



## REPORT HIGHLIGHTS

Report 18-1  
January 2018State Auditor  
[Joe Chrisman](#)**State Fair Park**

State Fair Park, the State's 190-acre fairgrounds located in the cities of West Allis and Milwaukee, has been home to the Wisconsin State Fair since 1892, and it has operated as a separate state agency since 1990. The primary responsibility of State Fair Park is to administer the annual 11-day State Fair each August. Other agricultural, industrial, educational, and recreational fairs, exhibits, and promotional events are also held at the fairgrounds each year.

To evaluate the management of State Fair Park operations in recent years and at the direction of the Joint Legislative Audit Committee, we analyzed:

- trends in revenues and expenditures;
- management of facilities and capital projects;
- event offerings and reported attendance at the Wisconsin State Fair and other events;
- procurement practices and contractual relationships with vendors; and
- best practices associated with the operation of state fairs.

**Revenues and Expenditures**

State Fair Park's operating revenues increased from \$21.8 million in FY 2012-13 to \$25.6 million in fiscal year (FY) 2016-17, or by 17.8 percent. The State Fair accounted for \$20.3 million (79.3 percent) of State Fair Park's total operating revenues in FY 2016-17.

**State Fair Park Operating Revenues**  
FY 2016-17

Wisconsin State Fair: \$20.3 million 79.3%

Leased Facility Space: \$4.9 million 19.0%

Harvest Fair: \$354,900 1.4%

Gifts and Grants: \$77,300 0.3%

State Fair Park's operating expenditures increased from \$17.4 million in FY 2012-13 to \$20.8 million in FY 2016-17, or by 20.1 percent. Throughout this period, approximately 60 percent of State Fair Park's expenditures were for supplies and services and 40 percent were for staff.

The number of authorized full-time equivalent (FTE) positions for State Fair Park increased 20.3 percent from 39.9 FTE positions in FY 2012-13 to 48.0 FTE positions in FY 2016-17. State Fair Park also employs many limited-term employees (LTEs). The number of LTEs employed increases greatly in July and August because of the amount of work associated with operating the State Fair. Of the 2,391 LTEs who reported time from November 2016 through October 2017, we found that 28 LTEs (1.2 percent) exceeded the 1,039-hour limit on LTE hours. Seven LTEs exceeded the limit by more than 400 hours, including one who exceeded the limit by 1,019 hours (98.1 percent).

**Capital Projects**

Capital project expenditures totaled \$6.2 million from FY 2012-13 to FY 2016-17. Program revenue funded 45.0 percent of the capital expenditures, and general purpose revenue (GPR)-supported borrowing funded 42.5 percent. Over this period, State Fair Park's debt service expenditures totaled \$34.7 million. It is a best practice for state fairs to routinely evaluate the condition of their facilities and develop comprehensive, detailed maintenance plans. We found that State Fair Park has developed a process to annually identify small facility maintenance projects, but it has only recently begun to comprehensively evaluate the condition of its buildings. Comprehensive reviews are important in prioritizing capital projects, effectively allocating available funds for maintenance and repair, and helping to ensure that facility work is aligned with policy objectives.

We also found that State Fair Park has not developed a formal plan for the future use of the Milwaukee Mile, a one-mile oval racetrack with adjoining bleachers that sits upon approximately 54 acres. The amount of revenue generated by non-State Fair events hosted at the Milwaukee Mile decreased from \$401,900 in FY 2014-15 to \$286,400 in FY 2016-17. This is largely because State Fair Park has hosted no major racing events since July 2015, and none are currently planned for future years.

**Event Management**

The State Fair is the largest event held each year and has drawn more than one million attendees annually since 2013. Since 2012, State Fair Park has independently managed midway operations for the State Fair, but it has not maintained adequate information needed to assess the financial effects of this decision.

State Fair Park leased space for approximately 180 revenue-generating events each year from FY 2012-13 through FY 2016-17, with over two-thirds of the lease revenue coming from consumer and trade shows. We found that State Fair Park has not entered into a statutorily required memorandum of understanding with the Department of Tourism specifying the responsibilities of the Department for promoting fairs and other events at State Fair Park.

**Procurement Practices**

Although State Fair Park procures its own goods and services valued at more than \$50,000, it was not officially delegated this authority by the Department of Administration (DOA). We found that State Fair Park does not maintain the complete and accurate management information needed to effectively oversee its contracting processes, and it has not consistently followed proper procurement procedures. For example, over the course of more than five months, State Fair Park was unable to provide us with a complete list of its contracts, including those exceeding \$50,000.

We also found examples of improper or poorly managed procurement activity associated with State Fair Park's purchases, including:

- four instances in which State Fair Park solicited bids for goods or services exceeding \$50,000 but could not determine whether it had entered into contracts as a result of these solicitations;
- one instance in which State Fair Park was unable to provide two one-year extensions to a 2015 contract for advertising services with an annual value of more than \$600,000; and
- one instance in which State Fair Park exceeded by \$27,400 the maximum amount permitted to be spent for an advertising contract.

We also identified nine contracts totaling \$1.3 million for which State Fair Park sought approval from its Board after the contracts had already been executed.

In addition, we identified concerns with State Fair Park's revenue-generating contracts. For example, State Fair Park entered into a five-year contract in April 2013 for management of its parking services, but it did not post a request for proposals for this contract with an estimated annual value of \$1.3 million, as it is required to do. In addition, it did not seek approval from its Board when initially entering into the contract in April 2013 or when amending the contract in April 2015, as required by the Board's bylaws.

Finally, we question the appropriateness of a contract that State Fair Park executed with a vendor to provide State Fair merchandise since 2013. Unlike its other revenue-generating contracts, this contract stipulates that a portion of the revenue generated is to be paid to the State Fair Park Foundation, rather than to State Fair Park. From 2013 through 2016, we estimate that approximately \$240,600 was paid to the Foundation through this contract.

**Recommendations**

We include recommendations for State Fair Park to:

- maintain detailed revenue and expenditure information on the operation of its midway (p. 39);
- occasionally solicit information from prospective vendors of midway management services and use this information to assess the financial effects of continuing to independently manage its midway (p. 39);
- remove from future bid solicitations and contracts a duplicative requirement related to submitting incident reports (p. 43);
- make improvements in the process it uses to conduct surveys of State Fair attendees (pp. 46-47);
- maintain a complete electronic record of the revenues generated through leasing space (p. 49);
- determine why its gate and parking services are its lowest-rated services (p. 49);
- enter into a statutorily required memorandum of understanding with the Department of Tourism (p. 49); and
- execute contracts in compliance with the bylaws of the State Fair Park Board (p. 58).

We also include recommendations for State Fair Park to report to the Joint Legislative Audit Committee by June 1, 2018, on its efforts to:

- regularly monitor the number of hours worked by its limited-term employees and ensure that no employee exceeds the 1,039-hour limit (p. 23);
- undertake a comprehensive review of its primary grounds and facilities (p. 28);
- initiate a formal planning process for analyzing the future use of the Milwaukee Mile (p. 31);
- address areas of noncompliance with its storm water permit (p. 33);
- work with DOA to determine the scope of State Fair Park's procurement authority (p. 53);
- improve contract oversight and cash management procedures (p. 56 and p. 61);
- revise and improve its vendor evaluation policies and procedures (p. 64); and
- consider whether it is appropriate for it to enter into agreements under which it foregoes revenue and instead directs revenue be paid to a private entity (p. 69).

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(608) 266-2818

22 East Mifflin Street  
Suite 500  
Madison, Wisconsin 53703