

Redbook

LBO Analysis of Executive Budget Proposal

Ohio Expositions Commission

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March 2019

TABLE OF CONTENTS

Quick look	1
Agency overview	2
Analysis of FY 2020-FY 2021 budget proposal	2
Junior Fair Subsidy (ALI 723403).....	2
Ohio State Fair Harness Racing (ALI 723602).....	3
Operating Expenses (ALI 723601).....	3
Grounds Maintenance and Repairs (ALI 723604).....	4
Results from the State Fair and other events in 2018	4

LBO Redbook

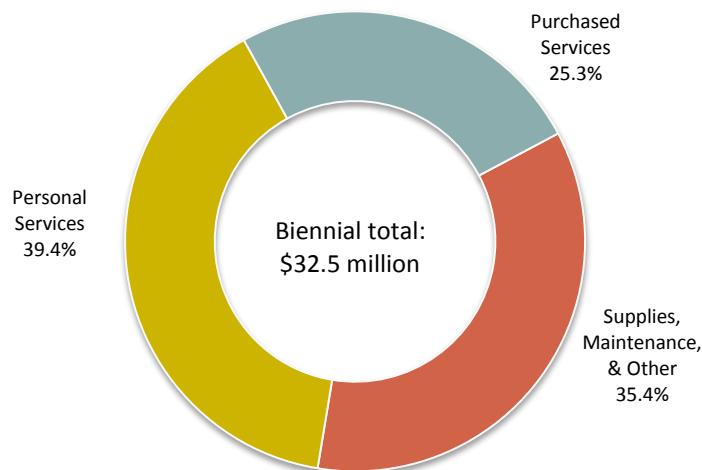
Ohio Expositions Commission

Quick look...

- The Ohio Expositions Commission (EXP) produces the annual Ohio State Fair and operates the Ohio Expo Center, a year-round multipurpose convention and meeting facility.
- The Commission is governed by a 14-member board, consisting of nine gubernatorial appointees, directors of the Development Services Agency, Agricultural, and Natural Resources, and chairs of the House and Senate standing committees that deal with agricultural issues.
- As of February 2019, the Commission employs 60 full-time permanent staff. EXP also hires about 600 seasonal workers for the State Fair and about 90 seasonal workers for nonfair events.
- The executive recommends \$32.5 million in funding over the biennium.
 - Overall, 97.8% of the Commission’s recommended budget comes from receipts collected from State Fair and nonfair events, with the remaining 2.2% coming from the GRF.

Fund Group	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
General Revenue	\$363,750	\$363,750	\$363,750	\$363,750
Dedicated Purpose	\$15,653,144	\$15,613,896	\$15,775,897	\$16,038,166
Total	\$16,016,894	\$15,977,646	\$16,139,647	\$16,401,916
% change	--	-0.2%	1.0%	1.7%
GRF % change	--	0.0%	0.0%	0.0%

**Chart 1: EXP Budget by Expense Category
FY 2020-FY 2021 Biennium**



Agency overview

The Ohio Expositions Commission (EXP) is responsible for maintaining the buildings and grounds on an approximately 360 acre site in Columbus that is used as a year-round venue for large events and exhibitions. Overall, there are over one million square feet of event space in the 14 buildings that are part of the Ohio Expo Center. In addition to hosting the annual State Fair, the Expo Center brings in approximately 185 events and exhibitions throughout the year. Receipts from these sources make up the bulk of operating revenue under EXP's budget. Beyond what is appropriated for operating expenses in the main operating budget, EXP receives a substantial amount of funding under the capital budget to modernize the buildings and grounds in order to keep the Expo Center competitive among other venues in bidding for shows and exhibitions. The Commission is governed by a 14-member board. As of February 2019, the EXP staff roster included 60 full-time employees. However, to plan for and produce the State Fair, the Commission typically hires an additional 600 seasonal workers, as well as about 90 seasonal workers for the other year-round events held at the Ohio Expo Center.

Analysis of FY 2020-FY 2021 budget proposal

Overall, the executive recommended budget for EXP is approximately \$16.1 million in FY 2020 and \$16.4 million in FY 2021. Of this amount, approximately 39.4%, or \$12.8 million of the total, is for payroll and fringe benefit costs. Supplies, maintenance, and other costs make up about 35.4% of budgeted expenses, or about \$11.5 million. The remaining 25.3%, approximately \$8.2 million, is for purchased services, primarily for entertainment and vending contracts for the State Fair.

Broken down by source, 97.8% of all EXP's funding comes from receipts collected from both the State Fair and other events held at the state fairgrounds. The remaining 2.2% of funding comes from the GRF and is used to cover part of the cost of holding the Junior Fair alongside the annual State Fair. With the level of funding provided under the executive recommended budget, EXP will be able to maintain its current staff, produce the State Fair, and host the numerous other events held on site throughout the year.

Junior Fair Subsidy (ALI 723403)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
GRF ALI 723403, Junior Fair Subsidy					
\$374,780	\$372,998	\$363,750	\$363,750	\$363,750	\$363,750
% change	-0.5%	-2.5%	0.0%	0.0%	0.0%

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. The Junior Fair portion of the 2018 Ohio State Fair cost approximately \$750,000 to host. The recommended funding of \$363,750 in FY 2020 and FY 2021 matches the amount budgeted for this subsidy in FY 2019. Based on the cost of the Junior Fair programming in FY 2019, this GRF subsidy would cover a little under 50%

of the total cost. Any costs that exceed this amount are paid from the Expositions Fund (Fund 5060).

Ohio State Fair Harness Racing (ALI 723602)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
Fund 4N20 ALI 723602, Ohio State Fair Harness Racing					
\$272,749	\$327,086	\$353,502	\$344,976	\$375,000	\$375,000
% change	19.9%	8.1%	-2.4%	8.7%	0.0%

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 \$375,000 in each fiscal year of the biennium for cash awards. Overall, Fund 4N20 collected \$345,000 in receipts and disbursed approximately \$354,000 in awards in FY 2018.

Operating Expenses (ALI 723601)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
Fund 5060 ALI 723601, Operating Expenses					
\$14,244,464	\$14,663,050	\$14,999,642	\$14,968,920	\$15,100,897	\$15,363,166
% change	2.9%	2.3%	-0.2%	0.9%	1.7%

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 \$363,750 GRF subsidy for the 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 and 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 185 or so events held at the Expo Center throughout the year. Overall, CY 2018 receipts from the State Fair and nonfair events totaled approximately \$15.2 million. Of that amount, approximately \$8.9 million (58.6%) was derived from the 2018 State Fair. As of February 2019, Fund 5060 has a cash balance of approximately \$2.8 million.

Uncodified law included in the executive recommended budget 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) to supplement funding if revenues from the 2019 or 2020 Ohio State Fair are unexpectedly low. The last time the Commission exercised this authority was in 2002. Similarly, the Director of Budget and Management, in consultation with the General Manager of the Expositions Commission, may determine that the Ohio Expositions Fund

(Fund 5060) has a cash balance in excess of EXP's anticipated operating costs of the Exposition Commission for the fiscal year, in which case that excess cash may be transferred to Fund 6400.

Grounds Maintenance and Repairs (ALI 723604)

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
Fund 5060 ALI 723604, Grounds Maintenance and Repairs					
\$299,994	\$299,998	\$300,000	\$300,000	\$300,000	\$300,000
% change	0.0%	0.0%	0.0%	0.0%	0.0%

This line item supports 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 Celeste Center and the new agricultural and multi-purpose facilities. Any such costs that exceed the amount recommended would be paid from appropriation item 723601, Operating Expenses. In addition to this funding, EXP typically receives capital funding for building and grounds renovations, upgrades, and new construction. For example, H.B. 529, the capital budget act for the FY 2019-FY 2020 capital biennium, provides the Commission with \$6.0 million for improvements at the maintenance complex and the Rhodes Center, as well as the ice plant in the Coliseum building. A further \$1.0 million was provided for emergency repairs and major equipment purchases.

Results from the State Fair and other events in 2018

EXP reported a profit of over \$487,000 from the 2018 State Fair. Overall revenue from the event, held July 25 through August 5, was \$8.9 million, of which \$6.9 million (77.5%) was derived from admission fees, ticket sales for entertainment and attractions, and exhibit space rental. The remaining \$2.0 million (22.5%) came from event sponsorships, parking and camping fees, and other sources such as concession and livestock auction revenues. Expenses totaled \$8.4 million, with payroll and entertainment and personal contracts accounting for \$5.7 million (67.9%) of that amount. The remaining \$2.7 million (32.1%) was spent on advertising, fairground maintenance, supplies, utilities, and other items. Over 908,000 visitors attended the 2018 State Fair. Record setting attendance of over 982,000 visitors was set in 2015.

Receipts from shows and events other than the State Fair are also an important source of income for the Commission. In 2018, these 185 or so events generated approximately \$6.3 million in operating revenue, representing 41.4% of total receipts for the year. EXP hosts five of Columbus' top ten events as determined by attendance. These events include the Home and Garden Show, the Arnold Fitness Expo, Equine Affaire, Good Guys Car Show, and the Quarter Horse Congress. In 2017, construction on two new buildings, Cardinal Hall and the Buckeye Agriculture Building, was completed. These two buildings combined were used to host 24 events in 2018.

EXP/rs