

## Lancaster County Agricultural Society Fairgrounds Capital Levy Request Fact Sheet

### Background of Lancaster Event Center

Lancaster County Ag Society was established in 1870, a 9-member volunteer elected board to manage the county fairgrounds (borrowed state fairgrounds until LEC est. 2001) and produce fair (10 days since 2010 when State Fair moved to GI, grown from 5K to 125K attendees) and manage year-round activities as County Board asked LEC to be open year-round when approved initial bonds in 2000. Recently completed successful re-launch, growing and operating at better-than-breakeven without operational subsidy to be open beyond the fair. In 2019, hosted 407 events with ~500K visitors vs. 100 events and 200K visitors in 2006. With new national events attracted to new grounds improvements, LEC was expected to grow another 40% in 2020 pre-COVID.

### Actions Taken to Mitigate Pandemic Fallout

Furloughed 84 part-time and 8 full-time staff • Received \$407K PPP • Received \$149K SBA Economic Injury Disaster Loan • Received \$12K from state COVID nonprofit grant • Researching Main Street Lending request • Lobbying at State and Federal levels for added funding support e.g. Ag Fairs Rescue Act • Initiated Fund Development Committee to grow private gifts with strategy consultant Mari Lane Gewecke • Expanded private sponsorships and naming rights opportunities • Self-performed majority of rodeo construction • State lid law mandates 3.5% increase maximum per year, added \$8,000/year to support fair/fairgrounds maintenance • County capital levy request (below)

### Proposed Use of 2020-21 One-Time (One Year) Levy

- \$1,400,000 Replaces lodging tax grant payments in 2022, 2023, 2024 to allow for other community project grants, plus interest saved provides funds for infrastructure improvements needed on 20-year old buildings, equipment, parking, etc.
- \$350,000 Interest on 2020 and 2021 bridge loan for lodging grant since rodeo canceled 2020, may be less profitable in 2021
- \$500,000 Fairgrounds Capital Reserve, required by Standard & Poor's to maintain bond rating, lower future bond costs

### Projected County Budget

Because the Railroad Transportation Safety District is taking a  $\frac{3}{4}$  cent reduction, initially this  $\frac{3}{4}$ -cent levy request would have been within the 15-cent lid but is now planned to be used in County budget for other needs. This results in a potential 1-time property tax increase, expected to be about \$27 per average household. This will be the first ask for allowed infrastructure requests in LEC's 20-year history and is exactly what this fund was designed for, to help with capital obligations and decrease pressure on operations.

### Lancaster Event Center Finances (audits, financials available)

Like most event facilities, LEC is not able to self-fund a significant capital budget but has improved profitability since relaunch and new management team in 2015. Operating profit 2015-2017 averaged \$132,333 on \$3.25 million average revenues. Since 2015's relaunch, LEC has begun utilizing non-profit and government discounts, increased rental fees, charged for custom services, added a facility improvement fee for trade shows, kept salaries below market rate with low turnover, self-performed most maintenance and

improvements, increased revenues with more profitable regional/national events. Since COVID-19, LEC added surcharges to offset higher labor costs and additional health and safety expenses and worked to gain sponsorship support.

### Supporting Facts (charts, UNL economic impact study available)

- Ag Society total levy in 2019 was approximately \$7 per average household and includes 0.043% for fair operations, 0.024% for fairgrounds maintenance, and 0.123% for JPA bond payments.
- Due to 2000 State Property Tax Lid Law, levy rate has decreased from .27 cents to .19 cents since 2006.
- Fairgrounds levy as percent of county rate has declined and is not keeping up with inflation, much less the LEC fairgrounds' dramatic growth of facilities and economic impact to Lancaster County.
- Economic impact from out-of-county visitors was on track to grow from \$40 million in 2017 to \$70 million in 2020 until COVID-19, including \$1.285 million in tax revenues growing to est. nearly \$2M per year (based on 2017 UNL economic impact study).
- LEC fairgrounds receives \$1.20 per capita for fair/fairgrounds, compared to \$20-\$30 in most other NE counties. (historical oddity as Lancaster Ag Society levy locked in 2000 per lid law while borrowing state fairgrounds and LEC opened 2001.)
- Similar large ag fairgrounds-style event facilities in Midwest, USA that LEC competes with are supported with sales tax, lodging tax, and state grants/loans for improvements.
- LEC fairgrounds does not have access to the 4% lodging tax, 4% rental car nor 2% on prepared food and beverage that PBA does but collects approx. \$50K+ of these taxes from its own on grounds operations to send to the PBA JPA bond fund without counting what LEC visitors spend at area businesses resulting in more of these occupation taxes.

### Benefits of Keeping Fairgrounds Open

Continuing basic maintenance of the county taxpayers' \$30 million asset will prevent future expenses and lost revenue. Maintaining the expert core staff allows the facility to open quickly and retain events with history in Lincoln that are now shopping around to save their own events, which are generally break even for the promoters. Keeping the facility open to the community allows us to offer the County Fair and supporting youth events year-round, continue to provide space to non-profits and governments at a discounted rate, and provide a much-needed large indoor/outdoor space for events now required to manage social distancing guidelines. It is critical not just to the Ag Society and Lancaster Event Center, but also to the City and County, that the facility and staff are ready for the contracted 2021 NHSFR and 2022 FMCA events among hundreds of other contracted events on LEC's full calendar to maximize profit, support long-term relationships and national reputation of Lincoln.

### References:

- UNL Economic impact study:  
[https://lancastereventcenter.org/images/pdf\\_files/Final\\_Economic\\_Impact\\_Report\\_112418.pdf](https://lancastereventcenter.org/images/pdf_files/Final_Economic_Impact_Report_112418.pdf)
- 2018 Community Impact Report sent to all county households:  
<https://unl.app.box.com/s/6her39262lrgvkjxngelzjbtff9pwdic>
- Audits available upon request
- Financial statements available upon request