



2016 BUDGET

November 5, 2015

TO: Honorable Board of Supervisors

FROM: Chris A. Carpenter, Senior Vice President, and General Manager

RE: 2016 Proposed Budget

Recommendations: Approval of a resolution accepting the 2016 San Mateo County Exposition and Fair Association budget.

Background and Highlights: The Board of Directors and staff prepared the 2016 budget. At the Board Meeting on October 28, 2015, the Board reviewed and approved the proposed budget. Staff met with County Manager John Maltbie on November 9th to review the 2015 budget and proposed 2016 budget.

I would like to acknowledge and thank all members of the Board for their time and input towards formulating this proposed budget. I also want to commend Tim Smith, and Dana Stoehr, Chief Operating Officers for their contributions in creating the 2016 budget, as well all the SMCEFA Staff, for the dedication and hard work.

With the input of members of the Board, as well as staff, we respectfully request approval of the proposed 2016 budget.

2016 Budget

As discussed in a recent SMCEFA Board of Directors meeting, we are forecasting another good year for the San Mateo County Event Center, with sustained operating revenues and controlled expenses. In 2015, the SMCEFA once again operated as a self-sustained operation, maintaining our reserves to an estimated 17.8% of overall expenses, after reinvesting a substantial amount of money into the facilities and campus.

As stated above, in 2015 we invested a great deal of money in the San Mateo County Event Center and will continue to do so in 2016. We are now hosting well over 400 events a year, which require, ongoing maintenance of facilities, capital improvements,

and new equipment. Creative Touch Catering & Food Services is fully staffed, and we are operating successfully.

We are pleased to report the Jockey Club Satellite Wagering Facility continues to operate slightly above our initial estimates, hence the reason we projected a 3% decrease in revenue, due to the declining trend in California Horse Racing. The only debt service remaining on the Jockey Club at 2015 year end is a zero percent loan of \$300,000 that we submit \$100,000 annual payments to the California Authority of Racing Fairs. We are also proud to report that the Jockey Club is still the most successful satellite wagering facility in all of California, yielding the highest handle and attendance.

The 2015 San Mateo County Fair was a success, our competitive and commercial exhibits both increased in exhibitors and the number of entries. We received positive feedback from patrons who attended the fair, along with suggestions for future enhancements. We have, of course, provided projections for the 2016 SMC Fair in our budget, and planning for next year is under way.

We continue to be proud of the fact that we brought Creative Touch Catering & Food Services operations in-house.

We anticipate an increase of more than Ten percent 2016 related to new contracts for facility rental and parking.

We expect no significant changes in Administration or Maintenance expenses and are budgeting \$200,000 in Leasehold Improvements for next year.

We are anticipating slight increases in all operations due to in large part to increased activity.

Satellite Wagering expenses show an increase primarily in necessary improvements, equipment replacement, and some employee wage increases. Fair Entertainment Expense is static.

Since 2009, we have reinvested a substantial portion of our operating reserves into required ongoing leasehold improvements, capital, and special projects. We shall continue to do so in 2016. Below is a schedule of completed projects from 2009-2015 totaling of \$6,858,195.00.

2009 – Jockey Club Remodel	\$5,023,736.00
2010 – Jockey Club Fencing	\$24,252.00
2010 – Generators Jockey Club	\$215,149.00
2013 – Expo Hall Sound System	\$87,319.00
2014 – Trash Compactor Handling Pad	\$95,355.00
2014 – Central Mall Storm Drain	\$26,550.00
2015 – HVAC Expo Hall	\$820,419.00
2015 – Expo Hall Generators	\$225,415.00

2015 – Expo Hall Lighting Improvements	\$165,000.00
2015 – Roofing- Expo Hall and Jockey Club	\$175,000.00

Net Resources –are showing a loss of \$10,000 after depreciation for 2016. However, due to the investment in capitalized equipment, leasehold improvements, and special projects, our reserve percentage is still estimated at 18.2%, reflecting a commitment to investing profits from previous years into the facility infrastructure.

The SMCEC team has once again raised the bar to challenge ourselves for the upcoming year through increased bookings/activities, revenues and controlled expenses for the overall operation.

I would like to thank the County Manager’s office, Board of Supervisors and the San Mateo County Exposition and Fair Association Board of Directors for their support and guidance in our efforts toward the continued success of the San Mateo County Fair, Jockey Club, San Mateo County Event Center and Creative Touch Catering & Food Services.