

DISTRICT PURPOSE

The East Vallejo Fire Protection District (EVFPD) was established for the purpose of disbursing special assessment revenues collected within the District's jurisdiction to the City of Vallejo through a contract for fire protection services to its citizens.

Budget Summary:

FY2016/17 Third Quarter Projection:	530,805
FY2017/18 Recommended:	536,997
County General Fund Contribution:	0
Percent County General Fund Supported:	0.0%
Total Employees (FTEs):	0.0

FUNCTION AND RESPONSIBILITIES

The EVFPD's jurisdiction is Southeast Vallejo, an unincorporated area of the county, surrounded by the City of Vallejo. This budget unit receives property taxes from this area for the payment of fire protection services. The Board of Supervisors serve as the District's Board of Directors and the District is administered through the County Administrator's Office.

SIGNIFICANT CHALLENGES AND ACCOMPLISHMENTS

None.

WORKLOAD INDICATORS

None.

DEPARTMENTAL BUDGET SUMMARY

The Recommended Budget represents an increase of \$9,949 or 1.9% in revenues and a decrease of \$4,453 or 0.8% in appropriations when compared to the FY2016/17 Adopted Budget.

The increase in revenues is the result of increases in tax revenue projected for FY2017/18. Contracted Services with the City of Vallejo Fire Department is budgeted at \$526,207 and is based on available funding, less administrative support costs. If there is any available Fund Balance at the FY2016/17 year-end, the Department requests the Auditor-Controller increase the Department's appropriations for Contracted Services by the amount of the available ending Fund Balance.

DEPARTMENT COMMENTS

None.

SUMMARY BY SOURCE	2015/16 ACTUALS	2016/17 ADOPTED BUDGET	2017/18 RECOMMENDED	FROM ADOPTED TO RECOMMENDED	PERCENT CHANGE
134 - EAST VJO FIRE DISTRICT					
TAXES	482,358	522,810	531,370	8,560	1.6%
REVENUE FROM USE OF MONEY/PROP	1,312	264	1,400	1,136	430.3%
INTERGOVERNMENTAL REV STATE	4,203	3,974	4,227	253	6.4%
TOTAL FINANCING AVAILABLE	487,874	527,048	536,997	9,949	1.9%
SERVICES AND SUPPLIES	480,945	538,100	534,707	(3,393)	(0.6%)
OTHER CHARGES	2,090	3,350	2,290	(1,060)	(31.6%)
TOTAL FINANCING REQUIREMENTS	483,035	541,450	536,997	(4,453)	(0.8%)

SUMMARY OF SIGNIFICANT ADJUSTMENTS

None.

SUMMARY OF POSITION CHANGES

The EVFPD has no employees. The District contracts out for fire protection services.

PENDING ISSUES AND POLICY CONSIDERATIONS

There are no pending issues or policy considerations at this time.

DISTRICT PURPOSE

The Consolidated County Service Area (CCSA) provides street lighting in the unincorporated areas of Solano County.

Budget Summary:

FY2016/17 Third Quarter Projection:	292,100
FY2017/18 Recommended:	139,449
County General Fund Contribution:	0
Percent County General Fund Supported:	0%
Total Employees (FTEs):	0

FUNCTION AND RESPONSIBILITIES

The Consolidated County Service Area (CSA) provides street lighting in the unincorporated areas of Solano County. This budget funds maintenance of 607 existing streetlights, including the cost of electricity, as well as the installation of new street lights. This budget is entirely funded through property taxes.

SIGNIFICANT CHALLENGES AND ACCOMPLISHMENTS

In FY2016/17, the Department worked with PG&E on the installation of 10 new street lights in the Vacaville area. The Department is also working with PG&E towards an agreement which would provide LED lighting conversion on 300 of the County's lights in FY2017/18, which would potentially lower the annual utility cost.

WORKLOAD INDICATORS

Operated and maintained 607 street lights.

DEPARTMENTAL BUDGET SUMMARY

The Recommended Budget represents decreases of \$900 or 0.8% in revenues and \$243,861 or 63.6% in appropriations when compared to the FY2016/17 Adopted Budget.

SUMMARY BY SOURCE	2015/16 ACTUALS	2016/17 ADOPTED BUDGET	2017/18 RECOMMENDED	FROM ADOPTED TO RECOMMENDED	PERCENT CHANGE
046 - COUNTY CONSOLIDATED SVC AREA					
TAXES	105,200	116,081	114,134	(1,947)	(1.7%)
REVENUE FROM USE OF MONEY/PROP	3,683	2,500	4,000	1,500	60.0%
INTERGOVERNMENTAL REV STATE	910	800	908	108	13.5%
CHARGES FOR SERVICES	0	561	0	(561)	(100.0%)
TOTAL FINANCING AVAILABLE	109,792	119,942	119,042	(900)	(0.8%)
SERVICES AND SUPPLIES	62,610	135,600	114,759	(20,841)	(15.4%)
OTHER CHARGES	32,049	24,500	24,690	190	0.8%
CONTINGENCIES AND RESERVES	0	223,210	0	(223,210)	(100.0%)
TOTAL FINANCING REQUIREMENTS	94,659	383,310	139,449	(243,861)	(63.6%)

SUMMARY OF SIGNIFICANT ADJUSTMENTS

The Department plans less lighting installations in FY2017/18, which results in a decrease in appropriations.

SUMMARY OF POSITION CHANGES

The Consolidated County Service Area has no employees. Administration of the budget is performed by Public Works Engineering staff, while the installation and maintenance of the street lights is done by PG&E or private contractors.

PENDING ISSUES AND POLICY CONSIDERATIONS

There are no pending issues or policy considerations at this time.

**Birgitta E. Corsello, County Administrator
Other Assistance**

DEPARTMENTAL PURPOSE

The Workforce Development Board of Solano County, Inc. (WDBSC) is a private, nonprofit, 501(c)(3) organization serving as the administrator/operator of a variety of workforce development grants and programs. The WDBSC Board of Directors is appointed by the County Board of Supervisors and acts as the federally-mandated, business-led Board to oversee U.S. Department of Labor (DOL) Workforce Innovation and Opportunity Act (WIOA) grants and programs. The WDBSC is expanding its roles and

responsibilities to administer and/or operate additional workforce programs on behalf of the County.

Budget Summary:	
FY2016/17 Third Quarter Projection:	6,122,072
FY2017/18 Recommended:	5,826,210
County General Fund Contribution:	0
Percent County General Fund Supported:	0%
Total Employees (FTEs):	44

FUNCTION AND RESPONSIBILITIES

The WDBSC links employers with employees to improve the quality, competitiveness, and productivity of the local workforce.

A menu of services is offered to jobseekers and to businesses. Services are provided through: (a) the Solano Employment Connection (SEC) - the County’s “America’s Job Centers of California” system for One Stop Career Centers; (b) a number of DOL block grants serving adult, dislocated workers and youth jobseekers; (c) DOL discretionary grants serving job seekers and employers; and (d) service contracts; including the current Temporary Assistance for Needy Families (TANF) Expanded Subsidized Employment Program. The WDBSC also serves as the lead grantee/administrator for special grants serving the Northern San Francisco Bay Area.

Various additional grants and contracts to serve special population groups, employers, or industries are taken on across time, as opportunities arise.

SIGNIFICANT CHALLENGES AND ACCOMPLISHMENTS

The WDBSC faces significant challenges that have emerged over several years. These challenges are met each year through a flexible, responsive, purpose-driven effort to best serve the inter-related needs of both jobseekers and employers.

Challenges:

- The newly-enacted Federal Workforce Innovation and Opportunity Act (WIOA) is in its final transition stage – with new requirements to be in place by July 2017. The local delivery system for workforce services has been redesigned to focus on both an expanded federal vision for workforce development programs, and the new State adopted Strategic Workforce Plan.
- Federal investments in workforce development programs experience periodic financial and programmatic shifts, based upon the economy and the associated needs of citizenry/voters and businesses. At this time the economy continues to rebound, hiring is recovering, and unemployment overall is down. The emphasis for DOL-funded programs is shifting back to up-skilling and re-skilling the American workforce - whether unemployed or an employed incumbent. Simply reducing unemployment is not the singular goal as in times of higher unemployment.
- This changed economic picture has produced reduced demand for services from the general population of jobseekers and increased demand from employers.
- The current economic recovery is “leaving behind” certain individuals in terms of securing and maintaining well-paying careers and holding/advancing their economic status. Research shows the broad middle class is shrinking and there is a continued call for DOL-funded workforce programs to address upward income mobility for workers and families.
- The WDBSC is tasked to intervene in the lives of jobseekers and meet unmet needs of employers. The WDBSC required to address larger “macro” issues of systems realignment, multi-agency collaborations, resource mobilization, sector-based initiatives and innovative approaches for a community’s educational, training and employment systems. This change in the call-to-action places a strain on available resources and requires difficult prioritization of efforts.

- Regional workforce development initiatives are being called for from both federal and state policymakers. Fortunately Solano Workforce Development organization has a 17-year history of being a member of the North Bay Employment Connection (NBEC) collaborative with the WDBs of Napa/Lake, Sonoma, Marin, and Mendocino Counties.
- Congressional funding for workforce programs faces tight scrutiny from fiscal conservatives and competition among many domestic spending programs. The continued funding trend is downward for DOL's workforce programs.

Opportunities include the following.

- The new WIOA provides opportunity to maintain the strengths of the previous DOL grant programs while expanding the work of the WDBSC to bring about innovation and change on both a local and a regional basis. Changes in the lives of jobseekers and an employer's workforce will be supplemented by improvements in the larger educational, training and employment system.
- Under WIOA a greater shared ownership, and shared accountability are to be created such that partnering educational, economic development, training and employment systems can better "braid" resources and efforts so as best to serve jobseekers, incumbent workers, and employers.
- The skills needs of employers will create opportunities for more-clearly-defined pathways for students, trainees, and those experiencing barriers to employment to seek out and successfully enter "on ramps" to careers, succeed with basic educational needs, access demand-driven training, and enter life-long career opportunities.
- These new and creative means to provide an expanded, more-fully-prepared workforce supply coupled with a much enhanced understanding of employer demand, can be applied to the administration and operation of additional County-sponsored HIRE initiative.

WORKLOAD INDICATORS

The work of the WDBSC is guided by major measurement systems, as follows.

- The federal WIOA system has a fifteen-part set of "Common Measures" for the basic Adult, Dislocated Worker and Youth programs. The WDBSC seeks to either "exceed" (at 100% plus of plan) or "meet" (at between 90% and 99% of plan) these annual standards. The WDBSC typically met or exceeded the previous nine Measures under the prior Workforce Investment Act grants.
- Special grants/contracts have their own performance outcomes related to planned enrollment numbers, outcomes, and expenditures. The WDBSC has historically met or exceeded each of these standards, for the variety of special projects serving ex-offenders, veterans, dislocated workers, and CalWORKs recipients.
- Major "systems-change and development" grants now include process metrics, so as to record and assess what factors truly contributed to improvements in the local and regional workforce development systems.
- The WDBSC has an internal, multi-factorial consideration process to assess staff's overall performance taking the above-cited statistical outcomes in mind, plus certain subjective considerations. The WDBSC Board of Directors annually assesses and recognizes staff's attainment against expected levels of agency-wide performance.

DEPARTMENTAL BUDGET SUMMARY

The Recommended Budget represents increases of \$352,216 or 6.4% in revenues and \$323,183 or 5.9% in appropriations when compared to the FY2016/17 Adopted Budget.

There is no County General Fund support to this budget, as WDBSC's activities are fully grant funded.

DEPARTMENT COMMENTS

Overall, the FY2017/18 Recommended Budget for the Workforce Development Board (WDBSC) is based on the best estimates of federal grant funding that will be awarded for the fiscal year. In addition to the projection of available new federal funding, this budget includes the projection of unspent funds remaining at June 30, 2017 that will be available for expenditure in FY2017/18, and any set aside planned to be carried into FY2018/19.

Birgitta E. Corsello, County Administrator
Other Assistance

The WDBSC does not request General Funds from the County. The WDBSC submits a plan and budget to the State of California on behalf of the County. The State then allocates federal money to the WDBSC through the County. The WDBSC may also receive funding through the regional collaborative, North Bay Employment Connection, and through awarded service contracts.

Client service levels will be adjusted to maximize the effectiveness of available funds. The general job search services available to any job seeker are currently planned at the existing level with 6,000 people per year using the Solano Employment Connection; One-Stop Career Centers, Career Fairs, and other activities sponsored by the WDBSC. Changes in service delivery imposed by the new WIOA grant program requires the WDBSC to facilitate a collaboration between the federally funded employment and training programs in the County to develop a multi-agency system of coordinated services to job seekers.

In addition to the services provided to the many Solano job seekers thru the Solano Employment Connection, the WIOA grant programs will enroll 372 clients, as compared to 394 in FY2016/17. These individuals receive extensive services, with many benefitting from vocational training, resulting in high service costs. The number of enrolled WIA/WIOA clients served has changed over time due to fluctuations in awarded funding and in required training and job search services: FY2008/09 = 765, FY2009/10 = 1,344, FY2010/11 = 1,425, FY2011/12 = 844, FY2012/13 = 722, FY2013/14 = 541, FY2014/15 = 467, FY2015/16 = 348, FY2016/17 = 394, and a forecasted total for FY2017/18 of 372. This represents a decrease of 6% in Adult / Dislocated Worker / Youth enrollments; an adjustment in service levels due to the 6% decrease in new WIOA formula allocation funding. These enrollment goals are forecasted from the goals of the WIOA grant program to up-skill and re-skill the workforce, requiring enhanced services for the individual job seeker.

The TANF Expanded Subsidized Employment-Job Readiness & Employment programs are planned to serve up to 400 job seekers. This is an initial plan, pending contract development and approval. All program service levels and activities are based on the grant funding amounts awarded to the WDBSC.

Services are adjusted to satisfy the program goals, to efficiently utilize the available funding, and to ensure compliance with grant regulations, for each grant.

DETAIL BY REVENUE CATEGORY AND APPROPRIATION CATEGORY	2015/16 ACTUAL	2016/17 ADOPTED BUDGET	2017/18 RECOMMENDED	FROM ADOPTED TO RECOMMENDED	PERCENT CHANGE
REVENUES					
REVENUE FROM USE OF MONEY/PROP	2,010	0	0	0	0.0%
INTERGOVERNMENTAL REV FEDERAL	3,570,065	4,275,678	4,012,716	(262,962)	(6.2%)
INTERGOVERNMENTAL REV OTHER	658,050	1,198,316	1,813,494	615,178	51.3%
MISC REVENUE	8,199	0	0	0	0.0%
TOTAL REVENUES	4,238,324	5,473,994	5,826,210	352,216	6.4%
APPROPRIATIONS					
SALARIES AND EMPLOYEE BENEFITS	2,717,976	3,024,413	3,033,231	8,818	0.3%
SERVICES AND SUPPLIES	628,422	701,193	1,060,222	359,029	51.2%
OTHER CHARGES	879,184	1,777,421	1,732,757	(44,664)	(2.5%)
TOTAL APPROPRIATIONS	4,225,582	5,503,027	5,826,210	323,183	5.9%
NET CHANGE	(12,742)	29,033	0	(29,033)	(100.0%)

SUMMARY OF SIGNIFICANT ADJUSTMENTS

Revenue – significant factors contributing to changes from FY2016/17:

The significant difference in available funding is the total of a decrease in WIOA funding and an increase in TANF Expanded Subsidized Employment-Ready Center contracts.

- WIOA Formula Allocated funding in this budget is decreased in total by \$462,758 or 12.5%. The funding allotments for the FY2017/18 year have been received from Department of Labor–State of California. The decrease is 6.1% for Solano County. The overall State decrease is 5.9%. In addition, this budget includes a decrease in the estimate of FY2016/17

funds that will be carried into FY2017/18, and an increase in the amount of FY2017/18 funds that are planned to be carried into FY2018/19.

- The budget amount for the Multi Company Re-employment project is the planned amount for the second year of the project. The award for this project was made after the approval of the FY2016/17 Requested Budget; the award amount for year one was included in the FY2016/17 Mid-Year Report.
- TANF Job Readiness & Employment-Ready Center funding has been committed to the WDBSC, through a contract authorized by the Board of Supervisors. This program will be coordinated with the existing program for TANF Expanded Subsidized Employment-Success Track. The additional amount is \$913,944, a 54.9% increase in Solano County Health & Social Services funding.
- The Slingshot project is budgeted for its planned second year amount.
- Several smaller grants, Regional Planning and Accelerator, are also budgeted for the second year of the project. The award amount for the first year was included in the FY2016/17 Midyear Report.

Grant funds unspent at July 1, 2017 which will be available for expenditure in FY2017/18 have been estimated and are likely to change. As needed, the amounts will be amended in future financial reports. Overall, grant revenue is uncertain due to possible future reductions to federal funding, and the anticipation of approval for the new TANF contract, which is 15.7% of the revenue in the Requested Budget.

Appropriations – significant changes from FY2016/17:

The significant change that has incurred is the addition of the TANF Job Readiness & Employment project which changes the type and amount of staff, space, supplies, and equipment needed for FY2017/18. The project is in the design phase and budget costs for space, etc., are expected to be modified. Additional staff positions will be needed for the project partially, at the same time there will be some reduction in WIOA costs due to the decrease in funding for the WIOA Formula Allocation grants.

- Salaries and Employee Benefits - The overall increase in salaries and benefits is \$8,818 or 0.3% from the FY2016/17 Adopted Budget. The estimated number of FTE included in this budget is 44. This compares to the year average of 40, in FY2016/17; not all budgeted positions were 100% filled for the entire FY2016/17. The change in FY2017/18 is due to the staffing required by the new TANF project, in tandem with decreases to WIOA funding. As the revenue amounts included in this budget are estimates, the actual final number of FTEs may vary; the new TANF program is in the design process, and other grant project activities for FY2017/18 are being planned. Commitments to personnel will be undertaken only as grant revenues are available.
- Services and Supplies - The overall amount in the Services and Supplies category is an increase of \$359,029 or 51.2% from FY2016/17 budget. Line-item changes result from the recalculation of general operating costs based on projected expenditures for the planned activities.
 - Significant cost increases in space, communications, computer equipment, staff training and travel, will result from the startup of the new TANF contract.
 - Significant cost increases in Other Professional Services is due to the procurement of a contracted One-Stop Operator. This function, mandated in the WIOA regulations, coordinates the service delivery of the WIOA One-Stop partner programs. The function is budgeted at “up to” \$75,000. In addition, the SlingShot program has a technical support and program evaluation function which will be performed by a contractor.
- Other Charges - The overall decrease in the Other Charges category, direct client expenditures is \$44,664 or 2.5%, from the FY2016/17 budget. Costs are expected to increase for Childcare costs and Program Supplies. Employer Outreach costs will decrease as this is the second and last year of the SlingShot funding to design and implement employer engagement practices. There is a notable shift in projected spending between On-the-Job-Training and Training Contracts/Fees, with little budget impact.

Total grant expenditures are uncertain due to possible future reductions to federal funding. The WDBSC is anticipating approval of the new TANF contract; the final design and program costs, such as staffing and space for that project are in the preliminary

Birgitta E. Corsello, County Administrator
Other Assistance

planning stage. The implementation of WIOA-mandated One-Stop system agreements including a One-Stop Operator are still in the planning stages; the cost of the Operator and One-Stop Job Center space costs are not finalized.

SUMMARY OF POSITION CHANGES

Expected position changes, addition of 4.0 FTE will be made in the 1st quarter of FY2017/18 in anticipation of funding and workloads. The increase in the number of positions is still estimated, and is based on the approval of the TANF program contracts. With uncertainty in WIOA funding, reductions in WIOA positions may be required during FY2017/18. The size and timing of any additions or reductions, can only be determined when the final amount of grant allocations are announced. Continued grants seeking efforts that result in increased funding may impact the number of staff positions.

PENDING ISSUES AND POLICY CONSIDERATIONS

There are several policy level issues to be considered and addressed, originating from both the federal and state levels.

The federal and state workforce programs are emphasizing the following:

- Addressing “institutional change” for the nation’s major educational and training programs. This is not the first time this has been attempted in order to better prepare American workers for business/industry. However, this remains a significant undertaking.
- Addressing “income mobility” for workers and families. This is a new and likely significant undertaking, with many variables.
- Devoting additional efforts and resources to those job seekers with multiple barriers to successful, sustainable employment. This target group traditionally is ill prepared and unable to compete, even in healthy economic times.
- Addressing workforce needs on both a local and regional basis. How this dual effort can be adequately resourced in a time of shrinking federal funding is a question.
- Creating career pathways linking high schools and community colleges for vocation oriented education and skills training. This is a renewed effort of offering meaningful skills acquisition avenues for those not intending to pursue advanced college degrees.
- Engaging businesses in a meaningful manner, not just as advisors but as key stakeholders and decision makers.
- Increasing use of technology. This effort provides certain efficiencies and added productivity but lessens the needed personal relationships and support of professional staff with job seekers.

New state level initiatives are coming forth, which pose a potential impact on the WDBSC’s operation as well. These are as follows: the Governor, the Legislature, and the California Workforce Development Board thru the requirements in Governor’s State Strategic Plan are to be more active and driven by the following overarching needs/strategies:

- Focus on growth industry sectors.
- Focus on mid/high skill and mid/high wage occupations.
- Work with local economic development efforts.
- Planning and performing regionally.
- Developing and testing bold new strategies.

These are “macro” undertakings for which local policy makers will have to determine realistic goals/outcomes and prioritize use of limited resources.

Total grant revenues and expenditures in future years are uncertain due to possible future reductions to federal funding. Grant expenditures planned for FY2017/18 will be impacted if there are changes in federal funding levels. If reductions are made to the WIOA allocation which affect Solano’s grant funding, adjustments will need to be made to expenditures.

DEPARTMENTAL PURPOSE

The Solano County Fair Association (SCFA) is a 501(c)3 nonprofit organization established in 1946 to conduct the annual Solano County Fair and to oversee the day-to-day operations of the County’s fairgrounds property. The SCFA strives to provide a year-round regional destination point by presenting first-class, multi-use entertainment and recreation facilities that support the County Fair and provide an economic and quality of life asset to the greater Solano County community.

Budget Summary:	
CY2016:	2,992,373
County General Fund Contribution:	0
Percent County General Fund Supported:	0%
Total Employees (FTEs):	16

FUNCTION AND RESPONSIBILITIES

The SCFA operates under a contract with the County of Solano as a self-supporting enterprise fund. The contract expires on January 31, 2020 unless the contract is amended as part of SCFA’s annual budget approval process, per the operating agreement. Most of SCFA’s revenues are generated by the operations of the fairgrounds. The County Fair Association uses license fees generated by the California horse racing industry to offset the cost of providing staff services to the SCFA. Other non-operating revenues include ground leases and revenue from Fair parking and Six Flags parking agreement, advertising, facility rental, satellite wagering and support from the State of California for the network of fairs.

In June 2009, the County Board of Supervisors in cooperation with the City of Vallejo initiated the visioning effort known as Solano360. In 2013 a Specific Plan, EIR and tentative map were reviewed by the Board, City of Vallejo and SCFA and approved. The County, City of Vallejo, and SCFA are working together to redevelop the fairgrounds property and create a “Fair of the Future.” For more details on this ongoing effort, refer to Budget Unit 1820 in the Capital Projects section.

SIGNIFICANT CHALLENGES AND ACCOMPLISHMENTS

- Unanticipated senior management staff changes include the retirement of the former General Manager (GM) in January 2017 and the recently announced departure of the long-time Security Manager in May 2017. SCFA adopted a streamlined management team. The Fair Board chose to promote from within to fill the General Manager’s position and hired a Business/Community Development position which was added by SCFA to attract new users and better meet the needs of our existing users. Financial burdens associated with operating buildings, grounds and equipment that are, in most cases, long past their intended use lives, continues for SCFA.
- “Play It Again, Solano!” proved to be the right theme as well as the right forecast for the 2016 Solano County Fair as the Fair repeated 2015’s positive trend of increased attendance and revenue during its five-day run in late July. Total attendance in 2016 was 40,566, a 2.3% increase over 2015 and a cumulative increase of 4.3% over the preceding 2 years. Competitive exhibits programs remained strong, with both exhibit and Junior Livestock Auction entries up relative to 2015. Fair activities included the second annual Fair Hands Silent Auction during the Celebrate Solano BBQ, the annual gathering of civic, business and community leaders during the Solano County Fair. Proceeds support the continued enhancement of youth programming on the Fairgrounds and resulted in an improved cash box, but still required financial augmentation.
- The Annual Youth Ag Day continues to be a successful collaborative effort of the Solano County Fair and agricultural-related businesses, organizations, farmers, ranchers and other individuals. This fun and educational event is free to all third-grade classes in Solano County and features a wide variety of rotational learning stations and displays. Activities are designed to give children the opportunity to learn about food and fiber production from new perspectives, with emphasis on the agricultural abundance of Solano County. This event is made possible through the volunteers who dedicate their time and cash donations.
- The Solano County Fairgrounds hosted 183 event days, not counting the annual Fair or Ag Day, and operated the year-round Solano Race Place (satellite wagering facility), the Horizon Pre-School, the Vallejo Gem & Mineral Society, and provided overflow parking under our agreement with Six Flags. These events provided a range of entertainment and provided recreational opportunities for residents and visitors of Solano County.

WORKLOAD INDICATORS

- 30 of the 51 non-Fair weekends, or 59%, had one or more facilities rented. In addition to the 59 weekend days with events, there were 124 week days with events ranging from law enforcement training, music rehearsals, property auctions to school and youth athletic practices.
- 40,456 people attended the 2016 Solano County Fair, which reflects a 2.3% increase in overall attendance over 2015 and the second consecutive year of positive attendance gains. Paid attendance increased 4% in 2016.
- 31,058 attendees at the Solano Race Place in 2016 for an average daily attendance of 124 people.
- 119 third-grade classes and approximately 3,600 students, teachers, chaperones and volunteers from across the county participated in the 2016 Youth Ag Day.

DEPARTMENTAL BUDGET SUMMARY

The SCFA budget is based on a calendar year. On November 1, 2016, the Board of Supervisors approved the SCFA CY2017 Budget of \$2,992,373 (including capital expenditures) that represents an overall increase in revenues of \$129,952 or 4.5% and an increase of \$158,491 or 5.6% in overall appropriations from the 2016 Adopted Budget for a net surplus before depreciation of \$609. The 2017 budget includes \$45,240 in planned appropriations for capital projects, fixed assets and special projects, including \$29,240 for the safety upgrade to the doors in McCormack Hall, \$8,000 for livestock area improvements, and \$8,000 for youth programming improvements.

- \$147,116 increase in Revenue from Use of Money/Prop reflects increases in building rental income of \$126,500, projected concessions during the Fair of \$6,146 and ground leases of \$14,470.
- \$29,240 increase in Intergovernmental Revenues reflects project funds from the California Department of Food and Ag for deferred maintenance for safety upgrades to McCormack Hall.
- (\$40,280) decrease in Charges for Services reflects a decrease in satellite wagering revenue due to the steady decline in track commissions which reflect the overall decline in the horse racing industry in California.
- (\$6,124) decrease in Misc. Revenues is primarily due to a decrease in .33 horse racing revenues which is tied to declining revenue from the satellite wagering facility.
- \$49,822 net increase in Salaries and Benefits, primarily reflecting a \$50,674 increase in wages due to impact of the \$.50 increase in minimum wage and \$9,481 increase in retirement and other miscellaneous benefits offset by decreases in health insurance and unemployment costs.
- \$125,002 net increase in Services and Supplies, reflecting increases in Fees and Permits, Maintenance Buildings and Improvements, Rents and Leases – Equipment and Special Departmental Expense offset with decreases in Contracted Services, Legal Services and Utilities.
- \$14,000 decrease in Fixed Assets due to \$0 budget for capital equipment.

DEPARTMENT COMMENTS

The 2017 Solano County Fair will take place Wednesday August 2 through Sunday August 6. The theme is “This Fair’s for Ewe!” The colorful artwork for this year consists of sheep adorned in the various aspects of the Fair fun. The theme underscores the diversity of activities offered at the annual Fair and there is something for “you” regardless of your interests. SCFA’s continues its effort to expand its social media presence to engage potential fairgoers via Facebook, Twitter and YouTube.

Functional Area Summary

2350 – Fund 235-Solano County Fair

Stephen G. Hales, General Manager

Solano County Fair

DETAIL BY REVENUE CATEGORY AND APPROPRIATION CATEGORY	2016 ACTUALS	2017 ADOPTED BUDGET	2018 RECOMMENDED	FROM ADOPTED TO RECOMMENDED	PERCENT CHANGE
REVENUES					
REVENUE FROM USE OF MONEY/PROP	200,468	1,642,333	1,789,449	147,116	9.0%
INTERGOVERNMENTAL REV STATE	0	32,487	32,487	0	0.0%
INTERGOVERNMENTAL REV OTHER	0	0	29,240	29,240	0.0%
CHARGES FOR SERVICES	1,200	1,047,530	1,007,250	(40,280)	(3.8%)
MISC REVENUE	44,361	140,680	134,556	(6,124)	(4.4%)
TOTAL REVENUES	246,029	2,863,030	2,992,982	129,952	4.5%
APPROPRIATIONS					
SALARIES AND EMPLOYEE BENEFITS	0	1,338,288	1,388,110	49,822	3.7%
SERVICES AND SUPPLIES	24,844	1,460,769	1,585,771	125,002	8.6%
OTHER CHARGES	0	20,825	18,492	(2,333)	(11.2%)
F/A BLDGS AND IMPRMTS	0	14,000	0	(14,000)	(100.0%)
TOTAL APPROPRIATIONS	24,844	2,833,882	2,992,373	158,491	5.6%
NET GAIN(LOSS)	221,185	29,148	609	(28,539)	(97.9%)

SUMMARY OF SIGNIFICANT ADJUSTMENTS

SCFA concluded calendar year 2016 with an unaudited net profit before depreciation of \$173,401. As a result, the SCFA was able to allocate funds to its designated reserves, with starting balances for January 1, 2017 of \$17,397 in Capital Projects/Maintenance Reserve; \$13,960 in Parking Lot Improvement Reserves; \$33,416 in Fair Hands Reserve; \$10,669 in Racing Facilities Improvement Reserve; \$8,248 in Ag Day Reserve and \$13,170 in Junior Livestock Auction Reserve. The Undesignated Net Position of the Reserves was \$162,274 at the start of 2017, an increase of \$57,603 or 55% over 2016.

SUMMARY OF POSITION CHANGES

With the retirement of the General Manager in mid-January 2017, the SCFA adopted a streamlined management structure. The focus of the General Manager/Chief Executive Officer position has been more narrowly focused on operation of the annual Fair & Ag Day events, and management of year-around Facility Rental activities on the Fairgrounds. The pay scale for the General Manager was aligned with other positions that are currently utilized by the State of California for District Agricultural Fairs.

Key reorganizational points include:

- The Assistant General Manager positions for Finance/Administration and Operations/Maintenance were eliminated.
- The Finance/Administration has been integrated into the newly created Deputy General Manager/Chief Financial Officer position, compensated at 80 percent of the General Manager.
- The Operations/Maintenance position has been integrated with the duties of the General Manager/Chief Operating Officer, to create “Chief Executive Officer/Chief Operations Officer” on the updated organizational chart.
- A new job classification was added – Business/Community Development Manager. This position is responsible for securing corporate sponsorships, new rental activity and community participation.
- The Board of Directors indicated a desire to represent the Fair in Solano360 redevelopment efforts, and set aside funds for a consultant if required.
- Day-to-day operations at the Fairgrounds are handled by 8 full-time and 8 part-time employees. This is augmented by 30 intermittent part-time employees for events and approximately 70 seasonal employees for the Fair and a contract for security during the Fair.

PENDING ISSUES AND POLICY CONSIDERATIONS

The SCFA started 2017 with an Undesignated Net Position of \$162,274. The projected net profit before depreciation for 2017 is \$559; however, this projected net profit falls short of the surplus needed to meet the demands of deferred maintenance, and

**Stephen G. Hales, General Manager
Solano County Fair**

unfunded retirement liabilities. The accounting demands on the Reserves are associated with the lease obligations for the parking lot improvement project of \$64,000 and the electronic sign of \$31,508.

The FY2015/16 State of California budget included \$7 million to provide operational and training support to the network of fairs in California, for which the SCFA was slated to receive \$32,487 in 2016. This was the first State support for fairs since it was eliminated as a recession budget-cutting measure in 2011. The proposed FY2016/17 State budget reduced this proposed funding to \$4 million, and it remains unclear how much or if the SCFA will receive State funding in 2017. Pending legislation, AB 2678 (Gray) seeks to provide a long-term funding solution for the California network of fairs. This legislation redirects 30% of the State's portion of sales tax revenue generated on fairgrounds property to the Fairs and Exposition Fund, which will distribute these funds to the 78 fairs in the network. It is estimated this would initially generate \$12 million annually for the Fairs & Exposition Fund Statewide, it is unclear if the bill will be successful, or what the share may be for SCFA.

Operational expenses for the SCFA in upcoming years include:

- The Vallejo Sanitation and Flood Control District increased its storm water rates in late 2015 from a flat monthly parcel charge of \$1.97 regardless of property use to a methodology that calculates rates based on the permeability of the ground surface. As a result, the SCFA storm water rates increased from about \$71 per year to \$27,726 per year.
- The City of Vallejo is in the process of implementing a new five-year rate structure for water services. Rates would increase by 18.2% starting in June 2017 and would include a 3% annual adjustment for inflation going forward through 2021.
- The California minimum wage increased from \$10 per hour to \$10.50 per hour on January 1, 2017, which resulted in a net impact on salaries and benefits of \$16,716 for 2017. The 2017 increase will primarily affect seasonal and intermittent part-time employees who work during the 5-day Fair.
- SCFA employees participate in the California Public Retirement System under the County of Solano contracts. The SCFA also participates in the County's Pension Obligation Bond and repayments. CalPERS has changed retirement assumptions leading to rate increases, SCFA retirement costs are projected to increase another \$9,481 in 2018.
- Unrestricted Reserves – Based on 2016 Year-end Projections, SCFA will have an Undesignated Net Position of \$88,337 in its Unrestricted Reserves. This will decline to a negative \$3,611 at the end of 2017 due primarily to lease obligations associated with the Six Flags parking lot improvement project and the electronic sign. Restricted reserves total at the end of 2017 is estimated at \$67,264 and a total of \$32,856 can be diverted toward the Undesignated Net Position. This puts the SCFA in a precarious financial position with respect to meeting future reserve obligations and resources to address unanticipated expenditures.
- Solano Race Place / Satellite Wagering – The decline in attendance at the Solano Race Place and the decline in track commissions reflect the overall decline in the horse racing industry in California. The SCFA has implemented a change in hours of operation for 2017 that aligns with the current driver of attendance – California racing. The operation cannot be reduced beyond the four-day a week operation without severely compromising the customer base. An analysis of Solano Race Place was conducted by SCFA staff who determined that the operation will likely stop producing surplus revenues by 2021. This analysis assumed a continued annual decline in attendance of 5% and a 3% annual increase in operational costs.
- Nearly \$45,000 in unanticipated repairs occurred in 2016 – water leaks, air conditioning systems failures and electrical systems failures – all associated with aging facilities several of which are 50 years old. Several facilities now require significant investment or replacement for the Fairgrounds site to be an economically sustainable operation.