



## 2015 BUDGET

November 18, 2014

TO: Honorable Board of Supervisors

FROM: Chris A. Carpenter

RE: 2015 Proposed Budget

**Recommendations:** Approve a resolution accepting the 2015 budget of the San Mateo County Exposition and Fair Association as presented.

**Background and Highlights:** The Board of Directors and staff prepared the 2015 budget. At the Board Meeting on November 7, 2014 the Board reviewed and approved the proposed budget. Staff met with County Manager John Maltbie on November 10 to review 2014 and our proposed 2015 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 (our newly hired Director of Finance), Diane Baumann (who retired the end of October and is now working with Tim through the transition) and Ronny Tompot. In addition to all SMCEC Managers, for the dedication and hard work they have put into the 2015 budget.

With the input of members of the Board, as well as staff, we recommend the 2015 proposed budget.

### 2015 Budget

As we 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 2014 the SMCEC once again operated as a completely self-sustained operation, maintaining our reserves to an estimated 27% of overall expenses, after reinvesting a substantial amount of money into the facilities and campus.

As stated above, in 2014 we invested a great deal of money in the San Mateo County Event Center and will continue to do so in 2015. We are now hosting well over 400 events a year, which require enhancements in IT, including ongoing maintenance of all facilities, capital improvements and new equipment. The Creative Touch Catering & Food Services Department is fully staffed and we are close to completing the purchase of equipment and renovations. These projects are outlined in the 2015 budget we have provided you.

We are pleased to report the Jockey Club satellite wagering facility is operating slightly above our initial estimates, hence the reason we only projected a 3% decrease in revenue, this of course due to the declining trend in California Horse Racing. The only debt service remaining on the Jockey is a zero percent loan of \$596,000 that we submit \$175,000 annual payments to the state for. 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 2014 San Mateo County Fair was a success, with increases in attendance by over 23% and 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. In addition, we experienced a substantial growth in attendance for the San Mateo County Disaster Preparedness Day. We have, of course, provided projections for the 2015 SMC Fair in our budget, and planning for next year is under way.

We are proud of the fact that in 2015 through the addition of bringing food service operations “in house” (Creative Touch Catering & Food Services), we surpassed revenues received from our past contract food services company. Accomplishing this, despite of hiring our own staff, equipment purchases and renovations throughout the campus and facilities.

All Fair revenue – (Admission to Grounds; Commercial Space; Concessions; Miscellaneous Fair) is based on a three year average with a significant increase in revenue for 2014. Fair sponsorships have been increased by close to \$10,000 due to new anticipated sponsorships.

Rental Revenue for the San Mateo County Event Center is anticipating an increase of close to \$200,000.00 over 2014 estimated revenues.

We anticipate no significant changes in Administration or Maintenance Expenses and are budgeting \$1,045,000 in Leasehold Improvements and \$345,000 in Special Projects in 2015.

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

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

Net Resources – we are showing a loss of \$265,719 after depreciation for 2015. However, due to the investment in capitalized equipment, leasehold improvements and special projects, our reserve percentage is still estimated at 16%. This reflects the trend of investing profits from previous years into the facility infrastructure.

The SMCEC team has once again raised the bar to challenge ourselves for the new-year through increased bookings/activities, revenues and controlled expenses for the overall operation. As I mentioned earlier in this memorandum, in 2011 we began the process of reinvesting a substantial portion of our operating reserves into required ongoing leasehold improvements, capital and special projects. We shall continue to do so in 2015.

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.