

~ 2018 v 2017 Fairs Direct Revenues & Expenses Comparison ~

Direct Revenues	2018		2017		2018 v 2017 \$ Delta
	\$	%	\$	%	
Admissions	\$0	0%	\$153,392	31%	(\$153,392)
Parking	\$5,100	21%	\$84,187	17%	(\$79,087)
Carnival/F&B Concessions	\$0	0%	\$144,760	29%	(\$144,760)
Commercial Vendors	\$0	0%	\$39,550	8%	(\$39,550)
Competitive Exhibits Fees	\$9,181	37%	\$9,233	2%	(\$52)
Sponsorship	\$8,500	34%	\$52,548	11%	(\$44,048)
Misc	\$1,970	8%	\$7,976	2%	(\$6,006)
Totals	\$24,751	100%	\$491,646	100%	(\$466,895)

Direct Expenses	2018		2017		2018 v 2017 \$ Delta
	\$	%	\$	%	
Wages & Burden	\$106,467	43%	\$235,827	29%	(\$129,360)
Professional Services	\$58,800	24%	\$147,836	18%	(\$89,036)
Materials & Supplies	\$10,955	4%	\$44,678	5%	(\$33,723)
Utilities/Disposal	\$4,000	2%	\$19,478	2%	(\$15,478)
Liability Insurance	\$122	0%	\$3,066	0%	(\$2,944)
Dues & Permits	\$2,473	1%	\$1,911	0%	\$562
Marketing	\$12,640	5%	\$76,646	9%	(\$64,006)
Travel/Hotel	\$2,792	1%	\$11,862	1%	(\$9,070)
Board of Directors	\$500	0%	\$11,391	1%	(\$10,891)
Equipment Rental	\$17,090	7%	\$130,013	16%	(\$112,923)
Entertainment	\$1,500	1%	\$104,780	13%	(\$103,280)
Comp Exbts Premiums	\$28,981	12%	\$30,240	4%	(\$1,259)
Bank/CC Fees	\$391	0%	\$3,141	0%	(\$2,750)
Equipment Purchase	\$76	0%	\$1,245	0%	(\$1,169)
Donated Services	\$0	0%	\$3,181	0%	(\$3,181)
Totals	\$246,787	100%	\$825,295	100%	(\$578,508)

Desc	2018	2017
Direct Revenues	\$24,751	\$491,646
Direct Expenses	\$246,787	\$825,295
Net Direct P/L	(\$222,036)	(\$333,649)

Solano County Fair - Analysis

2017 represented a watershed moment in the history of the Solano County Fair Association (SCFA). In 2015, SCFA management radically changed the Solano County Fair model by decreasing the annual fair's entertainment budget by 40%.

This was a very significant change as entertainment represented the fair's prime attendance driver. Initial results were positive as gross revenues were up 14% from 2014 to 2015. The trend continued in 2016 with entertainment expenses remaining at a reduced level yet 2016 gross revenues were still up 10% over 2015.

However, 2017 produced a much different picture. Using the exact same fair model as 2015 and 2016, 2017's gross revenue was down 21% comparable to 2016. A detailed analysis of contributing factors revealed that the 2017 fair dates were compromised by the shift in the Back-To-School retail season, but a more troubling factor was exposed. The current fair model was no longer working.

Since the demise of live horse racing, the Solano County Fair has struggled to find a replacement alternative to the strong, cost-effective attendance driver that live horse racing once was.

Cutting the entertainment budget in 2015 gave a temporary boost to the Fair's bottom line but the public spoke loudly in 2017. After two years of a less than anticipated entertainment line-up they chose to take their dollars elsewhere.

A New Fair Model

The 2018 Solano County Fair represented the first year of the new fair model. Rather than SCFA underwriting the entire Entertainment component of the fair, SCFA entered into event partnerships with outside vendors. These partnerships were structured so that the cost exposure of a particular event activity was now shared. The net result was a significant decrease in the overall cost of underwriting the annual fair.

The other significant change in 2018 was a shift in fair programming to begin to highlight the Community Component of the Fair. By using community-based activities to drive attendance SCFA returns to its core values of promoting what make Solano County a special place to live, work and play.

On the following pages is the analysis that has helped shaped the new direction of the annual Solano County Fair.

Community Celebrations – Why We Celebrate

We humans are internally wired to want to be with other humans. Beyond the necessities, like food and shelter, people have a very primal need to have other folks around them. Call it a tribe, a village, or a community, we seek the company and companionship of others.

It has not been enough for us, as humans, to merely gather together and share a physical space. We naturally recognize the common characteristics we share with others. We seek ways to announce what makes our community unique and special. The way we tell the rest of the world, who we are, is through our community celebrations.

Community celebrations are as old as villages themselves. The theme of the celebration might change, but the basic format remained constant. The celebration would have two basic components:

- **Community component** – The “why” folks were celebrating. Usually centered around a religious, cultural or agricultural activity.
- **Entertainment Component** - The “how” folks celebrated. Almost always having food, beverages, music, dancing, or other similar activities.

Each of these components supported the other. The Community component provided the emotional draw, the shared idea, belief, or principle that folks wanted to celebrate. The Entertainment component provided the “fun” element. For most folks, a gathering of people does not become a celebration unless a very definite “fun” element is included. Food, drink, dancing, performances, or competition of some sort are all essential elements of our concept of celebration.

Traditional County Fair Model

American county fairs have followed the traditional community celebration model since Europeans first settled in North America. The Community component was usually centered around agricultural activity with the Entertainment component dependent on either local talent or traveling shows.

In California, the 1930s brought the first notable change in decades to the California county fair format. Legalized pari-mutuel wagering on live horse races, including those hosted by county fairgrounds, was approved. With no other California based competition for legalized gambling, live horse racing gave California’s county fairs a significant boost in overall fair attendance, as well as a strong, consistent revenue stream.

Solano County Fair Background

The Solano County Fairgrounds is a county owned facility; the land where the fairgrounds sits was donated by private individuals and the City of Vallejo. The construction of the fairgrounds buildings was financed with state provided funds.

The Solano County Fairgrounds is operated and governed by a separate non-profit corporation (Solano County Fair Association) whose fair board is appointed by the Solano County Board of Supervisors.

Mission Statement of the Solano County Fair Association:

The mission of the Solano County Fair Association is "to ensure a positive experience for the public by providing a year-round multi-purpose venue that showcases and celebrates the wide variety of resources and activities available to our diverse community."

Beginnings

It is important to place the beginnings of the Solano County Fair Association in the context of the times in which it was created. The first discussions concerning the creation of the Solano County Fair began as early as 1938, but progress was delayed by the advent of World War II and serious planning was not resumed until after V-Day.

By the late 1940's American society had endured the devastating social and financial impacts of the Great Depression and had survived the world-wide destruction of World War II. The post-war world brought a new era of prosperity and peace. The leaders of Solano County sought to express the new-found optimism by not only hosting an annual fair, but also creating a fairground comprised of permanent buildings intended to house events celebrating Solano County throughout the year.

Ground breaking for the fairgrounds was held on February 22, 1948 and on September 21, 1950 the Solano County Fair opened with Governor Earl Warren cutting the ribbon while a crowd of 10,000 watched.

Operations

The Solano County Fair operations is based on the traditional community celebration model comprised of both a Community component and an Entertainment component. Since its inception, the Solano County Fair has been a summertime event.

Operations - Fair Dates

Summertime – The Solano County Fair has always been held during the summer months. Since 2011 the fair dates have generally been the last few days of July into the first week of August. The latest the fair has ended was on August 7th during the 2011 Fair. The earliest the Fair has ended was July 31st during the 2016 Fair. During the 2011-2017-time period all Fairs were 5-day fairs.

Today, most school systems begin their fall term in mid-August. This has transformed late July-early August from deep summer vacation time to squarely in the middle of the Back-to-School season.

Back-to-School/Back-to-College has become a key retail selling season representing almost 20% of annual retail sales. The intense marketing efforts supporting this key retail selling season has any traditional summertime activities, held after the 4th of July, competing for the attention and dollars of families with school age children (a key target market of potential fair attendees).

Action Taken –In 2018 Solano County Fair Association (SCFA) returned their fair dates to pre-4th of July. This allowed the Solano County Fair to remain a summertime celebration (in today's world the traditional summer vacation time is limited to the months of June and July).

Operations - Attendance Drivers

The old traditional Solano County Fair model used the Entertainment component as an active attendance driver and the Community component as a passive attendance driver. An active attendance driver is an activity that is highly promoted with the targeted intension of attracting people to attend the fair. A passive attendance driver are other fair activities that may attract fair patrons but are not as heavily promoted.

Traditional Active Attendance Drivers

Entertainment – Since its inception, the Solano County Fair has followed a model that is dependent on the Entertainment component of the fair to drive attendance numbers. The entertainment component has been composed of three major elements:

- **Carnival** – A staple of the traditional fair experience are carnival rides and the carnival midway. Today's world offers a wide variety of entertainment options and carnival rides and the carnival midway's ability to be a prime attendance driver have diminished.
- **Live Horse Racing** - At its peak, live horse racing was the annual fair's single biggest revenue producer and attendance driver. Beginning in the late 1980s the popularity of the live horse racing industry began to decline. The reasons behind the decline were industry wide and continue to this day. 2009 was the last year SCFA hosted live horse racing.
- **Main Stage Entertainment** – Main stage entertainment, featuring both A list and B list celebrities, has been part of the Solano County Fair line-up since the fair's beginnings. Main Stage entertainment took on a much larger role as an attendance driver as live horse racing (and the associated revenue stream) declined.

Depending on the artist/group, the cost associated with booking main stage entertainment can be very expensive. While big name acts can draw large crowds, it has been found that those attending the big-name concerts generally do not visit or spend at other fair attractions. This lack of residual sales diminishes the overall impact of main stage entertainment as a prime attendance driver. Absent strong residual sales any increase in attendance figures generated by big-name acts is off-set by the prohibitive cost of the act itself. It is highly questionable if this form of entertainment is cost effective.

Traditional Passive Attendance Drivers

These less promoted elements of the current Fair model are truly the heart and soul of what county fairs are all about. They are the reason our county fair exists; to celebrate, preserve, and strengthen the sense of community that is Solano County. The Solano County Fair announces to the world; "I'm from Solano County, and that's something special."

Competitive Exhibits – Competitive Exhibits are a staple of county fairs and have been part of the Solano County Fair since day one. In 2018, 3,240 entries were received for Competitive Exhibits. The Competitive Exhibits are divided into the following categories:

- Fine Arts
 - Open Art
 - Amateur-Art
 - Professional-Photography
 - Amateur-Photography
 - Local Color
 - Poetry
- Floriculture
 - Amateur Theme Gardens (Adult & Youth)
 - Wheelbarrow Plantings
 - Container grown Plants
 - Youth Horticulture
 - Arrangements
 - Cut Flowers
 - Educational Exhibits
 - Container Grown Plants
 - Amateur Theme Gardens (Adult & Youth)
- Livestock
 - Open Livestock
 - Sheep
 - Junior Livestock
 - Beef
 - Dairy Cattle
 - Dairy Goats
 - Meat Goats
 - Sheep
 - Swine
 - Game Birds
 - Poultry
 - Rabbits
 - Ducks
 - Quail
 - Turkeys
- Solano Living
 - Youth Solano Living
 - Arts & Crafts
 - Clothing & Textiles
 - Collections
 - Electronic Media
 - Fair Theme
 - Food Preservation
 - Graphic arts
 - Group Projects
 - Home Furnishings

- Language Arts & Creative Writing
 - Photography
 - Recycling
 - Science & Education
 - Special Friends
 - Stamping & Scrapbooking
 - Table Settings
 - Career Technical Education
 - Agriculture
 - Baked Foods
 - Decorated Cake
- Adult Solano Living
 - Arts & Crafts
 - Clothing & Textiles
 - Collections
 - Fair Theme
 - Food Preservation
 - Gift Items
 - Quilting
 - Recycling
 - Special Friends
 - Table Settings
 - Vignettes
 - Career Technical Education
 - Agriculture
 - Baked Foods & Confections

Cultural Pavilion, Cultural Stage, Talent Show, and Bay Stage Acts – The Solano County Fair dedicates stages and booth space for informational, educational, and performing arts that celebrate the wide variety of cultural heritage that is Solano County.

Operations - Fair Brand

The Solano County Fairgrounds has what is referred to as a heritage brand. A heritage brand has genuine history and has an authentic feel to it.

Because the Entertainment component has been so prominent in our marketing efforts, entertainment features like live horse racing, main stage acts, or the carnival are also part of the fair brand. If you think of a brand as a promise to your customers, then as the popularity, or modern relevance, of our featured products (live horse racing, main stage acts, carnivals) declined, our promise to our patrons became less and less authentic.

Moving forward the challenge for SCFA is to preserve the key components of our heritage brand while shedding the entertainment elements that are no longer relevant or authentic.

Operations – Financial Model

Income

Supporting an endeavor large enough to celebrate an entire county requires significant financial resources. The goal of attracting as many fair patrons as possible is doable but daunting. To help off-set the costs associated with hosting a county fair SCFA looks to several revenue sources.

All revenue streams, except the Competitive Exhibits Entry Fees, are directly dependent on Fair attendance. Overall fair attendance, and subsequent spending by fair patrons, is critical to the financial success of a fair.

Standard fair revenue sources include:

1. **Attendance Revenue** – Funds derived from promotional, pre-sale, and same day sales of admittance tickets. In 2017 the Solano County Fair admittance prices were:

General Admission	\$10
Children – ages 6-12	\$6
Children – age 5 & under	FREE
Seniors – age 60+	\$6
Military Veterans	\$8

- o **Special Events**

(Does not include Fair admission)

- Demolition Derby
 - Adult \$10
 - Child \$6
- Jaripeo (Bull Riding)
 - Adult \$10
 - Child \$6

- o **Special Discount Days**

- **Seniors Day** – Free Admission All Day for Seniors age 60+
- **Kids Day** – Free Admission All Day for Kids ages 12 & under
- **Military & First Responders Appreciation Day** – Free Admission All Day for Military, Law Enforcement, Firefighters and their dependents

2. Parking Revenue - \$12 per vehicle
3. Carnival Wristbands - \$28 (good all day, any one day)
4. Vendor Booth Rentals – A flat rental rate depending on the physical size and location
5. Food & Beverage Sales Commissions – A guarantee plus a negotiated percentage of gross sales.
6. Competitive Exhibits Entry Fees - A small fee for each entry.
7. Sponsorships – Various sponsorship packages are offered to organizations and businesses throughout Solano County.

Expenses - Expenses associated with hosting the county fair include:

1. Wages/Payroll Tax
2. Workers' Comp/Health Ins/Vacation-Sick Accruals
3. PERS Expense
4. Professional Services
5. Security Contractor & SCSO
6. Supplies and Expenses
7. Utilities & Disposal
8. Equipment Maintenance
9. Liability Insurance
10. Dues & Permits
11. Building and Grounds Maintenance
12. Advertising/Marketing
13. Travel, Training & Meetings
14. Directors' Functions
15. Equipment Rental
16. Entertainment (Stages & Grounds)
17. Competitive Exhibits Premiums
18. Bank/CC Fees
19. Bad Debt/Cash Short/Over
20. Equipment (Non-Capitalized)
21. Donated Services & Sponsor Expenses

Changes to Operational Model

The old fair model was no longer effective in fulfilling the primary purpose of maximizing participation in the annual celebration of Solano County. SCFA will continue to make changes so that the annual Fair increases its relevancy, attracts more patrons and consequentially is operated on a more cost-efficient basis.

Highlights of those changes include:

Fair Dates – As previously noted, in 2018 SCFA moved the fair dates to pre-4th of July. This does not represent a change so much as an effort to preserve traditional summertime placement.

In the past when fair dates have been significantly changed there has been a drop in fair attendance, at least in year one of the change.

Vendor Booth Mix – In the mid to late 20th century county fairs were so popular that an entire industry was created to support them. Much of this industry is comprised of small vendors whose product line, while not always unique, did serve the fair patrons well. These small vendors followed the fair circuit going from fair to fair.

The dominance of these fair specific vendors diluted any individuality that fairs had. The vendor mix for each fair became standard and it became more and more difficult to tell one fair from another.

Beginning in 2018, SCFA began a new program to reach out to local entities to encourage them to display their products/wares at the fair. Eventually we hope to have a strong vendor line-up that reflects the diversity and talents of Solano County. It is anticipated that this new vendor line-up will be a strong enough addition that it will become an active fair attendance driver.

Feedback given from 2018 fair patrons indicated that part of their “fair experience” was the traditional fair vendors and their products. Moving forward SCFA will look to strike a balance between maintaining the proper “fair experience” while creating a uniquely Solano County experience.

Integration of All Events – The Solano County Fairgrounds is a year-round event facility that hosts a wide variety of events. In the past, each one of these events has been treated as a stand-alone activity. Moving forward SCFA will seek to knit these events together so that all activities that SCFA hosts can be presented as one comprehensive product.

The goal is to have locals consider the fairgrounds as a year-round entertainment choice. Ideally people will be checking SCFA’s website on a weekly basis to see what is happening that weekend at the fairgrounds.

Marketing a once-a-year event like the annual fair is made far easier if our locals are frequent visitors to the fairgrounds rather than once-a-year patrons.

Sponsorships – SCFA sponsorship efforts are also made easier if potential sponsors know that their message will not only reach once-a-year fair attendee but will now be part of a year-round package that includes a much larger, more varied audience.

Community Resource – SCFA has renewed its commitment as a year-round resource for Solano County.

- **Supporting Local Non-Profits** – To support the wonderful work that Solano County’s non-profit community does, SCFA would partner with local non-profits; offering event services and facilities to support their fund-raising efforts. The goal is to create an event incubation campus that allows local non-profits to take advantage of free or low-cost event services to develop and grow their fund-raising events.

Equally important is the role the fairground plays in raising the profile of Solano County to the rest of the Bay Area, Northern California, and the western states. It is a well-documented fact that Solano County’s non-profits are woefully underrepresented in terms of philanthropic or foundation support comparable to the rest of the Bay Area. Truth be told, if we could just get large foundations to recognize that Solano County is part of the Bay Area, we could consider a major hurdle cleared. The Solano County Fairgrounds can be and should be a major contributor to that effort.

- **Supporting the Local Ag Community** – We are losing prime agricultural land to urbanization and fewer and fewer people are choosing farm life as a profession. SCFA has had serious discussions with Sustainable Solano Inc. and is working closely with them on their work to create Solano Community Food Centers; small-scale, consumer-driven food businesses, sourced by local farmers.