



# Board of Directors Strategic Planning Workshop

## SUMMARY

### October 29 & 30, 2015

#### **Staff Present:**

Rick Pickering, CEO  
Samantha Brown, CFO  
Robert Craft, Police Chief  
Paul Gillingham, Maintenance Operations  
Sony Logman, Director of External Affairs  
Marcia Shell, DGM Event Services  
Carrie Wright, Director of Programs

*Judy Barkett, Facilitator*

#### **Directors Present:**

David Mallel, Chair  
Patrick O'Brien, Vice-Chair  
Rima Barkett  
Sonny Chong  
Rina V. DiMare  
Cornelius Gallagher  
Rex H. Hime  
Mark Nelson  
Hallie Ochoa  
Willie Pelote, Sr.

### October 29, 2015

## 1. Welcome & Introductions

The Strategic Planning Workshop opened with the group sharing personal stories about a significant influence in their lives.

The process and purpose of Strategic Planning were reviewed:

- Understand the past with an eye to the future
- Know the strengths, weaknesses, opportunities and threats to the organization
- Understand and embrace the purpose and direction of the organization
- Set priority goals
- Create an action plan to meet the goals
- Review and measure results
- Be accountable to the community and the organization

Strategic planning establishes a vision for the organization through open dialogue, building consensus and setting priorities. A strategic plan accomplishes the following:

- Serves as a guide for allocating resources
- Gives the organization a competitive edge

- Provides a means of communicating the direction of the organization to board, staff, stakeholders and community
- Allows the organization to track results
- Assists the board and staff in planning for the future and addressing complex issues
- Provides a platform for consensus and road map for the future

Rules for the planning retreat were reviewed. They included:

- Confidentiality: everyone needs to feel safe expressing their views and opinions
- Action: remember that these results will be meaningful and impactful
- Listen for understanding: allow everyone to participate
- Focus: stay focused on issues that affect the “Big Picture” for the organization (50,000-foot view); issues raised that should be addressed at another time will be recorded for future discussion (“The Parking Lot”.)
- Contribute: participate

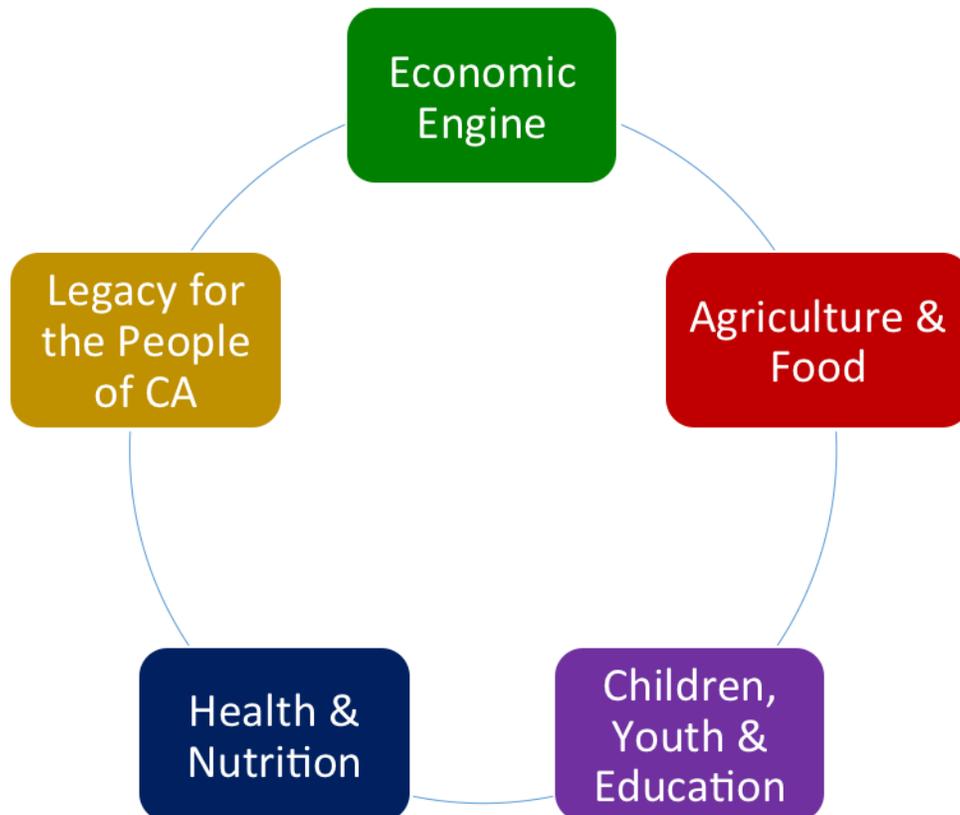
## **2. Review and General Discussion of 5-year Financial Performance**

CEO Rick Pickering and CFO Samantha Brown presented handouts that reviewed several years of Cal Expo and State Fair revenues and expenses; a current income statement and balance sheet; three years cash flow comparison plus 2015 cash flow projections. Highlights of the ensuing questions and discussion included:

- 2015 State Fair revenues are approximately \$2 million over budget projections and over 2014 actuals.
- 2016 draft budget revenues are approximately \$2.74 million more than the 2015 budget and about \$836K more (an increase of 3.2%) than 2015 actuals.
- 2015 income statement is projected to be about \$1.1 million better than budgeted
- Approximately \$3.2 million was expended in capital improvements in 2015.
- 2016 draft budget projects approximately \$1.5 million “profit” from operations
- Outliers were explained.
- New accounting software / methods will allow for job costing in the future.
- Cal Expo is reflecting OPEB (Other Postemployment Benefits) on its financial statements; most of the State’s 54 District Ag Associations consider this an obligation of the State but Cal Expo books it in good faith; it amounts to approximately \$7 million in retiree benefits.
- The Board requested footnotes be added to the cash flow reports and balance sheet to explain OPEB.
- Cal Expo’s overall annual revenues have increased by approximately \$3.4 million since 2012.
- Cal Expo’s cash balance has nearly doubled since 2011 and is currently projected to be approximately \$11 million at the end of 2015.
- What makes up the approximate \$8 million in recent years’ capital investments referenced in the financials? CFO Samantha Brown will provide detail at a later date, but summarized these investments as including Bonney Field, Raging

Waters, the backstretch, Wi-Fi and ADA improvements, noting not all of the improvements were made with Cal Expo funds.

### 3. Review Results of Executive Team Progress on “5 Pillars”



The 5 Pillars were developed at the 2014 Board Retreat as guiding principles for the Executive Management Team in 2015.

On September 29 & 30, 2015, at their Annual Staff Retreat, the Executive Management Team identified where progress was or was not made in advancing the 5 Pillars. The results of this review were distributed and discussed.

Additional comments and suggestions from the Board:

- ✧ Make educational exhibits about food more prominent, especially on the topic of Food Waste (a major focus of current food industries)
- ✧ Include Technology in ALL of the 5 Pillars, or add a 6<sup>th</sup> Pillar for Technology
- ✧ Add more Technology programs, competitions and awards, including Food Technology

- ✧ Continue the Legacy Partners program and find new Legacy Organizations having anniversary celebrations
- ✧ Do more for military veterans; 9/11 exhibit is underutilized
- ✧ Make more improvements in the Wine Area
- ✧ Expand the new security surveillance system
- ✧ Did not accomplish having Big Name concerts at Bonney Field
- ✧ There were no qualified responses to the “Renewal RFQ”
- ✧ Need to improve key staffing levels

## **4. Assessment of the 2015 State Fair and Strategic Goals**

### **What Went Well?**

- ✧ Staff stabilization
- ✧ Addition of the Drone competition
- ✧ Focus on patron comforts
- ✧ The 5 Pillars gave better direction and created better relationship building
- ✧ The addition of a Grant Writer
- ✧ Clear and concise direction from the Board and CEO
- ✧ Team building
- ✧ There were no infrastructure breakdowns during the Fair
- ✧ Additional surveillance cameras and technology allowed real time viewing on iPads and improved security
- ✧ Operations staffing was very good
- ✧ State Fair food was excellent
- ✧ Revenues were equal or greater to 2014 in all areas
- ✧ Pedestrian flow was improved
- ✧ Diverse, happy, compatible crowds
- ✧ Entertainment lineup
- ✧ Publicity & advertising
- ✧ Technology Exhibit
- ✧ New food contests (cheese, olives)
- ✧ Responsiveness of Maintenance Staff
- ✧ California Building was exceptional
- ✧ Safe environment and perception
- ✧ Task is enormous and staff does a great job
- ✧ CAC parade was fun and worked well
- ✧ There was a lot of shade, especially at places to eat
- ✧ There were no incidents of banned substances in the livestock competitions
- ✧ Marketing was much improved
- ✧ Public interaction and stomer cuservice by Food vendors was great
- ✧ Ovations and their subs did a good job
- ✧ Social opportunities for Board members and staff appreciation were positives

### **What Could Have Been Better?**

- ✧ Proofing of the Master Program (too many errors)
- ✧ The App did not work well
- ✧ Need more parking on weekends
- ✧ Need better information from partners regarding how their events affect Operations
- ✧ First and last night disturbances
- ✧ Need to improve staff recruiting (especially Maintenance & Security)
- ✧ Need more key people in Maintenance year round
- ✧ Hiring restrictions by State make staffing very difficult
- ✧ Communication among Executive Staff could improve
- ✧ Improvements in contracting for services could save money
- ✧ Insufficient permanent and temporary support staff in Administration
- ✧ Need longer term planning for State Fair (18 to 24 months)
- ✧ Missed opportunities due to insufficient staff time
- ✧ Auto egress from parking lots needs better traffic control
- ✧ Inadequate support staff for key staff members, resulting in burn-out, which affects communication with and information for Board members
- ✧ Board members need guidance about their participation (handlers?)
- ✧ Written program content was overwhelming and leads to missed opportunities by fairgoers
- ✧ Need to be more proactive using technology to deal with safety concerns
- ✧ Wine Pavilion could be much better and needs better food
- ✧ Log Cabin has unrealized potential
- ✧ App / Website need to include Daily Schedule by the hour
- ✧ Farm to Fork, wine, cheese, kitchen all need to expand
- ✧ Board needs to know the end result of some projects
- ✧ Need Ambassador program, Information Booths, or at least Interactive Kiosks
- ✧ Need to take more advantage of food contest winners to promote State Fair brand and increase State Fair prestige

## **5. Planning for the 2016 State Fair and Strategic Goals**

- ✧ Need to increase entertainment offerings including all types: grounds-wide programming (online survey results are pending).
- ✧ Big Name Entertainment and Horseracing need further study, more long term planning
- ✧ Need to target Millennial generation and younger audiences
- ✧ Need to conduct Market Research
- ✧ Need to identify and better serve underserved populations (through partners?)
- ✧ The “State Fair Brand” needs to be synonymous with “Food Centric”, i.e., this needs to be a filter through which decisions are made
- ✧ Further improve customer experience with seating, App, cleanliness, etc.
- ✧ Increase the perception of Safety
- ✧ Increase participation in contest and classes for less expert entrants (i.e., photography, science, etc.)
- ✧ Move “Best Of” Festival to last weekend (food judging, Grape & Gourmet)

- ✧ Get more publicity for the judging of contests
- ✧ Need to elevate the perception of the wine competition in the eyes of the public and the wine industry
- ✧ FUN / Entertainment
- ✧ Leadership development
- ✧ Emphasize: Reach, Teach, Change, Taste, Think, Celebrate, “Best Of”, “Blue Ribbon”

## **6. Update and Assessments of 2015 Facility Rental Activities**

- ✧ The success of the 2015 Facility Rental program was shared in the Review of 5-Year Financial Performance as well as the notes from the September 29 & 30 Executive Team Strategic Planning Workshop Summary.
- ✧ The Board was provided with an aerial map and building map of the facility, as well as the “Year in Review” in a photo montage showing the variety of events.
- ✧ The number of rental event use days increased by 5% and event revenue is up 12% over 2014.
- ✧ Parking (quantity and location) is a significant asset for rental events
- ✧ Limited egress from lots is a problem ~ there is no egress from the south side of the facility because of the American River Parkway
- ✧ The new retail development on Ethan Way will further impact parking egress
- ✧ During State Fair several ancillary parking lots are utilized and parking is maxed out, even with turn over

## **7. Review of Strategic Investment in Resources & Draft 2016 Budget**

- ✧ In response to the question about filling the Deputy Manager position, there is only one DGM position currently in the budget (unfilled) which the Governor’s Office is considering, and that is for an Administrative DGM.
- ✧ Eventually it would be ideal to also be able to fill a DGM position for Operations and a DGM position for Business Development.
- ✧ The top four priorities in need of additional support staff were identified by the Executive Team as:
  - Event Sales
  - Public Safety
  - Maintenance
  - Executive Administration
- ✧ The 2015 budget included 69 FTE (Full Time Equivalents) and 17 remained vacant throughout the year.
- ✧ The 2016 draft budget includes 74 FTE with the goal of having no vacancies.
- ✧ While this represents progress in Human Capital investment, there are impediments to achieving the goal, not the least of which are the process and requirements of the State Civil Service System.
- ✧ Budget documents distributed included Actuals from 2013 and 2014, 2015 Budget, Projected 2015 Actuals, and Proposed 2016.

- ✧ It was noted that between 2013 and 2016 revenues increased by \$4 million but that it is still very important to be conservative regarding spending.
- ✧ The 2016 Proposed Budget will be presented to the Board of Directors at their December Board meeting for adoption.

## **8. General Discussion of Cal Expo Renewal Efforts and Possible Next Steps**

A handout referred to as “The Blue Bubbles” aka “Cal Expo & State Fair Renewal Components” was discussed at some length. Staff will update this document to reflect changes (since last year) and to add a Human Capital bubble. Staff reported the RFQ process for development partners was completed with the following results:

- ✧ No qualified responses were received.
- ✧ Feedback from proposers was that more specifics are needed regarding parcels and land use.
- ✧ Prospective developers are reluctant to spend money on an RFQ (vs. and RFP with specifics.)
- ✧ Market forces, including timing and location, make Cal Expo less interesting to developers.

A lengthy discussion regarding Next Steps resulted in the following comments:

- ✧ The impetus for the RFQ process was to endow Cal Expo with capital for infrastructure investment while preserving the State Fair.
- ✧ An open-ended RFQ was believed to allow more flexibility to proposers.
- ✧ An RFP with specifics potentially creates more controversy with negative political and public relations consequences (i.e., the NBA plan.)
- ✧ Bond measures require a revenue source and developers require significant return on investment. The economics of the concepts considered so far are not viable.
- ✧ Questions/options which were discussed:
  - Hire a consultant?
  - Lobby the Governor and Legislature for a bond measure paid for with tax revenues?
  - Ask for input from the Governor, Legislature and CDFA?
  - Can anyone define the specifics for an RFP?
  - Could the focus be on a “World Food Institute” with education & entertainment?
  - What uses could generate sufficient revenue to make a development or a bond work?
  - Since Lot A, with its freeway location, high visibility and limited year round use, has created some of the pressure to pursue a “Renewal” project, are there other, more compatible, uses for Lot A?
  - Could Lot A be filled with solar panels and Cal Expo become a “net zero energy” facility?

The Board members concluded this topic should be referred back to the Renewal Committee with direction to explore revenue sources other than a development partner for paying debt service on a revenue bond in order to create capital for Cal Expo to invest in its facilities.

## **9. General Discussion of Board Priorities for 2016**

In addition to specific suggestions and recommendations covered under all other areas of this report, the 2016 priorities for the organization as a whole, as expressed by the Board members, are:

- ✧ Preserving Cal Expo & the State Fair is the #1 priority.
- ✧ Invest in Human Capital
- ✧ Refer Horseracing to Committee for further analysis.
- ✧ Refer Big Name Entertainment to the State Fair Committee for further analysis.
- ✧ Continue to increase the number of use days and revenues by rental events, including finding more uses for Bonney Field (noted there are some logistical restrictions.)
- ✧ Revisit (in more detail) the Wine Competition, working with the Agricultural Advisory Committee and the Wine Council.
- ✧ Continue to “make money”.