



September 3, 2020

I am David Tobias, Interim General Manager for the Kansas State Fair. Good morning and thank you for letting me speak to the financial situation of the Fair.

For the first time in 106 uninterrupted years, since the inception in 1913, the Kansas State Fair (KSF) was canceled. Due to the 2020 cancellation, our projected shortfall is at least \$2.3 million for FY21, based on the 2019 Fair attendance and revenue numbers.

The Fair is a fee-funded agency of the State of Kansas responsible for generating its operational budget from gate tickets, concert ticket sales, commercial exhibits, food and beverage sales, sponsors and non-fair rentals. To compensate for the lack of revenue, the KSF has already let staff go, implemented furloughs and put capital projects on hold to offset the reduction in revenue. The State Fair currently has five open positions and four positions being furloughed. One of the capital projects put on hold was the Expo building renovation.

At the end of the day, there will be very little money available for the pre-planning of the 2021 fair and for any unexpected expenditures relating to aging infrastructure in FY21. The Kansas State Fair has tried to estimate our expenditures and revenues for the remainder of FY21 as accurately as possible, but any deviation from that could put the preparations of the Fair and the financials further off course. Meanwhile, due to the current limitations of federal funding not being able to be used for lost revenue, the Fair is in a unique situation.

Financial situation that we are currently in: (as of 9/1/20)

Fee Fund: \$389,196.21

Local Bank Account: \$358,259.31 after \$25,000 payment to ETIX for refunds

Capital Imp. Fund: \$624,008.07

Total Fee Fund, Capital Imp Fund and Local Checking: \$1,371,463.50

- The KSF has projected expenditures of \$3,426,775 in FY21. This is a very fluid number as the KSF has many buildings with aging infrastructure.
- Projected FY21 revenues of \$5,109,387 which includes drawing down the Hutchinson Community Foundation account to reach this number (which I am not in favor of due to sponsorship dollars being used for operational costs) and utilizing all carryover balances in the coffers.
- The projected FY2021 revised budget looks as if we could have a balance of \$1,682,612 by the end of FY21 and this is by draining the foundation account (housed at the Hutchinson

Community Foundation) that also houses funds for our premier livestock Grand Drive show. These projected revenues hinge on concert ticket sales coming in, sponsors wanting to come back to the fair, commercial vendors signing up to come back, non-fair rental of buildings and any other fees and funding to get ready for the fair. None of these are a guarantee.

- There has been interest and work done to use Grand Drive funds at the Hutchinson Community Foundation to develop scholarships for Grand Drive youth but if we use all of these funds to survive, we will not have the opportunity to provide these scholarships to youth in the future. The foundation funds were also going to go to payments of renovating the Expo Center that was due to start after the 2020 Fair but was put on hold. I do not feel that utilizing the funds in this account is a wise fiduciary move, both from a donor perspective and for future planning.

I have had conversations with the Kansas Department of Commerce, as well as with Will Lawrence from the Governor's Office. Both have assured me that the delegation is aware of our situation and are committed to helping the Fair financially. However, they stated that it now lies in the hands of the delegation in Washington to change federal guidelines on how CARES funding can be distributed and utilized. Secretary Toland and Will Lawrence did confirm that they are earmarking \$2.3 million in Round 3 to the State Fair, contingent on the federal law being changed for the ability to disperse. We do appreciate the work on this, but this is not a guarantee.

We did reach out to Senator Moran and Representative Marshall's office about federal legislation that has been introduced to support fairs for economic loss. This was introduced into Congress on July 30 with the sole purpose of aiding agricultural fairs for losses sustained due to COVID 19. H.R. 7883, the Agricultural Fairs Rescue Act, will provide \$500 million in grant funding to support the nation's fairs.

In closing, I would like to remind you that:

- The Kansas State Fair is an important asset to Reno County and the state economy. The economic impact for Kansas is more than \$70 million, according to 2018 Kansas Department of Agriculture estimates. For the 60-mile radius around Hutchinson, it exceeds \$40 million.
- 4-H and FFA is part of the Fair's backbone. Youth work all year on projects in hopes of entering them in the State Fair. They qualify at the county level to bring projects to Hutchinson in September. The Grand Drive weekend, our premier 4-H and FFA youth livestock show, draws in more than 800 youth exhibitors.
- On average, nearly 700 vendors have space at the Fair to promote their products or to give out information. About 85 percent of the Fair's vendors are from Kansas.
- And, about 14,000 school-aged children participate in our Kansas' Largest Classroom program.

The Kansas State Fair's goal is to keep the Fair tradition alive for future generations to enjoy.

Thank you for your time and I will stand for questions.