

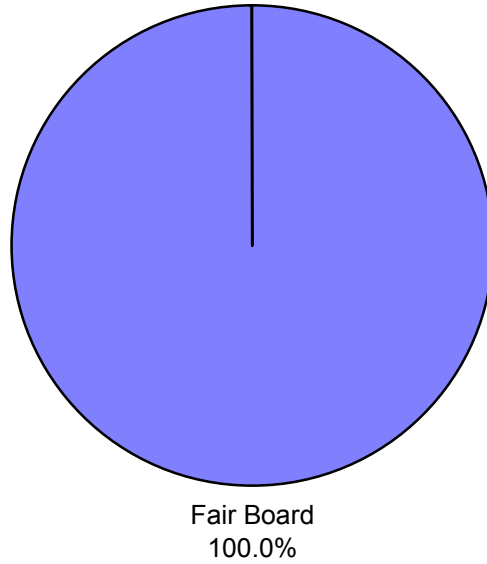
Fair Board

The Fair Board provides facilities for the annual Lane County Fair, 4-H/FFA Youth Fair, meetings, festivals and exhibitions year-round and livestock facilities during the dry-weather period. It also operates an ice arena for skating and hockey and other sport venues.

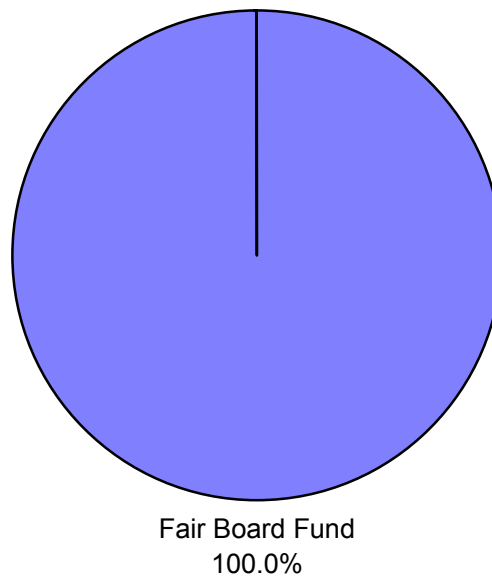
Total Expenditures

\$ 5,408,899

FY 07-08 Expenditures by Division



FY 07-08 Budget by Fund



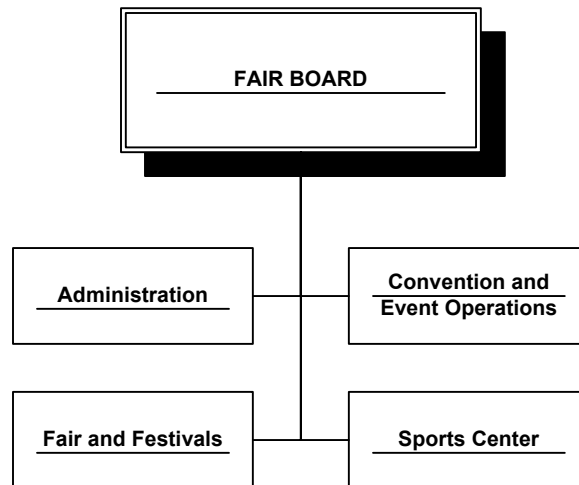
Warren Wong, Director
Fair Board
682-4292

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Department Overview

The Lane County Fair Board is created by state statute (ORS 565) and appointed by the Lane County Board of County Commissioners. Board members are appointed for three-year terms and may serve two terms. In January 2007, the County Commission “downsized” the Fair Board to three positions, one of which is held by a Commissioner. At this point (August 2007), the Commission has not appointed a new Fair Board and has assumed its role and responsibilities.

The Board is charged with oversight of the management and operations of a 55-acre complex including a regional exhibition facility, indoor sports facilities, ice arena and celebration space. This venue has over 600 events and plays host to approximately a million visitors each year. Two major events each year are the County Fair and the 4-H/FFA Youth Fair. The operations and capital investments are financed by rents, admissions, registrations and Transient Room Tax.



Strategic Goals & Objectives

- Implement long-term strategy to achieve financial stability.
- Replace obsolete equipment and maintain facilities.
- “Up-sale” sponsorships of County Fair.
- Increase client use of Lane Events Center facilities and site.
- Review viability of County Fair and current Fairgrounds site.

Changes, Challenges & Opportunities

The budget carries the FY 06-07 service system into FY 07-08. Revenues reflect modest increases based on the competitive market, quality of facilities and equipment available for rent and the general state of the local economy. Expenses include increases for inflation and adjustments determined by contract or law. Employee benefits increased faster than the inflation rate. Given the revenue base that supports the Fair Board, strong emphasis has been placed on using limited resources optimally to ensure that core services of the County and 4H/FFA Fairs, renting of exhibition space and meeting facilities and sports functions are achieved. This revenue currently funds 21 FTE.

There are a number of significant issues facing the Fair Board for FY 07-08 and the intermediate planning horizon.

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- Financial Stability – The Fair Board and County Commission have been briefed periodically on the Board’s financial status. Staff has prepared forecasts incorporating various revenue and expense assumptions that present a deficit position in the Operating Budget over the planning horizon. The major factors include the costs of employee benefits and the difficulty in increasing revenue given the condition of the facilities, state of the economy and market competition. The end-result is that the Operating Budget requires subsidization, and the Board has prepared the FY07-08 Budget with a \$600,000 Excess Transient Room Tax subsidy.

In the FY07-08 Budget, there is a reduction of \$176,000 in Excess Transient Room Tax as a result of a budget adjustment approved by the Budget Committee and County Commission to keep County Parks open. This reduction will impact the County Fair in the form of less entertainment, contracted services and other amenities and have an overall negative impact on the Board’s Capital Budget. This is a large reduction and does cause concern for the long-term financial stability of the Fair Board.

Financial stability continues to be the paramount goal of the Fair Board and management. Significant strides have been made in this effort but the Board must continue to work on achieving financial stability. The Quarterly Financial Measures Report provides a barometer against which to judge our progress. This assessment is corroborated by the External Auditor who indicates significant concerns about the viability of the Fair Board over the long-term. Staff has taken major steps to address this issue including:

- Outsourcing – Food and Beverage, landscaping, part of the maintenance function and Payroll have been outsourced.
- Rate and Fee Increases – Over the years, efforts have been made, wherever feasible, to marginally increase rates charged to clients and attendees. In the FY07-08 Budget, a five percent increase is proposed.
- Sponsorships – A concerted effort has been made to increase sponsorships for the County Fair and the overall Lane Events Center, with very strong results.
- Staffing – The permanent staff deployment has been reduced to 21 FTEs from a high of 31 FTEs in FY 02-03.
- Expenses – Efforts have been made to decrease expenses, from energy and water conservation to using recycled material to not granting COLAs for several fiscal years to internet registration of Fair exhibitors.

The above initiatives, combined with many other efforts at reengineering business and operating systems and procedures, have positioned the Fair Board on the path toward financial stability. The threshold event that has solidified this effort was the approval by the County Commission, at the recommendation of the Budget Committee, of Board Order #04-6-16-7. This Board Order authorized the Fair Board to use up to \$250,000 of the Excess TRT to 1) establish a cash reserve in the Operating Budget and 2) mitigate the Operating Budget deficit. In FY07-08, this practice continues with a TRT subsidy of \$600,000.

In the long-term financial forecasts, the Excess TRT subsidy continues and will increase over time. As long as the Fair Board continues to deliver services as a public entity, the Operating Budget deficit will continue to exist and a subsidy will be required. It should be recognized that with this subsidy, the Board has achieved a relatively stable financial position. The Lane County Fair Board basically is no different than the majority of other Fair Boards in the state that require a subsidy to cover Operating Budget deficits.

- 2007 Fair Attendance and Financial Results – Attendance at the 2006 Fair was approximately 5,000 more than the 2005 Fair and the Actual Net Revenue was approximately \$65,000 greater. Fair attendance seems to have stabilized in the 160,000 – 180,000 range and the Net Revenue in the

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\$300,000 – \$400,000 range. In the long-term, the Board hopes that the attendance increases; but, the Board is not optimistic that the Fair Net Revenue can be maintained at its current level given mandatory expense increases and rising costs driven by the national economy and legal requirements.

- Future of Site and Facility – There has been substantial discussion about the long-term viability of the current location of the Fairgrounds and Lane Events Center. Directly correlated with that discussion is the fact that the buildings are aging and require substantial upgrade and/or replacement. The County Commission took action in June 2007 to undertake the following Work plan on this issue:
 - Contract with a consultant to observe and critique the 2007 Fair.
 - Develop a set of policy issues regarding the current site or an alternative site and conduct a work session with the Commission for it to provide direction on these issues.
 - Survey Fair attendees and other Lane Events Center users.
 - Develop gross cost estimates to reinvest in current Fairgrounds facilities and site for a fairgrounds at an alternative site.
 - Obtain an appraisal on the current site.
- Simultaneously, there is due diligence work underway regarding the Golden Gardens property as a potential alternative site to the current Fairgrounds.

Key Accomplishments

We are proud to report the following key accomplishments for FY07-08:

- Continued and enhanced a public information and education program implemented at the 2003 Fair on animal transmitted diseases and a work program to place signage and wash stations at animal venues and food eating areas. The Western Fairs Association and the International Fairs and Expositions Association have sponsored a number of seminars on E. Coli prevention and Board staff has attended those trainings. Lane County, and the Oregon Fairs Association, has been at the forefront of this training and education effort on E. Coli given the incident at the 2002 Lane County Fair.
- 2006 Fair Attendance and Financial Results – Attendance at the 2006 Fair was approximately 170,000, 5,000 more than the 2005 Fair and the Actual Net Revenue was greater by approximately \$65,000.
- Economic Impact Study – The Board contracted with Markin Consulting to perform an Economic Impact Study of the Lane Events Center to quantify the impact of this venue on the Lane County economy. The results from this study informed the Board and others of the value of the venue; approximately \$25+ million per annum, subject to events calendar. Clearly, the venue provides additive-value to the Lane County economy.
- Market Feasibility Study – Markin Consulting also prepared a Market Feasibility Analysis on the Lane Events Center. The report confirmed that the Lane Events Center is a viable entity and provides the largest “flat space” venue in the County and adjacent counties. There were suggestions for additional market niches that staff is pursuing as it schedules events in coming years.
- Renewal of Transient Room Tax Commitment – The County Commissioners approved Board Order #07-5-9-7 extending the commitment of Excess TRT to FY22. This extension provides the Board with certainty of the Excess TRT and will assure continued viability of the Lane Events Center. Without this resource, the Fairgrounds will continue to deteriorate from an infrastructure and equipment perspective and its continued existence as a viable public entity in the community and exhibition facility business becomes problematic.
- Completed a fourth plot on the north bank of the Amazon Creek which traverses the Fairgrounds. This multi-year project entails the removal of invasive vegetation and planting native vegetation and trees along the entire north bank to provide shade to the Creek and to soften the back of the Fairgrounds to neighbors along 16th Avenue. This effort is a joint venture of the City of Eugene Stream Team, Jefferson Westside Neighbors and the Fair Board.
- Established an Operating Cash Reserve of \$350,000 in FY07, with an eventual target of \$500,000.

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- PERS Bond Liability – The Board, due to its financial condition, had not paid its assessment on the PERS Bonds for the first three years after issuance of the bonds and, at one point, this liability had grown to nearly \$250,000. In FY07, the Board made a concerted effort to “buy down” on this liability, paying a total of \$174,135 and thus reducing the debt to \$55,941. It is the Board’s intent to pay off this liability and keep current on the fiscal year assessments to service the PERS Bonds.

Performance Management

Planning for the August 14-19, 2007 Fair is underway and results for most measures cannot be quantified or evaluated at this time.

The Lane County Fair is challenged by rising costs of labor, entertainment and attractions, which is outpacing growth in fair revenue streams. Admission and ride fees are among the highest of the Oregon County Fairs. As a family-oriented event, families of all income levels are challenged by the increased costs for carnival rides, midway games, food, concerts and admissions. Despite pricing challenges, however, visitors who come to the Fair, seem to enjoy their experience (81%), and return each year (78%). Demographic data on Fair visitors point toward serving a growing percentage of middle to higher income families. The satisfaction rating has slightly decreased with more people commenting on the increased prices for rides and admission. Survey respondents (74%), however, still feel that for the dollars spent, they receive a good value in terms of entertainment and educational opportunities at the Fair when compared to other leisure alternatives in the community. Without growth in attendance to fuel the Fair’s revenue streams to counter rising production costs, the net revenues will continue to decline.

To have an impact on net revenues, the Fair must continue to provide high quality entertainment and educational attractions for families at a reasonable price to motivate people to attend the Fair, while finding creative strategies to contain costs. This may require instituting an aggressive volunteer training program. Other cost containment measures will be explored.

DEPARTMENT PERFORMANCE MEASURES					
Performance Measures	2004-05 Actual 2004 Fair	2005-06 Actual 2005 Fair	2006-07 Actual 2006 Fair	2007-08 Target 2007 Fair	2007-08 Perf. Index
Output:					
Fair Revenue	1,685,759	2,081,082	2,148,739	2,150,000	
Efficiency:					
Fair Net Revenue	440,328	270,199	385,512	512,000	
Service Quality:					
Repeat Visits/loyalty rating	78%	75%	82%	75%	
Satisfaction /expectation rating	85%	81%	83%	80%	
Value rating	75%	74%	68%	70%	
Outcome:					
Attendance	161,452	165,825	169,373	170,000	
Percent of commercial vendor slots filled	97%	95%	95%	95%	On Target
Percent of food vendor slots filled	100%	100%	100%	100%	On Target
Community participation/exhibit entries	8,214	7,048	7,598	7,600	On Target

* Change in Revenue-Recognition Procedure

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The Lane Events Center continues to experience a decline in the total number of repeat bookings and events in 2007-08. The factors creating this decline are facility rents created by the necessity for LEC to steadily increase rental rates over the last several years coupled with an aging facility. Downsizing or discontinuation of events and the limited number of open weekends on the event calendar also make it difficult to book new events. In 2005-06 the Fair Board began offering a mid-week discount rate to hopefully entice potential clients to book Tuesday-Thursday events. This, unfortunately, has not driven any increase in mid-week bookings as most events require or prefer weekend dates. The Fair Board will continue to seek creative ways to increase booking revenue and events held at the Lane Events Center. The addition of the ShelterCare Annual Fundraising Banquet is an example of the type of events the Fair Board will focus on booking to increase facility revenue. Staff continues to receive very favorable client satisfaction feedback due primarily to the emphasis placed on providing good customer service. Our level of customer service provides an added value that offsets the rental rate increases and aging facility issues we are faced with.

DEPARTMENT PERFORMANCE MEASURES					
Indicator	2004-05 Actuals	2005-06 Actuals	2006-07 Actual	2007-08 Target	2007-08 Perf. Index
Output:					
Annual rental revenue	875,100	880,460	824,200	893,667	Below Target
# of events booked	195	202	175	205	Below Target
# of booked user days	450	465	420	470	Below Target
Efficiency:					
Event production costs as a percent of rental revenue	90%	90%	90%	90%	On Target
Service Quality:					
Satisfaction rating by renters	91%	90%	86%	95%	Above Target
Outcome:					
# of repeat bookings	179	185	145	185	Below Target
% of weekends booked	90%	90%	91%	90%	Above Target

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DEPARTMENT FINANCIAL SUMMARY						
	FY 04-05	FY 05-06	FY 06-07	FY 07-08	\$ Chng	% Chng
	Actual	Actual	Curr Bgt	Adopted	Fr Curr	Fr Curr
RESOURCES:						
Property and Rentals	3,449,611	4,458,873	3,820,582	3,019,421	(801,161)	-20.97%
State Revenues	35,141	46,456	50,000	47,000	(3,000)	-6.00%
Fees and Charges	81,592	62,993	347,212	345,300	(1,912)	-0.55%
Interest Earnings	5,351	13,932	12,360	21,400	9,040	73.14%
Total Revenue	3,571,695	4,582,254	4,230,154	3,433,121	(797,033)	-18.84%
Resource Carryover	0	(358,087)	0	1,075,778	1,075,778	100.00%
Interfund Loans	44,577	0	0	0	0	0.00%
Fund Transfers In	915,423	1,034,797	1,050,000	900,000	(150,000)	-14.29%
TOTAL RESOURCES	4,531,696	5,258,964	5,280,154	5,408,899	128,745	2.44%
EXPENDITURES:						
Personnel Services	1,252,218	1,400,374	1,370,940	1,599,232	228,292	16.65%
Materials and Services	2,707,616	3,537,394	2,827,714	2,374,667	(453,047)	-16.02%
Capital Expenses	360,956	337,364	1,050,000	900,000	(150,000)	-14.29%
Fiscal Transactions	241,328	148,526	31,500	0	(31,500)	-100.00%
Total Resrvs & Conting.	0	0	0	535,000	535,000	100.00%
TOTAL EXPENDITURES	4,562,118	5,423,658	5,280,154	5,408,899	128,745	2.44%
Total FTE	20.00	21.00	21.00	21.00	0.00	0.00%
EXPENDITURES BY FUND						
Fair Board Fund	4,562,118	5,423,658	5,280,154	5,408,899	128,745	2.44%
Funds Total	4,562,118	5,423,658	5,280,154	5,408,899	128,745	2.44%

DEPARTMENT FINANCIAL SUMMARY BY PROGRAM						
	FY 04-05	FY 05-06	FY 06-07	FY 07-08	\$ Chng	% Chng
Programs	Actual	Actual	Curr Bgt	Adopted	Fr Curr	Fr Curr
Fairboard Administration	4,562,118	5,423,658	5,280,154	5,408,899	128,745	2.44%
Total Expenditures	4,562,118	5,423,658	5,280,154	5,408,899	128,745	2.44%

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DEPARTMENT POSITION LISTING

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- 1.0 Managing Director
- 1.0 Business Manager
- 1.0 Accounting Clerk II
- 1.0 Sales and Events Manager
- 1.0 Public Relations/Marketing Manager
- 2.0 Administrative Assistant
- 1.0 Fairgrounds Operations Manager
- 1.0 Fairgrounds Operations Supervisor
- 1.0 Fairgrounds Maintenance Supervisor
- 1.0 Fairgrounds Maintenance Worker
- 3.0 Fairgrounds Operations Worker
- 1.0 Ice Arena Manager
- 2.0 Ice Arena Cashier
- 3.0 Ice Arena Maintenance
- 1.0 Sports Center Coordinator
- 21.0 Department FTE Total**

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DEPARTMENT REVENUE SUMMARY						
Revenue Accounts	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Curr Bgt	FY 07-08 Adopted	\$ Chng Fr Curr	% Chng Fr Curr
Admissions	1,075,095	2,715,154	707,500	749,500	42,000	5.94%
Concessions	651,179	0	1,178,682	484,300	(694,382)	-58.91%
Amusements	537,922	624,676	675,000	650,000	(25,000)	-3.70%
Exhibitor Fees	0	0	9,500	9,200	(300)	-3.16%
Rent - Other Properties	1,185,415	1,119,043	1,249,900	1,126,421	(123,479)	-9.88%
PROPERTY AND RENTALS	3,449,611	4,458,873	3,820,582	3,019,421	(801,161)	-20.97%
Fairs Tax	35,141	46,456	50,000	47,000	(3,000)	-6.00%
OTHER STATE REVENUES	35,141	46,456	50,000	47,000	(3,000)	-6.00%
Miscellaneous Svc Charges	81,592	62,993	152,000	140,500	(11,500)	-7.57%
Miscellaneous Internal Services	0	0	195,212	204,800	9,588	4.91%
FEES AND CHARGES	81,592	62,993	347,212	345,300	(1,912)	-0.55%
Investment Earnings	5,351	13,932	12,360	21,400	9,040	73.14%
INTEREST EARNINGS	5,351	13,932	12,360	21,400	9,040	73.14%
Fund Balance	0	(358,087)	0	1,075,778	1,075,778	100.00%
Interfund Loan Received	44,577	0	0	0	0	0.00%
Transfer Fr Sp Rev Funds (200)	915,423	1,034,797	1,050,000	900,000	(150,000)	-14.29%
FISCAL TRANSACTIONS	960,000	676,710	1,050,000	1,975,778	925,778	88.17%
TOTAL RESOURCES	4,531,696	5,258,964	5,280,154	5,408,899	128,745	2.44%

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DEPARTMENT EXPENSE SUMMARY						
Expenditure Accounts	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Curr Bgt	FY 07-08 Adopted	\$ Chng Fr Curr	% Chng Fr Curr
Permanent Operating Salaries	1,252,218	1,400,374	1,370,940	1,539,552	168,612	12.30%
PERS Bond	0	0	0	59,680	59,680	100.00%
PERSONNEL SERVICES	1,252,218	1,400,374	1,370,940	1,599,232	228,292	16.65%
Professional & Consulting	0	0	609,910	480,410	(129,500)	-21.23%
Refuse & Garbage	0	0	16,900	21,700	4,800	28.40%
Light, Power & Water	0	0	331,113	361,800	30,687	9.27%
Telephone Services	0	0	25,775	28,000	2,225	8.63%
Purchased Insurance	0	0	168,000	172,956	4,956	2.95%
Maintenance of Equipment	0	0	40,900	47,800	6,900	16.87%
Maintenance of Structures	0	0	123,100	115,235	(7,865)	-6.39%
External Equipment Rental	0	0	92,800	111,759	18,959	20.43%
Mail Room Charges	0	0	6,000	3,770	(2,230)	-37.17%
Direct/Information Services	0	0	0	240	240	100.00%
County Overhead Charges	9,831	23,041	7,910	4,289	(3,621)	-45.78%
Office Supplies & Expense	0	0	73,600	54,000	(19,600)	-26.63%
Membrshp/Professional Licenses	0	0	1,840	1,110	(730)	-39.67%
Printing & Binding	0	0	13,000	20,200	7,200	55.38%
Advertising & Publicity	0	0	65,360	98,270	32,910	50.35%
Institutional Supplies	0	0	519,084	169,389	(349,695)	-67.37%
Special Supplies	0	0	80,000	64,500	(15,500)	-19.38%
Agricultural Supplies	0	0	5,000	5,000	0	0.00%
Business Expense & Travel	0	0	7,900	7,550	(350)	-4.43%
Miscellaneous Payments	2,697,785	3,514,353	639,522	606,689	(32,833)	-5.13%
MATERIALS & SERVICES	2,707,616	3,537,394	2,827,714	2,374,667	(453,047)	-16.02%
Miscellaneous	0	337,364	0	0	0	0.00%
CAPITAL OUTLAY	0	337,364	0	0	0	0.00%
Improvements	360,956	0	0	0	0	0.00%
General and Miscellaneous	0	0	1,050,000	900,000	(150,000)	-14.29%
CAPITAL PROJECTS	360,956	0	1,050,000	900,000	(150,000)	-14.29%
Bond Principal Retirement	69,305	77,147	0	0	0	0.00%
Bond Interest Retirement	32,023	26,802	31,500	0	(31,500)	-100.00%
FISCAL TRANSACTIONS	101,328	103,949	31,500	0	(31,500)	-100.00%
Prin Pd Interfund Loan	140,000	44,577	0	0	0	0.00%
FUND TRANSFERS	140,000	44,577	0	0	0	0.00%
Operational Reserves	0	0	0	350,000	350,000	100.00%
Reserves - Future Projects	0	0	0	185,000	185,000	100.00%
TOTAL RESERVES	0	0	0	535,000	535,000	100.00%
TOTAL EXPENDITURES	4,562,118	5,423,658	5,280,154	5,408,899	128,745	2.44%