

DATE: 4-11-2015
MEETING OF: 4-28-2015
FROM: David Kegebein - Manager
RE: Fair Time Food Concessionaires

BACKGROUND:

When I assumed the management role 3 years and 4 months ago it was extremely clear that most if not all aspects of the 14th DAA's operations would require substantial review & modernization. While the necessary changes would be difficult in many different ways I also knew they would have to be undertaken incrementally over some time after establishment of priorities. In May of my first year Lynne & I attended a Western Fairs Area Meeting at the King City Fair. After the meeting while we looked around the fair one of the first things that really caught my attention was how much more advanced many of their food vendors were over what I was used to here at our fair. I remember commenting that we would need to make some major changes & upgrades. At that point we had already released our 2012 contracts & I had notified the three lowest grossing concessionaires that we would not be renewing their contracts. I remember having told the board that if they had a favorite concession the members should offer comment (none did) prior to my review. This started a process of expanded and improved communication including off season reports / letters and fair time meetings with our concessionaires that I have maintained annually since I started managing the fairgrounds.

Subsequently I have attended a number of fairs & trade shows and have really analyzed our operation compared to what is available in the fair industry and have been slowly making incremental changes. Many aspects have to be considered beyond just overall gross dollars such as menu diversity & income produced based on location, location, location. Each year I have tried to improve the layout, diversify the offering and upgrade the overall operation with one to three new concessions. We have had 28 locations or "sets of utilities" so to speak. This year just as we have each of the last three we are upgrading some concession utility sites by adding sewer, upgrading electric and water connections. Within this year's upgrades we are adding one more set of utilities across from the Poultry Barn.

Of course all of this comes down to this – in order to offer our customers the best possible fair experience we have to continue offering our guests "new & different" options. With a defined quantity of locations the presentation of "new" means the replacement of some past partners.

As I have done each of the past three years after Western Fairs Convention in January I thoroughly review past performance and potential new concession possibilities. This year out of 10 to 12 real strong applications I chose 6 new concessions. Three are second units of past top performers offering other menu items. Three are entirely new to our fair including Indian Fry Bread, Greek Food, and a new Italian Grill. With only one new utility site this means 5 changes in location operators.

As we continue to attempt to improve our food offerings we are not renewing some long term concession contracts. Of course these kinds of changes are difficult for everyone including myself but the bottom line is the fair is a business and as I have stated repeatedly we are going to continue to bring this fairgrounds forward to a great future!

Lynnette Rawlings from Rawlings Concessions is one of the impacted long time concessionaires and she has expressed an interest in addressing the board.

FISCAL IMPACT:

Continuing improvement in fair participation which presumably will equate to income growth.

STAFF RECOMMENDATION:

That the board continues to support fair industry modernization & growth.

ATTACHMENTS

- **Dave's 2015 Letter to Concessionaires**
- **2014 Concession Gross Income Reports**

To: Concessionaires & Vendors

From: Dave Kegebein

RE: 2015 Fairgrounds update

Greetings and happy New Year! Please allow me a few minutes of your time to provide an update on the progress we are making here at our fairgrounds. As most of you know on January 1, 2012 a team of very dedicated volunteers led by myself began managing the 14th District Agricultural Association. After an incredible "rollercoaster ride" of management turnover during the previous dozen or so years our community's "sacred fairgrounds" required a complete reset in the thought process utilized by the entire fair community.

The first couple of years we focused on rebuilding our rental business and core operations while working to improve the annual fair as much as we could with very limited resources. During the 2014 year our extensive efforts really started to come together and, based on the feedback from all of the various fairground communities, we are substantially improving every aspect of the "fairgrounds experience" at all of our events including the annual fair. We have also dedicated a lot of our time to working on improving operations and to better utilize our invaluable employees and volunteers.

In my opinion the California Fair System is seriously stuck or maybe lost in some sort of time warp. Many facilities have deteriorated to such an embarrassing condition that no amount of "first aid" will position them so that they can serve their communities properly. Fairgrounds are one of the most important properties in our communities; however in most cases they are unable to serve the needs of the community. We consider ourselves to be very fortunate that we started with a good looking place which was in reasonably decent condition, but we had to break through the mindset that we serve the community best by giving away the use of the property and facilities. The way our fairgrounds will serve the community best over the long run will be through good business practices and careful financial planning and management.

On to the future! Now that we feel we have a stable operation, properly positioned to really step up our game, we are making some even larger changes. The 2015 fair will reduce from 6 days to 5 days opening on Wednesday September 16th at 12 noon with a huge grand opening ceremony, taking advantage of the media attention that is always focused on the opening of an event. A crowd of senior citizens always assembles outside the gates waiting to get in. I plan to make their arrival & entry experience more comfortable. I hope to have most of our grounds act entertainers out front and hope a few concessionaires will be willing to serve some small appetizer samples to the gathered crowd and media.

As the opening day seniors conclude their enjoyment of the fair in the late afternoon, we are planning a new set of motorsports activities on Wednesday evening in the grandstand area. While plans are not finalized yet we expect this will be part of our entertainment package that is included with fair admission. Our show will most likely include monster trucks, motocross motorcycles and tough trucks. We are lucky to have nationally recognized monster truck performers in our community including the only 17 year old female driver. This will be an opportunity to showcase their talents in their hometown.

After a strong Wednesday opening we plan to beef up our Thursday evening main stage entertainment lineup as we attempt to build momentum going into the weekend. Additionally our equestrian activities will be expanded to 10 days beginning on the Friday before the fair.

Since we strongly believe we are providing a very good entertainment value in our community, and our admission prices have remained the same for many years, we are making some adjustments. Adult tickets will increase from \$10 to \$12 and children will increase from \$5 to \$6. Something I find quite interesting is that some fairs offer a broad variety of discounted admissions. Maybe I am missing something but generally when I hear of discounts in general, I automatically think someone is either overcharging the rest of the time or their product is somehow not worth much so they have to down sell it to get people to purchase or participate. We know we have a very desirable product because many people are always trying to figure out a way in for free! I generally don't see a signature event or premiere festival degrade the value of their event through discounts. Everyone here is working incredibly hard to make this fair a top five mid-size California Fair and provide our participants with an outstanding event experience.

Speaking of customer experiences, I have a sign on my office wall that says "I only come to the fair every few years because it is always the same = THE KISS OF DEATH". Obviously we can't move the buildings and permanent structures around every couple of years, but surely we have to present new and different things as well as shuffle stuff around in our layouts. Often utility placement limits many options. Some would correctly argue that moving everything might not be necessary or productive. However some adjustment and changes give an annual event a renewed or refreshed feel. We also might not need every other stand to sell similar items such as corn dogs or ice cream. In my three years as a fair manager I have never had any media person ask if everything will be the same at the fair again this year! In fact every time a media person has contacted me prior to fair time the first question they have all asked me is what's new at the fair this year. After I fumble around trying to remember a few things I find myself mumbling about traditions. Anyway all of this is my long way of saying that we are continuing our annual process of changing things up and improving our guest experience.

I have attached spreadsheets with 2014 comparisons to 2013. Of course there were a couple of new concessionaires whose numbers are being compared to the previous occupant of the same location. We are currently planning our concession layout for 2015 giving consideration to menu variety as much as revenue generation.

Thanks for reading my old fashioned blog.

David Kegebein

C E O – 14th District Ag Association

2014 Food Concessions - DAY SIX

H/L: 88/55

High Temp 85

STAND #	COMPANY	TYPE OF FOOD	Day 6 - 2014 September 14th	Day 6 - 2013 September 15th	VAR \$'s	VAR %	YTD 2014	YTD 2013	YTD VAR \$	YTD VAR %
14-1	Camel Rides		\$0	\$2,400	-\$2,400	-100.00%	\$0	\$14,190	-\$14,190	-100.00%
14-1	3-B Concessions		\$4,198	\$3,581	\$617	17.22%	\$20,205	\$17,006	\$3,199	18.81%
14-2	Aroma Catering		\$13,782	\$12,855	\$927	7.21%	\$68,615	\$65,372	\$3,243	4.96%
14-3	Big Jim's		\$18,939	\$17,511	\$1,428	8.15%	\$69,801	\$70,147	-\$346	-0.49%
14-4	Chandler		\$3,437	\$3,038	\$399	13.13%	\$11,816	\$10,011	\$1,805	18.03%
14-5	Chocolate Factory		\$988	\$1,040	-\$52	-5.00%	\$4,636	\$5,898	-\$1,262	-21.40%
14-5	Clover Deli		\$2,562	\$1,254	\$1,308	104.37%	\$14,205	\$11,502	\$2,703	23.50%
14-7	Cool Kettle Corn		\$2,813	\$3,483	-\$670	-19.24%	\$11,650	\$12,226	-\$576	-4.71%
14-8	Corralitos Pades		\$3,009	\$3,825	-\$816	-21.32%	\$26,403	\$23,553	\$2,850	12.20%
14-9	Country Fair Cinnamon Rolls		\$8,093	\$6,017	\$2,076	34.40%	\$53,394	\$47,569	\$5,825	12.25%
14-10	Express Café		\$3,084	\$1,064	\$2,020	189.85%	\$13,466	\$9,694	\$3,772	38.91%
14-11	Fraser's Concession		\$10,065	\$9,984	\$81	0.81%	\$40,518	\$39,915	\$603	1.51%
14-12	Grandpa's Fudge		\$2,794	\$2,323	\$471	20.27%	\$17,029	\$18,777	-\$1,748	-9.31%
14-13	JLT Concession		\$6,532	\$4,877	\$1,655	33.93%	\$29,476	\$23,515	\$5,961	25.35%
14-14	PHD & Me		\$2,979	\$2,859	\$120	4.20%	\$15,735	\$13,968	\$1,767	12.65%
14-15	Pon's Chinese Food		\$4,851	\$3,274	\$1,577	48.16%	\$20,316	\$15,685	\$4,631	29.53%
14-16	Rawlings Concessions #1		\$4,506	\$4,837	-\$331	-6.84%	\$21,144	\$21,045	\$99	0.47%
14-17	Rawlings Concessions #2		\$2,115	\$3,101	-\$986	-31.80%	\$10,831	\$16,087	-\$5,257	-32.68%
14-18	Rose's Mexican Food		\$9,119	\$7,878	\$1,241	15.76%	\$28,799	\$27,748	\$1,051	3.79%
14-19	Rolary Hamburger		\$2,432	\$2,762	-\$330	-11.95%	\$8,767	\$18,832	-\$10,065	-53.45%
14-20	Sandee's F.G. Coffee		\$1,806	\$920	\$886	96.26%	\$7,083	\$4,022	\$3,061	76.11%
14-21	Sant's Ice Cream Factory #1		\$3,283	\$3,468	-\$185	-5.02%	\$13,766	\$14,258	-\$492	-3.45%
14-22	Sant's Ice Cream Factory #2		\$3,294	\$3,468	-\$174	-5.02%	\$16,507	\$13,536	\$2,971	21.95%
14-23	Souther Comfort Kitchen		\$2,819	\$3,313	-\$494	-14.91%	\$16,206	\$18,698	-\$2,492	-13.33%
14-24	Sweet Cheeks Fair Treats		\$3,287	\$4,593	-\$1,306	-29.52%	\$12,664	\$17,212	-\$4,548	-26.42%
14-25	The Little Red Barn		\$4,074	\$3,710	\$364	9.81%	\$16,602	\$11,789	\$4,813	40.83%
14-26	Wende's Hit & Miss I.C.		\$2,556	\$2,430	\$126	5.20%	\$12,210	\$11,203	\$1,007	8.99%
14-27	Whitings Food Concessions #1		\$2,856	\$2,157	\$699	32.38%	\$10,125	\$7,412	\$2,712	36.59%
14-28	Whitings Food Concessions #2		\$5,890	\$5,190	\$700	13.48%	\$16,698	\$14,224	\$2,474	17.39%
14-29	Sheldon - Horse Show		\$674	\$1,521	-\$847	-55.71%	\$7,864	\$4,995	\$2,869	57.45%
	SUBTOTAL FOOD		\$136,784	\$128,939	\$7,845	6.08%	\$626,528	\$600,067	\$26,461	4.41%
14-34	Bubble Fun		\$3,528	\$2,734	\$794	29.0%	\$14,016	\$10,467	\$3,549	33.9%
14-35	Mecanical Bull Rental/Trampoline		\$2,710	\$2,360	\$350	14.8%	\$4,470	\$9,175	(\$4,705)	-51.3%
	Subtotal Non-Food		\$6,238	\$5,094	\$1,144	22.5%	\$18,486	\$19,642	(\$1,156)	-5.9%
14-30	SC HERITAGE B1 - Office	Beer	\$8,748	\$5,006	\$3,742	74.8%	\$29,397	\$29,502	(\$105)	-0.4%
	SC HERITAGE Beer-Arena		\$4,556	\$3,560	\$996	28.0%	\$4,556	\$8,984	(\$4,428)	-49.3%
14-31	SC HERITAGE B2 - Her Hall	Full Bar	\$978	\$0	\$978	#DIV/0!	\$7,134	\$0	\$7,134	#DIV/0!
	SC HERITAGE B3 - Midway	Beer	\$4,266	\$1,835	\$2,431	132.5%	\$13,943	\$15,019	(\$1,076)	-7.2%
14-32	SC HERITAGE B4 - Bear Booth	Bear Wine	\$7,409	\$0	\$7,409	#DIV/0!	\$29,213	\$28,149	\$1,064	3.8%
	Subtotal of Heritage		\$25,957	\$10,401	\$15,556	149.6%	\$84,243	\$81,654	\$2,589	3.2%
	Total Revenue		\$168,979	\$144,434	\$24,545	17.0%	\$84,243	\$81,654	\$2,589	3.2%
	Attendance		17,444	16,061	1,383	-3.0%	71,721	66,832	4,889	7.3%
	Per Capita Food Revenue		\$9.69	\$8.99	\$0.69	7.72%	\$1.17	\$1.22	(\$0.05)	-3.9%