We continue to host clients for corporate events, conventions, youth sports events, and other trade and public shows, generating economic impact and visitors to San Mateo County.

The emphasis on budgeting and operations for the next two years will be our aggressive Capital Improvement Budget. With the generous (and much appreciated) support from the County of San Mateo, we are planning to invest \$21,300,000.00 over the next two years in capital improvements.

We anticipate having an adequate financial reserve (approximately 40%) upon completing our capital expenditure projects in 2026.

## **HIGHLIGHTS OF THE 2024 PROPOSED OPERATING BUDGET**

### **Background Summary**

- ❖ The 2024 Budget is a historical trends budget – much in line with 2023. We are budgeting an operating profit of \$11,835. Based on trends over the past four years, our actual revenues and profit have exceeded our budget by substantial amounts; however we budget revenues conservatively.

One major uncertainty is the fate of horseracing in Northern California. With the closure of Golden Gate Fields in June 2024, and possible legislative changes to historical track commission allocations, the Association is exploring alternatives, and is prepared to respond in a timely manner to this ever-changing situation.

- ❖ Non-Operational Funding – Only AB 1499 Funds - \$100,000 – we know with capital projects this will increase; however, it will not affect our operating budget.

### **Revenues Discussion**

- ❖ Fair Revenues (detail pages 1, 2) – \$2,579,800, comparable to 2023 revenue (\$2,504,293) up 3%, Significant increase in Sponsorships – due to hiring a sponsorship coordinator.
- ❖ Satellite Wagering (detail page 2) - \$1,400,250, down 26% from 2023 – Estimates include 6 months of average revenues; two months of 50% revenues (Fair Summer meet) – Golden Gate dropping Friday Race dates for Monday may have more impact than budgeted – too many uncertainties to be able to accurately forecast.



- ❖ Event Sales & Service (detail page 3) - \$5,562,806, down 5% from 2023 estimated - budgeted conservatively.
- ❖ Culinary (detail page 4) – \$1,966,446, down 6% from 2023 estimated – budgeted conservatively.
- ❖ Other Operating Revenue (detail page 4) - \$326,316 – Cell Phone Tower Commission and interest earnings – interest is based on 2023 actual.
- ❖ **Total Revenue: \$11,935,617**

Expenses Discussion:

- ❖ Administration Expense (detail page 5) – \$2,605,454, Increase of 16% - Includes a new position of Construction Project Manager. Audit expense decrease– no need for pension audit in 2024, UI should continue to decrease.
- ❖ Maintenance Expense (detail page 6) – \$2,461,147.90, Increase 11% - includes two additional full time maintenance positions.
- ❖ Fair Expenses (detail pages 7-9)- \$2,204,806, Increase 4.6 % - Budgeted Profit \$374,993. Includes full-time position of Sponsorship Coordinator and Special Events Coordinator PT with more hours in Fair Administration – other Fair expenses track too historical.
- ❖ Event Sales and Service (detail page 11) \$1,933,542.54, Increase 4% - Budgeted Profit \$3,629,263 Salaries & Wages Reclassification of Supervisor to Manager – full-time sales assistant – 6 months in 2023.
- ❖ Culinary (detail Page 12) – \$1,669,503.97, increase 5% - Budgeted Profit \$296,942 All part-time labor is included in payroll. PT Actual expenses 2023 payroll outside agency and contracted services – Agency workers when we do not have enough in-house staff.
- ❖ Satellite Wagering (detail page 13) \$652,327.05, 12% decrease – Budgeted profit \$747,923 - see notes above regarding horse racing at Golden Gate Fields.
- ❖ Non-Capitalized Equipment and Improvements (detail page 14) - \$297,000.00 – Golf Carts; Generator south lot; Cameras; Lighting, paving and repainting buildings.
- ❖ **Total Operating Expenses \$11,823,782.32**



Depreciation - budgeted depreciation \$594,531.41 – will depend upon when projects are completed, capitalized, and depreciated.