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DATE:

May 28, 2004

TO:

Board of County Commissioners

FROM:

Fair Board

SUB JECT: Financial Stability Recommendation

At the March 31, 2004, Joint Meeting of the Commission and Board, the Fair Board made the following recommendation to achieve financial stability:

- 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 hence forward;
- 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.

The Commission directed that the Fair Board process this recommendation through the Budget Committee during the FY05 Budget deliberations.

The Fair Board presented its FY05 Budget and the above recommendation to the Budget Committee on May 13 and also met again with the Committee on May 20 specifically on the financial stability recommendation. The Budget Committee adopted the following recommendation to the Commission:

- Up to \$250,000 of the FY05 Excess TRT be allocated to the Operating Budget to establish a cash reserve and to cover any operating deficit.
- The balance of \$57,935 (\$125,000 \$67,065) from the FY04 Fair "Rainy Day" Reserve is allocated to the FY05 Operating Budget to establish a Cash Reserve.
- A minimum of \$50,000 and a maximum of the balance of the loan is paid to the TRT Special Projects Account for the Planetarium loan.

 Report to the Budget Committee during the FY06 Budget process on the use of Excess TRT for operating and capital requirements.

The attached Board Order encompasses the recommendation of the Budget Committee.

The two key issues not addressed in the Budget Committee Recommendation are:

- o Term of the Excess TRT
- o Ongoing use of Excess TRT in the Operating Budget

The Board cannot overemphasize the necessity to have the Excess TRT to address capital requirements and the "comparative disadvantage" and, equally important, to be able to commit with assurance to clients that the Lane Events Center will be available for client and community use. The Board supports the work of the Tourism Infrastructure Task Team and hopes that an outcome will address the above two issues in addition to the long-term infrastructure issues facing the Fairgrounds.

We appreciate your continued support and are very pleased with the efforts made toward financial stability by actions of the Commission and Budget Committee.

ATTACHMENT -- 1

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

) IN THE MATTER OF APPROVING THE
ORDER NO. 04-6-) REIMBURSEMENT OF TRANSIENT
) ROOM TAX SPECIAL PROJECT FUNDS
) AND CERTAIN OPERATIONAL USE OF
) ROOM TAX FOR THE FAIRGROUNDS

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 has requested it also be permitted to use a portion of the excess room tax revenues described in Order 02-1-9-4 for operating purposes, and

WHEREAS, in June, 2003 (Order No. 03-06-18-1), the Board approved the use of \$125,000 of excess transient room tax revenues be set aside annually for a Fairgrounds "Rainy Day" cash reserve, and further on May 12, 2004 (Order No. 04-5-12-16), approved draw down of that reserve of \$67,065, leaving a remainder in the reserve of \$57,935, and

WHEREAS, the Fair Board has also requested it be permitted to use the remainder of that cash reserve, and

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

NOW, THEREFORE IT IS HEREBY ORDERED that the Board of County Commissioners approves the use 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 under the Memorandum of Agreement with the Fair Board approved in Order No. 00-12-13-3 at a minimum of \$50,000 in FY 04-05 and a maximum of the remaining balance owed, the exact amount to be determined by the Fair Board, and it is further

ORDERED that the Board approves the use in FY 04-05 of up to \$250,000 of the excess transient room tax revenues described in Order No. 02-1-9-4 for operating purposes of the Fairgrounds, and it is further

ORDERED that the Board approves the transfer of the remaining balance of \$57,935 in the reserve to the Fair Board budget for operating uses in FY 04-05, and it is further

ORDERED that the Fair Board shall report to the Budget Committee next year the actual amount of the \$250,000 that is used in FY 04-05 for operational purposes, and the impact that had on the Fairgrounds Capital Improvement Plan.

Bobby Green, Sr., Chair
Lane County Board of Commissioners

APPROVED AS TO FORM

lane county

OFFICE OF LEGAL COUNSEL