

Striking gold at the

# Los Angeles County Fair

Fairplex is an economic, social and cultural treasure for local communities. In 2002, the fair contributed nearly \$300 million in economic impact to Los Angeles, Orange, Riverside and San Bernardino counties, created 2,400 local jobs and generated nearly \$7.8 million in local tax revenues.<sup>1 2 3</sup>

The Los Angeles County Fair, a nonprofit organization, operates and conducts the fairgrounds and annual fair on behalf of Los Angeles 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 Los Angeles 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 nearly \$300 million.
- Attendee direct spending totaled more than \$132 million.
- Annual personal income impact from attendee, fair organization and fair-related business spending totaled approximately \$70 million.
- Full-time equivalent jobs created by the fair organization through direct employment and multiplier impacts reached 2,400.
- City and county governments collected an estimated total of nearly \$7.8 million in tax revenues from year-round activities held at the fairgrounds.
- For each worker the fair organization and related business employs, an estimated 1.72 additional jobs are created in the county. For each dollar that economic participants pay their employees, an estimated \$2.28 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 32 cents of additional spending in the county, for a total impact of \$1.32 per dollar spent.

## Agriculture: The Gold Nugget

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

- Seventy-one 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 \$92,330, with 264 animals purchased by 424 buyers.
- During 2002, the fair judged 31,789 exhibits, including 568 agricultural exhibits. This resulted in \$170,247 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 more than \$43.5 million in local spending, approximately \$15 million in personal income, 447 local jobs and \$419,282 in local taxes. Attendee spending on commercial exhibitor merchandise totaled about \$76.3 million, which generated \$1.7 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 \$120 million.

- Concessionaires created about \$13.5 million in local spending, more than \$6.6 million in local personal income, 155 local jobs and \$205,656 in local taxes. Attendee direct spending on food and beverages totaled more than \$16.4 million, which generated \$369,592 in local taxes.
- Total economic impact from the carnival generated in excess of \$1 million in local spending, 11 local jobs, \$304,587 in local personal income and \$25,607 in local taxes.
- Entertainment at the fair created \$311,363 in local spending, \$242,919 in local personal income, four local jobs and \$3,613 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 \$235,622 at Fairplex for community programs and services. Include the \$92,330 raised at the junior livestock auction, and a total of \$327,952 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 Los Angeles County Fair contributed \$238,014 to the city of Pomona in 2002.

## Attendees: A Golden Treasure

Californians love their fairs and fairground events.

- Fairtime attendance was 1,288,056 in 2002, and year-round events attracted another 1,988,924 people. Total annual attendance at Fairplex was 3,276,980, which represents 33 percent of the county's population.
- Attendee spending at year-round events totaled about \$78.5 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.

- Ninety-six percent of attendees agreed that the fair provided worthwhile community benefits.
- Approximately 100,000 school children annually attend the fair free-of-charge through the Fair Kids Discovery Program.

## Conclusion: A Golden Legacy

As this profile of the Los Angeles 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 Los Angeles County, Orange, Riverside and San Bernardino counties 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.