JOINT BUDGET COMMITTEE

STAFF BUDGET BRIEFING
FY 2017-18

DEPARTMENT OF AGRICULTURE

JBC WORKING DOCUMENT - SUBJECT TO CHANGE
STAFF RECOMMENDATION DOES NOT REPRESENT COMMITTEE DECISION

PREPARED BY:
TOM DERMODY, JBC STAFF
DECEMBER 20, 2016

JOINT BUDGET COMMITTEE STAFF
200 E. 14TH AVENUE, 3RD FLOOR • DENVER • COLORADO • 80203
TELEPHONE: (303) 866-2061 • TDD: (303) 866-3472
https://leg.colorado.gov/agencies/joint-budget-committee

CONTENTS

Department Overview 1
Department Budget: Recent Appropriations 2
Department Budget: Graphic Overview 3
General Factors Driving the Budget 5
Summary: FY 2016-17 Appropriation & FY 2017-18 Request 7

ISSUES
Colorado State Fair Authority Operating Revenue Deficiencies 8

APPENDICES
A. Numbers Pages 26
B. Recent Legislation Affecting Department Budget 37
C. Update on Long Bill Footnotes and Requests for Information 39
D. Department Annual Performance Report 40
E. Colorado State Fair Authority's Strategic Business Plan 41

DEPARTMENT OF AGRICULTURE

DEPARTMENT OVERVIEW

The Department of Agriculture has six divisions. A brief description of each division and its associated responsibilities is provided below.

The **Commissioner's Office and Administrative Services Division** provides administrative and technical support for department divisions and programs, including accounting, budgeting, and human resources functions.

Agricultural services consists of the following program areas:

- **Animal Industry Division** provides oversight for the prevention and control of livestock diseases, operation of the Rocky Mountain Regional Animal Health Laboratory, implementation of pest control, licensing and inspection of pet care facilities, and investigations animal of cruelty claims.

- **Inspection and Consumer Services Division** (ICS) provides metrology and regulatory laboratory services including content analysis of feeds, fertilizers, groundwater, and pesticides. Additionally, ICS inspects: anhydrous ammonia tanks, eggs, grain warehouses, agricultural commodity handlers and dealers, door-to-door sales companies, custom meat processors, and small and large weighing and measuring devices.

- **Plant Industry Division** is responsible for organic certification, nursery stock inspection, produce inspection, certification of plant and seed exports, seed inspection and certification, commercial and private pesticide applicator testing and licensing, and inspection of pesticide product records and labels.

- **Conservation Services Division** operates the following: the biological pest control program; noxious weed and weed free forage programs; a groundwater protection program, the chemigation permitting and inspection program; and encourages development of agricultural-based renewable energy projects through grants.

The **Agricultural Markets Division** promotes Colorado's agricultural products and services to domestic and international markets, provides export assistance, and develops value-added business ventures. The Markets Division is also responsible for promoting Colorado's wine industry, administering the Colorado Proud brand, and operating the agricultural products inspection program (including potato inspection).

The **Brand Board** inspects and verifies the ownership of livestock at sale barns, slaughterhouses, and export sites to protect producers and buyers from fraud and theft of livestock. The Brand Board also investigates reported livestock theft, maintains brand records, and licenses livestock sale barns, processing plants and alternative livestock farms.

The **Colorado State Fair Authority** is responsible for planning and operating the 11-day state fair held at the end of August and beginning of September, as well as various events that occur on the fairgrounds throughout the year.

The **Conservation Board** provides administrative and financial assistance and competitive grants to the 76 state conservation districts. The Conservation Board also works with districts on noxious weed management, groundwater protection, biological pest control, and erosion prevention projects.

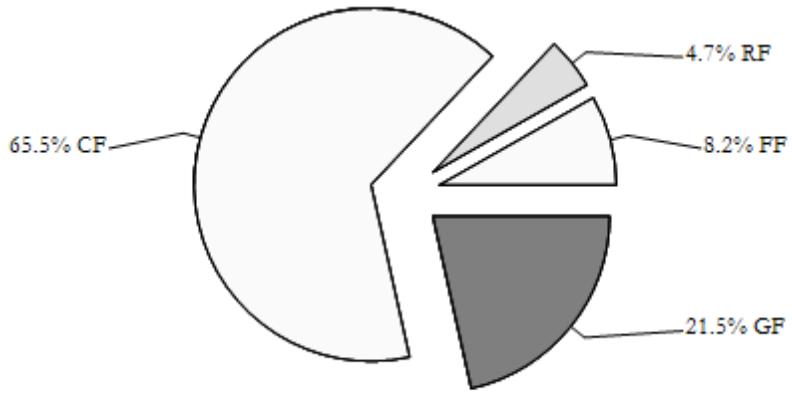
DEPARTMENT BUDGET: RECENT APPROPRIATIONS

FUNDING SOURCE	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 *
General Fund	$9,317,936	$10,006,234	$10,753,079	$10,504,019
Cash Funds	29,155,798	30,998,626	32,772,130	33,617,321
Reappropriated Funds	1,629,526	1,881,548	2,371,548	2,371,548
Federal Funds	4,103,661	4,170,657	4,110,453	3,964,758
TOTAL FUNDS	**$44,206,921**	**$47,057,065**	**$50,007,210**	**$50,457,646**
Full Time Equiv. Staff	274.1	283.0	291.4	291.4

DEPARTMENT BUDGET: GRAPHIC OVERVIEW

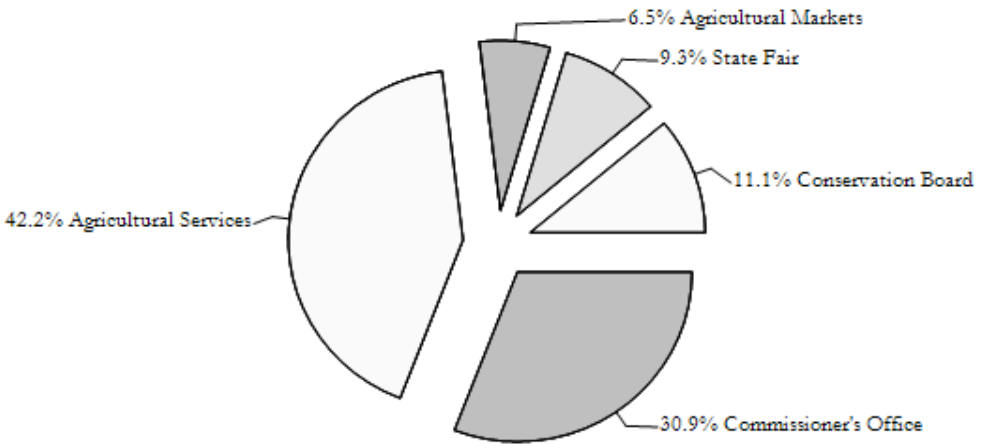
Department's Share of Statewide General Fund

Department Funding Sources

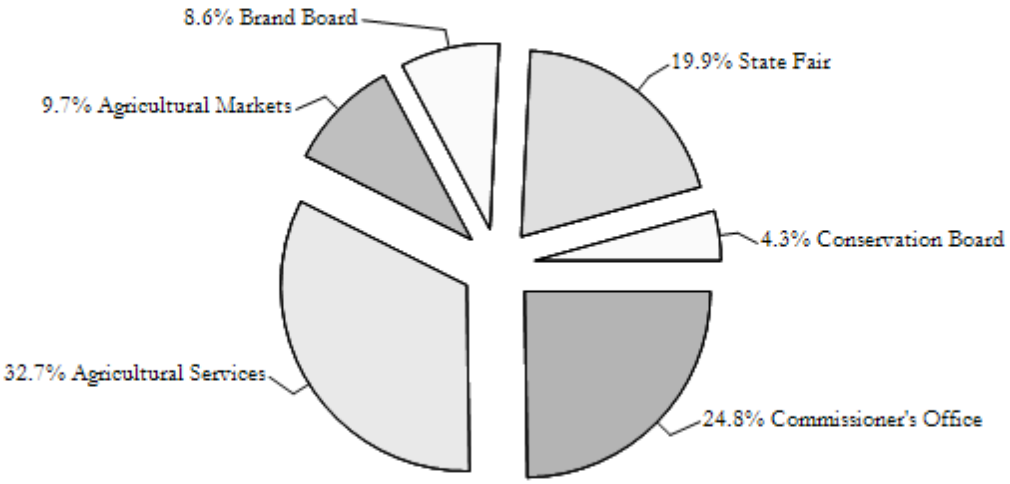


All charts are based on the FY 2016-17 appropriation.

Distribution of General Fund by Division



Distribution of Total Funds by Division



All charts are based on the FY 2016-17 appropriation.

GENERAL FACTORS DRIVING THE BUDGET

Funding for the Department in FY 2016-17 consists of 21.5 percent General Fund, 65.5 percent cash funds, 4.7 percent reappropriated funds, and 8.2 percent federal funds.

AGRICULTURAL SERVICES DIVISIONS

The Divisions of Animal Industry, Plant Industry, Inspection and Consumer Services, and Conservation Services provide the majority of the agricultural services the Department offers. These agricultural services divisions (ASDs) account for roughly 32.7 percent of the Department's total appropriation in FY 2016-17, including 42.2 percent of the Department's total General Fund appropriation. The following table outlines the Agricultural Services Division's share of the Department's total appropriation from FY 2013-14 through the FY 2017-18 request. The majority of the increase in FY 2013-13 represents a change in how federal funds are shown in the Long Bill, not an overall increase in funds.

Agricultural Services Divisions 5-year Appropriations History

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriated	FY 2017-18 Requested
ASDs Total	12,360,616	13,610,946	14,879,530	16,349,097	16,349,097
Department Total	42,670,244	44,206,921	47,057,065	50,007,210	50,457,646
Percent of Department	29.0%	30.8%	31.6%	32.7%	32.4%

DEPARTMENT GENERAL FUND AND CASH FUND APPROPRIATIONS

The Department received reduced General Fund appropriations during the recent economic downturn; however, the FY 2014-15 appropriation exceeded the FY 2007-08 appropriation for the first time since funding cuts were experienced by the Department. The increases in the Department's General Fund appropriations from FY 2013-14 to FY 2014-15 are a result of several targeted programmatic appropriations, including: distributions to Conservation Districts; matching grants to Conservation Districts; 4-H and FFA programs run by the Colorado State Fair Authority; and Noxious Weed Management Program grants. The following table shows the Department's General Fund appropriation history from FY 2013-14 through the FY 2017-18 budget request.

Department of Agricultural GF 5-year Appropriations History

	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18 Requested
General Fund Appropriation	7,723,805	9,317,936	10,006,234	10,753,079	10,504,019
Increase/(Decrease) from Previous Year	12.5%	20.6%	4.2%	3.9%	3.9%

The Department's total appropriation is 65.5 percent cash funds. The cash funds appropriations respond to increases and decreases in workload for products or services associated with specific cash funds within the Department. The three largest cash funds appropriations are the Colorado State Fair Cash Fund; Brand Inspection Cash Fund; and the Plant Health, Pest Control, and Environmental Protection Cash Fund. Together these appropriations account for 52.6 percent of the Department's total cash funds appropriation in FY 2016-17.

AGRICULTURE MANAGEMENT FUND

The Agriculture Management Fund (AMF) was created by House Bill 08-1399 (Buescher/Isgar). H.B. 08-1399 allows the transfer of 65.0 percent of the interest earned on the sale of unclaimed securities from the Unclaimed Property Tourism Promotion Fund, created in Section 38-13-116.7

(1), C.R.S., to the Agriculture Management Fund for agricultural efforts approved by the commissioner. The AMF is not subject to the excess uncommitted fee reserve balance because its revenue is not fee based. The money is spent in various divisions in the Department.

The following table outlines estimated use of moneys in the AMF in FY 2016-17 and FY 2017-18:

Agriculture Management Fund Estimated Spending		
Division	FY 2016-17	FY 2017-18
Commissioner's Office	$1,400,000	900,000
State Fair Authority	500,000	500,000
Conservation Services	35,000	0
Brand Board	100,000	0
Animal Industry	120,000	0
Markets Division	191,000	200,000
Office Consolidation	0	750,000
Total	**$2,346,000**	**$2,350,000**

Of the $1.4 million the Department anticipates expending in FY 2016-17 in the Commissioner's Office, $600,000 will be used for a land purchase in Broomfield, CO and up to $300,000 will be expended on the Adult Agriculture Leadership Grant Program. The remaining $500,000 will be used to cover general operating costs, centrally appropriated line items, and department-wide indirect costs.

The table below outlines the AMF's annual balance beginning in FY2008-09. As the table shows, the estimated FY 2017-18 end-of-year balance of the AMF is $4.2 million. In addition to its balance, the AMF has received, on average, approximately $3.1 million annually since FY 2012-13. Transfers of interest occur monthly.

Agriculture Management Fund 10-year Operating Revenue and Expenditures				
Fiscal Year	Total Revenue	Total Expenditure	Net Annual Cash Flow	EOY Fund Balance
2008-09	$841,552	($780,432)	$61,120	$61,120
2009-10	2,231,325	(1,154,398)	1,076,927	1,138,047
2010-11	2,308,865	(1,635,633)	673,232	1,811,279
2011-12	2,473,188	(2,095,963)	377,225	2,188,504
2012-13	2,689,156	(2,565,091)	124,065	2,312,569
2013-14	3,721,185	(3,747,514)	(26,329)	2,286,240
2014-15	3,111,889	(3,656,445)	(544,556)	1,741,684
2015-16	3,009,565	(1,897,231)	1,112,334	2,854,018
2016-17*	3,000,000	(2,346,000)	654,000	3,508,018
2017-18*	$3,000,000	($2,350,000)	$650,000	$4,158,018
*Figures are estimated.				

In addition to the operating expenditures summarized above, the Governor's Office of State Planning and Budgeting (OSPB) has recommended to the Capital Development Committee a construction project in Broomfield to build storage and laboratory facilities adjacent to the Department's headquarters. OSPB anticipates expending $6.3 million from the AMF to help finance this project. The Department estimates that the sale of its current laboratory facilities will generate more than $4.0 million, which will be deposited in the AMF.

SUMMARY: FY 2016-17 APPROPRIATION & FY 2017-18 REQUEST

DEPARTMENT OF AGRICULTURE						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2016-17 APPROPRIATION:						
H.B. 16-1405 (Long Bill)	$50,007,210	$10,753,079	$32,772,130	$2,371,548	$4,110,453	291.4
TOTAL	**$50,007,210**	**$10,753,079**	**$32,772,130**	**$2,371,548**	**$4,110,453**	**291.4**
FY 2017-18 APPROPRIATION:						
FY 2016-17 Appropriation	$50,007,210	$10,753,079	$32,772,130	$2,371,548	$4,110,453	291.4
Centrally appropriated line items	471,076	(259,563)	876,334	0	(145,695)	0.0
NP OIT Secure Colorado	29,909	23,927	5,982	0	0	0.0
NP OIT Deskside	11,961	9,569	2,392	0	0	0.0
NP Resources for administrative courts	47	0	47	0	0	0.0
NP Annual fleet vehicle request	(62,557)	(22,993)	(39,564)	0	0	0.0
TOTAL	**$50,457,646**	**$10,504,019**	**$33,617,321**	**$2,371,548**	**$3,964,758**	**291.4**
INCREASE/(DECREASE)	$450,436	($249,060)	$845,191	$0	($145,695)	0.0
Percentage Change	0.9%	(2.3%)	2.6%	0.0%	(3.5%)	0.0%

CENTRALLY APPROPRIATED LINE ITEMS: The appropriation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; vehicle lease payments; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; payments to the Governor's Office of Information Technology (OIT); and CORE operations. *This request item was addressed in a separate staff briefings for the Department of Personnel and Administration and the Governor's Office.*

NPI Secure Colorado: The request seeks an increase of $29,909 total funds, including $23,927 General Fund, for FY 2017-18 to deploy an end user configuration management tool. This tool will assist in discovering assets (e.g., computers and software) and the status of assets. *This request item was addressed in a separate staff briefings for the Governor's Office.*

NP OIT DESKSIDE: The request includes an increase of $11,961 total funds, including $9,569 General Fund, for end user assistance and services for computer devices and peripheral equipment, such as printers. *This request item was addressed in a separate staff briefings for the Governor's Office.*

NPI Resources for administrative courts: The request includes an adjustment for the Administrative Law Judge Services line item from the Department of Personnel. *This request item was addressed in a separate staff briefings for the Department of Personnel and Administration.*

NPI Annual fleet vehicle request: The request includes a decrease in appropriation of $62,557 total funds, including a decrease of $22,993 General Fund, to the vehicle lease payments line item for changes in statewide vehicle costs. *This request item was addressed in a separate staff briefings for the Department of Personnel and Administration.*

ISSUE: COLORADO STATE FAIR AUTHORITY OPERATING REVENUE DEFICIENCIES

This issue provides an in-depth analysis of Colorado State Fair Authority's (Authority's) revenue and expenditures, strategic business plan, and financial projections.

SUMMARY:

- The Department of Agriculture has oversight of the Colorado State Fair Authority, which has struggled to generate net positive revenue since it was transferred to the Department as a Type 1 agency pursuant to H.B. 97-1342 (Grampsas/Lacy).

- The Colorado State Fair Cash Fund (SFCF) receives an annual transfer of 25.0 percent of the interest earned from the Unclaimed Property Tourism Promotion Trust Fund (UPTPTF), whose principal is generated from the sale of unclaimed securities. This transfer has averaged approximately $1.0 million per year over the past seven years.

- In 2006, approximately half of the Fairgrounds and its facilities were nominated for and placed on the Colorado State Register of Historic Properties.

RECOMMENDATION:

Staff recommends that the Committee consider taking the following actions:

- Amend Section 38-13-116.7 (3) (a) (I), C.R.S., to transfer 25.0 percent of the interest earned in the UPTPTF to the General Fund instead of the SFCF. This will partially offset the General Fund appropriation to the Authority. ***This will require the Committee to sponsor legislation making the necessary adjustments to statute.***

- Starting in FY 2017-18, appropriate $1.25 million General Fund to the Authority to replace the 25.0 percent transfer from the UPTPTF.

- Appropriate an additional $1.25 million General Fund to the Authority in FY 2017-18 and FY 2018-19.

DISCUSSION:

HISTORY OF THE COLORADO STATE FAIR

The Colorado State Fair (Fair) has been in operation since 1872, before Colorado was a state. The Fair's statutory charge was added to the Colorado Revised Statutes in 1917, and currently reads:

> There is hereby established the Colorado state fair and industrial exposition which shall be held annually at Pueblo, Colorado, for the display of livestock and agricultural, horticultural, industrial, mining, water conservation, tourist industry,

> recreational, educational, and scientific facilities, processes, and products of the state of Colorado. (Section 35-65-105, C.R.S.)[1]

The Fair has operated every year except 1917, when the Fairgrounds were used as a training facility for the National Guard during World War I. From 1983 to 1997, the Colorado State Fair Authority was designated as a corporate body and political subdivision of Colorado and was not subject to administrative direction by the State. In 1997, the Authority was abolished, recreated, and transferred to the Department of Agriculture.

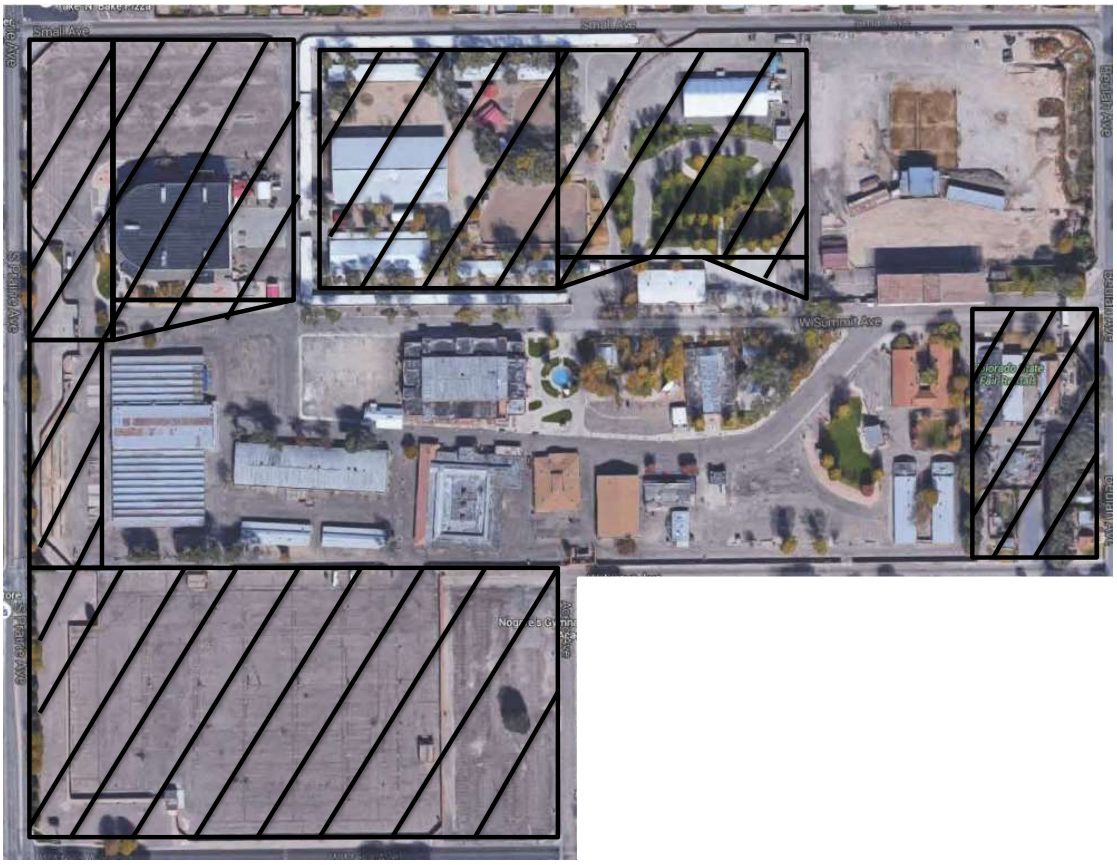
The Fair operates 11 days each summer and rents out its facilities for events throughout the year. In 2011, the Department of Agriculture conducted an economic and fiscal impact study on the Colorado State Fairgrounds. This study found that the year-round operation of the fairgrounds provides the equivalent of 374 full-time jobs and over $33 million of economic activity per year.

STATE FAIRGROUND FACILITIES AND HISTORIC DISTRICT

The State Fairgrounds reside on approximately 100 acres with over 50 separate buildings and facilities. While there are some exceptions, most notably the Event Center that opened in 1995, most of these facilities are over 50 years old. There are a total of 450 stables available at the fairgrounds. The 200 stone stables were built in 1938 and the wood stables were built in 1968. The 4-H and FFA dormitories were built in 1938 and underwent renovations with funds provided by the Authority and the CSFF in FY 2015-16.

Many buildings and about half of the total acreage of the Fairgrounds are included in the State Historic Registry. These buildings were nominated for and placed on the registry in 2006. The Colorado State Fairgrounds Historic District encompasses buildings build between 1901 and 1965, beginning with when the Fairgrounds were first opened and continuing through the period when the majority of improvements were focused on agriculturally oriented activities. The non-shaded areas in the following picture show the buildings and features of the Fairgrounds that are within the Historic District. These facilities include the Main Grandstands, the Livestock Pavilion, the 4-H and FFA dormitories, the Cultural Heritage Center, and the Palace of Agriculture.

[1] As a side note, there are approximately six separate references in the Colorado Revised Statutes that indicate that the Fair must be held in Pueblo, CO every year.



CSF AUTHORITY STRATEGIC BUSINESS PLAN

In response to two Requests for Information included in the FY 2016-17 Long Bill (H.B. 16-1405), the Authority created and provided the Committee with a Strategic Business Plan (see Appendix E). This plan includes a mission statement for the Authority with regards to the Fair, identifies four high priority strategic goals, and discusses the Authority's strategies to achieve their stated goals. While brief, this plan provides a roadmap that the Authority and its staff can use to improve the operations and financial sustainability of the Authority.

The Authority's strategic goals are as follows:

1. **Fiscal Stability**: Transition from a $1.5 million annual loan to no loan to allow funding for facility maintenance and improvements, program development, and fulfilled staffing levels by 2022.
2. **Facility Upgrades**: Invest at least $300,000 annually in the infrastructure to transition the facility to a pristine and desirable venue for private and public events in Southern Colorado.
3. **Organizational Rebranding Campaign**: Rebrand the Fairgrounds as a year-round multi-use facility for Southern Colorado and the collection of Fairgrounds facility user; transition the Authority's identity from the "State Fair" to a year-round event venue by the 150th anniversary of the State Fair in 2022.

4 **Team Satisfaction**: Strengthen team dynamics with the notion of employee satisfaction, through the consolidation of workspaces in a renovated, modern, clean, ergonomic, collaborative, energetic, creative work environment, with all team members under one roof by 2022.

To achieve fiscal stability, the Authority has implemented both short-term and long-term actions. In the short-term, the Authority has begun charging utility fees for buildings donated for use by various not-for-profit, charitable, or partner organizations. As part of their long-term plan, the rental rates for the Fairgrounds' facilities will be increased starting January 1, 2017. The Authority rightly notes that this is only the first of several necessary rental rate increases and that in the short-term this action could have an adverse impact on the utilization of its facilities for non-Fair events. The Authority plans a slow and deliberate increase in rental rates over the coming years to bring its pricing in line with comparable venues in the region. The follow table details the available facilities for rent, their usable square footage, and the rental rates in 2016 and 2017.

Table 1: Colorado State Fairgrounds Facilities Rental Rates

FACILITY	USABLE SQ./FT.	2016 RENTAL RATE	2017 RENTAL RATE
Ag Palace	42,220	$1,750	$2,300
Auditorium	5,400	500	550
Colorado Building	13,034	750	800
Colorado Room	2,312	150	150
Creative Arts	11,716	900	1,000
Cultural Heritage	2,185	275	275
Dining Hall	5,760	600	650
Events Center	60,000	3,500	3,500
Fine Arts Building	8,512	600	650
Grandstand	33,410	1,750	1,800
Livestock Pavilion	25,296	750	750
Weatherport Tent	14,540	750	775
Horse Show Facility		900	1,000
Horse Show Stalls (per night)		15	20
Camping (per night)		$25	$35

Pursuing fiscal stability works in tandem with the Authority's push to upgrade the Fairgrounds' facilities. The Authority, with the help of the Office of the State Architect (OSA), will conduct a facility audit of the Fairgrounds in early 2017. The audit will be a comprehensive evaluation of the Fairgrounds' assets, determining the level of infrastructure improvements needed, identifying critical maintenance issues, and suggesting potential renovations, equipment upgrades, and new construction. The report will be a guiding tool to direct the Authority's efforts to improve the Fairgrounds and manage the physical resources necessary to operate its programs.

The Authority is working with the OSA to define the scope of the facility audit for the Fairgrounds. The OSA anticipates the audit to be completed by April 2017. The last facility audit conducted for the Fairgrounds was completed in 1998. Improving the Fairgrounds' infrastructure creates a virtuous cycle of better facilities generating more interest in and revenue from rentals, which provides more revenue to upgrade facilities.

To date, the Authority has conducted the following facility improvement projects:

Table 2: Fairgrounds Facility Improvement and Renovation Projects				
FISCAL YEAR	FACILITY NAME	COST	PROJECT DESCRIPTION	PROJECT STATUS
2015-16	Livestock Pavilion	$150,000	Paved the floor, installed new window coverings, painted the interior, replaced the roll-up door, installed ceiling fans for the South Barn, purchased one portable air conditioner unit for the barns, purchased two new turkey cages, and replaced the cage fronts on the small animal cages.	Completed
2015-16	Horse Show Area	150,000	Resurfaced 275 stalls, painted over 400 stalls, repair and replaced stall doors, built and painted permanent piped arena, built permanent pipe holding pens behind the West Arena, purchased mobile panels for a warming arena, purchased loading and unloading chute for cattle, built permanent shade structure over cattle pens, replaced sound horns in outside barns, landscaped gate entrance, installed two ADA compliant wheel chair ramps, spread road base through Horse Show complex for dust control.	Completed
2015-16[1]	4-H/FFA Dormitories	468,757	Renovated and upgraded the 4-H/FFA dormitories, flooring, furniture, bathrooms, and related facilities.	Completed
2016-17[2]	Fairgrounds Entry Gates	500,000	Improvements will be made to the entry gates' street scape, focusing on the points of entry. A design consulting firm was on-site during the 2016 State Fair to assess current structure, operations, and future needs.	In Progress
2016-17	Auditorium	150,000	This project has been delayed until the completion of the Facility Audit.	On Hold
2016-17	Dining Halls	$150,000	This project has been delayed until the completion of the Facility Audit.	On Hold
[1] This project was funded by the Colorado State Fair Foundation.				
[2] This project is funded by Pueblo County.				

By pursuing a public relations rebranding campaign to be identified as a year-round event venue, the Authority hopes to attract a broader spectrum of users. The main objective of this effort is for the Authority to move away from its identity as only the "Colorado State Fair." The Authority believes this campaign will lead to stronger and more robust year-round revenue streams. In FY 2017-18, the Authority will develop a rebranding and marketing plan, part of which will be the development of a specific year-round operational mission statement to compliment the Fair-specific mission statement. The Fair's mission statement is to "create an entertaining, inspiring and educational inter-generational experiences highlighting the preservation, promotion and exposition of our state's vibrant and diverse agriculture, industry and culture."

Targeting team satisfaction as a major strategic business goal is meant to energize the Authority's employees and to improve moral. The Authority believes that consolidating staff into a single administrative office will allow for more streamlined communication between operational departments, better collaboration, and a more unified team. The administrative staff is currently housed in five separate office spaces during the offseason and seven office spaces during the Fair. Consolidation of office space will reduce utilities and the costs associated with necessary office products and services to operate the Fairgrounds. The Authority will identify an existing facility for renovation to meet the needs of a consolidated office.

REVENUE AND EXPENDITURES

STATUTORY FUNDING OF THE COLORADO STATE FAIR AUTHORITY

The following bills have made substantive changes to state funding for the Colorado State Fair Authority's operations, beginning with the transfer of the Authority to the Department of Agriculture:

- H.B. 97-1342 (Grampsas/Lacy) transferred the Authority and its functions to the Department of Agriculture as a Type 1 agency. It also did the following:
    - Restructured and created a new Colorado State Fair Authority to include ten Governor-appointed members and the Commissioner of Agriculture;
    - Allowed the Authority to hire a Fair manager to oversee all activities of the Fair;
    - Established the Authority as an enterprise, pursuant to Article X, Section 20 of the Colorado Constitution; and
    - Appropriated $3.1 million to repay outstanding Authority debts.

- S.B. 04-256 (Taylor/White) appropriated 10.0 percent of the interest on sales of unclaimed securities from the Colorado Travel and Tourism Promotion Fund to the Authority. Subsequently, H.B. 06-1384 (Buescher/Tapia) authorized these fund transfers to repay state treasury loans and event center debt, and included a $550,000 annual operating transfer.

- H.B. 08-1399 (Buescher/Isgar) created a direct transfer from the Unclaimed Property Tourism Promotion Trust Fund to the Colorado State Fair Cash Fund, increased the transfer of interest from 10.0 to 25.0 percent, and eliminated the annual transfer for operating expenses.

The Department of Agriculture provides additional funding to support Fair operations from the Agriculture Management Fund; it is estimated that the Department will provide $500,000 in FY 2017-18. The annual interest transfer to the SFCF from the UPTPTF is approximately $1.0 million for the past seven years. The SFCF has struggled to achieve solvency over the years, primarily due to the cost of year-round operations and the depreciation of its capital assets.

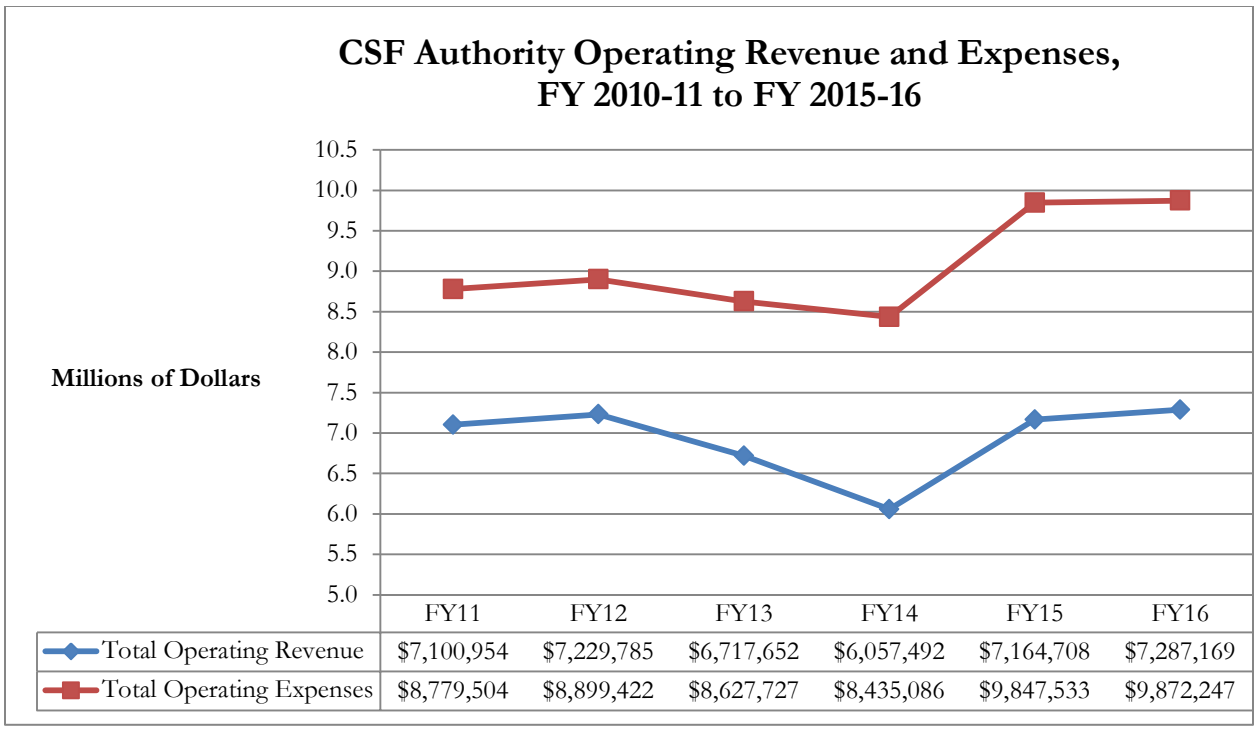
Table 3: Colorado State Fair Authority Cash Flow Summary for Select Fiscal Years

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Total Revenue	$9,012,078	$9,537,808	$9,011,929	$8,484,993	$10,283,868	$10,904,404
Percent increase/(decrease)		5.8%	(-5.5%)	(5.8%)	21.2%	6.0%
				Average annual percent increase/(decrease)		4.3%
Total Expenses	$8,986,008	$9,074,883	$8,840,554	$8,672,008	$10,090,122	$10,118,602
Percent increase/(decrease)		1.0%	(2.6%)	(1.9%)	16.4%	0.3%
				Average annual percent increase/(decrease)		2.6%
Net Income/Loss Before Depreciation	$26,070	$462,925	$171,375	($187,015)	$193,746	$785,802
Depreciation	526,374	536,238	714,909	741,036	824,682	750,776
Net Operating Income/(Loss)	($500,304)	($73,313)	($543,534)	($928,051)	($630,936)	$35,026

The following sections discuss the impacts of both operating and non-operating revenue and expenditures on the Authority's solvency.

OPERATING REVENUE AND EXPENDITURE TRENDS

The Authority's operating expenditures historically have outpaced its operating revenues, resulting in annual net operating deficits. These operating deficits negatively impact the Authority's ability to properly maintain its aging infrastructure. Since FY 2010-11, the Authority's operating expenses have increased at an annual average rate of 3.1 percent. Over the same period, its operating revenue has increased by an annual average rate of 1.3 percent.[2] (see Table 12 on pgs. 22-23) The average annual operating deficit since FY 2010-11 is $2.2 million. The chart below shows annual operating revenue compared to annual operating expenses for the past six years of available data.



	FY11	FY12	FY13	FY14	FY15	FY16
Total Operating Revenue	$7,100,954	$7,229,785	$6,717,652	$6,057,492	$7,164,708	$7,287,169
Total Operating Expenses	$8,779,504	$8,899,422	$8,627,727	$8,435,086	$9,847,533	$9,872,247

The Authority's operating deficit can be attributed to the year-round operation of the fairgrounds and the non-discretionary expenditures, such as personnel and utilities, associated with managing the property. The Authority's expenses are primarily driven by personnel costs for state and contract employees, accounting for approximately 52.1 percent ($4.5 million) of the FY 2015-16 total operating expenses. The personnel costs averaged 2.1 percent annual growth between FY 2010-11 and FY 2015-16, due in part to salary survey and merit pay increases. Expenditures on utilities have remained relatively flat over this period of time, averaging approximately $1.0 million.

The challenge the Authority faces in addressing its deficit has less to do with reducing operating expense than it does with increasing operating revenue. In FY 2015-16, operating revenue totaled approximately $7.3 million, including In-kind Sponsorships. The largest source of operating revenue for the Authority was proceeds from commercial exhibitors ($1.3 million), followed by revenue from

[2] For projection purposes, these average annual rates of growth for operating revenue and expenses exclude In-Kind Sponsorship because the future fiscal year projections provided by the Authority do not include In-Kind Sponsorship revenue and expenses.

in-kind sponsorships ($1.2 million) and gate admissions ($1.1 million). These three sources accounted for approximately 53.1 percent of the Authority's operating revenue in FY 2015-16. The average annual rate of growth for these three revenue sources from FY 2010-11 to FY 2015-16 is a negative 0.5 percent; a result of fewer exhibitors, fewer attendees, and fewer in-kind sponsorships.

Table 4: Operating Revenue From Top-Three Sources
(Commercial Exhibitors, Gate Admissions, In-kind Sponsorships)

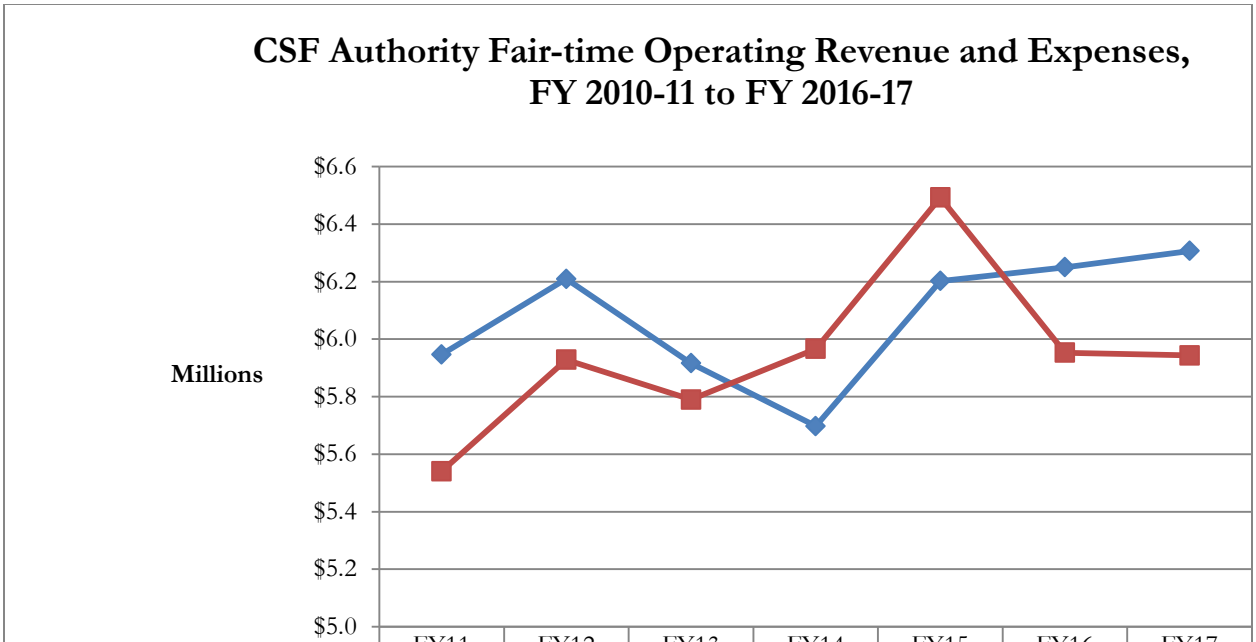
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	AVERAGE
Top-3 Revenue Sources	$3,606,260	$3,627,954	$3,406,549	$3,188,987	$3,377,699	$3,500,447	3,451,316
Percentage change	n/a	0.6%	(6.1%)	(6.4%)	5.9%	3.6%	(0.5%)

The Authority is largely reliant on the 11-day Fair to generate operating revenue for year-round operations of the Fairgrounds. On an annual basis between FY 2010-11 and FY 2015-16, the Fair accounted for an average of 87.3 percent of the Authority's fiscal year operating revenue. Attendance at the Fair is a critical aspect of revenue generation, both for the direct and indirect revenue it creates. Vendor sales, carnival sales, and grandstand sales all indirectly increase revenues for the Authority through sales commissions. The Authority has modernized its ticketing system in the last couple of years and has actively pursued technological tools to improve vending and concession sales. However, despite their effort, the trend in Fair attendance is negative. Over the past seven years, the Fair has experienced an average annual drop in attendance of 1.6 percent.

Table 5: Colorado State Fair Attendance Since FY 2010-11

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	AVERAGE
Fair Attendance	517,140	515,995	474,915	476,966	498,720	500,207	466,576	492,931
Percent change	n/a	(0.2%)	(8.0%)	0.4%	4.6%	0.3%	(6.7%)	(1.6%)

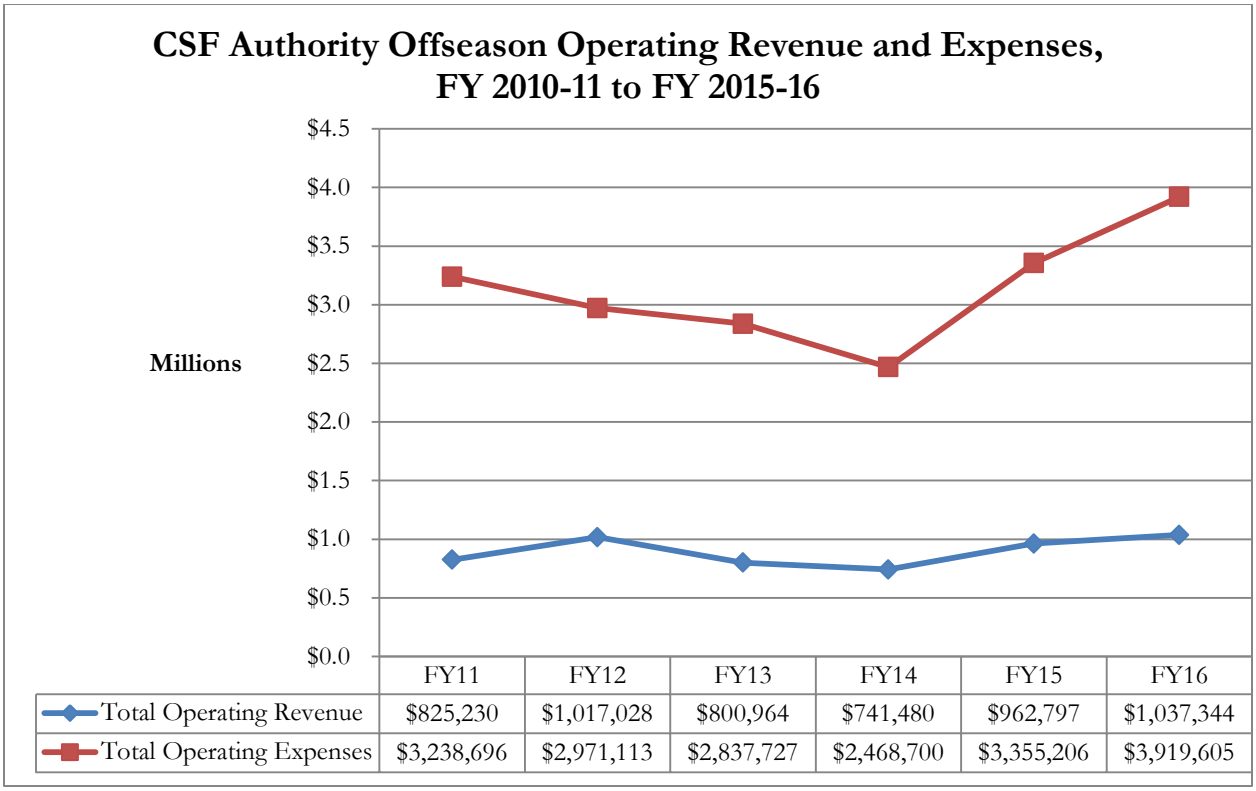
It should be noted that even with a significant drop in attendance for this year's Fair, the event still generated $363,543 in net revenue. The chart below shows revenues and expenses incurred by the Authority during Fair-time operations for the previous seven years.



	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Total Operating Revenue	$5,946,946	$6,209,536	$5,916,331	$5,697,523	$6,201,911	$6,249,825	$6,306,944
Total Operating Expenses	$5,540,808	$5,928,309	$5,790,000	$5,966,386	$6,492,327	$5,952,642	$5,943,401

In addition to the annual Fair, the Authority rents various facilities during the offseason. Organizations that use the fairgrounds' facilities include public schools, law enforcement agencies, professional and trade organizations, hobbyists, and private citizens. It should be noted, however, that public and certain non-profit entities are not charged facility rental fees. For example, the Pueblo County Sheriff's Office uses several of the fairgrounds' facilities for training exercises throughout the year at no cost. Additionally, most Pueblo County 4-H events held at the fairgrounds are not charged rental fees, though in this case Pueblo County 4-H has an annual paid contract with the Authority to use its facilities.[3] Despite an average of 1,096.2 utilization days[4] a year for the various rental facilities, offseason operating revenue does not come close to covering offseason operating expenses. The chart below summarizes offseason operating revenue and expenses.

[3] In FY 2015-16, Pueblo County 4-H held over 100 events at the Colorado State Fairgrounds.
[4] A utilization day is defined as the daily rental of a facility for an event. If an event uses two facilities, that is counted as two utilization days, which is why total utilization days exceeds 365.



	FY11	FY12	FY13	FY14	FY15	FY16
Total Operating Revenue	$825,230	$1,017,028	$800,964	$741,480	$962,797	$1,037,344
Total Operating Expenses	$3,238,696	$2,971,113	$2,837,727	$2,468,700	$3,355,206	$3,919,605

It is clear that if the current trends in operating revenue and expenses persist, the Authority cannot operate without substantial monetary subsidies from the General Assembly.

NON-OPERATING REVENUE SOURCES

In addition to the annual transfer of interest from the UPTPTF to the SFCF, the Authority also receives additional funding support from the Agriculture Management Fund, the Marijuana Tax Cash Fund, and the General Fund. The Authority receives approximately $500,000 cash funds annually from the Agriculture Management Fund, which is managed by the Commissioner's Office. Beginning in FY 2014-15, the Authority began receiving General Fund appropriations, which have steadily increased over the subsequent fiscal years.

The Authority receives non-operating revenue from several state and local sources. Since FY 2010-11, the state has provided roughly $16.1 million to the Authority to assist in the operations and maintenance of the Fairgrounds. The primary and most stable source of state subsidy is the annual transfer of 25.0 percent of the interest earned by the UPTPTF to the SCFC, pursuant to Section 38-13-116.7 (3) (a) (I), C.R.S. This transfer has provided, on average, $1.0 million per year over the past seven years and has increased at an annual average rate of 5.2 percent since FY 2010-11.

In the past three fiscal years, the General Assembly has also provided General Fund to the Authority to cover operational costs, support the 4-H and FFA programs sponsored by the Authority, and to support the maintenance and repair of the Fairgrounds' facilities. In FY 2016-17, the General Assembly appropriated $1.0 million General Fund. This appropriation was split as follows:

- $450,000 for program costs;
- $300,000 for facility maintenance and repair; and
- $250,000 for 4-H and FFA program support.

The following table details state subsidies to the Authority since FY 2010-11.

Table 6: State Subsidies to Colorado State Fair Authority

Subsidy Source	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Estimated
Unclaimed Property	$875,978	$944,070	$1,025,794	$1,067,034	$1,121,842	$1,128,648	$1,140,000
State Historic Grant Fund	88,088	150,878	14,162	13,422	0	0	0
State Capital Contributions	0	346,179	287,613	398,018	90,199	827,475	0
Inter-/Intra-agency transfers	0	0	6,280	0	300,000	261,112	0
MTCF appropriation*	0	0	0	0	0	0	300,000
GF appropriation	0	0	0	0	250,000	600,000	1,000,000
Ag Management Fund Contribution	479,458	375,000	500,000	520,313	958,680	500,000	500,000
Total State Subsidy	**$1,443,524**	**$1,816,127**	**$1,833,849**	**$1,998,787**	**$2,720,721**	**$3,317,235**	**$2,940,000**

The City of Pueblo and Pueblo County have contributed a combined $2.2 million since FY 2010-11. In addition to this amount, Pueblo County passed Ballot Issue 1B in 2015 to provide up to $500,000 to the Authority to improve the Fairground's gates and the hardscape surrounding the gates outside of the property's walls.[5] The Colorado State Fair Foundation, established in 2011 as a 501(c)(3) to raise funds for the Authority's 4-H and FFA programs, has contributed over $374,000 to date. The CSFF has provided support to renovate the 4-H/FFA dormitories and restrooms, support for the Colorado State Fair Museum, and financial assistance for 4-H and FFA awards and prizes. The CSFF and the Authority are currently working to identify projects for which the CSFF could conduct fundraising efforts. The following table shows the revenue from these non-state sources for the past seven years.

Table 7: Subsidies from Non-State Sources

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Estimate
City of Pueblo	$265,000	$265,000	$232,499	$150,000	$112,500	$125,000	$125,000
Pueblo County	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Colorado State Fair Foundation*	0	2,375	60,658	147,829	226,596	137,050	0
Total	**$440,000**	**$442,375**	**$468,157**	**$472,829**	**$514,096**	**$437,050**	**$300,000**

* This data was pulled from the CSFF's 2015 budget.

Non-operating revenue, particularly revenue from governmental sources, has a significant and important impact on the Authority's operations beyond providing financial solvency. According to Section 35-65-405 (1), C.R.S., the Authority and the Board of Commissioners (Board) of the Authority are considered an enterprise as long as it meets the following two conditions:

[5] These funds will not be officially allocated until a project scope and plan are finalized.

1 The Board retains the authority to issue revenue bonds; and
2 The Authority receives less than 10.0 percent of its total annual revenue in grants, as defined in Section 24-77-102 (7), C.R.S., from all state and local governments combined.

If the Authority and the Board meet these two conditions, they are exempt from the provision of Section 20 of Article X of the state constitution (TABOR). Pursuant to Section 35-64-301 (1), C.R.S., the Board has the authority to issue revenue bonds "to finance additional facilities" for the Fairgrounds. However, the Authority does not meet the second condition. Estimated governmental contributions in FY 2016-17 account for 30.6 percent of the Authority's total annual revenue. As a result, the revenue generated by the Authority is accounted for under TABOR.

Table 8: Governmental Subsidies to the Colorado State Fair Authority

	FY 2010-11 Actual	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Estimated
City/County subsidies	$440,000	$440,000	$407,499	$325,000	$287,500	$300,000	$300,000
State Subsidy	**$1,443,524**	**$1,816,127**	**$1,833,849**	**$1,998,787**	**$2,720,721**	**$3,317,235**	**$2,940,000**
Total Govt. subsidy	**$1,883,524**	**$2,256,127**	**$2,241,348**	**$2,323,787**	**$3,008,221**	**$3,617,235**	**$3,240,000**
Total CSF Authority Revenue	**$7,805,037**	**$8,276,345**	**$7,856,222**	**$7,394,885**	**$9,173,399**	**$9,720,522**	**10,571,343**
Govt. subsidy as percent of total revenue	24.1%	27.3%	28.5%	31.4%	32.8%	37.2%	30.6%

While governmental subsidies are a large portion of the Authority's revenue, it is not uncommon for state fairs to be subsidized. As the financial sustainability study conducted by the Authority found, many similar facilities and operations in other states receive substantial amounts of state funding. The government subsidies discussed in the study ranged from $1.5 million for the Oregon State Fair to $10.1 million for the Will Rogers Memorial Center in Fort Worth, TX.[6]

[6] C.H. Johnson Consulting, Inc. (2016). *Colorado State Fair Facility Management Consulting Study*. Pueblo, CO: Colorado State Fair Authority, pgs. 74-76.

REVENUE AND EXPENDITURE PROJECTIONS, FY 2017-18 TO FY 2019-20

COLORADO STATE FAIR AUTHORITY PROJECTIONS

As part of their Strategic Business Plan, the Authority provided revenue and expenditure projections for FY 2017-18 to FY 2019-20. The Authority's projections show a positive annual cash flow and a positive SFCF balance by FY 2019-20. It should be noted that the following projections do not include In-Kind Sponsorships, as these tend to be account for in equal amounts in both the revenue and expenses categories.

Table 9: Colorado State Fair Authority Projections

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Revenue				
Gate admissions	$1,100,000	$1,133,000	$1,166,990	$1,202,000
Carnival	725,000	746,750	769,153	792,227
Concerts	875,000	901,250	928,288	956,136
Exhibitors	850,000	875,500	901,765	928,818
Commercial space/exhibitors	1,210,000	1,246,300	1,283,689	1,322,200
Commercial sponsorships	575,000	592,250	610,018	628,318
Misc. sales	115,000	118,450	122,004	125,664
Rentals	700,000	721,000	742,630	764,909
City of Pueblo	125,000	125,000	125,000	125,000
Pueblo County	175,000	175,000	175,000	175,000
UPTPTF transfers	1,140,000	1,174,200	1,209,426	1,245,709
MTCF appropriation (4-H/FFA)	300,000	300,000	300,000	300,000
GF appropriation	1,000,000	1,000,000	1,000,000	1,000,000
Ag. Management Fund contribution	500,000	500,000	500,000	500,000
Total revenue	**$9,390,000**	**$9,608,700**	**$9,833,963**	**$10,065,981**
Percent increase/(decrease)	n/a	2.3%	2.3%	2.4%
Expenses				
Personnel costs	$2,900,000	$2,929,000	$2,958,290	$2,987,873
Personnel - contract	1,900,000	1,919,000	1,938,190	1,957,572
Advert/PR	465,000	469,650	474,347	479,090
Insurance	4,300	4,343	4,386	4,430
Legal	20,000	20,200	20,402	20,606
Maintenance and repair	400,000	425,000	450,000	475,000
Postage	26,000	26,260	26,523	26,788
Premiums/Prizes and awards	950,000	959,500	969,095	978,786
Printing	34,000	35,020	36,071	37,153
Rental expenses	180,000	181,800	183,618	185,454
Supplies	525,000	530,250	535,553	540,908
Travel	95,000	97,850	100,786	103,809
Utilities	975,000	1,053,000	1,137,240	1,228,219
Other operating expenses	240,000	242,400	244,824	247,272
Capital lease - principal	50,618	92,042	99,439	107,232
Interest	41,196	37,963	34,465	30,689
Indirect expenses	144,016	145,456	146,911	148,380
Workers comp	5,000	5,050	5,101	5,152
Risk management	95,000	95,950	96,910	97,879
Total expenses	**$9,050,130**	**$9,269,734**	**$9,462,151**	**$9,662,292**
Percent increase/(decrease)	n/a	2.4%	2.1%	2.1%
Projected net income/(loss) before depreciation	$339,870	$338,966	$371,812	$403,689
Cash balance	(1,060,130)	(721,164)	(349,352)	54,337
Depreciation	($928,030)	($955,871)	($984,547)	($1,014,083)

Taken at face value, these projections seem relatively conservative, considering that data since FY 2010-11 suggests that total revenue has increased at an average annual rate of 4.3 percent, while total expenses have increased at an average annual rate of 2.6 percent. (see Table 3) To make more sense of the picture the Authority is presenting in relation to the success of its year-round operations, staff has separated the operating revenue and expense projections from their non-operating projections. The following tables indicate that the Authority is projecting an average annual operating loss of $2.7 million. It also shows that the Authority assumes a 3.0 percent annual increase in operating revenue and an annual average 2.2 percent increase in operating expenses.

Tale 10: Colorado State Fair Authority Operating Projections

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Revenue				
Gate admissions	$1,100,000	$1,133,000	$1,166,990	$1,202,000
Carnival	725,000	746,750	769,153	792,227
Concerts	875,000	901,250	928,288	956,136
Exhibitors	850,000	875,500	901,765	928,818
Commercial space/exhibitors	1,210,000	1,246,300	1,283,689	1,322,200
Commercial sponsorships	575,000	592,250	610,018	628,318
Misc. sales	115,000	118,450	122,004	125,664
Rentals	700,000	721,000	742,630	764,909
Total operating revenue	**$6,150,000**	**$6,334,500**	**$6,524,537**	**$6,720,272**
Percent increase/(decrease)	n/a	3.0%	3.0%	3.0%
Expenses				
Personnel costs	$2,900,000	$2,929,000	$2,958,290	$2,987,873
Personnel - contract	1,900,000	1,919,000	1,938,190	1,957,572
Advert/PR	465,000	469,650	474,347	479,090
Insurance	4,300	4,343	4,386	4,430
Legal	20,000	20,200	20,402	20,606
Maintenance and repair	400,000	425,000	450,000	475,000
Postage	26,000	26,260	26,523	26,788
Premiums/Prizes and awards	950,000	959,500	969,095	978,786
Printing	34,000	35,020	36,071	37,153
Rental expenses	180,000	181,800	183,618	185,454
Supplies	525,000	530,250	535,553	540,908
Travel	95,000	97,850	100,786	103,809
Utilities	975,000	1,053,000	1,137,240	1,228,219
Other operating expenses	240,000	242,400	244,824	247,272
Capital lease - principal	50,618	92,042	99,439	107,232
Interest	41,196	37,963	34,465	30,689
Total operating expenses	**$8,806,114**	**$9,023,278**	**$9,213,229**	**$9,410,881**
Percent increase/(decrease)	n/a	2.5%	2.1%	2.1%
Projected operating income/(loss)	($2,656,114)	($2,688,778)	($2,688,692)	($2,690,609)

The Authority's projections of annual non-operating revenue would cover the projected operating losses, which is in line with the current condition of the Authority's finances.

Table 11: Colorado State Fair Authority Non-operating Projections

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Revenue				
City of Pueblo	$125,000	$125,000	$125,000	$125,000

Table 11: Colorado State Fair Authority Non-operating Projections				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Pueblo County	175,000	175,000	175,000	175,000
Unclaimed Property	1,140,000	1,174,200	1,209,426	1,245,709
MTCF appropriation (4-H/FFA)	300,000	300,000	300,000	300,000
GF appropriation	1,000,000	1,000,000	1,000,000	1,000,000
Ag. Management Fund contribution	500,000	500,000	500,000	500,000
Total non-operating revenue	**$3,240,000**	**$3,274,200**	**$3,309,426**	**$3,345,709**
Percent increase/(decrease)		1.1%	1.1%	1.1%
Expenses				
Indirect expenses	$144,016	$145,456	$146,911	$148,380
Workers comp	5,000	5,050	5,101	5,152
Risk management	95,000	95,950	96,910	97,879
Total non-operating expenses	**$244,016**	**$246,456**	**$248,922**	**$251,411**
Percent increase/(decrease)		1.0%	1.0%	1.0%
Projected non-operating income/(loss)	$2,995,984	$3,027,744	$3,060,504	$3,094,298

Under the above projections, the Authority would have an annual positive cash flow averaging $363,584 in net revenue per year and by FY 2019-20 the SFCF would have a positive cash balance of $54,337. These projections do not account for the depreciation of the Authority's capital assets as part of its cash flow, which is common industry practice.[7]

JBC STAFF PROJECTIONS

Staff does not agree with the Authority's projections. Based on the Authority's actual revenue and expenditures since FY 2010-11, the average annual rate of growth of operating revenue is 1.3 percent and the average annual rate of growth of operating expenses is 3.1 percent. These rates of growth are significantly different than those used by the Authority's projections. Additionally, while the Authority uses a flat 3.0 percent annual growth rate across the board for each revenue line item, the Actual data varies widely. The data show annual growth rates for revenue line items ranging from a negative 10.3 percent for miscellaneous sales to a positive 12.8 percent for exhibitors. This disconnect between the Authority's projections and what the data show is also present in their expenses, which show a similar variance in growth rates per line item.

Table 12: Colorado State Fair Authority Actual Operating Revenue and Expenses						
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Revenue						
Gate admissions	$1,093,929	$1,087,901	$1,009,761	$884,603	$1,083,386	$1,053,619
Carnival	763,301	733,701	708,495	678,593	699,778	714,329
Concerts	1,122,331	856,897	660,614	691,079	981,124	925,189
Exhibitors	520,694	613,137	707,788	283,816	797,444	838,573
Commercial space/Exhibitors	1,305,290	1,278,590	1,241,081	1,214,276	1,183,844	1,262,946
Commercial sponsorships	356,224	421,092	447,135	448,095	543,201	546,622
Misc. sales	158,189	170,980	100,926	121,169	120,312	74,784
Interest income	8,354	3,221	356	776	n/a	n/a
Rentals	565,601	802,803	685,789	644,977	645,150	687,225
Total operating revenue	**$5,893,913**	**$5,968,322**	**$5,561,945**	**$4,967,384**	**$6,054,239**	**$6,103,287**
Percent increase/(decrease)	n/a	1.3%	(6.8%)	(10.7%)	21.9%	0.8%

[7] C.H. Johnson Consulting, Inc. (2016), pg. 32.

Table 12: Colorado State Fair Authority Actual Operating Revenue and Expenses						
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
				Average annual percent increase/(decrease)		1.3%
Expenses						
Personnel costs	$2,305,727	$2,480,212	$2,457,289	$2,633,671	$2,889,016	$2,508,442
Personnel - contract	1,514,239	1,693,092	1,574,535	1,355,386	2,167,470	2,033,467
Advert/PR	489,277	510,670	498,189	508,023	235,392	471,528
Paid to promoters	320,424	n/a	n/a	n/a	n/a	n/a
Insurance	1,296	1,521	1,415	2,155	4,384	4,584
Legal	10,713	27,614	21,928	37,515	14,979	22,360
Maintenance and repair	13,958	157,307	136,046	203,183	412,709	508,314
Postage	28,205	24,232	26,382	27,327	26,008	24,434
Premiums/Prizes and awards	690,277	752,705	795,382	471,264	895,448	1,048,073
Printing	39,123	35,184	32,549	37,519	31,013	35,401
Refunds	2,125	550	143	0	n/a	n/a
Rental expenses	157,060	158,353	151,415	211,116	192,275	199,555
Supplies	367,174	412,754	314,721	306,001	523,210	390,570
Travel	45,478	51,123	60,568	78,069	99,370	88,589
Utilities	1,001,345	992,969	994,074	1,062,740	950,999	979,210
Other operating expenses	435,705	297,221	305,804	327,864	247,873	236,943
Business development	12,425	12,000	23,970	0	n/a	n/a
Assets to capitalize	n/a	n/a	n/a	n/a	n/a	115,771
Interest	0	0	51,568	56,750	46,918	44,179
Grant expense	137,912	30,452	0	0	n/a	n/a
Audit	0	0	26,042	26,395	n/a	n/a
Total operating expenses	**$7,572,463**	**$7,637,959**	**$7,472,020**	**$7,344,978**	**$8,737,064**	**$8,711,420**
Percent increase/(decrease)	n/a	0.9%	(2.2%)	(1.7%)	19.0%	(0.3%)
				Average annual percent increase/(decrease)		3.1%
Net operating income/(loss)	(1,678,550)	(1,669,637)	(1,910,075)	(2,377,594)	(2,682,825)	(2,608,133)

Using the growth rates for the individual operating revenue and expense line items, staff generated the following projections for operating revenue and expenses for FY 2016-17 through FY 2019-20 (Table 14). Staff used the Authority's non-operating revenue and expenses to project total revenue and expenses in this model. This was done to isolate and highlight the difference between the Authority's and staff's projection assumptions for year-round operations.

Table 14: Alt. 1 - JBC Staff Alt. Projections of Operating Revenue/Expenses & Total Revenue/Expenses (Using actual revenue and expense line item growth rates)				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Operating Revenue	$6,288,237	$6,484,910	$6,705,324	$6,952,099
Operating Expenses	9,109,503	9,894,767	10,724,659	11,642,517
Net operating income/(loss)	($2,821,267)	($3,409,857)	($4,019,336)	($4,690,418)
Net non-operating income/(loss)	$2,995,984	$3,027,744	$3,060,504	$3,094,298
Projected income/(loss) before depreciation	$174,717	($382,113)	($958,832)	($1,596,120)
Cash balance	(1,060,130)	(1,442,243)	(2,401,075)	(3,997,195)
Depreciation	($928,030)	($955,871)	($984,547)	($1,014,083)

Using second projection methodology (Table 15), staff first projected FY 2016-17 operating revenue to include the anticipated increase in rental rates starting in 2017 and then assumed the average annual growth rates of operating revenue and expenses. While this methodology offers smaller

annual operating expenses than the first model, the end result is only slightly better: a negative annual cash flow in FY 2018-19 instead of FY 2017-18.

Table 15: Alt. 2 - JBC Staff Alt. Projections of Operating Revenue/Expenses & Total Revenue/Expenses
(Using FY 2016-17 Projection with Rental Rate Increase as base)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Operating Revenue (assuming 1.3% growth)	$6,288,237	$6,369,984	$6,452,793	$6,536,680
Operating Expenses (assuming 3.1% growth)	8,981,474	9,259,900	9,546,957	9,842,912
Net operating income/(loss)	($2,693,237)	($2,889,916)	($3,094,163)	($3,306,233)
Net non-operating income/(loss)	$2,995,984	$3,027,744	$3,060,504	$3,094,298
Projected income/(loss) before depreciation	$302,747	$137,828	($33,659)	($211,935)
Cash balance	(1,060,130)	(922,302)	(955,961)	(1,167,896)
Depreciation	($928,030)	($955,871)	($984,547)	($1,014,083)

Using a third alternative projection methodology (Table 16), staff used the average annual percent increase of both revenue and expenses but used the FY 2015-16 Actual revenue and expenses as the base values. This model shows similar results to previous two models and represents somewhat of a mid-point between them.

Table 16: Alt. 3 - JBC Staff Projections of Operating Revenue/Expenses & Total Income/Loss
(Using FY 2015-16 Actuals as base)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Operating Revenue (assuming 1.3% growth)	$6,182,630	$6,263,004	$6,344,423	$6,426,900
Operating Expenses (assuming 3.1% growth)	8,981,474	9,259,900	9,546,957	9,842,912
Net operating income/(loss)	($2,798,844)	($2,996,896)	($3,202,534)	($3,416,012)
Net non-operating income/(loss)	$2,995,984	$3,027,744	$3,060,504	$3,094,298
Projected net income/(loss) before depreciation	$197,140	$30,848	($142,030)	($321,714)
Cash balance	(1,060,130)	(1,029,282)	(1,171,311)	(1,493,025)
Depreciation	($928,030)	($955,871)	($984,547)	($1,014,083)

Staff's projections are more conservative than the Authority's; therefore, the results paint a much bleaker picture. However, staff believes these models paint a far more accurate picture of the reality the Authority faces with regards to its operating revenue and expenses and overall cash flow. These results suggest that in order to achieve financial sustainability, the Authority needs significant short- and medium-term assistance from the General Assembly.

STAFF RECOMMENDATIONS

Staff recommends the Committee consider several steps to assist the Authority in achieving its goal of fiscal stability, while setting a limit to the amount of financial assistance the Authority receives from the General Assembly. The steps are as follows:

- Amend Section 38-13-116.7 (3) (a) (I), C.R.S., to transfer 25.0 percent of the interest earned in the UPTPTF to the General Fund instead of the SFCF. This will partially offset the General Fund appropriation to the Authority. ***This will require the Committee to sponsor legislation making the necessary adjustments to statute.***
- Starting in FY 2017-18, appropriate $1.25 million General Fund to the Authority to replace the 25.0 percent transfer from the UPTPTF.

- Appropriate an additional $1.25 million General Fund to the Authority for FY 2017-18 and FY 2018-19.

By replacing the 25.0 percent transfer of interest from the UPTPTF to the SFCF with a General Fund appropriation, the Committee gains the ability to cap state subsidies to the Authority. This will allow the Committee and the General Assembly greater control over the proportion of revenue the Authority receives from the state. Over time that proportion will be reduced resulting in the Authority qualifying as an enterprise under Section 24-77-102 (7), C.R.S., assuming the Authority takes the necessary steps to generate more operating revenue.

The following table shows the impact of these recommendations on the Authority's cash flow using the three projection models developed by staff.

Table 17: Impact of Staff Recommendations on Authority Cash Flow Assuming Staff Projection Models

Projection Model	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Alternative 1 (Table 14)				
Projected net income/(loss) before depreciation	$174,717	$943,687	$331,742	($1,591,829)
Cash surplus/deficit	$174,717	$1,118,404	$1,450,146	($141,682)
Alternative 2 (Table 15)				
Projected net income/(loss) before depreciation	$302,747	$1,463,628	$1,256,915	($207,644)
Cash surplus/deficit	$302,747	$1,766,374	$3,023,289	$2,815,646
Alternative 3 Table (16)				
Projected net income/(loss) before depreciation	$197,140	$1,356,648	$1,148,544	($317,423)
Cash surplus/deficit	$197,140	$1,553,788	$2,702,332	$2,384,909

The following two tables detail the impact of these recommendations on the Authority's appropriations for FY 2016-17 through FY 2019-20 and the offset impact on the General Fund of staff's recommendations.

Table 18: Impact of Recommendations on Colorado State Fair Authority's Long Bill Appropriations

	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2016-17 (current fiscal year)	$9,961,848	$1,000,000	$8,961,848	$0	$0
FY 2017-18	11,287,648	3,500,000	7,787,648	0	0
FY 2018-19	11,287,648	3,500,000	7,787,648	0	0
FY 2019-20	$10,037,648	$2,250,000	$7,787,648	$0	$0

Table 19 uses the Authority's projections of the amount of interest transferred from the UPTPTF.

Table 19: Offset to General Fund from Proposed Statutory Change

	Estimated 25.0 % of interest earned by UPTPTF
FY 2016-17	$0
FY 2017-18	1,174,200
FY 2018-19	1,209,426
FY 2019-20	$1,245,709

Appendix A: Number Pages

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
DEPARTMENT OF AGRICULTURE **Don Brown, Commissioner**					
(1) COMMISSIONER'S OFFICE AND ADMINISTRATIVE SERVICES This division provides administrative and technical support for department divisions and programs, including accounting budgeting, and human resources. cash funds are from various fees and the reappropriated funds are from departmental and statewide indirect cost recoveries. Federal funds are from federal grants for agricultural purposes.					
Personal Services	1,327,834	1,574,232	1,635,471	1,639,274	
FTE	16.7	15.6	16.7	16.7	
General Fund	222,447	298,224	337,186	340,989	
Cash Funds	424	0	8,165	8,165	
Reappropriated Funds	993,609	1,161,370	1,173,627	1,173,627	
Federal Funds	111,354	114,638	116,493	116,493	
Health, Life, and Dental	2,013,527	2,178,910	2,242,232	2,424,379 [a]	
General Fund	726,809	712,713	889,679	579,685	
Cash Funds	1,236,999	1,373,343	1,325,131	1,829,744	
Federal Funds	49,719	92,854	27,422	14,950	
Short-term Disability	34,576	35,488	29,524	28,756 [a]	
General Fund	13,367	13,883	10,525	8,658	
Cash Funds	19,386	19,694	17,703	19,819	
Federal Funds	1,823	1,911	1,296	279	
S.B. 04-257 Amortization Equalization Disbursement	690,983	709,705	938,839	801,132 [a]	
General Fund	267,267	277,853	334,750	241,205	
Cash Funds	387,344	393,626	562,886	552,156	
Federal Funds	36,372	38,226	41,203	7,771	

[a] Figures represent final appropriation for this line item, not actual expenditures.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
S.B. 06-235 Supplemental Amortization Equalization Disbursement	647,769	685,511	929,059	801,132 [a]	
General Fund	250,536	268,381	331,263	241,205	
Cash Funds	363,135	380,207	557,022	552,156	
Federal Funds	34,098	36,923	40,774	7,771	
Salary Survey	465,516	176,518	7,298	443,428	
General Fund	179,967	69,052	3,803	135,112	
Cash Funds	261,001	97,963	3,262	303,854	
Federal Funds	24,548	9,503	233	4,462	
Workers' Compensation	195,784	217,025	253,482	241,905	
General Fund	3,135	8,445	10,340	34,340	
Cash Funds	192,649	208,580	243,142	207,565	
Operating Expenses	1,052,008	867,896	242,932	242,932	
Reappropriated Funds	241,827	241,982	241,982	241,982	
Federal Funds	810,181	625,914	950	950	
Legal Services	386,325	509,427	788,248	822,970	
General Fund	71,804	106,872	149,982	158,662	
Cash Funds	299,521	387,555	623,086	649,128	
Federal Funds	15,000	15,000	15,180	15,180	
Administrative Law Judge Services	1,313	6,676	2,670	5,033	*
Cash Funds	1,313	6,676	2,670	5,033	

*This line item includes a decision item

[a] Figures represent final appropriation for this line item, not actual expenditures.

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Payment to Risk Management and Property Funds	156,601	155,570	174,536	189,192	
General Fund	24,870	24,767	28,883	82,539	
Cash Funds	131,731	130,803	145,653	106,653	
Vehicle Lease Payments	191,641	199,043	295,025	232,468	*
General Fund	48,093	118,893	122,707	99,714	
Cash Funds	116,131	62,934	168,700	129,136	
Federal Funds	27,417	17,216	3,618	3,618	
Information Technology Asset Maintenance	133,377	134,416	153,031	153,031	
General Fund	42,041	42,041	42,041	42,041	
Cash Funds	91,336	92,375	110,990	110,990	
Leased Space	13,914	13,914	13,914	18,101	
Cash Funds	13,914	13,914	13,914	18,101	
Office Consolidation COP	0	529,058	529,063	529,063	
FTE	0.0	0.0	0.0	0.0	
Cash Funds	0	529,058	529,063	529,063	
CORE Operations	87,268	76,354	102,499	98,064	
General Fund	10,196	7,250	7,854	7,854	
Cash Funds	68,622	60,331	82,629	78,194	
Federal Funds	8,450	8,773	12,016	12,016	
Payments to OIT	1,188,097	1,248,818	1,314,406	1,428,543	*
General Fund	860,680	950,293	1,000,185	1,048,134	
Cash Funds	327,417	298,525	314,221	380,409	

*This line item includes a decision item

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Utilities	161,939	161,939	161,939	161,939	
General Fund	50,000	50,000	50,000	50,000	
Reappropriated Funds	111,939	111,939	111,939	111,939	
Agricultural Statistics	14	0	15,000	15,000	
Cash Funds	14	0	15,000	15,000	
Agriculture Management Fund	2,904,611	1,271,892	2,048,914	2,048,914	
FTE	2.0	0.0	2.0	2.0	
Cash Funds	2,904,611	1,271,892	2,048,914	2,048,914	
Adult Agriculture Leadership Grant Program	0	112,179	300,000	300,000	
General Fund	0	0	0	0	
Cash Funds	0	112,179	300,000	300,000	
Indirect Cost Assessment	203,114	179,178	199,148	199,148	
Cash Funds	197,014	173,078	193,121	193,121	
Federal Funds	6,100	6,100	6,027	6,027	
Merit Pay	149,768	172,276	0	0	
General Fund	77,582	73,028	0	0	
Cash Funds	63,924	89,587	0	0	
Federal Funds	8,262	9,661	0	0	
TOTAL - (1) Commissioner's Office and Administrative Services	12,005,979	11,216,025	12,377,230	12,824,404	3.6%
FTE	18.7	15.6	18.7	18.7	0.0%
General Fund	2,848,794	3,021,695	3,319,198	3,070,138	(7.5%)
Cash Funds	6,676,486	5,702,320	7,265,272	8,037,201	10.6%
Reappropriated Funds	1,347,375	1,515,291	1,527,548	1,527,548	0.0%
Federal Funds	1,133,324	976,719	265,212	189,517	(28.5%)

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
(2) AGRICULTURAL SERVICES					
The section is divided into four distinct divisions: (1) Animal Industry Division; (2) Plant Industry; (3) Inspection and Consumer Services DIvision; and (4) Conservation Services Division.					
Animal Industry Division	1,938,201	2,956,154	2,731,642	2,731,642	
FTE	25.5	30.6	26.5	26.5	
General Fund	1,489,046	1,553,164	1,593,902	1,593,902	
Cash Funds	573,643	884,442	960,480	960,480	
Federal Funds	(124,488)	518,548	177,260	177,260	
Vaccine and Service Fund	354,963	0	0	0	
FTE	1.0	0.0	0.0	0.0	
Cash Funds	354,963	0	0	0	
Plant Industry Division	3,152,635	339,683	5,283,978	5,283,978	
FTE	36.5	45.7	52.8	52.8	
General Fund	114,728	623,724	383,995	383,995	
Cash Funds	2,420,030	(284,041)	4,098,127	4,098,127	
Federal Funds	617,877	0	801,856	801,856	
Inspection and Consumer Services Division	3,335,511	3,716,078	3,763,050	3,763,050	
FTE	44.6	43.3	45.6	45.6	
General Fund	924,023	1,172,297	1,189,027	1,189,027	
Cash Funds	2,232,231	2,077,766	2,159,180	2,159,180	
Reappropriated Funds	55,853	92,388	99,000	99,000	
Federal Funds	123,404	373,627	315,843	315,843	
Appropriation to the Noxious Weed Management Fund	0	210,000	700,000	700,000	
General Fund	0	210,000	700,000	700,000	

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
Conservation Services Division	2,665,057	2,951,574	2,823,509	2,823,509	
FTE	15.3	17.9	15.3	15.3	
General Fund	1,007,379	893,877	670,961	670,961	
Cash Funds	843,026	613,229	626,244	626,244	
Reappropriated Funds	0	42,200	700,000	700,000	
Federal Funds	814,652	1,402,268	826,304	826,304	
Lease Purchase Lab Equipment	0	0	99,360	99,360	
General Fund	0	0	0	0	
Cash Funds	0	0	99,360	99,360	
Indirect Cost Assessment	763,900	807,244	947,558	947,558	
Cash Funds	618,733	645,512	658,531	728,531	
Federal Funds	145,167	161,732	289,027	219,027	
TOTAL - (2) Agricultural Services	12,210,267	10,980,733	16,349,097	16,349,097	0.0%
FTE	122.9	137.5	140.2	140.2	(0.0%)
General Fund	3,535,176	4,453,062	4,537,885	4,537,885	0.0%
Cash Funds	7,042,626	3,936,908	8,601,922	8,671,922	0.8%
Reappropriated Funds	55,853	134,588	799,000	799,000	0.0%
Federal Funds	1,576,612	2,456,175	2,410,290	2,340,290	(2.9%)

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
(3) AGRICULTURAL MARKETS DIVISION					
This division provides marketing assistance and related support to Colorado agricultural-based businesses competing in local, national, and international arenas. The reappropriated funds are from a transfer from the Economic Development Commission, in the Office of the Governor.					
(A) Agricultural Markets					
Program Costs	209,100	467,568	1,474,246	1,474,246	
FTE	5.4	8.6	5.4	5.4	
General Fund	469,145	489,378	499,841	499,841	
Cash Funds	26,284	9,899	50,454	50,454	
Federal Funds	(286,329)	(31,709)	923,951	923,951	
Economic Development Grants	0	27,880	45,000	45,000	
Reappropriated Funds	0	27,880	45,000	45,000	
Agricultural Development Board	108,846	117,085	500,000	500,000	
FTE	0.0	1.0	0.0	0.0	
Cash Funds	108,846	117,085	500,000	500,000	
Wine Promotion Board	779,107	812,783	574,246	574,246	
FTE	1.5	1.5	1.5	1.5	
Cash Funds	779,107	812,783	574,246	574,246	
Indirect Cost Assessment	11,548	21,275	14,081	14,081	
Cash Funds	10,000	10,000	9,862	9,862	
Federal Funds	1,548	11,275	4,219	4,219	
SUBTOTAL - (A) Agricultural Markets	1,108,601	1,446,591	2,607,573	2,607,573	0.0%
FTE	6.9	11.1	6.9	6.9	0.0%
General Fund	469,145	489,378	499,841	499,841	0.0%
Cash Funds	924,237	949,767	1,134,562	1,134,562	0.0%
Reappropriated Funds	0	27,880	45,000	45,000	0.0%
Federal Funds	(284,781)	(20,434)	928,170	928,170	0.0%

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
(B) Agricultural Products Inspection					
Program Costs	2,097,139	2,142,211	2,167,056	2,169,231	
FTE	34.5	25.7	34.5	34.5	
General Fund	200,000	200,000	200,000	200,000	
Cash Funds	1,897,139	1,942,211	1,967,056	1,969,231	
Indirect Cost Assessment	93,895	93,890	92,599	92,599	
Cash Funds	93,895	93,890	92,599	92,599	
SUBTOTAL - (B) Agricultural Products Inspection	2,191,034	2,236,101	2,259,655	2,261,830	0.1%
FTE	34.5	25.7	34.5	34.5	0.0%
General Fund	200,000	200,000	200,000	200,000	0.0%
Cash Funds	1,991,034	2,036,101	2,059,655	2,061,830	0.1%
TOTAL - (3) Agricultural Markets Division	3,299,635	3,682,692	4,867,228	4,869,403	0.0%
FTE	41.4	36.8	41.4	41.4	(0.0%)
General Fund	669,145	689,378	699,841	699,841	0.0%
Cash Funds	2,915,271	2,985,868	3,194,217	3,196,392	0.1%
Reappropriated Funds	0	27,880	45,000	45,000	0.0%
Federal Funds	(284,781)	(20,434)	928,170	928,170	0.0%

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
(4) BRAND BOARD					
The Brand Board is responsible for inspecting cattle, horse, and alternative livestock brands to verify ownership at the time of sale, transport, or slaughter, and constitutes an enterprise for the purposes of Section 20 of Article X of the Colorado Constitution.					
Brand Inspection	4,061,812	4,032,313	4,081,414	4,082,501	
FTE	59.0	59.9	59.0	59.0	
Cash Funds	4,061,812	4,032,313	4,081,414	4,082,501	
Alternative Livestock	15,019	13,525	15,000	15,000	
Cash Funds	15,019	13,525	15,000	15,000	
Brand Estray Fund	0	0	40,000	40,000	
General Fund	0	0	0	0	
Cash Funds	0	0	40,000	40,000	
Indirect Cost Assessment	164,684	155,557	162,457	162,457	
Cash Funds	164,684	155,557	162,457	162,457	
TOTAL - (4) Brand Board	4,241,515	4,201,395	4,298,871	4,299,958	0.0%
FTE	59.0	59.9	59.0	59.0	0.0%
General Fund	0	0	0	0	0.0%
Cash Funds	4,241,515	4,201,395	4,298,871	4,299,958	0.0%

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
(5) COLORADO STATE FAIR					
This division administers the State Fair under the guidance of the State Fair Authority. Cash funds are from the fees collected by the State Fair during its 11-day event, and from non-fair events held at the State Fairgrounds in Pueblo, Colorado.					
Program Costs	8,664,640	8,481,446	9,000,143	9,000,143	
FTE	26.9	22.4	26.9	26.9	
General Fund	0	300,000	450,000	450,000	
Cash Funds	8,664,640	8,181,446	8,550,143	8,550,143	
FFA and 4H Funding	237,800	800,000	550,000	550,000	
General Fund	237,800	250,000	250,000	250,000	
Cash Funds	0	550,000	300,000	300,000	
Indirect Cost Assessment	113,269	105,681	111,705	111,705	
Cash Funds	113,269	105,681	111,705	111,705	
State Fair Facilities Maintenance	0	0	300,000	300,000	
FTE	0.0	0.0	0.0	0.0	
General Fund	0	0	300,000	300,000	
State Fair Financial Stability Study	0	50,000	0	0	
General Fund	0	50,000	0	0	
TOTAL - (5) Colorado State Fair	9,015,709	9,437,127	9,961,848	9,961,848	0.0%
FTE	26.9	22.4	26.9	26.9	0.0%
General Fund	237,800	600,000	1,000,000	1,000,000	0.0%
Cash Funds	8,777,909	8,837,127	8,961,848	8,961,848	0.0%

	FY 2014-15 Actual	FY 2015-16 Actual	FY 2016-17 Appropriation	FY 2017-18 Request	Request vs. Appropriation
(6) CONSERVATION BOARD					
This division works to preserve Colorado's natural resources including reducing soil erosion and flood damage, as well as protecting underground water reserves.					
Program Costs	417,275	474,995	487,388	487,388	
FTE	5.2	5.2	5.2	5.2	
General Fund	417,275	474,995	487,388	487,388	
Distribution to Soil Conservation Districts	391,496	483,767	483,767	483,767	
General Fund	391,496	483,767	483,767	483,767	
Matching Grants to Districts	605,801	668,900	675,000	675,000	
General Fund	225,000	225,000	225,000	225,000	
Cash Funds	380,801	443,900	450,000	450,000	
Salinity Control Grants	1,550,034	568,256	506,781	506,781	
FTE	0.0	1.5	0.0	0.0	
Federal Funds	1,550,034	568,256	506,781	506,781	
TOTAL - (6) Conservation Board	2,964,606	2,195,918	2,152,936	2,152,936	0.0%
FTE	5.2	6.7	5.2	5.2	0.0%
General Fund	1,033,771	1,183,762	1,196,155	1,196,155	0.0%
Cash Funds	380,801	443,900	450,000	450,000	0.0%
Federal Funds	1,550,034	568,256	506,781	506,781	0.0%
TOTAL - Department of Agriculture	43,737,711	41,713,890	50,007,210	50,457,646	0.9%
FTE	274.1	278.9	291.4	291.4	(0.0%)
General Fund	8,324,686	9,947,897	10,753,079	10,504,019	(2.3%)
Cash Funds	30,034,608	26,107,518	32,772,130	33,617,321	2.6%
Reappropriated Funds	1,403,228	1,677,759	2,371,548	2,371,548	0.0%
Federal Funds	3,975,189	3,980,716	4,110,453	3,964,758	(3.5%)

APPENDIX B
RECENT LEGISLATION AFFECTING DEPARTMENT BUDGET

2015 SESSION BILLS

S.B. 15-196 (INDUSTRIAL HEMP CERTIFIED SEEDS CONCENTRATION TEST): Provides the Department with $249,763 cash funds and 2.0 FTE to expand the Industrial Hemp Committee from 9 to 11 members and requires the Department to administer an industrial hemp certified seed program. The Department may import seeds to develop the certified seed program in accordance with state and federal laws.

S.B. 15-234 (LONG BILL): General appropriations act for FY 2015-16.

H.B. 15-1367 (RETAIL MARIJUANA TAXES): Refers a ballot issue to voters in November 2015, asking whether the State may retain and spend revenue collected from the Proposition AA excise and special sales taxes on retail marijuana in FY 2014-15. Creates a $58.0 million Proposition AA Refund Account (Refund Account) in the General Fund. Contingent on voter approval of the ballot issue, the act makes several appropriations to the Department of Agriculture for FY 2015-16, as detailed in the following table.

APPROPRIATIONS TO DEPARTMENT OF AGRICULTURE THAT ARE CONTINGENT ON VOTER APPROVAL

DIVISION AND LINE ITEM	FUND SOURCE	DOLLAR AMOUNT
Commissioner's Office and Administrative Services		
Legal Services	CF - Marijuana Tax Cash Fund	$24,703
Agriculture Services		
Plant Industry Division	CF - Marijuana Tax Cash Fund	289,930
Colorado State Fair		
FFA and 4H Funding	CF - Proposition AA Refund Account	300,000
TOTAL		**$614,633**

Independent of whether the voters approve the ballot issue, the act appropriates $314,633 from the Marijuana Tax Cash Fund and 4.3 FTE to the Department in FY 2015-16 for the regulation of pesticide application to marijuana crops. For additional information, see the "Recent Legislation" section at the end of the Department of Revenue.

2016 SESSION BILLS

S.B. 16-015 (RULES FOR ALLOWED MARIJUANA PESTICIDES): Requires the Department to promulgate rules to designate criteria that identify pesticides that may be used in the cultivation of retail marijuana. The Department is required to publish a list of pesticides that meet the criteria on its website.

S.B. 16-058 (CO FARM TO CONSUMER SALES): Modifies the "Colorado Cottage Foods Act," which allows homemade food producers to sell certain food products directly to consumers. The bill eliminates the tiered system and the State Board of Health's authority to make rules governing the

production of tier two foods, which currently consist of pickled vegetables. At the same time, the bill expands the type of foods that may be sold by producers under the Cottage Foods Act to include other non-potentially hazardous foods and encourages, rather than mandates, a producer to take a food safety course. The bill also expands the provisions of the Custom Processing of Meat Animals Act, which regulates the slaughter and processing of certain animals for human consumption, to include the processing of poultry, and exempts producers who raise and slaughter up to 1,000 poultry each calendar year from the provisions of the act. The bill appropriates $3,800 cash funds to the Division of Inspections and Consumer Services and $3,800 reappropriated funds to the Department of Law for the provision of legal services.

H.B. 16-1163 (APPROPRIATIONS FROM NOXIOUS WEED MANAGEMENT FUND): Specifies that all state money in the Noxious Weed Management Fund are subject to annual appropriations and that any unexpended and unencumbered money from an appropriation from the fund remain available for expenditure by the Department in the next fiscal year without further appropriation.

H.B. 16-1194 (INCOME TAX DEDUCTION FOR LEASING OUT AG ASSET): Creates an income tax deduction for taxpayers that lease an agricultural asset, defined as land, crops, livestock, livestock facilities, farm equipment, grain storage, or irrigation equipment, to a beginning farmer or rancher satisfying certain qualifications. The deduction is available for tax years 2017 through 2019 and is equal to 20 percent of the lease payment received from the beginning farmer or rancher for a lease of agricultural assets with a term of at least three years. Deductions are capped at $25,000 per taxpayer per tax year.

H.B. 16-1237 (SUPPLEMENTAL BILL): Supplemental appropriation to the Department to modify FY 2015-16 appropriations included in the FY 2015-16 Long Bill (S.B. 15-234).

H.B. 16-1405 (LONG BILL): General appropriations act for FY 2016-17.

H.B. 16-1460 (DOA AUTHORITY TO SELL & BUY PROP FOR CONSOLIDATION): Gives the Department of Agriculture, in consultation with the Office of the State Architect within the Department of Personnel, the authority to sell and acquire real property specified in the bill. The bill directs the proceeds from the sale of the real property to be deposited in the Agriculture Management Fund and allows the proceeds to be spent for expenses related to the Department's ongoing office consolidation.

APPENDIX C
FOOTNOTES AND INFORMATION REQUESTS

UPDATE ON LONG BILL FOOTNOTES

1 Department of Agriculture, Agricultural Services, Plant Industry Division - It is the intent of the General Assembly that the portion of this appropriation used by the Division to support the 13.3 FTE for the inspection and enforcement of pesticide use on marijuana and industrial hemp crops not be continued for any fiscal year after FY 2017-18, unless justification for the continued need is provided by the Department through a formal request.

COMMENT: Staff anticipates the Department will provide justification for the continued need of this appropriation during the FY 2018-19 budget cycle.

UPDATE ON REQUESTS FOR INFORMATION

1 Department of Agriculture, Colorado State Fair, Program Costs – The Department is requested to provide on November 1, 2016, a strategic business plan for the Colorado State Fair Authority. The plan should include specific actions and a schedule for those actions that the Authority plans to implement in response to the Colorado State Fair Facility Management Consulting Study that was delivered to the Authority on March 1, 2016. The plan should also include: potential decisions the General Assembly should consider and a time frame in which those decisions should be made; an updated mission statement for the Authority; a staffing plan; a rental fee increase plan for the Colorado State Fairgrounds; and any actions already implemented by the Authority.

COMMENT: The Department provided JBC Staff with a Strategic Business Plan for the Colorado State Fair Authority. The Plan is attached to this document as Appendix E.

2 Department of Agriculture, Colorado State Fair, State Fair Facilities Maintenance – The Department is requested to provide on November 1, 2016, a report on facility maintenance projects for the Colorado State Fairgrounds. The report should include the following for each facility with planned maintenance: facility name; the type and nature of maintenance; the anticipated cost of the maintenance; the expenditures to-date on the maintenance; and the anticipated completion date.

COMMENT: The Department provided JBC Staff with a Strategic Business Plan for the Colorado State Fair Authority. The Plan is attached to this document as Appendix E.

APPENDIX D
DEPARTMENT ANNUAL PERFORMANCE REPORT

Pursuant to Section 2-7-205 (1) (a) (I), C.R.S., the Office of State Planning and Budgeting is required to publish an Annual Performance Report for the Department of Agriculture by November 1 of each year. This report is to include a summary of the Department's performance plan and most recent performance evaluation. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2015-16 report dated October 2016 can be found at the following link:

https://drive.google.com/file/d/0B8ztIiGduUWbRWNWSEkxbEJ5Skk/view

Pursuant to Section 2-7-204 (3) (a) (I), C.R.S., the Department of Agriculture is required to develop a performance plan and submit that plan to the Joint Budget Committee and appropriate Joint Committee of Reference by July 1 of each year. For consideration by the Joint Budget Committee in prioritizing the Department's budget request, the FY 2016-17 plan dated July 1, 2016 can be found at the following link:

https://drive.google.com/file/d/0B-yDiMcBmTmhTUFQM1NqdmxEQjg/view

COLORADO
Department of Agriculture

November 1, 2016

Millie Hamner, Chair
Joint Budget Committee
200 East 14th Avenue, 3rd Floor
Denver, CO 80203

Dear Representative Hamner:

The Department of Agriculture has submitted the enclosed Strategic Business Plan in response to the Joint Budget Committee's Request for Information #1 and #2.

Department of Agriculture, Colorado State Fair, Program Costs - The Department is requested to provide on November 1, 2016, a strategic business plan for the Colorado State Fair Authority. The plan should include specific actions and a schedule for those actions that the Authority plans to implement in response to the Colorado State Fair Facility Management Consulting Study that was delivered to the Authority on March 1, 2016. The plan should also include: potential decisions the General Assembly should consider and a time frame in which those decisions should be made; an updated mission statement for the Authority; a staffing plan; a rental fee increase plan for the Colorado State Fairgrounds; and any actions already implemented by the Authority.

Department of Agriculture, Colorado State Fair, State Fair Facilities Maintenance - The Department is requested to provide on November 1, 2016, a report on facility maintenance projects for the Colorado State Fairgrounds. The report should include the following for each facility with planned maintenance: facility name; the type and nature of maintenance; the anticipated cost of the maintenance; the expenditures to-date on the maintenance; and the anticipated completion date.

Please let me know if you have any questions, or need any additional information.

Sincerely,

Don Brown, Commissioner

305 Interlocken Parkway, Broomfield, CO 80021 P 303.869.9000 F 303.466.2867
www.colorado.gov/ag

STRATEGIC BUSINESS PLAN

Colorado State Fair

TABLE OF CONTENTS

COLORADO STATE FAIR 4
Introduction 4
History of the Colorado State Fair 4
Organizational Structure of the Colorado State Fair 4
Management Consulting Study 4
Highest Priority Goals 5
Strategies 6
Goal One, Fiscal Stability 6
Goal Two, Facility Upgrades 7
Goal Three, Organizational Rebranding Campaign 8
Goal Four, Team Satisfaction 9
Relationships 9
General Assembly Considerations 10
Colorado State Fair Organizational Chart 11
Colorado State Fair Rental Rates 12
Colorado State Fair Budget 13
Colorado State Fair Building Inventory 14
Colorado State Fair Building Inventory Key 15
Colorado State Fair Building Inventory Key 16

COLORADO STATE FAIR

Introduction

History of the Colorado State Fair:
Colorado became a state in 1876 and before the Colorado flag flew high, the State Fair was already earning its place in history. In 1869, approximately 2,000 people converged on what is now Pueblo for a horse exhibition; and from that meagre beginning was born the Colorado State Fair.

The Fair continues to call Pueblo home, and in fact, has only cancelled once during its entire history. In 1917, during World War I, the Fairgrounds' horse stables and open space offered an ideal training facility for the Army National Guard.

Since then, the Colorado State Fair has developed into the largest summer event in the State and offers families a fun, educational summer vacation, while serving as a year-round event venue for Southern Colorado.

Organizational Structure of the Colorado State Fair:
The State Fair is led by the General Manager, who currently oversees 9 department heads, and 14 support staff. The State Fair staff organizational structure is identified in the attached Organizational Chart, see page 10.

As a Division of the Colorado Department of Agriculture, the Division is overseen by the Commissioner of Agriculture, Deputy Commissioner, Chief Administrative Officer and ultimately the Governor of Colorado.

The Colorado State Fair Board of Authority, an 11-member board consisting of members who represent all regions of the State of Colorado, serves in an advisory capacity. Two members of the Authority shall represent and reside in the county in which the State Fair is held, and of the remaining nine, at least one shall be a resident of each of the congressional districts of the state and at least two shall be residents of the Western Slope. Of the board, one member must be a certified public accountant, one member must have current management-level banking experience or expertise in finance and one member must have agriculture or 4-H club experience. The Board of Authority meets the last Wednesday of each month.

Management Consulting Study:
In FY 2015-16 the Colorado State Fair received $50,000 in funding to obtain a Facility Management Consulting Study to assess the operating structure of the Colorado State Fair. A copy of the study is included in Appendix A.

Johnson Consulting, Inc. was retained by the Colorado State Fair to provide an independent review and assessment of management and performance of the Colorado State Fairgrounds located in Pueblo, CO. The 102 acre site is owned by the State of Colorado and operated by the Colorado State Fair Authority, a Division of the Colorado Department of Agriculture. The State Fair is tasked with producing the annual 11-day Colorado State Fair that annually attracts nearly 500,000 visitors, and is also responsible for the year-round operations of the Fairgrounds with an approximately $9.0 million budget.

The Management Consulting Study states in its Executive Summary, page 4, “the Colorado State

Fairgrounds is an important asset and historical facility that should be cherished and responsibly maintained. The State of Colorado and its citizens are fortunate to have this facility where they can continue to celebrate the state's western, agricultural and animal heritage. However, the Colorado State Fair has experienced deficiencies in certain areas and as a result, the Fairgrounds have not been operating optimally."

In several instances the Facility Management Consulting Study refers to the Colorado State Fair as the only entity in the study's peer set that does not have a clearly defined mission statement, defined goals, or a dedicated source of funding. The Colorado State Fair is also identified as having the third lowest number of staff with facilities that are older and have not received the necessary maintenance and enhancements to keep the facility competitive. The Facility Management Consulting Study acknowledges Colorado State Fair as having the lowest rental rates and least building rental revenue across the peer set (page 5).

The Facility Management Consulting Study identifies multiple projections, one acknowledging the level of differed maintenance that needs to be addressed by a capital improvement plan and higher ongoing maintenance expense. The study also acknowledges with the historic nature of the buildings, maintenance and upkeep comes at a higher cost. The study further states that it is not reasonable for the normal operations of the Colorado State Fairgrounds to produce enough revenue to keep its historic buildings even in fair to average condition. Johnson Consulting, Inc. acknowledges earned revenue, even with the suggested improvements, cannot be expected to cover cost of an effective operation. Johnson Consulting, Inc. therefore recommends increasing venue rental rates and furthermore recommends identifying a dedicated funding source that will annually appropriate funds to maintain these historic assets (page 7).

Our Mission

As a result of the Management Consulting Study, the Colorado State Fair Board of Authority developed and approved the following Mission Statement.

The Colorado State Fair's Mission Statement is to "create an entertaining, inspiring and educational inter-generational experience highlighting the preservation, promotion and exposition of our state's vibrant and diverse agriculture, industry and culture."

Highest Priority Goals

The Colorado State Fair has identified strategic goals to progressively take the Division to its next level of performance.

- **Goal One**

  Fiscal Stability: transition from a $1.5 million annual loan to no loan to allow funding for facility maintenance and improvements, program development, and fulfilled staffing levels by 2022.

- **Goal Two**

  Facility Upgrades: invest at least $300,000 annually in the infrastructure to transition the facility to a pristine and desirable venue for private and public events in Southern Colorado.

- **Goal Three**

Organizational Rebranding Campaign: rebrand the Fairgrounds as a year-round multi-use facility, transition our identity from the "State Fair" to identifying as a year-round event venue by our 150th anniversary in 2022, for Southern Colorado and the collection of State Fair Facility users.

- **Goal Four**

Team Satisfaction: strengthen team dynamics with the notion of employee satisfaction, through the consolidation of workspaces in a renovated, modern, clean, ergonomic, collaborative, energetic, creative work environment, with all team members under one roof, by 2022.

Strategies

The strategies below identify performance objectives for the outlined priority goals.

Goal One, Fiscal Stability:
Transition from a $1.5 million annual loan to no loan to allow funding for facility maintenance and improvements, program development, and fulfilled staffing levels by 2022.

To achieve fiscal stability by 2022, the Colorado State Fair is performing comprehensive analysis of its operations. Success will prevail through difficult, yet strategic, management decisions. Staff will be tasked with evaluating budgets, identifying areas of excess, and asked to reduce spending where possible. Revenues will be evaluated, operational strategy will be refined. A budget projection is included on page 12.

The Colorado State Fair is in the process of evaluating revenues, including the increase of rental rates for year-round facility rentals, rental rates of Fair-time commercial space, and recovery of hard costs incurred from rentals. Included on page 11 are rental rate increases that will be implemented January 1, 2017. Rates will be incrementally increased over time, to bring the facility more consistent with comparable venues in the region to an appropriate rate for the scope and condition of our venue. Rates implemented in 2017 will bring State Fair rates closer to regional averages, as rental rates at the State Fair have not been increased since approximately 2010. While elevated rental revenue figures are anticipated in 2107, it is imperative to be mindful that increased rates do not guarantee increased revenue without the retention of the same quantity and scope of users.

Though rental rate increases are anticipated to substantiate elevated rental revenue, there is a slight caveat with the increase of rental rates. Rate increases should be justified by the value of the rental asset. While increases will be implemented in 2017 to bring State Fairs' current rate structure more consistent with regional averages, significantly increasing rental rates may prove counterproductive, especially in the retention of existing clients, with no perceived value increase in the tangible asset to justify the rise. With continual investments in the maintenance of the facility, rental rates can progressively be increased and adjusted accordingly.

Another consideration when aiming for fiscal stability is analysing how the Colorado State Fair can leverage current funds in new ways; looking for a renewed operational approach. Leveraging existing funds and potential revenue streams will be reviewed by our sponsorship team, and will be considered when working in collaboration with the Colorado State Fair Foundation.

Staffing Plan:
As fiscal stability is achieved, the Colorado State Fair intends to expand staffing levels to include a facility sales department with a Director of Sales/Marketing and Sales team member; one additional accounting team member; and additional general labor staff and project manager in the maintenance department. See page 10 for proposed organizational chart.

Schedule of Action:
The Colorado State Fair has evaluated and projected anticipated fiscal estimates through FY 2019-2020, included on page 12.

- FY 2017-2019 – focus on reducing fiscal deficit
- FY 2017-2017 – increase facility rental rates, see page 11
- FY 2017-2022 – hire additional staff
- FY 2019-2020 – anticipate positive cash flow
- FY 2020-2021 – continued positive cash flow

Already Implemented:

- FY 2015-2016 – updated the facility donation policy to include a payment for hard costs (utilities, staff) when facilities are being donated to various not-for-profit, charitable or partner organizations, through the charge of utility fees. Previously, these costs had not been recovered.
- FY 2015-2016 – evaluated rental fee structure, determined rate increases for 2017

Goal Two, Facility Upgrades:
Invest at least $300,000 annually in the infrastructure to transition the facility to a pristine and desirable venue for private and public events in Southern Colorado.

Facility upgrades will be accomplished through the utilization of an anticipated Facility Audit, scheduled to be performed in early 2017. The Facility Audit will be a comprehensive evaluation of the state assets, determining the level of infrastructure improvements needed, maintenance issues, potential new construction, renovation and equipment status for today's immediate needs and tomorrow's future plans. The report will be a guiding tool to direct our efforts to achieve an overall improved venue and manage the physical resources necessary to optimally operate our programs.

The ultimate goal is to procure a Facility Audit that will identify each venue on the facility, the type and nature of maintenance needed, and the anticipated cost of the maintenance. From there the Colorado State Fair will identify work flow based on need and anticipated completion dates.

The physical environment plays an important role for any program; environment is directly related to the success of the programs that are within it. Utilization of this Facility Audit tool will allow the Colorado State Fair to review, evaluate and address accessibility needs, customer safety and comfort, attractiveness of real estate, cleanliness, effective use of the site and venue logistics to provide a clean, safe and functional facility to our users.

Reducing potential risk through facility improvements will decrease potential liability and claims. The reduction of claims with the improvements of safety and property integrity issues will allow for quantifying the success of safety based improvements. Success can also be quantified through frequency of use, increased rental revenues and customer satisfaction surveys, after improvements are made to the facility and the facility becomes a more desirable rental venue. Facility upgrades will also justify the increased rental rates, allowing the State Fair to capitalize on stronger cash flow within our standard operating procedure.

In our current fiscal year, the Colorado State Fair plans to utilize the $300,000 State Fair Facilities

Maintenance appropriation to address general improvements to the Auditorium and Dining Hall buildings, including structural improvements and infrastructure needs. Future maintenance appropriations will be utilized based on the results of the Facility Audit, barring any emergency or unforeseen expenses.

Schedule of Action:

- December 2016 – finalize for Facility Audit scope of work with the Office of the State Architect.
- February 2017 – Facility Audit finalized
- March 2017 – review Facility Audit, present to Board of Directors
- FY 2016-2017 - address general improvements to the Auditorium and Dining Hall buildings with $300,000 state Fair Facilities Maintenance appropriation.
- April 2017 and beyond – identify areas of most need per the Facility Audit, outline cost proposals, seek funding to implement the recommendations of the Facility Audit.
- FY 2017-18 – $300,000 State Fair Facilities Maintenance appropriation will be prioritized per the Facility Audit results and emergency/unforeseen needs.
- FY 2018-19 – $300,000 State Fair Facilities Maintenance appropriation will be prioritized per the Facility Audit results and emergency/unforeseen needs.
- FY 2019-20 – $300,000 State Fair Facilities Maintenance appropriation will be prioritized per the Facility Audit results and emergency/unforeseen needs.
- FY 2020-21 – $300,000 State Fair Facilities Maintenance appropriation will be prioritized per the Facility Audit results and emergency/unforeseen needs.
- FY 2021-22 – $300,000 State Fair Facilities Maintenance appropriation will be prioritized per the Facility Audit results and emergency/unforeseen needs.

Already Implemented:

- FY 2016-2017 - $150,000 in improvements have been made to the Livestock Pavilion
- FY 2016-2017 - $150,000 in improvements have been made to the Horse Show Area
- FY 2016-2017 – improvements have been made to the flooring VIP Building, through in-kind sponsorship
- FY 2016-2017 – continued considerations for 'Street Scape Improvements'. Pueblo County is funding the Fair with $500,000 for street scape improvements, focusing on the gates/points of entry. A design/consulting firm, Populous, was on site during the 2016 Fair to assess current structure, operations and future need.
- FY 2015-2016 – Fairgrounds dorms have been remodelled, funded by the State Fair Foundation

Goal Three, Organizational Rebranding Campaign:
Rebrand the Fairgrounds as a year-round multi-use facility, transition our identity from the "State Fair" to identifying as a year-round event venue by our 150th anniversary in 2022, for Southern Colorado and the collection of State Fair Facility users.

A vehicle to achieving long term success includes the concept of a rebranding campaign for the organization. Currently, the organization identifies as the "Colorado State Fair". While we ARE the Colorado State Fair, we also represent a state facility that operates 365 days per year through the venue management component of our operation.

Identifying as a year-round venue, home of the Colorado State Fair, will allow the organization to attract a broader spectrum of users. Creating awareness of year-round nature of our organization will create attractiveness to potential partners, such as promoters, sponsors, users, and guests, thus developing stronger revenue streams year round.

Part of the rebranding process will include the development of a Mission Statement for the annual operation; the newly developed Mission Statement for the Fair will be retained as the event's mission statement.

Schedule of Action:
- November 2016 – begin conversation at State Fair Board Retreat
- FY 2017-2018 – develop a rebranding concept and marketing plan
- FY 2018-2019 – execute the rebranding campaign when fully developed

Already Implemented:
- No reportable action to date

Goal Four, Team Satisfaction:
Strengthen team dynamics with the notion of employee satisfaction, through the consolidation of workspaces in a renovated, modern, clean, ergonomic, collaborative, energetic, creative work environment, all team members under one roof, by 2022.

There is strong desire to consolidate staff into a single administration office, to allow for more streamlined communication between departments, better collaboration, creative and analytical thinking, and a more unified team. Currently, the administrative staff is housed in 5 separate office spaces, 7 during the Fair season. While separate office space is necessary during the Fair, consolidating full time office space year-round will prove beneficial in both employee engagement and the reduction of utilities, products and services necessary to operate several separate office spaces. The renovation of an existing facility on site will seamlessly allow for this unifying and cost reducing transition. The identified venue will be sizeable enough to accommodate all admin team members, a board room, and meeting rooms, ultimately will improving employee satisfaction with more comfortable, desirable and economic office environment while reducing administrative cost. Success will be measured through the completion of the office consolidation effort, and measured through the biennial employee engagement survey.

Schedule of Action:
- January 2017 - utilize existing design planned for Palace of Agriculture, second floor. Remove elevator from existing plan, review project and adapt to fit the Colorado Building footprint.
- FY 2017-18 – review employee engagement survey results, target a 2% increase in favourable responses.
- FY 2018-2019 - review and adjust design as necessary to accommodate future staffing levels, for anticipated increased staffing.
- FY 2018-2020 – secure funding for office renovation and consolidation
- FY 2019-20 – review employee engagement survey results, target a 2% increase in favourable responses.
- FY 2020-2021 – construction and move into new office
- FY 2021-2022 – Occupy consolidated office space
- FY 2021-22 – review employee engagement survey results, target a 2% increase in favourable responses.

Already Implemented:
- Preliminary plans were drawn for previous remodel concept

Relationships

The Colorado State Fair is reliant on customer, stakeholder and beneficiary relationships. Business is dependent on the working relationships of our direct customers and stakeholders and directly impacts several beneficiaries.

Direct customers of the Colorado State Fair include: renters, attendees/patrons, vendors, promoters, sponsors, entertainers, 4-H and FFA members, and community participants.

Stakeholders of the Colorado State Fair include: vendors, promoters, sponsors, entertainers, 4-H and FFA members, other governments (City, County and State agencies), local schools, hotels and local businesses, the Department of Agriculture, the State Fair Board of Authority, the State Fair Foundation, various associations and foundations, and the community.

Beneficiaries of the Colorado State Fair include: other government agencies, Colorado's farmers and ranchers, vendors, the community and taxpayers and citizen of Colorado.

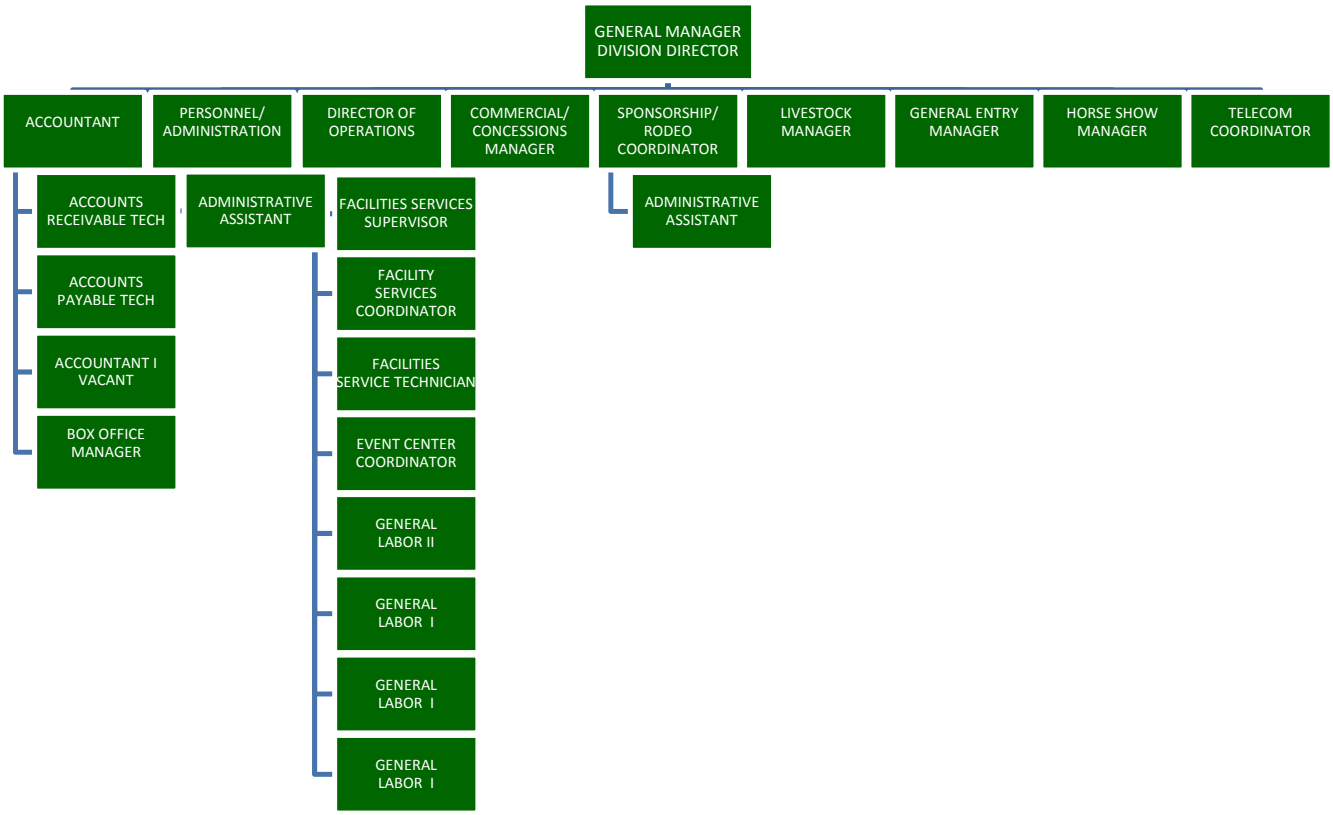
As a result of the implementation of improved facilities, increased staffing, and overall enhancements to the operation and organization, relationships with all direct customers, stakeholders and beneficiaries will strengthen. The organization will see an overall increase of productivity, will drive positive business to our partners, and will enhance the overall appeal of the Colorado State Fair.

General Assembly Considerations

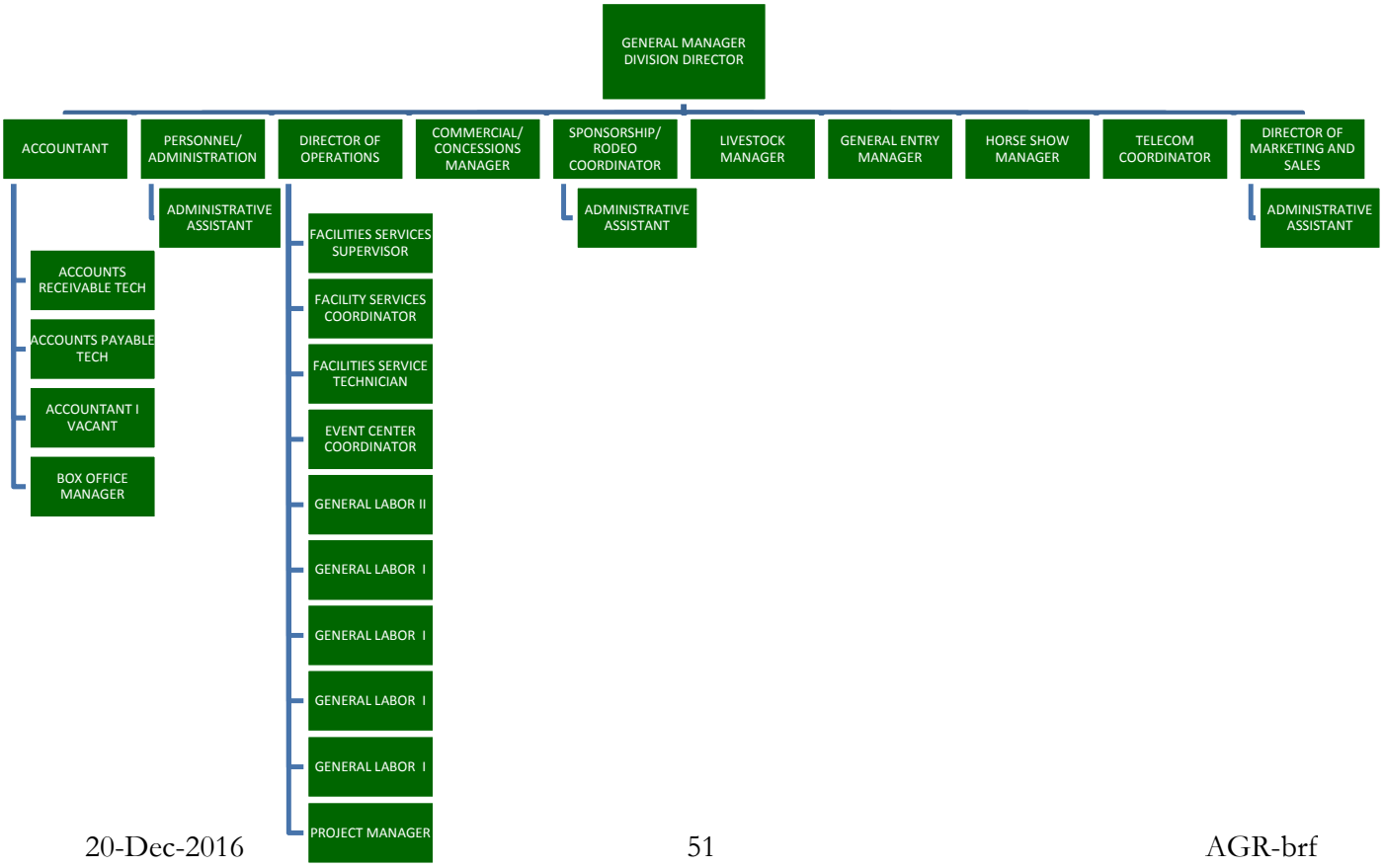
Management of the Colorado State Fair ask the General Assembly maintain at least current levels of funding through 2022. Based on the results of the Facility Audit, the Colorado State Fair may request the General Assembly to consider elevated levels of funding to accomplish necessary facility upgrades.

Colorado State Fair Organizational Chart

Current 2016



Proposed



Colorado State Fair Rental Rates

BUILDING	sq/ft USABLE SPACE	2016 RENTAL RATE	2017 RENTAL RATE
Ag Palace	42,220	$ 1,750	$ 2,300
Auditorium	5,400	$ 500	$ 550
Colorado Building	13,034	$ 750	$ 800
Colorado Room	2,312	$ 150	$ 150
Creative Arts	11,716	$ 900	$ 1,000
Cultural Heritage	2,185	$ 275	$ 275
Dining Hall	5,760	$ 600	$ 650
Events Center	60,000	$ 3,500	$ 3,500
Fine Arts Building	8,512	$ 600	$ 650
Grandstand	33,410	$ 1,750	$ 1,800
Livestock Pavilion	25,296	$ 750	$ 750
Weatherport Tent	14,540	$ 750	$ 775
Horse Show Facility		$ 900	$ 1,000
Horse Show Stalls - Per Night		$ 15	$ 20
Camping - Per Night		$ 25	$ 35

Colorado State Fair Budget

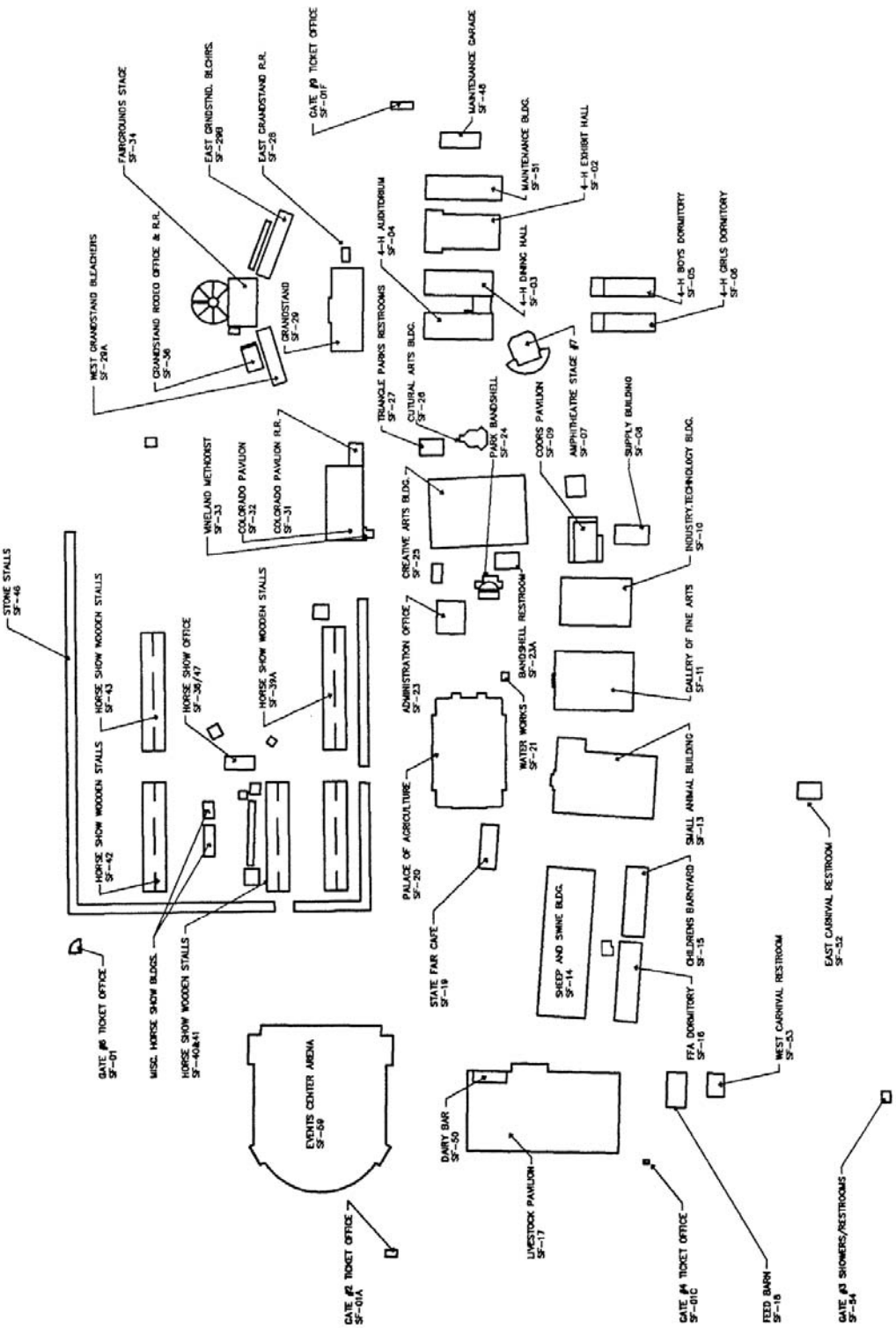
	Budget w/Funding FY 2016-2017	Projection FY 2017-2018	Projection FY 2018-2019	Projection FY 2019-2020
Revenues:				
Gate Admissions	$ 1,100,000	$ 1,133,000	$ 1,166,990	$ 1,202,000
Carnival	$ 725,000	$ 746,750	$ 769,153	$ 792,227
Concerts	$ 875,000	$ 901,250	$ 928,288	$ 956,136
Exhibitors	$ 850,000	$ 875,500	$ 901,765	$ 928,818
Commercial Space/Exhibitors	$ 1,210,000	$ 1,246,300	$ 1,283,689	$ 1,322,200
Commercial Sponsorships	$ 575,000	$ 592,250	$ 610,018	$ 628,318
Miscellaneous Sales	$ 115,000	$ 118,450	$ 122,004	$ 125,664
Unclaimed Property	$ 1,140,000	$ 1,174,200	$ 1,209,426	$ 1,245,709
Rentals	$ 700,000	$ 721,000	$ 742,630	$ 764,909
City of Pueblo	$ 125,000	$ 125,000	$ 125,000	$ 125,000
Pueblo County	$ 175,000	$ 175,000	$ 175,000	$ 175,000
FY17 Funding	$ 750,000	$ 750,000	$ 750,000	$ 750,000
4H/FFA Appropriation	$ 550,000	$ 550,000	$ 550,000	$ 550,000
Ag Management Contribution	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Estimated Cash Deficit				
Total Revenues	$ 9,390,000	$ 9,608,700	$ 9,833,961	$ 10,065,980
Personnel/Operating Expenses:				
Personnel Costs	$ 2,900,000	$ 2,929,000	$ 2,958,290	$ 2,987,873
Personnel Services	$ 1,900,000	$ 1,919,000	$ 1,938,190	$ 1,957,572
Advertising/Public Relations	$ 465,000	$ 469,650	$ 474,347	$ 479,090
Insurance	$ 4,300	$ 4,343	$ 4,386	$ 4,430
Legal	$ 20,000	$ 20,200	$ 20,402	$ 20,606
Maintenance & Repair	$ 400,000	$ 425,000	$ 450,000	$ 475,000
Postage	$ 26,000	$ 26,260	$ 26,523	$ 26,788
Premiums	$ 950,000	$ 959,500	$ 969,095	$ 978,786
Printing	$ 34,000	$ 35,020	$ 36,071	$ 37,153
Rental Expense	$ 180,000	$ 181,800	$ 183,618	$ 185,454
Supplies	$ 525,000	$ 530,250	$ 535,553	$ 540,908
Travel	$ 95,000	$ 97,850	$ 100,786	$ 103,809
Utilities	$ 975,000	$ 1,053,000	$ 1,137,240	$ 1,228,219
Other Operating Expense	$ 240,000	$ 242,400	$ 244,824	$ 247,272
Capital Lease - Principal	$ 50,618	$ 92,042	$ 99,439	$ 107,232
Capital Lease - Interest	$ 41,196	$ 37,963	$ 34,465	$ 30,689
Total Personnel/Operating Expense	$ 8,806,114	$ 9,023,278	$ 9,213,227	$ 9,410,881
Indirect Expenses:				
State Indirect Expense	$ 144,016	$ 145,456	$ 146,911	$ 148,380
Workers Compensation	$ 5,000	$ 5,050	$ 5,101	$ 5,152
Risk Management	$ 95,000	$ 95,950	$ 96,910	$ 97,879
Total Indirect Expenses	$ 244,016	$ 246,456	$ 248,921	$ 251,410
Total Expenses	$ 9,050,130	$ 9,269,734	$ 9,462,148	$ 9,662,291
Net Income/Loss	$ 339,870	$ 338,966	$ 371,813	$ 403,689
Cash Balance	$ (1,060,130)	$ (721,164)	$ (349,351)	$ 54,338
Depreciation*	$ (928,030)	$ (955,871)	$ (984,547)	$ (1,014,083)

*Not included in cash expenses

Colorado State Fair Building Inventory

Building Name	DOA #
Gate #6	SF-01
Gate #2	SF-01A
Gate #4	SF-01C
Gate #9	SF-01F
4-H Exposition Building	SF-02
4-H Dining Hall Building and Restroom	SF-03
4-H Auditorium Building	SF-04
Boy's Dorm	SF-05
Girl's Dorm	SF-06
Amphitheater	SF-07
Supply Building	SF-08
Coors Pavilion	SF-09
Industry Tech Building/ColoPalooza	SF-10
Fine Arts	SF-11
Small Animal Barn	SF-13
Sheep & Swine	SF-14
Children's Barn	SF-15
FFA Dorms	SF-16
Livestock Pavilion	SF-17
Feed Barn	SF-18
State Fair Cafe	SF-19
Palace of Agriculture	SF-20
Water Booth	SF-21
Administrative Office	SF-23
Bandshell Restrooms	SF-23A
Bandshell	SF-24
Creative Arts	SF-25
Cultural Arts Building/Southwestern Art	SF-26
Triangle Park Rest Room	SF-27
Grandstand Rest Room	SF-28
Grandstand	SF-29
West Grandstand	SF-29A
East Grandstand	SF-29B
Grandstand Ticket Office	SF-30
Colorado Pavilion Restroom	SF-31
Colorado Pavilion	SF-32
Vineland Methodist	SF-33
Grandstand Stage	SF-34
Rodeo Office and Restroom	SF-36
Horse Show Office/Restroom/Showers	SF-38/SF-47
Horse Show (Wood) Stalls	SF-39-45
Stone Stalls	SF-46
Maintenance Garage	SF-48
Dairy Bar	SF-50
Maintenance Office	SF-51
Carnival Restroom	SF-52
Carnival Restroom	SF-53
Carnival Showers/Restroom	SF-54
Gate #5	SF-55
Events Center	SF-59

Colorado State Fair Building Inventory Key



Colorado State Fair Building Inventory Key

Building Name	Occupancy Type	Acad or GF G.S.F.	C.R.V.	Date Built	Date of Facility Audit	F.C.I. (Actual) A/FCI	F.C.I. (Target) T/FCI	Agency Number
4-H Auditorium Bldg	Other	7,100	$ 798,038	1938	Feb-98	60%	85%	SF04
4-H Dining Hall Bldg	Dining facility	7,100	$ 744,583	1930	Feb-98	73%	85%	SF03
4-H Exposition Bldg.	Other	10,712	$ 1,041,000	1964	Feb-98	56%	85%	SF02
Ag Pavilion	Other	15,728	$ 1,407,000	1938	Feb-98	74%	85%	SF32
Ag Pavilion, Rest Rm.	Other	1,500	$ 453,196	1965	Feb-98	77%	85%	SF31
Amphitheatre Bldg	Other	2,100	$ 321,705	1985	Feb-98	82%	85%	SF07
Bandshell Park Restrooms	Other	1,632	$ 115,050	1990	Feb-98	85%	85%	23A
Boy's Dorm Bldg.	Hotel/Residency	10,476	$ 930,000	1974	Feb-98	69%	85%	SF05
Butler Building	Storage	2,880	$ 302,029	1971	Feb-98	91%	85%	SF08
Children'S Barnyard	Other	7,802	$ 669,002	1936	Feb-98	77%	85%	SF15
Coors Tavern Concessions	Dining facility	5,300	$ 595,719	1940	Feb-98	64%	85%	SF09
Creative Arts	Other	17,515	$ 1,837,000	1928	Feb-98	66%	85%	SF25
Cultural/Heritage Bldg.	Other	2,053	$ 208,144	1915	Feb-98	86%	85%	SF26
Dairy Bar Concession	Dining facility	1,747	$ 196,362	1964	Feb-98	85%	85%	SF50
East Carnival Restroom	Other	1,632	$ 76,561	1989	Feb-98	85%	85%	SF53
East Grandstand Bleachers	Other	4,260	$ 254,115	1928	Feb-98	27%	85%	SF29B
East Grandstand Restrooms	Other	592	$ 27,147	1980	Feb-98	65%	85%	SF28
Event Center	Other	62,068	$ 12,782,000	1995	Feb-98	88%	85%	SF59
Feed Barn	Storage	2,920	$ 306,223	1945	Feb-98	46%	85%	SF18
Ffa Dorm	Hotel/Residency	7,802	$ 876,942	1948	Feb-98	33%	85%	SF16
Fine Arts Bldg.	Other	14,097	$ 1,109,000	1921	Feb-98	69%	85%	SF11
Gate 2 Ticket Office	Other	261	$ 29,336	1985	Feb-98	81%	85%	SF1A
Gate 3 Carnival Showers/Restroor	Other	442	$ 107,010	1989	Feb-98	45%	85%	SF54
Gate 4 Ticket Offcie	Other	456	$ 8,936	1955	Feb-98	70%	85%	SF01-C
Gate 5 Ticket Office	Other	128	$ 43,208	1989	Feb-98	79%	85%	SF55
Gate 6 Ticket Office	Other	690	$ 22,955	1990	Feb-98	64%	85%	SF01
Gate 9 Ticket Office	Other	690	$ 62,102	1990	Feb-98	85%	85%	SF60
Giodone'S Tent Concession	Dining facility	1,320	$ 61,273	1993	Feb-98	90%	85%	SF57
Girl's Dorm Bldg.	Other	10,746	$ 950,000	1974	Feb-98	69%	85%	SF06
Grandstand	Other	16,896	$ 2,417,000	1984	Feb-98	67%	85%	SF29
Grandstand Stage	Other	6,000	$ 995,955	1987	Feb-98	84%	85%	SF34
Horse Show Feed Barn	None	900	$ 37,960	1987				SF62
Horse Stalls Abcfg	Other	36,800	$ 1,054,000	1968	Feb-98	78%	85%	SF39-45
Information Booth	Other	144	$ 15,247	1940	Feb-98	91%	85%	SF21
Kfc Building	Dining facility	1,596	$ 115,211	1991	Feb-98	70%	85%	SF56
Livestock Pavilion	Other	24,038	$ 1,453,000	1984	Feb-98	75%	85%	SF17
Lottery Building	Other	1,120	$ 201,730	1985				SF7A
Maintenance Garage	Other	3,300	$ 332,976	1936	Feb-98	36%	85%	SF48
Maintenance Office	Office type contents	11,648	$ 899,197	1989	Feb-98	83%	85%	SF51
N.W. Carnival Restroom	Other	1,632	$ 77,785	1989	Feb-98	75%	85%	SF52
Natural Resources	Other	10,100	$ 1,049,000	1941	Feb-98	74%	85%	SF10
Palace Of Agriculture	Other	55,439	$ 8,041,000	1978	Feb-98	74%	85%	SF20
Pauliocis Concession	Dining facility	480	$ 48,335	1991	Feb-98	95%	85%	SF58
Pepsi Stage	Other	1,920	$ 358,374	1954	Feb-98	70%	85%	SF24
Restroom Bldg. Event Center	Other	1,596	$ 178,867	2004	Feb-98	95%	85%	SF61
Restroom Bldg. Horse Show	Other	1,596	$ 178,867	2004	Feb-98	95%	85%	SF62
Restroom Bldg. Vendor Loop	Other	1,596	$ 178,867	2004	Feb-98	95%	85%	SF63
Rodeo Office	Office type contents	540	$ 57,178	1977	Feb-98	80%	85%	SF36
Sheep & Swine Barn #14	Other	36,875	$ 2,908,000	1938	Feb-98	75%	85%	SF14
Small Animal Barn	Other	66,966	$ 5,414,000	1938	Feb-98	61%	85%	SF13
State Fair Café	Dining facility	2,548	$ 267,211	1933	Feb-98	54%	85%	SF19
Stone Stalls	Other	30,491	$ 2,977,000	1937	Feb-98	79%	85%	SF46
Triangle Park Rest Rm.	Other	1,344	$ 142,307	1953	Feb-98	90%	85%	SF27
Vineland Concession	Dining facility	425	$ 81,343	1964	Feb-98	75%	85%	SF33
Vip Colorado Clubhouse	Office type contents	4,260	$ 478,823	1930	Feb-98	61%	85%	SF23
West Grandstand Bleachers	Other	4,260	$ 254,115	1928	Feb-98	21%	85%	SF29A
West Horse Arena Cover	Other	41,250	$ 536,336	2003	Feb-98	95%	85%	SF64