

DISTRICT PURPOSE

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

Budget Summary:

FY2015/16 Third Quarter Projection:	509,255
FY2016/17 Recommended:	527,048
County General Fund Contribution:	0
Percent County General Fund Supported:	0.0%
Total Employees (FTEs):	0.0

FUNCTION AND RESPONSIBILITIES

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

SIGNIFICANT CHALLENGES AND ACCOMPLISHMENTS

None.

WORKLOAD INDICATORS

None.

DEPARTMENTAL BUDGET SUMMARY

The Recommended Budget represents an increase of \$53,577 or 11.3% in revenues and an increase of \$44,013 or 9.1% in appropriations when compared to the FY2015/16 Adopted Budget.

The increase in revenues is the result of increases in tax revenue projected for FY2016/17. Contracted Services with the City of Vallejo Fire Department is budgeted at \$513,698 and is based on anticipated property tax revenues less \$10,350 in administrative support costs. If there is any available Fund Balance at the FY2015/16 year-end, the Department requests the Auditor-Controller increase the Department's appropriations for Contracted Services by the amount of the available ending Fund Balance.

DEPARTMENT COMMENTS

None.

SUMMARY BY SOURCE	2014/15 ACTUALS	2015/16 ADOPTED BUDGET	2016/17 RECOMMENDED	FROM ADOPTED TO RECOMMENDED	PERCENT CHANGE
134 - EAST VJO FIRE DISTRICT					
TAXES	427,957	469,407	522,810	53,403	11.4%
REVENUE FROM USE OF MONEY/PROP	963	160	264	104	65.0%
INTERGOVERNMENTAL REV STATE	3,952	3,904	3,974	70	1.8%
TOTAL FINANCING AVAILABLE	432,873	473,471	527,048	53,577	11.3%
SERVICES AND SUPPLIES	426,869	479,685	523,698	44,013	9.2%
OTHER CHARGES	1,286	3,350	3,350	0	0.0%
TOTAL FINANCING REQUIREMENTS	428,155	483,035	527,048	44,013	9.1%

SUMMARY OF SIGNIFICANT ADJUSTMENTS

None.

SUMMARY OF POSITION CHANGES

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

PENDING ISSUES AND POLICY CONSIDERATIONS

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

Functional Area Summary

9746 – Fund 046-Consolidated County Service Area

**Bill Emlen, Director of Resource Management
Public Ways**

DISTRICT PURPOSE

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

Budget Summary:

FY2015/16 Third Quarter Projection:	168,256
FY2016/17 Recommended:	315,075
County General Fund Contribution:	0
Percent County General Fund Supported:	0%
Total Employees (FTEs):	0

FUNCTION AND RESPONSIBILITIES

The Consolidated County Service Area (CSA) provides street lighting in the unincorporated areas of Solano County. This budget funds maintenance of 552 existing streetlights, including the cost of electricity and the installation of new street lights. This budget is entirely funded through property taxes.

SIGNIFICANT CHALLENGES AND ACCOMPLISHMENTS

In FY2015/16, the Department worked with PG&E on the installation of 14 new street lights, with 5 in the Vallejo area and 9 in the Vacaville area and on the upgrading of one light to LED in the Vacaville area.

WORKLOAD INDICATORS

Operated and maintained 552 street lights.

DEPARTMENTAL BUDGET SUMMARY

The Recommended Budget represents an increase of \$18,322 or 18.0% in revenues and a decrease of \$34,779 or 9.9% in appropriations when compared to the FY2015/16 Adopted Budget. The Department anticipates increases in property tax revenues, and a minor increase in repairs and installations of street lights in FY2016/17. The difference in revenues and appropriations will be funded from available funds carried forward from prior years.

See related Budget Unit 9132 – Fund 046 Contingencies (refer to Contingencies section of the Budget).

SUMMARY BY SOURCE	2014/15 ACTUALS	2015/16 ADOPTED BUDGET	2016/17 RECOMMENDED	FROM ADOPTED TO RECOMMENDED	PERCENT CHANGE
046 - COUNTY CONSOLIDATED SVC AREA					
TAXES	95,977	98,620	116,081	17,461	17.7%
REVENUE FROM USE OF MONEY/PROP	2,951	2,200	2,500	300	13.6%
INTERGOVERNMENTAL REV STATE	880	800	800	0	0.0%
CHARGES FOR SERVICES	0	0	561	561	0.0%
TOTAL FINANCING AVAILABLE	99,809	101,620	119,942	18,322	18.0%
SERVICES AND SUPPLIES	62,121	135,600	135,600	0	0.0%
OTHER CHARGES	32,766	22,656	24,500	1,844	8.1%
CONTINGENCIES AND RESERVES	0	191,598	154,975	(36,623)	(19.1%)
TOTAL FINANCING REQUIREMENTS	94,887	349,854	315,075	(34,779)	(9.9%)

SUMMARY OF SIGNIFICANT ADJUSTMENTS

None.

SUMMARY OF POSITION CHANGES

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

PENDING ISSUES AND POLICY CONSIDERATIONS

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

DEPARTMENTAL PURPOSE

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

WIBs to Workforce Development Board (WDB), as of March 22, 2016 the WIB will be named the Workforce Development Board of Solano County (WDBSC).

Budget Summary:	
FY2015/16 Third Quarter Projection:	5,185,382
FY2016/17 Recommended:	5,503,027
County General Fund Contribution:	0
Percent County General Fund Supported:	0%
Total Employees (FTEs):	40

FUNCTION AND RESPONSIBILITIES

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

A menu of services is offered to jobseekers and to businesses. Services are provided through: (a) the Solano Employment Connection (SEC), the County’s “America’s Job Center” system for One Stop Career Centers; (b) a number of DOL block grants serving adult, dislocated workers and youth jobseekers; (c) DOL discretionary grants serving job seekers and employers in the North Bay; and (d) service contracts; including the current TANF Expanded Subsidized Employment Program, and the Northern California Career Pathways Alliance project.

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

SIGNIFICANT CHALLENGES AND ACCOMPLISHMENTS

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

Challenges for the WDBSC include the following.

- Federal investments in workforce development programs go through periodic shifts, based upon the economy and the associated needs of citizenry/voters and businesses. At this time the economy is rebounding, hiring is up, and unemployment is down. The emphasis for DOL-funded programs is once more shifting back to up-skilling and re-skilling the American workforce - whether unemployed or an employed incumbent. Simply reducing unemployment is not the singular goal as in times of higher unemployment.
- This changed economic picture has produced reduced demand for services from the general population of jobseekers and increased demand from employers.
- This economic recovery is leaving behind certain individuals in terms of securing and maintaining well-paying careers and holding/advancing their economic status. Research shows the broad middle class is shrinking and there is a new call for DOL-funded workforce programs to address income mobility for workers and families.
- The WDBSC is tasked to intervene in the lives of jobseekers and meet unmet needs of employers. Increasingly, the WDBSC is also tasked to address larger “macro” issues of systems realignment, multi-agency collaborations, resource mobilization, sector-based initiatives and innovative approaches for a community’s educational, training and employment systems. This latter call-to-action places a strain on available resources and requires difficult prioritization of efforts.
- Regional workforce development initiatives are being called for from both federal and state policymakers. This continues the 16-year history of the WDBSC as a member of the North Bay Employment Connection (NBEC) collaborative with the WDBs of Napa/Lake, Sonoma, Marin, and Mendocino Counties.
- Congressional funding for workforce programs faces tight scrutiny from fiscal conservatives and competition among many Domestic Spending programs. The continued funding trend is downward for DOL’s workforce programs.

Birgitta E. Corsello, County Administrator
Other Assistance

- Congress and the federal Administration approved new legislation with a new Workforce Innovation and Opportunity Act (WIOA.) The local delivery system has been redesigning and implementing changes in FY2015/16 and will continue in FY2016/17.

Opportunities include the following.

- The new WIOA legislation will provide opportunity to maintain the strengths of the previous grant programs while expanding the work of the new WDBSC to bring about innovation and change on both a local and a regional “macro” basis. Incremental changes in the lives of jobseekers and an employer’s workforce will be supplemented by improvements in the larger educational, training and employment system.
- Under WIOA a greater shared ownership, and shared accountability are to be created such that partnering educational, economic development, training and employment systems can better “braid” resources and efforts so as best to serve jobseekers, incumbent workers, and employers.

WORKLOAD INDICATORS

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

- The federal WIOA system has a thirteen-part set of “Common Measures” for the basic Adult, Dislocated Worker and Youth programs. The WDBSC seeks to either “exceed” (at 100% plus of plan) or “meet” (at between 80% and 99% of plan) these annual standards. The WIB typically met or exceeded the previous nine Measures under the prior Workforce Investment Act grants.
- Special grants/contracts have their own performance outcomes related to planned enrollment numbers, outcomes, and expenditures. The WDBSC has historically met or exceeded each of these standards, for the variety of special projects serving ex-offenders, veterans, dislocated workers, and CalWORKs recipients.
- The WDBSC has an internal, multi-factorial consideration process to assess staff’s overall performance taking the above-cited statistical outcomes in mind, plus certain subjective considerations. The WDBSC Board of Directors annually assesses and recognizes staff’s attainment against expected levels of agency-wide performance.

DEPARTMENTAL BUDGET SUMMARY

The Recommended Budget represents an increase of \$559,276 or 11.4% in revenues and an increase of \$559,276 or 11.3% in appropriations when compared to the FY2015/16 Adopted Budget.

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

DEPARTMENT COMMENTS

Overall, the FY2016/17 Recommended Budget for the Workforce Development Board (WDBSC) is based on the best estimates of federal grant funding that is anticipated to be awarded for the fiscal year. In addition to the projection of available new federal funding, this budget includes the projection of unspent funds remaining at June 30, 2016, and available for expenditure in FY2016/17. It is almost certain that future recalculations will need to be made for both revenue and expenditure line items, as federal appropriation calculations for base funding will change under WIOA, and overall grant funding is subject to change.

The WDBSC does not receive any County General Fund support. The WDBSC submits a plan and budget to the State of California on behalf of the County. The State then allocates Federal money to the WDBSC through the County. The WDBSC may also receive funding through the regional collaborative, North Bay Employment Connection (NBEC), and through awarded service contracts.

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

In addition to the services provided to the many Solano job seekers thru the Solano Employment Connection, the WIOA grant programs will enroll 331 clients, as compared to 348 in FY2015/16. This will provide needed flexibility to adequately serve each

enrolled client. These individuals receive extensive services, with many benefitting from vocational training, resulting in a much higher service cost.

The number of enrolled WIA/WIOA clients served has changed over time due to fluctuations in awarded funding and in required training and job search services: FY2008/09 = 765; FY2009/10 = 1,344; FY2010/11 = 1,425; FY2011/12 = 844, FY2012/13 = 722, FY2013/14 = 541, FY2014/15 = 467, FY2015/16 = 348, and a forecasted total for FY2016/17 of 331. This represents a decrease of 5% in Adult / Dislocated Worker / Youth enrollments. These reductions are forecasted from the goals of the WIOA grant program to up-skill and re-skill the workforce, requiring enhanced services for the individual job seeker.

The Expanded Subsidized Employment Program is planned to serve up to 400 job seekers.

All program service levels and activities are based on the grant funding amounts awarded to the WDBSC. Services are adjusted to satisfy the program goals, to efficiently utilize the available funding, and to ensure compliance with grant regulations, for each grant.

DETAIL BY REVENUE CATEGORY AND APPROPRIATION CATEGORY	2014/15 ACTUAL	2015/16 ADOPTED BUDGET	2016/17 RECOMMENDED	FROM ADOPTED TO RECOMMENDED	PERCENT CHANGE
REVENUES					
REVENUE FROM USE OF MONEY/PROP	1,615	0	0	0	0.0%
INTERGOVERNMENTAL REV FEDERAL	3,414,023	0	4,275,678	4,275,678	0.0%
INTERGOVERNMENTAL REV OTHER	466,826	4,927,460	1,211,058	(3,716,402)	(75.4%)
MISC REVENUE	6,872	0	0	0	0.0%
TOTAL REVENUES	3,889,335	4,927,460	5,486,736	559,276	11.4%
APPROPRIATIONS					
SALARIES AND EMPLOYEE BENEFITS	2,469,396	2,803,396	3,024,413	221,017	7.9%
SERVICES AND SUPPLIES	702,168	678,766	701,193	22,427	3.3%
OTHER CHARGES	701,916	1,461,589	1,777,421	315,832	21.6%
TOTAL APPROPRIATIONS	3,873,480	4,943,751	5,503,027	559,276	11.3%
NET CHANGE	(15,855)	16,291	16,291	0	0.0%

SUMMARY OF SIGNIFICANT ADJUSTMENTS

Revenue – significant factors contributing to changes from FY2015/16:

The significant difference in available funding is due to the award of a grant to operate the WIOA SlingShot project, beginning in April 2016, continuing through March 2018. The North Bay Employment Connection (NBEC) will utilize these funds to create innovative and fundamental changes to how industry engagement occurs in order to better design and implement workforce programs. NBEC is a collaboration of Workforce Development Boards, including Solano, Napa/Lake, Sonoma, Marin, and Mendocino, founded in 2000 to address regional workforce development needs. Solano WDBSC will serve as the administrative entity for this grant. The total funding is \$1,000,000 over the life of the grant, with \$376,000 of that reserved for the Solano area operation.

- WIOA SlingShot Grant – North Bay Business Alliance Project: This is an increase in the revenue amount of 11.1%, \$544,580, compared to the FY2015/16 Adopted Budget
- WIOA Formula Grants: Adult, Youth, Dislocated Worker, and Administration funds; the grants amounts for FY2016/17, allotted by formula, may remain steady through the coming year. These are the traditional base WIOA grant allotments for WDBSC and the FY2016/17 amount has been estimated at the FY2015/16 level. The decrease in revenue amount of 0.7% is a result of the estimate of unspent funds that will be available at July 2016 to spend in FY2016/17.

Grant allotments for the new year and the amount of funds remaining unspent at July 1, 2016 are likely to change, and as needed, they will be amended in future financial reports.

Birgitta E. Corsello, County Administrator
Other Assistance

Appropriations – significant changes from FY2015/16:

The significant change that has incurred is the addition of the WIOA Slingshot project which increases the amount of personnel, operating, and wage costs for FY2016/17.

- Salaries and Employee Benefits - The overall increase in salaries and benefits is \$221,017 or 7.9% from the FY2015/16 Adopted Budget. The estimated number of FTE included in this budget is 40. This compares to the year average of 38, in FY2015/16. This increase is due to the increased staffing costs required by the SlingShot project. It also includes annual salary increases, and an increase in the estimated retirement contribution for all WDBSC staff which is set at the maximum voluntary employer contribution. As the revenue amounts included in this budget are estimates, the actual final number of FTEs may vary, with commitments to personnel will be undertaken only as grant revenues are available.
- Employer Outreach - The budget amount is an increase of \$363,974 or 100% from the FY2015/16 Adopted Budget. The increase is due to the SlingShot funding which includes amounts for contracts with the other four NBEC Workforce Development Boards to implement the program strategies in their respective areas. The funds will be used for personnel cost, meeting and travel costs, as they design and implement employer engagement practices.

All of these costs are incurred to provide direct program services to job seekers and are recalculated on a regular schedule to meet the demand of the expected numbers of job seekers and trainees to be served, and to incorporate changes in funding from new awards:

SUMMARY OF POSITION CHANGES

Expected position changes, addition of 2.0 FTE will be made in the 4th quarter of FY2015/16 in anticipation of FY2016/17 funding and workloads. The increase in the number of positions is still estimated. With uncertainty in WIOA funding, even reductions in WIOA positions may be required during FY2016/17. The size and timing of any additions or reductions, can only be determined when the final amount of grant allocations are announced. Continued grants seeking efforts that result in increased funding may impact the number of staff positions.

PENDING ISSUES AND POLICY CONSIDERATIONS

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

The federal workforce programs are emphasizing the following:

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

New State level initiatives are coming forth, which pose a potential impact on the WDBSC’s operation as well. These are as follows:

- The Governor and the California Workforce Investment Board are much more active on State level initiatives, often driven by the following overarching needs/strategies.
 - Focus on growth industry sectors

- Focus on mid/high skill and mid/high wage occupations
- Work with local economic development efforts
- Plan and perform regionally
- Develop and test bold new strategies
- These are “macro” undertakings for which local policy makers will have to determine realistic goals/outcomes and prioritize use of limited resources.

Stephen Pierce, General Manager
Solano County Fair

DEPARTMENTAL PURPOSE

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

Budget Summary:	
CY2016:	2,833,882
County General Fund Contribution:	0
Percent County General Fund Supported:	0%
Total Employees (FTEs):	15.75

FUNCTION AND RESPONSIBILITIES

SCFA operates under a contract with the County of Solano as a self-supporting enterprise fund. The vast majority of its revenues are generated by the operations of the fairgrounds. The County uses license fees generated by the California horse racing industry to offset the cost of providing staff services to the SCFA. Other non-operating revenues include interest income.

In June 2009, the County Board of Supervisors in cooperation with the City of Vallejo initiated the visioning effort known as Solano360. The County, the City of Vallejo and the SCFA are working together to redevelop the fairgrounds property and create a Fair of the Future. For more details on this ongoing effort, refer to Budget Unit 1815 in the Capital Projects section.

SIGNIFICANT CHALLENGES AND ACCOMPLISHMENTS

- 2015 concluded with the SCFA generating a net profit before depreciation of \$156,625, which is the first time the non-profit has accomplished this since the end of horse racing in 2008 (except in 2011 when the SCFA received a windfall in State funds). As a result, the SCFA was able to increase funds in its designated reserves, with starting balances in 2016 of \$42,621 in Capital Projects/Maintenance Reserve; \$13,960 in Parking Lot Improvement Reserves; \$2,986 in Fair Hands Reserve; \$8,421 in Racing Facilities Improvement Reserve; and \$8,055 in Junior Livestock Auction Reserve. The Undesignated Net Position of the Reserves was \$104,671 at the start of 2016, an increase of \$53,571 or 104.8% over 2015.
- The Annual Youth Ag Day continues to be a successful collaborative effort of the Solano County Fair and agricultural-related businesses, organizations, farmers, ranchers and other individuals. This fun and educational event is free to all third-grade classes in Solano County and features a wide variety of rotational learning stations and displays. Activities are designed to give children the opportunity to learn about food and fiber production from new perspectives, with a particular emphasis on the agricultural bounty of Solano County.
- Conducted the first Fair Hands Silent Auction during the consolidated Celebrate Solano BBQ, the annual gathering of civic, business and community leaders during the Solano County Fair. The proceeds support enhancing youth programming on the Fairgrounds.
- The Solano County Fairgrounds hosted 99 event days, not counting the year-round operation of the Solano Race Place (satellite wagering facility), the Horizon Pre-School, or Six Flags Parking. These events provided a wide range of entertainment and recreational opportunities to residents of Solano County and attracted many visitors to the area.
- Pursuant to Board direction to develop new revenue streams, the SCFA has secured the following long-term facility rentals: administration office in the old racing complex and a nearby parking lot are being used by a private motorcycle training school, a local catering company is using the commercial kitchen in McCormack Hall, and excess space in the County building is being rented for warehouse storage. These new uses are generating approximately \$35,000 annually.

WORKLOAD INDICATORS

- 26 of the 51 non-Fair weekends, or 51%, had one or more facilities rented. In addition to the 63 weekend days with events, there were 36 week days with events ranging from law enforcement training, music rehearsals, property auctions to school and youth athletic practices.

- 39,560 people attended the 2015 Solano County Fair, which reflects a 1.8% increase in overall attendance over 2014 and the first positive turn in attendance since 2012. Paid attendance increased 6.9% in 2015.
- 39,304 attendees at the Solano Race Place in 2015 for an average daily attendance of 153 people.
- 116 third-grade classes and approximately 3,500 students, teachers, chaperones and volunteers from across the county participated in the 2015 Youth Ag Day.

DEPARTMENTAL BUDGET SUMMARY

The SCFA budget is based on a calendar year. The Board of Supervisors approved the SCFA CY2016 Budget on November 24, 2015.

The Recommended Budget (including capital expenditures) represents an overall increase of \$114,347 or 4.2% in revenues and a decrease of \$26,755 or 0.9% in appropriations from the 2015 Adopted Budget.

DEPARTMENT COMMENTS

The dates of the 2016 Solano County Fair will be July 27 to July 31, and the theme is “Play It Again, Solano!” The colorful artwork for this year consists of farm animals around a piano in a slight nod to the movie “Casablanca” and the song “Meet Me at the Fair!” (which was the 2015 theme) is being played. The theme invites people who had a great time at the Solano County Fair to come play the Fair again, which will feature some of the Fair’s popular entertainment and attractions from the past and some new attractions in the works. “Play It Again, Solano!” has also been incorporated into the exhibit competition by allowing past award-winning art pieces to enter and compete against other previous Solano County Fair award winners. The artwork and theme underscore SCFA’s continued effort to expand its social media presence to engage potential fairgoers via Facebook, Twitter and YouTube.

DETAIL BY REVENUE CATEGORY AND APPROPRIATION CATEGORY	2014 ACTUALS	2015 ADOPTED BUDGET	2016 RECOMMENDED	FROM ADOPTED TO RECOMMENDED	PERCENT CHANGE
REVENUES					
REVENUE FROM USE OF MONEY/PROP	194,635	1,562,400	1,642,333	79,933	5.1%
INTERGOVERNMENTAL REV STATE	0	0	32,487	32,487	0.0%
CHARGES FOR SERVICES	2,116	1,047,800	1,047,530	(270)	(0.0%)
MISC REVENUE	219,251	138,483	140,680	2,197	1.6%
TOTAL REVENUES	416,002	2,748,683	2,863,030	114,347	4.2%
APPROPRIATIONS					
SALARIES AND EMPLOYEE BENEFITS	0	1,342,108	1,338,288	(3,820)	(0.3%)
SERVICES AND SUPPLIES	71,528	1,375,542	1,460,769	85,227	6.2%
OTHER CHARGES	0	22,987	20,825	(2,162)	(9.4%)
F/A BLDGS AND IMPRMTS	0	120,000	14,000	(106,000)	(88.3%)
TOTAL APPROPRIATIONS	71,528	2,860,637	2,833,882	(26,755)	(0.9%)
NET GAIN(LOSS)	344,473	(111,954)	29,148	141,102	(126.0%)

SUMMARY OF SIGNIFICANT ADJUSTMENTS

- \$85,227 increase in Services and Supplies, reflecting a \$27,726 increase in storm water rates from Vallejo Sanitation and Flood Control District, a \$32,890 increase in utilities due primarily to a return to fully metered electric service, and a \$28,300 increase in security services stemming from minimum wage increases that is offset by \$23,040 reduction in audit services (reduced from a two-year to an annual audit), and approximately \$5,000 each in advertising expenses, maintenance equipment, fuel and other miscellaneous expenses.
- \$106,000 decrease in Fixed Assets due to completion of the parking lot improvement project for overflow parking for Six Flags under the existing parking agreement which is offset by \$14,000 to replace an aging truck and electronic sign equipment.

**Stephen Pierce, General Manager
Solano County Fair**

- \$79,933 increase in Revenue from Use of Money/Property reflects increases in building rental income of \$30,000, leases of \$20,000 and \$23,500 from concessions during the Fair.
- \$32,487 increase in Intergovernmental Revenues reflects the reinstatement in 2016 of operational and training support for the Network of California of Fairs from the State of California.

SUMMARY OF POSITION CHANGES

As a cost-savings measure, the SCFA converted a full-time janitorial position at the Solano Race Place to a part-time position upon the retirement of the incumbent. Day-to-day operations at the Fairgrounds are accomplished with 8 full-time and 8 part-time employees. This is augmented by 30 intermittent part-time employees for events and approximately 70 seasonal employees for the Fair.

PENDING ISSUES AND POLICY CONSIDERATIONS

The SCFA started 2016 with an Undesignated Net Position of \$104,671. The projected net profit before depreciation for 2016 is \$29,148; however, this projected net profit falls short of the surplus needed to meet the demands on the reserves in 2017 without reducing the SCFA's Undesignated Net Position. The accounting demands on the Reserves are associated with the lease obligations for the parking lot improvement project of \$64,000 and the electronic sign of \$26,744.

The 2015-16 State of California budget included \$7 million to provide operational and training support to the network of fairs in California, for which the SCFA is slated to receive \$32,487 in 2016. This was the first State support for fairs since it was eliminated as a recession budget-cutting measure in 2011. The proposed 2016-17 State budget reduced this proposed funding to \$4 million, and it is unclear at this time how much or if the SCFA will receive State funding in 2017. Pending legislation, AB 2678 (Gray) seeks to provide a long-term funding solution for the California network of fairs. This legislation redirects 30% of the State's portion of sales tax revenue generated on fairgrounds property to the Fairs and Exposition Fund, which will distribute these funds to the 78 fairs in the network. It is estimated this would initially generate \$12 million annually for the Fairs & Exposition Fund.

Operational costs for the Fairgrounds property, which are outside the SCFA's control, continue to increase and hamper its financial viability during this transition time between the current developer selection phase of Solano360 and the implementation of the Fair of the Future concept. Most notable examples include:

- The Vallejo Sanitation and Flood Control District increased its storm water rates in late 2015 from a flat monthly parcel charge of \$1.97 regardless of property use to a methodology that calculates rates based on the permeability of the ground surface. As a result, the SCFA storm water rates increased from about \$71 per year to \$27,726 per year.
- The City of Vallejo is in the process of implementing a new five-year rate structure for water services. The Prop. 218 process began in late 2015. In April 2016, the City of Vallejo pulled back the proposal to modify the rate structure to address public input received. No timetable has been established by the City to restart the Prop. 218 process with a modified rate structure plan. Based on the rate structure plan previously released, the base service charge for the Fairgrounds property could increase from the current \$537 per month to \$5,416 per month by 2020. At the same time, the water consumption usage charge would be reduced from the \$3.53 per unit to \$1.52 per unit. The SCFA paid \$32,918 in FY2014/15 for water service. The projected net increase – based on the previously released rate structure and assuming no change in water uses – is estimated at \$21,090 in FY2016/17, \$32,841 in FY2017/18, \$44,092 in FY2018/19, \$54,372 in FY2019/20 and \$58,549 in FY2020/21.
- The California minimum wage increased from \$9 per hour to \$10 per hour on January 1, 2016, which resulted in a net impact on salaries and benefits of \$12,900 for 2016. Subsequently on April 4, 2016, Governor Jerry Brown signed legislative increasing the minimum wage to \$10.50 in 2017 and incrementally increasing until \$15 per hour in 2020. The 2016 increase primarily affected seasonal and intermittent part-time employees who work during the 5-day Fair and/or when events are held on the Fairgrounds. As the minimum wage increases, this will impact year-round part-time and full-time employees to keep up with minimum wage or sufficiently above minimum wage to avoid employee loss.

SCFA's small cadre of employees operates and maintains the Fairgrounds between annual County Fairs. These employees participate in the California Public Retirement System at the same benefit structure as County of Solano employees. The SCFA also participates in the County's series of Pension Obligation Bond repayments. As such, the SCFA is also experiencing escalating retirement costs – up \$7,700 in the 2016 budget and projected to increase another \$8,605 in 2017.