



Economics Research Associates

Draft Project Report

**Market & Economic Evaluations for
Southeastern Kentucky Agricultural &
Exposition Center**

Submitted to

City of Corbin, Kentucky

Submitted by

Economics Research Associates

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I. Executive Summary

Introduction

Economics Research Associates (ERA) was retained by the City of Corbin, Kentucky to provide an economic analysis of the potential events at the Southeastern Kentucky Agricultural & Exposition Center, to be located at Exit 25 off of Interstate 75. This evaluation is intended to provide decision-making information for the City of Corbin as it considers investment requirements and opportunities associated with the site. It will also be used to inform the facility's design effort being undertaken by Bullock Smith & Partners.

ERA performed a detailed market analysis, including demographic evaluation, comparable and competitive event analysis, and interviews with stakeholders and potential facility users. Based on estimated levels of demand, ERA developed a potential schedule of events for the facility and provided program recommendations. ERA then evaluated the financial performance and economic impact of the facility's operations. The results of the analyses are summarized in the Key Findings section below and presented in their entirety in the subsequent report and attached Appendix tables.

Key Findings

ERA's market analysis involved an evaluation of the future site of the Southeastern Kentucky Agricultural & Exposition Center and the surrounding region. ERA also evaluated the market for potential events by reviewing comparable facilities and interviewing numerous potential users. Overall, our findings regarding the new facility in Corbin are positive. The Southeastern Kentucky Agricultural & Exposition Center can expect to attract a mixture of sporting events, family shows and concerts, trade shows and conventions, as well as support the facility needs of the local community.

Following is a brief description of ERA's key findings.

Market Analysis

- The proposed site has excellent regional access and visibility via Interstate 75, the main north/south corridor between Lexington and Knoxville and Interstate 80 from east to west. It is located just 15 miles from Cumberland Falls State Park, one of Kentucky's leading tourist destinations. In addition, Corbin has a strong visitor infrastructure in place with approximately 800 hotel rooms and numerous restaurants and pubs.
- Corbin's primary market, defined as the area within 50 miles of the site, has over a half a million people. While smaller than the markets of Lexington or Knoxville, it is comparable with the demographics of the new Eastern Kentucky Exposition Center, located in Pikeville, as well as similar facilities identified in this report.
- There is strong local and regional demand for the facility as Corbin lacks a large, indoor, multi-purpose space. While local facilities are heavily utilized, their size limits the number and type of events that can be held in the area. This forces Corbin citizens to travel to Lexington and Knoxville for events like entertainment

and youth sports on a regular basis, which is not only inconvenient to area residents but has a negative fiscal impact on the city.

- Potential new events were wary of Corbin's proximity to the Knoxville and Lexington markets but were optimistic about its location, lack of competitive facilities within 50 miles, and sizeable primary market.
- Corbin has the power to draw visitors to the region as evidenced in the attendance of local events. The NIBROC Festival, a four-day event held in August, attracts approximately 50,000 to 60,000 people. Other major events include the Corbin High School Christmas Basketball Tournament and the Rally in the Valley Motorcycle Show, both attracting approximately 2,500 to 2,700 people over three days.
- There are relatively no competitive facilities within 50 miles of Corbin. While numerous area facilities like the Corbin Civic Center, Laurel Fairgrounds, Daniel Boone Motocross Park, and London/Laurel Optimist Club Sports Center will continue to support specific events, no facility in the area can accommodate large regional attractions. Knoxville and Lexington will continue to be the primary locations for major shows because of the cities' larger, more accessible facilities and greater market areas.
- The Southeastern Kentucky Agricultural and Exposition Center's closest competition will be the Eastern Kentucky Exposition Center in Pikeville. While Pikeville's location is inferior to Corbin because of lack of immediate access to a major highway, it will be an immediate competitor for events because of its proximity and similar market size. Its success in attracting and hosting major events will likely affect the programming in Corbin, which thus far has been positive. The Pikeville facility may help change the perception that secondary and tertiary markets cannot support major events.
- Several facilities in southeastern United States were considered as models for the development of a Corbin facility based on their size and location. Seating capacity at these facilities range from 3,500 to 10,000, with the average size around 5,200 fixed seats. Exhibit space ranges from 16,000 to 49,000 square feet with arena sizes varying from 130' x 102' SF to 300' x 150'. Event days range from between 62 to 199 days with an average of 139 days.
- Based on event promoter interviews, market research, and demographic analysis, ERA estimates that the new facility can expect to host between 80 to 100 events, or 120 to 150 event days, given the hiring of a capable facility director and the scheduling of an appropriate mix of events.
- Approximately one quarter of the potential identified events are already taking place in Corbin. There is the potential to attract about 50 regional events that are either looking for a new facility or rotate on an annual basis. In addition, based on scheduling and market interest, there is potential to attract approximately 30 new events.

- While the majority of events will attract between 1,000 and 3,000 people, no events are projected to attract over 7,000 people. Approximately 5 percent of all events will attract more than 5,000 people, however these are concerts and graduations which accommodate seating on the floor.
- Based on the market analysis, ERA concludes that Corbin could support an indoor, multipurpose facility. Because secondary markets fare better with a mixture of event types, event programming should be varied. ERA recommends the following facility program:
 - 5,000 fixed seats (This number can accommodate market growth)
 - Minimum 125' x 250' ring/arena floor
 - 25,000 SF to 30,000 SF +/-flat floor space (accommodates on arena floor)
 - 4 to 5 meeting rooms with capacity for 50 to 200 people
 - 1,800 parking spaces
 - Concrete pad (for portable stalls)
 - 50 RV hookups

Financial Analysis

- ERA's financial analysis was based on a stabilized schedule of 149 event days, estimated to attract approximately 255,000 spectators in the third year of operation. The analysis of financial performance has been structured using revenue and expense parameters that were developed by ERA based on the following: fees and charges at comparable facilities, modified to meet local requirements and needs; and the operating experience of comparable civic center facilities in terms of event financial performance.
- Total operating revenues are estimated to be \$566,510 in the first year, rising to \$737,420 by Year 3. Concession sales represent the single largest revenue source, approximately 55 percent of the total, while rental revenues account for 38 percent of total revenues.
- Operating expenses are estimated to total \$902,988 in Year 1, growing to \$1,063,844 by Year 3. Salaries and wages account for 31 percent of total expenses, while other expenses account for nearly 70 percent. Concessions represent the largest single expense.

- The Southeastern Kentucky Agricultural and Exposition Center is expected to operate at a deficit of \$336,478 in its first year, decreasing slightly by Year 3 to \$326,424, and declining every year thereafter. This can be attributed to the stabilization of the facility through the addition of revenue-generating event days. As is typical for almost all civic center facilities, the deficit must be made up from a dedicated funding source, such as the restaurant tax, and if necessary through public appropriations.

Economic Analysis

- The construction and operation of the Southeastern Kentucky Agricultural and Exposition Center are anticipated to have a significant economic impact on the City of Corbin, the greater Tri-County region, and the state of Kentucky.
- Based on a projected construction cost of \$12 million, the total area construction expenditure impact is nearly \$7.8 million. This project is estimated to be able to support 86 full time construction jobs during a construction period of 1.5 years.
- The Southeastern Kentucky Agricultural and Exposition Center is projected to generate a total of \$26 million in direct and indirect expenditures annually. Total annual state sales tax revenue generated by the new facility is estimated at \$675,000, while local restaurant and lodging taxes are expected to total nearly \$231,000 annually.

II. Site Evaluation

The site of the future Southeastern Kentucky Agricultural & Exposition Center is located approximately a half mile east of exit 25 on Interstate 75 in Corbin, Kentucky. It is approximately 85 miles north of downtown Knoxville, Tennessee and 90 miles south of Lexington, Kentucky. The 58-acre property is bound on the west by Interstate 75 and to the north by Cumberland Falls Highway (US Route 25), the main thoroughfare through Corbin.

The new facility will most likely be sited atop the hill behind the new, city-owned technology center. The useable area will be approximately 30 acres with 12 to 15 acres available at the base of the hill.

The following section presents ERA's evaluation of the site from a market perspective.

- Located just east of Interstate 75, the main north/south corridor between Lexington and Knoxville, the site offers good local and regional access. In addition, the site benefits from excellent visibility from both directions of Interstate 75, as it is elevated above the Cumberland Falls Highway.
- Cumberland Falls State Park, one of Kentucky's most visited tourist destinations, is located 15 miles from the center of Corbin. This attraction draws visitors from Kentucky and surrounding states. The Corbin Tourist Bureau reports that they receive approximately 40 to 50 emails a day regarding tourist information for the state park. A new exposition center facility has the potential of drawing these tourists in, making Corbin a destination in its own right.
- The physical attributes of the site appear to be suitable for the purposes of developing a regional exposition center. While the site must be cleared and graded prior to development, there are approximately 30 acres of land that will be available at the top of the hill and approximately 15 at the base.
- The immediate surrounding area is considered an established regional center. It is adjacent to the new technology center utilized by Eastern Kentucky University, as well as the Baptist Regional Medical Center located across the street, which includes a 200-bed hospital, new rehabilitation center, and a long-term care facility.
- Additional locational advantages include adequate visitor amenities, like hotels and restaurants, in the immediate vicinity. There are approximately 340 hotel rooms directly off of Exit 25 and an additional 450 rooms at Exit 29. Since the city of Corbin enacted the 70/30 alcohol referendum, numerous restaurants and bars have opened in the area, providing entertainment options for potential visitors to extended-stay shows and exhibits.
- The City of Corbin is considerably smaller than the communities of comparable facilities surveyed. This could initially preclude the facility from easily booking events without attractive incentive packages for event sponsors.

- More broadly, the site may suffer from the misperception that the facility is for the city of Corbin as opposed to a regional amenity. This perception may pose an initial challenge to attracting attendees and local events from the immediate Laurel and Knox counties.
- Overall, ERA has concluded that the City of Corbin is well suited for the Southeastern Kentucky Agricultural & Exposition Center and that it provides excellent local and regional access for potential event attendees.

III. Market Analysis for Potential Events

ERA examined the market for potential events in order to determine how the exposition center might be utilized on a year round basis. To do this, ERA examined historical utilization patterns for local events at area facilities like the Corbin Civic Center and local high schools, colleges, and churches. We also examined characteristics of comparable facilities including utilization and market characteristics. In addition, we surveyed various event promoters and organizers. Our findings regarding local utilization, comparable facilities, potential users, and market demand are presented below.

Market Overview

Corbin is located in Whitley County in southeastern Kentucky, part of the Tri-County region, which also includes Laurel and Knox Counties. There are approximately 7,700 residents in the incorporated city and 37,600 in the surrounding county. Over 500,000 people live within a 50-mile radius of Corbin and over 1,700,000 live within 75 miles. The primary market (50-mile radius) is young with an average age of 37 and a lower median income than the larger region (50 to 100 miles).

The Corbin market is influenced by the strong north/south draw along I-75 between Lexington & Knoxville and serves as a regional center east and west of its core. While the local resident market is relatively small, the primary market is sizeable, and the secondary market is large. Although the City of Corbin is considerably smaller than the communities of competitive and comparable facilities surveyed, the market area compares more favorably further out from the core.

Local Facility Utilization

To determine what events currently exist in the Tri-County region, as well as to identify potential events if the right facility existed, ERA spoke with local officials, business owners, and community leaders. Information was initially gathered during a two-day visit to Corbin, in which 45 local citizens and civic leaders participated in a discussion about the facility's potential uses. These meetings were supplemented with interviews with additional key stakeholders.

In general, there are few adequate facilities to accommodate major events and activities in the region. Most spectator events, like youth sports, concerts, theatre, and social functions, are held in area high school gyms and auditoriums, which have limited capacity. As the population and enrollment in schools continue to increase, events have begun to outgrow

local facilities forcing the community to leave the region. Area citizens often drive to Lexington or Knoxville on the weekends for youth sports, family entertainment, and consumer shows. In addition, local companies are forced to hold trainings and social events in the larger cities.

Corbin has the power to draw visitors to the region as evidenced in the attendance of local events. The NIBROC Festival, a four-day event held in August, attracts approximately 50,000 to 60,000 people. By far the largest event in Corbin, NIBROC has hosted major performers like Kansas, Percy Sledge, and the Crabb Family. The festival attracts visitors from all over the region, selling out the area hotels for the duration of the event. Other major events include the Corbin High School Christmas Basketball Tournament and the Rally in the Valley Motorcycle Show, both attracting approximately 2,500 to 2,700 people over three days.

Corbin lacks a large, indoor, multi-purpose space. While local facilities are heavily utilized, their size limits the number and type of events that can be held in the area. Below are ERA's key findings regarding facility utilization in the Corbin area.

- Area high schools, like Corbin and North and South Laurel, hold numerous community events in addition to school related events. Not only does this strain on scheduling preclude events from expanding year after year, but it limits the use of school facilities for the students. In addition, the school facilities are inadequate to accommodate large spectator events such as graduation and sports tournaments, which have limited tickets and are most often standing room only. The area high school gymnasiums average between 2,500 to 3,500 seats, with smaller auditorium facilities.
- Corbin Civic Center holds over 20 events per year, mostly small trade shows and local meetings. It is situated on 30 acres, removed from the main road and center of the city. The indoor facility can seat approximately 700 people banquet-style and has a small kitchen and storage area. While the venue has attracted rodeos, circuses, and other family entertainment, these events are generally held outdoors. The indoor facility is mostly utilized by small trade shows and for local community meetings and banquets.
- The University of the Cumberlands Rollins Center, located in Williamsburg, KY, hosts school sports, small concerts, and church events. The facility has 1,650 fixed seats with a capacity for 2,500. The Director of Student Services expressed an interest in the new exposition center for school fundraisers, sports tournaments, and larger concerts. In addition, the Director of Activities for the facility indicated that they must turn away at least five to ten concerts a year because of inadequate facility size. They were unable to host the Mid-South Conference basketball championships this past year for the same reason.
- Church communities comprise a large part of the region's events and activities. Local churches often hold fundraisers, meetings, holiday bazaars, and concerts. However, these facilities are also hindered in drawing the larger concerts, convocations, and conventions because of limited seating capacities. Several

members of different congregations in the area expressed the desire for a neutral facility to attract national speakers and touring musical groups to the southeastern Kentucky region.

- Sports are a major activity in the southeastern Kentucky region. Numerous community members stressed the importance of an indoor facility to host high school sports tournaments, state AAU championships, and youth sports. Currently, Corbin citizens are driving to facilities in Lexington, Knoxville, Florence, and other cities to participate in these activities. In addition, events like the Corbin High School Christmas basketball tournament have outgrown the high school gyms and must turn away potential participants. While hosting youth sports practices in the new facility would limit scheduling capacity, hosting tournaments and playoffs could be a major event driver.

Competitive Regional Facilities

Currently there are relatively no competitive facilities within 50 miles of Corbin. While numerous area facilities like the Corbin Civic Center, Laurel Fairgrounds, Daniel Boone Motocross Park, and London/Laurel Optimist Club Sports Center will continue to support specific events, no facility in the area can accommodate large regional attractions. Knoxville and Lexington will continue to be the primary locations for major shows because of the cities' larger, more accessible facilities and greater market areas. However, there is a market for smaller shows and performances as well as the opportunity to attract traveling acts passing through the larger markets.

The primary competition for new events, primarily the larger entertainment and spectator events, will be the Eastern Kentucky Exposition Center, located in Pikeville, Kentucky about 130 miles northeast of Corbin. The \$29 million facility, open as of fall 2005, has approximately 5,300 fixed seats with the capability to seat 7,000. The arena is approximately 24,000 square feet with an additional 5,000 square feet of ballroom space. The center is located adjacent to the city park with a new parking garage next door.

Despite the facility's smaller market population and remote location, they have initially been able to attract the major shows and events that the Corbin community has expressed interest in. Shows on the schedule include Larry the Cable Guy, the Broncs and Bulls World Challenge Rodeo, Rock-N-Monster Truck Fest, Three Doors Down Concert, The Gaither Vocal Band, Jeff Foxworthy, Ringling Brothers Circus, Kenny Rogers with Billy Dean & Rebecca Lynn Howard, and the Harlem Globetrotters.

While the Eastern Kentucky Exposition Center's location is inferior to Corbin because of lack of immediate access to a major highway, it will be an immediate competitor for events because of its proximity and similar market size. Its success in attracting and hosting major events will likely affect the programming in Corbin, which thus far has been positive. The Pikeville facility may help change the perception that secondary and tertiary markets cannot support major events.

Comparable Civic Center Facilities

Several facilities in the southeast were considered as models for the development of a Corbin facility based on their size and location. Facilities surveyed for this analysis include the Eastern Kentucky Exposition Center, Great Smoky Mountain Exposition Center, Carl Perkins Civic Center, Salem Civic Center, Freedom Hall Civic Center, Wheeling Civic Center, Shelby Farms Show Place Arena, DeSoto Civic Center, and the Greenwood Civic Center.

Below are ERA's key findings regarding comparable civic center facilities.

- Seating capacity at these facilities range from 3,500 to 10,000, with the average size around 5,200 fixed seats.
- Comparable facilities offer between one and 16 meeting rooms that are well-utilized, accommodating between 20 to 2,200 people. Those without extra meeting rooms stressed their importance.
- Exhibit space ranges from 16,000 to 49,000 square feet, averaging just about 29,000 with arena sizes varying from 130' x 102' SF at Freedom Hall to 300' x 150' SF at Smoky Mountain Expo Center.
- On average, parking ratios were 1 spot per 2.75 seats.
- Most facilities defined their markets within a 50-mile radius, while more rural locations extended slightly further. 55% of these facilities are located within 50 miles of a major city while 90% are within 75 miles.
- The majority of events (43%) are local meetings or social functions followed by sporting/equestrian events (24%). Both family/spectator events and trade shows/convention (16% each) comprise the rest.
- Event days range from between 62 to 199 days (excluding DeSoto because of youth sports) with an average number of event days of 139.

The following tables outline the basic characteristics of the selected facilities in matrix form. The subsequent paragraphs describe the centers with the most comparable markets in greater detail. Event schedules for selected facilities can be found in Appendix 1.

Table 1: Physical Characteristics of Comparable Civic Center Facilities

PHYSICAL CHARACTERISTICS OF COMPARABLE CIVIC CENTER FACILITIES								
Name of Facility	Arena/Theater Seating Capacity		Meeting Rooms		Exhibition Space (sf)	Arena Size (sf)	Banquet Capacity	On-Site Parking
	Permanent	Portable	Number	Capacity				
Great Smoky Mountains Expo Center <i>Morrisstown, TN</i>	3,875	3,000	1	80	41,000	300' x 150'	3,000	2,000
Jackson Centre	9,092	1,204	20	200	47,000		2,700	2,850
Oman Arena	4,892	704	0	0	0		0	700
Carl Perkins Civic Center	2,200	0	16	30-2,200	22,000	190' x 125'	1,400	350
Fairgrounds Park <i>Jackson, TN</i>	2,000	500	4	200	25,000		1,300	1,800
Salem Civic Center <i>Salem, VA</i>	4,027	3,373	6	25-600	26,040	200' x 125'	2,000	2,800
Freedom Hall Civic Center <i>Johnson City, TN</i>	5,619	984	0	0	19,848	130' x 102'	250	1,800
Wheeling Civic Center <i>Wheeling, WV</i>	5,400	2,200	2	100 - 350	22,000	191' x 124'	1,200	1,100
Shelby Farms Show Place Arena <i>Memphis, TN</i>	4,200	2,300	1	50 - 75	31,250	250' x 125'	450	1,500
DeSoto Civic Center <i>Southaven, MS</i>	6,500	3,500	10	20 - 1,200	48,990	250' x 140'	1,400	2,500
Greenwood Civic Center <i>Greenwood, SC</i>	2,400	1,100	2	150 - 1,400	16,000	160' x 100'	1,100	3,000
Average	5,139	2,208	5	93	28,766	210' x 125'	1,513	2,194

Source: Management of the individual facilities; and Economics Research Associates.

Table 2: Market Characteristics of Comparable Civic Center Facilities

MARKET CHARACTERISTICS OF COMPARABLE CIVIC CENTER FACILITIES	
Name of Facility	User Market Characteristics
Great Smoky Mountains Expo Center <i>Morristown, TN</i>	Majority from within 50 mile radius
Jackson Civic & Convention Center <i>Jackson, TN</i>	35% from Madison County Remainder from within 50 mile radius
Salem Civic Center <i>Salem, VA</i>	25% Salem-Roanoke-Roanoke County 75% Central & Southwest VA
Freedom Hall Civic Center <i>Johnson City, TN</i>	60 mile radius from center
Wheeling Civic Center <i>Wheeling, WV</i>	45% West Virginia 50% Ohio, 5% Pennsylvania
Shelby Farms Show Place Arena <i>Memphis, TN</i>	70% from Memphis 30% from 70 mile radius
DeSoto Civic Center <i>Southaven, MS</i>	60% from Memphis 40% from DeSoto County (40 mile radius)
Greenwood Civic Center <i>Greenwood, SC</i>	Majority from within 50 mile radius

Source: Management of the individual facilities; and Economics Research Associates, 2005.

Table 3: Market Area Characteristics of Comparable Civic Center Facilities

MARKET AREA CHARACTERISTICS OF COMPARABLE CIVIC CENTER FACILITIES								
Name of Facility	2005 Population				Within 50-Mile Ring		Major Cities Within	
	City	50-Mile Ring	75-Mile Ring	100-Mile Ring	Average	Median	50-Mile Ring	75-Mile Ring
					HH Income	Age		
Great Smoky Mountains Expo Center Morristown, TN	24,899	1,138,505	2,351,431	3,408,939	\$46,180	38.0	Knoxville	-
Jackson Civic & Convention Center Jackson, TN	61,948	495,154	1,646,917	2,882,893	\$45,564	36.5	-	Memphis
Salem Civic Center Salem, VA	25,092	799,205	1,571,454	3,279,716	\$55,802	39.1	Roanoke Lynchburg	Danville
Freedom Hall Civic Center Johnson City, TN	55,223	939,506	2,098,374	4,201,059	\$46,572	39.2	-	-
Wheeling Civic Center Wheeling, WV	30,179	1,755,378	4,355,388	6,515,423	\$55,008	40.2	Pittsburgh	Canton Youngstown
Shelby Farms Show Place Arena Memphis, TN	645,460	1,377,551	1,993,843	2,588,146	\$59,009	34.5	Memphis	-
DeSoto Civic Center Southaven, MS	34,941	1,411,746	1,806,944	2,553,029	\$58,521	34.2	Memphis	-
Greenwood Civic Center Greenwood, SC	22,060	1,126,213	2,762,042	4,708,511	\$57,353	36.2	Augusta	Columbia
Eastern Kentucky Expo Center Pikeville, KY	6,262	514,507	1,524,784	2,816,687	\$37,047	37.9	-	Charleston, WV
Averages	112,475	1,130,407	2,323,299	3,767,215	53,001	37		
Corbin	7,712	505,093	1,709,526	3,191,546	\$36,798	36.8	-	Knoxville
% of average	7%	45%	74%	85%	69%	99%		Lexington

Source: ESRI Business Analyst, Inc.; and Economics Research Associates, 2005

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Table 4: Event Analysis of Comparable Civic Center Facilities

EVENT ANALYSIS OF COMPARABLE CIVIC CENTER FACILITIES							
	Smoky Mts	Jackson	Salem	Freedom Hall	Shelby	DeSoto	Weighted Average
Sporting/Equestrian	68%	0%	20%	16%	63%	18%	24%
Family/Spect	8%	30%	16%	37%	9%	6%	16%
Meeting/Social	7%	30%	50%	34%	28%	71%	43%
Trade Show/Conv	16%	40%	15%	13%	0%	5%	16%
Total Event Days	97	180	199	62	78	216	139
Primary Market Population	1,138,505	495,154	799,205	939,506	1,411,746	1,126,213	985,055

Smoky Mountain Exposition Center

The Walters State Community College Great Smoky Mountains Expo Center is located in Morristown, Tennessee about 90 miles southeast of Corbin. The multi-purpose arena was built primarily to showcase east Tennessee livestock and to host agricultural education programs for Walters State Community College students, as well as local citizens. In addition the arena holds numerous non-agricultural events including family and spectator events, pet shows, business/industrial trade shows, and various community service events.

The main arena is approximately 98,000 square feet with a 150'x300' show ring floor. There are 3,875 permanent and 3,000 portable seats. In addition, there are two 100-stall barns with 12'x12' stalls and three parking lots accommodating 2,000 cars. The Smoky Mountain Expo Center hosts about 55 to 60 events a year, the majority being horse shows and other equestrian events. Because of the extensive set up and clean up time required for equestrian events, Smoky Mountain Expo Center is limited in its number of event days per year. Other events include rodeos, motocross racing, team roping practices, and several trade shows, the largest being the self-produced Smoky Mountain Boat, Fishing, and Sportsman show which attracts between 10,000 and 15,000 people over two weekends.

The majority of event attendees come from within a 50-mile radius from Morristown, however major horse shows can attract people from six or seven states.

Jackson Centre

The Jackson Centre is a campus of six facilities located in Jackson, Tennessee approximately 345 miles southwest of Corbin. The campus includes the Carl Perkins Civic & Convention Center, Oman Arena, Ned McWherter West Tennessee Cultural Arts Center, Fairground Park, Carnegie Center, and Pringle Park. Between the six venues, the Jackson Centre hosts approximately 600 – 700 event days a year. Approximately 75% of the events are held among the Carl Perkins Civic Center, Oman Arena, and the Fairground Park. About 60% of the events at the Oman Arena are sports and 90% of the Fairground Park events are trade shows or expositions.

The Carl Perkins Civic Center, the most comparable to the multi-purpose facility envisioned for Corbin, has approximately 2,200 fixed seats. It also has 16 meeting rooms and 22,000 square feet of exhibition space. On average the Civic Center hosts 180 event days per year. Approximately 40% of the events are trade shows or conventions and the remainder are evenly split between meetings & social events and family & spectator events. Annual events include the Miss Tennessee Scholarship Pageant, the Jackson-Madison County General Hospital Health Fair, University School of Jackson Holiday Mart and Antique Show, the West Tennessee Boat, Sports and RV show, the Ballet Arts "The Nutcracker," and the JRPD Best Christmas Pageant.

While Jackson has a considerably larger local population than Corbin (62,000), there are roughly the same number of people within a 50-mile radius. This is favorable considering Jackson hosts up to 700 events per year.

Salem Civic Center

The Salem Civic Center, part of the James E. Taliaferro Sports and Entertainment Complex, was built in 1967. The 74-acre campus includes the 7,400 seat civic center, 6,300 seat baseball stadium, and a 7,200 seat football stadium. Salem Civic Center has approximately 200 events days per year, although about 50 of these days are weekly meetings of the Salem Kiwanis and Rotary Clubs. Aside from the meetings, the majority of events held are in the family and spectator category. They host numerous sports tournaments at the youth, high school, and college levels, the latter which brings in the most revenue for the facility.

Because of Salem's proximity to the Roanoke Civic Center, approximately 10 miles away, they rely heavily on the smaller trade shows and local social events, like holiday parties. They are able to attract about 12 – 20 concerts a year through co-promoting but are often passed over for the primary markets in the vicinity. The two largest events attended are the Salem Fair, an 11-day event attracting 300,000 people, and the Roanoke Valley Horse Show, a six-day event attracting 25,000.

Approximately 25% of Salem Civic Center's market comes from the Salem Roanoke Valley, and the remaining 75% from central and southwest Virginia.

Freedom Hall

Freedom Hall is located in Johnson City, Tennessee, approximately 160 miles from Corbin. The facility has 5,600 permanent seats and an additional 1,000 portable. The facility hosted just 62 event days in the past year, the majority of which were community meetings and social events.

Because Freedom Hall is located on Johnson City school system property, no alcoholic beverages are allowed which limits revenue. However, they are able to attract national shows through aggressive marketing and co-promoting including Disney on Ice, Sesame Street Live, and the Harlem Globetrotters, nearly selling out this event. Freedom Hall is unable to host rodeo or other ice events because of the small arena size (130' x 102'). Additional limitations include no meeting rooms and inadequate storage space.

Event Potential

ERA's market analysis involved a survey of approximately 35 local and regional event organizers. This includes a combination of current facility users at the Corbin Civic Center and Corbin High School, as well as potential new users based on events and festivals currently taking place in the region. In addition, ERA interviewed more than 25 event organizers and promoters regarding facility requirements, level of interest in the Corbin location, and general impressions of the Tri-County market area.

Potential events were broken into four categories for the purpose of this market analysis: sporting & equestrian events, family & spectator events, meeting & social events, and trade shows & conventions.

- Based on these interviews, market research, and demographic analysis, ERA estimates that the new facility can expect to host between 80 to 100 events, or 120 to 150 event days, given the hiring of a capable facility director and the scheduling of an appropriate mix of events.
- The number and mix of events at the Southeastern Kentucky Expo Center will be determined by the facility, available dates, pricing, booking availability, and marketing.
- Demand for the Corbin facility indicates a fairly even breakdown for the four categories, with meeting & social events likely attracting the most event days and sporting/equestrian & family/spectator events attracting the largest number of attendees.
- Approximately one-quarter of the potential identified events are already taking place in Corbin. There is the potential to attract about 50 regional events that are either looking for a new facility or rotate on an annual basis. In addition, based on scheduling and market interest, there is potential to attract approximately 40 new events.
- While the majority of events will attract between 1,000 and 3,000 people, no events are projected to attract over 7,000 people. Approximately 5% of all events will attract more than 5,000 people, however these are concerts and graduations which accommodate seating on the floor

Tables 5 through 7 summarize potential events. See Appendix 2 for the detailed potential event schedule.

Table 5: Southeastern Kentucky Agricultural & Exposition Center Potential Event Days by Type

Event Type	Potential Annual Events	Potential Annual Event Days	Event Days %
Sporting/Equestrian	26	46	25%
Family/Spect	34	50	27%
Meeting/Social	48	54	30%
Trade Show/Conv	14	33	18%
Total	122	183	100%

Event Type	Realizable Annual Events	Realizable Annual Event Days	Event Days %
Sporting/Equestrian	18	28	19%
Family/Spect	35	42	28%
Meeting/Social	48	57	38%
Trade Show/Conv	10	22	15%
Total	111	149	100%

Table 6: Southeastern Kentucky Agricultural & Exposition Center Event Days by Market

Market	Potential Annual Events	Potential Annual Event Days	Event Days %
Local	38	47	26%
Regional	47	75	41%
New Events	37	61	33%
	122	183	100%

Market	Realizable Annual Events	Realizable Annual Event Days	Event Days %
Local	33	38	26%
Regional	44	66	44%
New Events	34	45	30%
	111	149	100%

Table 7: Potential Event Days by Type and Attendance

	Attendance per Event				
	Less than 1,000	1,000 - 2,999	3,000 - 4,999	5,000 - 6,999	7,000 +
Sporting/Equestrian	2	20	24	0	0
Family/Spect	6	27	8	9	0
Meeting/Social	44	5	5	0	0
Trade Show/Conv	11	22	0	0	0
Total	63	74	37	9	0
Percentage	37%	43%	22%	5%	0%

the primary markets. National shows, like Disney on Ice or Sesame Street Live, typically initially play split weeks between primary and secondary markets (i.e. weekdays in Corbin, weekend in Lexington), and if successful, will return to the secondary market the following year for weekend shows.

- Certain events can only be supported once a year by secondary markets. These include national shows like WWE Wrestling or the Harlem Globetrotters, as well as major circuses, rodeos, and monster truck events. More than one appearance often leads to lower ticket sales and a loss of interest from attendees, which could discourage these events from returning to the market.
- Secondary markets must be creative with the types of shows they attract, advertising the facility and having an updated website allows promoters to find facilities in areas that they would like to work in. Effective advertising and print capacities, as well as radio promotions are essential. For example, Christian concert and speaker promoters indicated that they require a strong Christian market with a good Christian radio station for promotions.
- Design considerations that are often overlooked include building the facility with doors of adequate size (i.e. must be large enough for monster trucks to fit through), planning enough storage space, and incorporating professional dressing rooms for performers. These details are fundamental in attracting the larger, more professional shows.

Meetings and Social Events

As evidenced in the experience of the comparable facilities, local meetings and social events are likely to make up the largest number of event days at the civic center. Currently, there is significant demand from local companies, Corbin High School, and civic organizations for adequate meeting facilities.

- While there are numerous small, local driven events in the Corbin area, one of the largest identified needs is a venue for holding graduation ceremonies. Area high school graduations at Corbin, North Laurel, and South Laurel currently exceed capacity at their respective gymnasiums. The community estimated a demand for 5,000 seats for each of the three ceremonies. In addition, there is the potential for hosting area college graduations as well.
- Of the five major area companies interviewed (out of over 30 identified), all indicated a strong interest in holiday parties as opposed to driving to Lexington or Knoxville. Several expressed interest in using the center for training purposes and all-company meetings.
- Although this category will most likely have the highest demand, these events are also the most price-sensitive and generate the least revenue. Balancing the scheduling of this local demand with income-producing events will be essential to the success of the facility.

Trade Shows and Conventions

Trade and consumer shows are important for attracting participants and visitors from outside of the region who will utilize Corbin's hotels and businesses. Survey results indicate the following:

- Whereas the broad-market appeal consumer shows and expos expressed little interest in a secondary market location, smaller events like home and garden, antique, boat & RV, gun & knife, computer, or bridal shows, indicated that the Corbin location offers the possibility to cater to a currently untapped market. These event representatives interviewed emphasized the importance of a facility with high visibility and acres of free parking.
- Several of the comparable facilities promote their own annual trade shows, like the Smoky Mountains Exposition Center whose annual Boat, Fishing and Sportsman Show attracts about 15,000 people over several days.
- Convention organizers have expressed a strong interest in the new facility, as most have begun to outgrow other area facilities. There is the opportunity to attract state associations, like the Kentucky Firefighters Association, as well as church convocations, like the Celebration of the Cumberlands. In addition, rotating events like the Kentucky Baptist Convention, could potentially utilize the space every few years.

Program Recommendations

Based on the market analysis, ERA concludes that Corbin could support an indoor, multipurpose facility. Because secondary markets fare better with a mixture of event types, programming should be varied. Not only will different uses address the needs of the larger community, but the flexibility will allow the center to attract events unforeseen at this time.

Based on the market analysis, ERA recommends the follow facility program:

1. **5,000 fixed seats:** While the majority of the events (43 percent) are estimated to have between 1,000 and 3,000 attendees, approximately 22 percent of identified events could attract between 3,000 and 5,000 people. Building a 5,000 seat arena will allow for the growth and expansion of events in the future without adding a significant incremental cost to the development of the arena.
2. **Minimum 125' x 250' ring/arena floor:** While some identified facilities have larger ring sizes, it is ERA's experience that a 125' x 250' arena floor size is functionally acceptable for the projected uses at the Southeastern Kentucky Agricultural and Exposition Center.
3. **25,000 SF to 30,000 SF +/-flat floor space:** Based on the efficiency of the arena ring, it is estimated that between 25,000 and 30,000 square feet of flat floor space can be accommodated.
4. **4 to 5 meeting rooms:** This recommendation was not subject to the demand analysis but rather based on the configurations of other comparable facilities. The necessity for adequate meeting room space was noted by all facility directors interviewed. Based on the numerous potential community events identified in the Corbin area, ERA recommends a total of 4 to 5 meeting rooms with capacity for 50 to 200 people.
5. **1,800 parking spaces:** Parking space figures were calculated based on an estimate that 90% of attendees will drive to the proposed facility with an average of 2.5 people per vehicle. 1,800 spaces represents the maximum amount of parking for a 5,000 person event.
6. **Concrete pad:** A concrete pad with the ability to accommodate approximately 200 to 300 rentable, portable stalls is essential for equestrian and dirt events.
7. **50 RV hookups:** ERA recommends at least 50 RV hookups. This equipment will not be used for commercial purposes, but rather to accommodate event sponsors and participants.

IV. Financial Analysis

This section of the report examines the financial performance of the Southeastern Kentucky Agricultural & Exposition Center. Specifically, it looks at the revenue and expense potential, and resultant surplus/(deficit) for the Corbin facility. It is based on the assumption that the facility will be approximately 115,000 square feet, which includes a fixed seating capacity up to 5,000 and 30,000 square feet of exhibit space. Several meeting rooms will also be available for small local meetings and social events.

No assumptions have been made about funding of the facility's capital costs, or the ability of the facility to service any short-term or long-term debt obligations issued for its development. The analysis incorporates the experience of other similar facilities, as well as the pricing structure of existing regional facilities. All dollar amounts are expressed in 2005 dollars.

Financial Parameters

The analysis of financial performance has been structured using revenue and expense parameters that were developed by ERA based on the following: fees and charges at comparable facilities, modified to meet local requirements and needs; and the operating experience of comparable civic center facilities in terms of event financial performance. ERA assumes a "bare box" management strategy, where the facility is provided to others who organize, sponsor and promote events.

Financial projections are based on a stabilized performance in year three. Events in years one and two were discounted to reflect the realities of attracting and retaining events and attendants during the initial opening of the facility. A moderate estimate of attracting one to two events per year after the facility is stabilized is also reflected in the financial model.

Revenue Parameters

The two principle revenue categories are rental and non-rental revenue. Rental revenue was estimated based on the following daily rates: commercial arena configuration, \$2,500 or 10 percent gross ticket sales; non-profit arena configuration, \$500; exhibition configuration, \$1,000; and meeting space, \$250 for a large gathering (up to 200 people) and \$100 for a smaller gathering. It was assumed that concerts and family shows would generate overage rental, therefore rental revenues from these events are based on 10 percent of projected gross ticket sales. Other commercial arena events, including performing events and religious meetings, were charged a flat fee of \$2,500. The rental rates selected for the proposed facility reflect what ERA believes to be a competitive rate in this market context, and rates which reflect the location of the facility.

Non-rental revenue covers concession sales, which is expected to be the facility's largest source of revenue and sponsorship. Concession sales revenues were based on estimates of per capita expenditures, which vary by event-type. ERA estimates that concession expenditures will range from \$1.00 per capita for performing arts events to \$2.00 per capita for family shows, sports events, and concerts. Sponsorship revenue was based on a lump sum budget estimate of \$45,000 in the first year, \$47,500 in the second and \$50,000 in each year thereafter.

Expense Parameters

Operating expenses can be divided into two principle categories, salaries and wages and other expenses. The majority of expenses within this category are fixed, representing the annual salaries of full-time and part-time personnel. Fringe benefits were estimated at a fixed percentage of 30 percent of total salaries. Security is the one variable component in this category, estimated at two man-days per event at \$10.00 per hour.

The other expenses category also has fixed and variable components. The largest single expense in this category is concessions, a cost factor estimated at 80 percent of gross concession sales. The fixed components include the following: supplies and materials, a lump sum budget estimate of \$20,000 in the first year and \$20,000 each year thereafter; maintenance and repair, estimated at \$1.20 per gross square foot of building area at stabilized year; and the promotional budget, \$40,000 allotted to cover press kits, brochures and general area promotion for the first year with \$35,000 during stabilized year. Utilities were estimated at a fixed \$1.35 per square foot. Miscellaneous expenses have been computed at five percent of gross revenues. Miscellaneous expenses would cover all expense items not included in individual accounts above, such as, travel, dues and subscriptions, audit, legal expenses and miscellaneous supplies.

Facility Utilization

Based on the stabilized year projection of 149 event days, ERA estimates that during the first year of operation, the facility could generate roughly 123 event days. Local and non-profit events will likely utilize the space at a higher percentage than outside events during the initial start up years. The larger spectator events will take more time to attract and therefore were discounted by 20 percent and 10 percent respectively before estimated stabilization in Year 3.

Table 8: Event Days by Utilization, Years 1 - 5

Facility Usage	Year 1	Year 2	Year 3	Year 4	Year 5
Arena Configuration					
Commercial					
Flat Fee Rental	22	25	28	30	32
Overage Rental	28	33	38	40	41
Public Use/Non-profit	26	27	28	27	27
Exhibition Configuration	31	33	35	35	35
Meeting Space Configuration					
Large meeting	8	9	10	10	10
Small meeting	8	9	10	10	10
Subtotal Meetings	16	18	20	20	20
Total Annual Number of Event Days	123	136	149	152	155

Pro Forma Analysis

Tables 9 through 11 present ERA's analysis of the financial performance of an 115,000 square foot facility. This analysis incorporates the revenue and expense parameters discussed above and is based on the schedule of events outlined in the market analysis. As shown in Table 9, total revenues are estimated to be \$566,510 in the first year, rising to \$737,420 by Year 3. Concession sales represent the largest revenue source, approximately 55 percent of the total, while rental revenues account for 38 percent of total revenues.

Table 9: Estimated Operating Revenues, Years 1 - 5

	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Revenue:					
Arena Configuration	\$176,250	\$212,610	\$241,920	\$266,340	\$274,460
Exhibition Configuration	31,000	33,000	35,000	35,000	35,000
Large Meeting	2,000	2,250	2,500	2,500	2,500
Small Meeting	<u>800</u>	<u>900</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Subtotal Rental Revenue	\$210,050	\$248,760	\$280,420	\$304,840	\$312,960
Other Revenue:					
Concession Sales	\$311,460	\$360,180	\$407,000	\$431,650	\$444,650
Sponsorship	<u>45,000</u>	<u>47,500</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Subtotal Other Revenue	\$356,460	\$407,680	\$457,000	\$481,650	\$494,650
Total Annual Revenues	\$566,510	\$656,440	\$737,420	\$786,490	\$807,610

Operating expenses are estimated to total \$902,988 in Year 1, growing to \$1,056,061 by Year 3. Salaries and wages account for 31 percent of total expenses, while other expenses account for nearly 70 percent. Concessions represent the largest single expense. See Table 25 in Appendix 3 for expense input assumptions.

Table 10: Estimated Operating Expenses, Years 1 - 5

	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries and Wages:					
Executive Director	\$65,000	\$65,975	\$66,965	\$67,969	\$68,989
Events Coordinator	45,000	45,675	46,360	47,056	47,761
Administrative Assistant/Bookkeeper	25,000	25,375	25,756	26,142	26,534
Operations Manager	40,000	40,600	41,209	41,827	42,455
Building Maintenance	30,000	30,450	30,907	31,370	31,841
Building Attendants ^(a)	44,000	44,000	44,000	44,000	44,000
Security (2 man-days per event)	19,744	21,792	23,840	24,320	24,800
Fringe Benefits (30% of salaries)	<u>52,500</u>	<u>53,288</u>	<u>54,087</u>	<u>54,898</u>	<u>55,722</u>
Subtotal Salaries and Wages	\$321,244	\$327,155	\$333,123	\$337,582	\$342,101
Other Expenses:					
Supplies and Materials	20,000	20,000	20,000	20,000	20,000
Maintenance and Repair	69,000	103,500	138,000	138,000	138,000
Utilities	155,250	155,250	155,250	155,250	155,250
Concessions (80% of gross sales)	249,168	288,144	325,600	345,320	355,720
Promotion	45,000	40,000	35,000	35,000	35,000
Equipment and Other Capital Costs	15,000	17,500	20,000	20,000	20,000
Miscellaneous Costs	<u>28,326</u>	<u>32,822</u>	<u>36,871</u>	<u>36,871</u>	<u>36,871</u>
Subtotal Other	\$581,744	\$657,216	\$730,721	\$750,441	\$760,841
Total Annual Operating Costs	\$902,988	\$984,371	\$1,063,844	\$1,088,023	\$1,102,942

The Southeastern Kentucky Agricultural and Exposition Center is expected to operate at a deficit of \$336,478 in its first year, decreasing slightly by Year 3 to \$326,424. This can be attributed to the stabilization of the facility through the addition of revenue-generating event days. As is typical for almost all civic center facilities, the deficit must be made up from a dedicated funding source, such as the restaurant tax, and if necessary, through public appropriations.

Table 11: Financial Feasibility, Years 1 - 5

	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Operating Revenues	\$566,510	\$656,440	\$737,420	\$786,490	\$807,610
Annual Operating Expenses	<u>902,988</u>	<u>984,371</u>	<u>1,063,844</u>	<u>1,088,023</u>	<u>1,102,942</u>
Net Operating Income/(Deficit)	(\$336,478)	(\$327,931)	(\$326,424)	(\$301,533)	(\$295,332)

V. Economic Impact Analysis

The Southeastern Kentucky Agricultural and Exposition Center is expected to have a positive economic impact on the City of Corbin, the Tri-County region, and the state as a whole. Not only will the new facility help stimulate economic activity in the region, but it will enhance the quality of life for Corbin and Tri-County residents by allowing them to stay closer to home. In turn, Corbin and the surrounding areas will be able to recapture a portion of local resident expenditures that are lost to the larger communities in which events are currently taking place. Finally, this facility could help stimulate additional regional economic activity by potentially attracting industrial development and new businesses to the area.

The positive fiscal impact will result from both construction and on-going operations. This section of the report presents the quantitative economic impact of the full development. All dollar figures are expressed in 2005 constant dollars.

Construction Impacts

Construction impacts will flow from both the use of local labor and the purchase of local materials. Based on a physical development budget of \$12 million (in constant 2005 dollars), regional labor impacts are estimated to total \$3.5 million and regional expenditures for materials are estimated to total \$4.3 million. The total labor impact translates to 86 full-time employees over a 1.5 year construction period. Because the construction of the facility will have a temporary impact on the region, incremental expenditure impacts were not estimated.

Table 12: Tri-County Region Construction Impacts

Total Costs ¹	\$ 12,000,000
Labor Component	
Percent of Total Amount	40%
	\$ 4,800,000
Labor less Burden	
Payroll %	80%
Actual Labor	\$ 3,840,000
Local Area Expenditure	
Percent of Labor Amount	90%
	\$ 3,456,000
Materials Component	
Percent of Total Amount	60%
	\$ 7,200,000
Local Area Expenditure	
Percent of Materials Amount	60%
	\$ 4,320,000

¹ Excludes land acquisition.

Source: Bullock, Smith & Partners; and Economics Research Associates, 2005.

Operational Impacts

ERA estimated gross operational impacts, based on the full schedule of 149 event-days projected in the third year of operation and includes both in-state and out-of-state visitation. Attendance is expected to total over 255,000, which was estimated based on a percent occupancy basis by event-type. Operational impacts were divided into both on-site and off-site impacts.

On-site expenditures include the following: admissions, based on estimates of attendance and average ticket prices for each event-type and concessions, based on the per capita expenditures shown previously. ERA assumed that promoters would keep 100 percent of merchandise sales, as an incentive to sponsoring a show in Corbin and therefore were not estimated in the projected operating revenues.

There are three categories of off-site visitors; local, daytrip, and overnight. Table 13 illustrates the distribution of local, daytrip and overnight visitors by event-type. For the purposes of this analysis, local visitors are defined as those living within 50 miles of the Southeastern Kentucky Agricultural & Exposition Center. Daytrip visitors live between 50 and 100 miles of the facility, while overnight visitors reside over 100 miles from Corbin. The total number of visitors in each category was estimated based on a percent distribution for each event-type.

Table 13: Estimated Attendance by Event Type

<u>Type of Event</u>	<u>Over 100 Miles</u>	<u>50-100 Miles</u>	<u>Local (less than 50)</u>	<u>Total Event-Days</u>
Concert	4,950	13,200	14,850	33,000
Sporting/Equestrian	11,638	24,938	29,925	66,500
Family Shows	7,660	26,810	42,130	76,600
Trade Shows/Conventions	13,800	4,600	4,600	23,000
Performing Arts	2,030	7,105	11,165	20,300
Corporate Events	730	730	5,840	7,300
Meetings/Social Functions	2,830	2,830	22,640	28,300
TOTAL	43,638	80,213	131,150	255,000

There are three categories of off-site expenditures; lodging, restaurant and other. Total restaurant expenditures for off-site local attendees and daytrip visitors was based on a \$20.00 per capita expenditure. ERA assumed that about 50 percent of local attendees would likely go to area restaurants while attending large concerts and sporting events. It was assumed that daytrip visitors would spend, on average, \$15.00 on other items, including gas and off-site merchandise, during their visit to Corbin. Overnight visitor expenditure categories include the following: lodging, estimated at \$70.00 per capita; restaurant, \$34.00 per capita; and other, \$17.00 per capita.

Hotel nights were determined on a weighted average basis dependant upon the event type. It was estimated that two people would occupy each room. In addition, it was estimated that the city of Corbin would benefit from approximately 75 percent of the hotel room occupancy as over half of the inventory lies at Exit 29. However, given the facility's proximity to the Exit 25 rooms, it is assumed that the majority of the visitors will stay here. See Table 26 in Appendix 4 for expenditure impact assumptions.

Table 14: Total Expenditure Impact of All Events

Total Number of Events (Annually)	149
Expenditures by Overnight Visitors	<u>Attendees</u>
Admissions Fees or Rentals	\$ 380,006
Concessions (On-Site)	69,649
Lodging	3,099,075
Food (Off-Site)	2,967,350
Other Expenses	<u>741,838</u>
Total	\$ 7,257,917
Expenditures by Day Trip Visitors	
Admissions Fees or Rentals	\$ 698,509
Concessions	128,025
Food (Off-Site)	1,604,250
Other Expenses	<u>1,203,188</u>
Total	\$ 3,633,972
Expenditures by Local Visitors	
Admissions Fees or Rentals	\$ 1,142,085
Concessions	209,326
Food (Off-Site)	<u>869,050</u>
Total	\$ 2,220,461
Total Direct Expenditures	\$ 13,112,350
Multiplier	2.00
Total Direct, Indirect, and Induced Expenditures	\$ 26,224,700

Source: Economics Research Associates, 2005

On-site and off-site expenditures were further described in terms of direct and indirect (multiplier) impacts. Tax impacts were based on the state and local tax rates outlined in Table 15. The Southeastern Kentucky Agricultural & Exposition Center is projected to generate over \$26 million in direct, indirect and induced expenditures annually. Gross state and local tax revenues are estimated to total over \$905,000.

ERA estimates that the total regional tax impact will be about \$231,000. This figure is based on a 75 percent capture rate by the City of Corbin, recognizing that some impact will occur outside the city limits. If Corbin were able to retain all expenditures, total impact to the city would be \$275,000. However, realistically some visitors will be spending restaurant and hotel dollars outside of Corbin. Therefore it is estimated that the net tax revenues to the City of Corbin will be approximately \$206,000 with \$675,000 generated for the State of Kentucky.

Table 15: Annual Projected Tax Revenue Generated by Events

	<u>City</u>	<u>County</u>	<u>State</u>	<u>Total</u>
Hotel Expenditures	\$2,324,306	\$774,769	\$3,099,075	\$3,099,075
Tax Rate (percent)	<u>3.2%</u>	<u>3.2%</u>	<u>6.0%</u>	<u>9.2%</u>
Hotel Tax Revenue	\$74,378	\$24,793	\$185,945	\$285,115
Admission Fees	\$352,200	\$352,200	\$352,200	\$352,200
Sales Tax Rate	<u>0.0%</u>	<u>0.0%</u>	<u>6.0%</u>	<u>6.0%</u>
Admission Fee Tax Revenue	\$0	\$0	\$21,132	\$21,132
Restaurant Expenditures	\$4,385,738	\$1,461,913	\$5,847,650	\$5,847,650
Sales Tax Rate	<u>3.0%</u>	<u>0.0%</u>	<u>6.0%</u>	<u>9.0%</u>
Meals Sales Tax Rate	\$131,572	\$0	\$350,859	\$526,289
Other Expenditures	\$1,945,025	\$1,945,025	\$1,945,025	\$1,945,025
Sales Tax Rate	<u>0.0%</u>	<u>0.0%</u>	<u>6.0%</u>	<u>6.0%</u>
Food Sales Tax Revenue	\$0	\$0	\$116,702	\$116,702
Gross State and Local Taxes				\$905,380

Source: Economics Research Associates, 2005

Appendix 1. Comparable Facilities Event Schedules

Table 16: Smoky Mountain Exposition Center Event Schedule

Event	Days	Type	Month
Circus	1	Family/Spect	March
Bull Mania	2	Family/Spect	March
Antique Tractor Pull	1	Family/Spect	November
Slammers and Bangers Demo Derby	1	Family/Spect	January
Speed Show	2	Family/Spect	March
1st Annual Legends Tour	1	Family/Spect	May
WSSC Commencement	2	Meeting/Social	May
Rutledge High School Commencement	1	Meeting/Social	May
Carson Newman College Commencement	1	Meeting/Social	May
Jefferson County H.S. Commencement	1	Meeting/Social	May
Morristown Hambleton H.S. Commencement	1	Meeting/Social	May
TN Tech Center Graduation	1	Meeting/Social	September
Rodeo	2	Sporting/Equestrian	November
Rodeo	2	Sporting/Equestrian	January
BMX Racing	3	Sporting/Equestrian	November
Motocross Racing	2	Sporting/Equestrian	December
Open Arena Night	1	Sporting/Equestrian	February
Indoor Motocross Racing	2	Sporting/Equestrian	February
Jackpot Team Roping	1	Sporting/Equestrian	February
BMX Racing	3	Sporting/Equestrian	March
Open Arena Night	1	Sporting/Equestrian	March
Pro Indoor National Go Kart Racing	3	Sporting/Equestrian	April
Team Roping Practice	1	Sporting/Equestrian	January
Team Roping Practice	1	Sporting/Equestrian	January
Exhibition Barrel and Pole Runs	1	Sporting/Equestrian	January
Team Roping Practice	1	Sporting/Equestrian	February
Exhibition Barrel and Pole Runs	1	Sporting/Equestrian	February
Team Roping Practice	1	Sporting/Equestrian	February
Team Roping Practice	1	Sporting/Equestrian	February
Exhibition Barrel and Pole Runs	1	Sporting/Equestrian	February
Exhibition Barrel and Pole Runs	1	Sporting/Equestrian	March
Morristown Charity Horse Show	3	Sporting/Equestrian	October
Charity Horse Show	1	Sporting/Equestrian	October
Fall Classic Horse Show	3	Sporting/Equestrian	October
4-H Horse Show	1	Sporting/Equestrian	April
Horse Show	1	Sporting/Equestrian	April
Volunteer Jubilee Appaloosa Horse Show	2	Sporting/Equestrian	April
Smoky Mt. Llama Show	2	Sporting/Equestrian	May
TN Ridge Runners CMSA Horse Event	2	Sporting/Equestrian	June
Charity Horse Show	2	Sporting/Equestrian	June
East TN Walking Horse Classic	2	Sporting/Equestrian	June
Horse Show	2	Sporting/Equestrian	July
Youth Paso Fino Horse Show	2	Sporting/Equestrian	July
Charity Horse Show	3	Sporting/Equestrian	August
Charity Horse Show	4	Sporting/Equestrian	August
Charity Horse Show	1	Sporting/Equestrian	August
Draft Horse and Mule Show	1	Sporting/Equestrian	September
Racking & Walking Horse World Celebration	4	Sporting/Equestrian	September
Friesian Horse Inspection	1	Sporting/Equestrian	September
Pepper Expo and TN State Chili Cookoff	1	Trade Show/Conv	October
Smoky Mt. Walking Horse Sale	2	Trade Show/Conv	November
Career Fair	1	Trade Show/Conv	November
Smoky Mts. Boat & Fishing Show	4	Trade Show/Conv	January
Smoky Mts. Sportsman's Show	3	Trade Show/Conv	January
Annual John Litz BBQ & Shrimp Bowl	1	Trade Show/Conv	September
Smoky Mt. Walking Horse Sale	2	Trade Show/Conv	February
Angus Cattle Sale	1	Trade Show/Conv	December
Skipper Quarter Horse Sale	1	Trade Show/Conv	July
Total	96		

Table 17: Salem Civic Center Event Schedule

Event	Days	Type	Month
Monster Trucks and Thrill Show	3	Family/Spect	January
Kids Winter Carnival	3	Family/Spect	January
Harlem Globetrotters	1	Family/Spect	March
Salem Fair	11	Family/Spect	July
Crosby, Stills, & Nash Concert	1	Family/Spect	August
GW Road Riders Assc State Rally	2	Family/Spect	October
Rascal Flatts Concert	1	Family/Spect	October
Shrine Circus	3	Family/Spect	October
Tuff Truck Races	2	Family/Spect	November
Sesame Street Live	4	Family/Spect	December
Salem Rotary Club	3	Meeting/Social	January
Salem Kiwanis Club	3	Meeting/Social	January
Salem Rotary Club	4	Meeting/Social	February
Salem Kiwanis Club	4	Meeting/Social	February
Police Officers Ball	1	Meeting/Social	February
Salem Roanoke Baseball Hall of Fame	1	Meeting/Social	February
Salem Rotary Club	4	Meeting/Social	March
Salem Kiwanis Club	4	Meeting/Social	March
Salem Rotary Club	4	Meeting/Social	April
Salem Kiwanis Club	4	Meeting/Social	April
Salem Rotary Club	4	Meeting/Social	May
Salem Kiwanis Club	4	Meeting/Social	May
Virginia Western Community College Graduation	1	Meeting/Social	May
Salem Rotary Club	4	Meeting/Social	June
Salem Kiwanis Club	4	Meeting/Social	June
Lord Botetourt High School Graduation	1	Meeting/Social	June
Kroger Pharmacy Senior Fun Day	1	Meeting/Social	June
Roanoke County Schools Graduations	1	Meeting/Social	June
Salem High School Graduation	1	Meeting/Social	June
Salem Rotary Club	3	Meeting/Social	July
Salem Kiwanis Club	3	Meeting/Social	July
Salem Rotary Club	4	Meeting/Social	August
Salem Kiwanis Club	4	Meeting/Social	August
Salem Rotary Club	4	Meeting/Social	September
Salem Kiwanis Club	4	Meeting/Social	September
Salem Rotary Club	4	Meeting/Social	October
Salem Kiwanis Club	4	Meeting/Social	October
Salem Rotary Club	4	Meeting/Social	November
Salem Kiwanis Club	4	Meeting/Social	November
Salem Rotary Club	4	Meeting/Social	December
Salem Kiwanis Club	4	Meeting/Social	December
Championship Rodeo	3	Sporting/Equestrian	January
Rough-n-Rowdy Boxing	2	Sporting/Equestrian	January
River Ridge District Basketball Tournament	3	Sporting/Equestrian	February
Old Dominion Athletic Conference Basketball Championships	6	Sporting/Equestrian	February
VHSL Region III Boys Basketball Championship	2	Sporting/Equestrian	February
VHSL State A & AA Wrestling Tournament	2	Sporting/Equestrian	March
Shamrock Volleyball Tournament	3	Sporting/Equestrian	March
NCAA Division III Men's Basketball Championship	2	Sporting/Equestrian	March
Virginia State VICA Conference - Skills USA	2	Sporting/Equestrian	April
Roanoke Valley Horse Show	5	Sporting/Equestrian	June
Dog Shows	5	Sporting/Equestrian	August
Streetball World Tour	1	Sporting/Equestrian	October
NCAA Division III Women's Volleyball National Championship	3	Sporting/Equestrian	November
Roanoke Valley Bridal Showcase	1	Trade Show/Conv	January
Salem Gun Show and Sale	2	Trade Show/Conv	February
Better Living Expo - the Home Show	3	Trade Show/Conv	April
The Womens Show	1	Trade Show/Conv	April
Salem Gun Show and Sale	3	Trade Show/Conv	April
Treasures of the Earth Gem & Mineral Show	3	Trade Show/Conv	May
Home Solutions Expo	2	Trade Show/Conv	September
College Day Fair	1	Trade Show/Conv	September
Virginia Fall Craft Show	3	Trade Show/Conv	September
Comic Book Show	1	Trade Show/Conv	September
Gun Show and Sale	2	Trade Show/Conv	October
Stocked Market Holiday Bazaar	3	Trade Show/Conv	November
Roanoke Valley Gem & Mineral Show	3	Trade Show/Conv	November

Table 18: Freedom Hall Event Schedule

Event	Days	Type	Month
Pepsi Fireworks (outside)	1	Family/Spect	July
Montgomery Gentry	1	Family/Spect	February
Winter Jam Concert	1	Family/Spect	February
Steven Curtis Chapman	1	Family/Spect	March
Josh McDowell concert	1	Family/Spect	November
Trans Siberian Orchestra	1	Family/Spect	November
Big & Rich/Wilson concert	1	Family/Spect	November
Shrine Circus	2	Family/Spect	October
Larry the Cable Guy	1	Family/Spect	July
Ron White Comedian	1	Family/Spect	September
Sesame Street Live	2	Family/Spect	January
Harlem Globetrotters	1	Family/Spect	March
Disney on Ice	5	Family/Spect	April
Full Monty - Broadway	1	Family/Spect	April
Fossee - Broadway	1	Family/Spect	November
Fiddler on the Roof	1	Family/Spect	December
WWE Wrestling	1	Family/Spect	December
Fountain of Life Concert	1	Meeting/Social	July
Juvenile Concert	1	Meeting/Social	September
JC Symphony concert	1	Meeting/Social	December
JC Symphony Childrens	1	Meeting/Social	February
Fountain of Life Church	1	Meeting/Social	February
Fountain of Life Church	1	Meeting/Social	March
Fountain of Life Church	1	Meeting/Social	April
Fountain of Life Church	1	Meeting/Social	May
School Sports Physicals	2	Meeting/Social	May
Wrestling Fundraiser	1	Meeting/Social	May
8th Grade Honors Day	1	Meeting/Social	May
Fountain of Life Church	1	Meeting/Social	May
SHHS Graduation	1	Meeting/Social	May
Fountain of Life Church	1	Meeting/Social	June
Fountain of Life Church	1	Meeting/Social	July
Fountain of Life Church	1	Meeting/Social	July
Fountain of Life Church	1	Meeting/Social	August
Fountain of Life Church	1	Meeting/Social	August
Fountain of Life Church	1	Meeting/Social	December
Umoja Festival (outside)	1	Meeting/Social	August
Superbull Rodeo	1	Sporting/Equestrian	January
Martial Arts Tournt	1	Sporting/Equestrian	October
SHHS COLOR GUARD	8	Sporting/Equestrian	June
Jehovah's Witnesses 1	2	Trade Show/Conv	April
Jehovah's Witnesses	3	Trade Show/Conv	July
Jehovah's Witnesses	3	Trade Show/Conv	July
Total	62		

Table 19: Shelby ShowPlace Arena Event Schedule

Event	Days	Type	Month
Mexican Concert	1	Family/Spect	February
Mexican Concert	1	Family/Spect	May
Operation Troop Aid Benefit Concert	1	Family/Spect	May
Mexican Concert	1	Family/Spect	June
Mexican Concert	1	Family/Spect	July
Mexican Concert - Joan Sebastian	1	Family/Spect	September
Katrina Relief Christmas Concert	1	Family/Spect	December
Memphis Kennel Club Dog Show	3	Sporting/Equestrian	October
St. Jude Showcase of Dogs	3	Sporting/Equestrian	October
Jack Russell Terrier Dog Show	1	Sporting/Equestrian	November
Greater Shelby Kennel Club	2	Sporting/Equestrian	April
Area 22 Cutting Horse Show	2	Sporting/Equestrian	April
West Tennessee Appaloosa Horse Show	1	Sporting/Equestrian	August
Mid South Quarter Horse Breeders Futurity	3	Sporting/Equestrian	October
Palomino Horse Show	3	Sporting/Equestrian	October
City Slickers Endurance Ride	1	Sporting/Equestrian	March
Xtreme World Playground & Racetracks	2	Sporting/Equestrian	February
Moto Cross	1	Sporting/Equestrian	September
Xtreme World Playground & Racetracks	1	Sporting/Equestrian	November
Barrel Mania	3	Sporting/Equestrian	April
Memphis Firecracker 4-D Barrel Race	3	Sporting/Equestrian	July
Fortune Five Barrel Race	3	Sporting/Equestrian	August
NG Productions Barrel Race	3	Sporting/Equestrian	December
Bill Pickett Rodeo	3	Sporting/Equestrian	March
Tennessee High School Rodeo	3	Sporting/Equestrian	March
Little Britches Charity Rodeo	1	Sporting/Equestrian	May
Spanish Rodeo	1	Sporting/Equestrian	May
Auto Zone Liberty Bowl Rodeo	1	Sporting/Equestrian	December
United States Team Roping Association	3	Sporting/Equestrian	February
National Team Roping League	2	Sporting/Equestrian	November
Equestrian Alliance	1	Meeting/Social	February
Equestrian Alliance	1	Meeting/Social	March
Oktoberfest	1	Meeting/Social	April
Equestrian Alliance	1	Meeting/Social	April
Equine Rescue Seminar	1	Meeting/Social	May
Equestrian Alliance	1	Meeting/Social	May
Sam Powell Horse Training Clinic	1	Meeting/Social	June
Conquering the Bulls - Bull Riding Clinic	1	Meeting/Social	June
Equestrian Alliance	1	Meeting/Social	June
Equestrian Alliance	1	Meeting/Social	July
Equestrian Alliance	1	Meeting/Social	August
Cub Scouts Jamboree	1	Meeting/Social	September
Equestrian Alliance	1	Meeting/Social	September
Reis Ranch Horsemanship Clinic	3	Meeting/Social	October
Equestrian Alliance	1	Meeting/Social	October
Equestrian Alliance	1	Meeting/Social	November
Bellevue Baptist Youth Rally	3	Meeting/Social	April
Boy Scouts Special Needs Fair	1	Meeting/Social	April
Total	78		

Table 20: DeSoto Civic Center Event Schedule

Event	Days	Type	Month
VELVET REVOLVER	1	Family/Spect	November
STEVEN CURTIS CHAPMAN	1	Family/Spect	November
RASCAL FLATTS	1	Family/Spect	March
MERCY ME	1	Family/Spect	April
MICHAEL W. SMITH	1	Family/Spect	May
MISS. BURNING GOSPEL CONCERT	1	Family/Spect	May
3RD ANNUAL BLUES CONCERT	1	Family/Spect	August
DAVE RAMSEY EVENT	1	Family/Spect	August
Sesame Street Live	4	Family/Spect	September
MOTLEY CRUE IN CONCERT	1	Family/Spect	September
HS GRAD	1	Meeting/Social	May
HS GRAD	1	Meeting/Social	May
HS GRAD	1	Meeting/Social	May
HS GRAD	1	Meeting/Social	May
Riverkings Pre-Season Game	1	Sporting/Equestrian	October
Riverkings Opener	1	Sporting/Equestrian	October
RIVERKINGS	1	Sporting/Equestrian	October
RIVERKINGS	1	Sporting/Equestrian	October
Riverkings	1	Sporting/Equestrian	November
Riverkings	1	Sporting/Equestrian	November
Riverkings	1	Sporting/Equestrian	November
Riverkings	1	Sporting/Equestrian	November
Riverkings	1	Sporting/Equestrian	November
Riverkings	1	Sporting/Equestrian	November
Riverkings	1	Sporting/Equestrian	December
Riverkings	1	Sporting/Equestrian	December
Riverkings	1	Sporting/Equestrian	December
Riverkings	1	Sporting/Equestrian	December
Riverkings	1	Sporting/Equestrian	January
Riverkings	1	Sporting/Equestrian	January
Riverkings	1	Sporting/Equestrian	January
Riverkings	1	Sporting/Equestrian	January
RIVERKINGS	1	Sporting/Equestrian	February
RIVERKINGS	1	Sporting/Equestrian	February
RIVERKINGS	1	Sporting/Equestrian	February
RIVERKINGS	1	Sporting/Equestrian	February
RIVERKINGS	1	Sporting/Equestrian	February
RIVERKINGS	1	Sporting/Equestrian	February
RIVERKINGS	1	Sporting/Equestrian	March
RIVERKINGS	1	Sporting/Equestrian	March
RIVERKINGS	1	Sporting/Equestrian	March
RIVERKINGS	1	Sporting/Equestrian	March
RIVERKINGS	1	Sporting/Equestrian	March
XPLORERS	1	Sporting/Equestrian	April
XPLORERS	1	Sporting/Equestrian	May
XPLORERS	1	Sporting/Equestrian	May
XPLORERS	1	Sporting/Equestrian	June
XPLORERS	1	Sporting/Equestrian	June
XPLORERS	1	Sporting/Equestrian	July
XPLORERS	1	Sporting/Equestrian	July
XPLORERS	1	Sporting/Equestrian	July
XPLORERS	1	Sporting/Equestrian	August
XPLORERS	1	Sporting/Equestrian	August
MIDSOUTH BOAT SHOW	3	Trade Show/Conv	February
HOME AND GARDEN SHOW	3	Trade Show/Conv	February
CAR WARS	4	Trade Show/Conv	June
WKNO TREASURES IN YOUR ATTIC	1	Trade Show/Conv	June
Total	66		
Plus 150 days of youth hockey			

Appendix 2. Southeastern Kentucky Agricultural and Exposition Center Potential Event Schedule

Table 21: Potential Event Schedule for Southeastern Kentucky Agricultural and Exposition Center

POTENTIAL EVENT SCHEDULE FOR SOUTHEASTERN KENTUCKY EXPO CENTER						
Name of Event	Type	Number of Events	Event Days	Annual Event Days	Estimated Average Attendance per Event	Annual Attendance by Event
Eagle Nest Evangelist Speaker	Family/Spect	1	3	3	350	1,050
Circus Pages	Family/Spect	2	1	2	500	1,000
Hendricks Family Circus	Family/Spect	1	1	1	600	600
Sesame Street Live	Family/Spect	1	3	3	1,500	4,500
Brock Gill Christian Illusionist	Family/Spect	1	3	3	1,500	4,500
Ringling Brothers Gold Circus	Family/Spect	1	2	2	1,500	3,000
Kentucky State Pageant	Family/Spect	1	3	3	2,000	6,000
Fine Arts Association of SE KY Productions	Family/Spect	4	1	4	2,000	8,000
Other Family Show Events	Family/Spect	3	2	6	2,000	12,000
Disney on Ice	Family/Spect	1	5	5	2,500	12,500
Magic Revue Show	Family/Spect	1	1	1	2,500	2,500
Whitley County Fair	Family/Spect	1	3	3	3,000	9,000
Paul Shafer Monster Truck Show	Family/Spect	1	4	4	3,000	12,000
Casting Crowns Christian Concert	Family/Spect	1	1	1	4,000	4,000
NIBROC Concert	Family/Spect	1	1	1	5,000	5,000
Other Concerts	Family/Spect	4	1	4	5,000	20,000
Walker Brothers Circus	Family/Spect	1	1	1	5,000	5,000
Harlem Globetrotters	Family/Spect	1	2	2	5,500	11,000
Winter Jam Tour (Christian Rock)	Family/Spect	1	1	1	6,000	6,000
Pepsi-Cola Bottling Company Awards Banquet	Meeting/Social	1	1	1	250	250
CTA Acoustics All Employee Meeting	Meeting/Social	2	1	2	250	500
Other Meeting/Social Events	Meeting/Social	20	1	20	300	6,000
Lions Club Magic Show	Meeting/Social	1	1	1	500	500
Corbin Academic Banquet	Meeting/Social	1	1	1	500	500
Pepsi-Cola Bottling Company Summer Picnic	Meeting/Social	1	1	1	500	500
CTA Acoustics Holiday Party	Meeting/Social	1	1	1	500	500
CTA Acoustics Thanksgiving Luncheon	Meeting/Social	1	1	1	500	500
Other Holiday Parties	Meeting/Social	5	1	5	500	2,500
Kelly Fisher Dance Recital	Meeting/Social	1	2	2	500	1,000
Kiwanas Club Christmas Fundraiser	Meeting/Social	1	1	1	500	500
Lions Club Christmas Fundraiser	Meeting/Social	1	1	1	500	500
Pepsi-Cola Bottling Company Holiday Party	Meeting/Social	1	1	1	550	550
Central Baptist Christmas Show	Meeting/Social	1	3	3	800	2,400
Central Baptist Easter Show	Meeting/Social	1	3	3	800	2,400

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POTENTIAL EVENT SCHEDULE FOR SOUTHEASTERN KENTUCKY EXPO CENTER (cont)						
Name of Event	Type	Number of Events	Event Days	Annual Event Days	Estimated Average Attendance per Event	Annual Attendance by Event
University of Cumberland Football Fundraiser	Meeting/Social	1	1	1	1,000	1,000
Gail Frederick School of Dance Annual Recital	Meeting/Social	1	2	2	1,500	3,000
Aisin Auto Company Holiday Party	Meeting/Social	1	1	1	2,000	2,000
Cumberland Valley Pageant	Meeting/Social	1	1	1	2,500	2,500
NIBROC Pageant	Meeting/Social	1	1	1	3,000	3,000
Corbin Storybook Christmas Show	Meeting/Social	1	1	1	3,000	3,000
Corbin HS Graduation	Meeting/Social	1	1	1	5,000	5,000
South Laurel Graduation	Meeting/Social	1	1	1	5,000	5,000
North Laurel Graduation	Meeting/Social	1	1	1	5,000	5,000
National Team Roping	Sporting/Equestrian	2	1	2	800	1,600
Daniel Boone Motocross	Sporting/Equestrian	4	1	4	1,000	4,000
U.S.Tumbling Association Meet	Sporting/Equestrian	1	1	1	1,000	1,000
Molly MotoSports Arena Cross	Sporting/Equestrian	1	1	1	1,000	1,000
High School Rodeo	Sporting/Equestrian	1	2	2	1,000	2,000
Lake Laurel Horse Show	Sporting/Equestrian	1	1	1	1,000	1,000
Fortune Five Barrel Racing	Sporting/Equestrian	1	2	2	1,000	1,000
Junior R.O.T.C.	Sporting/Equestrian	1	1	1	1,000	1,000
Kentucky Celebration	Sporting/Equestrian	1	5	5	1,500	7,500
Warrior Fighting Challenge	Sporting/Equestrian	1	1	1	2,000	2,000
U.S.T.A. AAU State Gymnastics Meet	Sporting/Equestrian	1	2	2	2,000	4,000
KSHAA Region 13 HS Basketball Playoffs	Sporting/Equestrian	1	3	3	3,000	9,000
Preston Fowlkes Pro Rodeo	Sporting/Equestrian	1	2	2	3,000	6,000
Kentucky Junior Livestock Shows	Sporting/Equestrian	1	1	1	3,000	3,000
Other Sporting/Equestrian Events	Sporting/Equestrian	6	2	12	3,000	36,000
HS Invitational Basketball Tournament	Sporting/Equestrian	1	3	3	3,500	10,500
Mid-South Conference Basketball Playoffs	Sporting/Equestrian	1	3	3	4,000	12,000
Kentucky Basketweavers Association	Trade Show/Conv	1	4	4	150	600
Kenny Woods Gun & Knife Show	Trade Show/Conv	1	1	1	500	500
Homier Distributing Tool Show	Trade Show/Conv	1	2	2	500	1,000
Shoff Door Co, Inc Door Sale	Trade Show/Conv	1	2	2	500	1,000
Tap Enterprizes Tool Show	Trade Show/Conv	1	2	2	500	1,000
Kentucky United Methodist Church Annual Conference	Trade Show/Conv	1	3	3	1,000	1,000
Other Trade Show/Convention Events	Trade Show/Conv	6	2	12	1,000	12,000
Celebration of the Cumberlands	Trade Show/Conv	1	4	4	2,000	8,000
Kentucky Baptist Convention	Trade Show/Conv	1	3	3	2,200	2,200

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Appendix 3. Financial Analysis Tables

Table 22: Market Potential for Events, Stabilized Year of Operation

Type of Event	Total Annual Days of Use	Average Attendance Per Event	Total Attendance Per Event-Type
Concert	7	4,875	33,000
Sporting/Equestrian	28	1,950	66,500
Family Shows	31	2,600	76,600
Trade Shows/Conventions	22	900	23,000
Performing Arts	15	1,617	20,300
Corporate Events	13	631	7,300
Meetings/Social Functions	33	1,018	28,300
TOTAL	149		255,000

Table 23: Estimate of Per Capita Expenditures, Stabilized Year of Operation

Type of Event	Total Attendance by Event-Type	Per Capita Expenditure	Total Expenditure by Event-Type
Concert	33,000	\$2.00	\$66,000
Sporting/Equestrian	66,500	\$2.00	\$133,000
Family Shows	76,600	\$2.00	\$153,200
Trade Shows/Conventions	23,000	\$1.50	\$34,500
Performing Arts	20,300	\$1.00	\$20,300
Corporate Events	20,300		\$0
Meetings/Social Functions	6,000		\$0
Total	255,000		\$407,000

Table 24: Rate Schedule, Initial Year of Operations

Facility	Daily Rate
Arena Configuration	
Commercial	\$2,500 or 10% gross
Nonprofit	\$500
Exhibition Configuration	\$1,000
Meeting Space Configuration	
Large	\$250
Small	\$100

Table 25: Expense Input Assumptions

	Number	Stabilized Year
Executive Director	1	\$65,000
Events Coordinator	1	45,000
Administrative Assistant/Bookkeeper	1	25,000
Operations Manager	1	40,000
Building Maintenance	1	30,000
Building Attendant	2	22,000
Security	16	10
Fringe Benefits		30%
Other Expenses:		
Variable Labor		10,000
Supplies		20,000
Maintenance and Repair		1.20
Utilities		1.35
Concessions		80%
Promotion		40,000
Equipment and Other Capital Costs		20,000
Miscellaneous		5%

Appendix 4: Economic Impact Analysis Tables

Table 26: Economic Impact Analysis Inputs

Total Number of Event Days		149
ATTENDEES		
Total Attendance		255,000
Out-Of-Town		
Number		43,638
Percent		17%
Day Visitors		
Number		80,213
Percent		31%
Local		
Number		131,150
Percent		51%
SPENDING BY OVERNIGHT ATTENDEES		
<u>On-Site Expenditures</u>		
Admissions	\$8.71	\$380,006
Concessions	\$1.60	\$69,649
Subtotal, On-Site Expenditures		\$449,654
<u>Off-Site Expenditures</u>		
Lodging		
Total Room Nights	44,273	
Average Cost per Room	\$70.00	
Total Hotel Spending		\$3,099,075
Food		
Total Meal Days	87,275	
Average Daily Expenditure	\$34.00	
Total Food Spending		\$2,967,350
Other Expenditures		
Transportation, Retail, Misc.	\$17.00	\$741,838
Subtotal, Off-Site Expenditures		\$6,808,263
Subtotal, Out-of-Town Attendees		\$7,257,917
SPENDING BY DAY TRIP ATTENDEES		
<u>On-Site Expenditures</u>		
Admissions	\$8.71	\$698,509
Concessions	\$1.60	\$128,025
Subtotal, On-Site Expenditures		\$826,535
<u>Off-Site Expenditures</u>		
Food		
Total Meal Days	80,213	
Average Daily Expenditure	\$20.00	
Total Food Spending		\$1,604,250
Other Expenditures		
Transportation, Retail, Misc.	\$15.00	\$1,203,188
Subtotal, Off-Site Expenditures		\$2,807,438
Subtotal, Day Trip Attendees		\$3,633,972
SPENDING BY LOCAL ATTENDEES		
<u>On-Site Expenditures</u>		
Admissions	\$8.71	\$1,142,085
Concessions	\$1.60	\$209,326
Subtotal, On-Site Expenditures		\$1,351,411
<u>Off-Site Expenditures</u>		
Food		
Total Meal Days	43,453	
Average Daily Expenditure	\$20.00	
Total Food Spending		\$869,050
Subtotal, Local Attendees		\$2,220,461
TOTAL ATTENDEE EXPENDITURES		\$13,112,350
MULTIPLIER		2.00
TOTAL DOLLAR IMPACT ON THE ECONOMY		\$26,224,700

Source: Economics Research Associates, 2005

Southeastern Kentucky Agricultural & Exposition Center

Financial Analysis
Economic Impact Analysis

Presented by Bill Owens
Economics Research Associates
December 12, 2005

ERA

Economics Research Associates

Scope of Work

- Market Analysis
- Financial Analysis
- Economic Impact Analysis

ERA

Economics Research Associates

Available Markets

- The Corbin is a regional center, with both north-south and east-west draw
- The local resident market is relatively small, BUT the primary market (50 mile radius) is sizeable, and the secondary market is large
 - Within 50 miles: 505,100
 - Within 75 miles: 1,710,000
- Corbin is 15 miles from 15 miles from Cumberland SP, one of top tourist destinations in the state
- Corbin/Whitley County has an hotel inventory of 800 rooms +/-
- Corbin events have demonstrated the ability of the city to draw visitors.

ERA

Economics Research Associates

Local Event Facilities

- Local facilities – Corbin HS and Civic Center - are well-used, but size limits the number and type of events
- University of the Cumberland facilities available but focused on school related activities
- Corbin lacks an large, indoor, multi-purpose space

Regional Competitive Facilities

- Knoxville and Lexington will continue to be locations for major events
 - Larger & more accessible facilities
 - Greater market size

- Eastern Kentucky Exposition Center will compete for some events, but it will also be a market maker

Comparable Facilities

- Primary markets defined as 50 mile radius, expect further in more rural areas
- Market area populations were smaller and larger than Corbin
- Most facilities have between 3,500 – 5,500 permanent seats
- Average utilization was 139 event days
- Event mix was varied: entertainment, sports, livestock, equestrian, social and consumer
- Local use was the largest single event category

Comments from User Groups

- Corbin citizens expressed the need for a facility closer to home
- Local leaders emphasized the demand for events (e.g. high school sports tournaments, Christian concerts, holiday parties) with nowhere to host them in the area
- Regional event promoters valued Corbin's location along I-75, sizable population base and availability of restaurants and hotels

Potential User Groups

- Very strong local interest:
 - Competitive sports events
 - Church convocations and Christian concerts
 - Theater venue
 - Local meetings and social events (e.g. holiday parties, company training, and high school graduations)

- Potential regional interest:
 - Kentucky Celebration
 - Kentucky State junior livestock shows
 - Regional sports tournaments
 - State associations
 - Entertainment events
 - Trade shows/consumer shows

Demand Summary

- Number and mix of events will be determined by:
 - Facility
 - Available dates
 - Pricing
 - Booking availability
 - Marketing

Summary of Event Potential by Type

Event Type	Potential Annual Events	Potential Annual Event Days	Event Days %
Sporting/Equestrian	26	46	25%
Family/Spect	34	50	27%
Meeting/Social	48	54	30%
Trade Show/Conv	14	33	18%
Total	122	183	100%

Event Type	Realizable Annual Events	Realizable Annual Event Days	Event Days %
Sporting/Equestrian	18	28	19%
Family/Spect	35	42	28%
Meeting/Social	48	57	38%
Trade Show/Conv	10	22	15%
Total	111	149	100%

- ERA estimates a potential for 80 – 100 events, or 120 – 150 event days per year
- Events will include a mix of local and regional events

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Program Recommendations

- 5,000 fixed seats
- 125' x 250' ring/arena floor
- 25,000 SF – 30,000 SF +/- flat floor space
(accommodates on arena floor)
- 4 – 5 meeting rooms with capacity for 50 –
200 people
- 1,800 parking spaces
- Concrete pad (for portable stalls)
- 50 RV hookups

Five Year Schedule of Events

Facility Usage	Year 1	Year 2	Year 3	Year 4	Year 5
Arena Configuration					
Commercial					
Flat Fee Rental	22	25	28	30	32
Overage Rental	28	33	38	40	41
Public Use/Non-profit	26	27	28	27	27
Exhibition Configuration	31	33	35	35	35
Meeting Space Configuration					
Large meeting	8	9	10	10	10
Small meeting	8	9	10	10	10
Subtotal Meetings	16	18	20	20	20
Total Annual Number of Event Days	123	136	149	152	155

- The center should follow a use pattern of ramp-up, followed by stabilized operations

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User Fees

Facility	Daily Rate
Arena Configuration	
Commercial	\$2,500 or 10% gross
Nonprofit	\$500
Exhibition Configuration	\$1,000
Meeting Space Configuration	
Large	\$250
Small	\$100

- User fees are set to encourage use, but also to capture revenues for events that can pay

Operating Revenues

	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Revenue:					
Arena Configuration	\$176,250	\$212,610	\$241,920	\$266,340	\$274,460
Exhibition Configuration	31,000	33,000	35,000	35,000	35,000
Large Meeting	2,000	2,250	2,500	2,500	2,500
Small Meeting	<u>800</u>	<u>900</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Subtotal Rental Revenue	\$210,050	\$248,760	\$280,420	\$304,840	\$312,960
Other Revenue:					
Concession Sales	\$311,460	\$360,180	\$407,000	\$431,650	\$444,650
Sponsorship	<u>45,000</u>	<u>47,500</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Subtotal Other Revenue	\$356,460	\$407,680	\$457,000	\$481,650	\$494,650
Total Annual Revenues	\$566,510	\$656,440	\$737,420	\$786,490	\$807,610

- Annual revenue totals range from \$560,000 to \$800,000
- Facility rentals and concessions are the two key sources of revenues

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Operating Expenses

	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries and Wages:					
Executive Director	\$65,000	\$65,975	\$66,965	\$67,969	\$68,989
Events Coordinator	45,000	45,675	46,360	47,056	47,761
Administrative Assistant/Bookkeeper	25,000	25,375	25,756	26,142	26,534
Operations Manager	40,000	40,600	41,209	41,827	42,455
Building Maintenance	30,000	30,450	30,907	31,370	31,841
Building Attendants ⁽²⁾	44,000	44,000	44,000	44,000	44,000
Security (2 man-days per event)	19,744	21,792	23,840	24,320	24,800
Fringe Benefits (30% of salaries)	<u>52,500</u>	<u>53,288</u>	<u>54,087</u>	<u>54,898</u>	<u>55,722</u>
Subtotal Salaries and Wages	\$321,244	\$327,155	\$333,123	\$337,582	\$342,101
Other Expenses:					
Supplies and Materials	20,000	20,000	20,000	20,000	20,000
Maintenance and Repair	69,000	103,500	138,000	138,000	138,000
Utilities	155,250	155,250	155,250	155,250	155,250
Concessions (80% of gross sales)	249,168	288,144	325,600	345,320	355,720
Promotion	45,000	40,000	35,000	35,000	35,000
Equipment and Other Capital Costs	15,000	17,500	20,000	20,000	20,000
Miscellaneous Costs	<u>28,326</u>	<u>32,822</u>	<u>36,871</u>	<u>36,871</u>	<u>36,871</u>
Subtotal Other	\$581,744	\$657,216	\$730,721	\$750,441	\$760,841
Total Annual Operating Costs	\$902,988 <i>546,510</i>	\$984,371	\$1,063,844	\$1,088,023	\$1,102,942

- Annual operating expenses range from \$900,000 to \$1.1 million
- Labor, concessions costs and building operations are the major expense items



The Bottom Line

	Year 1	Year 2	Year 3	Year 4	Year 5
Annual Operating Revenues	\$566,510	\$656,440	\$737,420	\$786,490	\$807,610
Annual Operating Expenses	<u>902,988</u>	<u>984,371</u>	<u>1,063,844</u>	<u>1,088,023</u>	<u>1,102,942</u>
Net Operating Income/(Deficit)	(\$336,478)	(\$327,931)	(\$326,424)	(\$301,533)	(\$295,332)

- The Expo Center is expected to operate at a deficit ranging from \$336,000 to \$295,000
- Deficit operations for this type of facility are normal
- The shortfall will be made up from a dedicated funding source i.e. restaurant tax and/or public appropriation

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Economic Impacts-Construction

- Construction costs of \$12 million
- Construction will generate \$3.5 million in local labor expenditures and \$4.3 million in local purchase of materials
- Labor expenditures will support 86 FTE jobs over a 1.5 year construction period

Economic Impacts-Operations

Total Number of Events (Annually) 149

Expenditures by Overnight Visitors	Attendees
Admissions Fees or Rentals	\$ 380,006
Concessions (On-Site)	69,649
Lodging	3,099,075
Food (Off-Site)	2,967,350
Other Expenses	741,838
<i>Total</i>	<u>\$ 7,257,917</u>

Expenditures by Day Trip Visitors	
Admissions Fees or Rentals	\$ 698,509
Concessions	128,025
Food (Off-Site)	1,604,250
Other Expenses	1,203,188
<i>Total</i>	<u>\$ 3,633,972</u>

Expenditures by Local Visitors	
Admissions Fees or Rentals	\$ 1,142,085
Concessions	209,326
Food (Off-Site)	869,050
<i>Total</i>	<u>\$ 2,220,461</u>

Total Direct Expenditures \$ 13,112,350

Multiplier 2.00

Total Direct, Indirect, and Induced Expenditures \$ 26,224,700

▪ Attendees at center events will generate \$13 million in direct expenditures and \$26 million in total expenditures

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Economic Impacts-Operations

	<u>City</u>	<u>County</u>	<u>State</u>	<u>Total</u>
Hotel Expenditures	\$2,324,306	\$774,769	\$3,099,075	\$3,099,075
Tax Rate (percent)	<u>3.2%</u>	<u>3.2%</u>	<u>6.0%</u>	<u>9.2%</u>
Hotel Tax Revenue	\$74,378	\$24,793	\$185,945	\$285,115
Admission Fees	\$352,200	\$352,200	\$352,200	\$352,200
Sales Tax Rate	<u>0.0%</u>	<u>0.0%</u>	<u>6.0%</u>	<u>6.0%</u>
Admission Fee Tax Revenue	\$0	\$0	\$21,132	\$21,132
Restaurant Expenditures	\$4,385,738	\$1,461,913	\$5,847,650	\$5,847,650
Sales Tax Rate	<u>3.0%</u>	<u>0.0%</u>	<u>6.0%</u>	<u>8.3%</u>
Meals Sales Tax Revenue	\$131,572	\$0	\$350,859	\$482,431
Other Expenditures	\$1,945,025	\$1,945,025	\$1,945,025	\$1,945,025
Sales Tax Rate	<u>0.0%</u>	<u>0.0%</u>	<u>6.0%</u>	<u>6.0%</u>
Food Sales Tax Revenue	\$0	\$0	\$116,702	\$116,702

Gross State and Local Taxes

\$905,380

- Attendees expenditures will translate to \$231,000 in local restaurant and hotel taxes, and \$674,000 in state sales tax receipts

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