

Schedule 13

Funding Request for the FY 2015-16 Budget Cycle

Department of Agriculture

PB Request Number NPR-01

Request Titles

NPR-01 Annual Fleet Vehicle Request

Dept. Approval By: 	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	X					Supplemental
						Change Request FY 2015-16
OSPB Approval By: 	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
						Base Reduction FY 2015-16
						Budget Amendment FY 2015-16

Line Item Information	Fund	FY 2014-15		FY 2015-16		Year 2 Continuation
		FY 2014-15	Request	Base Request	FY 2015-16	Governor Budget Request
	Total	\$256,862	\$0	\$256,862	\$15,775	\$0
	FTE	-	-	-	-	-
Total of All Line Items	GF	\$128,641	\$0	\$128,641	\$0	\$0
	CF	\$124,428	\$0	\$124,428	\$15,775	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$3,793	\$0	\$3,793	\$0	\$0

Line Item Information	Fund	FY 2014-15		FY 2015-16		Year 2 Continuation
		FY 2014-15	Request	Base Request	FY 2015-16	Governor Budget Request
	Total	\$256,862	\$0	\$256,862	\$15,775	\$0
01. Commissioner's Office and Administrative Services - Vehicle Lease Payments	CF	\$124,428	\$0	\$124,428	\$15,775	\$0
	FF	\$3,793	\$0	\$3,793	\$0	\$0
	GF	\$128,641	\$0	\$128,641	\$0	\$0

Letternote Text Revision Required? Yes No X Cash or Federal Fund Name and CORE Fund Number: Reappropriated Funds Source, by Department and Line Item Name: Approval by OIT? Yes No Not Required X Schedule 13s from Affected Departments: Personnel and Administration Other Information:	If Yes, describe the Letternote Text Revision:
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Cost and FTE

- The Department is requesting \$300,000 General Fund to support State Fair facilities maintenance expenses. This request would be a 3.5 percent increase for the State Fair.

Current Program

- The Colorado State Fair has been in existence for over 140 years, providing opportunities for 4-H and FFA youth through the annual junior livestock sale, breeding competitions, agriculture outreach and education, shooting sports, camper rallies, local high school and college events, and the National Little Britches Rodeo.
- The Colorado State Fair resides on approximately 100 acres with over 50 separate facilities ranging from the events center to the various box offices located throughout the fairgrounds.

Problem or Opportunity

- The grounds and facilities experience a tremendous amount of wear and tear that requires consistent maintenance. Maintenance is needed throughout the grounds to include repair of the horse stalls, ceilings in several facilities, paving, wash racks, walls and flooring, and minor infrastructure improvements.
- The Fair lacks sufficient resources to maintain the grounds and facilities. Budget cuts are required in order to reduce the existing cash deficit and maintenance and personal services are the only viable options to reduce spending. Reducing personnel results in fewer FTE available to perform the work and reducing the maintenance budget limits the amount of equipment and supplies needed by the personnel to perform maintenance activities.

Consequences of Problem

- The Colorado State Fair relies heavily on off-season rentals of its facilities, for events such as the National Little Britches Rodeo. Failure to address the maintenance funding will result in loss of rentals, which negatively affects the cash position of the Fair.
- Continued degradation of the facilities will lead to code violations, permanent closure of buildings, and increased emergency maintenance costs resulting from lack of repair.

Proposed Solution

- Providing the additional \$300,000 General Fund will allow the Fair to perform the facilities maintenance needed to prevent further degradation of facilities, which will improve the marketability of rental space for off-season events and the annual State Fair.
- The Fair will be able to leverage this funding with sponsorships to increase the amount of maintenance dollars going in to the fairgrounds, and for grant requests for specific renovation and maintenance projects that do not meet the Office of the State Architect's requirements for controlled maintenance.



COLORADO
Department of Agriculture

John W. Hickenlooper
Governor

John T. Salazar
Commissioner

FY 2015-16 Funding Request | November 1, 2014

Department Priority: R-01
Request Detail: State Fair Facilities Maintenance

Summary of Incremental Funding Change for FY 2015-16	Total Funds	General Fund
State Fair Facilities Maintenance	\$300,000	\$300,000

Problem or Opportunity:

The Colorado State Fair resides on approximately 100 acres with over 50 separate buildings/facilities. Most of these facilities are over 50 years old and require a great deal of maintenance. Unfortunately, due to budget constraints, the Fair has been unable to perform adequate maintenance on these facilities, resulting in deterioration. Many of these buildings require only minor repairs, such as refurbishing walls and paint, carpet and/or flooring, minor electrical and exterior brick and mortar repair. Other buildings require more significant repairs, including HVAC units, roofing, and plumbing. These maintenance projects would not be eligible for controlled maintenance funding per the Office of the State Architect, and there is therefore no other source of funding other than the current State Fair Cash Fund, which is experiencing a cash deficit.

Off-season rentals generate \$700,000 of annual revenue for the Fair; roughly 10 percent of the total cash budget. The Fair is experiencing a reduction in off-season rentals, which in turn reduces the needed revenue to support program operations during the off-season. Rentals are driven by the availability of the facilities and the desire of the consumer to use those facilities. Many facilities are closed during the off-season due to the lack of maintenance funding required to make them available for rentals; other facilities are not appealing due to their disrepair.

One of the greatest opportunities for off-season rentals is the horse show area. This area is comprised of show arenas, warm-up areas for the horses and riders, and approximately 450 stalls. The horse show area booked 20 events in 2011 and the number of events has been steadily declining with only 14 events booked in 2013 and 15 events booked in 2014. In addition to general horse events, the Fair was able to book the National Cow Horse Event in 2012 for two years. The event organizers were very pleased with the grounds as it is one of the few horse arenas large enough to hold outdoor competitions in addition to providing multiple practice and warm-up areas. As a result, the organizers extended this event an additional two years, which is the first time the organizers have ever extended the event at the same location. Average revenue for the Fair from this event is approximately \$27,000 per year.

Unfortunately, the horse show area has fallen into extreme disrepair due to the lack of maintenance funding, resulting in a decline of potential shows and lost revenue (pictures are included at the end of the request for reference). The wood and stone stalls are in need of repaving, new doors and latches. The 200

stone stalls were built in 1938 and are part of the State's Historic Register, meaning they are eligible for historical grant funding to maintain their structural integrity. The remaining 250 wood stalls were built in 1968 and are not part of the historic register; therefore, the stalls are not eligible for any grant funding. These stalls are degrading due to a lack of routine maintenance. Doors are faded and broken; creating jagged edges that could injure horses and present a poor image of the grounds. Latches on the stalls are rusted with sharp edges and present safety concerns for horses and their owners. Flooring in most of the stalls needs to be repaved as their current condition consists of divots and uneven flooring, which could result in a horse breaking a limb due to the inadequate flooring. Wash racks for the horses are too low and have very poor drainage, which attracts insects that carry disease such as Vesicular Stomatitis; the Fair must provide additional larvacide sprays to prevent the spread of disease. Since the Fair relies on the horse show area for off-season rentals, it's imperative that this area be in a safe, working condition in order to book events.

In addition to the horse show area, the livestock pavilion is of critical importance to Fair operations. Of note, the livestock shows and judging primarily take place in the pavilion during the annual Fair prior to the Junior Livestock Show (held in the events center). Other livestock events, and some non-livestock events, are held in the facility in the off-season. This facility's ceiling is deteriorating due to a lack of maintenance. Insulation is coming off the ceiling, holes have been identified, and maintaining heat during the off-season is problematic, resulting in increased utility expenses. Prior to the 2014 State Fair, the fire department threatened to close the building from the public due to code violations involving fire egress doors. Again, with proper maintenance this issue could have been prevented. The Department of Agriculture provided emergency grant funding to the Fair to repair the doors to meet code since closing the building would jeopardize any livestock events for 4-H and FFA, to include the Junior Livestock Sale where livestock are sold at auction. Emergency funding to keep buildings from being shut down for code violations is not a permanent strategy for ensuring that the Fairgrounds remain a viable facility for the Colorado State Fair and off-season rentals.

The reduction in off-season rentals necessitates a budget reduction. Due to the cash deficit, the Department has instituted a \$1.0 million reduction to the Fair's spending authority. These reductions can only come from two places: personnel and operating. Unfortunately, a reduction of personnel leaves fewer employees to perform many routine tasks across the 100 acre fairgrounds; therefore, much of the reduction is coming from operating. The Fair's operating expenses for maintenance in FY 2013-14 was approximately \$170,000 for over 50 buildings and the grounds, where an optimal budget would be around \$450,000 to \$500,000. Appendix B provides a list of maintenance needs that will be addressed with the additional funding.

Proposed Solution:

The Department is requesting \$300,000 General Fund for the Colorado State Fair to support maintenance operations. Aging facilities, a declining rental program, increased utilities, and a deficit cash balance have strained available resources needed for routine maintenance of facilities.

In order to improve the use of the Fair's existing resources, the Fair has taken proactive steps to curb the increasing cost of utilities, including performing an energy audit in 2010. As a result, energy and water consumption has declined by as much as 30 percent over the past two years. In addition, the General

Assembly passed H.B. 14-1300, which transferred \$300,000 from the General Fund to the State Fair Cash Fund in an effort to assist the Fair in renovating key facilities used by 4-H and FFA programs. In response, the Fair has marketed this campaign and is receiving matching funds from sponsors to fund projects beyond what H.B. 14-1300 provided.

The request for ongoing funding of \$300,000 General Fund will complement the steps that the Fair has already taken, and continues to take, to ensure that the grounds are a safe and attractive space for year-round activities. The funding will also enable the Fair to capitalize on future funding through continuing its campaign to pursue either direct sponsorships or in-kind assistance to provide for maintenance on the fairgrounds. The Colorado State Fair Foundation is also providing assistance towards this effort by funding specific projects, as was done with the 4-H/FFA dormitories. The dormitories were renovated with updated restrooms, flooring, paint, and furniture. This project was funded by a combined effort of the Foundation, the Department, and local sponsorships and in-kind assistance.

Anticipated Outcomes:

Providing for a stable funding source for maintenance will reduce the high costs of emergency repairs, prevent any facilities from potential code violations, and increase the capacity for future rentals. Ultimately, the increased rentals and reduced cost of emergency repairs will assist the Fair in achieving cash solvency.

Assumptions and Calculations:

The following table illustrates the annual maintenance costs incurred by the Fair, less contributions from sponsorships and other in-kind assistance (IKA). The \$300,000 requested will cover the annual maintenance expenditures, accounting for fluctuations in sponsorships and in-kind assistance; in years when outside assistance covers the majority of expenditures, the Fair may use the additional funds to proactively maintain the grounds

Maintenance expenditures for Colorado State Fair after sponsorships and in-kind assistance					
Fiscal Year	2010	2011	2012	2013	2014
Maintenance Expenses	\$540,918	\$519,194	\$500,876	\$487,083	\$504,996
Sponsorships/IKA	(\$280,000)	(\$452,779)	(\$375,000)	(\$375,000)	(\$425,000)
Net CSF Maintenance Expenditure	\$260,918	\$66,416	\$125,876	\$112,083	\$79,996

Appendix A

Photos of the deterioration of the wood stalls and the dangerous gaps and wearing between the flooring and stall doors



Photos of the livestock pavilion ceiling



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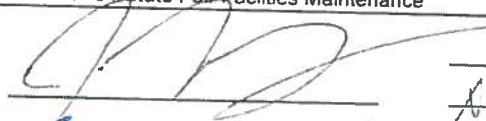
Department of Agriculture

PB Request Number R-01

Request Titles

R-01 State Fair Facilities Maintenance

Dept. Approval By: _____



Supplemental

Change Request FY 2015-16

Base Reduction FY 2015-16

Budget Amendment FY 2015-16

OSPB Approval By: _____



Line Item Information	Fund	FY 2014-15		FY 2015-16		Year 2 Continuation
		FY 2014-15	Request	Base Request	FY 2015-16	Governor Budget Request
Total		\$250,000	\$0	\$250,000	\$300,000	\$300,000
FTE		-	-	-	-	-
Total of All Line Items	GF	\$250,000	\$0	\$250,000	\$300,000	\$300,000
	CF	\$0	\$0	\$0	\$0	\$0
	RF	\$0	\$0	\$0	\$0	\$0
	FF	\$0	\$0	\$0	\$0	\$0

Line Item Information	Fund	FY 2014-15		FY 2015-16		Year 2 Continuation
		FY 2014-15	Request	Base Request	FY 2015-16	Governor Budget Request
05. Colorado State Fair - FFA and 4H Funding	Total	\$250,000	\$0	\$250,000	\$300,000	\$300,000
	GF	\$250,000	\$0	\$250,000	\$300,000	\$300,000

Letternote Text Revision Required? Yes _____ No <u>X</u>	If Yes, describe the Letternote Text Revision:
Cash or Federal Fund Name and CORE Fund Number:	
Reappropriated Funds Source, by Department and Line Item Name	
Approval by OIT? Yes _____ No _____ Not Required <u>X</u>	
Schedule 13s from Affected Departments:	
Other Information:	