



2019 OCFEC Operating Budget



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).



Budget Implementation

- Fiscal year runs January through December
- Budgets are created annually for each department and then consolidated into an organization-wide budget
- Each Department Manager (Supervisor and/or Director) is responsible for managing his/her budget
- Through monthly variance reports, each department's budget is closely monitored



Financial Management Structure

- Budgets are created annually for departments which are summarized into five business units:
 - Fair/Self Produced Events
 - Pacific Amphitheatre - Fair
 - Pacific Amphitheatre - Year-Round
 - Year-Round Events (includes Orange County Market Place)
 - Support Services (Administration, Accounting, Purchasing, HR, Facilities, Operations, etc.)
- The 58 departmental budgets are directly overseen by 15 management staff



2019 Operating Budget Organizational Initiatives



2019 OCFEC Self-Produced Event Revenue

2019 PROPOSED BUDGET	2018 FORECAST	2017 ACTUAL
\$39,489,838	\$37,420,343	\$35,075,050

Primary Growth Areas:

- Pacific Amphitheatre – \$1.5M (includes 2 additional year-round shows)
 - Signing bonus - \$510K
 - Ticket fees - \$305K
 - Two additional shows - \$685K
- Carnival - \$166K
- Concessions - \$109K



2019 OCFEC Rental Revenue Year-Round Events

	2019 PROPOSED BUDGET	2018 FORECAST	2017 ACTUAL
Rental of Facilities	\$3,780,554	\$3,602,080	\$3,439,026
Other Event Rental Revenues (including parking, F&B, personnel, equip. rental, misc.)	\$7,757,741	\$7,334,111	\$7,153,972
Total Rental Revenue	\$11,538,295	\$10,936,191	\$10,592,998

Growth is from parking and other services associated with Year-Round events (\$430K)

- New Business Development Activities
 - *Classic Auto Show (March, 2019); Cirque du Soleil back in 2020 (\$469K in 2018)*
 - Year Round Parking - \$242K, increase of \$8 to \$9 (last increase was in 2016)



2019 OCFEC Operating Expenses

	2019 PROPOSED BUDGET	2018 FORECAST	2017 ACTUAL
Labor Expenses	\$18,507,096	\$16,852,150	\$14,898,921
Non Labor Expenses	\$24,556,729	\$23,651,871	\$21,291,281
Total	\$43,073,825	\$40,504,021	\$36,190,202

Primary Expense Increases

TEMP LABOR

\$50K - Contingency for possible recruiting difficulties for fair time seasonal positions

\$285K - Minimum Wage increase - *Approximately 1190 Seasonal Employees impacted by Minimum Wage increase*

PERMANENT LABOR

\$626K - COLA, Bargaining Unit Contracts, and open positions

\$720K - State mandated benefits (PERS, Workers Comp, Employer Tax, Medical Insurance)

PROFESSIONAL SERVICES

\$1.48M



Professional Services Expenses

Primary Expense Increases:

- \$380K** Costa Mesa Police Department Services
- \$95K** Brand Assessment Project
- \$75K** New Event Production (Fall, 2019)
- \$38K** Media Placement and Promotional Services
- \$27K** HVAC Services
- \$20K** Board of Directors Governance Policy Review Consultant
- \$20K** Ticket/Box Office Systems Consultant
- \$20K** Fair Feature Exhibit
- \$15K** Timeclock System Services



2019 Out-of-State Travel

Criteria for approval of out-of-state OCFEC travel:

- 1. Survey** – An on-the-spot review and evaluation of an operation/function to improve/initiate a similar operation/function performed by OCFEC staff.
- 2. Training** – Upgrading specific employee skills to meet job requirements. The need must be urgent and not reasonably available within the State.
- 3. Conferences and Meetings** – Attendance at conferences and meetings with topics directly concerning normal departmental activities.

The 2019 operating budget includes **\$104,167** for employee and Board member travel/training. 32nd DAA employees will NOT travel to any States currently listed in the AB 1887 travel prohibition.

Provided that the overall travel budget has not been exceeded, out-of-state travel to any of the following are considered to be approved by the Board via the budget process. Any out-of-state trips which are not included on the following list will be individually approved by the Board.



2019 Out-of-State Travel

SURVEY	TRAINING	CONFERENCES/MEETINGS
<ul style="list-style-type: none"> • Washington State Fair (WA) • Other members fairs of Western Fairs Association 	<ul style="list-style-type: none"> • ShowWorks Training (WY) • Tools of the Trade (IN) • USI Training (MO) • IAVM Venue Mgmt. School (FL) • Certified Meeting Professional Exam (TBD) • IAVM Certified Venue Manager Exam (TBD) 	<ul style="list-style-type: none"> • WFA Convention (NV) • Midwest Fairs Conference (FL) • Int'l Independent Showmen's Assoc. (FL) • HOW Design Conference (IL) • PRSA Public Affairs Conf. (MI) • Building Owners & Managers Assoc. (UT) • USI Users Conference (MO)



Full Budget Summary

	2019 PROPOSED BUDGET	2018 FORECAST	2017 ACTUAL
REVENUE	\$52,176,655	\$49,280,969	\$46,192,991
Labor Expenses	\$18,507,096	\$16,852,150	\$14,898,921
Non-Labor Expenses	\$29,983,729	\$28,252,289	\$24,559,860
TOTAL EXPENSES	\$48,490,825	\$45,104,439	\$39,458,781
NET PROCEEDS	\$3,685,830	\$4,176,530	\$6,734,210
Depreciation	\$3,360,000	\$3,300,000	\$3,279,919
EBITDA	\$7,045,830	\$7,476,530	\$10,014,129



Forecasted 2019 Cash Position

(in millions)

2018 Ending Cash Position	\$48.00
Plus 2019 Budgeted Cash from Operations	3.70
Add Depreciation	3.40
Less Capitalized Projects	4.50
2019 Projected Ending Cash Position	\$50.60
Liquidity Requirement (25%)	\$12.1
Committed Capital	0.00
Restricted Capital – RCS (Carnival)	0.70
Total Restricted Cash	\$12.80

Total Cash Available	\$37.80
-----------------------------	----------------



2019 Interest Income



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
09/29/18	2.09	2.00	193
09/30/18	2.09	2.00	193
10/01/18	2.11	2.11	205
10/02/18	2.11	2.11	205
10/03/18	2.12	2.11	206
10/04/18	2.12	2.12	206
10/05/18	2.12	2.12	205
10/06/18	2.12	2.12	205
10/07/18	2.12	2.12	205
10/08/18	2.12	2.12	202
10/09/18	2.12	2.12	202
10/10/18	2.13	2.12	202
10/11/18	2.14	2.12	203
10/12/18	2.14	2.12	202
10/13/18	2.14	2.12	202
10/14/18	2.14	2.13	202
10/15/18	2.14	2.13	200



DAA's Pension Liability

GASB 68 & GASB 75 (OPEB)

- GASB 68 - PERS actuarial valuations of the total pension liability increased State employer contribution costs.
- GASB 75 - OPEB (Other Post Employment Benefits - medical) liability is required to be recognized. The State Controllers Office has not released an estimate to date and no liability is recognized.

Fiscal Year	OCFEC PERS Contribution
2017-2018	28.8%
2018-2019	31.3%
2019-2020	34.7%
2020-2021	36.9%
2021-2022	38.7%



2019 Operating Budget Organizational Initiatives



Facilities

Development and Implementation of ADA Initiatives

Physical Plant	Communications	Customer Service
----------------	----------------	------------------

Development and Implementation of Parking/Traffic/Storage Initiatives

Explore On-site and Off-site Opportunities	Develop Partnerships	Engage City/County/State on Long-Term Solutions
--	----------------------	---

Development and Implementation of Environment and Energy Stewardship Initiatives

Internal Audits and Actions	Energy Performance Contracting Opportunities	Environmental Opportunities
Reduce, Re-Use, Recycle Program	Storm Water Management Program	Composting Program



Facilities

Full Site and Facility Infrastructure Assessment		
Infrastructure Audit	Immediate and Long-Term Project Needs	Detailed Site Survey

Development and Implementation of Safety & Security Initiatives		
JHSC Terms of Reference	Workplace Inspections	Emergency Preparedness Training
Procedure Development and Training		

Emergency Property Utilization Initiatives		
Contract, MOU, LOU Development	Training Meetings	Communications



Community
Engagement

Initiative	Project Cost
Pacific Symphony Partnership	\$75,000
Hatch Culinary Lab	\$26,600
Vanguard University Partnership	\$25,000
COR Music Event	\$25,000
Voices Storytelling Project	\$10,000
Community Events (various)	\$10,000
OC Cities Fair Engagement	\$3,000
Heroes Hall Fair Programming	\$3,000
Girl Scouts of OC Joint Event	\$2,500
Future Business Leaders Culinary Event	\$1,500



Planning

- Minimum Wage Increase – 2019 and beyond
- Organizational Succession Plan Launch – 2019
- 3-Year Rate Strategies (venue rentals, OC Fair space rentals, parking, admission and additional services)
- New Self-Produced Event(s) Development – Fall Festival and Centennial Farm 30th Anniversary Celebration
- OCFEC Brand Assessment Project
- Facilities Infrastructure Review
- A4 Skyhawk Relocation and Installation
- Parking, Traffic and Storage Initiatives





Fairtime Employee Retention

2017 Returning Employee Ratio	2018 Returning Employee Ratio
54%	48%



Unemployment Data

Unemployment Rate in Orange County:

Month comparison:	August 2018	3.1 %
	July 2018	3.2 %
Year comparison:	August 2018	3.1 %
	August 2017	3.9 %
	5 Year Average	5.2 percent % (2013 to 2018)

*CA Unemployment Rate: 4.2% (August 2018)
Lowest unemployment rate since 1976*

*Projected 2019 CA Unemployment Rate:
Studies forecast a decrease of 0.2% in Unemployment Rate*



CA Minimum Wage

Year	Wage (Hourly)
2018	\$11.00
2019	\$12.00
2020	\$13.00
2021	\$14.00
2022	\$15.00

OCFEC 2019 Budget - \$12.25 for entry level fair-time positions



Fairtime Hourly 2019 Rates

New Employee	3 rd Year	5 th Year	10 th Year	15 th Year
Hourly rate (\$12.25)	12.75	13.25	13.75	14.25

Temp Wage Increase for 2019 - \$42K



2019 Proposed New Civil Service Positions

Department	Annual Base Salary (approx):
Health, Safety & Environmental Supervisor <ul style="list-style-type: none">• ADA initiatives• environmental and energy stewardship initiatives• inspections, risk management	\$65,000
Security & Traffic Supervisor <ul style="list-style-type: none">• emergency property utilization initiatives• safety & security initiatives• oversight of 24/7 - 365 seasonal workforce• coordination of event requirements	\$61,000
Office Coordinator – Production and Facilities <ul style="list-style-type: none">• full site & facility assessment• fair logistics• fair layout• site survey	\$49,000
TOTAL:	\$175,000



2019 Rental Rate Per Square Foot Year-Round Events

	OCFEC	LA FAIRPLEX	SAN DIEGO COUNTY FAIR
\$\$ PER SQ FT	\$.1215	\$.1443	\$.1200 in 2018 (subject to change)

Exhibit Building Rental Fee Comparison

- Above \$\$ Per Square Foot Based On Comparable/Similarly Sized Buildings
- San Diego County Fairgrounds Requires a 2-Day Minimum Rental



Year-Round Venue Rental Rate Increases

	Proposed 2019	Proposed 2020	Proposed 2021
Buildings	\$50-\$75/day	\$50-\$75/day	\$50-\$75/day
Grounds	\$50/day	\$50/day	\$50/day
Personnel	\$1/hr. (trades increase \$2.50/hr.; tech & coordinator by \$2)	\$1/hr. (trades increase \$2.50/hr.; tech & coordinator by \$1.50)	\$1/hr. (trades increase \$2.50/hr.; tech & coordinator by \$1.50)
Total Increased Revenue	\$94,156 (2.94%)	\$86,631 (2.63%)	\$82,417 (2.44%)

- 2019 is the first year of a 3-year rental rate plan



OC Fair Merchant Rate Increases

	Proposed 2019	2018	2017
Carnival of Products	\$0-\$75/space	Increased \$0-\$75/space	Increased \$50-\$100/space
Parade of Products	\$75/space	Increased \$75/space	Increased \$100/space
Festival of Products	\$50-\$75/space	Increased \$50-\$75/space	Increased \$53-\$120/space
Outside Space	\$50-\$75/space	Increased \$50-\$75/space	Increased \$75/space
Crafter's Village	\$50-\$100/space	Increased \$60-\$120/space	Increased \$100-\$500/space
Green Gate Village	\$190-\$805/space	Increased \$345-\$805/space	Increased \$345-\$805/space
Total Increased Revenue	\$25,090	\$31,810	\$42,845

- Green Gate Village included a multi-year plan bringing former Market Place Village merchants equal to other similar spaces



General Admission Comparison

Venue	Adult General Admission
2018 General Admission:	
OC Fair	\$12/\$14
Current or 2019 General Admission:	
Los Angeles County Fair	\$14/\$20
San Diego County Fair	\$19
Ventura County Fair	\$12
Disneyland	\$117
Knott's Berry Farm	\$82



Parking Fee Comparison

Venue	Year-Round	Fairtime
OC Fair	\$9 (included in budget)	\$10
Los Angeles County Fair	\$12	\$15
San Diego County Fair	\$15	\$17
Ventura County Fair	\$5	\$10
Honda Center	\$20	n/a
Disneyland	\$20	n/a
Knott's Berry Farm	\$19	n/a

The last year-round parking increase was in 2016 from \$7 to \$8



2019 OC Fair Gate Promotions

Day(s)	Promotion	Details
Opening Day	"Free 'Til Three"	Free admission and parking from Noon to 3 pm
Wednesdays	We Care Wednesday (Noon – 3pm)	Free admission with donation
Thursdays	Kids Days	Free all day (12 and under)
Fridays	Seniors Day	\$5 admission + free Ferris Wheel and Merry-Go-Round rides
Sat/Sun	OC Fair Express - OCTA	\$3 admission; OCTA direct bus \$2 each way
Sat/Sun	"Best Deal Ever" (11am – 1pm)	\$7 general admission plus half the carnival tickets to ride
Sundays	"Sunday Funday" (11am-1pm)	Half price admissions and \$35 unlimited carnival ride wristband
Full Run	Children 5 and under free	Free admission
Full Run	Active Military and Veterans	Free admission with military ID
Final Weekend	First Responders	Free admission for first responders with ID
Full Run	Super Pass*	Presale Period 1: \$30 Adult/\$23 Youth-Senior Presale Period 2: \$35 Adult/\$33 Youth-Senior Regular Price: \$40 Adult/\$33 Youth-Senior



Full Budget Summary Options

	2019 PROPOSED BUDGET	2019 PROPOSED \$2 GATE INCREASE	2019 TEMP WAGE INCREASES & NEW POSITIONS
REVENUE	\$52,176,655	\$52,176,655	\$52,176,655
Gate Admissions Increase	n/a	\$1,003,801	\$1,003,801
TOTAL REVENUE	\$52,176,655	\$53,180,456	\$53,180,456
Labor Expenses	\$18,507,096	\$18,507,096	\$18,507,096
Permanent Wages-new Civil Service positions	n/a	n/a	175,000
Returning Temp Wage Increase	n/a	n/a	42,000
Total Labor Expenses			\$18,724,096
Non-Labor Expenses	\$29,983,729	\$29,983,729	\$29,983,729
TOTAL EXPENSES	\$48,490,825	\$48,490,825	\$48,662,825
NET PROCEEDS	\$3,685,830	\$4,689,631	\$4,517,631

Cash Flow Projections

WITHOUT gate admissions increase

	2019	2020	2021	2022	2023
CASH FLOWS FROM OPERATING EXPENSES					
Excess of Expenses Over Revenues Gain/(Loss)	3,685,830	1,490,821	(821,857)	(3,259,364)	(5,829,324)
Non-Cash Charges to Net Income Depreciation Exp.	3,360,000	3,493,000	3,626,000	3,759,000	3,892,000
Net Cash Provided (used) by Operating Activities	7,045,830	4,983,821	2,804,143	499,636	(1,937,324)
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital Projects	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)
Net Increase (Decrease) in Cash	2,545,830	483,821	(1,695,857)	(4,000,364)	(6,437,324)
Cash and Cash Equivalent – Beginning of Year	48,000,000	50,545,830	51,029,651	49,333,794	45,333,430
Cash and Cash Equivalent – End of Period	50,545,830	51,029,651	49,333,794	45,333,430	38,896,107

Cash Flow Projections

WITH gate admissions increase

	2019	2020	2021	2022	2023
CASH FLOWS FROM OPERATING EXPENSES					
Excess of Expenses Over Revenues Gain/(Loss)	4,689,631	2,494,622	181,944	(2,255,563)	(4,825,523)
Non-Cash Charges to Net Income Depreciation Exp.	3,360,000	3,493,000	3,626,000	3,759,000	3,892,000
Net Cash Provided (used) by Operating Activities	8,049,631	5,987,622	3,807,944	1,503,437	(933,523)
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital Projects	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)	(4,500,000)
Net Increase (Decrease) in Cash	3,549,631	1,487,622	(692,056)	(2,996,563)	(5,433,523)
Cash and Cash Equivalent – Beginning of Year	48,000,000	51,549,631	53,037,253	52,345,197	49,348,634
Cash and Cash Equivalent – End of Period	51,549,631	53,037,253	52,345,197	49,348,634	43,915,112

2019 Capital Budget

2018 Carry -forward	FY2019		
Property survey	80,000		
Network server	80,000		
Wi-Fi	30,000		
Property Signs	100,000		
Storm Water Infrastructure	300,000		
2018 Carry-forward total:	590,000		
Capital Expenditure	FY 2019	FY 2020	FY 2021
Building 15 HVAC - replace (2) units	35,000		
Costa Mesa bldg. - Replace (2) units	70,000		
Huntington Beach bldg. - Replace (2) units	60,000		
Los Alamitos bldg. office HVAC - Replace (1) unit	17,000		
Event Operations - replace flooring	20,000		
Hanger - replace vestibule & office flooring	45,000		
Pac Amp North Trailer Renovation	20,000		
Security Compound Awning	25,000		
Gate 10 landscaping renovation	40,000		
Pac Amp house lighting dimming system	125,000		
Pac Amp Box office awning	8,000	45,000	
Asphalt repair action sport arena pit	50,000	60,000	
Parking lot maintenance (seal / Stripe)	150,000	150,000	150,000
Repair parking Lot G (replace approx.. 150,000sq ft. @ \$6.50)	900,000	400,000	300,000
Exterior parking lot repairs	150,000	150,000	150,000
Interior parking lot repairs	150,000	150,000	150,000
Way Finding Signage	100,000	150,000	100,000
Pac Amp roll up doors		150,000	150,000
Automatic door openers		50,000	50,000
Plaza West accessibility ramp and stairs		45,000	
Wash rack for animals		25,000	
Parking lot lighting controls		150,000	
Replace shade cloth - Court Yard		50,000	
Replace landscaping island at Box Office		250,000	
E&E bldg. - roof replacement		18,000	
Hanger - resurface concrete floor		90,000	
Ranch bldg. - roof replacement		25,000	
Centennial Farm Welcome Center/Gift Shop		23,000	
Berm drain redesign		30,000	
Gate 1 landscaping renovation		60,000	
Heroes Hall Medallion replacement/repair		150,000	
Ranch bldg. - install trellis			35,000
Maintenance yard compactor cover			150,000
Sound wall - ASA			1,000,000
Replace ASA block restrooms			200,000
Capital total:	1,965,000	2,221,000	2,435,000



2019 Capital Budget

Major Project	FY 2019	FY 2020	FY 2021
Sky Hawk relocation	100,000		
Storage facility rental	200,000	200,000	
High mass light towers rewire - B,C, D, F (internal)	10,000		
Security Bollards	45,000		
Facilities Infrastructure Review	500,000		
Heroes Hall keyless entry	20,000		
Solar charging stations	20,000		
Office changes - administration bldg.	25,000		
Main gate canopy	45,000		
Rental building vestibule doors	40,000		
Replace rusted in-grounds electrical boxes	30,000	30,000	
Lot P electrical upgrade	7,500	7,500	
Repair rental bldg. floors - crack fill / polish or stain	30,000	50,000	50,000
Refurbish facility restroom partition	10,000	10,000	10,000
Storm Water Management	75,000	75,000	75,000
Replace Millennium Barn restroom flooring		15,000	
Courtyard stucco color coat		35,000	
Repaint Pac Amp office & kitchen exterior		20,000	
Repaint Ranch bldg. exterior		25,000	
Education features in farm		250,000	
Major Projects total:	1,157,500	717,500	135,000



2019 Capital Budget

Equipment	FY 2019	FY 2020	FY 2021
85' Genie Boom lift	175,000		
IT emergency generator	450,000		
Forklift - LP/Gas, 5000 lb.	45,000		
Centennial Farm Security Camera	8,000		
Centennial Farm PA system	5,000		
Folding chairs - 300 units	12,000		
Portable Sound monitoring	30,000		
Board Room AV system	30,000		
Key watcher system	7,000		
Road barrier	50,000		
Electrical sub-meter monitoring system Costa Mesa bldg.	20,000		
Digital equipment safety circle check system	5,000		
Portable rolling bleachers	30,000	30,000	
Compactor in Main. Yard	45,000	55,000	
Electrical SO cord storage containers	5,500	5,500	
Cable ramps	10,000	10,000	10,000
2 yard trash dumpsters	25,000	25,000	25,000
Crowd control stanchions / carts	10,000	10,000	10,000
Portable elect panels	25,000	50,000	25,000
Fair Material	20,000	20,000	20,000
Exhibit Equipment	50,000	50,000	50,000
Picnic Tables	10,000	20,000	20,000
Aluminum Barricades	15,000	20,000	20,000
All grounds PA	30,000	30,000	30,000
Taylor Dunn carts - fleet replacement		20,000	20,000
Power monitoring system		100,000	100,000
Info Booths		30,000	
Sweeper truck		65,000	
Equipment total:	1,112,500	540,500	330,000
Capital / Major / Equipment project totals:	4,235,000	3,479,000	2,900,000
Contingency:	150,000	150,000	150,000
Cap-X budget:	4,385,000	3,629,000	3,050,000
2018 Carry forward:	590,000		



Capital Budget

Category	2019	2020	2021
Capital Expenditures	\$1,965,000	\$2,221,000	\$2,435,000
Major Projects	\$1,157,500	\$717,500	\$135,000
Equipment	\$1,112,500	\$540,500	\$330,000
Contingency	\$150,000	\$150,000	\$150,000
Total	\$4,385,000	\$3,629,000	\$3,050,000



2019 Capital & Major Projects

- Facility/infrastructure audit
- A4 Skyhawk relocation
- Storm Water Infrastructure
- Bollards/vehicle barrier systems
- Solar/Wind charging stations
- Board Room A/V system
- Emergency Generator



Multi-Year Contracts Expiring in 2019

Type of Service	Current Contract Expiration Date
Gate Security Services/Bag Check	9/30/18
IATSE Payroll Service	12/31/18
Grounds Cleaning Services/Refuse Collection	2/28/19
Facilities Janitorial Services	3/31/19
Banners and Signs Installation	4/30/19
Cash Room Security Services	6/30/19
Refuse Disposal	8/14/19



Thank you!
Questions/Comments



9B. Review and Approve 2019 OCFEC Operating and Capital Budgets

RECOMMENDATION:

Review and approve 2019 OCFEC Operating and Capital Budgets.

