

W. 8. C.

AGENDA COVER MEMO

Date: January 21, 2004
To: Lane County Board of Commissioners
Dept.: Public Works/Parks Division
Presenter: Todd Winter, Interim Parks Manager

Agenda Item Title: IN THE MATTER OF AUTHORIZING THE PARKS DIVISION TO SOLICIT OFFERS FOR THE SALE OF A 40 ACRE PARCEL OF PROPERTY KNOWN AS OCEANWOODS NEAR THE CITY OF FLORENCE, WITH PROCEEDS FROM THE SALE TO BE USED FOR PARKS PURPOSES

I. Issue or Problem

Shall the Parks Division sell the 40 acre parcel of property near Florence, known as Oceanwoods, to help finance selected capital projects as well as finance repairs to a failing infrastructure that will help enhance the revenue position of the Division?

II. Discussion

A. Background

County park revenues have traditionally been inadequate to support ongoing maintenance & operations, infrastructure repairs, and capital development driven by a growing population as well as user demands. As a result of the drought that occurred in 2001, that resulted in major revenue losses that severely impacted the Parks budget and the inability to create new revenue resources to recoup those lost revenues, the Parks Division has an urgent need to establish a revenue source to help subsidize the entire park system. The long-term health of the Park's system depends on it. Development of facilities that will generate new revenues as well as funds to renovate a failing infrastructure, is dependent on an infusion of additional short-term strategic funds.

The Parks Division owns a 40-acre piece of property, known as Oceanwoods, which the Parks Division has kept in inventory for possible sale or development, as outlined in the Parks 2005 Plan. Due to the fact that there are subdivisions on three sides of this property, that it is located in or near the Urban Growth Boundary, has limited access, and does not fit the profile of a County park, it is very unlikely to be developed as a County park. This property has been estimated to be worth between \$800,000 and \$1,200,000 if it were put on the market based on an estimate developed by Frank Simas, Right-of-Way Manager, in February, 2003.

The City of Florence had initially looked at the Oceanwoods property as a place to establish water wells that would supply the City of Florence with a much needed water supply. We have directed the City of Florence to look at another piece of County property for a possible

Cost/Benefit AnalysisArmitage Park Campground DevelopmentProjected Development Costs

Initial estimate of project construction cost for 35 RV/tent sites, roads, and necessary infrastructure such as water, electric, septic system: \$425,000

Estimate for construction of restroom and shower facility: \$185,000

Total estimated campground development costs: \$610,000

Projected Annual Revenue

35 sites @ \$20 per site fee x 365 days available per year x the average occupancy rate of 35% (from historical data on Harbor Vista and Richardson Campgrounds): \$89,425

Additional vehicle fees, dump station fees, shower fees, and reservation fees have historically been 8% of total use fees: \$7,096

Projected annual total revenue from fees: \$96,521

State Recreational Vehicle reimbursement

Oregon State Parks staff estimates these additional 35 sites will increase reimbursement fees for Lane County by: \$13,804

Total estimated annual revenues: \$110,325

Projected Annual Expenses

Annual cost per RV/tent space: \$970 - \$1,370

(Richardson campground costs are lower due to economy of scale for the larger campground and part-year usage – Harbor Vista costs are higher due to smaller size/economy of scale and full-year usage. It is likely that due to campground size and full-year usage, the Armitage campground costs would be closer to the Harbor Vista costs.)

Projected annual expenses include maintenance, caretaker contract, overhead, etc. for 35 spaces at Armitage.

Total estimated annual expenses: \$33,950 - \$47,950

Annual Net Revenue

Estimated annual revenues: \$110,325

Estimated Annual Expenses: \$33,950 - \$47,950

Total estimated net revenue: \$62,375 -- \$76,375

Break Even Analysis:

Using a nominal 5% interest rate for cost of capital calculations and an estimated total project cost of \$610,000, this project would break even on initial investment in 12 – 16 years. Other possible revenue sources, such as concessions would bring the break even time down to 10-14 years. State grants would potentially bring the break even point for County-only investment dollars down to fewer than 8 years.