

**Comments before the Senate Committee on Rural Development and Economic Development**  
**Senate Bill 7 – Oregon State Fair and Exposition Center**  
**Jim Brown, Commissioner**  
**Oregon Parks and Recreation Commission**  
**April 2, 2013**

Chair Roblan and members of the Committee, I am Jim Brown, I have served as a Commissioner for the Oregon State Parks and Recreation Commission since 2005. I am pleased to offer support for Senate Bill 7 and the -2 amendments. Senate Bill 7 is not about doing away with the fair, it is about continuing its nearly 150 year legacy by preserving the fair and protecting the public's investment.

I was on the Parks Commission in 2005 when the State Legislature moved the Oregon Fair and Exposition Center to the Oregon Parks and Recreation Department (OPRD). Truthfully, I was not excited about inheriting something that Parks had limited expertise to oversee. In addition to lacking the background to run an events center, the facilities were in disrepair. That backlog remains at a conservative estimate of \$20 million just to address structural issues. Since Parks assumed oversight, the fair and exposition center have been subsidized by over \$30 million in lottery funds. The subsidy is roughly \$7.9 million a biennium—\$4.1 million in outstanding debt service on the facilities and \$3.8 million in operating costs.

Even with this challenge, I do agree the state has a vested interest in holding the state fair event. What Oregon lacks is a sound, businesslike approach to operating the year-round exposition center. Since Parks has overseen the fair and exposition center, they have made some progress toward making the operations of the fair and exposition center lean and self-sustaining. In the last seven years, necessary cuts have been made to reduce staff and operating costs. Through these reductions, the funding gap has been narrowed; the State Fair event broke even in 2011 and 2012 and made a small profit.

Although Parks has proven that the fair can, without taking into consideration the facilities backlog, sustain itself, the exposition center is the greater challenge. In 2003, when building the Pavilion, the newest facility on the fairgrounds, the state ran out of money. It was originally estimated that the Pavilion would bring in \$9-11 million in annual revenue. Today, the facilities combined bring in roughly \$670,000 annually, not even enough to pay the outstanding debt service on the Pavilion. There is a weak and underdeveloped market for expo events in Salem and neither the fair nor exposition center have the flexibility and agility to respond to market needs.

OPRD has exhausted all of the options available within the regulations that state agencies must follow, reaching the limits of what can be done within the risk-averse government rules that constrain and prohibit business practices commonly used by successful fairs and exposition centers. A fundamental change needs to be made to the business model. The business model established in Senate Bill 7, a public corporation, will ensure oversight and accountability to the governor, legislature and citizens, while providing the much needed flexibility to operate like a business. A public corporation will allow the fair and exposition center to continue to operate in a way that benefits the public interest.

Is there risk in moving to a new business model? Absolutely; there are no guarantees. I offer that the greater risk is doing nothing. For decades, Oregon government has been kicking the can down the road, trying everything short of changing the business model, and here we are today with an opportunity to do something that will give the fair and exposition center a chance like it has never had before. While the future of a public corporation is uncertain, what is certain is that if we do nothing, the financial outlook for both the fair and the exposition center will continue to decline and much more drastic decisions lie ahead.

As a Commission, we have made a significant investment in the fair and exposition center and we care about the future of this Oregon tradition, both to preserve the state's heritage and what it means to the local economy. Parks is committed to being there every step of the way and working through the transition to the public corporation. As an agency, Parks will assist in any way it can to position the fair and exposition center to be financially successful.

I urge your support for Senate Bill 7 and the -2 amendments. I am happy to answer any questions you may have and appreciate the opportunity to testify today on something that is so important to our state and future generations of Oregonians.