



  
**Lancaster**  
EVENT CENTER  
fairgrounds

## Capital Levy Proposal

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**July 30, 2020**

# Ag Society LEC fairgrounds capital levy request

- **Pre-COVID issue:**
  - Standard & Poor’s downgrade in 2018, 2020 on Fairgrounds JPA bond ratings
- **Additional COVID issues have arisen:**
  - Fairgrounds Operating budget impacted by COVID
    - Cancellation of 2020 NHSFR & postponement of FMCA facility-wide events using new improvements: over \$1.5M revenue lost alone
    - Shut mid-March to June (3.5 months): over 150 events canceled with 350,000 visitor days to date & now only at 25% capacity
    - Risk NHSFR 2021 lower revenues than budgeted
    - \$350K of interest and other rodeo startup costs still obligated to pay to meet NHSFR 2021 contract
  - **Highly likely fairgrounds required to shut in winter due to COVID health directives limiting gatherings – if this happens, haven’t identified funding to keep core expert staff, utilities, basic maintenance paid on this \$30M asset we’ve built over last 20 years**
- **Actions taken to shore up operating budget to date:**
  - Furloughed 84 part-time and 8 full-time staff
  - Received \$407K from PPP and \$149K from EIDL federal stimulus COVID funds to date as a 501(c)3 nonprofit
  - Approved for \$12K nonprofit grant from \$1.1B State COVID relief funds to date
  - Lobbying at State and Federal levels for added COVID relief funds
  - Statutorily can’t ask for more operating levy without public election
    - state lid law 3.5% increase max per year = limit added \$8K/yr on \$230K fair operating levy
  - One of few remaining options is discussion of this 2020/21 Ag Society capital levy for fairgrounds to ease pressure on operating budget

# Proposed use of 2020/21 LEC Fairgrounds Capital Levy\*

Capital Budget Item	Amount
<p><b>Original pre-COVID plan: Building a Fairgrounds Capital Reserve / Emergency Fund</b></p> <p>Address Standard &amp; Poor’s concerns on Ag Society as part of JPA bonds having sufficient budget reserves is having detrimental affect on bond ratings (despite bond funds controlled by County Treasurer)</p>	\$ 500,000
<p><b>COVID bailout item 1: Payment 1st 2 years of Interest on Rodeo Improvements</b></p> <p>COVID dramatic decrease in 2020/21 NHSFR rodeo operational revenues planned to cover interest on bridge loan in 2020 &amp; 2021 until lodging grant starts to pay for rodeo improvements 2022-27</p>	\$ 350,000
<p><b>COVID bailout item 2: Reduce lodging tax grant to pay for \$3.6 M rodeo improvements</b></p> <p>To help Visitor Improvement Fund hit hard &amp; frozen by COVID Lodging Tax Grant: \$600K * 6 years (2022-2027) = \$3.6M \$1.4M would free up lodging tax funds in 2022 (-\$600K), 2023 (-\$600K), and 2024 (-\$200K) leaving reduced \$2.2M grant paid 2024-2027</p>	<u>\$1,400,000</u>
<p><b>TOTAL (Equals approx. ¾ penny available within 15 cent fund)</b></p> <p>due to 2020/21 being last year of RTSD taking ¾ cent reduction per Co. Budget Officer Dennis Meyer Since this ¾ cent planned to be used in rest of County Budget for other urgent public safety needs, this would be a one-time property tax increase (~\$27 per average household)</p>	<b>\$2,250,000</b>

\*All these uses of capital levy have been confirmed with State Auditor’s Office (Deann Haeffner, Assistant Deputy State Auditor) as valid uses to do “real improvements to building & land” including associated financing costs.