

Redbook

LBO Analysis of Executive Budget Proposal

Ohio Expositions Commission

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LBO Redbook

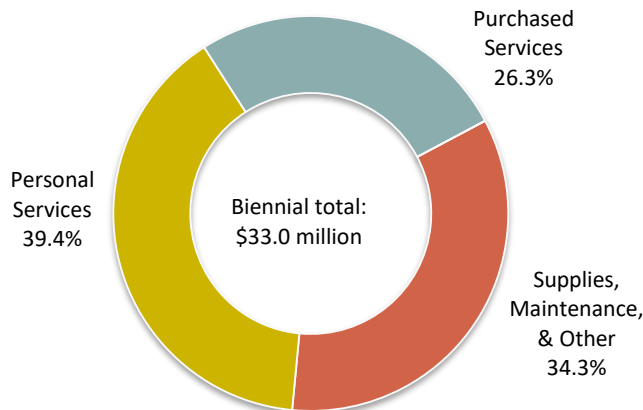
Ohio Expositions Commission

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, Agriculture, and Natural Resources, and chairs of the House and Senate standing committees that deal with agricultural issues.
- The Commission typically employs around 60 full-time permanent staff, about 600 seasonal workers for the State Fair, and about 90 seasonal workers for nonfair events. However, during the COVID-19 pandemic, staffing levels have been cut to seven full-time permanent staff.
- The executive recommends \$33.0 million in funding over the biennium.
 - Overall, 98.1% of the Commission’s recommended budget comes from receipts collected from State Fair and nonfair events, with the remaining 1.9% coming from the GRF.

Fund Group	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
General Revenue	\$325,097	\$100,000	\$261,900	\$363,750
Dedicated Purpose	\$16,982,895	\$7,316,044	\$15,804,189	\$16,578,148
Total	\$17,307,992	\$7,416,044	\$16,066,089	\$16,941,898
% change	--	-57.2%	116.6%	5.5%
<i>GRF % change</i>	--	-69.2%	161.9%	38.9%

**Chart 1: EXP Budget by Expense Category
FY 2022-FY 2023 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 a typical year, in addition to hosting the annual State Fair, the Expo Center brings in approximately 200 events and exhibitions. 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. Typically, the EXP staff roster includes (1) 60 full-time employees, (2) 600 seasonal workers in order to plan for and produce the State Fair, and (3) about 90 seasonal workers for the other year-round events held at the Ohio Expo Center. However, due to the cancellations of the 2020 State Fair and yearly nonfair events during the COVID-19 pandemic, EXP has reduced staffing to seven full-time staff members.

Analysis of FY 2022-FY 2023 budget proposal

Overall, the executive recommended budget for EXP is approximately \$16.1 million in FY 2022 and \$16.9 million in FY 2023. As Chart 1 on the previous page shows, approximately 39.4%, or \$13.0 million of the total, is for payroll and fringe benefit costs. Supplies, maintenance, and other costs make up about 34.3% of budgeted expenses, or about \$11.3 million. The remaining 26.3%, approximately \$8.7 million, is for purchased services, primarily for entertainment and vending contracts for the State Fair.

Broken down by source, 98.1% of all EXP's funding comes from receipts collected from the State Fair and other events held at the state fairgrounds. The remaining 1.9% of funding comes from the GRF and is used to cover part of the cost of holding the Junior Fair which is held alongside the annual State Fair. With the level of funding provided under the executive recommended budget, EXP will be able to restore staffing, produce the State Fair, and host the numerous other events held onsite throughout the year.

Junior Fair Subsidy (ALI 723403)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
GRF ALI 723403, Junior Fair Subsidy					
\$363,750	\$363,749	\$325,097	\$100,000	\$261,900	\$363,750
% change	0.0%	-10.6%	-69.2%	161.9%	38.9%

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 2019 Ohio State Fair cost approximately \$750,000 to host. Based on the cost of the Junior Fair programming in FY 2020, this GRF subsidy would cover a little under 35% of this total cost in FY 2022 and 50%

in FY 2023. Any costs that exceed this amount are paid from the Ohio Expositions Fund (Fund 5060).

Ohio State Fair Harness Racing (ALI 723602)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
Fund 4N20 ALI 723602, Ohio State Fair Harness Racing					
\$353,502	\$344,976	\$323,648	\$315,819	\$325,000	\$325,000
% change	-2.4%	-6.2%	-2.4%	2.9%	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 \$325,000 in each fiscal year of the biennium for cash awards. Overall, Fund 4N20 collected \$316,000 in receipts and disbursed approximately \$324,000 in awards in FY 2020.

Operating Expenses (ALI 723601)

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
Fund 5060 ALI 723601, Operating Expenses					
\$14,999,642	\$15,864,236	\$16,359,250	\$6,700,225	\$15,179,189	\$15,953,148
% change	5.8%	3.1%	-59.0%	126.5%	5.1%

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 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 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 200 or so events held at the Expo Center throughout the year. Overall, CY 2019 receipts from the State Fair and nonfair events totaled approximately \$16.8 million. Of that amount, approximately \$9.7 million (57.7%) was derived from the 2019 State Fair.

Since March 2020 and during the COVID-19 pandemic, no events have been held at the Expo Center. The Commission, however, has been able to collect some revenue from renting its facilities for things such as personal protective equipment (PPE) warehousing and drive-through COVID-19 testing and vaccinations. Rental revenue from these sources has amounted to \$350,000. As a result of not hosting events, the February 2021 cash balance in Fund 5060 is considerably lower than it is normally, and as of February 2020, amounts to \$265,000.

Ongoing uncodified law included in the executive recommended budget allows the EXP General Manager, 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 2021 or 2022 Ohio State Fair are unexpectedly low. Due to the cancellation of the 2020 Ohio State Fair, the Commission exercised this authority in July 2020, and \$1.0 million was transferred from Fund 6400 to Fund 5060. Similarly, the Director of Budget and Management, in consultation with the EXP General Manager, may determine that 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 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
Fund 5060 ALI 723604, Grounds Maintenance and Repairs					
\$300,000	\$300,000	\$299,997	\$300,000	\$300,000	\$300,000
% change	0.0%	0.0%	0.0%	0.0%	0.0%

This line item provides supplementary support for maintenance and repairs on the grounds of the Expo Center. It is also funded 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 multipurpose 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. S.B. 310, the capital budget act for the FY 2021-FY 2022 capital biennium, provides the Commission with \$10.0 million to support an ongoing electrical project throughout the Expo Center. A further \$1.5 million was provided for emergency repairs and major equipment purchases.

Results from the State Fair and other events in 2019

EXP reported a profit of nearly \$657,000 from the 2019 State Fair. Overall revenue from the event, held July 24 through August 4, was \$9.7 million, of which \$7.2 million (74.2%) was derived from admission fees, ticket sales for entertainment and attractions, and exhibit space rental. The remaining \$2.5 million (25.8%) came from event sponsorships, parking and camping fees, and other sources such as concession and livestock auction revenues. Expenses totaled \$9.0 million, with payroll, entertainment and personal contracts, and fairground maintenance accounting for \$6.4 million (71.1%) of that amount. The remaining \$2.6 million (28.9%) was spent on advertising, fairground maintenance, supplies, utilities, and other items. Approximately 935,000 visitors attended the 2019 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 CY 2019, these 200 or so events generated approximately \$7.1 million in operating revenue, representing 42.3% 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.