

W. S. B.

Memorandum Date: March 4, 2009
Board Order Date: March 18, 2009

TO: Board of County Commissioners
DEPARTMENT: CAO/Economic Development Standing Committee
PRESENTED BY: Mike McKenzie-Bahr, Community and Economic
Development Coordinator

AGENDA ITEM TITLE: ORDER/IN THE MATTER OF ALLOCATING VIDEO
LOTTERY FUNDS FOR THE PURCHASE OF GOLDEN GARDENS

I. MOTION

Move to approve allocating annually up to \$200,000 of video lottery funds for the purchase of Golden Gardens.

II. AGENDA ITEM SUMMARY

The Lane County Economic Development Standing Committee (EDSC) has reviewed and discussed the economic development opportunities of acquiring and developing the property known as Golden Gardens.

The EDSC is recommending that if needed, the Board of Commissioners should make an annual video lottery appropriation of up to \$200,000 for the repayment of any loan needed to purchase Golden Gardens.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

On June 20, 2007, the Board adopted order no. 07-6-20-6 in the matter of authorizing the County Administrator to execute an intergovernmental agreement with the city of Eugene for the purchase option for exploring potential cooperative development of the Golden Gardens Properties.

In August 2008, the EDSC met and discussed the issues and financial meaning of the Golden Gardens project with regards to future economic development opportunities that the project could present.

The EDSC voted to recommend the Board allocate up to \$200,000 annually to repay notes in regards to the purchase of Golden Garden.

Since the EDSC vote, the State of Oregon reduced the final video lottery payment to the counties by 40%. This reduction, discussed in more detail below, will have a small impact on Lane County's video lottery program. There is a concern that the State may look at similar cuts for the 2009-2011 state budget cycle. Such a cut would have a significant impact on the ability of the County to make video lottery grants.

B. Policy Issues

The Board has the following policy issues to consider:

- 1) Should this project be funded annually as recommended by the EDSC through video lottery appropriations?
- 2) Should the BCC approve this order prior to the State of Oregon completing the 2009-2011 Budget Cycle?

C. Board Goals

The awarding of video lottery funds for the Golden Garden project meets the Board's goal to "Develop Lane County's economic engine."

D. Financial and/or Resource Considerations

The total amount of video lottery funding currently available is \$1,141,856, which is in the strategic opportunity reserve fund.

The Board has established the strategic opportunity reserve fund to be used for economic development opportunities that present themselves during the year. The Board has been placing about \$200,000 in unallocated video lottery funds in the strategic opportunity reserve fund in order to build up an amount that could be applied to a significant opportunity if one presented itself.

As the Board is aware, the County receives quarterly Video Lottery payments. There is still one more quarterly payment due in the current fiscal year.

It was anticipated that the quarterly payment would be \$337,513. However as part of the effort to balance the 2007-2009 Oregon State budget, 40% of the County quarterly allocation will be kept by the State.

We anticipate that our final quarterly payment will be reduced to \$202,507, a reduction of \$135,006. Of the \$202,507, only \$23,779 is unallocated and would be placed in the strategic opportunity reserve fund. That would bring the amount in the fund to \$1,165,635,

A one-time video lottery reduction will slightly impact the County video lottery program.

However, if the state decides to implement this reduction on a continuing basis as part of its effort to balance the 2009-2011 State budget, County video lottery program uses will be severely impacted to a point that the County would not be able to operate its current grant programs.

E. Analysis

Lane County has created a program to allocate video lottery funds for economic development projects.

If the Golden Gardens property is developed with tourist and community serving projects, it could have a significant economic development opportunities.

For those reasons, the purchase of Golden Gardens meets the criteria for economic development projects.

F. Alternatives/Options

The Board may:

- 1) Approve ORDER allocating video lottery funds for Golden Gardens as recommended by the EDSC, or
- 2) Decide not to allocate any funds out of strategic economic development funds at this time.

IV. TIMING/IMPLEMENTATION

Upon Board approval of funding staff will set up appropriations process for Golden Gardens if the County purchases the property.

V. RECOMMENDATION

The EDSC recommends allocating annual appropriations from video lottery funds for the Golden Gardens project.

VI. FOLLOW-UP

Staff will keep the EDSC updated on all project elements. Any issues needing Board attention will be brought to the Board in a timely manner.

VII. ATTACHMENTS

A: Board Order

IN THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON

ORDER NO.

) ORDER/IN THE MATTER OF ALLOCATING UP
) TO \$200,000 ANNUALLY FROM VIDEO
) LOTTERY FUNDS FOR THE PURCHASE OF
GOLDEN GARDENS

WHEREAS, the Lane County Board of Commissioners on June 20, 2007, adopted order no. 07-6-20-6 in the matter of authorizing the County Administrator to execute an intergovernmental agreement with the City of Eugene for the purchase option for exploring potential cooperative development of the Golden Gardens Properties.

WHEREAS, the Lane County Economic Development Standing Committee (EDSC) in August 2008 discussed the issues and the financial meaning of the Golden Gardens project with regards to future economic development opportunities that the project could present.

WHEREAS, the EDSC voted to recommend, if needed, the Board to allocate up to \$200,000 annually to repay notes in regards to the purchase of Golden Gardens.

NOW THEREFORE, IT IS HEREBY ORDERED THAT the Lane County Board of Commissioners directs the creation of a contingency to be used for the potential purchase of Golden Gardens; and

IT IS FURTHER ORDERED that annually during the budget process, the Board will determine the amount, up to \$200,000, of video lottery revenue to be directed to the Golden Gardens purchase contingency starting with the FY 09-10 budget.

Signed this 18th day of March, 2009.

APPROVED AS TO FORM
Date 3-12-09 Lane
County


OFFICE OF LEGAL COUNSEL

Peter Sorenson, Chair
Lane County Board of Commissioners