



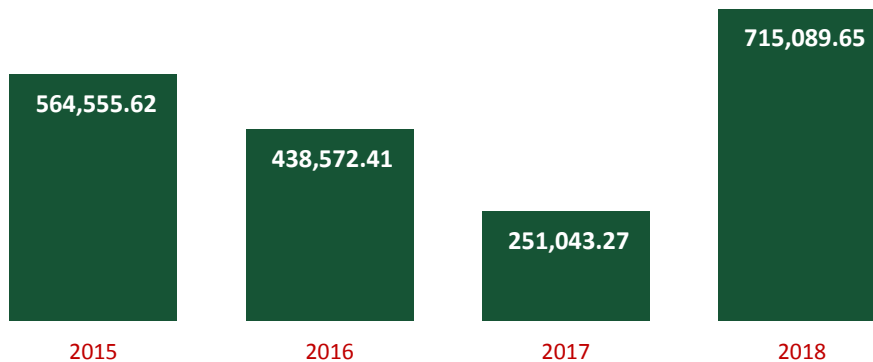
Senate Bill 897
2019
Oregon Legislative Session



SB 897 proposes funding of \$5.6 million to prepare a current and complete assessment of all property assets and opportunities which will provide the basis for comprehensive and prioritized deferred maintenance, and facility improvement and development plans. Additionally, this bill proposes funding of only the highest-priority deferred maintenance, improvement and enhancement to the state-owned fairground facilities (See Attachment A) in order to protect these assets, maintain the current level of facility use and revenue, and attract additional new business which will increase profit and statewide economic benefit.

The Oregon State Fair Council (OSFC) completed its first four years operating the Oregon State Fair and Expo Center (OSFEC) on December 31, 2018. State Fair attendance and participation, and year-round use of Expo Center facilities has increase significantly in that time; eliminating the annual operating deficit of approximately \$1.75 million under the previous administration, and realizing a net profit for each of those four years totaling over \$1.9 million cumulatively, including over \$1.5 million of capital investment¹ in state-owned fairground property and equipment.

Oregon State Fair & Expo Center
Total Profit Including Capital Investment



Although these first four years results exceeded even the Council’s expectations, it is important to note that they were accomplished largely due to a very frugal bare-bones spending strategy on the part of the Council and staff, and a relatively minimal investment compared to the millions of dollars of decades-old deferred maintenance and needed upgrades to the facilities and equipment. Continuing OSFEC’s 2015-2018 success and further growth in revenue will be increasingly more difficult without significant and ongoing investment in the fairgrounds facilities and equipment. Investments including building, land and infrastructure repairs; capital improvements and property development; facility modernization and enhancements; additional equipment; and improved service capabilities are necessary for OSFEC to continue to be competitive and thrive in the special event and event venue markets.

¹ ORS 565.495 “...If the council expends moneys for the construction, repair, remodeling or maintenance of, or other long-term benefit to, fairground properties and facilities that are real property, the council may capitalize those expenditures for purposes of determining net profit or loss from conducting the Oregon State Fair, carrying out fairground business operations and operating fairground properties and facilities.”

The relationship between the OSFC and the State of Oregon is unique, with ownership of the real property and buildings remaining with the State, with OSFC acting as stewards of those State assets and charged with increasing the success and longevity of the OSFEC. We look forward to the continued partnership with the State toward the accomplishment of our mutual objectives: improving the condition of the State's assets, both physical and intangible, and generating significant economic benefit for Oregon and the region.

A recently completed study of *"The Economic and Fiscal Impact of the Oregon State Fair and Exposition Center on the Local and State Economies"* by Gruen Gruen + Associates, Urban Economists, Market Strategists & Land Use/Public Policy Analysts, estimates that OSFEC annually creates \$54.5 million of total economic activity in the State of Oregon, supports 883 full time, part time and seasonal jobs, provides \$15.6 million of total annual earnings to workers, generates \$890,000 of state income tax, and results in \$393,000 in state and local lodging tax.

During the 2016 legislative session, SB 5701 provided for the issuing of \$2,500,000 Article XI-Q bonds for repairs and improvements at the Oregon State Fair & Expo Center. These bond projects have begun by addressing the highest priority deferred maintenance needs – roofs and HVAC! Bond projects currently underway will provide a much needed new roof and upgrade or replacement of HVAC systems on the Jackman Long Building and the assessment of overdue design-error corrections and deferred maintenance to The Pavilion, two of OSFEC's most desired event facilities. It is anticipated that these bond projects will be completed by spring of 2019.

However, this only begins to address the reality of both the condition and potential of the State Fair & Expo Center. Most of the facilities have been in a state of disrepair for many years, many are only marginally marketable as rental facilities, and some are barely usable due to health and safety concerns. In October of 2012 Oregon Parks and Recreation Department (OPRD) commissioned an assessment of State Fairgrounds buildings. The projected probable costs from that assessment ranged from \$9,375,589 to \$12,054,329, excluding design fees, permit fees, hazardous materials abatement expenses, and other costs. In most cases these probable costs also exclude roof structure damage, and only considered buildings and structures but not necessary upgrades and deferred maintenance such as paving, lawns, utility distribution systems, gates and fences, landscaping, etc. If adjusted for inflation, and if ongoing deterioration and the costs excluded by that study were reflected, the probable costs could easily be several times what was estimated in 2012.

Additionally, other high priority enhancements need to be contemplated including improving climate control systems in The Pavilion, upgrades and replacement of other HVAC systems, developing IT systems that meet our internal needs and provide services expected or required by today's tech-dependent event planners, producers, participants and guests, and aesthetic upgrades including landscaping, painting, signage, lighting, etc. to create a more desirable, marketable and thriving place to present and attend events.

Based only on what is known about the current condition of the facility and the incredible potential the facility represents, we believe an estimated \$33 million investment (See Attachment B) in these State-owned assets would assess and address the accumulated deferred maintenance, improvements and enhancements to the State Fairground facilities to provide the greatest financial return and the social benefit of ensuring that future generations are able to enjoy the State Fair and Exposition Center the way Oregonians have for over 150 years.

The State Fair and Exposition Center is important to the people of Oregon, as demonstrated by the overwhelming support of SB 7 in 2013, which created the unprecedented opportunity for OSFEC to transition from State Parks into a Public Corporation, and to thrive going forward. The Oregon State Fair Council, management and staff are united and committed to the common vision of a vibrant, healthy, and valued Oregon State Fair and Exposition Center, and we look forward to working with the Governor, the Legislature, and DAS to make that possible.

Oregon State Fair Council:

- Jon Chandler - Chair - Former Executive Director, Oregon Home Builders Association
- Kevin Cameron - Vice Chair - Marion County Commissioner
- Vicki Berger - Council Member - Former Representative, Oregon State Legislature
- Loyal Burns - Council Member - Board of Directors, Veterinary Services Inc. & Sheep Breeder
- Gene Derfler - Council Member - Former Senate President, Oregon State Senate
- George Jennings - Council Member - Counsel to the President, Mountain West Investment Co.
- Dayna Jung – Council Member – Consultant/Owner, Project Design Group
- Austin McGuigan - Council Member - Community Development Director, Polk County
- Representative Mike Nearman - Advisory Council Member - Oregon State House of Representatives
- Leah Perkins-Hagele - Council Member - Fairgrounds Manager, Washington County Fair Complex
- Steve Powers - Advisory Council Member - Salem City Manager
- Senator Arnie Roblan - Advisory Council Member - Oregon State Senate
- Craig Smith - Council Member - Former Vice President and CFO, Chemeketa Community College

Director & Chief Executive Officer - Michael Paluszak
2330 17th Street NE
Salem, OR 97301
(971) 701-6563
MPaluszak@OregonStateFair.org
OregonStateFairCouncil.org

SB 897 - Attachment A

Oregon State Fair and Expo Center - Deferred Maintenance, Improvements and Enhancements Priorities

NOTE: All costs/estimates are CPI-indexed to current values, as of December 31, 2018.

PRIORITY	PROJECT	LOCATION	DESCRIPTION	ESTIMATED COST
1	OSFEC CAMPUS-WIDE FACILITY CONDITION ASSESSMENT	MISC.	This project will provide a full-range real property improvement condition assessment with estimates for future project expenditures. This will set the base-line for all campus facility work. The estimated priority cost is \$300,000.	300,000.00
2	ROOF ROOF REPLACE SOFFITS	CASCADE HALL COLUMBIA HALL JACKMAN LONG BDLG	This project will fund the roof replacements of Cascade Hall and Columbia Hall, as required by the 2017 Roof Assessment Project. Additionally, included is the soffit replacement of the Jackman Long Building as required in the 2012, OPRD-funded facility assessment. The estimated priority cost is \$1,542,226.	144,290.00 1,346,740.00 51,196.00
3	HVAC HVAC HVAC HVAC	CASCADE HALL COLUMBIA HALL FLORAL BUILDING JACKMAN LONG BDLG	This project will fund the HVAC replacements at Cascade Hall, Columbia Hall, Floral Building, and a portion of the Jackman Long Building. This work is a continuation of 2018 work and is required in the 2017 HVAC Assessment Project. The estimated priority cost is \$734,000.	100,000.00 375,000.00 49,000.00 210,000.00
4	INTERIOR CEILING IMPROVEMENTS	CASCADE HALL	This project at Cascade Hall upgrades the degraded suspended ceiling system to sustain and increase revenue. This work is required in the 2012, OPRD-funded facility assessment. The estimated priority cost is \$35,136	35,136.00
5	EXTERIOR PAINTING/WALL IMPROVEMENTS EXTERIOR PAINTING/WALL IMPROVEMENTS	COLUMBIA HALL JACKMAN LONG BDLG	This project will fund exterior wall restoration, stabilization, and much-need painting at Columbia Hall and the Jackman Long Building. This project has been in a deferred status for 6-years and required by the 2012, OPRD-funded facility assessment. The estimated priority cost is \$500,000	250,000.00 250,000.00
6	CONCRETE FLOOR/WALL IMPROVEMENTS INTERIOR WALL IMPROVEMENTS	COLUMBIA HALL JACKMAN LONG BDLG	This project will fund concrete floor and interior wall improvements at Columbia Hall and interior wall improvement throughout the Jackman Long Building as required in the 2012, OPRD-funded facility assessment. The estimated priority cost is \$45,740	20,740.00 25,000.00
7	MISC IMPROVEMENTS RESTROOM UPGRADES RESTROOM UPGRADES SE MEZZANINE IMPROVEMENTS	CASCADE HALL COLUMBIA HALL JACKMAN LONG BDLG JACKMAN LONG BDLG	This project will fund audiovisual, technology and other improvements identified necessary to sustain and improve revenue at Cascade Hall. Additionally, funded by this priority are restroom improvements, including ADA for Columbia Hall and the Jackman Long Building. Also included is the mezzanine upgraded at Jackman Long Building. This priority is specifically tied to revenue sustainment and enhancement. The restroom and mezzanine projects are required in the 2012, OPRD-funded facility assessment. The estimated priority cost is \$273,200	61,000.00 100,000.00 100,000.00 12,200.00
8	REPLACE DOOR FRAMES/DOORS	JACKMAN LONG BDLG	This priority funds the replacement of certain Jackman Long Building exterior doors and frames. This is a long-standing deferred project and is tied to safety and security. This project is required in the 2012, OPRD-funded facility assessment. The estimated priority cost is \$202,520.	202,520.00
9	CMU EFFLOURESCENCE INTERIOR	CASCADE HALL	This project upgrades Cascade Hall/Amphitheater interior wall surfaces damaged by concrete masonry unit efflorescence and long-standing roof leaks. This project is required in the 2012, OPRD-funded facility assessment. The estimated priority cost is \$22,643	22,643.00
10	CONCRETE IMPROVEMENTS	CASCADE HALL	This project provides for various concrete floor and walkway improvements as required in the 2012, OPRD-funded facility assessment. The estimated priority cost is \$5,260	5,260.00
11	SOUTH GLULAM BEAM WEST GLULAM BEAM	CASCADE HALL CASCADE HALL	This project will fund the replacement of the South and West exterior glu-lam beams of Cascade Hall. These beams are beyond repair and are a long-standing deferred project. These projects are required in the 2012, OPRD-funded facility assessment. The estimated priority cost is \$195,200	97,600.00 97,600.00
12	PARKING LOT AND ASPHALT IMPROVEMENT	MISC.	This project will provide a paved and drained parking lot West of the Jackman Long Building. This improvement has been requested by patrons for many years. This soil/gravel lot without drainage is totally unsatisfactory during all but the driest months of the year. The estimated priority cost is \$1,771,000	1,771,000.00

\$ 5,626,925.00

SB 897 - Attachment B

Oregon State Fair and Expo Center - Statement of Probable Costs - Deferred Maintenance, Improvements and Enhancements

Building	2012 Estimate	*2018 Estimate	2018 Roof/HVAC Estimate	Total Estimate
Building #1, Jackman-Long	\$2,775,218.00	\$3,022,804.68	\$162,200.00	\$3,185,004.68
Building #3, Columbia Hall	1,180,393.00	1,487,295.18	1,745,740.00	3,233,035.18
Building #4, Garden Building	14,487.00	18,253.62		18,253.62
Building #9, 4-H Exhibit Building	557,343.00	702,252.18	913,061.00	1,615,313.18
Maintenance Buildings O,P,Q	33,449.00	42,145.74	33,500.00	75,645.74
Maintenance Building N	197,607.00	248,984.82		248,984.82
Building #15, FFA Pavilion	202,198.00	224,769.48		224,769.48
Building #15, North Element	49,617.00	62,517.42		62,517.42
Building #17, 4H/FFA Barn	490,157.00	617,597.82		617,597.82
Building #18, Beef Barn	112,018.00	141,142.68		141,142.68
Building #20, Forster Livestock Pavilion	365,155.00	460,095.30	3,804,430.00	4,264,525.30
Building #21, Show Horse Barn-Demo	233,993.00	294,831.18		294,831.18
Building #21, Show Horse Barn-New	3,184,174.00	4,012,059.24	150,720.00	4,162,779.24
Building #22, Horse Warm-up Arena	30,784.00	38,787.84		38,787.84
Building #23, Horse Show Stadium	1,732,401.00	2,182,825.26	2,635,000.00	4,817,825.26
Building #33, Cascade Hall	413,099.00	520,504.74	166,564.00	687,068.74
Building #34, L.B. Day Amphitheatre	385,226.00	485,384.76		485,384.76
Building #40, Pavilion	97,010.00	122,232.60		122,232.60
17th St. Gravel Lot Build out (161,000 sf @ \$11/sf)-Estimate				1,771,000.00
Fair Grounds Asphalt Restoration (1,187,000 SF)-Estimate				2,967,500.00
Not Included in 2012 Assessment:				
Exterior Painting Estimate				750,000.00
Interior Wall refinishing, Celing Systems, Doors, Window estimate				950,000.00
Floor Covering Estimate				1,200,000.00
Current Facility Assessment estimate				300,000.00
	\$12,054,329.00	\$14,684,484.54	\$9,611,215.00	\$32,234,199.54

Notes:

1. 2012 Facility Assessment generally does not include the following:

- a. Roof replacements
- b. Major HVAC repairs/replacements
- c. Retainage of Maintenance and Show Horse Barn facilities
- d. Roads/Grounds requirements, especially asphalt and concret repairs/replacements
- e. Campus Infrusture requirements, water, sewer, fire, electrical systems
- f. ADA requirements per facility
- g. A majority of interior finishes, such as painting, floor covering, many ceiling systems, interior doors, etc., and exterior wall restoration and painting

2. Current Facility Assessment will include the above omitted categories.

*The 2018 budget request estimate escalation factor was provided by McBride Architecture and was applied at 4% per year, compounded