

APPLICATION FOR TOURISM-RELATED, LARGE-SCALE, MUNICIPALITY-OWNED CIP LISTING

Applicant information:

Name of Municipality: City of Cle Elum, WA

Mailing Address: 119 West First Street, Cle Elum, WA 98922

Contact Person and Title: Rob Omans, City Administrator

Phone: (509) 674-2262

Email: robert@cityofcleelum.com

Project Title: Washington State Horse Park Covered Arena and Associated Build-Out

Project Location: 1202 Douglas Munro Blvd., Cle Elum, WA 98922



Application Requirements:

- X 1. The project qualifies for lodging tax funds as a capital expenditure of a tourism-related facility owned or operated by a municipality.
- X 2. If this application is not from Kittitas County, the municipality's lodging tax advisory committee (or equivalent) has been informed of the project and endorsed it. A letter from the municipality is included.
- N/A 3. Lodging tax capital project funds are not being substituted for other funds that are already secured or applied for (if applicable).
- X 4. A completed project budget is included in the application.
- X 5. A detailed 8 1/2 X 11 vicinity map that clearly shows the location of the project is included.

Tourism-Related, Large-Scale Municipality-Owned Capital Project Narrative

1. Project Description: Please describe the project in detail. Indicate the major work to be completed, any milestones that need to be overcome in order for the project to move forward, and include a comparison of existing and proposed conditions.

The Washington State Horse Park Authority (“the Authority”) is a 501(c)3 nonprofit corporation whose mission is to develop, promote, operate, manage and maintain a first-class horse park facility in accordance with RCW 79A.30 passed 1995 (recodified 67.18). The Authority obtained land and funding to develop the initial revenue-generating facilities for the Washington State Horse Park in Cle Elum, Kittitas County, Washington. The Park held its first event in 2010 and has been self-sustaining since that time. However, its ability to satisfy current customer needs and host larger and more diverse horse groups is limited because all of its existing riding facilities are outdoors while many event organizers require protection from the weather. This project seeks \$1.5 million from the Kittitas County Lodging Tax to construct a \$4.6 million Covered Arena and Associated Build-Out (covered arena, not an enclosed arena) at the Washington State Horse Park for the purpose of equine competitions and training events, recreational riding and other uses.

Background: In 1995, the State legislature passed RCW 79A.30 (recodified 67.18) to create the Washington State Horse Park Authority. The legislation directed the Authority to establish “3) a first-class horse park facility in Washington to meet the important needs of the state’s horse industry, attract investment, enhance recreational opportunities, and bring new exhibitors and tourists to the state from throughout the region and beyond; and 4) A unique opportunity exists to form a partnership between state, county and private interest to create a major horse park facility that will provide public recreational opportunities and statewide economic and employment benefits.” Upper Kittitas County was selected as the location for the Horse Park when suitable wooded acreage was donated by Suncadia LLC for the purpose of developing a horse park. The 112-acre site is conveniently located off I-90 at 1202 Douglas Munro Blvd in the city of Cle Elum. This location met requirements determined by earlier studies for a horse park facility, including good highway access and a dry climate. The City took ownership of the donated property and entered into a 99-year lease with the Authority.

Legislative support continued with appropriation of \$3.5 million in the 2007-2009 capital budget for Phase I construction of the Horse Park. That work included design, development, permitting and engineering components, as well as site clearing, road grading, utility improvements and initial arenas and stabling to begin hosting activities and generating revenues. Ground was broken in March 2010 and the first event took place in August of that year. In an Oct 12, 2009 posting on houserepublicans.wa.gov, then Rep. Judy Warnick (now Sen. Judy Warnick, 13th Legislative District) included in the list of reasons for her support: “Most of all, these facilities will help the local economy and provide much-needed jobs.” This view by the legislators was reinforced by Senator Holmquist Newbry on April 22, 2013 on the same website. Speaking to the importance of Senate Bill #5212, which increased the number of members on the Horse Park Authority from 7 to 11, she said, “This bill is about bringing in more tourism dollars to benefit the greater community that will lead to further private sector job creation.” The bill passed both the House and Senate unanimously.

Construction of the Horse Park has been divided into three phases. Phase I was completed when the Park opened for business. Its cost of \$3.5 million to develop the initial infrastructure

and competition facilities was funded by the state legislature in the 2007-2009 capital budget. Phase II, which expands upon those basic amenities, has been ongoing since that time and includes acquisition of equipment, horse stalls, bleacher seating, electricity extensions, cattle pens, jumps and fencing, etc. as well as development of a fourth arena, cross country courses, competitive trail obstacle course, etc. The Park is now ready to initiate Phase III which includes this project (a covered arena) plus eventual expansion of stabling, parking and a final (sixth, uncovered) arena to attract and host major regional, national and international competitions.

A Covered Arena was identified as a key facility as early as 1991 in the first Washington State Horse Park feasibility study, which was funded by the Washington State Department of Community Development. Recreation and Showing/Competition comprise 71% of US horse usage (source: AHCF 2005). This segment is different from the SCORP segment of equine activity, which is limited to trail riding.

The Covered Arena itself will comprise the following features:

1. The competition arena is 150 feet x 300 feet.
2. A 25-foot wide "porch" wraps around the arena, resulting in a building that is 200 feet in width and 350 feet in length.
3. Features of the porch:
 - Floor level of the porch is the same as the competition arena, so gates can be placed to enter the arena at any location.
 - Portable seating can be placed at any location in the porch, depending on the needs of the event.
 - Judges stands can be placed at any location in the porch, depending on the needs of the event.
 - The porch can be used for competition warm up and to protect the horse and rider from adverse weather while waiting to compete.
 - The porch protects the competition space from direct sunlight and from rain.
 - Roll-down mesh screens can be installed at select locations at the outer wall of the porch (portions at north and west) to protect from wind. These can be motorized and controlled from a single location.
 - Eave height of the porch is 16 feet, so horses can enter at any location.
 - The porch can be used for storage of event equipment.
 - Vendors, concessionaries and hospitality areas can be conveniently staged within the porch area.
4. Lighting the Arena
 - The eave height around the entire structure is 16 feet so light arrives evenly from all sides.
 - A translucent panel skylight at the ridge balances the lighting for the arena.
 - Lighting would be provided for night events.
5. Gable Ends
 - The gable ends above the wraparound porch are solid, providing space on the outside for the arena logo and name and on the inside for scoreboards and advertising.
 - Air vents and/or mechanical circulation may be placed in the end gables if needed.
6. Structure and Materials

- The entire structure is prefabricated steel, including the porch.
- Building footings are concrete with ties under the arena floor.
- Roofing and siding materials are metal.

Providing shade and weather protection for both participants and spectators will not only enhance the user experience, it will also expand the Horse Park’s calendar by affording more months of operation and attracting more diversified equine activities, especially “A” rated equestrian competitions, thereby increasing revenues and visitor volumes. Currently these activities are hosted at fairgrounds and private venues across the State with covered or indoor arenas. Many equestrian event organizers have expressed their strong interest in holding large shows at more modern and conducive facilities as the Park represents.

Below is an artist’s rendering of the planned covered arena without the screens down. The arena is intended to be a bright and airy structure that will be inviting for horses and riders, and preserve the sense of place of the Park’s woodland setting.



The land where the covered arena will be built is currently lightly wooded, surrounded by graveled parking and roadways, and has utilities (water, electric and sewer) adjacent to it. There are no impediments to moving forward with the project once funding is secured.

- 2. Kittitas County Tourism Infrastructure Plan: Please explain how the project meets the Goals and Actions in the Kittitas County Tourism Infrastructure Plan as adopted. Also, describe the specific county tourism infrastructure needs the project addresses and how the project directly increases tourism. Explain how the improvements will promote tourism in Kittitas County and indicate specifically how the improvements will directly increase economic activity resulting from tourists.**

Based on input from show organizers, the Authority estimates that approximately 40 new and expanded medium-to-large size competitions could be hosted at the Horse Park once the covered arena is available. The chart on page 8 of this application demonstrates how those events will translate into additional tourism impacts and economic benefits.

The covered arena has always been part of the Horse Park's development master plan, and the City of Cle Elum Master Plan. The project is cited as a **high priority** strategic objective of the Kittitas County Tourism Plan (Action 5: Recreational Tourism) and the Kittitas County Parks and Recreation Capital Improvement Plan (CIP) 2016.

The Washington State Horse Park Covered Arena promotes the following goals and priorities of the Kittitas County Tourism Plan:

- **Goal 1: Develop integrity of place**—This project will enhance Kittitas County’s character by developing and improving the venue in distinctive ways to differentiate Kittitas County from other areas and to engender local community pride. In addition to bringing international caliber competitions to the area, many equestrian event organizers have expressed their strong interest in moving some of their large shows to a different, more modern and conducive venue. This market opportunity represents approximately 40 new and expanded medium-to-large size competitions that potentially could be hosted at the Horse Park. Local economic impact is estimated at \$4.5 to \$5.5 million.
- **Goal 11: Interpret interactively**—The WA State Horse Park Covered Arena and Associated Build-out will attract and engage a unique segment of visitors, representing some 25-30,000 overnight stays. These visitors will learn about other recreational assets of Kittitas County, thereby gaining a richer experience and helping residents develop pride in their locale. The Park’s beautiful woodland setting, system of trails, competition facilities and horse-specific operations make it a unique facility in the county and the state.

3. Real Property: If real property acquisition is a component of the project, please explain. Include any information of property already secured or evidence of the ability to secure the real property.

The covered arena will be developed on land currently occupied by the Park’s maintenance facilities, thus forcing them to be related. The covered arena also will attract more spectators and the need for expanded parking. The Authority has included in its plan the acquisition of up to 8 additional acres in the northeast corner of the site where it, ideally, can relocate the maintenance area and provide additional parking. However, if this acreage cannot be obtained, the project will move forward and alternative provisions for these needs will be made within the existing footprint.

4. Coordination: Please explain how this project has been coordinated with other jurisdictions as well as affected stakeholders. Please include letters of support from stakeholders.

The development of a covered arena was included in the Park’s original master plan prepared with input from potential users groups and made publicly available to stakeholders. It was included in the Environmental Impact Study and Development Agreement approved by the City. As the Park’s landlord, we partner closely with the Authority and have had several recent discussions about the covered arena project.

Over the past 18 months, the Authority has solicited input from current and prospective user groups and coordinated with them on project design details. The covered arena project described in this application has generated much support and enthusiasm from throughout the horse community thanks to its scope and attention to details that make it highly functional and attractive. Letters of support from current and prospective user groups, the City, County, and other stakeholders are attached.

5. Studies: Please attach any feasibility or other studies that demonstrate linkages between the proposed project and the anticipated tourism impacts. Also please include your operations/maintenance strategy and other plans for long-term project sustainability (how the facility or facilities will be operated and maintained over at least five years following completion).

Attached is the Financial Feasibility and Economic Impact study conducted by professors at Central Washington University in 2006. The study is based on other major equine facilities the vast majority of which have covered and/or indoor competition space. Page 6 of the Addendum describes The Facility and states “the key facility on the site will be a 200 x 300 foot covered arena with a 175 x 300 foot open arena”. Our current thinking on the dimensions has changed slightly, but the need remains central to the Park’s operations and strategy.

The Horse Park completed its sixth full season of operations in 2016, and has grown to host 40 events annually in a wide range of activities with up to 300 horses participating in shows running from one to seven days for English and western disciplines. People are drawn to the Park’s first class facilities, convenient location and beautiful setting. Since its inception, the Park has sustained itself through operating revenue and an array of private and public support as summarized in the following chart:

Historical Revenues									
Source	2009	2010	2011	2012	2013	2014	2015	2016	TOTAL
State Capital Budget Grant	\$3,500,000								\$ 3,500,000
Kittitas County & Municipalities Lodging Tax Grant: Marketing Operations			\$ 42,200	\$ 20,000	\$ 27,500	\$ 20,000	\$ 20,000	\$ 20,000	\$ 149,700
Kittitas County Lodging Tax Grant: Capital Project						\$ 41,500			\$ 41,500
Kittitas County Distressed Sales & Use Tax Funding (Rural Counties)								\$ 60,000	\$ 60,000
Operating Revenues		\$ 16,000	\$ 53,000	\$ 167,300	\$ 190,200	\$ 254,700	\$ 283,300	\$ 316,000	\$ 1,280,500
Donations, Memberships and Sponsorships	\$ 15,800	\$ 71,850	\$ 88,900	\$ 88,900	\$ 125,900	\$ 99,000	\$ 104,500	\$ 155,000	\$ 660,950
Restricted Donations: Capital Improvements	\$ 12,750	\$ 55,900	\$ 96,730	\$ 243,855	\$ 90,640	\$ 14,600	\$ 69,400	\$ 583,875	\$ 583,875
InKind Donations		\$ 4,500	\$ 16,100	\$ 20,500	\$ 28,100	\$ 26,500	\$ 10,500	\$ 23,000	\$ 129,200
Volunteerism	\$ 23,000	\$ 51,267	\$ 25,967	\$ 21,367	\$ 35,926	\$ 26,725	\$ 34,086	\$ 47,650	\$ 265,988
Other Grants				\$ 3,500					\$ 3,500
TOTAL	\$3,523,000	\$ 100,317	\$ 265,017	\$ 418,297	\$ 651,481	\$ 559,065	\$ 466,986	\$ 691,050	\$ 6,675,213

The following chart summarizes the user metrics and economic impact of the Horse Park to date. The measurement process includes gathering zip codes from all Park users, on-site surveys, the Dean Runyan Report provided by Washington Tourism Alliance, and discussion

with event organizers. For Recreational Riders the visitor days and % non-local data is collected from day-user registration forms and seasonal passes; number of visitor overnights from stall rentals; reasonable estimate of number of people camping versus staying in a hotel (these numbers are conservative). For Events, the number and zip codes for all participants are supplied by each event organizer; this base data is then multiplied by 1.5 to 3 depending on the type of group to project total attendees [Central Washington University conducted an economic study in 2006 of over 40 horse parks across the country. The CWU findings estimate 3 people (including trainers, grooms, family, spectators, staff, volunteers, vendors, etc.) attend an event for each horse/participant, and that assumption seems reasonable for many groups based on our experience managing the Park to-date.]

	2014	2015	2016
Recreational Riders			
Total # visitor days	733	1,470	1,140
Non-local %	70%	67%	66%
Non-local #	513	985	753
Overnight #	150	300	170
- expenditures @ \$115/day avg.	\$17,250	\$34,500	\$19,550
Other non-local (day use) #	363	685	583
- expenditures @ \$86/day	\$31,218	\$58,910	\$50,138
Estimated economic impact:	\$48,468	\$93,410	\$69,688
Events			
1-2-day Events: total # visitor days	2,903	1,830	1,695
3-6 day Events: total # visitor days	14,343	22,997	26,668
Total # visitor days	17,246	24,827	28,363
Non-local %	93%	88%	95%
Non-local #	16,039	21,848	26,945
Overnight #	11,469	13,351	16,193
- expenditures @ \$120/day avg.	\$1,376,280	\$1,602,120	\$1,943,160
Other non-local (day use) #	4,570	8,497	10,752
- expenditures @\$86/day	\$393,001	\$730,721	\$924,659
Estimated economic impact:	\$1,769,281	\$2,332,841	\$2,867,819
Total Estimated Economic Impact	\$1,817,749	\$2,426,251	\$2,937,507
% Annual growth		33%	21%

This chart reflects strong but slowing growth without the Covered Arena, because the Park's largest shows have reached its capacity until more arena space is added, and inability to attract more large events without a covered competition arena.

The chart below projects the measurable objectives and economic impact of the Park, with significant increases expected to occur in 2020 and beyond due to completion of the Covered Arena and Associated Build-Out and the related growth in the number and size of competitions.

	2017	2018	2019	2020	2021
Recreational Riders					
Total # visitor days	1,300	1,400	1,500	1,800	2,200
Non-local %	70%	70%	70%	67%	65%
Non-local #	910	980	1,050	1,206	1,430
Overnight #	310	330	345	400	572
- expenditures @ \$115/day avg.	\$35,650	\$37,950	\$39,675	\$46,000	\$65,780
Other non-local (day use) #	600	650	705	806	858
- expenditures @ \$86/day	\$51,600	\$55,900	\$60,630	\$69,316	\$73,780
Estimated economic impact:	\$87,250	\$93,850	\$100,305	\$115,316	\$139,560
Events					
1-2-day Events: total # visitor days	1,800	1,900	2,200	2,300	2,600
3-6 day Events: total # visitor days	30,000	32,000	33,500	40,000	52,000
Total # visitor days	31,800	33,900	35,700	42,300	54,600
Non-local %	95%	95%	95%	92%	90%
Non-local #	30,210	32,205	33,915	38,916	49,140
Overnight #	21,147	22,544	23,741	26,852	32,924
- expenditures @ \$120/day avg.	\$2,537,640	\$2,705,220	\$2,848,860	\$3,222,245	\$3,950,856
Other non-local (day use) #	9,063	9,662	10,175	12,064	16,216
- expenditures @\$86/day	\$779,418	\$830,889	\$875,007	\$1,037,501	\$1,394,593
Estimated economic impact:	\$3,317,058	\$3,536,109	\$3,723,867	\$4,259,745	\$5,345,449
Total Estimated Economic Impact	\$3,404,308	\$3,629,959	\$3,824,172	\$4,375,061	\$5,485,009
% Annual growth	16%	7%	5%	14%	25%

The chart below reflects projected funding sources for ongoing maintenance and operations:

Projected Income	2016	2017	2018	2019	2020	2021	2022	2023
Revenues from events and shows	\$315,000	\$330,000	\$345,000	\$360,000	\$400,000	\$480,000	\$550,000	\$600,000
Private fundraising for operations	\$140,000	\$145,000	\$150,000	\$155,000	\$175,000	\$185,000	\$195,000	\$205,000
Business sponsorships	\$15,000	\$25,000	\$35,000	\$50,000	\$65,000	\$90,000	\$100,000	\$110,000
In-kind support	\$25,000	\$25,000	\$30,000	\$35,000	\$40,000	\$45,000	\$45,000	\$50,000
Total	\$495,000	\$525,000	\$560,000	\$600,000	\$680,000	\$800,000	\$890,000	\$965,000

6. Project Readiness: Please provide a detailed project schedule, including milestones necessary for completion as mentioned in question 1 above. On the schedule, indicate items completed and exactly where in the schedule the project is at this time. Be sure to include expected completion date.

Milestone	Status	Est. Completion
Obtain land, develop access for vehicles and utilities	Completed	2009-10
Secure \$2.0MM State Capital Budget Grant	Listed among 2018 Local and Community Projects, Proposed Senate 2017-19 Capital Budget, Senate Ways & Means Comm.	Jul-17
"Unbridled Evening" Capital Fundraising Campaign	Initiated Nov 2016, raised \$60k	Jul-18
Secure \$1.6MM County Lodge Tax Capital Grant	Application submitted	Jul-17
Secure \$310k County Distressed Sales & Use Tax	Grant awarded for \$60k; apply for remaining \$250k	Jan-18
Secure \$30k City of Cle Elum Lodging Tax Grant	Apply for \$10k/year set-aside for three years	Jun-17
Secure remaining private funding	On-going	Dec-19
Design and Engineering	Preliminary Construction details	2016 Dec-17
Ownership Arrangement and Indemnification	Coordinate with existing documents	Dec-17
Permitting		Feb-18
Secure State Recreation and Conservation Office (RCO) Grant	Application 2018	Jan-19
Groundbreaking		Mar-18
Completion		Dec-19

Note: construction will need to take place around the Park's activities during its busy April to October operating season.

7. Applicant Certification: Please sign below in agreement with the statement of certification.

Certification is hereby given that the information provided is accurate and the applicable attachments are complete and included as part of the application package.

I further certify that the application thresholds are met at the time of application.



City Administrator, City of Cle Elum

4/13/2017

Signature of Official Representative

Title

Date

Tourism-Related, Large-Scale Municipality-Owned Capital Project Budget

All applicants must supply a detailed and complete project budget utilizing the following basic format:

Funding Sources	
County Lodging Tax Funds Request	\$ 1,500,000
*Other Grant Funds (Listed by Source)	
Distressed Sales and Use Tax (.09) Funding Grant (secured)	\$ 60,000
Distressed Sales and Use Tax (.09) Funding Grant (proposed 2017)	\$ 250,000
WA State 2017-19 Capital Budget (applied, included in Proposed Senate 2017-19 Capital Budget 3.28.2017)	\$ 2,000,000
State Recreation and Conservation Office (RCO) Grant, application 2018	\$ 200,000
*Other Local Government Funds	
City of Cle Elum Lodging Tax Funding (proposed)	\$ 30,000
In-Kind (design, engineering, construction services and materials)	\$ 160,000
*Private Funds	
"Unbridled Evening"/Other Private Donor Designated Capital Funding	\$ 315,000
Corporate Sponsorship Campaign (launched)	\$ 125,000
Total Available Funding	\$ 4,640,000
Project Expenses	
Real Property or "Right-of-Way" Acquisition Cost Capital Asset Cost	
Acquisition of 8-acre parcel from New Suncadia LLC for parking	\$ 150,000
Capital Asset Cost	
Construction Cost or "Hard" Costs	
Site Preparation and drainage	\$ 65,000
Metal building (\$28.50/sf x 60,000 sf)	\$ 1,710,000
Porch at gable ends (\$24/sf x 9,600 sf)	\$ 230,400
Foundations	\$ 185,000
Mechanical	\$ 35,000
Electrical and engineering	\$ 250,000
Fencing	\$ 50,000
Arena footing	\$ 200,000
Translucent panels (skylight)	\$ 450,000
Landscaping	\$ 40,000
Portable bleachers	\$ 60,000
Weather screens	\$ 55,000
Restrooms	\$ 200,000
Additional parking land-clearing and construction	\$ 75,000
Relocation of maintenance area (utilities, landclearing, site development)	\$ 156,000
Subtotal	\$ 3,761,400
Contingency (5%)	\$ 188,070
WSST (8%)	\$ 315,958
Total	\$ 4,265,428
Soft Cost	
3% Administrative Cost on \$2.0MM state funding	\$ 60,000
Project Management	\$ 100,000
Permit Fees	\$ 15,000
Architectural and Structural Design Fees	\$ 50,000
Total	\$ 225,000
Total Project Costs	\$ 4,640,428

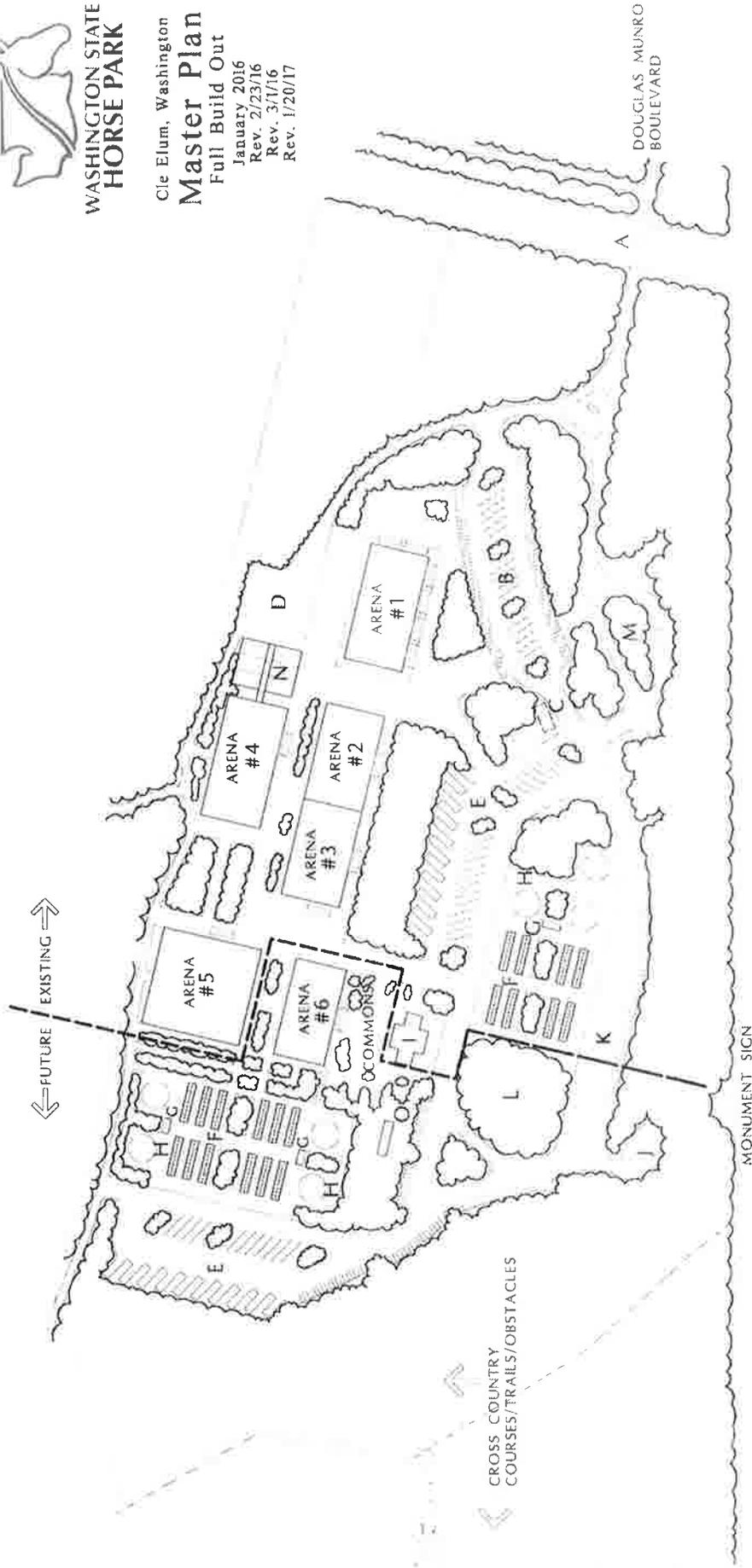
This project budget, being submitted as part of this application, will be considered an estimate. As the project progresses through the four-step process, applicants will be required to update the project budget as more information becomes available and at the time of funding award. *At the time funding awards are being considered (Steps 3 and 4), verifying documentation shall be required and attached to the final project budget. Verifying documentation may include award letters, letters of commitment, or loan approval documentation. If the funding source includes applicant funds, proof of available funding in the form of a letter of commitment from an authorized body or representative of the applicant is adequate.

Detailed Vicinity Map



WASHINGTON STATE
HORSE PARK

Cle Elum, Washington
Master Plan
Full Build Out
January 2016
Rev. 2/23/16
Rev. 3/1/16
Rev. 1/20/17



TO SEATTLE
INTERSTATE 90
TO SPOKANE
EXIT 84

To access the West XC Course exit
I-90 at Bullfrog Road and turn
onto Wood Duck Road



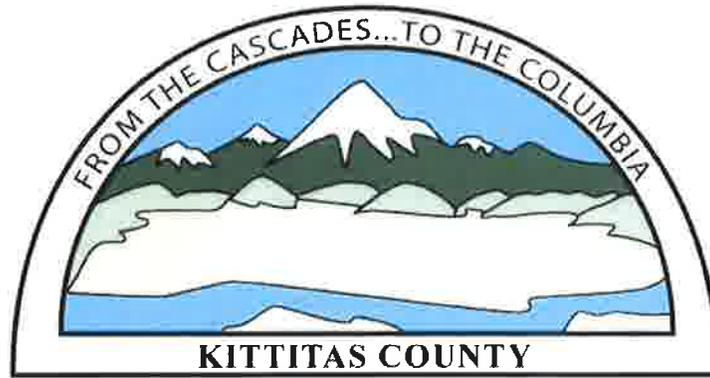
ARENAS

- #1 Future Covered Arena (150 ft x 300 ft)
- #2 Outdoor Arena (150 ft x 250 ft)
- #3 Outdoor Arena (150 ft x 250 ft)
- #4 Outdoor Arena (150 ft x 310 ft)
- #5 Outdoor Arena (250 ft x 250 ft)
- #6 Outdoor Arena (130 ft x 250 ft)

Portable Spectator Seating

LEGEND

- A. Park Entrance
- B. Spectator Parking
- C. Temporary Shower Building
- D. Maintenance and Storage Area
- E. RV, Trailer Parking with Hook-ups
- F. Stalls
- G. Wash Racks
- H. Lunging Areas
- I. Show Office
- J. Manure Bunker
- K. Loading/Parking
- L. Tent Camping Area
- M. RV Sanitation Station
- N. Livestock Holding Pens
- O. Restrooms/Shower Building



Kittitas County Lodging Tax Grant Program for Tourism-Related, Large-Scale Municipality-Owned Capital Projects

Submission Deadline: April 14, 2017

Kittitas County Commissioners
205 W 5th Avenue, Suite 108, Ellensburg, WA 98926

Phone: 509-962-7508

Lodging Tax Grant Program for Tourism-Related, Large-Scale, Municipality-Owned Capital Projects

Background

Kittitas County imposes a lodging tax assessed on the sale or charge made for furnishings of lodging according to RCW 67.28.180 and RCW 67.28.181. In accordance with the tax and Washington State law, a Lodging Tax Advisory Committee (LTAC) has also been established. The committees' purpose is to advise and recommend to the Board of County Commissioners how excise taxes on lodging should be allocated to support tourism which in turn generates revenue.

Uses According to Law:

RCW 67.28.1816 states the following:

Lodging tax revenues under this chapter may be used, directly by any municipality or indirectly through a convention and visitor bureau or destination marketing organization for: ...(c) Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality...

Definitions included in state law which should be considered in any application requesting funding include:

1. Tourism means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.
2. Tourism promotion means activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding marketing or the operation of special events and festivals designated to attract tourists.
3. Tourism-related facility means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a) (i) owned by a public entity; ...and (b) used to support tourism, performing arts, or to accommodate tourist activities.

Grant Program Description

This grant program is one component of an overall strategy to enhance the economic value of tourism in Kittitas County. The intent of the program is to develop and implement a Capital Improvement Plan (CIP) for developing tourism-related, large-scale municipality-owned projects throughout the County which contribute to that strategy.

Kittitas County Tourism Infrastructure Plan:

As the basis for developing this grant program and the CIP, the Board of County Commissioners (BOCC) adopted the Kittitas County Tourism Infrastructure Plan. The plan includes, among other things, an inventory of tourism-related facilities across the County, an evaluation of potential tourism opportunities, goals for guiding tourism development, and a list of prioritized

actions for implementation. The plan was created with the assistance and input of various tourism-related interest groups from across the County through a process of open meetings, tourism surveys, open house events, focus group meetings and data research.

Municipality Ownership:

In order to be eligible for funding under this program, projects must be owned by a municipality in Kittitas County. Projects may be privately developed, but must be transferred to municipality ownership at completion. Proof of ownership and/or transfer agreements may be a requirement of any funding award and reimbursement request.

Application Process:

Projects seeking funding assistance within this grant program must complete each step of a four-step grant process.

Figure A:



The intent of the process is to create the CIP with potential projects which are eligible under state law for receiving lodging tax funds. The list will be prioritized based on criteria derived from the Kittitas County Tourism Infrastructure Plan. Projects must successfully navigate through each step of the process to remain in the CIP. The CIP will be updated through this application process at least once every five (5) years.

The CIP is managed by the County's LTAC, with assistance from County staff and a Technical Review Team (TRT) and as approved by the BOCC, through the four-step process described above in Figure A. The TRT is an advisory body made up of 5 to 7 members to include volunteers with industry experience and technical knowledge in planning, design, and development of projects. Although the TRT may also include County staff, it is not intended to duplicate other county or city permitting, planning, or project compliance processes. Its scope is to assure that the CIP strategic intent is met, that information provided in the project application remains current and is accurate, and to advise the LTAC of the applicant's completion of each project requirement at each step. All members of the TRT are appointed by the BOCC.

Steps 1 and 2 determine a project's eligibility for funding consideration. Projects are eligible for funding consideration in Steps 3 and 4 of the process. However, it should be noted that completion of Steps 1, 2, and/or 3 is not a guarantee of future funding. Projects which become

eligible for funding consideration must compete with all other eligible projects as funds become available. All funding decisions are subject to recommendation of the LTAC and approval by the Board of County Commissioners. Awards may be authorized for projects which have completed Steps 1 and 2 annually as funding allows, and may include consideration of how a project ranks in priority with regard to all other eligible projects, project readiness, and other factors as determined by the LTAC. All eligible projects which have completed Steps 1 and 2 of this process will be notified each year when funding is available, the amount of funding, and the process for funding decisions. It is the intent of this process that project funding will be considered annually.

It is not the intent of this process to be the sole funding source for any non-county owned project and some county-owned projects. Strict minimum matching fund commitments will be required from all non-county owned projects as well as from some county-owned projects (see page 7 "Matching Funds Requirements").

Each step of the process is illustrated in figure 2 and further described as follows:

Step 1 – Application for CIP Project List

Applicants must first apply and be approved to be included in the program's CIP. In order to generate the program's CIP, the County will request project proposals at least once every five years. To facilitate this process, the County's LTAC will create an application form to use in evaluating proposals. Applicants must fill out the form and submit it to the LTAC. The LTAC will review the proposals and make recommendations for creating the list of projects for the program's CIP to the Board of County Commissioners. All applications will be rated and ranked according to the rating sheet included in this packet. The Board of County Commissioners will make the final decision to approve or reject the list.

Step 2 – Feasibility Analysis

Applicants whose projects are included in the program's capital improvement plan shall propose a scope of work to determine overall project feasibility. The scope of work will be included in a Step 2 agreement between the applicant and the County. The LTAC shall manage all agreements and will submit the proposed Step 2 agreement to the TRT for recommendation. The LTAC and the TRT may recommend modifications to the scope of work for project feasibility requirements as necessary. Feasibility requirement may include, but are not limited to, long term operations and management plan, site evaluations, funding mechanisms, market analysis, business plan development, etc. The LTAC's and TRT's recommendations shall be submitted to the Board of County Commissioners for final approval. No funding will be included in Step 2 agreements.

Step 2 agreements will be reviewed at least annually by the LTAC and the TRT to assess progress and review compliance. The LTAC and the TRT may meet more frequently if needed and/or requested by the applicant. Applicants who do not meet Step 2 agreement requirements within the timeframe outlined in the agreement will not continue in this program or remain on the CIP.

Step 2 agreement amendments, including the addition of requirements, modifications of existing requirements, or time extensions shall be reviewed by the LTAC and the TRT.

Recommendations from the LTAC and the TRT shall be submitted to the Board of County Commissioners for final decision.

Applicants must complete all Step 2 agreement requirements prior moving to Step 3 in this process. To be considered complete, an applicant must request a review for completeness from the LTAC and the TRT. The LTAC and the TRT shall review the Step 2 agreement requirements and submit a written recommendation to the Board of County Commissioners for approval.

If a project is accepted as part of the County's CIP and at the time of acceptance it has completed feasibility analysis and requirements, a Step 2 agreement may not be required. Applicants may be granted a waiver from the Step 2 agreement requirement by making request to the LTAC and the TRT for review of complete feasibility work and requirements. The LTAC and the TRT shall review the waiver request and supporting documentation and submit a recommendation to the BOCC. The BOCC shall have the final authority to accept or reject the recommendation.

Step 3 – Design and Permitting

Applicants whose projects meet all the requirements of their Step 2 agreement shall propose a scope of work for final project planning, design and permitting to the LTAC for approval. The scope of work will be included in a Step 3 agreement between the applicant and the County. The LTAC will submit the Step 3 agreement to the TRT for recommendation. The LTAC and the TRT may recommend modifications to the proposed scope of work for final project planning, design and permitting requirements necessary. The TRT shall limit its review to assuring completion of project design, planning and permitting requirements; its function is considered non-duplicative of other county and city permitting, planning, and project completion requirements and it shall have no authority to make recommendations or decisions with regard to funding.

The LTAC shall consult annually with county financial staff as directed by the County Auditor and shall consider all eligible Step 3 and Step 4 agreements along with available funding resources. The LTAC shall provide a written recommendation for funding eligible Step 3 and Step 4 agreements to the Board of County Commissioners for consideration. The recommendation shall include which agreements to fund, the funding amount for each, and a written explanation for the recommendation. The recommendation shall also include a listing of the currently eligible projects requesting funding which are not included in the recommendation. Applicants will only be held to the timeframe requirements included in Step 3 and Step 4 agreements if adequate funding is awarded. The Board of County Commissioners shall either accept or reject the recommendation from the LTAC.

Step 3 agreements will be reviewed at least annually by the LTAC and the TRT to assess progress and review compliance. The LTAC and the TRT may meet more frequently if needed and/or requested by the applicant. Applicants who do not meet Step 3 agreement requirements within the timeframe outlined in the agreement will not continue in this program or remain on the CIP. However, projects may reapply to be placed on the CIP during the next project application cycle.

Step 3 agreement amendments shall be reviewed by the LTAC and the TRT. Recommendations from the LTAC and the TRT for amendments shall be submitted to the Board of County Commissioners for final decision.

Applicants must complete all Step 3 agreement requirements prior moving to Step 4 in this process. To be considered complete, an applicant must request a review for completeness from the LTAC and TRT. The LTAC and the TRT shall review the Step 3 agreement requirements and submit a written recommendation to the Board of County Commissioners for approval.

If a project is accepted as part of the County's CIP and at the time of acceptance it has completed design and permitting, a Step 3 agreement may not be required. Applicants may be granted a waiver from the Step 3 agreement requirement by making request to the LTAC and TRT for review of design and permitting work and requirements. The LTAC and TRT shall review the request and supporting documentation received and submit a recommendation to the BOCC. The BOCC shall have the final authority to accept or reject the recommendation.

Step 4 – Project Construction and Closeout Reporting

Applicants whose projects meet all the requirements of the Step 3 agreement shall propose a scope of work for a Step 4 agreement for project construction and closeout to the LTAC and TRT for approval. The LTAC will submit the step 4 agreement to the TRT for recommendation. The LTAC and the TRT may recommend modifications to the proposed agreement as necessary. The TRT shall limit its review to assuring completion of project construction and closeout; its function is considered non-duplicative of other county and city permitting, planning, and project completion requirements and it shall have no authority to make recommendations or decisions with regard to funding.

The LTAC shall consult annually with county financial staff as directed by the County Auditor and shall consider all eligible Step 3 and Step 4 agreements along with available funding resources. The LTAC shall provide a written recommendation for funding eligible Step 3 and Step 4 agreements to the Board of County Commissioners for consideration. The recommendation shall include which agreements to fund, the funding amount for each, and a written explanation for the recommendation. The recommendation shall also include a listing of the currently eligible projects requesting funding which are not included in the recommendation. The Board of County Commissioners shall either accept or reject the recommendation from the LTAC.

Step 4 agreements will be reviewed at least annually by the LTAC and the TRT to assess progress and review compliance. The LTAC and the TRT may meet more frequently if needed and/or requested by the applicant.

Step 4 agreement amendments shall be reviewed by the LTAC and the TRT. Recommendations from the LTAC and the TRT shall be submitted to the Board of County Commissioners for final decision. . Recommendations from the LTAC shall be submitted to the Board of County Commissioners for final decision.

Upon project completion, all step 4 agreements must be submitted to the LTAC and TRT for a review of completeness. The LTAC and TRT shall meet as needed to review project

completeness for Step 4 agreements. The LTAC and TRT shall submit a written recommendation regarding their finding of project completeness to the Board of County Commissioners for acceptance and final project closeout.

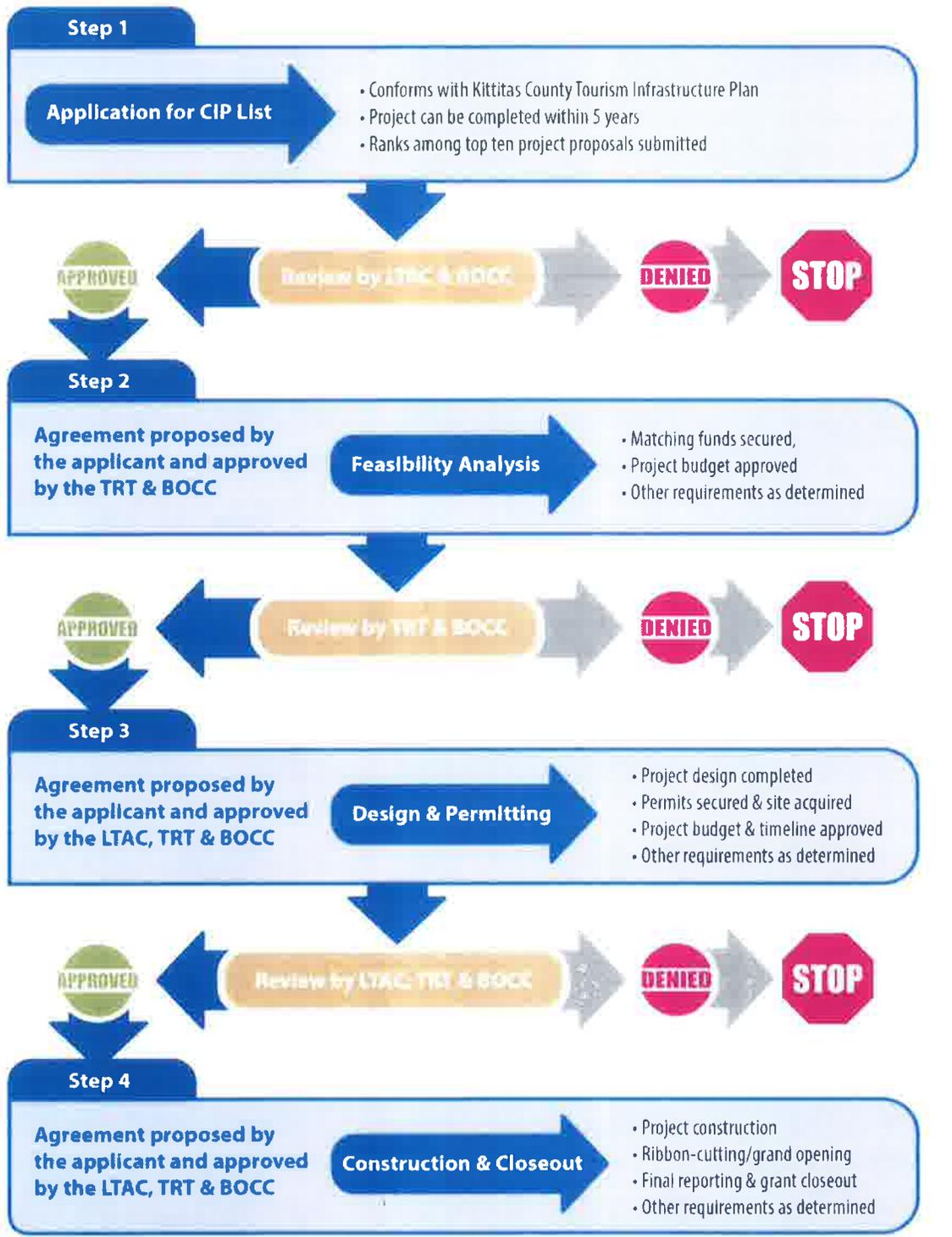
Matching Funds Requirements:

All non-county owned projects require matching funds of at least 50% of total projects costs. Matching funds may be in the form of cash or verifiable in-kind contributions. At the time of funding considerations (Step 3 and 4), applicants will be required to provide proof of matching funds.

County-owned projects which are located within another municipality or are located on publicly-owned property which is owned by an entity other than Kittitas County shall also be subject to the same 50% matching funds requirements as described above. County-owned projects which are located in unincorporated lands and which are not located on land which is publicly-owned by an entity other than Kittitas County are not subject to any matching requirements.

Figure 2

Tourism Capital Large-Scale Projects Grant Process



Application Definitions:

Below is a list of terms and phrases which have a specific meaning within this application. It may be helpful for you to review these as you prepare responses so that a better understanding of the reviewer's expectations may be obtained.

Capital Asset is any type of property that has a useful life longer than one year and is valued at over \$5,000.

Construction or "Hard" Costs are the direct contractor costs for labor, material, equipment and services; contractor's overhead and profit, and other direct construction costs. These costs do not include the compensation paid to architects, engineers, or consultants, the cost of land, rights-of-way, or other similar costs.

Large-scale, as it relates to projects which may be eligible for being listed on the County's CIP for tourism infrastructure as well as potential funding through this grant process, are projects requesting funding of \$50,000 or more.

Matching Funds is the amount of funding your organization has secured and is contributing to the project. This includes both direct and indirect support. Direct funds can be in the form of cash funding from your organization or funding secured elsewhere but dedicated to the project such as other grants, loans, donations, etc. Indirect funding support includes in-kind support like labor, volunteer support, supplies, and services which directly relate to the project, including those supplied by your organization and others. A combination of direct and indirect support may be utilized as matching funds.

Municipality is a city, county, or town.

Real Property is fixed property, principally land and buildings.

Soft Costs are cost items in addition to the direct construction cost. These generally include architectural and engineering, permits and fees, financing fees, construction interest and operating expenses, leasing and real estate commissions, advertising and promotion, and supervision.

A **Tourist** is defined as a person traveling away from their place of residence or business and staying overnight in paid accommodations; to a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or from another country or state outside of their place of residence or their business.

SUBMITTAL INSTRUCTIONS

Please return **ONE COPY** of the entire original application and answers to narrative questions to:

Kittitas County Commissioners
Attn: Lodging Tax Grant Application
205 West 5th, Suite 108, Ellensburg, WA 98926

Applications must be received no later than 5:00 PM, TBD or postmarked no later than TBD.

Incomplete and/or late applications will not be considered. Applications may not be changed or amended by the applicant after the deadline for submission

Schedule:

- | | |
|---|-----|
| ▪ Application deadline | TBD |
| ▪ Oral presentations of proposals to LTAC and LTAC recommendation | TBD |
| ▪ BOCC deliberation and decision | TBD |

Project Management:

As discussed in the grant process section of this application packet, successful applicants shall be required, as a condition of inclusion in the County's CIP for tourism infrastructure and any funding award (as available), to enter into a contract. The contract may include, but not be limited to, the specific conditions or deliverables the applicant must meet in order to continue to progress through each step of this process, the specific amount of any award if a project becomes eligible for funding and what it may be used for, all reporting requirements associated with this funding, payment terms, and any and all other appropriate terms of the funding. Kittitas County will be the contracting agent for all approved projects.

All funds awarded under this program will be available in the form of reimbursable grants. The funds for capital projects will be available for reimbursement as of the date of the contract and will remain available for the term defined in the contract. Any unexpended funds will be returned to the Lodging Tax account made available for re-appropriation. All requests for reimbursement shall be made to the Kittitas County Auditor's office at the following address:

Kittitas County Auditor
Attn: Lodging Tax Grant Funds Reimbursement
205 W 5th, Suite 105
Ellensburg, WA 98926

For specific information and requirements regarding the reimbursement process, please contact the Auditor's office at 509-962-7504.

Project Reporting Requirements for Tourism-Related Facilities:

State law requires that all recipients of Lodging Tax revenues must submit a report to the municipality describing the actual number of people traveling for business or pleasure on a trip:

- A. Away from their place of residence or business and staying overnight in paid accommodations;

- B. To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or
- C. From another country or state outside of their place of residence or their business.

A report form will be provided as part of the contract for receiving funds. We ask that you provide this information within 60 days after your project is complete.

Applicant Eligibility:

This grant process for lodging tax funds is available only for large-scale tourism capital projects which are municipality-owned. All applicants must be a municipality in Kittitas County. One capital project is allowed per application. There is no limit to the number of applications a municipality may submit per cycle. **Projects must be compatible with the Kittitas County Tourism Infrastructure Plan as a low, medium, or high priority to be eligible for inclusion in the CIP.**

Other Information:

Insurance: As part of its contract for performance, a municipality may require contractors to maintain liability insurance in the amount of \$1,000,000 or more and name the municipality as an additional insured on its liability insurance policy.

Application Form: This packet will be available on Kittitas County's website as a word document and as a pdf. It can also be obtained directly as a hard copy or in digital format by contacting the Kittitas County Board of Commissioners office at 509-962-7508. Kittitas County's website address is: www.co.kittitas.wa.us.

APPLICATION FOR TOURISM-RELATED, LARGE-SCALE MUNICIPALITY-OWNED CIP LISTING

Applicant Information

Name of Municipality: _____

Mailing Address: _____

Contact Person and Title: _____

Phone: _____

Email: _____

Project Title: _____

Project Location: _____

Application Requirements

- _____ 1. The project qualifies for lodging tax funds as a capital expenditure of a tourism-related facility owned or operated by a municipality.
- _____ 2. If this application is not from Kittitas County, the municipality's lodging tax advisory committee (or equivalent) has been informed of the project and endorsed it. A letter from the municipality is included.
- _____ 3. Lodging tax capital project funds are not being substituted for other funds that are already secured or applied for (if applicable).
- _____ 4. A completed project budget is included in the application.
- _____ 5. A detailed 8 ½ X 11 vicinity map that clearly shows the location of the project is included.

Tourism-Related, Large-Scale Municipality-Owned Capital Project Narrative

1. **Project Description:** Please describe the project in detail. Indicate the major work to be completed, any milestones that need to be overcome in order for the project to move forward, and include a comparison of existing and proposed conditions.
2. **Kittitas County Tourism Infrastructure Plan:** Please explain how the project meets the Goals and Actions in the Kittitas County Tourism Infrastructure Plan as adopted. Also, describe the specific county tourism infrastructure needs the project addresses and how the project directly increases tourism. Explain how the improvements will promote tourism in Kittitas County and indicate specifically how the improvements will directly increase economic activity resulting from tourists.
3. **Real Property:** If real property acquisition is a component of the project, please explain. Include any information of property already secured or evidence of the ability to secure the real property.
4. **Coordination:** Please explain how this project has been coordinated with other jurisdictions as well as affected stakeholders. Please include letters of support from stakeholders.
5. **Studies:** Please attach any feasibility or other studies that demonstrate linkages between the proposed project and the anticipated tourism impacts. Also please include your operations/maintenance strategy and other plans for long-term project sustainability (how the facility or facilities will be operated and maintained over at least five years following completion).
6. **Project Readiness:** Please provide a detailed project schedule, including milestones necessary for completion as mentioned in question 1 above. On the schedule, indicate items completed and exactly where in the schedule the project is at this time. Be sure to include expected completion date.
7. **Applicant Certification:** Please sign below in agreement with the statement of certification.

Certification is hereby given that the information provided is accurate and the applicable attachments are complete and included as part of the application package.

I further certify that the application thresholds are met at the time of application.

Signature of Official Representative

Title

Date

Tourism-Related, Large-Scale Municipality-Owned Capital Project Budget

All applicants must supply a detailed and complete project budget utilizing the following basic format:

Funding Sources

Lodging Tax Funds Request

*Other Grant Funds

List By Source (indicate if secured or applied)

*Other Local Government Funds

List By Source (may include in-kind)

*Private Funds

List By Source (may include in-kind)

Total Available Funding

Project Expenses

Real Property or "Right-of-Way" Acquisition Cost

Capital Asset Cost

Construction Cost or "Hard" Cost

Include an itemized list of general costs

For example: asset type and cost, site prep, building foundation and structure, mechanical work, finish work, site restoration, electrical work, technology, etc.

Soft Cost

Include an itemized list of soft costs

For example: feasibility analysis, design fees, construction management fees, survey costs, engineering fees, permitting costs, special inspections, cultural resource surveys, etc.

Total Project Costs

This project budget, being submitted as part of this application, will be considered an estimate. As the project progresses through the four-step process, applicants will be required to update the project budget as more information becomes available and at the time of funding award.

*At the time funding awards are being considered (Steps 3 and 4), verifying documentation shall be required and attached to the final project budget. Verifying documentation may include award letters, letters of commitment, or loan approval documentation. If the funding source includes applicant funds, proof of available funding in the form of a letter of commitment from an authorized body or representative of the applicant is adequate.

Ratings Criteria and Score Card

Tourism-Related, Large-Scale, Municipality-Owned Capital Projects

1. Criteria: Kittitas County Tourism Infrastructure Plan

Points Possible: 60

Score Awarded: _____

How closely does the application meet the goals to further geotourism opportunities as presented in Section 6 of the Plan?	Up to 20 points Awarded: _____	Comments:
How closely related is the application to the high, moderate, or low priority Action Tasks contained in Section 7 of the Plan?	High = 20 Moderate = 15 Low = 10 Awarded: _____	Comments:
How effective will the project be in directly promoting tourism and increasing economic activity resulting from tourists?	Up to 20 Points Awarded: _____	Comments:

2. Criteria: Stakeholder Support

Points Possible: 10

Score Awarded: _____

Has the applicant clearly described how the project is being coordinated with other interested parties? Are the stakeholders supportive?	Up to 10 points Awarded: _____	Comments:
--	--	-----------

3. Criteria: Project Readiness and Feasibility

Points Possible: 30

Score Awarded: _____

Can the project be completed within 5 years?	Yes = 10 No = 0 Awarded: _____	Comments:
Has the applicant clearly articulated a feasible long term maintenance and operations strategy for the project?	Up to 20 points Awarded: _____	Comments:

Total Score Awarded: _____

City of Cle Elum
119 West First Street
Cle Elum, WA 98922



Telephone: (509) 674-2262
Fax: (509) 674-4097
www.cityofcleelum.com

April 11, 2017

Kittitas County Commissioners
Attn: Lodging Tax Grant Application
205 West 5th, Suite 108
Ellensburg, WA 98926

Dear Commissioners:

The City of Cle Elum's Lodging Tax Advisory Committee is aware of and endorses the Washington State Horse Park's project to build a Covered Arena and Associated Build-out. We have reviewed the development and funding plan as described in the Application for Tourism-related, Large Scale, Municipality-owned CIP Listing, and we urge your support of this project.

Sincerely,

A handwritten signature in blue ink that reads "Jay McGowan". The signature is written in a cursive style with a large initial "J".

Mayor Jay McGowan



March 2, 2017

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Re: Washington State Horse Park – Covered Arena Project

Dear Senator Honeyford:

I am a partner in Cascade Horse Shows, LLC, and can't emphasize enough that the facilities at the Washington State Horse Park are extremely important to our future growth. I urge you to support the Horse Park's application for \$2.0 million in capital funding support for a *Covered Arena and Associated Build-Out* submitted by the WA State Horse Park Authority.

Cascade Horse Shows organizes the Park's largest events; currently producing two weeklong shows (competitions) in June and another two shows in July. The challenge we are facing is that we are presently operating at the Horse Park's capacity in terms of number of people we can serve and number of events we can hold. We are unable to accommodate a meaningful amount of the customer base who would like to attend our events. This results in Washington residents and others having to travel to out-of-state venues to spend their show dollars.

Our horse shows draw participants and spectators from all over the western United States and Canada. Horse sports are unique in that they are enjoyed by people of all ages (6-70) and are one of the only sports where women and men compete equally. A particular feature of our brand of horse sport (show jumping) is it's a crowd pleaser being spectator friendly and wholesome family entertainment. It's also important to note the value of the horses participating, often costing six figures. This is relevant as weather conditions can adversely affect horses' performance and well-being making owners highly selective of the environments in which they expose their horses.

A *Covered Arena and Associated Build-Out* would allow us increase the number of people attending the shows, increase the number of events we produce and enable us to ensure the most favorable conditions in which to compete. All leading to increased tourism dollars to the state and Kittitas county.

Thank you for your consideration. I urge the State to fund this important project.

Sincerely,

Jessica Vania
Partner, Cascade Horse Shows LLC



March 1, 2017

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development
Committee
103 Irv Newhouse Building
PO Box 40413
Olympia, WA 98504

Dear Senators:

Equestrians Institute is a 501(c)(3) not-for-profit organization founded in 1974 in Washington that serves the horse disciplines of **Eventing, Dressage, Carriage Driving and Sport Horse Breeding**. The Washington State Horse Park has enabled us to host a wide range of equestrian activities since it opened in 2010 including nationally recognized competitions which attract riders from California, Montana, Oregon, Idaho and beyond. We also provide educational and competitive opportunities through our sponsorship of clinics, schooling shows and fun events for children and families. Outdoor recreation, skill development, camaraderie and support are fostered through the EI network.

EI views the Covered Arena as indispensable to expanding our capacity in our Pacific Northwest climate. The scope of the proposed arena is impressive and essential for our disciplines to compete at a national level. We hold two US Eventing Association-recognized three day Horse Trials at WSHP each season but have reached the current capacity of the Horse Park for entries; we need more arena space to allow us to accept more competitors. In addition to competitors, these events bring families, friends and vendors from far afield who bring significant business to the local community for four or five days each event.

The Covered Arena with its significant scope will allow the Horse Park to become a truly outstanding venue offering multiple benefits to EI and the greater horse community: (1) increase capacity for more participants in events, (2) enable evening and educational activities when undercover (3) allow a longer "working year" and the ability to attract international clinicians and events and (4) attract more sponsors and vendors and, in turn, attract more visitors.

WSHP is viewed as one of the first class venues in our area with quality facilities including stabling and arenas with excellent footing, which attract top trainers and horse people from all over our Region. EI looks forward to continuing its close partnership with the Horse Park to serve the equestrian community of the Pacific Northwest. We urge you to support this important project; it is needed now.

Sincerely,

Diana Axness
President

Meika Decher
Eventing Director

Penelope Leggott
Board Member At Large



**Northwest
Reined Cow Horse
Association**

P.O. Box 1244
Ravensdale, WA 98051

March 2, 2017

Senator Jim Honeyford
Ways and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
P.O. Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
P.O. Box 40413
Olympia, WA 98504

RE: Washington State Horse Park – Covered Arena Project

Dear Senators,

I am writing in behalf of the NW Reined Cow Horse Association. Our organization is the NW Affiliate as recognized by the National Reined Cow Horse Association based in Pilot Point, Texas. Our Association has hosted a show at the Washington State Horse Park for the last four years. Our membership loves to hold a show at this beautiful facility but we are limited to only having one summertime show a year there as weather is a major consideration for the safety of our horses and riders when competing. Rain is a deal breaker for our group. The NWRCHA would be open to expanding the number of shows and the duration of the shows we hold at the Horse Park if a covered arena was available. As the Show Chairperson of the NWRCHA, I see a terrific need for this covered facility. We have limited choices of equine facilities in our state for our equestrian competitions. This covered Arena at the Washington Horse Park in Cle Elum, would create options for multiple equestrian events.

The NW Reined Cow Horse Association is asking you to support the Washington State Horse Park application for \$2.0 million in capital funding for a Covered Arena and Associated Build-Out submitted by the Washington State Horse Park.

The 112-acre Horse Park is a destination venue among equine enthusiasts that attracts 30 thousand visitors per year. Approximately 95% of these attendees are from outside the local area creating a \$2.5 million in overnight stays. The total economic impact from the park is approximately \$3.5 million.



When the NWRCHA hosts its weekend show (covers three days, two nights) we have an average of 100 horse owners, riders and family that attends the event. A large percentage of these folks are staying in local motels, eating at local restaurants and getting fuel and supplies. The covered arena project at the Horse Park will create a more inviting environment for larger Equine Competitions to utilize and bring even more economic support into the Cle Elum/Ellensburg area.

I encourage you to support the Washington State Horse Park's Covered Arena Project.

Sincerely,

Diane A. Edwards

Diane A. Edwards
NWRCHA Show Chair
(206) 390-0715





Cle Elum Roundup Association
PO Box 971
Cle Elum, WA 98922

March 1, 2017

Senator Jim Honeyford
Ways and Means, Vice Chair Capital Budget Committee
112 Irv Newhouse Building
P.O. Box 40415
Olympia WA. 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
P.O. Box 40413
Olympia WA. 98504

Dear Senators:

The Cle Elum Roundup Association (CERA) Rodeo Board urges you to support the Project known as the Washington State Horse Park (WSHP) Covered Arena. Our reasons are really simple. There's an abundance of use for the Proposed Covered Arena; the Horse Park, is surrounded by the economically depressed City of Cle Elum, yet the Park brings much needed capital into the City whenever there is an event held there.

The CERA Rodeo is held the last weekend of July and this is our 4th year. Each year the Rodeo has gotten bigger, better and will grow exponentially even more as time goes on. From the onset the WSHP has been the reason the Rodeo has been successful, a facility designed and built for equine events, with all of the support any event could hope for. The Covered Arena will offer the CERA Rodeo another state of the art facility with which to have even more contestants perform. The Arena will allow the Rodeo to add even more events to make it one of the great tier two rodeos in the State of Washington, allowing our Rodeo to attract the best talent in the United States.

During sport horse events and Rodeos the town fills with English discipline riders, cowboys, cowgirls and tourist, all coming because we have the Washington State Horse Park. The economic benefits of outdoor recreation in Washington State is over \$20 Billion, of which horse activities comprise over \$150 Million. Taxes collected just for Kittitas County are well over \$10 Million.

The addition of a Covered Arena will create an environment that will place the Horse Park on the list of premier horse facilities in America. This is one of the most beautiful settings anywhere, sitting at the foot of the Cascades with a view of the Stuart Range mountains.

Your support for this magnificent facility is, and has been, what's been so important to its success. I urge your continued support and I thank you for that support.

Sincerely,

Terri McFadden
President CERA Rodeo Board

March 2, 2017

Natalie Shaw, Equestrian Business Owner
Shaw Equestrian Education, LLC
Ellensburg, WA 98926
406-599-7694

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
PO Box 40413
Olympia, WA 98504

Re: Washington State Horse Park - Covered Arena Project

Dear Senators:

As a local equestrian business owner and regional equine feed representative, a robust equine industry in Washington State is critical financially. As an avid equestrian, the availability of equestrian facilities in our state is extremely important to me personally. I urge you to support the Washington (WA) State Horse Park application for \$2.0 million in capital funding support for a *Covered Arena and Associated Build-Out* submitted by the WA State Horse Park Authority.

Shaw Equestrian Education, LLC has utilized the Washington State Horse Park since 2013 in order to provide a high quality clinic experience for three-day eventers training for their competitions. Each year, participants from every corner of Washington, as well as Montana and Oregon, attend this clinic- many of which return for the Equestrian Institute Horse Trials in May and September. From Spokane to Vancouver and Bellingham to Kennewick, the clinic fills with riders due in part to the quality of the facility. A covered arena will vastly increase the flexibility and viability of the WSHP as a venue for this event.

As a local rider and trainer myself, I have used the park to condition my horses. The extensive trail system provides a unique, safe, and accessible option for riders across many disciplines. There are no other trail systems like it in the Kittitas County.

Finally, the Washington divisions of the United States Pony Club, collectively over 500 members strong, have utilized this facility for clinics, camps and certifications. I am a lifetime member of this organization and have vested interest in the success of its youth. The WSHP has provided a central venue for both regions of the USPC. The WSHP is one of only a few facilities with the capabilities and safety requirements needed for large regional USPC events. The USPC Championships West were held there the summer of 2012.

Thank you for your consideration. I urge the State to fund this important project.

Sincerely,

Natalie Shaw BS, PAS

WASHINGTON CUTTING HORSE ASSOCIATION



PO Box 864
Eatonville, WA 98328
Phone: 206-734-6904

February 27, 2017

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
PO Box 40413
Olympia, WA 98504

Dear Senators:

Washington Cutting Horse Association (WCHA) has a long history of providing high quality cow cutting horse events. We urge you to support the Washington (WA) State Horse Par application for \$2.0 million in capital funding support for a *Covered Arena and Associated Build-Out* submitted by the WA State Horse Park Authority.

Our goal is to make WA State Horse Park the new home for our future monthly horse shows. To do that, we will need a covered arena to protect the footing and accommodate our spectators, judges and competitors during our competitions. In the past, we have attracted "World Champions" such as Matt Gaines, Greg Smith and Lindy Burch as well as local trainers like Josh Sleeman (NCHA Hall of Famer) and Joe Jones Jr. (NCHA Zane Schulte Award recipient) to our shows. With this new arena we hope to invite this prestigious group of professionals and many others to the WA State Horse Park for quality cow cutting events.

Centrally located in Cle Elum, the 112-acre Horse Park is a destination venue among horse facilities in our state and will easily attract competitors to our events. The Park's ability to draw people from outside the local area uniquely characterizes the Park's impact and already generates \$3.4 million in total economic impact. The Covered Arena will allow the Park to attract more horse disciplines, host larger shows and extend its operating season from five to nine months, significantly increasing the size and number of events held at the Park.

Thank you for your consideration. We urge the State to fund this important project.

Sincerely,
Jane Roundtree
Director, WCHA




Pony Club®

Where it all begins

February 27, 2017

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
PO Box 40413
Olympia, WA 98504

Re: Washington State Horse Park – Covered Arena Project

Dear Senators:

As Regional Supervisor for the Inland Empire Pony Club, the Horse Park is extremely important to us. I urge you to support the Washington (WA) State Horse Park application for \$2.0 million in capital funding support for a *Covered Arena and Associated Build-Out* submitted by the WA State Horse Park Authority.

The United States Pony Club is a National non-profit youth organization that organizes shows for youth development and competition. The Inland Empire Region encompasses Eastern Washington, Idaho, Oregon and Montana and our members utilize the Horse Park's facilities several times a year for a variety of activities. We would come more often if the Horse Park had a Covered Riding Arena to rent.

We appreciate that the Horse Park is easy to access and centrally located in Cle Elum. The Park's ability to draw people from outside the local area uniquely characterizes the Park's impact. Total economic impact of the Park, including day visitors, is \$3.4 million. The Covered Arena will allow the Park to attract more horse disciplines, host larger shows and extend the its operating season from five to nine months, significantly increasing the size and number of events held at the Park.

Moreover, the Park provides a permanent asset for our young people - a quality facility for outdoor recreation, a place they'll love to go to learn and compete for generations to come. Thank you for your consideration. I urge the State to fund this important project.

Sincerely,

Shelly Widmer
Inland Empire Pony Club Regional Supervisor
509-750-9710

Joan Shelton Palelek, Manager
Mid-Summer Classic Arabian Horse Show
Inland Empire Arabian Horse Show
8930 W. Melville Rd.
Cheney, WA 99004
206-972-2163

February 27, 2017

Senator Jim Honeyford
Ways and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
P.O. Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
P.O. Box 40413
Olympia, WA 98504

RE: Washington State Horse Park – Covered Arena Project

Dear Senators,

I am writing in behalf of the Mid-Summer Classic Arabian Horse Show, and the Inland Empire Arabian Horse Show. As manager of these two United States Equestrian Federation and Arabian Horse Association competitions, I see a terrific need for this covered facility. We have limited choices of equine facilities in our state for our equestrian athletes to compete. This covered Arena at the Washington Horse Park in Cle Elum, would create options for multiple equestrian competitions.

Our Arabian community urges you to support the Washington State Horse Park application for \$2.0 million in capital funding for a Covered Arena and Associated Build-Out submitted by the Washington State Horse Park.

The Horse Park is located in Cle Elum and has been in operation for six years. The 112 acre Horse Park is a destination venue among equine enthusiasts that attracts 30 thousand visitors per year. 95% of these attendees are from outside the local area creating a \$2.5 million in overnight stays. The total economic impact from the park is approximately \$3.5 million.

The covered arena project at the Horse Park will create a more inviting environment for larger Equine Competitions to utilize.

I encourage you to support the Washington State Horse Park's Covered Arena Project.

Sincerely,

Joan Shelton-Palelek

Joan Shelton-Palelek

Date: February 28, 2017

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
PO Box 40413
Olympia, WA 98504

Re: Washington State Horse Park – Covered Arena Project

Dear Senators:

As a horse owner and an office-holder/member of various horse organizations, I know of the need to have a quality facility that horse enthusiasts can use. I have seen the progress that has been made on the Horse Park and feel that it is a one-of-a kind venue that can be the number one horse facility in Washington with the potential to attract horse enthusiasts and their families not only from the northwest, but the nation as well. The tourism economy of our state is extremely important to us and the dollars generated by the horse industry's use of the Horse Park can have a major positive effect on our state's economy. I urge you to support the Washington (WA) State Horse Park application for \$2.0 million in capital funding support for a *Covered Arena and Associated Build-Out* submitted by the WA State Horse Park Authority.

Located in Cle Elum and in operation for 6 years, the 112-acre Horse Park is a destination venue among horse facilities in our state and already attracts over 30 thousand visitors per year, 95 percent of whom are nonlocal. The Park's ability to draw people from outside the local area uniquely characterizes the Park's impact: over \$2.5 million in overnight stays. Total economic impact of the Park, including day visitors, is \$3.4 million. The Covered Arena will allow the Park to attract more horse disciplines, host larger shows and extend the its operating season from five to nine months, significantly increasing the size and number of events held at the Park.

Cle Elum is in Kittitas County, where over 18 percent of jobs are in the Accommodations and Foodservice Sector (*Kittitas County Profile*, Meseck, regional labor economist, updated September 2016). The economic impact of the Park is considerable.

Thank you for your consideration. I urge the State to fund this important project.

Sincerely,
Julie Karnath
4716 W. 14th
Kennewick, WA 99338



March 2, 2017

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
PO Box 40413
Olympia, WA 98504

Re: Washington State Horse Park – Covered Arena Project

Dear Senators:

As Vice Regional Supervisor of United States Pony Club, Northwest Region, I urge you to support the Washington (WA) State Horse Park application for \$2.0 million in capital funding support for a *Covered Arena and Associated Build-Out* submitted by the WA State Horse Park Authority.

Pony Club is the largest equestrian educational organization in the world; most members are 18 years and younger. The cornerstones of our organization are education, safety, sportsmanship, stewardship and FUN. Members learn riding and the care of horses through mounted sports. The skills, habits and values instilled through horsemanship will apply to every part of a member's life.

Many of our almost 400 members utilize the Horse Park at rallies (team equestrian competitions), championships, camps and clinics. A covered arena would make this venue even more desirable for these types functions in inclement weather.

Thank you for your consideration. I urge the State to fund this important project.

Sincerely,

Jennifer Sweet, Vice Regional Supervisor
United States Pony Club Northwest Region
200 Chehalis Valley Dr.
Chehalis, WA 98532



March 5, 2017

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
PO Box 40413
Olympia, WA 98504

Re: Washington State Horse Park – Covered Arena Project

Dear Senators:

I urge you to support the Washington State Horse Park application for \$2.0 million in capital funding support for a Covered Arena and Associated Build-Out submitted by the Washington State Horse Park Authority.

As the Washington State Hunter Jumper Association, the strength of Washington's equestrian economy is of vital importance to us. Importantly, the equestrian economy helps to feed the State's tourism economy, within which the Washington State Horse Park plays a major role.

The 112-acre horse park, located in Cle Elum, is one of Washington's premiere destination venues, attracting over 30 thousand visitors annually, 95 percent of whom are nonlocal. The Park, due to its unique ability to draw people from outside the local and state area, garners over \$2.5 million in overnight stays annually. Currently, the Park's economic impact is \$3.4 million. With the addition of the Covered Arena, the Park will be enabled to expand its operating season from five to nine months, broaden the size and scope of its equestrian events, and ultimately generate more tourism revenue not only for Cle Elum and Kittitas County, where over 18 percent of jobs are in the Accommodations and Foodservice Sector, but also for Washington State. The economic impact of enabling the Park to widen its services is considerable.

The Washington State Hunter Jumper Association itself has been enabled, through the Washington State Horse Park, to support numerous top quality horse shows, benefitting its membership while also

contributing to State travel and tourism. The Park is a unique location where WSHJA's members meet a diverse array of exhibitors and competitors who would not otherwise travel to Washington's horse shows or contribute to Washington's tourism economy. It is equally important to note that many of WSHJA's members also travel outside the State for months of the year in search of horse shows that provide a more weather-friendly experience. Expanding the Park's ability to extend its operating season will undoubtedly also help to recapture this opportunity income for the State.

Thank you for your consideration of this great contribution. I urge the State to fund this important project.

Sincerely,

Shelly Kerron, President
Washington State Hunter Jumper Association
11410 NE 124th St. PMB #535
Kirkland, WA 98034

PACIFIC NORTHWEST MORGAN HORSE ASSOCIATION

Date 3/2/17

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
PO Box 40413
Olympia, WA 98504

Re: Washington State Horse Park – Covered Arena Project

Dear Senators:

As President of the Pacific Northwest Morgan Horse Association and manager of its annual horse shows, the tourism economy of our state is extremely important to us. I urge you to support the Washington (WA) State Horse Park application for \$2.0 million in capital funding support for a *Covered Arena and Associated Build-Out* submitted by the WA State Horse Park Authority.

Located in Cle Elum and in operation for 6 years, the 112-acre Horse Park is a destination venue among horse facilities in our state and already attracts over 30 thousand visitors per year, 95 percent of whom are nonlocal. The Park's ability to draw people from outside the local area uniquely characterizes the Park's impact: over \$2.5 million in overnight stays. Total economic impact of the Park, including day visitors, is \$3.4 million. The Covered Arena will allow the Park to attract more horse disciplines, host larger shows and extend its operating season from five to nine months, significantly increasing the size and number of events held at the Park.

Cle Elum is in Kittitas County, where over 18 percent of jobs are in the Accommodations and Foodservice Sector (*Kittitas County Profile*, Meseck, regional labor economist, updated September 2016). The economic impact of the Park is considerable.

Our organization currently runs horse shows in a private venue. Expansion of the WA State Horse Park would enable us to conduct our events there to the significant benefit of the Horse Park, the local economy of that area and Washington State tourism overall. We attract over one hundred horses and their connections to our annual events. One of these is the oldest continuously held Morgan competition West of the Mississippi River. The Pacific Northwest Morgan Horse Association is a registered WA state charitable organization.

Thank you for your consideration. I urge the State to fund this important project.

Sincerely,
Catherine Cloud
32209 24th Ave NW
Stanwood, WA 98292



March 2, 2017

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
PO Box 40413
Olympia, WA 98504

Dear Senators:

The Washington State Horse Park Authority Board and Executive Director believe it is imperative for the Horse Park to add a well-designed and constructed Covered Arena to its facilities in order to adequately serve the State's diverse horse sport disciplines and achieve the Park's mission as set forth in the Authority's enabling legislation in 1995, RCW79A.30.

Background The Authority was able to secure 112 acres of very suitable and beautiful land in central Washington as a donation from Suncadia resort, and to develop the Park's initial infrastructure thanks to a \$3.5m grant from the State's 2006-07 capital budget. Since opening in 2010, the Park has added a 4th competition arena, 80 more permanent stalls for a total of 160 today, and built two cross country courses and a competitive trail course. All these improvements and many other important amenities and equipment acquisitions have been made possible by significant private donations and volunteerism, as well as reinvestment of operating proceeds, business sponsorships and a County grant for bleachers.

The horse community values and supports the Park, and is eager for it to continue development into the premier competition facility in the Pacific Northwest. The Park has developed a reputation for quality facilities and excellent footing (sometimes referred to as "ground" in western disciplines) which is critical for horse safety and performance. We now hold 40 events during the April to October season, attracting over 30,000 visitors, and host some of the largest and most prestigious annual events in the State's English and Western disciplines.

Despite these impressive accomplishments, the Park is unable to meet today's marketplace requirements for protection from the weather and greater capacity. All of the Park's current facilities are outdoors; the only shelter is a 30x30' tent for people and stalls for horses. When conditions are wet, participants and footing suffer. (For example, in 2016 rain in June caused many riders to cancel from one of our largest shows, and all three events booked for October cancelled due to weather.) This hurts the Park's reputation and revenues, and strains our relationship with organizers. But equally, when conditions get extremely sunny/hot/windy, participants, horses and cattle need protection. And finally, in today's competitive environment, many trainers and show organizers demand a controlled atmosphere – free of outdoor distractions - to ensure a focused, positive experience for their riders.

Why should the State support this project with a \$2m appropriation at this time? The Park currently generates about \$3m in economic benefits each season, but we are unable to increase that amount without growing our current biggest shows and adding more large multi-day events. The latter category is generally controlled by experienced organizers who will not try a new venue unless they can manage risks such as weather impacts. We believe this \$2m investment will enable us to build a high quality covered arena, and add another \$3m of annual economic impact in 5 years, which will repeat each year. In addition, this project will provide sustainable operating revenues for the Park and better serve the State's large and diverse horse community which is our mission.

We believe the Horse Park has proven its value and ability to sustain itself. But in order to thrive, we need the covered arena. We strongly request and urge you to fund this important project, and are very grateful for support from the State for this very unique public-private partnership.

Sincerely,

Leslie M. Thurston
Executive Director, on behalf of the Authority Board

City of Cle Elum
119 West First Street
Cle Elum, WA 98922



Telephone: (509) 674-2262
Fax: (509) 674-4097
www.cityofcleelum.com

February 27, 2017

Senator Jim Honeyford
Way and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Senator Judy Warnick
Chair, Economic Development Committee
103 Irv Newhouse Building
PO Box 40413
Olympia, WA 98504

Re: Washington State Horse Park – Covered Arena Project

Dear Senators:

As the Mayor of the City of Cle Elum, I believe the tourism economy of our state is extremely important to us. I urge you to support the Washington (WA) State Horse Park application for \$2.0 million in capital funding support for a *Covered Arena and Associated Build-Out* submitted by the WA State Horse Park Authority.

Located in Cle Elum and in operation for 6 years, the 112-acre Horse Park is a destination venue among horse facilities in our state and already attracts over 30 thousand visitors per year, 95 percent of whom are nonlocal. Events held at the facility provide a significant boost to our community. The Park's ability to draw people from outside the local area uniquely characterizes the Park's impact: over \$2.5 million in overnight stays. Total economic impact of the Park, including day visitors, is \$3.4 million. The Covered Arena will allow the Park to attract more horse disciplines, host larger shows and extend the its operating season from five to nine months, significantly increasing the size and number of events held at the Park.

Cle Elum is in Kittitas County, where over 18 percent of jobs are in the Accommodations and Foodservice Sector (*Kittitas County Profile*, Meseck, regional labor economist, updated September 2016). The economic impact of the Park is considerable.

Thank you for your consideration. I urge the State to fund this important project.

Sincerely,

A handwritten signature in black ink that reads 'Jay McGowan'. The signature is written in a cursive, flowing style.

Jay McGowan
Mayor
City of Cle Elum



Kittitas County, Washington

BOARD OF COUNTY COMMISSIONERS

District One
Paul Jewell

District Two
Laura Osiadacz

District Three
Obie O'Brien

February 27, 2017

Senator Jim Honeyford
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 9804

Honorable Senator Honeyford:

We are writing to you today to express our support for two Capital Budget requests for projects in Kittitas County: the Kittitas Valley Event Center Facilities Upgrade (submitted by Representative Manweller) and the Washington State Horse Park Covered Arena and Associated Build-Out (submitted by Senator Warnick).

Located in Cle Elum, the 112-acre Washington State Horse Park attracts over 30 thousand visitors per year, 95 percent of whom are nonlocal – a statistic that uniquely characterizes the Park's impact: over \$2.5 million in overnight stays. Total economic impact of the Park, including day visitors, is \$3.4 million. The Washington State Horse Park is a valuable economic asset in Upper Kittitas County. We continue to support it every year with local funding that helps with operational costs and projects. Further development of this facility will provide significant additional benefit in our rural county.

The Kittitas Valley Event Center is located in Ellensburg and is the home of the World Famous Ellensburg Rodeo and Kittitas County Fair. For nearly one hundred years, this event has attracted tourists to Kittitas County for several days over Labor Day Weekend – nearly 60 thousand in 2016. This facility also operates year-round, providing facilities for a variety of events large and small that create significant economic benefit to the City of Ellensburg and the surrounding Kittitas County.

In addition to the financial benefits of the Kittitas Valley Event Center and the Washington State Horse Park, both projects embody the vision of our County's Comprehensive Plan. Agritourism and rural recreation opportunities play an essential role in this plan and facilities such as these are consistent with preserving the agricultural industry as well as rural character.

Thank you for your consideration of these important projects.

Respectfully,

Paul Jewell
Chairman

Laura Osiadacz
Vice-Chairman

Obie O'Brien
Commissioner

Cc: Senator Judy Warnick
Representative Matt Manweller
Representative Tom Dent



February 27, 2017

Senator Jim Honeyford
Ways and Means, Vice-Chair Capital Budget Committee
112 Irv Newhouse Building
PO Box 40415
Olympia, WA 98504

Dear Senator Honeyford,

As the Managing Director of Suncadia, the tourism economy of our state is extremely important to us. I urge you to support the Washington State (WS) Horse Park application for \$2.0 million in capital funding support for a *Covered Arena and Associated Build-Out* submitted by the WS Horse Park Authority, and sponsored by State Senator Judy Warnick.

Located in Cle Elum, WA, the 112-acre WS Horse Park attracts over 30 thousand visitors per year, 95 percent of whom are nonlocal—a statistic that uniquely characterizes the Park's impact: over \$2.5 million in night stays. Total local economic impact of the park, including day visitors, is \$3.4 million. The Covered Arena will extend the Park's season from five months to nine months, significantly increasing the size and number of events held at the Park.

Cle Elum is in Kittitas County, where over 18 percent of jobs are in the Accommodations and Foodservice Sector (*Kittitas County Profile*, Meseck, regional labor economist, updated September 2016). The economic impact of the Park is considerable.

The Washington State Horse Park has been a very positive impact on tourism for Suncadia and the surrounding community.

Thank you for your consideration. I urge you to fund this important project.

Sincerely,

A handwritten signature in black ink that reads "Roger Beck". The signature is written in a cursive, flowing style.

Roger Beck
Managing Director

CC: Senator Judy Warnick,
Chair, Economic Development Committee
103 Irv Newhouse Building
P.O. Box 40413
Olympia, WA 98504



Don Hoch
Director

STATE OF WASHINGTON

WASHINGTON STATE PARKS AND RECREATION COMMISSION

1111 Israel Road S.W. • P.O. Box 42650 • Olympia, WA 98504-2650 • (360) 902-8500

TDD Telecommunications Device for the Deaf: 800-833-6388

www.parks.state.wa.us

February 22, 2017

Leslie Thurston, Executive Director
Washington State Horse Park Authority
1202 Douglas Munro Blvd.
Cle Elum, WA 98922

Re: Washington State Horse Park Covered Arena

Dear Horse Park Authority Board Members,

Thank you for providing me information on your efforts to construct a covered arena at the Washington State Horse Park. It looks like an excellent project and a great next step as you continue to realize the vision of a facility that serves the needs of the equestrian community in Washington State.

Thank you also for previously providing an informative tour of your grounds to me and the State Parks and Recreation Commission. It was helpful for all of us to see the growth and dynamism of the Park first hand as well as talk about the challenges you face.

Your covered arena proposal is consistent with your master plan and will provide a new level of service for equestrians. It will attract a wide variety of horse disciplines, dramatically extend your operating season, give greater assurance of surface footing irrespective of the weather, and significantly increasing the size and number of events held at the Park. As an economic driver for the local community and the state, it will allow you to be both more consistent and more productive.

I am particularly impressed with the diverse sources of support you have received and are seeking to realize this project, including support from the private sector, philanthropists, park users, local city and county sources as well as the state.

Please consider this my letter of support for your continuing efforts to improve the Washington State Horse Park including construction of a covered arena.

Regards,

A handwritten signature in black ink that reads "Don Hoch".

Don Hoch
Director

Financial Feasibility and Economic Impact

Of the

Washington State Horse Park

Contractor Report for

The Washington State Horse Park Authority

By

Timothy Dittmer, Ph.D.

And

Richard Mack, Ph.D.

Central Washington University

Ellensburg, Washington

November 29, 2006

Washington State
Horse Park
PO Box 2078
Woodinville, WA 98072
www.washingtonstatehorsepark.org
Leslie Thurston
Executive Director
Phone: 425.486.0272
director@washingtonstatehorsepark.org



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EXECUTIVE SUMMARY

The primary objectives of this study were to determine the financial feasibility and potential economic impact of the Washington State Horse Park (WSHP) in its proposed location in Kittitas County, and to make recommendations as to the organizational structure for management of the facility. We cannot recommend unequivocally that the plans to raise funds for a Phase 1 facility proceed. As explained below, our analysis shows that like practically all public equestrian facilities, the Washington State Horse Park will most likely require annual operating cost subsidies in addition to waivers of property tax and capital repayment. Economic impacts of this facility and broad unquantifiable benefits may justify its subsidization, as with other public facilities. Relative to the capital commitment to the venture, the projected losses are minor. This study includes both financial feasibility and economic impact analysis. Key findings and recommendations in terms of financial feasibility, economic impact and organizational structure are summarized below:

FINANCIAL FEASIBILITY

We developed a relatively sophisticated financial model to determine economic feasibility. To gather inputs into this model we:

- Surveyed horse facility using organizations in Washington State
- Validated our survey with the work of professional marketers

- Surveyed the developmental and financial experiences of horse parks around the country

- Gathered anecdotal recommendations of potential users of the facility.

Worked with professional equestrian management consultants to set parameters for the models

Four scenarios of the model were developed; they differed as to assumptions of growth rates of: numbers and types of shows, entries, revenues, and costs. In Scenario 3, which we believe will be the most likely scenario, the park operates at an eighty thousand dollar per year loss, despite assuming augmented revenues of \$100,000 per year from non-equestrian events. Scenario 2, which assumes a much higher and likely unrealistic rate of facility use, results in net revenues of approximately one hundred fifty thousand dollars per year. The key financial findings of these two scenarios are:

- ◆ Maximum use of the facility is reached in the sixth year. Scenario 2 breaks even in the sixth year.
- ◆ Accumulation of 1.4 million dollars in losses by the end of the tenth year in Scenario 3. Scenario 2 accumulates one million dollars in losses prior to break-even.
- ◆ Net revenues losses of \$74,726 when the facility reaches maturity in year six for Scenario 3. Scenario 2 projects net revenues at maturity in year seven of \$140,802.
- ◆ For Scenario 3, annual revenues at maturity will be \$549,316 and annual expenses will be \$724,042. For Scenario 2 these values are respectively: \$915,527 and \$774,725.
- ◆ 69,357 exhibitors and spectators will use the facility annually when the facility is at maturity.

- ◆ For either Scenario, it will be necessary to waive property taxes on the facility and to create a capital funding approach which requires no direct repayment from operating revenues.

In one version of the model, we adjusted revenue per horse in order to avoid losses. Under the most likely assumptions, the facility rental fees required were too far above competing levels. Survey results indicate that horse show organizers are very price sensitive, and the required rental fees would likely result in the facility being unused.

Our findings are reflected in the national equestrian park picture, where large and medium sized facilities are typically subsidized around 20% of operating revenues. Only two of twenty-five horse parks break even.

The primary reasons for the lack of positive cash flows in our projections of the Washington State Horse Park are that:

The climate and location limits the number of open weeks per year.

Recent local surveys showed that equestrian groups are very sensitive to price. The equestrian-dedicated design limits the size and nature of nonequestrian events.

For full utilization a facility needs to serve large horse events, and there is a lack of growth in the number of large horse organizations in the region.

Under these circumstances there are several major provisos that must be met before we can recommend that the plans to raise funds for the facility proceed. The first two have already been stated, that capital repayment not be required and that property taxes be waived. Third is the requirement that in order to assure successful operation,

the Horse Park Authority must recruit a facility manager from the upper 90 percentile of managers and support that manager with top-notch review and assistance by professional equestrian management professionals. Without an entrepreneurial manager, it is unlikely that the facility will generate the alternative revenue built into the model. Finally, the facility will require subsidization from either private foundations or public coffers of approximately \$80,000 per year.

ECONOMIC IMPACTS

One means by which other facilities justify operating grants is through their impacts upon local and regional economies. Therefore, an impact model based upon expenditures of the horse park participants and expenditures for horse park operations was developed to estimate financial flows to both the local and state economies and to local and state finances. Using the "most likely" Scenario 3 at year six maturity, the following impacts are projected:

- ◆ The direct spending by exhibitors and spectators are estimated to be \$7,334,838 when the facility reaches maturity in the sixth year of operations.
- ◆ The total money flows attributable to the horse park in the sixth year, including indirect and induced effects, are \$8,412,982 annually.
- ◆ Using the employment multiplier of 17 jobs per million dollars of direct expenditures projects, 143 jobs will be created by the horse park after the direct, indirect and induced effects are factored in.
- ◆ Starting at the sixth year, annual state impacts from out of state residents were found to be \$5,164,360 of direct, indirect and induced spending.

- ◆ Operations of the facility would, at maturity, generate \$1,199,279 in sales taxes, of which \$98,668 would be apportioned to local government coffers, and the remainder would go to the State.

- ◆ The recreational services sectors will be the sectors (hotels, restaurants, etc.) most affected by Horse Park operations.

For qualifications on the magnitude of these impacts, see section V.

ORGANIZATIONAL STRUCTURE

We recommend that:

- ◆ The Washington State Horse Park Authority Board of Directors set up the organization to be run as a commercial operation by an experienced and successful professional manager.

- ◆ The organization of the institution be that of a non-profit corporation, avoiding designation as a State governmental entity and thus avoiding the labor and procurement procedures required of State governmental units.

- ◆ The Board focus its activities on obtaining funding commitments required for the construction of improvements and the first five years of operation.

- ◆ That the Board actively work with existing equestrian organizations to promote the Horse Park project.

I INTRODUCTION

OVERVIEW

The horse industry is highly diverse, supporting a wide range of activities in each region of the country. A recent report prepared by the American Horse Council, "The Economic Impact of the U.S. Horse Industry in the United States" estimated that the horse industry contributes \$40 billion annually to the gross domestic product and provides 460,000 full time equivalent jobs. In Washington State, horse ownership is woven into the fabric of the state's history and essence. In terms of horse ownership, Washington, with over 250,000 horses, ranks eleventh among the states in the nation in total number of horses and ranks among the top states in the number of horses per capita. Annually Washington facilities host hundreds of small, medium and large scale events. The equestrian community finds that no satisfactory facilities exist to handle the highest quality or multi-state events. Most existing facilities offer limited capacity, older buildings and poor access (WSPRC Memo.)

Horse shows and western events are basic parts of the horse industry. Shows vary by breed and type of event, each requiring specific facilities in which to conduct the activity. The shows range from small, one-day local shows to large, multi-day national and international exhibitions and activities. In the past decade, new facilities have been developed in many locations around the country: Virginia, Kentucky, North Carolina, Colorado, Arizona, Oklahoma, and New Jersey.

National Trends

We have three sources for Nation Trends in horse shows; the number of horses and horses involved in shows for 1996 and 2005 (American Horse Council Foundation), 2000-2005 United States Equestrian Federation (USEF) data (<http://www.usef.org>), and

2001-2005 American Quarter Horse Association data (<http://www.aqha.com/association/who/statistics.html>). Data from these organizations is useful in analyzing underlying trends in the horse industry, and is presented in Table One.

From 1996-2005 the number of horses and the number of horses used primarily for competition have increased 33% and 37% respectively. The number of approved shows, as shown in the USEF and AQHA data, has increased at a much smaller rate. Over similar five year periods (half of the longer period), the rate of increase for approved shows was 2.57% and 11.56% for USEF and AQHA.

While the number of approved shows has increased relatively slowly, the number of total entries has increased at a high rate for USEF (39%), and a slow rate for AQHA (7%). Given USEF's slow increase in the number of shows, and rapid increase in the number of entries, the number of entries per show has increased more rapidly (35%) than for AQHA, which actually experienced a decline in the entries per show (-4%).

These data support the idea that at the national level there is an increase in demand for horse shows. This increase has resulted in either a larger number of entries per show (USEF) or a larger number of shows (AQHA). Both increases are important in the economic feasibility of the WSHP, however as will be argued in Section 4, the number of small shows is not lacking; instead it is the number of large shows (400 horses) that is important for the facility's financial success.

Both public and private facilities have been developed across the nation as the numbers of horses and horse owners have increased. The largest of these facilities tend to be publicly owned by state, county and municipal entities. The public ownership has come about through either the initial establishment of the facility by the public sector, or by the purchase of a private sector facility by the public sector. Typically,

profitability of these facilities is inversely proportional to size. In our conversations with public sector horse facility managers, the generally agreed upon estimate of profitability is that costs exceed revenues in all but 8-10% of facilities. This is despite the fact that many of these facilities are not required to make capital payments, as the capital is held by the public entity. How are these losses justified? The construction of multi-million dollar horse parks and their continued operation is commonly justified on grounds of their generating economic impacts and unquantifiable benefits which extend beyond the accounting balances between revenues and costs. These total impacts are of two types: direct impacts that reflect expenditures generated by horse park activities; and indirect impacts, which reflect the regenerative impacts of the initial spending. For this reason this feasibility study will be coupled with an impact analysis that will factor in the total effect of direct plus indirect impacts.

This report is an evaluation of feasibility and potential impact of a proposed state horse park that was authorized by the Washington State Legislature in 1997. The horse park is intended to be a first-class equestrian facility serving a broad range of the recreational, competitive and educational needs of Washington State horse owners. It will support community, youth and disabled riding programs and will foster physical fitness, responsibility, and achievement. Although the general concept for the proposed horse park is for a facility that is custom designed for equine events, it will also be attractive for some secondary types of uses such as company picnics, dog shows, motor vehicle shows, and trail bicycle events. To modify the design to accommodate other non-equestrian events will require additional capital.

This report is comprised of six sections. The remainder of this first section details the purpose of the study, states study parameters, summarizes the history of the Washington State Horse Park, and provides a summary of the master plan. Section II reviews previous studies of horse park feasibility and impact. Section III examines existing facilities that were surveyed in the study. Section IV presents the methodology,

applications and findings of the financial model, and Section V does the same for the impact model. Conclusions and recommendations are presented in Section VI.

PURPOSE OF THE STUDY

The overall purpose of this study is to evaluate the feasibility and economic impact of the proposed state horse park. More specifically, this study meets the following objectives:

1. Evaluate the demand for and economic viability of a high quality, multi-use complex designed to meet the needs of the diverse sectors of the State's substantial horse industry.
2. Determine the feasibility of establishing a successful facility in Kittitas County which will meet the needs of national, regional and local shows, western events, and related equestrian activities.
3. Make specific recommendations as to the appropriate organizational structure needed to acquire control of the site, solicit funds to construct improvements and successfully operate the facility over the long term.
4. Summarize the economic impact to the State of Washington, generally, and Kittitas County, specifically, of the operation of the proposed Washington State Horse Park in Kittitas County.

PARAMETERS:

Objectivity - It should be noted that the authors have been completely objective and

unbiased in reaching their conclusions about the feasibility and impact of a major horse park in Washington State. The study team was not directed to justify the creation of such a facility.

Quality of the Facility - It is the intent of the Horse Park Authority that the facility be of high quality as to both functions and aesthetics. The consensus of the Horse Park Authority is that if such quality could not be provided, a facility should not be built.

Purpose and Use of the Facility - The design and intended primary use of the facility should be for horse related activities; other complementary activities are also possible, but as a secondary priority. The facility should be designed and operated in such a fashion as to:

- encourage use by all facets of the Washington State equestrian industry;
- attract competitions of a major regional, national or international level; and
- promote tourism.
- provide an educational function
- serve the needs of equestrian activities of youth groups

Cost of Operations- Land for the facility in upper Kittitas County has already been donated by a private entity, Suncadia Resorts, of the Suncadia Real Estate Company. Capital costs will be raised primarily from the public sector; they may be augmented by a concerted fund-raising program by the Washington State Horse Park Authority and the Washington State Horse Park Foundation.

Public/Private Cooperation -The horse park will encompass elements of both public

and private sector organization, extending to both the development and management/operation of the facility. Recommendations will be made as to how best to combine these elements in order for the horse park to best accomplish its objectives.

Impact on Existing Equestrian Facilities - The Authority plans to create a complex which will complement existing equestrian operations, seeking out and satisfying unmet market needs. It is expected that over the long run the operations of the horse park will increase interest in equestrian events and activities throughout the state and accordingly create additional business for existing operators.

Facility Summary:

The vision of the horse park is that of a primarily equestrian facility to be located on property donated by Suncadia Resorts, located immediately off of I-90, near Cle Elum. For this public-private partnership, Suncadia Resorts has donated a 106 acre parcel of land, currently valued at approximately five million dollars. It is proposed that this land be developed in two phases. The first is a planning, preparation, and initial site development phase that entails final planning, design, permitting approvals, and initial land improvements. A request of \$3,900,000 will be made in 2007 to fund Phase I. Phase II entails the construction of the remainder of the facility. Estimated costs for Phase II is \$15,434,600 in current dollars. The WSHP Authority intends to request these funds from the State legislature so that full project build-out will be completed in 2010. A detailed description of the facility and the funding request is included as Appendix III.

II PREVIOUS FEASIBILITY AND IMPACT STUDIES

Two categories of previous studies are relevant to this analysis: previous studies of the need for and economic feasibility of a horse park in Washington State, and studies of feasibility and impact of similar facilities in other states. The first category is particularly important, because considerable effort has already been invested in data gathering as to the need for such a facility in Washington State. Initially an impact study of locating a state equestrian center in Lewis County was developed in 1991 by Kay Crawford and Sue Roden. The study was funded by the Washington State Department of Community Development. When the Lewis County site was deemed non-feasible on grounds of the physical location, the horse park group looked to the east side of the State to take advantage of the drier weather. When the Trendwest/Suncadia property negotiation with the Authority was completed in 1997, a second feasibility study was commissioned and completed in 1998 by Richard Mack and Gary Richardson, both of the Central Washington University College of Business. Each study is briefly summarized below.

Lewis County Study

The Lewis County study was comprised of four areas of primary research: surveying 37 existing horse parks, surveying 59 equestrian groups, surveying 100 individual equestrians, and holding public meetings to solicit local community input. From calculations based upon this primary data, conclusions were reached as to: the demand for a state equestrian center, economic feasibility, the economic, employment and congestion impacts upon the local community, the design and management of the facility, and funding options. Briefly, findings of the study were that: (1) There is significant demand for a first class, fully enclosed facility; (2) In the first year 61 events would take place, a number that would increase to 99 by the fifth year; (3) Attendees would range from 48,900 in the first year to 80,000 in the fifth year; (4) The horse park would be economically feasible on grounds of demand; even were the number of

projected events to be halved, the horse park would break even by the third year; (5) no negative community impacts were identified; (6) Recommendations were gathered as to horse park design; (7) A combination of government, private, corporate, foundation, and debt funding was recommended; (8) Annual expenditures and jobs were projected to be \$3,655,146 and 116 in the first year and \$5,939,714 and 190 jobs in the fifth year; (9) The study recommended that local communities begin planning efforts in order to capitalize on horse park benefits.

Three surveys were developed for the Lewis County analysis. The first was used to poll a cross section of equestrian sports disciplines to determine the number size and potential mobility of their functions; 59 equestrian groups were surveyed. The second survey was used to poll individual members of the groups as to travel and spending plans. The goal of the third survey was to solicit specific opinions of existing facilities. Of the three surveys 162 were returned from the initial 200 sent out.

Although the study was methodologically sound, significant demographic, climatological and economic differences between Western and Eastern Washington required that many elements of the feasibility and impact segments of the study be redone for the 1998 feasibility study.

The 1998 Feasibility Study

For this study, representatives of thirteen public and private horse parks were queried as to: background, facilities, events, marketing, funding, staffing, and community involvement. In addition, information was solicited from several horse parks that were under consideration at the time. Representatives of 59 equestrian groups were also contacted to update the Lewis County marketing survey. Input was also solicited in depth from the Langer Equestrian Group, an equestrian consulting firm from Los Angeles.

Four scenarios of the model were developed and "run." They differed as to assumptions of the following initial values and growth rates: numbers and types of shows, entries, revenues, and costs. Scenario 3, the "most likely" scenario, proved to be financially feasible, as did the "optimistic" Scenario 4. Scenario 3 projected:

- ◆ Attainment of break-even at the end of the fifth year of operations.
- ◆ Accumulation of \$715,372 in losses by the end of the fifth year.
- ◆ Net revenues of \$189,732 when the facility reached maturity in year six.
- ◆ At maturity annual revenues to be \$858,307 and annual expenses to be \$668,575.
- ◆ A total of 25,600 horses to be entered in shows annually when the facility is at maturity.
- ◆ 89,600 exhibitors and spectators to use the facility annually when the facility is at maturity.
- ◆ It would be necessary to create a capital funding approach which does not require direct repayment from operating revenues, because the facility will not be able to afford debt service.

An impact model based upon expenditures of the horse park participants and expenditures for horse park operations was developed to estimate financial flows to both the local and state economies and to local and state finances. Using the "most likely" scenario at year six maturity, the following impacts were projected:

- ◆ The direct spending by exhibitors and spectators were estimated to be \$9,856,000 when the facility reached maturity in the sixth year of operations.
- ◆ The total money flows attributable to the horse park in the sixth year, including indirect and induced effects, were \$11,476,765 annually.
- ◆ Using the employment multiplier of 16 jobs per million dollars of direct expenditures projects, 160 jobs would be created by the horse park after the direct, indirect and induced effects are factored in.
- ◆ Starting at the sixth year, annual state impacts from out of state residents were found to be \$7,685,884 of direct, indirect and induced spending.
- ◆ Operations of the facility would, at maturity, generate \$758,912 in sales taxes, of which \$204,429 would be apportioned to local government coffers, and the remainder would go to the State.

As for organizational structure, the 1998 study recommended that:

- ◆ The Washington State Horse Park Authority Board of Directors set up the organization to be run by an experienced professional manager as a commercial operation.
- ◆ The organization of the institution be that of a non-profit corporation, avoiding designation as a State governmental entity and thus avoiding the labor and procurement procedures required of State governmental units.

Other Feasibility Studies

Of studies done of feasibility and/or impact of other horse parks, six are of particular analytic merit: the feasibility and impact studies for the New Jersey, the Connecticut, the Texas, and the Maryland horse parks, and the impact studies done on the Virginia and the California horse park. Although the planned and actualized facilities for the New Jersey horse park are considerably smaller than those planned for Washington State, the general model of the study was considered substantive, as was the model for the Connecticut study. Both are "bottom-up" studies; that is, they begin with estimates of demand for the facility and estimates of charges that can be made for horse park services and proceed to project revenues, costs, and profits. Both studies entailed surveys of regional facilities as a basis for estimating demand. It should be noted that the intent of the Connecticut group was to build a facility suitable for national events, whereas the New Jersey facility was intended primarily as a state and regional facility.

As for the impact components of existing studies, all are based upon a tallying of direct impacts based upon counts of horse/days from which a number of measures are derived: number of persons attending (grooms, exhibitors, and spectators.) Direct impacts are then calculated based upon the expenditures per day of participants. Some of the studies conducted surveys to determine attendance per horse and spending patterns, whereas others, given the close approximation of the survey results, chose to use existing estimates. A similar differentiation among impact studies can be found in the use of multipliers to estimate indirect impacts from direct impacts; indirect impacts result from secondary spending by the recipients of horse park payrolls, expenditures, expenditures by visitors, as well as from local linkages that provide inputs into the purchases by the horse park and its visitors. The Virginia, Texas, Maryland, and California studies used input-output analysis to derive these multipliers, whereas the other studies used existing estimates of multipliers, or did not estimate indirect impacts.

III EXISTING FACILITIES

In the preparation of this study and its two precursors the administrators of 45 horse parks were contacted and surveyed as to elements of their operational, organizational and financial histories. The Lewis County horse park study was used as a basis of information on regional facilities, as the study concentrated upon deriving information from regional equestrian individuals, groups and facilities. The interviews conducted for this study concentrated upon facilities of comparable scale and purpose to the planned Washington State horse park. The purpose for this emphasis was multifold: first, financial and event data and growth rates from these facilities are a primary input into modeling the feasibility of a Washington State facility. Many of the findings of this survey process were corroborated in conversations with and information shared by the Langer Equestrian Group of Los Angeles.

In addition to a number of horse park directors who were contacted for specific information, ten horse park directors/managers were interviewed systematically and in depth. These horse parks were selected because of their nature - they were primarily state level facilities that hosted local, regional and national events. Facilities contacted for the systematic interview were:

- Georgia International Horse Park
- Horse Park of New Jersey
- Hoosier Horse Park
- Kentucky Horse Park
- Los Angeles Equestrian Center
- Reno Livestock Events Center
- The State Fair of Oklahoma
- Virginia Horse Center
- WestWorld

Will Rogers Memorial Center

Senator Bob Martin Eastern Agricultural Center Horse Facility, Williamston, N.C.

DelMar, San Diego CA.

The Colorado Horse Park

The Carolina Horse Park

WestWorld, Scottsdale AZ.

Gov. James B. Hunt, Jr. Horse Facility, Raleigh, NC.

Salt Lake County Equestrian Center

In addition to that which is obvious from the survey form in the appendices, the following data were requested from all horse parks: total events, equestrian events, nonequestrian events, permanent stalls, temporary stalls, paved parking, unpaved parking, total acreage, organization chart, rental policies, and equestrian event priority. Of particular importance were financial data. Generally, the following data were available: capitalization, operating revenues, operating expenses, number and size of events at start-up, growth rates of revenues, costs, events, average number of horses. Several horse parks provided data for a number of years.

When this feasibility study was underway, we learned of two other horse parks under consideration in Washington State. The first involves the ceding of the Enumclaw Fairgrounds facility by King County to the City of Enumclaw. One of the recommended uses for the facility is an equestrian focused refurbishing of the fairgrounds, so that the facility would become primarily an equestrian facility. A feasibility study is currently underway; recommendations will be forwarded to the city in late December. The second equestrian facility under consideration is the Southwest Washington Regional Equestrian Center in Centralia. It is envisioned as a larger (\$80 million) multipurpose facility, of which horse-related activities will constitute about 25% of total revenues. The center has funded a feasibility study with a focus on equestrian activities.

Anecdotal Findings

Although none of the facilities provide an ideal model of the intended Washington State facility, there appear to be a number of "truths" about horse park finances and management that were derived from our interview process:

- ◆ The quality of management is critical to financial success of the facility.
- ◆ Management must be entrepreneurially, rather than bureaucratically spirited.
- ◆ The critical managerial goal is to capture show dates.
- ◆ The major sources of revenue are: stall rentals, facility or ring rents, bedding sales, parking, concessions, and RV facilities.
- ◆ It is important that procurement be done through private sector processes, rather than through state or municipal processes.
- ◆ The vast majority of facilities are public/private partnerships.
- ◆ Estimates of profitability are consistently about one in twelve facilities. Hence, the vast majority of facilities are subsidized.
- ◆ Public sector subsidies are typically in the range of 15%-25% of costs, although some range as high as 45%. They are justified on a basis of economic impact and/or "spillover benefits," secondary economic benefits that accrue to the location or region.
- ◆ A facility cannot make capital and interest payments and even dream of breaking even.
- ◆ The vast majority of facilities have associated foundations to raise private sector funding for capital or to subsidize operations.
- ◆ Private sector fund raising is far more difficult and far less successful than one would imagine.
- ◆ It is better to concentrate fund raising on individuals rather than on foundations.
- ◆ Launches usually run 5-8 years behind initially expected schedules.
- ◆ Profitable facilities have typically had the same managing director for more than eight years.

- ◆ The largest facilities generally run the largest deficits.
- ◆ The fatal flaw of large facility failures usually involves overly ambitious ancillary activities such as administration facilities; restaurants, meeting rooms, etc.
- ◆ Converting to a year-round operation sometimes increases costs without substantially increasing revenues.
- ◆ It is necessary to book multiple events.
- ◆ Multi-day events should be targeted.
- ◆ Equestrian events should be marketed in conjunction with other community attractions and activities.
- ◆ Non-equestrian events pay higher fees and are critically important generators of revenue.
- ◆ Non-equestrian events are far less labor intensive.
- ◆ Horse groups are highly supportive in the formation process, but often balk at fees later on.
- ◆ Most facilities make exclusive food concession contracts.
- ◆ Retail concessions are generally left up to event promoters.
- ◆ Management will tell event promoters security requirements, but do not require the use of the facility's security personnel.
- ◆ Eight of the twelve facilities contacted use private contractors for disposal of manure and shavings.
- ◆ The more successful facilities minimize full time staff and rely on part-timers for events.
- ◆ Eight of the ten facilities were multiple use.
- ◆ Most facilities require a certificate of insurance with one million dollars bodily injury and 50 thousand to one million dollar damage minimums.
- ◆ Public boarding often conflicts with show management.
- ◆ Motels and restaurants are primary among local business beneficiaries.
- ◆ Minimum stabling size is 400 horses.
- ◆ There is a burgeoning of horse parks across the country. Most managers felt

that the new competition would outstrip demand. Several were concerned with the effects of a future recession.

- ◆ Maintenance costs creep up over 5-9 years and are significant.
- ◆ Clearly there is a learning curve that applies to operating expenditures.
- ◆ Many costs were not incorporated in the initial plans.
- ◆ Operating deficits drive significant cost-shaving efficiencies in the third or fourth year of operation.

IV FINANCIAL FEASIBILITY ASSESSMENT: METHODOLOGY, APPLICATION AND FINDINGS

Here we analyze the feasibility of the Washington State Horse Park by making projections as to its likely operating profits. We assume that the capital expenditure will be provided by other sources from the public and private sectors. In our projections we also assume a waiver of property taxes.

Revenues

Although there are many categories of revenues, there are four categories that, from the experience of other horse parks, comprise 85-91% of all revenues. Stall rentals are the most significant source of revenues at an average of 51%. Bedding is the next highest source at 18%. Together, stalls and bedding account for over 2/3rds of revenues and these are critical areas in the success of any equestrian park. In addition to these principal sources, arenas contribute 10%, camping facilities 9%, miscellaneous utilities and equipment 4% and other sources 2%. The revenue flow from these functions is remarkably consistent across horse parks.

Note that these revenue sources are proportional to the number of horses using the

facility. When modeling changing revenue over time, we focus on the number of horse days (one horse using the facility one day) and the average revenue per horse. This ignores non-equestrian sources of revenue, which we will address below.

The number of horse days, and therefore revenue, depends on the number of events hosted by the Horse Park, and the number of horses per event. While examining the experience of other horse parks may be informative, demand for a facility may vary dramatically from location to location, depending on such factors as the horse population density of the area surrounding the park, the number and quality of competing parks, and the length of the season. Obviously the factors that make demand large in such a location as Los Angeles may or may not apply in Washington.

Given this, we estimated demand several ways, using differing methods and assumptions. The demand estimate from the 1998 version of this study simply multiplied the number of stalls (400) times the number of weekend days the facility would be open (64 days or 32 weekends), for a total number of horse days of 25,600. This underestimated demand because it ignored the fact that most events will run from three to five days. But it significantly overestimated demand, for it assumed that most events will include the maximum number of horses (400). It also assumes full capacity for 32 weekends. A 26 weekend season runs from April through the end of September; 32 weekends requires 6 weekends divided between March and October, which we view as infeasible on grounds of the length of the horse show season and weather/travel conditions. However, in one scenario described below we do assume 25,600 horse days, but this number is excessively optimistic.

In order to develop a more fact based demand model, we asked a local horse enthusiast, Steve Busick, to perform a market survey. Mr. Busick called the officials of most Washington equestrian organizations, and recorded the number of events conducted by each organization per year, and the number of horses in each event. He

also asked questions related to the how many of these events are likely to be moved to the Washington Horse Park, as well as the likelihood of organizing new events.

Most organizations have two types of events. The first category is small events, involving a single day and a small portion of the organization's membership. These tend to be more frequent, but involve much smaller numbers of horses per event (averaging 65 in our sample). These events are usually spread out among multiple facilities, often local fairgrounds. We estimated that very few of these events would be held at the WSHP – we assumed one per organization. This resulted in 260 horse days from four events.

The other category of event involves a larger number of horses (averaging 150 in our sample) and multiple days. In assessing potential demand, we included one major event for each organization, unless the organization official indicated that all events were held at one other location and a new venue was desired (e.g. WSHJA, with five events at Monroe which could all switch). In the case of one organization using Oregon fairgrounds (AMHA Region 8), we concluded it was unlikely the WSHP will acquire any business. In calculating horse days for multiple day events, we added one day to each event. It is our understanding that most competitors arrive the day before major events, resulting in another day of stall rentals. This overstates demand, for while stall, feed and shavings will be purchased, other revenue sources such as arena rentals or food concessions will not occur. Based on these assumptions, surveyed demand was 10,630 horse days from 11 multiple day events. The survey included 24 multiple day events at all locations, so our assumptions result in approximately half of surveyed multiple day events switching to the WSHP. We will consider this number, 10,630, as our conservative estimate of demand.

Our survey did not contact all Washington equestrian organizations, although it is likely that we contacted the majority of the larger organization. There may also be

organizations from other states that are willing to switch to the WSHP, although our survey does include organizations using Oregon facilities. If we assume that we only contacted 60% of potential client organizations, and that the remaining organizations are similar in character to the surveyed organizations, they we may scale up our surveyed demand as follows:

$$10,630 \times 60\% = 17,717$$

This results in a true total number of 17,717 horse days from 18 large events and 7 small events. While the previous feasibility study estimated a 32 weekend season, a six month or 26 weekend season seems more likely given Northwest weather conditions and the length of the show season. While some of the small events may be double booked for the same day or same weekend, there are few weekends remaining for larger organizations. This is our optimistic forecast of horse day demand.

As another measure of potential demand, we note that in our sample the average number of horses at multiple day events is exactly 150. The average number of days in multiple day events is 3.45. Multiplying these, we have 518 horse days per multiple day event. If we assume a 29 week season – every weekend April through September and three weekends divided between March and October – this results in 29 times 518 or 15,027 horse days. For the total number of horse days to be larger than this, horse organizations outside of our survey must hold substantially larger shows. Given that we contacted the larger organizations, this seems unlikely. Our assumption of 29 events per season is also somewhat heroic.

In discussing this point with an industry consultant, we were told that it is possible that entrepreneurs do put together horse shows independently of local organizations. A 400 horse show could be drawn from the membership of many local organizations. We do not have any method of assessing likelihood that this will occur. Nothing in our survey gave support to the idea that there is an underlying demand for horseshows untapped by existing organizations.

We then work with the following estimates of horse days per year: 10,630 (conservative), 17,717 (optimistic), and 25,600 (unrealistic). Given a number of horse days per year, we translate this into revenue per year by multiplying by dollars per horse day. As mentioned above, survey results indicate that stall fees are approximately one half of revenue per horse. We confirmed this by examining an event analysis for a Dressage Horse Show conducted in Los Angeles in 2003. Horse stall revenue was 54% of total show rental. Based on this, we assume total revenue per horse is twice stall rental, even though some revenue is indirectly linked to the number of stalls rented (e.g. the facility rental).

We must distinguish between stall fees charged to the participant from stall fees paid to the facility. Show organizers pay facility stall fees and charge participant stall fees. For the purposes of our study, we are only concerned with facility stall fees. In our survey of WA equine organizations, Steve Busick asked the organization officers what stall rentals were at their current locations. Seven respondents said \$25, while the other three listed \$35, \$40 and \$65 per day. For the Los Angeles show we examined, stall fees *to the facility* were \$13.86 per horse day. Given this disparity in rental fees, we were unsure if our survey respondents were providing stall fees charged to participants or charge fees paid to facilities. In order to resolve this we conducted a brief internet search of current facilities.

The Kentucky Horse Park lists \$20/night for the first night, and \$15 per night thereafter. This Horse Park of New Jersey lists \$30 for one day shows, \$45 (total) for 2 or 3 day shows, and \$10 per day thereafter. The North Carolina Eastern Agriculture Center charges between \$10 and \$15 per day depending on the number of days. Examining the entry forms of the Reining Horse Association NW, the per day stall fee to the competitor at various Northwest locations is uniformly \$25 per night. This information suggests that revenue to the facility is between \$10 and \$15, while stall fees charged to

participants by the promoting organization are usually \$25 per night.

Based on this, and assuming total revenue per horse is twice stall rentals, we use revenue per horse figures of \$20 and \$30. We believe higher figures than those are unrealistic. Our primary evidence is a survey performed for another proposed facility in Washington. When asked the primary reason for changing facilities, rising facility charges was the most frequent answer. Organizers of horse shows seem to be quite price sensitive.

While equine shows will be the primary source of WSHP revenue, it is also possible that the facility will be used for other types of events. An essential component of profitability will be booking events for otherwise unused times, and in our discussions with industry consultants several possibilities were proposed.

One is housing a "livery stable" – an organization that rents horses for trail riding. Given the proximity to the Suncadia resort, it is possible that the WSHP may lease space to a contractor who in turn rents horses for trail rides. Riding lessons may be another potential market. The resort may also wish to lease the facility for very large events – trade shows, etc. – that require more meeting space than is available at the resort. Entrepreneurial talent on the part of the WSHP management, as well as flexible facility design will maximize the potential of non-equine revenues. As a rough approximation, it may be possible to generate \$100,000 per year in non-equestrian revenue, and we include this amount in one of our scenarios. This revenue stream is highly uncertain for several reasons. First, the design of the proposed facility is for a relatively small number of spectators. A non-equestrian event will normally generate revenue from spectators (e.g. music events), so the WSHP facility with seating, restrooms, etc. designed for an audience of 1000 will have little appeal. Given its location a mountain pass away from population centers, we view it as unlikely that it will be used for the host of events normally housed in county fairgrounds, such as car and gun shows. The

facility is also not designed for horse boarding, leaving a conflict between stall rentals for horse shows and stall rentals for a "livery stable". In one of our scenarios we include \$100,000 per year in alternative revenue, but the generation of this revenue will require considerable entrepreneurial ingenuity.

Costs.

We used two methods of calculating operating costs. First, we estimated the cost of each component of operations (e.g. labor costs, utility costs, etc.) and add them together (the component approach). Alternatively, we informally surveyed existing horse parks to discover their operating costs (the survey approach). Each method has disadvantages. The component approach has the disadvantage that we must estimate the quantities of all inputs – we must know how many workers will be hired, how much fuel will be used, etc. Such estimates generally assume efficient operations, which is unlikely in any new business.

The survey approach has the advantage that it reflects the costs of actual operations, but the disadvantage that other facilities may have very different operations – for example the number of non-equestrian events may be substantially larger or smaller. Both of our approaches yielded similar results, giving us substantial confidence in the approximate cost of operations.

The 1998 feasibility study conducted a component cost estimate, based on estimates by the Langer Equestrian Group and confirmed by a survey of 13 equestrian facilities. That estimate was \$445,500 as a first year operating cost, and we scaled that estimate up by the amount of inflation from 1996-2005, resulting in an estimate of \$516,232 for the first year of operation. Another component based cost estimate was performed independently by Ed Lapsley as part of his re-estimation of construction costs. His result was within \$12,000 of ours.

For the survey approach, we called a number of existing horse parks in order to estimate operating costs for a facility of the size proposed for the WSHP. For 400 stall parks, we found a wide range of operating costs, with lows very close to our estimate and highs around \$1.2 million dollars per year (see below). This estimate is very imprecise, for surveyed facilities varied the length of their operating season (with some operating year round), as well as the range of equine and non-equine events hosted.

In our scenarios we increase operating costs by 7% per year until the facility reaches full capacity, and then decrease its growth rate to expected inflation (2.5%).

This model of cost over time assumes that many of the operating costs will exist regardless of the number of horse days – for example the manager will have to be paid even in the first year of operation when the number of events is small. To these “fixed” costs we add costs that will increase with the number of horse days, such as bedding and manual labor costs. Because only part of the total operating costs will increase, the rate of total costs will increase more slowly (7%) than the number of horse days (20 or 25%).

One operating cost that is not included is property tax. Based on an expenditure of twenty million dollars and a land value of five million dollars, property taxes will be approximately two hundred and twenty five thousand dollars. We have assumed that the taxing jurisdictions waive these taxes – the facility will experience substantial operating losses if these are included.

Scenarios:

We use the parameters of demand and cost to develop four scenarios regarding profitability. All assume an absence of capital costs and property taxes. Tables Two

through Five show the assumptions and output of each of the modeled scenarios.

Scenario 1: This has our pessimistic estimate of the maximum number of horses, plateauing at 10,630 horse days per year. We begin with more than one third of this – 4000 horse days per year. We assume a low rate of growth; the park takes 8 years to achieve its maximum number of horse days. Revenue starts at \$20 per horse. All scenarios start with the same assumption about costs, but since this model has few horses the initial cost per horse is quite high. With this scenario, the park never experiences profitability, and loses approximately half a million dollars per year.

Scenario 2: This has the very most optimistic demand forecast; all 400 stalls rented for every weekend for 32 weekends, or 25,600 horse days per year, and a rapid rate of growth to this number. Revenue starts at \$30 per horse. Profitability is achieved by year six, and following this the facility has net revenues of around \$150,000 per year.

Scenario 3: This scenario assumes a maximum of 17,717 horse days per year, \$30 per horse revenue, and \$100,000 per year of non-equestrian revenue. At its maximum number of horse days, the facility loses approximately \$80 thousand per year.

Scenario 4: This duplicates scenario 3, but instead of adding non-equestrian revenue, we raise the revenue per horse sufficiently to break even. At \$42 per horse, the facility will net approximately \$15 thousand per year. This corresponds to stall receipts of \$21 per horse, and corresponding fees for all other revenue sources (shavings, feed, etc.).

We view Scenario 3 as the most likely outcome, with the reservation that the \$100,000 in alternative revenue is far from certain. This scenario is consistent with the experience of the vast majority of horse parks around the country – it is very difficult to find any examples of horse parks that do not require continuing subsidies.

Table 2: Scenario 1 Parameter Values

4,000 Starting Numbers of Horses
 20.00% Growth Rate of Horses

\$80,000.00 Starting Total Revenues
 \$20 Starting Revenue Per Horse

\$516,232 Starting Total Expenses
 \$129.06 Starting Expenses per horse
 7.00% Growth Rate of Expenses

400 Number of stalls
 10,630 Maximum Horses

2.50% Inflation Rate

Year	1	2	3	4	5	6	7	8	9
Horses	4000	4800	5760	6912	8294	9953	10630	10630	10630
Total Rev per Horse	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$22.47	\$24.05	\$25.73
Total Revenue	\$80,000	\$96,000	\$115,200	\$138,240	\$165,888	\$199,066	\$238,879	\$255,600	\$273,492
Total Expenses	\$516,232	\$552,368	\$591,034	\$632,406	\$676,675	\$724,042	\$774,725	\$794,093	\$813,945
Expenses per horse	\$129	\$115	\$103	\$91	\$82	\$73	\$73	\$75	\$77
Operating Profits	-\$436,232	-\$456,368	-\$475,834	-\$494,166	-\$510,787	-\$524,976	-\$535,846	-\$538,493	-\$540,453
Cumulative Losses	-\$436,232	-\$892,600	-\$1,368,434	-\$1,862,601	-\$2,373,388	-\$2,898,364	-\$3,434,210	-\$3,972,703	-\$4,513,156

Table 3: Scenario 2 Parameter Values

8,000 Starting Numbers of Horses
 25.00% Growth Rate of Horses

\$240,000.00 Starting Total Revenues
 \$30 Starting Revenues per Horse

\$516,232 Starting Total Expenses
 \$64.53 Starting Expenses per horse
 7.00% Growth Rate of Expenses

400 Number of stalls
 25,600 Maximum Horses

2.50% Inflation Rate

Year Horses	1	2	3	4	5	6	7	8	9
Total Rev per Horse	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$35.76	\$36.66	\$37.57
Total Revenue	\$240,000	\$300,000	\$375,000	\$468,750	\$585,938	\$732,422	\$915,527	\$938,416	\$961,876
Total Expenses	\$516,232	\$552,368	\$591,034	\$632,406	\$676,675	\$724,042	\$774,725	\$794,093	\$813,945
Expenses per horse	\$65	\$55	\$47	\$40	\$35	\$30	\$30	\$31	\$32
Operating Profits	-\$276,232	-\$252,368	-\$216,034	-\$163,656	-\$90,737	\$8,380	\$140,802	\$144,322	\$147,930
Cumulative Losses	-\$276,232	-\$528,600	-\$744,634	-\$908,291	-\$999,028	-\$990,648	-\$849,846	-\$705,524	-\$557,593

Table 4: Scenario 3 Parameter Values

6,000 Starting Numbers of Horses
 25.00% Growth Rate of Horses
 \$180,000.00 Starting Total Revenues
 \$30 Starting Revenues per Horse
 \$100,000 Non-equine revenue
 \$516,232 Starting Total Expenses
 \$86.04 Starting Expenses per horse
 7.00% Growth Rate of Expenses
 400 Number of stalls
 17,717 Maximum Horses
 2.50% Inflation Rate

Year Horses	1	2	3	4	5	6	7	8	9
Total Rev per Horse	\$30.00	\$30.00	\$30.00	\$30.00	\$30.00	\$31.01	\$31.78	\$32.57	\$33.39
Total Revenue	\$180,000	\$225,000	\$281,250	\$351,563	\$439,453	\$549,316	\$563,049	\$577,126	\$591,554
Augmented total	\$280,000	\$325,000	\$381,250	\$451,563	\$539,453	\$649,316	\$663,049	\$677,126	\$691,554
Total Expenses	\$516,232	\$552,368	\$591,034	\$632,406	\$676,675	\$724,042	\$742,143	\$760,697	\$779,714
Expenses per horse	\$86	\$74	\$63	\$54	\$46	\$41	\$42	\$43	\$44
Operating Profits	-\$236,232	-\$227,368	-\$209,784	-\$180,844	-\$137,222	-\$74,726	-\$79,094	-\$83,571	-\$88,160
Cumulative Losses	-\$236,232	-\$463,600	-\$673,384	-\$854,228	-\$991,450	-\$1,066,176	-\$1,145,269	-\$1,228,841	-\$1,317,001

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Table 5: Scenario 4 Parameter Values

6,000 Starting Numbers of Horses
 25.00% Growth Rate of Horses

\$252,000.00 Starting Total Revenues
 \$42 Starting Revenues per Horse

\$516,232 Starting Total Expenses
 \$86.04 Starting Expenses per horse
 7.00% Growth Rate of Expenses

400 Number of stalls
 17,717 Maximum Horses

2.50% Inflation Rate

Year Horses	1	2	3	4	5	6	7	8	9
Total Rev per Horse	\$42.00	\$42.00	\$42.00	\$42.00	\$42.00	\$43.41	\$44.49	\$45.60	\$46.74
Total Revenue	\$252,000	\$315,000	\$393,750	\$492,188	\$615,234	\$769,043	\$788,269	\$807,976	\$828,175
Total Expenses	\$516,232	\$552,368	\$591,034	\$632,406	\$676,675	\$724,042	\$774,725	\$794,093	\$813,945
Expenses per horse	\$86	\$74	\$63	\$54	\$46	\$41	\$44	\$45	\$46
Operating Profits	-\$264,232	-\$237,368	-\$197,284	-\$140,219	-\$61,440	\$45,001	\$13,544	\$13,883	\$14,230
Cumulative Losses	-\$264,232	-\$501,600	-\$698,884	-\$839,103	-\$900,544	-\$855,543	-\$841,999	-\$828,116	-\$813,886

Table Six lists revenue and cost data for eleven horse parks, ranked by the number of permanent stalls. The dollar figures are in thousands. As may be observed from the table, most horse parks experience operating losses, averaging 19% of operating costs. This report's Scenario 3 is consistent with this, with losses of around 11% of total costs.

Table Six: Comparable Facilities' Revenues and Costs

Facility #	Permanent Stalls	Revenue (\$1,000)	Costs (\$1000)	Operating Profit (\$1000)	Profit as a % of Costs
1	217	\$495	\$597	-\$102	-17%
2	300	\$850	\$1,500	-\$650	-43%
3	400	\$490	\$586	-\$96	-16%
4	440	\$600	\$1,100	-\$500	-45%
5	460	\$1,178	\$1,117	\$61	5%
6	480	\$6,171	\$7,447	-\$1,276	-17%
7	484	\$580	\$680	-\$100	-15%
8	550	\$578	\$860	-\$282	-33%
9	672	\$2,400	\$2,400	\$0	0%
10	750	\$3,205	\$3,558	-\$353	-10%
11	1,100	\$6,190	\$7,239	-\$1,049	-14%
				Average	-19%

Scenario 3 predicts operating losses of around \$80,000 per year. This should be put in perspective. Whether there are losses or gains of this amount, these results are only a very small percentages of the opportunity cost of the 20 million dollar capital expenditure. At a five percent interest rate, the annual interest on 20 million dollars is one million dollars. The facility also requires two hundred and twenty five thousand dollars forgone property tax. The opportunity cost of the facility, on an annual basis, is therefore \$1.225 million. If this facility provides this much value to the citizens of the state, it probably also justifies another eighty thousand per year in operating subsidies.

V IMPACT ANALYSIS: METHODOLOGY, APPLICATION AND FINDINGS

Impact analysis is commonly used in regional policy making to predict the economic changes that result from a project. These changes, or impacts, are experienced as increases or decreases in the magnitude of selected economic variables.

Employment, output, income, value added, and taxable sales are the most often used impact variables. Project impacts may be estimated for a local, regional, state, or national economy.

One purpose of this study is to estimate the impacts of the horse park operations upon the state, and more importantly, upon the immediate regional economy. This chapter explains the methods that we used to estimate total regional impacts that result from the initial direct effects of the project. First we describe the general types of economic impacts. Then we briefly explain the specific modeling techniques.

Types of Economic Impact

There are three types of economic impacts, direct, indirect, and induced-- each of which captures one facet of change in regional economic activities.

Direct Impacts

Direct impacts refer to the initial purchases within an economy that result from project activities. Direct impacts of the horse park include expenditures stemming from construction, operations and maintenance, and from spending by event participants and spectators. Examples include purchases of concrete for construction, purchases of bedding by the horse park, and expenditures for lodging by out-of-area participants.

Indirect Impacts

The term "indirect impacts" refers to the production and sales of goods and services that result from the fact that direct impacts require inputs from other business sectors. For example, in order to sell hay at the retail level (a direct impact), materials will be purchased from local wholesalers and growers. This second level of activity is the source of indirect impacts.

Induced Impacts

The changes in employment in those industries that experience both direct and indirect impacts result in changes in income that are spent in the region to purchase consumer goods and services. This income effect is the source of induced impacts. For example, if hay is produced locally, local incomes increase. Local spending of this additional income is the basis of an induced impact.

Total Economic Impact

The total economic impact is found by adding all three levels of impact for each sector of the local economy. The larger the magnitude of local purchases, the larger will be the total local impact; conversely, the larger the portion of expenditures which are made outside the local economy, the smaller will be the total local impact. The amount spent outside the region does not effect the local economy, but the amount spent locally on such things as food, services, and supplies is considered a local impact. Similarly, purchases resulting from increased wages which stem from both direct and indirect impacts are the basis for the induced impact, a further round of local spending. Induced impacts lead to additional rounds of indirect and induced impacts. This is referred to as a "multiplier effect."

To the extent that expenditures occur outside the local economy, they are considered to

be leakages. With each round of spending a portion usually leaks outside the local economy. Leakages from successive rounds of spending eventually taper further rounds of responding to zero. The larger the region, the more intricate the economic linkages and, accordingly, the greater the total local impact from a given direct expenditure.

There is, therefore, a multiplicative effect of a given direct impact, which results in greater total impacts. This so-called multiplier reflects the extent to which the initial expenditures recirculate through a local economy. The multiplier shows the relationship of direct impact to total impact and depends upon both the degree of linkages among the local industries and the extent of leakages. In a general sense, the multiplier can be estimated by dividing the total impact by the direct impact. For example, if a total impact of \$1000 is comprised of \$500 of direct impacts, \$275 of indirect impacts, and \$225 of induced impacts, the multiplier is $\$1000/\500 or 2. In this example, each dollar of direct impact creates a total impact of \$2. Note that the total impact includes the original dollar of direct impact. To most accurately assess the multiplicative effect, estimates of the multiplier are often derived for each sector of the economy. To accomplish this task a computer model of the local economy can simulate local economic interactions.

A number of economic impact analyses have been conducted for horse-related activities. The primary element of impact analysis for horse parks is the measurement of direct benefits. These are based upon a set of measurements regarding the number of people for every horse on the grounds, the expenditures per person, and the percentage of expenditures that originate outside of the region of analysis. This last component is included because, by the precepts of regional economics, it is assumed that only external dollars advance the local or regional economy, since expenditures from locals would have occurred anyway, whether on horses or on other items that would cycle through the local economy. It is, accordingly, appropriate to review the values of these spending patterns used in other impact analyses of horse parks. A

second major element of impact analysis is the multiplier. Each analysis develops a multiplier to convert direct expenditures to total impact upon the target economy. The multipliers will vary depending upon location and type of activity.

Fortunately, the measurements of both direct and indirect impacts that have been developed or assumed in other horse park studies converge into a somewhat tight band. A brief review of the relevant variables in these studies follows; all dollar values have been converted to year 2006 dollars.

The feasibility study of the national scale Maryland Horse Park assumed the extremely low values of 1.27 participants including spectators per horse. Spending per person in the local area was \$100 per day for lodging and meals plus \$160 of horse related expenditures.

The study for the California Horse Park assumed spending of \$126.22 per person, with 95% of participants and spectators coming from outside the county. Total individuals per horse was 2.5.

The often-cited Oklahoma City Chamber of commerce study measured and used the following values: 3.5 persons per horse, \$174.57 expended per person per show day, 85% of spending is from out of town.

A survey of Northwest horse owners was the basis for the estimates used in the Lewis County study. This primary research projected the following values: 2.4 persons per horse, \$116.52 expenditure per day per person, and 28% out-of-state attendance. These values were given particular weight in our analysis because of their regional derivation.

The very complete analysis of the Virginia Horse Center by Kaplan and Knapp (1995)

derived the following values from their survey: an average of 1.5 persons per horse, a weighted average of \$268 expended per person per show day, 53% of spending from out of town. It should be noted that although the persons per horse measure is quite low at 1.5, the expenditures per person is quite high, resulting in a product of the two factors that falls tightly into line with the other studies.

The Governor Hunt Horse Park Complex in Raleigh uses the following values: 4 persons per horse, \$125 expended per person per show day, 67% of spending is from out of town.

The Hoosier Horse Park uses the following values: 3 persons per horse, \$123 expended per person per show day.

The Connecticut Horse Park and Exhibition Center feasibility study measured and used the following values: 6 persons per horse (including exhibitors and spectators,) \$169.68 expended per person per show day, 85% of spending from out of town.

Although the measures of participants from outside the area ranged from 28% to 85% across the studies, these numbers reflect several factors - the size of the area and the size and nature of the shows. Clearly the density of population in the East tends to increase this measure, and a higher proportion of large shows tends to increase this measure. The Virginia study group conducted a survey to find that 32% of small show participants were from out of state, along with 59% at medium sized shows and 52% at large shows. Thus this percentage will change as the mix of shows shifts with maturity of the facility. Because of the large sizes of western states and their relatively low population densities, we select the bottom end of the range for out of state participation, 25%. Remember that this is the number to be entered into the calculations for impacts at the state level; at the county level a figure as high as 95% of participants coming from outside the county can be used and deemed conservative, given the very small

population of Kittitas County (at 38,000) relative to the region. Again, to be on the conservative side, we use 3 persons per horse (both participants and spectators), and \$136 expenditures per person. Although our estimates of spending tend to be low, we find these appropriate in view of the relatively limited options for expenditures in a rural county, coupled with the lower cost of tourism expenditures for motels, restaurants, and entertainment in a rural area.

In impact studies the magnitude of the impact multipliers is wide ranging and far more dependant upon scope of the region under analysis. As for impact of horse parks, the Virginia Horse Center study employed the highly rigorous input-output technique to derive two sets of multipliers, one for the state and one for the immediate horse center area. Table 7 shows output, earnings, and employment multipliers for both Virginia and the immediate area. The output multiplier converts direct expenditures into output (or value of product), the earnings multiplier converts expenditures into incomes, and the employment multipliers convert spending into a measure of new jobs created. For the state impacts of our study, we compare the most recent input-output analysis multipliers for Washington State to those for the State of Virginia and adopted the multipliers shown in Table 8; note that they do not differ markedly from those used for the State of Virginia. However, the multipliers for Kittitas County differ significantly from those for the Lexington-Rockbridge location of the Virginia facility. This is because the Kittitas area is far smaller (population of 36,600 versus 360,000), and accordingly has far fewer economic linkages; many of the types of establishments in the Lexington-Rockbridge location do not exist in Kittitas county, and will not exist within the time-scope of this analysis.

Table Seven
The Impact Multipliers for the Virginia Horse Center

	Output Multiplier	Earnings Multiplier	Employment Multiplier
State of Virginia	2.48	0.95	43.54
Lexington-R-bridge	1.88	0.72	45.79

In the mid-1990's an input-output model for the combined Kittitas and Yakima Counties was developed by one of the authors of this present study in order to estimate the impacts of the operation of a fish hatchery, also located next to the City of Cle Elum. The direct to indirect impact multipliers for this hatchery study (1.6 for jobs and 1.8 for earnings) were very close to the 1.88 multipliers of the Virginia study. This is not surprising in view of the facts that the two county area has approximately the same population as the Lexington-Rockbridge area, and that most of the spending associated with the hatchery - expenditures by recreational fishers - impacted the hotel, restaurant, camping and retail foods sectors, as did most of the expenditures by horse park visitors. In both cases about 90% of expenditures impact these tourism sectors. Accordingly, the sectorial multipliers for the state of Virginia study are deemed appropriate for direct application as to the impact of the horse park upon the State of Washington.

Table Eight
Impact Multipliers for Washington State and Kittitas County

	Direct Expenditures to Total Spending Multiplier	Employment Multiplier Jobs/Million \$ of Direct Expenditures
Washington State	2.48	20
Kittitas County	1.15	16

Because Kittitas County is far smaller and less economically interlinked than is the combined Kittitas-Yakima area (about 10% of the combined county population or income), a yet smaller multiplier is appropriate. Accordingly, based upon a number of studies that correlate multipliers to size of place, an earnings multiplier of 1.15 was used for Kittitas County impacts in this horse park analysis. A multiplier of 2.48 was used for the State measures. Another means of stating the jobs multiplier is in terms of the number of jobs created per million dollars of direct expenditures. This jobs multiplier takes into account both indirect and induced effects. In other horse park studies these jobs multipliers range from 16 to 45 jobs created per million dollars of direct expenditures. We have used 17 for the county component and 20 for the state component, both conservative figures. Although the magnitude of these multipliers may appear to be very conservative, it must be remembered that Kittitas County is a very small and unlinked economy.

Direct Impacts: Two categories of direct expenditures were input into the model: Direct expenditures incurred in the operation of the horse park and the direct expenditures of show participants and spectators. As for direct expenditures arising from operations of the horse park, only a small percentage of these expenses will impact the local area, due to the lack of local sourcing of many of these expenditures. As many of these goods and services will be purchased within the State, however, a higher proportion of expenditures shown on Line 1 of Table 8 are "margined" into direct expenditures for the state-wide component of the model. After considering availability of sources, 48% of total operating expenditures were considered to be local and 90% were used in the state-wide component. As the 48% local expenditures are included in the state's 90%, this means that 10% of direct expenditures went outside the state.

Direct expenditures of show participants and spectators was calculated from the number of horses, based upon the following assumptions: 3 persons per horse and

\$136 spent per person per day. Because these expenditures are primarily for tourist services, we assume that 82% of expenditures will impact the local economy. The remaining 18% will go to vendors who travel to the county for these events, and are therefore not considered "local."

Findings of the Impact Model

We applied the impact model only to the results of Scenarios 3 and 4, the "most likely" feasibility models; both were based upon the same starting numbers of horses across the years of analysis. As the impact model results are linear functions of the number of horses and therefore visitors, impacts for the other feasibility runs can be easily calculated. Table 9 shows the logic and results of the model. Let us use the Year Six column to show the impact of the horse park in its maturity stage. Direct participant expenditures of \$7,334,838 are shown on line 1; these are comprised of the number of horses, times the number of participants per horse, times the spending at \$138 per day. Line 1 is next margined at 95% to reflect the fact that 95% of participants are from outside the county. (Expenditures by in-county participants are netted out as it is assumed that this money would be spent in the county even without the horse park.) This margining yields the \$6,968,096 in line 2, spending by participants on the local market. Line 3 gives the \$347,540 of expenditures made by the horse park administration; it is calculated by multiplying horse park expenses by 48% to account for expenses that flow into the local economy; the remaining 52% will be spent outside the local area. The sum of these two categories of local expenses (local spending by participants, shown in line 2 plus spending on horse park operations, shown on line 3) appears as \$7,315,636 in line 4 as local total direct expenditures. These, in turn are multiplied by the local (county) multiplier of 1.15 to yield local total impacts, shown in line 5. This number, \$8,412,982 represents the total money flows, including indirect and induced effects in the local economy that are attributable to the horse park. Using the employment multiplier of 17 jobs per million dollars of direct expenditures gives us

line 6, the 143 jobs created by the horse park after the direct, indirect and induced effects are factored in.

Table 9: Calculation of Impacts from Continuing Operations

Year	1	2	3	4	5	6	7	8	9
Direct Participant Expenditures	\$2,484,000	\$3,105,000	\$3,881,250	\$4,851,563	\$6,064,453	\$7,334,838	\$7,334,838	\$7,334,838	\$7,334,838
Out of County Participant Spending	\$2,359,800	\$2,949,750	\$3,687,188	\$4,608,984	\$5,761,230	\$6,968,096	\$6,968,096	\$6,968,096	\$6,968,096
Local Horse Park Expenditures	\$247,791	\$265,137	\$283,696	\$303,555	\$324,804	\$347,540	\$356,229	\$365,134	\$374,263
Local Total Direct Expenditures	\$2,607,591	\$3,214,887	\$3,970,884	\$4,912,539	\$6,086,034	\$7,315,636	\$7,324,325	\$7,333,231	\$7,342,359
Local Total Expenditures	\$2,998,730	\$3,697,120	\$4,566,516	\$5,649,420	\$6,998,940	\$8,412,982	\$8,422,974	\$8,433,215	\$8,443,713
Local Employment Impacts (Jobs)	51	63	78	96	119	143	143	143	144
Out of State Participant Spending	\$496,800	\$621,000	\$776,250	\$970,313	\$1,212,891	\$1,466,968	\$1,466,968	\$1,466,968	\$1,466,968
Within State Horse Park Expenditures	\$438,797	\$469,513	\$502,379	\$537,545	\$575,174	\$615,436	\$630,822	\$646,592	\$662,757
Within State Total Direct Expenditures	\$935,597	\$1,090,513	\$1,278,629	\$1,507,858	\$1,788,064	\$2,082,403	\$2,097,789	\$2,113,560	\$2,129,725
Total State Expenditures	\$2,320,281	\$2,704,472	\$3,171,000	\$3,739,488	\$4,434,399	\$5,164,360	\$5,202,517	\$5,241,628	\$5,281,717
Total Sales Tax	\$406,145	\$507,681	\$634,602	\$793,252	\$991,565	\$1,199,279	\$1,199,279	\$1,199,279	\$1,199,279
Sales Tax to City	\$30,630	\$38,288	\$47,860	\$59,825	\$74,781	\$90,446	\$90,446	\$90,446	\$90,446
Sales Tax to County	\$2,785	\$3,481	\$4,351	\$5,439	\$6,798	\$8,222	\$8,222	\$8,222	\$8,222
Sales Tax to State	\$372,730	\$465,913	\$582,391	\$727,989	\$909,986	\$1,100,611	\$1,100,611	\$1,100,611	\$1,100,611

State impacts are also calculated from the sum of participant plus horse park expenditures. This sum of \$1,466,968 in Column 6, Line 7 is derived from Line 1; it has been margined at 25%, because only 20% of participants are from out of state, and therefore this is the source of impacts captured by the state. Those participants who come from within the state would be assumed to be making those expenditures elsewhere in the state if the horse park did not exist. Accordingly, the state participant spending is actually less than the local. To derive other state measures, State Horse Park Expenditures of Line 8 are added to Line 7, summing to the \$2,082,403 of State Total Direct Expenditures. This, in turn is multiplied by the State multiplier of 2.48, resulting in a total impact (including indirect and induced effects) of \$5,164,360 shown on Line 10.

Thus, it can be seen that the proposed park, even on a very conservative estimate of use, generates a significant impact on the County and the State economies. It should be noted that these estimates are based on horse shows only; they include no impacts from use of the center by other events, which are expected to consistently account for up to 25% of the days the facility is used. Any additional use by horse shows will also markedly increase these totals. This analysis also only applies to operating expenditures – it ignores the very large initial construction expenditures.

Fiscal Impacts upon the Public Sector

Lines 11, 12, 13, and 14 of Table 8 show tax impacts, based upon the results of the “most likely” scenario. Line 11 represents total sales tax collected from participant expenditures, calculated at a rate of 7.7%. Line 12 shows Cle Elum’s local share of the sales tax, \$90,446 in Year 6. County share is \$8,222. Finally, State share of sales tax (6.5%) is shown in Line 14, \$1,100,611 in Year 6, reflecting the sales tax collected from out of state participants. . Local share of the motel and hotel tax is based on 50% of participant spending going to lodging and the tax rebate to local government is

2%; thus for year 6 this is \$73,348.

Property Taxes

Using the assessment rate for Cle Elum of 8.34390 per thousand dollars of valuation, the \$5 million of land plus approximately \$20 million of constructed improvements would generate an annual property tax of \$225,285. The potential impact of adding this level of taxes to the analysis of horse park economic feasibility is critical. Using the projections of the most likely scenario, the payment of property taxes would add this same amount to losses. Hence, even the most optimistic Scenarios, 2 and 4, would be kept in the red. Essentially, payment of property taxes would render the project infeasible under the most likely scenario.

Other Benefits:

Economic development is the business of attracting, creating and retaining businesses in the State. An important element for any state in this battle is the ability to offer a desirable quality of life. Any improvement in the quality of life makes a state more attractive to people, and therefore more attractive to the companies which need those people.

The addition of a first-class, nationally-known horse park would be an enhancement to the quality of life in Washington as well as an important means for promoting the State's image.

This type of facility, which brings thousands of people into the state from all over the country, serves as a marketing tool. It brings people here, exposes them to the benefits of the area and perhaps stimulates their interest in Washington as a place to do business -- while at the same time pouring millions of dollars into the State's tourist

economy.

The various State and County development agencies subscribe to a goal of creating additional major tourist attractions. The Washington Horse Park would function in much the same way as a major sports arena or concert center where people come from a wide area in order to watch events. Tourism is an important industry because it brings substantial revenue into the economy without significantly burdening local services, particularly schools.

An increased number of equestrian events would also support those businesses in the State serving the horse industry - farriers, feed and hay suppliers, veterinarians and the like. Increased interest in horses could also be expected to result in increased business for horse dealers, stables and tack shops. Economic models estimate that over 7% of the Overall Economic Impact occurring in the State due to the Horse Park would flow directly to the State in the form of taxes.

While these impacts were calculated using standard economic methodology, it must be noted that most of the forecasted events at the horse park are transfers of existing shows at other facilities. Only truly new events will create new spending, employment and tax revenue.

VI RECOMMENDATIONS FOR ORGANIZATIONAL STRUCTURE

A major task of this study was to make specific recommendations as to the appropriate organizational structure needed to acquire control of the site, solicit funds to construct improvements and successfully operate the facility over the long term. In this section we recommend an appropriate organization structure for the WSHP Authority Board of Directors based upon our interaction with the management of other horse parks, with

State and local government officials, and with groups of potential users.

The WSHP Authority is a non-profit corporation that was authorized by the Washington State Legislature in 1995 under the provisions of Title 67 RCW 67.18. The seven member Authority Board of Directors is appointed by the Governor of the State of Washington and is granted broad authorities to "develop, promote, operate, manage, and maintain" a horse park facility. We believe the most effective organization structure to accomplish these key functions is: (1) for the Directors to establish a non-profit corporation with IRS Code 501.C.3 tax status so that it can receive tax free donations, (2) for the corporation to contract in the private sector for the services of a professional manager experienced in the establishment and operation of equestrian facilities, and (3) to assign that professional manager the responsibility and authority, subject to appropriate Board review, for the development, promotion, operation and maintenance of the horse park facility.

The professional manager, who would not be an employee of the State of Washington, would be responsible to monitor the construction of the improvements, to prepare a budget to be approved by the Board for the operation of the facility, and to manage the marketing and operations of the horse park facility. These responsibilities would include hiring and managing employees (who would also not be employees of the State of Washington) and negotiating directly with private sector suppliers of goods and services to conduct the operations of the horse park facility. Based on our contacts with horse park facilities in other states and with other authority-controlled activities within the State of Washington, it has consistently been pointed out that the flexibility, time responsiveness, and cost savings available by not being required to operate with employee regulations of the State of Washington and not being required to go through the State purchasing system are significant and may be essential to the ability of the Horse Park to achieve financially self-supporting operations in the early years.

In summary, we recommend that the WSHP Authority Board of Directors set up the organization to be run by an experienced professional manager as a commercial operation outside of the State governmental institutions and procedures, that the Board focus its activities on obtaining the site and funding commitments required for the construction of improvements and the first five years of operation, and that the Board actively work with existing equestrian organizations to promote the Horse Park project.

VII CONCLUSIONS AND RECOMMENDATIONS

The primary objectives of this study were to determine the financial feasibility and potential economic impact of the Washington State Horse Park in its proposed location in Kittitas County, and to make recommendations as to the organizational structure of the institution. We will summarize findings and make recommendations as they pertain to each of these objectives.

FINANCIAL FEASIBILITY

Horse parks are not money makers in and of themselves. This is a reality which cannot be overlooked. As shown in our analysis, they have a significant positive impact on the economy, but are not themselves profit sources. This is particularly true for high quality facilities where typically revenues do not fully cover operating expenses.

We developed a relatively sophisticated financial model to determine economic feasibility. The inputs into this model were gathered from the experiences of operating horse parks around the country, user groups that we surveyed, and the experience of horse park management professionals and consultants. The advantage of using such experiential data is that elements of good and bad luck, managerial learning, and shifts in facility goals and procedures are therefore incorporated into the modeling process.

Four scenarios of the model were developed and "run;" they differed as to assumptions

of growth rates of: numbers and types of shows, entries, revenues, and costs. In Scenario 3, which we believe will be the most likely scenario, the park operates at an eighty thousand dollar per year loss, despite assuming augmented revenues of \$100,000 per year from non-equestrian events. Scenario 2, which assumes a much higher and likely unrealistic rate of facility use, results in net revenues of approximately one hundred fifty thousand dollars per year. The key financial findings of these two scenarios are:

- ◆ Maximum use of the facility is reached in the sixth year. Scenario 2 breaks even in the sixth year.
- ◆ Accumulation of 1.4 million dollars in losses by the end of the tenth year in Scenario 3. Scenario 2 accumulates one million dollars in losses prior to break-even.
- ◆ Net revenues losses of \$74,726 when the facility reaches maturity in year six for Scenario 3. Scenario 2 projects net revenues at maturity in year seven of \$140,802.
- ◆ For Scenario 3, annual revenues at maturity will be \$549,316 and annual expenses will be \$724,042. For Scenario 2 these values are respectively: \$915,527 and \$774,725.
- ◆ 69,357 exhibitors and spectators will use the facility annually when the facility is at maturity.
- ◆ For either Scenario, it will be necessary to waive property taxes on the facility and to create a capital funding approach which requires no direct repayment from operating revenues.

The model was also run to solve for revenues per horse (Scenario 4). Under the most likely assumptions, the level of revenues per horse necessary to break even in terms of operating costs were unacceptably high.

Our findings are reflected in the national equestrian park picture, where large and medium sized facilities are typically subsidized around 20% of operating revenues. Only two of twenty-five horse parks break even.

The primary reasons for the lack of positive cash flows in our projections of the Washington State Horse Park are that:

The climate and location limits the number of open weeks per year.

Our survey showed that equestrian groups are very sensitive to price.

The equestrian-dedicated design limits the size and nature of nonequestrian events.

For full utilization a facility needs to serve large horse events, and there is a lack of growth in the number of large horse organizations in the region.

Under these circumstances there are several major provisos that must be met before we can recommend that the plans to raise funds for the facility proceed. The first two have already been stated, that capital repayment not be required and that property taxes be waived. Third is the requirement that in order to assure successful operation, the Horse Park Authority must recruit a facility manager from the upper 90 percentile of managers and support that manager with top-notch review and assistance by professional equestrian management professionals. Finally, the facility will require subsidization from either private foundations or public coffers of approximately \$80,000 per year.

ECONOMIC IMPACTS

One means by which other facilities justify operating grants is through their impacts upon local and regional economies. Therefore, an impact model based upon expenditures of the horse park participants and expenditures for horse park operations was developed to estimate financial flows to both the local and state economies and to local and state finances. Using the "most likely" scenario at year six maturity, the following impacts are projected:

- ◆ The direct spending by exhibitors and spectators are estimated to be \$7,334,838 when the facility reaches maturity in the sixth year of operations.
- ◆ The total money flows attributable to the horse park in the sixth year, including indirect and induced effects, are \$8,412,982 annually.
- ◆ Using the employment multiplier of 16 jobs per million dollars of direct expenditures projects, 143 jobs will be created by the horse park after the direct, indirect and induced effects are factored in.
- ◆ Starting at the sixth year, annual state impacts from out of state residents were found to be \$1,466,968 of direct, indirect and induced spending.
- ◆ The recreational services sectors will be the sectors most affected by Horse Park operations.

ORGANIZATIONAL STRUCTURE

We recommend that:

- ◆ The Washington State Horse Park Authority Board of Directors set up the organization to be run as a commercial operation by an experienced and successful professional manager.
- ◆ The organization of the institution be that of a non-profit corporation, avoiding designation as a State governmental entity and thus avoiding the labor and procurement procedures required of State governmental units.
- ◆ The Board focus its activities on obtaining funding commitments required for the construction of improvements and the first five years of operation.
- ◆ That the Board actively work with existing equestrian organizations to promote the Horse Park project.

Our findings are reflected in the national equestrian park picture, where large and medium sized facilities are typically subsidized around 20% of operating revenues. Only two of twenty-five horse parks break even.

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Appendix I

Questions for Equestrian Organizations

General horse park introduction

General questions about the nature of their organization

1. Size of organization? Change over six years?
2. How many events do you schedule?
3. How many horses/event?
4. What stall fees do you pay?
5. What do you pay for arena facilities?
6. Are past years' calendars available?
7. What is the geographic range of your activities?
8. How satisfied are you with your current venues?
9. How frequently has your organization changed venues?
10. Why did you stop using these venues?
11. What new venues have you added?
12. What is your event planning horizon?
13. What has been the trend in fees for stalls? Do you think that your members are willing to pay \$5 more?
14. Do you have past years' data (going back to 2000) on events/entries/locations?
15. Would you consider using the WA Horse Park? New events?
16. Will you be willing to write a letter of support for the WA State Horse Park?

Appendix II:

Survey Questions for Horse Parks

Name of Facility

Contact Name

Phone #

Operations Manager Name

Phone #

Operated by:

Municipality

State

County

Public-Private Partnership

Private

Other

Date opened

Operating Months

Operating Days of Week

Hours of Operation

How many acres is your facility?

What is the number of on-site horse stalls?

Appendix III

DEVELOPMENT OF THE WASHINGTON STATE HORSE PARK AUTHORITY

The history of the Washington State Horse Park Authority is succinctly summarized in a January 16, 1998 memo From Cleve Pinnix, Director of the Washington State Parks and Recreation Commission:

In 1990 the State Parks and Recreation Commission acquired land adjacent to Lewis and Clark State Park for development of an equestrian facility. Subsequent detailed evaluation determined that the amount of wetlands on the property made it unsuitable for an equestrian facility. The property remains in Parks ownership.

The Commission next authorized staff to hire a planning consultant to design a schematic master plan alternative for an 1,120 acre site near the town of Ethel, on Highway 12 about nine miles east of Interstate 5. The Commission approved the consultant's recommended plan in January 1993. Staff was also authorized to begin acquiring needed land through use of funds previously designated for a horse park facility and through public-private land exchange authority. Staff was also authorized to work with private parties to develop support for a legislative package for equestrian center development through a quasi-governmental entity to be chartered by the legislature. Land acquisition was conditioned upon receiving legislative authorization for the managing and development entity by September 30, 1994, a deadline later extended to September 30, 1995. Because several of the landowners were unwilling to sell their land the project stalled.

On May 1, 1995 the Governor signed SSB 5403, creating the Washington Horse Park Authority.

Important components include:

1. Horse Park Authority Purpose

The best statement of intent in the duties of the Authority is found in section I of the originating statute:

RCW67.18.010(4) "It is the purpose of this legislation to create the framework for such a partnership to facilitate development of the Washington state horse park. It is further the intent of the legislature that the state horse park shall be developed in stages, based on factors such as the availability of funds, equipment, and other materials donated by private sources,- the availability and willingness of volunteers to work on park development,- and the availability of revenues generated by the state horse park as it is developed and utilized. "

2. Commission Role

The statute describes the Commission's role as follows:

RCW 67.18.020 (1) The Washington state horse park is hereby established, to be located at a site approved by the commission. In selecting a site the commission shall consider areas with large blocks of land suitable for park development, the distance to various population centers in the state, the ease of transportation to the site for large vehicles traveling along either a north-south or an east-west corridor and other factors deemed important by the commission.

The statute also encourages the Authority to collaborate with state agencies when it is mutually beneficial. The Commission is referenced as a potential partner in matters pertaining to public recreation.

3. Land Ownership

RCW 67.18.020 (2) describes three means by which land for the park may be acquired. First, through a grant to State Parks through the WWRP process. In this case the

resort complex. These linkages offer more economical development of needed facilities and have streamlined the permitting process for the horse park facility.

On October 22, 1997 the Horse Park Authority voted to endorse the Trendwest/Suncadia site in order to proceed with preliminary planning. On January 2, 1998 WSPRC met and approved the site.

Facility Master PLAN

The contract for the design of the original master plan was awarded to Atelier ps. Janis Snoey, the master plan project manager, worked with the Washington State Horse Park Authority, the Washington State Horse Park Foundation, the Public Involvement Task Force, and the authors of this study to design the Master plan. The design of the Horse Park clearly reflects an iterative process that entailed repeated interaction of all of these parties. It is appropriate to draw directly from the document to succinctly portray the envisioned facility:

As a show and competition facility, the Horse Park Master Plan is designed to accommodate one or more small- to moderate-sized events at a time. At full build-out, the Horse Park will support large events such as regional Arabian Horse and Quarter horse shows, the North American Young Rider's Program Final Competition, Dressage and Jumping World Cup competitions. The Horse Park will meet the needs of breed shows, western competitions, and equestrian sports such as competitive trail riding, jumping, dressage, combined driving and three-day eventing. American Horse Show Association (AHSA), Federation Equestre Internationale (FEI) and Professional Rodeo Cowboy's Association (PRCA) standards will guide development of the show and competition facilities.

The Horse Park will also serve those interested in less formal equestrian activities such as trail riding. The Horse Park is proposed to include a trail system interconnected to the Coal Mine Trail east of the site and the Iron Horse State Park (the John Wayne trail) south of the site. Trail access is also proposed through the Mountain Star Resort to back country trails in the adjacent National Forest. In cooperation with Trendwest, a

trailhead will be provided at the northwestern limits of the Mountain Star Resort. This facility will be provided so that users may immediately access more rustic trails without riding through the resort. Trendwest will determine the location of this "outpost."

The architecture and landscape development within the proposed Horse Park will conform to a Northwest mountain style to blend with the natural environment and reflecting Washington State's history. The building style -- characterized by sloped roofs, generous overhangs, and use of wood, stone, and heavy timber -- is consistent with that proposed for Mountain Star resort. To maintain aesthetic quality control, design of specific facilities will be approved by a design review committee comprised of members of the Horse Park Authority and representatives of Trendwest. The project will be built to high-quality standards to stimulate use of the facility and reduce long-term maintenance costs. Substandard facilities may cost less initially, but will not serve the goals of the proposed project.

The Horse Park will be developed in phases to reduce the initial cost and allow for flexible expansion. The proposed first phase of development would serve the needs of many small- to moderate-sized events (although probably no more than two small events or one moderate-sized event at a time). Temporary construction is minimized to reduce the cost of future construction, although some temporary features are necessary to consolidate development in the early phases.

In 2006 Edward Lapsley, Facilities Consultant, reassessed the original master plan and developed a revised construction plan. The design was marginally changed to reflect the last decade's changes in the technology, management and format of horse park design, construction and operations. Cost estimates were also revised, based upon a bottom-up approach.

WASHINGTON STATE HORSE PARK

REQUEST FOR FUNDS



WASHINGTON STATE PARK HORSE AUTHORITY
TODD TREWIN—CHAIRMAN

www.washingtonstatehorsepark.org

Horses have been an important part of Washington State from the very beginning. The abundant open lands and trail systems have, for generations, allowed both residents and visitors to enjoy horsemanship for work, leisure and competition.

(34095.)

TABLE OF CONTENTS

The following information comprises the formal submission from the Washington State Horse Park Authority for phased capital funding of \$19,384,599 "in total" to construct the Washington State Horse Park in Cle Elum, Wash.

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Construction Costs	8-10
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Detail on Design & Construction	Appendix A
Updated Economic Feasibility Report	Appendix B *

* Central Washington University will be updating the 1998 Washington State Horse Park Economic Feasibility Report to reflect current projections for the Horse Park's revenue and operating costs, in addition to anticipated local and statewide economic benefits. This additional document will be made available to the State Legislature and Office of Financial Management as early as possible prior to the session start date.

WASHINGTON STATE HORSE PARK

The Washington State Horse Park is located on 106 acres of land adjacent to I-90 in Cle Elum, Wash. The park will be the showcase of the Washington equestrian industry and a world-class facility, serving the recreational, competitive and educational needs of riders and horse enthusiasts across the state and throughout the Northwest. The proposed facility will provide ample facilities to accommodate regional, national and international equestrian and recreational pursuits. Special emphasis is included to provide equestrian activities for youth and the disabled.

HISTORICAL BACKGROUND

1986 - Washington State Legislature appropriates funds to the Washington State Department of Agriculture for investigation of the economic impact of Washington's horse industry. Study recommends the creation of a state-owned and operated equestrian center to promote and serve the recreational horse industry in the state and provide economic benefits through equine activities.

1991 - Legislature authorizes expenditure of \$200,000 for an equestrian center planning study. The Parks Commission approves \$490,000 to purchase land adjacent to Lewis and Clark State Park in Lewis County as a potential site for the Park.

1991 - 1996 - After five years of planning, horse community input and site analysis, physical and environmental issues prove the Lewis County location unsuitable for a world-class equestrian center.

1995 - State Legislature, by RCW 67.18 (Recodified: 79A.30), authorizes the Washington State Horse Park Authority to "establish a first-class horse park facility in Washington to meet the important needs of the state's horse industry, attract investment, enhance recreational opportunities, and bring new exhibitors and tourists to the state from throughout the region and beyond." The legislature further states, "a unique opportunity exists to form a partnership between state, county, and private interests to create a major horse park facility that will provide public recreational opportunities and statewide economic and employment benefits."

1996 - Trendwest Resort Corporation offers to donate land for the horse park in Cle Elum, Wash. adjacent to their planned resort community. Governor Gary Locke appoints Horse Park Authority members.

1997 - A \$45,000 grant is provided by the Legislature to develop an economic feasibility study and draft a Master Plan for the Washington State Horse Park in Kittitas County. A letter of intent to donate the property in Cle Elum is signed by affiliates of JELD-WEN and Lowe Enterprises, the new land owners.

1998 - The State Parks Commission authorizes the Parks Director to approve selection of the Cle Elum location for the Washington State Horse Park, as required in the legislation.

1998 - 2004 - Through several years of negotiation, Urban Growth Act (UGA) approval and changing developers, the site in Cle Elum is selected on 106 acres including infrastructure improvements and water rights. The value of the donation by JELD-WEN and Lowe Enterprises (now Suncadia Resort) to the citizens of the State grows to more than \$5,000,000.

2004 - Washington State Horse Park Foundation reorganizes to better manage the project, facilitate fund-raising activities and expand the involvement by the horse community and equestrian-related businesses.

2005 - Governor Christine Gregoire appoints new Washington State Horse Park Authority Board members to finalize site planning and begin development.

2006 - The Washington State Horse Park Authority Board works, in conjunction with Ed Lapsley and Robert Mack (Central Washington University—Department of Economics), to update prior reports on capital construction cost estimates and economic feasibility respectively. These documents will support a capital funding request to be made to the Washington State Legislature during the 2007-08 biennial budget.

THE ORGANIZATION

Washington State Horse Park Authority is a seven-member board authorized by the Washington State Legislature and appointed by the Governor to develop, promote, operate, manage and maintain the Horse Park using a combination of state and private resources.

Washington State Horse Park Foundation is a non-profit corporation that acts as a "friend of the Horse Park" by supporting the Washington State Horse Park Authority. It is comprised of an all-volunteer Board of Directors and Foundation Membership that represents a diverse cross-section of horse disciplines, interests and businesses.

EVENTS

The Washington State Horse Park is designed to meet the needs of local, regional and national competitions. Its charter specifically charges the Horse Park Authority Board to provide 4-H, pony clubs, youth groups and local park departments with youth recreational activities. The Authority Board also is to provide preferential use of an area of the Horse Park for youth and the disabled at nominal cost.

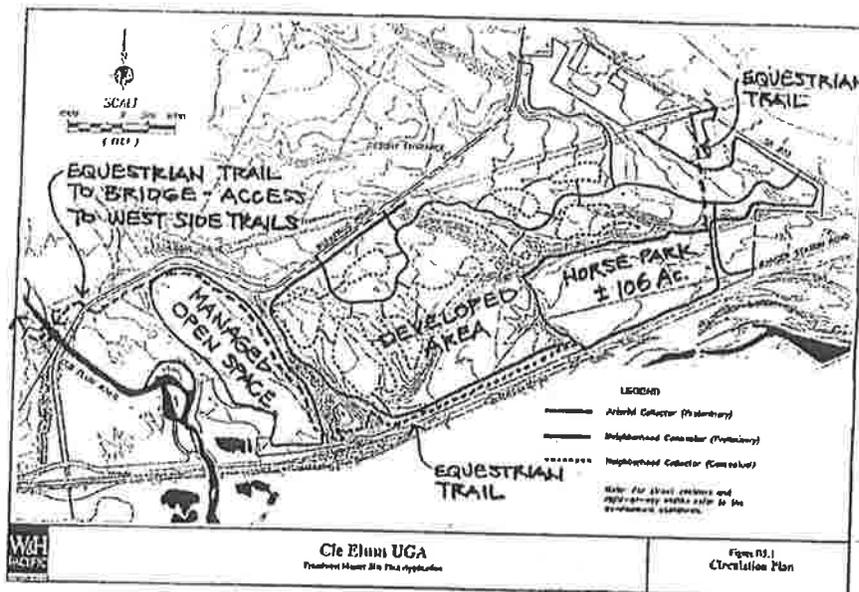
OVERVIEW OF FACILITIES

As a show and competition facility the Washington State Horse Park will be designed to accommodate several simultaneous small to moderate size events or a single large event. Examples of events would include regional Arabian and Quarter Horse shows, the North American Young Rider's program, Dressage events and World Cup competitions. The Horse Park will meet the needs of breed shows, western competitions and equestrian sports such as competitive trail riding, jumping, combined driving and three-day eventing.

The Washington State Horse Park will also serve those interested in less formal equestrian activities such as trail riding and backcountry packing. The Horse Park will include an extensive trail system interconnected with the Coal Mines Trail east of the site and the Iron Horse State Park south of the site. It will also offer facilities for overnight trail rider camping and horse boarding.

THE SITE

Location of the 106-acre site is depicted below. The northern boundary of the site terminates at the base of a natural ridge, which rises approximately 200 feet above the property. The southern border line is shared with the Washington State Highway Departments I-90 corridor. There is a "no-build" 75 foot corridor buffering the property from the freeway. The site is moderately forested, with pine and Douglas fir. The agreement between the WSHP Authority and Suncadia Resort is for donation of the 106 acres.



THE FACILITY

The **key facility** on the site will be a 200 x 300 foot **covered arena** with a 175 x 300 foot open arena. A 25 x 300 foot support service area will provide bleacher seating for 1,000 spectators. Bathrooms with showers, a vendor area, judging area, event control area and offices will also be included. The estimate is based on a steel frame gable end structure. The covered arena is supported with a 200 x 300 foot open arena and a 240 x 140 foot warm-up area.

400 exhibitor horse stalls located in eight weatherproof barns will be located to accommodate easy access to parking spaces for truck and trailer combinations. Each 12 x 12 foot stall will include a sliding entry gate and sloped floor to accommodate liquid waste. The barn will have an effective waste management system, storage for bedding, electrical power and water. The end of each barn will have an open-air horse wash area. The exhibitor parking area will have marked parking stalls with a post-mounted duplex outlet for each space providing power needs for living quarter trailers and vehicles. This area will include concrete bumper curbs and night security lighting.

The site will include a 900 x 480 foot **polo field**. This field will serve as a multi-purpose space for non-equestrian events, and as a special events parking when not being used as a polo field. The design includes a motorized sprinkler system using Suncadia-provided irrigation water.

Waste storage vaults (20 x 30 foot) will serve each of the stable barns and the arena. Waste will be transported from the barns and clean-up areas to the waste storage vaults.

A **composting area** (100 x 50 foot paved holding facility) will be located away from the main use area, and will house the equipment to process the waste.

A **livestock holding pen** with portable control panels, fencing, gates and a loading ramp will be located off the service road.

A 4,000 sq. ft. **maintenance and equipment storage shop** will be located near the service road, and will house all the support equipment as well as the tools required for equipment maintenance and minor repair.

The north property line is planned by Suncadia as the service **utility route** for water and waste water. They will be providing irrigation and domestic water to the site. Power, gas and phone lines will be provided by the serving utilities, (PSE, etc.)

The Horse Park **main entrance and exhibitor parking** will be located west of the Cle Elum Cemetery off Douglas Munroe Ave. With direct proximity from the I-90 west Cle Elum exchange, site access is very efficient. An entry sign and fencing on both sides of the paved 26 foot wide entry road are identified in the construction estimate.

A 365 car **spectator paved parking lot** with security lighting is near the covered arena.

CONSTRUCTION COSTS (CONT.)		
Barns	400 horse stalls to be provided. Will build eight 50-stall post and beam structures 48-feet wide by 398-feet long with 12 x 12 foot stalls equipped with sliding gates. Ten farm water hydrants located in each structure will provide easy access for exhibitors. Each barn will have two locations for hay storage and retrieval. Electrical power and lighting with control switches will allow sectional lighting control. Each barn will have a concrete horse washing facility.	\$6,034,400
Waste Holding Pen	20 x 30 foot concrete holding pen with raised concrete 40-foot wide walls on three sides to facilitate the depositing and removal using a front end loader.	\$29,900
Entry Roads	Clearing and base rock installed under the site development contract. This project includes the installation of 3" of 3/4 minus topping, graded and rolled with 2" of paving for the 3,000 x 24 foot of roadway. Raised curbs and a fence on both sides of the road. A new sign identifying the Washington State Horse Park is included.	\$451,000
Walkways, Pathways and Service Areas	Will fund the development of trails to connect the 68-acres of developed land within the Horse Park site to the existing trail system. Installation of walkways and pathways between the covered arena, parking and exhibitors barns are included. This trail system will access approximately 80 additional acres that may be used for eventing course needs west of the main campus.	\$516,100
Composting Area	An area near the service road will be cleared and grubbed, organic material and stumps removed to clear for a 100 x 50 foot pad for the waste material. Development of the pad will consist of 6" of base rock, 4" of 1 1/4" top rock graded and rolled, and the final installation of 2" of paving.	\$28,100
Livestock Holding Pens	The livestock holding pen will have a 60 x 80 foot pad consisting of 6" of base rock, 4" of 1 1/4" top rock, and finally 4" of floor material. Perimeter fencing with control gates will complete this project.	\$25,000
Utilities	The scope of this element is the construction of a 3,100 feet of ditch from the property to power transformer locations provided by the serving utilities. This work includes the installation of security lighting along the roadway, in addition to 1000-feet of ditch and piping from the serving utility entry onto the site property and to the covered arena. Also included is a 3,000 foot ditch, manhole valves and fire hydrants for the installation from the Suncadia water, sewer and irrigation system to the end of the arena. A low voltage communication and security system will be installed.	\$728,700

CONSTRUCTION COSTS (CONT.)		
Maintenance / Storage Shop	Construction of a 40 x 100 foot shop building with a 16-foot ceiling (post and beam structure) near the service road and close to the arena area. Work includes clearing, grubbing and installing 6" of base rock, 4" of 1 1/4" top rock and a 4" concrete pad. 14-foot entry doors, man doors, lighting and power will support maintenance operations and storage of equipment and materials.	\$171,700
Public Facilities Administration @ 6.00%	Funds to pay for administration during planning and construction.	\$1,014,791
Inflation Factor	Estimated increase in Consumer Price Index applied to Phase 2 and Phase 3.	\$1,456,619
TOTAL PROJECT COSTS		\$19,384,599

Planning

Planning, design and construction of the Washington State Horse Park project is directly connected the current State Legislature funding request. The planning procedure is based on funding contiguous phases over a period of three years as shown below.

Washington State Horse Park				
Concept Plan - Three Stage Build Out Costs				
	Total Cost Line Item	Phase 1	Phase 2	Phase 3
BF-1 Design				
a) Field Survey	\$ 37,500	\$ 37,500		
b) Site Planning	\$ 156,000	\$ 156,000		
c) Landscape Design	\$ 7,000	\$ 7,000		
d) Design	\$ 810,000	\$ 810,000		
e) Construction Adm	\$ 360,806	\$ 133,632	\$ 133,632	\$ 93,542
f) Permits	\$ 571,483	\$ 76,354	\$ 323,096	\$ 172,033
g) EIS	\$ 317,000	\$ 317,000		
	\$ 2,259,789	\$ 1,537,486	\$ 456,728	\$ 265,575
BF-2 Construction				
a) Site Development	\$ 2,519,000	\$ 750,000	\$ 1,769,000	
b) Covered Arena	\$ 2,709,000		\$ 2,709,000	
c) Open Arena	\$ 138,500		\$ 138,500	
d) Warm Up Arena	\$ 138,500		\$ 138,500	
e) Polo Field	\$ 218,800			\$ 218,800
f) Spectator Parking	\$ 657,800		\$ 328,900	\$ 328,900
g) Exhibitor Parking	\$ 286,900		\$ 143,450	\$ 143,450
h) Barns (400 stalls)	\$ 6,034,400		\$ 3,017,200	\$ 3,017,200
i) Waste Holding Pen	\$ 29,900		\$ 14,950	\$ 14,950
j) Entry Roads	\$ 451,000	\$ 451,000		
k) Walkway / Pathway	\$ 516,100			\$ 516,100
l) Composting Area	\$ 28,100	\$ 28,100		
m) Livestock Pen	\$ 25,000		\$ 25,000	
n) Utilities	\$ 728,700	\$ 728,700		
o) Maint./Storage Shop	\$ 171,700			\$ 171,700
	\$ 14,653,400	\$ 1,957,800	\$ 8,284,500	\$ 4,411,100
Sub-Total	\$ 16,913,189	\$ 3,495,286	\$ 8,741,228	\$ 4,678,675
Public Adm Fee @ 6%	\$ 1,014,792	\$ 209,717	\$ 524,474	\$ 280,601
Design & Construction Est.	\$ 17,927,981	\$ 3,705,003	\$ 9,265,702	\$ 4,957,276
Inflation @ Consumer Price Index	\$ 1,456,619	\$ 144,495	\$ 722,725	\$ 589,399
Total Project Costs	\$ 19,384,600	\$ 3,849,498	\$ 9,988,427	\$ 5,546,675
Budget Amount	\$ 19,500,000	\$ 3,900,000	\$ 10,000,000	\$ 5,600,000

Washington State Horse Park

Funding Assumptions

- 1 Washington State Funding (WSF)
- 2 WSF has been to fund major capital projects in two separate appropriations.
 - a) Design
 - b) Construction
- 3 WSF or private funds will be used for working capital

Project Book Planning Assumptions

- 1 Event calendar will be completed by September 30, 2006
- 2 Economic study will be completed by November 30, 2006
- 3 Economic study will be used to determine recommended design and constructing completion.
- 4 Approval of Environmental Impact Statement will determine the start of construction.
- 5 Completion of the project will be when the revenue exceeds the operating costs.

Observations

- 1 The maximum horse event days will be over a 30 week period of time which is based on weather
- 2 Earlier economic studies suggest a 5 year period before the projected revenue exceeds the operating costs.

Schedule

- 1 Revised Project Book Completed by December 15, 2006
- 2 WSF approved by January 2007
- 3 Environmental Impact Statement Engineering Contract awarded by March 2007.
- 4 Site Planning Contract awarded by March 2007
- 5 Design Contracts awarded by August 2007
- 6 Site Planning completed by June 2007
- 7 Environmental Impact Statement completed by Feb 2008
- 9 Site Development package completed by March 2008
- 10 Bid and Award Construction by April 2008
- 11 Construction completed by November 2008

Capital Funding Packages

	Amount	Year
Design	\$1,800,000	2007
Construction	\$18,300,000	2008
Const/Wcapital	\$500,000	2009
Working Capital	\$300,000	2010
Working Capital	\$200,000	2011
Working Capital	\$100,000	2012
Total	\$21,200,000	

Washington State Horse Park

Washington State Horse Park
Cost Estimate for concept plan with phased Construction
Cash flow through 2013

15-Sep-06

Item Amount	Year 2007	Year 2008	Year 2009	Year 2010	Total
1. Design					
a) Field Survey & Geo-Tec	\$37,500				\$37,500
b) Site Planning	\$156,000				\$156,000
c) Landscape Design	\$7,000				\$7,000
d) Design	\$810,000				\$810,000
e) Construction Administration	\$360,806	\$133,632	\$93,542	\$0	\$360,806
f) Permits	\$571,483	\$76,354	\$163,500	\$8,533	\$571,483
g) Environmental Impact Statement	\$317,000				\$317,000
Total	\$2,259,789	\$456,728	\$257,042	\$8,533	\$2,259,789
2. Construction					
a) Site Development	\$2,519,000	\$1,769,000			\$2,519,000
b) Covered Arena	\$2,709,000	\$2,709,000			\$2,709,000
c) Open Arena	\$138,500	\$138,500			\$138,500
d) Warm up Arena	\$138,500	\$138,500			\$138,500
e) Polo Field	\$218,800			\$218,800	\$218,800
f) Spectator Parking	\$657,800	\$328,900	\$328,900		\$657,800
g) Exhibitor Parking	\$286,900	\$143,450	\$143,450		\$286,900
h) Barns	\$6,034,400				\$6,034,400
i) Waste Holding Pens	\$29,900	\$14,950	\$14,950		\$29,900
j) Entry Road	\$451,000				\$451,000
k) Trails, Pathways & Service Areas	\$516,100		\$516,100		\$516,100
l) Composting Area	\$28,100				\$28,100
m) Livestock holding pen	\$25,000				\$25,000
n) Utilities	\$728,700	\$25,000			\$728,700
o) Maintenance Storage Shop/Caretaker	\$171,700		\$171,700		\$171,700
Construction Estimate	\$14,653,400	\$8,284,500	\$4,192,300	\$218,800	\$14,653,400
Sub Total	\$16,913,189	\$8,741,228	\$4,449,342	\$227,333	\$16,913,189
Public Facilities Administration (6%)	\$1,014,791	\$524,474	\$266,961	\$13,640	\$1,014,791
Design and Construction Estimate	\$17,927,980	\$9,265,701	\$4,716,303	\$240,973	\$17,927,980
Inflation @ Consumers Price Index		\$144,495	\$551,807	\$37,592	\$1,456,619
Total Phased Project Design & Construction Costs	\$18,000,000	\$9,888,426	\$5,268,110	\$278,565	\$19,384,599
Budget Amount		\$3,900,000	\$5,300,000	\$300,000	\$19,500,000

Washington State Horse Park Site Development Estimate

15-Sep-06

Item	Units	Length	Width	Amt	\$/Unit	Unit \$	GSF	Cost/sf	Cost
Cleaning & Grubbing	SF	1,000	1,680				1,680,000	\$0.06	\$105,840
Cleaning & Grubbing Roads	SF	3,100	30				93,000	\$0.06	\$5,859
Remove Organic Material	Tons			30	\$37.50	\$1,125	0		\$1,125
Remove Stumps	EA			300	\$161.00	\$48,300	0		\$48,300
Remove Soil	CY	1,000	1,680	55,556	\$5.63	\$312,500	1,680,000		\$312,500
Relocate Soil	CT	200	300	2,222	9.38	\$20,833	60,000		\$20,833
Storm Drain System	Job			1	\$400,000	\$400,000	0		\$400,000
Road Ballast Rock	Tons			1,375	13.12	\$18,041	0		\$18,041
Parking Lot Ballast Rock	Tons			12,833	\$13.12	\$168,378	0		\$168,378
Exhibitor Parking Ballast Rock	Tons		600	25,667	\$13.12	\$336,756	0		\$336,756
Exhibitors Parking Lot 5/8" -	Tons		600	12,833	\$13.97	\$179,286			\$179,286
Grading	SF			1,019,000	\$0.048	\$49,306			\$49,306
Utility Road Clearing/Grubbing	SF	3,100	20			\$0	62,000	\$0.06	\$3,720
Removal Organic Material	SF	3,100	20	10	\$0.00	\$0	62,000	\$0.06	\$3,720
Remove & Relocate Soil	Tons	3,100	20	1,894	9.38	\$17,760	62,000		\$17,760
Compacting Utility Road	SF	3,100	20	62,000				\$0.056	\$3,441
Grading	SF	3,100	20	62,000				\$0.048	\$3,000
Utility Road Base Rock	Tons	3,100	20	1,894	13.12	\$24,856	62,000		\$24,856
Utility Road 5/8 -	Tons	3,100	20	1,263	13.97	\$17,644	62,000		\$17,644
Sub Total									\$1,720,366
Contractors Overhead		12.0%							\$206,444
Contractors Profit		10.0%							\$172,037
Sub Total									\$2,098,847
Design Contingency		20.0%							\$419,769
Construction Contingency		0.0%							\$0
Total									\$2,518,616
Material Take off									\$2,519,000
Remove Soil	Length	1000	Width	1500	Thickness	CY	K Factor	Tons	SF/Grade
Road Ballast Rock		3,000		24		36,000	1.65	91,667	
Paved Parking Ballast Rock		300		150		22,500	1.65	2,200	72,000
Exhibitor Parking Ballast Rock		1,400		600		420,000	1.65	1,375	45,000
							1.65	25,667	840,000

Washington State Horse Park
Concept Estimate

Covered Arena

Apr-04

Lapsley

Page 1 of 2

Item	Amt	Unit	Unit Price	Total	Unit Hr	Total Hr	Rate	Total Labor Cost	Line Cost
Field Survey (Corners Eiv)	1.00	jb		\$0	4	8	\$156.00	\$1,248	\$1,248
Excavation	10,000	cy	\$5.63	\$56,250		0		\$0	\$56,250
Foundation Forms	4,000	lf	\$3.78	\$15,120	0.24	960	\$27.00	\$25,920	\$41,040
Foundation Rebar	9.00	Tons	\$500.00	\$4,500	16	144	\$27.00	\$3,888	\$8,388
Foundation Concrete	1,300	cy	\$78.23	\$101,695	0	0	\$27.00	\$0	\$101,695
Foundation Concrete Finish	1,300	cy	\$78.23	\$101,695	0.25	325	\$27.00	\$8,775	\$110,470
Flat Work Forms	600	lf	\$2.60	\$1,560	0.09	54		\$0	\$1,560
Flat Work Rebar	7.00	Tons	\$500.00	\$3,500	16	112	\$27.00	\$3,024	\$6,524
Flat Work Concrete	150	sf	\$0.75	\$113		0		\$0	\$113
Flat Work Concrete Finish	1,500	sf	\$0.75	\$1,125	0	0	\$0.00	\$0	\$1,125
Back Fill Classified	9,000	cy	\$5.63	\$50,625	0.003	27	\$27.00	\$729	\$51,354
Back Fill Base Rock	1,300	cy	\$13.12	\$17,056	0.003	3.9	\$27.00	\$105	\$17,162
Back Fill 5/8"	1,300	cy	\$5.63	\$7,313	0.03	39	\$27.00	\$1,053	\$8,366
Structure	64,000	sf	\$7.25	\$464,000	0.14	8960	\$27.00	\$241,920	\$705,920
Crane (20T, 60'Boom)	1	Wk	\$8,000.00	\$8,000	40	40	\$35.00	\$1,400	\$9,400
Sand	900	Tons	\$13.72	\$12,348	0.05	45	\$27.00	\$1,215	\$13,563
Shredded Rubber mix	60,000	sf	\$0.25	\$15,000	0.0003	18	\$27.00	\$486	\$15,486
High Bay Lighting	160	ea	\$150.00	\$24,000	1	160	\$37.50	\$6,000	\$30,000
Electrical Rough In	64,000	sf	\$0.80	\$51,200		0		\$0	\$51,200
Fire Alarm System	64,000	sf	\$0.15	\$9,600		0		\$0	\$9,600
Fire Suppression System	4,000	sf	\$3.00	\$12,000		0		\$0	\$12,000
Plumbing Rough In	60	ea	\$120.00	\$7,200	3	180	\$37.50	\$6,750	\$13,950
Lavatories	16	ea	\$200.00	\$3,200	2.5	40	\$37.50	\$1,500	\$4,700
Urinals	6	ea	\$225.00	\$1,350	2.5	15	\$37.50	\$563	\$1,913
Sinks	16	ea	\$110.00	\$1,760	2.5	40	\$37.50	\$1,500	\$3,260

Washington State Horse Park
Concept Estimate

Covered Arena

Aug-06

Washington State Horse Park

Warm Up Arena

Aug-06

Item	Units	AMT	Length	Width	GSF	Cost/Unit	Total Unit\$	Cost/sf	Lapsley Cost
5/8" Minus	Tons	334	200	150	30,000	\$13.97	\$4,666		\$4,666
Porous Asphalt with polymer ar	SF		200	150	30,000	\$1.70	\$51,000		\$51,000
Grading	SF		200	150	30,000	\$0.048	\$1,452		\$1,452
Compaction	SF		200	150	30,000	\$0.05	\$1,500		\$1,500
Footing Material 6"	CY	556	200	150		\$13.72	\$7,622		\$7,622
Nike additive			200	150	30,000	\$0.25	\$7,500		\$7,500
Sprinkler System	EA	1				\$2,000.00	\$2,000		\$2,000
Fencing	LF	900				\$12.00	\$10,800		\$10,800
Outdoor Lighting	EA	2				\$4,000.00	\$8,000		\$8,000
Contractors Overhead									\$94,540
Contractors Profit									11,345
Total Contractor Bid									\$9,454
Design Contingency									\$115,339
Construction Contingency									\$23,068
Construction Estimate									\$0
									\$138,407
									\$138,500

Washington State Horse Park

Exhibitors Barns

Post & Beam housing 50 stalls with Water and Lighting
Plus 4 stalls for bedding or feed storage

Aug-06

Item	Units	Length	Width	Amt	\$/Unit	Unit \$	GSF	Cost/sf	Lapsley Cost
5/8" minus (6")	Tons	410	40	304	\$0.00				\$0
Compaction	SF	410	40				16,400	\$0.056	\$910
Concrete	SF	398	36	159			14,328	\$77.50	\$12,338
Forms	SF	398	36				14,328	\$0.06	\$860
Finish	SF	398	36				14,328	\$0.75	\$10,746
Covered Area	SF	348	36				12,528	\$11.00	\$137,808
Parking Curbs	LF	800			\$4.00				\$3,200
Parking Lighting	EA			12	\$3,000.00				\$36,000
Main Power Panel	EA			1	\$8,000.00				\$8,000
Parking Connections	EA			25	\$800.00				\$20,000
Lighting/Power/Fire	SF	348	36				12,528	\$2.50	\$31,320
Stalls	EA	12	12	54	\$4,676.00	\$2,400			\$252,504
Water	EA			8	\$300.00				\$2,400
Sub Total									
Contractors Overhead 12.0%									
Contractors Profit 10.0%									
Contractors Bid									
Design Contingency 20.0%									
Contingency 0.0%									
									358555.7
									\$395,744

Check Number	Units	Unit Price
Cost per SF with out Stalls		\$32
400 Stalls in 50 stalls per unit	8	\$754,300
		\$6,034,400

Washington State Horse Park

Entry Road

Item	Units	Length	Width	Amt	\$/Unit	Unit \$	GSF	Cost/sf	Cost																																																																																
5/8" Crushed Rock	Tons	3,000	26	1,040	\$13.97	\$14,529	78,000		\$14,529																																																																																
Compaction	SF	3,000	26	78,000				\$0.056	\$4,329																																																																																
Paving	SF	3,000	24				72,000	\$2.00	\$144,000																																																																																
Curbs	LF	6,000	1				6,000	\$12.00	\$72,000																																																																																
Signs	EA			1	\$1,200.00	\$1,200	0		\$1,200																																																																																
Fencing	lf			6,000	\$12.00	\$72,000			\$72,000																																																																																
<table border="0" style="width: 100%;"> <tr> <td>Contractors Overhead</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>12.0%</td> <td></td> <td>\$308,058</td> </tr> <tr> <td>Contractors Profit</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>10.0%</td> <td></td> <td>\$36,967</td> </tr> <tr> <td>Contractors Bid</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>30,806</td> </tr> <tr> <td>Design Contingency</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>20.0%</td> <td></td> <td>\$375,831</td> </tr> <tr> <td>Contingency</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>0.0%</td> <td></td> <td>\$75,166</td> </tr> <tr> <td>Construction Estimate</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>\$0</td> </tr> <tr> <td>Round up</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>\$450,997</td> </tr> <tr> <td>Material Take off</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>\$451,000</td> </tr> </table>										Contractors Overhead							12.0%		\$308,058	Contractors Profit							10.0%		\$36,967	Contractors Bid									30,806	Design Contingency							20.0%		\$375,831	Contingency							0.0%		\$75,166	Construction Estimate									\$0	Round up									\$450,997	Material Take off									\$451,000
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Round up
Material Take off
Final Grading/3/4-

Length 3,000
Width 26
Thickness 3
CUFT 19,500
CY 722
K Factor 1.44
Tons 1,040

Washington State Horse Park

Concept Estimate

Contingency & Permits

27-Aug-06

Lapsley

Contingency	Base	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Design Contingency	20.0%									
Construction Contingency	0.0%									
Consumers Price Index		3.9%	7.8%	11.7%	15.6%	19.5%	23.4%	27.3%	31.2%	35.1%
Permits	3.9%	Of Construction Costs								

Washington State Horse Park

Concept Estimate

Material Data

27-Aug-06
Lapsley

	\$ @ Plant	Trans. \$	CY	Tons	\$ per Ton	Total \$
	Per Ton	Per Truck	Per Truck	Per Truck	Ton	Per Ton
Material Cost Installed						
2 1/2" Ballast Rock	\$10.75	\$8.00	15	21.6	\$11.12	\$2.00
5/8" Crushed Rock	\$11.60	\$8.00	15	21.6	\$11.97	\$2.00
Footing Material 70 % Sand 30% Clay	\$11.35	\$8.00	15	21.6	\$11.72	\$2.00
Porous Asphalt with polymer additive	\$1.70 per SF					
Nike Additive	\$0.25 Per SF					

Removal of Top Soil

	Units	Amount	Loads/Hr	Yds/hr	\$/hr	\$/CY
Excavator (Track - support to		10	4	40	\$150.00	\$3.75
Dump Truck	Yd	10	4	40	\$75.00	\$1.88
Total						\$5.63
Replace Top Soil		10	4	40	\$150.00	\$3.75
Excavator (Track - support to	Yd	10	4	40	\$75.00	\$1.88
Dump Truck	Yd	10	4	40	\$150.00	\$3.75
Spread Top Soil						
Total						\$9.38

Remove and Replace Soil

Removal of Organic Material

	Units	Amount	Loads/Hr	Yds/hr	\$/Ton
Excavator (Track - support to	Yd	10	3	30	
Dump Truck	Yd	10	3	30	
Disposal	Ton	21	3	63	\$37.50
Total					

Concrete

	\$ Delivered	Trans. \$	Yds/Truck	Material\$	Totals	\$/yd
	Per CY	Per Truck		Delivered		
Concrete 5 sack	\$77.50	\$8.00	11	852.5	\$860.50	\$78.23