



Proposed Foothills Agricultural Resource and Marketing Center Market and Feasibility Study – Oconee County, SC

SUBMITTED TO
Oconee County

SUBMITTED BY
C.H. Johnson Consulting, Incorporated

August 2016



Experts in Convention, Hospitality,
Sport and Real Estate Consulting.

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TRANSMITTAL LETTER

August 5, 2016

Mr. T. Scott Moulder
County Administrator
Oconee County
415 S. Pine Street
Walhalla, SC 29691
smoulder@oconeesc.com

Re: Foothills Agricultural and Marketing Center (FARM Center) Market and Feasibility Study

Dear Scott:

Johnson Consulting is pleased to submit this report regarding the potential for the proposed FARM Center. Pursuant to our engagement, this report provides an analysis of the economic and demographic characteristics of Oconee County and the Tri-County Area, relative to the Upstate Region; summarizes recent and forecast industry trends; identifies and analyzes key characteristics of regional competitive and comparable venues; summarizes key observations from interviews with stakeholders; assesses and validates facility program recommendations; provides demand and financial projections for the proposed development; estimates the economic and fiscal impact of the project; and outlines and recommends financing and operating strategy alternatives.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable, but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between the projected results and the actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely,



C.H. Johnson Consulting, Inc.

C.H. JOHNSON CONSULTING, INC.

SECTION 2

INTRODUCTION AND EXECUTIVE SUMMARY

INTRODUCTION

Johnson Consulting was retained by Oconee County to provide a market and feasibility study assessing the merits of developing the Foothills Agricultural Resource and Marketing Center (FARM Center). The vision for the FARM Center, which was initially discussed in 2007, is “to make Oconee County the premier upstate location for wealth building opportunities in agriculture”. It is intended that the FARM Center will achieve this vision by creating a mechanism for celebrating agriculture and its importance to Oconee County; supporting new ventures in agriculture and encouraging young people to go into agriculture; and providing marketing opportunities for local producers. It is also recognized that this development will have many roles in the community. Not only will it be used for the annual Fair, but hundreds of other events and thousands of visitors will use also this complex for a whole array of purposes.

PROPOSED DEVELOPMENT

The preliminary concept for the proposed FARM Center is for a self-supporting facility that requires no regular funding or staffing support from Oconee County. In addition to becoming the permanent home of the South Carolina Foothills Heritage Fair, the FARM Center will be a year-round facility focused upon agricultural economic development, education, and entertainment. The following table provides a summary of the proposed development.

Table 2 - 1

Proposed FARM Center - Oconee County, SC		
	Size	Potential Uses
Fairgrounds	10 acres	SC Foothills Heritage Fair; year-round rental - car shows, festivals and other outdoor events, etc.
Covered Arena	45,000 SF; Permanent Seating for 3,000 spectators; Max. Capacity 6,000 spectators	Rodeos, horse shows, concerts, home and garden shows, motocross events, trade shows, festivals, and graduations, etc.
Foothills Market Building	37,500 SF (including Commercial Kitchen)	Farmers Market (90 vendors); year-round rental - corporate meetings, receptions, trade shows, conferences, etc.
Livestock Barn	20,000 SF (including show ring)	West Oak FFA events, shows, auctions, educational clinics, and other livestock events.
Cold Storage Building	5,625 SF	Storage and sales of locally grown fruits and vegetables.
Incubator Farm	-	Designed to address barriers to beginning farmers, including access to land, capital, credit and business planning.
Additional Amenities		
Parking	15-20 acres	General, livestock trailers, carnival.
Campgrounds	-	Carnival, livestock/ vendor.

Source: Oconee County, Johnson Consulting



METHODOLOGY

In order to complete the analysis required for this project, Johnson Consulting performed the following tasks:

1. Toured the proposed site and the surrounding local area.
2. Examined and projected regional economic and demographic trends that may influence demand for the proposed development.
3. Identified and examined relative comparable facilities, regionally and nationally.
4. Interviewed key stakeholders to gather their insights and perspectives.
5. Reviewed the proposed size and mix of facilities.
6. Projected future demand for the proposed FARM Center, in terms of annual events and attendance.
7. Utilized proven local, regional, and national formulas to forecast revenue and expense models.
8. Analyzed local spending characteristics and applicable taxes to project estimated economic and fiscal impacts.
9. Discussed operating and funding strategies with regard to the proposed development.

EXECUTIVE SUMMARY

Oconee County, mirroring the Tri-County Area (Oconee, Anderson and Pickens Counties) and the broader Upstate Region, has many of the key demographic and socioeconomic characteristics necessary to support a new agricultural facility. These include historically steady population growth and a stable outlook, an older population with relatively high household incomes, and an established and expanding corporate and agribusiness base. The strong agricultural programs at Clemson University and other higher education facilities throughout the area, coupled with the strategic location of Oconee County along the Interstate Highway 85 corridor between Atlanta, Georgia and Charlotte, and North Carolina, further add to the appeal of new facilities within the community.

REGIONAL AND COMPARABLE FACILITIES

The following table summarizes the key attributes of the comparable facilities included in this analysis.

Table 2 - 2

Key Characteristics of Regional and Comparable Facilities and Markets						
	Proposed FARM Center	Georgia National Fairgrounds	Agricenter International	Douglas County Fairgrounds and Events Center	The Ranch	International Agri Center
Location						
Location	Oconee County, SC	Perry, GA	Memphis, TN	Castle Rock, CO	Loveland, CO	Tulare, CA
Economic and Demographic Characteristics (2015) - 50 mile radius						
Population	1,327,858	659,767	1,462,143	3,541,303	2,017,607	1,478,451
Median Age (Years)	40.0	37.8	36.2	36.3	35.2	30.2
Median Household Income	\$42,969	\$47,991	\$47,855	\$63,330	\$58,135	\$42,027
Attributes						
Largest Multi-Purpose Space (SF)	45,000	87,045	80,000	29,066	55,000	60,000
Expo Hall	✓	✓	✓	✓	✓	✓
Meeting Space	✓	✓	✓	✓	✓	✓
Arena(s)	✓	✓	✓	✓	✓	✓
Commercial Kitchen	✓	-	-	-	✓	✓
Pavilion/ Permanent Barns/ Stables	✓	✓	✓	✓	✓	✓
Farmers Market	✓	-	✓	-	-	✓
Cold Storage	✓	-	-	-	-	-
Farm Incubator	✓	-	-	-	-	-
Sports and Recreation Fields	-	-	-	✓	-	-
Demand						
Event Days	Refer to Projections	-	303	2,170*	2,500*	-
Attendance		500,000	-	-	-	106,000+
Revenue and Expenses						
Operating Revenue		-	\$3.4 million	-	\$10.3 million	\$7.1 million
Operating Expenses	Refer to Projections	\$8.2 million	\$3.3 million	\$1.6 million	\$9.7 million	\$5.5 million
Income (Loss)		-	\$146,000	-	\$579,000	\$1.7 million
Governance						
Owner	Refer to Recommendations	State of Georgia	Shelby County			
Operator		GA Agricultural Exposition Authority	Agricenter International	Douglas County	Larimer County	-
Resources						
Funding Sources	Refer to Recommendations	State of Georgia (Partial Subsidy)	-	County	County	-

* Includes a number of events that utilize more than one venue (i.e. if an event utilizes 2 buildings or spaces, that is counted as 2 events; if that event runs for 5 days that is 10 event days in total).

Source: Relevant Facilities, Johnson Consulting

Each of the facilities included within the peer set were developed in response to a community's desire to generate significant benefits for local and regional economies, to produce an annual Fair, and to stimulate year-round utilization and tourism, all while leveraging the strengths of their respective marketplaces. Although there is variation in the size, orientation, and role that each of these facilities play in their communities, and some are larger than the proposed FARM Center, all are firmly grounded in their mission to encourage agricultural

education and advancement, and demonstrate how a simple fair operation can evolve into a year-round exhibition, equine/livestock and consumer show destination with the right facilities, leadership and support.

FARM INCUBATORS

The following table provides case study examples of a number of farm incubators, based on primary research by the National Incubator Farm Incubator Training Initiative (NIFTI) and presented in the 2013 Toolkit published by the New Entry Sustainable Farming Project.

Table 2 - 3

Key Characteristics of National Farm Incubator Projects				
	Horn Farm Center for Agricultural Education	The Farley Center Farm Incubator	The Intervale Center Farms Program	Big River Farms Program by Minnesota Food Association
Attributes				
Location	Hellam Township, York County, PA	Springdale, WI	Burlington, VT	Marine on St. Croix, MN
Year Founded	2010	2010	1988	2007
Structure	Non-Profit	Hybrid Non-Profit & Farmers Co-Op	Non-Profit	Non-Profit
Number of Farmers	4	9 businesses; 24 adults	2 incubators; 11 mentors	23
Number of Staff	2 (Part-Time)	8 (6 Part-Time, 2 Unpaid)	1 (15 at Center)	5 (3 Full-Time, 2 Part-Time)
Size	187 acres	10 acres	170 acres (350 acres total at Center)	45 acres
Plot Size	0.125 - 2 acres	0.125 - 2 acres	0.40 - 27 acres	0.25 - 3 acres
Rent	\$150/ acre + \$75 Administration Fee	None	\$156/ acre/ year + \$588 land management fee per year (increases by 20% in Years 4 and 5)	\$350/ acre/ year)\$87.50 for 1/4 acre for first year participants)
Time Limit	3-5 years	None	5 years	3 years
Financial Statement (2014)				
Revenues	\$136,005	\$571,196	\$1,376,254	\$452,131
Expenses	\$119,020	\$423,658	\$1,297,755	\$449,027
Net Income (Loss)	\$16,985	\$147,538	\$78,499	\$3,104
Source: NIFTI, New Entry, Guide Star, Johnson Consulting				

The case study incubators represent a broad spectrum with respect to size, management, fee structure and financial performance, however all are considered to offer best practice approaches to design and service offerings. The mission statements for each of the four incubators are premised on common themes including “sustainability and sustainable food systems”, “community partnership”, “heritage”, and “advocacy for agriculture”. Many are focused on creating opportunities for social-disadvantaged farmers.

The concept of food incubators is relatively new but is gaining momentum nationally, and can be highly successful as demonstrated by the case studies. The inclusion of an incubator at the FARM Center will be unique within the region and will serve to foster and grow the agricultural community, thereby marrying perfectly with the overall vision for the Center.

FACILITY RECOMMENDATIONS

Our assessment of the market opportunity for the proposed FARM Center indicates that the proposed facilities are comparable with facilities found at similar fairgrounds and leverage synergies with the broader agribusiness and agriculture industries. Specifically, we make the following observations:

- **FAIRGROUNDS:** The proposed fairgrounds component of the FARM Center, which will serve as the permanent home of the Foothills Heritage Fair, is appropriately sized relative to comparable facilities that attract 10,000-15,000 persons to their annual fair. We anticipate a modest increase in attendance at the annual Fair as visitors, and participants, are attracted to new, modern facilities and grounds. We also see potential for year-round utilization of this space, outside of the annual Fair.
- **COVERED ARENA:** We have identified demand for a new multi-purpose arena in the range of 45,000 square feet, with a concrete floor that will allow it to be used for a variety of events including livestock shows and auctions, equestrian events, sporting events, trade shows, consumer shows, and social and other civic events. The Arena is identified in the initial concept as the centerpiece of the overall complex. In order to appeal to the broadest demand base and function as a true year-round venue, it is important that the Arena be designed to be flexible enough to serve as a multi-purpose expo hall. We anticipate very limited demand for larger spectator events requiring tiered seating and based on our market assessment, consider a permanent seating capacity of 3,000 to be sufficient.
- **FOOTHILLS MARKET BUILDING:** The farmers market is expected to be highly attractive, reflecting the continued growth and expansion of the locavore movement in the immediate region, and nationally. It is assumed that the enclosed 15,000 square feet of event space will be flexible in design so that it can be utilized by smaller groups as well as large groups, with the inclusion of a commercial kitchen expanding the types of events that can be held across throughout the campus. It will also provide flexibility for users to choose among caterers, thereby elevating the quality of food and beverage offerings over and above what is typical at comparable fairgrounds venues.
- **LIVESTOCK BARN:** It is understood that the local West Oak FFA chapter has expressed interest in a facility of this size and including a show ring. This facility is comparable with those observed at similar fairgrounds and will be an important aspect in advancing the FARM Center's education vision.
- **COLD STORAGE FACILITY:** This will provide local producers to store their products between markets, and provide a central location for restaurants to purchase locally grown produce. This is a relatively

unique component of the proposed FARM Center and we anticipate that it will add to the success and appeal of the farmers market.

- **INCUBATOR FARM:** Increasingly incubators of all types are emerging throughout the U.S., although incubator farms are a relatively new concept. The proposed incubator at the FARM Center presents a unique opportunity to preserve and grow the region's ties with agriculture and advance the industry. It also responds to the overall education mission of the FARM Center and we expect it to be very well received by the local community.

DEMAND PROJECTION

Facilities at the proposed FARM Center will be designed to be sufficiently flexible to accommodate the needs of numerous diverse entities. The following table shows the projected event schedule, by event type, for the FARM Center over a 10-year period from 2019, which is assumed to be the first full year of operation of the facilities.

Table 2 - 4

Projected Events at FARM Center										
Event Type	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Exhibit Events										
Conventions/ Trade Shows	8	8	9	10	11	11	11	11	11	11
Consumer Shows/ Specialty Shows	10	10	11	12	13	13	13	13	13	13
Sub-Total Exhibit Events	18	19	20	21	23	23	23	23	23	23
Ag-Related Events										
Fair	1	1	1	1	1	1	1	1	1	1
Animal Shows/ Auctions	7	7	8	8	9	9	9	9	9	9
Rodeo/ Equestrian Events	10	11	11	12	13	13	13	13	13	13
4-H & FFA Events	15	15	16	18	19	19	19	19	19	19
Farmers Market	30	31	32	33	34	34	34	34	34	34
Sub-Total Ag-Related Events	63	65	68	72	76	76	76	76	76	76
Community and Social Events										
Meetings	15	16	17	18	19	19	19	19	19	19
Banquets	8	8	9	10	11	11	11	11	11	11
Entertainment/ Concerts/ Festivals	10	11	12	13	14	14	14	14	14	14
Community Events & Other	5	5	6	6	7	7	7	7	7	7
Sub-Total Community and Social Events	38	40	43	47	51	51	51	51	51	51
Total	119	123	131	139	150	150	150	150	150	150

Source: Johnson Consulting

The FARM Center is projected to host 119 events in 2019 (Year 1), of which 18 events are projected to be Exhibit Events, 63 are projected to be Ag-Related Events (including the Farmers Market), and 38 events are projected to be Community and Social Events.

The following table shows estimated current and projected attendance at the proposed FARM Center from 2019 through 2028.

Table 2 - 5

Projected Attendance at FARM Center										
Event Type	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Exhibit Events										
Conventions/ Trade Shows	3,900	4,300	4,300	4,810	4,920	5,030	5,140	5,250	5,360	5,470
Consumer Shows/ Specialty Shows	6,500	6,500	7,000	7,140	7,800	7,950	8,100	8,250	8,400	8,550
Sub-Total Exhibit Events	10,400	10,800	11,300	11,950	12,720	12,980	13,240	13,500	13,760	14,020
Ag-Related Events										
Fair	11,620	11,850	12,090	12,330	12,580	12,830	13,090	13,350	13,620	13,890
Animal Shows/ Auctions	1,400	1,400	1,600	1,600	1,800	1,800	1,800	1,800	1,800	1,800
Rodeo/ Equestrian Events	19,500	19,500	22,000	22,950	26,000	26,500	27,000	27,500	28,090	28,680
4-H & FFA Events	3,000	3,000	3,200	3,600	3,800	3,800	3,800	3,800	3,800	3,800
Farmers Market	6,000	6,200	6,400	6,600	6,800	6,800	6,800	6,800	6,800	6,800
Sub-Total Ag-Related Events	41,520	41,950	45,290	47,080	50,980	51,730	52,490	53,250	54,110	54,970
Community and Social Events										
Meetings	600	640	680	720	760	760	760	760	760	760
Banquets	1,600	1,600	1,800	2,000	2,200	2,200	2,200	2,200	2,200	2,200
Entertainment/ Concerts/ Festivals	6,200	6,200	6,700	7,340	8,000	8,150	8,310	8,470	8,630	8,790
Community Events & Other	1,000	1,000	1,200	1,200	1,400	1,400	1,400	1,400	1,400	1,400
Sub-Total Community and Social Events	9,400	9,440	10,380	11,260	12,360	12,510	12,670	12,830	12,990	13,150
Total	61,320	62,190	66,970	70,290	76,060	77,220	78,400	79,580	80,860	82,140

Source: Johnson Consulting

Total attendance is projected to be 61,320 persons in 2019, increasing to 70,060 persons in 2023. Attendance is projected to increase with increases in the number of events, as shown in the previous table, but average attendance at individual events is also projected to increase year-on-year. As such, when the event schedule remains steady, as is assumed beyond year 2023 (Year 5), total attendance is still projected to increase slightly. Our figures do not include people days, or attendees that come to the venue on multiple days for one event, which may be included in visitor counts at other venues.

OPERATING PROJECTION

The following table presents a summary of the projected operating statement for the first 10 full years of operation of the proposed FARM Center, based upon the demand projections as described above. Revenues include all revenues that can be used for operations. All revenues and expenses are inflated at an annual rate of 2.5 percent. It is noted that the Foothills Heritage Fair and Farmers Market will operate as separate entities and hence, are not included in the operating projections for the FARM Center.

Table 2 - 6

FARM Center - Pro Forma Operating Statement of Revenue and Expenses (\$000, Inflated)										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Revenue										
Building & Equipment Rental	\$305	\$313	\$344	\$371	\$405	\$428	\$439	\$450	\$461	\$472
Net Food & Beverage	214	221	250	273	309	322	335	349	364	380
Cold Storage ¹	407	417	428	439	450	461	472	484	496	509
Incubator Farm ²	-	-	-	-	-	4	4	4	4	4
Parking	35	36	41	43	47	49	50	51	52	54
RV Utility Rental	17	17	18	18	19	19	20	20	21	21
Advertising/ Naming Rights	68	69	71	73	75	76	78	80	82	84
Other Revenue	17	17	18	18	19	19	20	20	21	21
Sub-Total Operating Revenue	\$1,064	\$1,092	\$1,169	\$1,235	\$1,323	\$1,378	\$1,417	\$1,458	\$1,501	\$1,545
Operating Expenses										
Salaries & Wages ³	\$173	\$177	\$181	\$204	\$209	\$215	\$220	\$226	\$231	\$237
Benefits	43	44	45	51	52	54	55	56	58	59
General & Administrative	136	139	143	146	150	154	157	161	165	170
Supplies & Materials	45	46	48	49	50	51	52	54	55	57
Sales & Marketing	107	110	113	116	119	122	125	128	131	134
Utilities	136	139	143	146	150	154	157	161	165	170
Maintenance & Landscaping	62	64	65	67	69	70	72	74	76	78
Insurance	85	87	89	91	94	96	98	101	103	106
Cold Storage	244	250	257	263	270	276	283	290	298	305
Incubator Farm	-	-	-	-	-	3	3	3	3	3
Other Expenses	23	23	24	24	25	26	26	27	28	28
Sub-Total Operating Expenses	\$1,054	\$1,080	\$1,107	\$1,158	\$1,187	\$1,220	\$1,250	\$1,282	\$1,314	\$1,346
Net Operating Income (Deficit)	\$10	\$12	\$61	\$77	\$136	\$158	\$167	\$177	\$188	\$199
Non-Operating Revenues										
Other Grant Income	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Fundraising	20	20	20	20	20	20	20	20	20	20
Real Estate Land Lease Income										
Sub-Total Non-Operating Revenue	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
Total Revenues	\$1,104	\$1,132	\$1,209	\$1,275	\$1,363	\$1,418	\$1,457	\$1,498	\$1,541	\$1,585
Non-Operating Expenses										
Reserve for Replacement	\$50	\$50	\$50	\$50	\$100	\$100	\$100	\$100	\$100	\$100
Sub-Total Non-Operating Expenses	\$50	\$50	\$50	\$50	\$100	\$100	\$100	\$100	\$100	\$100
Total Expenses	\$1,104	\$1,130	\$1,157	\$1,208	\$1,287	\$1,320	\$1,350	\$1,382	\$1,414	\$1,446
Net Income (Deficit) Before Debt Service	(\$0)	\$2	\$51	\$67	\$76	\$98	\$107	\$117	\$128	\$139

1. Cold Storage Facility estimated to have capacity for 500,000 lbs, utilization assumed to be 80%. Revenues include rental fees and service charges.

2. Farm Incubator estimated to comprise 10 acres divided into 1 acre lots that are leased for \$150 per acre per year. Rental fees increase by 20% each year. An application fee of \$100 per acre is charged. Assume no proportion of sales revenues is leveraged from tenants. Farm Incubator anticipated to commence operation in Year 6.

3. Staffing assumed to be 2 personnel in Years 1-3, with base salary plus commission based on events at the facility.

Source: Johnson Consulting

As shown, the proposed FARM Center expected to effectively break even in 2019, reporting a slight profit of \$10,000, improving to a slight profit of \$136,000 in 2023 and growing slightly to a profit of \$199,000 in 2028, before non-operating revenues and expenses. This is consistent with operations at comparable facilities and fairgrounds nationally. When non-operating revenues and expenses are accounted for, and an allowance for a Reserve for Replacement is made, the proposed FARM Center is projected to break even in 2019, improving



to a profit of \$76,000 in 2023 and \$139,000 in 2028. It is noted that the pro forma does not account for potential non-operating revenues from land lease income, which has the potential to be significant.

ESTIMATED ECONOMIC AND FISCAL IMPACT

ECONOMIC IMPACT

The following table summarizes the total estimated economic impact of events at the FARM Center in a stabilized year of operation (Year 5).

Table 2 - 7

Events at FARM Center Estimated Annual Economic Impact - Attendees (Year 5)		
	Multiplier	Impact (\$Millions)
Direct Spending		\$3.72
Indirect Spending	0.20	0.74
Induced Spending	0.15	0.56
Total Spending		\$5.02
Increased Earnings	0.45	\$1.67
Employment (FTE Jobs)*	7.07	26

**Reflects the impact for each \$1 million of direct spending.*
 Source: Johnson Consulting

As shown, attendees at events at the FARM Center are projected to generate \$3.7 million of total spending, \$1.7 million of increased earnings, and support 26 full-time equivalent jobs, annually.

FISCAL IMPACT

The following table shows the estimated annual fiscal impact generated by attendees at events at the FARM Center in a stabilized year of operation (Year 5).



Table 2 - 8

Events at FARM Center Estimated Annual Fiscal Impact - Attendees (Year 5)				
	Tax Rate	Taxable Spending		Tax Revenues
Sales Tax - State	6.00%	\$3,715,451	of total spending	\$223,000
Hotel/ Motel Occupancy Tax - State	5.00%	\$191,338	of spending on lodging	\$10,000
Hotel/ Motel Occupancy Tax - Local	2.00%	\$191,338	of spending on lodging	4,000
Income Tax	7.00%	\$1,238,360	or 33.3% of total spending*	87,000
Total				\$324,000

**Assuming that 33.3% of total spending goes to taxable income.
Source: Johnson Consulting*

As shown, attendees at events at the FARM Center are estimated to generate approximately \$324,000 of tax revenues, annually.

OPERATING RECOMMENDATIONS

Notwithstanding the success of the South Carolina Foothills Heritage Fair, which is run by volunteers, the development of permanent facilities at the FARM Center will require permanent staff to oversee the day-to-day, year-round operations. The County will retain ownership of the site and the facilities. With all the moving piece and parts of the broader operation, we recommend the establishment of some form of management Board to oversee the year-round operation of the FARM Center, including representatives from the business community and reflecting stakeholder interests. A small Board, or at least a small executive committee, should have stewardship responsibilities for the grounds themselves, on a year-round basis. Under this model, the existing Heritage Fair Board would serve as a subcommittee to the Board maintaining its specific focus on the operation of the Fair. The structure should allow for receipt of tax revenue for funding, receipt of grants and donations, and foundation support from giving entities.

FUNDING RECOMMENDATIONS

The best strategy varies from location to location, and is also influenced by the type of public assembly facility involved. The funding required for the proposed FARM Center should be as broad as possible with funding from the State and County, as well as potential funding from Clemson University and private sponsors. Each time any amount of funding is secured, it should be allocated to a specific program element. This will help to advance the project. Our funding recommendations are summarized as follows:

- **STATE AND COUNTY FUNDING:** Funding from the State as a grant will be a political process, but some grants may be possible. Most likely, the County will have to direct, redirect or extend certain revenue streams for this facility. The most logical sources of funding for the County would be a Local Options Sales Tax, a Food and Beverage Tax, and the General Fund. The State allows counties to leverage a

local options sales tax, but this has yet to be enacted in Oconee County. In 2014 a proposal for a 1 percent sales tax increase included approval of a number of projects that could receive funding, including the FARM Center, however the proposal was not successful. If imposed, this would be a logical funding source for the proposed FARM Center to support initial development and ongoing operations.

Synergistic uses, such as the proposed community center, could be co-located with the FARM Center to reduce infrastructure costs and further justify the allocation of sales tax revenues to community-oriented projects. The case study profiles presented earlier in this report highlight the various synergies that exist between ag-focused developments and other civic, recreating and sports facilities.

- **CLEMSON UNIVERSITY PARTNERSHIP:** Clemson University is also a natural funding partner for the FARM Center, particularly given its strong agriculture program and the educational focus of the FARM Center. The new facilities will complement the existing facilities at the University and it is recommended that they be marketed in a collaborative way so as to demonstrate a critical mass of offerings and attract users to the marketplace. Arrangements could also be made to allow the University to utilize the FARM Center facilities for their programs.
- **PRIVATE SPONSORS:** As discussed in the preceding section of this report, the FARM Center will be well positioned to attracting naming rights sponsors for various program elements. There are a number of potential partners among the prominent agribusinesses throughout the region.
- **GRANTS:** At the time of this study, the County was applying for funding from the USDA's Farmers Market Promotion Program (FMPP), which is intended to "increase domestic consumption of, and access to, locally and regionally produced agricultural products, and to develop new market opportunities for farm and ranch operations serving local markets by developing, improving, expanding, and providing outreach, training, and technical assistance to, or assisting in the development, improvement, and expansion of, domestic farmers markets, roadside stands, community-supported agriculture programs, agritourism activities, and other direct producer-to-consumer market opportunities". The proposed FARM Center, and specifically the farmers market and farm incubator components, are in direct correlation with the purpose of the FMPP. In FY 2016, there is approximately \$13 million in available funding, with a minimum award of \$50,000 and a maximum of \$500,000 per grant.

Throughout South Carolina, there are currently 41 agricultural projects funded by the USDA's Sustainable Agriculture Research and Education (SARE) program, a number of which are led by the Clemson University.



CONCLUSION

The foregoing market and financial analysis identifies a strong case for the development of the proposed FARM Center in Oconee County. In addition to presenting a unique opportunity to capitalize on a number of key characteristics of the local and regional economies, Johnson Consulting is of the opinion that the proposed FARM Center, if targeted and marketed appropriately, has the potential to become a significant focal point within the community, leveraging and helping to grow the established and expanding agribusiness industry.

SECTION 3
MARKET ANALYSIS

MARKET ANALYSIS

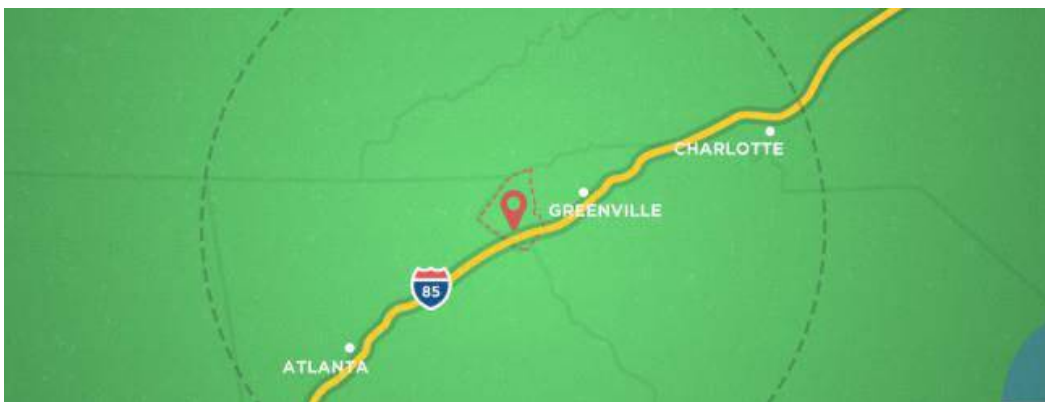
In order to analyze the market opportunity for the proposed FARM Center, Johnson Consulting undertook a comprehensive review of market conditions in Oconee County and the Tri-County Area (Oconee, Anderson and Pickens Counties), relative to the Upstate Region (defined as the 10 contiguous counties that comprise northwestern South Carolina), and State and national averages. The key objectives of this analysis were to identify structural factors, strengths and weaknesses that may affect the market’s ongoing competitive situation, and to gauge the level of support that exists for a new agricultural facility.

While characteristics such as population, employment and income are not strict predictors of the performance of fairgrounds and event venues, economic development potential and other civic amenities, they provide insight into the capacity of a market to provide ongoing support for facilities and activities. In addition, the size and role of a marketplace, its civic leadership, proximity to other metropolitan areas, activity and concentrations, concentrations, and the location of competing and/ or complementary facilities and attractions, directly influence the scale and quality of facilities that can be supported within that particular market.

MARKET OVERVIEW

Situated in northwestern South Carolina, at the foothills of the Blue Ridge Mountains, Oconee County strategically lies along the Interstate Highway 85 corridor between Atlanta, Georgia and Charlotte, North Carolina. Oconee County. The westernmost county in South Carolina, Oconee County has a strong agricultural and manufacturing base. It is also located in close proximity to Clemson University, a public land- and sea-grant research university with highly reputable agriculture and engineering degree programs. The following figure shows the location of Oconee County.

Figure 3 - 1



Source: Oconee Economic Alliance

Data from the USDA’s 2012 Census of Agriculture indicates that Oconee County ranked number 2 in the State of South Carolina with respect to the market value of sales of livestock, poultry and associated products, indicating the size and importance of these industries within the County. The County is home to 884 farms,

encompassing a total of 67,871 acres. The value of products sold by Oconee County farms is estimated at more than \$121 million, of which \$115 million relates to livestock, poultry and associated products.

SUBJECT SITE

The proposed site of the FARM Center is located approximately 4 miles to the west of Seneca and 7 miles to the east of Westminster, along U.S. Highway 123 (Sandifer Boulevard). The site is also strategically located approximately 9 miles to the south of Walhalla, which is the County seat. The site encompasses 57 acres, of which approximately 45 acres is developable. The following figure show the location of the subject site.

Figure 3 - 2



POPULATION

The 2015 resident population of Oconee County was estimated to be 76,208 persons, representing 19.6 percent of the population of the Tri-County Area (388,751 persons) and 5.4 percent of the population of the Upstate Region (1.4 million persons). Between 2000 and 2015, the population of Oconee County increased slightly at an average annual rate of 0.9 percent, which was generally consistent with the rates of growth recorded in the Tri-County Area (0.8 percent per annum), the Upstate Region (1.0 percent), South Carolina (1.2 percent) and the U.S. (0.8 percent). The following table shows population trends in Oconee County, the Tri-County Area, the Upstate Region, South Carolina, and the U.S.



Table 3 - 1

Population - Oconee County ('000s) (2000-2020)					
	Oconee County	Tri-County Area**	Upstate Region***	South Carolina	U.S
2000	66	343	1,221	4,012	281,422
2010	74	381	1,362	4,625	308,746
2015	76	389	1,410	4,831	318,536
CAGR* (2000-2015)	0.9%	0.8%	1.0%	1.2%	0.8%
2020 (Projected)	78	398	1,463	5,076	330,623
CAGR* (2015-2020)	0.5%	0.5%	0.7%	1.0%	0.7%

* Compounded Annual Growth Rate

** Oconee, Anderson and Pickens Counties

*** Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens, Spartanburg and Union Counties

Source: Esri ArcGIS BAO, Johnson Consulting

Going forward, the population of Oconee County is projected to increase slightly, reaching 78,213 persons by 2020. This represents an increase of 0.5 percent per annum over 2015, which is consistent with the rates of growth forecast the Tri-County Area (0.5 percent per annum, reaching 397,706 persons in 2020), the Upstate Region and the U.S. (both 0.7 percent per annum), but slightly lower than that projected for the State (1.0 percent per annum).

AGE CHARACTERISTICS

In 2015, the median age of residents of Oconee County was 44.8 years, which was older than the Tri-County Area (40.3 years), the Upstate Region (39.2 years), South Carolina (38.8 years) and the U.S. (37.9 years). Between 2010 and 2015, the median age of residents of Oconee County increased by 3.2 percent, which was similar to the rate of growth recorded in the Tri-County Area (3.3 percent) but outpaced the rates of increase recorded across the Upstate Region and the State (both 2.6 percent per annum), and the U.S. (2.2 percent). Going forward, the median age of residents of Oconee County is projected to increase to 46.2 years by 2020, remaining above the forecast median age in the Tri-County Area (41.5 years), the Upstate Region (40.1 years), South Carolina (39.6 years) and the U.S. (38.6 years). The following table shows the median age characteristics of the County, Tri-County Area, Upstate Region, State and U.S.

Table 3 - 2

Median Age - Oconee County (2010-2020)					
	Oconee County	Tri-County Area**	Upstate Region***	South Carolina	U.S
2010	43.4	39.0	38.2	37.8	37.1
2015	44.8	40.3	39.2	38.8	37.9
Growth (2010-2015)	3.2%	3.3%	2.6%	2.6%	2.2%
2020 (Projected)	46.2	41.5	40.1	39.6	38.6
Growth (2015-2020)	3.1%	3.0%	2.3%	2.1%	1.8%

** Oconee, Anderson and Pickens Counties
 *** Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens, Spartanburg and Union Counties
 Source: Esri ArcGIS BAO, Johnson Consulting

EDUCATIONAL ATTAINMENT

The population of Oconee County is reasonably well educated, with 31.7 percent of residents aged 25 years and older holding an Associate's degree or higher, compared to 32.2 percent of residents of the Tri-County Area, 34.7 percent of residents of the Upstate Region, 35.7 percent of residents of South Carolina, and 38.2 percent of residents of the U.S. The following table provides a breakdown of educational attainment levels in the County, Tri-County Area, Upstate Region, State, and U.S.

Table 3 - 3

Educational Attainment - Oconee County (2015)										
	Oconee County		Tri-County Area**		Upstate Region***		South Carolina		U.S.	
	No.	%	No.	%	No.	%	No.	%	No.	%
Less than High School	8,301	15.1%	42,045	16.0%	147,520	15.5%	448,638	13.7%	28,251,539	13.2%
High School Graduate	14,183	25.8%	65,433	24.9%	226,514	23.8%	802,309	24.5%	50,510,328	23.6%
GED/ Alternative Credential	3,848	7.0%	16,030	6.1%	52,346	5.5%	150,638	4.6%	8,775,099	4.1%
Some College, No Degree	11,214	20.4%	54,659	20.8%	196,058	20.6%	704,067	21.5%	44,945,631	21.0%
Associates Degree	4,618	8.4%	25,753	9.8%	89,463	9.4%	294,726	9.0%	17,550,199	8.2%
Bachelor's Degree	7,421	13.5%	36,001	13.7%	153,230	16.1%	553,430	16.9%	39,808,987	18.6%
Graduate/ Professional Degree	5,387	9.8%	22,862	8.7%	87,560	9.2%	320,924	9.8%	24,399,057	11.4%
TOTAL	54,971		262,782		951,739		3,274,731		214,026,813	

** Oconee, Anderson and Pickens Counties

*** Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens, Spartanburg and Union Counties

Source: Esri ArcGIS BAO, Johnson Consulting

EMPLOYMENT

In 2014, which is the most current data available from the Bureau of Labor Statistics, the predominant industries of employment in Oconee County were Manufacturing (24.6 percent of employed persons aged 16 years and older) and Trade, Transportation and Utilities (21.2 percent), followed by Government (17.4 percent). Between 2013 and 2014, the largest increase in employment was recorded in Professional and Business Services (54.2 percent), with substantial increases also recorded in Information (22.7 percent), Financial Activities (18.7 percent), and Natural Resources and Mining (15.4 percent), albeit from a relatively small base. During the same period, a slight decrease was recorded in the Government employment, contracting by (3.1) percent. The following table shows employment by industry in Oconee County.

Table 3 - 4

Non-Farm Employment by Industry - Oconee County (2013-2014)			
	2013	2014	Growth Rate 2013-2014
Natural Resources and Mining	78	90	15.4%
<i>% of Total</i>	0.4%	0.4%	
Construction	973	1,055	8.4%
<i>% of Total</i>	4.4%	4.6%	
Manufacturing	5,505	5,688	3.3%
<i>% of Total</i>	25.1%	24.6%	
Trade, Transportation, and Utilities	4,861	4,888	0.6%
<i>% of Total</i>	22.2%	21.2%	
Information	229	281	22.7%
<i>% of Total</i>	1.0%	1.2%	
Financial Activities	540	641	18.7%
<i>% of Total</i>	2.5%	2.8%	
Professional and Business Services	1,208	1,863	54.2%
<i>% of Total</i>	5.5%	8.1%	
Education and Health Services	1,661	1,780	7.2%
<i>% of Total</i>	7.6%	7.7%	
Leisure and Hospitality	2,024	2,080	2.8%
<i>% of Total</i>	9.2%	9.0%	
Other Services	686	713	3.9%
<i>% of Total</i>	3.1%	3.1%	
Government	4,136	4,006	(3.1%)
<i>% of Total</i>	18.9%	17.4%	
TOTAL	21,901	23,085	5.4%

Source: BLS, Johnson Consulting

UNEMPLOYMENT

The following table shows the annual unemployment rates for Oconee County, South Carolina and the U.S., for the period of 2010 through 2015.

Table 3 - 5

Unemployment Rate - Oconee County (2010-2015)						
	Oconee County		South Carolina		U.S.	
	Rate	Change	Rate	Change	Rate	Change
2010	11.4%	-	11.2%	-	9.6%	-
2011	10.0%	(1.4)	10.6%	(0.6)	8.9%	(0.7)
2012	8.8%	(1.2)	9.2%	(1.4)	8.1%	(0.8)
2013	7.7%	(1.1)	7.6%	(1.6)	7.4%	(0.7)
2014	6.3%	(1.4)	6.4%	(1.2)	6.2%	(1.2)
2014	5.8%	(0.5)	6.0%	(0.4)	5.3%	(0.9)

Source: BLS, Johnson Consulting

Since 2010, the unemployment rate in Oconee County has generally tracked in line with the State and national averages. In 2015, the unemployment rate in the County contracted by (0.5) percent to 5.8 percent, which is slightly lower than the unemployment rate recorded throughout the State (6.0 percent) and slightly higher than the average throughout the U.S. (5.3 percent).

Data from the Oconee Economic Alliance, which is a public-private non-profit effort to “accelerate job creation and capital investment, increase per capita income, diversify the local tax base and generate awareness of Oconee County as a business location”, indicates that in October 2015 the unemployment rate in the County has further contracted to 5.3 percent.

HOUSEHOLD INCOME

In 2015, the median household income in Oconee County was estimated to be \$44,906 per annum, which was higher than the median incomes recorded across the Tri-County Area (\$41,086 per annum) and the Upstate Region (\$43,353), and generally in line with figures for the State (\$44,853), but lower than the national average (\$53,217). By 2020, the median household income in Oconee County is expected to reach \$51,802 per annum, which remains above figures for the Tri-County Area (\$48,196) and the Upstate Region (\$50,688), and in line



with the State (\$51,836), but below the national average (\$60,683). The following table shows current and projected median household incomes in the County, Tri-County Area, Upstate Region, State, and U.S.

Table 3 - 6

Median Household Income - Oconee County (2015-2020)					
	Oconee County	Tri-County Area**	Upstate Region***	South Carolina	U.S
2015	\$44,906	\$41,086	\$43,353	\$44,853	\$53,217
2020 (Projected)	\$51,802	\$48,196	\$50,688	\$51,836	\$60,683
CAGR* (2015-2020)	2.9%	3.2%	3.2%	2.9%	2.7%

* Compounded Annual Growth Rate

** Oconee, Anderson and Pickens Counties

*** Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens, Spartanburg and Union Counties

Source: Esri ArcGIS BAO, Johnson Consulting

CORPORATE PRESENCE

A strong corporate and business presence can be an important factor in the success of any events venue or fairgrounds, because local businesses provide income and disposable income to residents, and support facilities through donations, advertising, sponsorships, and their requirement for event. The following table shows the largest employers in the Upstate Region, highlighting a prevalence of health care, agribusinesses and manufacturing companies, along with the State of South Carolina, which is the largest employer in the Region.

Table 3 - 7

Largest Employers - Upstate Region (2016)			
Employer	County	Industry	# Employees
State of South Carolina	Upstate Combined*	Government	12,139
Greenville Hospital System	Greenville	Health Care	10,200
Greenville County Schools	Greenville	Education	8,847
Michelin North America Inc.	Greenville (HQ)	Manufacturing/ Research & Development	7,930
BMW Manufacturing Corp.	Spartanburg	Manufacturing	7,000
Bi-Lo	Greenville (HQ)	Retail Trade	5,127
Spartanburg Regional Health Services	Spartanburg	Health Care	5,000
Clemson University	Pickens	Education	3,788
Mikkiken & Company	Spartanburg (HQ)	Manufacturing	3,700
Bon Secours St. Francis Health System	Greenville	Health Care	3,500
AnMed Health	Anderson	Health Care	3,462
GE Energy	Greenville	Engineering	3,300
MAU Workforce Solutions	Greenville	Employment Services	3,042
Wal-Mart Stores	Upstate combined	Retail Trade	2,570
US Government	Upstate combined	Federal Government	2,401
Fluor Corporation	Greenville	Engineering / Construction Services	2,346
Self Regional Healthcare	Greenwood	Health Care	2,300
School District of Pickens County	Pickens	Education	2,250
Sealed Air Corp - Cryovac Division	Spartanburg	Manufacturing	2,200
Timken US Corporation	Cherokee, Oconee, Anderson, Union	Manufacturing	2,180
Human Technologies Inc.	Greenville	Employment Services	2,100
AVX Corp.	Laurens	Manufacturing	2,000

* Includes Clemson University Employees
Source: Upstate SC Alliance, Johnson Consulting

The Upstate South Carolina Alliance, which is a public/private regional economic development organization designed to market the Upstate Region, indicates that Oconee County has a diversified economic base with an industry mix of health care, agribusiness, tourism, and a heavy focus on manufacturing and related companies. The following table shows the largest employers in Oconee County.

Table 3 - 8

Largest Employers - Oconee County (2016)		
Employer	Industry	# Employees
Duke Energy	Utilities	1,500
Borg Warner	Automotive Parts Supplier	700
U.S. Engine Valve Corp.	Manufacturing	647
Schneider Electric	Utilities	600
Itron	Utilities	550

Source: Oconee Economic Alliance, Johnson Consulting

As stated in the Oconee County Economic Development Commission's (EDC) 2013 Strategic Plan for Economic Development, the key target industry clusters for the County include healthcare and bioscience/ biochemical manufacturing; product manufacturing; automotive manufacturing; energy-related manufacturing; and warehousing, logistics and distribution. Although considered areas outside of the EDC's primary responsibility, the Plan also identifies opportunities and potential in the agribusiness and tourism and hospitality industries.

EDUCATIONAL INSTITUTIONS

There are a number of higher education institutions throughout the Upstate Region, including the following which are located with a 50-mile radius of Oconee County:

- CLEMSON UNIVERSITY:** A 1,400-acre public land- and sea-grant research university located in Clemson, approximately 20 miles to the east of the subject site. Founded in 1889, the University focuses on science and engineering programs across various colleges including Agriculture Forestry and Life Sciences; Health, Education and Human Development; Architecture, Arts and Humanities; Education; Business and Behavioral Science; and Engineering and Science; along with an Honors College and a Graduate College. The University has a total enrollment of 22,000 undergraduate and graduate students.
- TRI-COUNTY TECHNICAL COLLEGE (TCTC):** Located in Pendleton, approximately 20 miles to the southeast of the subject site, TCTC is a 2-year community college that is part of the Oconee County schools system. The College offers a range of programs across various fields including Business; IT; Construction; Culinary Arts; Law Enforcement; Environmental; Healthcare; Manufacturing; Education; and Transport and Logistics, among others. Founded in 1962, TCTC has an estimated total enrollment of 7,000 students.

- **SOUTHERN WESLEYAN UNIVERSITY:** A 4-year undergraduate and graduate Christian college, with the main campus is located in Central, approximately 20 miles to the east of the subject site. The University which was founded in 1906, offers various programs across 3 colleges and schools – Arts and Science; Business; and Education. Total enrollment is estimated to be 2,000 students.
- **ANDERSON UNIVERSITY:** A private university offering bachelor's, masters and doctorate degrees across approximately 60 areas of study. The University, which was founded in 1911, has a total enrollment of approximately 2,500 students. The campus is located approximately 35 miles to the southeast of the subject site.
- **FORREST COLLEGE:** Located in Anderson, approximately 40 miles to the southeast of the subject site, Forrest College offers associate degree programs across various areas of specialization including Accounting; Business Administration; Child Care Management; IT; Criminal Justice; English; Allied Health Sciences; Legal Assisting/ Paralegal Studies; Office Administration; Life and Physical Sciences; and Social Sciences. Founded in 1963, the College has a total enrollment of 200 students.
- **BOB JONES UNIVERSITY:** A private, Christian liberal arts university located in Greenville, approximately 45 miles to the east of the subject site. The College offers associate and bachelor's degree programs across 6 schools – Religion; Arts and Science; Business; Education; Fine Arts and Communication; and the Graduate School of Religion. Established in 1927, the College has a total enrollment of approximately 4,000 students.
- **GREENVILLE TECHNICAL COLLEGE:** Located approximately 50 miles to the east of the subject site, Greenville Technical College offers over 100 degree, certificate and diploma programs across Arts and Sciences; Business; Health and Wellness; Public Service; and Technology. Founded in 1962, the College has a total enrollment of approximately 15,000 students.

ACCESS

The strategic location of Oconee County in northwest South Carolina, in close proximity to the Georgia and North Carolina state borders, makes it accessible via a number of modes of transportation:

- **AIR:** Greenville-Spartanburg Airport (GSP) is located 13 miles (20 minutes drive time) to the northeast of downtown Greenville and approximately 50 miles (1 hour drive time) to the northeast of the subject site. GSP is serviced by five airlines Allegiant, American Airlines, Delta, Southwest and United, offering a total of 49 non-stop daily flights to 15 major cities throughout the U.S. The Airport serves an average of 1.9 million passengers annually.

In addition, Charlotte Douglas International Airport in Charlotte, NC is approximately 140 miles (2.5 hours drive time) to the northeast of the subject site, and Hartsfield-Jackson Atlanta International Airport in Atlanta, GA is approximately 130 miles (2.5 hours drive time) to the southwest of the subject site. There are also a number of regional airports throughout the region, including Oconee County Regional Airport (KCEU), which is a municipal airport located in Seneca.

- **RAIL:** Amtrak stations are located in Clemson, Greenville and Spartanburg, with one daily service in each direction between New York, NY and New Orleans, LA, via Philadelphia, PA, Washington, D.C., Charlotte, NC, Atlanta, GA, and Birmingham, AL.
- **ROAD:** The southern portion of Oconee County lies along the Interstate Highway 85 corridor, which provides direct connectivity with Atlanta, GA to the southwest and Charlotte, NC to the northeast. U.S. Highway 123, which the subject site has frontage to, is another major east-west arterial within the County, with major north-south linkages provided via State Roads 28 and 76.

HOTEL INVENTORY

Data from Smith Travel Research (STR), which is an independent hotel research firm whose statistics are widely used within the industry, indicates that there are 17 lodging facilities located within a 15 miles radius of the subject site, offering a total of 1,247 rooms and 9,277 square feet of meeting space. The following table provides a summary of these lodging facilities.

Table 3 - 9

Inventory of Lodging Facilities within 15 Miles of Subject Site (2016)			
Hotel	Distance (Miles)	Guest Rooms	Meeting Space (SF)
Quality Inn Seneca	1.9	62	-
Days Inn Seneca Clemson	2.4	63	-
Best Western Executive Inn	4.3	57	-
Relax Inn	4.4	23	-
Best Way Inn	4.7	29	-
Best Western Executive Inn of Senca	4.9	57	-
Hampton Inn & Suites Seneca Clemson	5.0	100	702
Hampton Inn Clemson University	10.0	90	450
James F Martin Inn	10.2	89	-
Hotel Tillman	11.2	57	-
Comfort Inn Clemson University Area	11.2	122	-
Univeristy Inn & Conference Center	11.3	149	6,200
Holiday Inn Express & Suites Clemson University	11.7	93	1,250
Days Inn Clemson Seneca Anderson Area	11.7	44	-
Courtyard Clemson	11.9	110	675
America's Best Inn Clemson	12.1	40	-
Budget Inn Express	14.8	62	-
Total		1,247	9,277

Source: STR, relevant facilities, mpoint, Johnson Consulting

As shown, the largest hotels in the local area are the 149-room University Inn and Conference Center, which offers 6,200 square feet of meeting space, and the 122-room Comfort Inn Clemson University Area hotel.

EVENT VENUES

The Upstate Region is home to a number of event venues. The two largest venues, in closest proximity to the subject site, are summarized as follows:

- T. ED GARRISON ARENA:** Adjacent to the Clemson University Campus, the Garrison Arena is owned by the University and operated by the University’s Cooperative Extension Service in the division of Public Service and Agriculture. The covered Arena has a 28,000 square foot floor, with seating capacity for 3,000 spectators, and is connected to a 45,000 square foot covered, open air arena that is used as a second show ring and as a warm-up area. The broader campus includes 4 barns with 440 permanent horse stalls, a 42,000 square foot multi-purpose Cattle Complex with a concrete floor and portable bleacher seating for 500 spectators, 45 RV hookups, and 2 outdoor warm-up arenas. There are future plans to develop a 30,000 square foot multi-purpose exhibit hall on the site, with the University currently seeking \$11 million in funding from the State for overall site enhancements.

The Arena is one of the premier multi-purpose livestock facilities in the Southeast and South Carolina’s only full-service, public facility designed to promote the State’s livestock industry. Current bookings for 2016 from April through December total 30 events, spanning 75 event days. The following table provides a breakdown of these events by event type.

Table 3 - 10

T. Ed Garrison Arena				
Events by Event Type - Current Bookings (April-December 2016)				
Event Type	Events		Event Days	
	#	%	#	%
Equestrian	13	43%	38	51%
Rodeo	4	13%	12	16%
Livestock Auctions/Shows	4	13%	6	8%
Small Animal Shows	5	17%	11	15%
4H/Education	4	13%	8	11%
Total	30		75	

Source: Clemson University, Johnson Consulting

No revenue and expense data was made available by facility management, although it is understood that aside from capital improvements, the Arena receives no operating subsidy from the State and is self-sufficient.



- **ANDERSON SPORTS AND ENTERTAINMENT CENTER (ASEC):** Located approximately 30 miles to the southeast of the subject site, the ASEC relates to a 300-acre campus that includes a Civic Center, public park, playgrounds, and walking trails. The main venues at the ASEC include:
 - **Civic Center of Anderson:** A 37,000 square foot multi-purpose facility that includes a 7,700 square foot ballroom, divisible into 4 sections ranging between 1,430 and 2,090 square feet, 3 meeting rooms, and a 36,500 square foot Exhibit Hall that can also serve as a 3,200-seat Arena.
 - **Anderson Sports Center:** 64-acres comprising 7 softball/baseball fields, 3 soccer fields, 8 tennis courts, walking paths, nature trails, a disc golf course, and picnic areas.
 - **William A. Floyd Amphitheater:** Outdoor, terraced grass venue that opened in 1999 and has capacity for 15,000 patrons.
 - **Kid Venture:** A playground built through a volunteer program – Community Partners At Play.

The ASEC, which is owned and operated by Anderson County, hosts a variety of events, year-round including concerts, sporting events, tournaments, festivals, trade shows, and community meetings, among others. Current bookings for 2016 April through December total 42 events, spanning 108 event days, including the annual 21-day County Fair. The following table provides a breakdown of these events by event type.

Table 3 - 11

Anderson Sports and Entertainment Center Events by Event Type - Current Bookings (April-December 2016)				
Event Type	Events		Event Days	
	#	%	#	%
Concerts/ Entertainment Events	3	7%	36	33%
Trade Show/ Consumer Show	2	5%	7	6%
Sporting Events	5	12%	10	9%
Meetings/ Seminars	6	14%	7	6%
Banquets/ Weddings	7	17%	4	4%
Community Events	17	40%	26	24%
County Fair	1	2%	17	16%
Religious Ceremonies	1	2%	1	1%
Total	42		108	

Source: Anderson County, Johnson Consulting

Operations at the ASEC are reported a part of the County’s General Fund. The following table provides a summary of revenues and expenses recorded at the Civic Center and Sports Complex between 2012 and 2015. As shown, the ASEC has operated of at an average annual deficit of close to \$600,000 over the past 4 years.

Table 3 - 12

Anderson Sports and Entertainment Center Revenue and Expenses (2014-2015)				
	2012	2013	2014	2015
Revenues				
Civic Center	\$235,903	\$202,349	\$149,399	\$223,001
Sports Complex (incl. Amphitheater)	40,650	47,693	41,024	38,997
Total Revenues	\$276,553	\$250,042	\$190,423	\$261,998
Expenses				
Civic Center	\$565,529	\$520,745	\$557,382	\$570,516
Sports Complex (incl. Amphitheater)	277,567	289,150	299,167	316,535
Total Revenues	\$843,096	\$809,895	\$856,549	\$887,051
Income (Loss)	(\$566,543)	(\$559,853)	(\$666,126)	(\$625,053)

Source: Anderson County, Johnson Consulting

IMPLICATIONS

Oconee County, mirroring the Tri-County Area and the broader Upstate Region, has many of the key demographic and socioeconomic characteristics necessary to support a new agricultural facility. These include historically steady population growth and a stable outlook, an older population with relatively high household incomes, and an established and expanding corporate and agribusiness base. The strong agricultural programs at Clemson University and other higher education facilities throughout the area, coupled with the strategic location of Oconee County, further add to the appeal of new facilities within the community. The area does not have any public or civic facilities, and given the tourism appeal of the area, such facilities could be a draw for tourists and residents alike.

SECTION 4
INDUSTRY TRENDS

FAIRGROUNDS INDUSTRY TRENDS

Fairs were originally developed as an important tool in marketing agriculture. As the population became more urbanized, and improved technology reduced the number of people who were responsible for the production of agricultural goods, the institution of the fair also changed, with varying results. Today, fairs commonly include industrial exhibits, demonstrations, and displays focused on livestock, horticulture, and agricultural advancement. They also place specific emphasis on education activities and the promotion of positive youth activities, such as the 4-H club, FFA, and other similar institutions and programs.

In response to the shifting focus of fairs, the physical programming at fairgrounds has been expanded to include various entertainment offerings and attractions, although many fairs maintain their agrarian traditions. Fairgrounds typically offer facilities that can be used both during an annual fair, as well as for various other types of events including meetings, consumer shows, tradeshow, entertainment and sporting events, festivals, and other events. Because an annual fair will generally not last for more than one week to ten days, the day-to-day demand for fairgrounds facilities is dependent on non-fair events. While a fair will typically generate a disproportionately large share of a fairground's revenue in a short period of time, these other events will also serve to help support the facility's operations throughout the year, and will allow access to the facility by various user groups in the local and regional communities.

MISSION OF FAIRGROUNDS

In response to declining public funding, increasing facility development and maintenance needs, and a steady decline in attendance at fairs, the California Department of Food and Agriculture's Division of Fairs and Expositions published "Creating the Magic of a Great Fair" in 1999. The report culminated in the formulation of three basic operating principles for successful annual fairs, all of which continue to hold true today, and are applicable throughout the U.S. and abroad:

1. **The public purpose of the annual fair is to provide structure and opportunity for people of a community to celebrate the local identity and character of their community.**

Because fairs no longer exist solely to facilitate the exchange of goods, they should primarily be focused on showcasing the community and building cohesion. A fair is inherently designed to create an understanding among people in a given place and at a given time. To this end, social stability, civic peace, and public safety increase as a result of fairs, making fairs a worthwhile investment and endeavor for the public sector.

2. **The primary goal of a fair organization is to mobilize the community to produce a great fair.**

Historically, several factors have influenced the necessity for fair organizations to become financially self-sufficient. These include, but are not limited to, statutory authorization for multi-purpose use of fairgrounds; a decline in public funding; and increased costs of personnel and facility maintenance in connection with supporting year-round operations. While all of these factors are equally important, the

report concludes that the very focused pursuit of financial self-sufficiency has limited the evolution of the quality of fairs, as the goal of achieving self-sufficiency has superseded the goal of creating a quality event. The fair organization must mobilize the community by reaching out and involving them in the production of the fair, with the goal of attracting new participants, building and maintaining good will, and assisting local exhibitors, vendors and participants by setting standards of production and helping them to meet those standards.

3. **The business of fair organizations is to broker opportunities to reach the appropriate market.**

The report suggests that a fair is primarily a celebration, and secondly a business. However, the business aspect of a fair is what facilitates the celebration. The phrase “opportunity brokering” refers to the fair organization creating opportunities for other entities to be financially successful. The successful execution of opportunity brokering requires a thorough understanding of the local marketplace and the facilitation of a high-quality event.

These three mission statements are important for annual State and County fairs, but are equally pertinent to the year-round mission and function of fairgrounds themselves. Fairgrounds have opportunities each day of the year to celebrate the local identity and character of an area through event programming, and can also use the full year to reach out to new and existing residents who have little connection to the facility or fair. Further, renting out facilities at the fairgrounds year-round generates funding for fairs, education programs, and other self-produced events, as well as facility improvement and expansion.

ATTENDANCE

The following table shows the top 20 fairs throughout the world, as measured by attendance in 2015.

Table 6 - 1

Top 20 Fairs by Attendance (2015)						
Rank	Fair	City	State	Length (Days)	Attendance	Change Over Previous Year
1	Texas State Fair	Dallas	TX	22	3,503,268	22.7%*
2	Houston Livestock Show & Rodeo	Houston	TX	20	2,483,193	(0.1%)
3	Minnesota State Fair	St. Paul	MN	12	1,779,738	(5.4%)
4	San Antonio Livestock Show & Exhibition	San Antonio	TX	18	1,671,550	(3.9%)
5	Canadian National Exhibition	Toronto	ON (Canada)	18	1,601,000	15.1%
6	San Diego County Fair	San Diego	CA	31	1,503,538	3.2%
7	Eastern States Exposition	West Springfield	MA	17	1,345,961	(10.2%)
8	Orange County Fair	Costa Mesa	CA	30	1,301,445	(2.7%)
9	Los Angeles County Fair	Pomona	CA	24	1,276,817	6.0%
10	Fort Worth Stock Show & Rodeo	Fort Worth	TX	20	1,248,500	9.8%*
11	Tulsa State Fair	Tulsa	OK	11	1,200,000	9.1%
12	Erie County Fair	Hamburg	NY	12	1,172,635	(3.9%)
13	Calgary Stampede	Calgary	AB (Canada)	10	1,168,509	(7.5%)
14	Iowa State Fair	Des Moines	IA	11	1,117,398	10.1%*
15	Arizona State Fair	Phoenix	AZ	22	1,102,044	(3.9%)
16	Wisconsin State Fair	West Allis	WI	11	1,033,053	0.2%*
17	North Carolina State Fair	Raleigh	NC	11	1,019,732	9.7%
18	Western Washington Fair	Puyallup	WA	27	1,000,000	0.0%
19	Ohio State Fair	Columbus	OH	11	982,305	7.2%*
20	New York State Fair	Syracuse	NY	11	908,147	(5.9%)

* Record attendance in 2015
Source: IAFE, Carnival Warehouse, Johnson Consulting

As shown, the largest fair in 2015 was the Texas State Fair, with 3.5 million attendees.

FARM INCUBATORS

According to the New Entry National Incubator Farm Training Initiative (NIFTI), which is a collaborative organization founded in 2012 to provide education and training resources for incubator farms, a farm incubator is defined as “a land-based multi-grower project that provides training and technical assistance to aspiring and beginning farmers.” Key data points from NIFTI’s 2014 national survey are summarized as follows:

- INDUSTRY SIZE:** There are an estimated 111 incubator projects in the U.S. across 38 states, of which 65 (or 59 percent) are operational, 27 (or 24 percent) are proposed, 13 (or 12 percent) are university programs, and the remaining 6 (or 5 percent) offer programs without a dedicated site. The projects encompass a total of 1,183 acres, with a median size of 10 acres per incubator. The average plot size is in the range of 0.25 to 1 acre.

- **ORGANIZATIONAL STRUCTURE:** The majority of incubators (68 percent) are non-profit organizations. A further 8 percent are part of academic institutions, 8 percent are part of government agencies, 4 percent are sole proprietorships, and the remaining 12 percent are hybrids of 2 or more organization types. More than half of incubator projects have a dedicated staff of 3 or fewer persons. Across the industry, 40 percent of staff are part-time, 38 percent are full-time, 16 percent are seasonal, and 6 percent are unpaid.

FARMERS MARKETS

Over recent years there has been tremendous growth in the presence of farmers markets in both rural and urban settings, reflecting the emergence and expansion of the locavore movement, whereby people are choosing to purchase and consume locally grown produce. The USDA maintains a directory of 8,400 farmers markets throughout the U.S., having increased almost three-fold since 2000 (2,860 farmers markets). A 2014 survey by the USDA, which is the most recent available, revealed the following trends:

- **ROBUST CUSTOMER DEMAND:** Of the markets that have been open for 2 or more seasons, 64 percent reported increased customer traffic, with similar proportions also reporting repeat customers and increased sales year-on-year.
- **EXPANDING TO MEET DEMAND:** 85 percent of market managers want to add vendors, with 62 percent seeking vendors selling different products, thereby expanding their consumer base.
- **PROVIDING ACCESS TO NUTRITIONAL ASSISTANCE:** Approximately 75 percent of farmers markets have at least one vendor accepting federal nutrition assistance as payment. According to the USDA, programs such as the Supplemental Nutrition Assistance Program (SNAP), the Women, Infants and Children Farmers Market Nutrition Program (WIC FMNP), and Senior Farmers Market Nutrition Program (SFMNP) “expand the customer base for farmer, give recipients access to healthy foods, and encourage the sale of locally-sourced produce.”
- **NUTRITIONAL EDUCATION:** 81 percent of farmers markets feature some form of healthier eating program, such as healthy recipe cards and demonstrations.
- **ORGANIC PRESENCE:** Approximately 66 percent of farmers markets have at least one USDA-certified organic vendor.
- **STRENGTHENING COMMUNITY ENGAGEMENT:** 75 percent of markets use volunteers to perform market operations and 46 percent choose volunteers as managers. Close to 50 percent of markets offer some form of programming and/ or space for special community-focused events.
- **LOCAL FOOD BUSINESS DEVELOPMENT:** 21 percent of farmers markets helped incubate new agribusinesses by sharing facilities and retail space, and/ or providing technical assistance. Approximately 25 percent of farmers markets were utilized as delivery points for Community Supported Agriculture (CSA) enterprises.

- **WEB AND MOBILE-BASED TECHNOLOGIES:** Farmers markets are evolving to meet the expectations of vendors and consumers, with 84 percent using web and/ or mobile-based technologies to communicate with customers, vendors and their communities.

Numerous studies have also demonstrated the economic impact of farmers markets to their local communities. A study conducted by the Farmers Market Coalition (FMC) indicates that growers selling locally create 13 full-time jobs per \$1 million in revenue earned and for every \$100 spent at a farmers market \$62 stays within the local economy. As stated by the President of the FMC “farmers markets are the ultimate green sector of the economy - they are stand-out successes spurring sustainable economic development.”

COLD STORAGE FACILITIES

The continued growth of the food industry is driving demand for cold storage, with over 600 operators active throughout the U.S. A recent study by Jones Lang LaSalle (JLL) highlights and projects the following trends:

- **DEMAND:** 3.4 percent demand growth per annum through 2019, nationally. This will mirror population growth, increased consumer spending, and associated growth in demand for refrigerated and frozen food products, which account for approximately 88 percent of cold storage industry revenues.
- **SUPPLY:** Despite this increase in demand, supply is anticipated to remain relatively stable. This reflects the much higher capital cost associated with temperature-controlled warehousing, averaging \$150 to \$170 per square foot, compared to \$50 to \$85 per square foot for conventional warehouse construction. They are also much more expensive to operate, with electricity costs accounting for 25 percent of total overheads, versus an average of 10 percent in traditional warehouses.
- **INDUSTRY CONSOLIDATION:** Increasingly, larger operators are purchasing smaller facilities, with 80 percent of the market controlled by the top 10 players. Notwithstanding this, JLL considers that there are still niche opportunities for mid-level and smaller operations. Hybrid facilities that offer a mix of cold and dry storage can be a more cost effective model.

Overall, market fundamentals favor investment in the cold storage market as demand will outweigh supply for the foreseeable future, directly reflecting the continued growth and expansion of the food industry.

OBSERVATIONS

If fairgrounds are to succeed in the future and maintain their levels of utilization, they must adapt to the changing demographic and economic characteristics of their market. Like any other attraction, such as shopping centers, theme parks, and downtown areas, reinvestment in facilities, adding new attractions, and maintaining awareness of the target market(s) are fundamental to attracting, sustaining and invigorating patronage. The concept of farm incubators is relatively new but is gaining momentum nationally. Similarly, farmers markets are increasingly appearing in both rural and urban settings. The locavore movement, which is



centered upon sourcing and consuming locally grown produce, is helping to fuel this trend with cold storage facilities extending the seasonality and availability of produce and demand expected to outpace supply for the foreseeable futures. All of these aspects and elements create unique points of difference for any new agriculture-focused facilities.

SECTION 5
INDICATED FACILITIES

INDICATED FACILITIES

In order to understand the overall market potential for the proposed FARM Center, this section presents case study profiles of a set of national comparable facilities. Also included is a summary of key characteristics of national farm incubators that demonstrate best practices, with respect to both facility development and operation.

The key operating characteristics of comparable facilities are provided in the following profiles, and include:

- Size and character of facility program spaces.
- Recent and/ or planned expansions.
- Management and operational approach.
- A demand and financial profile, including the number and types of events and operating revenues and expenses, where available.
- Funding sources.

Information about event demand and the financial performance of comparable facilities provides insight into the general parameters within which the proposed FARM Center can reasonably expect to operate. The following table summarizes the key attributes of the indicated facilities included in this analysis.

Table 5 - 1

Key Characteristics of Regional and Comparable Facilities and Markets						
	Proposed FARM Center	Georgia National Fairgrounds	Agricenter International	Douglas County Fairgrounds and Events Center	The Ranch	International Agri Center
Location						
Location	Oconee County, SC	Perry, GA	Memphis, TN	Castle Rock, CO	Loveland, CO	Tulare, CA
Economic and Demographic Characteristics (2015) - 50 mile radius						
Population	1,327,858	659,767	1,462,143	3,541,303	2,017,607	1,478,451
Median Age (Years)	40.0	37.8	36.2	36.3	35.2	30.2
Median Household Income	\$42,969	\$47,991	\$47,855	\$63,330	\$58,135	\$42,027
Attributes						
Largest Multi-Purpose Space (SF)	45,000	87,045	80,000	29,066	55,000	60,000
Expo Hall	✓	✓	✓	✓	✓	✓
Meeting Space	✓	✓	✓	✓	✓	✓
Arena(s)	✓	✓	✓	✓	✓	✓
Commercial Kitchen	✓	-	-	-	✓	✓
Pavilion/ Permanent Barns/ Stables	✓	✓	✓	✓	✓	✓
Farmers Market	✓	-	✓	-	-	✓
Cold Storage	✓	-	-	-	-	-
Farm Incubator	✓	-	-	-	-	-
Sports and Recreation Fields	-	-	-	✓	-	-
Demand						
Event Days	Refer to Projections	-	303	2,170*	2,500*	-
Attendance		500,000	-	-	-	106,000+
Revenue and Expenses						
Operating Revenue		-	\$3.4 million	-	\$10.3 million	\$7.1 million
Operating Expenses	Refer to Projections	\$8.2 million	\$3.3 million	\$1.6 million	\$9.7 million	\$5.5 million
Income (Loss)		-	\$146,000	-	\$579,000	\$1.7 million
Governance						
Owner		State of Georgia	Shelby County			
Operator	Refer to Recommendations	GA Agricultural Exposition Authority	Agricenter International	Douglas County	Larimer County	-
Resources						
Funding Sources	Refer to Recommendations	State of Georgia (Partial Subsidy)	-	County	County	-

* Includes a number of events that utilize more than one venue (i.e. if an event utilizes 2 buildings or spaces, that is counted as 2 events; if that event runs for 5 days that is 10 event days in total).

Source: Relevant Facilities, Johnson Consulting

GEORGIA NATIONAL FAIRGROUNDS AND AGRICENTER

PERRY, GEORGIA

LOCATION: Located just off Interstate 75, the Georgia National Fairgrounds and Agricenter (GNFA) is a multi-purpose, year-round facility that opened in 1990. Originally encompassing 628 acres, the site of the GNFA has since been expanded to in excess of 1,100 acres.



OWNERSHIP/ MANAGEMENT: The GNFA is owned by the State of Georgia and operated by the Georgia Agricultural Exposition Authority (GAEA), which is a nine-member board appointed by the Governor to represent the state’s agriculture and business interests. Specifically, the GAEA “promotes, develops, and serves agriculture and agricultural business interests of the state; produces and operates the Georgia National Fair; and encourages the agricultural accomplishments of Georgia’s youth.”

STAFF: The GNFA has 65 permanent staffing positions.

FACILITIES: The GNFA was purpose-built to accommodate a range of events including meetings, conferences, livestock and horse shows, concerts, rodeos, RV rallies, tradeshow and sporting events. Facilities at the GNFA include:

MULTIPURPOSE VENUES:

- **Multipurpose Livestock/ Exhibit Building:** 87,045 square feet, with multiple configurations for show rings and stalls (256’ by 330’ open floor space) and capacity for up to 446 portable horse stalls, 1,118 cattle tie spaces, or 374 tradeshow booths. Connected via covered walkway to the Beef/ Dairy Arena, Beef/ Dairy Barn, Reaves Arena, Practice Ring 3, and the Sutherland Livestock and Equine Arena. Used for livestock and horse shows and sales, and tradeshow.

ARENAS:

- **Reaves Arena:** 92,400 square foot covered arena with concrete floor and seating capacity for 8,250 spectators (4,444 permanent, 558 box, and 3,248 folding seats). Connected via covered walkways to Covered Horse Arena, Beef/ Dairy Arena, and Beef/ Dairy Barn. Used for rodeos, horse and livestock shows, concerts, tradeshow, sporting events, dog shows, banquets, meetings, circuses, and tractor pulls.
- **Sutherland Livestock and Equine Arena:** 54,157 square foot (250’ by 125’ dirt floor) covered arena, with stadium seating for 874 spectators. Connected via covered walkway to Practice Ring #2, Practice

Ring #3, Horse Barn #2, and the Multi-Purpose Livestock Building. Used for horse shows, livestock shows, and educational clinics and seminars.

- **Covered Horse Arena:** 49,240 square foot covered arena (250' by 125' dirt floor), with bleacher seating for 1,000 spectators. Used for shows for all horse breeds at local, regional, national, and international levels, horse shows utilizing cattle, and riding demonstrations and classes.
- **Practice Ring #3:** 44,000 square foot (110' by 220' dirt floor) warm-up arena. Connected via covered walkway to Sutherland Livestock and Equine Arena, Practice Ring #2, Horse Barn #2, the Corral, and Multipurpose Livestock/ Exhibit Building.
- **Practice Ring #2:** 39,000 square foot (110' by 220' dirt floor) warm-up arena used for horse shows. Connected via covered walkway to Horse Barn #2, Practice Ring #3, and Sutherland Livestock and Equine Arena.
- **New South Arena:** 24,764 square foot covered arena (66' by 120' open floor space), with 54' by 87' carpeted show ring and stadium seating for 968 spectators, along with holding and placing pens. Connected via covered walkway to Sheep/ Swine Barns 1 and 2. Used for swine, sheep and goat sales and shows, horse sales and shows, and non-livestock commercial rentals (tradeshows, sporting events, dances, and dog and rabbit shows).
- **Beef/ Dairy Arena:** 16,402 square foot arena (60' by 100' clay floor show ring), with stadium seating for 347 spectators. Connected via covered walkway to the Beef/ Dairy Barn, Reaves Arena, and Multipurpose Livestock Building. Used for beef/ dairy shows and sales, horse auctions and sales, demonstrations and classes, and llama sales.

BARNNS:

- **Horse Barn #2:** 103,050 square foot permanent horse-housing facility comprising 480 stalls. The Barn, which is the newest facility at the GNFA (completed in FY 2011), is connected via walkway to Practice Ring #2, Practice Ring #3, and the Sutherland Livestock and Equine Arena.
- **Horse Barn #1:** 97,750 square feet, including 480 stalls. The Barn, which was renovated in FY 2011, is connected via walkway to the Covered Horse Arena and Reaves Arena.
- **Beef/ Dairy Barn:** 73,725 square foot barn with capacity for 840 cattle ties, 176 cattle pens, 352 horse stalls, and including a milking parlor with 8 milking stations and a 2,000 gallon tank. Connected via covered walkway to the Beef/ Dairy Arena, Reaves Arena, and Multipurpose Livestock Building. Used for beef/ dairy cattle sales, housing beef/ dairy cattle shows, housing for horse shows and sales, and house for llama shows.
- **Sheep/ Swine Barn #1:** 36,320 square feet (120' by 255' open floor space), with 480 galvanized metal pens (6' by 6' with 5' wide aisles), and capacity to accommodate up to 168 portable horse stalls for use

as overflow space. Used for swine, sheep and goat sales and shows, horse sales and shows, and non-livestock commercial rentals (tradeshows, sporting events, dances, and dog and rabbit shows).

- **Sheep/ Swine Barn #2:** 32,000 square feet (175' by 180' open floor space), with 374 galvanized metal pens (6' by 6' with 5' wide aisles), and capacity to accommodate up to 130 portable horse stalls for use as overflow space. Used for swine, sheep and goat sales and shows, horse sales and shows, and non-livestock commercial rentals (tradeshows, sporting events, dances, and dog and rabbit shows).

MEETING SPACE:

- **Miller-Murphy-Howard Building:** 65,000 square feet of event space, with capacity for 3,000 persons in banquet configuration, 4,700 persons in lecture configuration, or 214 tradeshow booths. It also includes a 2,700 square foot conference room, with capacity for 180 persons in banquet setting and 280 persons in lecture configuration. Used for meetings and conferences, trade shows, arts and crafts shows, antique shows, lectures/ rallies, and dances/ parties.
- **McGill MarketPlace:** 40,000 square feet of event space, with capacity for 1,800 persons in banquet configuration, 2,424 persons in lecture configuration, or 208 tradeshow booths. Used for tradeshows, meetings, gun and knife shows, fishing and hunting shows, arts and crafts shows, dog and cat shows, boat, car and RV shows, antique shows, lectures/ rallies, and dances/ parties.
- **Georgia Building:** 20,000 square feet of event space with capacity for 1,200 persons in banquet configuration, 1,650 persons in lecture configuration, or 90 tradeshow booths. Used for tradeshows, meetings, arts and crafts shows, cat and dog shows, boat, car and RV shows, antique shows, lectures/ rallies, and dances/ parties.
- **Heritage Hall:** Same dimensions, capacities, and event types as Georgia Building (described above).
- **Roquemore Conference Center:** 7,500 square feet of meeting space, with 8 rooms ranging between 252 and 2,775 square feet. Used for conferences, meetings seminars, VIP areas, receptions, banquets, lectures, civic and community club activities, dances/ parties, and hospitality events.
- **Fairview Room (at Reaves Arena):** 1,768 square foot meeting room with capacity for 150 persons in lecture configuration or 110 persons in banquet configuration. Used as a VIP lounge and for lectures, civic and community club activities, dances/ parties, banquets, and meetings.
- **Corral:** 504 square feet of meeting space, used as office space for show staff and stalling staff, as well as a general conference room.

The following figure provides a pictorial overview of facilities at the GNFA.

Figure 5 - 1



DEMAND SCHEDULE: The GNFA attracts a multitude of exhibitors, vendors, and visitors to public and private commercial and livestock events each year. Information from the facility indicates that since opening in 1990, the GNFA has attracted more than 18 million visitors, generating a cumulative economic impact of \$1.5 billion. The State of Georgia sponsors three events at the GFNA annually – the Georgia National Fair; the Georgia National Junior Livestock Show, which features 4-H and FFA students competing in statewide championships; and the Georgia National Rodeo. On average, the GNFA attracts close to 500,000 visitors annual outside of the annual Fair.

ANNUAL FAIR: The GNFA is home to the annual Georgia National Fair, which runs for 11 days in October. In 2015 the Fair recorded a record attendance of 501,628 visitors, breaking the previous record of 465,053 visitors recorded in 2010.



REVENUE & EXPENSES: The GAEA’s FY 2014 budget, which is the most current data available, was \$8.2 million. The following table summarizes the expenditures associated with the GNFA.

Table 5 - 2

Georgia National Fairgrounds and Agricenter Expenditures (2014) (\$000)	
	2014
Expenditures	
Personal Services	\$3,819
Regular Operating Expenses	2,594
Equipment	65
Computer Charges	30
Telecommunications	85
Contractual Services	1,595
Total Expenditures	\$8,188
Funds	
State General Funds	\$946
Other Funds	7,242
Total Funds	\$8,188

Source: Georgia National Fairgrounds and Agricenter, Johnson Consulting

FUNDING: Development of the \$26.3 million GNFA was funded through state bonds. The GAEA is partially supported by the State of Georgia funds. Of the GAEA’s \$8.2 million FY 2014 budget, \$946,647 million came from State funding, a 25 percent reduction from FY 2013. This reduction prompted GAEA’s board to increase the price of midway rides at the Georgia National Fair from \$16 to \$20 to generate an estimated \$300,000 in revenue. Agricultural/Youth events, maintenance, and administration are partially funded using state funds, while the Georgia National Fair and commercial/equine events are not.

OBSERVATIONS: The GFNA provides an example of a successful facility that is removed from the nearest major center but is easily accessible via the established highway network. The purpose-built facility demonstrates industry stewardship by the State, which is reflected in the mission of the facility and the GAEA – “to provide Georgia’s agricultural community with a public place to showcase and promote Georgia products and livestock to agri-businesses.” It is Georgia’s celebration of, and business center for, agriculture. There are no such venue in South Carolina, and while a complex of this scale is not foreseen in Oconee County, a smaller facility complementing Clemson’s agricultural roots and serving the Upstate area (especially since Anderson County closed their venue) certainly is possible.

AGRICENTER INTERNATIONAL

MEMPHIS, TENNESSEE

LOCATION: Agricenter International is the world’s largest urban farm and research test facility, encompassing more than 1,000 acres. Situated in Memphis, Tennessee, the Agricenter is accessible via Interstate Highways 40 and 55. The Agricenter opened in 1985, making it the first ‘International Agricultural Market Center’ to be developed in Memphis, the Mid-South and the US as a whole.



OWNERSHIP/ MANAGEMENT: The land and facilities at Agricenter International are owned by Shelby County and managed by the Agricenter International not-for-profit organization responsible for providing “economic development and improved quality of life by facilitating agricultural research, educational programs, environmental conservation, natural area preservation and recreational opportunities”. One of the key missions of the Agricenter is to provide education, with a particular focus on agriculture, conservation and environmental sciences. The Agricenter provides a home, and 50 percent of the funding, for 4-H in Shelby County, and employs, in cooperation with the County, a full-time Ag Educator.

STAFF: The Agricenter employs a permanent staff of 10 persons, including a President, Controller, Sales and Event Manager, Director of Research, Building and Grounds Manager, Director of Maintenance, RV Park and Farmers Market Managers, Show Place Arena Manager, Educator/ UT Extension and Administrative Assistant.

FACILITIES: Facilities at the Agricenter include 700 acres of cultivated crop land, a 140,000 square foot exposition and demonstration center, farmers market, a 4,000 seat arena, RV Park, Catch’em Lake, and a number of agriculture-related tenant facilities, as follows:

- **Expo Center:** 80,000 square feet of exhibit space, 575 fixed-seat amphitheater that can accommodate up to 800 people, 6 breakout rooms, board room and banquet room. The Center is used to host small meetings, weddings and receptions, banquets for up to 1,500 people, tradeshow, conventions, large equipment launches, and festivals that also make use of outdoor acreage. The Center provides free parking. The following figure shows the floor plan of the Center.

Figure 5 - 2



- ShowPlace Arena:** Multi-purpose facility used for a variety of events including equestrian events, festivals, concerts, circuses, tradeshows, and car and boat shows. Facilities include Main Arena (31,250 square feet, 4,100 permanent seats), a covered Multi-Purpose Arena (20,000 square feet, bleacher seating), Outdoor Arena (45,000 square feet, 2,000 permanent seats), Indoor Warm-Up Arena (10,000 square feet), and 6 barns with 600 stalls, along with a show office, show trailer, indoor and outdoor ticket booths, and an RV park (80 sites with electricity). Transient stalling is also available. The following figure shows the various facilities within Show Place Arena.

Figure 5 - 3



- **Catch'em Lake:** 10 lakes available for recreational fishing, as well as some tournaments. The privately managed facility includes 2 lakes that are used for research purposes.
- **Farmers Market:** Open Monday-Saturday year-round.
- **RV Park:** 300 sites (96 sites with sewer and 30-amp electrical hook-ups), along with water, dump stations, restrooms, shower and laundry facilities. Daily, weekly and monthly rates are available at the Park.

The following figure provides an overview of facilities at the Agricenter.

Figure 5 - 4



A number of agri-business companies and organizations have facilities at the Agricenter including Bayer Crop Science, US Weather Service, BASF Corporation, Dow AgroSciences, Syngenta, Helena Chemical Company, University of Tennessee (UT) Agricultural Extension Services, Cotton Incorporated, and Monsanto. In 2014, which is the most current data available, the Agricenter leased 24,766 square feet of office space to these 10 tenants and 188 acres of land.

DEMAND SCHEDULE: Agricenter International hosted 303 events in 2014, which is the most current data available, down slightly from 312 events in 2013. Events and expositions included the Delta Fair, Mid-South Maize, Flea Markets, livestock exhibitions, and 4H activities.

REVENUE & EXPENSES: The following table shows the Agricenter's revenue and expense statement for 2013-2014, which is the most current data available.

Table 5 - 3

Agricenter International		
Revenue & Expense Statement (2013-2014) (\$'000s)		
	2014	2013
Operating Revenues		
Rental and Lease Revenue	\$1,263	\$1,131
Program and Special Events	1,317	1,327
Agricultural Research and Farm Revenue	759	729
Contributions	27	23
Other Revenue	85	69
Total Operating Revenues	\$3,451	\$3,279
Operating Expenses		
Salaries and Wages	\$1,221	\$1,181
Employee Benefits and Taxes	311	278
Advertising, Marketing and Promotion	15	5
Contract Labor	2	0
Depreciation	208	176
Education	88	140
Equipment Rental	57	57
Farm Supplies	213	264
Insurance	213	173
Janitorial	34	32
Landscaping, Repairs, Maintenance and Supplies	268	224
Legal and Professional	23	30
Miscellaneous	6	6
Office and Computer Supplies	28	25
Program and Special Events	12	16
Security	5	7
Seminars and Meetings	2	2
Taxes and Licenses	2	7
Telephone	36	43
Travel	30	23
Utilities and Waste Disposal	530	514
Total Operating Expenses	\$3,305	\$3,201
Total Operating Income (Loss)	\$146	\$78
Non-Operating Revenue (Expenses)		
Interest Income	\$2	\$5
Interest Expense	(21)	(12)
Total Non-Operating Revenue (Expenses)	(\$19)	(\$7)
Total Income (Loss)	\$127	\$71

Source: Agricenter International, Johnson Consulting

As shown, in 2014 the Agricenter recorded \$3.4 million in operating revenues and incurred \$3.3 million in operating expenses, resulting in an operating income of \$146,000. When non-operating income and expenses are accounted for, the Agricenter achieved a profit of \$127,000, up from \$71,000 in 2013.



The following table provided a breakdown of the venue’s cost centers.

Table 5 - 4

Agricenter International Cost Centers (2013-2014)		
	2014	2013
Farm Research	(\$40,866)	(\$3,228)
Education	(60,402)	(110,448)
Farm	60,226	(60,452)
Land Leases	285,438	316,919
Agricenter Corridor/ Expo Center	(20,576)	45,577
Show Place Arena	(141,688)	(157,665)
Farmers Market	(31,705)	(32,337)
RV Park	76,799	72,618
Total Income (Loss)	\$127,226	\$70,984

Source: Agricenter International, Johnson Consulting

As shown, land leases are the Agricenter’s major profit center, generating \$285,438 in revenues in 2014, along with the RV Park, which generated \$76,799 in revenues. The largest costs center is the arena, which incurred a deficit of (\$141,688) in 2014, although this represented a slight improvement over the preceding year when the arena incurred a loss of (\$157,665).

FUNDING: Initial planning for the Agricenter commenced in 1979. Support for the project was sought from Shelby County government and the Shelby County Agricenter Commission was subsequently appointed in 1981. The state government of Tennessee granted \$4.5 million to the project, and the County provided an additional \$2 million in construction funds and dedicated 1,000 acres of productive farmland, which was part of the 4,500 acre Shelby Farms property, to the project.

The Agricenter is self-supporting and does not receive any revenues from the County.

OBSERVATIONS: The presence of the UT Agricultural Extension Services as a tenant of the Agricenter reinforces its role as an educational facility.

DOUGLAS COUNTY FAIRGROUNDS AND EVENTS CENTER

CASTLE ROCK, COLORADO

LOCATION: The Douglas County Fairgrounds and Events Center (DCFEC) is located between Denver and Colorado Springs, just off Interstate 25.

OWNERSHIP/ MANAGEMENT: The DCFEC is owned and operated by Douglas County. The mission of the DCFEC is to “provide unique and functional facilities to accommodate a diversity of activities including civic, recreational, entertainment, business, traditional youth activities, and the annual County Fair, for the community with an appreciation for the urbanization and the rural agricultural history of Douglas County, Colorado.”



STAFF: The DCFEC has a staff of 6 full-time equivalent employees.

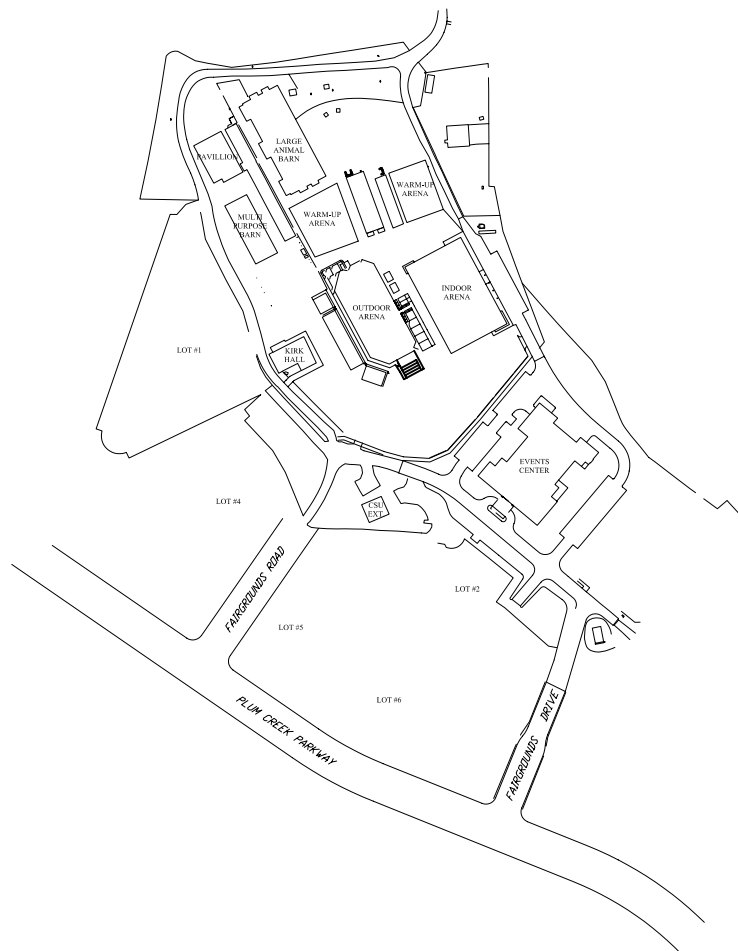
FACILITIES: Facilities at the DCFEC include:

- **Events Center:** The Events Center opened in 2001 at a total cost of \$6.4 million, including land purchase costs of \$1 million. The 49,390 square foot facility includes a 29,066 square foot Exhibit Hall, with a sealed concrete floor, along with 2 Conference Rooms totaling 3,296 square feet. The Exhibit Hall is utilized for banquets, concerts, trade shows, conventions, seminars, meetings, weddings, and sporting events. The Exhibit Hall can accommodate up to 1,208 people in banquet seating, 3,284 guests for concerts, and 130 exhibit booths (10’ by 10’). The Conference Rooms have a combined maximum 200 people and serve as breakout space, as well as being utilized for meetings, networking, training sessions, social gatherings, and weddings.
- **Indoor Arena:** 118’ by 280’ sand base arena, with bleacher seating for 2,005 spectators. The Arena is utilized for equine events, dog shows, trade shows, training, and rodeos.
- **Outdoor Arena:** 135’ by 300’ sand base arena, with a covered grandstand with capacity for 2,441 spectators, and additional bleacher seating for 360 people.
- **Kirk Hall:** 4,800 square foot Hall, accommodating up to 280 people in banquet seating. The Hall is utilized for receptions, reunions, conferences, and club activities, and offers a 1,200 square foot outdoor patio, along with a full-service kitchen.
- **East Grounds:** Large Animal Barn (150 Horse Stalls; Dirt Floor); Brown Horse Barn (64 Stalls; Dirt Floor); Green Horse Barn (28 Stalls; Dirt Floor).
- **Multi-Purpose Barn:** Comprises the 6,600 square foot North Section, with a maximum occupancy of 440 people, and the 3,500 square foot South Section, with a maximum occupancy of 233 people.

- **Whitman-Lowell Pavilion:** 60' by 120' covered outdoor show area, with portable bleacher seating for 250 spectators.
- **CSU Extension Building:** Includes 2 conference rooms of 785 square feet (maximum capacity 55 persons), and 660 square feet (maximum capacity 44 persons).
- **Louivers Village Clubhouse:** Includes a 1,447 square foot Auditorium (maximum capacity 96 persons), 568 square foot Billiard Room (maximum capacity 38 persons), and the 311 square foot Card Room (maximum capacity 15 persons).

The following figure provides a pictorial overview of facilities at the DCFEC.

Figure 5 - 5



The broader campus, known as Fairgrounds Regional Park, incorporate the following sports and recreation facilities:

- **Lighted Ballfields:** 3 fields used for baseball and softball.

- **Multi-Use Field:** 150' by 210' with goals and 2 portable backstops.
- **Lighted Synthetic Multi-Use Fields:** 3 fields, of which 2 are 296' by 193' and 1 is 360' by 202', which can be used for soccer and re-sized for football to 360' by 161'.
- **Picnic Shelters:** 6 shelters, 2 of which have capacity for 32 persons and 4 of which have capacity for 48 persons.
- **Playground.**
- **Trail System:** 2.7 miles of concrete trail.
- **Restrooms:** 6 portable restrooms are located onsite.
- **Parking:** 342 additional car parking spaces.

Between the DCFEC and sports facilities is Fire Canyon Barbeque, which is popular local restaurant with seating capacity for approximately 100 diners. .

DEMAND SCHEDULE: The DCFEC's event schedule averages approximately 130 events booked at the venue each year. The County reported 2,170 event days in 2014, which is the most current data available, up from 2,017 event days in 2013. It is noted that if an event utilizes 3 facilities at the DCFEC on any given day, this is counted as 3 event days. Hence the total number of event days exceeds 365 days.

REVENUE & EXPENSES: Revenues generated from the use of public facilities and rental of facilities at the DCFEC, which are paid into the General Fund, totalled \$250,000 in 2014, which is the most current data available. Total expenditures related to DCFEC operations were \$1.6 million in 2014, up from \$1.5 million in 2013.

FUNDING: Operations and maintenance of the DCFEC are supported by Douglas County's General Fund. The annual Fair is supported by the Douglas County Fair Foundation, which is a not-for-profit 501(c)3 organization whose mission is to provide "financial and organizational support to Douglas County to put on the annual County Fair and Rodeo in August of each year." In 2014, the Foundation reported a net operating deficit of (\$107,832), compared to a slight profit of \$50,491 in 2013.

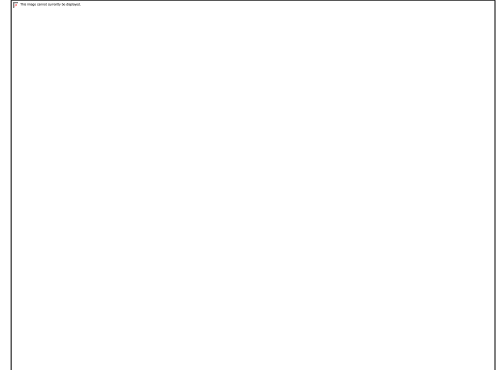
OBSERVATIONS: The DCFEC provides an example of a fairgrounds that incorporates a true multi-purpose venue. The Events Center at DCFEC attracts a diversity of events, reflecting, in part, the flexibility created by a sealed-concrete floor. The inclusion of sports and recreation facilities within the broader campus is demonstratives of the synergies between these uses and fairgrounds. In addition to the ability to share infrastructure and activities, the critical mass created supports an onsite restaurant.

THE RANCH EVENTS COMPLEX (LARIMER COUNTY FAIRGROUNDS)

LOVELAND, COLORADO

LOCATION: The Larimer County Fairgrounds and Events Complex, officially named “The Ranch,” is located just off Interstate Highway 25, approximately 55 miles north of Denver and 80 miles south of Cheyenne. The first phase of the Complex opened in September 2003.

OWNERSHIP/ MANAGEMENT: The Ranch is owned and operated by Larimer County, with the exception of the Budweiser Events Center, which is privately managed by Global Spectrum. Catering and concessions are provided by Ovations.



STAFF: The Ranch employs a permanent staff of 42 employees.

FACILITIES: Facilities at The Ranch include:

- **Budweiser Events Center:** Opened in September 2003 at a cost of \$26 million. The 250,000 square foot Center seats 5,300 for hockey and other ice events, 6,000 for basketball, and 7,200 for end-stage concerts. The facility also offers 777 private club seats and 24 private luxury suites. The facility sold the naming rights to Eagle Distributing for \$1.5 million over 20 years.

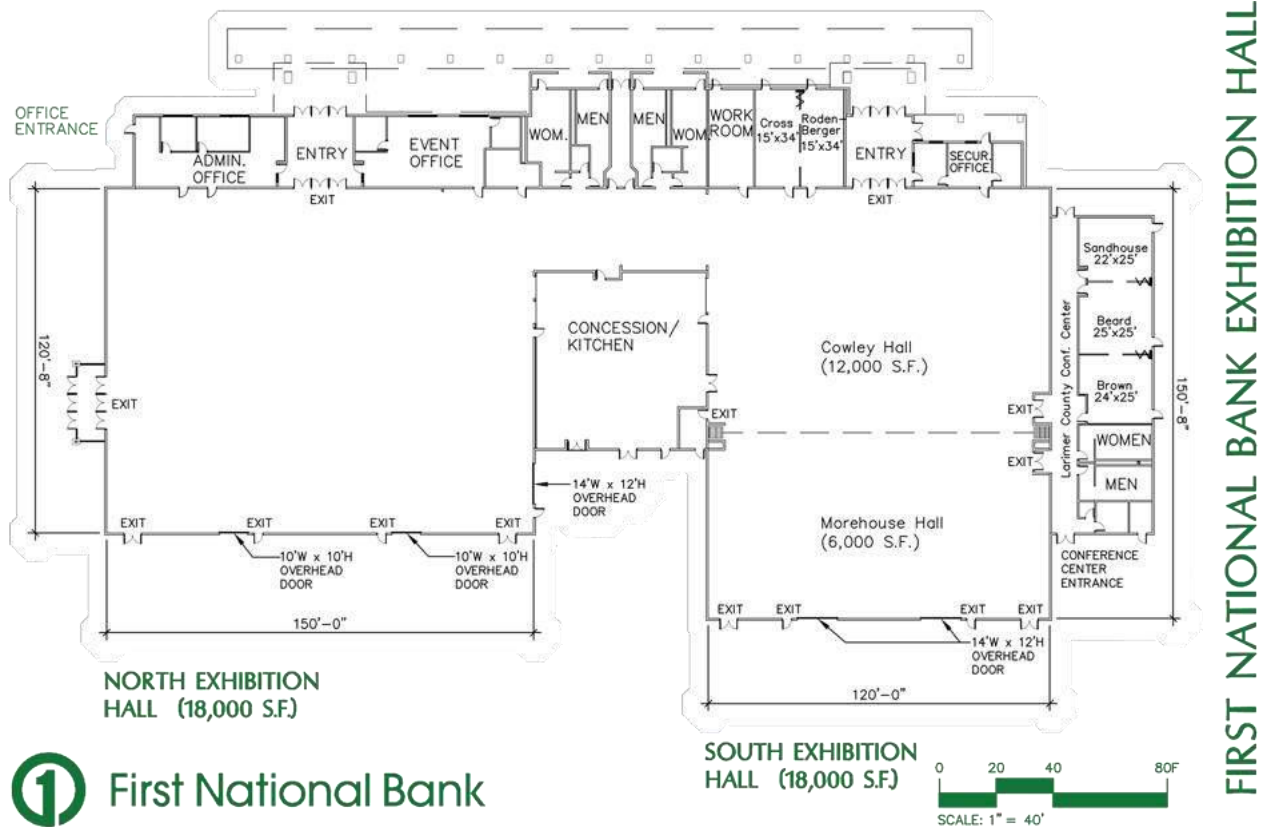
The Center is home to the Central Hockey League’s (CHL) Colorado Eagles and the Colorado ICE indoor football team. In addition, the center hosts concerts, rodeos, ice shows, conventions and tradeshows, family shows, and other entertainment and attractions. According to the Center’s management, the complex hosts an average of 850,000 guests annually.

- **First National Bank Exhibition Hall:** A 55,000 square foot (gross) facility that opened in the fall of 2003. The facility includes the 18,000 square foot North Hall and the 18,000 square foot South Hall, which can be divided into the 6,000 square foot Morehouse Hall and the 12,000 square foot Cowley Hall. The North and South Exhibition Halls can be used separately or together, accommodating up to 2,000 people in theater-style seating or 176 10’ by 10’ booths, and can be further subdivided into areas of 12,000 square feet and 6,000 square feet. Both Halls are heated and air-conditioned, and have easy loading access.

Adjacent to the Exhibition Hall is the Larimer County Conference Center, which comprises five meeting rooms, ranging in size between 510 and 625 square feet. The entire facility also includes three restrooms, three lobbies, ticket booth, concession area, and offices.

The following figure provides a pictorial overview of facilities at the First National Bank Exhibition Hall and the Larimer County Conference Center.

Figure 5 - 6



The First National Bank Exhibition Hall is used to host a variety of events including tradeshows, meetings, parties, expositions, and festivals. The Exhibition Hall is owned by Larimer County and managed by the staff of the Larimer County Fairgrounds.

- Thomas M. McKee 4-H, Youth and Community Building:** Opened in 2006, and comprises 25,000 square feet of exhibition and multi-purpose space. The facility includes the McKee Exhibition Hall (12,500 square feet, further divisible into three areas of between 2,000 square feet and 7,500 square feet), 3 multi-purpose rooms (1,117 square feet each), and 3 4-H classrooms (870 square feet each).

In its inaugural year (2006), the facility hosted 704 meetings. In the following year, this figure more than doubled to 1,460 meetings.

- Ranch-Way Feeds Indoor Arena:** The Ranch-Way Feeds Arena and Pavilions opened in the fall of 2003. The facility includes three buildings that comprise a total of 172,000 square feet of exhibit space, as follows:

 - Ranch-Way Feeds Indoor Arena: 76,000 square feet, 1,300 seating capacity.



- Ranch-Way Feeds East Livestock Pavilion: 48,000 square feet, with approximately 38,000 square feet of concrete floorspace that can accommodate up to 196 10' by 10' booths.
- Ranch-Way Feeds West Livestock Pavilion: 48,000 square feet, with the same capacity as the East Pavilion. The East and West Pavilions can be used separately or together.

Immediately adjacent to the arena and pavilions are the Longhorn Outdoor Arena and the Round Up Outdoor Arena, both of which have arena floors of 150' by 240' and seating capacity for 100 people.

The Arena and Pavilions are owned by Larimer County and managed by the staff of the Larimer County Fairgrounds. Total attendance averages around 900,000 people annually, across the three facilities. Events held at the venue include tradeshow, all types of agricultural shows, equestrian events, concerts, family shows (Disney/Sesame Street/Circus), motocross, graduations, boat/ RV shows, car shows, motorcycle rallies, meetings, hockey, and basketball and volleyball games and tournaments.

- **Round-Up Outdoor Arena:** 150' x 240' arena with dirt flooring.
- **Longhorn Outdoor Arena:** 120' x 240' arena with dirt flooring.
- **Two Ranch-Way Feeds Livestock Pavilions:** 48,000 square feet each, with over 300 stalls.

The following figure provides a pictorial overview of all facilities at The Ranch.

Figure 5 - 7



In 2009 the Embassy Suites Loveland – Hotel, Spa and Conference Center opened on the grounds of The Ranch. The 263-room Hotel is managed by John Q. Hammons. Additional facilities comprise 40,000 square feet of flexible meeting space, including a 28,000 square foot grand ballroom, designed to accommodate a wide range of events from auto and boat shows, to high-tech exhibitions, graduations, special events and business meetings.

DEMAND SCHEDULE: The Ranch is home to the 5-day Larimer County Fair and Rodeo, held annually in late July/ early August. The 16-member Larimer County Fair Board is responsible for planning and running the Fair and Rodeo, working in cooperation with The Ranch staff and the Colorado State University (CSU) Extension Office. The mission of the Fair and Rodeo focuses on “providing a unique, quality experience; honoring the diverse heritage of the Northern Front Range; promoting a sense of community; educating and entertaining; conducting a safe and comfortable environment; and providing a showcase for 4-H and residents of Northern Colorado.”



In 2015, the Fair and Rodeo attracted 92,486 visitors, down slightly from 92,822 persons in 2014 and 93,830 persons in 2013. Entrance to the Fair is free, as are many of the activities on the grounds. Ticketed events include the Rodeo, which attracts approximately 10,000 persons each year, the Gnarly Barley Brew Fest, which attracts around 2,500 persons, and the Dog and Pony Show, which attracts approximately 1,200 persons.

The number of non-Fair events at The Ranch is measured by bookings, which includes move in and move out days. In 2015, there were 4,400 bookings across the entire campus. This equates to approximately 2,500 event days. The highest proportion of event bookings in 2015 related to 4H and extension activities (824 bookings or 19 percent of total bookings), followed by internal events (777 or 17 percent), individuals or business entities (521 or 11 percent), and Larimer County activities (504 or 11 percent).

REVENUE & EXPENSES: The following table provides The Ranch’s revenue and expense statement for the 2014 and 2015 by program.

Table 5 - 5

The Ranch		
Revenue & Expense Statement (2014-2015) (\$'000s)		
	2015	2014
The Ranch Operations		
Revenues	\$5,569	\$4,585
Expenses	3,711	3,276
Surplus (Deficit)	\$1,858	\$1,309
Community & 4H		
Revenues	\$1,140	\$1,081
Expenses	1,336	1,250
Surplus (Deficit)	(\$195)	(\$169)
Budweiser Events Center (Global Spectrum)		
Revenues	\$3,619	\$3,671
Expenses	4,703	3,099
Surplus (Deficit)	(\$1,084)	\$572
Overall Complex		
Revenues	\$10,328	\$9,337
Expenses	9,750	7,625
Toal Surplus (Deficit)	\$579	\$1,712

Source: The Ranch, Johnson Consulting

FUNDING: Development, as well as ongoing operations, of The Ranch were supported by two ballot initiatives, as follows:

- In 1998, voters approved a one-year sales tax of 0.1 percent to buy 150 acres for the new fairgrounds.
- In 1999, voters approved a sales tax of 0.15 percent for 20 years to finance construction and operations of the Complex.

OBSERVATIONS: The Ranch presents an example of a highly utilized facility and a very successful operation that has received national acclaim for its design. Although The Ranch is currently running at a net operating loss, this is consistent with industry trends, in that in general, fairgrounds are breakeven or loss leader operations. It is the economic and fiscal impact of a busy fairgrounds, such as The Ranch, to the local economy that usually far outweighs the operating and financial challenges.

INTERNATIONAL AGRI CENTER

TULARE, CALIFORNIA

LOCATION: The International Agri-Center in Tulare is located in the Central Valley of California, just off State Route 99. The Center is home to the annual World Ag Expo, which is an internationally recognized event that showcases products and technologies that have the most potential to advance agriculture production and power global agriculture. The World Ag Expo is the largest event of its type, attracting representatives from around the world. The current site of the Center was part of the Faria Family farm, which was donated for the purpose of hosting the Expo.

OWNERSHIP/ MANAGEMENT: The Center is led by an all-volunteer Board of Directors and has more than 1,200 volunteers who dedicate their time to ensure the success of events hosted at the Center.

STAFF: The Center has a permanent staff of 21 employees.

FACILITIES: Permanent, year-round facilities at the Agri-Center, which were developed progressively, include:

- **Heritage Complex:** 57,000 square foot facility completed in 2000 at a cost of \$3.5 mil (partially funded with state and federal grants totaling \$2.5 million, with the remainder coming from private donations). Facilities within the Complex include:
 - 12,000 square foot Antique Farm Equipment Museum, which is open to the public from 9am to 4pm Monday through Friday (excluding major public holidays);
 - 17,000 square foot trade center, the second floor of which is fully furnished rental office space with multiple tenants;
 - Commercial kitchen;



- 2,300 square foot gift shop and restaurant;
 - 4,500 square foot learning center;
 - Banquet Hall: 7,474 square feet, with seating capacity for 450 (dining), 750 (classroom) or 1,000 (auditorium);
 - Theater: 1,237 square feet, with seating capacity for 89 people.
- **Pavilion C:** 60,000 square foot facility with capacity for 4,500 (dining) or 8,500 (theater);
 - **Farm Credit Dairy Center:** Completed in 1991 in response to growing need for additional space at the Agri-Center. Comprises 76,000 square feet with capacity for 5,000 people (dining) or 7,900 people (theater). The Center is used for concerts, horse shows, large dinners and various other events.

The following figure provides a pictorial overview of facilities at the Agri-Center.

Figure 5 - 8



Adjacent to the Center is a commercial cluster that comprises the County Extension Service, Soils Conservation Services, and related agencies, along with Edison Agricultural Technology Application Center and related agriculture suppliers. The agriculture and education focus of these supporting facilities work synergistically with the Center to create a hub of agricultural activity. The Center is also home to Agventures! Learning Center, which is an interactive museum for visitors of all ages.

The following figure shows the location of the International Agri-Center and the adjacent commercial cluster.

Figure 5 - 9



DEMAND SCHEDULE: The Center hosts 2 major events each year, as follows:

- **World Ag Expo:** Held on the second week of February each year. The Expo is the largest annual agricultural show of its kind, with exhibitors displaying cutting-edge agricultural technology and equipment.
- **California Antique Farm Equipment Show:** A three day event held annually in April. The event showcases the agriculture industry’s heritage, with displays of antique tractors, engines and other antique farm equipment. In 2015, the Show attracted 6,000 attendees.

ANNUAL FAIR: The Expo (formerly known as the Farm Equipment Show) began in 1968 and was originally held at Tulare County Fairgrounds in downtown Tulare. In 1976, the directors of the Expo voted to form a corporation (known as International Agri-Center Inc.) that would establish an international agri-business showplace in Tulare. When the Expo first opened in 1968 it attracted 157 exhibitors and 28,000 attendees. The Expo doubled in size the following year, and has continued to grow. In recent years, the Expo has attracted an average of 1,600 exhibitors and more than 100,000 attendees from 67 different countries around the world.

REVENUE & EXPENSES: The following table shows the Center’s revenue and expense statements for 2014 and 2015.

Table 5 - 6

International Agri-Center Revenue & Expense Statement (2014-2015) (\$'000s)		
	2015	2014
Revenues		
Contributions and Grants	\$31	\$36
CA Antique Farm Eq Show	212	207
Heritage Complex	391	413
Learning Center	41	41
Other Program Service Revenue	8	72
World Ag Expo	6,296	5,917
Investment Income	34	50
Crop Share Rent Income	159	190
Signage	1	0
Total Revenues	\$7,173	\$6,927
Expenditures		
Salaries and Wages	\$1,184	\$1,195
Benefits	274	214
Legal	13	29
Accounting	33	33
Advertising and Promotion	566	507
Office Expenses	16	12
Travel	24	30
Insurance	133	134
Equipment Rental and Maintenance	649	564
Events	409	347
Tents and Canopies	304	0
Utilities	0	281
Miscellaneous	286	288
Other	1,606	1,376
Total Expenditures	\$5,498	\$5,011
Total Income (Loss)	\$1,676	\$1,916
Interest	(\$342)	(\$426)
Depreciation	(525)	(531)
Total Income (Loss)	\$809	\$959

Source: International Agri-Center, Guidestar, Johnson Consulting

As shown, in 2015 the Center generated \$7.1 million in revenues, with the largest revenue generator being the World Ag Expo (\$6.3 million in revenues). During the same period, the Center incurred expenses of \$5.5 million, resulting in a total income of \$1.7 million, down slightly from \$1.9 million in 2014. When interest and depreciation are accounted for, the Center recorded a profit of \$809,000 in 2015.

FUNDING: The Center is self-sufficient.



OBSERVATIONS: Over the past 20 years, Tulare’s agricultural economy has shifted towards a heavy dominance by the dairy industry. California’s agricultural industry generates \$31.7 billion of farm-gate revenue, of which \$4 billion is attributable to Tulare County (up from \$2 billion in 1990). The growth of Tulare’s dairy industry is further exemplified by the fact that in 2010 there is an average of 2,000 cows per dairy throughout the County, compared to 750 per dairy in 1990. The International Agri-Center is an example of a successful venue, led by an all-volunteer Board of Directors that leverages the agricultural industry in its local and regional marketplace.

FARM INCUBATORS

The following table provides case study examples of a number of farm incubators, based on primary research by the National Incubator Farm Incubator Training Initiative (NIFTI) and presented in the 2013 Toolkit published by the New Entry Sustainable Farming Project.



Table 5 - 7

Key Characteristics of National Farm Incubator Projects				
	Horn Farm Center for Agricultural Education	The Farley Center Farm Incubator	The Intervale Center Farms Program	Big River Farms Program by Minnesota Food Association
Attributes				
Location	Hellam Township, York County, PA	Springdale, WI	Burlington, VT	Marine on St. Croix, MN
Year Founded	2010	2010	1988	2007
Structure	Non-Profit	Hybrid Non-Profit & Farmers Co-Op	Non-Profit	Non-Profit
Number of Farmers	4	9 businesses; 24 adults	2 incubators; 11 mentors	23
Number of Staff	2 (Part-Time)	8 (6 Part-Time, 2 Unpaid)	1 (15 at Center)	5 (3 Full-Time, 2 Part-Time)
Size	187 acres	10 acres	170 acres (350 acres total at Center)	45 acres
Plot Size	0.125 - 2 acres	0.125 - 2 acres	0.40 - 27 acres	0.25 - 3 acres
Rent	\$150/ acre + \$75 Administration Fee	None	\$156/ acre/ year + \$588 land management fee per year (increases by 20% in Years 4 and 5)	\$350/ acre/ year)\$87.50 for 1/4 acre for first year participants)
Time Limit	3-5 years	None	5 years	3 years
Financial Statement (2014)				
Revenues	\$136,005	\$571,196	\$1,376,254	\$452,131
Expenses	\$119,020	\$423,658	\$1,297,755	\$449,027
Net Income (Loss)	\$16,985	\$147,538	\$78,499	\$3,104

Source: NIFTI, New Entry, Guide Star, Johnson Consulting

The case study incubators represent a broad spectrum with respect to size, management, fee structure and financial performance, however all are considered to offer best practice approaches to design and service offerings. The mission statements for each of the four incubators are premised on common themes including “sustainability and sustainable food systems”, “community partnership”, “heritage”, and “advocacy for agriculture”. Many are focused on creating opportunities for social-disadvantaged farmers.

Key observations and lessons from the farm incubator case studies are summarized as follows:

- MANAGEMENT AND OPERATION:** All of the case study incubator farms are structured as non-profit organizations, with the exception of The Farley Center Farm Incubator which operates as a hybrid non-profit and farmer co-op. Being organized as a non-profit reflects the nature of the farm incubator concept and the intention to achieve “public good”. All of the have dedicated staff, including a mix of full-time, part-time and volunteer personnel.

- **SIZE:** The case study incubator farms range in size from 10 acres to 187 acres, with plot sizes varying between 0.125 and 27 acres.
- **FEES:** With the exception of The Farley Center Farm Incubator which is free to utilize, the case study farm incubators leverage a rental fee ranging between \$150 and \$350 per acre per year. Some form of administrative fee or management fee is also commonplace.
- **TERMS:** With the exception of The Farley Center Farm Incubator which imposes no maximum period for use of the incubator, the case study farm incubators have time limits ranging between 3 and 5 years. This encourages the rollout of farm operations and creates opportunities for new startup farmers to utilize the facilities.
- **NET OPERATING INCOME:** All of the case studies achieved a profit in 2014, ranging from \$3,104 at the Big River Farms Program to \$147,538 at The Farley Center. Total expenditures as a proportion of revenues ranged from 74.2 percent at The Farley Center to 99.3 percent at the Big River Farms.

IMPLICATIONS

Each of the facilities profiled above were developed in response to a community's desire to generate significant benefits for local and regional economies, to produce an annual Fair, and to stimulate year-round utilization and tourism, all while leveraging the strengths of their respective marketplaces. Although there is variation in the size, orientation, and role that each of these facilities play in their communities, and some are larger than the proposed FARM Center, all are firmly grounded in their mission to encourage agricultural education and advancement, and demonstrate how a simple fair operation can evolve into a year-round exhibition, equine/livestock and consumer show destination with the right facilities, leadership and support.

Similarly, the case study Farm Incubators share common themes focused upon sustainable food systems and the advancement of the agricultural industry. As stated earlier in this report, the concept of food incubators is relatively new but is gaining momentum nationally, and can be highly successful as demonstrated by the case studies. The inclusion of an incubator at the FARM Center will be unique within the region and will serve to foster and grow the agricultural community, thereby marrying perfectly with the overall vision for the Center.

SECTION 6

INTERVIEWS SUMMARY AND FACILITY PROGRAM RECOMMENDATIONS

INTERVIEWS SUMMARY

In order to evaluate the market potential for the proposed FARM Center, Johnson Consulting conducted in-person and telephone interviews with agribusiness and other business leaders, economic development officials, Fair representatives, and potential users of the proposed facilities, among other key stakeholders. In addition, we toured the proposed site of the new facilities and the surrounding areas. Observations from our primary research, coupled with feedback provided to Johnson Consulting through the interview process, helped frame the recommendations presented below.

Notable individuals, groups and organizations interviewed include:

- Oconee County.
- South Carolina Foothills Heritage Fair.
- Oconee Economic Alliance.
- Tri-County Technical College.
- Greater Oconee Chamber of Commerce.
- Westminster Chamber of Commerce.
- Greater Walhalla Chamber of Commerce.
- Clemson University Extension.
- 4H and FFA Representatives.
- Agribusiness Leaders.
- Local Business Representatives.
- Community Members and Stakeholders.
- Regional and National Show Promoters and Organizers.

The above groups represent a broad spectrum of interest in Oconee County’s events, agriculture, business, hospitality, and tourism sectors and many are intimately familiar with the proposed site of the new facilities, the market area and sources of demand that may provide support for a new FARM Center. Some of the key issues and observations identified by the interviewees are summarized under the following subheadings.

CURRENT MARKET DYNAMICS

- Agriculture is an important contributor to Oconee County’s economy, however many people are unaware of its role, scale and influence.

- The concentration of agribusiness in the local and regional areas presents a potential source of demand for the proposed facilities.
- There are limited event facilities in the local area and unmet demand for event space from the community for a variety of different activities.
- There is a strong equestrian market in the local and regional areas, along with livestock, but a lack of facilities to showcase these industries and hold events.
- There is demand for farming experience and the proposed Farm Incubator has real potential to serve as a resource for new and established farmers.
- There is growing demand for fresh produce, in part reflecting the Stat’s “Know your Farmer; Know your Food” initiative
- A disaster recovery center is needed within the community.
- There is a need for additional hotels in the marketplace.

PROJECT-SPECIFIC DYNAMICS

- Agriculture is fundamental to the community and the FARM Center responds to and celebrates the heritage and the history of the local area.
- The site of the proposed site of the FARM Center is conveniently located and easily accessed.
- The annual Fair is highly attractive and a key asset for the community. Having a permanent home will further add to its appeal.
- Any new development need to be focused on accommodating future demand and should include flexible space to accommodate a variety of different events. The proposed FARM Center will be an asset to the community and will drive tourism to the local area.
- There is potential for synergies between Clemson University, Tri-County Community College, and local area schools.

OBSERVATIONS

Overall, the interviews revealed a high level of support for the proposed FARM Center. A number of interviewees identified a lack of event facilities in the local area, and the potential for the proposed facilities to be a real asset for the community. Further, there was a general consensus that any new facility should be designed to be flexible, and truly multi-purpose, in order to best respond to the needs of the local community and leverage the role of agriculture and agribusiness in Oconee County’s economy.

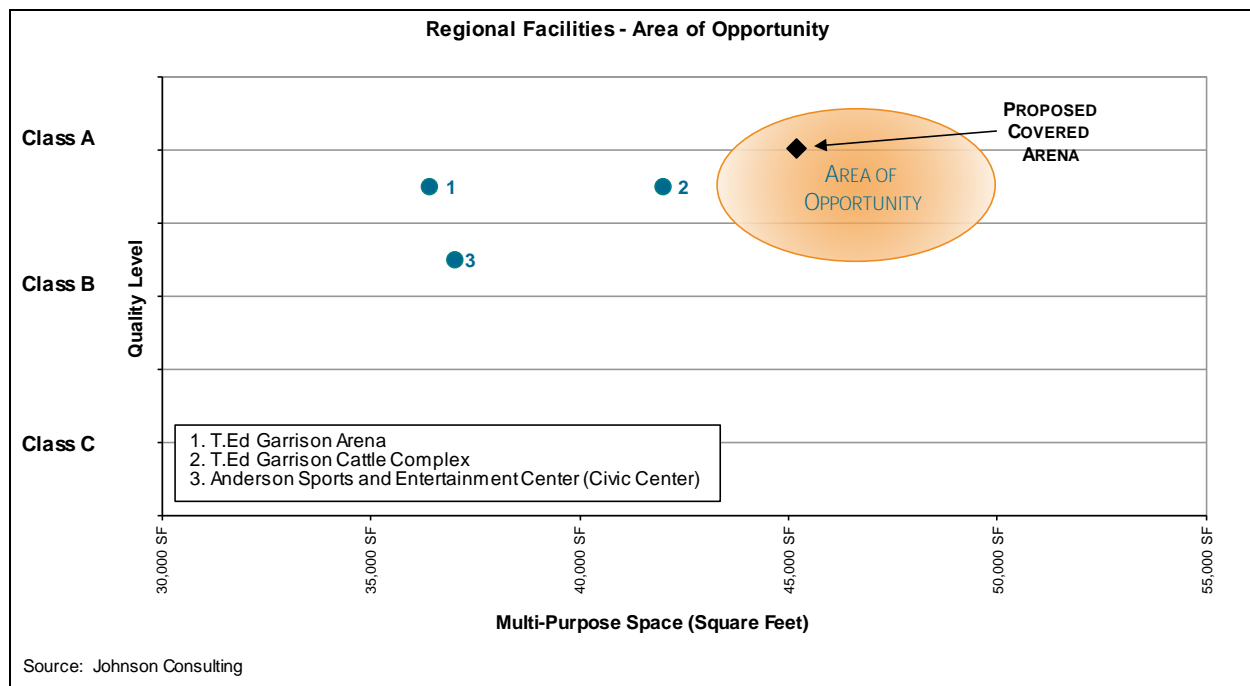
FACILITY PROGRAM RECOMMENDATIONS

Based upon the research and analyses presented in prior sections of this report, Johnson Consulting has prepared an independent assessment of the market potential for the proposed FARM Center.

AREA OF OPPORTUNITY

As stated in Section 3 of this report, there are very few existing facilities throughout the region that would be expected to compete with the proposed FARM Center. In fact a new arena, supported by additional multi-purpose space and barns, would complement the existing inventory and increase the overall critical mass of facilities in the regional marketplace. This will help to enhance the area’s reputation as a hub of agricultural-focused activities. The following figure presents the assessed area of opportunity for the proposed arena at the FARM Center, which will be the centerpiece of the complex, based upon the quality and size of existing competitive facilities throughout the region and clear gaps in the marketplace.

Figure 6 - 1



As shown, existing arenas and multi-purpose facilities in the local market are concentrated between 36,000 and 42,000 square feet, with the largest facility being the T. Ed Garrison Cattle Complex at Clemson University. We have identified an opportunity for a larger Class A facility, in the range of 45,000 square feet. A facility of this size and quality will be well positioned to compete effectively in the regional marketplace and attract users from a wide catchment.



Relative to the facilities at Clemson University, the proposed covered arena at the FARM Center will comprise a larger floor space than the Cattle Complex and have a greater seating capacity than the Arena. This will allow the region to attract larger events, and may also present opportunities for events to be hosted across facilities at the University and the FARM Center.

FACILITY RECOMMENDATIONS

As presented in the introduction to this report, the proposed development includes 10 acres of fairgrounds, to be the permanent home of the annual Foothills Heritage Fair; a 45,000 square foot covered arena with permanent seating for 3,000 spectators and a maximum capacity of 6,000 spectators; a 37,500 square foot market building that will house a farmers market, a commercial kitchen, and multi-purpose event space; a 20,000 square foot livestock barn with a show ring; a 5,025 square foot cold storage facility; and an incubator farm. The facilities will be supported by 15-20 acres of parking, and complemented by campgrounds. The following table provides a summary of the proposed development.

Figure 6 - 2

Proposed FARM Center - Oconee County, SC		
	Size	Potential Uses
Fairgrounds	10 acres	SC Foothills Heritage Fair; year-round rental - car shows, festivals and other outdoor events, etc.
Covered Arena	45,000 SF; Permanent Seating for 3,000 spectators; Max. Capacity 6,000 spectators	Rodeos, horse shows, concerts, home and garden shows, motocross events, trade shows, festivals, and graduations, etc.
Foothills Market Building	37,500 SF (including Commercial Kitchen)	Farmers Market (90 vendors); year-round rental - corporate meetings, receptions, trade shows, conferences, etc.
Livestock Barn	20,000 SF (including show ring)	West Oak FFA events, shows, auctions, educational clinics, and other livestock events.
Cold Storage Building	5,625 SF	Storage and sales of locally grown fruits and vegetables.
Incubator Farm	-	Designed to address barriers to beginning farmers, including access to land, capital, credit and business planning.
Additional Amenities		
Parking	15-20 acres	General, livestock trailers, carnival.
Campgrounds	-	Carnival, livestock/ vendor.

Source: Oconee County, Johnson Consulting

Our assessment of the market opportunity for the proposed FARM Center indicates that the proposed facilities are comparable with facilities found at similar fairgrounds and leverage synergies with the broader agribusiness and agriculture industries. Specifically, we make the following observations:



- **FAIRGROUNDS:** The proposed fairgrounds component of the FARM Center, which will serve as the permanent home of the Foothills Heritage Fair, is appropriately sized relative to comparable facilities that attract 10,000-15,000 persons to their annual fair. We anticipate a modest increase in attendance at the annual Fair as visitors, and participants, are attracted to new, modern facilities and grounds. We also see potential for year-round utilization of this space, outside of the annual Fair.
- **COVERED ARENA:** We have identified demand for a new multi-purpose arena in the range of 45,000 square feet, with a concrete floor that will allow it to be used for a variety of events including livestock shows and auctions, equestrian events, sporting events, trade shows, consumer shows, and social and other civic events. The Arena is identified in the initial concept as the centerpiece of the overall complex. In order to appeal to the broadest demand base and function as a true year-round venue, it is important that the Arena be designed to be flexible enough to serve as a multi-purpose expo hall. We anticipate very limited demand for larger spectator events requiring tiered seating and based on our market assessment, consider a permanent seating capacity of 3,000 to be sufficient.
- **FOOTHILLS MARKET BUILDING:** The farmers market is expected to be highly attractive, reflecting the continued growth and expansion of the locavore movement in the immediate region, and nationally. It is assumed that the enclosed 15,000 square feet of event space will be flexible in design so that it can be utilized by smaller groups as well as large groups, with the inclusion of a commercial kitchen expanding the types of events that can be held across throughout the campus. It will also provide flexibility for users to choose among caterers, thereby elevating the quality of food and beverage offerings over and above what is typical at comparable fairgrounds venues.
- **LIVESTOCK BARN:** It is understood that the local West Oak FFA chapter has expressed interest in a facility of this size and including a show ring. This facility is comparable with those observed at similar fairgrounds and will be an important aspect in advancing the FARM Center's education vision.
- **COLD STORAGE FACILITY:** This will provide local producers to store their products between markets, and provide a central location for restaurants to purchase locally grown produce. This is a relatively unique component of the proposed FARM Center and we anticipate that it will add to the success and appeal of the farmers market.
- **INCUBATOR FARM:** Increasingly incubators of all types are emerging throughout the U.S., although incubator farms are a relatively new concept. The proposed incubator at the FARM Center presents a unique opportunity to preserve and grow the region's ties with agriculture and advance the industry. It also responds to the overall education mission of the FARM Center and we expect it to be very well received by the local community.



CONCLUSION

Based upon our assessment of the market opportunity for the proposed FARM Center, as well as our analysis of competitive and comparable facilities, we agree with the preliminary building program, notwithstanding our design recommendations for the covered arena to allow it to serve as both an expo hall and arena. This investment will result in a product that will further help advance the long-term attractiveness of the County from an economic development perspective, leveraging and helping to grow the established and expanding agribusiness industry in the immediate and broader regions.

SECTION 7
DEMAND AND OPERATING PROJECTIONS

DEMAND AND OPERATING PROJECTIONS

Johnson Consulting has developed demand and operating projections for the proposed FARM Center pursuant to the proposed facility program described in the preceding section of this report. Crucial to the success of the project, and attracting the level of the business projected below, will be the operational and organizational structure of the facilities. This is addressed in Section 9 of this report.

PROJECTED EVENTS

Facilities at the proposed FARM Center will be designed to be sufficiently flexible to accommodate the needs of numerous diverse entities. The following table shows the projected event schedule, by event type, for the FARM Center over a 10-year period from 2019, which is assumed to be the first full year of operation of the facilities.

Table 7 - 1

Projected Events at FARM Center										
Event Type	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Exhibit Events										
Conventions/ Trade Shows	8	8	9	10	11	11	11	11	11	11
Consumer Shows/ Specialty Shows	10	10	11	12	13	13	13	13	13	13
Sub-Total Exhibit Events	18	19	20	21	23	23	23	23	23	23
Ag-Related Events										
Fair	1	1	1	1	1	1	1	1	1	1
Animal Shows/ Auctions	7	7	8	8	9	9	9	9	9	9
Rodeo/ Equestrian Events	10	11	11	12	13	13	13	13	13	13
4-H & FFA Events	15	15	16	18	19	19	19	19	19	19
Farmers Market	30	31	32	33	34	34	34	34	34	34
Sub-Total Ag-Related Events	63	65	68	72	76	76	76	76	76	76
Community and Social Events										
Meetings	15	16	17	18	19	19	19	19	19	19
Banquets	8	8	9	10	11	11	11	11	11	11
Entertainment/ Concerts/ Festivals	10	11	12	13	14	14	14	14	14	14
Community Events & Other	5	5	6	6	7	7	7	7	7	7
Sub-Total Community and Social Events	38	40	43	47	51	51	51	51	51	51
Total	119	123	131	139	150	150	150	150	150	150

Source: Johnson Consulting

The FARM Center is projected to host 119 events in 2019 (Year 1), of which 18 events are projected to be Exhibit Events, 63 are projected to be Ag-Related Events (including the Farmers Market), and 38 events are projected to be Community and Social Events. The projected demand calendar is summarized as follows:

- CONVENTIONS AND TRADE SHOWS:** Generally held by associations, professional groups, and other membership organizations. In 2019, the FARM Center is projected to host 8 conventions and trade shows. In 2023 (Year 5), conventions and trade shows are projected to stabilize at 11 events.

- **CONSUMER SHOWS AND SPECIALTY SHOWS:** Consumer and specialty shows are generally larger events than tradeshow, in terms of average attendance. Consumer and specialty shows are projected to account for 10 events at the FARM Center in 2019, and stabilize at 13 events in 2023.
- **FAIR:** The proposed FARM Center will become the permanent home of the annual South Carolina Foothills Heritage Fair.
- **ANIMAL SHOWS AND AUCTIONS:** In 2019, 7 animal shows and auctions are projected at the Center, stabilizing at 9 shows in 2023.
- **RODEO AND EQUESTRIAN EVENTS:** In 2019, 10 rodeo and equestrian events are projected at the Center, stabilizing at 13 events in 2023.
- **4-H AND FFA EVENTS:** In 2019, 15 4-H and FFA events are projected at the FARM Center, increasing to 19 events in 2023.
- **FARMERS MARKET:** Our projections conservatively assume that the proposed Farmers Market will commence with 2-3 events per month, and increase as the market becomes more established. Given that the Market will be held under cover, there may be potential for more frequency.
- **MEETINGS:** Generally require less space and attract fewer attendees than events in expo and exhibit halls. It is projected that the FARM Center will host 15 meetings in 2019, increasing to 19 meetings in 2023.
- **BANQUETS:** Banquets differ from meetings because they may feature catered meals and relate primarily to gatherings such as luncheons and award dinners. With multi-purpose venues and a commercial kitchen, the FARM Center will be able to attract a small number banquets, and perhaps weddings. It is projected that the venue will host 8 banquets in 2019, increasing to 11 banquets in 2023.
- **ENTERTAINMENT EVENTS, CONCERTS AND FESTIVALS:** Entertainment events, including touring concerts, family, cultural festivals, and other similar events, are projected to total 10 events in 2019, and stabilize at 14 events in 2023.
- **COMMUNITY AND ‘OTHER’ EVENTS:** These are events that are not considered to be part of the categories discussed above and may include, for example, community events such as graduations, school functions, religious events, and other public events that are not consumer shows or larger civic events. It is projected that the Center will host 5 community and ‘other’ events in 2019, increasing to 7 community and ‘other’ events in 2023.

PROJECTED ATTENDANCE

The following table shows estimated current and projected attendance at the proposed FARM Center from 2019 through 2028.

Table 7 - 2

Projected Attendance at FARM Center										
Event Type	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Exhibit Events										
Conventions/ Trade Shows	3,900	4,300	4,300	4,810	4,920	5,030	5,140	5,250	5,360	5,470
Consumer Shows/ Specialty Shows	6,500	6,500	7,000	7,140	7,800	7,950	8,100	8,250	8,400	8,550
Sub-Total Exhibit Events	10,400	10,800	11,300	11,950	12,720	12,980	13,240	13,500	13,760	14,020
Ag-Related Events										
Fair	11,620	11,850	12,090	12,330	12,580	12,830	13,090	13,350	13,620	13,890
Animal Shows/ Auctions	1,400	1,400	1,600	1,600	1,800	1,800	1,800	1,800	1,800	1,800
Rodeo/ Equestrian Events	19,500	19,500	22,000	22,950	26,000	26,500	27,000	27,500	28,090	28,680
4-H & FFA Events	3,000	3,000	3,200	3,600	3,800	3,800	3,800	3,800	3,800	3,800
Farmers Market	6,000	6,200	6,400	6,600	6,800	6,800	6,800	6,800	6,800	6,800
Sub-Total Ag-Related Events	41,520	41,950	45,290	47,080	50,980	51,730	52,490	53,250	54,110	54,970
Community and Social Events										
Meetings	600	640	680	720	760	760	760	760	760	760
Banquets	1,600	1,600	1,800	2,000	2,200	2,200	2,200	2,200	2,200	2,200
Entertainment/ Concerts/ Festivals	6,200	6,200	6,700	7,340	8,000	8,150	8,310	8,470	8,630	8,790
Community Events & Other	1,000	1,000	1,200	1,200	1,400	1,400	1,400	1,400	1,400	1,400
Sub-Total Community and Social Events	9,400	9,440	10,380	11,260	12,360	12,510	12,670	12,830	12,990	13,150
Total	61,320	62,190	66,970	70,290	76,060	77,220	78,400	79,580	80,860	82,140

Source: Johnson Consulting

Total attendance is projected to be 61,320 persons in 2019, increasing to 70,060 persons in 2023. Attendance is projected to increase with increases in the number of events, as shown in the previous table, but average attendance at individual events is also projected to increase year-on-year. As such, when the event schedule remains steady, as is assumed beyond year 2023 (Year 5), total attendance is still projected to increase slightly. Our figures do not include people days, or attendees that come to the venue on multiple days for one event, which may be included in visitor counts at other venues.

Projected attendance by event type is summarized as follows:

- CONVENTIONS AND TRADE SHOWS:** In 2019, attendance at the Center's conventions and tradeshows is projected to total 3,900 people, representing an average approximately 490 persons per event. This is consistent with the type and size of convention and trade show events that the facility is expected to accommodate. Exhibitors will be in the market for several days, while buyers may come for a day or two, unless there is an educational curriculum associated with the event. The schedule of events is projected to stabilize in 2023, with total attendance of 4,920 persons.
- CONSUMER SHOWS AND SPECIALTY SHOWS:** Attendance at consumer and specialty shows is projected to total 6,500 persons in 2019, increasing to 7,800 persons in 2023. This is consistent with comparable facilities.

- **FAIR:** Attendance at the annual Fair is conservatively projected to remain relatively stable at 11,620 persons in 2019, and growing to 12,580 persons in 2023.
- **ANIMAL SHOWS AND AUCTIONS:** Average attendance at animal shows and auctions is projected to be approximately 200 persons. This equates to a total attendance of 1,400 persons in 2019, increasing to 1,800 persons in 2023.
- **RODEO AND EQUESTRIAN EVENTS:** Rodeo and equestrian events are projected to attract a total of 19,500 persons in 2019, increasing to 26,500 persons in 2023. This reflects the scale of the proposed multi-purpose arena and the caliber of events that the FARM Center is expected to attract.
- **4-H AND FFA EVENTS:** These events are likely to vary significantly in terms of attendance levels, with average attendance conservatively estimated to be approximately 200 persons per event. This equates to a total attendance of 3,000 persons in 2019, increasing to 3,800 persons in 2023.
- **FARMERS MARKET:** Average attendance at the farmers markets is conservatively projected to be approximately 200 persons. This equates to a total attendance of 6,000 persons in 2019, increasing to 6,800 persons in 2022.
- **MEETINGS:** In 2019 average attendance at meetings is conservatively estimated at 40 persons per event, totaling 600 attendees. The demand schedule for meetings is projected to stabilize in 2023, with attendance totaling 760 persons across all meetings. This is consistent with meeting attendance observed at comparable venues.
- **BANQUETS:** In 2019, banquets at the FARM Center are expected to attract a total of 1,600 attendees, representing a conservative average attendance of 200 people per event. Total attendance at banquets is projected to increase to 2,200 people in 2023. The facility has capacity to host more events of this type, but this will be dependent on the approach to marketing.
- **ENTERTAINMENT EVENTS, CONCERTS AND FESTIVALS:** Entertainment events and concerts projected in 2019 are expected to attract a total of 6,200 attendees, representing an average of 620 spectators per event. The demand schedule for entertainment events and concerts is projected to stabilize in 2023, with total attendance of 8,000 people.
- **COMMUNITY AND 'OTHER' EVENTS:** In 2019, community and 'other' events at the Center are projected to attract 1,000 attendees, representing an average attendance of approximately 200 people per event. Total attendance at community and 'other' events is projected to increase to 1,400 persons in 2023.

In summary, the proposed FARM Center is projected to host 119 events in 2019 (Year 1), attracting a total of 61,320 attendees. The event schedule is projected to stabilize at 150 events in 2023 (Year 5), with a total attendance of 76,060 people. These demand projections are in line with comparable facilities.

OPERATING PROJECTION

The following table presents a summary of the projected operating statement for the first 10 full years of operation of the proposed FARM Center, based upon the demand projections as described above. Revenues include all revenues that can be used for operations. All revenues and expenses are inflated at an annual rate of 2.5 percent. It is noted that the Foothills Heritage Fair and Farmers Market will operate as separate entities and hence, are not included in the operating projections for the FARM Center.

Table 7 - 3

FARM Center - Pro Forma Operating Statement of Revenue and Expenses (\$000, Inflated)										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Operating Revenue										
Building & Equipment Rental	\$305	\$313	\$344	\$371	\$405	\$428	\$439	\$450	\$461	\$472
Net Food & Beverage	214	221	250	273	309	322	335	349	364	380
Cold Storage ¹	407	417	428	439	450	461	472	484	496	509
Incubator Farm ²	-	-	-	-	-	4	4	4	4	4
Parking	35	36	41	43	47	49	50	51	52	54
RV Utility Rental	17	17	18	18	19	19	20	20	21	21
Advertising/ Naming Rights	68	69	71	73	75	76	78	80	82	84
Other Revenue	17	17	18	18	19	19	20	20	21	21
Sub-Total Operating Revenue	\$1,064	\$1,092	\$1,169	\$1,235	\$1,323	\$1,378	\$1,417	\$1,458	\$1,501	\$1,545
Operating Expenses										
Salaries & Wages ³	\$173	\$177	\$181	\$204	\$209	\$215	\$220	\$226	\$231	\$237
Benefits	43	44	45	51	52	54	55	56	58	59
General & Administrative	136	139	143	146	150	154	157	161	165	170
Supplies & Materials	45	46	48	49	50	51	52	54	55	57
Sales & Marketing	107	110	113	116	119	122	125	128	131	134
Utilities	136	139	143	146	150	154	157	161	165	170
Maintenance & Landscaping	62	64	65	67	69	70	72	74	76	78
Insurance	85	87	89	91	94	96	98	101	103	106
Cold Storage	244	250	257	263	270	276	283	290	298	305
Incubator Farm	-	-	-	-	-	3	3	3	3	3
Other Expenses	23	23	24	24	25	26	26	27	28	28
Sub-Total Operating Expenses	\$1,054	\$1,080	\$1,107	\$1,158	\$1,187	\$1,220	\$1,250	\$1,282	\$1,314	\$1,346
Net Operating Income (Deficit)	\$10	\$12	\$61	\$77	\$136	\$158	\$167	\$177	\$188	\$199
Non-Operating Revenues										
Other Grant Income	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20
Fundraising	20	20	20	20	20	20	20	20	20	20
Real Estate Land Lease Income										
Sub-Total Non-Operating Revenue	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40
Total Revenues	\$1,104	\$1,132	\$1,209	\$1,275	\$1,363	\$1,418	\$1,457	\$1,498	\$1,541	\$1,585
Non-Operating Expenses										
Reserve for Replacement	\$50	\$50	\$50	\$50	\$100	\$100	\$100	\$100	\$100	\$100
Sub-Total Non-Operating Expenses	\$50	\$50	\$50	\$50	\$100	\$100	\$100	\$100	\$100	\$100
Total Expenses	\$1,104	\$1,130	\$1,157	\$1,208	\$1,287	\$1,320	\$1,350	\$1,382	\$1,414	\$1,446
Net Income (Deficit) Before Debt Service	(\$0)	\$2	\$51	\$67	\$76	\$98	\$107	\$117	\$128	\$139

1. Cold Storage Facility estimated to have capacity for 500,000 lbs, utilization assumed to be 80%. Revenues include rental fees and service charges.

2. Farm Incubator estimated to comprise 10 acres divided into 1 acre lots that are leased for \$150 per acre per year. Rental fees increase by 20% each year. An application fee of \$100 per acre is charged. Assume no proportion of sales revenues is leveraged from tenants. Farm Incubator anticipated to commence operation in Year 6.

3. Staffing assumed to be 2 personnel in Years 1-3, with base salary plus commission based on events at the facility.

Source: Johnson Consulting

As shown, the proposed FARM Center expected to effectively break even in 2019, reporting a slight profit of \$10,000, improving to a slight profit of \$136,000 in 2023 and growing slightly to a profit of \$199,000 in 2028, before non-operating revenues and expenses. This is consistent with operations at comparable facilities and fairgrounds nationally. When non-operating revenues and expenses are accounted for, and an allowance for a Reserve for Replacement is made, the proposed FARM Center is projected to break even in 2019, improving to a profit of \$76,000 in 2023 and \$139,000 in 2028. It is noted that the pro forma does not account for potential non-operating revenues from land lease income, which has the potential to be significant.

OPERATING REVENUES

Key elements of these assumptions and revenue projections include:

- BUILDING AND EQUIPMENT RENTAL:** Include the temporary rental of exhibit space, meeting rooms, the arena, the commercial and community kitchen, and other facilities utilized for events, as well as charges for equipment rental and set up. Rental rates are estimated based upon regional and comparable facilities, and an understanding of the local market. The following table summarizes the rental rate assumptions utilized for our projections.

Table 7 - 4

Revenue Assumptions		
Line Item	Units	2016 Base Year
Revenue		
Space Rental		
Expo Hall/ Arena	per day	\$1,400.00
One-Quarter	per day	\$350.00
One-Half	per day	\$750.00
Market Building (Enclosed)	per day	\$1,000.00
One-Quarter	per day	\$250.00
One-Half	per day	\$500.00
Meeting Room	per day	\$50.00
Market Building (Covered)	per day	\$600.00
One-Quarter	per day	\$150.00
One-Half	per day	\$300.00
Commercial Kitchen	per day	\$150.00
Livestock Pavilion	per day	\$500.00
Barn	per day	\$200.00
Show Ring	per day	\$200.00
Grounds	per day	\$1,500.00
Equipment Rental Rate and Event Services	per day	\$25.00

Source: Johnson Consulting

Building and equipment rental revenue is projected to total \$305,000 in 2019, increasing to \$405,000 in 2023, and \$472,000 in 2028, reflecting increased event demand at the facilities.

- **NET FOOD AND BEVERAGE:** Our projections assume that an outside organization is contracted to provide concessions and catering services. Revenue projections are based upon event attendance and reflect a percent of gross sales that the organization will pay the venue for the right to be a provider of concessions, novelties, and catered meals. Net food and beverage revenue is projected to total \$214,000 in 2019, increasing to \$309,000 in 2023, and to \$380,000 in 2028.
- **COLD STORAGE:** Based upon the data presented in preceding sections of this report, and reflecting the size and scale of the proposed Cold Storage facility and the characteristics of the local market, we have projected that total revenues will be \$407,000 in 2019, increasing to \$450,000 in 2023, and to \$509,000 in 2028. This assumes a total capacity of 500,000 pounds, and utilization of 80 percent. Our projections are in line with comparable facilities and it is anticipated that the facility will attract local and regional produce growers, reflecting its strategic location. As shown, the Cold Storage facility has potential to be a major source of revenues for the FARM Center but operations will be heavily influenced by management direction and decisions.
- **INCUBATOR FARM:** The Incubator Farm is assumed to be implemented in Year 6. Based upon comparable facilities, our projections reflect rental fee of \$150 per acre per year, assuming that the incubator farm comprises 10 acres. Rental fees are assumed to increase by 20 percent annually, with an application fee of \$100 per lease. In the interest of remaining conservative, our projections do not assume that any percentage of sales, or similar, is leveraged by the venue. This does however occur at incubators of all types and could be considered by management. Our projections show total revenue from the Incubator Farm that is returned to the venue of \$4,000 in its inaugural year and remaining relatively steady throughout the remainder of the projection period.
- **PARKING:** The projections assume that the facility charges for on-site parking for all concerts, entertainment, and sporting events, as well as for some conventions, trade shows and consumer shows. For the purposes of this analysis, 800 parking spaces are assumed with an overall utilization of 65 percent and a fee of \$3.00 per space, inflated throughout the projection period. Revenues from parking are projected to total \$35,000 in 2019, increasing to \$47,000 in 2023, and to \$54,000 in 2018.
- **RV UTILITY RENTAL:** The projections assume that RV parking will be available on-site, with revenues conservatively projected to total \$17,000 in 2019, increasing to \$19,000 in 2023, and to \$21,000 in 2028.
- **ADVERTISING AND NAMING RIGHTS:** Revenues will be generated from an inventory of signage located within the arena and exhibit facilities. The total value of the advertising inventory of conservatively assumed to be \$150,000, of which 90 percent is assumed to be sold each year. Many advertising and naming rights contracts are long-term and for a constant annual amount until renewal, however for the purposes of these projections, advertising revenues have been inflated each

year. Net revenue retained by the FARM Center is projected to total \$68,000 in 2019, increasing to \$75,000 in 2023, and to \$84,000 in 2028. We anticipate demand for naming rights and sponsorships will come from local and regional agribusiness organizations interesting in associating with the facility.

- **OTHER REVENUES:** Represent miscellaneous revenues, such as those generated from vending machines. Other operating revenues are projected to be \$17,000 in 2019, increasing to \$19,000 in 2023, and to \$2,000 in 2028.

Total operating revenues at the proposed FARM Center are projected to be \$1.1 million in 2019, increasing to \$1.3 million in 2023, and to \$1.5 million in 2028. These figures are consistent with those recorded for comparable venues.

OPERATING EXPENSES

Key elements of these assumptions and expense projections, including both direct (those that fluctuate based upon utilization of the facility) and indirect (those that do not vary based upon events and attendance) expenses, are summarized as follows:

- **SALARIES AND WAGES:** Our projections assume 2 permanent staff is employed to undertake the day-to-day operations of the FARM Center and increasing as the facility grows and becomes more established in the marketplace. Employees will earn a base salary plus commission for events secured at the venue. Total expenses related to salaries and wages are projected to total \$173,000 in 2019, increasing to \$209,000 in 2023, and to \$237,000 in 2028.
- **BENEFITS:** Estimated as a percentage of salaries and wages **and including workers' compensation**, taxes, health and life insurance, vacation, and pension benefits. Calculated at 25 percent of salaries and projected to total \$43,000 in 2019, increasing to \$52,000 in 2023, and to \$59,000 in 2028.
- **GENERAL AND ADMINISTRATIVE:** Expenses related to expenditures for staff training, travel, and registrations and memberships, along with printing, postage, and other small expenses. Based upon the experience of similar facilities, general and administrative expenses are projected to total \$136,000 in 2019, increasing to \$150,000 in 2023, and to \$170,000 in 2028.
- **SUPPLIES AND MATERIALS:** Estimated based upon the volume of activity at the FARM Center and projected to total \$45,000 in 2019, increasing to \$50,000 in 2023, and to \$57,000 in 2028.
- **SALES AND MARKETING:** Reflects the expense incurred by the facility for marketing and comprises the purchase of media and direct marketing. Expenses are projected to total \$107,000 in 2019, increasing to \$119,000 in 2023, and to \$134,000 in 2028. This is in line with comparable facilities.



- **UTILITIES:** Reflect the facility's utility cost and is based upon the volumes of activity within the facility. The projections assume a total expenditure of \$136,000 in 2019, increasing to \$150,000 in 2023, and to \$170,000 in 2028.
- **MAINTENANCE AND LANDSCAPING:** Reflects unscheduled maintenance associated with events occurring at the facility, as well as the general upkeep of the grounds. These expenses are projected to total \$62,000 in 2019, increasing to \$69,000 in 2023, and to \$78,000 in 2028.
- **INSURANCE:** Based upon the insurance expenses of similar facilities, our projections expenditures of \$85,000 in 2019, increasing to \$94,000 in 2023, and to \$106,000 in 2028.
- **COLD STORAGE:** Based upon industry averages, expenses are estimated at 60 percent of revenues. Accordingly, expenses associated with the Cold Storage facility at the FARM Center are projected to be \$244,000 in 2019, increasing to \$270,000 in 2023, and to \$305,000 in 2028.
- **INCUBATOR FARM:** Based upon comparable facilities, and reflecting the revenue assumptions stated above, total expenses associated with the Incubator Farm are estimated to equate to 80 percent of revenues. Accordingly, expenses are projected to be \$ 3,000 in 2024 and remain relatively stable throughout the projection period.
- **OTHER EXPENSES:** Small expenses that are not considered general and administrative, such as uniforms, tools, and equipment. Other expenses are projected to total \$23,000 in 2019, increasing to \$25,000 in 2023, and to \$28,000 in 2028.

Total operating expenses at the FARM Center, including direct and indirect expenses, as well as non-operating expenses, are projected to be \$1.1 million in 2019, increasing to \$1.2 million in 2023, and to \$1.3 million in 2028. The ratio of revenues to expenses at the expanded venue is consistent with similar facilities.

NON-OPERATING REVENUE

Non-operating revenues from grants and fundraising are conservatively estimated at \$20,000 annually throughout the projection period (total \$40,000 in non-operating revenues). The pro forma also shows an opportunity for real estate land lease income but this is left blank as it will be directly influenced by management decisions and could vary significantly. These revenues will contribute to the bottom line and should be actively pursued.

NON-OPERATING EXPENSES

The pro forma includes an allowance for Reserve for Replacement, which is an account that funds major planned projects such as equipment, roof replacement, and flooring, as well as other scheduled maintenance projects that are not routine or paid for the Maintenance and Repair account. Although facilities usually have unique schedules for funding for their Reserve for Replacement accounts, the annual amount deposited

typically increases as the facilities age. Our projections assume a \$50,000 deposit annually in Years 1 through 5, increasing to \$100,000 for years 6 through 10.

NET INCOME (DEFICIT)

After consideration of all operating and non-operating revenues and expenses, the proposed FARM Center is projected to break even in 2019, improving to a profit of \$76,000 in 2023 and a \$139,000 in 2028.

CONCLUSION

The preceding projections are in line with comparable facilities, from both a demand and operating statement perspective, and are considered to be fair and reasonable. There are a myriad of policy, management and operating decisions to be made from this point forward. Many of these are material and could affect demand and financial performance of the FARM Center.

SECTION 8
ECONOMIC AND FISCAL IMPACTS

ESTIMATED ECONOMIC AND FISCAL IMPACT ANALYSIS

This section provides a high-level analysis of the estimated economic and fiscal impacts that would be generated by event activities at the proposed FARM Center. The analysis is based upon the demand projections in a stabilized year of operation (Year 5), as described in the preceding section of this report, along with Johnson Consulting's prior economic analyses of similar facilities, and specific knowledge of the Oconee County marketplace.

DEFINITIONS

ECONOMIC IMPACT

Economic impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events. The levels of impacts are defined as follows:

- **DIRECT SPENDING** – is an expression of the spending that occurs as a direct result of events and activities that occur at the facility being analyzed. For example, a Fair attendee's expenditures on hotel rooms, shopping, and meals are direct spending.
- **INDIRECT SPENDING** – consists of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending at the facility. For example, an attendee's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect spending.
- **INDUCED SPENDING** – represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a Fair attendee's visit. The amount of the increased income the waiter spends in the local economy is called an induced spending.
- **INCREASED EARNINGS** – measures increased employee and worker compensation related to the facility being analyzed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expresses how the employees of local businesses share in the increased outputs.
- **EMPLOYMENT** – measures the number of jobs supported in the study area related to the spending generated by event attendees. Employment impact is stated in the number of full-time equivalent jobs.

Indirect and induced spending, increased earnings, and employment are estimated using a set of multiplier rates shown in the following table.



Table 8 - 1

FARM Center Economic Impact Multipliers		
Impact	Multiplier	Base
Indirect Spending	0.20	of direct spending
Induced Spending	0.15	of direct spending
Increased Earnings	0.45	of direct spending
Increased Employment (FTE)	7.07	per \$1 million of direct spending

Source: Implan, Johnson Consulting

FISCAL IMPACT ANALYSIS

Fiscal impact analysis measures the estimated tax revenues resulting from direct spending on certain activities, facilities, or events. For this analysis, fiscal impact estimates focus on major categories of tax revenues that are directly affected by a visitor’s activity - general sales tax (6.0 percent), hotel/ motel occupancy tax (7.0 percent), and income tax (7.0 percent).

IMPACT OF PROPOSED DEVELOPMENT

The following impact analysis of events at proposed FARM Center is based upon projected attendance in a stabilized year of operation, as shown in the following table. It is noted that our analysis relates solely to attendees, excluding exhibitors, vendors, and other participants, as a means of providing a simplified, high-level overview of expected impacts.

Table 8 - 2

FARM Center Projected Year 5 Attendance	
Event Category	# of Attendees
Exhibit Events	12,720
Ag-Related Events	50,980
Community and Social Events	12,360
Total	76,060

Source: Johnson Consulting

The following table provides estimated average daily spending by each attendee at an event at the FARM Center, by event type and category of expenditures.

Table 8 - 3

FARM Center Average Daily Spending - Attendees			
Spending Category	Exhibit Events	Ag-Related Events	Community and Social Events
Lodging	\$70	\$70	\$70
Meals and Incidental Expenses	25	25	25
Tickets	10	8	20
Retail	15	15	15
Total	\$120	\$118	\$130

Source: U.S. General Services Administration, Johnson Consulting

Conceptually, multiplying the number of total visitors by the average daily spending will result in total direct spending. However, not all visitors will spend money on lodging. The following table presents assumptions relating to overnight attendees at the FARM Center's events during a stabilized year of operation (Year 5).

Table 8 - 4

Events at FARM Center Estimated Day and Overnight Attendees (Year 5)				
Event Category	# of Person-Days	% Out-of-Town	% Staying Overnight ⁽¹⁾	# of Room Nights
Exhibit Events Attendees	12,720	20%	20%	509
Ag-Related Events Attendees	50,980	20%	20%	2,039
Community and Social Events Attendees	12,360	10%	15%	185
Total	76,060			2,733

Notes:

1) Indicating out-of-town visitors who stay overnight in hotels and thus are generating room nights.

Source: Johnson Consulting

As shown, event attendees are projected to generate 2,733 room nights, annually. The following table provides an estimate of direct spending by all attendees at the FARM Center in a stabilized year of operation (Year 5).

Table 8 - 5

Events at FARM Center Estimated Direct Spending - Attendees (Year 5)		
Spending	Calculations	Estimated Amount
On Lodging	\$70 x 2,733 room nights =	\$191,338.00
Meals and Incidental Expenses	\$25 x 76,060 total person-days =	1,901,500
On Tickets	\$13 x 38,030 ticketed attendees =	481,713
Retail	\$15 x 76,060 total person-days =	1,140,900
Total		\$3,715,451

Source: Johnson Consulting

As shown, attendees at events at the FARM Center are projected to spend close to \$3.7 million, annually, during their visits. This does not include additional direct spending by exhibitors, vendors, and other participants at these events, which would result in a higher economic impact.

ECONOMIC IMPACT

Based upon the calculations and assumptions described above, the following table summarizes the total estimated economic impact of events at the FARM Center in a stabilized year of operation (Year 5).

Table 8 - 6

Events at FARM Center Estimated Annual Economic Impact - Attendees (Year 5)		
	Multiplier	Impact (\$Millions)
Direct Spending		\$3.72
Indirect Spending	0.20	0.74
Induced Spending	0.15	0.56
Total Spending		\$5.02
Increased Earnings	0.45	\$1.67
Employment (FTE Jobs)*	7.07	26

**Reflects the impact for each \$1 million of direct spending.*
Source: Johnson Consulting

As shown, attendees at events at the FARM Center are projected to generate \$3.7 million of total spending, \$1.7 million of increased earnings, and support 26 full-time equivalent jobs, annually.

FISCAL IMPACT

The following table shows the estimated annual fiscal impact generated by attendees at events at the FARM Center in a stabilized year of operation (Year 5).

Table 8 - 7

Events at FARM Center Estimated Annual Fiscal Impact - Attendees (Year 5)				
	Tax Rate	Taxable Spending		Tax Revenues
Sales Tax - State	6.00%	\$3,715,451	of total spending	\$223,000
Hotel/ Motel Occupancy Tax - State	5.00%	\$191,338	of spending on lodging	\$10,000
Hotel/ Motel Occupancy Tax - Local	2.00%	\$191,338	of spending on lodging	4,000
Income Tax	7.00%	\$1,238,360	or 33.3% of total spending*	87,000
Total				\$324,000

**Assuming that 33.3% of total spending goes to taxable income.*

Source: Johnson Consulting

As shown, attendees at events at the FARM Center are estimated to generate approximately \$324,000 of tax revenues, annually.

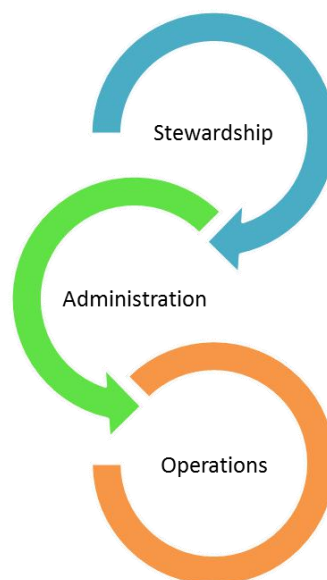
SECTION 9
FINANCING PLAN AND OPERATING ALTERNATIVES

STEWARDSHIP AND OPERATING MODELS

There are a variety of ownership and operating models for agricultural facilities, fairgrounds, and civic amenities. Typically, the structure adopted flows directly from the financing strategy used to develop the facility (public, private, or a public/private partnership), and is a reflection of the anticipated strategy for sustaining long-term operation in a fiscally prudent way, future capital improvements, and potential expansion. Facility ownership is dominated by the public sector. This is primarily due to the fact that many such facilities have limited cash flows and often operate a deficit, particularly during the first years of operation, so the public sector underwrites the facilities to support the community. More importantly, the public sector is the only entity that can capture the macro level benefits of these facilities, which extend well beyond the envelope of the facility grounds themselves.

There are 3 main tiers in the structure of any organization or event facility – Stewardship; Management and Administration; and Day-to-Day Operations. This hierarchy is highlighted in the following figure.

Figure 9 - 1



Source: Johnson Consulting

A holistic approach that ensures that stewardship flows through to administration and to operations is critical to success. While the peculiarities of a local market often lead to incidental variations in operations, there are four predominant models for the operation of facilities such as the proposed FARM center, as follows:

1. Public Ownership/ Municipal Operation.
2. Public Ownership/ Third Party Not-For-Profit Operation.
3. Public/ Authority Ownership with Self-Operation.

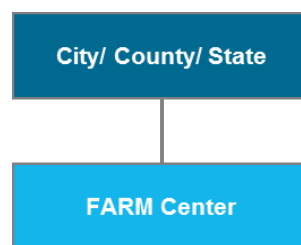
4. Public/ Authority Ownership with Private Operation.

The following subsections provide details of each of these different options, highlighting the advantages and disadvantages of each.

1. PUBLIC OWNERSHIP/ MUNICIPAL OPERATION

The following figure summarizes the operating model for a publicly owned and operated facility.

Figure 9 - 2



The key elements of this type of operating model include:

- The municipality, county or state owns the public assembly facility(s).
- Personnel are public assembly employees and receive public employee benefits.
- Annual operations are subject to annual appropriations and public budgeting, or benefit, from a dedicated revenue stream.
- The facility may provide discounts to civic or community users.

Among the advantages of this operating models are:

- Very straightforward operations.
- Ability to add, or integrate, additional assets (buildings).
- Budget and other items typically handled equitably and publicly.
- Clearly identified as a civic resource.

Among the disadvantages of this model are:

- Inclusion in public budgeting process.
- Limited ability (or likelihood) of the facility to produce shows or present controversial subject matter.

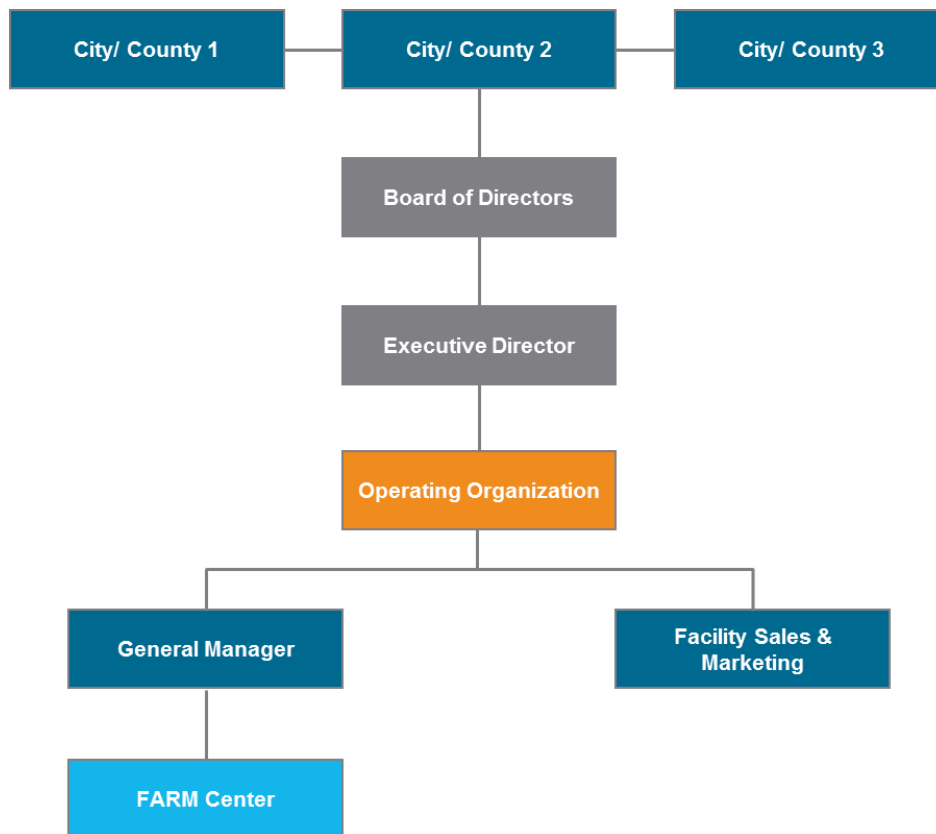
- Inability to attract volunteer support because there can be a disconnect between the government and the private sector.
- Efficiency and cost controls subject to municipal policy, particularly with procurement and City benefits costs.
- Cost saving measures, such as using other departments for services, inhibit the facility’s ability to react to customer needs quickly.

Although public ownership and municipal operation of public assembly facilities is decreasing, it is still a very common operating model. The challenges and fiscal implications of being part of a municipal or county government make facility operation and evolution very difficult. However, there are still a number of successful facilities throughout North America that are operated publicly.

2. PUBLIC OWNERSHIP/ THIRD PARTY NOT-FOR-PROFIT OPERATION

The following figure summarizes the operating model for a publicly owned, third party not-for profit, facility.

Figure 9 - 3



The key elements of this type of operating model include:

- Facility is publicly developed but operated under contract by a mission-focused organization that receives public support.
- A Board of Directors governs the operating organization, with board members appointed by the mayor, county executives, etc. The role of the Board is to set general policy for the operating organization. A separate Board may or may not exist to oversee the daily operations of the organization.
- A single Executive Director manages the facility itself and the operating organization, but each has distinct management and their own full-time employees, including strong sales staff.

Among the advantages of this operating models are:

- Ability to achieve economies of scale in sales and marketing.
- Additional cost savings could be realized through housing the staff of both the facility and the operating organization in one office, thereby reducing overhead and administrative costs.
- Ensures cross-fertilization of and consistent focus on objectives.
- Offers clients a single point of contact from the period when a lead is developed to the completion of the event.

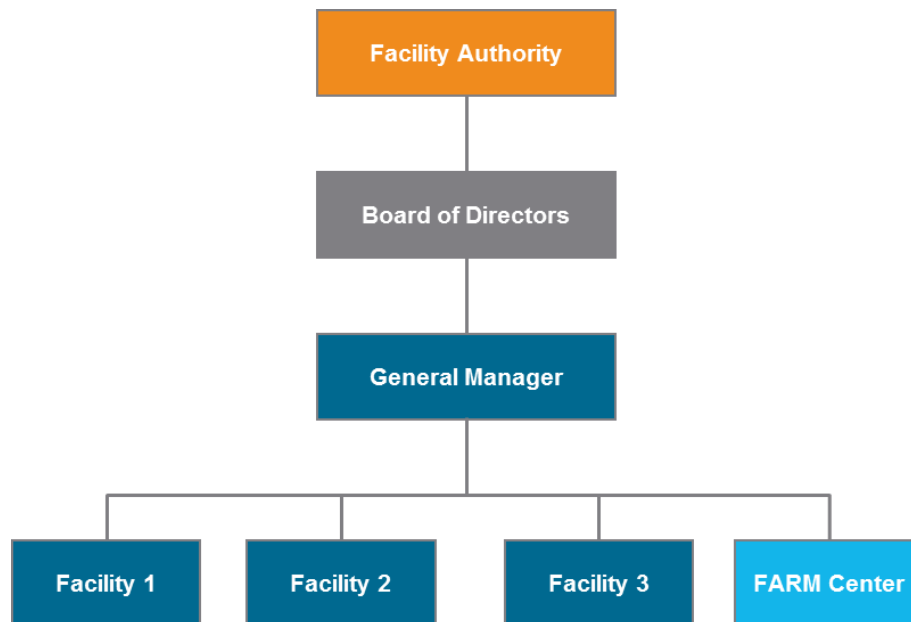
Among the disadvantages of this model are:

- Not well suited to tourism-focused facilities.

3. PUBLIC/ AUTHORITY OWNERSHIP WITH SELF-OPERATION

The following figure summarizes the operating model for a public authority owned facility that is self-operated.

Figure 9 - 4



Several metropolitan areas have established public assembly or development authorities that are flexible state or regionally based entities that can capture broad, and robust, funding sources. This model is typically applied in communities where there are several public assembly facilities that can be effectively leveraged under the governance of one entity. The authority plays a significant role in the civic life of the community and makes a substantial contribution to the regional economy as well.

The key elements of this type of operating model include:

- Typically established under legislative enactment.
- Mayor, County Executives, and even the Governor, appoint a Board of Directors to set operating policy and monitor the management of the facility.
- Authority employees or a private management company handles the management of the facility.

Among the advantages of this operating models are:

- Once the Authority is established, additional facilities can be placed under its control.
- The financial and other operations of the facility are maintained outside of the city/county's budget process.
- Although the city/county may provide operating support, it does not have to engage in the booking and recruiting of events.

- The city/county does not have to set policy with regard to rental rates and ticket pricing.

Among the disadvantages of this model are:

- It is difficult for the city/county to exercise direct recourse should any issues arise regarding operations, although this can be mitigated somewhat by appointing qualified and effective board members.

Approach # 3 above is the most simple and most broad-based format for this type of operation.

4. PUBLIC/ AUTHORITY OWNERSHIP WITH PRIVATE OPERATION

The key elements of this type of operating model include:

- Private firm chosen by ownership entity.
- Ownership entity typically provides annual operating support, in addition to paying a management fee.
- Private management firm operates the facility for an annual fee, plus additional payments for achieving various performance targets. Rates vary based on the size of the facility.

Among the advantages of this operating models are:

- Although the authority or public sector may provide operating support, it does not have to engage in the booking and recruiting of events.
- The authority or public sector does not have to set policy with regard to rental rates and ticket pricing.
- Provision of a professional management team for a new, start-up operation.
- Increased efficiencies in operation due to the management firm's long-standing industry knowledge and relationships.
- National sales force.

Among the disadvantages of this model are:

- Management fees can be expensive, especially if a certain operating margin is established as a guarantee in the management contract.
- Dual reporting structure of the facility manager to the community and the management corporation can result in divided loyalties.

FUNDING STRATEGIES

In North America, cities or special purpose entities usually finance construction, improvement and expansion of public facilities with public debt, which is repaid over a 20- to 30-year period. Sources of funds used to repay the debt are usually tax revenues, and are often those generated from activities or businesses that are most likely to use, or otherwise benefit from, the facility. Hotel room occupancy taxes, special taxes on restaurants, sales taxes, car rental fees, parking taxes, airport access fees, and adjacent real estate taxes and profits are most often the revenue sources used to repay debt service. In addition, these tax sources are frequently used to finance the ongoing operating, capital improvements and marketing needs of the facility.

The mix of revenue sources selected in any given case depends upon the comparative level of existing taxes or fees, as well as what is considered to be both fair and feasible under the unique political and economic circumstances relating to each development. In most communities, a high level of commitment and coordinated community-wide effort, including both state and local governments, is necessary to successfully fund a project.

FINANCING MECHANISMS

There are three typical financing tools used to fund public assembly facilities:

1. **PAY-AS-YOU-GO FINANCING** – Projects that are relatively small or that are financed in municipalities with rapidly growing tax bases are sometimes paid for directly out of appropriated funds each year. However, the majority of facilities are financed with long-term debt so that payment of capital costs corresponds to the period over which the facility is used and its economic benefits are realized. As it relates to the FARM Center, the first installment on a pay-as-you-go basis has been made - the land has been purchased.
2. **GENERAL OBLIGATION BOND FINANCING** – Long-term bonding using the general obligation of the City, County and/ or State, Port Authorities, and College institutions, etc. either directly as part of a capital outlay program or as guaranteed debt of an authority that would provide strong credit and relatively low borrowing costs for the project. General obligation bonding is typically reserved for projects perceived to benefit the population as a whole, such as educational, recreational, environmental, economic development, transportation, or correctional facilities. The proposed FARM Center falls into the recreational and educational categories.
3. **REVENUE BOND FINANCING** – Revenue bonds are another source of finance that can be used to build, own, and operate utilities, airports, transportation systems, and public purpose facilities that have no power to tax. They derive their revenues from user fees and other sources, and must finance general and capital expenditures out of these receipts and whatever amount they are permitted to borrow, which can be tailored to fit the specific requirements of the involved local and state

governments. A local option sales tax is an example of a dedicated revenue stream for a revenue bond.

TAXING MECHANISMS

In addition to the financing tools described above, there are a number of taxing mechanisms that can be used to fund public assembly facilities and expansions, including:

- **SALES TAXES** – Sales tax provides strong credit structures because they are relatively predictable and tend to track with inflation and economic growth. A general sales tax increase, or expansion of the base, can provide a strong incremental revenue stream. However, these taxes are often difficult to implement because they primarily tax local residents and require referendum and/ or State legislative approval. There are examples of municipalities using a general sales tax, over a fixed period, to finance major capital projects. The quick-pay method enables municipalities to generate the necessary revenue over a short period of time, but a general sales tax is a blunt taxing instrument that does not provide a direct correlation between burden and beneficiary.
- **HOTEL OCCUPANCY TAX** – Hotel taxes have the major advantage of primarily taxing out-of-town visitors, rather than local residents. A number of facilities throughout the U.S. have had their debt service paid fully, or in part, by dedicated hotel tax revenues. There are however only a limited number of hotel properties in the area surrounding the site of the proposed FARM Center, and as such, occupancy revenues that could be allocated to the project would not be substantial.
- **TAX INCREMENT FINANCING (TIF)** – TIFs are based on the incremental tax value (typically property taxes but also other taxes) of ancillary economic development projects that are triggered by a major new facility. The tax base of a defined TIF district is frozen and any increases in the future tax base are used to repay TIF bonds. This is a logical source of funding for this project, if the TIF potential exists. A creative TIF District may have to be formed to engender sufficient revenues to fund this facility, or phases of it.
- **MEALS TAXES** – Meals taxes have been used throughout the U.S. to support the costs of developing, and renovating, public assembly facilities and to fund related infrastructure, such as parking decks. This is a natural extension of the concept of lodging taxes, as the second highest spend occurs on food service. Meals taxes are directed towards beneficiaries of the project and to some extent, non-residents. Meals taxes can also generate substantial revenue to support operations of a facility.
- **DEVELOPMENT FEES/ LAND LEASE INCOME** – Fees for the right to develop projects near a public assembly facility can assist in funding. These so-called linkage fees have been imposed in locations where land adjacent to a public assembly facility is at a premium, typically on hotels, parking decks, retail stores, and other uses that can benefit from their proximity to the facility. Such fees generally

do not produce significant revenue and are typically not a creditworthy source for debt financing because of their speculative nature.

- **OTHER SOURCES** – Other common sources of partial funding include general fund support, car rental taxes, taxi airport access fees, and parking taxes.

The various financing mechanisms detailed above are being utilized all throughout North America. As municipalities and local governments are becoming more aware of the economic and fiscal benefits that public assembly facilities create for a community, they are increasingly issuing public debt over either the short- or long-term, the latter of which incurs significantly minimized risk due to the greater impact the venue produces for the community.

OPERATING AND FUNDING RECOMMENDATIONS

OPERATING RECOMMENDATIONS

Notwithstanding the success of the South Carolina Foothills Heritage Fair, which is run by volunteers, the development of permanent facilities at the FARM Center will require a small permanent staff to oversee the day-to-day, year-round operations. The County will retain ownership of the site and the facilities. With all the moving piece and parts of the broader operation, which in some markets also includes sports facilities and community centers, we recommend the establishment of some form of management Board to oversee the year-round operation of the FARM Center, including representatives from the business community and reflecting stakeholder interests. A small Board, or at least a small executive committee, should have stewardship responsibilities for the grounds themselves, on a year-round basis. Under this model, the existing Heritage Fair Board could serve as a subcommittee to the broader Board maintaining its specific focus on the operation of the Fair. The structure should allow for receipt of tax revenue for funding, receipt of grants and donations, and foundation support from giving entities.

FUNDING RECOMMENDATIONS

The best strategy varies from location to location, and is also influenced by the type of public assembly facility involved. The funding required for the proposed FARM Center should be as broad as possible with funding from the State and County, as well as potential funding from Clemson University and private sponsors and benefactors. Each time any amount of funding is secured, it should be allocated to a specific program element. This will help to advance the project. Our funding recommendations are summarized as follows:

- **STATE AND COUNTY FUNDING:** Funding from the State as a grant will be a political process, but some grants may be possible. Most likely, the County will have to direct, redirect or extend certain revenue streams for this facility. The most logical sources of funding for the County would be a Local Options Sales Tax, a Food and Beverage Tax, and the General Fund. The State allows counties

to leverage a local options sales tax, but this has yet to be enacted in Oconee County. In 2014 a proposal for a 1 percent sales tax increase included approval of a number of projects that could receive funding, including the FARM Center, however the proposal was not successful. If imposed, this would be a logical funding source for the proposed FARM Center to support initial development and ongoing operations.

Synergistic uses, such as the proposed community center and/or sports facilities, could be co-located with the FARM Center to reduce infrastructure costs, capitalize on the centrality of the site, and further justify the allocation of sales tax revenues to community-oriented projects. The case study profiles presented earlier in this report highlight the various synergies that exist between ag-focused developments and other civic, recreating and sports facilities.

- **CLEMSON UNIVERSITY PARTNERSHIP:** Clemson University is also a natural funding partner for the FARM Center, particularly given its strong agriculture program and the educational focus of the FARM Center. The new facilities will complement the existing equestrian facilities at the University and it is recommended that they be marketed in a collaborative way so as to demonstrate a critical mass of offerings and attract users to the marketplace. Arrangements could also be made to allow the University to utilize the FARM Center facilities for their programs.
- **PRIVATE SPONSORS:** As discussed in the preceding section of this report, the FARM Center will be well positioned to attracting naming rights sponsors for various program elements. There are a number of potential partners among the prominent agribusinesses throughout the region.
- **GRANTS:** At the time of this study, the County was applying for funding from the USDA’s Farmers Market Promotion Program (FMPP), which is intended to “increase domestic consumption of, and access to, locally and regionally produced agricultural products, and to develop new market opportunities for farm and ranch operations serving local markets by developing, improving, expanding, and providing outreach, training, and technical assistance to, or assisting in the development, improvement, and expansion of, domestic farmers markets, roadside stands, community-supported agriculture programs, agritourism activities, and other direct producer-to-consumer market opportunities”. The proposed FARM Center, and specifically the farmers market and farm incubator components, are in direct correlation with the purpose of the FMPP. In FY 2016, there is approximately \$13 million in available funding, with a minimum award of \$50,000 and a maximum of \$500,000 per grant.

Throughout South Carolina, there are currently 41 agricultural projects funded by the USDA’s Sustainable Agriculture Research and Education (SARE) program, a number of which are led by the Clemson University.

CONCLUSION

The foregoing market and financial analysis identifies a strong case for the development of the proposed FARM Center in Oconee County. In addition to presenting a unique opportunity to capitalize on a number of key characteristics of the local and regional economies, Johnson Consulting is of the opinion that the proposed FARM Center, if targeted and marketed appropriately, has the potential to become a significant focal point within the community, leveraging and helping to grow the established and expanding agribusiness industry.

The next logical step is to undertake a physical assessment of the proposed FARM Center. This will involve developing building concepts, determining probable costs and a development schedule, and preparing a needs assessment and implementation plan. Together, this study and the subsequent phase of work will provide a solid foundation for advancing the project from an idea to a business plan that can be implemented.