



December 13, 2022

TO: Honorable Board of Supervisors  
FROM: Dana Stoehr, CEO  
RE: 2023 Proposed Budget and Investment Request

**Recommendation:**

Adopt a resolution:

- A) Accepting the San Mateo County Exposition and Fair Association 2023 Budget; and
- B) Designating the San Mateo County Event Center and Fairgrounds as a Community Resilience Center.

**Background and Discussion Highlights:** At the Board Meeting on October 26, 2022, the Board reviewed and approved the proposed 2023 budget.

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

The Association has sponsored over \$505,000 in both in-kind and direct donations to other nonprofits serving San Mateo County in 2022. We are proud to support our community organizations so they can continue to thrive and meet their goals. Community organizations sponsored or benefitted include:

- Sponsored the 18<sup>th</sup> annual San Mateo County Disaster Preparedness Day
- Sponsored Samaritan House Backpack Giveaway and Holiday Program
- Sponsored U.S. Marines Toys for Tots Holiday Program
- Sponsored Fortitude – a six-week course in the building trades for Fortitude, a non-profit serving both juvenile dependents and juveniles in the justice system
- Sponsor 2nd Harvest weekly for food distribution for our community members in need
- Sponsored the Domini Hoskins Black History Museum, both on-site during the annual Fair and its downtown Redwood City location during Black History Month
- Sponsored San Mateo County Health Foundation “Taste of San Mateo”
- Sponsored the Cesar Chavez Foundation and our own San Mateo County Farmworkers during the Fair
- Donated fair tickets to every school-age child in San Mateo County
- Donated fair tickets to many County non-profits, including the Boys and Girls Club, CASA, and San Mateo PAL
- Donated fair tickets to Ayudando Latinos A Sonar (San Mateo County farmworkers and their families)

- Donated fair tickets to Pacific Islands Together
- Donated fair tickets to Domini Black History Museum and Learning Center

Other successes include collaborating with County staff and receiving a 1.2-million-dollar FEMA/CALOES grant to provide advanced emergency response for three additional generators and a major electrical upgrade to the three central buildings at the Event Center.

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 Event Center thrives despite a lack of ongoing capital investment funding to address deferred maintenance and capital projects. Funding from State services has returned to minimal pre-pandemic levels, with a recent shift of CDFA funding state agency fairgrounds over County owned properties. The Association also does not receive Transient Occupancy Tax or any other substantial tax funding, as most convention centers do to produce a sustainable annual budget and capital investment program.

Still, with conservative business practices and our entrepreneurial work ethic, we have sustained for over seventy-five years. We continue to generate revenues beyond our operational needs to maintain and enhance the property to the best of our ability.

Recent property improvements include:

- Asphalt replacement – Entire West Delaware lot and areas in need of repair
- Roof replacement for Cypress Hall and the Jockey Club
- Upgrading LED lighting across the property for better efficiency
- New LED signage to attract and advertise for business clients
- A shade structure expanding and denoting our main guest entrance – already used as a marketing revenue generator for corporate clients wanting to brand the main event entrance
- New security gates to prohibit unauthorized vehicle traffic during overnight hours
- Installation of new fiber lines and upgraded 10G switch infrastructure to accommodate ten-gigabyte broadband property-wide

Even with improvements, we operate an aged facility. Capital investment is needed to upgrade the property, expand business opportunities, and improve our emergency response capabilities. The Association continues to engage in strategic planning and explore ways to realize funding to achieve the highest and best use of the property. The Association will also continue to source grant opportunities to improve the facility. Most recently, it was announced that 35 million through the California Strategic Growth Council would be available for community centers, fairgrounds, non-profits, and other community organizations that are designated as Community Resilience Centers by their local authorities. This designation is required for all grant applications. The San Mateo County Event Center and Fairgrounds has and will continue to demonstrate itself as a Community Resilience Center.

We request the County to invest with the San Mateo Exposition and Fair Association to accomplish two major projects.

- \$300,000 in internet and Wi-Fi capability upgrades to offer state-of-the-art Wi-Fi systems that are required in today's market.

The Association will match this commitment with \$200,000 of reserve funds. These improvements will provide current and future business clients and conventions we host with the necessary broadband and Wi-Fi needed to execute their events. These upgrades will also be critical for emergency response. The plans include redundancy to ensure operations during a disaster. We anticipate that sales of this system to clients would replace and exceed revenues received from previous storage fees at the current UFES site that was lost when the UFES agreement was created between the County and the City of San Mateo.

- \$1,000,000 investment in solar capability for installing solar canopies in the main guest parking lot.

The Association will match this investment with an additional \$2,000,000 of reserve funds. The project would be a major improvement and allow the Association to host more conventions and conferences while accommodating sports, trade, and consumer shows, directly increasing the capacity to host multiple events concurrently. Consumer shows, the annual Fair, and youth sports events require our ability to provide RV spaces along our front interior fence line. The location directly inhibits multiple events from being hosted simultaneously. We would relocate our current RV power, water, and sewer hookup locations to the UFES location (not buildable in the future) under solar canopies, offering upgraded and out-of-sightline power, water, and sewer hookups along with additional parking and EV charging stations. This project also enhances our emergency preparedness in the event of a disaster and would generate revenues for the Association to pay for new improvements in the future. The significance of this upgrade to the facility cannot be overstated, and it would be a vast improvement. Further, this would be a significant step in solar investment to meet the Association's goal to be the largest solar generation property in the County.

Investment in the Event Center has multiple benefits. It positions the Association to attract more business, improves our emergency resilience for our communities, improves our sustainability through solar investment, and generates additional revenue that can be used to maintain and improve the property.

California has seventy-seven Fairgrounds in the State of California, and almost all serve their local communities for times of celebrations and during disasters. The San Mateo County Event Center and Fairgrounds is centrally located in the County and prepared to offer the most significant response needed to serve people and livestock in the event of a disaster.

The Association is committed to supporting our community for celebrations and as needed, support during an emergency or disaster. Association staff and Event Center property is uniquely positioned to provide for staging when mass emergency services are needed, protect, and house the vulnerable, and orchestrate large-scale emergency response and support.

We can accomplish these goals with your support and vision to help us grow revenues for future improvements, attract more corporate businesses and conventions, which also support our local businesses, drive sales tax revenues, and improve our resiliency for disaster support. Your support of these two projects will benefit the Association, the County, and our community for years.

## HIGHLIGHTS OF THE 2023 PROPOSED BUDGET

### Background Summary

The Association has submitted a conservative budget with an expectation of a 2023-24 economic downturn while using some reserves for capital improvements to the property. The Association proposes using reserves to fund equipment, improvements, in 2023 for \$1,183,047.05. Without those expenses, the budget shows a profit of \$133,359.74. The Association is also prepared to increase capital investment from reserves to accomplish shared goals if additional funding is secured.

The financial success of the past several years has led to the Association having significant reserves (\$10,439,451.87) as of December 31, 2022.

### Revenues

- ❖ Non-Operational Funding –AB 1499 Funds - \$100,000
- ❖ Fair Revenues – \$2,389,500 comparable to 2022 revenue (\$2,347,289)
- ❖ Satellite Wagering - \$2,292,027 down 2% from 2022 – historic trend down
- ❖ Event Sales & Service - \$4,693,724 down 12% from 2022 estimated
- ❖ Food Service – ESS - \$1,686,809 reflects the Association reassuming the entire operation of food and beverage service
- ❖ Other Operating Revenue - \$112,120 – Cell Phone Tower Commission
  
- ❖ **Total Revenue: \$11,274,180**

### Expenses

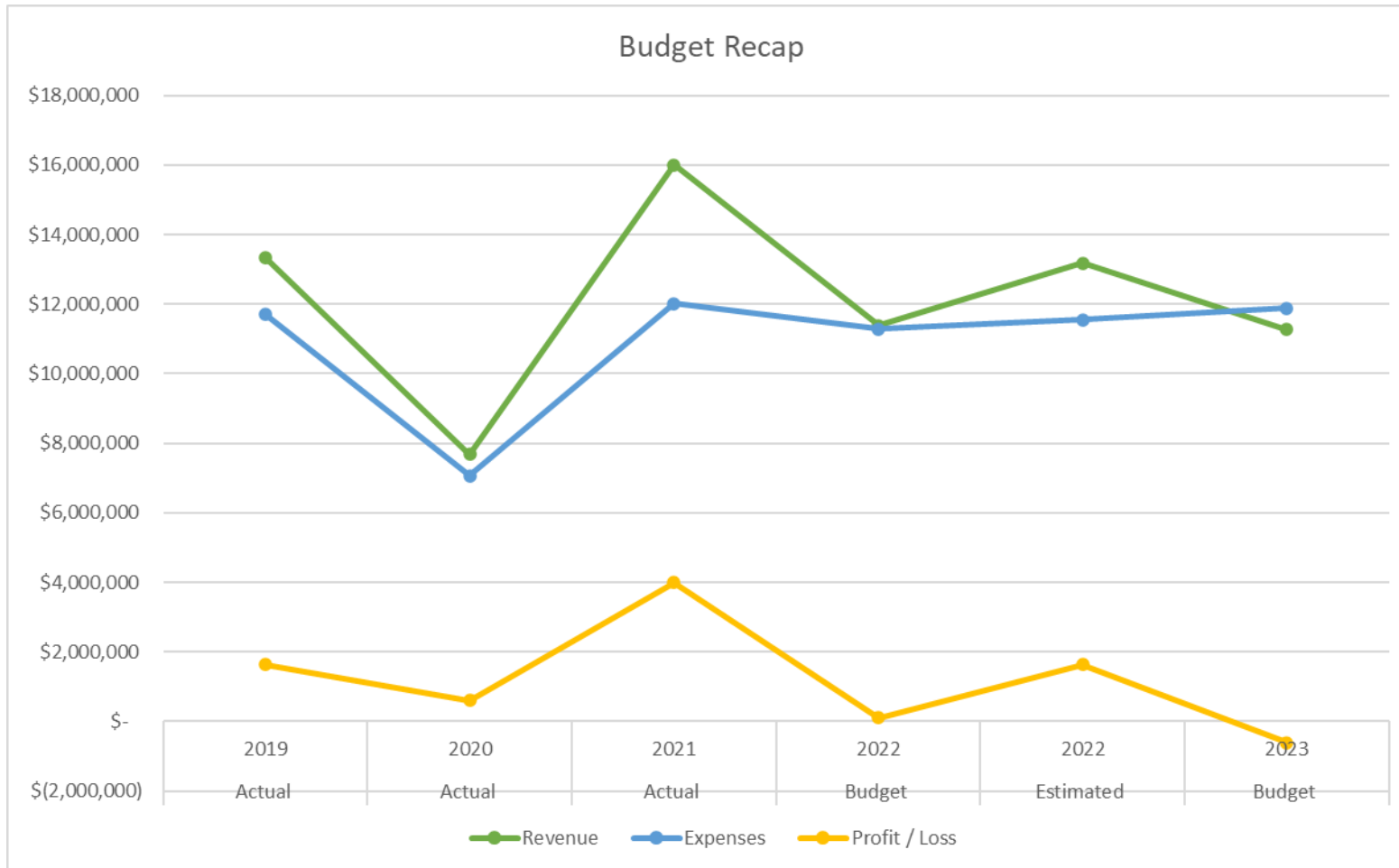
- ❖ Administration Expense – \$2,386,671 Increase of .06% - includes a new Full-Time position as Manager of Communications/Marketing and a Brand Development Consultant
- ❖ Maintenance Expense – \$2,291,695 Increase 10% includes two additional full-time maintenance positions
- ❖ Fair Expenses - \$2,276,419 Increase 3% - Increase in entertainment during the annual Fair
- ❖ Event Sales and Service \$1,783,344 Decrease 1% - reflects a decrease in event revenue, with an increase in staff positions to recover from the COVID layoffs and expand future business opportunities
- ❖ Food Service – ESS \$1,611,004 – Reflects Association assuming the entire operation of food service and full-time positions
- ❖ Satellite Wagering \$791,687 7% increase – salary increases, equipment replacement
- ❖ Non-Capitalized Equipment and Improvements - \$739,500 includes Wi-Fi improvements throughout the grounds
  
- ❖ **Total Operating Expenses \$11,880,320**

**San Mateo County Event Center**

**2022 Proposed Budget - Recap**

	Acct. No.	Actual 2019	Actual 2020	Actual 2021	Budget 2022	Estimated 2022	Proposed 2023
<b>REVENUES:</b>							
Non Operational Funding		\$0	\$283,390	1,025,523	100,000	962,796	100,000
Fair Admissions to Grounds	41000	830,870	-	968,469	765,000	1,109,993	1,100,000
Fair Commercial Space	41500	123,138	-	33,350	115,000	84,990	85,000
Fair Carnival & Concessions	42100	596,933	-	620,715	600,000	678,993	650,000
Fair Exhibits	43000	55,232	1	25,698	54,500	30,392	38,500
Miscellaneous Fair	47000	532,769	24,886	532,364	545,000	442,921	516,000
Covid Programs	46000	-	463,896	4,737,795	500,000	936,010	-
Satellite Wagering	45005	2,487,781	1,788,528	2,032,054	2,370,446	2,331,880	2,292,027
Event Sales & Service	48000	5,855,482	4,458,842	5,456,797	4,513,049	5,271,988	4,693,724
Food Service - ESS	44000	2,788,118	517,216	540,639	1,723,679	1,209,472	1,686,809
Prior Year Revenue Adjustments	49000	(69,808)	8,236	(50,174)	-	7,812	-
Other Operating Revenue	49500	133,270	140,091	84,382	100,019	108,702	112,120
<b>TOTAL OPERATING REVENUES</b>		13,333,784	7,685,086	16,007,611	11,386,693	13,175,950	11,274,180
<b>EXPENDITURES:</b>							
Administration	50000	2,053,686	1,376,127	1,659,586	2,191,042	2,266,508	2,386,671
Maintenance & General Operations	52000	2,294,526	1,851,043	1,867,469	1,974,498	2,078,590	2,291,695
Fair Administration & Marketing	54000	639,205	248,373	431,505	637,401	683,813	654,346
Fair Attendance Operations	56000	357,478	2,797	416,878	469,137	524,286	497,345
Miscellaneous Fair	57000	127,736	20,315	109,440	137,928	207,608	260,878
Fair Premiums / Awards	58000	62,676	0	25,439	70,000	25,748	51,000
Fair Exhibits	63000	202,126	38,852	145,700	226,287	224,924	231,958
Fair Entertainment	66000	686,450	40,000	306,967	492,162	543,270	580,893
Covid Response	55000	0	381,137	3,996,481	469,772	841,453	-
Event Sales and Services Expenses	64000	1,775,705	1,217,263	1,333,301	1,447,952	1,802,194	1,783,344
Food Service - ESS	65000	1,627,879	600,038	312,441	1,438,303	778,805	1,611,004
Satellite Wagering	65005	1,478,900	1,006,442	690,609	830,869	742,181	791,687
Equipment and Improvements	72300	421,824	243,077	703,139	900,000	814,062	739,500
Prior Year Expense Adjustments	80000	(22,137)	47,455	16,039	0	13,642	-
Cash (over/under)	85000	(7,533)	(885)	3,355	0	(1,981)	0
Other Operating Expense	94000						
<b>TOTAL OPERATING EXPENDITURES</b>		11,698,519	7,072,035	12,018,350	11,285,348	11,545,104	11,880,320
<b>NET OPERATING PROFIT/(LOSS) BEFORE DEPR</b>		1,635,265	613,051	3,989,261	101,345	1,630,846	(606,140)

	<b>Actual 2019</b>	<b>Actual 2020</b>	<b>Actual 2021</b>	<b>Budget 2022</b>	<b>Estimated 2022</b>	<b>Budget 2023</b>
Revenue	\$ 13,333,784	\$7,685,086	\$16,007,611	\$11,386,693	\$13,175,950	\$ 11,274,180
Expenses	\$11,698,519	\$7,072,035	\$12,018,350	\$11,285,348	\$11,545,104	\$11,880,320
Profit / Loss	\$1,635,265	\$613,051	\$3,989,261	\$101,345	\$1,630,846	\$(606,140)





# SMCEC RV LOT CONCEPT LAYOUT | SITE PLAN

SAN MATEO, CA | JUNE 10, 2020 | SAN MATEO COUNTY EVENT CENTER





## SMCEC RV LOT CONCEPT LAYOUT | BIRDSEYE VIEW

SAN MATEO, CA | JUNE 10, 2020 | SAN MATEO COUNTY EVENT CENTER

