

September 24, 2010

Mr. Adam Horst, Director  
State Budget Agency  
212 State House  
Indianapolis, IN 46204

Dear Mr. Horst:

The Indiana State Fair Commission (ISFC) welcomes the opportunity to submit its \$600,000 budget request for each year of the 2011-2013 biennium, for a total of \$1,200,000.

Since the 1940's, the Governor and Indiana General Assembly have financially supported the Indiana State Fair and Fairgrounds by providing a dedicated portion of property tax collections to operational functions and preventive maintenance at this facility. The commitment from the legislative and executive branches of government to preserve this historical source of predictable operational and preventive maintenance dollars for the Indiana State Fair Commission was exhibited in the 2009-2011 biennium by the allocation of \$1.2 million from the general fund.

Additionally, the Governor and General Assembly have supported the efforts of the ISFC to reinvest in the facility, bringing many of its buildings up to modern building/safety codes and returning it to its grandeur of old with the dedication of \$6.2 million from riverboat revenue and roughly \$300,000 from OTB at pari-mutuel tracks. So much has been accomplished, still more needs to be done, and a significant priority is to continually commit adequate levels of preventive maintenance dollars back into the facility to preserve all that has been achieved thus far.

The ISFC's earned revenue of roughly \$3.7 million through June 30, 2010, is dedicated to bond debt retirement (\$2.2 million annually), as well as operational expense and facility improvements.

Following for your review is the ISFC's Agency Overview, Mission Statement, Accomplishments, Challenges, Objectives for the biennium, and Organization Chart.

On behalf of the ISFC, I am happy to answer any of your questions or provide additional information you may require.

Sincerely,

Cynthia C. Hoye  
Executive Director

## Agency Overview – Programs and Functions

Mission and Vision: To preserve and enhance the Fairgrounds and the annual State Fair for the benefit of all citizens of Indiana. A year-round gathering place, recognized for value and excellence, that, maximizes it's resources to offer space for a diversity of activities, including the Indiana State Fair to showcase agriculture, youth, education and entertainment while operating in a fiscally responsible and sustainable manner that honors the integrity of its core values.

Pursuant to IC 15-13, the ISFC's business is composed of:

- Event Production
  - Facility Management
  - Agricultural Education
  - Fiscal Management
- 1) Event Production refers to the Annual Agricultural State Fair. Statutorily, this event is to be given priority over all other activities at the Fairgrounds during the period the Fair is held (IC 15-13-3-3). Year-round ISFC staff of approximately 71 full time, 25 part time employees, and about 1,000 seasonal hires join forces with the Indiana State Fair Board members, who are working members responsible for implementing all Fair department programs.
  - 2) Facility Management is the lifeblood of the ISFC's year-round business. Venue rental revenue joins with earned revenue from the State Fair, sponsorship monies and facility charge fees to help fund capital improvements, preventative maintenance and operational costs. Over 300 consumer and public shows and a variety of events take place at the Fairgrounds – some of the largest in central Indiana. These events include the Indianapolis Boat, Sport and Travel Show, the Indianapolis Home Show, ice hockey games, national and regional livestock shows, dirt car racing, standardbred harness training, bicycle racing, weddings and banquets and professional development seminars.
  - 3) Agriculture Education opportunities abound both at the State Fair and during year-round activities. Having successfully merged and expanded the educational programs of the Center for Agricultural Science and Heritage into the ISFC's Education function, year-round school field trips are being conducted on the Fairground's north side – a major complement to the existing facilities of Pioneer Village, Little Hands on the Farm, Pathway to Water Quality, 4-H complex and Dept. of Natural Resources building, as well as the relatively new addition of the Normandy and Mac Reynolds Barns. Further, to ensure accessibility to all students across the state, a thriving outreach program takes the on-site experiences into classrooms.
  - 4) Fiscal Management is crucial to the success of the ISFC's 250-acre campus which requires flexibility and foresight with the ebb and flow of events that occur at the Fairgrounds, including the State Fair. Being responsive to unplanned opportunities and calls to community service are vital to its overall business.

### 2009-2010 Accomplishments

#### **Event Productions:**

- Successfully made the transition from a 12 day to a 17 day Fair
- Fair Revenue over expenses – approximately \$900,000 for each Fair

- Exceeded Fair Sponsorship forecasts for each Fair despite the downturn in the state economy
- Fair Attendance increased to 974,000 in 2009, and dropped slightly to 952,000 in 2010 due to the unusually hot weather
- Midway Gross exceeded budgeted expectation by an average of \$35,000.
- Customer Satisfaction ratings of good to excellent continued to increase to approximately 96% in 2010.

**Facility Management** – threefold critical elements of preventive maintenance, capital rehab/renovation of facilities and venue rentals of the 250-acre campus:

Capital Projects:

- Completed a \$675,000 project to put a new roof on the Exposition Hall
- Made \$176,000 in electrical upgrades to the north side; including the installation of solar panels and an electric generating windmill
- Purchased new equipment including: a road grader, industrial grade forklift, and bar code scanning equipment
- Investing \$1.7 million in new roof projects on the South Pavilion, Pepsi Coliseum, and Our Land Pavilion
- Completed a bridge project as a legacy tribute to the Boy Scouts
- Added additional campsites to the 46<sup>th</sup> Street Campgrounds
- Began process of renovating Discovery Hall

Preventive Maintenance:

- Continue to spend over \$1 million annually on preventive maintenance

Venue Rentals:

- Roughly two million visitors attended events at the Fairgrounds annually
- Facility rental revenue grew by 5% in 2009 and is 10% over budget in 2010 as of September 30<sup>th</sup>.
- There were 79 new events in 2009; 2010 new events count is not available yet
- Concessions revenue increased 16% in 2009 and is about 2.5% over budget in 2010
- Non-Fair earned revenue increased only slightly in 2009, although 2010 has earned 90% of 2009 full year earned revenue through only three quarters of the year

**Agricultural Educators**

- Incorporation of Center for Agricultural Science and Heritage (CASH) into the ISFC successfully merged the two institutions, which complete the presentation of agriculture at the Fairgrounds.
- A Greenhouse Exhibit was completed and fully utilized allowing educational opportunities to observe plant growth from seed to maturity
- There were over 6,000 participants in the State's Largest Classroom Programming
- Hosted a highly successful Entomology Teacher Workshop in partnership with the National Entomological Foundation

### **Fiscal Managers**

- Invested over \$1 million in 2009 and budgeted \$1.7 million in 2010 for facility improvements
- Investing over \$1 million per year in preventive maintenance each year
- Reduced Salaries and Wages by over \$100,000 in 2009, and are on target to reduce it again in 2010 by an additional \$250,000 through reorganization of staffing without a reduction in customer service
- Operating Expenses were \$240,000 lower in 2009 than the previous year; lower expenses have allowed the ISFC to survive on less State Funding

### 2009-2010 Challenges:

#### **Event Production**

- Constant challenge of schools beginning at the outset of the Fair – build special programs throughout expanded dates to attempt to counteract impact
- Keep Fair product fresh, add new elements to draw new visitors
- Focus annually on agriculture education in an entertaining way – build on featuring an Indiana agricultural commodity, i.e. Year of Tomato, Year of Pig
- Find financially sound options to provide entertainment during the 17 day Fair; including big name acts at the Hoosier Lottery Grandstands
- Successfully advertise the Fair and year-round activities with a limited budget
- Continue to reinvest Fair revenue over expense in physical plant and equipment

#### **Facility Management**

- Increase earned revenue as a percentage of total budget
- Fund completion of Discovery Hall renovation for Fair, year-round programming, and possible leasing opportunities
- As public entertainment venues and the public's discretionary dollars are impacted by the economy, the impact of public/consumer shows must be continually assessed; ISFC must be proactive to such shifts in show attendance

#### **Agricultural Education**

- Increased fuel expense may reduce field trip opportunities in target market and increase operational cost for outreach programming
- Completion of available grants and philanthropic gifts that support education capital activity
- Maximize constituent utilization of web based services
- Economic factors impacting in-kind participation from volunteers and program partners.

#### **Fiscal Management**

- Enhance cost accounting processes for all lines of business
- Development of systems/processes raising professionalism and business operations

- Earned revenue committed to bond debt retirement; riverboat, pari-mutuel and general fund vitally important to preserve top priority of preventive maintenance for Fairgrounds facilities
- Examine creative ways for funding much needed renovations to the Pepsi Coliseum

### **Objectives for Biennium:**

- Invest \$1 million in major projects and equipment annually
- Invest \$1 million in preventive maintenance annually
- Complete comprehensive analysis of programming and finances of extended Fair dates annually with goal of efficiently and quickly making any adjustment necessary
- Reach 1,000,000 in attendance at the Fair
- Increase earned income as a percentage of total budget by 4% annually
- The Commission will be finalizing a comprehensive strategic plan in December that will further guide objectives for calendar years 2011 and 2012.

### **Key Performance Indicators/Program Measures**

#### **Fair:**

In consultation with Government Efficiency and Financial Planning division, two indicators/measures were determined useful in assessing the efficiency and effectiveness of the ISFC: annual Fair attendance and percentage of earned income versus the total ISFC budget.

The annual State Fair is much, much greater than an attendance figure. As with all outdoor events, weather is the influencing factor. In 2010, the Fair did not attain the same record attendance that was achieved in 2009 for that very reason. The Fair experienced high temperatures in the mid 90's for more than half the Fair. The Fair was able to meet its budgeted goal of 950,000 despite the weather; remarkably the revenue over expenses is estimated to exceed \$750,000.

#### **Earned Revenue:**

In 2009, actual earned income as a percentage of total budget reported at the end of ISFC's fourth quarter was 63%. A 4% increase was targeted for 2010. Actual percentage as of the third quarter ending September 30, 2010 was 73%. Please note this percentage is subject to change depending on results through December 31, 2010.