

DATE: March 9, 2004
TO: Board of County Commissioners
FROM: Fair Board
SUBJECT: Financial Stability

BACKGROUND

The Fair Board is committed to ensuring financial stability for the organization. Our efforts have been focused on this strategic goal in the most recent three years, as financial results have proven to be problematic. The Lane Events Center is a valuable asset to Lane County citizens and visitors. The Board strongly believes the unique set of services provided stimulates the economy and enhances the quality of life in the community.

Given current and projected financial results, the Board directed staff to conduct a thorough analysis of the Fair Board's finances and to present strategies for remediation. Staff has been very conscientious to implement corrective actions to impact both the revenue and expense curves. However, there is a fundamental structural problem with the Fair Board finances and assistance is required that is beyond our influence. Staff prepared the attached memorandum (Attachment "A") that reviews the financial history and outlines strategies and recommendations for long-term financial stability. Please carefully review this document as it is an excellent synopsis of the Fair Board's finances.

After winnowing through all of the business strategies currently underway or that are outlined in the above cited memorandum, it ultimately comes down to two:

- ❖ Continue to operate as a public entity and allocate part of the Excess Transient Room Tax to the Operating Budget, basically to mitigate the "comparative disadvantage."
- ❖ Privatize the Lane Events Center.

Coincidentally, in the Management Letter provided by the External Auditors Jones & Roth, P. C., they too have come down to the above two cited strategies as being viable to achieve long-term financial stability for the Fair Board.

RECOMMENDATION

At its February 24th meeting, the Board unanimously adopted the following recommendation:

- Convert Board Order #02-1-9-4 which authorizes the Excess TRT to a perpetual commitment to the Fair Board;
- Codify the formula to determine the Excess TRT and formalize the process for budgeting this allocation;

- Establish review points in FY07, FY10 and every three years henceforward;
- Rescind Board Order #03-06-19-1 which authorizes the establishment of a Fair "Rainy Day" Reserve and repayment of the Planetarium loan from Excess TRT;
- Authorize the equivalent of the "comparative disadvantage" of being a public entity in Excess TRT to be allocated to the Operating Budget each fiscal year, with the amount to be included in the Fiscal Year Budget Recommendation to the Budget Committee and County Commission;
- Authorize the balance of the Excess TRT to be allocated for capital projects; equipment; debt service associated with a capital project on equipment purchase; and, repayment of the Planetarium loan;
- Allow the Fair Board, in an emergency, to request the County Commission to reallocate a portion of the Capital allocation to Operating; and,
- Reaffirm that this is not a request for General Fund resources nor is it a request for more TRT than currently allocated to the Fair Board; but, it is simply a request to commit in perpetuity the Excess TRT and to expand its allowed uses to the Operating Budget.

INTERNAL CONTROL

The Fair Board recognizes that the Excess TRT is a very valuable and limited resource. The challenge the Board is faced with is a balance between reinvestment in capital infrastructure and equipment and a viable operating entity. Thus, it is the intent of the Board to limit the amount of Excess TRT allocated to the Operating Budget to the "comparative disadvantage", defined as the difference between the public entity benefits of PERS and Health Insurance (health, dental and vision) for the budgeted FTEs and what a comparable private sector entity would provide in 401(k) and health insurance. The Fair Board intends to be extremely judicious in the use of the Excess TRT, probably allocating an amount materially less than the "comparative disadvantage".

Each year, staff would present information to the Fair Board in the ensuing fiscal year budget recommendation to assist the Board in allocating Excess TRT to the Operating and Capital Budgets. The final allocation accepted by the Board would then be submitted as part of the Fair Board Budget Recommendation to the Budget Committee and Commission. Thus, there are several review points, internal and external to the Fair Board, with the ultimate decision being that of the County Commission as it adopts the Fair Board's Budget for the ensuing fiscal year.

TIMING

Given the financial projection for FY04 and the immediate planning horizon, the Board would like to see a decision from the Commission as soon as feasible. If the Commission accepts the Board's recommendation, it would be very much

appreciated if the required modifications to the Lane Code, Manual or Board Orders could take place expeditiously to allow the Fair "Rainy Day" Reserve to be released to the Operating Budget before fiscal year end.

In the staff memorandum titled "Fair Board Financial Stability" dated February 18, 2004 (Attachment A), there is a Schedule M that portrays a financial forecast for the next four years. Attached to this memorandum as Attachment B is a Revised Forecast wherein the projected "comparative disadvantage" is factored into the Operating Budget as a resource, with the resulting bottom-line showing positive throughout the forecast period.

SUMMARY

The Board appreciates the opportunity to meet with you to present and discuss this recommendation. Our goal and commitment is to ensure the viability of the Lane Events Center. We strongly believe that given the known and forecasted financial environment that the recommended strategy should provide the Fair Board with financial stability for the immediate future.

ATTACHMENTS - 2

ATTACHMENT A

MEMORANDUM

DATE: February 18, 2003
TO: Fair Board
FROM: Warren G. Wong, Managing Director
SUBJECT: Fair Board Financial Stability

EXECUTIVE SUMMARY

This memorandum seeks to reaffirm the critical financial delimma facing the Fair Board and to present a long-term sustainable solution.

FY04 is the third year in the Fair Board's long-term strategy to establish financial stability. Despite implementation of numerous mitigating actions, management's conclusion is that financial stability over the long-term will only be achieved with a "contribution" to the Operating Budget. If this is not forthcoming, then the fallback strategy is to privatize the Fair Board operations.

Although Management has no vested interest in which solution set is selected as that is ultimately your choice and that of the County Commission, Management's preference is:

- o Convert Board Order #02-1-9-4 to a perpetual commitment of Excess TRT to the Fair Board;
- o Enshrine the formula to determine the Excess TRT amount and formalize the process for budgeting this allocation;
- o Establish review points at FY07, FY10 and every three years henceforward;
- o Authorize the equivalent of the "comparative disadvantage" (of being a public entity) in Excess TRT to be allocated to the Operating Budget each fiscal year, with the amount to be included in the Fiscal Year Budget Recommendation to the Budget Committee and County Commission;
- o Authorize the balance of the Excess TRT to be allocated for capital projects, equipment or debt service associated with a capital project on equipment purchase; and,
- o In an emergency, allow Fair Board to make a request to County Commission to reallocate a portion of the Capital allocation to Operating. Schedule J and K.

NOTA BENE: This is not a request for General Fund resources nor is it a request for more TRT than currently allocated to the Fair Board; it is simply a request to commit in perpetuity the Excess TRT and to expand its allowed uses.

ASSUMPTIONS

The Fair Board has pursued a goal of financial stability premised on several key assumptions. These assumptions provide guidance to staff as business and financial plans are developed and executed. The assumptions are:

- The Fairgrounds will serve as a venue for Lane County citizens and visitors to attend fairs, festivals, exhibitions and other community or private events.
- Financial Stability – The Fair Board is established as an Enterprise Fund and as such must cover its expenses through self-generated revenue in the form of admissions, rents and other miscellaneous sources. Financial stability also encompasses the provisions of adequate operating cash and operating and capital budget reserves; assurances that employees are fairly compensated, infrastructure is appropriately maintained and replaced; and, clients receive a fair value of services for their payments.
- Public Entity – The Fair Board is established under ORS 565 and is a Department of Lane County. The understanding is that the Board will remain a public entity by law and policy and Fair Board employees are County employees. This is not to say that components of the Board's management or services should not be outsourced if it can be performed more cost efficiently.
- County and 4H/FFA Fairs – The two major fairs each year are the 4H/FFA Fair in July and the County Fair in August. These two programs are the core justification for the entity's existence and a key focus of our overall service continuum.
- Trade Show Facility -- Provide the largest flat-space venue in Lane County for trade shows, exhibitions and other similar events requiring in-door space. This service directly supports the visitor industry.

KEY REVENUE DRIVERS

The Fair Board sets rates for admissions, rents and fees. In establishing these rates, factors taken into consideration include covering direct and indirect costs, competing markets and venues, customer's ability to pay and the quality of product or service being sold.

Rates have been increased in a relatively consistent manner. However, in the past year or so, rates have either not been increased or increased very modestly due to the state of the local economy. The Fair Board has little control over the customer's discretionary use of the Fairgrounds and must make the Fairgrounds an attractive option both from a pricing and service/product perspective. Management's conclusion is that rates are at optimum and only modest increases can be achieved in future years. Greater increases are feasible if the capital infrastructure is upgraded. Schedule A.

When analyzing the revenue composition over a ten year period, it is evident the Fair Board lost revenue by not renting the houses on Jefferson Street (approximately \$21,000 per year) and not being able to stable horses throughout the year (approximately \$75,000 per year). Both revenue streams were basically “net” as there was minimal expense associated with these revenue streams. This revenue loss, in retrospect, was one of several catalysts that began the destabilization of the Fair Board’s finances. Schedule B.

Finally, the state of the local economy drives both client rentals of facilities and attendance at various venues, be it the Ice Arena or the County Fair. Anecdotally, attendance and spending at the 2003 Fair was affected by the anemic state of the local economy. Fortunately, facility rentals have been fairly consistent with the exception of one or two major client losses in the past two years.

KEY EXPENSE ASSUMPTIONS

As in any enterprise, there are innumerable expense items with many of them specific to the type of service or product being delivered. The Fair Board’s expense structure is comparable to that of a hotel providing large meeting spaces or a large entertainment complex. The discussion below highlights the major expense categories.

- Salary and Benefits – The Fair Board has 21 permanent FTEs and also employs hundreds of temporary employees, most of them through an employment agency. Salaries and wages for permanent employees are relatively comparable to the private sector, from what minimal baseline information we have been able to obtain from private entities. As a County Department, Fair Board employees receive County benefits comparable to the balance of the County workforce.

Benefits for permanent employees are comparable to that in the private sector, except for two major cost elements—health (encompasses medical, dental and vision) insurance and retirement. Fair Board employees participate in the County health insurance program. The annual FTE cost for FY04 is \$8,725; this rate is 108% higher than that paid five years ago. The health benefit provider indicates this cost may increase by 20% in FY05. The retirement contribution to the Oregon Public Employee Retirement System (PERS) is 18.83% of covered payroll. (Technically, part of the 18.83% is paid to Lane County for debt service on a bond issued in 2002 for advanced payment of the unfunded liability; and, this does not include the 6% contributed by the employee.) The 18.83% rate is 141% greater than what was paid five years ago and more than likely will increase in future years. The combined dollar value of these two benefits in FY04 is \$317,947.

There is a very important conclusion to be derived from this information. First, as evidenced by the discussion on Revenues, the Fair Board is restricted in its revenue generating capacity to, in essence, that ceiling imposed by the (private

sector) competition. Second, having public sector employees does have a significant marginal cost; namely in the form of PERS and health insurance. Thus, the Fair Board is at a “comparative disadvantage” of competing in the open market. Imputing what the private sector would pay in retirement and health benefits, the Fair Board pays a cost differential of approximately \$234,403. Schedule C.

- Utilities – Rate increases for both electricity and natural gas in the past two years have caused these cost elements to increase significantly. The Fairgrounds uses a large amount of electricity and gas for the Ice Center, grounds lighting and heating and lighting of the various facilities. In conjunction with EWEB, major efforts at energy conservation have taken place in the past three years to reduce energy consumption and costs but this effort has been partially negated by rate increases. For example, \$243,375 was spent on utilities in FY03 vs. \$220,385 five years ago, despite the energy conservation projects.
- Insurance – Premiums for property and liability insurance have increased to \$139,030 in FY04 from \$69,223 five years ago, an increase of 101%.
- 4H/FFA Fair – The Fair Board views this event as a core service and an important justification for its existence. However, what is not commonly understood is that the Fair Board provides approximately \$50,000 - \$60,000 of service at no cost to the Extension Service or participants in the Fair. In fact, \$5,000 is paid to the Extension Services.

HISTORICAL FINANCIAL AND PROGRAM STRATEGIES

In reviewing the last several years of activity, there are two strategies that were undertaken that have benefited the Fair Board and community overall but at a “price”.

- A concerted effort was made to invest in and upgrade the capital investment at the Fairgrounds, given that minimal effort had been made since the initial construction of many of the facilities. Some Operating Cash was expended on capital.
- There was also a strong initiative to create new programs and services at the Fairgrounds in order to generate more revenue (attendance and use) and to provide a wider continuum of services. For example, conversion of the Livestock Building to a multi-purpose facility including sports, a new planetarium, Holiday Lights program, a Pizza facility, an after school sports program, etc. Some of these efforts have been modestly successful and others were not successful.

To facilitate the above-cited strategies, Operating Cash was used for start-up and operating expenses, with no or minimal revenue generation. The Fair Board had approximately \$300,000 - \$600,000 in Cash in the early 1990's. This Operating Cash acted as a cashflow device given that revenues do not come in uniformly throughout the

fiscal year and also as a Reserve for unforeseen financial exigencies. As the Cash Schedule shows, the Operating Cash decreased between FY95 and FY03. The Operating Cash was primarily expended on new program strategies and since these efforts did not generate substantial revenue, the Operating Losses that occurred reduced the Cash once carried by the Fair Board. Schedule D.

The refinancing of the 1998 Fair Bonds and the Board of Commissioners dedication of the remaining Excess TRT to Capital Projects by Board Order #02-1-9-4 in January 2002 rectified the shortage of resources for Capital. Schedule J.

The County Commissioners during the FY04 Budget process agreed to set aside \$125,000 of the Excess TRT for each of the next four years to establish a Fair "Rainy Day" Cash Reserve. This Reserve, however, was specifically designated to address a situation where a Fair did not achieve the Net Budgeted Revenue. In essence, this is a Reserve dedicated to the Operating Budget. Schedule K.

An overall assessment of the financial data results in the following critical conclusions:

- The Fair Board's Operating results are marginal, at best. Operating Profit before Depreciation is projected to be negative this fiscal year; a slight loss in FY03; a profit in FY02; and, six consecutive years of losses previously. The Operating Losses consumed a substantial portion of the Cash that once served as Working Capital and a Reserve for the Fair Board. Based on recent history, it is unlikely that profit can generate sufficient cash required to achieve financial stability in a timely manner. Schedule B.
- The Operating Budget Cash status is problematic. There is insufficient cash for cashflow; causing draws on a Line of Credit on a more frequent basis (see discussion under "Areas of Concern"). Schedule D and L.

In management's opinion, the Fair Board's financial status is precarious and requires substantive remedial intervention to achieve long-term financial stability.

FAIR BOARD MITIGATING ACTIONS

In late FY01, a review and analysis of financial data and reports indicated a problem with the Fair Board finances. This finding was further validated by the FY01 Audit. Simply put, the Fair Board finances were problematic and the issue of a "going concern" was and is a potential finding by the External Auditor. Corrective action was implemented immediately.

At its April 22, 2003 meeting, the Fair Board reaffirmed that financial stability was its paramount goal for FY03 and beyond. The Fair Board has been extremely supportive of management efforts to implement corrective actions, as have been the Board of County Commissioners and County Administrator.

Over the past three years, the following steps have been implemented to remedy the situation and stabilize and improve the Fair Board finances. Some of these actions resulted in immediate payoff and others payoff over time.

Actions taken include:

- FTEs – As Schedule E depicts, the number of permanent FTEs has been reduced to 21 in FY04 from a high of 32. Outsourcing services caused seven of these reductions and the remainder occurred by reengineering work. Schedule E.
- COLA – The organization has not granted COLAs to its employees since 2000. Based on a salary survey conducted in 2002, our salary levels are within market of surveyed private and public sector employers.
- LWOP – In FY02, as a short-term measure, seven management and professional staff were asked to take leave without pay (LWOP) of 120 hours, approximately a 6% salary rollback. The staff voluntarily did this and most continued to work the hours anyway.
- Energy Conservation – Working principally with EWEB, a number of energy conservation projects were initiated in the Convention Center and Ice Arena using EWEB Energy loans and grants as the financing mechanism. Given rate increases over the past three years, these energy conservation projects have slowed the growth rate of utility costs as opposed to the intended decrease in costs.
- Outsourcing Services – Two functions were formally outsourced and a third was informally outsourced. First, the Food and Beverage function was outsourced as of July 2002, and five positions were eliminated. That function has turned from a cost center with an imputed loss of \$(69,886) in FY02 to a profit of \$138,629 in FY03. Second, the Landscaping Services were outsourced as of December 2002 with one position eliminated. Third, a maintenance position was eliminated and contractors are used to perform maintenance on our equipment and buildings.
- Rate Increases – Across-the-board, fees, rates, rents, admission prices, etc. have been increased. However, there are limits in this effort given the acceptance by clients and competing venues. For example, our Daily Fair Admission is at the top end in the State of Oregon. Schedule A.
- Increase Activity – Efforts have been made to increase activity and attendance at all venues. Marketing resources have been expended to ensure adequate advertising of events and a consultant was retained to develop a business plan for the Livestock Building. As a result, a BMX program is in operation in the

Livestock Building during the wet-weather months to supplant the loss of horse riding revenue.

Current efforts underway are as follows. The food concessionaire is attempting to increase the amount of catered events at the Fairgrounds and offsite. A study is currently underway on trade shows that may identify candidates for the Fair Board to pursue, especially to fill in the mid-week period, which is generally open. A representative from the Ice Skating Institute was on site to evaluate the Ice Arena operations, schedules, rates, facility and marketing, given its financial difficulties; and, a report is due at the Fair Board's February meeting. Most recently, two events new to the Fairgrounds included "A Taste of Eugene" and the "Events and Meeting Planner Show" and efforts are underway to ensure their return next year.

AREAS OF CONCERN

There are several areas of concern that are being addressed by existing remediation plans or need to be addressed through an adopted strategy. The principle areas are:

- Capital Investment – The Fair Board has an adopted Capital Improvement Plan and the first year of the CIP is translated into the ensuing fiscal year Capital Budget. With Board Order #02-1-9-4 in 2002, the commitment of Excess TRT has provided a predictable stream of resources for capital investment. The Fair Board, with concurrence of the Board of County Commissioners, is using that resource to: a) repay the Planetarium Loan from the TRT Special Project Account; b) pay the debt service on energy conservation loans and equipment purchases; c) establish a Fair "Rainy Day" Cash Reserve; and, d) fund capital projects and equipment purchases. The Board has focused on major structural needs over the past two years including a stormwater collection system to allow animals on site during the dry-weather period and reroofing the Convention Center and Expo Buildings. In addition to continuing to rehabilitate structural requirements, funds are being focused on replacing obsolete equipment such as chairs, tables and other furnishings. There is an almost endless list of needs in this area. Schedules F, G, J and K.
- Ice Arena – The Ice Arena lost a significant revenue source when the Thunder Hockey Team abandoned its franchise at the end of the FY03 season. A group of investors attempted to put together a team for the FY04 season but was unable to meet several logistical timeframes. A different group has indicated that it is interested in having a team here for the FY05 season. The hockey team provided approximately \$35,000 – \$40,000 net revenue to the Ice Arena.

There are three other factors that impinge on the financial solvency of the Ice Arena. First, attendance is down and this is reflective of a national trend that has seen attendance drop by 30% across the county. Our decrease is not as significant but we are aware of arenas in the Pacific Northwest that have closed

due to low attendance and the consequent financial problems. Second, utility costs have grown significantly given gas and electric rate increases, with more anticipated in the future. Third, the Ice Arena was closed for six weeks this past summer for maintenance, causing a significant loss of revenue.

The end result is that the Ice Arena will not cover its direct costs this fiscal year. Further, if utility costs increase over the next twelve months, this will further exacerbate the financial problem. Enhanced efforts are currently underway to market the Ice Arena to increase skating and hockey attendance and to attract a semiprofessional hockey team back. The FY05 Budget indicates the Ice Arena will not cover its direct operating costs.

- Operating Cash – There is a problem with cash flow since there are basically no Operating Budget Cash Reserves. In the last month of FY03, \$65,000 was drawn on the Operating Line of Credit (LOC) and an additional \$20,000 was drawn in July of FY04, for a total of \$85,000. The \$85,000 draw was repaid with cash generated from the 2003 Fair. Additional draws were made in September, October and November to make payroll and accounts payable. Making LOC draws more frequently and so early in the fiscal year to maintain operations is a telling critique of our financial stability. As of this date, the Operating Line of Credit Draw is \$45,000, an amount that has been consistently outstanding for 2004. Schedule L.
- Utility Rate Increases – EWEB has announced its intent to increase rates this spring.
- Health Insurance – Preliminary indications are the County may be subject to a rate increase in the 17%-20% range in FY05. Further, indicators from the industry are that rate increases will continue into the foreseeable future.
- PERS – The retirement contribution for FY04 is 18.83% of covered payroll and is anticipated to stay the same for FY05. However, the County Budget Manager is projecting a PERS rate to approximately 22% in FY06 if PERS continues its current rate-setting procedure.

FINDINGS

After a review and analysis of the financial data for a ten year period, various financial and operational strategies implemented and forecasting the environment the Fair Board will be in for the next several years, one can derive the following findings:

- Revenue – It does not appear that much additional revenue can be generated through rate increases. The admissions, rents and fees seem to be at maximum for now given the condition of our physical infrastructure, state of the local economy, client's ability to pay and the competing market. It is possible to

increase revenue by more activity and attendance and that is a business strategy we continue to pursue. Schedule A.

- Business Practices – Continuing business practices to reduce cost, outsource and reengineer work can still provide marginal savings and impact the cost curve.
- Public Sector Employees – The Fair Board differs significantly from its private sector “competition” basically in its workforce being government employees and recipients of public sector benefits; namely, health insurance and retirement. Schedule C.
- Other Oregon Fair Boards – In a survey of several other Oregon Fair Boards, a number of them are given a contribution by their governing body to assist in their operating budgets. Schedule H.
- Financial Stability – All evidence to date with all of the implemented and on-going mitigating strategies is that financial stability is simply not achievable in the long-run without dramatic changes to the structure and environment the Fair Board operates. Further, having to continually borrow for cashflow purposes and basically having a negative working capital ratio simply calls into question whether the Fair Board is a “going concern” and can remain viable financially, in the long-term. Schedules I and L.

ALTERNATIVE STRATEGIES

The Fair Board will continue existing strategies, such as increasing revenue and activity and cost reduction measures. However, these strategies are insufficient to address the core problem. Given forecasts of increased costs, dramatic intervention strategies are required. The following are several strategies that are available and of sufficient magnitude that one of them, or several in combination, could address the financial stability issue in the intermediate-to-long term.

- Privatization – There is a continuum of additional services or venues that could be outsourced. The most extreme situation is to privatize the entire Fairgrounds and abolish the Fair Board. In this situation, the County could receive some type of “rent” or profit sharing to cover its expenses. This option requires extensive additional research and analysis. Some initial issues are:
 - ✓ Capital Infrastructure -- The issue of capital reinvestment would be a critical negotiating point given the condition of the Fairgrounds infrastructure and equipment.
 - ✓ County and 4H/FFA Fairs – The viability of the two Fairs as we now know and appreciate them may be lost under this scenario, especially the local Lane County ambiance and nuances.

- ✓ Control – Under a management contract with a private operator, the County may lose control over the use and manner in which the Fairgrounds are operated.
- ✓ Viability – It is not clear that there are entities that would undertake the management of a fairgrounds; there are certainly examples of trade show facilities available that the private sector operates.
- ✓ Existing Agreements – There are a number of multi-year agreements that would need to be addressed, perhaps at a cost to terminate.

The dilemma in outsourcing is that existing staff that currently perform the functions cited above also work throughout the year and most of July and August on the County Fair. It is unlikely that a private entity would devote sufficient resources to this effort and would operate the Fair more as a generic entertainment and commercial venture than the current County Fair with its unique ambiance.

- Public Sector Benefits – PERS provisions preclude withdrawing the workforce from PERS or altering the retirement benefit if the Fair Board remains a public entity. On the other hand, the Fair Board could modify the health insurance benefit given your agreement with the County Commissioners to have independent human resources authority. For example, rather than providing the County health insurance plan, a more restricted benefit plan at a reduced cost could be offered to employees. This is a problematic strategy as it would create a “separate class” of County employees and lead to staff morale issues as well as certain other human resource consequences.
- Operating Contribution – Expand the use of Excess TRT to include the Operating Budget. Most public entity trade show facilities, fairgrounds (see Oregon Fair Board survey), cultural centers and convention centers receive some type of contribution for their operation. By Board Order #03-06-18-1, the Commission established a Fair “Rainy Day” Cash Reserve of up to \$125,000 per year and this is basically an Operating Budget “contingent” contribution. Schedule H.

An updated financial forecast projects continuing deficits under the current financial structure. Without some methodology to address the “comparative disadvantage” referenced above, there is absolutely no way the Fair Board can balance its budgets as a public entity in the long-term. Schedule M.

- Do Nothing – In this option, the Fair Board would continue to implement current business practices and strategies. This may be a feasible option for the short-to-intermediate term but is not sustainable and at some point will result in “bankruptcy”.
- Alternative Entity – Transfer responsibility of the Fairgrounds to another governmental or private entity. The logical government would be the City of

Eugene, simply because of the Fairgrounds geographical location; but, there is no rationale for the City to take it over.

In reviewing the available options, the only two that have merit and can ultimately resolve the financial dilemma for the long-term are the "privatization" and "operating contribution" options.

MANAGEMENT RECOMMENDATION

Management's recommendation is the following proposal, with key Fair Board discussion issues inserted under each element as applicable:

- Convert Board Order #02-1-9-4 to a perpetual commitment of Excess TRT to Fair Board;
 - ✓ Should this commitment be time-limited, say an additional five years beyond the current term?
- Enshrine the formula to determine the Excess TRT amount and formalize the process for budgeting this allocation;
- Establish review points at FY07, FY10 and every three years henceforward;
- Authorize the equivalent of the "comparative disadvantage" (of being a public entity) in Excess TRT to be allocated to the Operating Budget each fiscal year, with the amount to be included in the Fiscal Year Budget Recommendation to the Budget Committee and County Commission;
 - ✓ Are PERS and health insurance the only elements of the "comparative disadvantage"?
 - ✓ Should the full value of the "comparative disadvantage" be used as the value of the "Operating Contribution"?
- Authorize the balance of the Excess TRT to be allocated for capital projects, equipment or debt service associated with a capital project on equipment purchase; and,
- In an emergency, allow Fair Board to make a request to County Commission to reallocate a portion of the Capital allocation to Operating. Schedule J and K.

management acknowledges that past Fair Managers have promulgated that the Fair Board is self-supporting. There is no argument that that was the situation in the 1980's and most of the 1990's. However, since that period, the financial environment is completely different and circumstances call for an operating contribution for the Fair Board to remain a public entity and financially viable.

TIMING

Resolution of this issue is imperative, especially in light of the projected Operating Budget loss for this fiscal year. The Fair Board should attempt to reach a strategy decision at the February 24th meeting or no later than the March 30 meeting. A Joint Meeting with the Board of County Commissioners should be scheduled shortly thereafter.

ATTACHMENTS

- A. Schedule A – Example Rates
- B. Schedule B – Operating Funds History
- C. Schedule C – Personnel Costs
- D. Schedule D – Net Operating Cash Available
- E. Schedule E – Personnel
- F. Schedule F – TRT Capital Projects
- G. Schedule G – FY04-07 CIP
- H. Schedule H – 2003 Oregon Fairs Financing Survey
- I. Schedule I – Net Working Capital
- J. Schedule J – Board Order #02-1-9-4
- K. Schedule K – Board Order #03-06-18-1
- L. Schedule L – Operating Line of Credit Draws
- M. Schedule M – Financial Forecast

Lane County Fair Board

Example Rates

	FY 00 or 2000	FY 01 or 2001	FY 02 or 2002	FY 03 or 2003	FY 04 or 2004
Fair Dailey Admission	7.50	8.00	8.00	8.00	8.00
Fair Season Pass	12.50	12.50	14.00	14.00	14.00
Fair Commercial Space Rent	730.00	770.00	770.00	808.50	808.50
Exhibit Hall Rent	2,690.00	2,850.00	3,150.00	3,300.00	3,300.00
Performance Hall Rent	1,460.00	1,545.00	1,725.00	1,800.00	1,800.00
Meeting Room # 1 Rent	320.00	340.00	400.00	420.00	420.00
Ice Skating Admission	3.00	3.00	3.00	3.50	3.50
Ice Private Rent (hockey)	195.00	195.00	210.00	235.00	235.00
Sports Rent		15.00	25.00	35.00	35.00

Schedule B

Lane County Fair Board
Operating Funds History

	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	FY 04 Budget	FY 05 Budget
Revenues													
Fair	926,808	1,168,343	1,222,564	1,470,325	1,476,371	1,452,809	1,727,182	1,777,005	1,815,867	1,804,528	1,627,511	1,834,300	1819000
Ice	473,909	473,907	543,397	512,269	522,137	591,719	506,117	564,558	546,833	586,957	493,557	562,520	506750
Food & Beverage	640,646	640,642	691,018	712,416	675,499	704,002	696,181	634,357	593,049	579,190	495,562	574,500	560000
Building & Equip. Rental	482,274	492,271	569,360	672,826	723,580	738,302	751,296	774,445	790,215	800,904	837,928	882,290	910100
Festivals/Recreation	-	-	-	-	-	38,659	80,299	129,120	64,979	47,471	47,133	48,660	48525
Planetarium	-	-	-	-	-	-	-	-	119,651	237,324	120,511	-	0
Miscellaneous/Marketing	91,003	38,104	28,740	40,724	100,941	63,298	91,168	84,785	67,292	110,039	199,252	103,800	99560
Totals	2,624,640	2,813,267	3,055,079	3,408,560	3,498,528	3,588,789	3,852,243	3,964,270	3,997,886	4,166,413	3,821,454	4,006,070	3943935
Expense													
Fair	590,933	694,958	769,604	1,125,070	1,130,724	996,279	1,276,345	1,267,315	1,389,104	1,337,766	1,230,535	1,356,200	1346759
Ice	406,576	401,488	402,340	472,029	509,392	466,008	404,842	496,691	522,992	534,236	546,524	491,595	552912
Food & Beverage	513,492	480,570	560,377	611,722	576,006	579,550	649,087	661,254	562,363	555,902	398,914	418,163	416200
Building & Equip. Rental	440,989	469,794	507,719	570,292	684,979	759,998	780,499	861,875	672,291	640,220	749,733	739,945	824595
Festivals/Recreation	-	-	-	-	-	67,393	106,159	202,861	162,150	50,534	43,571	42,925	44336
Planetarium	-	-	-	-	-	-	-	-	49,000	216,567	105,065	-	0
Administration/Marketing	415,652	534,081	606,020	632,972	673,896	734,943	729,334	755,698	763,131	790,800	747,120	805,746	757994
Totals	2,367,642	2,580,891	2,846,060	3,412,085	3,574,997	3,604,171	3,946,266	4,245,694	4,120,971	4,126,025	3,822,062	3,854,574	3942796
Net Gain	256,998	232,376	209,019	(3,525)	(76,469)	(15,382)	(94,023)	(281,424)	(123,085)	40,388	(608)	151,496	1,139
Net (Loss)													

Notes:
 FY 93 - 03 are actual from audited Financial Statements
 Marketing is included in Miscellaneous Revenue and Admin Expense
 Livestock Building Revenue and Expense included in Rentals
 Miscellaneous Revenue does not include any interest income
 Festivals and Recreation- 97/98 and 98/99 Christmas Festival and 4th of July Event and Sports Center in 99/00 to present
 Beginning 1998/99 August Salaries and related benefits are included in Fair expense and other operations reflect 11 months of salaries and related benefits
 In 99/00 PERS Employer contribution increased from 7.82% to 13.16%. In 2001 the rate increased to 13.91%.
 Health Insurance has consistently increased over the years at a rate of approx. 18% per year in recent years
 Planetarium revenue and expense includes a \$90,000 RIB grant and purchases made with RIB grant funds in FY 01/02
 Planetarium revenue in FY 01 includes \$100,000 loan from TRT Special Projects Fund of which \$70,651 carried forward to FY 02
 Planetarium revenue in FY 02 includes \$110,000 loan from TRT Special Projects Fund
 Planetarium revenue in FY 03 includes \$80,000 loan from TRT Special Projects Fund

Lane County Fair Board
Personnel Costs
Public vs. Private Sector

	<u>Public</u>	<u>Private</u>
Total Annual Payroll	684,797	684,797
<i>Medical Benefits</i>	189,000	63,000
<i>Retirement Benefits</i>	128,947	20,544
<i>Other Payroll Costs</i>	<u>82,518</u>	<u>82,518</u>
Total Annual Personnel Costs	<u>1,085,262</u>	<u>850,859</u>

Public Sector

Assumes \$9,000 annually for Medical Benefits
Assumes 18.83% of Salary for Retirement benefits
Assumes 12.05% annual salary for FICA, SAIF, etc.

Private Sector

Assumes \$3,000 annually for Medical Benefits
Assumes 3% of Salary for Retirement benefits
Assumes 12.05% annual salary for FICA, SAIF, etc.

Lane County Fair Board

Net Operating Cash Available

Schedule D

	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Total Cash (1)	568,309	629,593	662,303	629,656	425,045	137,093	4,595,907	3,213,959	231,384	198,887	129,720
Capital Funds (2)	<u>(199,560)</u>	<u>(80,743)</u>	<u>(9,698)</u>	<u>(10,464)</u>	<u>(407,926)</u>	<u>(5,828)</u>	<u>(4,517,865)</u>	<u>(3,123,876)</u>	<u>(147,396)</u>	<u>(90,557)</u>	<u>(31,163)</u>
Operating Cash	<u>368,749</u>	<u>548,850</u>	<u>652,605</u>	<u>619,192</u>	<u>17,119</u>	<u>131,265</u>	<u>78,042</u>	<u>90,083</u>	<u>83,988</u>	<u>108,330</u>	<u>98,557</u>
										<u><u>(65,000)</u></u>	<u><u>(3)</u></u>
											<u><u>33,557</u></u>

(1) All FY 93 - 02 amounts from audited Financial Statements, with the exception of FY 03.

(2) Capital Cash estimated FY 93 - 96.

(3) Operating Line of Credit

Lane County Fair Board
FY 97- FY 04
Personnel

Schedule E

	<u>1996/97</u>	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003-04</u>	<u>Proposed 2004-05</u>
<u>Regular Salaried Employees</u>	22.5	22.5	22.5	28.0	32.0	32.0	31.0	21.0	21.0
<u>Supplemental Part Time Employees</u> 1/2 time or less						88	88	88	88

Lane County Fair Board

TRT/Capital Report

Schedule F

	<u>FY 97-98</u> <u>Actual</u>	<u>FY 98-99</u> <u>Actual</u>	<u>FY 99-00</u> <u>Actual</u>	<u>FY 00-01</u> <u>Actual</u>	<u>FY 01-02</u> <u>Actual</u>	<u>FY 02-03</u> <u>Actual</u>	<u>Revised</u> <u>FY 03-04</u> <u>Budget</u>	<u>Proposed</u> <u>FY 04-05</u> <u>Budget</u>
Beginning Balance	42,372	(123,213)	4,282,625	2,814,697	(54,317)	232,606	(354,728)	(278,546)
Resources								
"Excess" TRT Receipts								
Bond Proceeds - Feb. 1998	310,000	625,000	250,000	300,000	424,950	611,895	700,000	775,000
EWEB Energy Loan		4,637,279						
EWEB Energy Grant				408,725	152,279			
Bond Proceeds - March 2002				109,377	151,950			
City of Eugene Grant	110,000		49,560		50,000			
PCB Equipment Loan								
PCB Equipment Loan								
Planetarium RIB Grant						36,838		
Funtastic Shows					81,607			
Capital Line of Credit PCB	60,000	20,000	20,000					
Interest Earned	5,561	113,467	211,322	52,474	4,993	191,820	400,000	
Total Resources	485,561	5,395,746	530,882	870,576	1,756,279	842,539	1,100,500	775,000
Capital Expenditures								
Land and Improvements	299,240	98,151	19,260	71,816	17,354	49,785	42,686	8,666
1998 Convention Ctr. Proj.			346,391					
Stormwater Project					612,322	751,198		
Buildings & Improvements	269,394	301,608	31,551	102,825	337,180	275,718	258,188	69,668
1998 Convention Ctr. Proj.		237,030	1,245,666	3,435,891	255,100			
Machinery & Equipment	82,512	120,196	42,764	84,353	172,665	53,107	35,000	248,345
1998 Convention Ctr. Proj.		232,923	300,693					
Debt Service			12,485	44,705	74,735	300,065	563,444	220,988
Contingency								32,333
Cash Reserves							125,000	125,000
Deficit Carryforward from previous Year								70,000
Total Capital Expenditures	651,146	969,908	1,998,810	3,739,590	1,469,356	1,429,873	1,024,318	775,000
Carryforward	(123,213)	4,282,625	2,814,697	(54,317)	232,606	(354,728)	(278,546)	(278,546)

SCHEDULE G

Capital Improvement Projects by Department 12/2/2003	FUNDED			UNFUNDED	
	2005	2006	2007	2008	Total
Administration					
Capital Projects					
Auditorium/Wheeler Exterior Flat Surfaces				527,000	527,000
Community Green	5,000	5,000	5,000	295,586	310,586
Contingency	32,333	38,500	60,784	35,000	166,617
Debt Service	160,988	175,174	134,192	167,810	638,164
Deficit Carry Forward from Previous Fiscal Year	70,000	110,000	80,000		260,000
Facilities, Site and Equipment Rehabilitation	10,000	10,000	10,000		30,000
Fair "Rainy Day" Cash Reserve	125,000	125,000	125,000		375,000
Pave Northwest Lot				589,000	589,000
Project Planning, Design Administration	5,000	5,000	5,000		15,000
Stormwater Fee	60,000	60,000	60,000	60,000	240,000
Capital Subtotal	468,321	528,674	479,976	1,614,396	3,091,367
Equipment					
Exhibit Entries Software	5,000				5,000
PC Replacement Plan	6,000			6,000	12,000
Scheduling Software				14,000	14,000
Equipment Subtotal	11,000	0	0	20,000	31,000
Administration Total	479,321	528,674	479,976	1,634,396	3,122,367
Operations					
Capital Projects					
Auditorium Upgrade - Interior				110,000	110,000
Auditorium/Admin. Offices - Exterior Paint				20,000	20,000
Carpet Replacement in Atrium		9,000			9,000
Convention Center Lobby Lighting	11,000				11,000
Exhibit Hall Restrooms				170,000	170,000
Expo 5 Insulation Netting				22,000	22,000
Expo 7 Sewer and Water				15,000	15,000
Expo 2, 4 and 6 Restrooms				185,000	185,000
Expo Structural Rehab				225,000	225,000
Ice Center Reroof				55,000	55,000
Lane Events Center Signage				54,000	54,000
Lighting, Convention Center, West	20,000				20,000
Lighting - Courtyard				11,000	11,000
Livestock Building Insulation Netting				22,000	22,000
Livestock Building Painting (Exterior/Interior)				24,000	24,000
Lock and Door System				172,800	172,800
Paint Trusses-Exhibit Hall				25,000	25,000
Paint Trusses-Performance Hall				15,000	15,000
Parking Lot Repave and Striping				550,000	550,000
Power Upgrade - Convention Center				70,000	70,000
Restroom Signage	6,000				6,000
Water Pipe Replacement	4,000				4,000
Wheeler Pavilion Re Roof				170,000	170,000
Wheeler Pavilion Upgrade		100,000	100,000		200,000
Wheeler Pavilion HVAC				340,000	340,000
Capital Subtotal	41,000	109,000	100,000	2,255,800	2,505,800
Operations					
Equipment					
Banquet Chairs and Tables	15,000	18,000	27,000	21,000	81,000
Chair Box Carts	10,000		11,000		21,000
Classroom Tables	5,724				5,724
Convention Center Chair Carts				37,800	37,800
Convention Center Chairs	22,400	32,400	32,400	10,000	97,200
Electric Carts	7,000		7,000		14,000
Exhibit Department Equipment	27,270	27,270	27,270	27,270	109,080
Exhibitor Tables	28,755	28,755	28,755	28,755	115,020
Folding Chairs	17,280				17,280
Food Service Equipment	12,000	12,500	15,000	195,000	234,500
Forklift	23,000				23,000
Meeting Room Internet, Video, Data Hookups				20,000	20,000
Meeting Rooms Window Coverings	7,000				7,000
Person Lift				37,800	37,800
Pickup Truck				25,000	25,000
Pipe and Drape	3,500		3,500		7,000
Scissor Lift				19,000	19,000
Stage			18,000		18,000
Trash Cans	5,000	1,651	8,349	25,000	40,000
Trash Compactor	25,000				25,000
Equipment Subtotal	208,929	120,576	178,274	446,625	954,404
Total Operations	249,929	229,576	278,274	2,702,425	3,460,204

	FUNDED			UNFUNDED	
	2005	2006	2007	2008	
Ice/Sports					
Capital Projects					
Compressor Reservoirs	22,000				22,000
HVAC for Ice Center Lobby				40,000	40,000
Ice Center Elevator				40,000	40,000
Ice Center Signage				5,000	5,000
Lunch Counter and Eating Area				7,000	7,000
Paint Exterior of Ice Center				25,000	25,000
Remodel of front of Ice Lobby and Office				50,000	50,000
Restrooms at Ice Arena				40,000	40,000
Women's Locker Room				30,000	30,000
Capital Subtotal	22,000	0	0	237,000	259,000
Equipment					
Copy Machine	7,000				7,000
Heaters for Spectators at Ice Arena				21,000	21,000
Color Lights for Ice Arena				5,000	5,000
Ice Resurfacer				70,000	70,000
Rental skates	6,750	6,750	6,750	6,750	27,000
Rubber floor matting	10,000	10,000	10,000	100,000	130,000
Security Cameras				8,000	8,000
Equipment Subtotal	23,750	16,750	16,750	210,750	268,000
Total Sports	45,750	16,750	16,750	447,750	527,000
Grand Total	775,000	775,000	775,000	4,784,571	7,109,571

Oregon Fairs Survey

2002/03 and 2003/04

SCHEDULE H

What is the amount of subsidy your organization receives? All Fairs receive \$40,000 from State.

	Gen Fund	TRT	Other	TRT Restricted to CIP	CIP Comment
Lane FY03			611,893		
FY 04			700,000		
Klamath FY03		0	350,000		
FY 04		0	378,000		0 TRT Unrestricted
Deschutes FY03	377,401	0	0	135,343	
FY04	324,582	0	0	44,100	
Benton FY 03	109,500	0	0	43,000	
FY04	94,500	0	0	Loan 254,000	Loan to build RV park
Linn FY03	229,815	0	0	13,500	\$45,000 from Foundation for bidg upgrade
FY04	354,295	0	0	7,000	
Josephine FY03		0	0	0	0
FY04	25,000	0	0	0	County charges back
Curry FY03		0	0	5,000	\$55,398 for Interfund services
FY04		0	0	184,950	
Tillamook FY03	54,000	0	0	234,950	
FY04	74,000	0	0	16,278	Race Commission funds race meet purses
Harney FY03		0	0	99,259	
FY04		0	0	County CIP	
Wallowa FY03		0	8,605	137,335	TRT Unrestricted
FY04	12,000	0	0	83,189	
Polk FY03		0	30,000	N/A	TRT Unrestricted
FY04		0	30,000	50,000	
Ore. State Fair FY03	663,887	0	0	10 million for Pavilion	
FY04	663,883	0	0		
Washington FY03		0	524,000	59,000	TRT Unrestricted
FY04		0	538,000	70,000	
Multnomah FY03		0	0	67,220	
FY04		0	0	N/A	
Douglas FY03	100,000	0	0	County CIP	
FY04	100,000	0	0	County CIP	
Linncoln FY03		0	0		\$ from rentals, fairs, sponsors
FY04		0	0		
Clackamas FY03		0	331,408	17,190	TRT Unrestricted
FY04		Unknown			
Sources of other revenue?					
	Rental Fees	Annual Fair	Sponsorships	Friends/Found	Other
Lane	x	x	x		
Klamath	x	x			
Deschutes	x	x	x		
Benton	x	x	x		x
Linn	x	x	x		
Josephine	x	x	x		
Curry	x	x	x		x
Tillamook	x	x	x		Yr. Rnd events
Harney	x	x			
Wallowa	x	x			
Polk	x	x	x		Donations
Oregon State	x	x			x Lottery backed bonds for repairs, new pavilion
Washington	x	x	x		
Multnomah	x	x	x		x
Linncoln	x	x	x		
Douglas	x	x	x		Auto racing, self produced Xmas show, cosponsor Sportsman show

Lane County Fair Board
Net Working Capital

Schedule I

1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
317,099	419,428	563,119	409,786	348,003	(55,278)	39,769	(73,176)	(104,441)	(96,774)	(234,862)

Net Working Capital = Liquid Assets - Current Liabilities

This ratio indicates the entity's ability to pay for current operations. Ratio should be positive.

THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

**ORDER NO. 02-1-9-4) IN THE MATTER OF DEDICATING \$890,500 IN
) PROCEEDS FROM THE REFINANCING OF THE 1998
) FAIRGROUNDS MUNICIPAL LOAN AGREEMENT TO
) THE DRY WEATHER FLOW TO CITY SANITARY
) SEWER/INTERCEPT PROJECT AND OTHER CAPITAL
) IMPROVEMENTS AT THE LANE COUNTY
) FAIRGROUNDS AND APPROVING THE USE OF
) UNDEDICATED TRANSIENT ROOM TAX FUNDS FOR
) CAPITAL IMPROVEMENTS AT THE LANE COUNTY
) FAIRGROUNDS**

WHEREAS, the Lane County Fair Board and the Board of County Commissioners have a long term business partnership that does not require an operating subsidy of Fairground operations and is evidenced by the Fairgrounds Business Plan, Master Plan and Capital Improvements Plan, and

WHEREAS, the Board of County Commissioners authorized the refinancing of the 1998 Municipal Loan Agreement for improvements to the Lane County Fairgrounds under the authority of ORS 271.390 and ORS 287.053, in Board Order 02-01-09-03, and

WHEREAS, the Lane County Fair Board has demonstrated the need to construct the Lane County Fairgrounds Dry Weather Flow to City Sanitary Sewer/Intercept Project prior to the 2002 Lane County Fair, and

WHEREAS, the Board of County Commissioners and Lane County Fair Board have concluded that the use of proceeds from the refinancing of the 1998 Municipal Loan Agreement in an amount equal to the reserves for the 1998 Municipal Loan Agreement, i.e., \$890,500, is necessary to construct the Lane County Dry Weather Flow to City Sanitary Sewer/Intercept Project prior to the 2002 Lane County Fair, and

WHEREAS, the Board of County Commissioners has approved the use of undedicated transient room tax funds for capital improvements at the Lane County Fairgrounds on April 8, 1998, in Board Order 98-4-8-4 and again on December 2, 1998, in Board Order 98-12-2-3, and

WHEREAS, the Board of County Commissioners finds that dedicating \$890,500 of the proceeds from the refinancing of the 1998 Fairgrounds Municipal Loan Agreement to the Lane County Fairgrounds Dry Weather Flow to City Sanitary Sewer/Intercept Project and approving the use of undedicated transient room tax funds for capital improvements at the Lane County Fairgrounds would be in the best interests of the citizens of Lane County, and

WHEREAS, according to Lane Code 4.175(5), any amounts derived from the Transient Room Tax imposed by LC 4.110(1) for capital debt retirements that are in excess of annual debt service shall be used for future capital projects or as directed by the Board of County Commissioners through the annual budget process,

NOW THEREFORE, IT IS HEREBY ORDERED, that the Board of County Commissioners dedicates \$890,500 of the new proceeds from the refinancing of the 1998 Fairgrounds Municipal Loan Agreement exclusively to the Lane County Fairgrounds Dry


Weather Flow to City Sanitary Sewer/Intercept Project as described in Exhibit A to this Order and other capital improvements at the Lane County Fairgrounds; and it is

FURTHER ORDERED that it is the Board of County Commissioners' intent that any excess transient room tax revenues, as provided by Lane Code 4.175(5) and as determined by the Department of Management Services, be made available for transfer to the Fair Board for capital improvements for a period not to exceed five fiscal years, i.e., beginning at the time of refinancing the 1998 debt (approximately February, 2002) and ending June 30, 2007, to be used for capital projects pursuant to the Fairgrounds Capital Improvements Plan; and it is

FURTHER ORDERED that the Board of County Commissioners intends to conduct a review of any excess Transient Room Tax revenues in the fourth year (FY 05-06) following the refinancing of the 1998 Debt; and it is

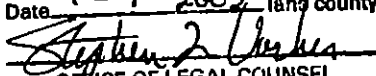
FURTHER ORDERED that Board Order 98-4-8-4 and Board Order 98-12-2-3 are hereby rescinded.

Dated this 9th day of January 2002.



Bill Dwyer, Chair
BOARD OF COUNTY COMMISSIONERS

APPROVED AS TO FORM

Date 1-9-2002 Lane County

OFFICE OF LEGAL COUNSEL

IN THE BOARD OF COUNTY COMMISSIONERS
OF LANE COUNTY, OREGON

ORDER NO. 03-06-18- 1

) IN THE MATTER OF APPROVING THE
) REIMBURSEMENT OF TRANSIENT
) ROOM TAX SPECIAL PROJECT FUNDS
) AND THE CREATION OF A FAIR BOARD
) "RAINY DAY" CASH RESERVE FUND

WHEREAS, in December, 2000 (Order No. 00-12-13-3), the Board of County Commissioners approved entering into a Memorandum of Agreement (Agreement) with the Fair Board to provide for a cash flow through the use of transient room tax special projects funds for operating the Planetarium while the Fair Board developed and sought to implement a business plan, and

WHEREAS, the Agreement provided that the Fair Board could draw up to a total of \$330,000 over three years, and that the Fair Board would reimburse the County at least \$35,000 in year 4, \$40,000 in year 5, and the remaining revenues as soon as possible over the next 3 years, and

WHEREAS, the Fair Board in fact has received a total of \$290,000 from the transient room tax special project funds for operations of the Planetarium, while it sought to implement an aggressive business plan which resulted in a unsuccessful election on a measure for capital funds, and

WHEREAS, as a result of the election, the Planetarium has since been closed as a fairgrounds operation, and

WHEREAS, in January, 2002 (Order No. 02-1-9-4), the Board of County Commissioners approved the use of excess transient room tax revenues, as provided by Lane Code 4.175(5), be made available for transfer to the Fair Board for capital improvements for a period ending June 30, 2007 to be used for capital projects pursuant to the Fairgrounds Capital Improvements Plan, and

WHEREAS, the Fair Board met with the County Finance and Audit Committee in November, 2002, and recommended that a portion of these excess transient room tax revenues be used to reimburse the transient room tax special projects funds in accordance with the Memorandum of Agreement over the course of the next 4 years (ending June 30, 2007) and further, that a portion be set aside for a fairgrounds "rainy day" cash reserve fund annually until it accumulates to an amount of \$500,000, and

WHEREAS, pursuant to LC 4.175(5) the Board of Commissioners may authorize such use through the annual budget process,

NOW, THEREFORE IT IS HEREBY ORDERED that the Board of County Commissioners approves the use of \$50,000 of the excess transient room tax revenues

described in Order No. 02-1-9-4 to reimburse the transient room tax revenues special projects fund as the first reimbursement under the Memorandum of Agreement with the Fair Board approved in Order No. 00-121-13-3, and it is further

ORDERED that the Board of County Commissioners approves the use of \$125,000 of the excess transient room tax revenues described in Order No. 02-1-9-4 for the creations of a Fairgrounds "Rainy Day" cash reserve, and it is further

ORDERED that the Fair Board may not expend funds from the Fairgrounds "Rainy Day" cash reserve without the approval of the Board of County Commissioners, upon the occurrence of one of two contingencies: a) if the actual net surplus from the annual fair, determined as of December 31 of the same year, is 10% less than the net fair surplus that is anticipated and budgeted through the annual budget process, or b) if there is an unexpected capital emergency beyond the ability of the Fair Board to manage within its normal cash flow during the year.

DATED this 18th day of June, 2003.



Peter Sorenson, Chair
Lane County Board of Commissioners

APPROVED AS TO FORM

Date 6/5/03 Lane County


OFFICE OF LEGAL COUNSEL

SCHEDULE L

Lane County Fair Board
Operating Line of Credit
12/31/03

LINES OF CREDIT: The fiscal year began with an outstanding draw of \$65,000 on the Operating Line and additional draws and payments have been made subsequently. The following recaps the use of the Operating LOC year-to-date:

DATE	DRAW/PAYMENT	BALANCE
7/1/03		\$65,000
7/15/03	20,000	85,000
8/11/03	114,000	199,000
8/18/03	-199,000	0
9/8/03	10,000	10,000
9/9/03	46,720	56,720
9/20/03	-56,720	0
10/8/03	45,000	45,000
10/15/03	55,000	100,000
10/20/03	-100,000	0
11/3/03	50,000	50,000
11/7/03	20,000	70,000
11/12/03	80,000	150,000
12/10/03	-30,000	120,000
12/30/03	-75,000	45,000

Lane County Fair Board

Financial Forecast - FY 05 - FY 08

Summary - Resources and Requirements

SCHEDULE M

	Forecast							
	Actual FY 01	Actual FY 02	Actual FY 03	Budget FY 04	FY 05	FY 06	FY 07	FY 08
Resources								
Administration/Marketing	130,814.96	108,456.81	116,193.00	103,800.00	99,560.00	101,551.20	103,582.22	105,653.87
Event Operations	1,383,264.07	1,380,093.38	1,336,389.89	1,456,790.00	1,470,100.00	1,499,502.00	1,529,492.04	1,560,081.88
Ice	546,832.74	586,956.60	493,557.28	562,520.00	506,750.00	516,885.00	527,222.70	537,767.15
Sports	64,978.87	47,470.88	47,133.24	48,660.00	48,525.00	49,495.50	50,485.41	51,495.12
Planetarium	119,650.52	250,086.50	120,510.63	-	-	-	-	-
Fair	1,815,867.34	1,803,527.87	1,707,671.30	1,834,300.00	1,819,000.00	1,855,380.00	1,892,487.60	1,930,337.35
Total Revenue Operations	4,061,408.50	4,176,592.04	3,821,455.34	4,006,070.00	3,943,935.00	4,022,813.70	4,103,269.97	4,185,335.37
Total Resources	4,061,408.50	4,176,592.04	3,821,455.34	4,006,070.00	3,943,935.00	4,022,813.70	4,103,269.97	4,185,335.37
Requirements								
Salary/Benefits								
Administration / Marketing	347,547.83	420,384.57	349,938.94	405,046.00	369,919.00	396,966.08	413,931.57	432,605.43
Event Operations	419,881.26	374,420.72	376,682.60	406,395.00	415,965.00	447,049.60	468,159.89	491,517.78
Ice	274,771.21	288,767.30	278,605.86	256,795.00	310,112.00	336,695.42	354,077.46	373,404.37
Sports	60,067.60	39,752.42	34,215.50	33,825.00	34,936.00	37,835.82	40,113.69	42,665.30
Planetarium	40,398.12	116,519.08	81,515.59	-	-	-	-	-
Fair	178,870.91	214,190.29	156,835.71	160,500.00	153,672.00	159,752.58	165,710.53	172,198.54
Total Personnel Costs	1,321,536.93	1,454,034.38	1,277,794.20	1,262,561.00	1,284,604.00	1,378,299.49	1,441,993.16	1,512,391.43
Less Health Ins	(144,062.74)	(198,060.77)	(195,030.00)	(213,179.00)	(244,556.74)	(281,699.93)	(323,737.75)	(376,776.33)
Less PERS	(113,686.06)	(135,559.74)	(131,049.00)	(139,352.00)	(150,302.00)	(172,269.00)	(197,230.00)	(227,229.33)
Total Sal/Benefits/PERS/Health	1,063,788.13	1,120,413.87	951,715.20	910,030.00	889,745.26	922,360.56	940,472.83	958,396.16
Materials & Services								
Administration / Marketing	415,600.50	362,471.15	397,780.90	400,700.00	388,075.00	399,717.25	411,708.77	424,060.03
Event Operations	814,758.00	821,701.19	771,964.48	751,713.00	824,830.00	853,521.00	884,005.26	916,440.59
Ice	248,160.41	245,466.30	267,918.06	234,800.00	242,800.00	250,084.00	257,586.52	265,314.12
Sports	101,854.82	10,781.41	9,355.92	9,100.00	9,400.00	9,588.00	9,779.76	9,975.36
Planetarium	8,601.88	99,598.59	23,549.27	-	-	-	-	-
Fair	1,210,460.91	1,124,873.58	1,073,700.20	1,195,700.00	1,193,067.00	1,216,948.74	1,241,287.71	1,266,113.47
Total Materials & Services	2,799,436.52	2,664,894.22	2,544,268.83	2,592,013.00	2,658,192.00	2,729,858.99	2,804,368.02	2,881,903.56
Total Expenditures	4,120,973.45	4,118,928.60	3,822,063.03	3,854,574.00	3,942,796.00	4,108,158.48	4,246,361.18	4,394,294.99
Net Profit/(Loss)	(59,564.95)	57,663.44	(607.69)	151,496.00	1,139.00	(85,344.78)	(143,091.20)	(208,959.62)

Lane County Fair Board

Revised Financial Forecast - FY 05 - FY 08
Summary - Resources and Requirements

Attachment B

	Actual FY 01	Actual FY 02	Actual FY 03	Budget FY 04	Forecast			
					FY 05	FY 06	FY 07	FY 08
Resources								
Total Resources	4,061,409	4,176,592	3,821,455	4,006,070	3,943,935	4,022,814	4,103,270	4,185,335
Requirements								
Personnel Costs	1,321,537	1,454,034	1,277,794	1,262,561	1,284,604	1,378,299	1,441,993	1,512,391
Materials and Supplies	2,799,437	2,664,894	2,544,269	2,592,013	2,658,192	2,729,859	2,804,368	2,881,904
Total Expenditures	4,120,974	4,118,928	3,822,063	3,854,574	3,942,796	4,108,158	4,246,361	4,394,295
Net Profit/(Loss)	(59,565)	57,664	(608)	151,496	1,139	(85,344)	(143,091)	(208,960)
Comparative Disadvantage								
Health Insurance					244,956	281,700	323,797	372,367
PERS					150,302	174,239	177,723	181,278
Less Private Sector Benefits					(87,578)	(91,070)	(101,173)	(107,985)
Net Comparative Disadvantage					307,680	364,869	400,347	445,660
Adjusted Net Gain/(Loss)	(59,565)	57,664	(608)	151,496	308,819	279,525	257,256	236,700

2003 Events

Date of Event	Event Name	Did revenue exceed cost ? Yes or No
1/1,3-5,17-19,24-26,31	Oasis BMX	YES
1/5 & 19/03	Piccadilly Flea Market	YES
1/10-12/03	McKenzie Outfitters Sale	YES
1/10-12/03	Assistance League Car Show	YES
1/11-12/03	Collectors West Gun Show	YES
1/14-15/03	OSU Extension Office	YES
1/17-19/03	World Discount Club	YES
1/17-19/03	Oasis BMX	YES
1/18-19/03	S. Reece Productions Bridal Show	YES
1/24-26/03	Square Dance Festival	YES
1/24-26/03	Oasis BMX	YES
1/28/03	Fair Board Meeting	NO - \$330
1/31-2/2/03	Boat & Sportsman's Show	YES
1/31-2/1/03	Oasis BMX	YES
2/7-9/03	Copper Penny Antiques	YES
2/7-8/03	Oasis BMX	YES
2/8-9/03	Piccadilly Flea Market	YES
2/8-9/03	Saturday Market	YES
2/15-16/03	Asian Celebration	YES
2/15-16/03	Frontier Heritage Fair	YES
2/20-22/03	Oregon Logging Conference	YES
2/25/03	Fair Board Meeting	NO - \$330
2/27-3/2/03	Oregon RV Show	YES
2/28-3/1/03	4-H	NO - \$1,245
3/1/03	Shoemaker Reception	YES
3/2, 16 & 30/03	Piccadilly Flea Market	YES
3/6-9/03	Lane County Home Show	YES
3/8-9/03	Cat Show	YES

2003 Events

3/8-9,15-16,22-23,29-30	Oasis BMX	YES
3/13/03	Lane Education Service District	YES
3/14/03	International High School	YES
3/15/03	Friends of the NRA	YES
3/15/03	EE Rabbit Breeders	YES
3/15-16/03	Willamette Valley Arms Collectors	YES
3/18/03	Fair Board Meeting	NO - \$330
3/19/03	Bi-Mart	YES
3/21-23/03	Reflections Car Club Show	YES
3/22-23/03	Wm. Cascade Model Railroaders	YES
3/21-22/03	NW Fly Tyers Expo	YES
3/28-29/03	KLCC Micro-Brew Festival	YES
4/2/03	McDonald Wholesale Food Show	YES
4/3-6/03	J. Crew Sale	YES
4/4-6/03	Eugene Boat Show	YES
4/5-6/03	Eugene Golf Show	YES
4/8/03	Fair E-Coli Meeting	NO - \$1,155
4/10/03	Fair Food Booth Meeting	NO - \$420
4/11-13/03	Oregon Knife Collectors	YES
4/11-12/03	State Board of Examiners	YES
4/11-13/03	Gem Faire	YES
4/11-13,19-20/03	Oasis BMX	YES
4/13 & 27/03	Piccadilly Flea Market	YES
4/12-13/03	Collectors West Gun Show	YES
4/14/03	Theatre Works	YES
4/15/03	Arts Umbrella	YES
4/16/03	DEQ	YES
4/22/03	Fair Board Meeting	NO - \$330
4/23/03	OSU Extension Office	YES
4/24/03	CVALCO Board Luncheon	NO - \$420

2003 Events

Fair Board

4/25-26/03	Baptist Youth Convention	YES
4/26-27/03	4-H	NO - \$830
4/26/27	Friends of the Library	YES
4/27/03	Comic Book Convention	YES
4/29/03	Eugene Auto Parts	YES
4/30/03	Bi-Mart	YES
5/2-4/03	Homier Sale	YES
5/2-4/03	Copper Penny Antiques	YES
5/3-4/03	Eugene Gem & Mineral Show	YES
5/8 & 12/2003	Theatre Works	YES
5/9-11/03	Guaranty RV Show	YES
5/10/03	Wm. Valley Hardy Plant Sale	YES
5/16-17/03	OR Fire Equipment Dealers	YES
5/18/03	Piccadilly Flea Market	YES
5/22/03	Fair Food Booth Meeting	NO - \$210
5/23-26/03	Eugene Kennel Club	YES
5/23-26/03	Kendall Auto Sale	YES
5/27/03	Fair Board Meeting	NO - \$330
6/1 & 15/03	Piccadilly Flea Market	YES
6/6-7/03	Members Only Car Sale	YES
6/13/03	Northwest Christian College	YES
6/14/03	Lane Community College	YES
6/18-19/03	Bi-Mart	YES
6/20-22/03	Black Sheep Gathering	YES
6/21-22/03	Collectors West Gun Show	YES
7/9-20/03	4-H	NO - \$40,000-\$60,000
7/17/03	Fair Board/Commissioners	NO - \$410
7/19/03	KMTR Kid Jam	YES
7/26/03	Car Swap Meet	YES
8/12-17/03	LANE COUNTY FAIR	

2003 Events

8/29-9/1/03	Guaranty RV Show	YES
9/3-7/03	AKC Dog Show	YES
9/6, 20 & 27/03	Football Shuttle	NO - \$1,500
9/10/03	Sysco Food Show	YES
9/12-13/03	Lane Co, Livestock Assn.	YES
9/13-17/03	Country Coach Rally	YES
9/20-21/03	Willamette Valley Arms Collectors	YES
9/21/03	Piccadilly Flea Market	YES
9/21/03	Motorcycle Swap Meet	YES
9/23/03	Fair Board Meeting	NO - \$330
9/26-28/03	Model Engineers	YES
9/27-28/03	West Coast Breeders Expo	YES
10/2/03	DEQ	YES
10/5 & 19/03	Piccadilly Flea Market	YES
10/7/03	Emerald Executive Association	YES
10/9-12/03	Lane County Home Show	YES
10/11-12/03	Clayfest	YES
10/13/03	Lane County Health Dept.	YES
10/14/03	Eugene Mission	YES
10/18-19,25-26/03	Oasis BMX	YES
10/18-19/03	Collectors West Gun Show	YES
10/18-19/03	S. Reece Productions Bridal Show	YES
10/19/03	PFLAG Banquet & Auction	YES
10/22/03	OR Medical Assoc.	YES
10/23/03	Eugene Chamber of Commerce	YES
10/24-25, 30-11/1/03	Active 20/30	YES
10/24-25/03	OR State Board of Examiners	YES
10/25/2003	Football Shuttle	YES
10/24-26/03	Wm./Santiam Ski Patrol Sale	YES
10/27/2003	Taste of Eugene	YES

2003 Events

10/28/2003	Fair Board Meeting	NO - \$330
10/29/2003	CVALCO Meeting Planner Expo	NO - \$1,155
10/29/2003	Oregon Army National Guard	YES
10/31-11/2/03	Showcase Productions	YES
10/31-11/2/03	Copper Penny Antiques	YES
11-2,8-9,15-16,22-23,29-30/03	Oasis BMX	YES
11/6/2003	National Training	YES
11/7 & 14/03	Eugene Chamber of Commerce Greeters	YES
11/8-9/03	OR Equestrian Trails	YES
11/8-9 & 23/03	Piccadilly Flea Market	YES
11/14-16/03	Gem Faire	YES
11/14-16/03	The New Super Sale	YES
11/17/2003	Lane County Health Dept.	YES
11/18/2003	Fair Board Meeting	NO - \$330
11/22-23,28-30/03	Saturday Market	YES
11/22-23, 28-30/03	Farmers Market	YES
11/8 & 22/03	Football Shuttle	NO - \$1,000
11/28-30/03	OR Homecrafters Assn.	YES
12/2/2003	Theatre Works	YES
12/5/2003	Superior Steel Holiday Party	YES
12/5, 12 & 19/03	Eugene Chamber of Commerce Greeters	YES
12/6-7,13-14/03	Oasis BMX	YES
12/6-7 & 21/03	Piccadilly Flea Market	YES
12/6/2003	Gore Wedding Reception	YES
12/6-7,13-14,20-24/03	Saturday Market	YES
12/6-7,13-14,20-21/03	Farmers Market	YES
12/6-7/03	OR Homecrafters Assn.	YES
12/13/2003	OR Knife Collectors	YES
12/13/2003	Eugene Water & Electric Board	YES
12/16/2003	Fair Board Meeting	NO - \$330