



Board of Directors Meeting

November 21, 2024

Good morning.

The meeting will begin just after 9:30 a.m. For members of the public on Zoom – for Public Comment, please use the chat function to communicate to the meeting secretary to indicate which agenda items you would like to speak to.

Please keep your device on mute until called upon to speak.

If using the Zoom dial-in option, use *6 to mute and un-mute your phone.

Please take notice that this public meeting of the 32nd District Agricultural Association, a California state institution, is being recorded using video recording equipment. Please also take notice that the 32nd District Agricultural Association will release video recordings of its public meetings where required under California law.

Please keep your device on mute

The Mission of OCFEC is...

**Creating equitable community access to
agriculture, entertainment, cultural and
educational experiences**



3. Pledge of Allegiance



4. Roll Call

Board of Directors

Chair Nick Kovacevich

Vice Chair Barbara Bagneris

Director Newton Pham

Director Doug La Belle

Director Natalie Rubalcava-Garcia

Director Robert Ruiz

Director Tanya Bilezikjian

Director Dimetria Jackson



5. Minutes

A. Board meeting held October 24, 2024

Action Item



6. Matters of Public Comment

Public comment is allowed on issues NOT on the current agenda. However, no debate by the Board shall be permitted on such public comments, and no action will be taken on such public comment items at this time, as law requires formal public notice prior to any action on an agenda item. Speakers are requested to sign in prior to the start of the meeting and are limited to three minutes.

Comments will be accepted on all other agenda items at the time each item is listed on the agenda. Speakers wishing to address the Board on items on the agenda are requested to sign in prior to the start of the meeting and identify the agenda item(s) on which you desire to address the Board. Speakers are limited to three minutes.



7. Consent Calendar

All matters listed under Consent Calendar are operational matters about which the Board has governing policies, implementation of which is delegated to the CEO. They will be enacted in one motion by category in the order listed below. There will be no discussion of these items prior to the time the Board of Directors votes on the motion, unless members of the board, staff or public request specific items to be discussed separately and/or removed from this section.

Any member of the public who wishes to discuss Consent Calendar items should notify the Chair of the Board, at the time requested and be recognized by invitation of the Chair to address the Board.



10. Closed Session

A. Pending Litigation – The Board will meet in closed session to consult with legal counsel regarding the following pending litigation. [Gov. Code section 11126(e).]

- i. To confer with and receive advice from legal counsel regarding potential litigation involving the 32nd District Agricultural Association. Based on existing facts and circumstances, the Board of Directors will decide whether to initiate litigation. (Govt. Code, § 11126, subd. (e).)
- ii. To confer with and receive advice from legal counsel regarding potential litigation involving the 32nd District Agricultural Association. Based on existing facts and circumstances, there is significant exposure to litigation against the 32nd District Agricultural Association. (Govt. Code, § 11126, subd. (e).)
- iii. To confer with counsel, discuss, and consider the following pending litigation to which the 32nd DAA is a party. Changing Strides, et al., v. 32nd District Agricultural Association, et. al., Orange County Superior Court, Case No. 30-2024-01421750-CU-WM-WCJ
- iv. To confer with counsel, discuss, and consider the following pending litigation to which the 32nd DAA is a party. Changing Strides, et al., v. 32nd District Agricultural Association, et. al., Orange County Superior Court, Case No. 30-2024-01423147-CU-OR-CJC

B. Personnel: The Board will meet in closed session to consider the evaluation of performance of the General Manager / CEO. [Gov. Code, § 11126, subd. (a).]



8. CEO's Operational Announcements & Updates



8. CEO's Operational Announcements & Updates



9A. Presentation of the 2025 Budget and Vote on Whether or Not to Approve

The Financial Monitoring and Audit Committee hosted a public budget study session on November 13, 2024 where staff presented the draft of the 2025 operating budget.

The committee will present its recommendations, and the Board will discuss and vote on whether or not to approve the budget for 2025.



Budget Development Process

- Fiscal year runs January through December
- Budgets are created annually for each department and then consolidated into an organization-wide budget
- The 52 departmental budgets are directly overseen by 17 management staff
- Through monthly variance reports and oversight by the Financial Monitoring and Audit Committee, each department's budget is closely monitored. The Board, staff and public receive regular updates



Economic Factors Affecting 2025 Budget

- Multiple sources studied
- Slower, but still positive
 - Real GDP growth is expected to be around 1.5%
 - Federal reserve cuts will continue
 - Consumer confidence shows some uncertainty around essentials like food and housing
- Most economists agree:
 - It's hard to imagine a "black swan" event
 - Inflation is chronically "sticky"
 - GDP growth is expected to be around 2% again in 2025
 - Job growth has slowed, but it's still steady
 - Consumer spending is still higher than pre-Covid
- The local OC forecast:
 - Generally mirrors the overall U.S. forecast
 - Continued deceleration in the job market; unemployment expected to rise to 4.3% from 4.1% in 2024
 - Housing affordability index is just 11%
 - OCBX: 19.5% (optimistic); 9.8% (pessimistic); 51.2% (cautious) about the near-term outlook



Budget Assumptions for 2025

- Use the same controlled attendance model for the fair
- No increase in fair admission pricing
- No increase in parking fees
- 30 shows in the Pacific Amphitheatre
- Two additional civil service headcounts
 - Parking Coordinator
 - Plumber I
- Feature Exhibit
- Continue the 2-day Imaginology model
- New shared model for The Ranch – community and boarding/training
- \$4.3M capital expenditures program



Significant Changes in Labor Expenses

- Total labor: \$24.3M (\$232,583 increase from the 2024 budget)
- Minimum wage increase to \$16.50
- Wage increase across the board for fairtime staff positions to be competitive with other area employers (lowest wage is \$17.00)
- Temporary, single year reduction in PERS rate - impact of \$581,431
- Contracted 3-4% wage increase for civil service employees
- Two new civil service headcounts – Parking Coordinator and Plumber I



Budget Highlights

Dept 06 - Administration

Revenue Changes

- Increase in interest income (+\$580,000)



Expenditure Changes

- Increase in insurance rates (+\$102,327)
- Addition of cyber insurance policy (+\$18,264)
- Decrease due to no overlap of CBDO wages (-\$95,583)
- Continue to carry funds for potential special projects



Budget Highlights

Dept 08 – Information Technology

- Addition of network security monitoring and security awareness training software (+\$23,700)

Dept 10 – Accounting

- Reclassification of Accounting Supervisor position to Accounting Trainee (-\$114,801)

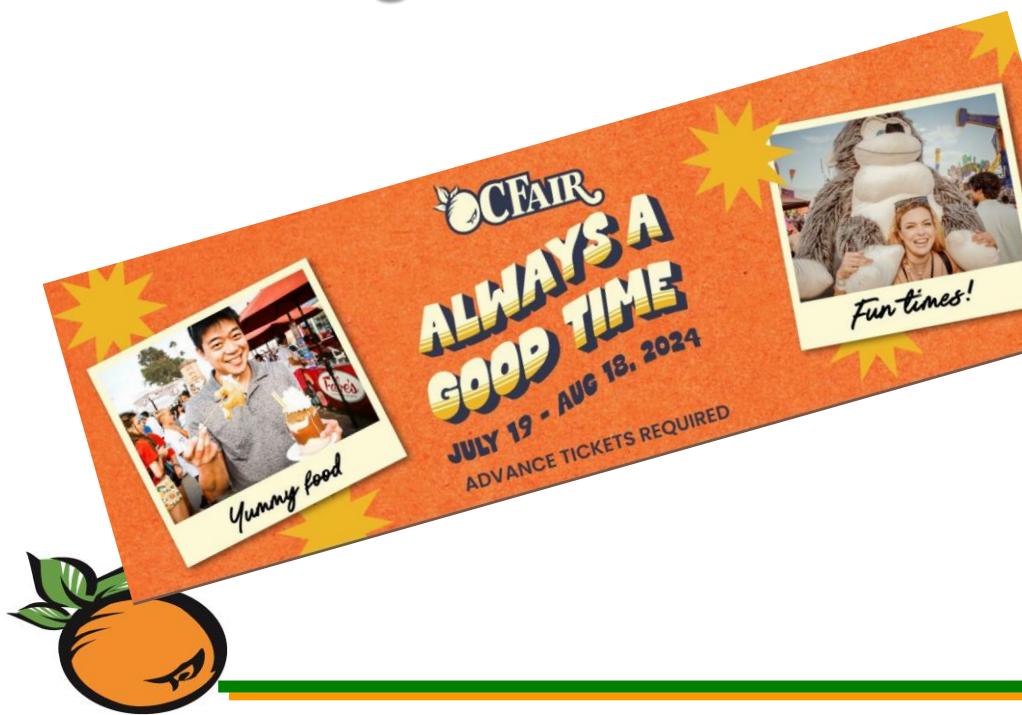


Budget Highlights

Dept 15 - Marketing

Expenditure Changes

- Addition of advertising contingency (+\$50,000)
- Higher media costs for advertising across the board (+\$170,000)



OC FAIR SINGLE-DAY ADMISSION

\$15 General Admission Friday, Saturday & Sunday

\$13 General Admission Wednesday & Thursday

\$9 Senior (60+) & Youth (6-12)

- Limited daily attendance
- Advance ticket purchase required
- Fair dates will sell out - please don't arrive without tickets
- No transaction fees on Fair admission

EVERY DAY PASSPORT
Presented by **ONTARIO INTERNATIONAL AIRPORT**

\$60

Enjoy the Fair any day or **EVERY DAY!**

The Every Day Passport is your admission ticket any day with no restrictions or blackout dates

TOYOTA SUMMER CONCERT SERIES
ON THE **YAMAYA STAGE** AT PACIFIC AMPHITHEATRE

Visit ocfair.com/entertainment for full lineup

CARNIVAL TICKETS

Ride Wristbands - Wednesday & Thursday

\$44

Good for unlimited rides and 2 free games

Redeem by 5 p.m., ride 11 a.m.-8 p.m.

Offer available until July 14 only

HAPPY TOGETHER • JULY 14 - AUG 13

OC FAIR



Budget Highlights

Dept 20 - Operations

Labor Expense Changes

- Reclassification of Electrician I position
- Reclassification of Sr. Maintenance Worker

Expenditure Changes

- Rental of trailer for OC Wine Society (+\$46,160)



Budget Highlights

Dept 22 - Facilities

Expenditure Changes

- Lower utilities (electricity) costs due to successful energy efficiency efforts (-\$335,000)
- Increase in sewer assessment fees (+\$39,800)



Budget Highlights

Dept 25 – The Ranch

Revenue Changes

- Boarding revenue based on increasing current occupancy to full occupancy for the full year (+\$493,950)

Expenditure Changes

- Includes start-up costs for The Ranch exhibits program (+\$160,700)



Budget Highlights

Dept 30 – Event Services

Revenue Changes

- Three new events anticipated plus expanded existing events (+\$1.5M)

Expenditure Changes

- Additional professional services and security costs due to new and expanded events (+\$102,327)



Budget Highlights

Dept 32 – Event Parking

- Addition of one new civil service position: Parking Coordinator (+\$108,422)

Dept 33 – Event Operations

- Addition of one new civil service position: Plumber I (+\$109,440)



Budget Highlights

Dept 50 – Fair Admissions

Revenue Changes

- Revenue based on 2024 actuals including sellout days
 - Utilized a reduced blended rate to better reflect actuals (-\$387,458)
 - Includes Every Day Passport Revenue (+\$161,820)

Expenditure Changes

- Etix ticket fees not budgeted in 2024 (+\$755,431)
- Etix credit card fees not budgeted in 2024 (+\$256,166)



Budget Highlights

Dept 51 – Fair Parking

- Additional staffing budgeted for Gate 8 due to OCTA Express bus (+\$108,422)



Dept 52 – Fair Safety & Security

- Increase in OC Sheriff's Department contract (+\$195,000)
- Decrease in contract cost for security screening equipment (-\$60,000)



Budget Highlights

Dept 58 – Carnival Sales

- Increase in carnival sales revenue to better reflect actuals (+\$383,459)



Dept 63 – Fair Maintenance

- Addition of contingency for on-call services due to staff vacancies (+\$100,000)

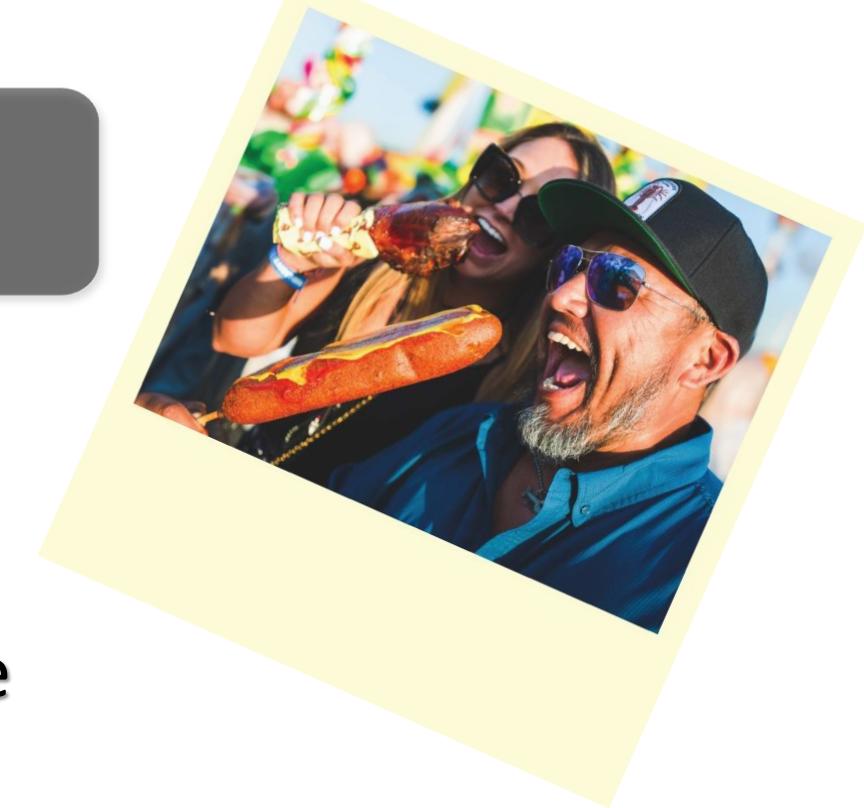


Budget Highlights

Dept 64 – Concessions/Commercial

Revenue Changes

- Increase in fair merchant space fee to maintain competitive market rates (+\$29,325)
- Revenue increases due to higher food and beverage sales (+\$731,600)



Expenditure Changes

- Temporary overlap of civil service position due to pending retirement



Budget Highlights

Dept 72 – Pacific Amphitheatre

Revenue Changes

- Reduced Year 2 & Year 3 Etix signing bonus (-\$457,497)
- Higher merchandise sales to reflect actuals (+\$28,803)
- Revenues budgeted for a total of 30 Pac Amp shows
- Strategy for some higher priced performances will reflect higher ticket revenue (+\$2.4M)



Expenditure Changes

- Expenses budgeted for a total of 30 Pac Amp shows
- Higher expenses anticipated for securing headline acts (+\$1.5M)



Budget Highlights

Dept 87 – Sales

- Decrease in Sponsorship Revenue due to removal of trade cash value from sponsorships (-\$128,158)

Dept 99 – Depreciation

- Increase in expenses due to the completion of the Administration building (+\$360,000)



Year-Round Event Rental and Fair Merchant Rates

- Increases to reflect competitive market rates
- Year-Round Event Building Rental Fees
 - Increasing \$50-\$75 per day depending on size/location
 - \$28,758 in additional revenue (2.17%)
- Fair Merchant Space Fees
 - Increasing \$25-\$125 for the run of fair depending on size/location
 - \$29,325 in additional revenue (1.9%)



2025 Capital/Major/Equipment Expenditure

Capital Expenditure	FY2025
TRCC - patio cover	85,000
TRCC - loading dock concrete	65,000
TRCC - women's restroom remodel	15,000
Pac Amp - replace sound wall and pully system (phase I - replace 6 walls)	600,000
Pac Amp - Box office - repair entry surface	200,000
Pac Amp - restroom remodel (phase I)	75,000
Plaza Pacific - replace fixtures to LED (RGBW)	60,000
Farm - lighting upgrade	10,000
Heroes Hall - replace entry doors	50,000
Los Alamitos - replace vestibule sheet vinyl	22,000
Parking Office - replace patio cover	22,000
Parking lots H, A, B - repair/slurry/stripe (phase I)	1,100,000
Parking lot repairs - exterior	150,000
Parking lot repairs - interior	150,000
Parking lot - light replacement (phase II)	70,000
Wayfinding signage	25,000
Corner marque digital signs	175,000

Capital Expenditure Total:

2,874,000

Major Expenditures	FY2025
In-ground electrical boxes	15,000
In-ground valve replacement (back flow)	20,000
TRCC - tree removal	15,000
TRCC - office painting (exterior)	23,000
Pac Amp - palm tree removal	28,000
Exhibit wall (phase I)	200,000
Building exhaust fans (24 exhaust)	30,000
Building faucet upgrade (phase I)	14,000
Promenade - paint structural steal	45,000
Main Mall - paint exterior red iron (Hanger, Anaheim, Los Alamitos blds)	45,000
Switch Gear maintenance (phase II)	65,000
Green gate bollard replacement (19)	16,000

Major Expenditure Total: 516,000

Equipment	FY2025
Pac Amp - storage/office container	14,000
Pac Amp - box seating	10,000
Maintenance - new riding mower (electric)	60,000
Event Services - replace golf cart	20,000
Security - replace golf cart	20,000
Diesel forklift replacement - AQMD requirement	70,000
Automatic transfer switch - Emergency generator	100,000
Fair electrical material (rental replacement phase I)	200,000
Fair equipment - tables(wood), plumbing, electric material	30,000
Picnic Tables / Barricades - replace damaged	30,000
Cable ramps	10,000
2 yard dumpster casters	5,000
Recycle/ trash cans (100)	6,000
Paint shaker	13,000
Flush valve sensors	8,000
Money sorter	50,000
TRCC - security cameras	10,000
TRCC - gate access system	15,000
Server upgrade	55,000
All grounds Wi Fi	20,000
Surveillance System - upgrade (30) cameras	14,000
All Grounds PA	50,000

Equipment Total: 810,000

2025 Capital Expenditures/Major Projects

Capital Expenditures	\$2,874,000	
Major Projects	\$516,000	
Equipment	<u>\$810,000</u>	
Sub Total:		\$4,200,000
Contingency		\$100,000
Grand Total:		\$4,300,000

2025 Out-of-State Travel Requests

- **Conferences and Conventions:**

- AIMS International Safety Seminar – Orlando, FL
- Government Finance Officers Association Annual Conference – Washington, DC
- HOW DESIGN LIVE conference – Location TBD
- IAFE Convention – Denver, CO
- IAFE Management Conference – Calgary, Alberta Canada
- IAVM Academy for Venue Safety & Security – Houston, TX
- International City/County Management Association Conference – Tampa, FL
- IFMA World Work Place Conference – Minneapolis, MN
- PRSA Conference – Tampa, FL
- SMA Sponsorship Mastery Summit – Denver, CO
- WFA Convention – Reno, NV (already approved)

- **Training and Learning opportunities:**

- Mandatory State compliance training

- **Fair Surveys:**

- Texas State Fair – Dallas, TX
- Houston Livestock Show & Rodeo – Houston, TX
- WFA Feature Fair Tour (TBD)



Expenses Over \$50,000

Board of Directors Governing Policy 4.05.02 – CONTRACTING AND SIGNATURE AUTHORITY

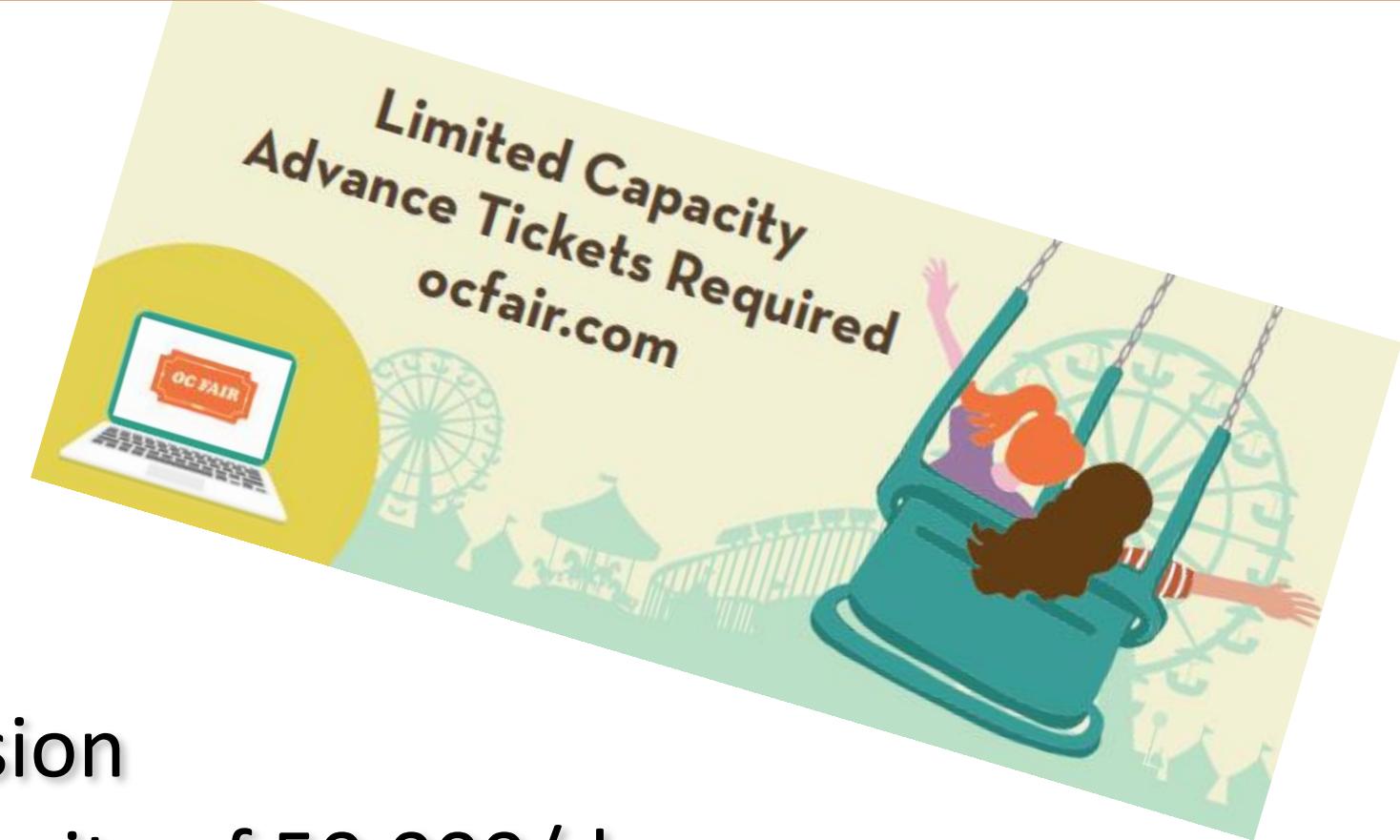
- In accordance with Board Bylaws Article VI, the Board may authorize any officer or agent of the 32nd DAA to enter into any contract on behalf of the 32nd DAA. Within this context, the Board authorizes the CEO contract signature authority to execute a check or purchase commitment of \$50,000 or less. Notwithstanding the foregoing, the Board authorizes the CEO contract signature authority to execute talent guarantees of \$600,000 or less. Splitting expenses or orders to avoid these limits is not acceptable. Exclusions from this Contracting and Signing Authority Policy include commitments that have been separately authorized by the Board via the “Over \$50,000 Expenditure Budget Schedule,” which is submitted with each annual budget or an approved contract, LOU or rental agreement or is payment for utilities, Cal Card expenditures, insurance, payroll or State mandated services.*

VENDOR	EXPLANATION
Board of Equalization	Sales and Use Tax
Department of Forestry & Fire Protection	State Fire Marshal Services
Department of Justice	Attorney Services
Franchise Tax Board	CA Non Resident Withholding Remittance
California Economic Development Dept.	Unemployment Fees



Parking and Fair Admission Rates

- **Parking**
 - No increase in parking
 - Non-fair parking: \$12
 - Fairtime parking: \$15
- **Fair Admission**
 - No increase in fair admission
 - Based on ticket sales capacity of 50,000/day



2025 Budgeted Fair P & L

REVENUE		
Attractions (Carnival, Livestock, Pac Amp, Exhibits, JLA)	\$23,751,594	
Services (Concessions, Admissions, Parking, Sales)	\$27,711,894	
TOTAL REVENUE:		\$51,463,488
EXPENSES		
Attractions (Carnival, Livestock, Pac Amp, Exhibits, JLA)	(\$12,323,028)	
Marketing (Marketing, Communication, Creative Svcs)	(\$2,504,500)	
Services (Concessions, Admissions, Parking, Sales)	(\$6,191,943)	
Total Fair Labor, Benefits, Taxes	(\$8,049,230)	
TOTAL EXPENSES:		(\$29,068,700)
TOTAL NET PROCEEDS:		\$22,394,788

2025 Budget Roll-Up

REVENUE		
Total OCFEC Self-Produced Event Revenue	\$51,382,665	
Total Rental Revenue	\$11,626,213	
Total Non-Operating Revenue	\$2,080,150	
	TOTAL REVENUE:	\$65,089,028
EXPENSES		
Total Operating Expense	(\$55,364,038)	
Total Non-Operating Expense (Depreciation and Major Projects)	(\$4,476,000)	
	TOTAL EXPENSES:	(\$54,840,038)
TOTAL NET PROCEEDS:		\$5,248,990

9A. Presentation of the 2025 Budget and Vote on Whether or Not to Approve

RECOMMENDATION

The Financial Monitoring & Audit Committee, and staff recommend approval of the 2025 budget as presented.



9B. Announcement of Board Chair's Committee Assignments for 2025

INFORMATION ITEM:

Board Chair Nick Kovacevich will announce committee assignments.



9C. Review of Recommended Amendment to Policy 3.01 and Vote on Whether or Not to Approve

At the October 2024 Board of Directors meeting the Board voted to elect Nick Kovacevich as Chair and Barbara Bagneris as Vice Chair, reappointing them to a second one-year term.

Policy 3.01 (Board Composition and Officers) states that “the Board will elect two of its members to fulfill the following officer positions for the term of one year:

- Board Chair (sometimes referred to in California Food and Agriculture Code as “President”)
- Board Vice Chair”

Director La Belle suggested that while the policy does not prohibit officers from being re-elected for consecutive terms, it should perhaps be amended to clarify that point.



9C. Review of Recommended Amendment to Policy 3.01 and Vote on Whether or Not to Approve

RECOMMENDATION:

The Governance Committee recommends that the following statement be added to Policy 3.01 to clarify:

“The Board, at its discretion, may re-elect the Board Chair and/or Vice Chair to serve additional terms.”



9D. Committee/Ad Hoc Committee/Liaison Reports

INFORMATION ITEM:

To assure compliance with the Bagley-Keene Open Meeting Act, Committee reports are only for the purpose of the Committee chair, Ad Hoc Committee members or Liaison to provide a verbal update. Should the Board want to discuss any Committee work item not already on the agenda; those would need to be agendized for a future Board meeting.

- i. Leadership Committee** (Chair Kovacevich, Committee Chair; Vice Chair Bagneris)
- ii. Financial Monitoring and Audit Committee** (Director Pham, Committee Chair; Director Bilezikjian)
- iii. Facilities Committee** (Director Ruiz, Committee Chair; Director Bilezikjian)
- iv. Governance Committee** (Director La Belle, Committee Chair; Chair Kovacevich)
- v. Community Affairs Committee** (Director Rubalcava-Garcia, Committee Chair; Director Jackson)



October 2024 Financials

	Actual	Budget	Variance Favorable (Unfavorable)
October 2024 Revenue	\$ 1,945,250	\$ 1,452,416	\$ 492,834
October 2024 Expenses	<u>\$ 4,549,173</u>	<u>\$ 2,830,512</u>	<u>(\$ 1,718,661)</u>
October 2024 Net Proceeds/(Loss)	<u>(\$ 2,603,923)</u>	<u>(\$ 1,378,096)</u>	<u>(\$ 1,225,827)</u>
YTD Net Proceeds/(Loss)	<u>\$ 13,127,259</u>	<u>\$ 8,063,622</u>	<u>\$ 5,063,637</u>



Cash and Cash Equivalents

	<u>October 31, 2024</u>	<u>October 31, 2023</u>
Cash on Hand	\$ 908,607	\$ 2,490,705
Investments	<u>\$56,663,347</u>	<u>\$53,619,837</u>
Total Cash and Cash Equivalents	<u>\$57,571,954</u>	<u>\$56,110,542</u>
Year over Year Change	<u>\$ 1,461,412</u>	
Year over Year % Change	2.6%	



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11. UPCOMING EVENTS PREVIEW



11. UPCOMING EVENTS PREVIEW



Nov 22 – Jan 5



Nov 29 – Dec 16



Dec 5



Dec 6 - 8



Dec 7



11. UPCOMING EVENTS PREVIEW



Dec 14 - 15



Dec 15 - 16



11. UPCOMING EVENTS PREVIEW

Centennial Farm
Workshops



Nov 23



Dec 7

DIY – Holiday
Centerpieces



Dec 14



Dec 16



Every
Thursday



HAPPY NOVEMBER BIRTHDAY!

**VICE CHAIR BAGNERIS
DIRECTOR RUBALCAVA-GARCIA**



12. Board of Directors Matters of Information

13. Next Board Meeting

December 19, 2024

Community Room at the City of Costa Mesa City Hall





**OC FAIR &
EVENT CENTER**