

LSC Redbook

Analysis of the Executive Budget Proposal

Ohio Expositions Commission

Shannon Pleiman, Budget Analyst
Legislative Service Commission

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ATTACHMENTS:

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

Ohio Expositions Commission

- Recommended budget of \$14.1 million in FY 2016 and \$14.4 million in FY 2017
- 2014 State Fair generated a profit of \$479,000

OVERVIEW

Agency Overview

The Ohio Expositions Commission (EXP) is responsible for producing the annual Ohio State Fair with an emphasis on promoting Ohio's agricultural industry and youth education in the agricultural field. The Commission also holds many public events throughout the year at the 360-acre Ohio Expo Center, located in Columbus. The Commission is governed by a 14-member board, consisting of nine gubernatorial appointees, the directors of Development, Agriculture, and Natural Resources, and chairs of the House of Representatives and Senate standing committees dealing with agricultural issues. As of January 2015, EXP employs 59 full-time permanent and three part-time permanent staff, as well as one intermittent employee. Of the permanent staff, about two-thirds are maintenance personnel. In addition to the permanent staff, the Commission hires a substantial number of temporary seasonal workers, about 600 annually for the State Fair, and about 90 for the other nonfair events held at the Expo Center.

Appropriation Overview

Table 1 shows the executive funding recommendations for EXP by fund group. Overall, the proposed funding is \$14.1 million in FY 2016, a decrease of 0.8% when compared to estimated FY 2015 spending of \$14.2 million. Proposed funding for FY 2017 is \$14.4 million, a 1.7% increase over the FY 2016 recommendation. Nearly all of the funding recommended by the executive (98.3%) comes from revenues from both State Fair and nonfair events. The remaining 1.7% of proposed funding comes from the GRF and is used to subsidize the Junior Fair portion of the Ohio State Fair.

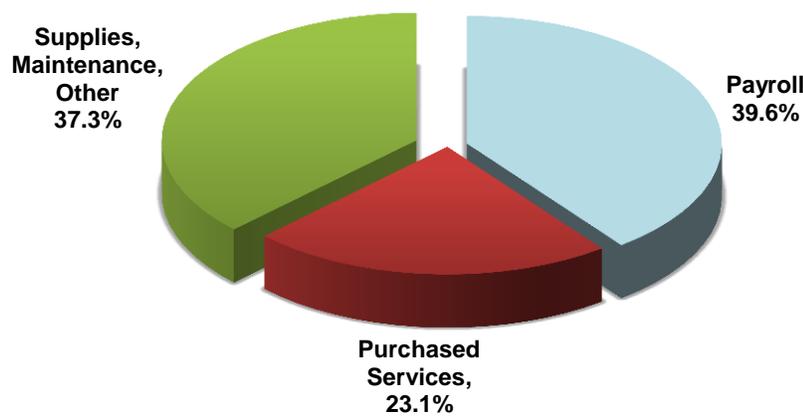
Table 1. Executive Budget Recommendations by Fund Group, FY 2016-FY 2017

Fund Group	FY 2015*	FY 2016	% change, FY 2015-FY 2016	FY 2017	% change, FY 2016-FY 2017
General Revenue	\$920,000	\$250,000	-72.8%	\$250,000	0%
Dedicated Purpose	\$13,323,000	\$13,880,000	4.2%	\$14,120,000	1.7%
TOTAL	\$14,243,000	\$14,130,000	-0.8%	\$14,370,000	1.7%

*FY 2015 totals represent estimated expenditures.

Chart 1 below shows the Governor's funding recommendations broken down by expense type. Overall, 39.6% of EXP's recommended funding over the FY 2016-FY 2017 biennium is slated for payroll. Purchased services, primarily for entertainment and vending contracts for the State Fair, make up 23.1% of the recommended funding. Supplies, maintenance, and other costs account for a further 37.3% of proposed spending.

Chart 1: Executive Budget Recommendations by Expense Category, FY 2016-FY 2017



Issues of Interest

2014 State Fair Results

EXP reported a profit of almost \$480,000 from the 2014 State Fair. Overall revenue from the event, held July 23 through August 3, was approximately \$8.5 million, of which \$6.2 million (72.9%) was derived from admission fees, ticket sales for entertainment and attractions, and exhibit space rental. The remaining \$2.3 million (27.1%) came from event sponsorships, parking and camping fees, and other sources such as concession and livestock auction revenues. Expenses totaled approximately \$8.0 million, with payroll and entertainment and personal contracts accounting for \$4.6 million (57.5%) of that amount. The remaining \$3.4 million (42.5%) was spent on advertising, fairground maintenance, supplies, utilities, and other items. Over 916,000 attended the 2014 State Fair, an increase of approximately 12,900 compared to attendance in 2013.

Junior Fair Funding

The proposed budget contains \$250,000 in GRF funding for Junior Fair events. The subsidy pays for awards to participants, payments for judges, meals and lodging for the All Ohio State Fair Band and Choir, and other various expenses. According to EXP, the total cost of the Junior Fair portion of the 2014 Ohio State Fair was

approximately \$750,000. The Ohio Expositions Commission Fund (Fund 5060), the Commission's principal source of operating revenue, was used to cover the costs in excess of the GRF subsidy.

Ongoing Fairgrounds Upgrades

EXP has been following through on a master plan to improve the grounds and facilities at the Expo Center. The master plan includes continuation of several projects such as the Facilities Modernization and Improvement Project, life-safety, accessibility, and energy management projects. Additionally, EXP is currently in the final phase of the electrical upgrade project, which consists of burying all overhead wires. These improvements are not funded through the main operating budget, but rather the capital budget. Recent capital appropriations have included \$14.0 million for a new multi-purpose building included in H.B. 699 of the 126th General Assembly; \$20.0 million for building renovations, electrical upgrades, and parking lot improvements contained in H.B. 562 of the 127th General Assembly; \$7.5 million for electrical upgrades and facility modernization in H.B. 482 of the 129th General Assembly; and \$8.5 million for building renovations and repairs to the Gilligan Building in H.B. 497 of the 130th General Assembly. The Gilligan Building renovations include upgrades to several structural systems and improvements to the parking surface to prevent leaks into the livestock and exhibit space beneath the parking deck.

Overall, these improvements are intended to make the property more attractive to potential customers and to increase the number of nonfair events held at the fairgrounds, in turn boosting the Commission's operating revenue. In 2014, EXP hosted 175 nonfair events. These events generated approximately \$5.3 million in operating revenue in calendar year 2014, representing 38.6% of receipts for the year.

ANALYSIS OF EXECUTIVE PROPOSAL

Governor's Recommended Funding for the Ohio Expositions Commission				
Fund	ALI and Name		FY 2016	FY 2017
General Revenue Fund				
GRF	723403	Junior Fair Subsidy	\$250,000	\$250,000
<i>General Revenue Fund Subtotal</i>			\$250,000	\$250,000
Dedicated Purpose Fund Group				
4N20	723602	Ohio State Fair Harness Racing	\$235,000	\$235,000
5060	723601	Operating Expenses	\$13,345,000	\$13,585,000
5060	723604	Grounds Maintenance and Repairs	\$300,000	\$300,000
<i>Dedicated Purpose Fund Group Subtotal</i>			\$13,880,000	\$14,120,000
Total Funding: Ohio Expositions Commission			\$14,130,000	\$14,370,000

Junior Fair Subsidy (723403)

This line item is used to support the Junior Fair portion of the Ohio State Fair, which includes premium payments to participants, payments for judges, meals, and lodging for the All Ohio State Fair Band and Choir, and other related costs. According to EXP, the Junior Fair portion of the 2014 Ohio State Fair cost approximately \$750,000. The recommended funding of \$250,000 in both FY 2016 and FY 2017 matches the amount budgeted for this subsidy in FY 2015. Any costs that exceed this amount are paid from the Expositions Fund (Fund 5060).

Ohio State Fair Harness Racing (723602)

This line item is used to pay cash awards for harness races held in conjunction with the State Fair. The Ohio State Fair Harness Racing Fund (Fund 4N20) is a pass-through fund which holds entry fee receipts for the harness races collected by the Commission. These amounts are then disbursed to Scioto Downs, where these races are held. The executive provides \$235,000 in each fiscal year of the biennium for cash awards, an increase of 2.6% compared to estimated FY 2015 expenditures of \$229,000 for this purpose. Overall, Fund 4N20 collected \$229,317 in receipts and disbursed \$224,094 in FY 2014.

Operating Expenses (723601)

The recommended funding for appropriation item 723601, Operating Expenses, is approximately \$13.3 million in FY 2016, an increase of 1.9% compared to estimated FY 2015 spending of \$13.1 million. Proposed funding for FY 2017 is \$13.6 million, a 1.8% increase over the FY 2016 recommendation. This line item is used to pay all expenses related to operations at the Expo Center. Also, any additional expenses for the Junior

Fair portion of the Ohio State Fair in excess of the \$250,000 GRF subsidy for that purpose will be absorbed by funding provided in this line item.

The Ohio Expositions Fund (Fund 5060) is comprised of fees charged during the annual State Fair, as well as for nonfair events. Income is derived from space rentals, exhibit entries, admissions, parking, and other such sources. Nonfair revenues consist of charges for building rentals, parking, and concession income from the 175 or so events held at the Expo Center throughout the year. Overall, calendar year 2014 receipts from the State Fair and nonfair events totaled approximately \$13.8 million. Of that amount, approximately \$8.5 million (61.4%) was derived from the 2014 State Fair. As of January 2015, Fund 5060 has a cash balance of approximately \$2.6 million.

Uncodified law included in H.B. 64 allows the General Manager of the Expositions Commission, in consultation with the Director of Budget and Management, to submit a request to the Controlling Board to use available amounts in the State Fair Reserve Fund (Fund 6400) if revenues from the Ohio State Fair for the 2015 or 2016 Ohio State Fair are unexpectedly low. The last time the Commission exercised this authority was in 2002.

Grounds Maintenance and Repairs (723604)

This new line item is to be used for maintenance and repairs on the grounds of the Expo Center. It is also supported by receipts from the State Fair and other events that are deposited into Fund 5060. Upgrades to the fairgrounds are undertaken with the goal of making the property more attractive to potential customers and increasing the number of nonfair events held at the fairgrounds. These improvements include renovations to the Gilligan Livestock Complex and a new agricultural facility as well as a new multi-purpose facility. The executive recommends \$300,000 in each fiscal year of the biennium for maintenance and repair. Any such costs that exceed this amount would be paid from appropriation item 723601, Operating Expenses.

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Expositions Commission

General Revenue Fund

GRF 723403 Junior Fair Subsidy

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$249,393	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
	0.2%	0.0%	0.0%	0.0%	0.0%

Source: General Revenue Fund

Legal Basis: Section 281.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 215 of the 122nd G.A.)

Purpose: This line item is used to help support and operate the Junior Fair portion of the Ohio State Fair. This includes premium payments to participants, payments for judges, meals and lodging for the All Ohio State Fair Band and Choir, and other related costs.

GRF 723501 Construction Planning

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$0	\$70,494	\$214,749	\$670,000	\$0	\$0
	N/A	204.6%	212.0%	-100%	N/A

Source: General Revenue Fund

Legal Basis: Discontinued line item (originally established by Am. Sub. H.B. 487 of the 129th G.A.)

Purpose: This line item paid for the cost of consulting services related to facility planning on the Expositions Commission's grounds. Specifically, the funding was used for acquiring purchased services for new and renovated facility planning, including necessary architectural engineering, land or facility use consulting services, and facility construction.

Expositions Commission

Dedicated Purpose Fund Group

4N20 723602 Ohio State Fair Harness Racing

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$242,954	\$227,169	\$224,094	\$229,000	\$235,000	\$235,000
	-6.5%	-1.4%	2.2%	2.6%	0.0%

Source: Dedicated Purpose Fund Group: Participant entry fees for state fair harness races

Legal Basis: Section 281.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Controlling Board on May 3, 1993)

Purpose: This line item is used to pay cash awards for harness races held in conjunction with the State Fair. The Ohio State Fair Harness Racing Fund (Fund 4N20) is a pass-through fund which holds entry fees for the harness races that are collected by the Expositions Commission and disbursed to Scioto Downs, where the races are held.

5060 723601 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$13,108,225	\$12,839,837	\$13,252,212	\$13,094,000	\$13,345,000	\$13,585,000
	-2.0%	3.2%	-1.2%	1.9%	1.8%

Source: Dedicated Purpose Fund Group: Income from space rental, exhibit entries, admissions, parking, and concessions during the annual State Fair as well as events held on the fairgrounds throughout the year

Legal Basis: ORC 991.04; Section 281.10 of Am. Sub. H.B. 59 of the 130th G.A.

Purpose: This line item is used to cover payroll, maintenance, and equipment costs that the Expositions Commission incurs for hosting the State Fair and the many other shows and events held on the fairgrounds throughout the year.

Expositions Commission

5060 723604 Grounds Maintenance and Repairs

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$0	\$0	\$0	\$0	\$300,000	\$300,000
	N/A	N/A	N/A	N/A	0.0%

Source: Dedicated Purpose Fund Group: Income from space rental, exhibit entries, admissions, parking, and concessions during the annual State Fair as well as events held on the fairgrounds throughout the year

Legal Basis: Proposed in Section 283.10 of H.B. 64 of the 131st G.A.

Purpose: This line item is used for maintenance and repairs on the grounds of the Ohio Expo Center. Any maintenance or repair costs exceeding the appropriated amount are paid from Fund 5060 line item 723601, Operating Expenses.

Appropriation Amounts as Recommended by the Governor

All Fund Groups

Line Item Detail by Agency			FY 2014	Estimate FY 2015	Introduced FY 2016	FY 2015 to FY 2016		Introduced FY 2017	FY 2016 to FY 2017	
						\$ Change	% Change		\$ Change	% Change
Report For Main Operating Appropriations Bill			Version: As Introduced							
EXP	Expositions Commission									
GRF	723403	Junior Fair Subsidy	\$ 250,000	\$ 250,000	\$ 250,000	\$ 0	0.00%	\$ 250,000	\$ 0	0.00%
GRF	723501	Construction Planning	\$ 214,749	\$ 670,000	\$ 0	(\$670,000)	-100.00%	\$ 0	\$ 0	N/A
Sub-Total General Revenue Fund			\$ 464,749	\$ 920,000	\$ 250,000	(\$670,000)	-72.83%	\$ 250,000	\$ 0	0.00%
4N20	723602	Ohio State Fair Harness Racing	\$ 224,094	\$ 229,000	\$ 235,000	\$ 6,000	2.62%	\$ 235,000	\$ 0	0.00%
5060	723601	Operating Expenses	\$ 13,252,212	\$ 13,094,000	\$ 13,345,000	\$ 251,000	1.92%	\$ 13,585,000	\$ 240,000	1.80%
5060	723604	Grounds Maintenance and Repairs	\$ 0	\$ 0	\$ 300,000	\$ 300,000	N/A	\$ 300,000	\$ 0	0.00%
Sub-Total Dedicated Purpose Fund Group			\$ 13,476,306	\$ 13,323,000	\$ 13,880,000	\$ 557,000	4.18%	\$ 14,120,000	\$ 240,000	1.73%
Expositions Commission Total			\$ 13,941,055	\$ 14,243,000	\$ 14,130,000	(\$113,000)	-0.79%	\$ 14,370,000	\$ 240,000	1.70%
Grand Total			\$ 13,941,055	\$ 14,243,000	\$ 14,130,000	(\$113,000)	-0.79%	\$ 14,370,000	\$ 240,000	1.70%