

Loudon County, Tennessee

Multi-Purpose Agricultural Facility Market Feasibility and Economic Impact Study

Final Report - March 2013

Funding Partners:



Loudon County Multi-Purpose Agricultural Facility

Market Feasibility and Economic
Impact Study

March 2013

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March 2013

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Loudon County Multi-Purpose Agricultural Facility

Market Feasibility and Economic Impact Study

INTRODUCTION

Bullock, Smith & Partners, Inc. (BSP) and Owens Economics, LLC were retained by Loudon County, Tennessee to evaluate the feasibility and economic impact of a multi-purpose agricultural exposition center in the county.

The study was conducted in close cooperation with county stakeholders. Bullock Smith & Partners and Owens Economics worked with an Executive Committee and Advisory Committee that provided both direction and feedback during the study process. A list of members of both committees is contained at the beginning of this report.

The study was funded by a grant from the U. S. Department of Agriculture, with a match provided by Loudon County government.

This report presents the findings, conclusions and recommendations of the study process.

Introduction

Chapter 1

SUMMARY OF FINDINGS

Executive Summary

Bullock, Smith & Partners, Inc. (BSP) and Owens Economics, LLC were retained by Loudon County, Tennessee to evaluate the potential development and operations of a multi-purpose agricultural exposition center in the county. This evaluation considered whether or not there was sufficient local and regional market support for the facility; how large the facility should be; what specific spaces should be provided; where it should be located; how the facility would perform on a financial basis; and how it might contribute to the county's economy. Additionally, the county asked the consultant team to provide some initial guidance in terms of project implementation – looking at a development time line, possible development phasing, organizational structure and potential funding ideas.

In order to answer the questions and address the items identified above, BSP and Owens Economics completed a rigorous quantitative and qualitative evaluation process.

The first phase of the study included analysis of market area demographics; interviews with local venue managers; evaluation of competitive and comparable facilities in East Tennessee and elsewhere in the country; interviews with local stakeholders and interviews with potential facility users from inside and outside the county; tour of the county and proposed locations; and physical analysis of proposed sites. Based on the market and site research, the consultant team prepared three alternative development scenarios from which one preferred scenario was selected.

In the second phase of the study the preferred scenario was analyzed in detail. The economic analysis included estimates of operating financial performance and economics impact potential. The planning analysis included the articulation of a development program, estimation of development costs, and preparation of a conceptual plan showing the layout of the proposed facility on an idealized

Summary of Findings

Chapter 2

site. The second phase of study also included discussion of implementation.

The overall conclusions of the study are 1.) that the market potential for an agricultural exposition center in Loudon County is strong and 2.) that the operations of the facility would meet the county's test in terms of defining a feasible project in which tax revenues exceed any potential operating shortfall.

An agricultural exposition center in Loudon County would serve local and regional agricultural groups, including Loudon County 4-H; it would provide county and regional residents with a venue for entertainment and consumer-oriented events; and it would provide county residents with a venue for large-scale social events, high school graduations and the like. The economic benefits flowing from the range of events at the facility would support local businesses, especially, hotels, restaurants and retail/service outlets, and would generate significant tax revenues for Loudon County and the State of Tennessee.

The next step in the development process is the identification of a viable site for the Loudon County Agricultural Exposition Center, one that meets the physical and locational requirements identified in the study. The selection of a site will facilitate the development of a facility master plan, which will help with refinement of development cost estimates. Site identification would be followed by creation of an organizational structure and funding plan to begin to move the project forward to become a reality.

Key Findings

- Effectively Loudon County lacks a venue capable of serving a broad spectrum of large events. Events that do take place in the County are restricted in size, or residents go outside the county to participate in or serve as spectators.
- The market size and demographic characteristics of the Loudon County market is very favorable for support of a multi-purpose agricultural exposition center. The population within 25 miles is over 500,000 and the population within 50 miles exceeds 1.2 million. In addition to strength in numbers, the market is growing, and demographic characteristics such as age and income are strong.
- East Tennessee is very competitive in terms of its offering of agricultural exposition centers. Most have facilities to support a wide range of agricultural and non-agricultural activities, although the focus is on equestrian shows, and rodeo and western events. Most facilities are faced with deferred maintenance, and many have difficulty in meeting the functional needs of users in terms of ring size, numbers of horse stalls and RV sites, and/or availability of meeting/classroom space. In spite of apparent shortcomings, these facilities are well used, and have limited capacity to accommodate new events.

- Based on interviews with potential users, evaluation of comparable and competitive facilities, and comparative analysis of market demographics, the overall event potential for a multi-purpose agricultural exposition center in Loudon County appears strong. Potential varies by type of event as shown below.
 - Horse shows, rodeos and western type events – strong potential
 - Local and regional 4-H – strong local potential; good regional potential
 - Consumer show and consumer sales – moderate potential
 - “Dirty” spectator events – limited to moderate potential
 - Family and other entertainment events – limited to moderate potential
 - Concerts – limited potential
 - Dog shows – moderate to good potential
 - Youth and adult sports – moderate potential
 - Other types of events, including social events, auctions and graduations – moderate to strong potential

- Based on the nature of market support, a facility program was developed which emphasized potential for financial self-sufficiency and potential to generate positive economic benefits for the County. The program includes the following:
 - Indoor arena with 150’x250’ ring, 3,500 seats, heating & air conditioning
 - Covered and outdoor arenas
 - 6,000 square feet of multiple purpose space
 - 1,500 square feet of meeting/classroom space
 - 240 horse stalls
 - 75 RV camp sites
 - Parking for up to 1, 500 cars

The facility described in this program must meet a minimum level of quality and the site plan must provide a high level of functionality in order for the facility to be attractive to potential user groups. Further, this program represents the initial recommended development for Phase I program. Future expansion may be warranted based on changes in market conditions.

- The anticipated magnitude of cost to develop the proposed facility program is between \$29.2 M and \$35.3 M. This assumes 35 acres of property suitable for development with adequate infrastructure (utilities and roadway system) adjacent to the property.

- The multi-purpose agricultural exposition center is expected to attract some 242 events covering 293 event days annually. The main arena will account for 54 events, while the multi-purpose space will account for 104 events, and the meeting/classroom space, 84 events. Total attendance for these activities is estimated to be 190,600.

- Participant and spectator spending will have a positive impact on Loudon County. Total onsite and offsite expenditures should exceed \$13 million. Loudon County tax receipts are estimated to be \$134,400. The State of Tennessee should receive \$395,000 in taxes.
- In terms of financial performance, the facility is expected to operate at a deficit. At a stabilized level of operations, which is typically the third year, the annual deficit is estimated to be \$82,200. In subsequent years, the deficit should decline slightly as additional events are added in response to market growth. However, the number of new events will ultimately be limited by facility capacity and specifically, the number of prime weekend days available. It should be noted that the new tax revenues as described previously are some 60% greater than the operating shortfall.
- Analysis of the two properties suggested by the Advisory Committee and subsequent site concept design revealed that a more suitable site should be considered. The site should:
 - Contain a minimum of 35 acres of developable land
 - Topography of developed area should be relatively level
 - Developed area should be contiguous and preferably rectangular in shape
 - Land located adjacent to a primary road.
- The property should meet the following locational requirements:
 - Proximity to Interstate - no more than 1 mile
 - Visibility - direct from major highway
 - Local access - direct from major highway to venue with multiple access points
 - Proximity to visitor services (hotels/motels/restaurants) - ideally, no more than 3 miles; max, no more than five miles

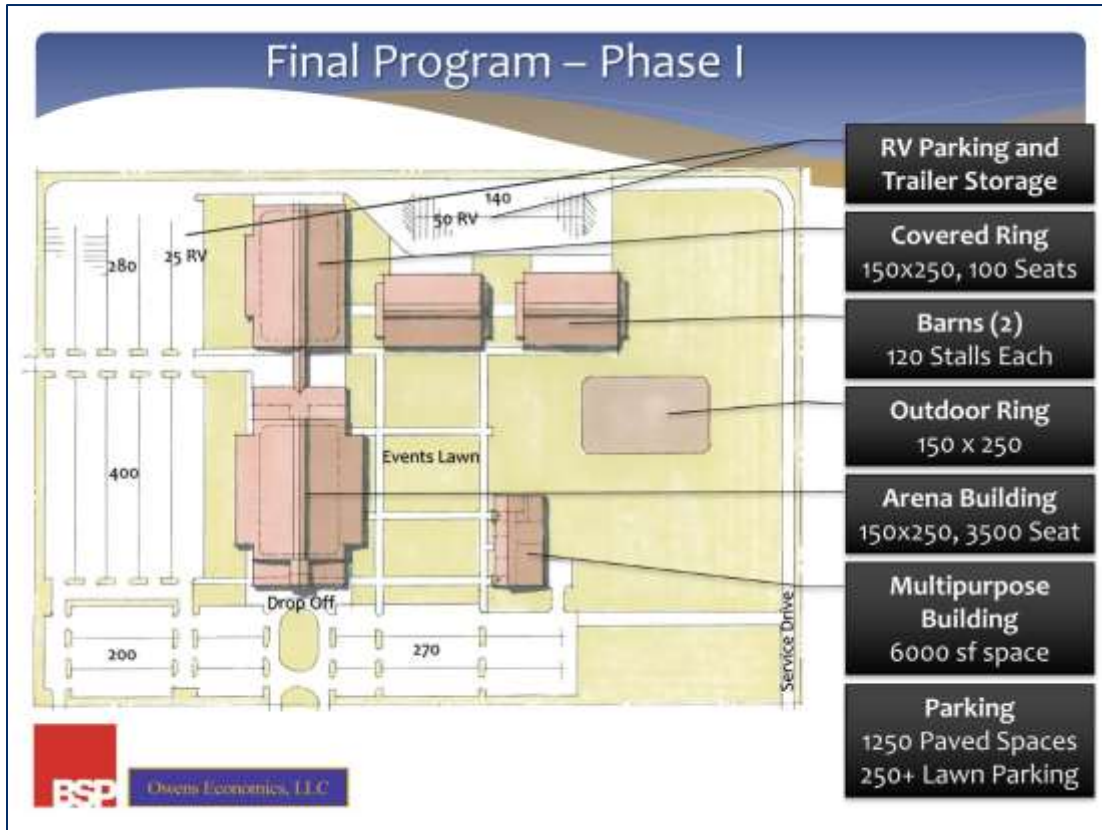


FIGURE 1 MASTER PLAN OF IDEAL SITE - PHASE I IMPROVEMENTS (FULL FACILITY PROGRAM)



FIGURE 2 AERIAL VIEW OF IDEAL SITE FULL MASTER PLAN INCLUDING FUTURE PHASE (NON-PROGRAMMED)

MARKET ANALYSIS

The market analysis looks at the macro-level supply and demand conditions in Loudon County, and it incorporates the results of interviews with potential users of a new, Loudon County facility, in order to determine the magnitude and nature of support for a multi-purpose agricultural event facility in the county. It considers the local inventory of event venues, market area demographics, the competitive environment, and the experience of comparable facilities in Tennessee and outside the state. These quantitative findings were combined with the findings of a battery of interviews with potential users of the facility in order to determine levels of event potential by type of event, for a new Loudon County facility. The assessment of event potential then became the basis for defining alternative development scenarios and selecting a preferred scenario, and for analyzing economic impact and financial performance.

Local Event Venues

Loudon County has a number of very nice event venues in and around the county that are actively used by residents and businesses. These include the Tellico Yacht Club, First Baptist Church of Lenoir City, Tellico West Conference Center (located in Monroe County), Tate & Lyle Performing Arts Center and county high schools. These facilities, however, are limited in size, type of space and other functional characteristics. There are simply no large public or private event venues in the county, including lack of meeting space offered by local motels. Additionally, there are no indoor facilities to support sports programs that otherwise could be offered by the County's Parks and Recreation Department. As a result, some resident and business event activity is going outside the county; in other cases, activities stay within the county but are constrained by local venue capacity, and some activities are simply not taking place at all.

Market Analysis

Chapter 3

The principal event venues in Loudon County are described below.

Tellico Yacht Club. Tellico Yacht Club is a private club located on the shore of Tellico Lake. It provides indoor space, as well as an outdoor patio and boardwalk, for events ranging size from 50 to 300 people. Typically, the Tellico Yacht Club hosts weddings, receptions, corporate events and holiday parties.

First Baptist Church of Lenoir City. This church offers space in its sanctuary (1,500 people), fellowship hall (700 people) and gymnasium. Outside of church functions, church facilities are used for a range of community events including recognition ceremonies, graduations, youth and adult sports and dinners. There are no rental fees per se, but outside events are asked to cover church staff time. The First Baptist facilities are well-used, and there is little capacity for accommodating new events. The church's no alcohol and no smoking policies also preclude some events.

Tellico West Conference Center. The Tellico West Conference Center is located in Vonore, Tennessee, and is owned and operated by the Tellico Reservoir Development Agency. The facility hosts events for 10 to 300 people, and events include corporate meetings, corporate and community dinners as well as consumer and trade shows. The Tellico West Conference Center maintains an active schedule, with an average of one event per week over the course of a year.

Tate & Lyle Performing Arts Center. The Tate & Lyle Performing Arts Center is a county owned and run amphitheater that can host up to 20,000 people with its expansive lawn. It is located in the Loudon Municipal Park. Activity at the center is somewhat limited in number of events, with the most common types of events being concerts, the circus and special events, such as a 4th of July celebration. The County is currently working with an independent promoter who is targeting six to seven concerts a year. A Travis Tritt concert that was held recently attracted some 3,300 visitors.

Local High Schools. The two Loudon County High Schools (Loudon and Greenback) and the Lenoir City High School gymnasiums can hold up to 2,000 people. They are used exclusively for high school functions including sports activities and graduations.

Market Demographics

One set of metrics useful in considering the market potential for a facility such as a multi-purpose event facility is population size and demographic characteristics. These measures are particularly important in considering demand for events with a heavy spectator/audience emphasis such as entertainment, and consumer sales and shows.

Demographic data for Loudon County, as presented in Table 1, shows that the market size and characteristics are strong for an area outside of a major urban center. While the local population count is small – 64,000 people living within 10 miles, the regional numbers are much stronger. Within a 25-mile radius, the population is 533,000. The total population living within a 50-mile

radius is 1.2 million people. In addition to simple strength in numbers, the local and regional markets have exhibited strong growth over the past decade, and continued growth is expected. Additionally, local market demographics in terms of age and income are strong, and regional market demographics are above average compared to other areas of the state.

TABLE 1 MARKET DEMOGRAPHICS - LOUDON COUNTY RESIDENT MARKET

	<u>0 - 10 miles</u>	<u>10 - 25 miles</u>	<u>25 - 50 miles</u>	<u>Total</u>
Population				
2006	56,945	442,133	625,811	1,124,889
2011	63,799	469,313	657,899	1,191,011
2016	69,050	490,705	690,855	1,250,610
Households				
2006	22,593	181,791	250,531	454,916
2011	25,286	193,054	262,611	480,951
2016	27,392	201,787	275,667	504,846
Median HH Income				
2006	\$45,553	\$42,102	\$32,717	\$40,124
2011	\$48,524	\$43,908	\$34,240	\$42,224
2016	\$54,554	\$51,672	\$39,234	\$48,487
Median Age				
2006	42.9	39.2	38.9	40.3
2011	45.2	40.4	40.2	41.9
2016	46.5	41.1	41.0	42.9
Source: E.S.R.I. and Owens Economics, LLC January 2013				

Market population numbers and demographic characteristics are most useful when compared to comparable measures for similar agricultural exposition centers that have successfully established themselves in their respective markets. This comparative data is shown in Table 2. Looking at other facilities in Tennessee and elsewhere in the eastern U.S., the size and composition of the Loudon County market is also found to be favorable. The population within 25 miles is mid-range for the other facilities, and the population within a 50-mile radius is at the upper end of range of other facilities.

TABLE 2 COMPARATIVE DEMOGRAPHICS - RESIDENT MARKET POPULATIONS

	I-75 Mid-Point	<u>0 - 10 miles</u>	<u>10 - 25 miles</u>	<u>25 - 50 miles</u>	<u>Total</u>
Loudon County	McDonald, TN	63,799	469,313	657,899	1,191,011
Tri-State Agricultural Exposition Center	Harriman, TN	123,430	489,289	501,030	1,113,749
East Tenn.Agricultural Exposition Center	Cookeville, TN	42,896	191,439	909,340	1,143,675
Hyder - Burks Agricultural Pavilion	Knoxville, TN	73,190	88,027	330,742	491,959
Chilhowee Park & Expo Center	Morristown, TN	286,342	481,667	469,194	1,237,203
Smokey Mountain Expo Center	Franklin, TN	79,364	169,732	965,610	1,214,706
Williamson County Ag Expo Park	Rainsville, AL	136,192	840,844	834,511	1,811,547
Northeast Alabama Agri-business Center	Murray, KY	38,893	97,863	962,733	1,099,489
Wm Cherry Ag Expo Center	Bowling Green, KY	34,928	87,363	383,863	506,154
L D Brown Ag Expo Center	Fletcher, NC	101,399	106,024	600,034	807,457
Western North Carolina Ag Center		141,184	294,906	1,075,724	1,511,814

Source: E.S.R.I. and Owens Economics, LLC January 2013

Competitive and Comparable Facilities

Owens Economics looked at nine selected comparable facilities located in Tennessee and seven facilities located elsewhere in the Eastern United States in order to get a better understanding of facility sizing and operations. Key findings are summarized in Table 3 through Table 7 and the narrative presented below. More detailed descriptions of the facilities are contained in a separate memorandum which accompanies this report.

Tennessee Facilities

Multi-purpose agricultural exposition centers in Tennessee that were examined include the following:

- McMinn Expo Center, Athens, Tennessee
- East Tennessee Agricultural Exposition Center (Roane State Community College), Harriman, Tennessee
- Tri-State Exhibition Center, McDonald, Tennessee
- Hyder-Burks Agricultural Pavilion (Tennessee Tech University), Cookeville, Tennessee

- Great Smoky Mountains Expo Center (Walters State Community College), Morristown, Tennessee
- Chilhowee Park & Exposition Center, Knoxville, Tennessee
- Williamson County Ag Expo Park, Franklin, Tennessee
- Middle State Tennessee Livestock Events Center, Murfreesboro, Tennessee
- Middle State Tennessee University, Miller Coliseum, Murfreesboro, Tennessee

Owens Economics looked at the existing facilities, their arena dimensions, and other amenities, as well as the event mixes at the facilities. For purposes of analysis, Owens Economics has classified “rodeo” events as rodeo-type or western events, which include rodeos, barrel racing, cutting and reining. “Equestrian shows” are standard horse competitions.

Every reasonable effort was made to obtain operations data and the number of annual events, though in many instances Owens Economics had to rely on website activity calendars and operations data supplied verbally by management. Key points are summarized below.

- Tennessee in general, and East Tennessee specifically, has a large supply of agricultural exposition centers, in addition to the mix of meeting and entertainment venues typically found the larger metropolitan areas. The majority of the agricultural exposition centers are operated by college or non-profit groups.
- Most facilities offer indoor arenas, although two have only covered arenas, and in one instance, the arena is not covered. Ring sizes vary, so the ability to accommodate the full spectrum of equestrian and rodeo-type events varies. Most offer fixed seating in the 2,000 to 4,000 seat range, while a few have a more limited number of seats. The facility mix is split when it comes to climate control, with roughly half having full heating and air conditioning. Most have warm up rings or secondary arenas, and most provide some type of exhibition space. In this area, space varies several thousand square feet to much larger spaces of several thousand square feet, provided in a mezzanine/concourse or separate building. It is also typical to find separate meeting space of several thousand square feet, 200 to 400 horse stalls and 30 to 100 RV campsites.
- Many of the competitive facilities are older and subject to substantial levels of deferred maintenance. Older facilities often lack the features - ring size and covered warm up space - and amenities - convenient exhibition space, meeting rooms and number of RV sites- desired by user current groups,
- Levels of utilization range from 30 to 100 events, covering 50 to 150 event days. It should be noted that most published facility schedules include use of major spaces, like the main arena, so that the indicated numbers do not include all events in all spaces.

- The mix of events shows that all of the competitive facilities are multi-purpose, hosting a range of agricultural and non-agricultural events, although most tend to favor agricultural types of events. Also, in the agricultural events area, most seem to favor either equestrian events or rodeo-type events, with one or two having a more even distribution.
- The financial operations of most facilities are subsidized. In particular, college-based agricultural exposition centers receive operational/financial support from their host institutions which typically help with staffing costs, utilities and the like. Additionally some college facilities have access to student labor. Among non-college facilities, use of convict labor from the local jail to reduce costs is common. Some facilities receive varying amounts of public funding in the form of grants, and payments from hotel/motel taxes or local entertainment taxes. For most facilities, pricing is set to encourage utilization, particularly for 4-H and similar youth groups.
- Community impacts in terms of business expenditures and tax generation are an important aspect of these facilities. Local businesses are considered strong partners for the facilities.
- Most facilities have long term relations between management and user groups

In spite of any shortcomings identified above, the availability of dates for new events at East Tennessee's ag expo centers are limited.

Other Agricultural Exposition Centers

Facilities in other areas that were evaluated include the following:

- L.D. Brown Ag Expo Center (West Kentucky University), Bowling Green, Kentucky
- William "Bill" Cherry Ag Expo Center, Murray, Kentucky
- Northeast Alabama Agri-business Center, Rainsville, Alabama
- Western North Carolina Agricultural Center, Fletcher, North Carolina
- Sampson County Agri-Exposition Center, Clinton, North Carolina
- Lebanon Valley Exposition, Lebanon, Pennsylvania
- Carroll County Agricultural Center, Westminster, Maryland

In looking at the facilities outside of Tennessee, the same characteristics were studied, and the same approach to data collection and research, as described previously, was used. Key points are highlighted below.

- Facilities outside of Tennessee had a greater variation in terms of building components. One facility did not have an arena. Several others had very large, separate exhibition areas.
- Facility utilization and mix of events were, in many ways, similar to the Tennessee facilities. For the ag expo centers with larger flat floor areas, there tended to be greater emphasis on consumer and social events.
- With several exceptions, facility operations were subsidized direct or indirectly. The Northeast Alabama Agri-business Center “reported” a breakeven level of operations. The Western North Carolina Agricultural Center historically had required an operating subsidy from the State of North Carolina, but this facility was able to achieve an operating surplus with the development of exhibition facilities that enabled them to do more non-agricultural events.
- As with the Tennessee ag expo centers, community economic impact was an important consideration in the development and operation of these facilities.

The tables below summarize the facility characteristics, event activity and financial performance of the competitive and comparable facilities in Tennessee, and the comparable facilities outside of Tennessee.

TABLE 3 TENNESSEE COMPETITIVE AND COMPARABLE FACILITIES – COMPS-UTILIZATION AND EVENT MIX

Tennessee Competitive and Comparable Facilities Comps - Utilization and Event Mix	Facility Name	Events ¹ Evt Days	Events by Type																		
			10-20	10-20	.	Yes	Yes									
			Equest	Sodeo/Wstr	Livestock	Dog/Cat	Sports	Entertain	Trade & Co	Social	Other										
McMinn Expo Center		10-20	10-20	.	Yes	Yes	.	.	.	.	yes	yes	yes								
East Tennessee Ag Expo Center		48	97	31%	48%	6%	13%	0%	2%	0%	0%	0%	0%	0%							
Tri-State Exhibition Center		60	92	52%	13%	0%	27%	0%	3%	0%	5%	0%	0%	0%							
Hyder -Burks Agricultural Pavilion		108	129	7%	8%	16%	0%	1%	2%	0%	3%	33%	30%								
Great Smoky Mountains Ag Expo Center		34	58	32%	21%	6%	3%	3%	6%	6%	24%	0%									
Chilhowee Park & Exposition Center		65 E	110 E	5%	0%	5%	5%	41%	5%	27%	5%	5%									
Williamson County Ag Expo Park		43	96	5%	23%	16%	9%	7%	5%	23%	12%	0%									
MTSU Livestock Events Center		50	85	22%	7%	22%	45%	0%	0%	0%	0%	4%									
MTSU Miller Coliseum		52	150 E	95%	0%	0%	0%	0%	0%	0%	0%	5%									

¹ Event totals often do not include small, one-day events using classrooms, meeting rooms and multi-purpose spaces

Source: Individual facility websites and Owens Economics, LLC January 2013

TABLE 4 TENNESSEE COMPETITIVE AND COMPARABLE FACILITIES - FACILITY CHARACTERISTICS

Tennessee Competitive and Comparable Facilities Facility Characteristics												
Facility Name	Type	Ring Size		Main Arena		Port. Seats	Climate	Other Arenas	Exhibition Space (SF)	Meeting Rooms		RV Sites
		Fixed	Seats	Fixed	Seats					No	Largest (SF)		Perm Stalls
McMinn Expo Center	Covered	31,000 sf	250 E	.	.	.	.	.	.	.	.	.
East Tennessee Ag Expo Center	Indoor	120'x240'	440	1,500	Heat	120'x240' outdoor 120'x240' outdoor	Mezzanine	1	Seats 10	300	62	
Tri-State Exhibition Center	Covered	70,400 sf	.	300 E	.	125'x225' outdoor 200'x240' outdoor	.	3,000 sf Separate	1	1,000 sf	228	35 E
Hyder -Burks Agricultural Pavilion	Indoor	125'x250'	2,100	100	Ht & AC	.	.	.	1	4,000	170	40
Great Smoky Mountains Ag Expo Center	Indoor	150'x300'	3,875	.	Heat	Warm up ring and outdoor ring	Concourse	1	1,200	408	32	
Chilhowee Park & Exposition Center	Outdoor	400'x100'	5,000	.	Outdoor	.	.	57,000 sf Separate	.	.	2 Barns	80-90
Williamson County Ag Expo Park	Indoor	150'x300'	4,180	.	Ht & AC	2 covered arenas - 110'x200' Warm up Arena and 110'x190' Arena	Indoor warm up	35,000 sf Mezzanine	1	4,050	194	85
MTSU Livestock Events Center	Indoor	230'x100'	4,550	.	Ht & AC	Indoor warm up (160'x75'); Outdoor warm up (100'x200'); Sm separate floor	.	.	1	14,300	214	25
MTSU Miller Coliseum	Indoor	150'x300'	4,600	2,000	Ht & AC	120'x203' covered	Mezzanine only	1	110 capacity	500	117	

Source: Individual facility management and websites, and Owens Economics, LLC January 2013

TABLE 5 OTHER COMPARABLE FACILITIES - FACILITY CHARACTERISTICS

Facility Name	Main Arena		Other Arenas	Exhibition Space (SF)	Meeting Rooms	Perm Stalls	RV Sites		
	Type	Ring Size						Fixed Seats	Port. Seats	Climate
LD Brown Ag Expo Center	Indoor	100'x200'	2,075	250	Heat & AC	Sales Arena has 320 permanent seats	Concourse 3 1,850	250	29
William "Bill" Cherry AG Expo Center	Indoor	100'x250'	2,172	.	Heat	.	None Classroom 100	120	20
Northeast Alabama Agri-Business Center	Indoor	250'x150'	3,030	.	Heat & AC	Pavilion (covered arena); warm up arena	None 400	214	68
Western North Carolina Ag Expo Center	Indoor	20'x240'	3,000	.	Heat	Livestock sales arena with 500 seats	79,850 3 Exhibit buildings	603	150
Sampson County Agri-Exposition Center	No Arena	n/a	n/a	n/a	n/a	.	30,000 4	0	0
Lebanon Valley Expo Center & Fairgrounds	Indoor	100'x80'	None	400	Heat	.	44,700 4	15,000	Barn only 35
Carroll County Agricultural Center and Shipley Arena	Indoor	150'x150'	None	3,000	Heat	.	11,300 4	4,200	Therapeutic riding barn 8

Source: Individual facility management and websites, and Owens Economics, LLC January 2013

TABLE 6 OTHER COMPARABLE FACILITIES - UTILIZATION AND EVENT MIX

Other Comparable Facilities Utilization and Event Mix	Events by Type										
	Events ¹	Evt Days	Equest	Rodeo/Wstrlr	Livestock	Dog/Cat	Sports	Entertainrde	&Co	Social	Other
Facility Name	63	90	10%	22%	21%	0%	0%	2%	3%	40%	3%
LD Brown Ag Expo Center	45	90	20%	27%	7%	0%	0%	20%	20%	7%	0%
William "Bill" Cherry Ag Expo Center	31	53	19%	32%	0%	0%	10%	0%	10%	16%	13%
Northeast Alabama Agri-Business Center	60	150	10%	5%	0%	0%	30%	10%	40%	5%	0%
Western North Carolina Ag Expo Center	323	n/a	0%	0%	0%	0%	0%	5%	10%	80%	5%
Sampson County Agri-Exposition Center	54	94	0%	0%	20%	4%	4%	4%	20%	15%	4%
Lebanon Valley Fair & Expo Center	43	96	2%	3%	2%	5%	0%	9%	73%	5%	2%
Carroll County Agricultural Center and Arena	¹ Event total compiled from website schedules which often do not include small, one-day events using classrooms, meeting rooms and multi-purpose spaces										

Source: Individual facility websites and Owens Economics, LLC January 2013

TABLE 7 COMPETATIVE AND COMPARABLE FACILITIES - FINANCIAL PERFORMANCE SUMMARY

Facility Name	Budget (\$ millions)	Deficit	Surplus	Break Even	Deficit/Surplus Amount (\$ millions)	Notes
McMinn Expo Center	n/a	.	.	.	.	No facility budget; expenses part of various departmental budgets
East Tennessee Ag Expo Center	n/a	X	.	.	\$75K E	3 FTE employees; college provides security and janitorial services; facility receives small county contribution and proceeds from county entertainment tax
Tri-State Exposition Center	\$350K - \$400K E	X	.	.	n/a	4 FTE employees; county covers salaries; facility receives 25% of hotel/motel tax; facility uses convict labor
Hyder -Burks Agricultural Pavilion	n/a	X	.	.		Facility is required to make \$100K annually in revenues, which they typically surpass by \$20K; university pays all salaries and utilities; facility uses student labor.
Williamson County	\$1 Million	X	.	.	\$600K	5 FTE management and administrative employees, plus 8 maintenance workers; facility waives fees for gov't and 4-H users
LD Brown AG Expo Center	\$145K	X	.	.	Varies	University covers FTE salaries; facility uses student labor
William "Bill" Cherry Ag Expo Center	\$230K	X	.	.	\$92K	University covers FTE salaries; facility uses student labor
Northeast Alabama Agri-Business Center	\$600K E			X	--	Facility reports break even operations; minimal staff of 1 FTE; facility uses convict labor
Sampson County Agri-Expo Center	\$420K	X	.	.	\$238K	County subsidizes roughly one-half of facility budget.

Source: Individual facility management; IRS Forms 990 and Owens Economics, LLC January 2013

Event Potential

This section of the report provides a general assessment of event potential for a variety of event types that are typically found in multi-purpose agricultural exposition centers. The assessment is a synthesis of several inputs including:

- Interviews with user groups, and event sponsors and promoters who have the potential to use a new agricultural exposition center in Loudon County
- Findings of the comparative demographic analysis which considered size and characteristics of the Loudon County market compared to the markets for other event facilities
- Experience of other agricultural exposition centers giving consideration to their facility offerings and market environments
- The competitive environment for a facility in Loudon County

In general, the research indicates a strong level of event potential for a multi-purpose agricultural exposition center in Loudon County. In fact, the experience of other facilities indicates that the availability of such a facility in a community will not only serve existing events, but also new events and activities to be established. The balance becomes finding the proper

mix of events that generate income, and events that while worthy, do not have the economic impact.

The translation of demand potential to realizable demand will depend on a number of factors. Most of these factors are a function of facility design, and operational and policy decisions that can be made on a local basis. Ultimately, however, the market size and availability of prime weekend days will serve as a governor for event activity at the agricultural exposition center in Loudon County as they do for all such facilities. These factors are:

- Facility characteristics including types and capacity of spaces and overall functionality of the facility
- Ability to accommodate concurrent, multiple events
- Booking and use policy
- Fee structure
- Quality of management
- Level of onsite service/support
- Availability of offsite visitor services and amenities

Horse Shows and Rodeo Events

The potential for equestrian shows, and rodeos and western events is strong, particularly for events requiring 100 to 200 stalls. The National Barrel Horse Association (NBHA) is interested in monthly events. Many groups in the region were interested in a new facility in Loudon County if it were able to improve upon critical shortcomings in current facilities, including the number of stalls, number of RV sites, and lack of exhibition and meeting space. The research showed that larger state and regional events will continue to use Miller Arena at MTSU or Celebration Grounds in Shelbyville

4-H/Youth Agricultural Events

The need for an indoor facility to support Loudon County 4-H is very strong. Loudon County has a vibrant 4-H program which is forced to use a variety of less than satisfactory venues and locations for its events. The potential for use of a facility in Loudon County by 4-H groups in contiguous counties is limited. Most of these groups were OK with the facilities that they currently use, and most groups indicated a reluctance to use facilities outside their counties due to issues of accessibility to their members and the awkwardness of holding a county event outside the county. The research did indicate good potential for regional 4-H hog, sheep and beef shows, but there was little interest in moving statewide competitions to a new facility in Loudon County.

Family Entertainment Events

This event category includes family oriented events such as ice shows, circuses, and specialty character events. For a facility in Loudon County, the potential here is limited to moderate.

Although Loudon County does not have the population base of larger, metropolitan areas, the close-in regional market size is sufficient to support properly sized events. There are a number of small market shows like Walker Brothers Circus that are available. The ability to attract this type of show will depend on the quality of the venue and the fit of the location with show routing. It is possible that the availability of a quality venue can influence routing, which could be a “plus” for Loudon County.

Concerts

The potential for concert events at a Loudon County facility is limited. The local and close-in regional markets are not sufficient in size to support individual concerts, particularly when there are so many, better located venues in the region. This supply and demand situation means that ticket sales and attracting sponsorship money would be very difficult. Another factor affecting Loudon County’s potential for concerts is the fact that Loudon is not known as a concert destination, and it would be difficult, time consuming and expensive to attempt to establish this type of reputation in the market. In the concert field, concerts are best incorporated into programs for special events where the scale of the overall event can create the draw and overcome market deficiencies.

Consumer Shows and Sales

The potential for consumer shows and sales is moderate. As with family entertainment events, the local and close-in regional markets are sufficient to support a variety of market-sized events. These events could range from bridal shows to hunting and fishing shows to flea markets and sales of overstock merchandise. East Tennessee promoters have inventory of shows that reflect market interests and size. Many of these shows are using existing facilities in area, many of which are not well suited for this purpose. In considering consumer shows and sales, a key factor will be the availability of convenient parking. The availability of a facility that could be subdivided into separate spaces to accommodate multiple shows would be a positive in attracting promoters.

“Dirty” Spectator Sports

The category “dirty” spectator sports refers to spectator events that require a large dirt-covered floor area for competitive/participant activities. Examples of this type event include arena cross, motocross, BMX, tractor pulls and the like. For a facility in Loudon County, the potential is limited to moderate. Some promoters expressed interest in occasional events, and other agricultural exposition centers typically offer several “dirty” spectator events as part of their annual schedules. Venue seating capacity and date availability are important factors in attracting this type of event.

Dog Shows

Potential for smaller dog shows and agility competitions is categorized as moderate to good. Several clubs expressed interest in a Loudon County venue for these activities, and these events are frequently found on the schedules of other agricultural exposition centers. Facility size and

presumed lack of a concrete floor (meaning the dust impact on canine and human participants) would limit interest for large cluster events.

Other Types of Events

Overall, interest in use of the facilities of a multi-purpose venue in Loudon County is moderate to strong. Some local employers might use the facility for company meetings and training, although response to telephone interviews was poor. The facility would also support fishing tournaments although the number of tournament events is limited. On the other hand, the Loudon County Chamber of Commerce expressed a strong interest in a larger venue for its annual Gala, which would enable event to grow. There was strong interest for equipment auctions from a local auctioneer subject to availability of outdoor space. Both school systems in the county expressed strong interest in use of the facility for graduations which are now held in the too-small gymnasiums. Based on experience of comparable facilities, there should be strong demand for multi-purpose space for birthdays, quinceaneras, reunions, meetings, etc. Experience elsewhere has also shown that the availability of a facility like an agricultural exposition center will encourage the development of new events and activities that do not currently existing in the market.

Youth and Adult Sports Leagues

The final event category is youth and adult sports leagues, and here the use of a multi-purpose center in Loudon County is classified as moderate. The County's Parks and Recreation Department lacks facilities for indoor sports programs, and the ability to expand programs at the First Baptist Church of Lenoir City is limited. The experience of the Tennessee Sports Complex is not considered indicative of the potential for a different type of facility because this facility had to be successful as a stand-alone facility in a market without a well-developed structure of teams and leagues. The downside(s) of considering use of an agricultural exposition center for this type of activity is the extended startup period, and commitment of the facility for this type of activity could preclude use of the facility by other activities that could generate income for the building and/or have a stronger economic impact on the county.

FACILITY PROGRAM

The development program for a multi-purpose agricultural exposition center was developed by Bullock Smith & Partners and Owens Economics, with input from the study Executive and Advisory Committees.

Based on the findings of the Market Analysis described above, BSP and Owens Economics developed three alternative program scenarios for consideration. The three scenarios responded to varying degrees to the event potential, and offered different design solutions, with different levels of capital investment and operational performance. In summary, the three alternatives were

- Scenario 1 – covered arena, warm up rings/arenas, small multi-purpose space, classroom, plus barns and RV site(s). This scenario would focus on agricultural events and “dirty” entertainment events. Conceptually, it would be similar to Tri-State Agricultural Expo Center.
- Scenario 2 – indoor arena, warm up rings/arenas, exhibition space incorporated in the main building mezzanine, classroom, plus barns and RV sites. Scenario 2 would accommodate a range of agricultural and non-agricultural events. Conceptually, it would be similar to the Hyder-Burks Pavilion at Tennessee Tech.
- Scenario 3 – Indoor arena, warm up rings/arenas, separate exhibition/multi-purpose space, larger classroom/meeting room, plus barns and RV sites. Conceptually, this scenario is similar to the Northeast Alabama Agri-business Center with the addition of the Hyder-Burks multi-purpose space.

The alternative scenarios were presented to the Executive and Advisory Committees. After discussion and clarification, Scenario 3 was selected as the preferred scenario because it provided the best opportunity for revenue generation and best opportunity to create economic benefits for the county. From the general

March 2013

Facility Program

Chapter 4

description of the facility's program of Scenario 3, a final program was developed. This program was used as the basis of more detailed evaluation.

Components of the final program which represent the first phase of development are:

1. Multipurpose Arena
 - Indoor w/ HVAC
 - 150 x 250 ring
 - Seating for 3,500, bleacher style
 - Announcer's booth
 - Restrooms, concessions
 - Entry & ticketing hall; drop-off adjoins
 - 6,300 sf covered make up area at Service Entrance
2. Multipurpose Building
 - 6,000 sf multipurpose room, high ceiling, subdividable 1/3-2/3
 - 1,500 sf class, subdividable 50/50
 - 3,000 sf breakout/conference rooms
 - Restrooms (Indoor/outdoor access)
 - Lobby
 - Storage for tables/chairs/pipes and curtains
 - Catering Kitchen
 - Admin offices (Future Lobby receptionist, office, storage)
3. Covered Ring
 - 150 x 250 ring
 - 100 seat aluminum bleachers
 - Covered drive-through link to end of ring of main arena
 - Future holding pens
4. Stall Barns (Site to accommodate an identical future 3rd barn)
 - 120 10x10 stalls, total 240 in Phase 1
 - Outdoor wash racks
 - Office and store room
 - 2 restrooms
 - Future covered link to Covered Ring and Arena Building
5. Restroom/ concession building (Future)
 - Food vender
 - Participant showers/restrooms (separate from public because of mud and dirt)
 - Small show office with storage

6. Open Ring
 - 150 x 250
 - Identical or larger (150 x 300) 2nd ring (Future)
7. Maintenance Building & Bone Yard (Future)
 - 40 x 60 pre-engineered metal building
 - Multiple bays with rollup doors
8. RV parking spaces
 - 75 spaces, pull thru
 - Water and electric
 - 50 spaces in future
 - Future dump station
9. Car Parking
 - 1,500 spaces: Some portion paved convenient to bldgs.; rest gravel
10. Trailer parking and storage

Conceptual Plans

Conceptual Plans were developed for all three scenarios listed in *Chapter 4 – Facility Program* for two sites provided by the Advisory Committee: Site A – Loudon Municipal Park located on Highway 72 North, and Site B – Centre 75 Business Park 21.5 acre parcel at the corner of Highway 72 North and Centre Park Drive. Details of both sites can be seen in *Chapter 5 – Location and Site Analysis*.

Site A – Loudon Municipal Park

Loudon Municipal Park is a city owned facility with existing facilities. Design considerations included:

- Existing facilities are to remain.
- Multiple events will be taking place at the same time including use of the existing facility. Shared parking will be difficult to plan.
- A secondary access road is needed and can be provided by connecting the south side of the property to Highway 72 via the Lion’s Club Pavilion and soccer field.
- Shared restrooms and concessions to service the amphitheater are desired.
- Safety issues associated with movement of horses and livestock within a public area is to be considered.



FIGURE 3 CONCEPT PLAN FOR LOUDON MUNICIPAL PARK - SCENARIO I



FIGURE 4 CONCEPT PLAN FOR LOUDON MUNICIPAL PARK - SCENARIO II



FIGURE 5 CONCEPT PLAN FOR LOUDON MUNICIPAL PARK - SCENARIO III

A list of Pros/Cons developed for this site included:

- Owned by City of Loudon
- Expanded areas used when required are within owned property area
- Linear design creates excessive distances to parking
- Single access requires significant new secondary road
- Small development zones restricts building serviceability
- Overall building layout separation and placement performs poorly for horse/livestock trailers, loading and unloading, and general access
- Development costs are escalated due to severe topography
- Additional property is needed

Site B – Centre 75 Business Park

This is a jointly city/county owned business park marketed by the Loudon County Economic Development Corporation. Design considerations included:

- Approximately 20 acres were identified, but could be expanded if necessary.
- Building placement should maximize visibility from Highway 72.
-



FIGURE 6 CONCEPT PLAN FOR CENTRE 75 BUSINESS PARK - SCENARIO I



FIGURE 7 CONCEPT PLAN FOR CENTRE 75 BUSINESS PARK - SCENARIO II



FIGURE 8 CONCEPT PLAN FOR CENTRE 75 BUSINESS PARK - SCENARIO III

A list of Pros/Cons developed for this site included:

- Owned by City/County
- Expanded areas used when required require land acquisition
- Existing stream and flood plain limit expansion options
- Rectangular design provides better parking access
- Multiple access points possible, but may be limited by existing road design
- Small development zone restricts building serviceability
- Overall building layout separation and placement performs poorly for horse/livestock trailers, loading and unloading, and general access
- Development costs are escalated due to topography and flood plain impact/crossing
- Flood plain may be impacted

Site C – Ideal Plan

The Design Team identified a major issue with both sites that caused the site layout of Scenario 3 to be undesirable. Essentially both sites lack enough contiguous area to develop the sites to current layout standards for an equine/livestock facility. Upon presentation of these plans and facts, the Advisory Committee requested the Consultants to develop an “Idealized Plan” to identify guidelines for finding an appropriate land parcel. The Consultants incorporated some room for growth with un-programmed facilities typical to this type of development including an additional stall barn, outdoor concessions/restroom building, covered connector to the barns

and a maintenance building. The resulting site is approximately 35 acres of relatively level, contiguous, rectangular land located adjacent to a primary road.

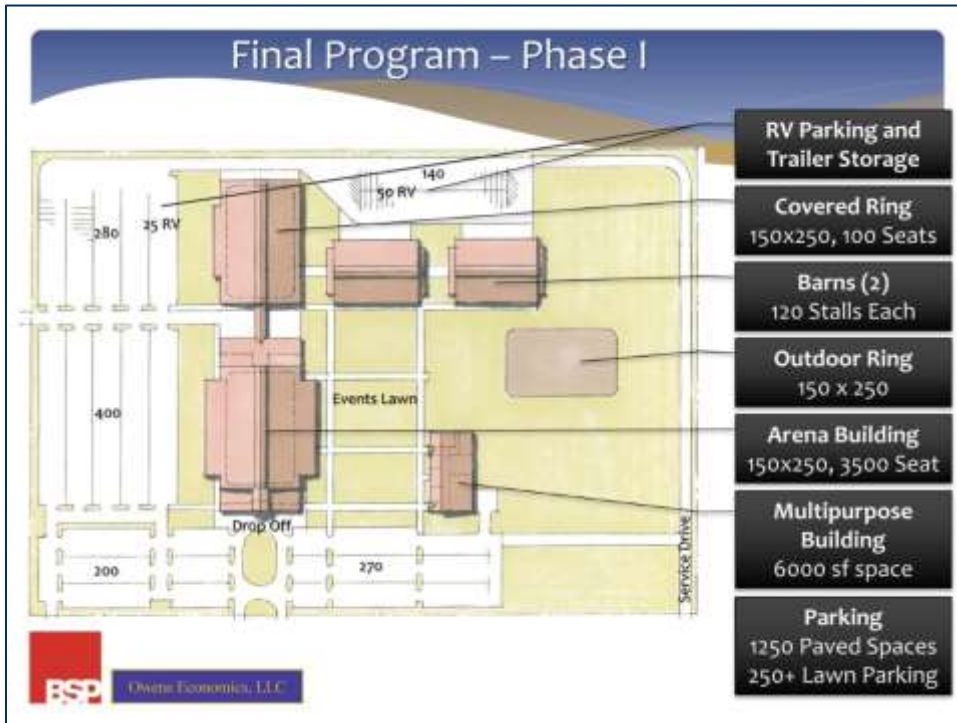


FIGURE 9 MASTER PLAN OF IDEAL SITE - SCENARIO III (PREFERRED)



FIGURE 10 AERIAL VIEW OF FRONT OF IDEAL SITE – SCENARIO III (PREFERRED)



FIGURE 11 VIEW FROM FRONT OF IDEAL SITE – SCEANRIO III (PREFERRED)



FIGURE 12 AERIAL VIEW OF REAR OF IDEAL SITE – SCEANRIO III (PREFERRED)



FIGURE 13 VIEW OF COVERED ARENA – SCEANRIO III (PREFERRED)

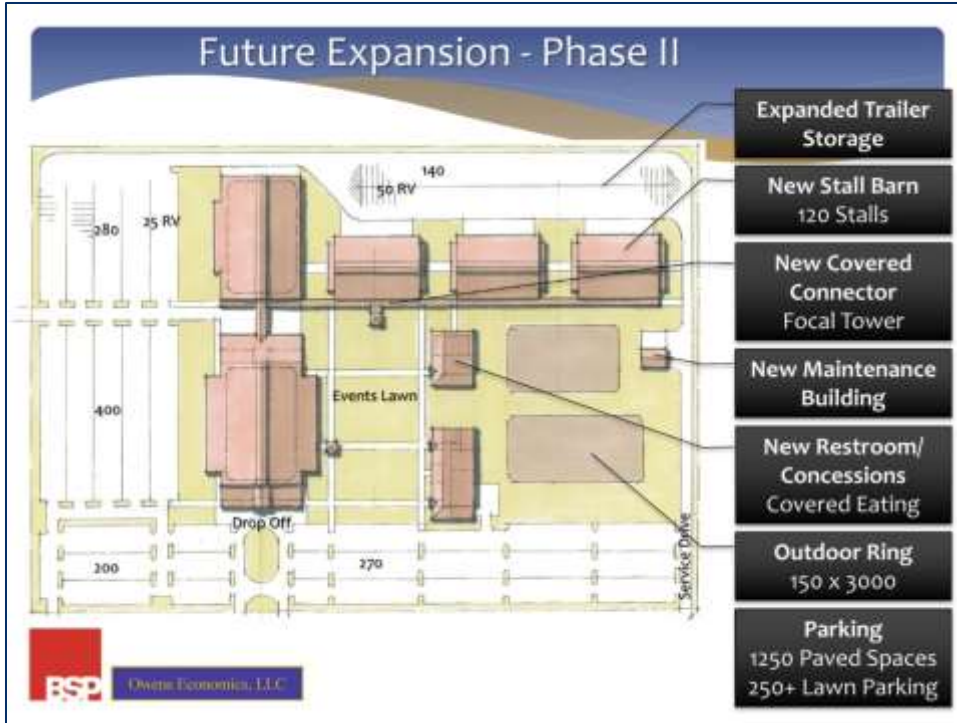


FIGURE 14 MASTER PLAN OF IDEAL SITE – FUTURE EXPANSION (NON-PROGRAMMED)



FIGURE 15 AERIAL VIEW OF FRONT OF IDEAL SITE – FUTURE EXPANSION (NON-PROGRAMMED)

Development Costs

Development costs for the final program, or Phase I development, are based on 2012 order of magnitude costs of construction for similar projects of this type in East Tennessee. A range of costs are provided to allow flexibility in the quality of building finishes and amenities for all or some of the buildings.

The following summarize the total anticipated magnitude of cost for developing the Scenario 3 program illustrated in Phase I:

- Site A: Loudon Municipal Park: \$ 34,661,000 – \$ 48,753,000
- Site B: Centre 75 Business Park: \$ 33,911,000 – \$ 48,003,000
- Idealized Site: \$ 29,153,500 – \$ 35,265,000

Please note that the savings found in the Idealized Site is the result of multiple cost savings including reduced site development costs for a more appropriate property, and refinement of the building program.

Table 8, which follows, provides budget ranges for the Idealized Site and refined Scenario 3:

TABLE 8 ORDER OF MAGNITUDE COST ESTIMATE IN 2012 DOLLARS - IDEAL SITE PHASE I (SCENARIO III)

Phase 1 - Ideal Site Budget Summary	Range of Magnitude		20% Contingency	
	Base Value			
Buildings				
Arena Building	\$7,220,000	- \$9,307,000	\$1,444,000	- \$1,861,000
150'x250' Ring, 3,500 Fixed Seats, Climate Control, Concessions, Covered Make Up Area				
Exhibition Building	\$2,073,500	- \$2,444,000	\$415,000	- \$489,000
6,000 SF Exhibit Space, 1,500 SF Classroom, 3,000 SF Breakout Rooms				
Covered Ring	\$2,391,000	- \$3,186,000	\$478,000	- \$637,000
150'x250' Ring, 100 Seat Bleachers, Covered Connector to Arena Building				
Multipurpose Barn (Two Combined)	\$2,085,000	- \$3,120,000	\$417,000	- \$624,000
Each Barn has 125 10'x10' Stalls, Washrack, Office, Storage, Restrooms				
Site Improvements				
Show/Warmup Ring (125x250)	\$42,000	\$42,000	\$8,000	- \$8,000
Site Grading (Avg 5.0 ft, no rock)	\$1,694,000	\$1,694,000	\$339,000	- \$339,000
Retaining Wall	\$0	\$0	\$0	- \$0
Utilities Allowance	\$770,000	\$770,000	\$154,000	- \$154,000
Site Lighting/Electrical Allowance	\$560,000	\$560,000	\$112,000	- \$112,000
RV Hookups, 75 sites, water, electrical	\$150,000	\$150,000	\$30,000	- \$30,000
Paving				
Concrete	\$52,000	\$52,000	\$10,000	- \$10,000
Asphalt	\$1,844,000	\$1,844,000	\$369,000	- \$369,000
Gravel	\$393,000	\$393,000	\$79,000	- \$79,000
Fencing - 10 ft Chain Linked	\$161,000	\$161,000	\$32,000	- \$32,000
Site Amenities Allowance	\$15,000	\$15,000	\$3,000	- \$3,000
LED Billboard (Off-site)	\$0	\$0	\$0	- \$0
Landscaping Allowance (lawn, plantings)	\$200,000	\$200,000	\$40,000	- \$40,000
Storm Drainage Improvements	\$800,000	\$800,000	\$160,000	- \$160,000
Off Site Improvements				
Main Entry Road Improvements	\$0	\$0	\$0	- \$0
Added Turn Lanes	\$0	\$0	\$0	- \$0
Secondary Access Road	\$0	\$0	\$0	- \$0

	10% FF&E/ Mobilization	8% Soft Costs	Budget Value Range
	\$866,000 - \$1,117,000	\$762,000 - \$983,000	\$10,292,000 - \$13,268,000
	\$249,000 - \$293,000	\$219,000 - \$258,000	\$2,956,500 - \$3,484,000
	\$287,000 - \$382,000	\$252,000 - \$336,000	\$3,408,000 - \$4,541,000
	\$250,000 - \$374,000	\$220,000 - \$329,000	\$2,972,000 - \$4,447,000
	\$5,000 - \$5,000	\$4,000 - \$4,000	\$59,000 - \$59,000
	\$203,000 - \$203,000	\$179,000 - \$179,000	\$2,415,000 - \$2,415,000
	\$0 - \$0	\$0 - \$0	\$0 - \$0
	\$92,000 - \$92,000	\$81,000 - \$81,000	\$1,097,000 - \$1,097,000
	\$67,000 - \$67,000	\$59,000 - \$59,000	\$798,000 - \$798,000
	\$18,000 - \$18,000	\$16,000 - \$16,000	\$214,000 - \$214,000
	\$6,000 - \$6,000	\$5,000 - \$5,000	\$73,000 - \$73,000
	\$221,000 - \$221,000	\$195,000 - \$195,000	\$2,629,000 - \$2,629,000
	\$47,000 - \$47,000	\$42,000 - \$42,000	\$561,000 - \$561,000
	\$19,000 - \$19,000	\$17,000 - \$17,000	\$229,000 - \$229,000
	\$2,000 - \$2,000	\$2,000 - \$2,000	\$22,000 - \$22,000
	\$0 - \$0	\$0 - \$0	\$0 - \$0
	\$24,000 - \$24,000	\$21,000 - \$21,000	\$285,000 - \$285,000
	\$96,000 - \$96,000	\$84,000 - \$84,000	\$1,140,000 - \$1,140,000
	\$0 - \$0	\$0 - \$0	\$0 - \$0
	\$0 - \$0	\$0 - \$0	\$0 - \$0
	\$0 - \$0	\$0 - \$0	\$0 - \$0
			\$29,150,500 - \$35,262,000

LOCATION AND SITE ANALYSIS

Methodology

The Design Team created the diagrams found in Appendix C to summarize the on-site analysis performed early in the master planning process. This technique utilizes a dialog between many groups with the Design Team to create a foundation of understanding upon which potential opportunities could be realized.

Two sites were identified by the Advisory Committee. Each site was analyzed for:

1. Regional Access
2. Local Site Access
3. Property Limits and Ownership
4. Site Imagery
5. City/County Limits
6. Zoning/Comprehensive Plan Implications
7. Adjacent Land Uses
8. Vegetation and Landscape
9. Site Topography and Drainage Issues
10. Solar Orientation and Prevailing Winds
11. Views and Vistas
12. Site Utilities and Capacity
13. Easements, Restrictions and Environmental Conditions
14. Site Expansion Potential
15. Visitor Circulation, Parking and Entrances
16. Pedestrian Circulation and Entrances
17. Service Circulation and Access
18. Site Layout Analysis
19. Architectural Theme/Image
20. Existing On-Site Use Zones
21. Opportunities and Constraints
22. Significant Issues

The following are significant issues to be evaluated and resolved in the master plan:

- Site access
- Site visibility
- On-site ease of circulation for horse/livestock trailers
- Convenience of layout (use of site) for user groups

Location and Site Analysis

Chapter 5

Idealized Location and Site

During the development of alternative facility layout plans, both sites were found to require less than desirable layouts that would be inconvenient for the user groups. Since the market analysis determined that this facility must be highly desirable to use because of existing competitive facilities, the Design Team created an “Idealized” site plan to establish criteria in selecting an appropriate site. The resulting site plan was 35 acres of relatively flat, contiguous land.

In addition to suitable physical characteristics, the site for an agricultural exposition center in Loudon County must meet the needs of its varied event participants and spectators. From a “marketability” perspective i.e. in terms of factors that would influence the decision to sponsor or attend an event at the facility, site location should respond to the following:

- Proximity to Interstate - no more than 1 mile
- Visibility - direct from major highway
- Local access - direct from major highway to venue
- Proximity to visitor services (hotels/motels/restaurants) - ideally, no more than 3 miles; max, no more than five miles
- A minimum of 35 acres of level contiguous land, preferably rectangular in shape

ECONOMIC IMPACT ANALYSIS

The Economic Impact task is intended to measure the benefits to Loudon County that will be derived from the construction and operation of a multi-purpose agricultural exposition center in the county. These benefits include quantitative impacts such as expenditures, taxes and jobs, and qualitative impacts that have more to do with quality of life. Collectively, these benefits are the “benefit” component of a “cost-benefit” equation that would describe the outcome of any public contribution to the project. It is these same types of impacts that would be applicable to Loudon County that motivate local and state governments across the county to support equestrian centers, convention centers, sports arenas and stadiums.

Construction Impacts

Construction impacts are one-time impacts that occur during the period of facility construction. Based on an average project cost of \$26 million, the labor component (40%) would be \$10.4 million and the materials component (60%) would be \$15.6 million. The great major of labor and materials would be supplied by East Tennessee construction businesses and suppliers, and Loudon County businesses and suppliers would share in these impacts.

The labor component would translate to 311 person years of employment based on an average payroll number of \$30,100 (per U.S Bureau of the Census, County Business Patterns). Over the course of a 1.5 year construction period, the project would support some 207 full time and part time construction jobs.

Operational Impacts

Expenditure Impacts. Expenditure impacts include onsite and offsite expenditures by event spectators and participants. Estimated onsite expenditures flow from the analysis of the facilities operations, which is presented in a later section of the report. Offsite expenditures were estimated using a separate analytical technique which first categorized event visitors by expenditure grouping – local

Economic Impact Analysis

Chapter 6

visitor, day trip visitor and overnight visitor, and then assigned expenditure factors for each group. The factors themselves were based on Owens Economics' experience with similar facilities elsewhere.

Once an estimate of total, direct expenditures was derived, a multiplier factor appropriate for a community like Loudon County was applied. This multiplier factor accounts for visitor dollars being re-circulated in the local economy. Multiplier impacts are also referred to as indirect and induced impacts and reflect the fact that both local workers and businesses will "re-spend" a portion of initial expenditure dollars they receive. For example, visitors will spend money in a hotel or restaurant. A portion of this money will go to hotel or restaurant employees, who will in turn, spend money at their local grocery store. The hotels and restaurants themselves will also take a portion of the initial spending and "re-spend" it to purchase supplies and local services.

As shown in Table 9, the total expenditure impact for an agricultural exposition center in Loudon County is estimated to be approximately \$13.1 million dollars.

Of the total of \$13.1 million in expenditures, some \$6.6 million are direct impacts consisting of \$1.2 million in onsite expenditures, and \$5.4 million in offsite expenditures. The offsite number is particularly important because it is indicative of the direct impacts that would benefit Loudon County businesses. Of the \$5.4 million in offsite expenditures, the largest impact would be on restaurants with \$3.4 million in new sales; next, purchases of retail goods and services would total \$1.3 million, and another \$700,00 would represent new sales for local hotels. In the later category, given the already high levels of occupancy and growing demand from business travelers, it would be reasonable to expect the new facility to serve as a catalyst for new hotel development.

For the indirect and induced impacts of \$6.5 million, these impacts would be spread across the larger Loudon County economy.

TABLE 9 EXPENDITURE SUMMARY- LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - FULL PROGRAM

Onsite Expenditures	\$	1,154,420
Offsite Expenditures	\$	5,400,939
Subtotal	\$	6,555,359
Multiplier		2.0
Total Dollar Impact on the Economy	\$	13,110,718
Source: Owens Economics, LLC January 2013		

Tax impacts. The estimate of tax impacts is an extension of the expenditure analysis. Various expenditures were grouped according to applicable local and state tax categories. The appropriate tax rate was then applied to yield tax receipts. The analysis reflects taxes for the

State of Tennessee and Loudon County. Further, it is assumed that two thirds offsite expenditures will be captured in Loudon County, with the balance going elsewhere in the local area.

The tax impact analysis is shown in Table 10 below.

TABLE 10 TAX IMPACTS - LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER – FULL PROGRAM

Taxable Expenditures	Onsite Expenditures			Offsite Expenditures			Total Loudon Co
	Tickets	Concessions	Other	Accomm	Restaurant	Other	
Total Loudon County	\$ 524,000	\$ 236,400	\$ 19,058	\$ 669,006	\$ 3,640,290	\$1,347,101	\$ 6,435,855
Percent	100%	100%	100%	67%	67%	67%	
Amount	\$ 524,000	\$ 236,400	\$ 19,058	\$ 448,234	\$ 2,438,995	\$902,557	\$ 4,569,244
Tax Rates							
Loudon County							
Local Sales and Use Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Local Parks and Recreation Tax	0.5%	0.5%	0.5%		0.5%	0.5%	
Local Hotel/Motel Tax				5.0%			
State Sales and Use Tax ²	7.0%	5.25%	7.0%	7.0%	5.60%	7.0%	
Taxes							
Loudon County							
Local Sales and Use Tax	\$ 10,480	\$ 4,728	\$ 381	\$ 8,965	\$ 48,780	\$ 18,051	
Local Parks and Recreation Tax	\$ 2,620	\$ 1,182	\$ 95	\$ -	\$ 12,195	\$ 4,513	
Local Hotel/Motel Tax				\$ 22,412			
Total	\$ 13,100	\$ 5,910	\$ 476	\$ 31,376	\$ 60,975	\$ 22,564	\$ 134,402
State Sales and Use Tax ¹							
	\$ 36,680	\$ 12,411	\$ 1,334	\$ 46,830	\$ 203,856	\$ 94,297	\$ 395,409
	100%						
¹ Based on total expenditures							
² Blended rate of 5.25% for food and 7.0% for alcohol							
Source: Owens Economics. LLC January 2013							

As indicated, Loudon County would receive some \$134,000 in taxes , and the State of Tennessee would receive over \$395,000. As will be demonstrated in the Financial Analysis section of the report, Loudon County tax receipts would be well in excess of the expected operating deficit for the facility.

Job Impacts. Expenditure impacts would translate to approximately 159 full time and part time jobs. This estimate was derived by taking 20 percent of total expenditures as labor costs;

adjusting for payroll taxes and benefits to arrive at total figure of \$2,228,000 for salaries and wages. This total was divided by an average payroll number of \$14,000 (composite of lodging, restaurant and retail industries per County Business Patterns) to yield the estimated number of jobs supported. The majority of these positions would go to residents of Loudon County.

Qualitative Impacts

In addition to the impacts of the facility that can be quantified, there are other, non-quantifiable benefits that can accrue to Loudon County from the development and operation of the proposed ag expo center. First, the facility and its events will help strengthen the identity of Loudon County as a regional activity hub. The expenditure analysis presented above looked only at spending associated with events; however, there should be residual value in getting regional residents to think more about the county as a place to go to leisure dining and shopping beyond attendance at center events. Second, the facility can be a strong economic development tool in that the availability of the entertainment, sports and social activities at the facility could be an effective business recruitment and retention tool. Rather than saying to current and future employees that they needed to go to the larger population centers in the region for these leisure activities, the facility would allow recruiters and business managers to point to the local availability of these activities. Finally, the offering of events at the facility would make a positive contribution to the quality of life for many Loudon County residents. It could provide a place where a wide variety of events and activities, involving or appealing to a broad spectrum of county residents, could be held. The benefit of the facility would extend well beyond the specific users of the facility to a much larger part of the Loudon County population.

FINANCIAL ANALYSIS

The financial analysis evaluates the operational performance of a multi-purpose agricultural exposition center in Loudon County, assuming the final program as described above. Also, implicit in the analysis is the understanding that the facility, management and use policy will be structured to optimize financial performance.

If the fiscal impacts presented in the previous section are considered to be the benefit side of a cost – benefit equation, then the findings of the financial analysis can be considered to represent the cost side of the equation. As will be shown, a comparison of the expected operating deficit (cost) with the expected tax impacts (benefits) yields a positive outcome for such an analysis. The expected tax benefits greatly outweigh the requirement for an operating subsidy as shown in this section of the report.

All dollar amounts in the analysis are expressed in 2012 dollars.

Demand Analysis

The first step in the analysis was to develop estimates of facility utilization and event attendance. The analysis underlying these estimates flowed from the Market Analysis, with specific acknowledgement of the facility program. On a stabilized basis, Owens Economics estimates an overall level of event utilization of 242 events covering a total of 293 event days. During the center’s initial years of operations, utilization will “ramp up” to a stabilized level as the facility becomes established in the market. After stabilized operations are achieved, modest event growth can be expected in response to growth in the market.

The second step in the analysis was to estimate event attendance. This analysis also followed from the Market Analysis, and average attendance metrics per type of event were applied to estimates of facility utilization. As with utilization, attendance will show a ramp up pattern to stabilized attendance, with modest growth thereafter.

Financial Analysis

Chapter 7

The results of the demand analysis are shown in Table 11 below.

TABLE 11 MULTI-YEAR UTILIZATION AND ATTENDANCE - LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - FULL PROGRAM

Utilization	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Arena - Agricultural Events	32	35	38	40	42
Arena - Non - Ag Events	13	14	16	18	20
Multi-purpose Space	83	94	104	111	113
Meeting Space	76	80	84	82	84
Total	204	223	242	255	253
Attendance					
Arena - Agricultural Events	29,325	31,913	34,500	36,316	38,132
Arena - Non - Ag Events	24,640	27,720	30,800	34,650	38,500
Multi-purpose Space	97,440	109,620	121,800	129,998	132,340
Meeting Space	3,132	3,306	3,480	3,397	3,480
Total	154,537	172,559	190,580	204,361	212,452

Source: Owens Economics, LLC January 2013

Financial Performance

Owens Economics has developed estimates of financial performance by developing revenue and expense parameters, then applying these parameters to the appropriate operational and building metrics. For example, rental revenues have been estimated by first setting a rental rate schedule and then applying these rates to estimates of building utilization. Similarly, concessions revenues have been estimated by applying a per capita expenditure factor to estimated attendance at events that would offer concession sales. On the expense side, a staffing plan and salary schedule were developed to estimate labor costs; utilities were estimated by applying a per-square foot utility cost to the area of principal building spaces. Financial performance was estimated for startup and stabilized years.

Revenues Stabilized operating revenues have been estimated at approximately \$470,000. Principal revenue sources are stall rentals (\$115,000), building rentals (\$98,000) and concessions (net of \$76,000). In year one, with reduced levels of activity, revenues are estimated to be \$390,000. By year five, revenues will grow to \$525,000.

Expenses Stabilized operating expenses are estimated to be \$543,000 (or \$552,000 with salary escalation in a multi-year scenario). Labor accounts for some \$231,000 or 40 percent of expenses, and non-labor costs total roughly \$312,000. Expenses in year one are estimated to be \$484,000, with growth to \$580,000 in year 5.

Operating Deficit The combination of revenues and expenses shows a stabilized operating deficit of approximately \$82,000. In the early years with reduced utilization combined with a high level of fixed costs, the deficit would be \$94,000, and the out-years, the deficit would be reduced to some \$55,000. In comparison with other agricultural exposition centers, the expected performance of the Loudon County center is very good. This situation is attributed to availability of a mix of spaces that can accommodate a range of revenue-rich events – equestrian events, rodeo and western events, entertainment events, and consumer shows and sales. The program also provides the opportunity for concurrent multiple events which adds to revenue productivity. On the cost side, the financial model assumes a “black box” approach to facility operations where event sponsors and promoters are responsible for most event costs, and it assumes availability of convict labor from the local jail to support facility maintenance and cleaning.

The financial performance of the Loudon County ag expo center is summarized in Table 12 below.

TABLE 12 MULTI-YEAR OPERATING PRO FORMA - LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - FULL PROGRAM

Total Revenues	\$ 389,983	\$ 430,117	\$ 470,252	\$ 500,506	\$ 525,067
Total Expenses	\$ 483,946	\$ 518,153	\$ 552,453	\$ 567,026	\$ 580,329
Operating Surplus/(Deficit)	\$ (93,963)	\$ (88,036)	\$ (82,201)	\$ (66,520)	\$ (55,261)
Source: Owens Economics, LLC January 2013					

As mentioned in the introduction to this financial analysis, the operating deficit - \$82,200 at stabilized operations - is well below the level of taxes generated for Loudon County for the same operational point in time. This number, as presented previously, is \$134,000, which is some 60 percent greater than the expected deficit.

IMPLEMENTATION

Phased Development

BSP and Owens Economics considered the possibility of phasing development of the Loudon County agricultural exposition center to enable the project to move forward before funding was in place for the full program. The most logical first phase includes the indoor arena, warm up arena, meeting room, 200 stalls, and 75 RV sites. This initial phasing provides the facilities to accommodate most agricultural types of events.

The analysis of Phase I performance, which is presented in detail in the appendix to this report, found that the first phase as described above would operate with a larger deficit, and would not generate as many tax dollars as the full program. This reduced performance can be attributed primarily to the absence of the exhibition component of the project which supported higher attendance events such as the consumer shows and sales. These events generated significant levels of income for the building, and visitor spending at these events resulted in significant levels of sales tax collections.

Development Schedule

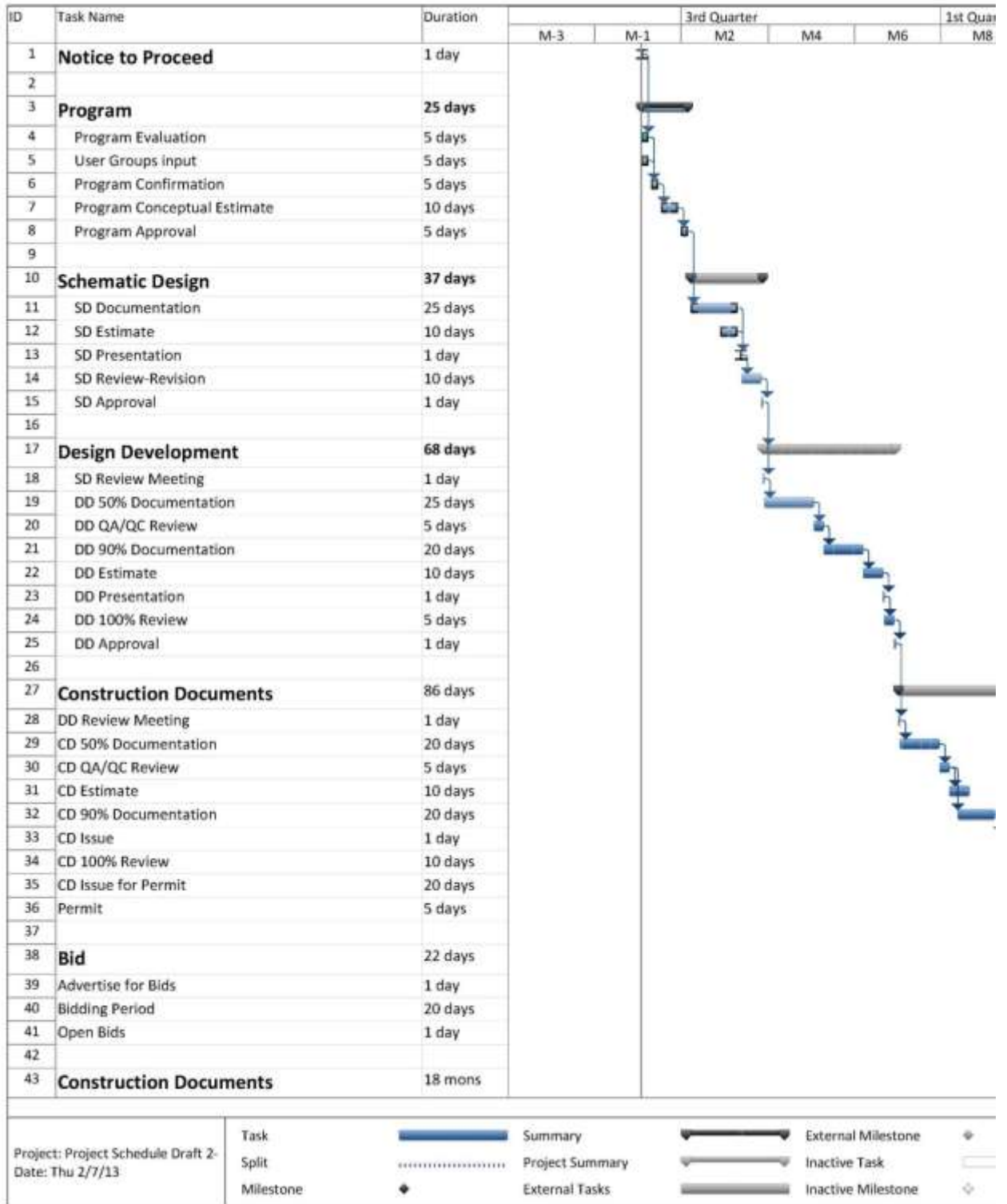
The following schedule assumes the following items are completed prior to initiation of the design phase:

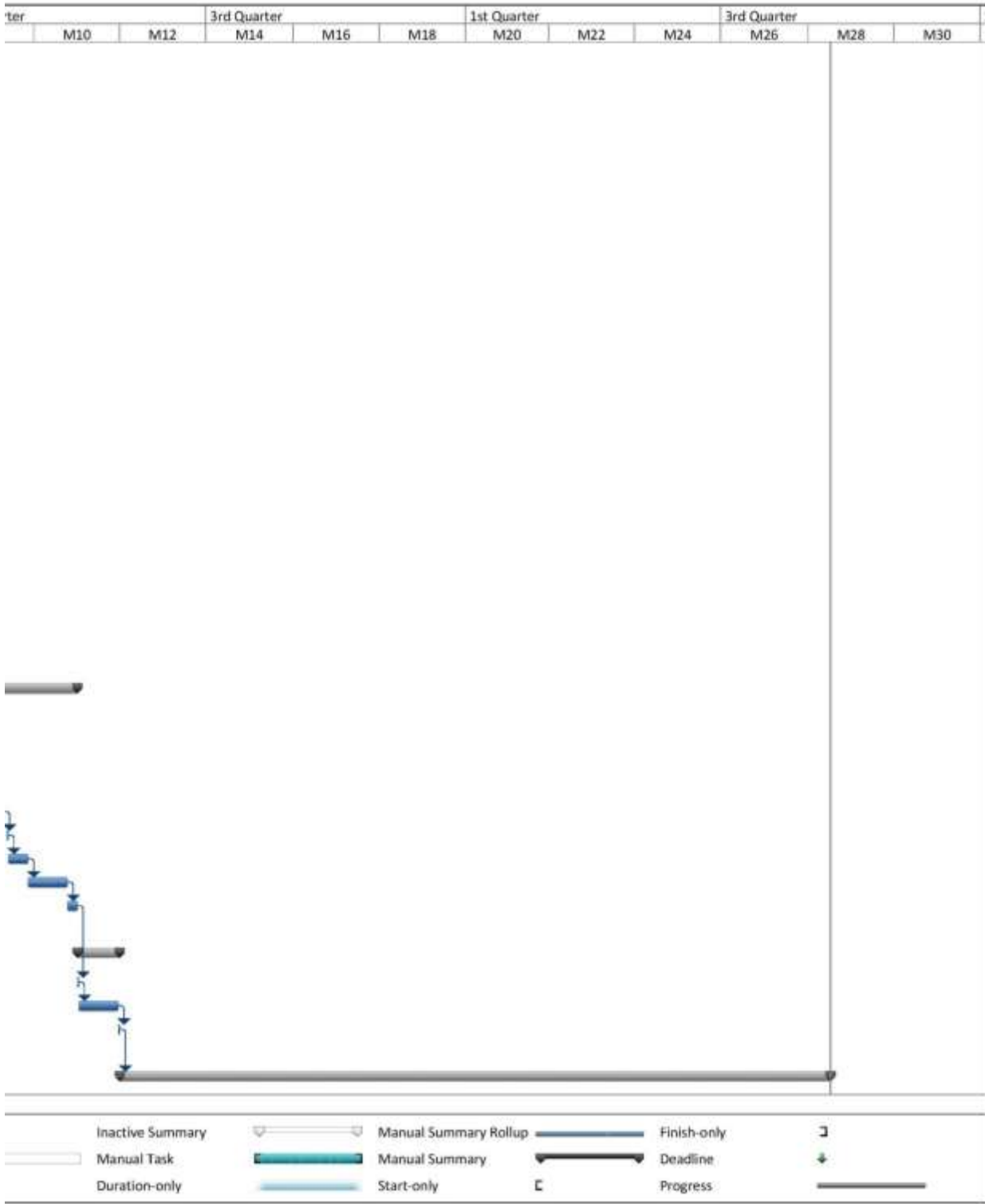
- Property acquisition
- Digital Boundary and Topographical Survey
- Geotechnical Report
- Environmental Impact Report (if required)
- Archeological Report and Mitigation (if required)

Implementation

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TABLE 13 CONSTRUCTION SCHEDULE - LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - PHASE I (FULL PROGRAM)





March 2013

Organizational Structure

As part of its work, Owens Economics was asked to provide guidance on ownership and operational models that might be applied to the Loudon County facility. Based on the evaluation of comparable facilities, three potential approaches to ownership and operation were identified. These approaches were:

- Public ownership and operation
- Public private partnership
- Non-profit ownership and operation

The advantages and disadvantages of each approach is discussed below:

Public Ownership and Operation

In this model, Loudon County would own and operate the facility. This scheme would include responsibility for construction, improvements, and financial operations. The facility would be staffed by county employees. The advantages (+) and disadvantage (-) are shown below.

- + Access to development capital and operational funding from government sources
- + Potential to include a broader range of community oriented events and uses than might not generate income
- + Potential to involve existing government resource, such as personnel and accounting functions, to avoid duplication of costs
- Uncertainty regarding level of annual funding
- Reduced potential for outside fundraising
- Need to follow potentially cumbersome and more expensive, procurement and personnel policies
- Lack of management discretion in making decisions that would benefit operations of the facility

This approach is in place for the Williamson County Ag Expo Park in Franklin. Variations might include creation of a regional authority which could include Loudon County, the City of Loudon and Lenoir City. Contributions to capital investment and operational support could be shared based on population.

Public Private Partnership

The model provides for some combination of public and private (non-profit) responsibility for ownership and operations. As the partnership is structured, a specific partner would have total or primary responsibility of each major aspect of the facility, with the exact division of

responsibility subject to negotiation when the partnership is formed. The advantages and disadvantages are shown below.

- + Access to some level of government development capital and operational funding
- + Significantly improved opportunities for outside fundraising
- + Access to operational support from local government
- + Ability of management to operate without cumbersome policies and procedures
- Uncertainty regarding ongoing commitment to financial and operational support
- Some measure of government influence on operations and decision making i.e. “the strings attached”
- Backlash over government spending on perceived special interest project

The partnership model is in place at Tri-State Exhibition Center in Bradley County.

Non-Profit Ownership and Operation

This model is purely a non-profit approach to ownership and operations with only minimal support from the public sector. The advantages and disadvantages are shown below

- + Operational freedom
- + Ability to make long term commitments to sponsors and users
- + Fundraising ability
- Vulnerability to economic cycles and impact on funding
- Absence of key constituent group to focus initial and ongoing fundraising activities
- Lack of access to government support – funding and/or provision of services

The non-profit model is not found in the facilities studied as part of this assignment, but it can be found in equestrian centers and agricultural event facilities across the country. A Tennessee example is the Calsonic Arena in Shelbyville.

Funding

Funding is always a challenge for facilities that do not have the capacity to generate sufficient income to cover their operations and provide a return on investment.

While not a comprehensive list, several ideas for funding as seen in other facilities are shown below. Note that none of these ideas will cover all funding requirements, so it is likely that a combination of sources will be required.

Public appropriations. Funds can be provided by federal, state or county governments that are designated specifically for a named project. At the federal and state levels funds could involve “earmarks.” This type of funding is under pressure, but is still in use. The county would need to have an elected official serve as champion and introduce the project into the budgetary process at the appropriate level(s).

Federal and state grants. Federal and state agency grant programs that support agriculture and community development may apply to the project. The U.S. Department of Agriculture and the same state level agency would be most likely sources of grant funding. Along the same lines, government sponsored organizations like TVA are also sources of funding. The Northeast Alabama facility received a small grant from this agency.

Local business tax distributions. Local taxes that are tied to sources that benefit from the facility might be available to support an agricultural expo center. This source of funding is common in all types of public assembly facilities and is used by other Tennessee facilities. For example, Tri-State Exhibition Center receives a portion of the local hotel/motel tax; East Tennessee Agricultural Exposition Center benefits from a local entertainment tax.

Land lease partnership. The viability of this type of funding is tied to site size and location. If the site were attractive to a commercial developer for restaurant, hotel or convenience store/gas station, a portion could be leased to an outside party for development. This funding approach has been used by a number of fairgrounds and museums.

Naming rights. The facility and major component would carry the name of a company or individual in exchange for payments that are typically received over a multi-year period. Most stadiums and sports arenas carry the name of a corporate sponsor. At several fairgrounds and equestrian centers, horse stalls have been sponsored by individuals and businesses.

Directed user group contributions. Another quasi partnership opportunity would be contributions from organizations who would benefit (whose members would benefit) from the facility. Examples would be breed associations and agricultural business groups such as cattlemen or hog producers.

Tennessee Tourism Development Districts. Under state law, “qualified public use facilities” constructed within a designated Tourism Development District may qualify to receive incremental local and state sales and use taxes, to the extent that the increase in district tax receipts exceeds the average increase in the county overall. This type of funding could be particularly attractive because it would allow the Loudon County facility to benefit from the \$300,000 plus in state sales tax revenue that would be generated.

Tax increment financing. Similar in concept to the Tourism Development Districts, local tax increment financing district could be created around an agricultural exposition center if that facility were to serve as the catalyst for commercial development in the vicinity.

APPENDIX A: ANALYTICAL TABLES

Appendix A: Analytical Tables

TABLE 14 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - PROGRAM SCENARIOS

	Scenario 1	Scenario 2	Scenario 3
General Description	Main arena can accommodate a range of agricultural events, as well as other "dirty" events, and events that are typically held outdoors. The separate multi-purpose space and classroom/conference space can accommodate a variety of trade & consumer shows, larger and smaller social events, and larger and smaller community events. Alternative 1 would not accommodate entertainment events or HS graduations. Separate, major spaces would allow concurrent events. Conceptually, this alternative is modeled after Tri-State Agricultural Expo Center.	Main arena can accommodate a full range of agricultural, "dirty" sports and entertainment events, as well as HS graduations. The concourse can accommodate trade & consumer shows, and other flat floor events, although potential for concurrent arena and flat floor events is limited. Potential for large social events is also limited. The classroom/conference can accommodate a range of smaller social and community events. Conceptually, this alternative is modeled after the Hyder - Burks Pavilion.	Main arena can accommodate a full range of agricultural, "dirty" sports and entertainment events, as well as HS graduations. The separate multi-purpose space and classroom/conference space can accommodate a variety of trade & consumer shows, larger and smaller social events, and larger and smaller community events. Separate, major spaces would allow concurrent events. Conceptually, this alternative is modeled after the Northeast Alabama Agri-business Center with the addition of the Hyder - Burks multi-purpose space.
Event Types (Illustrative; not a comprehensive list)	Equestrian Livestock Ag Sales Dirty Sports Flea Markets Small Social Small Community	Equestrian Livestock Ag Sales Dirty Sports Flea Markets Entertainment Trade & Consumer Small Social Small Community HS Graduations	Equestrian Livestock Ag Sales Dirty Sports Flea Markets Entertainment Trade & Consumer Small Social Large Social Small Community Large Community HS Graduations
Facility Program			
Arena			
Type	Covered/Enclosed	Indoor	Indoor
Ring Size	150' x 250'	150' x 250'	150' x 250'
Seating	300 +/-	2,500	3,500
Climate	None	Heat and AC	Heat & AC
Flat Floor /Exhibition			
Type	Separate Multi-Purpose Space	Arena Concourse	Separate Multi-Purpose Space
Size	3,000 sf	4,000 sf	6,000 sf
Climate	Heat and AC	Heat and AC	Heat and AC
Stalls	250	250	250
RV Sites	75	75	75
Other	Warm Up Arenas (1 Covered; 1 Outdoor)	Warm Up Arenas (1 Covered; 1 Outdoor)	Warm Up Arenas (1 Covered; 1 Outdoor)
	Class/Conference Room	Class/Conference Room	Class/Conference Room
Visitor Parking	400	900	1,500
Source: Owens Economics, LLC January 2013			

TABLE 15 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - SCENARIO OPERATIONAL AND ECONOMIC CONSIDERATIONS

	Alternative 1	Alternative 2	Alternative 3
Event Programming Focus	Agricultural Events; "Dirty" Events	Range of Agricultural and Non-agricultural Events	Full Range of Agricultural and Non-agricultural Events
Programming Limitations	Seasonal use of main arena; no ability to accommodate events requiring large seating capacity i.e. concerts, high school graduations; dirt floor unacceptable for some events Concurrent event potential with each of: arena and multi-purpose space	Year round use of all facilities; proximity to dirt floor will limit use for social events Single event use of arena/concourse limits concurrent programming	Year round use of all facilities; separate large multi-purpose space can accommodate range of flat floor events Potential for concurrent events arena/multi-purpose space and within multi-purpose space
Attendance/Revenue generation	Impacted by seasonality, limitations on concurrent event programming and limitations on types of events	Impacted by limitations on concurrent events and limitations on types of events	Best opportunity to maximize operating revenues

Source: Owens Economics, LLC January 2013

TABLE 16 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - SCENARIO ILLUSTRATIVE EVENT TYPES

<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
Equestrian	Equestrian	Equestrian
Rodeo and Western	Rodeo and Western	Rodeo and Western
Livestock	Livestock	Livestock
Ag Sales	Ag Sales	Ag Sales
Dirty Sports	Dirty Sports	Dirty Sports
Flea Markets	Flea Markets	Flea Markets
Small Social	Entertainment	Entertainment
Small Community	Trade & Consumer	Trade & Consumer
	Small Social	Small Social
	Small Community	Large Social
	HS Graduations	Small Community
		Large Community
		HS Graduations

Source: Owens Economics, LLC

TABLE 17 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - EVENT DAY POTENTIAL - FULL PROGRAM

	Main Arena			MP Space			Meeting			Total	
	Evts	Avg Days	Evt Days	Evts	Avg Days	Evt Days	Evts	Avg Days	Evt Days	Evnts	Evt Days
Equestrian	12	2	24							12	24
Rodeo/Western	20	2	40							20	40
Livestock	6	1	6							6	6
Dog Show/Agility	4	3	12	8	1.5	12				12	24
Dirty Entertainment	4	1	4							4	4
Family Entertainment	2	1.5	3							2	3
Concert	2	1	2							2	2
Trade/ Consumer Show				12	1.5	18				12	18
Graduation	2	1	2							2	2
Social				24	1	24	24	1	24	48	48
Meeting	1	1	1	36	1	36	36	1	36	73	73
Other	1	1	1	24	1	24	24	1	24	49	49
Total	54		95	104		114	84		84	242	293

Note: indicated facility use represents primary facility; other facilities may be used.
 Source: Owens Economics, LLC January 2013

TABLE 18 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - ATTENDANCE POTENTIAL - FULL PROGRAM

	Main Arena			MP Space			Meeting			Total Attend
	No. of Evt Days	Avg Att Per Evt Day	Total Attend	No. of Evt Days	Avg Att Per Evt Day	Total Attend	No. of Evt Days	Avg Att Per Evt Day	Total Attend	
Equestrian	24	400	9,600	-			-			9,600
Rodeo/Western	40	600	24,000	-			-			24,000
Livestock	6	150	900	-			-			900
Dog Show/Agility	12	900	10,800	12	900	10,800	-			1,600
Dirty Entertainment	4	1,000	4,000	-			-			4,000
Family Entertainment	3	1,500	4,500	-			-			4,500
Concert	2	2,000	4,000	-			-			4,000
Trade/Consumer Show	-		-	18	2,500	45,000	-			45,000
Graduation	2	2,750	5,500	-			-			5,500
Social	-		-	24	250	6,000	24	35	840	6,840
Meeting	1	1,000	1,000	36	1,000	36,000	36	50	1,800	38,800
Other	1	1,000	1,000	24	1,000	24,000	24	35	840	25,840
Total	95		65,300	114		121,800	84		3,480	190,580

Source: Owens Economics, LLC January 2013

TABLE 19 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - REVENUE PARAMETERS - FULL PROGRAM

Rental Rates		
Arena - Agricultural Events	\$ 700	Per Day
Arena - Non - Ag Events	\$ 1,400	Per Day
Multi-purpose Space	\$ 500	Per Day
Meeting Space	\$ 75	Per Event
Other Event Revenue		
Other Revenues ¹	40%	Rental Revenue
Stall Rental ²	\$ 12.00	Per Day
RV Rental ³	\$ 15.00	Per Day
Concessions (Net) ⁴	\$ 0.40	Per Capita
Sponsorship and Advertising	\$ 15,000	Lump Sum
¹ Includes rental of other facilities, equipment rental, sales of bedding, etc. ² Assumed average rental of 150 stalls per event ³ Assumed 60 site rentals per rodeo and equestrian event ⁴ Assumed average per capita expenditure of \$2.00 and 20% fee		
Source: Owens Economics, LLC January 2013		

TABLE 20 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - STABILIZED REVENUES - FULL PROGRAM

Building Rentals	
Arena - Agricultural Events	\$ 49,000
Arena - Non - Ag Events	35,000
Multi-purpose Space	57,000
Meeting Space	6,300
Other Event Revenues	
Other Revenue	58,920
Stall Rental	115,200
RV Rental	57,600
Concessions (Net)	76,232
Sponsorship and Advertising	15,000
Total Revenues	\$ 470,252
Source: Owens Economics, LLC January 2013	

TABLE 21 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - EXISTING PARAMETERS - PHASE I PROGRAM

Building Area		99,000	sf
Salary Schedule			
General Manager	\$	50,000	
Assistant Manager		35,000	
Administrative Assist.		25,000	
Maintenance Manager		35,000	
Maintenance Worker		20,000	
Maintenance Worker		20,000	
Payroll Burden		25%	
Other Expenses			
Supplies	\$	50,000	Lump Sum
Repairs & Maintenance	\$	50,000	Lump Sum
Utilities	\$	1.00	Per SF
Insurance		4%	Revenues
Marketing		5%	Revenues
Other Expenses		15%	Revenues
Source: Owens Economics, LLC January 2013			

TABLE 22 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - STABILIZED EXPENSES - PHASE I PROGRAM

Salaries and Wages		
General Manager	\$	50,000
Assistant Manager		35,000
Administrative Assist.		25,000
Maintenance Manager		35,000
Maintenance Workers		40,000
Subtotal	\$	185,000
Payroll Burden		46,250
Total Labor	\$	231,250
Other Expenses		
Supplies	\$	50,000
Repairs & Maintenance		50,000
Utilities		99,000
Insurance		18,810
Marketing		23,513
Other Expenses		70,538
Total, Non-labor	\$	311,860
Total Expenses		
With no salary escalation	\$	543,110
With annual salary escalation @ 2%	\$	552,453
Source: Owens Economics, LLC January 2013		

TABLE 23 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - MULTI-YEAR OPERATING PRO FORMA - FULL PROGRAM

Utilization	Year 1	Year 2	Year 3	Year 4	Year 5
Arena - Agricultural Events	32	35	38	40	42
Arena - Non - Ag Events	13	14	16	18	20
Multi-purpose Space	83	94	104	111	113
Meeting Space	76	80	84	82	84
Total	204	223	242	255	253
Attendance					
Arena - Agricultural Events	29,325	31,913	34,500	36,316	38,132
Arena - Non - Ag Events	24,640	27,720	30,800	34,650	38,500
Multi-purpose Space	97,440	109,620	121,800	129,998	132,340
Meeting Space	3,132	3,306	3,480	3,397	3,480
Total	154,537	172,559	190,580	204,361	212,452
Building Rentals					
Arena - Agricultural Events	41,650	45,325	49,000	51,579	54,158
Arena - Non - Ag Events	28,000	31,500	35,000	39,375	43,750
Multi-purpose Space	45,600	51,300	57,000	60,837	61,933
Meeting Space	5,670	5,985	6,300	6,150	6,300
Other Event Revenues					
Other Revenue	48,368	53,644	58,920	63,176	66,456
Stall Rental	97,920	106,560	115,200	121,263	127,326
RV Rental	48,960	53,280	57,600	60,631	63,663
Concessions (Net)	61,815	69,023	76,232	81,744	84,981
Sponsorship and Advertising	12,000	13,500	15,000	15,750	16,500
Total Revenues	\$ 389,983	\$ 430,117	\$ 470,252	\$ 500,506	\$ 525,067
Salaries and Wages					
General Manager	50,000	51,000	52,020	53,060	54,122
Assistant Manager	35,000	35,700	36,414	37,142	37,885
Administrative Assist.	25,000	25,500	26,010	26,530	27,061
Maintenance Manager	35,000	35,700	36,414	37,142	37,885
Maintenance Workers	40,000	40,800	41,616	42,448	43,297
Subtotal	46,250	47,175	48,119	49,081	50,062
Burden	231,250	235,875	240,593	245,404	250,312
Total Labor					
Other Expenses					
Supplies	40,000	45,000	50,000	52,500	55,000
Repairs & Maintenance	30,000	40,000	50,000	50,000	50,000
Utilities	89,100	94,050	99,000	99,000	99,000
Insurance	15,599	17,205	18,810	20,020	21,003
Marketing	19,499	21,506	23,513	25,025	26,253
Other Expenses	58,497	64,518	70,538	75,076	78,760
Total, Non-labor	252,696	282,278	311,860	321,621	330,016
Total Expenses	\$ 483,946	\$ 518,153	\$ 552,453	\$ 567,026	\$ 580,329
Operating Surplus/(Deficit)	\$ (93,963)	\$ (88,036)	\$ (82,201)	\$ (66,520)	\$ (55,261)
Source: Owens Economics, LLC January 2013					

TABLE 24 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - ATTENDANCE DISTRIBUTION - FULL PROGRAM

	Total		<u>Day</u>			<u>Day</u>	<u>Overnight</u>
	<u>Attendance</u>	<u>Local</u>	<u>Trip</u>	<u>Overnight</u>	<u>Local</u>	<u>Day Trip</u>	<u>Overnight</u>
Equestrian	9,600	10%	50%	40%	960	4,800	3,840
Rodeo/Western	24,000	10%	50%	40%	2,400	12,000	9,600
Livestock	900	70%	20%	10%	630	180	90
Dog Show/Agility	21,600	10%	60%	30%	2,160	12,960	6,480
Dirty Entertainment	4,000	20%	75%	5%	800	3,000	200
Family Entertainment	4,500	20%	75%	5%	900	3,375	225
Concert	4,000	20%	75%	5%	800	3,000	200
Trade/Consumer Show	45,000	20%	75%	5%	9,000	33,750	2,250
Graduation	5,500	80%	20%	0%	4,400	1,100	-
Social	6,840	90%	10%	0%	6,156	684	-
Meeting	38,800	90%	10%	0%	34,920	3,880	-
Other	25,840	90%	10%	0%	23,256	2,584	-
	190,580				86,382	81,313	22,885

Source: Owens Economics, LLC January 2013

TABLE 25 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - ONSITE TAXABLE EXPENDITURES - FULL PROGRAM

Taxable Expenditures		
Tickets		
Attendance at Ticked Events	\$	65,500
Average Ticket Price	\$	8.00
Ticket Sales	\$	524,000
Concessions		
Attendance at Evts with Concessions	\$	118,200
Average Per Capita Expenditure	\$	2.00
Concession Sales	\$	236,400
Other Expenditures		
Total Attendance	\$	190,580
Average Per Capita Exp. On Other Items	\$	0.10
Other Expenditures	\$	19,058
Subtotal, Taxable Expenditures	\$	779,458
Non - Taxable Expenditures		
Building Rentals	\$	147,300
Other Revenue, Remainder	\$	39,862
Stall Rental	\$	115,200
RV Rental	\$	57,600
Sponsorship and Advertising	\$	15,000
Subtotal, Non Taxable Expenditures	\$	374,962
Total, Onsite Expenditures	\$	1,154,420

Source: Owens Economics, LLC January 2013

TABLE 26 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - OFFSITE EXPENDITURES, NON-LOCAL ATTENDEES - FULL PROGRAM

Overnight Attendees	
Number of Overnight Attendees	22,885
Average Number of Nights	1.5
Average Number of Days	1.5
Expenditures, Accommodations ¹	
No. of Room Nights	12,164
Per Room Night	\$ 55
Total	\$ 669,006
Expenditures, Food	
Number of Days	34,328
Per Day	\$ 35
Total	\$ 1,201,463
Expenditures, Other	
Number of Days	34,328
Per Day	\$ 15
Total	\$ 514,913
Subtotal, Expenditures by Overnight Attendees	\$ 2,385,381
Day Trip Attendees	
Number of Day Trip Attendees	81,313
Expenditures, Food	
Per Capita	\$ 20.00
Total	\$ 1,626,20
Expenditures, Other	
Per Capita	\$ 10.00
Other	\$ 813,130
Subtotal, Expenditures by Day Trip Attendees	\$ 2,439,390
Local Attendees	
Number of Local Attendees	86,382
Expenditures, Food	
Per Capita ²	\$ 6.67
Total	\$ 576,168
Subtotal, Expenditures by Local Attendees	\$ 576,168
Total Offsite Expenditures	\$ 5,400,939
¹ Total overnight attendees less attendees staying in onsite RV sites; based on average party size of 2.0	
² Average expenditure of \$20; assumed one third of local attendees visit restaurants on their way to or from venue	
Source: Owens Economics, LLC January 2013	

TABLE 27 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - EVENT DAY POTENTIAL - PHASE I PROGRAM

	Main Arena			Meeting			Total	
	<u>Evts</u>	<u>Avg Days</u>	<u>Evt Days</u>	<u>Evts</u>	<u>Avg Days</u>	<u>Evt Days</u>	<u>Events</u>	<u>Evt Days</u>
Equestrian	12	2	24				12	24
Rodeo	20	2	40				20	40
Livestock	6	1	6				6	6
Dog Show/Agility	4	3	12				4	12
Dirty Entertainment	4	1	4				4	4
Family Entertainment	2	1.5	3				2	3
Concert	2	1	2				2	2
Trade/Consumer Show							0	0
Graduation	2	1	2				2	2
Social				30	1	30	30	30
Meeting	1	1	1	44	1	44	45	45
Other	1	1	1	30	1	30	31	31
Total	54		95	104		104	158	199

Note: indicated facility use represents primary facility; other facilities may be used.

Source: Owens Economics, LLC January 2013

TABLE 28 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - ATTENDANCE POTENTIAL - PHASE I PROGRAM

	Main Arena			Meeting			
	<u>No. of Evt Days</u>	<u>Avg Att Per Evt Day</u>	<u>Total Attend</u>	<u>No. of Evt Days</u>	<u>Avg Att Per Evt Day</u>	<u>Total Attend</u>	<u>Total Attend</u>
Equestrian	24	400	9,600				9,600
Rodeo	40	600	24,000				24,000
Livestock	6	150	900				900
Dog Show/Agility	12	900	10,800				10,800
Dirty Entertainment	4	1,000	4,000				4,000
Family Entainment	3	1,500	4,500				4,500
Concert	2	2,000	4,000				4,000
Trade/Consumer Show	-		-				-
Graduation	2	2,750	5,500				5,500
Social	-		-	30	35	1,050	1,050
Meeting	1	1,000	1,000	44	50	2,200	3,200
Other	1	1,000	1,000	30	35	1,050	2,050
Total	95		65,300	104		4,300	69,600

Source: Owens Economics, LLC January 2013

TABLE 29 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - REVENUE PARAMETERS - PHASE I PROGRAM

Rental Rates		
Arena - Agricultural Events	\$ 700	Per Day
Arena - Non - Ag Events	\$ 1,400	Per Day
Meeting Space	\$ 75	Per Event
Other Event Revenue		
Other Revenues ¹	30%	Rental Revenue
Stall Rental ²	\$ 12.00	Per Day
RV Rental ³	\$ 15.00	Per Day
Concessions (Net) ⁴	\$ 0.30	Per Capita
Sponsorship and Advertising	\$ 15,000	Lump Sum
¹ Includes rental of other facilities, equipment rental, sales of bedding, etc.		
² Assumed average rental of 150 stalls per event		
³ Assumed 60 site rentals per rodeo and equestrian event		
⁴ Assumed average per capita expenditure of \$1.50 and 20% fee		
Source: Owens Economics, LLC January 2013		

TABLE 30 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - STABILIZED REVENUES - PHASE I PROGRAM

Building Rentals	
Arena - Agricultural Events	\$ 49,000
Arena - Non - Ag Events	35,000
Meeting Space	7,800
Other Event Revenues	
Other Revenue	27,540
Stall Rental	115,200
RV Rental	57,600
Concessions (Net)	20,880
Sponsorship and Advertising	15,000
Total Revenues	\$ 328,020
Source: Owens Economics, LLC January 2013	

TABLE 31 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - EXPENSE PARAMETERS - PHASE I PROGRAM

Building Area	91,500	sf
Salary Schedule		
General Manager	\$ 45,000	
Assistant Manager	35,000	
Administrative Assist.	25,000	
Maintenance Manager	35,000	
Maintenance Worker	20,000	
Maintenance Worker		
Payroll Burden	25%	
Other Expenses		
Supplies	\$ 40,000	Lump Sum
Repairs & Maintenance	\$ 45,000	Lump Sum
Utilities	\$ 1.00	Per SF
Insurance	4%	Revenues
Marketing	5%	Revenues
Other Expenses	15%	Revenues
Source: Owens Economics, LLC January 2013		

TABLE 32 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - STABILIZED EXPENSES - PHASE I PROGRAM

Salaries and Wages		
General Manager	\$	45,000
Assistant Manager		35,000
Administrative Assist.		25,000
Maintenance Manager		35,000
Maintenance Workers		20,000
Subtotal	\$	160,000
Payroll Burden		40,000
Total Labor	\$	200,000
Other Expenses		
Supplies	\$	40,000
Repairs & Maintenance		45,000
Utilities		91,500
Insurance		13,121
Marketing		16,401
Other Expenses		49,203
Total, Non-labor	\$	255,225
Total Expenses		
With no salary escalation	\$	455,225
With annual salary escalation @2%	\$	463,305
Source: Owens Economics, LLC January 2013		

TABLE 33 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - MULTI-YEAR OPERATING PRO FORMA - PHASE I PROGRAM

Utilization	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Arena - Agricultural Events	32	35	38	40	42
Arena - Non - Ag Events	13	14	16	18	20
Meeting Space	94	99	104	106	108
Total	139	148	158	164	170
Attendance					
Arena - Agricultural Events	29,325	31,913	34,500	36,316	38,132
Arena - Non - Ag Events	24,640	27,720	30,800	34,650	38,500
Meeting Space	3,870	4,085	4,300	4,383	4,465
Total	57,835	63,718	69,600	75,348	81,097
Building Rentals					
Arena - Agricultural Events	\$ 41,650	\$ 45,325	\$ 49,000	\$ 51,579	\$ 54,158
Arena - Non - Ag Events	28,000	31,500	35,000	39,375	43,750
Meeting Space	7,020	7,410	7,800	7,950	8,100
Other Event Revenues					
Other Revenue	\$ 23,001	\$ 25,271	\$ 27,540	\$ 29,671	\$ 31,802
Stall Rental	97,920	106,560	115,200	121,263	127,326
RV Rental	48,960	53,280	57,600	60,631	63,663
Concessions (Net)	17,351	19,115	20,880	22,605	24,329
Sponsorship and Advertising	12,000	13,500	15,000	15,750	16,500
Total Revenues	\$ 275,902	\$ 301,961	\$ 328,020	\$ 348,824	\$ 369,629
Salaries and Wages					
General Manager	\$ 45,000	\$ 45,900	\$ 46,818	\$ 47,754	\$ 48,709
Assistant Manager	35,000	35,700	36,414	37,142	37,885
Administrative Assist.	25,000	25,500	26,010	26,530	27,061
Maintenance Manager	35,000	35,700	36,414	37,142	37,885
Maintenance Workers	20,000	20,400	20,808	21,224	21,649
Subtotal	40,000	40,800	41,616	42,448	43,297
Burden	200,000	204,000	208,080	212,242	216,486
Total Labor					
Other Expenses					
Supplies	32,000	36,000	40,000	42,000	44,000
Repairs & Maintenance	27,000	36,000	45,000	45,000	45,000
Utilities	82,350	86,925	91,500	91,500	91,500
Insurance	11,036	12,078	13,121	13,953	14,785
Marketing	13,795	15,098	16,401	17,441	18,481
Other Expenses	41,385	45,294	49,203	52,324	55,444
Total, Non-labor	207,566	231,396	255,225	262,218	269,211
Total Expenses	\$ 407,566	\$ 435,396	\$ 463,305	\$ 474,459	\$ 485,697
Operating Surplus/(Deficit)	\$(131,665)	\$(133,435)	\$(135,285)	\$(125,635)	\$(116,069)

TABLE 34 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - MULTI-YEAR OPERATING PRO FORMA SUMMARY - PHASE I PROGRAM

Utilization	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Arena - Agricultural Events	32	35	38	40	42
Arena - Non - Ag Events	13	14	16	18	20
Meeting Space	94	99	104	106	108
Total	139	148	158	164	170
Attendance					
Arena - Agricultural Events	29,325	31,913	34,500	36,316	38,132
Arena - Non - Ag Events	24,640	27,720	30,800	34,650	38,500
Meeting Space	3,870	4,085	4,300	4,383	4,465
Total	57,835	63,718	69,600	75,348	81,097
Total Revenues	\$ 275,902	\$ 301,961	\$ 328,020	\$ 348,824	\$ 369,629
Total Expenses	\$ 407,566	\$ 435,396	\$ 463,305	\$ 474,459	\$ 485,697
Operating Surplus/(Deficit)	\$(131,665)	\$(133,435)	\$(135,285)	\$(125,635)	\$(116,069)
Source: Owens Economics, LLC January 2013					

TABLE 35 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - ATTENDANCE DISTRIBUTION - PHASE I PROGRAM

	Total			<u>Local</u>	<u>Day Trip</u>	<u>Overnight</u>	<u>Local</u>	<u>Day Trip</u>	<u>Overnight</u>
	<u>Attendance</u>	<u>Local</u>	<u>Day Trip</u>						
Equestrian	9,600	10%	50%	40%	960	4,800	3,840		
Rodeo	24,000	10%	50%	40%	2,400	12,000	9,600		
Livestock	900	70%	20%	10%	630	180	90		
Dog Show/Agility	10,800	10%	60%	30%	1,080	6,480	3,240		
Dirty Entertainment	4,000	20%	75%	5%	800	3,000	200		
Family Entertainment	4,500	20%	75%	5%	900	3,375	225		
Concert	4,000	20%	75%	5%	800	3,000	200		
Trade/Consumer Show									
Graduation	5,500	80%	20%	0%	4,400	1,100	-		
Social	1,050	90%	10%	0%	945	105	-		
Meeting	3,200	90%	10%	0%	2,880	320	-		
Other	2,050	90%	10%	0%	1,845	205	-		
	69,600				17,640	34,565	17,395		
Source: Owens Economics, LLC January 2013									

TABLE 36 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - ONSITE TAXABLE EXPENDITURES - PHASE I PROGRAM

Taxable Expenditures		
Tickets		
Attendance at Tickted Events		20,500
Average Ticket Price		8.00
Ticket Sales	\$	164,000
Concessions		
Attendance at Evts with Concessions		62,400
Average Per Capita Expenditure	\$	1.50
Concession Sales	\$	93,600
Other Expenditures		
Total Attendance		69,600
Average Per Capita Exp. On Other Items	\$	0.10
Other Expenditures	\$	6,960
Subtotal, Taxable Expenditures	\$	264,560
Non - Taxable Expenditures		
Building Rentals	\$	91,800
Other Revenue, Remainder	\$	20,580
Stall Rental	\$	115,200
RV Rental	\$	57,600
Sponsorship and Advertising	\$	15,000
Subtotal, Non Taxable Expenditures	\$	300,180
Total, Onsite Expenditures	\$	564,740
Source: Owens Economics, LLC January 2013		

TABLE 37 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - OFFSITE EXPENDITURES, NON-LOCAL ATTENDEES - PHASE I PROGRAM

Overnight Attendees	
Number of Overnight Attendees	17,395
Average Number of Nights	1.5
Average Number of Days	1.5
Expenditures, Accommodations ¹	
No. of Room Nights	8,046
Per Room Night	\$ 55
Total	\$ 442,544
Expenditures, Food	
Number of Days	26,093
Per Day	\$ 35
Total	\$ 913,238
Expenditures, Other	
Number of Days	26,093
Per Day	\$ 15
Total	\$ 391,388
Subtotal, Expenditures by Overnight Attendees	\$ 1,747,169
Day Trip Attendees	
Number of Day Trip Attendees	34,565
Expenditures, Food	
Per Capita	\$ 20.00
Total	\$ 691,300
Expenditures, Other	
Per Capita	\$ 10.00
Other	\$ 345,650
Subtotal, Expenditures by Day Trip Attendees	\$ 1,036,950
Local Attendees	
Number of Local Attendees	17,640
Expenditures, Food	
Per Capita ²	\$ 6.67
Total	\$ 117,659
Subtotal, Expenditures by Local Attendees	\$ 117,659
Total Offsite Expenditures	\$ 2,901,778
¹ Total overnight attendees less attendees staying in onsite RV sites; based on average party size of 2.0	
² Average expenditure of \$20; assumed one third of local attendees visit restaurants on their way to or from venue	
Source: Owens Economics, LLC January 2013	

TABLE 38 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - EXPENDITURE SUMMARY - PHASE I PROGRAM

Onsite Expenditures	\$	564,740
Offsite Expenditures		2,901,778
Subtotal	\$	3,466,518
Multiplier		2.0
Total Dollar Impact on the Economy	\$	6,933,035
Source: Owens Economics, LLC January 2013		

TABLE 39 LOUDON COUNTY AGRICULTURAL EXPOSITION CENTER - TAX IMPACTS - PHASE I PROGRAM

	Onsite Expenditures			Offsite Expenditures			Total Loudon Co
	Tickets	Concessions	Other	Accomm.	Restaurant	Other	
Taxable Expenditures							
Total	\$ 164,000	\$ 93,600	\$ 6,960	\$ 442,544	\$ 1,815,796	\$ 743,998	\$ 3,266,898
Loudon County							
Percent	100%	100%	100%	67%	67%	67%	
Amount	\$ 164,000	\$ 93,600	\$ 6,960	\$ 296,504	\$ 1,216,584	\$ 498,478	\$ 2,276,126
Tax Rates							
Loudon County							
Local Sales and Use Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Local Parks and Recreation Tax	0.5%	0.5%	0.5%		0.5%	0.5%	
Local Hotel/Motel Tax				5.0%			
State Sales and Use Tax ²	7.0%	5.25%	7.0%	7.0%	5.60%	7.0%	
Taxes							
Loudon County							
Local Sales and Use Tax	\$ 3,280	\$ 1,872	\$ 139	\$ 5,930	\$ 24,332	\$ 9,970	
Local Parks and Recreation Tax	\$ 820	\$ 468	\$ 35	\$ -	\$ 6,083	\$ 2,492	
Local Hotel/Motel Tax				\$ 14,825			
Total	\$ 4,100	\$ 2,340	\$ 174	\$ 20,755	\$ 30,415	\$ 12,462	\$ 70,246
State Sales and Use Tax ¹	\$ 11,480	\$ 4,914	\$ 487	\$ 30,978	\$ 101,685	\$ 52,080	\$ 201,624

¹ Based on total expenditures

² Blended rate of 5.25% for food and 7.0% for alcohol

Source: Owens Economics, LLC January 2013

APPENDIX B: SITE ANALYSIS DIAGRAMS

Appendix B: Site Analysis Diagrams

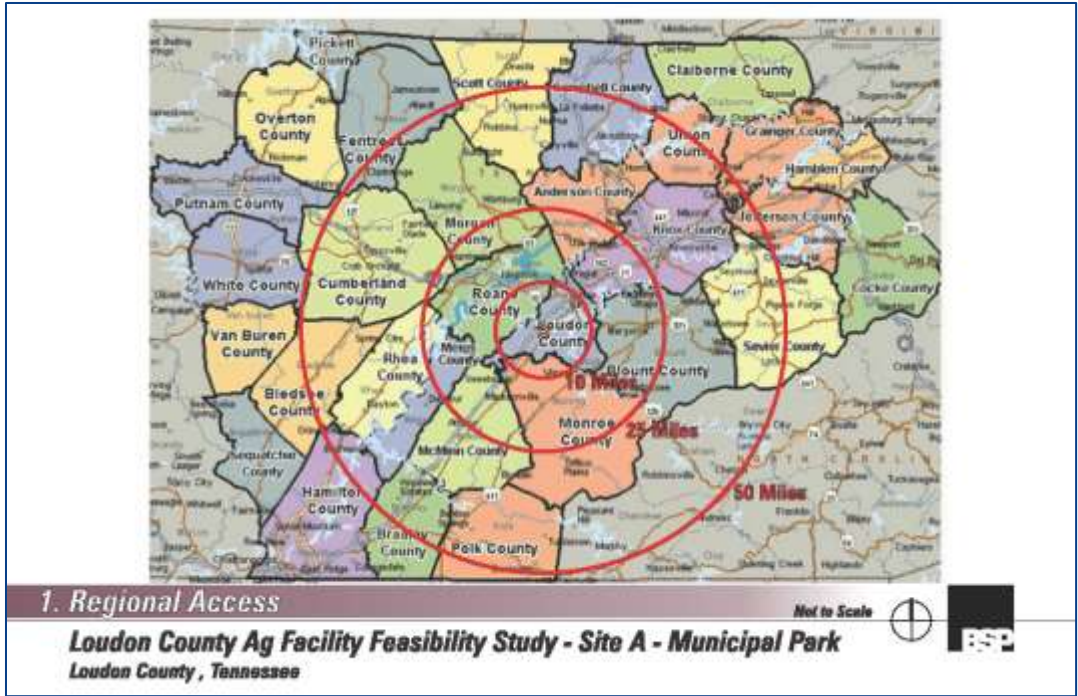


FIGURE 16 SITE ANALYSIS - LOUDON MUNICIPAL PARK - REGIONAL ACCESS

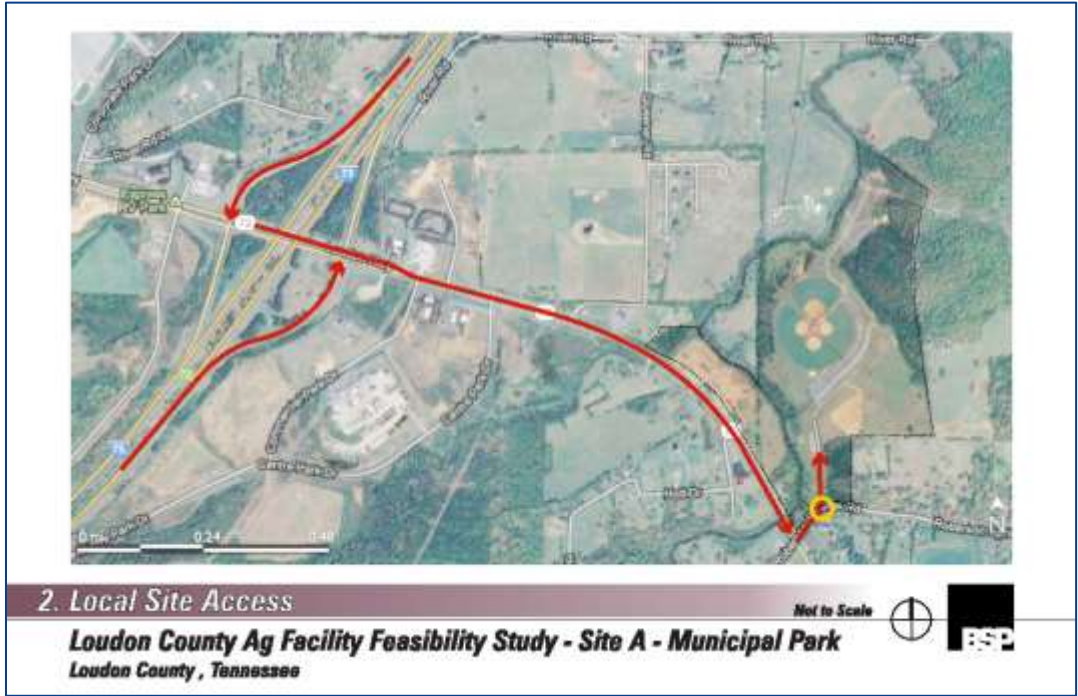


FIGURE 17 SITE ANALYSIS - LOUDON MUNICIPAL PARK - LOCAL SITE ACCESS



FIGURE 18 SITE ANALYSIS - LOUDON MUNICIPAL PARK - PROPERTY LIMITS & OWNERSHIP



FIGURE 19 SITE ANALYSIS - LOUDON MUNICIPAL PARK - SITE IMAGERY



FIGURE 20 SITE ANALYSIS - LOUDON MUNICIPAL PARK - CITY/COUNTY LIMITS

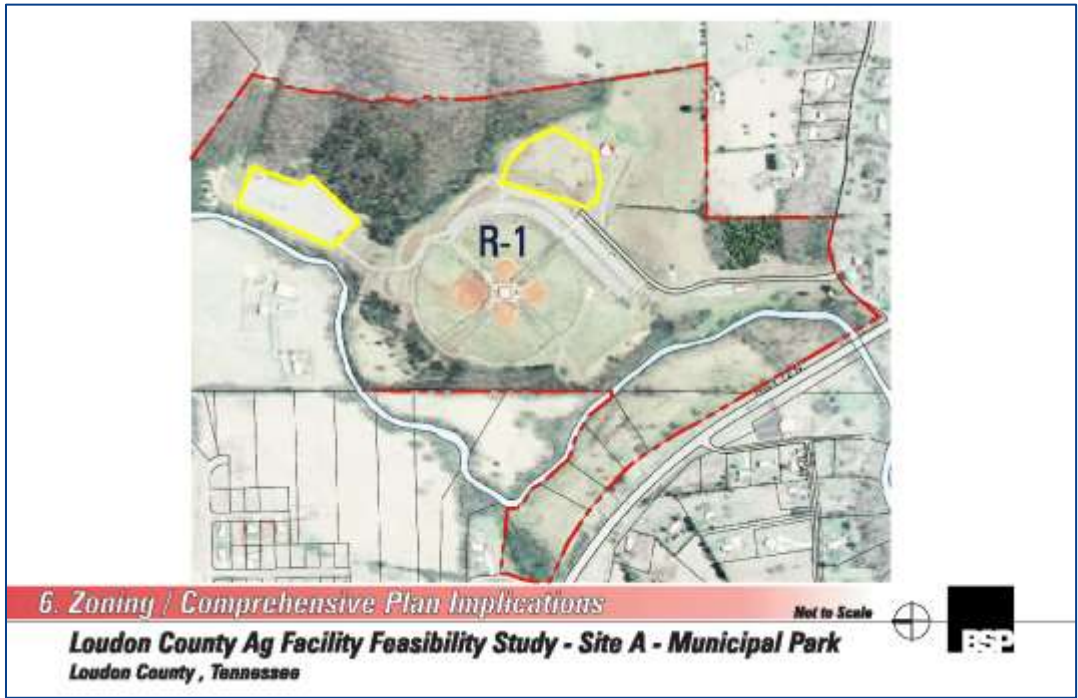


FIGURE 21 SITE ANALYSIS - LOUDON MUNICIPAL PARK - ZONING/COMPREHENSIVE PLAN IMPLICATIONS

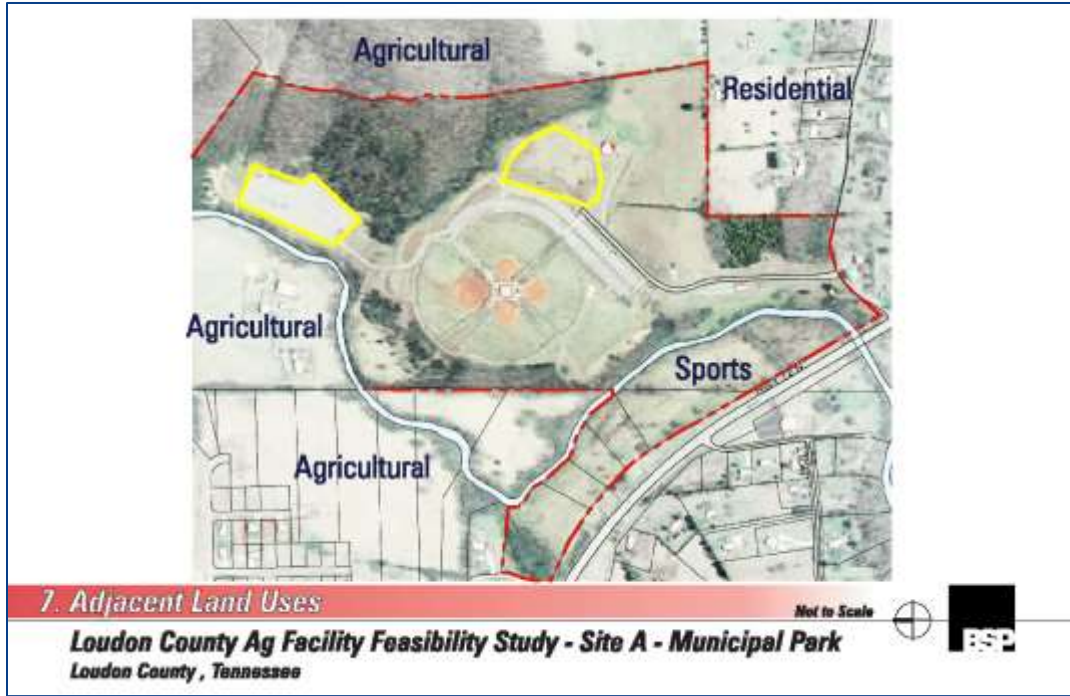


FIGURE 22 SITE ANALYSIS - LOUDON MUNICIPAL PARK - ADJACENT LAND USES

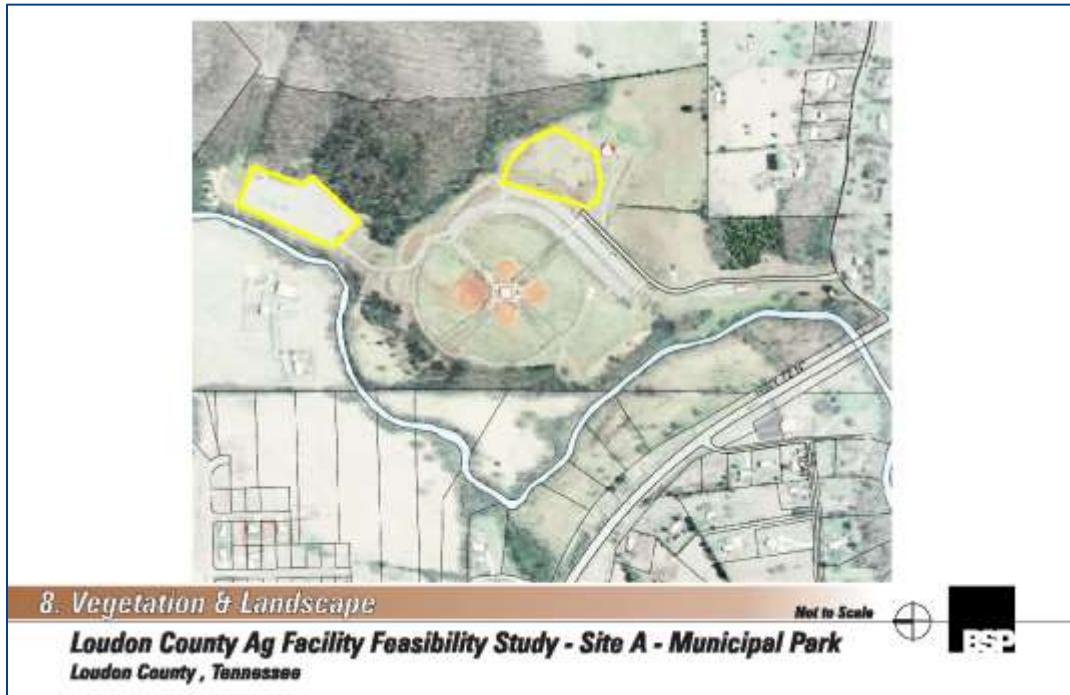


FIGURE 23 SITE ANALYSIS - LOUDON MUNICIPAL PARK - VEGETATION & LANDSCAPE

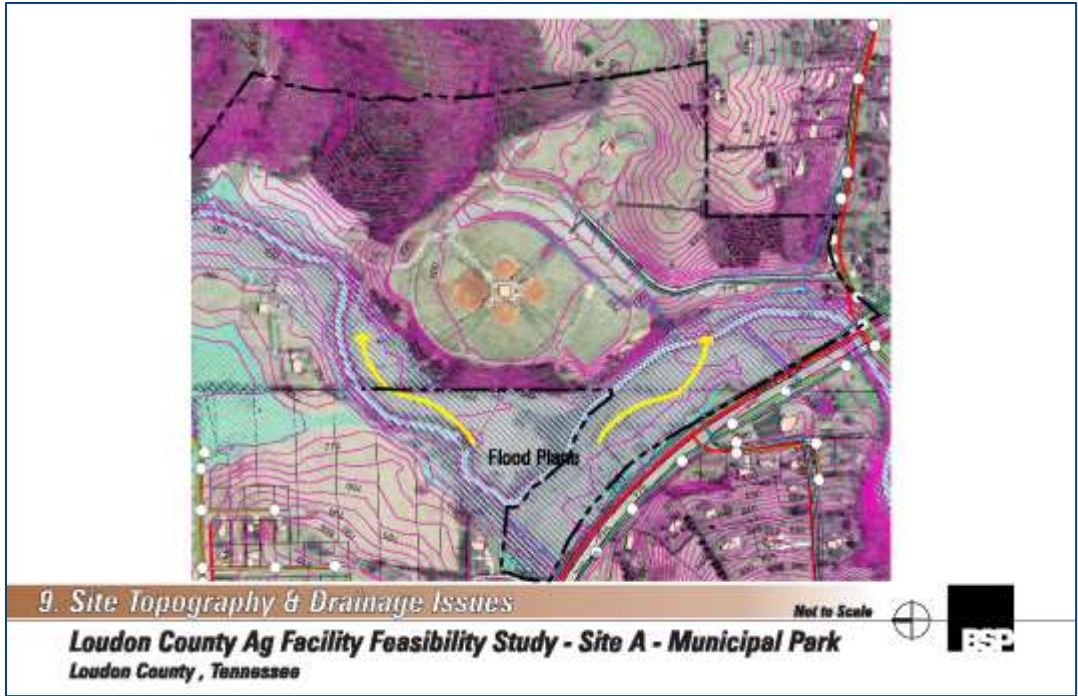


FIGURE 24 SITE ANALYSIS - LOUDON MUNICIPAL PARK - SITE TOPOGRAPHY & DRAINAGE ISSUES

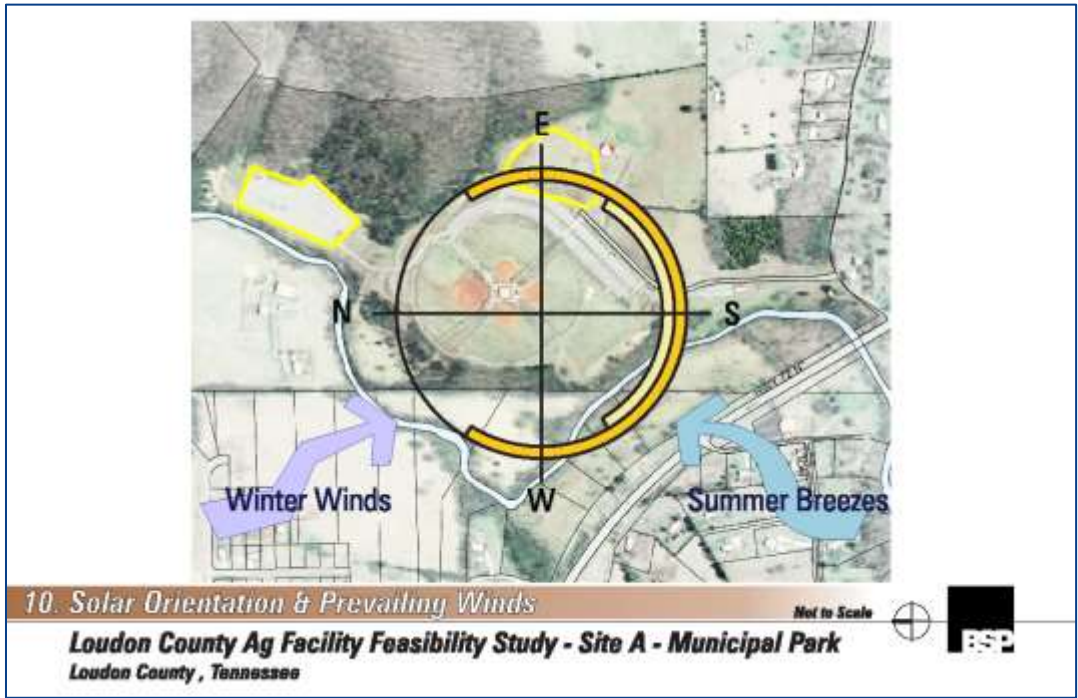


FIGURE 25 SITE ANALYSIS - LOUDON MUNICIPAL PARK - SOLAR ORIENTATION & PREVAILING WINDS

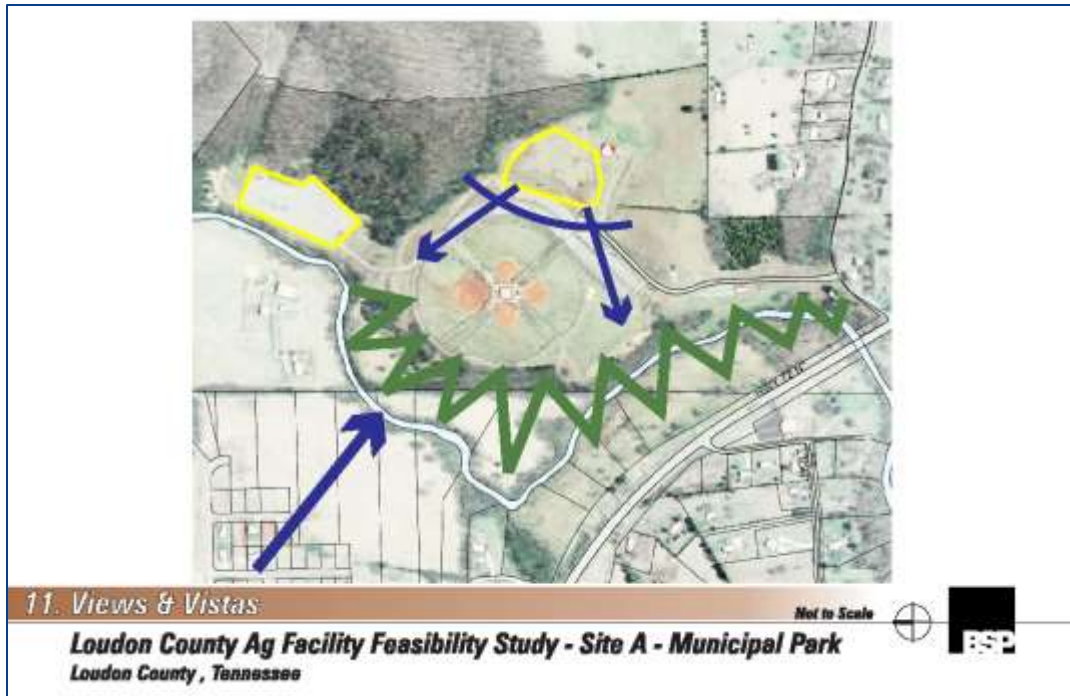


FIGURE 26 SITE ANALYSIS - LOUDON MUNICIPAL PARK - VIEWS & VISTAS

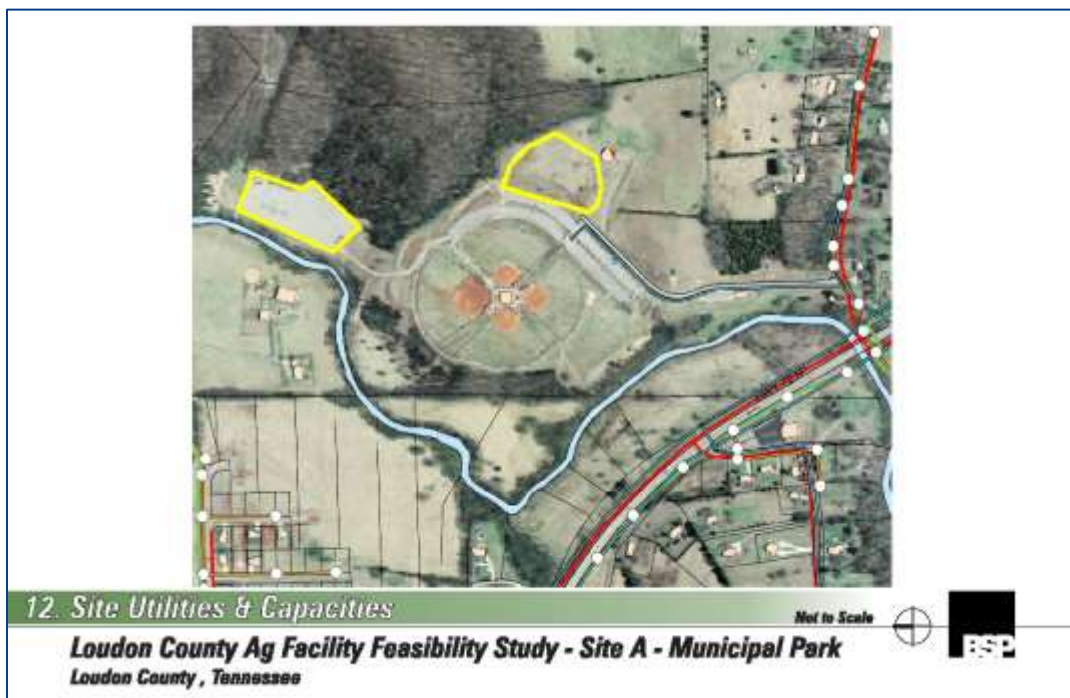


FIGURE 27 SITE ANALYSIS - LOUDON MUNICIPAL PARK - SITE UTILITIES & CAPACITIES

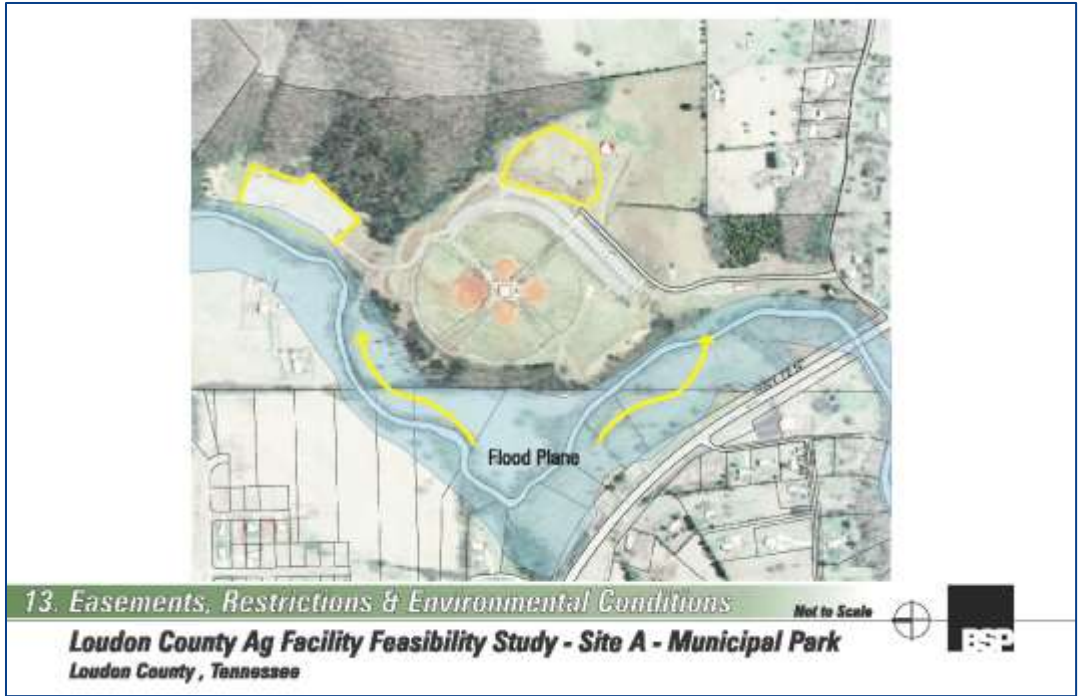


FIGURE 28 SITE ANALYSIS - LOUDON MUNICIPAL PARK - EASEMENTS, RESTRICTIONS & ENVIRON CONDITIONS

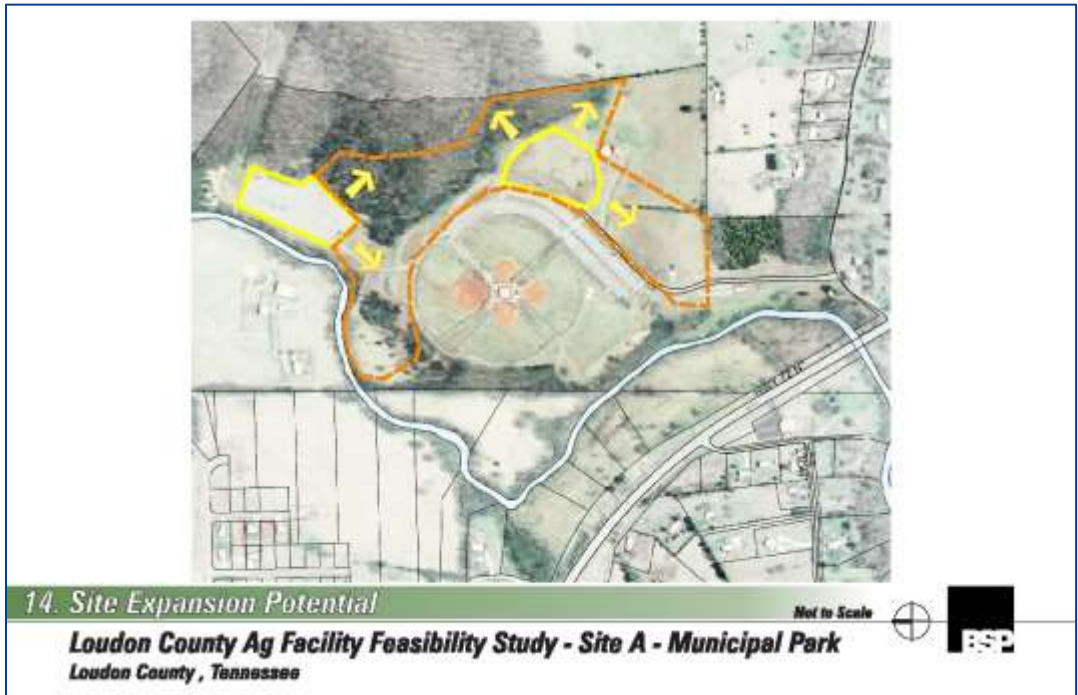


FIGURE 29 SITE ANALYSIS - LOUDON MUNICIPAL PARK - SITE EXPANSION POTENTIAL

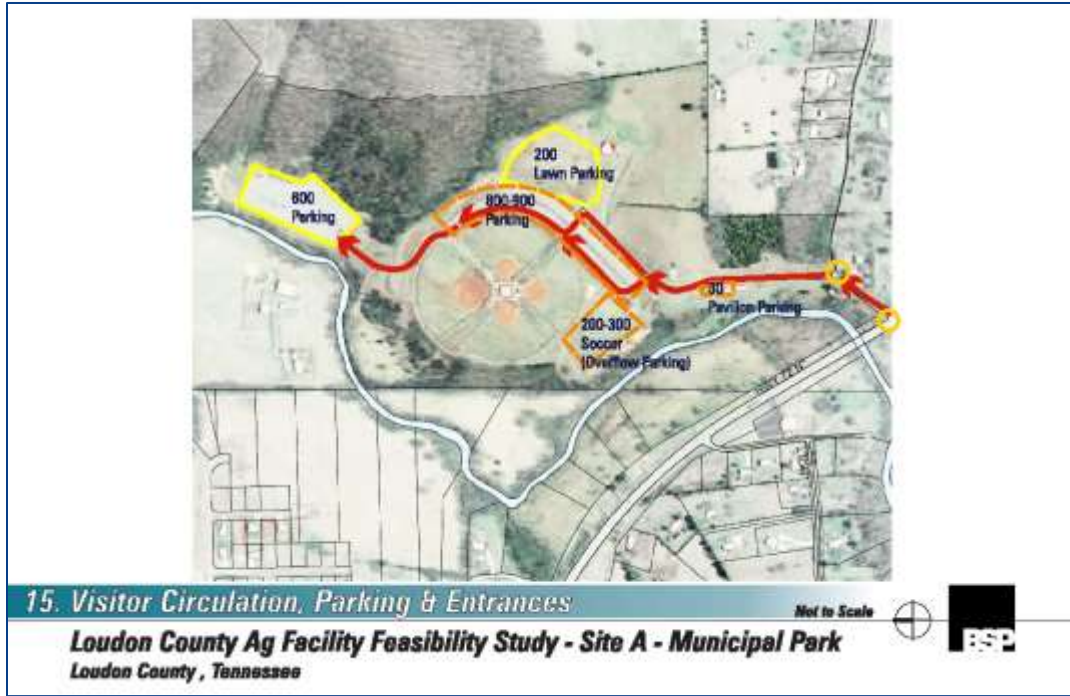


FIGURE 30 SITE ANALYSIS - LOUDON MUNICIPAL PARK - VISITOR CIRCULATION, PARKING & ENTRANCES

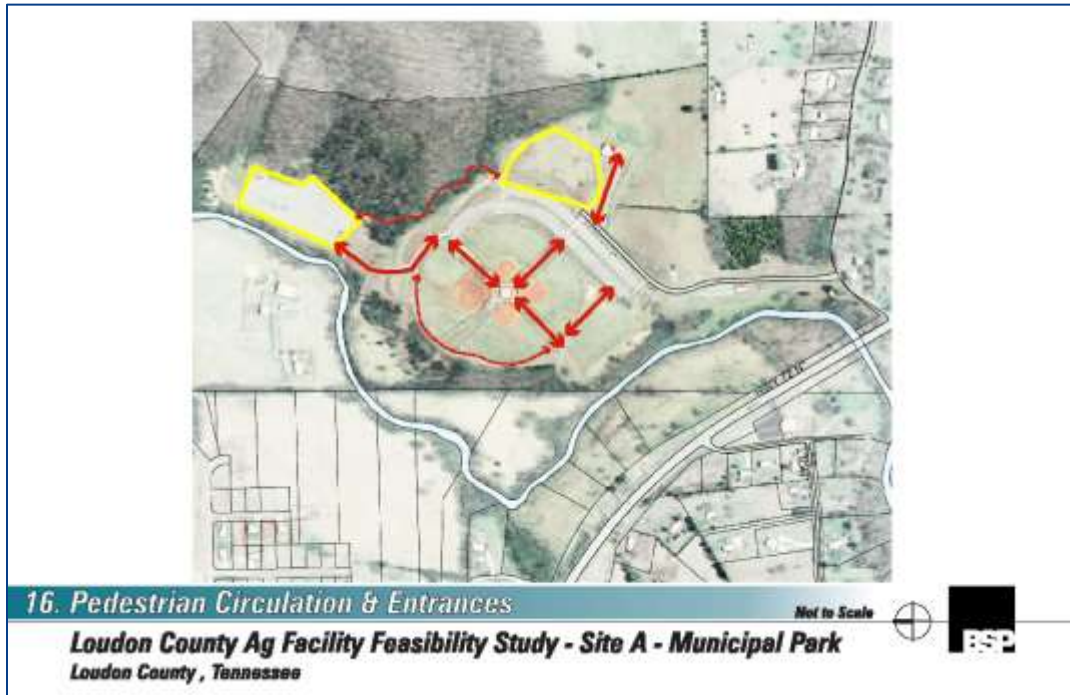


FIGURE 31 SITE ANALYSIS - LOUDON MUNICIPAL PARK - PEDESTRIAN CIRCULATION & ENTRANCES



FIGURE 32 SITE ANALYSIS - LOUDON MUNICIPAL PARK - SERVICE CIRCULATION & ACCESS

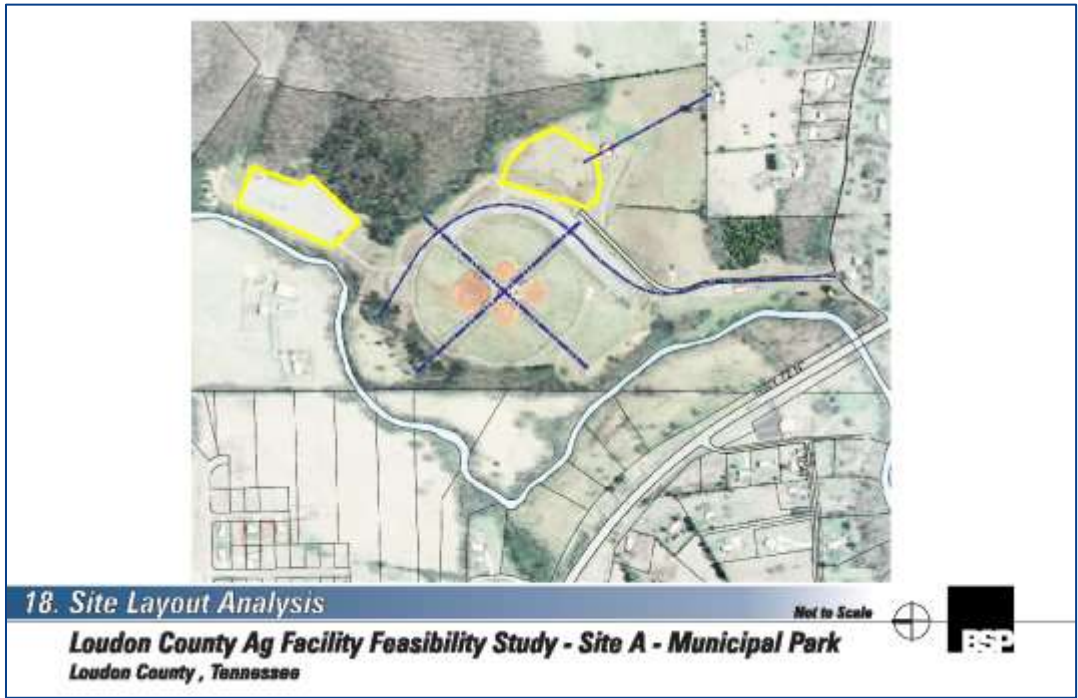


FIGURE 33 SITE ANALYSIS - LOUDON MUNICIPAL PARK - SITE LAYOUT ANALYSIS

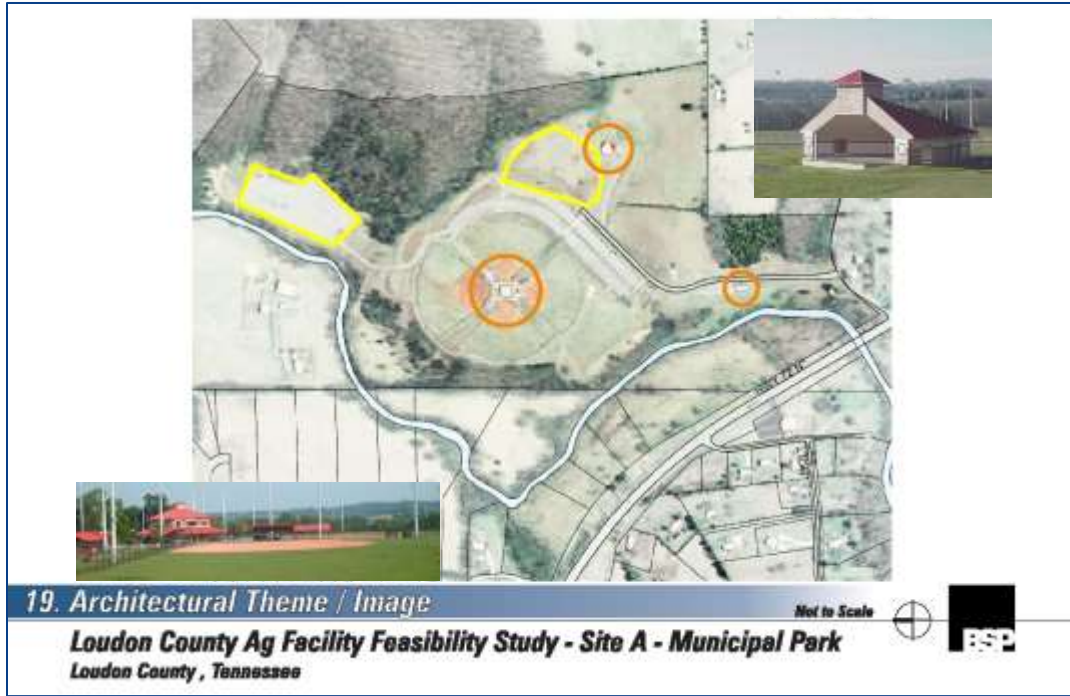


FIGURE 34 SITE ANALYSIS - LOUDON MUNICIPAL PARK - ARCHITECTURAL THEME/IMAGE

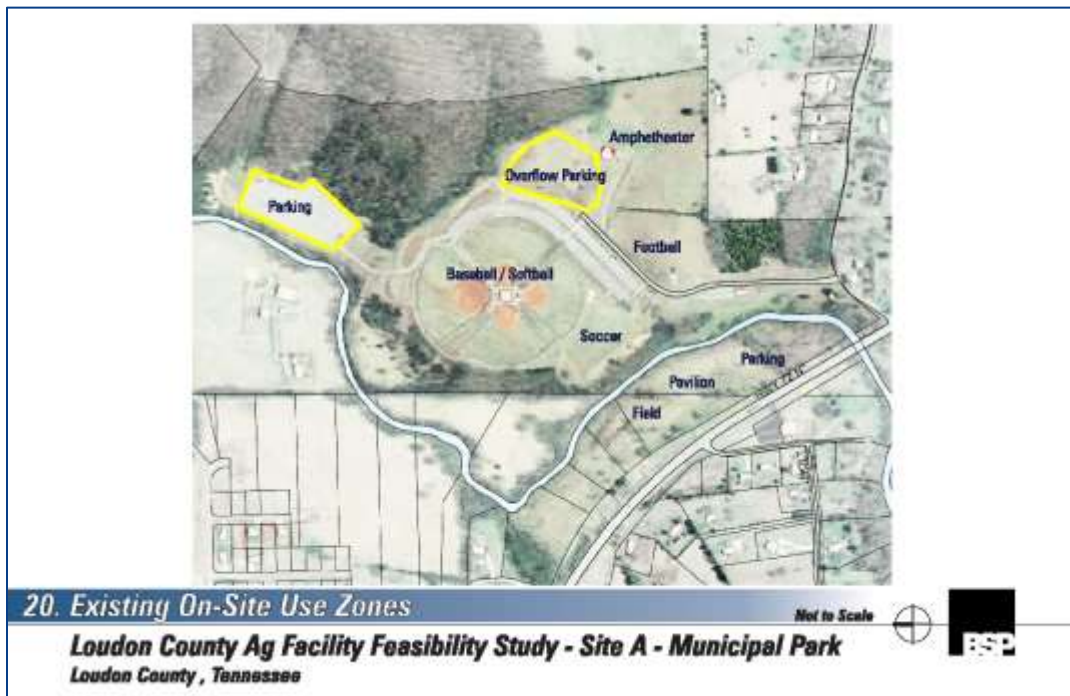
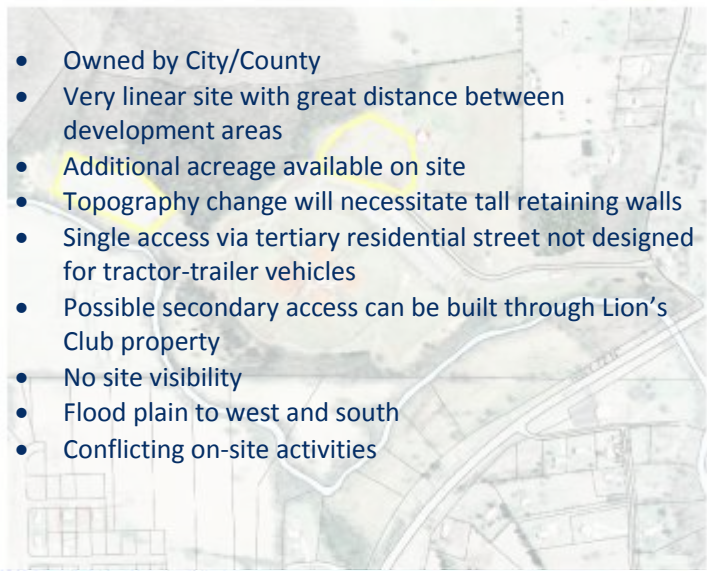


FIGURE 35 SITE ANALYSIS - LOUDON MUNICIPAL PARK - EXISTING ON-SITE USE ZONES



- Owned by City/County
- Very linear site with great distance between development areas
- Additional acreage available on site
- Topography change will necessitate tall retaining walls
- Single access via tertiary residential street not designed for tractor-trailer vehicles
- Possible secondary access can be built through Lion's Club property
- No site visibility
- Flood plain to west and south
- Conflicting on-site activities

21. Opportunities & Constraints Not to Scale

Loudon County Ag Facility Feasibility Study - Site A - Municipal Park



Loudon County, Tennessee  

FIGURE 36 SITE ANALYSIS - LOUDON MUNICIPAL PARK - OPPORTUNITIES & CONSTRAINTS



22. Significant Issues Not to Scale

Loudon County Ag Facility Feasibility Study - Site A - Municipal Park



Loudon County, Tennessee  

FIGURE 37 SITE ANALYSIS - LOUDON MUNICIPAL PARK - SIGNIFICANT ISSUES

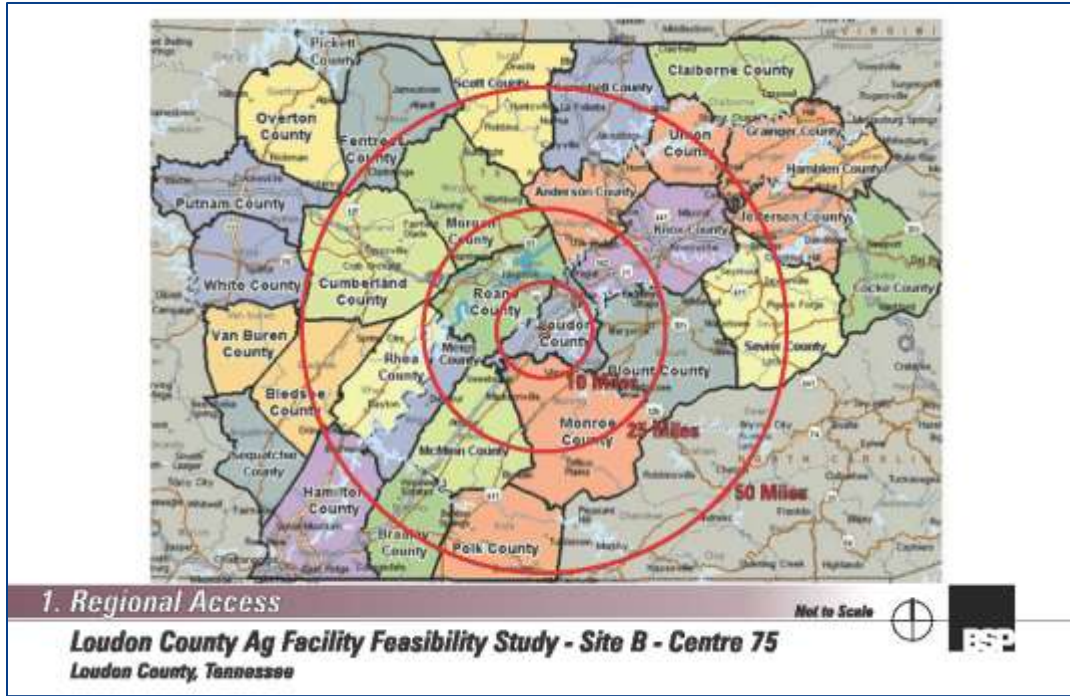


FIGURE 38 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - REGIONAL ACCESS

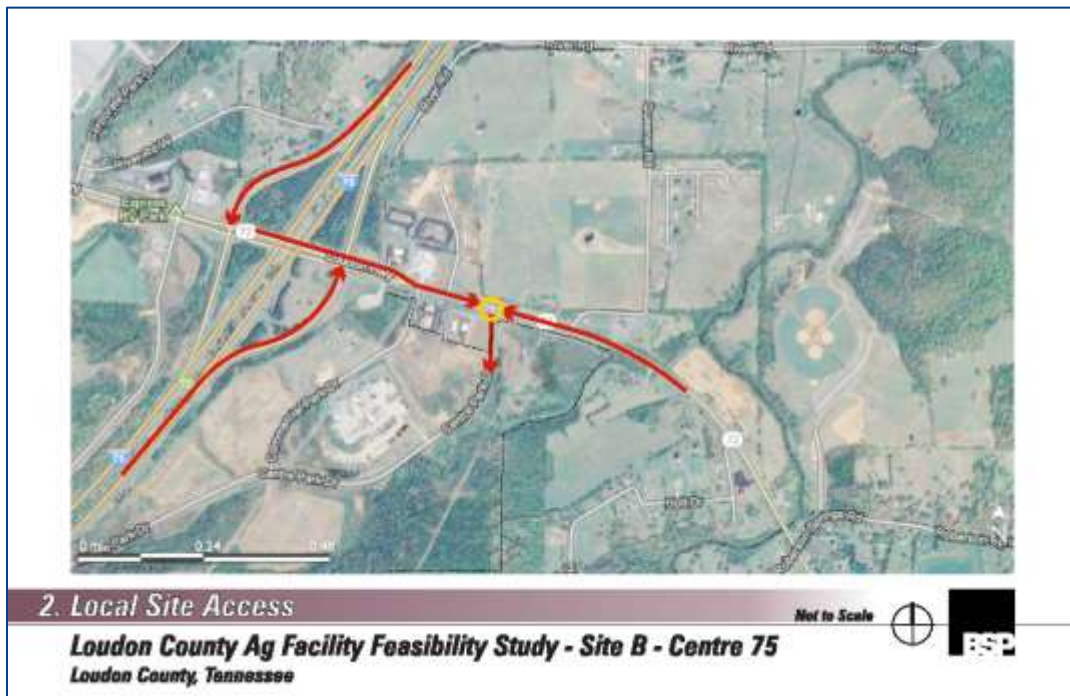


FIGURE 39 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - LOCAL SITE ACCESS



FIGURE 40 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - PROPERTY LIMITS & OWNERSHIP

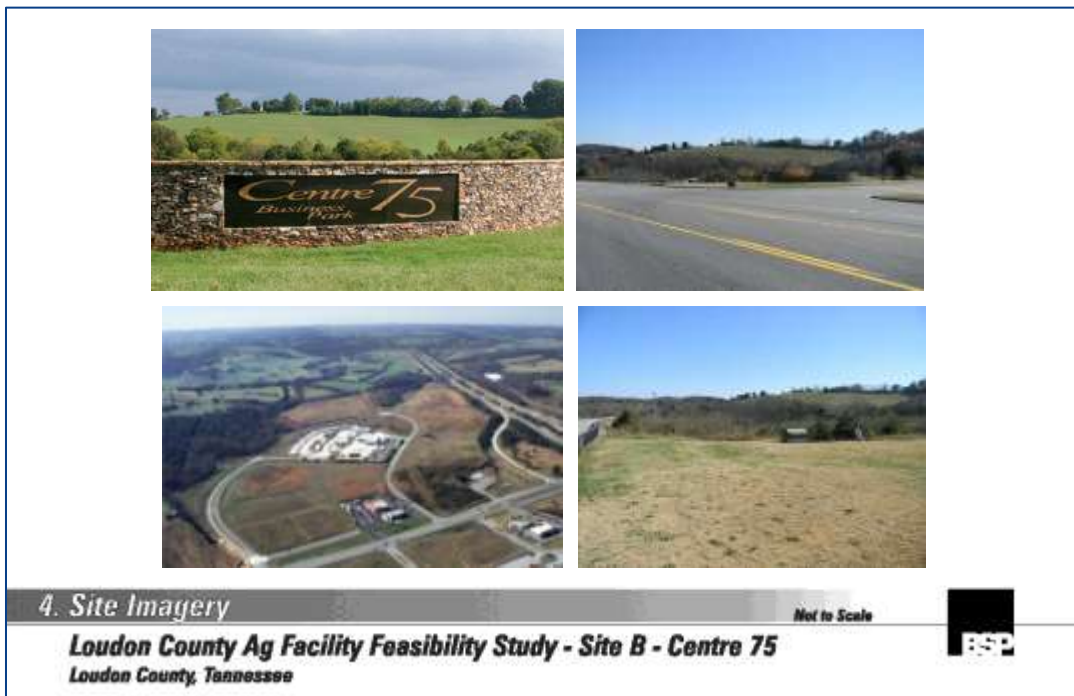


FIGURE 41 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - SITE IMAGERY

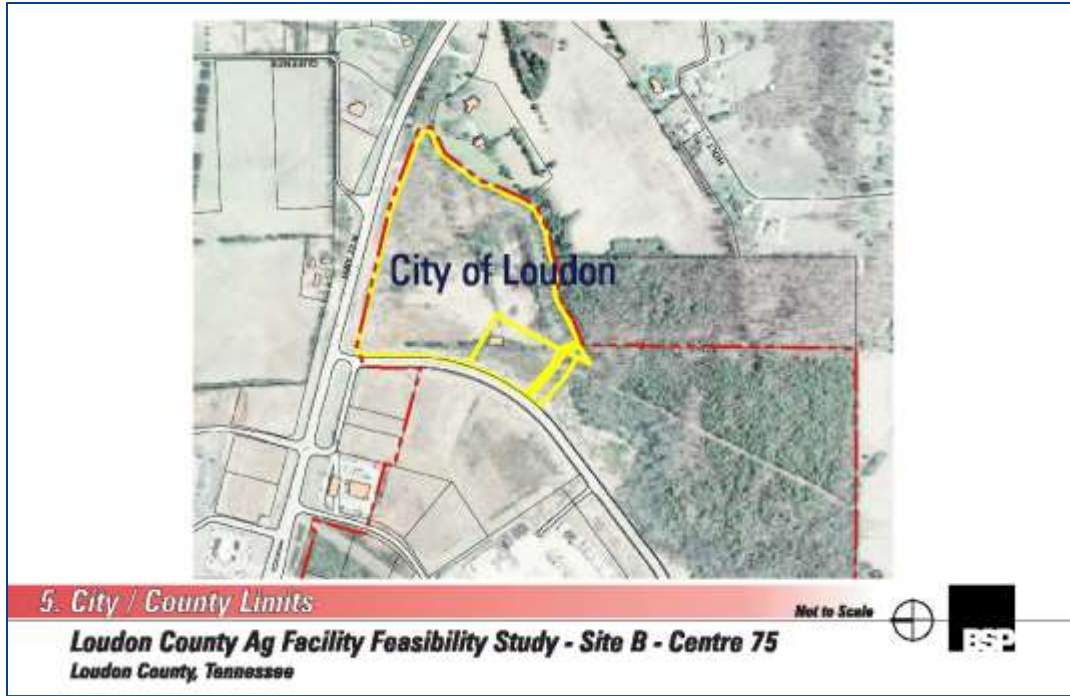


FIGURE 42 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - CITY/COUNTY LIMITS

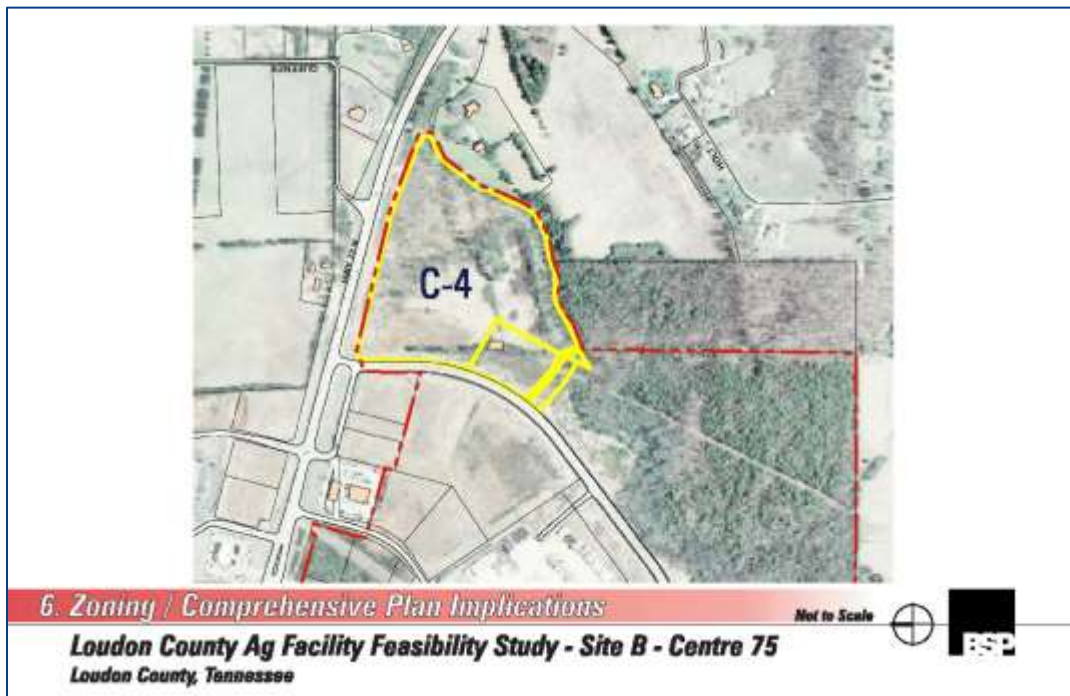


FIGURE 43 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - ZONING/COMPREHENSIVE PLAN IMPLICATIONS

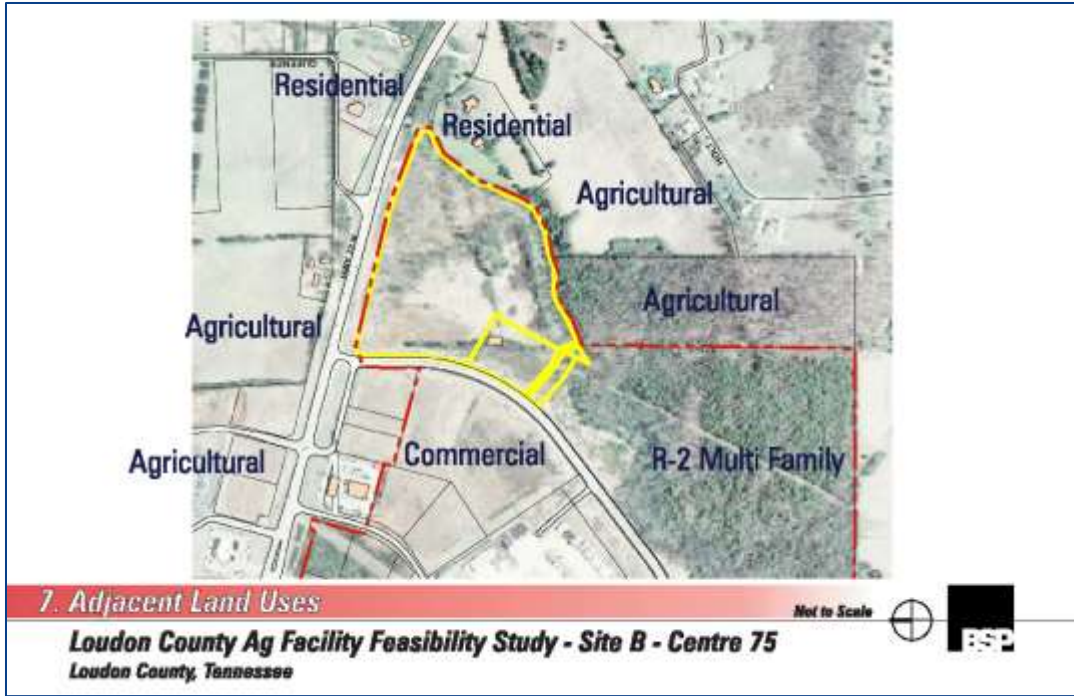


FIGURE 44 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - ADJUSTED LAND USES

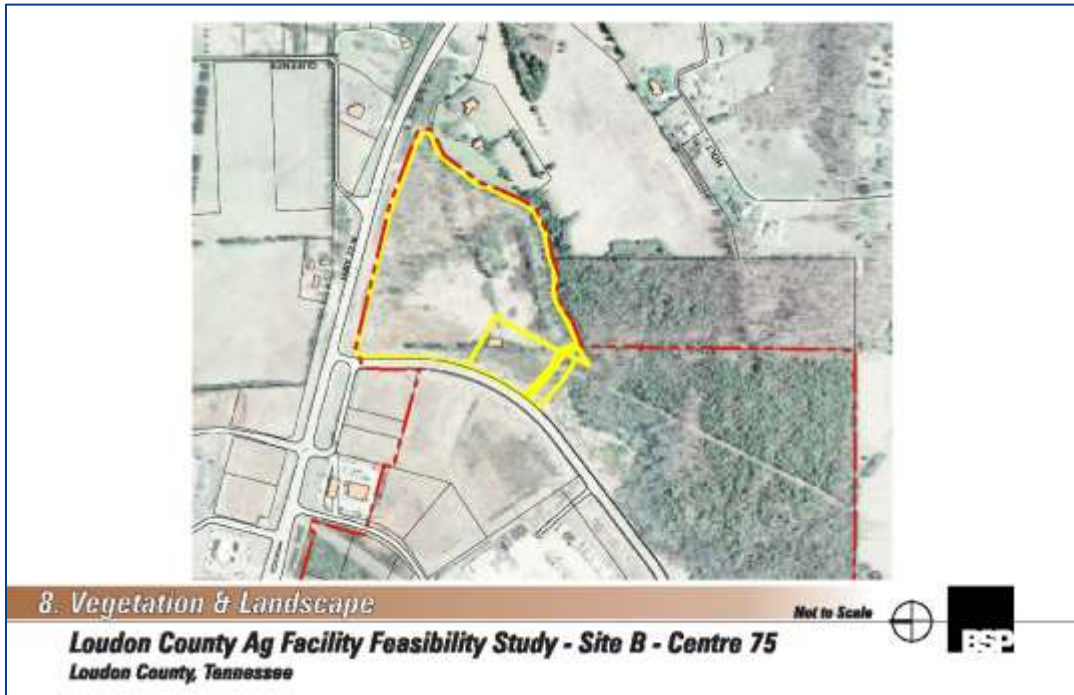


FIGURE 45 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - VEGETATION & LANDSCAPE

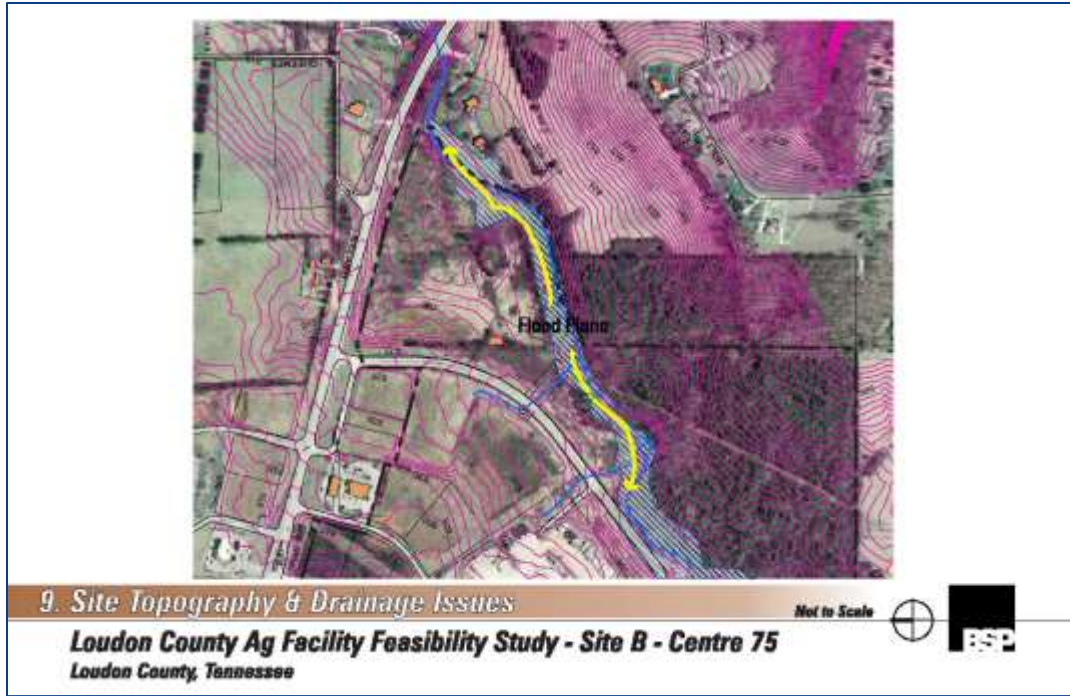


FIGURE 46 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - SITE TOPOGRAPHY & DRAINAGE ISSUES

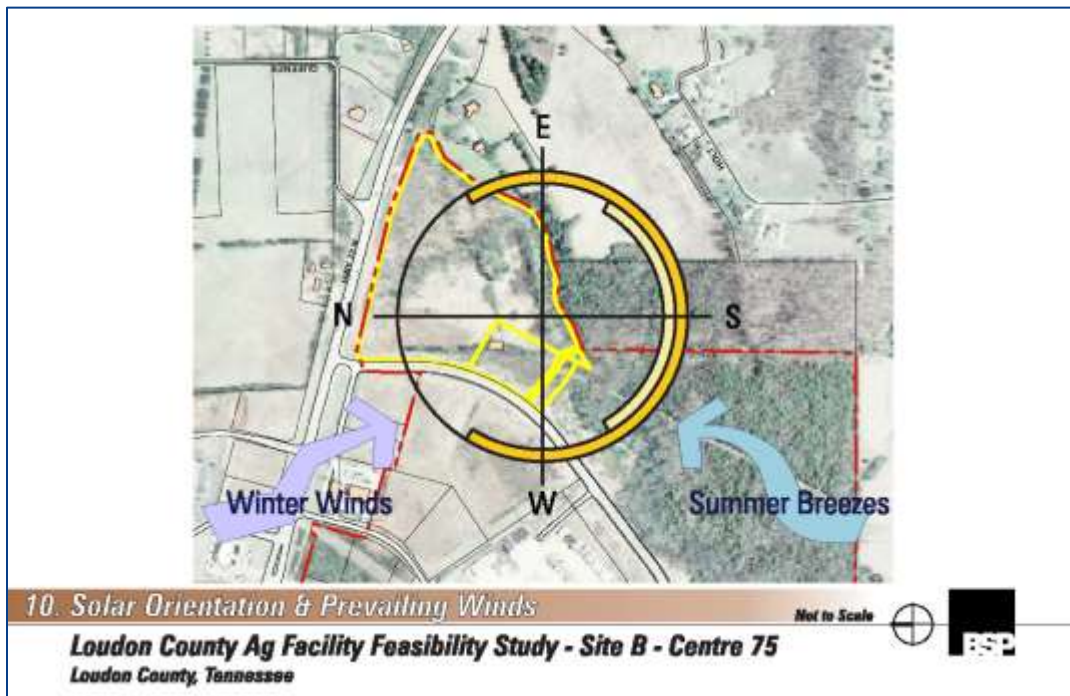


FIGURE 47 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - SOLAR ORIENTATION & PREVAILING WINDS

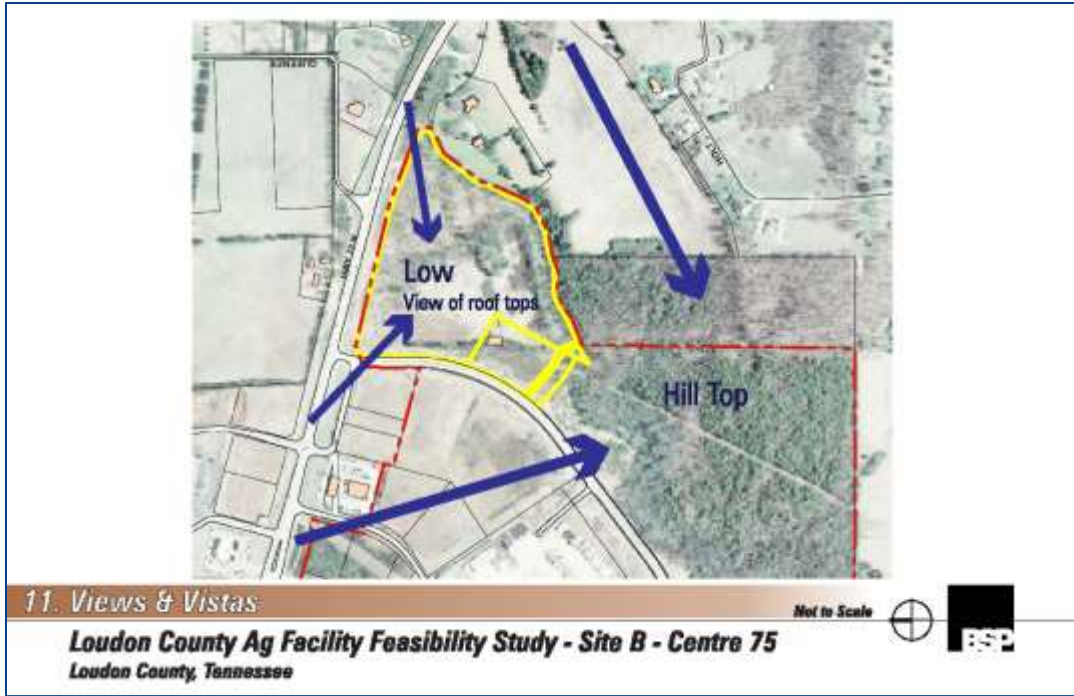


FIGURE 48 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - VIEWS & VISTAS

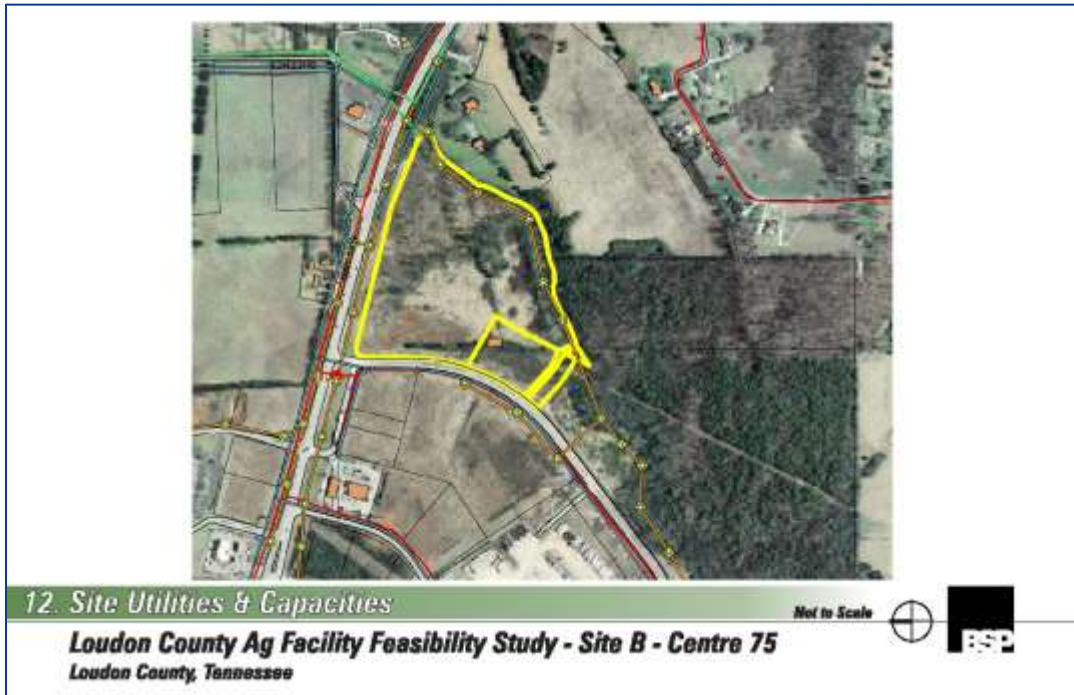


FIGURE 49 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - SITE UTILITIES & CAPACITIES

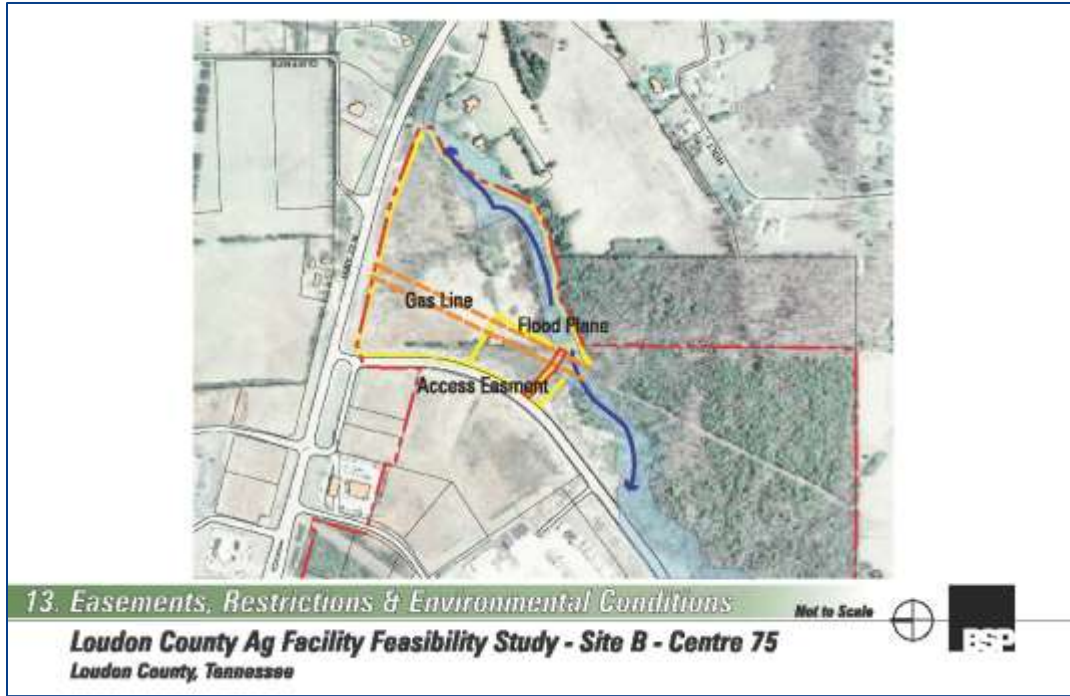


FIGURE 50 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - EASEMENTS,RESTRICTIONS & ENVIRON CONDITIONS

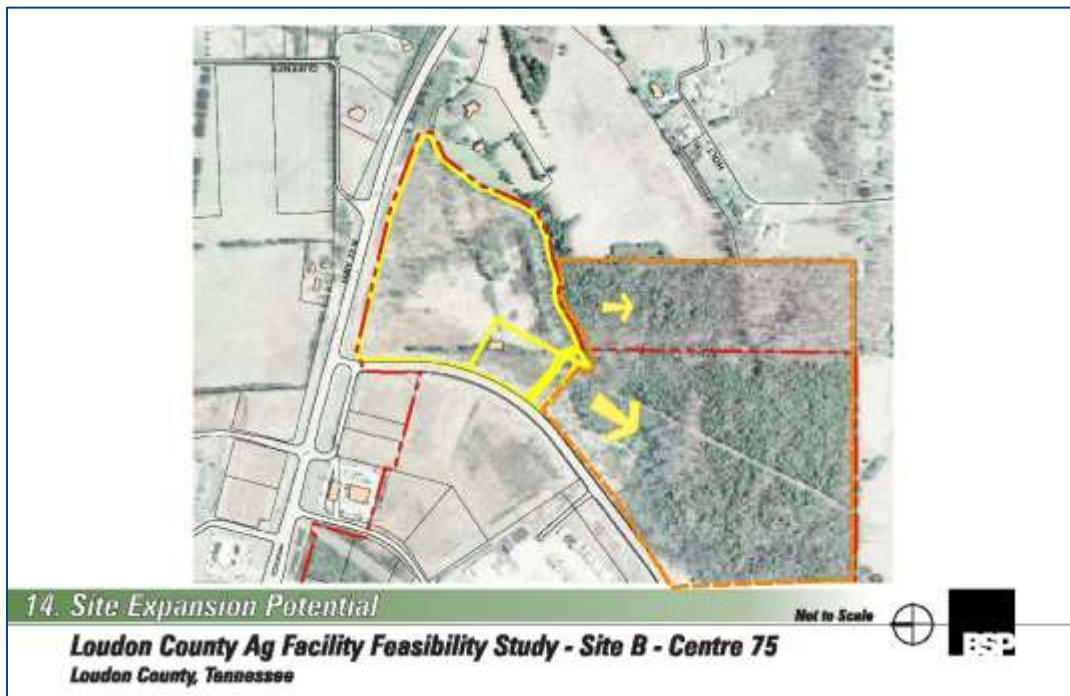


FIGURE 51 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - SITE EXPANSION POTENTIAL

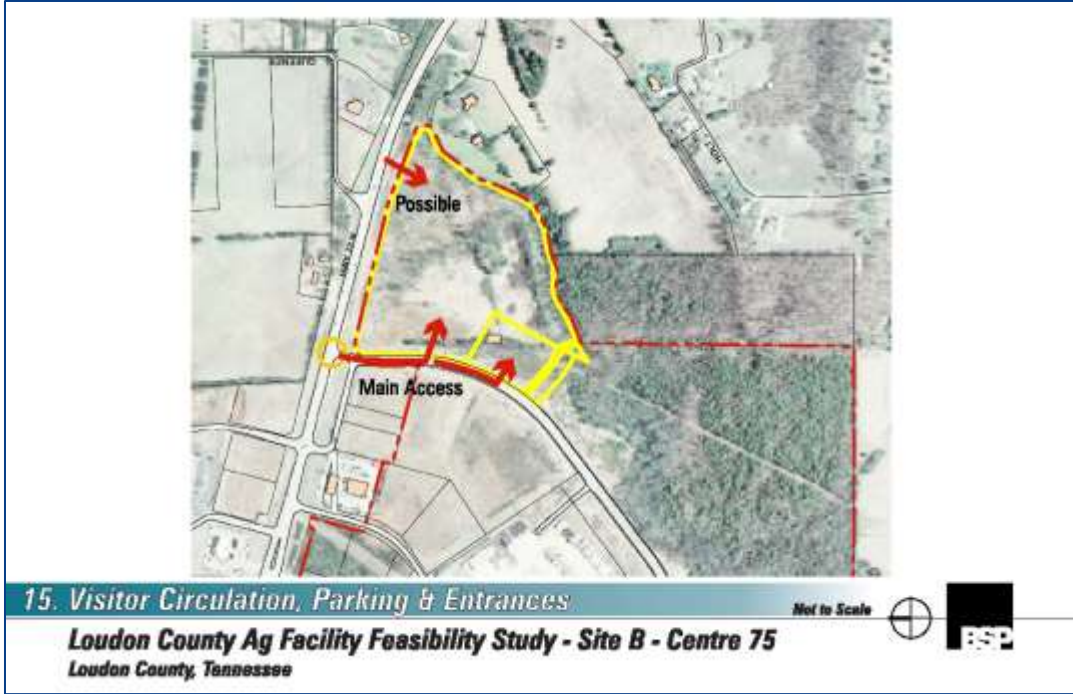


FIGURE 52 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - VISITOR CIRCULATION, PARKING & ENTRANCES

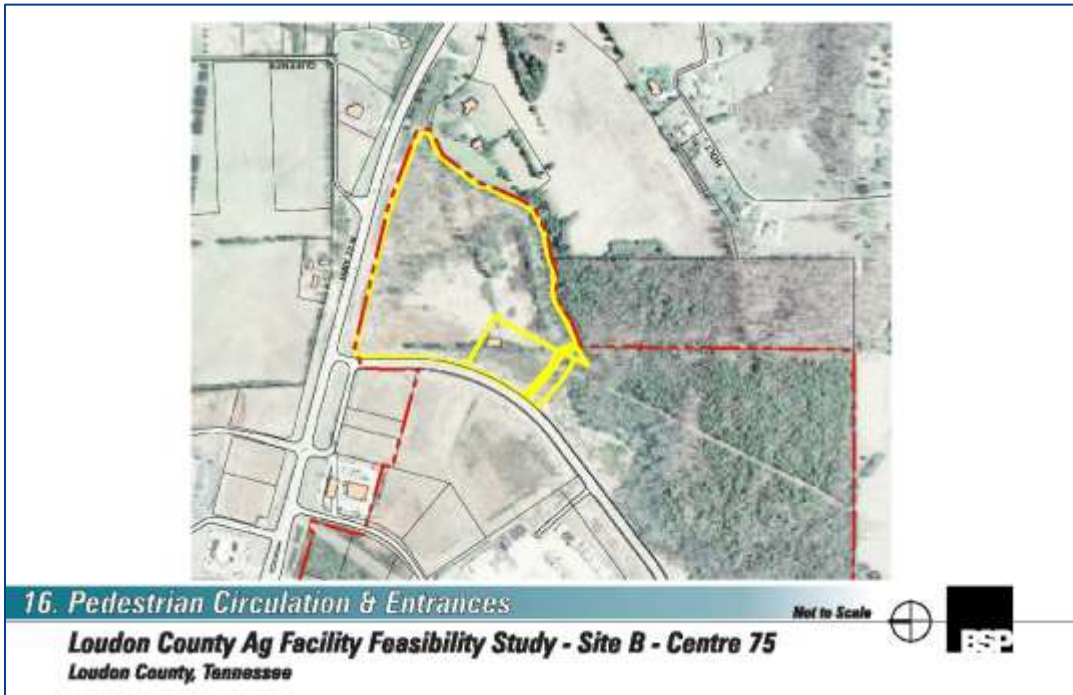


FIGURE 53 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - PEDESTRIAN CIRCULATION & ENTRANCES

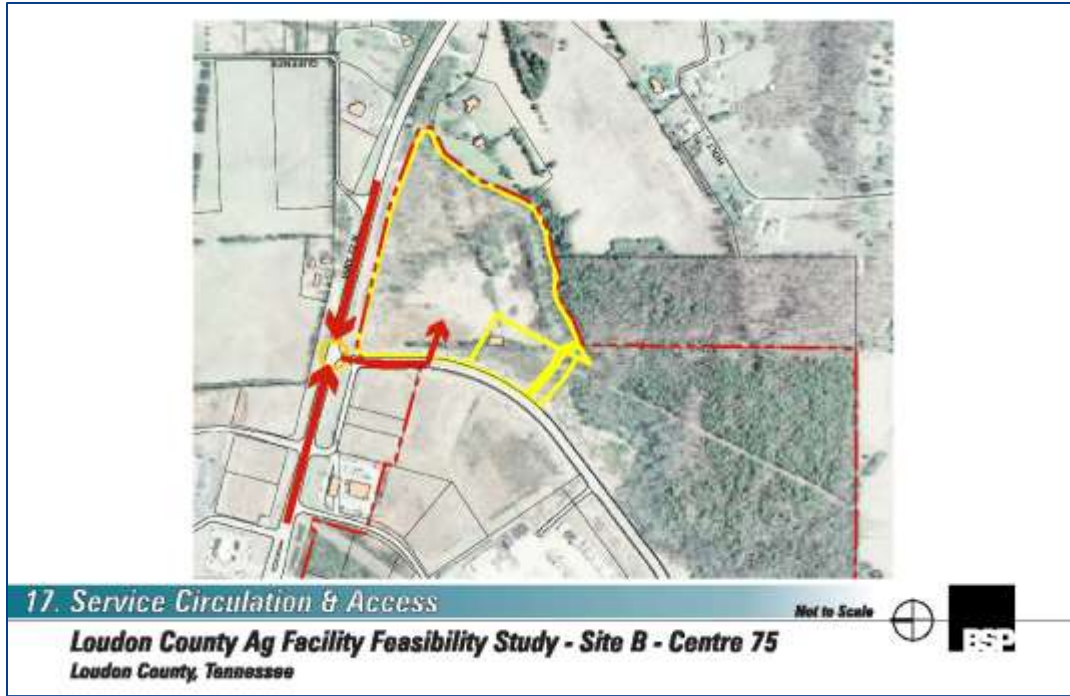


FIGURE 54 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - SERVICE CIRCULATION & ACCESS

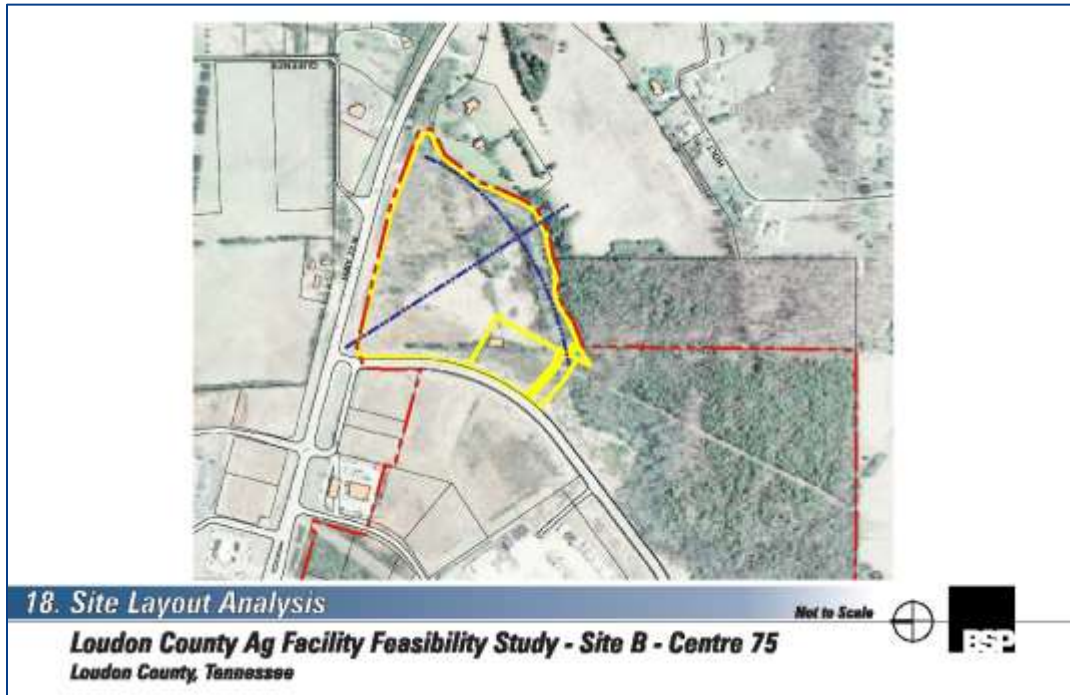


FIGURE 55 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - SITE LAYOUT ANALYSIS

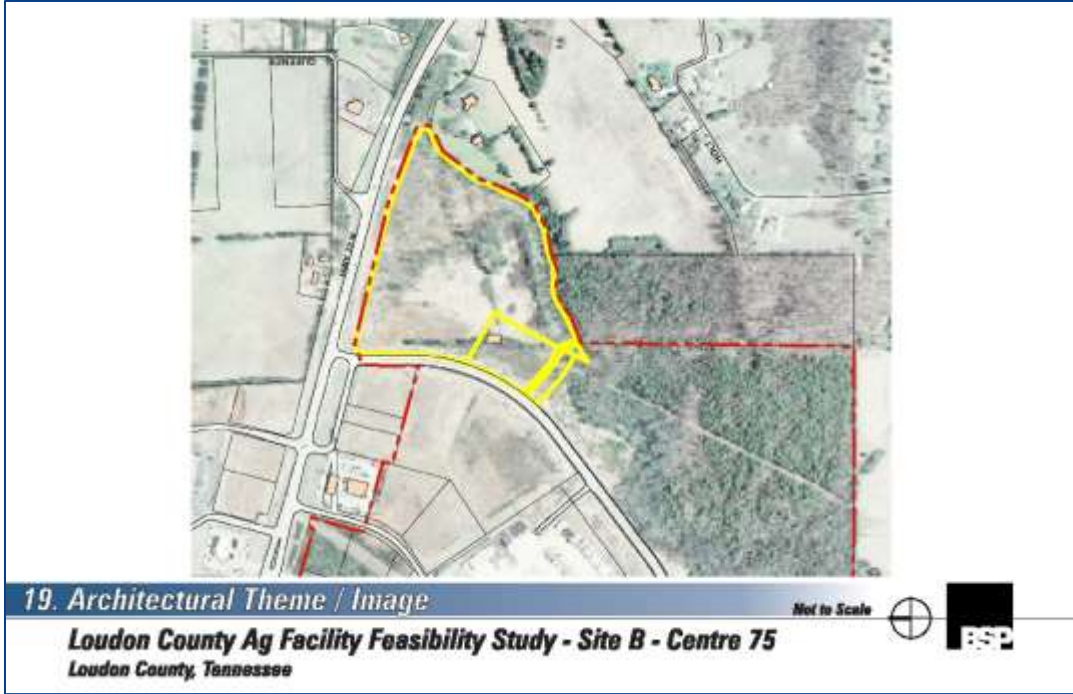


FIGURE 56 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - ARCHITECTURAL THEME/IMAGE

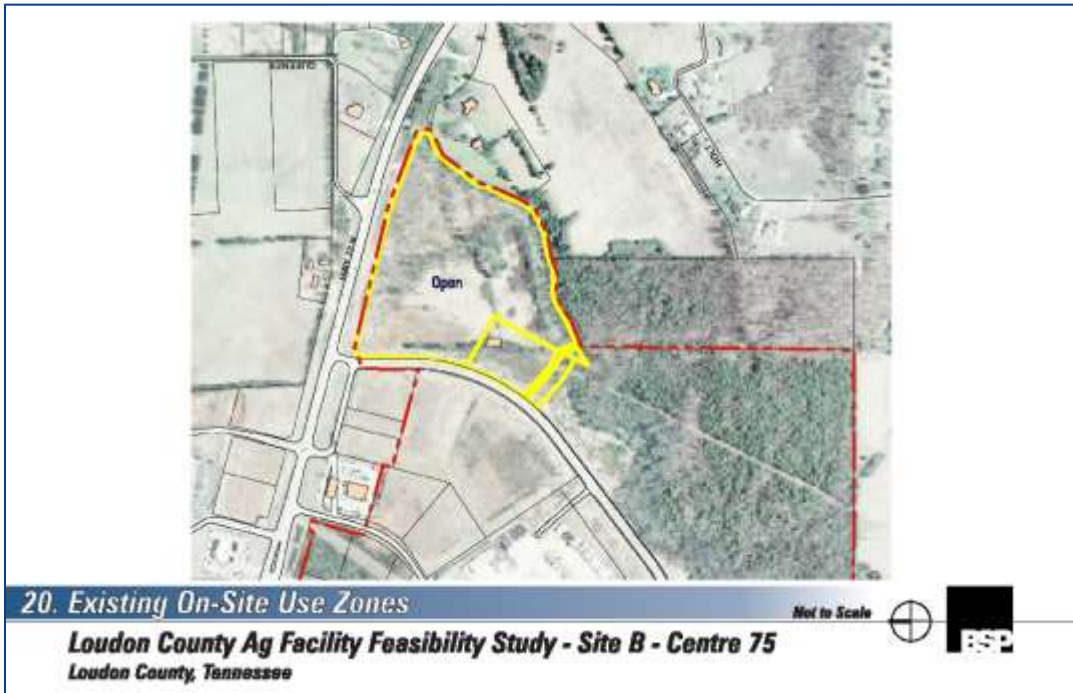


FIGURE 57 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - EXISTING ON-SITE USE ZONES

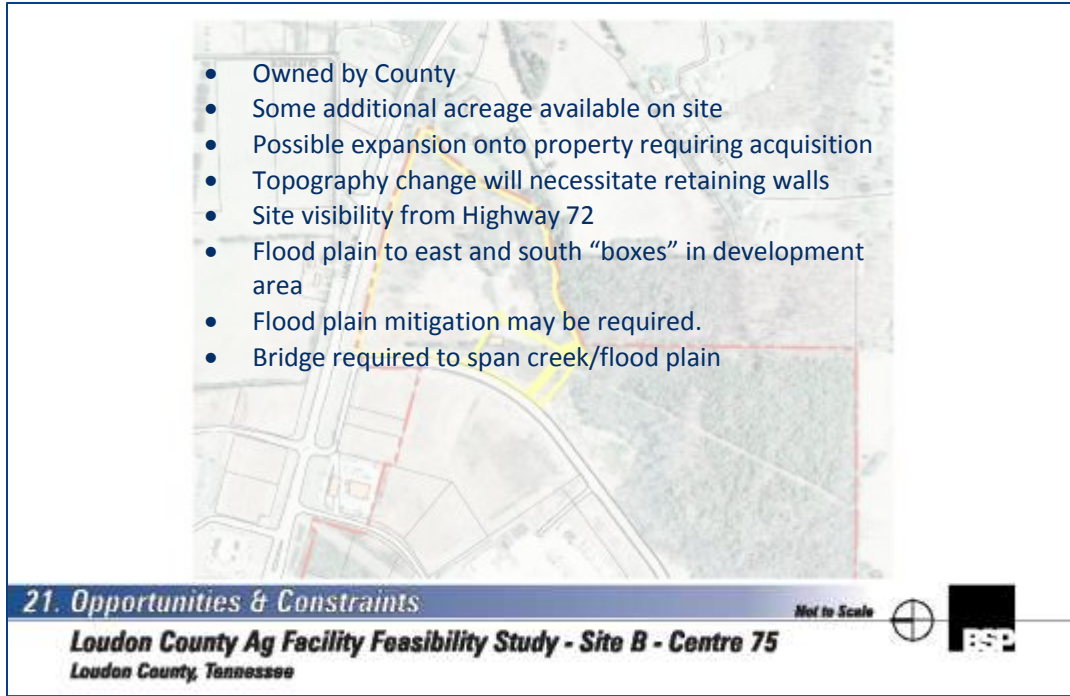


FIGURE 58 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - OPPORTUNITIES & CONSTRAINTS

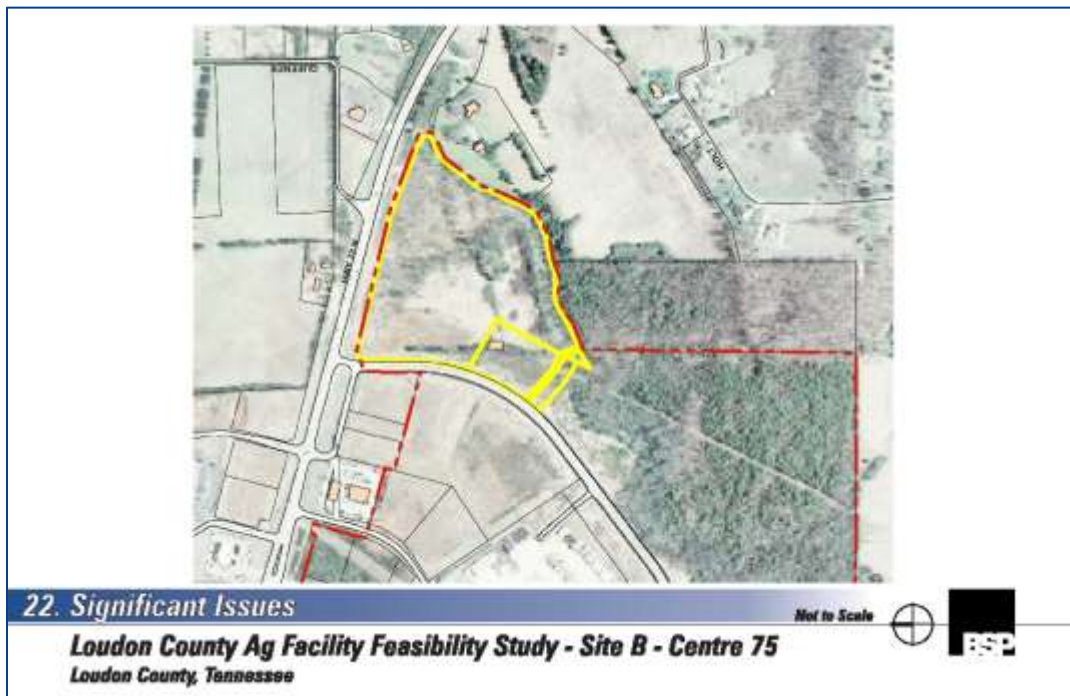


FIGURE 59 SITE ANALYSIS - CENTRE 75 BUSINESS PARK - SIGNIFICANT ISSUES

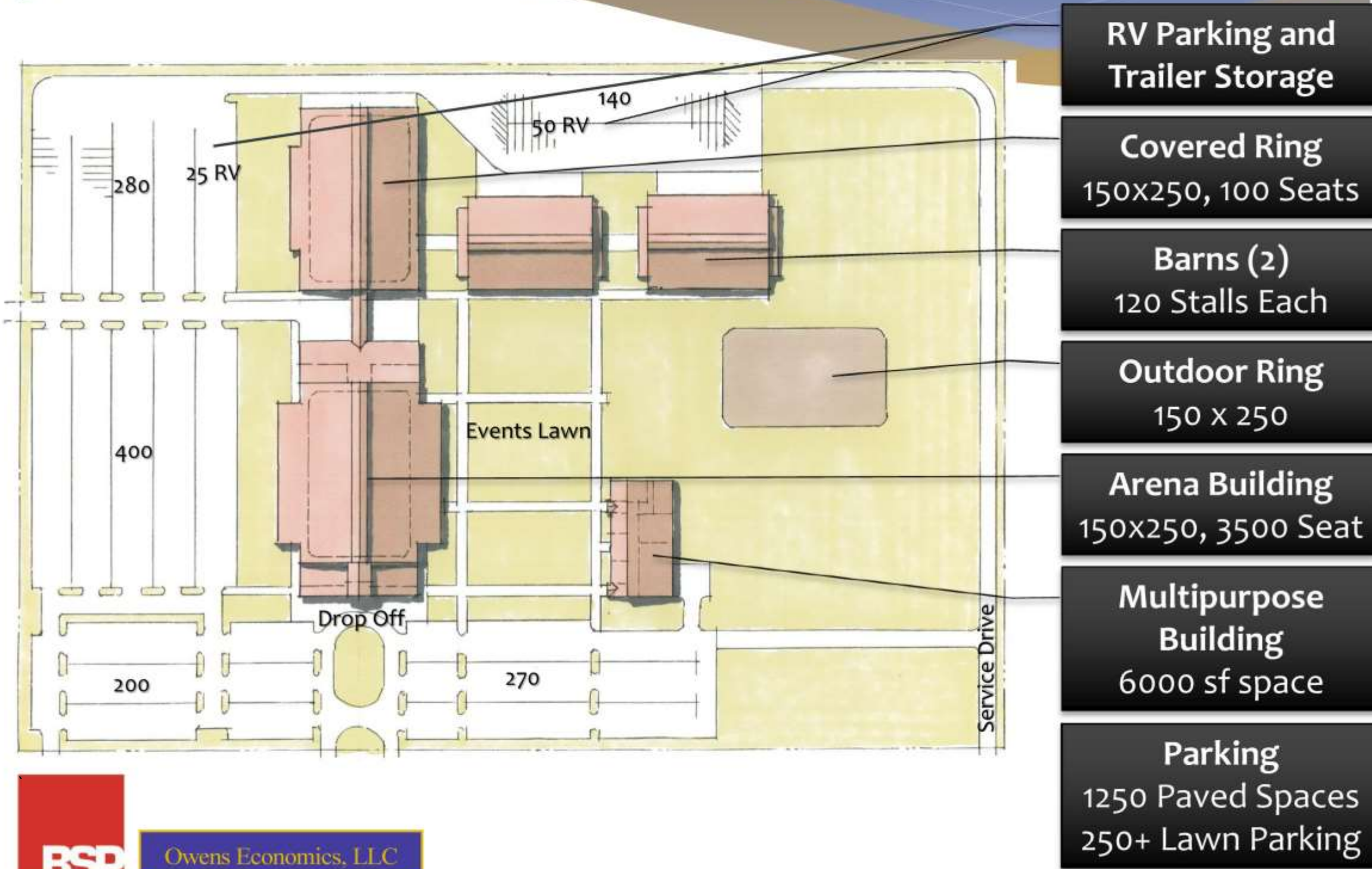
APPENDIX C: MASTER PLAN DIAGRAMS

Appendix C: Master Plan Diagrams

Final Program – Phase I Improvements

1. Multipurpose Arena
 - Indoor w/ HVAC
 - 150 x 250 ring
 - Seating for 3,500, bleacher style
 - Announcer's booth
 - Restrooms, concessions
 - Entry & ticketing hall; drop-off adjoins
 - 6,300 sf covered make up area at Service Entrance
2. Multipurpose Building
 - 6,000 sf multipurpose room, high ceiling, subdividable 1/3-2/3
 - 1,500 sf class, subdividable 50/50
 - 3,000 sf breakout/conference rooms
 - Restrooms (Indoor/outdoor access)
 - Lobby
 - Storage for tables/chairs/pipes and curtains
 - Catering Kitchen
 - Admin offices (Future Lobby receptionist, office, storage)
3. Covered Ring
 - 150 x 250 ring
 - 100 seat aluminum bleachers
 - Covered drive-through link to end of ring of main arena
 - Future holding pens
4. Stall Barns (Site to accommodate an identical future 3rd barn)
 - 120 10x10 stalls, total 240 in Phase 1
 - Outdoor wash racks
 - Office and store room
 - 2 restrooms
 - Future covered link to Covered Ring and Arena Building
5. Restroom/ concession building (Future)
 - Food vender
 - Participant showers/restrooms (separate from public because of mud and dirt)
 - Small show office with storage
6. Open Ring
 - 150 x 250
 - Identical or larger (150 x 300) 2nd ring (Future)
7. Maintenance Building & Bone Yard (Future)
 - 40 x 60 pre-engineered metal building
 - Multiple bays with rollup doors
8. RV parking spaces
 - 75 spaces, pull thru
 - Water and electric
 - 50 spaces in future
 - Future dump station
9. Car Parking
 - 1,500 spaces: Some portion paved convenient to bldgs.; rest gravel
10. Trailer parking and storage

Final Program – Phase I



RV Parking and Trailer Storage

Covered Ring
150x250, 100 Seats

Barns (2)
120 Stalls Each

Outdoor Ring
150 x 250

Arena Building
150x250, 3500 Seat

Multipurpose Building
6000 sf space

Parking
1250 Paved Spaces
250+ Lawn Parking



Owens Economics, LLC

FIGURE 60 LOUDON COUNTY AGRICULTURE EXPOSITION CENTER - MASTER PLAN - FINAL PROGRAM - PHASE I



FIGURE 61 LOUDON COUNTY AGRICULTURE EXPOSITION CENTER - AERIAL VIEW FROM FRONT



FIGURE 63 LOUDON COUNTY AGRICULTURE EXPOSITION CENTER - AERIAL VIEW FROM REAR

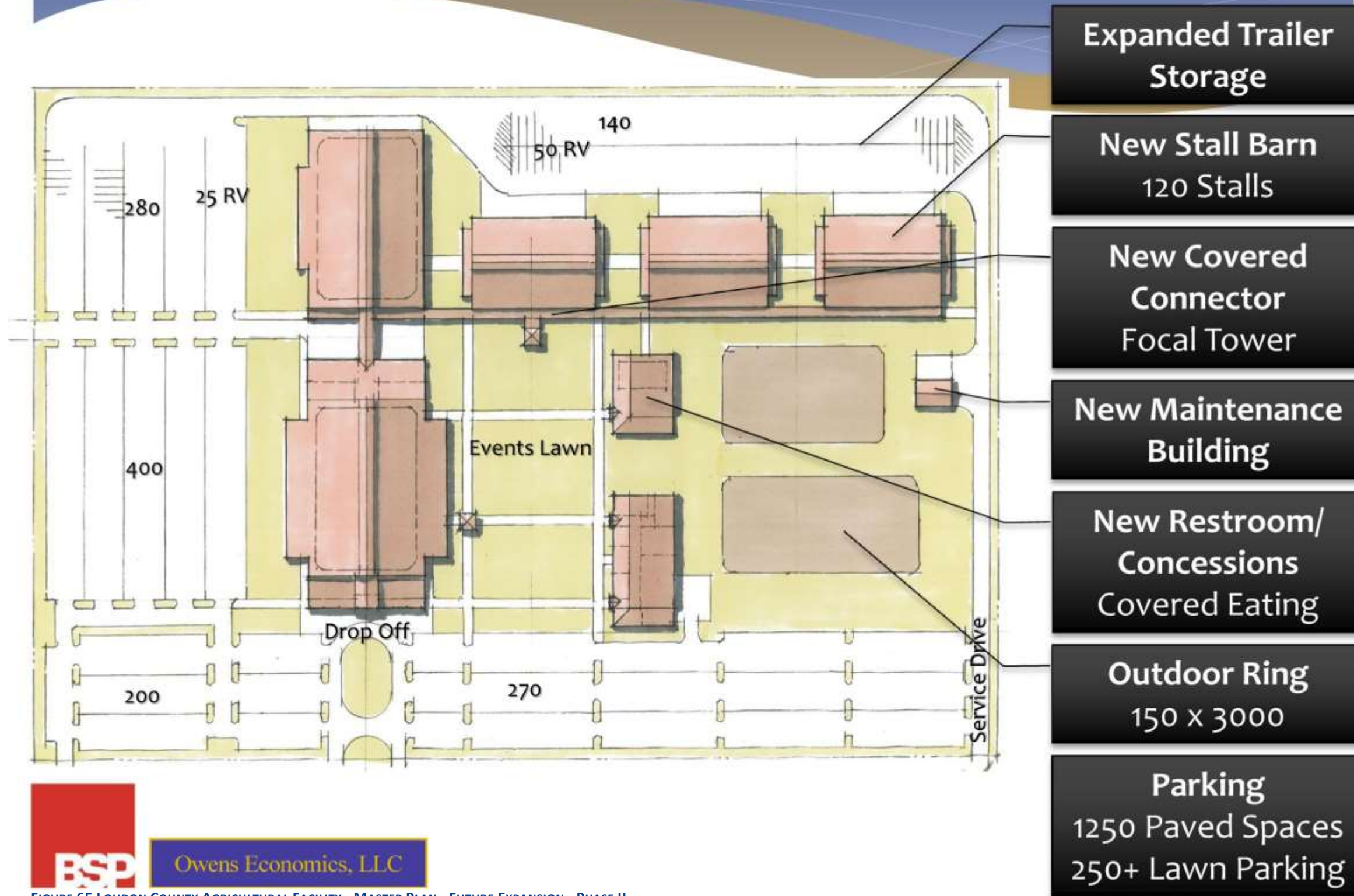


FIGURE 62 LOUDON COUNTY AGRICULTURE EXPOSITION CENTER - VIEW OF FRONT



FIGURE 64 LOUDON COUNTY AGRICULTURE EXPOSITION CENTER - VIEW OF COVERED RING

Future Expansion - Phase II



Owens Economics, LLC

FIGURE 65 LOUDON COUNTY AGRICULTURAL FACILITY - MASTER PLAN - FUTURE EXPANSION - PHASE II

