



October 29, 2019

TO: Honorable Board of Supervisors
FROM: Dana Stoehr, CEO and Katina Green, Controller
RE: 2020 Proposed Budget and 2019-2020 Project Improvement List

Recommendations: Approve a resolution accepting the 2020 budget of the San Mateo County Exposition and Fair Association as presented.

Background and Highlights: At the Board Meeting on October 23, 2019, the San Mateo County Exposition and Fair Association Board reviewed and approved the proposed budget. San Mateo County Event Center staff also reviewed the San Mateo County Exposition and Fair 2020 Budget with County Manager Callagy and Budget Director Jim Saco on October 28th, 2019.

HIGHLIGHTS OF THE 2020 PROPOSED BUDGET

- ❖ The Budget shows a modest profit of \$159,429.00 before depreciation expense. Staff anticipates substantially exceeding this revenue estimate by end of year 2020 but expects some economic downturn so has budgeted conservatively
- ❖ The Budget projects investment in Major Maintenance and Capital Expenditure Projects of \$1,081,000.00, reinvesting retained earnings back into improvements to San Mateo County's facility
- ❖ Event Sales and Service and Food and Beverage revenues show decreases, reflecting the anticipation of a slowing economy
- ❖ Jockey Club shows a 4.43% decline in revenue. The decrease is anticipated and based on the continued decline in horse racing as a sport. The reduction will be partially offset by a \$2.00 increase in admission to the facility starting January 1, 2020. Admission prices had not increased since 2008 when the facility opened
- ❖ Fair shows a projected revenue increase of 7.05% this is based on continuous improvement trends in attendance through creative programming and forecasting a moderate temperature Fair

- ❖ Another revenue line item is Cell phone tower revenue and interest on earnings; this is offset prior year revenue adjustments. There was a - \$39,168 revenue adjustment in 2019
- ❖ Event Sales and Service expenses are flat. Food and Beverage a decrease in expenses of 8.27%. One open part-time security consultant position budgeted
- ❖ Jockey Club expense increase of 2.33% due to the cost of operations and labor expenses
- ❖ Fair Expenses increase of 9.13% - primarily due to increased entertainment expenses
- ❖ Administration reflects an increase of 4.79% reflecting an additional staff position in Finance
- ❖ Maintenance reflects an increase of 12.73% - An addition of two positions with employee benefits

We are proud to submit a report for maintenance, equipment, and other improvement projects made by the Association during 2018, 2019, and planned for 2020. By year-end, we will have expended a total of \$1,193,321.00; \$1,149,856 for repair maintenance, equipment, and improvements; with a planned spend of \$1,081,000 in 2020.

We would like to thank SMCEC Management team for their contributions to the 2020 budget, as well as their dedication and hard work

We would also 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 Event Center, Jockey Club, and Fair operations

We respectfully request approval of the proposed 2020 budget