

Economic Benefit Study conducted by KPMG

The Alameda County Agricultural Fair Association (Association) was incorporated in 1939 and is governed by a board of twenty-six Directors, ten appointed by the Alameda County Board of Supervisors, and sixteen elected by the full Association Board. The Board of Directors employs a Chief Executive Officer who in turn hires a staff, currently numbering 82 full time employees. All property and equipment acquired by the Association, including this proposed building, is owned by the County of Alameda, even though purchased with funds generated by the Association. Over the years the Association has grown its annual fair event, year-round events, satellite wagering facility, and other smaller segments to the point that its 2003 gross revenues exceeded \$17 million with nearly 28% of that growth occurring since 1998. Now, the Association proposes to build a new 100,000 square foot building in an effort to keep pace with a growing population and demand for more rental space. The Fairgrounds property also serves as a designated Emergency Site by the State of California Office of Emergency Services.

In recognition of the valuable community resource provided by Fairs statewide, the California Department of Food & Agriculture employed the services of KPMG to conduct an Economic Impact Study of Fairs. KPMG recently released its report titled, "Striking Gold at the Alameda County Fair." The report states among other things that the Association contributed nearly \$195.7 million in economic benefit to the County, created 1,854 local jobs and generated about \$3.2 million in local tax revenues. (Attached report summary.) These numbers do not include the amounts generated by the Association's horse racing activities that account for another \$109.9 million in economic impact, at least 600 more local jobs, and over \$230,000 in local taxes. **When combined with horse racing, the Association generates in excess of \$300,000,000 annually, in economic benefit to the area.**

The addition of the 100,000 square foot building will further enhance the economic benefits to the region.

Striking gold at the

Alameda County Fair

The Alameda County Fairgrounds is an economic, social and cultural treasure for local communities. In 2002, the fair contributed nearly \$195.7 million in economic impact to Alameda County, created 1,854 local jobs and generated about \$3.2 million in local tax revenues.^{1 2 3}

The Alameda County Fair, a nonprofit organization, operates and conducts the fairgrounds and annual fair on behalf of the county. Despite the fair organization's official status as part of the California network of fairs, it does not receive money from the state general fund. Rather, it is funded through revenues it generates locally and \$35,000 it receives annually from a licensing fee on wagers placed on horse racing. Pari-mutuel wagering on horse racing was allowed through a constitutional amendment in 1933, with a portion of the revenues designated to support the network of California fairs.

The California Department of Food and Agriculture's Division of Fairs and Expositions engaged the firm of KPMG LLP to measure the annual economic and social impacts of the Alameda County Fair and produce a report detailing their findings.⁴ Based on information presented in this report, the fair organization should be considered a gold mine for their community and the Golden State.

Economic Impact: At the Assayer's Office

In 2002, the fair organization created significant economic impacts on the local economy.

- Overall impact of spending by all participants at fairtime and year-round events resulted in a total economic impact on the county of nearly \$195.7 million.
- Attendee direct spending at fairtime and year-round events totaled approximately more than \$97 million.
- Annual personal income impact from attendee, fair organization and fair-related business spending totaled about \$48.7 million.
- Full-time equivalent jobs created by the fair organization through direct employment and multiplier impacts reached 1,854.
- City and county governments collected an estimated total of about \$3.2 million in tax revenues from year-round activities held at the fairgrounds.
- For each worker the fair organization and related business employs, an estimated 4.67 additional jobs are created in the county. For each dollar that economic participants pay their employees, an estimated \$2.55 in total personal income is produced in the local economy.
- Each dollar spent by the fair organization and year-round event participants generates an estimated 29 cents of additional spending in the county, for a total impact of \$1.29 per dollar spent.

Agriculture: The Gold Nugget

A central feature of the fair is to educate people about the importance of agriculture in California.

- Fifty-eight percent of fairgoers felt that they knew more about agriculture after going to the fair.
- The fair is a critical part of the local junior livestock program, which educates young people about the breeding, raising and grooming of farm animals. The junior livestock auction at the fair grossed \$455,127, with 436 animals purchased by 258 buyers.
- During 2002, the fair judged 14,593 exhibits, including 4,175 agricultural exhibits. This resulted in \$222,347 paid in prize money to fair participants.

Fair-Related Businesses: Services to a Golden Industry

Fair-related businesses provide many goods and services that are essential to the fair experience.

- Commercial exhibitors generated nearly \$30.9 million in local spending, more than \$10.5 million in personal income, 315 local jobs and \$279,762 in local taxes. Attendee spending on commercial exhibitor merchandise totaled more than \$56.7 million, which generated roughly \$1.3 million in local taxes.
- Combined economic impact of spending by commercial exhibitors plus attendee spending on commercial merchandise at fairs and year-round events totaled nearly \$87.6 million.

- Concessionaires created about \$4.4 million in local spending, roughly \$2.2 million in local personal income, 50 local jobs and \$38,925 in local taxes. Attendee direct spending on food and beverages totaled approximately \$5.6 million, which generated \$125,708 in local taxes.
- Total economic impact from the carnival generated \$588,981 in local spending, four local jobs, \$177,186 in local personal income and \$3,885 in local taxes.
- Entertainment at the fair created \$470,117 in local spending, \$374,157 in local personal income, six local jobs and \$5,294 in local taxes.

Community Groups: Mining for Gold

The fair is a major venue for local community groups and nonprofit organizations to raise money and awareness of their programs.

- In 2002, nonprofit groups raised \$282,876 at the Alameda County Fairgrounds for community programs and services. Include the \$455,127 raised at the junior livestock auction, and a total of \$738,003 was raised for community benefits.
- Twenty-three of California's fairgrounds host a satellite wagering facility at which wagers may be placed on horse racing. A percentage of the total amount wagered is paid to local governments for services provided to the facility. Under this program, the Alameda County Fair contributed \$228,119 to the city of Pleasanton in 2002.

Attendees: A Golden Treasure

Californians love their fairs and fairground events.

- Fairtime attendance was 377,791 in 2002, and year-round events attracted another 2,068,636 people. Total annual attendance at the Alameda County Fairgrounds was 2,446,427, which represents 165 percent of the county's population.
- Attendee spending at year-round events totaled nearly \$83.3 million.
- The average visitor attends the fair 1.7 times per year and lives within 100 miles.

Social and Cultural Impacts: Giving Back

While the economic impact of the fair is remarkable, it is the social and cultural impacts that may leave the most lasting impression on Californians.

- The fair provides a focal point for community members to celebrate their heritage, compete in a variety of events, hold family reunions, display and view artwork, learn about other cultures, premier new inventions, and showcase the best of California.
- Ninety-six percent of attendees agreed that the fair provided worthwhile community benefits.

Conclusion: A Golden Legacy

As this profile of the Alameda County Fair illustrates, fairs entertain and educate, but they also have immense economic, educational, social and cultural impacts. Economic impacts range from spending by attendees and businesses to nonprofit fundraising to job creation and to tax revenues. From people's paychecks to community services, the return on investment from fairs is widespread.

Fairs, however, represent much more than dollars-and-cents. Fairs offer a link between urban and rural California. They serve as tools for educating Californians about the importance of agriculture and introducing young people to both traditional and innovative aspects of life on the farm.

Fairs reach far beyond their agrarian roots and encourage industries and individuals to strive for excellence through competitions. Winning the blue ribbon at a fair competition is a great incentive to showcase the best of California.

Finally, through their social and cultural impacts, fairs embody the community spirit and highlight the diversity of the Golden State.

Gray Davis, Governor of California

William (Bill) J. Lyons Jr., Secretary
California Department of Food and Agriculture
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Alameda County Fair

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¹ The economic impacts presented in this profile are local in nature and are for Alameda County only. Economic impacts presented in *Fairs: Exploring a California Gold Mine* are for the entire state of California. Since the impact areas in the two studies are different, results of the two studies are not directly comparable.

² For study methodology, refer to Appendix B of *Fairs: Exploring a California Gold Mine*.

³ Jobs are measured by full-time equivalent counts. Due to the heavy reliance on temporary and part-time workers, the actual number of jobs is much greater.

⁴ This report was prepared by KPMG at the request of the California Department of Food and Agriculture (CDFA), Division of Fairs and Expositions (F&E) for the exclusive benefit of CDFA-F&E and is subject to limitations described herein. KPMG relied upon data and other information provided by F&E and other sources, which were not independently verified by KPMG.