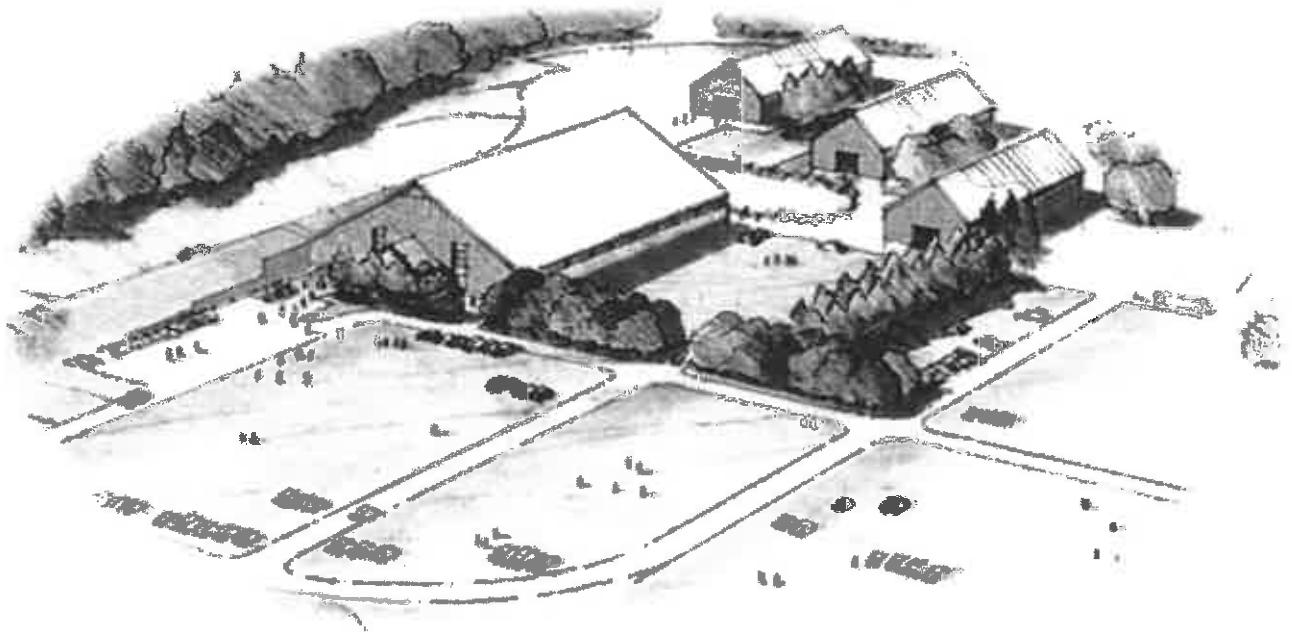


*Plan to Develop an*  
**Appalachian Agricultural**  
**Exposition Center**  
*in Southwest Virginia*



**Capital Campaign Committee**  
**Appalachian Agricultural Exposition Center**  
**Mrs. Agnes Davis and Mrs. Nancy Munsey,**  
**Capital Campaign Co-Chairs**  
**525 West Franklin Street**  
**Wytheville, VA 24382**



## The Opportunity

An Appalachian Agricultural Exposition Center is being planned in the Wytheville area to become the venue for showcasing and supporting the agricultural community in Southwest Virginia. The Center will include an indoor arena, which will seat up to 3,000 people, and the required supporting facilities for agricultural shows and events. It will be the only such facility in Southwest Virginia; and it will be the home for regional equestrian and livestock shows, events and competitions, rodeos, bull riding competitions, barrel races, autocrosses and arts & crafts exhibitions and shows as well as the venue for regional agricultural meetings, consumer shows and special events. It will also serve as a venue for regional educational, FFA and 4H activities.

The Center will be on a 48-acre site just east of Wytheville that is adjacent to Interstates 81 and 77. It will have ready access from and to the Interstates as well as be convenient to local hotels/motels, shops and restaurants. Events will be scheduled for most weekends, as well as during the week, throughout the year, with 250 - 1,500+ visitors expected for each week. The economic impact on the region of such a facility, based on studies of similar centers, is estimated to be \$5 million. In addition, the Center will require a full-time staff of 5-7 and employ 40+ additional workers, minimum, as it becomes fully utilized. All of these are new positions for the region.

The cost of building the indoor arena and supporting facilities is estimated at \$7.5 million and it will cost an additional \$0.5 million to establish the center. Donations and gifts are being sought from local community and business leaders and foundations to provide a substantial portion of the \$8 million. Local, state and federal governments and agencies are also being approached.

Revenues from the Center's events will make it self-sustaining and, thus, ensure its long-term viability. And, as the Appalachian Agricultural Exposition Center grows, additional facilities will be added, with a resulting increased impact on the region, both economically and in support to the agricultural and family farm communities of the region.



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## 1. PLANNED CENTER LOCATION, FACILITIES & COST

### Location

The Appalachian Agricultural Exposition Center (AAEC) is to be located on a 48-acre site about 8 miles east of Wytheville, Virginia. The land is about ¼ of a mile north of Exit 80 (Fort Chiswell) of Interstate 81, as shown in Figure 1.1.

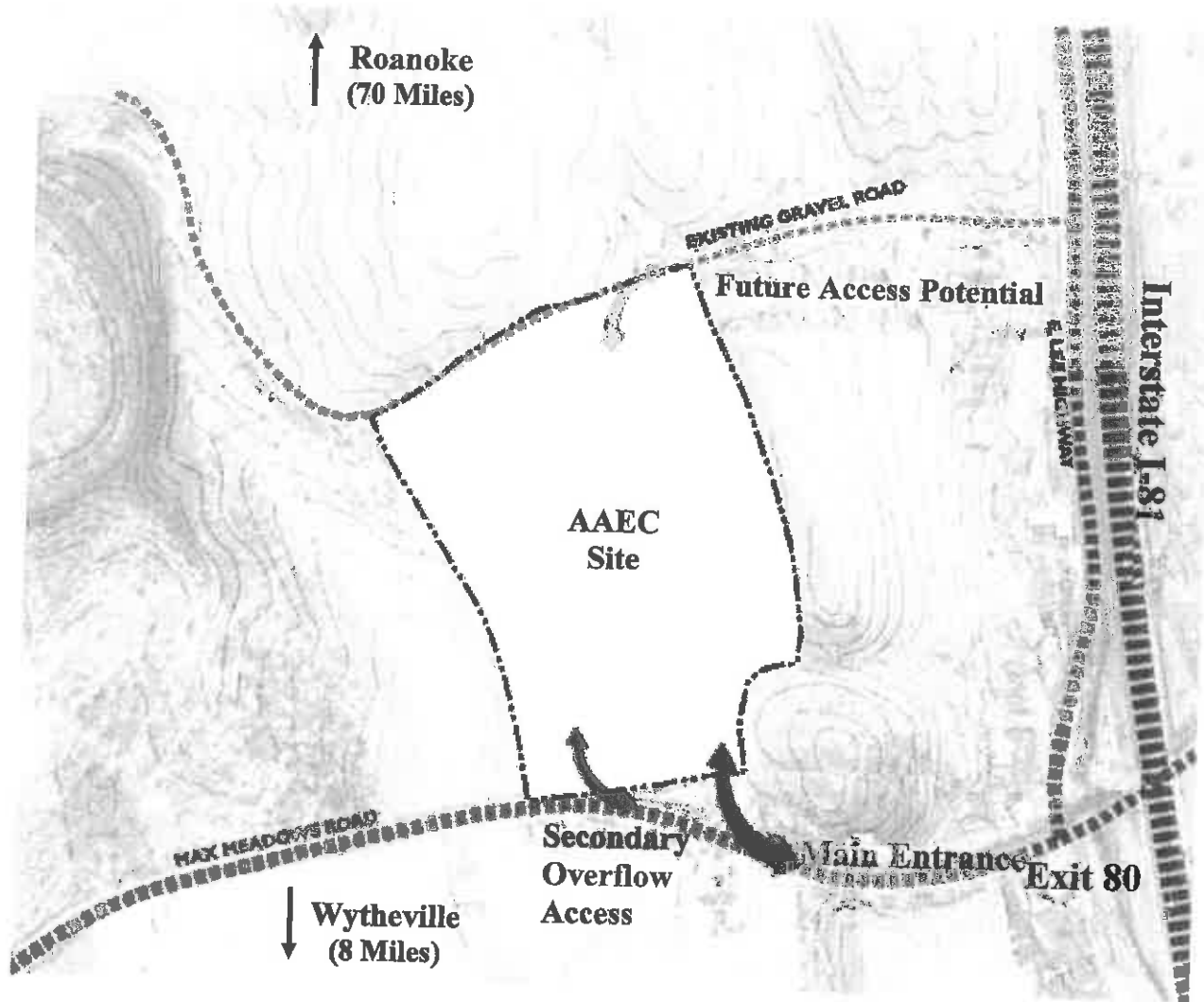
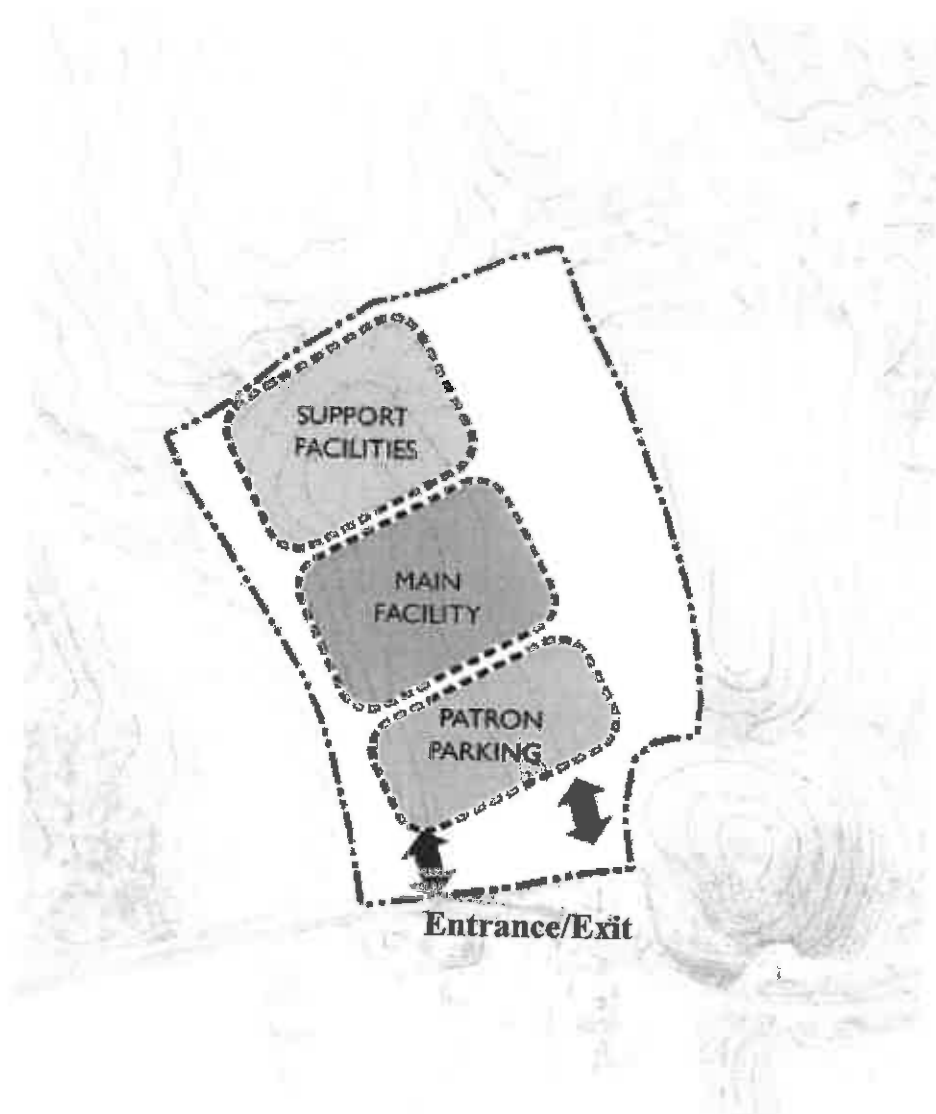


Figure 1.1 AAEC Site and Surrounding Area



The site is located between several ridges of the Jefferson National Forest and has excellent views of the Blue Ridge Mountains, in the area sometimes referred to as Virginia's Little Switzerland.

The site itself is moderately hilly, with slopes ranging between 12% and 40% but it is dominated by a central ridge. The Center's buildings will be situated along this central ridge to maximize the visitors' views of the mountains, as shown in Figure 1.2; this will also allow for minimal changes to the natural contour of the land.



**Figure 1.2 Layout of Building & Facilities on Site**



## Facilities

The Exposition Center will include an indoor arena and the appropriate support facilities, as shown in Figure 1.3. The first building to be constructed will be a 200' x 300' indoor arena with seating capacity for 3,000 people. This building will use a fabric tension roof system that will provide natural climate control for the arena except during the winter months. Bleacher style seating will be along one side of the arena; the opposite wall will be of glass and look out onto the surrounding mountains. The following will also be part of the initial construction phase:

- A 1,650 square-foot support building that will accommodate the administrative offices, a ticket booth and the facility's restrooms
- An outdoor uncovered 120' x 240' dirt ring
- Grass field parking for 830 vehicles
- A 1,000 square-foot maintenance building
- A stormwater management pond to minimize the environmental effect of the facility on the surrounding area

As funding permits, the following will be added to the facilities:

- Three barns that can accommodate at least 204 adjustable animal stalls; each stall can be as large as 12 x 12 feet. The barns will be fabric tension structures that provide natural climate control.
- 225 additional parking spaces near the barns and behind the indoor arena for use by show and event participants; 40 of these spaces will have electrical and water hook-ups for RV's

As the Appalachian Agricultural Exposition Center is successful and needs additional facilities, the following can be added to the site, as shown in Figure 1.4:

- An additional barn that would provide 68 additional animal stalls at a minimum
- An additional 200' x 300' covered or uncovered arena
- An additional 100' x 100' uncovered ring
- 1,000 additional parking spaces

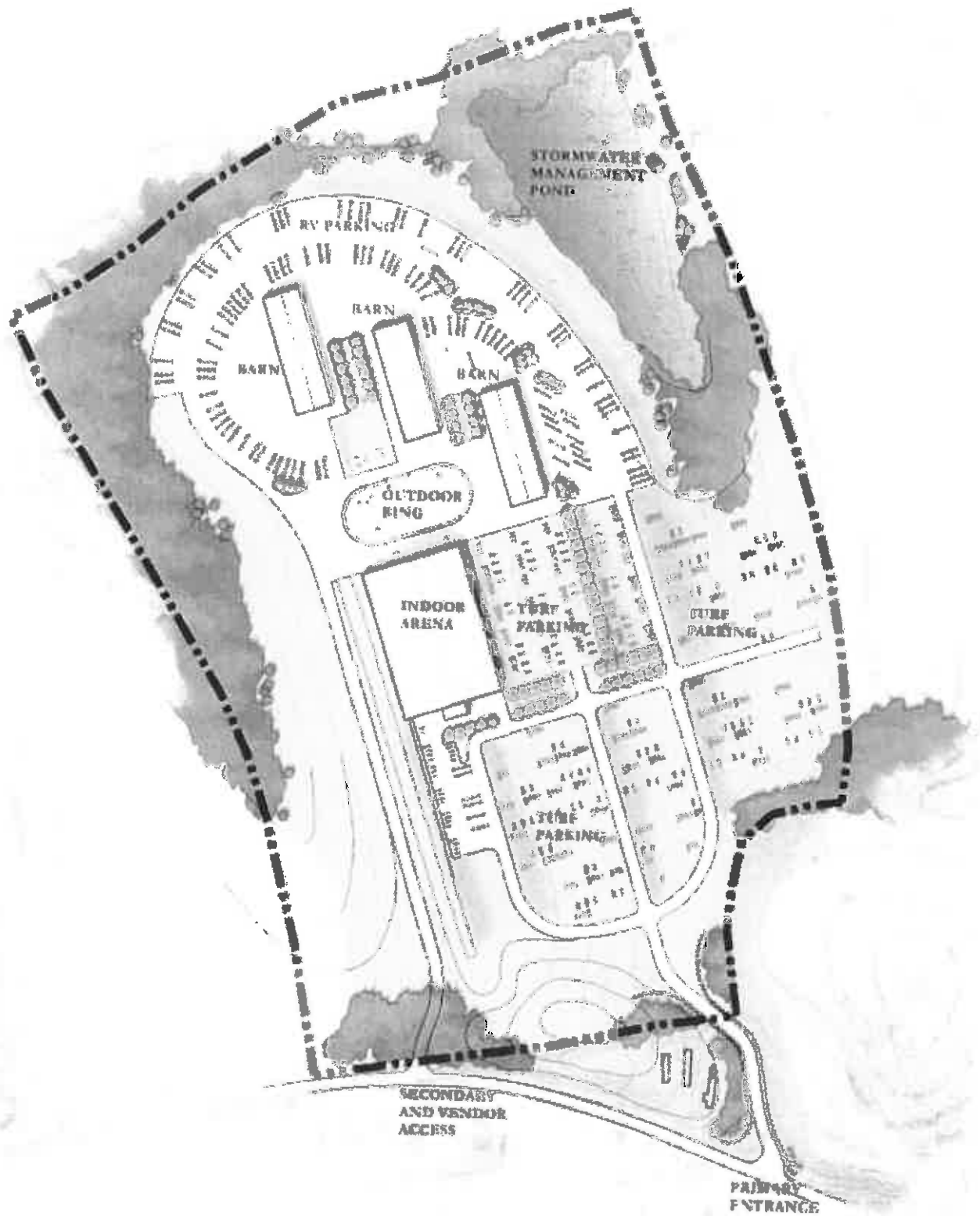


Figure 1.3 AAEC Master Plan

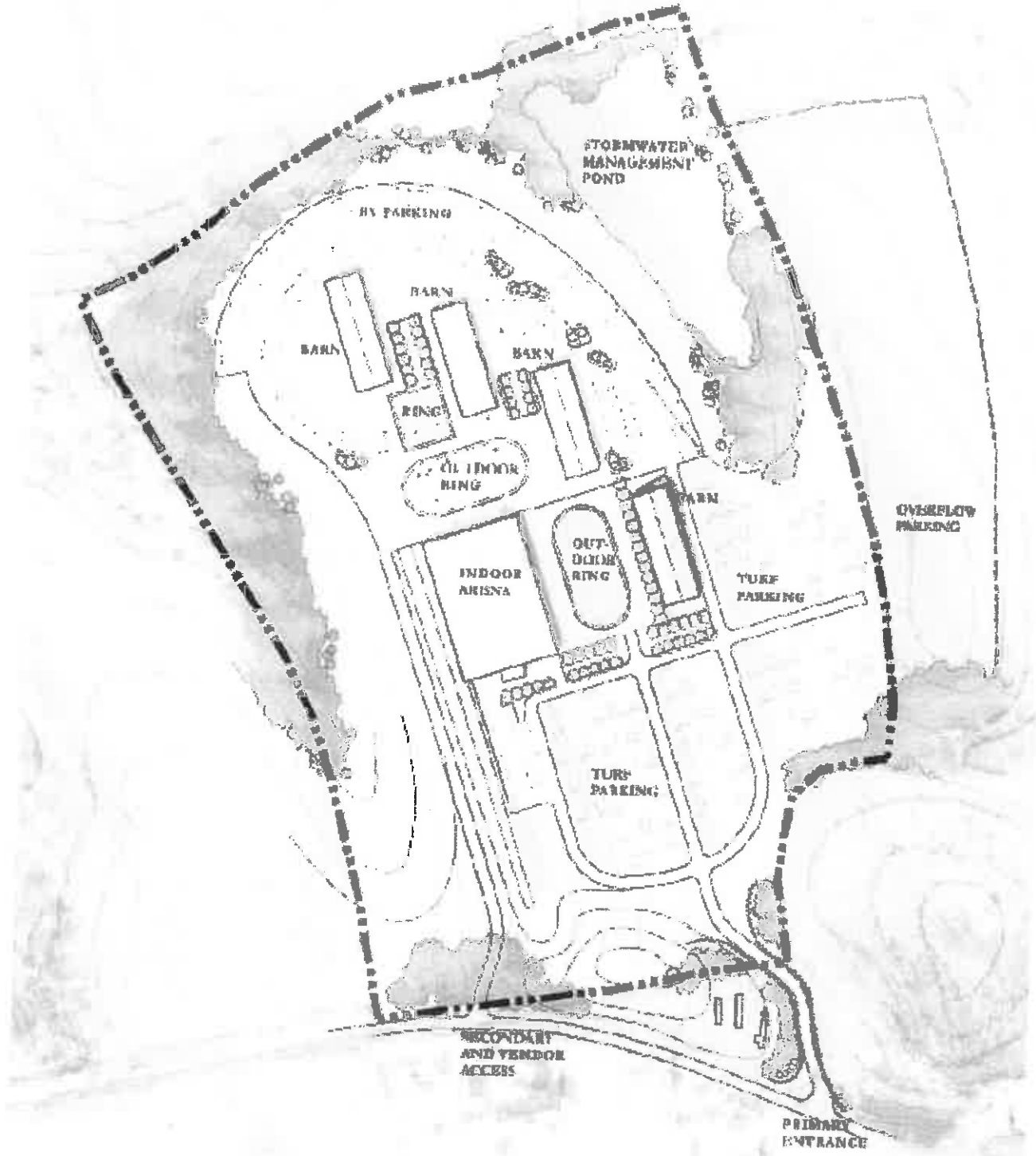


Figure 1.4 Future AAEC Master Plan





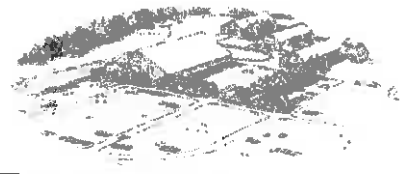
## Cost and Funding Sources

An initial architectural and design study was funded by the AAEC Steering Committee, consisting of leaders within the agricultural community of Southwest Virginia, to develop an AAEC Master Plan and Future Expansion Plan. In that study the cost to develop the site and construct the buildings included in Figure 1.3 was estimated at \$7.5 million:

<b>Architecture/Engineering Design</b>	\$270,000
<b>Site Infrastructure Development</b>	\$3,780,000
<b>Buildings &amp; Facilities</b>	
– Indoor Arena	\$1,590,000
– 3 Barns	900,000
– Outdoor Ring	170,000
– Administration Building	170,000
– Maintenance Building	<u>20,000</u>
	\$2,850,000
<b>Landscaping</b>	\$90,000
<b>Contingency (10%)</b>	<u>\$530,000</u>
<b>Total</b>	<b>\$7,520,000</b>

Funding to complete the Master Plan is being sought from local community and business leaders and foundations as well as local, state and federal governments and government agencies. Donations and gifts are being sought from local community and business leaders and foundations to provide a substantial portion of this amount. Local, state and federal governments and agencies are also being approached.





Center includes 9,000 square feet of meeting space as well as sports, swimming, and fitness facilities.

There are over 500,000 people in Southwest Virginia. The 12,000 active family farms in the region are surrounded by similar regions in North Carolina, West Virginia, Kentucky and Tennessee. Therefore, the overall audience for the AAEC is over 2 million people.

Within Southwest Virginia there are about 6,000 farms/operations with 28,000 horses. There are an additional 4,500 farm/operations with over 22,000 horses in the adjoining regions. The most popular breeds in the region vary from Quarter Horses to American Saddlebreds to Tennessee Walkers; and over 65% of these horses are associated with pleasure riding and/or competitive showing. Therefore, the proposed AAEC has an audience ready for and needing the Center.

Also, in Southwest Virginia, there are over 150,000 beef cattle on over 7,000 farms. These comprise one-third of beef operations in Virginia and account for about 25% of Virginia's herds. There are also large cattle herds in Kentucky and Tennessee. All of the operations and people associated with these herds will also be active users of and participants at events at the planned AAEC.

## **Anticipated Events Schedule for AAEC**

An extensive review of centers throughout the Southern United States that are similar to the proposed Appalachian Agricultural Exposition Center showed that such centers can be self-sustaining on an operational basis if they focus on the competitive and entertainment activities supported by the region's agricultural and family farming communities. These include:

- Equestrian shows, events and competitions
- Livestock shows and competitions
- Other agricultural related competitions and performances including rodeos and bull riding and barrel racing competitions
- Motorsports competitions including demolition derbies and auto/arena crosses
- Arts & crafts and consumer shows and exhibitions focused on community interests
- Fairs and other entertainment activities closely associated with and of interest to these community

The events projected for the AAEC are shown in Table 2.1; these projections are the result of an extensive survey of potential event sponsors conducted by the Virginia Tech Office of Economic Development. The events are typical of those offered by comparable centers. As AAEC becomes more established and its reputation grows, it will continue to experience an increasing demand

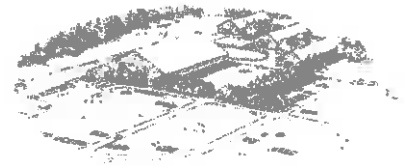


for its facilities from the regional and smaller shows appropriate for the Center. Because of its size and location, the Center is not expected to draw the larger, national shows where attendance typically exceeds 10,000. Also, because of its emphasis on equestrian and livestock competitions, the audiences for many of its events will be mainly the participants and, thus, not draw larger audiences. The sports competitions listed in Table 2.1, on the other hand, are expected to attract larger audiences from the region within a 100-mile radius around Wytheville that includes well over two million people. All of these factors result in the attendance projections included in Table 2.1



**Table 2.1 ~ Projected Events Schedule & Attendance**

Event/ Sponsor	Estimated Attendance	First Year of Operation				Third Year of Operation				Fifth Year of Operation			
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
<b>Equestrian Events</b>													
Virginia Horse Shows Association	500		1				1				1		
Virginia Thoroughbred Association	250						1				1		
Virginia Draft Horse & Mule	100							1			1		
Virginia Pony Breeders	100					1				1	1		
Virginia Reining Horse	250	1			1				1				
Commonwealth Dressage	250					1	1		1			1	
Commonwealth Dressage Association	100									1			
Finto of the Virginias	100									1			
Botetourt County Horsemen	100											1	
<b>Subtotal</b>		<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>3</b>	<b>2</b>	
<b>Livestock Events</b>													
Virginia Angus	250	1				1				1			
Virginia Beef Expo	500												
Virginia Farm Show	1,000							1			1		
Virginia Beef Impr Assoc (& Sheep Prod)	250			1		1					1		
SW Virginia Angus Association	250			1				1	1		1		
Virginia Gelbvieh Association	250		1					1	1		1		
SW Virginia Charolais Association	250				1			1		1		1	
NRV Hereford Association	250				1			1	1			1	
Genex Coop Purebred Sale	250				1			1				1	
<b>Subtotal</b>		<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>4</b>	
<b>Sports Competitions</b>													
International Barrel Racing	1,000	1	1	1	1	2	1	2	1	2	1	1	
Southern Extreme Bull Riding	1,500	1	1	1	1	1	1	1	1	1	2	1	
Professional Bull Riding	1,500	1	1	1	1	1	1	1	1	1	1	1	
Virginia High School Rodeo	250	1	1	1	1	2	1	1	2	2	1	1	
Anchor Bull Competition	1,000					1	1	1	1	2	1	1	
US Team Penning Association	500								1	1		1	
Arena Cross	1,500			1				1				1	
Demolition Derby	1,500										1	1	
<b>Subtotal</b>		<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>7</b>	
<b>Entertainment &amp; Consumer Shows</b>													
Boone Enterprises	500	1				1				1		1	
Primetime Productions	250			1				1				1	
Performances	500				1							1	
Consumer Show	500				1	1			1	1		1	
Gun Show	500	1	1			1	1		1	1		1	
Collectibles Show	500				1				1		1	1	
Coin Show	500				1					1		1	
Wytheville Fire Department	500							1				1	
Wytheville Arts Council	500									1		1	
<b>Subtotal</b>		<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>4</b>	
<b>Total Events</b>		<b>8</b>	<b>7</b>	<b>7</b>	<b>10</b>	<b>13</b>	<b>12</b>	<b>14</b>	<b>12</b>	<b>20</b>	<b>17</b>	<b>17</b>	
<b>Total Estimated Attendance</b>		<b>6,250</b>	<b>5,500</b>	<b>4,750</b>	<b>6,250</b>	<b>10</b>	<b>7,000</b>	<b>8,500</b>	<b>8,750</b>	<b>11,400</b>	<b>12,100</b>	<b>11,850</b>	
										<b>11,350</b>			



## Development of Center-Run Events

The projected schedule of events discussed above is limited to those events run by organizations and groups that rent facilities for their shows. In discussions with comparable centers it was confirmed that all have developed their own events that are multiple day activities. For many of the centers this is a regional fair; and such fairs are very profitable.

Once the AAEC has developed an appropriate level of organization-sponsored activities, it will start to develop its own event(s). Since there are already fourteen (14) local/regional fairs in Southwest Virginia, AAEC sponsored event(s) will focus on special festivals and events appropriate for the region.

Table 2.2 summarizes some of the special events currently offered in the Southeast U. S. at centers similar to AAEC. Attendance at these events is typically over 5,000 and many of them have attendances of over 10,000. The most popular events are food festivals, art/antique shows, hot air balloon fests, renaissance festivals, car festivals and Oktoberfest events.

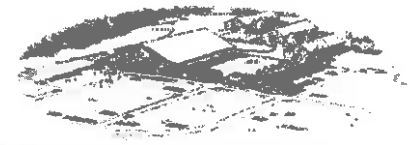
Because of the character and history of Southwest Virginia and its geography, the following events will be first candidates for AAEC festivals/events:

- Food festival emphasizing beef products: food festivals are well attended and Southwest Virginia is a beef producing area
- Car show or Arts & Craft/Quilting show: such shows would build on and be a showcase for the region and its native talents

AAEC will also investigate whether the following are appropriate as AAEC festivals/events:

- Hot Air Balloon festival: the nearest festival is more than two-hours driving distance away and the natural beauty of Southwest Virginia will be a major attraction for such a festival
- Festival(s) focused on the region's native habitat, cultural and/or history

As Table 2.2 shows, these events are typically held from March - November. Therefore, AAEC will develop one festival for the Spring and one for the Fall; each lasting 2-3 days. The expected profit to AAEC, based on comparable events, would be \$100,000 - 200,000.



**Table 2.2 ~ Festivals & Special Events Held Annually in the Appalachian Mountains and Southeast US**

Event	Location	When	Length/Days	Attendance - Activities Included
Mountain QuiltFest	Pigeon Forge, TN	March	5	20,000+ people, competition, show, classes, vendors
Super Pet Expo	Chantilly, VA	March	3	lots of vendors, dog competitions (costume, ugliest, etc), other animals
Chocolate Festival	Maysville, KY	April	2	chocolate, contests, vendors, games, clogging, pageant
Rose Show and Festival	Thomasville, , GA	April	3	roses, competition, plant sale, horse exhibition, different theme each year "50's" last year
International Festival	Columbia, SC	April	2	national exhibits, international food, cultural activity, fashion shows, bazaar
Vandalia Gathering	Charleston, WV	May	3	storytelling, cultural events, food/drink, outdoor music, arts & crafts
North Carolina Strawberry Festival	Chadborn, NC	May	4	40,000+ people, arts, crafts, food, vendors, contests, carnival, car show
Virginia Renaissance Faire	Fredericksburg, VA	May/June	month of weekends	performers, people dressed up, old style food & wares, games, shows, jousting, etc
Blue Ridge BBQ Festival	Tryon, NC	June	2	food competition, craft fair, beach bingo (very popular), vendors, cooking wares, entertainment, kid stuff
The National Hollerin' Contest	Spivey's Corner, NC	June	1	5,000-10,000 people, festival, food, vendors, all rurally related stuff
Salemburg Craft Festival	Salemburg, NC	June	1	vendors, arts and crafts, antiques, home-ware vendors
International Storytelling Festival	Jonesborough, TN	July	3	storytelling in tents, food and books/other wares
Apple Festival	Westminster, SC	September	5	car show, contests, art and antique sale, rodeo, talent show, vendors
Doll & Bear Extravaganza	Richmond, VA	September	1	vendors, arts and crafts
Woolly Worm Festival	Banner Elk, NC	October	2	20,000+ people, races, food, games, crafts, kid stuff, competitions, music
Great Casey Jones Balloon Classic	Jackson, TN	October	3	35 balloons, food, music, carnival, pony rides, air show
Carolina Balloon Fest	Staesville, NC	October	3	One of the largest in the US, up to 80,000 people, balloon rides, mass ascensions and competitions, entertainment, fun zone, marketplace/food
Ham Festival	Cadiz, KY	October	3	6,000+ people, ham, food, vendors, petting zoo, quilts, rides, games
Colonial Times Festival	North Augusta, SC	October	2	reenactments, butter churning, indians, games, old time food, vendors
Cherokee Indian Festival	Cherokee, NC	October	2	artwork, crafts, agricultural items, old style food & wares, entertainment
World Beer Festival	Durham, NC	October	1	6,000+ people, sampling of 400 different beers
The Barbecue Festival	Lexington, NC	October	1	150,000+ people, barbecue sampling, pig races, concerts, rides, exhibits
Winter Celebration & Chili Cook-off	Gatlinburg, TN	November	2	Christmas displays, food, vendors, chili competition



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## Expected Regional Economic Impact of AAEC

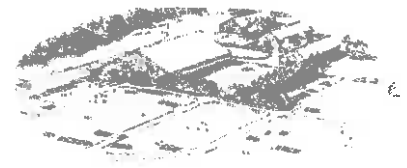
Although the Appalachian Agricultural Exposition Center is only in its initial stage of development, its projected activities can be used to provide an estimate of its economic impact on Southwest Virginia.

There have been a number of economic impact studies done for agricultural exposition centers; the classic study was done in 2000 by the University of Virginia for the Virginia Horse Center in Lexington, VA. In that study, center participants and vendors were interviewed and questioned about their expenditures while at and travelling to and from a Virginia Horse Center event. They discovered several interesting facts during the interviews:

- Out-of-state participants accounted for over 50% of the economic impact
- A majority (about 70%) of participant expenditures were in the immediate vicinity of the center
- Over 25% of the local area's lodging business was attributable to the center

Comparing the size and activities in Year 5 at the AAEC with those at the Virginia Horse Center implies that the adjusted total direct expenditures by show participants attending events at the AAEC would be about \$4 million in the Wytheville area; and the AAEC would have a total economic impact on the region of about \$5 million. In addition, it would be expected to support between 50 and 75 regional jobs (minimum).





**3. EXPENDED OPERATING REVENUES & EXPENSES:  
THE FIRST FIVE YEARS**

**Projected Revenues**

Since the data presented in this section are projections, only data for Years 1, 3 and 5 are shown. Years 2 and 4 would follow the trends given below.

- **Facilities Related**

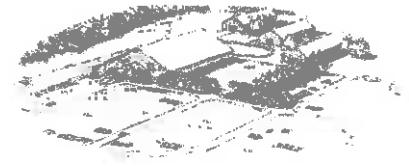
The Appalachian Agricultural Exposition Center will charge program sponsors and participants for use of the indoor arena and barns/animal stalls at rates similar to comparable facilities, as shown in Table 3.1

**Table 3.1  
Appalachian Agricultural Exposition Center  
Facility Fee Schedule**

<b>Charge</b>	<b>1<sup>st</sup> Year</b>	<b>3<sup>rd</sup> Year</b>	<b>5<sup>th</sup> Year</b>
Indoor Ring Rental/Day	\$1,200	\$1,400	\$1,500
Barn Rental/Day	\$300	\$400	\$500
Set-up Days	\$135	\$150	\$165
Pens	\$15	\$20	\$25
Horse Stalls/Day	\$30	\$40	\$50
Straw Removal	\$5	\$7	\$10
Placing of bedding	\$5	\$7	\$10
Heat	\$300	\$400	\$500
Tables	\$10	\$12	\$14
Chairs	\$2	\$3	\$4
Sectional Stage	\$85	\$95	\$100
Small Tent	\$720	\$750	\$800
Large Tent	\$1600	\$1,700	\$1,800

For the projected events schedule shown in Section 2, the facility revenues would be those shown in Table 3.2. As can be seen, arena rental and fees related to animal stalls provide about 75% of the revenues. This result supports the facility design focused on good arena seating, good animal accommodations and buildings that complement the local geography.





**Table 3.2 ~ Projected Revenues For Organization-Sponsored Events**

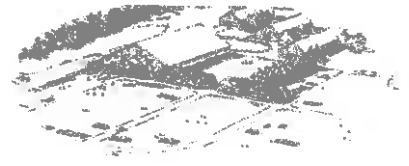
	First Year of Operation				
	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>	<u>Total</u>
<i>Facilities Revenues:</i>					
Indoor Arena Rental	\$ 14,400	\$ 10,800	\$ 10,800	\$ 14,400	\$ 50,400
Horse Stalls and Bedding	\$ 8,000	\$ 13,650	\$ 13,750	\$ 11,400	\$ 46,800
Other	\$ 15,775	\$ 9,410	\$ 14,035	\$ 15,700	\$ 54,920
<b>Total Facilities Revenues</b>	<b>\$ 38,175</b>	<b>\$ 33,860</b>	<b>\$ 38,585</b>	<b>\$ 41,500</b>	<b>\$ 152,120</b>
<i>Food Service Surcharge</i>	\$ 23,063	\$ 11,625	\$ 16,688	\$ 20,438	\$ 71,814
<b>Total Revenues for Quarter</b>	<b>\$ 99,413</b>	<b>\$ 79,345</b>	<b>\$ 93,858</b>	<b>\$ 103,438</b>	<b>\$ 223,934</b>

	Third Year of Operation				
	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>	<u>Total</u>
<i>Facilities Revenues:</i>					
Indoor Arena Rental	\$ 25,200	\$ 19,600	\$ 22,400	\$ 21,000	\$ 88,200
Horse Stalls and Bedding	\$ 25,970	\$ 23,360	\$ 25,550	\$ 18,240	\$ 93,120
Other	\$ 30,935	\$ 19,310	\$ 28,645	\$ 24,595	\$ 103,485
<b>Total Facilities Revenues</b>	<b>\$ 82,105</b>	<b>\$ 62,270</b>	<b>\$ 76,595</b>	<b>\$ 63,835</b>	<b>\$ 284,805</b>
<i>Food Service Surcharge</i>	\$ 38,888	\$ 12,750	\$ 16,875	\$ 30,188	\$ 98,701
<b>Total Revenues for Quarter</b>	<b>\$ 203,098</b>	<b>\$ 137,290</b>	<b>\$ 170,065</b>	<b>\$ 157,858</b>	<b>\$ 383,506</b>

	Fifth Year of Operation				
	<u>Jan-Mar</u>	<u>Apr-Jun</u>	<u>Jul-Sep</u>	<u>Oct-Dec</u>	<u>Total</u>
<i>Facilities Revenues:</i>					
Indoor Arena Rental	\$ 36,000	\$ 30,000	\$ 31,500	\$ 30,000	\$ 127,500
Horse Stalls and Bedding	\$ 40,950	\$ 38,850	\$ 41,050	\$ 31,400	\$ 152,250
Other	\$ 39,600	\$ 29,098	\$ 38,260	\$ 36,715	\$ 143,673
<b>Total Facilities Revenues</b>	<b>\$ 116,550</b>	<b>\$ 97,948</b>	<b>\$ 110,810</b>	<b>\$ 98,115</b>	<b>\$ 423,423</b>
<i>Food Service Surcharge</i>	\$ 26,925	\$ 24,450	\$ 27,263	\$ 32,138	\$ 110,776
<b>Total Revenues for Quarter</b>	<b>\$ 260,025</b>	<b>\$ 220,346</b>	<b>\$ 248,883</b>	<b>\$ 228,368</b>	<b>\$ 534,199</b>



- **Revenues from Other Sources**

As will become obvious later in this section, facility-related revenues are not sufficient to cover a center's operating expenses. For most centers like for AAEC this loss is covered by either:

- A government subsidy; most agricultural exposition centers are government owned
- Profit from a regional or county fair that is center sponsored

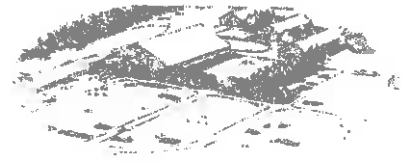
AAEC will address this shortfall with two revenue streams:

- Food sales
- Special festival event(s)

The survey of organizations that sponsor events at exposition centers showed that they and their show participants want/demand quality food and food service at the center or in the immediate area. For many AAEC events, participants will need to be at the site most of the time. This fact, along with the general lack of restaurants near the AAEC site, makes on-site food service critical to AAEC's success. However, for AAEC management to maintain its focus on event/show procurement and keeping sponsors satisfied, AAEC will create a partnership with regional caterer(s) who can provide excellent food, buffet style, at the AAEC site. Hot lunches and dinners will be the focus; but the caterer(s) will also need to provide sandwiches and snack foods to complement the hot meals.

Caterers in the Wytheville area typically charge \$5-8 for a hot lunch or a substantial sandwich meal and \$12-15 for a hot dinner. AAEC's arrangement with the caterer(s) will be to add a surcharge of \$1/lunch meal and \$2/dinner meal. For the projected event schedule, this food service surcharge provides AAEC with the revenues shown in Table 3.1. This arrangement is a win situation for everyone involved: it provides excellent food options for event participants, it creates local jobs and revenues and it provides the additional revenues necessary to make AAEC a self-sustaining operation.

As mentioned earlier, most agricultural exposition centers offer events that they sponsor, typically a regional or county fair. These events are very popular and are typically very profitable. Since there are already fourteen county and regional fairs in Southwest Virginia, events developed by the AAEC will need to focus on festivals and special events, as discussed in the previous section of this Plan. Such festivals and events are expected to provide the AAEC with an annual profit of \$50,000 - \$100,000+ per event. One - two positions will be added to AAEC's management team in Year 1 to plan for one such AAEC - sponsored festival to start in Year 3, with another one starting in Year 5.



## Staffing

A review of comparable agricultural exposition centers shows that they typically keep their number of employees to a minimum by contracting many event and facility services. This approach results in a permanent staff focused on promoting the center, securing events and stressing customer service. Most centers limit their permanent staff to:

- a Center Director who also serves as Marketing Manager
- a Center Manager
- a Facility Supervisor who manages the contracted personnel
- an Executive Assistant who, along with his/her Office Manager duties, assists the Center Director in Marketing the center
- 2+ laborers/facility tradesmen

The accounting function may be handled internally or outsourced.

AAEC will start with a staff of five that will include a Center Director and Executive Assistant, a Facility Supervisor, one part-time office staff member and two laborers. In addition, to develop center-sponsored festivals, 1-2 additional people will be hired in Year 1, with the objective of initiating one such event by Year 3.

## Operating Costs

Working again from data for comparable agricultural exposition centers, the projected expenditures to support AAEC's activities and events schedule were estimated; and these projections are shown in Table 3.3. The revenues included in the table are from facility charges and the food service surcharge only since a center-sponsor festival or special event will not take place until after the first five years of operation.

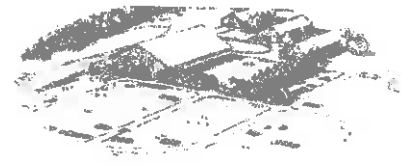


**Table 3.3**  
**Appalachian Agricultural Exposition Center**  
**Projected Income Statement**  
**First Five Years of Operation**

	Year 1	Year 3	Year 5
<b>Revenues:</b>			
Facility Rental for Organization-Sponsored Events	\$152,120	\$284,805	\$423,423
Food Surcharge	71,814	98,701	110,776
AAEC-Sponsored Festivals (Profit)	-	50,000	100,000
<b>Total Revenues</b>	<b>\$223,934</b>	<b>\$433,506</b>	<b>\$643,199</b>
<b>Expenses:</b>			
Staff salaries & benefits	\$205,000	\$215,000	\$226,000
Contracted Maintenance	25,000	25,000	25,000
Contracted Labor for Events	20,000	25,000	30,000
Site & Building Maintenance	10,000	15,000	20,000
Office Supplies	15,500	5,500	3,000
Utilities & Telecommunications	60,000	70,000	80,000
Waste Removal	35,000	35,000	35,000
Office Equipment Rentals/Purchases	15,000	5,000	2,500
Site Equipment Rentals/Purchases	120,000	25,000	25,000
Marketing	31,000	21,000	21,000
Accounting Services	3,000	3,000	3,000
Legal Services	5,000	2,000	2,000
Insurance & Regulatory Expenses	40,000	35,000	30,000
<b>Total Expenses</b>	<b>\$584,500</b>	<b>\$481,500</b>	<b>\$502,500</b>
<b>Profit/(Loss)</b>	<b>(\$360,566)</b>	<b>(\$47,994)</b>	<b>\$140,699</b>

*Note: All expenditures beyond Site Preparation & Construction are included to show the total cost associated with Opening the Center*

As shown in the table AAEC will have an operating loss in its initial years. However, by Year 5, when AAEC's events schedule includes about 60 events and two AAEC-sponsored festival events, the Center is expected to meet or exceed its financial breakeven position and *establish itself as a self-sustaining operation.*





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#### 4. Expected Schedule for Center Opening

The Appalachian Agricultural Center's Steering Committee has completed a feasibility study and a preliminary architectural & engineering study for the proposed Appalachian Agricultural Exposition Center. These resulted in the facility plan detailed in this document as well as providing the basis for the Center's projected activities and financial position.

With the completion of those studies, the Steering Committee is ready to pursue a capital campaign for the Center; and once sufficient support has been received, hire the Center Director and initiate construction. One of the first tasks for the Center Director will be scheduling events, developing the Center's capabilities and establish the Center as a non-profit legal entity. With an aggressive capital campaign and the hiring of a results-oriented director, the Center is expected to be open for business by mid-2010, as shown in Figure 4.1.



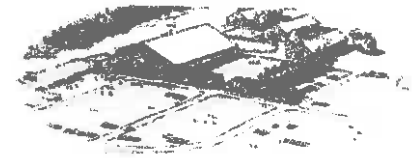
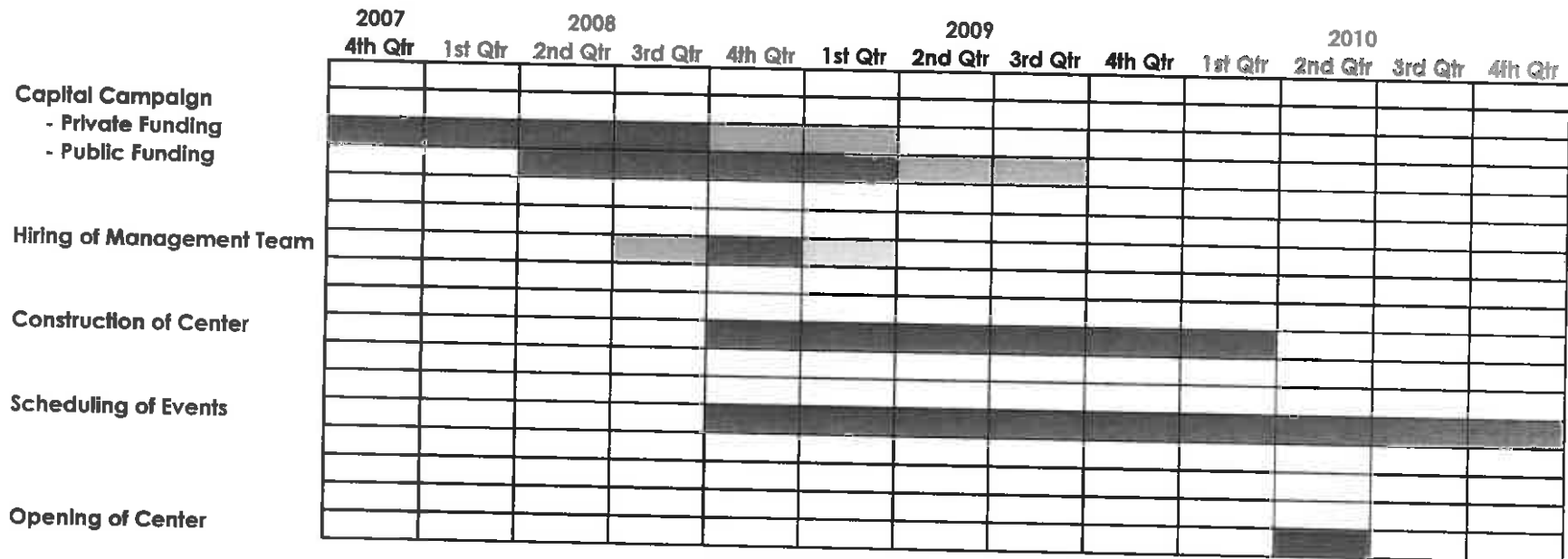
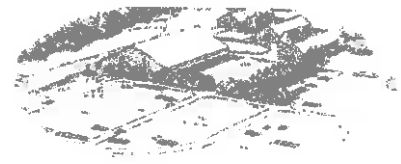


Figure 4.1

ANTICIPATED SCHEDULE FOR OPENING OF CENTER





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## APPENDIX A

### Comparable Exposition Centers in Region

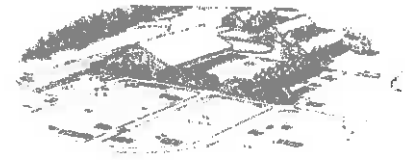
There are four centers in the region who's missions aligned with the mission of the Appalachian Agricultural Exposition Center:

- Virginia Horse Center, Lexington, VA
- Great Smoky Mountains Expo Center at Walters State Community College, Morristown, TN
- Western North Carolina Agricultural Center, Ashville, NC
- T. Ed. Garrison Livestock Arena, Clemson, SC

The center at Clemson has evolved using the Western North Carolina Center as its model. In addition, it is over 200 miles from Wytheville, minimizing its effect on AAEC's planned activities and, therefore, it is not considered a competitor to AAEC,

For the other three centers, either their focus is different than that at AAEC and/or they are outside AAEC's region.

This appendix is included to provide data for the three centers for reference purposes.



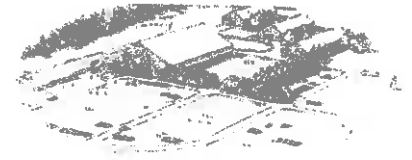
**Table A-1  
Comparable Agricultural Exposition Centers**

Center	Western NC Agricultural Center	Great Smoky Mountains Expo Center	Virginia Horse Center
Location	Ashville, NC, 165 miles from Wytheville	Morristown, TN, 140 miles from Wytheville	Lexington, VA, 120 miles from Wytheville
Land, Acres	82	60	600
Indoor Arena(s), Feet	240 x 120	300 x 150	300 x 150 260 x 120 180 x 90 180 x 70 180 x 65 180 x 65
Outdoor Arena(s), Feet	300 x 150		13 arenas including one covered (220 x 96) and many uncovered arenas ranging from 430 x 225 to 145 x 96
Animal Stalls	603	200	1,200
Seating: Permanent/Portable	3,000	3,875/3,000	4,000
Parking Spaces		2,000	
Indoor Arena Charge/Day	\$1,500	\$1,000	\$1,250
Daily Stall Fee, including Bedding & Straw Removal	\$19+	\$12	\$15

## Detailed Information for Comparable Centers

- **Western North Carolina Agricultural Center, Asheville, NC**

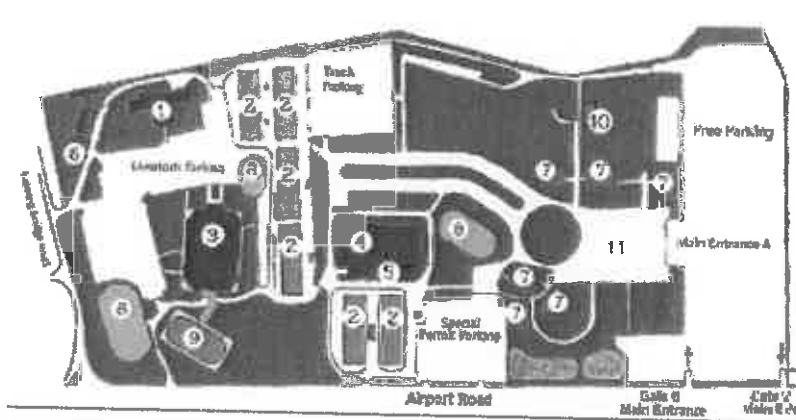
The Western North Carolina Center is considered one of the finest multi-use facilities in the U.S. It was originally built in 1983 on 22 acres at the existing Livestock Center in Fletcher, NC. It now occupies 82 acres and has become the home of the Mountain State Fairgrounds, a ten-day celebration of mountain living that features exhibits, animals and a midway (for its regional fair).



The center is owned by the State of North Carolina and operated as a profit/cost center within the North Carolina Department of Agriculture and Consumer Services. Because of the fair, it is a breakeven operation: the fair creates a \$100,000 - 200,000 profit that covers the operating losses associated with the Center's other activities. It also receives capital funding from the state for improvements and maintenance.

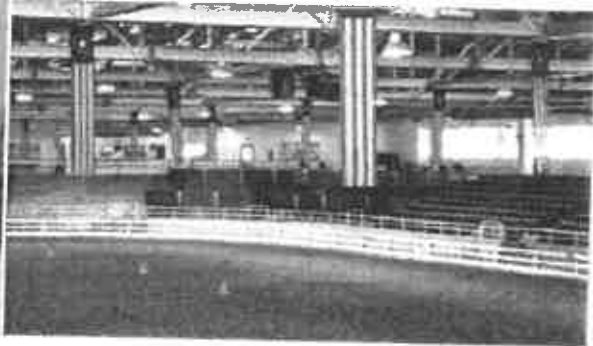
The Center has a covered staging area and indoor arena; there is also a livestock facility with a 500-seat arena for animal sales. The Center has shows almost every weekend; these include equestrian and livestock events as well as rodeos, tractor pulls, motor-cross races, circus and music performances, antique tractor shows and trade shows.

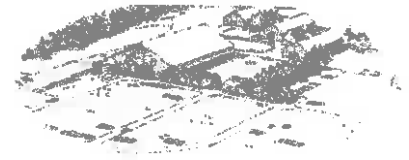
## Western North Carolina Site Map



- |                         |  |
|-------------------------|--|
| 1) Livestock Show Arena | 7) Paved Pads                                  |
| 2) Livestock Barns      | 8) Open Rings                                  |
| 3) McGough Arena        | 9) Covered Ring                                |
| 4) Davis Arena          | 10) Concessions Office<br>(During the Fair)    |
| 5) Restaurant           | 11) Concession Stand Area<br>(During the Fair) |
| 6) Youth Building       |  |

## Main Arena





- **The Great Smoky Mountains Expo Center at Walters State Community College in Morristown, TN**

The Center, which opened in 1996, is a multipurpose arena built to showcase East Tennessee livestock, enhance agricultural educational programs and provide a site for non-agricultural events at Walters State Community College including performances, trade shows and community events.



The Center has about 55-60 events each year with about half being equestrian events. Other events include rodeos, motorcross racing, and team roping practices as well as performances for the college community. The Center also hosts several trade shows, the largest being their own Smoky Mountains Boat, Fishing and Sportsman Show that attracts 10,000 - 15,000 people during the two-weekend show.

The Center is operated as part of the college and does not have a separate Income Statement showing its profit/loss. Discussions with the Center Director confirmed that self-sustainability is not a performance measure for the Center.

## **The Indoor Arena at the Great Smoky Mountains Expo Center**





- **Virginia Horse Center, Lexington, VA**



The Virginia Horse Center has developed over its 20+ years of operation into one of the crown jewels of Virginia's billion-dollar equine industry. It is focused on equine events, with over 75 such events a year, each typically lasting 2 – 5 days. The number of horse/animal days per year (multiply the number of animals by the number of days of the event) is over 80,000. The Center has 6 indoor arenas and 13 outdoor arenas/rings. Seventy-three percent of attendees comes from Virginia, Maryland, North Carolina, Pennsylvania and West Virginia; with about 45% being from Virginia.

Events include equestrian shows/trials/competitions clinics and auctions, the annual Therapeutic Riding Association of Virginia Fall Show, the annual Virginia State 4-H Horse and Pony Show and United States Pony Club activities. In addition, the Center is the venue for rodeos and bull riding competitions as well as community events such as receptions, dinners, concerts, fundraisers, the Midnight Rockbridge New Year's Eve Celebration and the Rockbridge County Fair.



The Center's annual operating expenditures are over \$3 million; about half of these are associated with employees and contracted services and almost 10% are devoted to fundraising and promotion. For a number of years the Center was a state supported operation. Although it still receives state funds, its new non-profit organizational structure is the result of a cooperative effort between the USDA, Virginia's General Assembly and the Center's Foundation. The Center receives private donations through the Friends of The Virginia's Horse Center.

One of the metrics used by the Center to measure its success is its economic impact on the state and Lexington region. In the latest 2004 Economic Impact study, the total economic impact was estimated to be \$53 million; of which \$37 million related to the Lexington/Rockbridge area. Direct expenditures by show participants were estimated at \$36 million (of the \$53 million) which the indirect impact was \$14 million.



- **Planned Facilities**

- *Horse Park of the South*, near Reidsville, NC and about 115 miles from Wytheville, is a planned multi-purpose equestrian center that is being promoted for the central Piedmont North Carolina region, a region currently without such a facility. The highways that serve the area are U.S. 29 and 220. There are plans to convert both highways to Interstates; but until that occurs, the center does not have convenient patron access.

As currently planned, the Horse Park would have facilities very similar to those planned for AAEC: an arena with barns/stalls and an outdoor staging area.

- *West Virginia Equestrian Events Center*, near Bluefield, WV and about 35 miles from Wytheville, is in the planning phase. Plans about the center and its facilities have not been announced and, until then, it is difficult to assess the center's impact on AAEC.



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## APPENDIX B

### Civic Centers in Region

There are three civic centers in the region:

**Salem Civic Center, Salem, VA**  
**Roanoke Civic Center, Roanoke, VA**  
**Freedom Hall Civic Center, Johnson City, TN**

These centers focus on theatrical and musical performance, local meetings and conventions, local arts and hobbies shows and local school sports and other events. In addition, the Salem and Roanoke Civic Centers have ice rinks.

The Eastern Kentucky Exposition Center in Pikeville, KY (155 miles from Wytheville) also functions very much like a civic center with concert seating for 7,000 and approximately 5,000 square feet of ballroom/banquet space. Typical events include concerts, local athletics/sport events, car shows, rodeos and circuses.

Because the focus of these centers in performances and meetings, they are not competitors to AAEC.



**Appalachian Agricultural Exposition Center  
Market and Financial Feasibility Study**

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**March, 2008**

**OFFICE OF ECONOMIC DEVELOPMENT**

*Invent the Future*



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## *Executive Summary*

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Virginia Tech's Office of Economic Development (OED) was contacted by the Southwest Virginia Horsemen's Association and the Wythe County Farm Bureau to research the market and financial feasibility of an agricultural exposition center near Fort Chiswell, Virginia. The OED team worked together with the Virginia Tech Business Technology Center (BTC), who prepared a business plan based on the findings from this analysis, which includes a business proposition, the business's goals and the proposed plan to achieve them. The OED team also worked closely with Hill Studios and David W. Denny LLC, who prepared the technical feasibility component of this study. Hill Studios and David W. Denny LLC, gave input regarding cost estimates for grading and construction of facilities and direction as to possible configurations.

The report explores the feasibility of constructing an agricultural exposition center in Wythe County, Virginia. This evaluation is intended to provide the Southwest Virginia Horsemen's Association and the Wythe County Farm Bureau with the information they need as they consider funding requirements and opportunities in the region.

Wythe County is well suited as a host site for the proposed center due to its crossroads location, a feature most nearby facilities lack, and ease of access to Interstates 77 and 81. Further, the loss of agricultural venues in the surrounding area has increased demand for this type of facility. The proposed center can expect to attract a mix of equestrian events, livestock events, and outdoor oriented sporting events, as well as a small number of concerts, trade shows, and fairs.

Within a 200 mile radius of Wythe County there are currently four expo centers (Eastern Kentucky Expo Center, Virginia Horse Center, Great Smoky Mountains Expo Center, and Western North Carolina Agricultural Center), four civic centers (Freedom Hall Civic Center, Salem Civic Center, Roanoke Civic Center, and Augusta Agricultural and Industrial Exposition Center) and three planned centers (Daniel Boone Exposition Center, Horse Park of the South, and West Virginia Equestrian Center). However, the potential competitors (Horse Park of the South and West Virginia Equestrian Center) either have limited access to an interstate, or face significant transportation infrastructure issues, which puts Wythe County in a prime position in its market area to have an agricultural exposition center.

There is excellent demand for the center in certain segments of the industry, primarily rodeo-related events that have strong attendance numbers. Based on the strong agricultural ties in the region and state and the lack of similarly-positioned facilities within the immediate area there is demand for an exposition center in Wythe County. Further, with a proactive management that can successfully attract events, think creatively and strategically about the facility's

market niche, and understand how the facility fits into the community, the center could easily be sustainable in the long term.

Given the hiring of a capable facility director and the scheduling of an appropriate mix of events, we project that in the facility's fifth year, the event schedule will stabilize at 70 events annually. If an additional revenue stream is pursued through contracting with a local caterer, the facility could be financially sustainable as early as the fourth year of operation. However, the facility will not generate enough revenue to service debt. Another factor is that the state of Virginia is not an active supporter of the agricultural events industry. With that said, enough funds should be raised to cover construction and some of the operating costs so the facility could be financially sustainable.

Apart from financial feasibility, once built, the center will not only be a venue for showcasing the agricultural community in Southwest Virginia, but it will also create economic impacts to the local and regional economy. It is extremely difficult to account for such economic impacts without a good understanding of AAEC's operations. However, our results indicate that the center has great potential to generate significant local, regional and statewide economic impacts.