

Striking gold at the

# Santa Cruz County Fair

The Santa Cruz County Fairgrounds is an economic, social and cultural treasure for local communities. In 2002, the fair contributed more than \$9.6 million in economic impact to Santa Cruz County, created 128 local jobs and generated \$119,580 in local tax revenues.<sup>1 2 3</sup>

The 14th District Agricultural Association — the legal body governing the fair and fairgrounds — is a state entity. However, the fair organization does not receive money from the state general fund. Rather, it is funded through revenues it generates locally and \$124,000 it receives annually from a licensing fee on wagers placed on horse racing. Pari-mutuel wagering on horse racing in California 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 Santa Cruz County Fair and produce a report detailing their findings.<sup>4</sup> 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 more than \$9.6 million.
- Attendee direct spending at fairtime and year-round events totaled more than \$3.5 million.
- Annual personal income impact from attendee, fair organization and fair-related business spending totaled more than \$3 million.
- Full-time equivalent jobs created by the fair organization through direct employment and multiplier impacts reached 128.
- City and county governments collected an estimated total of \$119,580 in tax revenues from year-round activities held at the fairgrounds.
- For each worker the fair organization and related business employs, an estimated 5.52 additional jobs are created in the county. For each dollar that economic participants pay their employees, an estimated \$2.62 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 33 cents of additional spending in the county, for a total impact of \$1.33 per dollar spent.

## Agriculture: The Gold Nugget

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

- Eighty-six 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 \$112,252, with 165 animals purchased by 182 buyers.
- During 2002, the fair judged 6,546 exhibits, including 1,153 agricultural exhibits. This resulted in \$17,288 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 \$442,641 in local spending, \$145,615 in personal income, five local jobs and \$4,377 in local taxes. Attendee spending on commercial exhibitor merchandise totaled \$883,029, which generated \$17,661 in local taxes.
- Combined economic impact of spending by commercial exhibitors plus attendee spending on commercial merchandise at fairs and year-round events totaled more than \$1.3 million.
- Concessionaires created \$466,398 in local spending, \$228,171 in local personal income, six local jobs and \$4,382 in local taxes. Attendee direct spending on food and beverages totaled \$644,486, which generated \$12,890 in local taxes.

- Total economic impact from the carnival generated \$14,550 in local spending, \$4,145 in local personal income and \$487 in local taxes.
- Entertainment at the fair created \$28,607 in local spending, \$23,120 in local personal income and \$329 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 \$94,047 at the Santa Cruz County Fairgrounds for community programs and services.
- Include the \$112,252 raised at the junior livestock auction, and a total of \$206,299 was raised for community benefits.

## Attendees: A Golden Treasure

Californians love their fairs and fairground events.

- Fairtime attendance was 79,703 in 2002, and year-round events attracted another 133,347 people. Total annual attendance at the Santa Cruz County Fairgrounds was 213,050, which represents 82 percent of the county's population.
- Year-round events demonstrate how well-planned and creative programming can generate community involvement and local revenues. Attendee spending at year-round events totaled nearly \$2.5 million.
- The average visitor attends the fair 2.4 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.
- Nine-eight percent of attendees agreed that the fair provided worthwhile community benefits.

## Conclusion: A Golden Legacy

As this profile of the Santa Cruz 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.

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<sup>1</sup> The economic impacts presented in this profile are local in nature and are for Santa Cruz 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.

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

<sup>3</sup> 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.

<sup>4</sup> 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.