

**BOARD OF COMMISSIONERS
COUNTY FAIR BOARD**
Meeting Minutes of January 16, 2018
6:00 p.m., Rm 114, Umatilla County Courthouse
Pendleton, Oregon

Commissioners Present: Chair George Murdock; Vice-Chair Bill Elfering; and Commissioner Larry Givens

County Counsel: Doug Olsen

Fair Board Present: Gay Newman, Board Chair; Lucas Wagner, Bob Wolfe, Steve Anderson, John Eckhardt, Micheal Hampton

Guests and Others Present: Mayor Dave Drotzmann, Hermiston; Robert Pahl, County Chief Finance Officer; Cyndie Driscoll, County Fair-Sponsorships & Events Coordinator

CALL TO ORDER

Chair Murdock called the meeting to order at 6:00 p.m. This is the annual joint meeting of the Board of Commissioners and Fair Board; he introduced Gay Newman, Fair Board Chair. He also welcomed Hermiston Mayor Dave Drotzmann. Introductions were made around the room.

Chair Murdock referred to the meeting agenda and background comments. He also pointed out recent East Oregonian articles about Eastern Oregon Trade & Event Center and where they are going for the future. For the main priority, Doug Olsen has put together a potential lease for fairgrounds; nothing is formal at this time. Best time spent, he felt, is having the Fair a tenant of EOTEC and to think about creating a lease that puts the Fair as a tenant in the long-term. VenuWorks is managing the EOTEC grounds. Mr. Newman advised VenuWorks is currently under contract (started 1/1/18). Commissioner Givens noted the #1 goal is to protect the Fair and the lease agreement needs to be renegotiated. Mr. Olsen will speak to the lease shortly.

Chair Murdock pointed out the original contract was set up as building a new location whereas it is now moving towards a lease with the Fair as a tenant -- not in charge of the grounds. Commissioner Givens added VenuWorks has noticed the Fair they will have to vacate offices at EOTEC. The new lease will address this and other things. Chair Murdock added most important and for a long while, there was no question the Fair had to have a new home. That huge undertaking has been achieved. The major focus of the Fair is for 1 week a year -- a change from previously handling the fairgrounds 52 weeks/year.

Mr. Olsen handed out copies of the proposed draft lease agreement. He advised it is taken from the current lease with EOTEC; main changes are on the first two pages – landlord would be the city (Hermiston) vs. EOTEC and the County would be a tenant. Term is for 50 years (same as previously). The County and Fair would have exclusive use for six weeks during fair/prep and tear down as well as the right to use a meeting room for Fair Board, Fair Board appreciation dinner, Fair Court Appreciation lunch. Currently, county would have use of offices for fair staff, but that would change once a new separate building is constructed. The County would have access to the fenced area with exclusive use of storage with the remainder shared with the City for storage

Section 1.1.3 is a proposed Fair office building to be constructed (map/drawing) consisting of two offices, a larger conference room, restrooms and storage room for County as well as separate storage spaces for the City and EOTEC. Chair Murdock pointed out the configuration would be a long building located at the southeast end for access for use as the Fair office. Regarding size, Commissioner Givens advised it is proposed 60' X 120', and ended up being 7,700 sq. ft.

John Eckhardt, Fair Board elect, asked about why wouldn't lease be with EOTEC -- he thought the property is theirs. Mr. Olsen advised the new lease would be negotiated with the City (based on the County proposal re: ownership). The County will have use of a parking area and ownership of the security building (south of the small animal barn). Parking wouldn't infringe on access. It would probably be in vicinity of the current fenced off area with access to not be locked out. Mr. Olsen's summary were the largest changes. In addition, the rent amount would be increased to \$100,000 for the first three years, then renegotiated, but with a limited percentage increase. He also clarified that a separate agreement is to be established with an inventory (to be done) of property for accounting purposes.

Bob Wolfe asked about section 1.1.3 -- at least 2 offices -- will that be sufficient? Mr. Olsen advised during Fair all the area would be used by the Fair (7-8 people work during that time). Also accounting needs secure space during Fair (the "mezzanine").

Mr. Eckhardt suggested including in the lease something specifically stated about the Fair having access to EOTEC and where the offices are for Fair use during Fair. Suggested solutions would be temporary until a new building is available -- specific wording about expectations for office space and detail of timing (i.e. June 1, then middle of June and more added until Aug 1 -- for total of 8). Timing is through the Sunday after Fair end on Saturday night. Once the Fair office is established, then the first contract could go away. Mr. Olsen pointed out some additional space may still be needed at EOTEC office during fair. Commissioner Givens advised VenuWorks is looking at its staffing needs at EOTEC, thus their reason notice has been given to Fair to vacate as soon as possible. Mr. Eckhardt noted he has talked to VenuWorks' interim manager about space use/needs and how to facilitate best use for EOTEC and for the Fair. They agreed with his suggestion to have a two-phase agreement. Cyndie Driscoll noted reason Fair staff is OK, and they understand VenuWorks' vision of more personnel plus there needs to be a good flow pattern. Mr. Eckhardt suggests a Fair Board sub-committee could work on this aspect with the next Fair fast-approaching.

Commissioner Givens added that one reason for joint meeting tonight is that five entities are trying to run EOTEC and it's not working. For it to work and be streamlined, only one boss is needed.

In response to Mr. Newman's question about where would funds come from to build the Fair building (office), Chair Murdock advised it has been discussed and it is feasible, but that is confidential (at that time). Mr. Newman expressed concern over dreaming the last four years of having a new building, but it must be feasible. Chair Murdock pointed to the agenda, "background comments" and reaffirmed the County would be stepping up for budget.

Mr. Wagner talked about budget and asked about the reports the County would contribute \$100,000 (in negotiations at this time with the County and Hermiston). He pointed out previously the budget was \$10,000 but now in the new building, they are looking at \$100,000. Chair Murdock responded the County put in quite a lot of money in addition to what the Fair Board already put in. If things go correctly, it would reduce exposure to the County. Any conversation that includes building/storage, agreements would be entered into properly as a tenant. The idea is things will run smoother for next year's Fair. A lot of things Fair personnel and volunteers previously worked on, they should no longer have to; it is EOTEC's responsibility as landlord. Commissioner Givens noted VenuWorks has experience with centers and will know what is needed for events.

Regarding a question by Mr. Eckhardt about boundaries, Mr. Olsen noted there is a sketch to be attached to the proposed agreement including defined portions. As far as specific spaces of access to the EOTEC building during Fair except for the General Manager's office, would that be added? Mr. Olsen responded that is the expectation. Until a new building is built, EOTEC is the Fair's during the 6-week period then to be renegotiated after construction of the new building. Ms. Driscoll pointed out VenuWorks sees the future and this would benefit them; she felt this is doable before Fair in August. Mr. Olsen advised he could add language for a set period of time to clarify; as stated before, the County needs to cover bases until the building is built. All agreed. Chair Murdock noted any long-term agreement must include a new separate building; he reiterated it is only a

temporary agreement for the near future. Commissioner Givens pointed out separation of Fair staff and EOTEC is imperative.

There was more discussion about VenuWorks' offices/personnel and possibly only needing three offices vs. four.

In response to Mr. Newman's question about recollection of a proposal by the Fair to Hermiston, Mayor Drotzmann didn't recall a City Council meeting where that was discussed. Chair Murdock noted the timeline is good to get a proposal on the table. Hermiston's City Council meeting is scheduled for 1/29.

Mayor Drotzmann asked about the change to the current space, whereupon Ms. Driscoll and Mr. Eckhardt made a draft sketch of the office area. Commissioner Givens pointed out at the last EOTEC Board meeting, they wanted to wait until VenuWorks sees what is proposed. Mr. Eckhardt advised the drawing he made and the one from VenuWorks is very similar – it would use the first aid room. As a contractor, he felt that six weeks is reasonable for a simple remodel. Chair Murdock cautioned against spending the same money twice; that is, he didn't want to modify offices where funds should be expended for permanent creation of Fair office space. Mr. Eckhardt commented this appears to be a 2019 project. Chair Murdock felt all would know within 30-45 days if money is available.

Chair Murdock advised in the long term, it is in the best interest of the Fair and utilization of the Fair there needs to be a separate facility that is not in the event center. All agreed.

There was no response to Mr. Olsen's question if there were any other ideas to be included in the agreement.

Ms. Driscoll noted the next Fair Board meeting is tomorrow (1/17/18).

Mr. Anderson talked about capital improvements on EOTEC grounds – would that have access to the Fair? Mr. Olsen noted some things are already located within the Fair's (fenced) area. In response to Commissioner Givens question about adding future buildings in that area, Mr. Olsen responded yes.

Mr. Newman also talked about the RV expansion area needing to be addressed down the road. And, Mr. Eckhardt commented about parking for carnival folks, parking for vendors and commercial; there is no longer any room for future amphitheater. Also, carnival folks want more room. There is need to address space needs and footprints. Mr. Eckhardt also talked about rodeo contestant parking/trailers and the need for good design there. Back to the RV park, it could bring in money for EOTEC and they need to look where that area is located at the grounds. In addition, access for RV park should probably be Ott Road. Commissioner Givens advised there may be issues with using Ott Road as it is a county road.

Chair Murdock asked about vendors. Mr. Wolfe noted commercial indoor vendors doubled, but there were less outside vendors. He knew of about six vendors who passed on the first year. In addition, Mr. Eckhardt noted electrical needs and power access must be considered/assessed in the coming year. He suggested perhaps adding power to the commons area. Mr. Newman pointed that that is an EOTEC discussion (facility).

Chair Murdock noted Mr. Olsen shared the preliminary proposed lease agreement. And, he assumed the Fair Board would carefully look it over in coming weeks. He wanted their reaction since they are the "experts" and asked them to come back soon with comments. He suggested taking a week then coming back to the Board with a date for comments.

Mayor Drotzmann pointed out there are two sides to negotiation. The County has now made its presentation and the City will have another side -- there will be more to consider. Chair Murdock added within a week, there will be more information. Commissioner Givens added the goal is to get management to a manageable level with one boss.

It was pointed out that Farm City Rodeo has their own lease agreement – they are a tenant like the Fair.

Item D: Ownership and Use of Fair Equipment. Mr. Eckhardt pointed out that EOTEC has no equipment. Comparison is needed as to the Fair vs. EOTEC. Chair Murdock noted a comprehensive list of equipment discussed by the EOTEC Board with VenuWorks provides their necessary/desired equipment (i.e. extra length forklift was desired, but was sold at State Surplus before the County could bid on it).

Chair Murdock talked about transition for Fair Board members with two new and two long-time members leaving. And more changes are coming in the next several years.

Commissioner Elfering referred to section 3.5 regarding county equipment/city equipment allowable use. Ms. Driscoll asked about County/Fair property – currently, the lease is very vague about loaning or allowing EOTEC use of county equipment and it doesn't include anything about charging or paying for damages or who checks out equipment? (Which would mean more Fair personnel paperwork.) It was reminded with VenuWorks operating the facility the Fair won't be responsible for those (equipment) issues. Mr. Wagner advised it has been about \$20,000 for rental fees of many types of equipment. Chair Murdock added the Fair will have to back up on this and other items with hindsight.

Regarding three ticket booths, will EOTEC have use of these Fair items? Ms. Driscoll pointed out a sponsor bought one, the Fair owns the booth (at the east gate) and the final one is EOTEC's. There was more discussion about non-permanent structures, private security needs a space, etc.

Fair Budget/Management: Mr. Wagner advised he met with Finance and Commissioner Givens where he submitted a balanced budget. Mr. Pahl will go through the budget adoption process with budget hearings in April and the entire County budget will be adopted in June. He doesn't anticipate making changes to the Fair budget. Entertainment was a point of discussion whereby it was scaled back; he feels it is a good fit with a sensible lineup for the evenings. He feels "new country" will be a good change.

Mr. Pahl noted the importance of being careful to "not spend money twice" -- need to look at a "wish list" and be careful with spending in the coming months. Chair Murdock pointed out at the "first year" Fair there were some items that were not discretionary – they were required in order to put on the Fair. This coming year is a different story. He feels the County spending \$100,000 per year in the long run will be a good expenditure and prudent spending. Mr. Pahl added that between the Fair and grounds before, the County contributed between \$60,000 to 90,000/year out of General Fund.

Mayor Drotzmann pointed out the Farm City Pro Rodeo is a separate consideration. Conversations today are important but there is responsibility to the landlord. Also need to talk about facility ownership once tenant improvements are made. Value is very important. He agreed it is a good idea to have all current assets identified for a clear understanding of responsibilities and communication.

He noted Hermiston City Council will meet next Monday, 1/22, 6 p.m. at EOTEC. It will be open session.

And, Chair Murdock noted timing of this meeting before the regular Fair Board meeting tomorrow night and then next Monday is Hermiston City Council's official formal meeting. Good time for conversations.

Ms. Driscoll noted from the office staff standpoint regarding VenuWorks, there may be a miscommunication. Fair staff has no problems at all with EOTEC or VenuWorks – they are very professional working together. Mayor Drotzmann appreciated her feedback. He looks forward to working with VenuWorks and the vision with partners moving forward.

Mr. Eckhardt commented regarding modifications to the site or existing structures, since it is a 50-year lease, he suggested the need to consider the County's ability to be involved in the VenuWorks/EOTEC conversation. Mr.

Olsen advised that conversation would be with the County but involving the Fair. Chair Murdock pointed out the County is the entity with the investment.

The meeting adjourned at 7:44 p.m.

*/minutes by Melinda Slatt,
Executive Secretary – Board of Commissioners*