

# **Strategic Plan: Oregon State Fair and Exposition Center**

**Joint Interim Task Force on the Oregon State Fair**  
June 2000

## TASK FORCE MEMBERSHIP

Senator Peter Courtney – Co-Chair  
Representative Jackie Winters – Co-Chair  
Senator Gene Derfler  
Senator Verne Duncan  
Representative Vic Backlund  
Representative Gary Hansen  
Marion County Commissioner Mike Ryan  
Salem City Councilor Ann Gavin-Sample  
Salem City Councilor Don Scott  
Salem Area Chamber of Commerce Executive Director Michael McLaran

## TASK FORCE MEETING DATES

November 23, 1999  
February 10, 2000  
April 6, 2000  
May 25, 2000  
June 12, 2000

# Strategic Plan

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## Executive Summary

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### ***Legislative Background***

The 1997 Legislature directed the Joint Legislative Audit Committee to conduct a Program Evaluation of the Oregon State Fair and Exposition Center. The Evaluation found that the Fair attempted to meet legislative expectations to be self-supporting but was unable to generate sufficient revenue and was facing chronic problems. The Fair risked defaulting on its bonded indebtedness and was failing financially. Attendance at the Fair was declining, and facilities had not been adequately maintained or improved.

The 1999 legislature approved \$10.2 million of lottery-backed bonding authority, but without a consensus on the future of the Fair or the methods to resolve the fiscal crisis, they deferred approval for \$8.2 million of the authority pending the development of a long-range strategic plan. The legislature established the Task Force on the Oregon State Fair and Exposition Center and directed the Task Force to develop a strategic plan. The legislature directed that the Department of Administrative Services, in cooperation with the City of Salem and Marion County, to obtain the services of a consultant to develop a feasibility plan for the long-range survival of the Fair. The Department was also directed to obtain the services of a consultant to develop a Fairgrounds Modernization Master Plan. The Task Force Strategic Plan would incorporate the feasibility study and Modernization Master Plan.

### ***Strategic Plan***

The Task Force received preliminary recommendations from the consultants hired to develop the feasibility study and the Master Plan, heard testimony from Fair stakeholders including vendors and exhibitors, and received the recommendations of the Fair Commission. The Task Force submitted the Strategic Plan to the Emergency Board at its June 2000 meeting.

### ***Findings***

The Task Force made a number of specific findings, including:

1. The Fair is a civic institution that provides a unique and valuable resource for Oregon's citizens, particularly in its role of promoting positive youth and family activities ... and the state should continue to have an annual State Fair and year-round exposition facility at the State Fairgrounds in Salem.

2. While the Fair should be expected, in the long-term, to support its own operations, state and community support is needed to maintain and upgrade facilities and to promote activities.
3. Benefits of fair and exposition event attendance accrue to Marion County, the City of Salem and Salem-area restaurants, motels and service and supply businesses. State investments in improvements and additional marketing at the fairgrounds will directly benefit the community and these businesses. City, County and Transit District contributions to the successful operation of the fairgrounds are recognized. Successful revitalization of the fairgrounds will take additional community support.

### ***Oversight and Management***

The Task Force Strategic Plan includes ongoing legislative oversight and a community partnership effort, to ensure that goals of the Plan are met. A Facilities and Strategic Plan Steering Committee, composed of executive and legislative staff will advise the Fair Commission on matters related to capital construction and renovation, agency management and budget, and Strategic Plan implementation. A Community Partnership Task Force, composed of members from the City, County, Legislature and Fair Commission, will meet semi-annually to continue the work of the Task Force, and will report to the legislature.

### ***Goals***

The Task Force adopted four goals :

- I. Optimize use of the state fairgrounds
- II. Strengthen ties to customers and assure state-wide value
- III. Increase community and business partnerships
- IV. Optimize operational efficiency and improve budgeting procedures

### ***Strategies***

Key supporting strategies include:

1. Prioritize facility improvements toward (a) current profit centers i.e. annual fair and Jackman-Long/Columbia Hall exposition business (b) critical structural improvements and (c) aesthetic improvements
2. Discontinue horse racing at the fairgrounds no later than October 1, 2002. As additional revenue is available proceed with phasing in other uses of the racetrack and racing stables
3. Add two members to State Fair Commission and

- require them to be representatives from county fairs
4. Replace 4-H auditorium with multi-purpose building and upgrade existing dorm for youth and adult programming. Strategy conditioned on conducting market analysis
  5. Create an ongoing partnership among City, Chamber, Convention and Visitor Association to solicit events and welcome visitors
  6. Give the Fair Commission stronger policy role

### ***Facilities Improvement Plan***

The Task Force adopted a facilities improvement plan for the 1999-2001 biennium that includes \$10.2 million in capital construction and renovation projects. The Task Force also adopted a plan for an additional \$37.5 million in bond proceeds to complete the renovation and modernization of the fairgrounds. This plan includes \$5 million to improve the armory auditorium to provide a venue for basketball and volleyball tournaments and replacement of the 4-H auditorium with a multipurpose building.

# Introduction

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## **History and Legislative Background**

The Oregon State Fair began in 1858 as an agricultural exhibition and has retained its agricultural and livestock focus. The fairgrounds were established in Salem, and became state property in 1887. The mission of the Fair was expanded in 1977 to include an exposition center function with services provided throughout the year.

In 1981, the legislature directed the Oregon State Fair and Exposition Center (Fair) to become financially self-supporting and removed General Fund support. In 1986, the Legislature authorized the Fair to sell up to \$10 million in revenue bonds for capital improvements. These funds were used to renovate the horse stadium, build a new livestock pavilion, and construct an outdoor amphitheater.

The Fair attempted to meet legislative expectations to be self-supporting but was unable to generate sufficient revenue to meet both operating and maintenance cost. As a result, the Fair facilities were not adequately maintained or improved, and in 1996, a shortfall in operating funds was identified.

The 1997 legislature requested the Joint Legislative Audit Committee to evaluate the Fair in order to help identify solutions to these problems. The evaluation was a collaborative effort between the Legislative Fiscal Office, the Secretary of State and the Department of Administrative Services.

## **1998 Joint Legislative Audit Committee Program Evaluation**

The Program Evaluation found that problems with the Fair had existed for decades, and were not the result of a change in Fair management or of any specific change in practices. However, because of the years of neglect, issues including facilities maintenance and the Fair's cash flow had reached a crisis point. The Evaluation also found that the Fair was a civic institution that provided a unique and valuable resource for Oregon's citizens, particularly in its role of promoting positive youth and family activities. The programs and activities of the Fair generate an economic benefit for the region and the state.

Specific findings were that:

1. The Fair was not self-sufficient. Fair revenue growth had not equaled inflation and was not sufficient to meet operations and maintenance needs. The Fair had depleted its ending balance and had inadequate operating reserves. The Fair risked default on its bonded debt, and needed a stable source of funding to ensure that debt service obligations of \$1.17 million a biennium were met.
2. All of the Fair facilities were in need of repair. \$11.6 million was identified as the minimum needed in the 1999-2001 biennium to restore critical facilities to minimum health and safety standards. \$7.6 million a biennium was needed for ongoing facilities maintenance.
3. Horse racing at the Fair was not self-supporting. Wagering on live races declined 75% since the introduction of simulcast wagering. Horse racing would require simulcast revenue or state subsidy in order to continue.
4. Attendance was generally declining. Many factors that affect attendance were outside the control of Fair management.
5. Fairs in other states receive some sort of operating subsidies or have other sources of dedicated revenues. Oregon was unique in its lack of an alternate revenue source.

**Task Force on the Oregon State Fair and Exposition Center**

The 1999 Legislature approved an operating subsidy of \$700,000 General Fund and also approved \$10.2 million in lottery-backed bonding authority. However, \$8.2 million of that authority was deferred pending appointment of a Task Force on the Oregon State Fair and Exposition Center. The following budget note provided instruction to the Task Force:

*"Legislative leadership will assign responsibility for developing a long-range plan for the State Fair to the appropriate interim (Task Force). The (Task Force) will develop a strategic plan that addresses the functions,*

*funding, capital construction and maintenance needs, and operations of the Fair. The plan will address the ongoing financial and other contributions of the State, City of Salem and Marion County partners. The (Task Force) will incorporate the findings and recommendations from the report of the feasibility task force assembled by the Department of Administrative Services, and will also incorporate the Fairgrounds Modernization Master Plan, into the long-range plan. The committee will submit the long-range plan to the Emergency Board on or before March 2000 and to the 2001 Legislative Assembly. The Emergency Board may increase the Other Funds limitation established in Senate Bill 5527 (Capital Construction) by up to \$8,479,015 for bond proceeds and costs upon receipt of the plan."*

The deadline for completing the work of the Task Force was extended to June 2000 following an Executive Branch decision to delay issuing lottery backed revenue bonds. The Task Force completed development of the Strategic Plan in June 2000 and referred the Plan to the Emergency Board for adoption at the June 2000 meeting.

## Task Force Findings

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<b>Primary Finding</b>	<p>The Oregon State Fair and Exposition Center (OSFEC) is a civic institution that provides a unique and valuable resource for Oregon's citizens, particularly in its role of promoting positive youth and family activities. The programs and activities of the Fair generate benefits for the region and the state. The Fair represents a 142-year-old tradition as a statewide celebration in the State's Capital City and is the culmination for year-round County Fair competitions and events. The Fair's role in the economic and agricultural life of the state is important and its potential as a venue for state and regional events is significant. The state should continue to have an annual State Fair and year-round exposition facility at the State Fairgrounds in Salem.</p>
<b>Feasibility Study</b>	<p>The Economic Overview, Evaluation of Horse Racing, and the Market Analysis sections of the C. H. Johnson Feasibility Study should be incorporated into the Strategic Plan.</p>
<b>Fairgrounds Modernization Master Plan</b>	<p>The short-range elements of the Bullock, Smith Facility Modernization Master Plan should be incorporated into the Strategic Plan. Several of the longer-term elements will require additional market, feasibility and sponsorship/partnership analysis.</p>
<b>Additional Task Force Findings</b>	<p>Most state and county fairs receive some form of subsidy. Previous expectations that OSFEC be self-supporting have led to serious maintenance deferrals on buildings. Reduced marketing efforts, combined with declining facility conditions, have resulted in the loss of exposition business and reduced ability to attract new business. While OSFEC should be expected, in the long-term, to support its own operations, state and community support is needed to maintain and upgrade facilities and to promote activities.</p> <p>Benefits of fair and exposition event attendance accrue to Marion County, the City of Salem and Salem-area restaurants, motels and service and supply businesses. State investments in improvements and additional</p>

marketing at the fairgrounds will directly benefit the community and these businesses. City, County, and Transit District contributions to the successful operation of the fairgrounds are recognized. Successful revitalization of the fairgrounds will take additional community support.

## Oversight and Management

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### **State Fair Commission**

The Commission should be expanded to include representation from 2 county fairs to strengthen cooperation and collaboration between state and county fair programs.

The Commission should develop a legislative proposal that incorporates the recommendations of the Strategic Plan regarding the composition of the Commission. The Commission should consider any statutory revisions necessary to ensure that the Commission can effectively carry out legislative expectations and Strategic Plan directions.

The Commission should adopt rules that define the duties and responsibilities of the Commission and the Fair Director, and the processes and responsibilities for reporting to the legislature. These rules should be reviewed and approved at the first meeting of the Commission in each calendar year.

### **Steering Committee**

The currently existing Department of Administrative Services Facilities Steering Committee, (composed of OSFEC, Department of Administrative Services (DAS), Legislative Fiscal Office, and Legislative Committee Services Office members) should be renamed the "Facilities and Strategic Plan Steering Committee" and the duties should be expanded to include:

1. Oversight and approval of capital construction and facilities renovation activities including coordination with the Capitol Planning Commission;
2. Oversight of agency operations, including budget management and marketing; and
3. Implementation of Strategic Plan requirements.

A core group, composed of staff from the Department of Administrative Services (both Budget and Management

and Facilities Services), and OSFEC, and Legislative Staff, should meet monthly to review ongoing facilities construction and renovation issues and budget and operations issues. An expanded group, to include representatives from the Department of Agriculture, the Economic and Community Development Department, the Capitol Planning Commission, and any other partners (such as the Salem Visitors Association) designated by the Fair Commission should meet quarterly to:

1. Develop recommendations and resolve issues related to implementing the Strategic Plan, including deferred action items, such as creation of an Agricultural Trade Center and construction of a multipurpose facility;
2. Review and approve any significant proposed modifications to the facilities plan;
3. Develop stakeholder strategies, including community partnerships and marketing strategies and to recommend resolutions to conflicts;
4. To review and make recommendations on budget and related operational or fiscal issues.

The Facilities and Strategic Plan Steering Committee should continue to be managed by the Department of Administrative Services, and should make recommendations to the State Fair Commission and the Director of the Department of Administrative Services, as appropriate.

### **Community Partnership Task Force**

The partnership created by the legislative Task Force on the Oregon State Fair and Exposition Center should continue through a Community Partnership Task Force, composed of members from the city, county, legislature and Fair Commission. This Task Force should be appointed by the legislature and staffing and expenses for the Task Force should be included in the proposed budget for Legislative Administration. The Task Force should continue during the implementation period for the Strategic Plan. The Task Force should meet semi-annually to review and approve recommendations from the Fair Commission, and should provide periodic reports to the appropriate substantive legislative or interim committee(s).

## Legislative Oversight

The Fair Commission should report to the Emergency Board and appropriate interim committee(s) prior to the 2001 meeting of the legislature on progress in implementing the Strategic Plan. Proposed policy, funding and statutory changes should be submitted to the committee(s) for consideration.

Any General Fund allocation made by the 2001 Legislature to support OSFEC operations should be reserved in the Emergency Board and release of the allocation should be subject to the recommendation of the appropriate interim substantive committee(s).

## Goals and Strategies

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### Primary Goals

- I. Optimize use of the state fairgrounds
- II. Strengthen ties to customers and assure state-wide value
- III. Increase community and business partnerships
- IV. Optimize operational efficiency and improve budgeting procedures

### Goal I: Optimize use of the State Fairgrounds

#### CURRENT EXAMPLES (not exhaustive list)

- Montessori School and day care center rental of space during school year
- YMCA skate facility location during non-fair times
- Exhibition and meeting space rentals during non-fair times
- Use of grandstands for fireworks displays and other outdoor events
- Use of racetrack grass infield for four baseball practice fields
- Portable structures: New tension-fabric warm-up arena, use of tents during the fair

## **GOAL I - STRATEGIES**

1. Prioritize facility improvements toward (a) current profit centers i.e. annual fair and Jackman-Long/Columbia Hall exposition business (b) critical structural improvements and (c) aesthetic improvements
2. Upgrade and increase seating capacity of the Salem Armory auditorium. Solicit larger events including Oregon School Activities Association playoffs. (See Attachment 1) Strategy conditioned on market analysis.
3. Institute more promotional days, discounting prices or other inducements to bring in more people on slow days or times.
4. Strive to keep the Fair affordable.
5. Significantly increase sponsorship and exposition-oriented marketing efforts.
6. Maximize capacity for multi-purpose use of facilities and grounds.
7. Bring non-military Salem Armory auditorium events under the management and marketing of OSFEC. Direct DAS to facilitate agreements (financial and facility-use) between the OSFEC and the Oregon Military Department to assure that (1) the Military Department receives revenue at least equal to the net revenue they received in the 1999-01 biennium from non-military leases of the facility (plus inflation) and (2) National Guard activities are accommodated.
8. Proceed with site enhancements (landscaping, fencing, entry treatments) recommended by consultants
9. Replace the floral building (recently demolished) and the 4-H auditorium (only currently used during fair) with a multi-purpose building that can be used for floral shows, receptions, 4-H activities, sports or other events. Strategy conditioned on market analysis.
10. Make additional use of portable features like sport courts, portable floors, stages, bleachers, and tension fabric structures

11. Discontinue horse racing at the fairgrounds no later than October 1, 2002. As additional revenue is available proceed with phasing in other uses of the racetrack and racing stables.
12. Proceed with facilities improvements that will attract more horse show business.
13. Complete renovations of stadium, and livestock barns and pavilions.
14. Recommend (consistent w/ OSFEC and consultant recommendations) no construction of specific sports facilities, but increase multi-purpose use of existing grounds and facilities and where appropriate, make sports activities a priority for alternative uses of any new facilities – e.g. direct consultation with Oregon School Activities Association during design process.

## **Goal II**

**Strengthen ties to customers and assure state-wide value**

### **CURRENT EXAMPLES**

- Stakeholder groups
- 4-H, FFA statewide connection
- County, regional exhibits
- State Fairs Association

### **GOAL II - STRATEGIES**

1. Diversify agricultural and other industry programming
2. Add two members to State Fair Commission and require them to be representatives from county fairs
3. Upgrade, enlarge facilities to maintain and attract events and programs
4. Replace 4-H auditorium with multi-purpose building and upgrade existing dorm for youth and adult programming. Strategy conditioned on conducting market analysis.
5. Connect and enlarge Columbia/Jackman-Long buildings

6. Prior to the 2001 legislature, Steering Committee and OSFEC Commission ascertain the business interest in creating an Agricultural Trade Center at the fairgrounds. Include identification of a preferred approach, a cost-benefit analysis of the preferred approach, and interested sponsors for the preferred approach. Report to the 2001 Legislature.

### **Goal III**

#### **Increase community and business partnerships**

#### **CURRENT EXAMPLES**

- Contracting for services, supplies
- Sponsorships
- YMCA programming
- 4-H, FFA statewide
- Use of fairgrounds for Marion County Fair
- Use of county inmate labor

#### **GOAL III - STRATEGIES**

1. Emphasize mutual benefits
2. City finance complimentary improvements including streetscaping through urban renewal projects along Silverton Road
3. City, county or joint financing of community, sports-related, or other projects of community interest
4. Create an ongoing partnership among City, Chamber, Convention and Visitor Association to solicit events and welcome visitors. Examples: Pendleton – 2-A playoffs, Lane County Fairgrounds
5. Evaluate direct marketing support through regional tax or other local government funding for community programs including sports

### **Goal IV**

#### **Optimize operational efficiency and improve budgeting procedures**

#### **CURRENT EXAMPLES**

- Contracting for most services
- Use of county inmate work crews

## **GOAL IV - STRATEGIES**

1. Maintain flexibility to contract for services when cost effective
2. Make significant cost-saving improvements first, i.e. energy or labor saving improvements
3. Make optimum use of National Guard expertise and work force for construction projects
4. Fund a capital maintenance reserve for major maintenance and upgrade projects
5. Move all RV facilities to east side of fairgrounds and convert 17<sup>th</sup> Street RV area to additional parking.
6. Give OSFEC Commission stronger policy role.
7. State Fair staff consult with the state Office of Economic Analysis, DAS Budget and Management Division, and western fair directors regarding attendance and revenue forecasting approaches.
8. State Fair initiate a quarterly reporting and review of cash flow and revenue projections with the State Fair Commission and the Budget and Management Division.

## **Improvement Phases**

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### **Phase 1**

- Table 1 indicates projects completed or underway with the \$2 million in bonds already sold (as authorized by the 1999 Legislature).
- Table 2 (column 7) indicates \$6.74 million in priority “essential maintenance and repair” projects recommended to be funded out of the remaining \$8.167 million in bond authority authorized by the 1999 Legislature, pending adoption of a Strategic Plan and approval of the Emergency Board.
- Table 3 combines the previous two tables.

- Table 2 (column 8) indicates \$1.67 million in projects, or portions of projects, originally identified by OSFEC and the Department of Administrative Services, but currently on hold. The Task Force recommends that money from this column be applied toward other improvements identified in the Master Plan:
  1. A multi-purpose building to replace both the Floral Building and the 4-H Auditorium. May be able to be built in phases.
  2. A portion of the Phase 2 entry and perimeter treatments or grounds improvements
  3. Renovation and enlargement of the National Guard Armory. May be able to be completed in phases.

These three projects total more than the available \$1.9 million shown in Table 3 (column 8). Pending the outcome of market analyses, the Director, with the advice of the Steering Committee and State Fair Commission, is authorized to select projects (from either this list or the original list) to be funded by the remainder of the second bond sale revenue. These projects will also be reviewed at a proposed October 2000 meeting of the Interim Task Force on the State Fair.

Table 5 shows some of the project detail for the projects listed in Table 3.

## **Phase 2**

- Table 4 indicates an additional \$37.5 million in projects recommended with proposed future bond authorizations. These bonds would require the authorization of future legislatures. Some projects on this list also have the potential for sponsorships or public-private funding.

## **Phase 3**

- Phase 3 includes additional projects recommended in the Modernization Master Plan that will require outside funding or sponsorships – i.e. Images of Oregon and Old Oregon Village. These projects will require additional analysis and marketing time and effort.

**Table 1  
Oregon State Fair and Exposition Center  
\$2 Million Lottery Bond Funding**

1	2	3	4	5	6	7	8
<i>Expenditure Description</i>	<i>Modernization Master Plan Estimates</i>	<i>DAS Steering Committee Leg. Appd. Bgt.</i>	<i>6.0% Construction Inflation</i>	<i>(-) Expended or Encumbered To Date</i>	<i>= Total</i>	<i>Remaining Essential Maintenance and Repairs</i>	<i>Projects On Hold</i>
<b>Renovations &amp; Repairs To Existing Buildings</b>							
4-H Auditorium	\$281,033	\$0	\$0	\$0	\$0	\$0	\$0
4-H Dormitory	226,818	0	0	0	0	0	0
4H/FFA Barn	259,865	25,905	25,905	25,905	0	0	0
Amphitheater/Cascade Hall	364,359	0	0	0	0	0	0
Armory	0	0	0	0	0	0	0
Beef Barn	87,766	0	0	0	0	0	0
Columbia Hall	844,764	254,255	269,510	150,000	119,510	119,510	0
Day Care Center	124,698	0	0	0	0	0	0
FFA Pavilion/Office	114,798	0	0	0	0	0	0
Garden/Floral Bldg.	0	474,597	503,073	58,000	445,073	0	445,073
Grandstand	768,825	0	0	0	0	0	0
Grounds	1,642,535	163,225	163,225	163,225	0	0	0
Horse Stadium	2,048,138	465,000	492,900	492,900	0	0	0
Jackman-Long	745,629	258,204	273,696	0	273,696	273,696	0
Livestock Pavilion	203,318	0	0	0	0	0	0
Race Barns	814,731	0	0	0	0	0	0
Show Horse Barn	494,749	0	0	0	0	0	0
Small Animal/Poultry	\$214,947	\$5,545	\$5,545	\$5,545	\$0	\$0	\$0
Trailer Park	144,252	136,087	144,252	5,000	139,252	0	139,252
<i>sub-total</i>	\$9,381,225	\$1,782,818	\$1,878,106	\$900,575	\$977,531	\$393,206	\$584,325
Planning**	450,000	217,182	0	217,182	232,818	0	232,818
Design Services	938,123.00	-	-	-	-	-	0
Project Management	\$234,531	\$0	\$0	\$0	\$0	\$0	\$0
Contingency	\$1,407,184	\$0	\$0	\$0	\$0	\$0	\$0
<b>TO T A L</b>	<b>\$12,411,063</b>	<b>\$2,000,000</b>	<b>\$1,878,106</b>	<b>\$1,117,757</b>	<b>\$1,210,349</b>	<b>\$393,206</b>	<b>\$817,143</b>
<i>** Not included in master plan consultant estimates. Amount is in accordance with SB 5527.</i>							
Total Proposed Expenditures (+ \$217,182 for Planning):			\$2,095,288	Projects On Hold amount:			\$817,143
Legislative Approved Budget:			\$2,000,000	Less: reduction required:			(\$95,288)
Reduction Required from Projects On Hold:			\$95,288	Revised Projects On Hold:			\$721,855
<i>\$2 million - Renovations and Repairs to Existing Buildings</i>							

**Table 2  
Oregon State Fair and Exposition Center  
\$8.167 Million Lottery Bond Funding**

1	2	3	4	5	6	7	8
Expenditure Description	Modernization Master Plan Estimates	DAS Steering Committee Leg. Appd. Bgt.	6% Construction Inflation	(-) Expended or Encumbered To Date	= Total	Remaining Essential Maintenance and Repairs	Projects On Hold
<b>Renovations &amp; Repairs To Existing Buildings</b>							
4-H Auditorium	\$281,033	\$265,126	\$281,034	\$0	\$281,034	\$0	\$281,034
4-H Dormitory	226,818	213,979	226,818	0	226,818	226,818	0
4H/FFA Barn	259,865	99,095	105,041	0	105,041	105,041	0
Amphitheater/Cascade Hall	364,359	0	0	0	0	0	0
Armory	0	0	0	0	0	0	0
Beef Barn	87,766	0	0	0	0	0	0
Columbia Hall	844,764	528,541	560,253	0	560,253	560,253	0
Day Care Center	124,698	0	0	0	0	0	0
FFA Pavilion/Office	114,798	0	0	0	0	0	0
Garden/Floral Bldg.	0	0	0	0	0	0	0
Grandstand	768,825	563,625	597,443	0	597,443	0	597,443
Grounds	1,642,535	1,536,336	1,628,516	0	1,628,516	1,628,516	0
Horse Stadium	2,048,138	2,193,651	2,325,270	0	2,325,270	2,325,270	0
Jackman-Long	745,629	445,220	471,933	0	471,933	471,933	0
Livestock Pavilion	203,318	0	0	0	0	0	0
Race Barns	814,731	0	0	0	0	0	0
Show Horse Barn	494,749	443,159	469,749	0	469,749	469,749	0
Small Animal/Poultry	214,947	494,455	524,122	0	524,122	0	524,122
Trailer Park	144,252	0	0	0	0	0	0
<i>sub-total</i>	\$9,381,225	\$6,783,187	\$7,190,179	\$0	\$7,190,179	\$5,787,580	\$1,402,599
Planning**	450,000	232,818	0	0	0	0	0
Design Services	938,123	645,815	684,564	0	684,564	532,740	151,824
Project Management	234,531	225,400	238,924	0	238,924	185,935	52,989
Contingency	1,407,184	280,440	297,266	0	297,266	231,338	65,928
<b>TOTAL</b>	<b>\$12,411,063</b>	<b>\$8,167,660</b>	<b>\$8,410,933</b>	<b>\$0</b>	<b>\$8,410,933</b>	<b>\$6,737,593</b>	<b>\$1,673,340</b>

\*\* Not included in master plan consultant's estimates. Amount is in accordance with SB 5527.

Total Proposed Expenditures (+\$232,818 for Planning):	\$8,643,751	Projects On Hold amount:	\$1,673,340
Legislative Approved Budget:	\$8,167,660	Less: reduction required:	(\$476,091)
Reduction Required from Projects On Hold:	\$476,091	Revised Projects On Hold:	\$1,197,249

**Table 3**  
**Oregon State Fair and Exposition Center**  
**\$10.167 Million Lottery Bond Funding**

1	2	3	4	5	6	7	8
Expenditure Description	Modernization Master Plan Estimates	DAS Steering Committee Leg. Appd. Bgt.	6% Construction Inflation	(-) Expended or Encumbered To Date	= Total	Remaining Essential Maintenance and Repairs	Projects On Hold
<i>Renovations &amp; Repairs To Existing Buildings</i>							
4-H Auditorium	\$281,033	\$265,126	\$281,034	\$0	\$281,034	\$0	\$281,034
4-H Dormitory	226,818	213,979	226,818	0	226,818	226,818	0
4H/FFA Barn	259,865	125,000	130,946	25,905	105,041	105,041	0
Amphitheater/Cascade Hall	364,359 *	0	0	0	0	0	0
Armory	0	0	0	0	0	0	0
Beef Barn	87,766 *	0	0	0	0	0	0
Columbia Hall	844,764	782,796	829,763	150,000	679,763	679,763	0
Day Care Center	124,698 *	0	0	0	0	0	0
FFA Pavilion/Office	114,798 *	0	0	0	0	0	0
Garden/Floral Bldg.	0	474,597	503,073	58,000	445,073		445,073
Grandstand	768,825	563,625	597,443	0	597,443	0	597,443
Grounds	1,642,535	1,699,561	1,791,741	163,225	1,628,516	1,628,516	0
Horse Stadium	2,048,138	2,658,651	2,818,170	492,900	2,325,270	2,325,270	0
Jackman-Long	745,629	703,424	745,629	0	745,629	745,629	0
Livestock Pavilion	203,318 *	0	0	0	0	0	0
Race Barns	814,731 *	0	0	0	0	0	0
Show Horse Barn	494,749	443,159	469,749	0	469,749	469,749	0
Small Animal/Poultry	214,947	500,000	529,667	5,545	524,122	0	524,122
Trailer Park	144,252	136,087	144,252	5,000	139,252	0	139,252
<i>sub-total</i>	<b>\$9,381,225</b>	<b>\$8,566,005</b>	<b>\$9,068,285</b>	<b>\$900,575</b>	<b>\$8,167,710</b>	<b>\$6,180,786</b>	<b>\$1,986,924</b>
Planning	450,000	450,000	0	217,182	232,818	0	232,818
Design Services	938,123	645,815	684,564	0	684,564	532,740	151,824
Project Management	234,531	225,400	238,924	0	238,924	185,935	52,989
Contingency	1,407,184	280,440	297,266	0	297,266	231,338	65,928
<b>TOTAL</b>	<b>\$12,411,063</b>	<b>\$10,167,660</b>	<b>\$10,289,039</b>	<b>\$1,117,757</b>	<b>\$9,621,282</b>	<b>\$7,130,799</b>	<b>\$2,490,483</b>
<i>* Represents unfunded maintenance of:</i>		\$1,709,670					
** Not included in master plan consultant's estimates. Amount is in accordance with SB 5527.							
Total Proposed Expenditures (+\$450,000 for Planning):			\$10,739,039	Projects On Hold amount:		\$2,490,483	
Legislative Approved Budget:			\$10,167,660	Less: reduction required:		(\$571,379)	
Reduction Required from Projects On Hold:			\$571,379	Revised Projects On Hold:		\$1,919,104	

**Table 4**  
**Oregon State Fair and Exposition Center**  
**Master Plan Proposed Enhancements**

1 Expenditure Description	2 Master Plan Enhancements	3 Expenditure Explanation
<b>New Buildings, Additions, &amp; Unfunded Maintenance</b>		
<i>Unfunded maintenance</i>	\$1,709,670	DAS Facilities Division estimate
Amphitheater/Cascade Hall	\$4,610,000	Cover for Amphitheater
Armory	4,905,200	Estimate per Sienna Architecture Company
Columbia/J-L Addition	3,750,000	30,000 square feet of exhibition space
Columbia/J-L Connector	2,340,000	18,000 square feet
Columbia/J-L Facade	800,000	
Food Court	200,000	2,000 square feet of new concession space
Garden/Floral Building/4-H Building	2,340,000	Replace 4-H Auditorium and demolished floral building
Grandstand Trade Center & Exhibit Hall	2,200,000	11,000 sq. ft. of offices exhibition and catering space
Livestock Barn	1,200,000	30,000 square feet, open air construction
Show Horse Barns	1,485,000	3 horse barns with 100 stalls each
Warm-up Arena	65,000	Less \$400,000 Included in \$8.2 million lottery bonds
Maintenance Bldg. Option 1	750,000	10,000 square feet of enclosed space
Maintenance Bldg. Option 2	(872,469)	Less if Armory Complex offices used as maintenance area
New Bldgs., Additions & Maintenance subtotal:	\$25,482,401	
<b>Site Enhancements</b>		
All-weather sports field	\$1,160,000	Turf field with lighting
Entry Gates and Fencing	\$925,671	Less \$58,529, which is included in \$8.2 million lottery bonds
Equestrian Fields	25,000	Fencing, chutes, and gates
Images of Oregon	100,000	Development allowance
Landscaping	300,000	Shrubs, trees, grass, and flowers
Old Oregon Village	100,000	Development allowance
Site infrastructure	850,000	Additional water, sewer, and storm lines for concessions
Site paving	291,134	Less \$93,856, which is included in \$8.2 million lottery bonds
Special features and site furniture	200,000	Benches, trash cans, directional signage, and site graphics
Trailer Park Connections	13,913	\$136,087 included in \$2 million lottery bonds
Site Enhancements subtotal:	3,965,718	
<b>Construction Costs subtotal:</b>	<b>29,448,119</b>	
Contingency @ 15%	4,417,218	
Project Management @ 2.5%	\$736,203	
A/E Fees and Survey @10%	\$2,944,812	Architectural and engineering plus site survey
<b>Maintenance, Construction and Enhancements Total:</b>	<b>\$37,546,352</b>	

**Table 5**  
**Oregon State Fair and Exposition**  
**\$10.167 Million Lottery Bond Funding**

1	2	3
Expendit Descripti	DA Steerin Committ L.A.B.	Expenditure
4-H	\$265,1	Demolish and apply funding to a multi-purpose building to include
4-H	213,97	Seismic upgrades, replace roof/gutters/doors, paint interior, and upgrade
4H/FFA	125,00	Seismic upgrades and replacement of
Amphitheater/Cas	0	Unfunded maintenance. Seismic upgrades, asphalt repair,
Armor	0	Funded as part of future
Beef	0	Unfunded maintenance. Seismic upgrades, asphalt repair,
Columbia	782,79	Replace asphalt, seismic upgrades, replace roofing and siding, painting,
Day Care	0	Unfunded maintenance, seismic upgrades, asphalt repair, painting,
FFA	0	Unfunded maintenance, seismic upgrades, asphalt, painting, roofing,
Garden/Floral	474,59	Apply funding to a multi-purpose building to include FFA Auditorium.
Grandsta	563,62	Seismic upgrades, asphalt repairs, painting, replace windows, and
Groun	1,699,5	Asphalting, fencing; replace water/sewer/storm lines/telephone system,
Horse	2,658,6	Seismic upgrades, replace restrooms/concessions/asphalt/stalls, paint,
Jackman-	703,42	Asphalting; clean, seal, and paint interior/exterior; replace tiles, seismic
Race	0	Unfunded maintenance, seismic upgrades, asphalt, painting, roofing,
Show Horse	443,15	Asphalting, seismic upgrades, paint/repair interior/exterior, install sprinkler
Small	500,00	Restore or replace. Considered to be a historically significant building by
Trailer	<u>\$136,0</u>	Repair and paint restroom, and utility
<i>sub-</i>	<u>\$8,566,0</u>	
Planni	450,00	Modernization Master Plan, financial feasibility and
Design	645,81	Architectural, mechanical, and electrical
Project	225,40	DAS Facilities and contracted project
Contingen	<u>\$280,4</u>	Resource for unanticipated
<b>TOTA</b>	<b><u>\$10,167,6</u></b>	

\* Legislative Approved

## Funding Phases

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### State

#### 1999-2001 Biennium

In August 2000, bond \$8.167 million for essential maintenance and repair projects and specified improvements.

Earmark a portion of the money remaining from the \$450,000 allotted for planning this biennium for feasibility and market analyses of specific project proposals, i.e., armory upgrade, equestrian center, agricultural trade and exhibition center, amphitheater, multi-purpose building, living history village, images of Oregon, or any proposed sports fields. These analyses are to include all costs, projected revenue returns, potential for sponsorships, and level of marketing that would be required. The funds would be under the control of the Steering Committee, and the Task Force recommends obtaining local or private match for the market analyses.

#### 2001-2003, 2003-2005 Biennium

2001 and 2003 Legislatures authorize bonding for additional lottery-backed revenue bonds pending identified Strategic Plan oversight and operational improvements and progress in identifying additional local and private resources.

#### Ongoing

State maintenance subsidy equal to the biennial amount appropriated to County Fairs. Fund an ongoing facility maintenance and replacement fund. Potential source is general fund portion of Multi-jurisdictional Wagering Hub revenues.

#### Conditions:

- Increase in gate admission beginning 2001 fair
- Improved management controls and reporting
- Improved oversight
- OSFEC identify means to return to trend of increasing exposition business and fair revenues
- Increased community partnerships and support

#### Justification:

- Consistent with policy of state support for county fairs (since 1995 - \$3 million/biennium)
- Inability of fairs to be entirely self-supporting
- Most state and county fairs have a dedicated source of ongoing support

- Attempts to be self-supporting typically result in serious maintenance deferrals
- Limited ability to recoup inflationary costs through leases
- Lower-than-market lease rates for public benefit
- Desire to keep fair attendance affordable to all families
- Policy to invest in youth and educational activities
- Policy to promote Oregon agriculture and industry

## **CITY AND COUNTY CONTRIBUTIONS**

The Task Force recognizes the mutual local, regional, and state benefits of fairgrounds facilities upgrades, neighborhood improvements, and additional marketing of Fair and Expo events. In authorizing bonds for facilities restoration, the 1999 Legislature noted the local-state relationship and directed that ongoing local contributions be addressed. Marion County, the Salem Convention and Visitor Association, the City of Salem, and the state jointly funded the State Fair Feasibility Study, portions of which are incorporated into this Strategic Plan.

### **CURRENT LOCAL CONTRIBUTIONS**

Attachment 2 itemizes the contributions of Marion County, including lease fees and maintenance activities related to use of the fairgrounds for the Marion County Fair. Also itemized are the value of juvenile and sheriff work crews that provide free or subsidized labor, and a recent grant to the Salem Convention and Visitor Association for marketing.

Attachment 3 itemizes the contributions of the City of Salem, including fire and emergency response, backup for State Police law enforcement activity, and street signage and barricade work.

### **ADDITIONAL LOCAL COMMITMENTS**

Successful revitalization of the fairgrounds will take additional state and local support. The Task Force has noted significant local efforts across the state to renew a number of county fairgrounds and exposition centers. Communities have invested in facilities, and some subsidize operations, because of the traditional value of their fairs and because of anticipated returns to area commercial and hospitality sectors.

Attachment 2 discusses a 2002 Marion County public

works project at Lancaster Drive and Silverton Road to improve traffic flow.

Attachment 3 itemizes City of Salem improvements planned over the next five years in the North Gateway Urban Renewal District that will improve certain adjacent neighborhoods and traffic flow and aesthetics on several routes to the fairgrounds.

Also specified in Attachment 3 are goals adopted by the Salem City Council, including exploration of (1) additional projects in the North Gateway District and (2) a regional marketing effort for regional attractions including the OSFEC.

The Salem Convention and Visitor Association continues to pursue additional funds for regional marketing efforts.

## **Revenue Projections**

### **Feasibility Study estimates**

The C.H. Johnson Feasibility Study includes net revenue estimates for each of the major facilities projects under consideration. They estimated the additional potential revenue and subtracted the additional operating (but not construction) costs for the expanded or new facility. Little additional revenue is projected from the Phase 1 projects, but the consultants, State Fair staff, and the Task Force consider these improvements to be essential in retaining existing exposition business and in beginning to attract new business. The study projected a total net operating revenue increase of \$1.1 million by 2004 after completion of most of the Phase 1 and Phase 2 facilities projects.

### **Further analysis**

Because of the number of variables involved in these estimates, including marketing effort, competition, and price elasticity, and because these projects will be undertaken over the next four to six years, the Task Force recommends additional individual marketing analysis to determine revenue potential for the new projects before they are finally approved. The Task Force concurs with the approach of concentrating on the Fair and Exposition Center's existing profit centers for initial improvements while laying the groundwork for partnerships on some of the more speculative projects.