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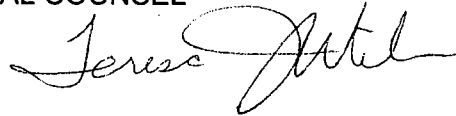
AGENDA COVER MEMO

AGENDA DATE: June 18, 2003

TO: LANE COUNTY BOARD OF COMMISSIONERS

DEPT.: LANE COUNTY OFFICE OF LEGAL COUNSEL

PRESENTED BY: Teresa J. Wilson, County Counsel



AGENDA ITEM TITLE: 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

I. MOTION: I move approval of the use of the TRT to reimburse the special projects funds and create the Fair Board "Rainy Day" Cash Reserve Fund.

II. ISSUE OR PROBLEM: The Fair Board has requested the Board approve the use of a portion the transient room tax capital funds for reimbursement of the special projects fund and for a Fair Board "Rainy Day" cash reserve fund.

III. DISCUSSION:

A. Background. In December, 2000, the Board approved the use of up to \$330,000 Transient Room Tax (TRT) special projects funds for operation of the Planetarium while the Fair Board sought to develop and implement a capital campaign to move the Planetarium to the Fairgrounds. (Order 00-12-13-3 attached). That campaign resulted in an unsuccessful bond election in November, 2002. The Fair Board has since ceased operation of the Planetarium and is divesting itself of the assets acquired earlier.

The Fair Board met with the Finance and Audit Committee in November, 2002. A copy of the minutes of that meeting, and of the information presented to the Committee is attached. The Fair Board asked that a portion of the TRT capital funds which had been committed to the capital improvements at the Lane County Fairgrounds in Order 02-1-9-4 (copy attached) be used to fund the reimbursement of the special projects fund and a portion be used to create a Rainy Day Fund.

B. Analysis. The background information and analysis of this proposal is provided in the Fair Board's memorandum to the Finance and Audit Committee. These uses of the TRT are permitted by LC 4.175(5), in that it states: Any amounts derived from the tax imposed by LC 4.110(1) above [the 5% portion of the tax] in excess of annual debt service shall be used for future capital projects or as directed by the Board through the annual budget process."

Since the Finance and Audit Committee meeting the Fairgrounds Director and County Counsel have met to develop a description of what would the events that would permit the use of the Rainy Day funds. We proposed that the Fair Board could only expend funds from the Fairgrounds "Rainy Day" cash reserve with 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.

C. Alternatives/Options. The Board has many options regarding this proposal. It can choose to approve one, but not both, uses of the TRT, or none. Not approving the use of the TRT for reimbursement of the special projects fund would leave the Fair Board in a position of trying to meet its obligation under the Agreement, but with no clear source of funds for doing so. Alternatively, the Board could choose to forego having the Fair Board reimburse the special projects fund, leaving the Fair Board with more of the TRT for capital needs. The use of the special projects funds for operating the TRT is a legitimate use of those funds; however, the Board may feel some commitment to the industry to see that those funds are replenished as there was controversy about their diversion to the Planetarium.

Not approving the use of the TRT for the cash reserve would leave the Fair Board in the position it has been in for many years of operating within its annual revenues, but without a cushion. In fact, the Fair Board's position is somewhat worse than it has been as it has "dipped into" its cash for capital needs over the past five years. However, such a choice would also leave the Fair Board with more of the TRT for capital needs.

The Board can also choose to place other restrictions than those suggested for the use of the Rainy Day Fund, or other alternatives for what would "trigger" their use.

D. Recommendations. I recommend approval of the Order as drafted.

IV. ATTACHMENTS:

Board Order

Order 00-12-13-3: In the Matter of Entering into a Memorandum of Agreement between the Lane County Board of Commissioners and the Lane County Fair Board and Directing Certain Budget Adjustments

Nov. 26, 2002 Minutes Finance and Audit Committee

Transient Room Tax graphic showing different Purposes of the Tax

Nov. 21, 2002 Memorandum from the Lane County Fair Board to the Lane County Finance and Audit Committee re: Fair Board Finances; Use of Transient Room Tax Capital Monies

Order 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

IN THE BOARD OF COUNTY COMMISSIONERS
OF LANE COUNTY, OREGON

ORDER NO. 03-06-18-

-) 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 _____ day of June, 2003.

Peter Sorenson, Chair
Lane County Board of Commissioners

APPROVED AS TO FORM

Date 6/5/03 Lane County
Teresa Whit
OFFICE OF LEGAL COUNSEL

PASSED

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER 00-12-13-3

**) IN THE MATTER OF ENTERING INTO A
) MEMORANDUM OF AGREEMENT BETWEEN THE
) LANE COUNTY BOARD OF COMMISSIONERS
) AND THE LANE COUNTY FAIR BOARD AND
) DIRECTING CERTAIN BUDGET ADJUSTMENTS**

WHEREAS, on November 29, 2000 the Lane County Fair Board presented to the Lane County Board of Commissioners a proposal to finance a planetarium project on the fairgrounds for the use and enjoyment of Lane County citizens, students, and members of the world community; and

WHEREAS, after review, the Lane County Board of Commissioners asked the Fair Board to provide a specific business plan covering both initial cost as well as recovery of costs for Lane County government; and

WHEREAS, on December 13, 2000 the Lane County Fair Board presented the requested business plan;

NOW THEREFORE, IT IS HEREBY ORDERED:

Lane County is willing to provide funding, subject to appropriation, to be used in the development of the proposed planetarium project from the transient room tax special projects fund, in an amount not to exceed \$330,000 over three years, and subject to a commitment from the Lane County Fair Board to return the same sum to the County beginning in year 4, with said funds to be placed in the account from which they were originally disbursed; and

IT IS FURTHER ORDERED that the budget staff prepare the necessary budget adjustments consistent with this order; and

IT IS FURTHER ORDERED, that the Lane County Department of Management Services disburse funding revenue consistent with the plan attached to the Memorandum of Agreement in a form substantially similar to that attached hereto consistent with the cash flow specified in the business plan, with the funding to come from the special projects portion of the transit room tax; and

In the Matter of Entering into a Memorandum of Agreement Between the Lane County Board of Commissioners and the Lane County Fair Board and Directing Certain Budget Adjustments

IT IS FURTHER ORDERED that the County Administrator is authorized to execute the attached agreement.

Dated this 13th day of 2000.



Chair, Lane County Board of Commissioners

In the Matter of Entering into a Memorandum of Agreement Between the Lane County Board of Commissioners and the Lane County Fair Board and Directing Certain Budget Adjustments

**Memorandum of Agreement
Lane County Board of Commissioners and Lane County Fair Board**

WHEREAS, on November 29, 2000 the Lane County Fair Board presented to the Lane County Board of Commissioners a proposal to finance a planetarium project on the fairgrounds for the use and enjoyment of Lane County citizens, students, and members of the world community; and

WHEREAS, the Lane County Board of Commissioners reviewed the proposal and then asked the Fair Board to provide a specific business plan covering both initial cost as well as recovery of costs for Lane County government; and

WHEREAS, on December 13, 2000 the Lane County Fair Board presented a business plan which the Lane County Board of Commissioners found acceptable;

NOW THEREFORE, be it mutually agreed as follows:

1. To the extent that appropriated funds are available in the transient room tax special projects fund Lane County shall provide funding as proposed in the attached business plan, and as further described below.

2. Lane County will provide funds as outlined in the attached business plan to the Lane County Fair Board in amounts and timing as specified in the business plan, not to exceed \$330,000 in three years.

3. Lane County Fair Board will duly invest these funds in the development of a planetarium and science learning center on the fairgrounds as well as seek funding from donors, businesses, government agencies, federal government, and foundations; as well as proceeds from shows, workshops, special camps, educational grants and foundations.

4. The Lane County Fair Board will reimburse Lane County in year four in an amount at least equal to \$35,000; year five at least \$40,000 and remaining revenues as soon as reasonably possible until the complete \$330,000 is reimbursed, not to exceed an additional three years.

William Van Vactor
County Administration

Mike Gleason
Lane County Fair Manager

FY 2000-01 Tourism Special Project Program Budget
Impact of Fairboard Planetarium Plan

	FY 97-98	FY 98-99	FY 99-00	FY 00-01	
	Actuals	Actuals	Actuals	Budget	
Tourism Special Projects					
RESOURCES					
Transient Room Tax	141,250	141,307	150,835	150,000	New Room Tax Revs
Refunds & Reimbursements	0	1,130	0	0	
Investment Earnings	9,599	10,116	9,532	2,156	
Fund Balance	<u>170,563</u>	<u>156,853</u>	<u>154,133</u>	<u>144,433</u>	Prior Year Balance
TOTAL RESOURCES	321,411	309,406	314,500	296,589	
EXPENSES					
Professional & Consulting	138,366	129,621	142,929	264,357	Tourism Projects *
Agency Payments	10,000	10,000	10,000	10,000	Hayward Field payment
Financial System Assessment	0	696	232	0	
County Overhead Charges	1,582	457	1,826	1,000	
Office Supplies & Expense	0	0	0	200	
Printing & Binding	0	0	0	100	
Advertising & Publicity	110	0	0	100	
Committee Stipends & Expense	0	0	0	300	
MATERIALS & SERVICES	150,058	140,773	154,987	276,057	
Transfer To Special Rev. Funds	<u>14,500</u>	<u>14,500</u>	<u>15,080</u>	<u>20,532</u>	Grant admin. by Parks**
FUND TRANSFERS	14,500	14,500	15,080	20,532	
TOTAL EXPENDITURES	164,558	155,273	170,067	296,589	
NET BALANCE	(156,853)	(154,133)	(144,433)	0	

* NOTE: These are the funds that will be used to support the Fairboard's Planetarium proposal.

This year the Board awarded \$145,000 in tourism special projects. The planetarium plan calls for spending up to \$91,000 this year, \$155,000 next year, and \$84,000 the following year. The impact of this plan will be to leave alot fewer dollars for new special projects grants over the next several years.

** The transfer payment to Parks for grant administration will have to be maintained due to the multi-year nature of some projects and to administer any new grants.

FINANCE & AUDIT
November 26, 2002
Commissioners' Conference Room

Members Present: Bill Dwyer, Jim Gangle and Anna Morrison

Staff Present: Kay Blackburn, Dave Garnick, Bobby Green, Betsy Meredith, Tanya Heaton, Becky Koble, Trina Laidlaw, David Suchart, Bill Van Vactor, and Teresa Wilson. Zoe Gilstrap, Recording Secretary

Guests: Mike Lewis, Jones & Roth
Jean Duncan, Tom Hutton and Charles Warren, Fair Board members

1. Approval of Minutes

MOTION: Approval September 24, 2002 Minutes.

Morrison MOVED, Gangle SECONDED. VOTE: 3-0.

2. Audit Update

Mike Lewis, Jones & Roth, stated that the audit process going very well but noted that it is different this year due to GASB. He said they will be receiving the draft financial statements early next week and that the financial analysis will be ready the following week. Lewis said they are anticipating no problems.

Regarding the Management Letter, Lewis stated that, hopefully, most issues will be resolved this year. He said the audit will be completed by the end of the year with no extensions. Lewis said he would like to deliver the audit to Finance and Audit in January and then to the Board in February.

3. HIPAA

Trina Laidlaw, Assistant County Counsel, stated that there is a new federal law called HIPAA. She said they need to figure out how to comply, stating that the current deadline for the privacy rule is April 2003. Laidlaw explained that she has identified five departments directly impacted that may need to make changes. They are the Sheriff, District Attorney, Management Services, Health and Human Services and Youth Services. She said that, in addition, the Internal Auditor, County Administration, Legal Counsel and Information Services all have access to private medical information. Laidlaw said that are eight people on the Lane County HIPAA Task Force working on how to comply and incorporate this into the structure of the County. She said they will go to the Board in January to designate a privacy officer for Lane County and a contact person to receive complaints about disclosure of

private information. Laidlaw said there will probably be a need to adopt countywide policies and procedures.

Laidlaw stated that Kay Blackburn, Internal Auditor, is willing to be the privacy officer. Laidlaw said she is asking for approval of her name to forward to the Board in January. Responding to Dwyer, Laidlaw said the bulk of work for the privacy officer will be in January and February to assist with the compliance deadline in April. Blackburn said when working on projects, a lot of time is spent waiting for information. She said she feels that she can assume this role and reorganize other projects that have not been started.

There was agreement to forward the recommendation that Kay Blackburn be the HIPAA privacy officer to the Board.

4. Fairgrounds TRT

Warren Wong, Fairground Manager, reviewed his background material, noting that they went back to the comprehensive financial reports for the last ten years as well as audit reports for the last fiscal year. He reviewed the schedules.

Schedule A, the first set of numbers shows the total cash, backing out cash restricted for capital purposes and leaving operating cash availability. He explained that during the first part of the ten-year period, there was a reserve, but in the last several years, the cash has been depleted. Wong said that part of the Fair Board's goal is to restore that cash. He said another measure has to do with revenues at the Fairground, stating that they rent space as a business. Wong explained that this cash in last few years has become less. Morrison asked about keeping the cash in a separate trust account. Wong said they use that cash for day-to-day operations.

Schedule B, operating funds history. Wong said that essentially, the only cost center that makes money is the Fair; the rest may cover the direct cost but not the indirect. He said the Fair pays for administration and subsidizes everything else. Wong said the bottom of Schedule B shows two things: that the Fair Board basically charged the Fair Board Director to get more activity on the Fairgrounds, which they did; and, second, that some of expenses were incurred in capital because there wasn't enough capital money taken from operations.

Schedule C is a ratio of whether they can pay bills and if there is enough cash in to the bank to pay payroll and bills. Wong said if they were to go out of business, they could not pay the bills.

Schedule D are the financials as of the first quarter. Wong noted that they are making some progress.

Schedule E reemphasizes the point that the Fair is critical to operations. Wong stated that in July, they started with a deficit and the way to make payroll and payables was

to borrow against capital and pay it back in September and October, which is a peak due to the Fair. Wong noted that outsourcing food and beverage as of July 1 this year has improved. He said they are also going to outsource grounds maintenance.

Schedule F, adopted goals, illustrates if the measures are doing better, worse or the same. Wong said it is a comparison which they will provide every quarter.

Wong stated that this information tells them that the Fair is critical to the health and well being of the Fair Board. He said right now the financial situation is a little shaky but they have taken steps to correct the course to make the situation more sound and to increase revenue where possible. Wong said they have come down from 35 FTE to 22 FTE today and have done energy and water conservation, have no COLAs for employees, have leave without pay or short work weeks and have outsourced. He noted that they are faced with critical issues: health insurance and PERS. Van Vactor cautioned the Fair Board from going down to no employees and outsourcing. He said the employees leave with unfunded liabilities and if they shrink payroll they would have to hire an actuary to see how to pay for those unfunded liabilities.

Wong stated that the Fair Board has directed staff to concentrate on fairs and festivals and convention business. He said there is general agreement to create a position to direct outside sales, marketing, stating that they are going to hire someone. Dwyer suggested they check about commission as an independent contractor. Van Vactor suggested that they talk to CVALCO. Van Vactor also stated that the Board annually approves a marketing plan with CVALCO of over a million a year and thought they might be able to use some that for this.

Wong asked about using a portion of Transit Room Tax money for capital improvement. He said there are two issues at hand. One is the Planetarium loan, which they have a commitment to repay but said there is not the cash to do that and the operating budget will not provide it. The Fair Board suggested that part of TRT capital be allocated for repayment of that loan out of the project account. Dwyer noted that is paying Lane County back with its own money. Wong said the second issue is cash reserves, recognizing that it is unlikely that they will generate the target of \$500,000 with operating targets. He said part of the reason the cash isn't there is that it was spent on capital. Green said he would be hesitant to move on this because CVALCO and Springfield have an interest in this money.

Teresa Wilson, County Counsel, said if they wanted to do what the Fair Board is suggesting in their request, annually they could change the sweep and grant funds through the budget process for cash reserves or they could do a Lane Code change on how TRT monies are used. Wilson said there has been a long-standing tension between the Board of Commissioners and industry when a change has been suggested in the past. Van Vactor said both proposals are financially prudent but his concern is for a long-term Fairgrounds. He noted that there is a five-percent prudent reserve general policy. Wong said he thinks it is prudent to ask for a reserve. He said they need the funds, and this is consistent with the five-year timeline.

Morrison stated that she is supportive of the Fairgrounds but asked if they could do it in another location and cut costs. Wong replied that the Fair would not be the Fair as it is now because of exhibits. Dwyer said he wants to keep the Fair. He said he is in favor of giving them the operating cash and not have it used for capital.

Wong said TRT per year is \$650,000 to \$700,000. He explained that they are talking about \$275,000 to \$300,000 toward balancing the reserve and payment of the loan. Wilson said he is talking about taking \$275,000 to \$300,000 and instead of using it as CIP, use it for reserves and the loan. Van Vactor suggested that they describe a payment structure and modest capital reserve and what is left. He said it could be put into an annual order approved by the Board. Green stated that he wants to talk to the other stakeholders first. Hutton stated that CVALCO needs the special projects loan repaid. He said they would love to get a cash reserve built but maybe their goal is not possible. Green and Van Vactor will put this on the CVALCO agenda. Morrison said they would need to look at the contract with CVALCO regarding the marketing suggestion. They will check with the Chamber and, if okay, they will have direction regarding a Board order. Wong said he is in the process of revising the CIP for the next four years. Wilson said in terms of the Board order, this should occur in the normal budget process, which would be in June. She said a June order would work for both the loan and the reserve.

There being no further business, this meeting adjourned at 3:00 p.m.


Zoe Gilstrap, Recording Secretary

TRANSIENT ROOM TAX

LC4.110(1)
4.175(5)

5%

Title: Special Purpose – Debt Service

Uses:

- 1) '89 COPS – livestock arena and ice rink (paid off)
 - 2) '94 Fairgrounds project
 - 3) Future capital projects
- or
- as directed by Board through annual budget process

Order 02-1-9-3 – Refinance '98 fairgrounds debt which included a refinance of '94 debt

Order 02-1-9-4 – Dedicated \$890,500 of proceeds of previous order for fairgrounds sanitary sewer project and other capital improvements

and



(sweep) of any excess of 5% TRT dedicated for 5 years for Fair Board capital projects pursuant to Fairgrounds CIP

.C4.110(2)
4.175(6)

3%

Title: Special Purpose Visitor Industry

Uses:

70%	10%	10%	10%
marketing visitor industry	Historical Museum	Special Projects	Tourism Marketing

Order 00-12-13-3 – Committed up to \$330,000 over 3 years of the 10% Special Projects funds to be used pursuant to Business Plan for Planetarium. Fair Board to reimburse year 4 \$35,000, year 5 \$40,000, and remainder over next 3 years

DATE: November 21, 2002
TO: Lane County Finance and Audit Committee
FROM: Lane County Fair Board
SUBJECT: Fair Board Finances
Use of Transient Room Tax Capital Monies

BACKGROUND INFORMATION

To understand the basis for the Fair Board's recommendations and the financial conundrum that confronts the Fair Board, it is important to understand the financial environment in which the Fair Board is operating. The financial issues facing the Fair Board are no different in form and substance but perhaps in degree than that faced by other departments of Lane County.

Part of your charge to and that contained in State Law for the Fair Board is for it to operate the Fairgrounds in a financially prudent and sound manner. Toward that end, the Fair Board has taken the position that it must proactively address the financial and operating issues forecasted on the planning horizon. Therefore, the Fair Board has supported management's efforts to increase revenue, reduce expenses and continually analyze and/or implement methods to obtain more output from limited resources. Prior to you receiving a recommendation from the Fair Board, a very thorough analytical process has been undertaken and all action within the Fair Board's purview has been exercised. Thus, the specific recommendations at this point require Commission level action or direction.

➤ **FAIR BOARD FINANCIAL STATUS**

Staff has prepared a detailed analysis on the Fair Board finances and summarized it into the attached background material. This material will serve to set the context and structural basis for our recommendations.

Three of the Schedules discussed below portray a ten fiscal year timeframe, including preliminary year-end unaudited results for FY02. This information was obtained from the Fair Board's Comprehensive Annual Financial Reports prepared by an external auditor and adjusted by staff to result in the pertinent data associated with each schedule. It is telling to review the actual financial data on a longitudinal basis to understand "where we have come from", "where we are" and to forecast "where we will be".

- ❖ SCHEDULE A, Net Operating Cash Available -- This Schedule shows the Total Cash at the end of the fiscal year and breaks that down to Operating Budget and Capital Budget Cash. As the Schedule depicts, in the early years of this timeframe, the Operating Cash available was significant and provided an ample amount of cash reserves for both an unexpected negative financial occurrence or to take advantage of a fiscal or program opportunity.

- ❖ Schedule A, Deferred Revenue Ratio – The Fair Board rents venues to clients and requires a 20% downpayment on signing the rental agreement and full payment prior to use. The revenue is not earned until the event takes place and, thus, the associated cash is “restricted” and technically not available for use. This ratio measures whether, in fact, that cash has been used for purposes other than initially intended. The ratio should be 100% or greater. As the longitudinal data shows, this has not been the situation in the last several fiscal years and is an early indicator that the financial health of the organization should be questioned.

It is important to note that two revenue streams existent in the early years basically evaporated in the latter part of the time period. Namely, the rental income from Jefferson Street properties stopped when the Board determined the liabilities associated with renting substandard housing were significant. The rental revenue from the stables and Livestock Building was lost as a result of the curtailment of large animal housing and events throughout the year due to pollution issues.

- ❖ SCHEDULE B, Operating Funds History – As depicted by the Schedule, Operating Profits Before Depreciation existed for the early years in the analysis and a slight profit materialized in FY02 (subject to audit adjustments).
- ❖ SCHEDULE C, Net Working Capital – This is a financial indicator of the organization’s ability to pay current obligations such as vendors and payroll within the current accounting period. Ideally, the ratio should be positive. Again, in examining the longitudinal trend, the early years were fine but the latter period is problematic.
- ❖ SCHEDULE D, Income Statement, First Quarter, FY03 – First quarter of the current fiscal year shows a profit of \$359,902 vs. \$336,739 at the same time in FY02.
- ❖ SCHEDULE E, Net Operating Profit before Depreciation FY2002-03 – Depicts the actual cumulative profit or loss to-date at each month in FY02 and first four months of FY03 (October’s number is preliminary and subject to final internal review). As you can see, the profit peaks in September – October as a result of the County Fair and rapidly dissipates over the balance of the fiscal year. Clearly, this demonstrates the importance of the County Fair, the only cost center that produces a net profit, to the overall financial health of the Fair Board.
- ❖ SCHEDULE F, Financial Measures – On July 23rd the Fair Board adopted a set of financial measures by which to evaluate its financial condition. These measures are prepared quarterly and provide a barometer of the Fair Board’s financial condition and direction. The first quarter of FY03 can be compared to the appropriate quarter in FY02 on FY01

Given the financial environment evidenced by the above discussion, the following is a synopsis of action-steps implemented over the past several years, with greater urgency on the expense side in the last 18 months:

- ❖ Various strategies were undertaken to create new activities or venues to generate additional net revenue including the Sports Center, Pizza Building, Holiday Lights, Fourth of July Celebration, Multi-Purpose Building, Planetarium Learning Center and Espresso Stand. Some of these efforts worked for a while and others proved not viable.
- ❖ Capital Improvements – Efforts were made to improve the capital infrastructure to make the facilities more attractive and useful to clients such as improving the transportation access from Jefferson Street north of 13th Avenue, paving the parking lots, building the Atrium, redoing the HVAC in the Convention Center, energy conservation measures in the Convention Center and Ice Arena, and implementing a Summer Stormwater Connection system. Many of these initiatives are paying off and will continue to do so over the long term.
- ❖ Revenue – In addition to increasing venue and equipment rental rates and Ice, Sports and Fair admission rates, a concerted effort has been made to increase sponsorships and other minor revenue sources.
- ❖ Expenses have been decreased or resources used more efficiently by such actions as reducing the number of full-time-equivalent positions from 35 in FY00 to 23 in FY03; not granting a COLA since 2000; outsourcing Food and Beverage, Landscaping and part of the Maintenance function; selling surplus property; curtailing overtime; mandatory leave without pay for salaried staff and shortened workweeks for hourly staff; energy and water conservation measures; and, generally being very restrictive and eclectic on expenditures for supplies, equipment, and contractual services.

Despite all of the above efforts, our financial forecast shows that there are structural parameters in the public sector environment that significant revenue enhancement and expense mitigation efforts marginalizes in the long-term. Very specifically, the continuing increase in PERS and health insurance rates are very, very difficult if not impossible to overcome in the business environment the Fair Board must operate in. In other words, we cannot increase our rent and admission rates enough to cover our operating costs as a public sector entity. This conundrum is a long-term issue. We are working with staff to define the alternatives and are not prepared to address them or make a recommendation at this time.

However, what we can do from the substantial amount of data on the Fair Board's financial history and current situation is come to several key lessons as follows:

- ❖ The Net Revenue from the annual County Fair subsidizes the Fair Board's operations for the balance of the fiscal year and also other

non-Fair venues. In other words, the internal subsidy provided by the Fair covers the indirect costs not covered by the Ice, Convention Center or Sports functions.

- ❖ The Fair Board's financial status is problematic. A significant negative factor at the County Fair such as bad weather or admissions decrease as a result of the *E coli* o157:H7 incident at the last Fair will have broad implications for the viability of that fiscal year and the solvency of the Fair Board. Similarly, the loss of a major event such as the Oregon Logging Conference would have the same impact.
- ❖ It is too soon to tell whether the cost control measures implemented will pay off over the next several years and turn around the Fair Board's finances. We are cautiously optimistic although very concerned about the health insurance and PERS cost increases.

➤ **FAIR BOARD'S INTERMEDIATE-TERM DIRECTION**

Given the financial situation and the projected cost increase associated with health insurance and PERS, the Fair Board has adopted the following intermediate-term strategy:

- ❖ Focus on core service deliverables of conducting fairs and festivals and renting convention center venues and not embark on risky or new program ventures, unless there is a strong certainty of success and that the Fair Board is not assuming the financial or business risk. It is time for the Fair Board to concentrate on its "core competencies".
- ❖ Direct staff to implement a strategy to "grow" the convention center business by focusing on filling in the calendar openings and renting more of our venues to new and different clients. Toward that end, staff was directed to implement an active sales and marketing function as soon as feasible.
- ❖ Use Transient Room Tax Capital monies to enhance our facilities including replacing obsolete equipment and improving the functionality and interior of facilities as well as rehabilitation efforts to ensure the integrity of existing infrastructure. Staff is in the process of developing a Capital Improvement Plan for the Fair Board's review in January and that will become part of the FY04 Capital Budget.
- ❖ Take all reasonable and necessary measures to improve the Fair Board's financial position and meet all financial obligations.

CURRENT ISSUES AND RECOMMENDATIONS

On January 9, 2002, the County Commission adopted Board Order 02-1-9-4 providing Excess Transient Room Tax Revenues to the Fair Board for capital requirements. The Board Order made this commitment for five years, ending in FY07, and is subject to review in FY06. The Fair Board in FY02 and in FY03 allocated these monies to two major projects: the Summer Stormwater Connector Project and the Re-roof of the Convention Center. Both of these

projects are nearly complete as are other FY03 efforts to replace equipment and rehabilitate the facilities.

Two immediate issues are the repayment of the loan to the Planetarium and financial stability. As indicated by the background data, the Operating Budget is unlikely to generate sufficient profit to repay the loan or establish a Cash Reserve and the financial position of the Fair Board is very problematic at best. Given that, the Fair Board on November 13 dealt with these issues and adopted the recommendations set forward in this transmittal:

➤ **PLANETARIUM LOAN FROM THE TRT SPECIAL PROJECT ACCOUNT**

The administration and operation of the Planetarium was assumed from the Lane Education Service District in 2000 under an Intergovernmental Agreement. The IGA called for the Fair Board to operate the Planetarium but with joint management with the LESD for facility programming. The goal was to move the function to a new Planetarium at the Fairgrounds from its current location at Alton Baker Park.

As a result of its location, age of the equipment and facility and lack of resources for marketing, the Planetarium has not been a viable financial operation. The Planetarium operates at approximately a \$100,000 per year loss; the same amount as the LESD subsidy during the year prior to the transfer to the Fair Board. Clearly, if the Planetarium had been relocated to the Fairgrounds, the aggressive Business Plan developed for the new facility would have provided a chance for financial viability if coupled with the Operating Endowment envisioned in the recent ballot measure strategy.

To continue operations at the current site when the function transferred from LESD, the Fair Board borrowed against the Board of County Commissioners \$330,000 loan authorization (Board Order #00-12-13-3) from the Transient Room Tax Special Projects account according to the following drawdowns:

FISCAL YEAR	\$\$\$
01	100,000
02	110,000
03	120,000 (Estimate)

The drawdown in FY03 is subject to the amount required for closeout of the Planetarium operations and facility.

The Fair Board considered the following repayment options:

- ❖ Repay loan out of Net Operating Profit – This is a problematic solution as the Net Operating Profit is marginal at best and may be non-existent in some years. This option would significantly elongate the repayment period or result in de facto default on the loan.

- ❖ Request forgiveness on loan repayment. As stated above, the Fair Board decided against this option previously.
- ❖ Reallocate part of the TRT Capital Monies to repay this loan. Given the commitment on the TRT Capital is only four more years, the loan will actually be repaid sooner than called for by the initiating Board Order.

Fiscal Year	Board Order	Proposed
04	\$35,000	\$ 50,000
05	40,000	80,000
06	85,000	100,000
07	85,000	100,000
08	85,000	-0-

From a financial management perspective, the only viable strategy to repay this loan is with the TRT Capital. The Fair Board decided that the reallocation of TRT Capital monies it received should be used to pay back the TRT Special Project Account over the next four-year period. This option would require a change to the Lane Code and/or an amendment to the original Board Order.

➤ **CASH RESERVE:**

Cash Reserve – The Fair Board has a goal to establish a Cash Reserve equivalent to the Net Revenue from one annual County Fair as a minimum working capital balance. This amount would be approximately \$500,000. The Cash Reserve would essentially not be used, except when a Fair for weather or other causes did not produce the projected Net Revenues budgeted.

The Operating Budget will not generate sufficient Profit before Depreciation to fund this Cash Reserve. As evidenced by the most recent Fair where revenues were down because of hot weather, the risk of not achieving the Net Revenues budgeted is great. We were fortunate to have simultaneously decreased the cost curve to escape financial disaster in the 2002 Fair. The Fair Board financial situation is tenuous; reserves are needed to preclude financial disaster.

The Fair Board adopted a strategy to allocate Transient Room Tax Capital monies to fund this Cash Reserve. A rational argument can be made for the necessity of this Cash Reserve, need to create it in an expeditious manner and that this use of TRT Capital funds is another form of investment in the Fairgrounds.

As indicated above, the staff is updating the CIP and there is an almost endless set of capital requirements. However, as the Fair Board deliberated on its obligation to repay the Planetarium Loan and its fiduciary responsibility, it determined that the loan repayment and cash reserves were paramount to spending this money on capital and equipment, despite the pressing need for

both. County Counsel will have specific recommendations to facilitate the desired use of TRT capital should you approve these recommendations.

SUMMARY

For the longer-term, the Fair Board will continue to monitor the impact of various intervention strategies and begin to discuss the longer-term future of the Fair Board, Fairgrounds and service delivery in terms of form and structure. These discussions will obviously raise significant policy, political, financial and programmatic implications.

For now, we respectfully request the County Commission consider the two alternative uses of the TRT Capital monies to enable the Fair Board to repay the Planetarium loan and establish a firm financial structure to support its operations.

Attachments – Several

Lane County Fair Board

Net Operating Cash Available

Schedule A

	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	Unaudited 2001/02
Total Cash (1)	568,309	629,593	662,303	629,656	425,045	137,093	4,595,907	3,213,959	231,384	199,128
Capital Funds (2)	(199,560)	(80,743)	(9,698)	(10,464)	(407,926)	(5,828)	(4,517,865)	(3,123,876)	(147,396)	(50,000)
Operating Cash	368,749	548,850	652,605	619,192	17,119	131,265	78,042	90,083	83,988	149,128

Deferred Revenue Ratio

Deferred Revenue	270,261	253,653	223,979	195,942	293,193	219,145	259,204	245,231	218,343	303,452
Operating Cash as percentage of Deferred Revenue	136%	216%	291%	316%	6%	60%	30%	37%	38%	49%

(1) All FY 93 - 01 amounts from audited Financial Statements, with the exception of FY 02.
 (2) Capital Cash estimated FY 93 - 96.

Lane County Fair Board Operating Funds History

Schedule B

	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	Unaudited 2001/02
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
Ice	473,909	473,907	543,397	512,269	522,137	591,719	506,117	564,558	546,833	586,896
F & B	640,646	640,642	691,018	712,416	675,489	704,002	696,181	634,357	593,049	579,190
Rentals	492,274	492,271	569,360	672,826	723,580	738,302	751,296	774,445	790,215	800,903
Festivals/Recreation	-	-	-	-	-	38,659	80,299	129,120	64,979	47,494
Planetarium	-	-	-	-	-	-	-	-	119,651	329,112
Miscellaneous/Marketing	91,003	38,104	28,740	40,724	100,941	63,298	91,168	84,785	67,292	108,024
Totals	2,624,640	2,813,267	3,055,079	3,408,560	3,496,528	3,588,789	3,852,243	3,964,270	3,997,886	4,256,147

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	1,339,031
Ice	406,576	401,488	402,340	472,029	509,392	466,008	404,842	496,691	522,932	536,805
F & B	513,492	480,570	560,377	611,722	576,006	579,550	649,087	661,254	562,363	552,623
Rentals	440,989	469,794	507,719	570,292	684,979	759,998	780,499	861,875	672,291	635,042
Festivals/Recreation	-	-	-	-	-	67,393	106,159	202,861	162,150	50,400
Planetarium	-	-	-	-	-	-	-	-	49,000	295,791
Administration/Marketing	415,652	534,081	606,020	632,972	673,896	734,943	729,334	755,698	763,131	783,973
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	4,193,665
Net	256,998	232,376	209,019	(3,525)	(76,469)	(15,382)	(94,023)	(281,424)	(123,085)	62,482

Notes:

FY 93 - 01 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

Schedule C

Net Working Capital = Liquid Assets - Current Liabilities

Lane County Fair Board

Schedule D

Income Statement For July 1, 2002 through September 30, 2002

	2001-02 Actual	YEAR TO DATE 1st QUARTER 2002-03 Budget	2002-03 Actuals	Budget Variance
<u>ADMINISTRATION</u>				
REVENUE				
Other Income	15,181.83	23,500.00	17,985.39	(5,514.61)
Total Revenue	15,181.83	23,500.00	17,985.39	(5,514.61)
EXPENSE				
Personnel	62,858.23	76,738.00	52,119.63	24,618.37
Contract Labor	0.00	0.00	0.00	0.00
Direct Overhead	57,885.49	67,599.99	93,012.91	(25,412.92)
Interest Expense - LOC	0.00	0.00	30.95	(30.95)
Miscellaneous/Contingency	0.00	0.00	0.00	0.00
Total Expense	120,743.72	144,337.99	145,163.49	(825.50)
Net Administrative Expense	(105,561.89)	(120,837.99)	(127,178.10)	(6,340.11)
<u>MARKETING AND SPONSORSHIP</u>				
REVENUE				
Sponsorships	61,500.00	77,000.00	83,860.00	6,860.00
Backlit Advertising	8,234.40	8,132.00	6,535.00	(1,597.00)
Advertising and Support Fee	500.00	1,731.00	1,150.00	(581.00)
Total Revenue	70,234.40	86,863.00	91,545.00	4,682.00
EXPENSE				
Personnel	12,089.24	14,492.00	13,917.04	574.96
Contract Labor	1,452.50	12,075.00	5,184.59	6,890.41
Convention/Event Advertising	5,017.58	0.00	65.00	(65.00)
Sports Center Advertising	5,837.93	500.00	476.60	23.40
Fairs & Festivals Advertising	71,197.71	67,015.00	68,278.82	(1,263.82)
Total Expense	95,594.96	94,082.00	87,922.05	6,159.95
Net Marketing and Sponsorship	(25,360.56)	(7,219.00)	3,622.95	10,841.95
<u>CONVENTION AND EVENT OPERATIONS</u>				
REVENUE				
Facility Rental Income	56,641.38	85,885.00	78,115.61	(7,769.39)
Equipment Rental Income	12,838.58	12,396.00	13,056.50	660.50
Food and Beverage Income	137,488.67	115,200.00	99,102.01	(16,097.99)
Total Revenue	206,968.63	213,481.00	190,274.12	(23,206.88)
EXPENSE				
Personnel	70,359.50	74,630.00	71,448.89	3,181.11
Contract Labor	10,807.42	11,000.00	19,016.58	(8,016.58)
Facility Maint/Supply/Utility	58,894.51	61,000.00	52,298.23	8,701.77
Food and Beverage Expense	94,836.29	92,340.00	72,457.89	19,882.11
Grounds Maint./Landscape	6,621.66	7,600.00	18,355.60	(10,755.60)
Total Expense	241,519.38	246,570.00	233,577.19	12,992.81
Net Convention and Event Operations	(34,550.75)	(33,089.00)	(43,303.07)	(10,214.07)

	YEAR TO DATE 1st QUARTER			
	2001-02 Actuals	2002-03 Budget	2002-03 Actuals	Budget Variance
<u>SPORTS CENTER</u>				
REVENUE				
Ice Center	94,283.24	101,085.00	97,102.19	(3,982.81)
Basketball/Vollyball Center	3,852.75	5,400.00	435.00	(4,965.00)
Equestrian Center	0.00	0.00	0.00	0.00
Total Revenue	98,135.99	106,485.00	97,537.19	(8,947.81)
EXPENSE				
Ice Center	102,339.38	101,595.00	116,223.68	(14,628.68)
Basketball/Vollyball Center	6,264.55	9,342.00	6,560.95	2,781.05
Equestrian Center	2,745.25	0.00	3,012.41	(3,012.41)
Total Expense	111,349.18	110,937.00	125,797.04	(14,860.04)
Net Sports Center	(13,213.19)	(4,452.00)	(28,259.85)	(23,807.85)

<u>FAIRS AND FESTIVALS</u>				
REVENUE				
Lane County Fair	1,735,096.63	1,775,500.00	1,666,986.40	(108,513.60)
Holiday Festival/Marketplace	0.00	0.00	0.00	0.00
4th of July	0.00	0.00	0.00	0.00
4-H/FFA Youth Fair	0.00	0.00	0.00	0.00
Total Revenue	1,735,096.63	1,775,500.00	1,666,986.40	(108,513.60)
EXPENSE				
Lane County Fair	1,229,975.91	1,338,822.00	1,106,327.01	232,494.99
Holiday Festival/Marketplace	0.00	0.00	0.00	0.00
4th of July	0.00	0.00	0.00	0.00
4H/FFA Youth Fair	4,479.50	5,000.00	4,760.50	239.50
Total Expense	1,234,455.41	1,343,822.00	1,111,087.51	232,734.49
Net Fairs and Festivals	500,641.22	431,678.00	555,898.89	124,220.89

<u>PLANETARIUM</u>				
REVENUE				
Admissions	1,888.17	7,400.00	2,999.50	(4,400.50)
Workshops	0.00	0.00	0.00	0.00
Special Camps/Classes	697.50	550.00	0.00	(550.00)
Other Revenue	39.00	300.00	0.00	(300.00)
TRT Fund Balance 01-02	70,651.00	33,320.00	33,320.00	0.00
Room Tax Revenue	0.00	0.00	0.00	0.00
Total Revenue	73,275.67	41,570.00	36,319.50	(5,250.50)
EXPENSE				
Personnel	27,225.51	30,513.00	29,833.35	679.65
Contract Labor	0.00	0.00	3,837.94	(3,837.94)
Utilities	0.00	2,004.00	884.21	1,119.79
Equipment Repair/Maint.	0.00	600.00	0.00	600.00
Supplies	4,928.72	2,950.00	2,071.83	878.17
Special Expense	26,154.81	0.00	149.00	(149.00)
Advertising	182.30	700.00	422.11	277.89
Total Expense	58,491.34	36,767.00	37,198.44	(431.44)
Net Planetarium	14,784.33	4,803.00	(878.94)	(5,681.94)

	2001-02	YEAR TO DATE 1st QUARTER		
	Actuals	2002-03 Budget	2002-03 Actuals	Budget Variance
Total Revenue From Operations	2,198,893.15	2,247,399.00	2,100,647.60	(146,751.40)
Total Operating Expenses	1,862,153.99	1,976,515.99	1,740,745.72	235,770.27
NET GAIN/LOSS FROM OPERATIONS	336,739.16	270,883.01	359,901.88	89,018.87
General Depreciation	159,099.00	159,099.00	159,099.00	0.00
Net After Depreciation	177,640.16	111,784.01	200,802.88	(89,018.87)

Lane County Fair Board

Schedule E

Net Operating Profit before Depreciation
FY 2002-03

	July	August	September	October	November	December	January	February	March	April	May	June
FY 01-02	(69,989)	321,300	336,739	341,463	269,789	194,175	180,014	237,188	267,830	125,258	204,031	62,482
FY 02-03	(73,352)	353,060	359,902	349,362								

Lane County Fair Board
Financial Measures

Schedule F

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Operating Cash Cash in the bank and investments Goal: Maintain the equivalent of one Fair's Net Revenue in Balance				
FY 01				
Total Cash	1,379,379	159,471	296,286	231,384
Capital Funds	1,131,599	40,821	73,870	147,396
Operating Cash	247,780	118,650	222,416	83,988
FY 02				
Total Cash	207,979	303,743	185,844	199,128
Capital Funds	13,024	100,089	55,294	50,000
Operating Cash	194,955	203,654	130,550	149,128
FY 03				
Total Cash	389,859			
Capital Funds	215,782			
Operating Cash	174,077	-	-	-
Deferred Revenue Ratio Operating Cash to Deferred Revenue Goal: Make ratio 100% or greater				
FY 01				
Deferred Revenue	118,766	118,977	218,463	218,343
Op. Cash as % of Def. Rev.	209%	99%	136%	39%
FY 02				
Deferred Revenue	91,827	151,556	214,262	303,452
Op. Cash as % of Def. Rev.	212%	134%	61%	49%
FY 03				
Deferred Revenue	133,241	-	-	-
Op. Cash as % of Def. Rev.	131%			
Operating Income Prior to Depreciation Difference between Revenue and Expense for core business of Fair Board Goal: Keep this number positive				
FY 01				
Total Revenue	2,127,368	2,681,099	3,449,662	3,997,886
Total Expense	1,927,667	2,707,575	3,449,916	4,120,971
Net Profit/Loss	199,701	(26,476)	(254)	(123,085)
FY 02				
Total Revenue	2,131,540	2,749,011	3,637,300	4,256,147
Total Expense	1,861,470	2,625,487	3,369,469	4,192,244
Net Profit/Loss	270,070	123,524	267,831	63,903
FY 03				
Total Revenue	2,100,648			
Total Expense	1,740,746			
Net Profit/Loss	359,902			
Net Working Capital Difference between Liquid Current Assets and Current Liabilities Due in 30 days Goal: Make this computation positive				
FY 01				
Current Liquid Assets	442,138	299,934	368,307	340,225
Current Liquid Liabilities	371,913	329,266	354,064	444,666
Net Working Capital	70,225	(29,332)	14,243	(104,441)
FY 02				
Current Liquid Assets	337,861	241,291	239,160	188,370
Current Liquid Liabilities	342,622	408,032	286,282	285,144
Net Working Capital	(4,761)	(166,741)	(47,122)	(96,774)
FY 03				
Current Liquid Assets	322,833			
Current Liquid Liabilities	270,708			
Net Working Capital	52,125			
Operating Line of Credit \$300,000 available annually to augment cash flow Goal: Do not use Operating Line of Credit				
FY 01	-	-	-	-
FY 02	-	200,000	40,000	-
FY 03	-	-	-	-
Capital Line of Credit \$400,000 available for capital improvements only Goal: Use to help pay for capital projects until IRS funds are received				
FY 01	-	-	-	-
FY 02	-	-	-	-
FY 03	-	-	-	-

PASSED

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

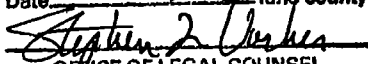
FURTHER ORDERED that Board Order 98-4-8-4 and Board Order 98-12-2-3 are hereby rescinded.

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

**CAPITAL IMPROVEMENT PLAN
PROJECT TEMPLATE**

9/4/01

TITLE – Dry Weather Flow to City Sanitary Sewer/Intercept System

DEPARTMENT –

☐ Operations and Maintenance

☐ Sports

☐ Food and Beverage

☒ Administration

CATEGORY --

☐ Preservation and Maintenance

☒ Site or Facility improvement

☐ New Capital Facilities

☐ Equipment

STAFF CONTACT – Mike Gleason

DESCRIPTION – URS (Water Quality Consultants) provided a feasibility report and cost estimates for a dry-weather solution to control contaminated runoff. The URS plan for an intercept system would capture contaminated runoff from areas where livestock are currently transported, unloaded, loaded, boarded and exhibited: approximately 5.17 acres from three areas, and intercepted and conveyed to existing sanitary system through new piping system. This project concept and cost does not include funding for moving the Amazon Creek further south from the present location nor does it include extensive repaving to the degree necessary for the Fire Lane on the south perimeter of the Fairgrounds.

Area 1: areas north of the livestock building and the paved area west of the building; excludes the roof of the livestock facility. 1.66 acres

Area 2: building paved area between the livestock and stall facilities. 0.51 acres

Area 3: the paved area east, west and south of the horse stalls. 3.0 acres

For details, see URS memo dated October 1, 2001.

FISCAL YEAR (FY) REQUIRED – ☒ 03 ☐ 04 ☐ 05 ☐ 06 ☐ 07 ☐ 08

CAPITAL PROJECT OR EQUIPMENT COST – \$675,000

☒ FAIR BOARD - \$175,000

☒ OTHER SOURCES, specify source(s) and amounts. Investigating potential local or state grants or loans of \$500,000.

OPERATING REVENUE OR EXPENSE – Revenue: Unknown at this time.

CONSEQUENCES IF NOT FUNDED – Without a dry weather solution to address contaminated runoff, the risk increases for contaminants draining into the Amazon Creek, thus placing the fairgrounds in a litigious situation. Furthermore, without a dry weather solution, the future of large animal presence at the 4H/FFA Youth Fair in July and the Lane County Fair in August are in jeopardy. Operation of the Lane Events

Center/Fairgrounds is dependent upon Lane County Fair revenues. Preventative action without this solution is to limit animal events based on facility availability during the dry season and continue to mandate best management practices.

OTHER COMMENTS --