



2015 OCFEC Financial Monitoring Committee Budget Study Session

Policy 2.5 – Financial Planning & Budgeting

Financial planning for any fiscal year or the remaining part of any fiscal year will not deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multi-year plan.

Accordingly, the CEO will not prepare, present or allow budgets that:

1. Risk incurring those situations or conditions described as unacceptable in the "Financial Conditions and Activities" Board policy.
2. Omit credible projection of revenues and expenses for each of the business units (Summer Fair, year-round events/rentals, Pac Amp and Orange County Market Place), separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Plan the expenditure in any fiscal year of more funds than are conservatively projected to be received.
4. Provide less for Board activities during the year than is set forth in the Cost of Governance policy (see policy in Governance Process).

Objectives of the Annual Budget

- Allocate resources in a manner consistent with the vision, goals and strategies outlined by the Board
- To the extent possible, sustain funding for facility infrastructure (i.e. the Master Plan) and maintenance
- Maintain and develop effective partnerships to promote jobs and business success
- Support programs and policies consistent with long-term fiscal sustainability
- Continue to identify potential contracting and cost-recovery opportunities
- Promote strategic engagement by staff to find more efficient ways to manage and perform their areas of responsibility
- Continue increasing the cash balance to strengthen the organization's fiscal health
- Conservatively estimate revenues and expenses that are believed to be realistic and achievable

Financial Management Structure

- Fiscal year runs January through December
- Budgets are created annually for 52 departmental units which are summarized into four business units:
 - Fair / Self Produced Events
 - Pacific Amphitheatre - Fair
 - Year-Round Events (includes Market Place Swap Meet)
 - Support Services (Administration, Accounting, Purchasing, HR, Facilities, Operations, Centennial Farm, etc)
- The 52 budgets are directly overseen by 21 management staff

2015 Budget Process and Assumptions

- Revenues budgeted based on the average of 2011-2014 experience plus adjustments for proposed price increases (if any), elimination of lawn seating in the Pacific Amphitheatre in 2011 and 2012, reduction in the rent profile for the Swap Meet, and discontinuation of Block Party, Barrett Jackson, Centennial Farm CDFA Grant Program and Fair Preview Night donations.
- 2014 analyzed actual experience is the basis for the 2015 expense budget. Adjustments made for:
 - Additional headcount (if any)
 - Known market increases (if any)
 - Strategic programmatic investments (if any)
- CDFA discontinued the requirement to submit budgets for their review for the 2013 budget year going forward due to the elimination of General Fund support to Fairs in 2012. However, a summarized Statement of Operations (STOP) report is still required to be submitted to CDFA upon the close of each fiscal year.

2015 Fair Admissions Ticket Pricing

Recommendation: **No change from 2014 pricing** (\$12 Adult, \$7 Youth/Senior)

Background – Other Fairs

- OC Fair general admission pricing is below the San Diego County Fair, LA County Fair, and the Average of the Top 10 US Fairs (as of 2012)
- 3 of the 10 Fairs took a pricing increase in 2014 (including OC Fair)

2014

Fair	Adult	Senior	Child
1. State Fair of Texas	17	13	13
2. Houston Livestock Show	10		5
3. Minnesota State Fair	13	11	11
4. San Antonio Stock Show	10	5	5
5. Eastern States Exposition	15		10
6a. LA County Fair - Weekdays	12	10	8
6b. LA County Fair - Weekends	19	15	12
7. San Diego County Fair	14	8	8
8. OC Fair	12	7	7
14. Iowa State Fair	11		5
17. Western Washington Fair	12.50	9	9
Average	13	10	8

Increase from 2013

Fair	Adult	Senior	Child
1. State Fair of Texas	0%	0%	0%
2. Houston Livestock Show	43%		25%
3. Minnesota State Fair	8%	10%	10%
4. San Antonio Stock Show	0%	0%	0%
5. Eastern States Exposition	0%		0%
6a. LA County Fair - Weekdays	0%	0%	0%
6b. LA County Fair - Weekends	0%	0%	0%
7. San Diego County Fair	0%	0%	0%
8. OC Fair	9%	-13%	17%
14. Iowa State Fair	0%		0%
17. Western Washington Fair	0%	0%	0%
Average	4%	0%	3%

2015 Fair Admissions Ticket Pricing

Background – Other Local Amusement Attractions

- All four local So. Cal amusement attractions took price increases in 2014

Ticket Type	OC Fair 2014	2014 Paid Gate Admission	Disneyland	Sea World	Legoland	Knott's
Adult	\$12.00	472,000	\$96.00	\$86.00	\$85.00	\$65.00
Senior	n/a	n/a	n/a	n/a	n/a	n/a
Youth/Senior	\$7.00	94,000	n/a	n/a	n/a	\$35.00
Youth	n/a	n/a	\$90.00	\$80.00	\$75.00	n/a
Discount	42%		6%	7%	12%	46%
Total						
<i>Note: increases taken in 2014 \$1/\$1/- \$1</i>			<i>\$4/\$4 (4.3%; 4.7%)</i>	<i>\$7/\$9 (8.9%; 12.7%)</i>	<i>\$7/\$7 (9.0%; 10.3%)</i>	<i>\$3/\$2 (4.8%; 6.1%)</i>
<i>Note: increases taken in 2013 \$0</i>			<i>\$5 (5.7%; 6.2%)</i>	<i>\$1 (1.3%; 1.4%)</i>	<i>\$0</i>	<i>\$2 (3.3%; 6.5%)</i>
<i>Note: increases taken in 2012 \$0</i>			<i>\$7 (8%-10%)</i>	<i>\$8 (11%-13%)</i>	<i>\$9 (11%-14%)</i>	<i>\$13/\$6 (21%-27%)</i>

2015 Fair Parking Pricing

Recommendation: **No change from 2014 pricing** (\$10/car)

Background – Other Local Venues & Popular So. Cal Attractions

- OC Fair parking rate was increased in 2014 by \$3 to \$10 - matches the minimum charge among the 10 locations tracked since 2012 (Angel Stadium & SD Fair)
- 6 of the 10 locations tracked took a pricing increase in 2014

Angel Stadium	\$10 game day, \$20 > 20 feet
Honda Center	Concerts -> \$20 general/\$25 preferred Ducks-Family-Sports -> \$16 general/\$25 preferred <i>(\$1 increase on general in 2014)</i>
Knotts	\$15 general; \$20 RV/bus
Disneyland	\$17 cars & motorcycles, \$22 oversized w/o trailers, \$27 buses & tractors w/oversized trailers <i>(\$2 increase in 2014)</i>
Seaworld	\$16 cars, \$21 RVs-campers, \$11 motorcycles, \$21 preferred <i>(\$1 increase in 2014)</i>
Legoland	\$15 cars, \$20 campers/RVs, \$5 motorcycles, \$25 preferred <i>(\$3 increase on general & \$5 increase on campers/RVs/preferred in 2014)</i>
San Diego Fair	\$10 cars & motorcycles, \$20 RVs-motor homes, \$20 preferred <i>(\$5 increase on RVs/preferred in 2014)</i>
LA County Fair	\$15 <i>(\$3 increase on weekday parking in 2014)</i>
Huntington City Beach	\$15 per space
Balboa/CDM Beach	\$15 per space, \$7.50 motorcycles, \$25 peak holidays

2015 Fair Gate Promotions

Robust promotions provide numerous opportunities for guests to get in to the Fair for a nominal fee or for a donation 17 out of 23 days

Opening Day	Free First Hour (noon-1 pm)	Free admission and parking
Wednesdays	We Care Wednesday (noon-3 pm)	Free with donation
Thursdays	Kids' Day	Free all day (12 and under)
Fridays	Seniors' Day	\$5 admission + free Ferris Wheel & Merry-Go-Round rides
Fri/Sat/Sun	OCTA Fair Express	\$3 admission, \$2 each way on OCTA direct bus
Sat/Sun	Rise and Shine (10-11 am)	\$3 admission
Full Run	Children 0-5 Free	Free admission
Full Run	Active Military & Veterans Free	Free admission with ID
Full Run	Super Pass	Presale Period 1 - \$25 Adult / \$18 Youth/Senior Presale Period 2 - \$30 Adult / \$23 Youth/Senior Regular Price - \$35 Adult / \$28 Youth/Senior
Full Run - NEW	Farm to Fair	\$1 child admission (with coupon) & Carnival Read 'n Ride form to all students who tour Centennial Farm during the school year

2015 Revenue Budget

Revenue	2011 Actual	2012 Actual	2013 Actual	2014 Forecast	4 Year Average	Incremental	2015 Budget
Self-Produced Events							
Admissions	7,779,842	7,232,788	7,582,386	8,343,029	7,734,511	0	7,740,000
Carnival	2,493,507	2,894,852	3,335,913	3,508,291	3,058,141	0	3,060,000
Commercial Space	1,680,568	1,482,800	1,480,937	1,460,983	1,520,868	-80,000	1,440,000
Concessions	5,620,917	5,873,948	6,128,444	6,481,041	6,026,088	-25,000	6,000,000
Other Revenue	1,202,236	1,197,010	931,121	1,131,126	1,115,373	-93,000	1,015,000
Parking	1,749,690	1,727,996	2,476,487	2,338,336	2,073,127	-9,000	2,065,000
Sponsorships/Prem Space	1,087,388	1,677,457	1,610,520	1,594,798	1,492,541	80,000	1,580,000
Total Self-Produced Events	21,614,148	22,086,851	23,545,808	24,857,604	23,020,649	-127,000	22,900,000
Pacific Amphitheatre	6,120,120	6,373,471	6,520,544	5,895,218	6,227,338	-250,000	5,980,000
Swap Meet	2,042,228	1,973,934	2,000,484	1,999,911	2,004,139	-221,500	1,782,500
Year-Round Events	4,186,289	4,576,491	4,797,661	5,266,220	4,706,665	-230,000	4,456,000
Support Services	278,806	440,906	370,774	332,243	355,682	-115,000	250,000
Total OC FEC	34,241,591	35,451,653	37,235,271	38,351,196	36,314,474	-943,500	35,368,500

- Revenue budget based on 4 Year Average of 2011-2014 experience plus adjustments for the discontinuation of Block Party (\$127K), elimination of lawn seating in the Pacific Amphitheatre (\$250K), reduction in rent profile for the Swap Meet (\$222K), discontinuation of Barrett Jackson (\$230K) and completion of Centennial Farm CDFA Grant Program (\$93K) and discontinuation of Preview Night (Donations \$22K)

2015 Expense Budget

Operating Expense	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Forecast	2014 Budget	2015 Budget
Labor	10,277,443	10,375,161	10,811,042	11,419,898	12,000,000	12,933,094	13,990,000
Non-Labor	15,043,823	15,467,897	16,216,717	15,971,254	16,400,000	16,814,045	17,500,000
Total OCFEC Operating Expense	25,321,266	25,843,058	27,027,759	27,391,152	28,400,000	29,747,139	31,490,000
Year Over Year Growth		2%	5%	1%	4%	9%	
2015 Growth Over Forecast							11%
2015 Growth Over Budget							6%

2015 Expense Budget

Primary Growth Areas

- Labor
 - No new permanent headcount
 - Budgeted to cover 100% of labor plan
 - Open positions budgeted at max compensation level
 - \$256K growth to base labor full time permanent 2014 budget – primarily due to State directed increases in July 2014 and July 2015 of 2.5% or 3.0% for every employee plus 5.0% increases for employees advancing in their classification
 - \$355K growth to full time permanent taxes, benefits, PERS and Worker's Comp 2014 budget due to increase in base plus 14% (\$264K) growth in PERS (matches growth in rate experienced in 2014)
 - \$394K growth to temporary base labor – primarily due to increased Fair footprint/exhibits/125th Celebration (\$164K), Year Round events/activity (\$150K), CEO transition (\$80K)
 - \$60K growth to temporary taxes, benefits PERS and Worker's Comp 2014 budget

2015 Expense Budget

Primary Growth Areas

- Professional Services (\$390K growth to 2014 budget)
 - \$300K new/125th Celebration exhibits
 - \$130K new commercial
 - \$20K cattle drive
 - Offset by reduction in professional services support to Accounting & Business Services
- Decorations (\$168K growth to 2014 budget) for 125th Celebration exhibit, décor, lighting
- Equipment Rental (\$234K growth to 2014 budget)
 - \$55K shuttle service to Estancia lot
 - \$80K new/125th Celebration exhibits
 - \$75K growth in 2014 to budget
- Headline/Pac Amp Acts (\$261K growth to 2014 budget)

Forecasted 2015 Beginning Cash Position

\$ in millions

2014 Beginning Cash Position	\$27.4
Plus 2014 Budgeted Cash from Operations	2.7
Plus Improvement over 2014 Budget (ESTIMATE)	7.0
Less Major Maintenance/Equip/Projects	-1.5
Less Pac Amp Phase II	-6.5
2014 Projected Ending Cash Position	\$29.1

Liquidity Requirement (25% of Expense)	\$7.9
Committed Capital - Pac Amp Phase II to Completion	4.4
Restricted Capital - RCS (Carnival)	0.8
Total Restricted Cash	\$13.1

Total Cash Available for Investment	\$16.0
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Major Maintenance/Capital Projects

2015/2016 Maintenance/Capital Projects	Estimated \$
Pacific Amphitheatre	1,406,000
Parking Lots	785,000
Buildings	295,000
ASA	530,000
Safety	516,000
Equipment	391,000
Roofing	300,000
Restrooms	242,000
Painting	225,000
Other (Workers' Memorial, ONA)	119,500
Run Off Management	68,000
Electrical	39,000
IT Infrastructure/Business Systems	56,500
Outside Areas	17,500
Total	4,990,500
Carnival	775,000
Other Master Plan - Perimeter Fencing	370,000
Total	6,135,500

Projects in process of being prioritized

Pac Amp Seat Replacement Project – installation estimated in September, after Fair

AB 2490 – Policies & Procedures for Contracting and Purchasing

- Staff report in process
- F&E is working on guidance for Fairs, not anticipated to be complete until Q1 2015
- Recommend continuing to follow State rules and regulations until new policies and procedures are developed, reviewed and approved by the Board
- Anticipate requesting one exception: for Board to approve the procurement of the Parking Operations truck directly from a local source rather than through the State Fleet process (no longer required under AB 2490)