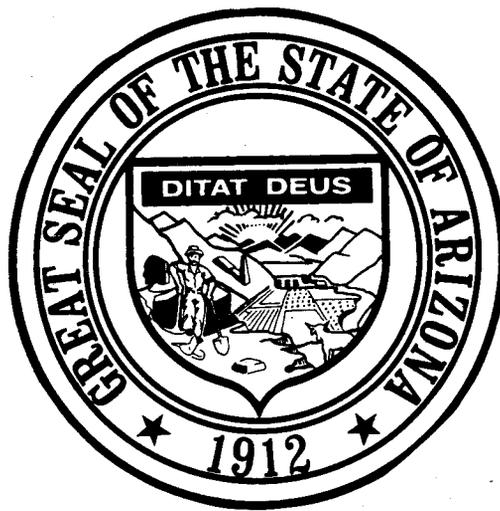


***OFFICE FOR EXCELLENCE in
GOVERNMENT***



*Findings and Proposals
for
Process and Organizational Improvements
for*

**ARIZONA COLISEUM AND
EXPOSITION CENTER**

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OFFICE FOR EXCELLENCE IN GOVERNMENT
ARIZONA COLISEUM AND EXPOSITION CENTER
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OFFICE FOR EXCELLENCE IN GOVERNMENT

EXECUTIVE SUMMARY

Arizona Coliseum and Exposition Center

The Office for Excellence in Government (OEG) has completed a diagnostic review of the Arizona Coliseum and Exposition Center (ACEC). This summary presents a synopsis of the findings and recommendations developed by OEG in partnership with the ACEC and describes the approach used in conducting the review. The review was conducted from September 1992 to January 1993. No analysis was conducted during the period of the State Fair in 1992. Joint drafting of all recommendations, as outlined in the Partnership Agreement, commenced in late May due to the ACEC's request and concluded in early August 1993.

The Coliseum and Fairgrounds can be a continuing source of revenue to the State. A principal consideration in developing the proposals was to support an aggressive increase in the utilization of the Coliseum and Grounds over the current levels. In addition, identified benefits ranging from \$1,271,900 to \$1,410,100 for the ACEC based on cost reductions and revenue opportunities were identified. The summary of proposed benefits are presented in Exhibit 2.

The summary of savings associated with the organizational changes is presented in Exhibit 3: Summary of Proposed Organization Savings. The proposals for organizational savings should not be interpreted as a reflection of the performance of the individuals in the current organization whose job functions and responsibilities are no longer necessary to meet the challenges facing the organization.

OBJECTIVES AND MANAGEMENT CONCERNS

The overall objective of the diagnostic review was to evaluate the ACEC using various business analysis and Total Quality Management (TQM) techniques to identify improvements in the delivery of the agency's services. In this context, four ACEC Management concerns conveyed during a partnership meeting were addressed:

1. Maintenance of the "enterprise" nature of the ACEC
2. Preservation of the long term job security of employees
3. Provision for rewarding all employees for superior performance
4. Response to legislative requests for contributions to the General Fund.

APPROACH

The approach to this review focused on taking an integrated view of the organization. As a whole, and for each of the areas reviewed, the following elements were studied: the mission and strategic focus; the process delivery methodology; the process technology; methods for using and managing information; performance measurements; quality and service issues and measurements; organizational structures; and the logistics and physical assets used by the organization to deliver services.

The study began with the analysis of "shelf data" provided by the ACEC to become familiar with the mission, size, structure and responsibilities of the major areas of the agency. Next, extensive interviews were conducted at all levels of the organization, selecting those individuals best situated to help identify areas for improvement.

During the course of the review, a total of 77 interviews were conducted with agency personnel, customers and competitors. The list of persons interviewed is presented in Exhibit 4: List of Interviews. As a result of information obtained in the interviews, process flows were documented and agency documents and records were analyzed. The diagnostic team also toured the ACEC facilities and visited the State Fair.

The review was conducted through analytical rather than comparative techniques to provide the ACEC with an opportunity to identify levels of improvement. These improvements support the ACEC Management's efforts to satisfy the expectations of the Legislature while regaining a competitive position in the local entertainment market.

SUMMARY OF FINDINGS AND PROPOSALS

To date, local customers (i.e event promoters) of the Coliseum facility appear to have been satisfied with the facilities and service levels provided by the agency. In addition, they expressed optimism about the prospects for the ACEC to fulfill its statutory mandate and retain a viable share of the local entertainment market.

However, the ACEC appears to be at a critical juncture, caught between the Legislature's rising expectations of financial contributions to the state's general fund and a significant decrease in revenues related to the loss of the Phoenix Suns basketball franchise and other events to a newly opened venue. The ACEC's audited financial statements for FY 1992 show the first operating loss in over 10 years.

To capitalize on its opportunities, the ACEC needs to develop and implement an aggressive plan. The proposals contained in this report were developed to assist the ACEC, as an on-going state agency, in formulating such a plan. The proposals are grouped into the following categories: 1) Mission and Strategy, 2) Organizational

Structure, 3) Performance Sharing Plan, 4) Performance Monitoring, 5) Revenue Opportunities, 6) Cost control, and 7) Service Improvement Opportunities.

The proposals related to Mission and Strategy are for the ACEC to formalize its role as a contributor to the State's General Fund with the understanding that limits will be placed on additional requests; champion an Agency Performance Sharing Plan supported by a Performance Monitoring System; and urgently implement an aggressive business plan to counter the loss of non-Fair revenues.

The proposal related to Organizational Structure primarily includes changes in the labor intensive efforts of the ACEC -- Coliseum and Grounds. These efforts will enable the ACEC to more effectively control labor costs as it refocuses strategically for the future. All incumbents, whose permanent positions are eliminated, will be allowed the opportunity to participate in the statewide re-deployment process.

Regarding the Agency Performance Sharing Plan, it is proposed that the plan be based on the agency's cash profits; have a fixed minimum contribution (e.g. percent of assets) or a variable contribution (e.g. percent of remaining profits) to the State's General Fund; and provide an opportunity for all agency employees to receive a share of the remaining profits based on achieving specific objectives established in a Performance Monitoring System.

The ACEC should establish a formal and comprehensive Performance Monitoring System based on teams in all key functional areas selecting performance measures and objectives; developing action plans to achieve the objectives; and establishing an information management system to collect information and report monthly on performance versus objectives. Regarding objectives, increasing the non-Fair capacity utilization of the facilities should receive high priority.

The proposals related to Revenue Opportunities include implementing a preferential parking fee system; increasing the fixed parking lot rental rates; reducing the current level of financial support to the Arizona National Livestock Show (ANLS); collecting parking fees during the ANLS; capitalizing on the marketplace demands for Fair commercial exhibitor and concessionaire space; modifying cash management practices to increase returns; and using guest press box seats for marketing purposes.

The proposals related to Cost Control Opportunities focus on reducing the Fair Entries Department costs or increasing revenues and making their publications self funding.

The proposals related to Service Improvement Opportunities focus on introducing child care services during events and accepting credit card purchases over the telephone.

GENERAL OBSERVATIONS

The proposals are primarily based on the situation as it existed when the interviews and analyses were conducted. In addition, a formal strategy or business plan from the ACEC was not available at the time of the review, though the document was under development but had not been approved by the Board of Directors. As a result, some of the proposals needed to be reformulated during the joint drafting stage due to changes in the environment and management direction since January 1993.

The diagnostic effort was greatly assisted by the cooperation of the ACEC employees, and it should be noted that they exhibited true dedication and competence in this endeavor.

IMPLEMENTATION

Implementation is the critical step in the process of achieving change. With the exception of the Performance Sharing Plan which depends on Legislative action, all of the proposals can be implemented within one year and, in fact, many of the recommendations have already been implemented since the recommendations were first shared with the ACEC in January 1993.

ACKNOWLEDGEMENTS

The Office for Excellence in Government would like to thank the Board of Directors, the Executive Director of the Arizona Coliseum and Exposition Center and the entire staff for their cooperation, participation, suggestions and support during this study.



Exhibit i

Mailing Address: P.O. Box 6728 Phoenix, AZ 85005-6728
Location Address: 1826 West McDowell Road FAX (602) 495-1302 (602) 252-6771

GARY D. MONTGOMERY, Executive Director RAY McAULEY, Deputy Director

August 11, 1993

Mr. Tim Boncoskey
Director of the Office for Excellence in Government
1700 W. Washington, 3rd Floor
Phoenix, Arizona 85007

Dear Mr. Boncoskey:

Upon receiving the request that our agency participate in Governor Symington's program to make government more efficient, we were reluctant to become a part of the project. We are not, as you are aware, a large agency and we were faced with the loss of our second largest event and the emergence of a new competitor for the valley's entertainment activities. We didn't feel that we could afford the time and effort as we felt that we could better apply our energies to the pursuit of other activities that would offset the changes we faced in our business atmosphere.

Fortunately, the Board agreed to invest time and effort into this project and the results have been very beneficial. With the assistance of a member of the consulting firm hired by the state and a state employee assigned to review our agency we and our entire upper and middle management staff were able to identify areas of cost reductions and revenue streams and those business directions which will help us meet the needs of today and the future.

We would like to thank you for the professional way in which you led us through the preparation of the final report and for allowing us the opportunity to have our views reflected in the final document. Although we may not have been in total agreement as to the recommendations, we would like to acknowledge that our involvement in this worthwhile effort has shown us the way to operate on a higher level of sophistication and competitiveness than that which we previously had been able to achieve.

Again, we wish to express our appreciation to Governor Symington and you for your interest and efforts in our agency. The people of the State of Arizona will benefit from our collective efforts.

Sincerely,

A handwritten signature in cursive script that reads "Gary D. Montgomery".

GARY D. MONTGOMERY

cc: Mary Huerstel
Steve Shadle
Tony Astorga
Yolanda Kizer



EXHIBIT 1: ACEC - OEG PARTNERSHIP AGREEMENT

Mailing Address: P.O. Box 6728 Phoenix, AZ 85005-6728
Location Address: 1826 West McDowell Road FAX (602) 495-1302 (602) 252-6771

GARY D. MONTGOMERY, Executive Director RAY McAULEY, Deputy Director

MISSION STATEMENT

Our team, consisting of the Arizona Veterans Memorial Coliseum, Arizona State Fairgrounds and Project Slim is committed to an accurate review process designed to:

- Evaluate and improve work and service quality by exceeding the expectations of patrons, vendors and participants.
- Recognize excellence
- Enhance job satisfaction

In fulfillment of the following goals, we will achieve this in an open and cooperative environment.

- Cooperate fully without jeopardizing the success and mission of the partnering participants.
- Explore methods of recognizing excellence of performance.
- An honest and open relationship.
- Prompt and open resolution of differences through the problem escalation process, in order to finish diagnostic review by December 31, 1992.
- Jointly draft all recommendations including differing opinions.
- Commit to delivering the highest quality service at the lowest appropriate cost on a continuing basis.
- Initiate improvements agreed upon in a prompt and positive manner during the process.

Gary D. Montgomery
Don B. ...
Michael ...
Steve ...
James ...
Ray McAuley
Ray ...
Wendell ...
Priscilla ...
Susan Baker
George ...
George ...
Ray ...
Bill Reed
David Van Melle
Emily K. ...
George A. Schade, Jr.
James A. ...
Mel ...

EXHIBIT 2: SUMMARY OF BENEFITS

I. Revenue Opportunities

Preferential Parking Rates	\$93,240	to	\$186,480
Rental of Parking Lots	11,200		
Parking Revenue Limitations at ANLS	30,000	to	75,000
Fair Commercial Exhibitors and Concessionaires	80,700		
Cash Management	31,000		
Press Box Seats	4,600		
Support of the ANLS	129,800		

II. Cost Control Opportunities

Fair Entries	50,000
Premium Book Cost Recovery	28,800

III. Service Improvement Opportunities

Child Care Services	38,500
---------------------	--------

IV. Organization

Savings\Revenue Increases	795,200
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TOTAL BENEFITS \$1,293,040 to \$1,431,280

V. Other Benefits

- Enhanced status with Legislature
- Pioneer in Performance Sharing
- Financial rewards for all ACEC employees
- Stronger marketing and booking organization
- More participative management

EXHIBIT 3: SUMMARY OF PROPOSED ORGANIZATION SAVINGS

DIVISIONS	SAVINGS
ADMINISTRATIVE	
Consolidated communications supervisor and administrative secretary position	\$19,604
BOOKING	
Secretary	24,871
Box office clerk	18,188
FINANCIAL	
Payables clerk	21,726
Buyers assistant	19,499
OPERATIONS	
Custodial worker	18,241
Electrician	28,960
Equipment operator	28,069
Equipment service worker	32,105
Grounds labor supervisor	27,230
Labor crew supervisor	28,069
Three labors	63,240
Painter	28,776
Supplies clerk	17,926
SUBTOTAL PERMANENT REDUCTIONS	\$376,504
Fifteen full-time temporaries at an avg rate of \$5.00 plus .84 fringes	177,840
TOTAL NET SAVINGS	\$554,344
LUMP SUM COST REDUCTION\REVENUE INCREASES	
Accounting	\$7,907
Security	25,000
Parking	21,530
Purchasing/Personnel	6,100
Communications	6,600
Entries	13,971
Box Office	19,365
Coliseum Maintenance	103,930
Grounds Maintenance	25,468
Operating Management	10,028
Ushering	1,001
SUBTOTAL LUMP SUM COST REDUCTIONS\REVENUE INCREASES	\$240,900
TOTAL ORGANIZATIONAL SAVINGS\REVENUE INCREASES	\$795,244

EXHIBIT 4: LIST OF INTERVIEWS

PERSON INTERVIEWED	TITLE	DATE AND TIME
1. RAYMOND W. MCAULEY	Comptroller – Deputy Director	September 3, 1992 10:00 a.m. – 4:45 p.m.
2. GARY SPENCE	Assistant Executive Director – Operations Director of Midway Management	September 4, 1992 10:00 a.m. – 2:45 p.m.
3. DON B. WEST	Coliseum Manager Assistant Executive Director	September 8, 1992 10:00 a.m. – 12:00 p.m. and 12:45 p.m. – 2:00 p.m.
4. GARY D. MONTGOMERY	Executive Director	September 9, 1992 11:00 a.m. – 2:45 p.m.
5. WILLIAM O. ROLLER	Assistant Director of Operations	September 10, 1992 9:00 a.m. – 12:00 p.m.
6. JAMES A. THARP	Chief of Security	September 10, 1992 1:00 p.m. – 4:15 p.m.
7. GEORGA WESTMORELAND	Executive Staff Assistant	September 14, 1992 9:00 a.m. – 11:30 p.m.
8. SHERRY PEW	Director of Fair Entries	September 15, 1992 9:00 a.m. – 11:00 a.m.
9. KEITH A. ROHRMAN	Assistant Chief of Security (Captain)	September 15, 1992 11:00 a.m. – 1:15 p.m.
10. JAMES E. WILLIAMS	Assistant Chief of Security (Captain)	September 15, 1992 1:45 p.m. – 4:00 p.m.
11. MERCY S. GONZALEZ	Secretary I – Office Manager	September 16, 1992 9:00 a.m. – 10:45 a.m.
12. DENNIS R. GANOE	Coliseum Event Control Officer I (Sargeant)	September 16, 1992 11:00 a.m. – 12:30 p.m.
13. HELEN M. KENNELLY	Administrative Assistant III – Office Manager	September 16, 1992 1:30 p.m. – 3:30 p.m.
14. J. A. MULLENEAUX	Equipment Mechanic II	September 16, 1992 9:00 a.m. – 11:00 a.m.
15. WILLIAM H. MCVAY	Equipment Services Assistant	September 16, 1992 11:00 a.m. – 1:00 p.m.
16. WILLIAM ROLLER, JR.	Equipment Services Assistant	September 16, 1992 1:30 p.m. – 3:30 p.m.
17. WILLIAM L. KLOPFER	Physical Plant Supervisor III	September 17, 1992 8:45 a.m. – 10:45 a.m.
18. GORDON ROTH	Physical Plant Supervisor II	September 17, 1992 11:00 a.m. – 1:00 p.m.
19. PATRICK O. KORNEGAY	Physical Plant Supervisor II	September 17, 1992 1:35 p.m. – 4:00 p.m.
20. SUSAN BAKER	Director of Marketing and Advertisement	September 22, 1992 9:00 a.m. – 11:00 a.m.
21. WANELL SKINNER	Assistant Coliseum Manager	September 22, 1992 11:00 a.m. – 1:05 p.m.
22. AMY K. IBARRA	Box Office Manager	September 22, 1992 1:45 p.m. – 3:45 p.m.
23. PAMELA K. STOCKSDALE	Personnel Director	September 23, 1992 9:00 a.m. – 11:00 a.m.
24. KENNETH MICHAEL DAVIS	Electrician	September 23, 1992 11:00 a.m. – 1:00 p.m.
25. DENNIS D. WEIGELT	Director of Accounting	September 23, 1992 1:30 p.m. – 4:00 p.m.
26. DAVID PORTILLO	Legislative Liaison	September 24, 1992 9:00 a.m. – 10:35 a.m.
27. OLIVE G. MORTENSEN	Administrative Assistant III	September 24, 1992 11:15 a.m. – 1:00 p.m.
28. J. DAVID RICH	Assistant Chief Counsel	September 24, 1992 1:30 p.m. – 2:45 p.m.

EXHIBIT 4: LIST OF INTERVIEWS

PERSON INTERVIEWED	TITLE	DATE AND TIME
29. MILDRED LONG	Communications Supervisor	September 25, 1992 9:00 a.m. – 11:00 a.m.
30. PATRICIA D. DUPUIS	Executive Secretary II – Booking Coordinator	September 28, 1992 9:15 a.m. – 11:30 a.m.
31. ROBERT T. COSTELLO	State Fire Marshal	September 28, 1992 3:00 p.m. – 5:15 p.m.
32. EDWARD C. CUNNINGHAM	State Fire Marshal	September 28, 1992 3:00 p.m. – 5:15 p.m.
33. DAVID COLLINS	Director Maricopa County Fair	September 29, 1992 8:45 a.m. – 10:30 a.m.
34. GERALDINE CRAIG	Show Director Arizona National Livestock Show	September 29, 1992 11:00 a.m. – 12:30 p.m.
35. BILL BACHAND	Owner Toolies Country and Broker	September 30, 1992 11:00 a.m. – 12:15 p.m.
36. JERRY COLANGELO	General Manager Phoenix Suns	October 5, 1992 10:00 a.m. – 11:00 a.m.
37. ROBERT K. MACHEN	General Manager America West Arena	October 5, 1992 10:00 a.m. – 11:00 a.m.
38. RICHARD H. DOZER	VP Chief Operating Officer Phoenix Suns	October 5, 1992 10:00 a.m. – 11:00 a.m.
39. DAN ZELISKO	Evening Star Productions, Inc.	October 13, 1992 1:30 p.m. – 3:30 p.m.
40. ADAM KELLER	General Manager, Phoenix Roadrunners Hockey Club	October 13, 1992 4:00 p.m. – 5:00 p.m.
41. ALLEN FLEXER	Chief Operating Officer Blockbuster Desert Sky Pavillion	October 15, 1992 2:00 p.m. – 4:15 p.m.
42. JANE L. CLARK	General Manager Blockbuster Desert Sky Pavillion	October 15, 1992 2:00 p.m. – 4:15 p.m.
43. DEBRA D. MORTENSEN	Administrative Secretary III	November 20, 1992 10:00 a.m. – 11:30 p.m.
44. MODENA WATSON	Buyer Assistant	November 20, 1992 10:00 a.m. – 11:30 p.m.
45. RAYMOND W. MCAULEY	Comptroller – Deputy Director	November 20, 1992 12:45 a.m. – 3:15 p.m.
46. MARJORIE B. FIASCHETTI	Buyer II	November 20, 1992 3:15 a.m. – 4:00 p.m.
47. PAMELA K. STOCKSDALE	Personnel Director	November 23, 1992 9:10 a.m. – 9:45 a.m.
48. DENNIS D. WEIGELT	Director of Accounting	November 23, 1992 9:45 a.m. – 10:45 a.m.
49. GEORGA WESTMORELAND	Executive Staff Assistant	November 23, 1992 11:00 a.m. – 11:30 a.m.
50. GARY SPENCE	Assistant Executive Director – Operations Director of Midway Management	November 23, 1992 1:30 a.m. – 3:15 p.m.
51. GORDON ROTH	Physical Plant Supervisor II	November 24, 1992 9:00 a.m. – 10:30 a.m.
52. RICHARD J. PETRENKA	Deputy Director State Treasurer	November 24, 1992 10:00 a.m. – 10:45 a.m.
53. NEAL E. HELM	Deputy Director State Treasurer	November 24, 1992 10:00 a.m. – 10:45 a.m.
54. HELEN M. KENNELLY	Administrative Assistant III – Office Manager	November 25, 1992 9:00 a.m. – 10:00 a.m.
55. ALFRED M. MARQUEZ	Painter	November 25, 1992 10:00 a.m. – 11:00 a.m.
56. AMY K. IBARRA	Box Office Manager	November 25, 1992 11:00 a.m. – 12:10 p.m.
57. JAMES A. THARP	Chief of Security	November 25, 1992 2:40 p.m. – 4:00 p.m.
58. DENNIS D. WEIGELT	Director of Accounting	November 30, 1992 1:30 p.m. – 4:30 p.m.

EXHIBIT 4: LIST OF INTERVIEWS

PERSON INTERVIEWED	TITLE	DATE AND TIME
59. RAYMOND W. MCAULEY	Comptroller – Deputy Director	December 1, 1992 10:00 a.m. – 12:00 p.m.
60. WILLIAM L. KLOPFER	Physical Plant Supervisor III	December 2, 1992 8:00 a.m. – 9:30 a.m.
61. GORDON ROTH	Physical Plant Supervisor II	December 2, 1992 1:00 p.m. – 1:30 p.m.
62. ROY E. HENDERSON	Welder	December 2, 1992 1:30 p.m. – 2:00 p.m.
63. ROBERT L. EATON	Plumber	December 2, 1992 2:00 p.m. – 4:00 p.m.
64. PATRICK O. KORNEGAY	Physical Plant Supervisor II	December 7, 1992 9:00 a.m. – 10:00 a.m.
65. NEAL C. HERL	Electrician	December 7, 1992 10:00 a.m. – 11:00 a.m.
66. KEITH A. ROHRMAN	Assistant Chief of Security (Captain)	December 7, 1992 9:55 a.m. – 11:00 a.m.
67. RAYMOND W. MCAULEY	Comptroller – Deputy Director	December 7, 1992 11:00 a.m. – 12:20 p.m.
68. GARY D. MONTGOMERY	Executive Director	December 8, 1992 9:30 a.m. – 11:00 a.m.
69. WANELL SKINNER	Assistant Coliseum Manager	December 8, 1992 11:00 a.m. – 12:30 p.m.
70. ANN HARTLEY	Executive Secretary I	December 8, 1992 2:00 p.m. – 3:40 p.m.
71. STEVE EISNER	Boxing Promoter	December 9, 1992 9:05 a.m. – 10:55 a.m.
72. KENT ROSS	Physical Plant Supervisor I	December 9, 1992 11:05 a.m. – 1:30 p.m.
73. WILLIAM WELLS	Storekeeper I	December 10, 1992 11:00 a.m. – 1:00 p.m.
74. AMY L. WOOD	Ticket Director – Parking	December 10, 1992 8:50 a.m. – 11:05 a.m.
75. JAMES E. WILLIAMS	Assistant Chief of Security (Captain)	December 10, 1992 11:10 a.m. – 11:35 a.m.
76. MARTIN L. DICKEY	Director of Marketing and Advertisement	December 10, 1992 2:00 p.m. – 4:05 p.m.
77. SHERRY PEW	Director of Fair Entries	December 14, 1992 9:00 a.m. – 11:15 a.m.

1. MISSION AND STRATEGY

Current situation:

The ACEC's statutory mission consists primarily of putting on a State Fair and other public interest events while generating sufficient revenues to cover expenses. For the past 10 years (1982-1992), the ACEC management has demonstrated a consistent capacity not only to meet, but to exceed, its requirement to cover expenses.

This capacity to generate excess revenues and build a surplus of funds has placed the agency, in the eyes of the Legislature, in a position to make contributions, from time to time, to the state's general fund. The Legislature has already requested contributions on two occasions, in 1989 and 1992, for a total of \$3 million from the ACEC's General Fund. As of November 1992, the ACEC had approximately \$6 million in its General Fund.

Recently, the ability of the agency to sustain its revenue surplus has been adversely affected by the departure of the Phoenix Suns basketball franchise and other events to a newly opened arena. The Suns left in mid 1991 and for FY 1992 the ACEC registered its first operating loss in 10 years.

While the long term impact of new venues on the local entertainment market will be unclear for another one to two years, in the short term these sites will benefit from a "honeymoon" effect due to newness. However, the three major local promoters of country music, rock and boxing events and the operator of a large outdoor venue have indicated that they believe there is room for all current entertainment venues in Phoenix and that the Coliseum is very competitive. They identified no major physical or service weaknesses at the ACEC.

During this review copies of the agency's written strategy and/or business plan to provide a strategic context for this analysis was requested. However, no formal strategy or business plan was available at the time. Since this review ended in January, a strategy and business plan has been developed and the ACEC has incorporated the results of this review into those plans. The results of some of the ACEC's business plan can be seen in section 2 in this report.

There appears to be continuing interest in the issue of whether the ACEC should be privatized. Discussions related to private management of the Coliseum (leaving the Fair and grounds under state management) have taken place with interested parties. As of the conclusion of this review, these discussions have ceased due to the parties' failure to agree on a specific performance guarantee linked to a potential Coliseum management contract.

Impact:

The ACEC risks not being able to fulfill the contribution expectations of the Legislature, the reward expectations of its employees and the business performance expectations of the Governor's Office.

Unplanned legislative requests for contributions may continue to disrupt capital project planning.

Lack of strategic planning and focus could result in a costly misalignment of the ACEC's activities, resources and structures with the changing requirements of the local entertainment market.

Privatization, as a means of generating revenues for the State General Fund, is likely to remain an issue.

Proposals:

Position the ACEC to deal aggressively with the forces of change by taking the following actions:

- Formalize the ACEC's role as a contributor to the State's General Fund by revising the agency's legislative mandate.
- Obtain formal agreement to limit additional requests for the fiscal year as long as the State's Minimum Return for that year is contributed.
- Champion an Agency Performance Sharing Plan to define contributions to the State's General Fund and financial rewards for all employees who have contributed to the achievement of specific performance objectives as defined in a formal Performance Monitoring System. Detailed findings and proposals are presented in section 3: "Agency Performance Sharing Plan."

- Urgently develop and implement, with extended employee participation, an aggressive business strategy and business plan to maximize the use of, and return on, all of the ACEC's assets (e.g. Coliseum, fairgrounds, investments), and ensure its continuation as an on-going concern.
- Develop and implement a formal Performance Monitoring System to provide accurate and timely feedback on results versus objectives and to support recognition of achievement by sharing in financial rewards as defined in the Performance Sharing Plan. Our detailed findings and proposals are presented in section 3: "Performance Monitoring."

The OEG believes that these proposals address the four main concerns conveyed to us during our partnership meeting with the ACEC:

1. Maintenance of the "enterprise" nature of the ACEC
2. Preservation of the long term job security of employees
3. Provision for rewarding all employees for superior performance
4. Response to legislative requests for contributions to the General Fund

2. ORGANIZATIONAL STRUCTURE

Current situation:

The ACEC's current structure is comprised of four divisions reporting to an Executive Director. The four divisions are as follows:

1. Finance Division, headed by the Deputy Director
2. Booking Division, headed by the Coliseum Manager
3. Administration Division, headed by the Executive Staff Assistant
4. Operations Division, headed by the Operations and Midway Manager.

The principal functions and responsibilities of the divisions are as follows:

1. Finance Division:
 - Accounting
 - Purchasing
 - Personnel
 - Legislative Liaison
 - Fair Ticket Sales.
2. Booking Division (Coliseum and Grounds):
 - Booking
 - Event Coordination
 - Marketing and Advertising
 - Programs and Novelties
 - Box Office
 - Sponsorships.
3. Administration Division:
 - Communications
 - Secretarial
 - Fair Concessionaires and Commercial Exhibitors
 - Fair Credentials.

4. Operations Division (Coliseum and Grounds):

- Maintenance
- Event Setup
- Custodial
- Security
- Parking
- Safety
- Fair Midway Management
- Fair Entries.

Charts of the present organization alignment of the ACEC are reflected in Exhibits 5-23. The different types of positions (e.g. permanent, part time) are distinguished by different symbols identified in a legend in each exhibit.

The ACEC has 102 authorized permanent positions (excluding the five Board Members) of which 67 are occupied and 35 are vacant. Of the 67 occupied positions, eight are uncovered positions.

Of the 67 occupied positions, the Finance Division accounts for nine, the Booking Division for nine, the Administration Division for four, the Operations Division 44 and the Executive Director.

The agency supplements its manpower needs with temporary status employees, the majority of whom are hired during the period of the annual State Fair.

Impact:

The OEG initially focused on recommending to the ACEC a revised organization structure. However, since the review was completed the ACEC Board has taken a policy position to reduce expenditures by eliminating positions for the long term. The ACEC initiated these reductions and most have taken place since the OEG site visits were completed in 1992.

Proposals:

Reduce the Personal Service and Employee Related Expenses of the ACEC in labor intensive operations which are no longer needed to meet future requirements. The reduction affects 16 permanent positions for an approximate savings of \$370,000 and 15 temporary positions for an approximate savings of \$170,000. In addition, lump sum operating cost savings\revenue increase goals have been implemented in most functional areas

to save \$240,000 annually. More details are included in Exhibit 3.

It is important to note that personnel reductions should not be interpreted as a reflection of the performance of the individuals in the current organization whose job functions and responsibilities are no longer necessary to meet the challenges facing the organization. All incumbents, whose permanent positions are eliminated, will be allowed the opportunity to participate in the statewide re-deployment process.

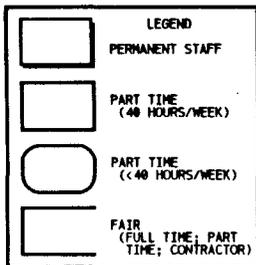
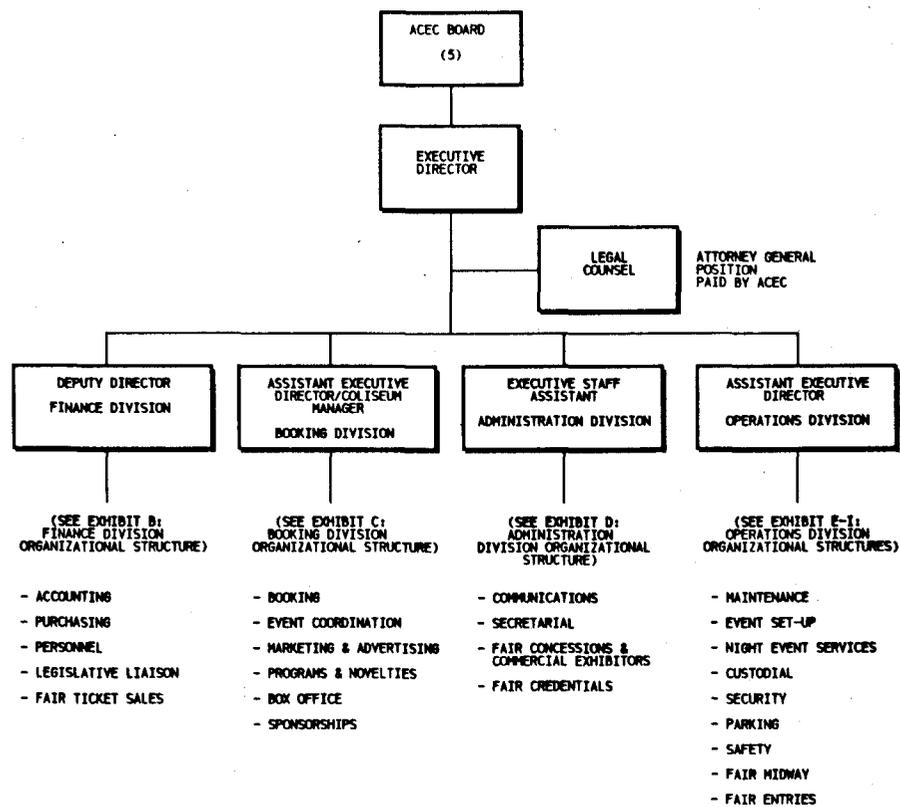
Benefits:

The proposal will enable the ACEC to more effectively control labor costs as it refocuses strategically for the future.

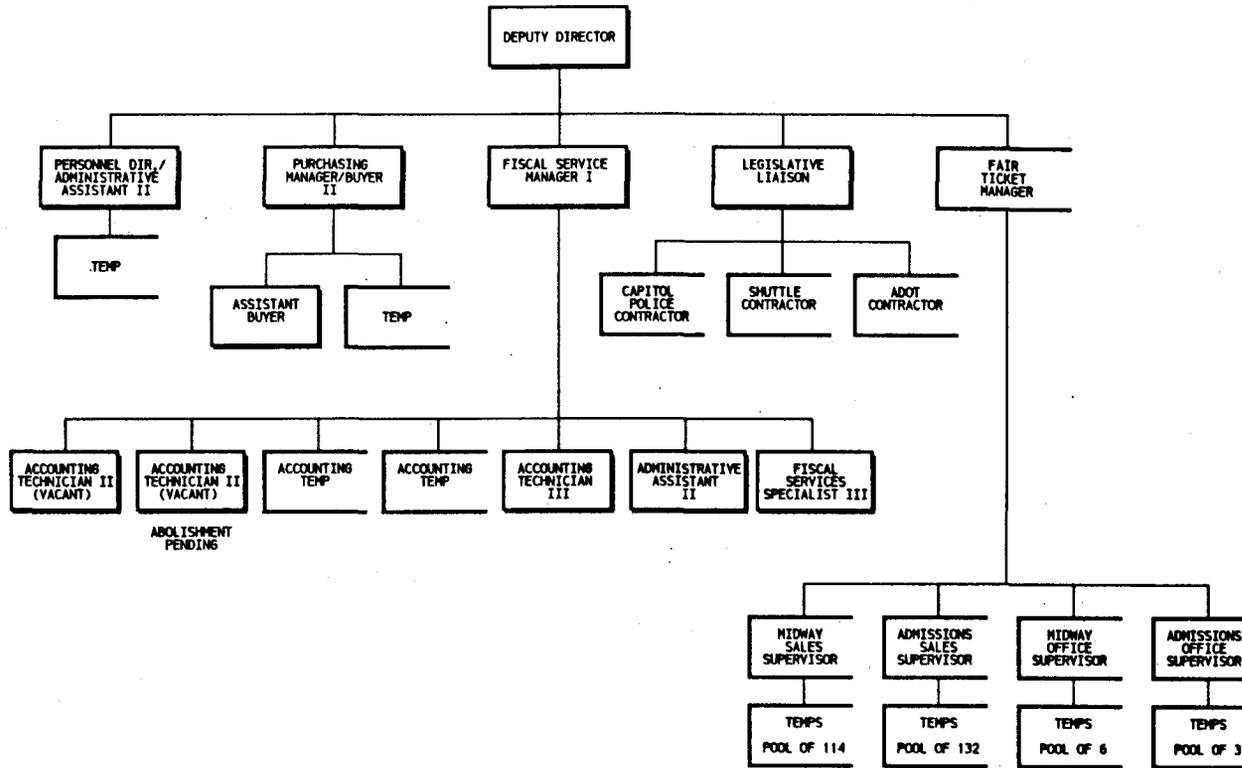
Management comments:

The ACEC Board seeks to avoid future net operating losses and to continue to provide completely self-supporting services to the citizens of Arizona. The self-supporting nature of the ACEC is indeed rare in government. To compensate for the loss in revenue, the Board has reduced expenses. Although these reductions have taken place since Project SLIM's site visits, and are in the spirit of SLIM, they do not reflect the implementation of original recommendations.

ACEC
EXHIBIT 5: EXECUTIVE DIVISION
PRESENT ORGANIZATIONAL STRUCTURE



ACEC
 EXHIBIT 6: FINANCE DIVISION
 PRESENT ORGANIZATIONAL STRUCTURE

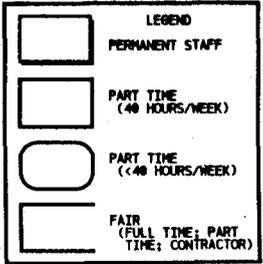
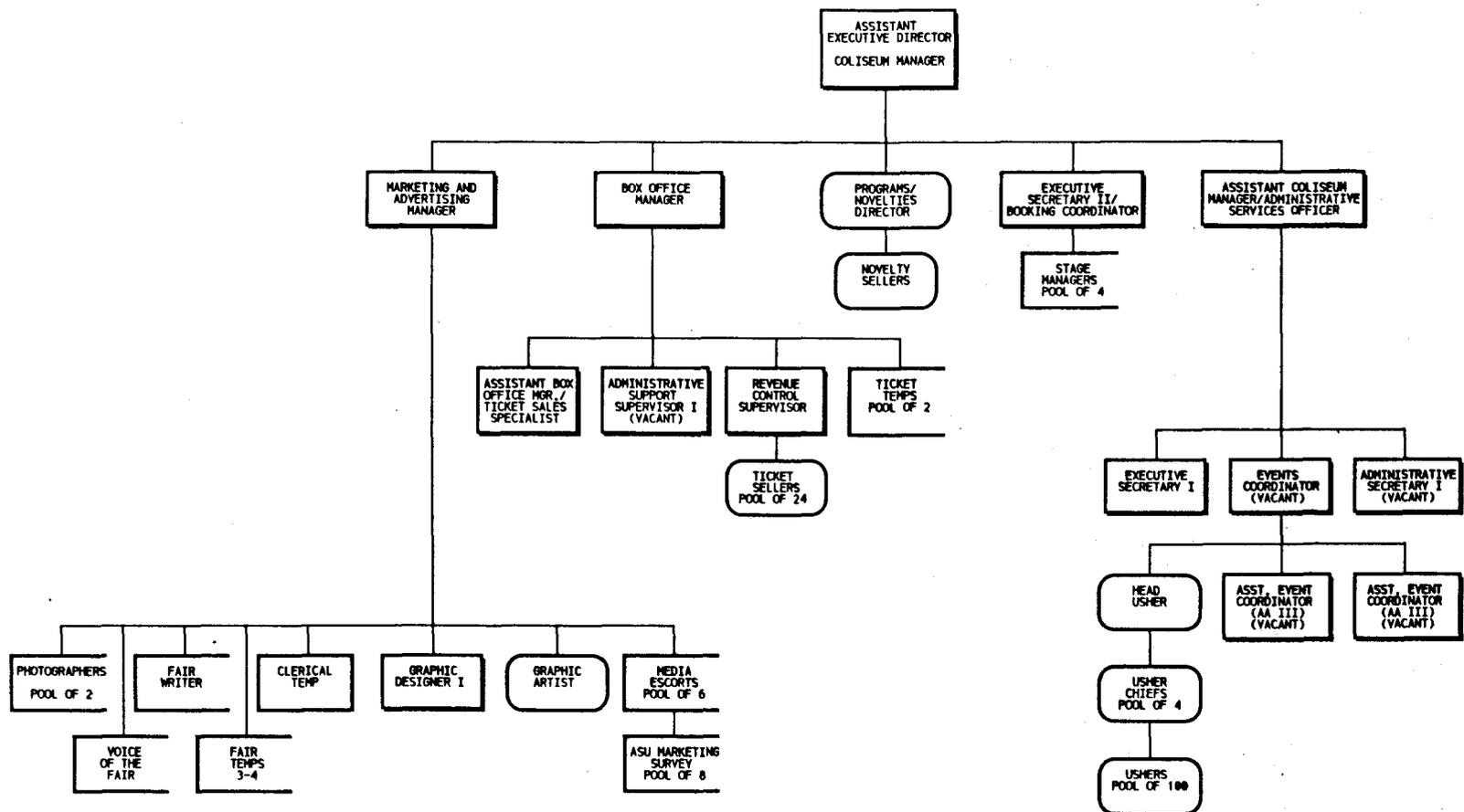


ABOLISHMENT PENDING

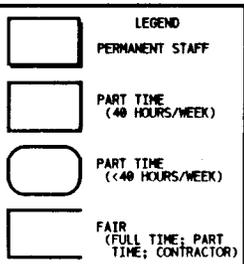
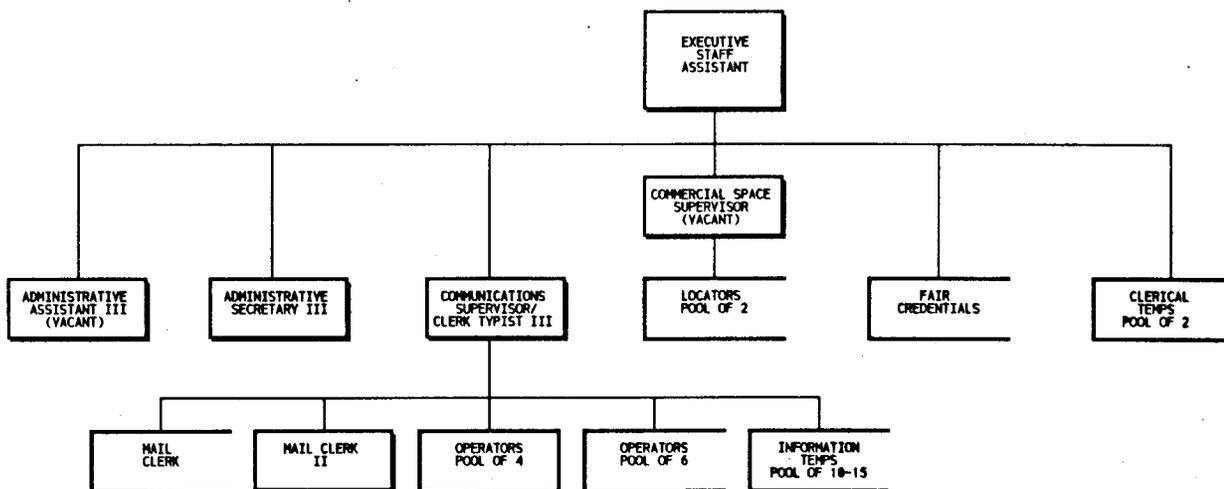
LEGEND

- PERMANENT STAFF
- PART TIME (40 HOURS/WEEK)
- PART TIME (<40 HOURS/WEEK)
- FAIR (FULL TIME; PART TIME; CONTRACTOR)

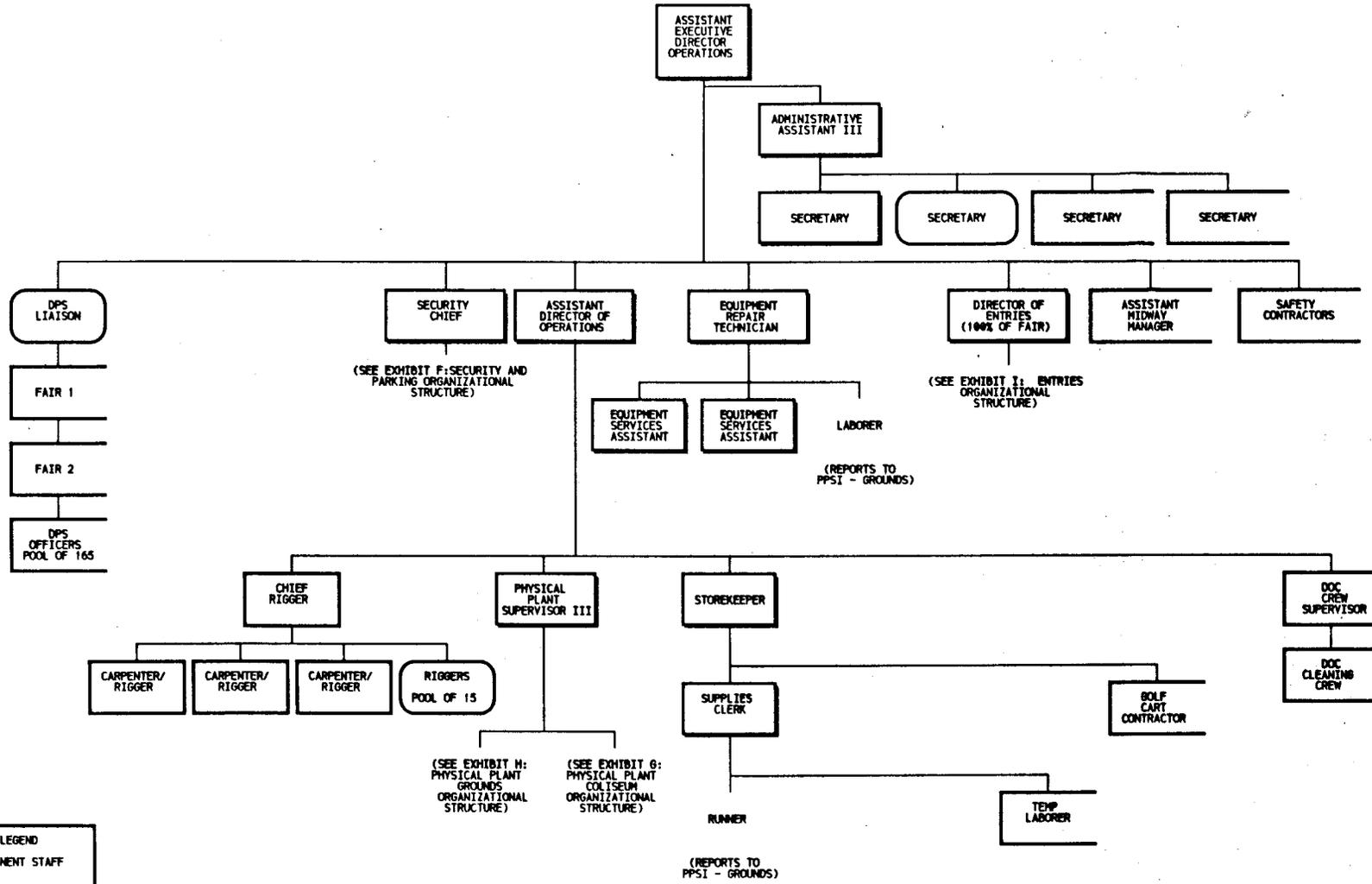
ACEC
 EXHIBIT 7: BOOKING DIVISION
 PRESENT ORGANIZATIONAL STRUCTURE



ACEC
 EXHIBIT 8: ADMINISTRATION DIVISION
 PRESENT ORGANIZATIONAL STRUCTURE



ACEC
 EXHIBIT 9: OPERATIONS DIVISION
 PRESENT ORGANIZATIONAL STRUCTURE

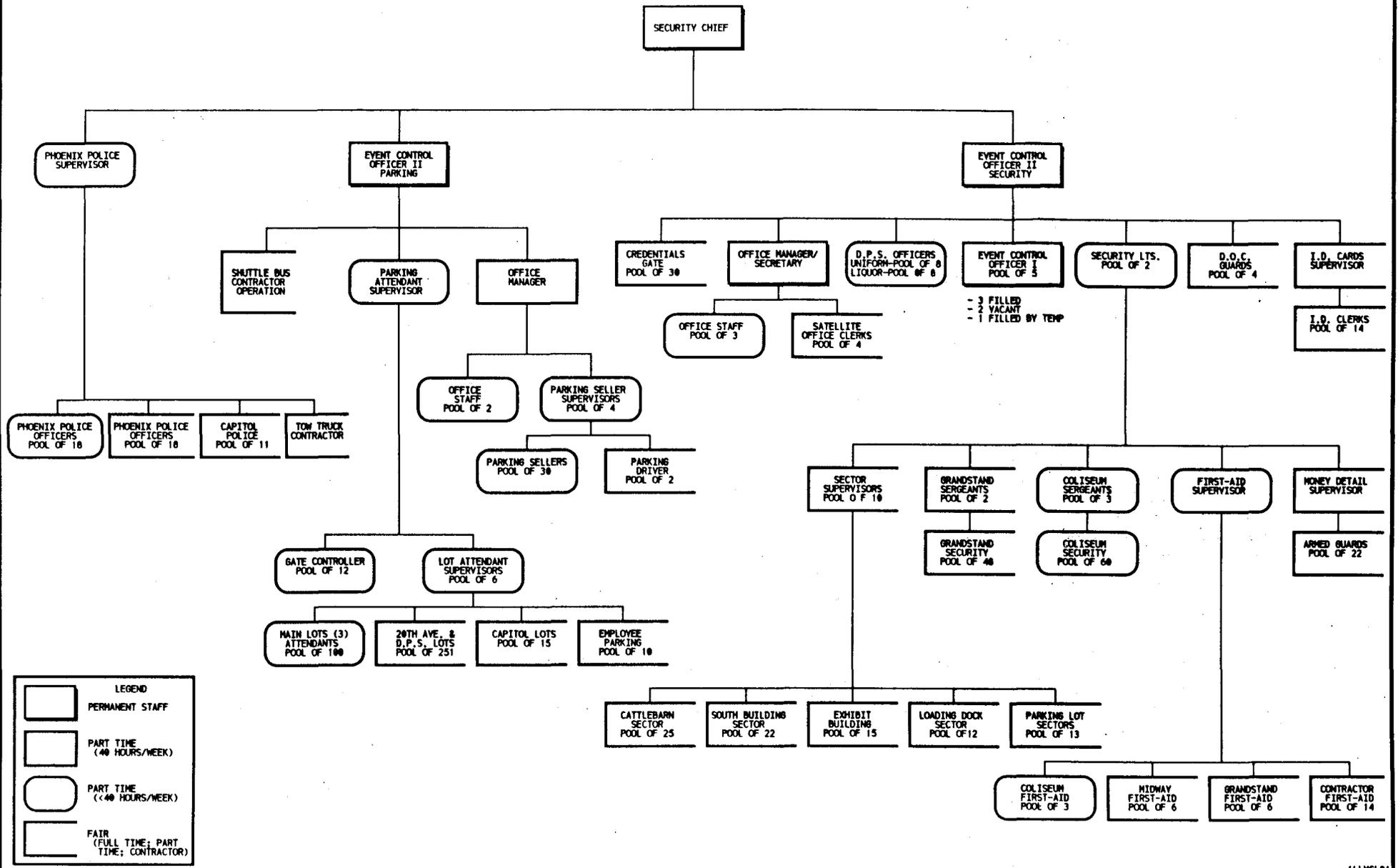


LEGEND

- PERMANENT STAFF
- PART TIME (40 HOURS/WEEK)
- PART TIME (<40 HOURS/WEEK)
- FAIR (FULL TIME; PART TIME; CONTRACTOR)

24

ACEC
 EXHIBIT 10: SECURITY/PARKING DEPARTMENTS
 PRESENT ORGANIZATIONAL STRUCTURE

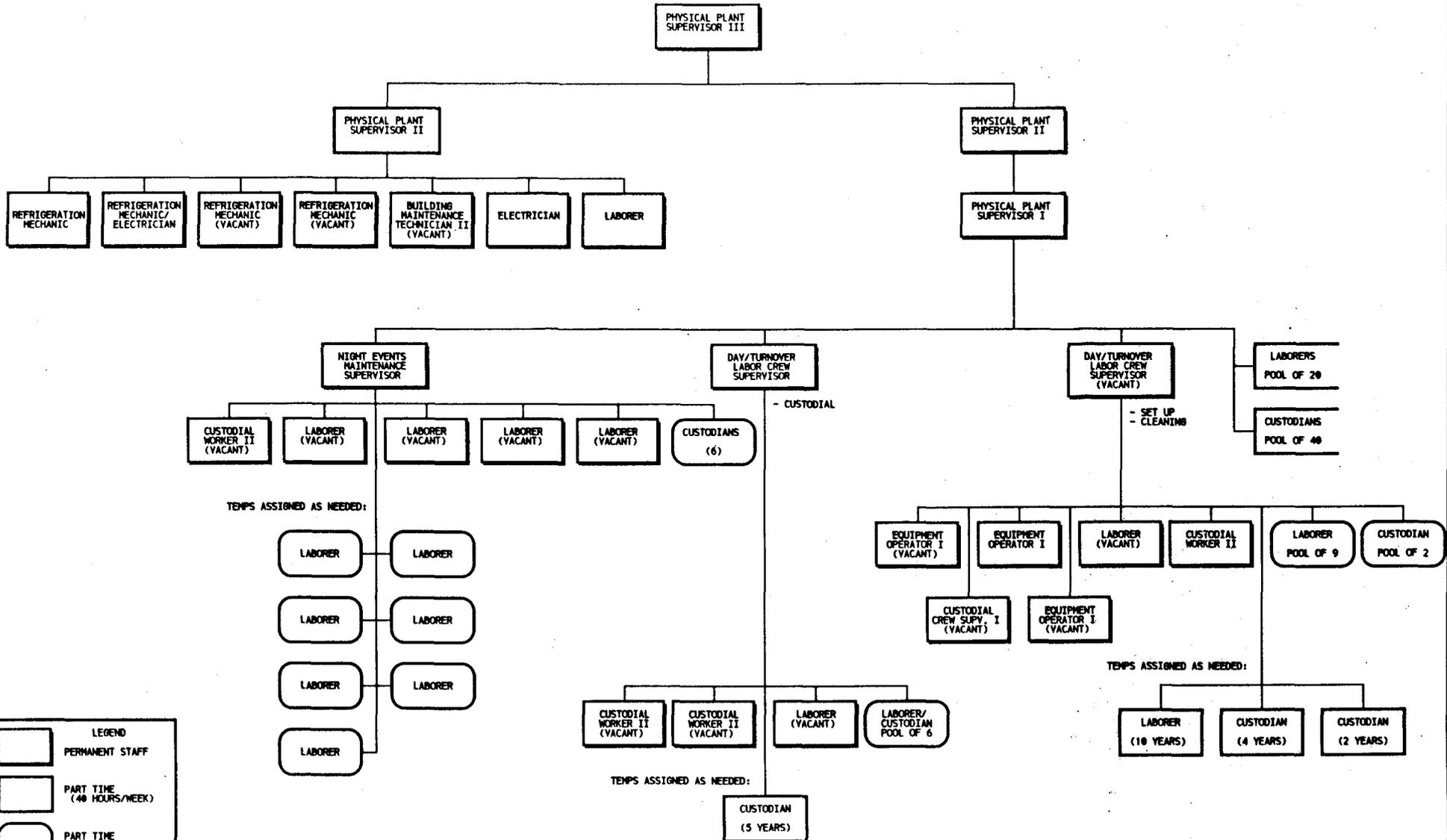


LEGEND

- PERMANENT STAFF
- PART TIME (40 HOURS/WEEK)
- PART TIME (<40 HOURS/WEEK)
- FAIR (FULL TIME; PART TIME; CONTRACTOR)

25

ACEC
 OPERATIONS DIVISION
 EXHIBIT 11: PHYSICAL PLANT - COLISEUM
 PRESENT ORGANIZATIONAL STRUCTURE

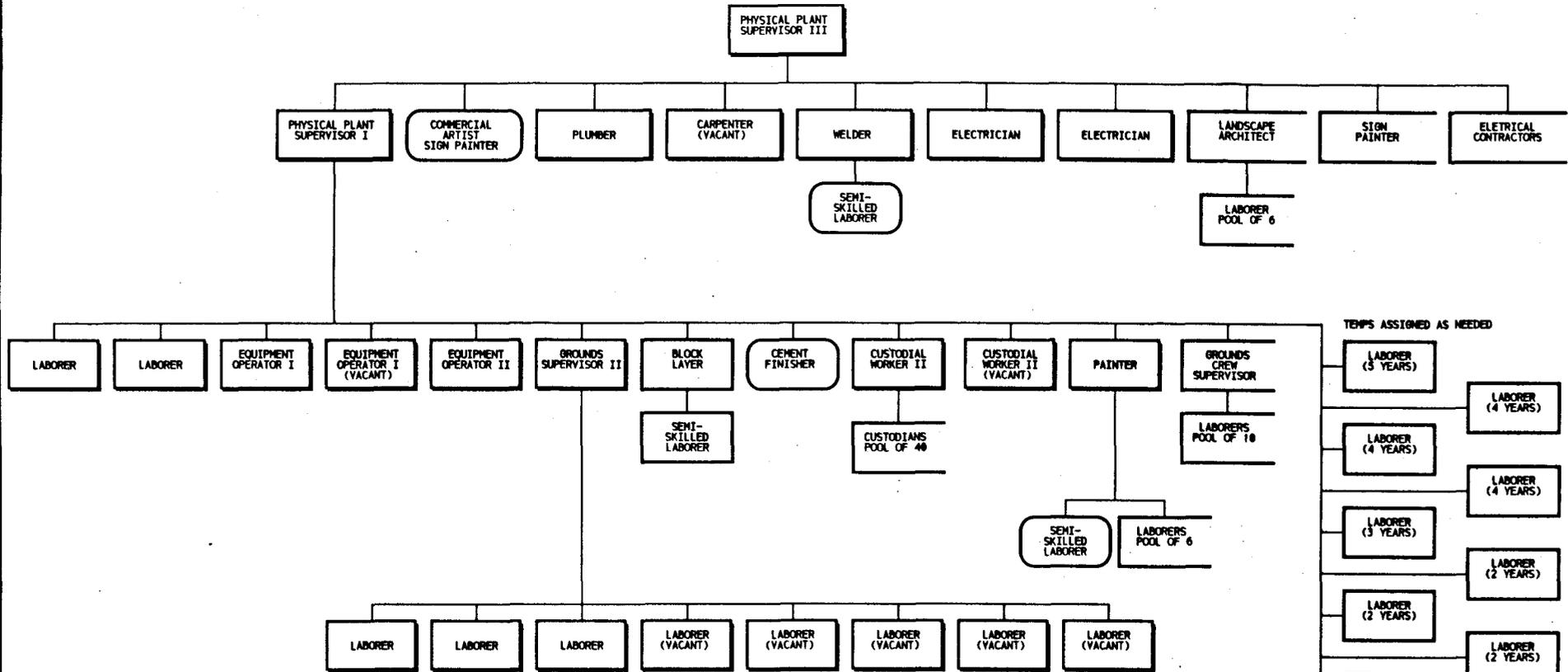


LEGEND

- PERMANENT STAFF
- PART TIME (40 HOURS/WEEK)
- PART TIME (<40 HOURS/WEEK)
- FAIR (FULL TIME; PART TIME; CONTRACTOR)

26

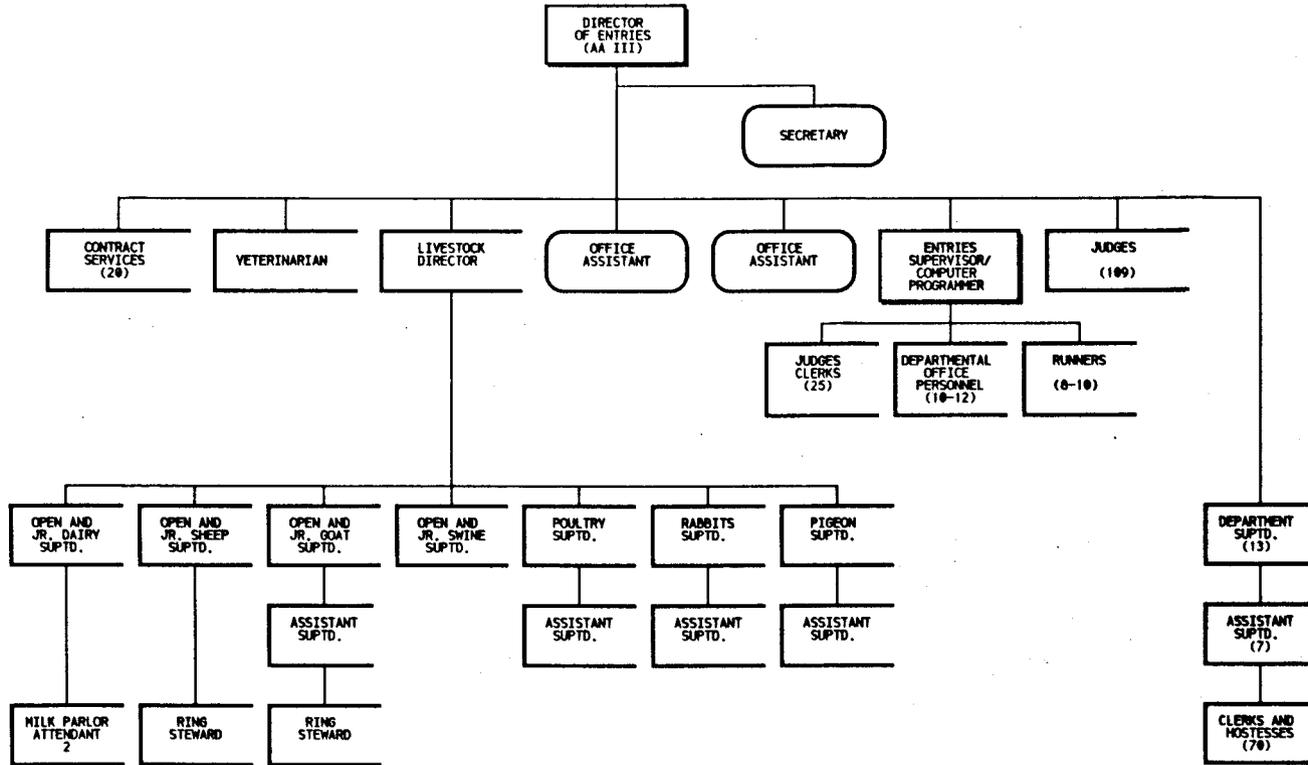
ACEC
 OPERATION DIVISION
 EXHIBIT 12: PHYSICAL PLANT - GROUNDS
 PRESENT ORGANIZATIONAL STRUCTURE



LEGEND

- PERMANENT STAFF
- PART TIME (40 HOURS/WEEK)
- PART TIME (<40 HOURS/WEEK)
- FAIR (FULL TIME; PART TIME; CONTRACTOR)

ACEC
 OPERATIONS DIVISION
 EXHIBIT 13: ENTRIES
 PRESENT ORGANIZATIONAL STRUCTURE

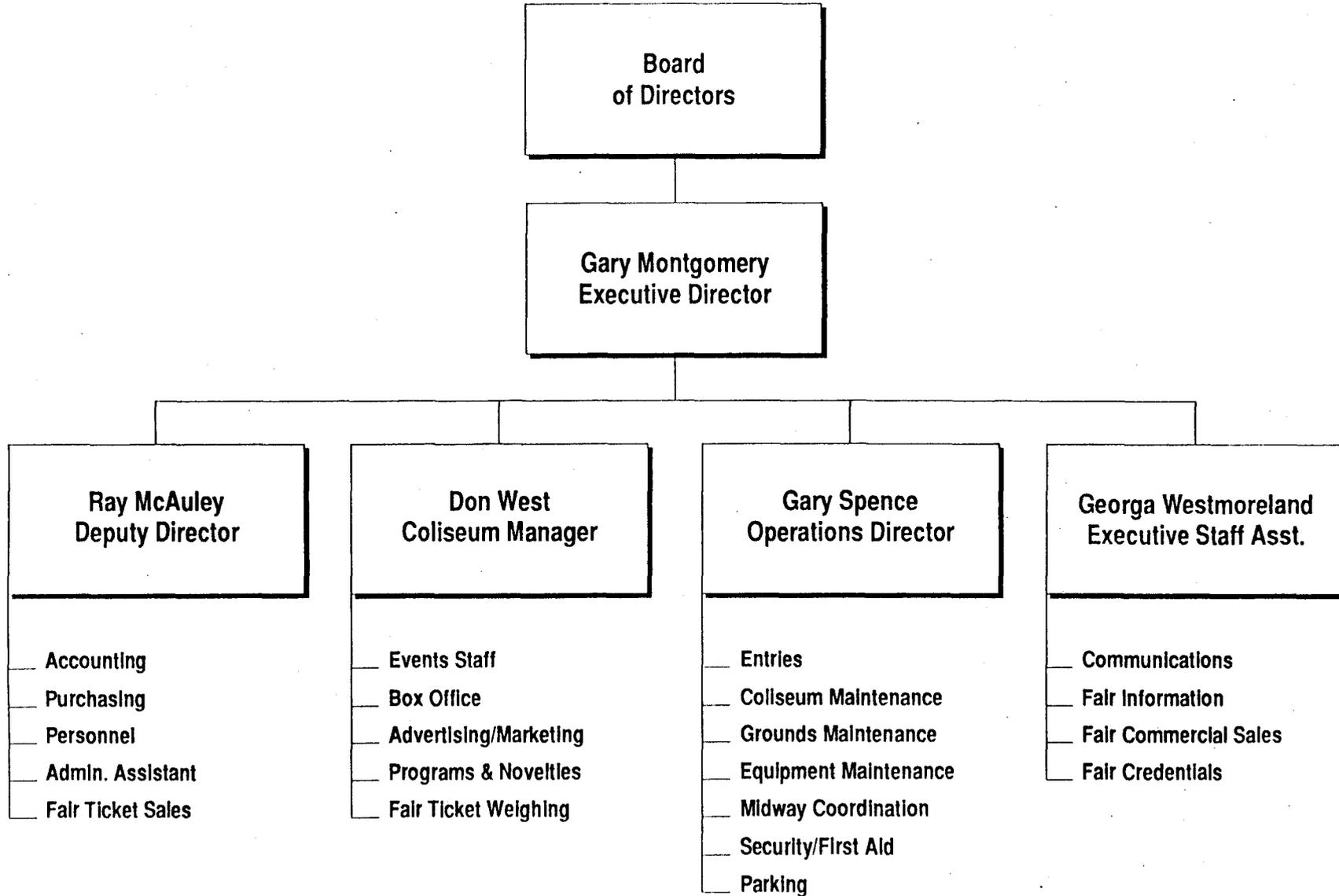


LEGEND

- PERMANENT STAFF
- PART TIME (40 HOURS/WEEK)
- PART TIME (<40 HOURS/WEEK)
- FAIR (FULL TIME; PART TIME; CONTRACTOR)

ARIZONA VETERANS' MEMORIAL
COLISEUM
 AND EXPOSITION CENTER

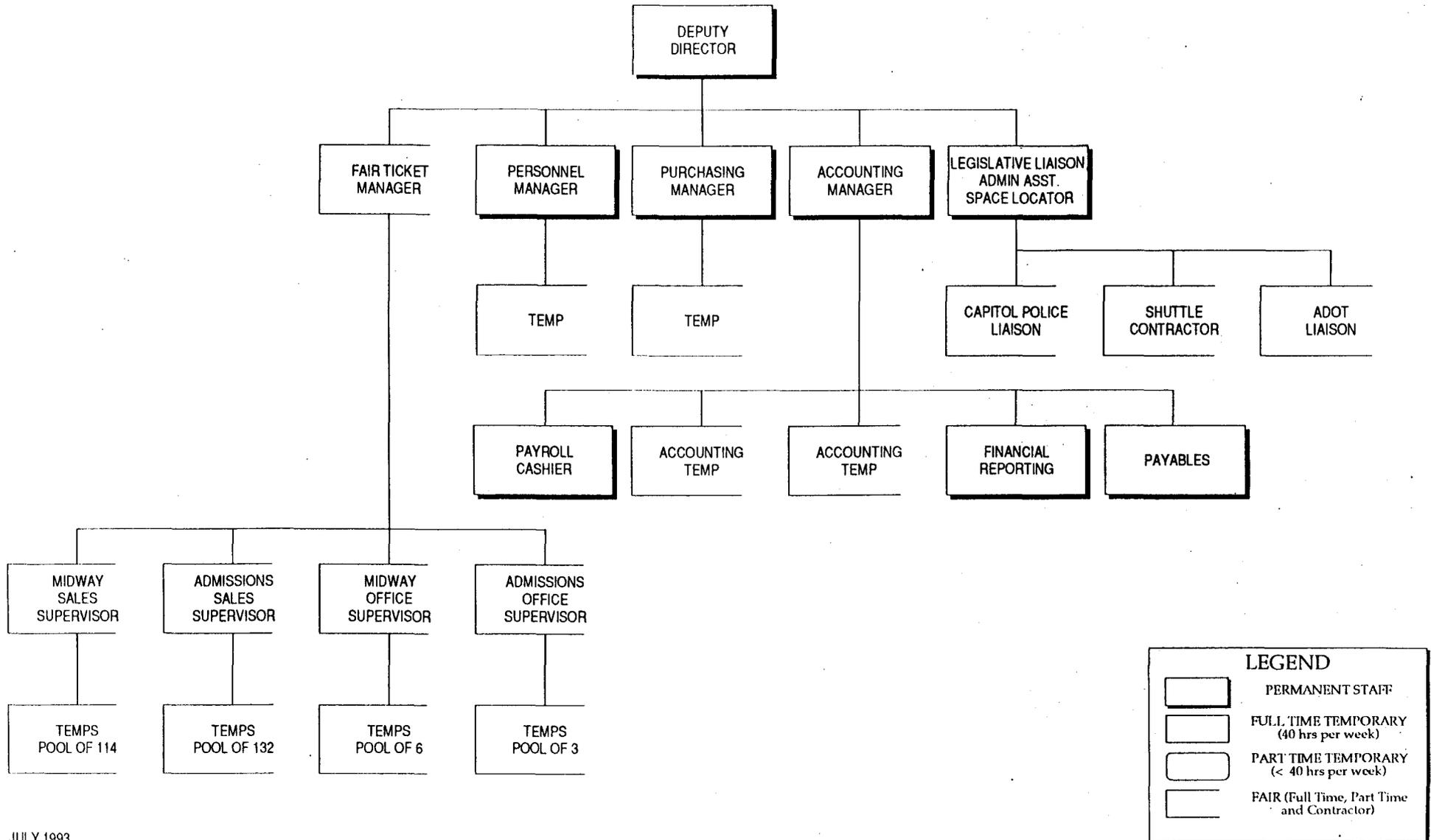
BOARD, DIRECTOR, DIVISION HEADS & DEPTS.
 Revised Organizational Structure
 July 1, 1993



ARIZONA VETERANS' MEMORIAL
COLISEUM
 AND EXPOSITION CENTER

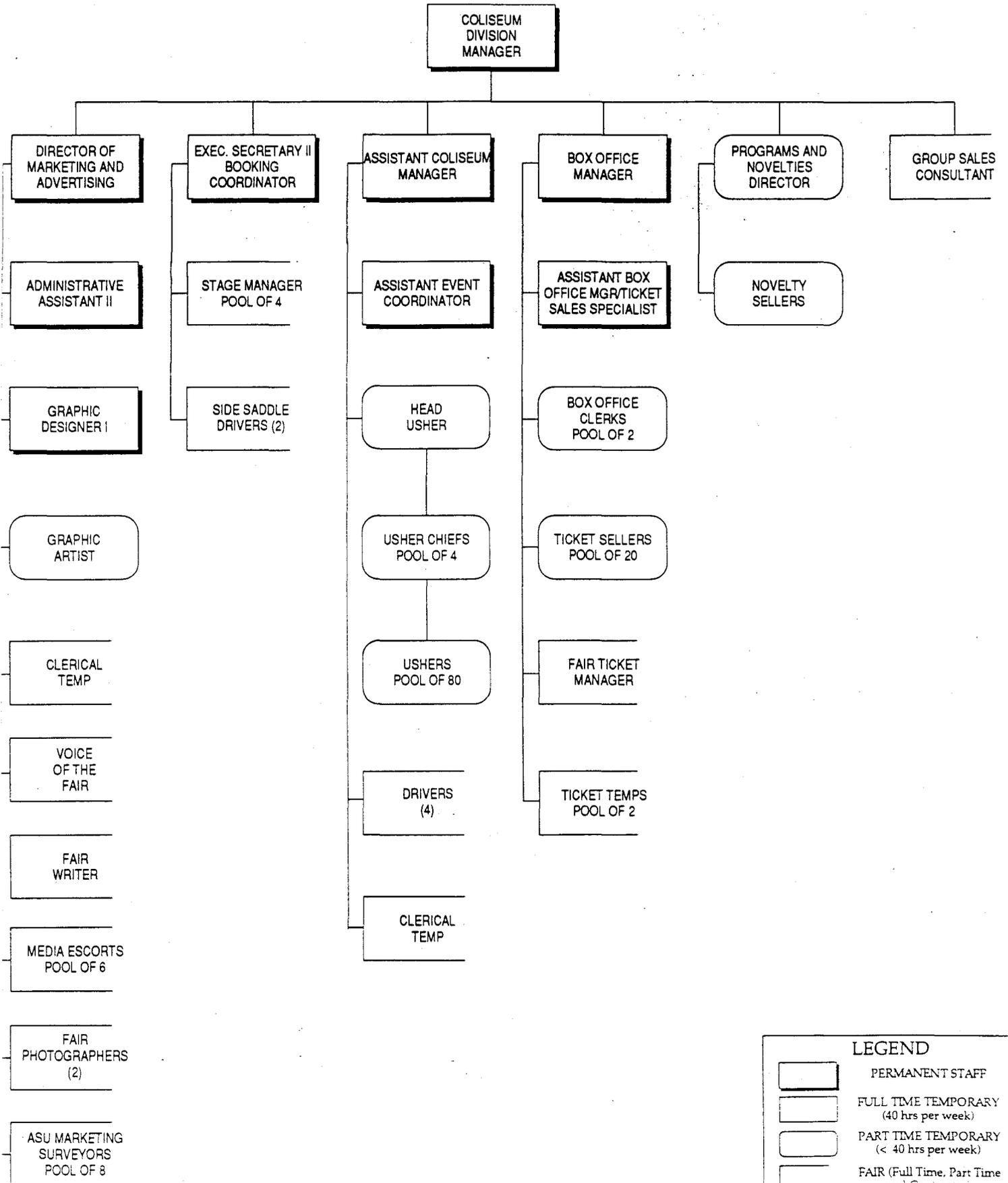
FINANCE DIVISION
 Revised Organizational Structure
 July 1, 1993

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ARIZONA VETERANS' MEMORIAL
COLISEUM
 AND EXPOSITION CENTER

COLISEUM DIVISION
 Revised Organizational Structure
 July 1, 1993

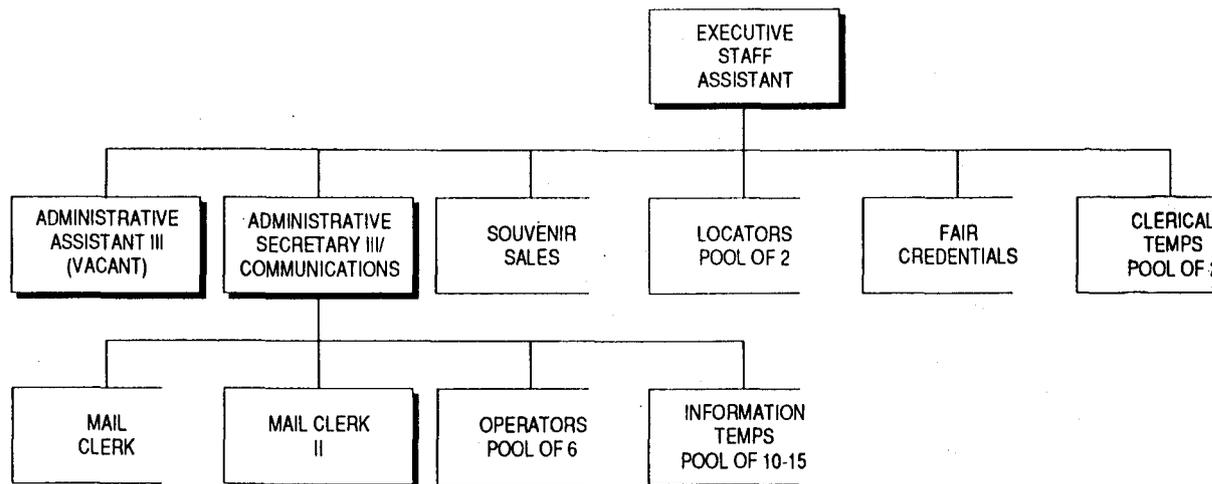


LEGEND

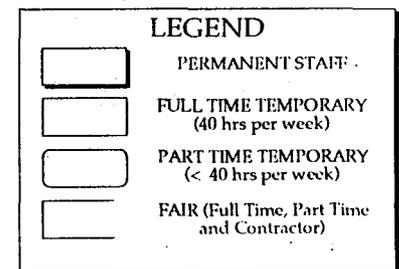
- PERMANENT STAFF
- FULL TIME TEMPORARY (40 hrs per week)
- PART TIME TEMPORARY (< 40 hrs per week)
- FAIR (Full Time, Part Time and Contractor)

ARIZONA VETERANS' MEMORIAL
COLISEUM
 AND EXPOSITION CENTER

ADMINISTRATION DIVISION
 Revised Organizational Structure
 July 1, 1993

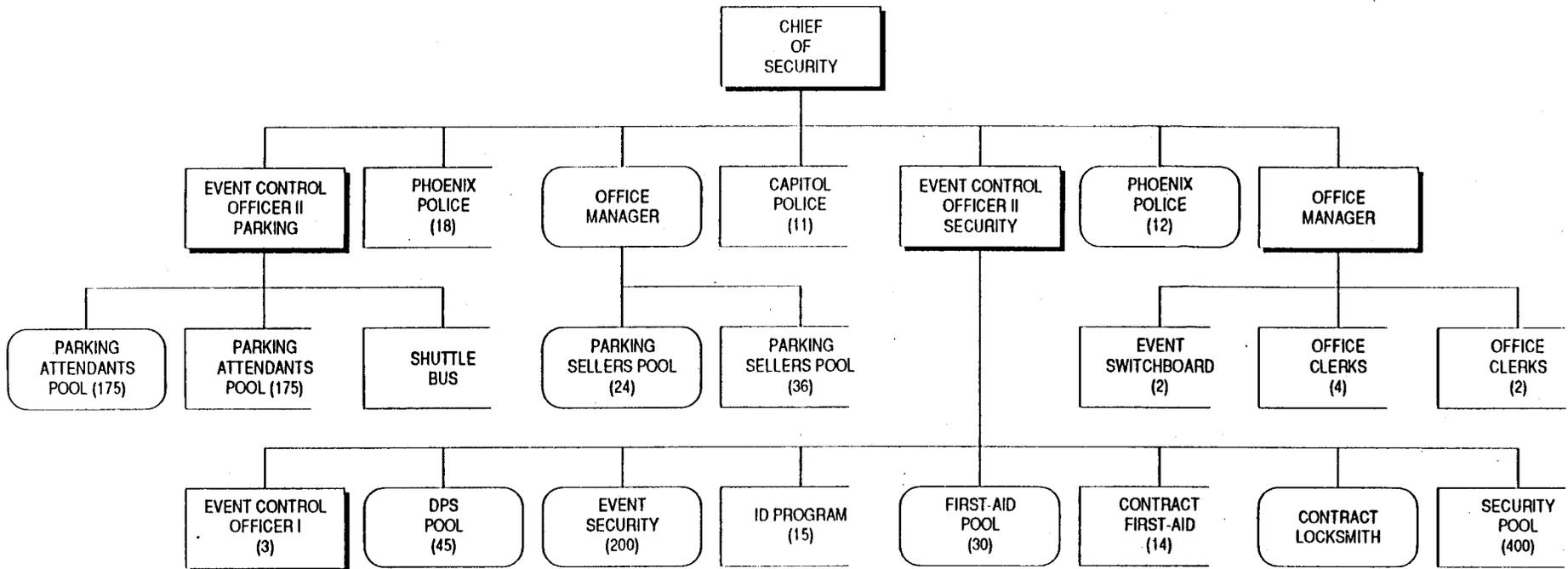


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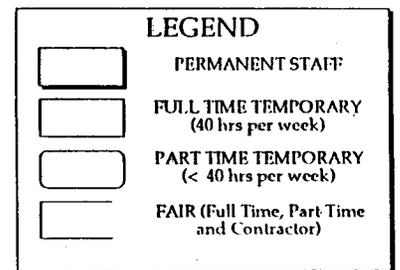


ARIZONA VETERANS' MEMORIAL
COLISEUM
 AND EXPOSITION CENTER

SECURITY and PARKING DEPARTMENT
 Revised Organizational Structure
 July 1, 1993

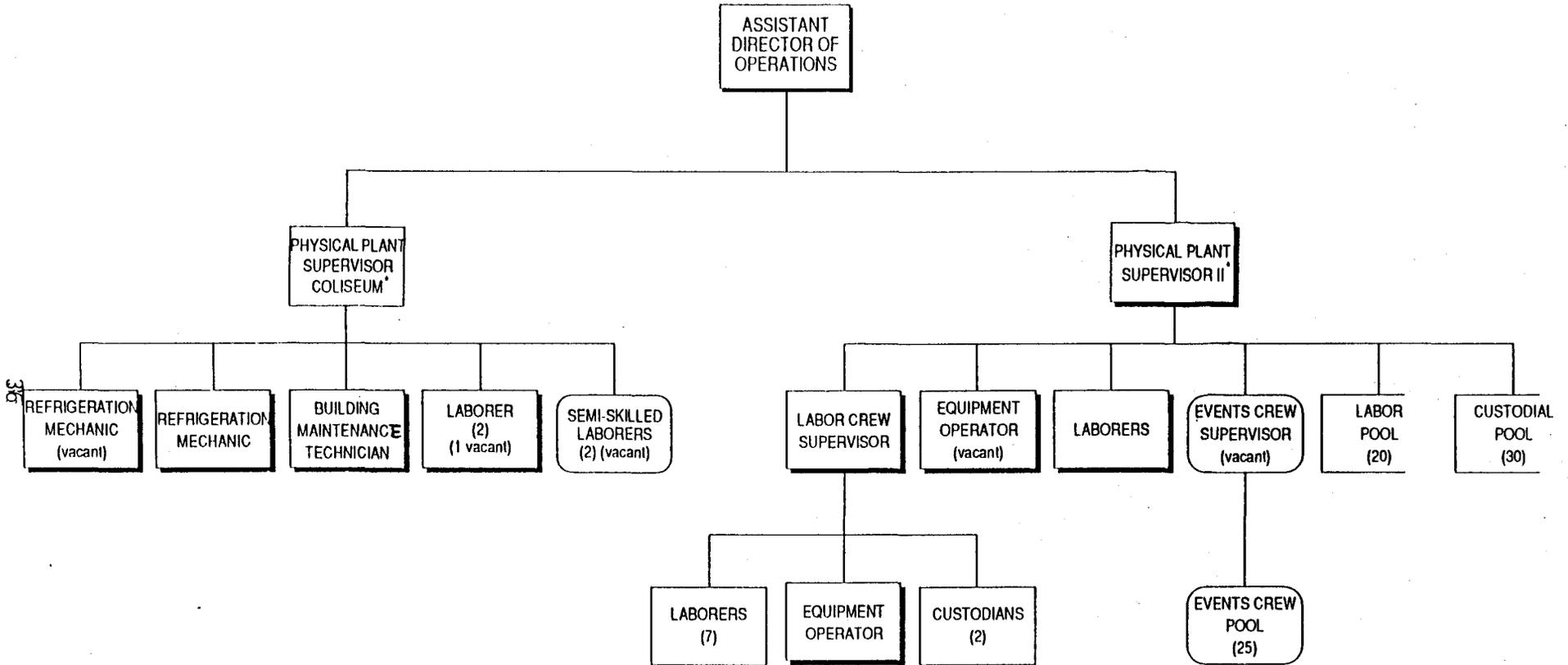


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ARIZONA VETERANS' MEMORIAL
COLISEUM
 AND EXPOSITION CENTER

OPERATIONS DIVISION
 Physical Plant - COLISEUM
 Revised Organizational Structure
 July 1, 1993



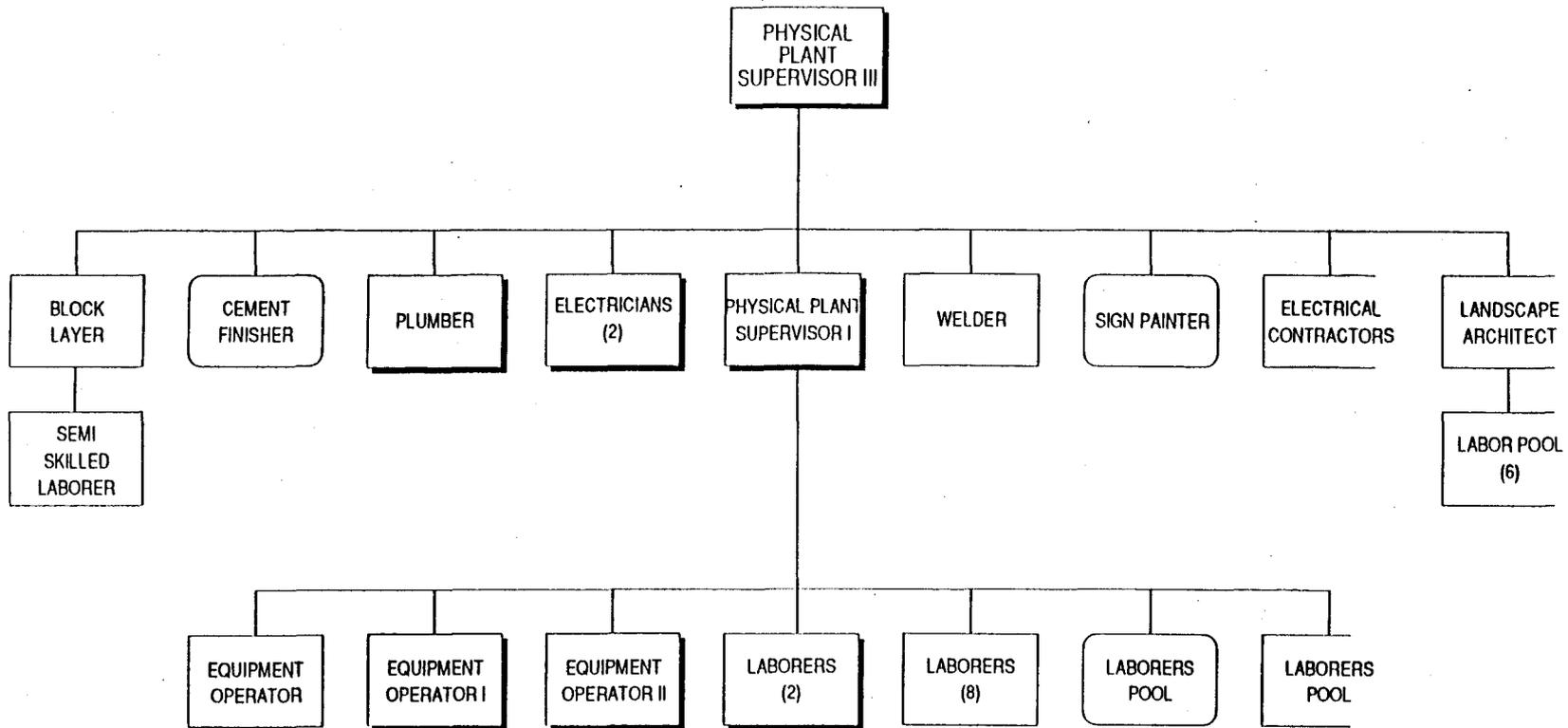
LEGEND

- PERMANENT STAFF
- FULL TIME TEMPORARY (40 hrs per week)
- PART TIME TEMPORARY (< 40 hrs per week)
- FAIR (Full Time, Part Time and Contractor)

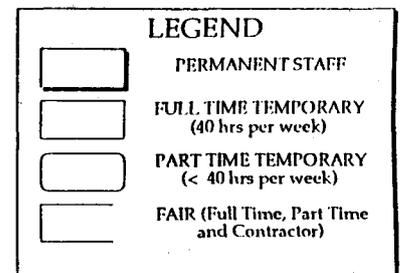
*When running multiple shifts, either can run either crew.

ARIZONA VETERANS' MEMORIAL
COLISEUM
 AND EXPOSITION CENTER

OPERATIONS DIVISION
 Physical Plant - Grounds
 Revised Organizational Structure
 July 1, 1993



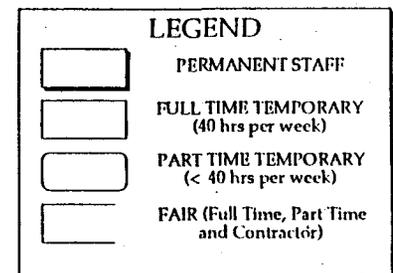
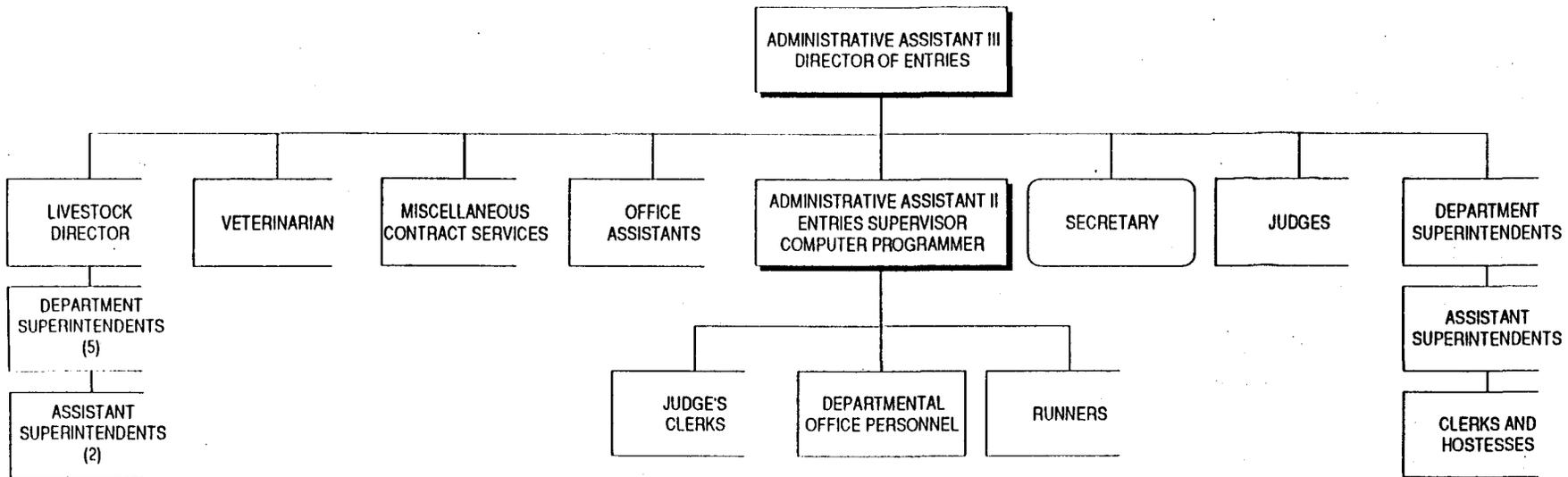
37



ARIZONA VETERANS' MEMORIAL
COLISEUM
 AND EXPOSITION CENTER

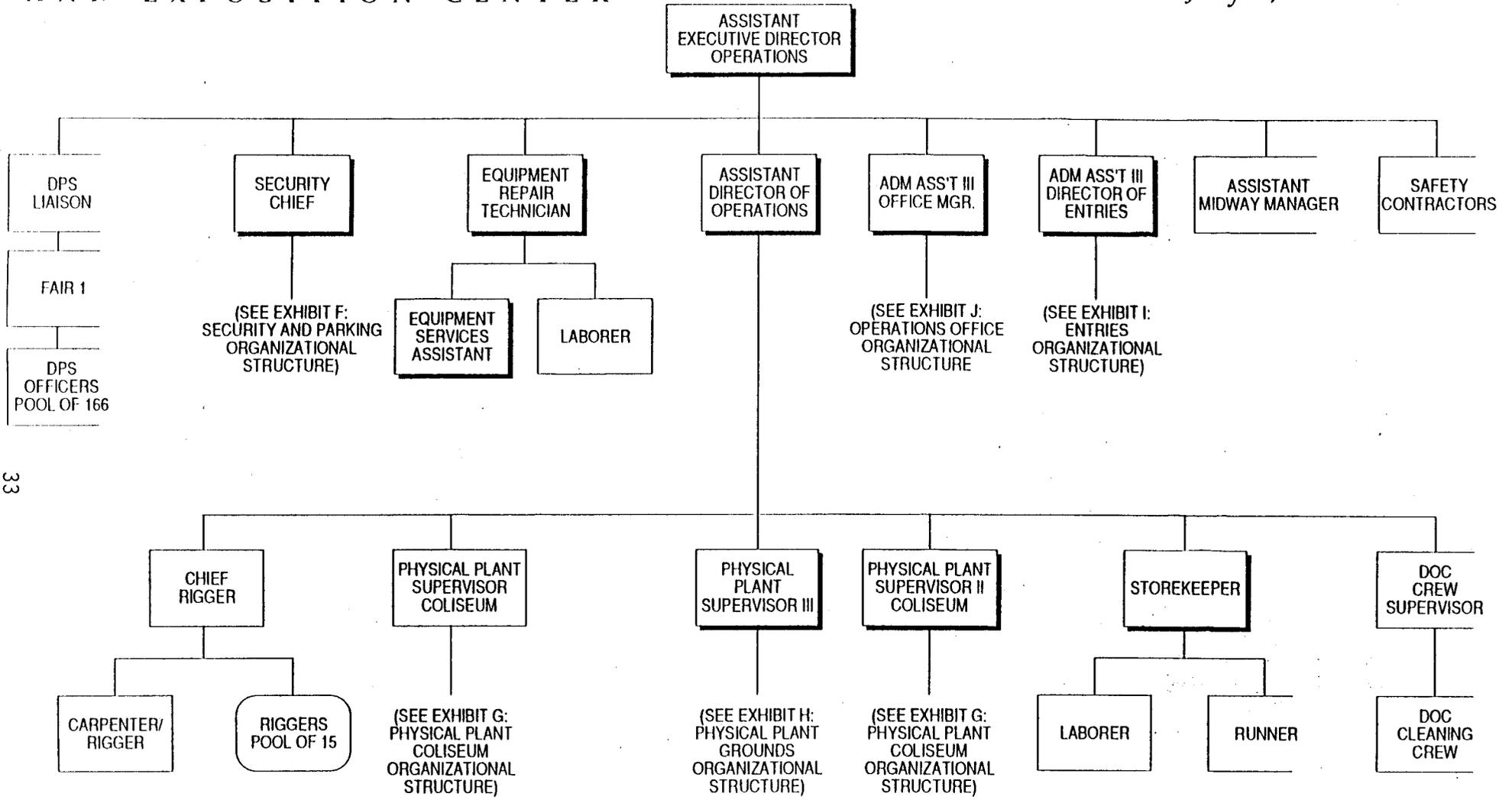
ENTRY DEPARTMENT
 Revised Organizational Structure
 July 1, 1993

38



ARIZONA VETERANS MEMORIAL
COLISEUM
 AND EXPOSITION CENTER

OPERATIONS DIVISION
 Revised Organizational Structure
 July 1, 1993

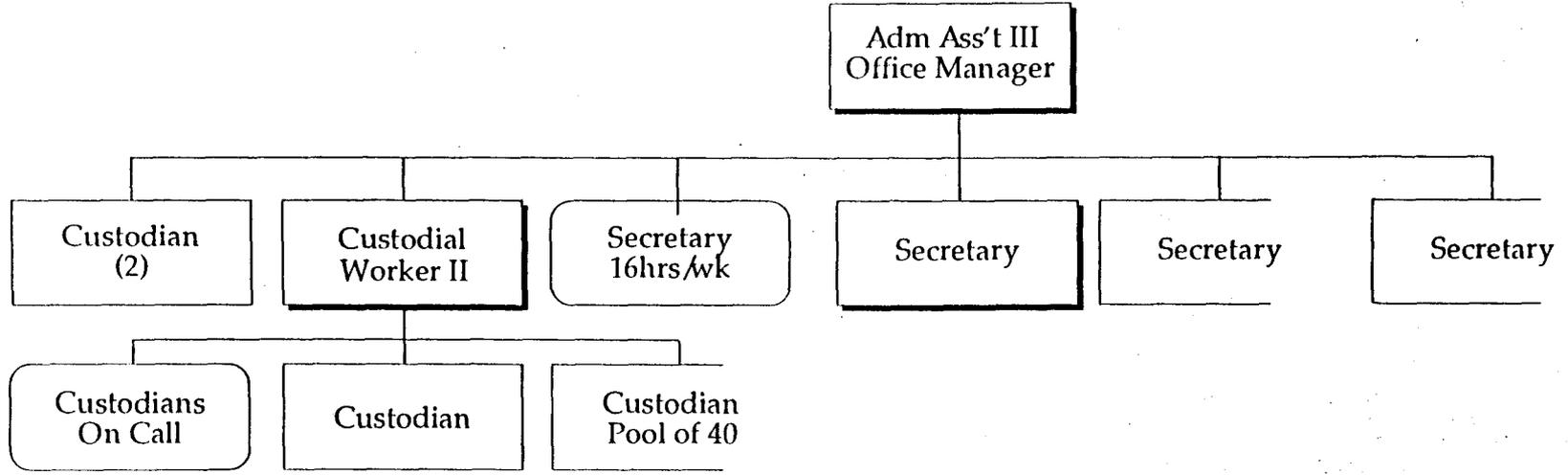


33

LEGEND

- PERMANENT STAFF
- FULL TIME TEMPORARY (40 hrs per week)
- PART TIME TEMPORARY (< 40 hrs per week)
- FAIR (Full Time, Part Time and Contractor)

34



LEGEND

- PERMANENT STAFF
- FULL TIME TEMPORARY (40 hrs per week)
- PART TIME TEMPORARY (< 40 hrs per week)
- FAIR (Full Time, Part Time and Contractor)

3. PERFORMANCE SHARING PLAN

Current situation:

The ACEC does not contribute funds to the State General Fund on an annual basis. The ACEC, however, was mandated to transfer \$1,000,000.00 in 1989, and \$2,000,000.00 in 1992 to the State General Fund, and in 1987 repaid a loan of \$1,085,000.00 from the State General Fund twenty years ahead of schedule.

The ACEC is called an "enterprise agency" because it retains its operating and non-operating revenues to offset operating and capital expenses and retire its revenue bonds. The ACEC is statutorily designed to be a self-sustaining agency. Non-operating funds include a share of the State's racing receipts and interest on investments.

The ACEC receives 5% annually of the funds generated by pari-mutuel racing (A.R.S. Sec. 5-113.A.). These funds are allocated to the ACEC for capital outlay and debt service. In FY 93, these funds amounted to \$438,694.00. The ACEC holds its racing receipts in its Capital Outlay Fund.

The ACEC maintains an Operating Fund for operating and maintenance expenses, and capital improvements. Other funds of the ACEC and their investments are described in the Findings and Proposals for Cash Management recommendation.

The Auditor General audits the ACEC's financial statements annually for the year ending on June 30. The financial statements audited are prepared by the ACEC.

The ACEC's permanent employees are State of Arizona employees subject to the salary and benefit schedules of the State. Salary and merit increases and cost-of-living raises are determined by the Legislature. The ACEC's permanent employees enjoy these benefits to the same extent, and under the same guidelines, as other State employees.

Impact:

The legislative requests for contributions to the State General Fund disrupt the ACEC's planning for capital improvements and negatively affect the employees who are proud of the ACEC's enterprise status and profitable performance. Secondly, there is no mechanism to reward permanent employees for their entrepreneurial efforts.

The State General Fund, on the other hand, is not in a position to collect a consistent cash return on the public assets managed by the ACEC.

Proposals:

The ACEC should establish an Agency Performance Sharing Plan which provides for a potential annual contribution to the State General Fund and a reward and incentive plan for employees.

The Plan could have the following components:

- a. Be based on cash profits.
- b. Have a fixed minimum contribution or a variable contribution to the State General Fund.
- c. Employees have an opportunity to benefit from the ACEC's share of performance benefits.
- d. The shares of the ACEC and of its employees are linked to achieving specific business performance objectives established in a formal agency-wide performance monitoring system.

The ACEC should create a Study Team to draft necessary legislation and implement the adopted Plan. Legislation will be required to create and implement an Agency Performance Sharing Plan.

Benefits:

As a result of implementing an Agency Performance Sharing Plan the ACEC would:

- Become an important contributing agency to the welfare of the State of Arizona
- Know in advance what portion of its profits would be contributed to the State General Fund and would be better able to plan long-term improvements and projects
- Be rewarded for increasing its profits, and its employees would be rewarded for their entrepreneurial efforts and diligence.

The State of Arizona would receive a financial return on a major asset and reap the benefits of public investments dating back before Statehood.

A Performance Sharing Plan would serve as a model for other State agencies and would enhance Arizona's image as a national governmental leader.

Management comments:

Any plan would have to be approved by the ACEC Board and would require legislation. The proposals will be carefully reviewed and considered by the ACEC.

Concern is expressed that the profit objectives should not overshadow the public interest mission and services of the ACEC.

The ACEC would not like to see the annual budgetary process become a nitpicking debate over budget formulas.

Implementation of a Performance Sharing Plan should not wait for next year's retirement of the Coliseum revenue bonds as long as it is consistent with the bond resolution.

4. PERFORMANCE MONITORING

4.1 MANAGEMENT SYSTEMS

Current situation:

Currently, the ACEC does not have a year-round, formal, agency-wide performance management system. Such a system would be required to support the distribution of performance sharing financial rewards to employees.

During the Fair some performance measures are generated. Profit and Loss (P&L) reports are generated by Department comparing actuals to budgets and prior years.

During the non-fair period P&L reports are generated by department, comparing current year's performance to prior year results.

An evaluation of the agency in terms of Total Quality Management (TQM), performance monitoring and human resource management principles reveals weaknesses in the following areas:

Performance Measures and Objectives:

The Agency and its organizational units need to have a set of comprehensive, documented measures of collective performance (such measures are distinct from the state's individual-based EPAS measures). Collective performance measures form the basis for establishing specific objectives, or results, to be achieved by teams of employees within a specified timeframe.

On occasion, top management does set a major objective and follow-up system. For example, during the last Fair the objective was an attendance of one million and cumulative daily attendance figures were compared to this objective. The Booking Division does appear to have made a limited attempt at instituting such performance measures and objectives.

Performance Reports:

Even in the most developed area of financial reporting, non-Fair information is reported in relation to the previous year but not to current year's budget or performance target.

A recent report on Event Performance comparing actual to projected financial performance after events has been proposed by the Finance Division for use by the Booking Division but OEG could not determine whether it is actually being used.

Data Collection:

Without a framework of performance measures and objectives, data collection appears to have developed as information needs have arisen over time.

As an example, information on employee hours and equipment use is collected from Coliseum Operations employees but only if it is in support of back charges to event promoters. Use of time and equipment on other occasions is not recorded.

Participative Management:

Participation in management of the ACEC appears generally limited to five individuals - Executive Director, Deputy Director, Operations Division Director, Coliseum Manager and Legal Counsel - who meet weekly to make all key decisions.

The agency's skilled craftsmen do not seem to be systematically involved with contracts for work in their specialty on the ACEC grounds. These internal experts are not involved in areas such as scope of work, bid review, contractor supervision or quality assurance.

Security and Parking management is not systematically involved before contract negotiations with promoters to agree on the resources needed.

Communication:

Communication in the ACEC appears to be limited to narrow channels within Divisions and Departments.

Inconsistent responses were frequently given to identical general questions asked in different Divisions or at different levels of the same Division (e.g. questions related to security arrangements, reporting relations, financial relationships).

Great concern was expressed by two managers about discussing matters of policy with immediate subordinate Supervisors.

A significant exception to the above is the widespread distribution of event schedules and setup sheets to coordinate the planning of events.

Delegation of financial responsibility:

Delegation of financial responsibility appears to be limited to the Deputy Director, Coliseum Manager and Operations Division Director.

Operations Division monthly financial reports are being more widely distributed since this review began. As a result, Security management expressed surprise at certain costs allocated to that Department and Entries management found differences between their own departmental records and those of the Finance Division.

Impact:

The project team believes that the current collective performance levels of the ACEC are probably not as high as they could be, given the absence of a formal and comprehensive performance monitoring system.

Proposals:

The ACEC should establish a formal and comprehensive performance monitoring system to support a proposed performance sharing plan and boost performance levels. The key features of a Performance Monitoring System are as follows:

Select a limited number of overall agency performance measure(s) and objective(s) (a maximum of 3-5 measures). For example:

Measure: Percent of Maricopa Co. population attending state fair.
Objective: 40% for the '93 fair.

Create teams in the ACEC's key functional areas, including representative members from the lower levels in the organization. For example, teams could be created at the Department levels (e.g. Entries, Security and Parking, Personnel, Accounting, Box Office) to include at least first line supervisors.

Assign to each team the following responsibilities:

- Select the most important performance measures of their key functional area, giving priority to those which are most closely

linked to the Agency's overall performance measure(s) (maximum of 3-5 measures).

- Collect the data needed to assess the current levels of performance for each performance measure.
- Based on the current level of performance, set an ambitious performance level objective for each performance measure to be achieved by a specific date (e.g. in one year or less).
- Develop, for each objective, a set of action plans to achieve the objective. Action plans should include a description of the action, a completion date, and the individual or team responsible. If the action plans involve members of other teams, review plans with them to obtain agreement and support.
- Establish, for each objective, the data collection systems needed to measure actual performance levels and record progress at regular intervals (at least monthly).
- Establish a short (two-three page) team performance report for top management, based on the data collected, to track graphically performance versus objective (at least monthly). The charts should be have a comment section which is filled in by the highest ranking team member. The report should include an exception report flagging action plans which have not been completed as planned.
- Publicize the initial team commitments (objectives and action plans) and progress in reaching objectives. Publicity should take two forms: 1) Bulletin boards prominently displayed, and 2) Quarterly public presentations to management and other teams. The presentations also provide management with an opportunity to communicate overall agency performance versus objectives, communicate policy, listen to concerns and identify and support key players at all levels.

Benefits:

A formal and comprehensive performance monitoring system will support the performance sharing plan, increase performance levels, recognize achievement and broaden participation in the management of the agency.

4. PERFORMANCE MONITORING

4.2 CAPACITY UTILIZATION

Current situation:

The respective capacity utilizations of the Coliseum and Ground Facilities (grouped together) can be expressed as percentages of total days dedicated to events in relation to total days in the year. Days dedicated to events include "move in" and "move out" days, ice making days, and, in the case of sports events, days required to be held for playoffs.

The past three years history of capacity utilizations for the Coliseum and the Grounds Facilities are as follows (Grounds figures are averages for all buildings excluding the Coliseum):

	<u>1990</u>		<u>1991</u>		<u>1992</u>		<u>First 6 mo.s 1993</u>	
	<u>Event Days</u>	<u>Cap. Util.</u>	<u>Event Days</u>	<u>Cap. Util.</u>	<u>Event Days</u>	<u>Cap. Util.</u>	<u>Event Days</u>	<u>Cap. Util.</u>
Coliseum:	293	80%	288	79%	249	68%	71	39%
Grounds:	99	27%	94	26%	110	30%	53	29%

Details related to these capacity utilizations are presented in Exhibits 24 and 25 for 1990, Exhibits 26 and 27 for 1991, and Exhibits 28 and 29 for 1992, and Exhibit 30 for the first six months of 1993.

The capacity utilizations presented above reveal:

- A significant decline in Coliseum capacity utilization
- A modest increase in Grounds capacity utilization
- The Coliseum capacity utilization is more than twice as large as the average grounds building utilization.

External factors (e.g. the local market for entertainment, the departure of the Phoenix Suns) have affected the agency's capacity utilizations. However, there also appear to be internal factors which may limit capacity utilization of facilities. Examples of four such factors follow:

1. Limited objectives:

Management's primary focus has been on the 18 days of the State Fair when capacity utilization is at its maximum level for both the Coliseum and Grounds.

For non-Fair Coliseum capacity utilization, the only objective expressed to us during our interviews was to "replace two-thirds of the Suns 41 dates in FY '93."

There appear to be no specific non-Fair Grounds Facilities objectives related to capacity utilization.

2. Limited deployment of resources:

The only individual dedicated to booking events is the Coliseum Manager in charge of the Booking Division. This position is responsible for booking the Coliseum and the Grounds, coordinating events (in rotation with the Assistant Coliseum Manager), and supervising the box office function and the Marketing and Advertising function. Some booking assistance is provided by the Executive Director and the Marketing and Advertising Manager, both of whom have been Coliseum Managers previously.

3. Policy constraints:

Facility rental rates are fixed year-round. Low demand days (e.g. early to mid-week, off-season) are priced the same as peak demand days.

4. Operational constraints:

Extended "move in" periods prior to certain events:

- Eight "move in" days for the Visiting Nurses Book Sale
- Eight "move in" days for the Junior League Rummage Sale
- 16 "move in" days for the Maricopa County Fair
- 20 "move in" days for the ANLS

Impact:

Internal factors under the ACEC's management control may have a negative impact on capacity utilization, and consequently, on revenues.

Proposals:

To increase capacity utilization and boost revenues, the OEG proposes that management take action in the following areas:

1. Objectives:

Following the establishment of a performance monitoring system as proposed in Section 4.1, establish a booking performance measure and set an ambitious objective. (e.g. 300 event days or 82% capacity utilization rate).

2. Resources:

Increase the manpower resources dedicated to the Coliseum and create dedicated resources for the Grounds Facilities.

3. Policy:

Develop an aggressive facilities rental rate structure designed to maximize use of the facilities throughout the year. The rates sheet should be transformed from an accounting into a marketing tool.

4. Operations:

Following the establishment of a performance monitoring system as proposed in Section 4.1, establish a "move in/move out" performance measure and set an ambitious objective. (e.g. for returning events, reduce "move in/move out" time by 50% over last year).

5. Suggestions for events:

- Book Coliseum events during the Maricopa County Fair
- Book Coliseum and Grounds events during the Fiesta Bowl celebration period
- Organize Hispanic-oriented events (e.g. trade shows related to NAFTA, events sponsored by the Arizona-Sonora Commission)
- Revive participation as a focal point for 10K races.

Benefits:

Increasing the capacity utilization rates of the Coliseum and Grounds will increase revenues and the distribution of funds based on the Performance Sharing Plan.

EXHIBIT 24: 1990 CAPACITY UTILIZATION

	JAN			FEB			MAR			APR			MAY			JUN		
	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.
COLISEUM (SUNS)	7	31	23%	7	28	25%	7	31	23%	8	30	27%	20	31	65%	9	30	30%
COLISEUM (ROADR)	7	31	23%	10	28	36%	9	31	29%	2	30	7%	0	31	0%	0	30	0%
COLISEUM (OTHER)	13	31	42%	2	28	7%	14	31	45%	14	30	47%	5	31	16%	16	30	53%
COL TOTAL:	27	31	87%	19	28	68%	30	31	97%	24	30	80%	25	31	81%	25	30	83%
NORTH HALL	5	31	16%	0	28	0%	10	31	32%	1	30	3%	0	31	0%	3	30	10%
SOUTH HALL	5	31	16%	11	28	39%	0	31	0%	1	30	3%	0	31	0%	3	30	10%
MAIN EXHIBIT	20	31	65%	22	28	79%	20	31	65%	8	30	27%	10	31	32%	3	30	10%
GRANDSTAND	13	31	42%	0	28	0%	12	31	39%	0	30	0%	4	31	13%	2	30	7%
ARIZONA PLAZA	0	31	0%	0	28	0%	17	31	55%	0	30	0%	0	31	0%	0	30	0%
AGRI 1	9	31	29%	11	28	39%	18	31	58%	6	30	20%	7	31	23%	0	30	0%
AGRI 2	0	31	0%	0	28	0%	0	31	0%	0	30	0%	0	31	0%	0	30	0%
HOME EC & 4H	6	31	19%	4	28	14%	11	31	35%	0	30	0%	0	31	0%	0	30	0%
FLORICULTURE	5	31	16%	0	28	0%	13	31	42%	0	30	0%	0	31	0%	0	30	0%
YOUTH	19	31	61%	15	28	54%	19	31	61%	7	30	23%	11	31	35%	3	30	10%
CATTLE BARN	5	31	16%	2	28	7%	14	31	45%	0	30	0%	0	31	0%	0	30	0%
WILDLIFE	11	31	35%	0	28	0%	9	31	29%	0	30	0%	0	31	0%	0	30	0%
OUTSIDE AREAS (2)	14	31	45%	11	28	39%	16	31	52%	2	30	7%	14	31	45%	2	30	7%
GROUNDS AVG:			30%			21%			44%			7%			13%			3%

(1) Event days include move in and move out days. For Coliseum, includes "hold" days.

(2) Days when one or more events took place in the outside areas.

SUNS days include days held for post season games

Roadrunner days include Kings camp days

EXHIBIT 25: 1990 CAPACITY UTILIZATION (continued)

	JUL			AUG			SEP			OCT			NOV			DEC			1990		
	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.
COLISEUM (SUNS)	3	31	10%	0	31	0%	0	30	0%	0	31	0%	6	30	20%	8	31	26%	75	365	21%
COLISEUM (ROADR)	0	31	0%	0	31	0%	0	30	0%	0	31	0%	9	30	30%	8	31	26%	45	365	12%
COLISEUM (OTHER)	11	31	35%	26	31	84%	27	30	90%	27	31	87%	8	30	27%	10	31	32%	173	365	47%
COL TOTAL:	14	31	45%	26	31	84%	27	30	90%	27	31	87%	23	30	77%	26	31	84%	293	365	80%
NORTH HALL	8	31	26%	8	31	26%	9	30	30%	29	31	94%	7	30	23%	0	31	0%	80	365	22%
SOUTH HALL	5	31	16%	4	31	13%	3	30	10%	21	31	68%	0	30	0%	0	31	0%	53	365	15%
MAIN EXHIBIT	0	31	0%	0	31	0%	16	30	53%	24	31	77%	6	30	20%	7	31	23%	136	365	37%
GRANDSTAND	0	31	0%	0	31	0%	4	30	13%	24	31	77%	3	30	10%	22	31	71%	84	365	23%
ARIZONA PLAZA	0	31	0%	0	31	0%	30	30	100%	28	31	90%	2	30	7%	22	31	71%	99	365	27%
AGRI 1	0	31	0%	0	31	0%	15	30	50%	31	31	100%	5	30	17%	24	31	77%	126	365	35%
AGRI 2	0	31	0%	0	31	0%	0	30	0%	0	31	0%	2	30	7%	25	31	81%	27	365	7%
HOME EC & 4H	0	31	0%	0	31	0%	5	30	17%	28	31	90%	1	30	3%	22	31	71%	77	365	21%
FLORICULTURE	0	31	0%	0	31	0%	3	30	10%	31	31	100%	0	30	0%	22	31	71%	74	365	20%
YOUTH	0	31	0%	0	31	0%	17	30	57%	21	31	68%	9	30	30%	24	31	77%	145	365	40%
CATTLE BARN	0	31	0%	0	31	0%	21	30	70%	31	31	100%	29	30	97%	22	31	71%	124	365	34%
WILDLIFE	0	31	0%	0	31	0%	2	30	7%	28	31	90%	0	30	0%	22	31	71%	72	365	20%
OUTSIDE AREAS (2)	0	31	0%	0	31	0%	10	30	33%	31	31	100%	3	30	10%	26	31	84%	129	365	35%
GROUNDS AVG:			0%			0%			37%			81%			18%			70%	99	365	27%

EXHIBIT 26: 1991 CAPACITY UTILIZATION

	JAN			FEB			MAR			APR			MAY			JUN		
	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.
COLISEUM (SUNS)	6	31	19%	5	28	18%	8	31	26%	9	30	30%	18	31	58%	9	30	30%
COLISEUM (ROADR)	7	31	23%	9	28	32%	6	31	19%	6	30	20%	6	31	19%	0	30	0%
COLISEUM (OTHER)	17	31	55%	13	28	46%	15	31	48%	4	30	13%	3	31	10%	16	30	53%
COL TOTAL:	30	31	97%	27	28	96%	29	31	94%	19	30	63%	27	31	87%	25	30	83%
NORTH HALL	0	31	0%	0	28	0%	7	31	23%	2	30	7%	0	31	0%	0	30	0%
SOUTH HALL	0	31	0%	0	28	0%	0	31	0%	0	30	0%	0	31	0%	0	30	0%
MAIN EXHIBIT	12	31	39%	27	28	96%	20	31	65%	5	30	17%	5	31	16%	1	30	3%
GRANDSTAND	2	31	6%	0	28	0%	16	31	52%	4	30	13%	0	31	0%	0	30	0%
ARIZONA PLAZA	0	31	0%	4	28	14%	13	31	42%	0	30	0%	0	31	0%	0	30	0%
AGRI 1	3	31	10%	11	28	39%	12	31	39%	5	30	17%	4	31	13%	4	30	13%
AGRI 2	0	31	0%	7	28	25%	12	31	39%	2	30	7%	1	31	3%	2	30	7%
HOME EC & 4H	0	31	0%	4	28	14%	13	31	42%	0	30	0%	0	31	0%	0	30	0%
FLORICULTURE	0	31	0%	4	28	14%	13	31	42%	0	30	0%	0	31	0%	0	30	0%
YOUTH	7	31	23%	5	28	18%	19	31	61%	2	30	7%	1	31	3%	3	30	10%
CATTLE BARN	0	31	0%	4	28	14%	11	31	35%	0	30	0%	0	31	0%	0	30	0%
WILDLIFE	0	31	0%	1	28	4%	0	31	0%	2	30	7%	0	31	0%	0	30	0%
OUTSIDE AREAS (2)	10	31	32%	8	28	29%	11	31	35%	10	30	33%	9	31	29%	11	30	37%
GROUNDS AVG:			10%			24%			41%			9%			6%			6%

- (1) Event days include move in and move out days.
- (2) Days when one or more events took place in the outside areas.

SUNS days include days held for post season games
 Roadrunner days include Kings camp days.

EXHIBIT 27: 1991 CAPACITY UTILIZATION (continued)

	JUL			AUG			SEP			OCT			NOV			DEC			1991		
	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.
COLISEUM (SUNS)	3	31	10%	0	31	0%	0	30	0%	1	31	3%	9	30	30%	4	31	13%	72	365	20%
COLISEUM (ROADR)	0	31	0%	0	31	0%	12	30	40%	5	31	16%	8	30	27%	8	31	26%	67	365	18%
COLISEUM (OTHER)	15	31	48%	11	31	35%	7	30	23%	24	31	77%	9	30	30%	15	31	48%	149	365	41%
COL TOTAL:	18	31	58%	11	31	35%	19	30	63%	30	31	97%	26	30	87%	27	31	87%	288	365	79%
NORTH HALL	0	31	0%	6	31	19%	0	30	0%	30	31	97%	8	30	27%	9	31	10%	56	365	15%
SOUTH HALL	0	31	0%	0	31	0%	1	30	3%	15	31	48%	3	30	10%	0	31	0%	19	365	5%
MAIN EXHIBIT	5	31	16%	0	31	0%	8	30	27%	28	31	90%	10	30	33%	22	31	71%	143	365	39%
GRANDSTAND	0	31	0%	0	31	0%	7	30	23%	14	31	45%	5	30	17%	24	31	77%	72	365	20%
ARIZONA PLAZA	0	31	0%	0	31	0%	28	30	93%	31	31	100%	6	30	20%	23	31	74%	105	365	29%
AGRI 1	2	31	6%	3	31	10%	4	30	13%	31	31	100%	19	30	63%	24	31	77%	122	365	33%
AGRI 2	2	31	6%	0	31	0%	0	30	0%	18	31	58%	17	30	57%	26	31	84%	87	365	24%
HOME EC & 4H	0	31	0%	0	31	0%	0	30	0%	30	31	97%	6	30	20%	23	31	74%	76	365	21%
FLORICULTURE	0	31	0%	0	31	0%	0	30	0%	28	31	90%	5	30	17%	23	31	74%	73	365	20%
YOUTH	0	31	0%	0	31	0%	0	30	0%	30	31	97%	12	30	40%	23	31	74%	102	365	28%
CATTLE BARN	0	31	0%	0	31	0%	19	30	63%	31	31	100%	5	30	17%	23	31	74%	93	365	25%
WILDLIFE	0	31	0%	0	31	0%	0	30	0%	14	31	45%	3	30	10%	0	31	0%	20	365	5%
OUTSIDE AREAS (2)	9	31	29%	9	31	29%	13	30	43%	18	31	58%	10	30	33%	25	31	81%	143	365	39%
GROUNDS AVG:			5%			4%			24%			80%			30%			69%	94	365	26%

EXHIBIT 28: 1992 CAPACITY UTILIZATION

	JAN			FEB			MAR			APR			MAY			JUN		
	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.
COLISEUM (SUNS)	7	31	23%	8	29	28%	9	31	29%	12	30	40%	21	31	68%	8	30	27%
COLISEUM (ROADR)	6	31	19%	8	29	28%	5	31	16%	2	30	7%	0	31	0%	0	30	0%
COLISEUM (OTHER)	18	31	58%	9	29	31%	16	31	52%	5	30	17%	5	31	16%	14	30	47%
COL TOTAL:	31	31	100%	25	29	86%	30	31	97%	19	30	63%	26	31	84%	22	30	73%
NORTH HALL	7	31	23%	2	29	7%	11	31	35%	0	30	0%	0	31	0%	0	30	0%
SOUTH HALL	6	31	19%	0	29	0%	14	31	45%	0	30	0%	0	31	0%	0	30	0%
MAIN EXHIBIT	22	31	71%	21	29	72%	22	31	71%	18	30	60%	5	31	16%	0	30	0%
GRANDSTAND	10	31	32%	4	29	14%	14	31	45%	4	30	13%	0	31	0%	0	30	0%
ARIZONA PLAZA	10	31	32%	5	29	17%	24	31	77%	0	30	0%	0	31	0%	0	30	0%
AGRI 1	17	31	55%	10	29	34%	19	31	61%	15	30	50%	6	31	19%	6	30	20%
AGRI 2	10	31	32%	8	29	28%	19	31	61%	15	30	50%	2	31	6%	0	30	0%
HOME EC & 4H	10	31	32%	0	29	0%	21	31	68%	0	30	0%	0	31	0%	0	30	0%
FLORICULTURE	10	31	32%	0	29	0%	21	31	68%	0	30	0%	0	31	0%	0	30	0%
YOUTH	18	31	58%	11	29	38%	22	31	71%	15	30	50%	0	31	0%	8	30	27%
CATTLE BARN	10	31	32%	0	29	0%	21	31	68%	0	30	0%	0	31	0%	0	30	0%
WILDLIFE	0	31	0%	0	29	0%	0	31	0%	0	30	0%	0	31	0%	0	30	0%
OUTSIDE AREAS (2)	16	31	52%	0	29	0%	21	31	68%	10	30	33%	6	31	19%	1	30	3%
GROUNDS AVG:			39%			18%			60%			23%			6%			5%

- (1) Event days include move in and move out days.
- (2) Days when one or more events took place in the outside areas.

SUNS days include days held for post season games
 Roadrunner days include Kings camp days

EXHIBIT 29: 1992 CAPACITY UTILIZATION (continued)

	JUL			AUG			SEP			OCT			NOV			DEC			1992		
	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.
COLISEUM (SUNS)	0	31	0%	0	31	0%	0	30	0%	0	31	0%	0	30	0%	0	31	0%	65	366	18%
COLISEUM (ROADR)	0	31	0%	0	31	0%	12	30	40%	6	31	19%	8	30	27%	6	31	19%	53	366	14%
COLISEUM (OTHER)	14	31	45%	14	31	45%	3	30	10%	19	31	61%	5	30	17%	9	31	29%	131	366	36%
COL TOTAL:	14	31	45%	14	31	45%	15	30	50%	25	31	81%	13	30	43%	15	31	48%	249	366	68%
NORTH HALL	0	31	0%	7	31	23%	4	30	13%	31	31	100%	7	30	23%	4	31	13%	73	366	20%
SOUTH HALL	0	31	0%	0	31	0%	0	30	0%	17	31	55%	2	30	7%	0	31	0%	39	366	11%
MAIN EXHIBIT	0	31	0%	0	31	0%	11	30	37%	20	31	65%	10	30	33%	21	31	68%	150	366	41%
GRANDSTAND	0	31	0%	0	31	0%	5	30	17%	17	31	55%	1	30	3%	25	31	81%	80	366	22%
ARIZONA PLAZA	0	31	0%	0	31	0%	30	30	100%	31	31	100%	0	30	0%	23	31	74%	123	366	34%
AGRI 1	6	31	19%	11	31	35%	8	30	27%	31	31	100%	15	30	50%	23	31	74%	167	366	46%
AGRI 2	7	31	23%	11	31	35%	3	30	10%	20	31	65%	15	30	50%	21	31	68%	131	366	36%
HOME EC & 4H	0	31	0%	0	31	0%	1	30	3%	31	31	100%	2	30	7%	23	31	74%	88	366	24%
FLORICULTURE	0	31	0%	0	31	0%	0	30	0%	30	31	97%	2	30	7%	5	31	16%	68	366	19%
YOUTH	3	31	10%	0	31	0%	0	30	0%	31	31	100%	5	30	17%	26	31	84%	139	366	38%
CATTLE BARN	0	31	0%	0	31	0%	20	30	67%	31	31	100%	2	30	7%	21	31	68%	105	366	29%
WILDLIFE	0	31	0%	0	31	0%	0	30	0%	17	31	55%	2	30	7%	25	31	81%	44	366	12%
OUTSIDE AREAS (2)	0	31	0%	5	31	16%	9	30	30%	18	31	58%	3	30	10%	25	31	81%	114	366	31%
GROUNDS AVG:			5%			8%			26%			81%			17%			70%	110	366	30%

EXHIBIT 30: 1st HALF 1993 CAPACITY UTILIZATION

	JAN			FEB			MAR			APR			MAY			JUN			1992		
	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.	Event days (1)	Tot. days	% Cap.
COLISEUM (SUNS)	0	31	0%	0	28	0%	0	31	0%	0	30	0%	0	31	0%	0	30	0%	0	181	0%
COLISEUM (ROADR)	6	31	19%	8	28	29%	8	31	26%	3	30	10%	0	31	0%	0	30	0%	25	181	14%
COLISEUM (OTHER)	15	31	48%	7	28	25%	9	31	29%	8	30	27%	0	31	0%	7	30	23%	46	181	25%
COL TOTAL:	21	31	68%	15	28	54%	17	31	55%	11	30	37%	0	31	0%	7	30	23%	71	181	39%
NORTH HALL	2	31	6%	0	28	0%	2	31	6%	2	30	7%	0	31	0%	3	30	10%	9	181	5%
SOUTH HALL	0	31	0%	0	28	0%	0	31	0%	0	30	0%	0	31	0%	3	30	10%	3	181	2%
MAIN EXHIBIT	14	31	45%	20	28	71%	21	31	68%	7	30	23%	0	31	0%	0	30	0%	62	181	34%
GRANDSTAND	10	31	32%	0	28	0%	31	31	100%	0	30	0%	0	31	0%	0	30	0%	41	181	23%
ARIZONA PLAZA	10	31	32%	7	28	25%	24	31	77%	8	30	27%	0	31	0%	0	30	0%	49	181	27%
AGRI 1	15	31	48%	9	28	32%	26	31	84%	9	30	700%	7	31	23%	4	30	13%	70	181	39%
AGRI 2	15	31	48%	6	28	21%	18	31	58%	6	30	20%	6	31	19%	0	30	0%	51	181	28%
HOME EC & 4H	10	31	32%	6	28	21%	31	31	100%	8	30	27%	0	31	0%	0	30	0%	55	181	30%
FLORICULTURE	0	31	0%	0	28	0%	0	31	0%	0	30	0%	0	31	0%	0	30	0%	0	181	0%
YOUTH	9	31	29%	7	28	25%	27	31	87%	6	30	20%	4	31	13%	0	30	0%	53	181	29%
CATTLE BARN	12	31	39%	2	28	7%	24	31	77%	8	30	27%	0	31	0%	0	30	0%	46	181	25%
WILDLIFE	0	31	0%	0	28	0%	0	31	0%	0	30	0%	0	31	0%	0	30	0%	0	181	0%
OUTSIDE AREAS (2)	16	31	52%	11	28	39%	95	31	306%	24	30	80%	1	31	3%	5	30	17%	152	181	84%
GROUNDS AVG:			33%			22%			87%			84%			5%			3%	53	181	29%

- (1) Event days include move in and move out days.
- (2) Days when one or more events took place in the outside areas.

SUNS days include days held for post season games
 Roadrunner days include Kings camp days

4. PERFORMANCE MANAGEMENT

4.3 INFORMATION MANAGEMENT

Current situation:

A Performance Sharing Plan requires performance monitoring which in turn requires systems to manage information related to performance. At the ACEC, there appear to be weaknesses in the area of information management.

In the Operations Division, for example, we noted the following:

- No maintenance work order system which allows maintenance activity levels to be evaluated and planned by linking these activities to resources and equipment or location. As an example, there is no integrated record of the hours, value of materials and use of equipment related to skilled craft work on a particular building.
- Records of hours are related to specific maintenance activities and locations only if they are charged back to events.
- No records are maintained for equipment and vehicle on use (who, where, when, why) and downtime. Routine maintenance of vehicles and equipment is not scheduled based on mileage or hours of use but performed "when available". Regardless of vehicle and equipment age, the replacement policy is to replace when parts can no longer be found.
- Very limited use of planned maintenance schedules, procedures, checklists and records.
- Limited inventory management in the storeroom. The storekeeping function does not include responsibility for maintaining records of inventory receipts, issues and balances.
- No integrated records of security resources and incidents by event to evaluate and plan appropriate levels of security.

Impact:

The results of weak information management are as follows:

- Work run on a day-to-day, or case-by-case, basis
- Limited knowledge of performance status and trends
- Limited planning capabilities and support for activity and resource levels as expressed, for instance, in budgets.

Proposals:

Develop the information systems needed to support measuring the performance objectives established by the proposed performance monitoring system (see Section 3.1).

Each information management system should provide for:

- Collecting information in a timely and reliable manner
- Storing information in a flexible form for retrieval
- Statistical manipulation of information
- Reporting of performance versus objectives.

Where computer systems are used, OEG propose that:

- The main person responsible for each objective be in charge of the information system for monitoring performance. Empowerment implies trust. If concerns arise about the accuracy of information, audits can always be performed.
- Use off-the-shelf software to avoid the custom program quagmire. Virtually all performance monitoring systems can be supported by relatively inexpensive PC-based spreadsheets and data base management systems.
- Plan for proper training of all individuals involved from data collection to reporting.

Benefits:

The simple introduction of accurate, reliable and publicized feedback on collective performance usually results in significant, and often unexpected, improvements. The effort and cost to introduce and maintain the information systems is directly linked to performance monitoring, which in turn supports a Performance Sharing Plan.

5. REVENUE OPPORTUNITIES

5.1 PREFERENTIAL PARKING RATES

Current situation:

Parking fees are a major source of revenue for the ACEC and totalled \$1,901,431.00 in FY 1992.

The ACEC charges a standard parking fee of \$3.00 per vehicle for all events. There are 2,968 spaces in the North Lot, 1,694 spaces in the South Lot, 1,137 spaces (1,053 Fair only) in the "20th Avenue" Lot, and 930 spaces (750 Fair only) in the "DPS" Lot.

Other local venues have differential parking rates based on proximity to the venue. For example, Blockbuster Desert Sky Pavilion charges \$5.00 for parking spaces nearest to the Pavilion, and \$3.00 for farther away spaces.

The present Director of Marketing and Advertisement has had experience in developing preferential parking systems. His expertise is available to the ACEC.

Impact:

Customers willing to pay a premium for a higher level of service are not offered the opportunity to do so.

The ACEC is forsaking parking revenues which could be generated from preferential parking fees. Parking revenues could be increased anywhere from \$93,240.00 to \$186,480.00.

Preferential parking would require a physical dividing structure or median to emphasize the perception of higher value. Construction costs, if required, cannot be reasonably quantified at this time.

Proposals:

The ACEC design and implement a preferential parking fee system. The Director of Marketing and Advertising could lead the planning team. The plan could target all or certain events; be applied to future contracts with long-term tenants; be applicable to the two outlying parking lots; and include different rates for various types of events (one rate for concerts, a different rate for Grounds shows).

Benefits:

Setting aside the North and South Lots' spaces for preferential parking, the ACEC's parking revenues would be enhanced between \$93,240.00 and \$186,480.00 annually, or from 5% to 10% over FY 1992 parking revenues.

Management comments:

The benefits of preferential parking must be considered with the potential additional costs of parking ticket sellers and the time necessary to sell multiple tickets.

Since this recommendation was originally made, the ACEC has entered into an agreement with the Roadrunners to set aside a number of parking places for their season ticket holders as well as additional spaces that will be made available to the general public at a cost of \$4.00. In addition, it is the ACEC's plan to set aside the North lot during the Fair as preferred parking for which there will be a additional \$1.00 premium charged per space.

5. REVENUE OPPORTUNITIES

5.2 RENTAL OF PARKING LOTS

Current situation:

If a promoter wishes, the ACEC can rent any of its four parking lots for a fixed rate. The current Rates Sheet shows that the lot referred to as the "DPS" Parking Lot rents for \$300.00 per day and the "20th Avenue" Parking Lot for \$500.00 per day.

The Parking Department's records of the spaces in each lot are presented below (there are minor inconsistencies with the number of parking spaces specified in the Rates Sheet).

<u>Lot</u>	<u>Rates Sheet</u>	<u>Parking Department</u>	<u>Difference</u>
DPS	900	930	+ 30
20th Ave	<u>1,160</u>	<u>1,137</u>	- 23
TOTAL	2,060	2,067	+ 7

The rental rates for the "DPS" and "20th Avenue" lots are based on a usage of 11% for the "DPS" lot (100 spaces out of 930 at \$3.00 each yields \$300.00) and 15% for the "20th Avenue" lot (167 out of 1,137 spaces at \$3.00 each yields \$500.00).

Impact:

The parking revenues, when the parking lots are rented at fixed rates, are based on a low percentage of potential revenue and are not consistent.

Proposals:

The ACEC increase its usage-based formula for the "DPS" and "20th Avenue" Parking Lots from 11% and 15%, respectively, to a uniform 20%.

The ACEC use a consistent number of parking spaces to set rental rates for all lots and adjust the Rates Sheet accordingly.

Benefits:

The ACEC could increase its fixed rates parking revenues. Using the 20% use formula, the new rental rate for the "DPS" Parking Lot would be \$500.00 and for the "20th Avenue" Parking Lot \$700.00. If ten events rent the "DPS" Parking Lot and the "20th Avenue" Parking Lot, per year, parking income would be increased from \$800.00 (under current rates) to \$12,000.00.

Management comments:

One other idea would be to rent the lots for a percentage of sales/profits generated by the lessee.

5. REVENUE OPPORTUNITIES

5.3 PARKING REVENUE LIMITATIONS AT ARIZONA NATIONAL LIVESTOCK SHOW

Current situation:

The ACEC does not charge for parking at any of the events sponsored by the Arizona National Livestock Show (ANLS). Parking is a major source of revenue to cover the ACEC's costs, and the agency's standard parking fee is \$3.00 per vehicle for event parking.

The ANLS is the only event for which the ACEC does not collect parking revenues.

The ANLS records show that attendance at the 1991-1992 National Show was 125,000 persons. The ACEC, on the other hand, estimates that 10,000 vehicles attended the ANLS last year which would have been charged for parking, if a parking fee had been allowed. The ACEC's estimate for calculating parking at general shows is 2.5 persons per vehicle.

For the 1991-1992 Show, the ACEC incurred Parking Department expenses of \$13,212.00, for parking attendants and police security, which were not reimbursed by ANLS.

The ANLS is funded from a portion of racing receipts allocated annually. In FY 89-90, the ANLS received \$373,758.46, in FY 90-91, \$370,000.32, and in FY 91-92 \$276,934.09. For FY 92-93, \$315,922.00 has been authorized. A portion of these funds is used to pay the ACEC for the use of the facilities, excluding parking.

Impact:

The ACEC is forsaking between \$30,000.00 and \$75,000.00 in annual parking revenues, based on the 1991-1992 Show attendance. The \$30,000.00 revenue estimate is based on the ACEC's estimate of 10,000 vehicles.

Based on the ANLS estimate of 125,000 attendance at the 1991-1992 Show, assuming 50% of those persons were patrons who would have been charged for parking, and using the estimate of 2.5 persons per vehicle, the number of vehicles which would have paid for parking would have been 25,000, resulting in a revenue loss of \$75,000.00.

Proposals:

The ACEC could charge patrons for event parking at future ANLS Shows. As an alternative, the ANLS could subsidize a portion of the patrons' \$3.00 parking fee.

Benefits:

The ACEC would enhance its revenues between \$30,000.00 and \$75,000.00 under current rates, and would eliminate a policy exception which favors one major event over all others.

Management comments:

The ACEC disagrees that parking fees should be charged to all patrons at the show because it would not be cost effective.

The Rodeo is the only current event that it would be cost effective to charge all attendees parking fees.

The ACEC indicated that a consideration would be split parking revenue with the ANLS.

5. REVENUE OPPORTUNITIES

5.4 FAIR COMMERCIAL EXHIBITORS AND CONCESSIONAIRES

Current situation:

For the Fair, the ACEC receives annually between 1,150 and 1,250 applications for commercial exhibitor space and 200 applications for food concessionaire space. Approximately 450 commercial space applications and 100 food concessionaire spaces are approved for the Fair and contracts executed. Therefore, 700-800 commercial applications and 100 food applications are denied each year because of lack of space.

Between 70% and 75% of the applications approved are from exhibitors returning after last year's Fair. For the food concessionaires, about 99% of the prior year's Fair return. The ACEC policy is to book the prior Fair's exhibitors and concessionaires first ("formers are booked first"). The result is that if an applicant is accepted for one Fair, there is a very high probability that applicant will be accepted every year thereafter. Only if there have been problems with a lessee will that lessee not be accepted the following year.

Management has maintained a policy of increasing rates approximately every two years and only after a "good" Fair. Rates were to have been raised during the 1992 Fair but were not due to the uncertain economic conditions. The 1992 Fair was a "good" Fair.

For the 1992 Fair, the ACEC received \$718,516.00 in revenues from commercial space rentals and \$89,314.00 from concession operations.

Impact:

A more competitive selection process would provide the ACEC with critical information regarding the market value of space at the Fair and Fair customer preferences for exhibits and food. The selection process is informal (based on the judgment of one individual), mechanical and automatic. Diversity and variety of applicants and goods and services are being neglected.

Proposals:

The ACEC implement a more competitive and objective selection process for commercial exhibitors and food concessionaires.

The ACEC raise the rental rates by 10% for the 1993 Fair.

Benefits:

A more competitive and objective selection systems is likely to make it easier for the ACEC to charge higher rental rates, given the level of demand each year.

Raising rental rates by 10% over current rates would increase revenues by approximately \$80,783.00 over total 1992 Fair commercial space and concession revenues.

Management comments:

The ACEC raised the rates for the 1993 fair from \$145.00 to \$ 200.00 per foot and established a rental option wherein the food contractors pay \$160.00 a foot plus 20% or 23% (the percentages are food and candy products respectively).

5. REVENUE OPPORTUNITIES

5.5 CASH MANAGEMENT

Current situation:

The ACEC holds an investment fund known as "Operating Fund No. 1"; two funds associated with the Coliseum revenue bonds, namely, "Sinking Fund No. 4" (The ACEC indicates that this is not truly a sinking fund in accounting terms) and "Bond Reserve Fund No. 5"; and a "Capital Outlay Fund No. 2."

A. Operating Fund No. 1

These funds are invested in United States Treasury Bills through the First Interstate Bank of Arizona.

Between the end of November 1990 through the end of June 1993, the balances of the ACEC's cash and investment fund ranged from a high of \$9,797,022.02 (November 1991) to a low of \$5,136,900.000 (June 1993). The monthly cash and investment balances declined from \$8,838,801.48 in June 1992 to \$6,124,104.34 in September 1992. This decline was due to the ACEC's contribution of \$2,000,000.00 to the State General Fund at the Legislature's request.

On June 30, 1993, the portfolio of Operating Fund No. 1 held by the First Interstate Bank showed \$5,589,300 in United States Treasury Bills as current assets.

These funds are used for operational and maintenance expenses, and capital improvements. The ACEC believes that these funds should be sufficiently liquid to provide for ready access and to avoid interest rate risk when the investments are liquidated.

B. Sinking Fund No. 4

On June 30, 1993, the portfolio of this fund held by the First Interstate Bank showed \$1,765,300 in United States Treasury Bills as current assets.

The ACEC uses this account to deposit funds to retire the Coliseum revenue bonds. Currently, \$1,820,000.00 is due on the bonds, with the last payment due on June 30, 1994.

Under Article V, Section 6 of Resolution 102 (July 30, 1964) pertaining to the Coliseum revenue bonds, funds deposited into this account are "to be used for the redemption or purchase of outstanding bonds of this issue."

C. Bond Reserve Fund No. 5

On June 30, 1993, the portfolio of this fund held by the First Interstate Bank showed the following United States Treasury Bills as current assets: Face amount of \$515,000.00 with a maturity of 364 days and an annual yield of 4.13%. The cost of these assets was \$500,000.00.

These funds are used as a \$500,000.00 minimum reserve required in the indenture of the Coliseum revenue bonds. They are intended to pay the bonds.

D. Capital Outlay Fund No. 2

On June 30, 1993, the portfolio of this fund held by the First Interstate Bank showed no investments. The funds in this account come from allocated racing receipts and are used for capital improvements and debt service. A.R.S. Sec. 5-113.A.

The ACEC has pursued a very conservative interpretation of how these four funds can be invested, and had an Attorney General's opinion issued in this matter (R84-003). Resolution No. 102 (July 30, 1964) provides in Article VI, Section 1 (Investment of Funds) that:

The State Fair Commission may invest in obligations of the United States government, or in obligations of agencies of the government where the interest and principal due on such obligations is fully guaranteed by the United States government, surplus or temporarily unused funds. The State Fair Commission shall designate which funds shall be invested and the terms of such investments...and the income derived from such investments shall be deposited in the Arizona State Fair Fund.

The ACEC may invest in United States Treasury instruments or in the instruments of agencies whose principal and interest are guaranteed by the United States. The ACEC is empowered to determine the investment strategy and its execution.

The four portfolios show that the ACEC is following a strategy of purchasing Treasury Bills at a discount thereby profiting from capital gains upon maturity. Treasury instruments are very liquid and can be bought and sold readily. Interest rate risk is, however, a factor in carrying out an investment strategy directed at income.

Impact:

The very conservative language of Bond Resolution no. 103 is costing the ACEC at least 1% yield on its investments.

Proposals:

The ACEC develop a cash management plan which sets forth its investment philosophy and cash management objectives for Operating Fund No. 1. The plan would call for investment decisions to be made for levels of assets. For example, a minimum amount of \$1,000,000.00 or a percentage (like 20%) of investments at fiscal year end would be invested in two-year instruments, which could be Treasury Notes or certificates of deposit. The plan should specify that the ACEC will seek the most advantageous cash management services available in the State and would provide for change of advisors, if necessary.

The ACEC invest a portion of the current Operating Fund No. 1's assets in two-year Treasury notes or certificates of deposit. A reasonable amount to invest in two-year instruments in Operating Fund No. 1 would be \$3,000,000.00.

The ACEC invest \$500,000.00 of Sinking Fund No. 4 for maturity in May, 1994.

The ACEC continue investing Bond Reserve No. 5 in one-year instruments to mature in May, 1994.

Benefits:

A cash management plan would permit the ACEC to assess its investment needs and make its decisions within an objective framework, more quickly take advantage of money rate trends since it has established its goals, better judge the performance of its investment advisors and enhance its interest income.

Under current money interest rates, the ACEC could increase its interest income by \$31,000.00 (assuming 1.0% over current average portfolio rates).

Less trading of Government securities would result in a savings of commissions and bid/ask spreads.

Management comments:

The bond indenture does not legally permit investments in instruments whose interest and principal are not government guaranteed. The bonds will mature on June 30, 1994. After the bonds are retired a more aggressive income producing investment plan will be implemented. The desirability of investing in longer-term instruments is recognized and this issue has been reviewed by management in depth. Such investing will be done after June 30, 1994, when the bonds are retired.

5. REVENUE OPPORTUNITIES

5.6 PRESS BOX SEATS

Current Situation:

the ACEC contracts with Coliseum promoters to provide a certain number of "seats for use by the Coliseum and Board of Directors" (New Standard Contract, Clause IV.H). Under the new contract the number of seats is 40.

For Phoenix Roadrunners games, there are 21 seats available to the ACEC in Sections 204 (16) and 305 (5).

For many events, there are 42 seats commonly known as the Press Box Seats, situated in Section 205. During Roadrunners games, these seats are not available to the ACEC but are used by the media.

Any person affiliated with the Coliseum wishing a seat must complete a short form; deliver the form to the Administration Division; pick up the tickets, if granted; and pay a nominal charge of \$1.00 per ticket. There "is a limit of a 4 ticket request per person per event" (request form). An ACEC employee desiring a seat must obtain the approval of his supervisor. The decision to accept or deny the ticket request is made by the Executive Staff Assistant, and the tickets are printed by the Box Office. The Executive Director makes any difficult decisions on acceptance or denial of ticket requests.

The records of the 2,314 ticket requests for 69 events granted between October 3, 1991, and November 13, 1992, show that the vast majority of seats were used by the ACEC employees.

Impact:

The ACEC is not deriving the maximum economic benefit from the seats at its disposal.

Proposals:

The ACEC should use the available guest seats for business marketing and publicity. The ACEC should invite its Fair and non-Fair promoters, advertisers, contractors and suppliers as guests to events at least once per year. The ACEC could offer the availability of these guest tickets to State, City and local economic development officials to publicize the Coliseum and Grounds.

The price of these guest tickets should be increased to \$3.00. For example, the highest Phoenix Roadrunners ticket is \$14.00. An excellent hockey seat can be provided to guests and the ACEC staff for \$3.00.

All guest ticket users should pay the event parking fee even if they are affiliated with the ACEC.

The ACEC should draft a written policy for the use of these guest tickets. The policy could incorporate the current administrative procedures, but would set forth the purpose and objective of these seats for business marketing and the new fees.

Benefits:

In addition to increasing directly its revenues from business brought through this marketing effort, the ACEC can increase direct revenues from guest ticket sales. Based on the 2,314 tickets used during the one-year review period, assuming that these tickets would have been sold for \$3.00, the ACEC would have made an additional \$4,628.00.

Management comments:

This issue has been recognized, and the available seats will be used more for marketing in the future. It is difficult to enforce parking on the employees and Board members who have unlimited access to the grounds parking lots. Effective August 1, 1993, the ACEC Board approved charging \$3.00 for the tickets, but chose not to change parking policies.

5. REVENUE OPPORTUNITIES

5.7 SUPPORT OF THE ARIZONA NATIONAL LIVESTOCK SHOW

Current Situation:

The ACEC supports the Arizona National Livestock Show (ANLS) by providing discounts on rental rates and foregoing concessions. These activities are in addition to providing free parking at ANLS events. (See Section 4.3: Parking Revenue Limitations at ANLS.)

The facilities used for the 1992-1993 Show include all the main Grounds buildings and the Coliseum. The standard daily rental charges for these facilities is \$75,650.00 while ANLS paid \$25,000.00. Also, the ACEC did not receive any revenues from outside concessions.

Impact:

The ACEC is forsaking \$129,775.00 in revenues from rentals and concessions, during an 8 to 10-day event, which according to the Show's promoters, had attendance of 125,000 persons at the 1992-1993 Show. The reductions in rental is \$50,650.00. For concessions, the loss is estimated at \$79,125.00 (each patron spends an average of \$1.50 on concessions, of which the ACEC receives \$0.422).

The total support represents approximately 26% of ANLS's total 1992 budget of \$504,150.00.

Proposals:

The ACEC should increase the rental to the ANLS Show.

The ACEC retain the right to obtain a standard concession percentage commission.

Benefit:

The ACEC would increase its income by an estimated \$129,775.00 annually.

Management comments:

The ACEC is working with ANLS to improve the marketing and profitability of the Show. The Show's dates are not good for livestock shows, and nationally, livestock shows have been declining in popularity and losing money.

It should also be noted that by enacting ARS 3-1003.B in 1970, the Legislature has allowed, and in fact encourages, waiver of fees, gate money, and lease payments for educational, agricultural, and mineral exhibits which are in the best interest of the state. The Board has traditionally treated the ANLS as such an event.

6. COST CONTROL OPPORTUNITIES

6.1 FAIR ENTRIES COST CONTROL

Current situation:

The Entries Department is the only department devoted to Fair-related work year-round and its cost has increased for the past nine years. A statistical summary of the Fair-related work of this department from 1982 through 1992 is presented in Exhibit 31: "Entries Dept Statistics 1982-1992".

Exhibit 31 shows several trends, namely:

1. A comparison of Total Income and Total Expenses for the Entries Department shows substantial support from the ACEC. In 1991, the cost was \$414,265.24. This cost has steadily increased from \$237,758.93 in 1984.

Entry fee income has ranged from a low of \$14,167.82 in 1985 to a high of \$18,295.35 in 1986, and since then has not surpassed \$17,000.00.

Premium award and trophy expenses steadily increased every year between 1984 (\$89,888.15) and 1992 (\$133,402.00), with a dip in 1990 (\$111,102.96).

Entry fees have covered less than 18% (since 1989 15%) of premium awards and trophies.

2. The level of public interest in entries appears to have stabilized. The number of exhibitors has never topped 9,500 and has remained stable between 8,000 and 9,000. (The high numbers for 1991 and 1992 reflect items made at the Fair by fairgoers, for which no entry fees are paid. These items are not entries in the traditional meaning of the subject).

The number of exhibits entered has declined since a high of 36,426 in 1982, and although it has been rising since 1989, the number of exhibits entered has not exceeded 30,000 since 1982.

The number of exhibits judged topped out at 24,029 in 1988, and has historically remained around 22,000.

During the past four Fairs, only 75% of the exhibits entered were physically submitted and judged.

3. Livestock exhibits are the greatest beneficiaries of the support. The expenses of premiums awarded to all livestock entries has risen from \$51,232.00 in 1982 to \$61,818.00 in 1992. Over 50% of premium award and trophy expenses have consistently gone to Livestock and Junior Livestock entries.

The number of livestock entries has declined. The highest number of Livestock and Junior Livestock exhibits judged was 3,185 in 1984, and this number has declined to a plateau of 2,350 in recent years.

The number of all livestock exhibitors has declined from a high of 1,398 in 1982 to 463 in 1992.

The total number of exhibitors and exhibits judged by category between 1982 and 1992 are presented in Exhibit 32: "Entries Dept Total Exhibitors By Category 1982-1992" and Exhibit 33: "Entries Dept Exhibits Judged By Category 1982-1992". Note the declines in the categories of Cities, Counties, Livestock, Junior Livestock, and the 4H Horse Show.

The ACEC management has indicated that entries are a principal attraction for Fairgoers, especially agriculture exhibits. Agriculture in Arizona has historically affected every person in the state. The support of the Entries Department for mining, cattle, cotton and citrus is vital to Arizona's changing urban society.

A comparison of the annual population of Maricopa County, Total Fair Attendance and Paid Fair Attendance between 1975 and 1992 is presented in table form in Exhibit 34: "Maricopa County Population with Total and Paid Fair Attendance 1975-1992", and in graphical form in Exhibit 35. Fair market research surveys show that, on average, 85% of Fairgoers reside in Maricopa County (81% in 1982; 87.3% in 1983; 85.2% in 1987; 84% in 1989; 88.7% in 1991). While the county population increased annually between 1975 and 1992, Fair attendance has leveled off since 1984. Expressed differently, the ratio between county population and paid attendance has declined from 41% in both 1984 and 1985 to 32% in 1992. The percentage of Maricopa County residents attending the Fair has been declining.

Animal exhibits appear to be low level attractions. A survey taken in 1982 showed that 7% of Fairgoers liked Livestock exhibits best. This percentage was 5.9% in the 1983 survey. The 1991 Fair Market Research Study, prepared by Arizona State University, showed that 4.81% of the 876 respondents indicated that "Animal Exhibits" were one of "the things" they enjoyed the most doing or seeing at the Fair (7th of seven choices rated). The 1992 ASU Survey showed that an average of 10.3% of Fairgoers rated "Animals" as one of the three favorite things at the Fair.

The ACEC estimates that about 30% of premium awards in dairy cattle, 10% in sheep and 5% in dairy goats go to out-of-state entrants. The balance of premiums is awarded to Arizona residents. Junior Livestock and 4H premiums go to Arizona residents only.

Certain entry categories are restricted. For example, Junior Livestock and 4H entries are limited to 4H or Future Farmers of America (FFA) members. According to the Maricopa County Fair, there are currently 3,204 4H and 1,127 FFA members in Maricopa County.

Some entry categories have high benefits in relation to entry fees. Photography entrants pay entry fees of \$6.00 (domestic) or \$7.00 (foreign) for up to four prints or slides submitted. Fine arts entrants pay a \$5.00 entry fee for each exhibit submitted. For a nominal fee, these entrants gain the privilege of entering a professionally-sanctioned and judged international contest, a finely printed post-Fair catalog and mailing expenses. These contests are for professionals. Following the 1992 Fair, the ACEC printed 1,700 Fine Arts and 1,500 Photography catalogs at an estimated cost of \$3,000.00.

The ACEC believes that the annual expenses of its Entries Department are not out of line with those of other comparable Fairs. Some Fairs, in fact, pay corporate sponsors to show livestock entries.

Other comparable livestock shows have maintained smaller gaps between entry fees and premium award expenses. For example, the Arizona National Livestock Show (ANLS) received \$60,720.00 from exhibitor entry fees and spent \$75,297.00 in premiums, ribbons and trophies at the 1991-1992 Show. For the 1992-1993 Show, the ANLS expects to receive \$42,050.00 from cattle, horse, sheep and hog entries and to spend \$77,650.00 in premiums, ribbons and awards.

The Maricopa County Fair is aimed at promoting youth and county exhibits and emphasizes agricultural and livestock exhibits. The majority of the patrons are from Maricopa County. An estimated 154,486 persons attended the 1992 Fair.

The Maricopa County Fair received, for the 1992 Fair, \$12,238.00 in entry fees and spent \$17,401.00 in premiums, ribbons and awards. For 1993, the Maricopa County Fair expects to receive \$10,000.00 from entry fees and to spend \$18,200.00 in premiums, ribbons and awards.

At the 1992 Maricopa County Fair, there were 1,250 Livestock and Junior Livestock exhibitors, 779 agricultural exhibitors and 129 horsemanship exhibitors. There were 2,533 total Livestock and Junior Livestock entries, 3,289 agricultural entries and 835 horsemanship entries.

In FY 1992, the Payroll expenses of the Entries Department were \$189,615.68 and Premium Awards and Trophies were \$116,979.70. These items accounted for 70% of the department's annual expenses.

Impact:

The Entries Department is an increasing cost every year. Many traditional entry categories have declined significantly during the past eleven Fairs calling into question the necessity or reasonableness of maintaining many categories, or retaining the level of entry fees and premium awards.

Proposals:

The ACEC should seek to reduce the Entries Department's current annual costs or increase revenue by \$50,000.00. Two areas where savings could be made are in Payroll and in Premium Awards and Trophies.

The ACEC should review the necessity of maintaining certain entry categories; emphasizing certain categories; retaining certain levels of entry fees; researching the need for different entries (for example, furniture or vocational entries); opening or closing categories to certain entrants; abolishing certain entry categories; terminating certain premiums; enhancing other premiums; terminating premiums for out-of-state residents; finding sponsors for certain categories; and educating sponsors, entrants and associations to the needs of the ACEC.

A Study Team composed of the ACEC personnel, Arizona Fairs Association members, County Fair representatives, sponsors and trade associations could be established to assist with this review.

Benefits:

The ACEC should save \$50,000.00 of the annual budget of the Entries Department. Secondly, the ACEC could be at the frontier of a movement to improve entry departments nationwide.

Management comments:

Entries are a distinguishing feature of the State Fair. Entries departments nationally have been having difficulties in recent years. Livestock entrants are more difficult to obtain as their costs have risen. The ACEC has been forced to raise premiums to attract animal entries. Without entries, the Fair may simply become just another festival.

Space limitations and restrictions on imposing fees on certain entries have contributed to some of the trends noted above.

EXHIBIT 31: ENTRIES DEPT STATISTICS 1982-1992

Fair Year	Total Exhibitors	Exhibits Entered	Exhibits Judged	Exhibits Jdgd/Entd	Entry Fees	Premium Awards	Ratio Fees/Awards	Premiums All Livestock	All Livestock Exhibits Judged	All Livestock Exhibitors	Total Income	Total Expenses	Loss
1982	8,820	36,426	22,109	61%	NA	NA	NA	\$51,232.00	2,839	1,398	NA	NA	NA
1983	8,698	27,435	22,862	83%	NA	NA	NA	\$50,974.50	3,185	1,282	NA	NA	NA
1984	8,315	26,164	22,043	84%	\$14,512.79	\$89,888.15	16%	\$44,515.00	2,768	1,005	\$18,797.69	\$256,556.62	(\$237,758.93)
1985	8,576	27,404	23,228	85%	\$14,167.82	\$91,556.11	15%	\$47,085.00	2,703	1,093	\$17,493.09	\$273,338.87	(\$255,845.78)
1986	9,136	28,340	23,443	83%	\$18,295.35	\$102,858.99	18%	\$55,633.00	2,188	918	\$23,646.50	\$310,434.62	(\$286,788.12)
1987	8,770	27,702	23,760	86%	\$16,917.25	\$103,709.34	16%	\$56,632.00	2,488	879	\$20,158.37	\$308,725.95	(\$288,567.58)
1988	8,926	27,758	24,029	87%	\$16,866.25	\$108,321.29	16%	\$58,515.00	2,594	1,047	\$23,359.44	\$343,431.44	(\$320,072.00)
1989	7,819	26,689	19,988	75%	\$16,284.75	\$115,949.30	14%	\$58,881.00	2,162	981	\$23,524.77	\$424,578.37	(\$401,053.60)
1990	9,239	28,614	21,271	74%	\$16,958.75	\$111,102.96	15%	\$58,344.50	2,385	927	\$21,623.51	\$402,289.20	(\$380,665.69)
1991	34,002	29,437	22,088	75%	\$14,740.75	\$116,979.70	13%	\$61,650.50	2,351	714	\$21,638.92	\$435,904.16	(\$414,265.24)
1992	162,264	29,954	22,502	75%	\$15,536.00	\$133,402.00	12%	\$61,818.00	2,381	463			

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EXHIBIT 32: ENTRIES DEPT TOTAL EXHIBITORS BY CATEGORY 1982-1992

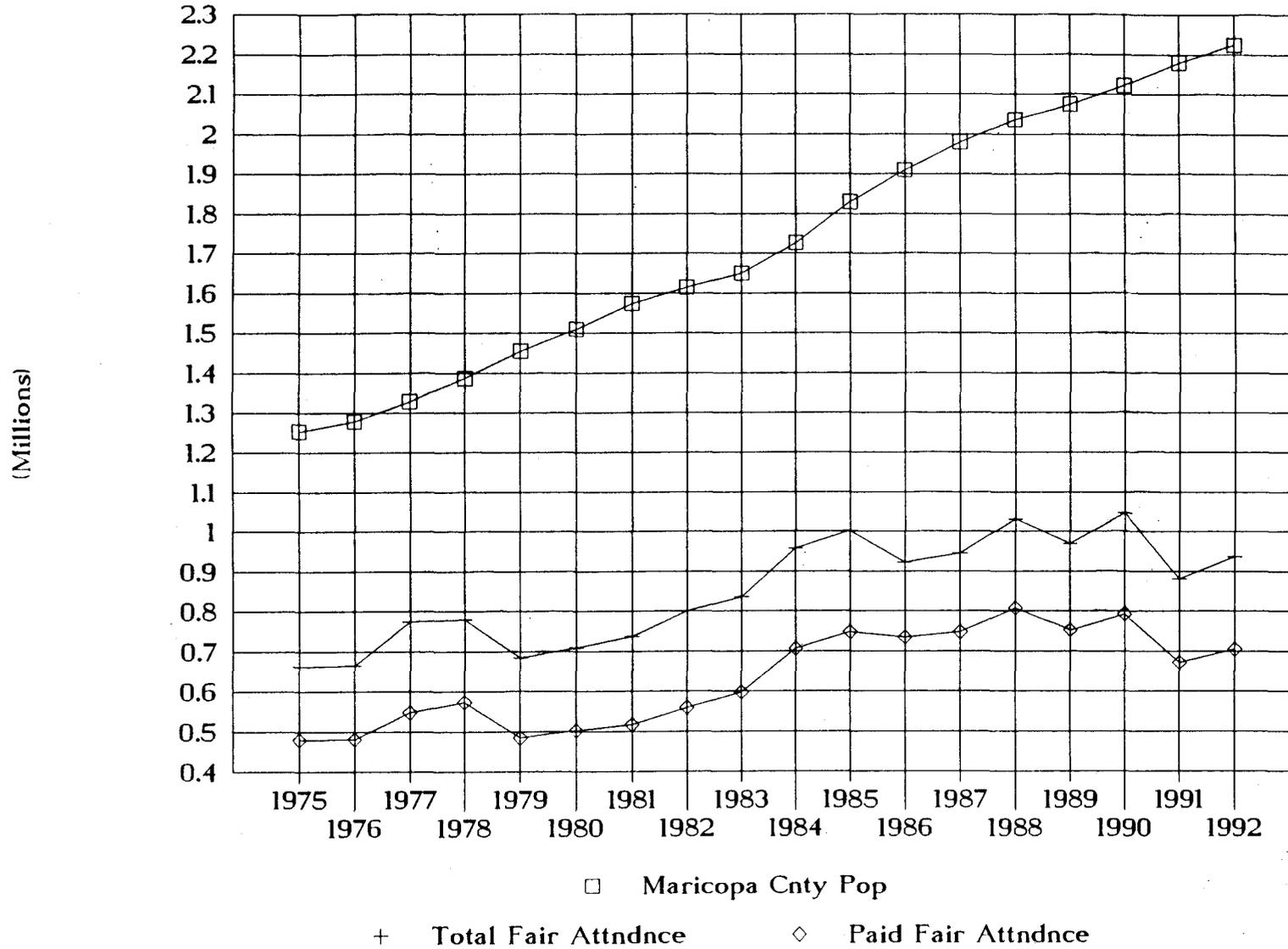
FAIR YEAR	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	Average
APIARY	20	18	13	9	19	15	20	13	18	11	10	15
CITIES	16	14	17	22	20	16	14	16	14	12	6	15
COUNTIES	10	10	10	10	10	10	10	9	7	8	5	9
FINE ARTS	315	316	312	301	279	297	304	259	244	331	266	293
FLORICULTURE	101	119	109	104	122	84	103	108	123	117	103	108
OUTSIDE GARDEN.									8	14	7	10
4H PROGRAM	728	648	613	569	628	587	575	408	728	649	730	624
4H HORSE SHOW	274	294	304	270	286	236	202	207	182	168	173	236
HOBBY	1,000	909	899	766	993	899	835	829	986	1,043	923	917
HOME ECON	1,579	1,795	1,601	1,508	1,801	1,751	1,866	1,647	1,488	1,798	1,533	1,670
MINERALS	72	59	49	42	53	47	36	54	64	82	62	56
PHOTOGRAPHY	714	802	695	788	845	804	807	724	825	737	760	773
POSTERS						41	32	31	19	45	21	32
STUDENT ART	1,918	2,162	2,173	2,693	2,681	2,518	2,547	2,058	2,775	3,105	2,829	2,496
YOUNG ENG/SCI	63	26	40	42	55	50	49	32	35	37	47	43
LIVESTOCK	409	409	321	303	220	210	178	173	195	168	194	253
JR LIVESTOCK	989	873	684	790	698	669	869	808	732	546	269	721
PPR	297	341	289	241	264	295	287	309	233	220	227	273
JR PPR	112	104	59	41	28	38	26	43	64	84	59	60

EXHIBIT 33: ENTRIES DEPT TOTAL EXHIBITS JUDGED BY CATEGORY 1982-1992

FAIR YEAR	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	Average
AGRICULTURE	800	481	699	519	713	734	725	494	529	615	531	622
APIARY	126	82	93	50	89	68	90	45	70	55	34	73
CITIES	16	14	17	21	20	16	12	11	14	12	6	14
COUNTIES	10	10	10	10	10	10	10	9	7	8	5	9
FINE ARTS	160	750	733	661	676	713	707	574	537	573	611	609
FLORICULTURE	1,727	2,128	2,727	3,264	3,208	3,193	3,466	1,122	1,119	1,175	1,211	2,213
OUTSIDE GARDEN									8	14	7	10
4H PROGRAM	1,670	1,519	1,373	1,301	1,423	1,423	1,458	1,134	1,531	1,583	2,132	1,504
4H HORSE SHOW	889	1,027	1,074	1,116	1,053	934	880	895	751	895	770	935
HOBBY	1,464	1,331	1,316	1,436	1,464	1,316	1,209	1,211	1,499	1,579	1,440	1,388
HOME ECON	4,628	4,630	4,178	4,233	4,614	4,992	4,537	4,676	4,152	4,368	4,028	4,458
MINERALS	88	106	112	178	147	88	84	106	116	141	158	120
PHOTOGRAPHY	2,412	2,693	2,360	2,648	2,824	2,739	2,850	2,528	2,882	2,613	2,643	2,654
POSTERS						41	36	31	20	56	28	35
STUDENT ART	2,152	2,476	2,475	3,219	2,870	2,920	3,068	2,392	3,094	3,607	4,262	2,958
YOUNG ENG/SCI	63	26	40	37	34	50	49	32	35	37	47	41
LIVESTOCK	1,754	2,165	1,896	1,894	1,530	1,459	1,602	1,423	1,529	1,571	1,653	1,680
JR LIVESTOCK	1,085	1,020	872	809	658	1,029	992	739	856	780	728	870
PPR	2,220	2,208	1,931	1,700	2,030	1,950	2,127	2,354	2,106	1,805	1,749	2,016
JR PPR	237	196	137	132	80	87	127	212	272	326	226	185

EXHIBIT 35

Mar Co Pop v. Fair Attendance 1975-1992



6. COST CONTROL OPPORTUNITIES

6.2 PREMIUM BOOK COST RECOVERY.

Current situation:

Between 1984 and 1991, the Entries Department Premium Book's expenses for printing and photography increased annually, while revenues from program advertising and sales decreased. These trends are presented in Exhibit 36: Entries Dept Advertising and Printing Costs. Between 1984 and 1987, over \$1,000.00 of promotions was sold annually, but in 1990 and 1991 less than \$700.00 was sold each year.

Printing expenses in 1991 were \$28,528.62, and advertising income was \$660.00.

The 1992 Premium Book was printed by the Arizona Correctional Industries, a corporation associated with the Arizona correctional system. No major problems with the work were reported. The printing project is subject to public bidding processed through the Arizona Department of Administration.

Preparation of the Premium Book begins in mid-January. The printing phase of this project starts in early April, with galley proofs editing in late May, and ends in June when the book is printed and distributed.

The ACEC reports that it has been difficult to sell advertising space due to the limited distribution of the Premium Book. The ACEC printed 9,000 copies of the 1992 Premium Book and distributed all of them. This number is believed to be the needed number of Premium Books.

The ACEC would not like the Premium Book to be heavy with advertising, believing that it might detract from its appearance. The Premium Book had less than three total pages of advertising out of 92 pages.

On the other hand, the 1991-1992 Arizona National Livestock Show Program Book had 30 advertisers on 42 pages. For the 1991-1992 Show, the ANLS obtained \$12,040.00 from advertising sales. The 1992-1993 ANLS Program Book had 34 advertisers on 42 pages, and the ANLS estimated to receive \$11,800.00 from ad income.

The 1992 Fair Premium Book cost approximately \$18,000.00 to print. The other printing expenses are for entry forms and the Fine Arts and Photography catalogs published after the Fair to summarize the exhibitions. For the 1992 Fair, 1,700 copies of the Fine Arts and 1,500 copies of the Photography catalogs were published. These were mailed to all entrants whose entries had been accepted. These catalogs do not carry advertising. In 1991, these other printing expenses amounted to about \$10,000.00.

Impact:

The ACEC is forsaking income from advertising while printing expenses increased 48% between 1984 and 1991.

Adding more advertising to the Premium Book and the Fine Arts and Photography catalogs may result in increased mailing and postage costs.

Proposals:

The ACEC search for a sponsor for the Premium Book who is prepared to sponsor all or a major portion of the printing expenses. A local or national sponsor in retail (for example, Wal-Mart or K-Mart), in construction (for example, Home Depot or Home Base), in home economics (for example, Hancock Fabrics or Singer Sewing Machines), or in agriculture (for example, Arizona Machinery Company) should be considered.

The ACEC search for a sponsor for the Fine Arts and Photography catalogs who is prepared to sponsor all or a major portion of the printing expenses. This sponsor may be a corporate sponsor or a nonprofit organization which may provide a grant for this purpose. The Arizona Department of Commerce, Arizona State University Department of Art, Arizona Camera Club Council, Arizona Commission on the Arts or the City of Phoenix Arts Commission should be consulted for assistance in locating grant funds or a sponsor.

The ACEC should sell more advertising space in the Premium Book, if printing expenses are not entirely met by a sponsor. The front and back covers should be sold for a premium.

The ACEC should sell more advertising space for both the Fine Arts and Photography catalogs, if printing expenses are not entirely met by a sponsor.

The ACEC review with the Arizona Department of Administration the possibility of having a sole source contract for printing the Premium Book, the Fine Arts and Photography catalogs and the entry forms, for a period of three years, with Arizona Correctional Industries. An advantageous printing package should be negotiated with ACI.

Benefits:

The ACEC would save all printing expenses, or approximately \$28,868.62 based on 1991 costs, for the Premium Book and the Fine Arts and Photography catalogs, and secondly, would expedite printing projects by having a direct contract with Arizona Correctional Industries. The expertise of ACI would be enhanced resulting in better printing work.

Management comments:

The Marketing Department will be working closely with the Entries Department to sell advertising and sponsorships for the Entries Department's publications.

EXHIBIT 36: ENTRIES DEPT ADVERTISING AND PRINTING COSTS 1984-1991

YEAR	PROGRAM ADVERTISING AND SALES	PRINTING AND PHOTO
1984	\$1,200.00	\$19,250.46
1985	\$1,280.00	\$17,991.28
1986	\$2,120.00	\$20,470.96
1987	\$1,010.00	\$21,458.05
1988	\$920.00	\$24,105.06
1989	\$1,290.00	\$55,648.38
1990	\$680.00	\$29,113.21
1991	\$660.00	\$28,528.62

7. SERVICE IMPROVEMENT OPPORTUNITIES

7.1 CHILD CARE SERVICES

Current situation:

The ACEC does not provide on-site or provider service off-site child care for patrons.

The America West Arena has a contract with Sunrise Preschool to permit Arena patrons to use a facility at 642 East Monroe, Phoenix, for child care at the rate of \$3.00 per hour. The patron makes a reservation 24 hours in advance and presents his tickets to confirm he is visiting the Arena. The facility is open 24 hours a day, seven days a week. Sunrise Preschool is a licensed child care provider with local corporate offices and thirteen facilities.

Professional hourly child care rates in the Phoenix metropolitan area range between \$3.00 and \$5.00 per child.

Child care providers must be licensed by the Arizona Department of Health Services, Office of Child Care Licensure. The licensing process involves architectural, sanitation, fingerprinting, nutrition and service requirements.

A significant share of the ACEC's customer market is composed of families with children. The 1991 Fair Market Research Study, prepared by Arizona State University, indicated that 29% of the 876 respondents brought children to the Fair, and that 69.4% of these minors were under the age of twelve years. Clearly, a lot of small children attend the Fair, suggesting a potential market for child care services at Fair and non-Fair events.

Impact:

Families may be discouraged from attending the ACEC events due to the lack of child care services or may be encouraged to attend other events because such services are available at the venue.

Proposals:

The ACEC conduct a pilot program to provide child care services at all events through a licensed child care provider. Preferably, these services should be provided on-site at the Grounds. The fees charged should provide for recovery of all costs. The pilot program should be aggressively marketed and be given a reasonable length of time to succeed. The program should run through at least one Fair.

Benefits:

The image of the ACEC as a family center would be enhanced. More patrons may be attracted to the ACEC resulting in potentially higher revenues. A conservative estimated increase of 1% over 1991 parking and food commission revenues would result in an additional \$38,558.24.

Management comments:

This idea deserves consideration.

7. SERVICE IMPROVEMENT OPPORTUNITIES

7.2 CREDIT CARD PURCHASES BY TELEPHONE

Current situation:

Tickets for events may be purchased at the Box Office with a credit card. But credit cards are not accepted for telephone purchases.

Both major event locations in Phoenix accept credit cards for telephone purchases.

Reasons given by the ACEC for not accepting telephone credit card purchases are as follows: the estimated costs of additional personnel to staff the telephones, telephone lines and computer hardware; the potential losses due to ticket chargebacks; the fact that Coliseum events have declined recently; and the fact that customers are referred to ticket outlets for telephone credit card purchases.

Consideration is being given at the ACEC to becoming a full service ticket outlet, selling tickets to the ACEC and non-ACEC events, and drawing more potential customers to its Box Office.

Impact:

The ACEC is offering a lower level of service and convenience to its patrons than the two other leading local venues. While the loss of patrons is difficult to quantify, the patrons are being compelled to pay a service fee at ticket outlets, and the increase in the number of tickets sold by ticket outlets results in increased service charges to the ACEC.

Proposals:

The ACEC review its position on telephone credit card purchases and conduct a pilot program for accepting credit cards over the telephone. During the pilot program, key information for evaluating results, such as the number of sales and expenses associated with the pilot program, should be recorded.

If the ACEC becomes a ticket outlet, credit cards should, of course, be accepted for telephone purchases.

Benefits:

The competitive position of the ACEC would be enhanced, and customers would be better served.

Management comments:

The ACEC box office has instituted a pilot program to evaluate the merits of this proposal.