

Board of Directors Budget Meeting
January 27, 2020
7 pm, Northwest Youth Corps, Columbia Room
(subject to approval by the Board at the March 2, 2020, meeting)

Board Directors present: Aaron Kenton, Cynthia “Peaches” Peachey, George Braddock (Vice President 1), Jack Makarchek (President, alternate), Lily Harmon-Gross (Vice President 2), Lisa Cooley, Lisa Parker, Palmer Parker (alternate), Paxton Hoag, Sandra Bauer, and Sue Theolass. **Board Officers present:** Hilary Anthony, Kimberly “Kimmo” Howard, Lynda Gingerich. **Staff present:** Crystalyn Frank, Robin Bernardi, Shane Harvey, Stephanie Talbott, and Wally Bomgaars; plus nine members and guests. Sam Rutledge facilitated the meeting. **Board Directors absent:** Spirit Leatherwood, so Jack voted in her stead.

This Board of Directors meeting is being videotaped and will be available to the Fair family on the OCF YouTube channel for those wanting to watch the proceedings here tonight. To get links for this and all Board meetings, go to the Board section of oregoncountryfair.net and click on “Sign up to receive videos of monthly Board meetings.” Please note, Board meetings held at the OCF site are not live-streamed due to intermittent access to the internet. Thank you, Stephanie Talbott, for recording the meeting.

(Note: A different recording system was used for the budget meeting, resulting in two archived video links with a short lapse of about 14 minutes. The following minutes are noted with timestamps for both videos.)

Hilary gave big thanks to the Budget Committee and staff for their work at the meetings on the proposed budget that was presented. Since Grumpy retired, we have gone through some transitions with how tasks are distributed, and staff is more involved. As our organization has gotten more complicated there have been some challenges, but we are working through them.

To give some context, the Fair had some predictable patterns until about 2015 when we opened Xavanadu. Since then it has been less predictable with attendance numbers. We bought the winery property, and are expecting to spend more on personnel. In budget planning we are adjusting to these changes, trying to anticipate and provide stability and predict revenue based on sales and pricing. The proposed budget is what we might spend, and revenue projections are typically conservative.

The Board approving the budget proposal means they are authorizing how much can be spent. Oftentimes, we do not spend what is budgeted. The budget proposal does not include capital projects, the money we earn on endowment, or donations we receive. Our operating expenses have been increasing consistently due to payroll, health insurance, and cost of living.

Hilary’s perspective is that the Fair needs to get some control over the continued growth. We do have money set aside for special projects. There is still some reconciliation to complete for 2019, but the current review shows we had \$1.6 million in the bank as of December 31, 2019. Of that, \$28,000 will go out right away for payables, \$100,000 is set aside for deferred maintenance, and the combination of monies set aside for a new office, community center, Peach Power, and Green Ticket is about \$750,000. There is \$60,000 in

restricted money that was donated. It will cost a total of about \$400,000 to get us from January 1 to May 1, 2020.

We have about \$100,000 in the bank right now with no designation. We may want to save it for a rainy day, or if we have low ticket sales this year. It could also be used for capital projects. Hilary would like to see us build this reserve up to \$300,000 or \$350,000. She also hopes the Budget Committee can set some higher-level goals, and focus on strategic planning.

Hilary noted the Board had already approved 2020 revenue projections, but after reviewing it some more, she feels the pass sales revenue projection should be raised by \$50,000. While ticket sales may be less than 2019, she said the number of Elders is increasing by more than 100 people.

Jack moved and Paxton seconded to amend the 2020 revenue projections and add \$50,000 to pass sales. (first video, 14:23)

Wally asked for clarification about attendance sales. Hilary noted attendance projections were not part of the pass sales revenue amendment in the stated motion.

Aaron asked if this would cause the budget to be \$32,000 in the red, versus \$82,000. Hilary said no, it was only changing revenue projections. Lynda noted it was a more realistic figure.

Motion passed: 10-0. (end of first video)

Lynda said Fair growth is a big deal, and spoke to wristband allocations. When the number of wristbands increases, the number of food vouchers also increases. Lynda reviewed the 2020 wristband allocation data for volunteer crews, trade wristbands, trade wristbands to sell, SO passes, and worker day passes for the event. She feels it is important to objectively see the data vs. subjective bias, and is passionate about transparency.

The allocations show what was budgeted for wristbands in 2018 and 2019, but all wristbands may not have all been used. In reviewing the data, it shows the areas of the Fair where growth has been happening, and will help in analysis of long-term planning and the direction we want to the Fair to go in to remain sustainable.

Sandra asked if the wristbands specific to the 50th in 2019 were carried over into the 2020 allocations. Lynda and Hilary said there were not many of those, and were not in the figures. Crystalyn confirmed the wristbands specific to the 50th came out of the GM budget. Hilary said there is an effort to review the trade and crew pass allocations to ensure we are validating the need.

Lynda emphasized the number of wristband allocations is not confidential, but is sensitive information and we should be mindful in using the data in a respectful manner.

Member Jon S. asked to clarify trade passes for those staying overnight, and asked if it excluded food and craft booths. Lynda confirmed the wristband allocation for vendors is budgeted at a count of 5,000 wristbands. Note, the total 2020 proposed wristband count for all crews, trades, vendors and teens is 9,802. Jon S. also asked about SO passes, and clarified that would bring the wristband total to over 12,000 people who stay overnight. Lynda said the formula of the total figures on the wristband handout may need to be verified.

Aaron thanked the Budget Committee for including their meeting notes in the budget proposal handouts. She asked to verify the budget increase for Community Village. Hilary said changes were made to their trade wristbands. Crystalyn noted some of the trade wristbands for the 4A and nonprofit folks of Community Village will now be budgeted

instead of recipients paying a fee. Sam, from Community Village, said there are a lot of people who are doing jobs that are also done by other Fair crews and to make it more equal for those doing the same types of jobs. Stephanie noted Community Village's supplies and services budget also increased for their stage.

(Beginning of second video)

Aaron asked about Entertainment Solar Stages asking for 19 more trade and crew wristbands. Hilary said there have been discrepancies for the past six years with how the Solar Stage coordinators have been issuing trade and crew passes. She said trade passes should be given to the radio station folks, and crew passes should be given to the stage managers and sound people. The Budget Committee agreed on an increase of eight total crew wristbands. The committee also agreed to give them \$1,000 more for supplies and services.

Aaron asked about the Far Side Traffic wristband count increasing from 14 to 25. Crystalyn said in the past we paid for outside security at the Far Side because of agreements with the city of Veneta. Now that we will have our own road, we no longer need outside security and will be using our own crews.

Aaron asked about the Photo Booth wristband count increase from 17 to 23. Crystalyn said they are expanding their hours and getting another photographer. Aaron asked if this was the photo booth that generated revenue for Fair. Crystalyn clarified it was for the Fair photo crew, and not the ocf.smugmug.com photo portraits.

Aaron also commented on the Recycling wristband count increase from 169 to 184, and said she supports this 100 percent for composting at the winery.

Lynda spoke to crews requesting increases in supplies and services, and/or wristbands. She referred to a handout showing what was budgeted in 2019, what the crew requested in 2020, and what the Budget Committee recommended for 2020. Last year the budget was \$340,049. The requests for budget increases by crew totaled \$436,472, meaning crews asked for \$96,423 more than the year before. The Budget Committee's recommendation total is \$401,099.

Hilary said there has been a large increase in crews asking for golf carts and gators. It used to be there were only a few onsite, and it is shocking to her how many are being requested.

Peaches noted she saw two different amounts of 11 and 15 for proposed wristband allocations to the Craft Demo team. Lynda said it is the difference between trade and crew passes.

Paxton asked about a new team called Dug's Green Entertainment. Hilary clarified it is to shuttle entertainment crews to stages other than Main Stage and solar stages.

Lynda noted Durables has moved from a team to a crew. It has opened up larger discussions about the process to become a team, or the process to come a crew, that needs further review by the Budget Committee and others.

(Second video, 10:53)

Lynda referred to a handout with profit and loss vs. actual figures. It shows the proposed 2019 budget, the 2019 amount we actually spent, and the 2020 proposed budget. Lynda asked the Board to clarify Board line item 5065 for "other events" that was budgeted \$2,000 in 2019, and was not included in 2020.

Jack and Sue moved to approve the Board of Directors budget of \$166,600. (second video, 13:32)

MEMBERS: Jon S. said the Diversity Committee has been working on proposals for learning opportunities this year. In the past, it has come out of the Board change line item 5041, but there is nothing budgeted in this line item for 2020. He asked about a budget for diversity efforts.

Lily said instead of using the Board change line item for a planned event, new line item 5078 was created for training. There is also research and education line item 5072. Both of those line items total \$20,000. If there is something in the future we want to support, like Standing Rock, then we can adjust the Board change line item as needed.

Jon S. said the Diversity Committee is proposing \$12,000 for the planned event in the spring in Eugene, working with operations to figure out some small things to do pre-Fair onsite for those who do not live in Eugene. After the event, we would like to plan something in Portland, as well as having somebody to work with the Board who comes into office in November. The committee is pursuing two consultants for the spring event and pre-Fair: Dr. Johnny Lake and Gilda Montenegro-Fix.

Jen-Lin expressed concern with no budget in the Board change line 5041, especially with it being an election year. Traditionally, there have been funds to support initiatives that resonate with our values. She asked if this would be considered anywhere else in the Fair budget.

Hilary said the Board prioritized their budget, and have a total of \$50,000 proposed for research and education, strategic planning, and training based on consultants they want to contract with.

Grumpy suggested we may be able to get volunteers to consult instead of paying thousands for one, since the Fair is mainly a group of volunteers.

Dean spoke to the work of Committee Best Practices, and the need for scribes, which may be an added operational expense. He also said they are planning an open house, and wondered if funds for Board advisory committees are included in the budget.

Lily said the Board could add back in the other events line item 5065 for things like committee expenses. She noted the Board work session also will incur expenses, like for renting space for the sessions, and the meeting line item 5060 is proposed to increase from \$3,000 to \$4,000 for 2020.

Jen-Lin asked about expenses for printing copies of documents for meetings and work sessions. Crystalyn said there are some funds in the Staff budget for copies, and Lily said the Board also has a line item for copies and postage.

In response to what Grumpy said, Jon S. said the Diversity Committee is getting discounted rates from the consultants they want to work with. In contracting with them, the committee needs to know how much they have to work with. Given that diversity is our No. 1 Vision goal, he hopes the Board will indicate a budget and parameters to work within.

BOARD: Aaron said she would speak to specific line items later, but wanted to ask the Board if the plan is to deal with our deficit and discuss it. She agrees with Grumpy, and encouraged the Diversity Committee to reach out to volunteers who might be able to provide the services for the events being planned.

Aaron noted the Board line items for orientation (retreat), research and education, strategic planning, and training total \$56,700. She suggested the Board try to assist with getting the overall budget more in line, and reduce it by \$10,000. Aaron said we have been budgeting in the red for years, and need to stop doing that.

Lily said the current proposed budget is about \$10,000 less than budgeted last year, and is \$30,000 less than what was actually spent. As a Board, we worked on this year's

budget and decided to pare it down. She does not think it would be a good idea to reduce the proposed amounts for the research and education, strategic planning, and training line items. We hope we can remain within budget and not inflate ourselves like we did last year.

Wally noted in consideration of budgeting for strategic planning, the associated cost has gone down from \$40,000 to \$27,000. Stephanie asked about Board picnic line item 5068, and Lily replied that it had been moved to the operations budget.

Aaron offered a friendly amendment to reduce both research and education, and training line items by \$5,000 each. The motion was not amended.

Palmer said \$50,000 for consultants to talk at and with us is a lot of money. He also wants the Board to keep in mind a new Fair office in Eugene. Palmer said it is his eighth term on the Board, and it's usually budgeted in the red because we budget conservatively, which he thinks is good.

That said, Palmer spoke to the Fair being a philanthropic organization. He hopes the Board does not reduce the donation request amounts by 10 percent, like was done in 2019. **Palmer offered a friendly amendment to increase the Board donation line item 5046 from \$25,000 to \$35,000.** Sue noted the Board went \$12,000 over their donation budget in 2019. **The motion was not amended.**

Jack said our budget process allows for adjustments in the future. As the year progresses, we'll take it case by case, as we have done in the past.

Sandra said diversity is important and we should support it, but would feel more comfortable if the Diversity Committee had a proposal to present to the Board with more specific details.

Paxton regrets seeing the change line item not included, and thinks it has been a valuable asset to the Board. He thanked the Budget Committee for all of the tremendous work they have done.

Motion passed: 10-0.

Lynda advised the Culture Jam budget proposal was missing \$750 for water bottle line item 5939.

Jack moved and Sue seconded to approve the Culture Jam budget of \$58,900.
(second video, 36:12)

Motion passed: 10-0.

Lynda advised the Administrative Assistant budget proposal needed further adjustments: household line item 5019 — \$1,850, miscellaneous line item 5020 — \$100, repair and maintenance line item 5028 — \$1,500.

Jack moved and Paxton seconded to approve the Administrative Assistant budget of \$33,950. (Second video, 38:33)

BOARD: Peaches asked what the household line item was for. Lynda said it was for cleaning expenses.

Motion passed: 10-0.

Lynda advised the total Crew budget proposal needed further adjustments: Team Big Boys supplies line item 6153 — \$4,050, and Site Crew supplies line item 7573 — \$750.

Jack and Paxton seconded to approve the total Crew budget of \$1,020,784. (second video, 42:08)

MEMBERS: Jon S. said it would be nice for members see the proposed budget in advance of the budget meeting, so they have more time for review.

Dan, Main Stage Coordinator, spoke to their request for a budget increase. He said that the Fair underpays our professional musicians. If we want to have world-class entertainment, we have to pay for it. We are trying to bring more people in for the experience, even if it can't be a big name like Phish at Main Stage, and make it an amazing weekend.

Hilary said the Budget Committee has offered \$15,000 additional support for Main Stage entertainment, knowing they were doing a lot with not much. She would like to see a market survey, and realizes headliner acts can cost \$100,000 to \$200,000. We may not pay as much, but we need to consider what we want the Fair to be. There needs to be some data to include in a dialogue about this issue so we can come to a common vision about the future.

BOARD: Lily read a statement from Spirit, endorsing a \$10,000 increase to the Main Stage budget, and no less than \$5,000. Music is an art too. These artists no longer get the bulk of their pay from CDs or vinyl. If we can't offer our resources to up our game we'll plateau, and continue to have the same bands that play at the Whiteaker Block Party for free. We learned last year that music generates tickets sales, and we should find a middle ground.

Peaches said Main Stage does a fabulous job with strapped resources. She would like to be able to support artists in a way that feels good, with the experience we offer. She understands some acts bring in new attendees to Fair. But as we look at strategic planning and how to move forward, Peaches is feeling protective for all of the parts of the Fair. We have creative experiences — like the Dance Pavilion — that can bring in people, as well. She supports the current budget proposal, but wants more consideration about the direction of the Fair.

Aaron said the world we live in is a lot different than it was 50 years ago. She supports Spirit's recommendation. **Aaron offered a friendly amendment to increase the Main Stage supplies line item 6573 by \$5,000. The motion was not amended.**

Paxton feels the proposed budget is good.

Sandra asked if the additional \$15,000 the Budget Committee offered to Main Stage was just for entertainers. Dan said some of it goes to rentals and contracts, and they do get a discount from single-source suppliers. It is basically a risk abatement if one of our suppliers changes and is not able to offer the same discount. Brian said they need to upgrade some rental equipment.

Aaron clarified the previous Green Thumb Crew budget was now separated into Flower Crew and Garden Crew. She asked for more information about the Recycling Crew budget increasing substantially, and asked if it was for the composting. Hilary said it is for the composting rental equipment, and Shane confirmed some of the increase is so the compost can be moved to the winery property.

George said one of the issues with getting headliner acts at Main Stage is the size of the venue, and is a factor to consider.

Motion passed: 10-0.

Jack moved and Sue seconded to approve the Site Manager budget of \$261,360.
(second video, 59:24)

BOARD: Aaron asked why utilities line item 5340 went down from last year. Shane said there are attempts to turn off some phones that don't register with Century Link in the offseason. She also asked why the outhouses line item 5322 increased, and if it was for

needing more restrooms. Shane replied it was for the Honey Buckets service, and reflects 34 additional units to be placed in strategic locations. He noted last year was the 50th event, which brought in a record number of attendees.

Motion passed: 10-0.

Jack moved and Palmer seconded to approve the Operations Manager budget of \$287,232. (second video, 1:04:30)

MEMBERS: Dean said KOFC just found out that internet service at Bolton Hill will be about \$900 for the year. With cost of \$1,200 to the city for rent and other expenses, we will still need another \$500 for the next year. Crystalyn said she would be in favor of increasing their budget, based on new information and that is part of the basic costs to keep KOFC on the air. Hilary noted KOFC also has a line item for donations, and they are able to utilize those funds.

BOARD: Paxton offered a friendly amendment to increase the LPFM (KOFC) line item 9821 by \$500, for a total of \$6,800. Jack and Palmer agreed.

As amended, Jack moved and Palmer seconded to approve the Operations Manager budget of \$287,732. (second video, 1:07:38)

Motion passed: 10-0.

Lynda advised the General Manager budget proposal needed further adjustments to payroll, based on the Board's closed session prior to the budget meeting.

Jack moved and Peaches seconded to approve the General Manager budget of \$942,865. (second video, 1:20:24)

MEMBERS: Jon S. noted archives line item 9884 was less than last year and there was no grant money. He thinks it should be higher so we don't short-change ourselves. Crystalyn said a lot of purchases last year were one-time expenses for hard drives, boxes and storage.

BOARD: Palmer clarified with Wally the General Management budget is the Executive Director budget, which includes payroll for staff.

Motion passed: 9-1; Aaron opposed.