

## 2005 BUDGET

**To:** Honorable Board of Supervisors

**From:** Chris A. Carpenter, General Manager 

**Date:** October 29, 2004

**Subject:** 2005 Proposed Budget

**Recommendation:** Approve a resolution accepting the 2005 budget of the San Mateo County Exposition and Fair Association.

**Background and Highlights:** The Expo Center Board and staff prepared the budget through their committee process. Expo Center Board approval has occurred at their regularly scheduled board meeting on October 27, 2004. We met with County Manager John Maltbie to review 2004 and our proposed 2005 budget on October 28, 2004. After your approval, the budget will be sent to the State Division of Fairs & Expositions for final approval.

I would like to acknowledge and thank all members of the San Mateo County Exposition and Fair Association for their time and input towards the formulation of this proposed budget. I would also like to commend all San Mateo County Expo Center Managers for the dedication and hard work they put into the formulation of this budget.

### 2004 Budget Year Results

We anticipate ending the year slightly ahead of projections, due to the saving in expenses overall and the increased interim event revenue. While revenues for the fair were down, attendance was increased by 7% due to some successful "Free Till Three" promotions we ran in an effort to increase attendance. We are in the process of establishing another business plan to follow for the 2005 fair, continue to control expenses and increasing interim events. Currently, the bookings for early 2005 look very good and we continue to contract new and return business for the remainder of the new year.

Work has already begun on our improvements, financed by the \$3 million in re-development funds that this board voted to allow the San Mateo County Expo Center to utilize for our necessary upgrades. We thank you for your vote of confidence and assure you that all improvements will serve to improve the aesthetic beauty of the campus and increase business for the San Mateo County Expo Center.

The projection for the 2004 year end surplus is 23.8% vs. a budget of 14.5%. Rental revenue for 2004 is estimated to be close to budgeted figures for the year, and 11% over the 2003 actual operating income. Also, 2004 forecasted operating expenses are 2% lower than 2003 actuals.

### 2005 Budget

The proposed budget for 2005 reflects a year-end surplus of \$1,058,000 or 22.8%, which is well above the percentage we maintain in our reserves.

San Mateo County Expo Center has committed \$2,985,000.00 in resources for capital improvements, facility improvements and equipment in 2005. Any of the line items that are not expended in 2005, would carry over into 2006 for completion of facility improvements.

Due to the recent improvement in our sales and marketing department, the addition of rental equipment and the facility improvements, we are projecting increases in overall fair admissions, building rentals and ancillary revenues. Ancillary revenues include commissions from off-site preferred caterers, concessions from our exclusive vendor, parking and equipment rentals. Our newly formed sales and marketing department will succeed in increased revenues from additional interim events, including a new mix of trade shows, entertainment, corporate events and other forms of public and private events.

In 2005, we are projecting some necessary equipment purchases and overall improvements to the campus. The Millennium Flex funds from the Division of Fairs & Expositions in 2005 are projected to be \$62,000; a slight increase from 2004. We should be complete with many of our equipment purchases and facility improvements (covered by the redevelopment funds) by mid 2005. These are the projects that will provide many aesthetic improvements to the campus, and the additional equipment that will increase our marketability of the San Mateo County Expo Center.

A summary of our project funds is as follow:

	<u>Budget 2004</u>	<u>Budget 2005</u>
Equipment and Improvements (Purchases)	\$207,825.00	\$175,000.00
Millennium Flex Funds from F & E	\$ 57,000.00	\$ 62,000.00
F & E ADA and Major Maintenance Funds	\$ 50,000.00	\$ 50,000.00
Redevelopment Reimbursement (est.)	\$1,182,000.00	\$1,817,287.00

**The budget approval process is as follows:**

**Wednesday, October 27, 2004**  
**Thursday, October 28, 2004**

**Board of Directors – Approved  
President Clifford, Secretary-  
Treasurer Hildebrand, Controller  
Franke and General Manager  
presented 2005 budget to County  
Manager John Maltbie**

**Tuesday, November 9, 2004**

**Budget Presented to San Mateo  
County Board of Supervisors for  
Approval**

**Thursday, November 18, 2004**

**Approved budget mailed to  
Division of Fairs & Expositions**