

W. G. A.

DATE: May 6, 2007
TO: Board of County Commissioners
FROM: Warren G. Wong, Managing Director
Fair Board
SUBJECT: Livestock Building – YMCA Proposal

At the request of the Commission Agenda Committee, the YMCA response to a Request for Proposal on alternative uses of the Livestock Building is scheduled for your May 16 meeting. Staff will give a brief report and the YMCA will present their Proposal.

BACKGROUND

The Fair Board was approached by the YMCA in April 2006 as to the feasibility of using the Livestock Building for an in-door sport facility. Over the ensuing six months and a series of meetings, the Board and YMCA came to an understanding that resulted in a proposal to the County Commission in November. The Board recommendations included:

- ❖ Enter into a ten-year lease with the YMCA for the Livestock Building wherein the YMCA will remodel the facility with its own resources and program it as an all-year, multi-purpose sports facility, and
- ❖ Direct the Fair Board to negotiate with the YMCA a financial agreement that returns to the Fair Board the loss of rental revenue from the Livestock Building and a share (base plus percent-above-base) of the annual net earnings generated by the YMCA operated programs, and
- ❖ Direct the County Administrator or his designee to negotiate a lease agreement with the YMCA for the Livestock Building consistent with the negotiated financial agreement between the YMCA and Fair Board, and
- ❖ Direct the Fair Board to rent an off-site facility to accommodate the horse events, including events currently not conducted at the Fairgrounds such as a rodeo, for the 4H/FFA Youth Fair and County Fair for an equivalent ten-year term, with all other animals associated with these Fairs such as cows, sheep, goats, chickens, rabbits and so on remaining at the Fairgrounds, using proceeds from the YMCA payment to the Fair Board to pay the rent and associated expenses of an offsite facility, and

- ❖ Direct the Fair Board to place the net return from the YMCA, that is the gross return less cost of off-site horse facility, for the first three years in a Master Planning Reserve account, and
- ❖ Amend Board Order #05-12-7-2 to capture any Excess Transient Room Tax above the base of \$900,000 adjusted for inflation for the period 2008-2015 and allocate it to the Fair Board to establish a Master Planning Reserve account, and
- ❖ Direct Fair Board via the annual budget process to use the resources in the Master Planning Reserve account, when sufficiently funded in years three-five, to undertake a Master Planning process to include plans and designs for facilities and site and financing mechanisms to reinvest and redevelop the present Fairgrounds (Lane Events Center) and/or a new fairgrounds amenable to traditional fairgrounds-type activities in a location unencumbered by environmental and urban-type regulations.

No decision or direction was made by the Commission at that meeting.

In late December 2006, the Fair Board, at the suggestion of Commissioner Sorenson, issued a Request for Proposal for alternative uses of the Livestock Building, with proposer assuming all capital costs of remodeling and all operating costs for activities programmed in the building; a ten-year lease; and, a rental and/or profit-sharing agreement with the Board. The RFP closed on February 9, 2007; and, the YMCA was the only entity submitting a proposal. Staff has reviewed the YMCA Proposal and it does meet the technical requirements of the RFP.

YMCA PROPOSAL

- YMCA leases Livestock Building for ten years.
- YMCA operates in-door sports and recreational programs.
- YMCA assumes all costs of building improvements; tenant improvements revert to Lane County at end of lease.
- YMCA assumes it leases the building after the 2007 Fair and begins programming in Spring 2008.
- Financial proposal:
 - Cash Remittance:
 - Pay \$26,333 per year to make the Fair Board 'whole' for loss rent generated by the Livestock building; base year is 2005. Ten-year total = \$263,330
 - Profit share at 60%/40% (Fair Board/YMCA) after all operating expenses and debt service covered. Based on submitted Business Plan, profit sharing over the ten-year term is in the following range each year, \$15,000 -- \$105,000. Ten-year total = \$600,000

- At this point, the Fair Board receives a total of \$863,330 over the ten-year term.
- Cost Avoidance:
 - YMCA assumes Fair Board saves operating costs of \$30,000 per year. Ten-year total = \$300,000
- Other things being equal, the total potential financial benefit to the Fair Board is \$1,163,330 over the ten-year term

The financial estimates provided by the YMCA are based on their assumptions of revenues and expenses; the Fair Board has not verified these line-items.

FAIR BOARD STRATEGY

Since the imposition of the restriction on large animals (cattle and horses) to the dry-weather period, currently mid-May – mid-October, by the City of Eugene, the use of the Livestock Building has diminished significantly to primarily non-animal uses.

During the dry-weather period, the principle uses of the Livestock Building are the 4H/FFA Youth Fair and County Fair, primarily for horse activities. In the wet-weather period, a BMX program and a very small number of other non-animal events used the Livestock Building. The BMX program is no longer at the Lane Events Center and the other large user, the Oregon Logging Conference, has not used this venue in the past two years.

The Board's thinking was that the financial remuneration from the YMCA be used in two ways:

- First, rent an off-site facility suitable to house the 4H Fair and County Fair horse activities. Estimate for ten-year = \$350,000 – \$500,000

The 4H has substantial concerns that an offsite venue would pose logistical issues for families that have youth showing in multiple-areas. Further, it would separate the horse activity from the balance of the 4H/FFA Youth Fair, causing the entire event to lose the cohesiveness provided by a single venue.

Likewise, the same concern exists among County Fair horse exhibitors. Some provision for public transportation could be made from the County Fair to the off-site facility; and, perhaps, certain County Fair activities might even take place at the off-site facility, such as concerts and more agrarian activities. If the County Fair horse program is housed off-site, it is highly probable that this event will lose attendance and, perhaps, cease to exist due to the lack of proximity to the balance of the County Fair.

- Second, the Fair Board intended to use the balance of the YMCA payments to begin to address the long-standing concern about the disinvestment in the Fairgrounds and the lack of financial resources to

conduct a major feasibility study on reinvestment in the current site, relocation to an alternative site or a combination of both. The Fair Board saw a way to address this major community issue by placing any excess revenue from the YMCA into a Reserve account to eventually accumulate sufficient funds to conduct an appropriate architectural, engineering, market and site analysis and information program on the fairgrounds. Short of doing this analyses, the Fair Board determined that there was no way to present an objective case to the County Commission and community on reinvestment in the current Fairgrounds or an alternative option to the current Fairgrounds due to lack of financial resources. Estimate for ten-year = \$363,330 -- \$513,330

STATUS UPDATE

Conceptually, the conversion of the Livestock Building and the rental of offsite facilities for the 4H/FFA Youth Fair and County Fair horse events is a “stand alone” proposition and would pay for itself, per se. However, the reality is that it becomes an additional component of the overall Board budget. Given the reduction of \$176,000 in Excess Transient Room Tax, it will be necessary to reexamine the viability and financial feasibility of renting offsite venues for the 4H and County Fairs’ horse events. That analysis will not take place until and if a final agreement is consummated with the YMCA,

COMMISSION ACTION

This agenda item is not scheduled for action by the Commission. It is on the agenda to provide the YMCA an opportunity to present and discuss its Proposal with the Commission.

In order for the YMCA Proposal to be implemented, it would require the Commission to enter into a multi-year lease of the Livestock Building. At this point, until this action is taken, no further discussions or contract negotiations have taken place with the YMCA and no further analysis or negotiations have taken place on an alternative site for the 4H Youth Fair or County Fair horse events.

Conversion of a Lane Events Center building into a multi-purpose recreational facility and community center

The Eugene Family YMCA proposes to lease the Livestock Building from the County and convert it into a year-round, multi-purpose recreational center for out-of-school youth programming, youth, family, adult and senior recreation, regional tournaments, and community events. The YMCA will assume all conversion and operating costs, guarantee rental-replacement revenue to the Fair Board/ County, and ensure a revenue split with the county that is agreeable to both parties.

Lane County seeks to:

- Generate increased revenue and cut expenses
- Encourage more Lane County residents to use the Lane Events Center facilities
- Increase access to prevention programs and services for youth and young adults

The YMCA seeks to:

- Secure a facility that would support year-round, indoor recreation for youth, adults, families and seniors
- Provide quality programs that address two rising concerns in our county:
 - 1) *Prevention*: the need for youth to be in a safe, engaging environment with trusted adults during non-school hours; and
 - 2) *Preventative Health Care*: the need to keep youth active and healthy

An indoor recreational facility, created in partnership between the county and the YMCA, fulfills the above-stated goals of both entities.

- ✓ It is projected to generate \$1.1 million in net revenue for the County over the next ten years.
- ✓ It provides our county's youth with a safe, affordable opportunity for recreation during non-school hours.
- ✓ It sends a message that we are committed to keeping our kids healthy, active and strong and that, together, we will ensure access to programming for the greatest number of kids and families as our facilities and resources allow.

If the County were to sell or re-envision the use of the land currently housing the fairgrounds, we would require reimbursement of un-depreciated and honor the County's request to cease YMCA operations on this site.

We ask that you consider this proposal with respect to our collective goals and the tremendous potential this partnership has for providing services and programming to thousands of Lane County residents.



YMCA

We build strong kids,
strong families, strong communities.



The County Recreational Facility at the Lane Events Center

Proposal for YMCA Development and Operation

Financial Projections 10 Years w. 6 Month Startup

In Thousands of \$

		Note 1									
Lease Yr	Startup	Standard w. Debt					Standard w. No Debt				
	12/07 to 6/08	1	2	3	4	5	6	7	8	9	10
		FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18
Revenue											
Indoor Soccer	Intro Pricing and	490	490	490	490	490	490	490	490	490	490
Other Sports	Special Events	40	40	40	40	40	40	40	40	40	40
Other Events	Enough to Carry	20	20	20	20	20	20	20	20	20	20
Concessions	Expenses.	5	5	5	5	5	5	5	5	5	5
(Youth Scholarships)		-25	-25	-25	-25	-25	-25	-25	-25	-25	-25
Total Revenues		125	530	530	530	530	530	530	530	530	530
Expenses											
Referee Costs		20	57	57	57	57	57	57	57	57	57
Reception Security		22	60	60	60	60	60	60	60	60	60
Maintenance		16	32	32	32	32	32	32	32	32	32
Supplies											
Operating		12	24	24	24	24	24	24	24	24	24
Maintenance		6	12	12	12	12	12	12	12	12	12
Utilities		20	30	30	30	30	30	30	30	30	30
Insurance		8	12	12	12	12	12	12	12	12	12
FH Management		21	50	50	50	50	50	50	50	50	50
YMCA OH (10%)		0	53	53	53	53	53	53	53	53	53
Total Expenses		125	330	330	330	330	330	330	330	330	330
Net Revenue		0	200	200	200	200	200	200	200	200	200
Debt Payoff		0	150	150	150	150	0	0	0	0	0
Pay to County		0	25	25	25	25	25	25	25	25	25
Surplus			25	25	25	25	25	175	175	175	175
Distribution:											
County	60%		15	15	15	15	105	105	105	105	105
YMCA	40%		10	10	10	10	70	70	70	70	70
County Benefits											
Base Rent			25	25	25	25	25	25	25	25	25
Projected Surplus Share			15	15	15	15	105	105	105	105	105
Relief from Util/Maint	20		25	25	25	25	25	25	25	25	25
Total County Benefit		20	65	65	65	65	155	155	155	155	155

\$1,120

Note 1. For the Ten Year Projection, all years are the same. It is assumed that adjustments in expenses can be offset by prices to adjust revenue to achieve the same net results.

Smaller Field (130' x 50')

YMCA Youth Sports office

Viewing area converted to
Pro Shop / viewing

Demountable dasher boards
and glass wall for viewing

Large Field (170' x 75')

Demountable dasher boards
and glass wall for viewing

Removable synthetic turf

Black netting above dasher
boards to control ball

Exposed concrete floor

Mini Field (115' x 50')

Black netting above dasher
boards to control ball

YMCA MULTI-PURPOSE SPORTS FACILITY