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Title: Recommend City Council approve an extension to the current agreement between the City of Fresno and the Fresno Food Exposition, 501(c)(6), for the use of the Fresno Food Convention for five years, starting in July 2016 through 2021

Sponsors: Mayor's Office

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Attachments: 1. 9-24-15 Report to Council - EXHIBIT A - 2011 to 2015 Fresno Food Expo Participation.pdf, 2. 9-24-15 Exhibit B - Memorandum of Understanding - Fresno Food Expo.pdf, 3. Fresno Food Exposition PowerPoint.pdf

Date	Ver.	Action By	Action	Result
9/24/2015	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

September 24, 2015

FROM: ASHLEY SWEARENGIN, Mayor
Mayor's Office

SUBJECT

Recommend City Council approve an extension to the current agreement between the City of Fresno and the Fresno Food Exposition, 501(c)(6), for the use of the Fresno Food Convention for five years, starting in July 2016 through 2021

RECOMMENDATION

Staff recommends that the City Council approve an extension to the current agreement between the City of Fresno and the Fresno Food Exposition for the use of the Fresno Convention Center, New Exhibit Hall, for an additional five years, starting in July 2016 through 2021, for the primary purpose of continuing to enhance economic development and job creation activities in the food industry in the Fresno region through the efforts of the Fresno Food Expo.

EXECUTIVE SUMMARY

The Mayor and City Manager jointly recommend that the City Council approve an extension to the

current agreement between the City of Fresno and the Fresno Food Exposition for the use of the Fresno Convention Center, New Exhibit Hall, for five years, starting in July 2016 through 2021. When the Swearingin Administration piloted the Fresno Food Expo in 2011, the expectation was that the City would house the initiative and “incubate” it, but that as soon as the concept had been proven, the show would launch as a stand-alone, non-profit with the ambition of growing the show to the size of the Tulare Ag Show. After five increasingly successful shows, the Fresno Food Expo Industry Advisory Committee is ready to support the launch of the trade show as its own economic development initiative. The Fresno Food Expo Industry Advisory Committee was established as a means to continue the show and to serve our region’s largest export oriented industry. The formation of a stand-alone nonprofit dedicated exclusively to the Food Expo is essential to ensuring the efforts for the Fresno Food Expo to be a continued driving economic force for years to come, just as the Tulare Ag Show has become an economic driver for Tulare County.

During its first five years, the Food Expo utilized the City’s rent credit in exchange for the use of the Convention Center, with an average waived cost of \$45,000 annually. The Food Expo Industry Advisory Committee requests, and the Mayor and Manager recommend, that the new 501(c)(6) be provided the same agreement for the next five years to allow time for the show to grow as a stand-alone venture.

BACKGROUND

The Fresno Food Expo was developed by the City of Fresno in 2011 as an economic development initiative used to support the growth of the food and beverage companies in the Fresno region. The goal of the Fresno Food Expo initiative was, and still is, to increase economic activity for food and beverage companies located in the San Joaquin Valley. The mission of the Fresno Food Expo, which is managed and directed by City staff, is to increase buyer participation to drive improved sales and job creation among San Joaquin Valley food and beverage companies, build consumer awareness about the food and beverage products grown and manufactured in the San Joaquin Valley and promote the Fresno region and its surrounding area as the prime location for new or expanding food and beverage manufacturers.

Driven by the vision, mission and goals of this economic development initiative, the Fresno Food Expo was developed as an exclusive, regional food show that offers the central San Joaquin Valley’s finest food growers, producers, brewers and winemakers an opportunity to connect with key buyers from international, domestic, regional and local food and beverage buying channels, and to provide participating food companies with a platform to network, share industry relationships, create new business contacts, and increase their exposure to broader sales opportunities.

The inaugural Fresno Food Expo was officially announced on December 6, 2010 and launched on March 8, 2011 by the City of Fresno, in partnership with the Fresno Food Expo Advisory Committee, comprised of Presidents/CEO’s from Wawona Frozen Foods, Fowler Packing, La Tapatia, Certified Meats, Busseto and others. The City of Fresno was also joined by local agencies, all of whom played a vital role in the development of how the show looked, felt and was executed. Those companies include MJR Creative Group who was responsible for the branding, website and all marketing materials, Cohen Communications, who was responsible for all of the public relations and media support and David Nalchajian, Inc. who lead the sponsorship sales effort for the event.

In 2011, the Fresno Food Expo brought together 65 local food and beverage companies from the central San Joaquin Valley (a footprint that included companies from Fresno, Madera, Kings and Tulare counties) with approximately 198 buyers from Costco, Wal-mart, Save Mart, Fresno Unified School District, California Department of Corrections, and others. Of those 65 participating companies, one company launched its business at the Fresno Food Expo, and over twenty other participating companies got a chance to release new products. The public event, held after the business to business event, was sold out to 476 members of the community who came out to see, taste and experience local food and beverages grown and manufactured in the Fresno region.

According to feedback surveys taken from participants in the first show, 89% of all participating companies said the Fresno Food Expo was either “valuable” or “extremely valuable,” and on average, participating companies were introduced to five new potential customers. In addition, 79% of buyers said that a regional trade show is very valuable, and they were surprised by the range of products we have to offer.

The second Fresno Food Expo was held on March 11, 2012 and expanded its footprint to include food and beverage companies from all eight counties in the San Joaquin Valley, an area that spread from San Joaquin County in the north down to Kern County in the south. In anticipation of a growing number of participants, the show moved to the Fresno Convention & Entertainment Center’s New Exhibit Hall where the rent for the building was waived. In its second year the Fresno Food Expo hosted 84 food and beverage growers and manufacturers, 43 of which were returning participants from 2011.

In 2012 we also welcomed 419 buyers, more than double the original number of buyers, of which 83% had buying making authority. 2012 not only doubled the amount of buyer attendance, but began attracting buyers from around the world, including buyers from Germany and China. Of those buyers who attended, 95% said they would be returning and 97% said they would recommend attending to their colleagues next year. In 2012 the public event was once again sold out, and 650 members of the community came out to celebrate our local food industry.

Financial support for the 2012 Fresno Food Expo again came from exhibitor fees (23%), sponsorship sales (68%) and public ticket sales (9%). It is important to note however, the total dollar value of each of these efforts increased dramatically in 2012, including an 87% increase in exhibitor sales, a 146% increase in sponsorship sales, and a 69% increase in public ticket sales, resulting in 121% increase in income in its second year.

The 2013 Fresno Food Expo again expanded in every category, and introduced three new partnerships to enhance the overall vision and goals set forth in years past. These partnerships included the Center for International Trade Development, State Center Community College District, who partnered with the Fresno Food Expo to bring in over 25 international buyers from Canada, Mexico and the Pacific Rim, Baker, Peterson & Franklin, CPA, LLC, who became the presenting sponsor for inaugural Fresno Food Expo New Product Awards, and Union Bank, who came on as the presenting sponsor of the Fresno Food Expo with a three year commitment of \$225,000. All of these partnerships added a new element to the efforts of the Fresno Food Expo, providing additional avenues for local participating companies to expand their marketing opportunities. For example, the Islamic Meat Company who had never exported their products before met a broker at the show and is now exporting their turkey products to Japan, and the winner of the Fresno Food Expo Industry Award was approached immediately after the announcement of their award on the show floor by buyers from Whole Foods and Trader Joe’s, and is now in communication about

getting their product into both stores.

Participating companies in the 2013 Fresno Food Expo increased to 103, increasing the exhibitor fee income by 24%, making up 15% of the overall budget. Of these 103 participating companies, 36 of them had new products on display for the inaugural Fresno Food Expo New Product Awards, and two new companies were launched at the show.

Buyer attendance also grew by almost 50% from 2012, totaling 626 buyers in attendance. In addition to the new international buyers in attendance, we also welcomed buying teams from Smart & Final, Trader Joe's and Bristol Farms for the first time. Of those who attended, 98% said they would be returning in 2014, and 57% said they would be following up with at least four different companies to make an order.

Sponsorship sales and public ticket sales were also part of the overall incline seen in 2013, which included a 114% increase in sponsorship sales income, and 35% increase in public ticket sales income. More importantly, the public event completely sold out by the morning of the show at 1,000 tickets, and when a line formed down M Street with people trying to buy tickets starting at 3:30 p.m., we sold another 101 tickets, bringing the total public attendance to a total of 1,101 people, an increase of 451 in attendance in 2012.

In 2014, the Fresno Food Expo shifted its date from mid-March to the end of July to incorporate the Valley's prime growing season. The reason for this change is due in large part to requests from both buyers and potential participating companies; buyers who know the amount of produce grown in our Valley and who want to see and taste it at our regional show, and potential participating companies who have not participated in the years past because they do not have product to show.

The date change increased all levels of participation, including exhibitors, which increased to 126 exhibitors; 55 being new to the 2014 expo. The top three represented types of products at the 2014 expo included Produce & Vegetables (28%), Dried Fruit, Nuts and Added Value items (16%) and Dairy (9%). Of the exhibitors who were returning to the 2014 expo, 26% said their annual sales have increased between 10%-20% because of their participation in the expo. 55% of all exhibitors have said their participation in the Fresno Food Expo is extremely valuable to their business.

In 2014 we welcomed 702 buyers from 287 different companies; of those companies, 130 have never had a representative from their company attend the expo. 75% of the buyers that attended the expo had the authority to make buying decisions. Over half of the buyers who attended said they would be reaching out to between one and three of the exhibitors they met at the expo to purchase product. 88% of the buyers who attended said they would recommend the expo to their peers. The Fresno Food Expo public event welcomed 1,063 members of the public for the 2014 Fresno Food Expo Public Event, selling a total of 696 tickets.

The 2015 Fresno Food Expo again brought record breaking numbers in our buyer attendance. 914 Buyers registered from 341 different companies; of those companies, 191 have never had a representative from their company register for the expo. 82% of the buyers that attended the expo had the authority to make buying decisions. 98% of buyers that attend found producers that they plan to follow up with to purchase their products. One-third of buyers that attended said they would like to see more companies participate and over 90% of the buyers who attended said they would recommend the expo to their peers.

In 2015 we also welcomed 121 total exhibitors, 33 of which were new, and 23 exhibitors that have been participating in the Expo all 5 years. According to the 2015 exhibitor survey, 100% of exhibitors that have participated in the Fresno Food Expo all 5 years have found value in their participation, while two-thirds of first time exhibitors found the Fresno Food Expo to be extremely valuable for their business. **Most importantly, over 65% of exhibitors who participate in the Fresno Food Expo for 2 or more years have seen their annual sales increase, with 20% of those seeing an increase of over 30%.**

In summary, the Fresno Food Expo has been able to not only sustain its visibility, but has been able to grow in every category every year since it was launched in 2011.

With continued support from the City of Fresno, the Fresno Food Expo has been a growing success, and has positively impacted our region's largest export-oriented companies. In anticipation of its continued growth, and to ensure the continuity of the vision set forth by the City of Fresno, City staff is recommending that the City Council continue its support of this annual event at the same level by allowing the Fresno Food Exposition to utilize the City of Fresno's rent credit for the use of the Fresno Convention and Entertainment Center, New Exhibit Hall from July 2016 through 2021 for the primary purpose of enhancing economic activities for the food industry in the Fresno region through the efforts of the Fresno Food Expo.

ENVIRONMENTAL FINDINGS

N/A

LOCAL PREFERENCE

N/A

FISCAL IMPACT

The Fresno Food Exposition would use the Facility in exchange for a credit as Operating Revenue pursuant to Section 11.2(a) of the Management Agreement between City and SMG dated December 17, 2008 from 2016-2021, which on average is estimated to total a \$45,000 rent credit, based on the rent credit total in 2015.

Attachments:

- Exhibit A - 2011 to 2015 Fresno Food Expo Participation
- Exhibit B - Memorandum of Understanding: Fresno Food Expo