



AGENCY OF AGRICULTURE, FOOD & MARKETS  
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# The Vermont Building at The Eastern States Exposition



## 2014 Annual Report

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# Vermont Building at the Eastern States Exposition (Big E)

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## Vermont Building & Eastern States Expo Overview

The Eastern States Exposition (ESE), home of The Big E, was founded by Joshua L. Brooks in 1916 when he convinced the National Dairy Show to hold its annual event on the grounds in West Springfield, Massachusetts. Brooks' desire was to bring together all six New England states in one location to share ideas and improve regional agriculture. Nearly a century later, the Big E is the fifth largest fair in the country and the Vermont building is a prominent destination for all fair-goers.

The Vermont Building showcases the authenticity, quality, and spirit of Vermont. Each year, companies from across Vermont head down to West Springfield to exhibit their products with fair-goers who appreciate the high-quality products on sale in the Vermont Building. For 17 days each September, the building is a feast for the senses, from the sweet smell of hot cider donuts to the soft texture and vivid colors of authentic Vermont flannel.

## 2014 Eastern States Exposition Summary

In 2014, **25 Vermont companies** shared their products with more than **1 million Vermont building visitors** through the 17 day fair. These visitors helped the Vermont building surpass the sales records set in 2013, with a total of **\$1.74 million of Vermont products sold**. Vermont Day was held at the building on Saturday September 20<sup>th</sup> and many of the Vermont Trustees were in attendance for a morning breakfast and celebration. Harvest New England Day, held on Saturday September 27<sup>th</sup>, offered a free opportunity to five Vermont businesses to sell in front of the Vermont Building. In addition, the building featured live entertainment from 8 Vermont bands throughout the 17 day fair.

## 2014 Full Time Exhibitors

Exhibitor	Town	County
Vermont Cookie Love	North Ferrisburgh	Addison
Vermont Cedar Chair Company*	Hardwick	Caledonia
Vermont Hand Crafters	Williston	Chittenden
Vermont Teddy Bear	Shelburne	Chittenden
Vermont Clothing Company	St. Albans	Franklin
Johnson Woolen Mills	Johnson	Lamoille
Vermont Prime Emu	Newbury/Brandon	Orange/Rutland
Vermont Maple Sugar Makers	Statewide	Statewide
Vermont Cheese	Statewide	Statewide
Willow Bend Publishing	Statewide	Statewide
Cold Hollow Cider	Waterbury	Washington
Vermont Flannel	Barre	Washington
American Flatbread	Waitsfield	Washington
Ben & Jerry's	Waterbury	Washington
Vermont Smoke & Cure	Barre	Washington

Danforth Pewter*	Waterbury	Washington
Halladay's Harvest Barn	Bellows Falls	Windham
Bear's Den Carving	Townshend	Windham
Long Trail Brewing	Bridgewater Corners	Windsor

\*new in 2014

### 2014 Rotating Exhibitors

Exhibitor	Town	County
Bruce Baker Studio	Middlebury	Addison
Mother Myrick's	Manchester Ctr	Bennington
The Village Peddler	East Arlington	Bennington
Vermont Bee Balm	Craftsbury	Orleans
Vermont Brewer's Association	Statewide	Statewide
Chris Jeffrey Stained Glass	Barre	Washington

### 2014 Harvest Day New England Exhibitors

Exhibitor	Town	County
Gringo Jack's	Manchester Ctr.	Bennington
Vermont Kale Chips	Hardwick	Caledonia
Tom Knows Salsa	Hardwick	Caledonia
Green Mountain Mustard	Richmond	Chittenden
Vermont Quince Co.	Newfane	Windham

### Vermont Building Annual Budget

The budgetary goal for the Vermont Building is to maintain an investment reserve fund with a funding floor of \$100,000. This fund is to be used with the Department of Buildings & General Services (BGS) for re-investment into the Vermont Building on an annual basis.

Item	FY 2011	FY 2012	FY 2013	FY 2014	FY2015
Expenses	\$ (114,896.00)	\$ (127,610.00)	\$ (73,820.00)	\$ (171,313.00)	\$ (156,481.00)
Revenue	\$ 136,023.00	\$ 153,553.00	\$ 159,961.00	\$ 174,735.00	\$ 181,883.00
Net Income	\$ 21,127.00	\$ 25,943.00	\$ 86,141.00	\$ 3,422.00	\$ 25,402.00
Reserve Fund Investment	\$ 0	\$ 0	\$ (125,000.00)	\$ (20,000.00)	\$ 0
<b>Reserve Fund Balance</b>	<b>\$ 109,520.00</b>	<b>\$ 135,463.00</b>	<b>\$ 96,604.00</b>	<b>\$ 80,026.00</b>	<b>\$ 105,428.00</b>

## Vermont Building Operating Expenses

The building requires important Vermont Agency of Agriculture, Food & Markets (VAAFMM) staff time in addition to the work of a full time building manager. Specific activities carried out by VAAFMM include: administering the competitive process for exhibitor contracts, communicating with Eastern States Exposition senior management and the Vermont ESE Trustees, coordinating building repairs and maintenance with BGS, hiring/supervising a building manager who oversees on-site activity for the duration of the Big E, marketing, promotion and budget management. Building utilities, custodial and entertainment contracts, advertising costs and BGS space fee round out the annual expenses for the Vermont Building.

## Vermont Building Revenue

Each exhibitor is contractually bound to pay a commission to VAAFMM based on gross sales realized from its retail space in the Vermont Building. Exhibitors pay a percentage fee based on volume of sales. The commission received from the building since 2011 is shown here:

Fiscal Year	2011	2012	2013	2014	2015
Gross Sales	\$ 1,250,294.00	\$ 1,324,633.00	\$ 1,426,647.00	\$ 1,688,433.00	\$ 1,744,202.00
Total Commission	\$ 136,023.00	\$ 153,553.00	\$ 159,961.00	\$ 174,735.00	\$ 181,883.00
Average Rate	11%	12%	11%	10%	10%

While gross sales steadily increased over the past 5 years, the sliding fee structure resulted in a declining sales commission rate. Shown here is the commission structure that has been used for Vermont Building Exhibitors:

\$1.00 through \$25,000.00	15%
\$25,000.00 through \$50,000.00	12.5%
\$50,000.00 through \$100,000.00	10%
\$100,000.00 and up	7%

## Financial Sustainability

Due to the large fiscal investments for building repairs and maintenance, VAAFMM performed a thorough review and research of the current sales commission structure. It was determined that the current sliding fee structure does not produce enough revenue to cover operating expenses as well as the annual need to re-invest in maintenance and repairs for the building. It was found that the existing commission rate structure was below industry standard. In addition, it was found that the sliding fee structure is not equitable for all vendors and the agency concluded that a flat fee of 13% will ensure equity among vendors, cover operational expenses, and allow for annual reinvestment into the building. This fee increase will be effective for the 2015 fair.

Additionally, VAAFMM has made modifications to the interior layout of the building to make additional space. BGS modified space to make room for two additional booths that will help increase revenue. VAAFMM will continue to look at space utilization in an effort to optimize sales per square foot and develop areas of the property that are currently not producing revenue.

## Vermont Building Repairs & Maintenance

In 2013, the Agency of Agriculture invested \$125,000 in the building to fund maintenance and repair needs, as defined by BGS and listed below. In 2014, VAAFM invested an additional \$20,000. Coupled with investment of \$150,000 from a previous Capital Bill, these funds are being used for critical building repairs, including upgrades to the electrical system, new mechanical ventilation system, cupola window restoration, roof restoration, and addressing critical life safety fire detection needs identified by the West Springfield Fire Department.

2014 Fully Funded Projects		
Description	Estimated Completion	Cost
Slate Roof Repair	12/14/14	\$60,000
Restore Cupola Windows	11/30/14	\$9,000
Electrical branch circuits	12/14/14	\$75,000
New Mechanical Ventilation System	11/24/14	\$101,000
Restore Office Wood Floors	5/30/15	\$5,000
Paint Ceiling	5/15/15	\$25,000
Fire alarm system upgrade:	7/14/14	\$20,000
Funding Source: \$150k (CB) + \$145k (VAAFM)	<b>2014</b>	<b>\$295,000</b>

VAAFM has made great strides this year updating the building to code, improving indoor air quality, and starting the restoration of the slate roof. The goal is to continue with the restoration of the building, which BGS has estimated at an additional \$365,000 of required repairs to the building, listed below and scheduled to occur in 2015 through 2017.

2015-2017 Pending Funding Projects		
Description	Schedule	Cost
Slate Roof Restoration	2015	\$28,600
Masonry Restoration	2015	\$21,400
Window Restoration	2015	\$35,000
Restore Rear Doors & Transom	2015	\$40,000
Replace and Paint outside Trim	2015	\$45,000
Rear lawn drainage	2015	\$30,000
	<b>2015 Total</b>	<b>\$200,000</b>
Replace Existing rear Band pavilion	2016	\$50,000
Replace sod/reseed front lawn	2016	\$5,000
Exterior Lighting	2016	\$10,000
Landscaping overhaul	2016	\$50,000
	<b>2016 Total</b>	<b>\$115,000</b>
Restore Open Gallery	2017	\$50,000
	<b>2017</b>	<b>\$50,000</b>

Total \$365,000

## Closing Summary

The Vermont Building at Eastern States Exposition offers a unique opportunity for Vermont businesses to access a large consumer market. These businesses come together each September to form a Vermont brand and experience to over 1 million regional consumers. For some consumers, it may be their first interaction with Vermont while for others it could be a re-acquaintance with great memories of the Green Mountain state. The Big E offers these businesses and our state unbeatable access to those who will become lifelong consumers of our products, our recreation and tourism, and most importantly, the Vermont brand. The significance of this building in contributing to the success of our businesses and state should not go unrecognized.

## Contact

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## Statutory Authority and Oversight

VAAFM and BGS manage the Vermont building as described in **10 VSA Chapter 5:**

### *§ 51. Vermont building*

The secretary of agriculture, food and markets is hereby invested with the management and control of the operation and affairs of the Vermont building at Eastern States Exposition. The secretary shall cooperate with public and private agencies for the purpose of exhibiting the resources, products, and general development of the state of Vermont and for advertising its agricultural, industrial and recreational possibilities.

### *§ 52. Maintenance*

The department of buildings and general services shall be responsible for the maintenance of the land and buildings and repair and alterations of the physical structure including adequate coverage by insurance.

### *§ 53. Assistants*

The secretary may, with the approval of the governor, employ such persons to carry out the operation of such building, including the rental or lease or sale of rental or exhibition space of any portion of such building upon such terms and conditions as the secretary shall determine.

### *§ 54. Rental of building; disposition of funds*

The secretary may rent the building or parts thereof for exhibition purposes to available exhibitors with reasonable preference being given to exhibitors from this state and, with the approval of the governor, may rent or lease any part or all of the building to such parties and upon such terms and conditions and for such purposes as they shall determine to be in the best interests of the state, and the income therefrom shall be paid to the state treasurer and held by him or her in a separate fund for the purposes of this section and sections 51 and 53 of this title. The commissioner of finance and management shall issue his or her warrant for the payment from such fund of all sums expended or due for the purposes herein authorized.