



Legislation Text

File #: 21-0005, **Version:** 1

Chief Administrative Office recommending the Board:

- 1) Authorize the Chair to approve and sign a Calendar Year 2021 El Dorado County Fair Association Budget, which anticipates the annual County Fair is not held due to the COVID-19 pandemic, in the amount of \$706,694, as approved by the El Dorado County Fair Board of Directors at their February 3, 2021 Meeting; and
- 2) In the event of public health approval to hold the 2021 Fair at normal capacity, delegate authority to the Board Chair to sign an alternate Calendar Year 2021 El Dorado County Fair Association Budget, in which the fair occurs and fair operations can partially resume during the year, in the amount of \$1,186,891, as approved by the El Dorado County Fair Board of Directors at their December 2, 2020 Meeting.

FUNDING: 80% Fair Association Raised Funds, 20% State Funding.

DISCUSSION / BACKGROUND

At its March 29, 2005 meeting, the Board of Supervisors entered into an agreement with the El Dorado County Fair Association, Inc., a general non-profit corporation, for the continued management of the County Fair and Fairgrounds. The term of the agreement was for five years with an automatic five year renewal each year following the completion of the first five years ("rolling" five year renewal).

Section 16 of the Agreement requires the Fair Association obtain the Board of Supervisors approval of its annual budget, showing estimated revenues and proposed expenditures from all sources during the ensuing calendar year. Section 16 of the Agreement requires the Fair Association to submit its budget to the State following approval by the Board of Supervisors.

In 2020, the Fair Association experienced significant impacts due the COVID-19 pandemic. Impacts include cancelling the El Dorado County Fair, moving to drive through fund raisers, and the inability to hold interim events at the fairgrounds. As a result the Association only received 56.8% of the revenue budgeted in 2020. The Fair Association has reduced staffing, adapted events to comply with public health guidelines, started new physically distanced events, and sought small business relief grants. As a result of these efforts it is estimated that the Fair Association will end Calendar Year 2020 with a net surplus of \$11,599 after depreciation.

Due to the uncertainty of the COVID-19 pandemic, the California Department of Food and Agriculture has advised that Fairs should submit two budgets for calendar year 2021, one where normal fair activities are permitted for the last six months of the year, and one where fairs are not permitted and interim events are limited.

The Fair Association has prepared two budgets for Board review for calendar year 2021. The Fair Board of Directors approved the 2021 Budget with a fair and a prior version of the 2021 Budget

without a fair, on December 2, 2020. The Chief Administrative Office, requested revisions to the 2021 Budget without a fair. The Fair Association's Board of Directors approved the revised budget without a fair at its February 3, 2021 meeting.

The Fair Association has completed an analysis of different scenarios for operating a Fair with varying physical distancing requirements. It has been determined that the Fair will operate at a loss unless it can run at normal guest, vendor, and employee capacity. Therefore it is recommended by the Fair Association that the fair is only held if it can be run with normal capacity.

The 2021 Fair Association Budget without a Fair reflects a year that is similar to 2020, in which there is not a fair, there are reduced interim events and decreased staffing. This budget includes the physically distanced crab feed, fair food events, virtual exhibits, horse shows, farmer markets, monthly races, and parking rentals. The budget includes an increase in interim events later in the year when it is expected that more public events are allowed. The proposed budget reflects a 44.5% reduction in budgeted revenue when compared to 2019 actuals. Due to the current public health restrictions, it is recommended that the Board approve the 2021 Budget without a fair to enable conservative operations while awaiting decision on the fair occurring this year.

The 2021 Fair Association Budget with a Fair reflects a year with limited activities the first six months of 2021, and then resuming to mostly normal activities the last six months. The budget also represents slightly lower than normal fair revenues with reductions of 5-15% in fair revenue categories. The budget does show a 23% increase in RV Space Rentals reflecting a conservative estimate of new revenue from the opening of the new RV sites built in 2020. Lastly, the budget reflects a 32% decrease in racetrack rental revenue, as it is estimated 2021 races will not begin until June if gathering restrictions continue.

ALTERNATIVES

The Board could choose not to approve the budgets as presented and provide direction to the Fair Association on changes that should be made.

PRIOR BOARD ACTION

9/12/17 Legistar Item 17-0490, version 2, first amendment to the agreement between El Dorado County and the El Dorado County Fair Association

1/07/20 Legistar Item 19-1866 Approval of the Calendar Year 2020 Fair Association Budget

OTHER DEPARTMENT / AGENCY INVOLVEMENT

El Dorado County Fair Association

CAO RECOMMENDATION

It is recommended that the Board approve this item.

FINANCIAL IMPACT

The 2021 El Dorado County Fair Association budget without an annual Fair represents total operating appropriations in the amount of \$706,694 offset by \$524,281 in revenue, and reflects a net loss before depreciation of \$182,413 and a net loss of \$276,913 after depreciation. Depreciation is a non-cash expense that when budgeted can establish the revenue necessary to address the use of fixed

capital assets. Not all nonprofits budget for depreciation expenses, and there are not immediate impacts if depreciation is not budgeted during a single year. The Fair Association has \$203,453 in reserves, which will cover the estimated \$182,413 in projected loss before depreciation.

The 2021 El Dorado County Fair Association budget with a Fair represents total operating appropriations in the amount of \$1,186,891 offset by \$1,280,602 in revenue, and reflects a net gain before depreciation of \$93,711 and a net loss of \$789 after depreciation.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Clerk of the Board to send a signed copy to the El Dorado County Fair Association.

CONTACT

Emma Owens, Management Analyst