2016 LODGING TAX SERVICES AGREEMENT
BETWEEN KITTITAS COUNTY AND THE CITY OF CLE ELUM

This Contract, effective August 16, 2016 is made and entered into by and between KITTITAS COUNTY ("County"), a subdivision of the State of Washington, and the City of Cle Elum ("Contractor").

WHEREAS, the purpose of this Agreement is to provide for Tourism-Related, Small-Scale Municipality-Owned Capital Projects relating to activities and expenditures designed to increase tourism,

NOW THEREFORE, in consideration of the terms and conditions contained herein, or attached and incorporated and made a part hereof, the County and the Contractor mutually agree as follows:

Section 1. Scope of Work.

a. Contractor shall provide the services and staff described in its **Application for Lodging Tax Funds** submitted to the Lodging Tax Advisory Committee, attached hereto as **Exhibit "A"** which is attached hereto and incorporated herein by this reference.

b. Except as otherwise specifically provided in this Agreement, Contractor shall furnish the following as required to perform the services, described in Paragraph (a) above, in accordance with this Agreement: Personnel, labor and supervision; technical, professional and other services. All such services, property and other items furnished or required to be furnished, together with all other obligations performed, or required to be performed, by Contractor under this Agreement are collectively referred to herein as "Services."

Section 2. Payment.

a. As full compensation for satisfactory performance of the Contractor's Services, the County agrees to pay Contractor the sum of twenty-one thousand, nine hundred seventy three dollars ($21,973.00) to be used for capital project- Equine Safety Fence for Washington State Horse Park.

b. Additional payment terms: The County will make payment to the Contractor only on a reimbursement basis, as receipts for any items are submitted to the County, not to exceed the sum of twenty-one thousand, nine hundred seventy three dollars ($21,973.00) to be used for capital project-Equine Safety Fence for Washington State Horse Park.

c. Services/Expenses that are reimbursed must be dated during the 24 (twenty-four) months (or two years) of the date of the Agreement and final date to submit reimbursements requests is August 16, 2018 after this date funds lapse.

d. Requests for reimbursements must be submitted to:

Kittitas County Auditor
Attn: Judy Pless
205 West 5th Ave – Suite 105
Ellensburg, WA 98926
auditoraccounting@co.kittitas.wa.us

e. Reporting requirements of your events will be required on prescribed forms from the County Auditor.

Section 3. Performance by Contractor.

a. Contractor shall not (by contract, operation of law or otherwise) delegate or subcontract performance of any Services to any other person or entity without the prior written consent of the County. Any such delegation or subcontracting without the County's prior written consent shall be voidable at the County's option.

b. Contractor shall at all times be an independent contractor and not an agent or representative of the County with regard to performing the Services. Contractor shall not represent that it is, or hold itself out as, an agent or representative of the County. In no event shall Contractor be authorized to enter into any Agreement or undertaking for or on behalf of the County. It is understood that the Contractor and the Contractor's staff and employees are not employees of the County and are not, therefore, entitled to any benefits provided employees of the County.

c. Contractor shall comply with all applicable laws, ordinances, rules, regulations, orders, licenses, permits, and other requirements, now or hereafter in effect, of any governmental authority (including, but not limited to, such requirements as may be imposed upon the County and applicable to Services). Contractor shall furnish such documents as may be required to effect or evidence such compliance. All laws, ordinances, rules, and orders required to be incorporated into agreements of this character are incorporated into this Agreement by this reference. Contractor agrees to obtain all required licenses and permits, and further agrees to keep them in full force and effect during the term of this Agreement.

d. The County and the Contractor agree that in fulfilling the terms and conditions of this Agreement neither shall discriminate on the basis of race, creed, color, national origin, age, sex, marital status, or the presence of a physical, sensory, or mental handicap.

e. The Services shall at all times be subject to inspection by and approval of the County, but the County's making (or failure or delay in making) such inspection or approval shall not relieve Contractor of its responsibility to perform the Services in accord with this Agreement, notwithstanding the County's knowledge of defective or non-complying performance, or the substantiality or ease of discovering the same. Contractor shall provide the County with sufficient, safe, and proper facilities and equipment for such inspection and free access to such facilities.

f. This contract is subject to review by any Federal or State auditor. Contractor shall promptly furnish the County or its designee, or such Federal or State auditor with such information

related to the Services as may be requested by the applicable governmental entity. Contractor shall preserve and maintain all financial records and records relating to performance of Services under this Agreement for six (6) years after contract termination. For such duration after the County makes final payment of compensation due hereunder, Contractor shall provide the County access to (and the County shall have the right to examine, audit and copy, with or without notice) all of Contractor's books, documents, papers and records related to the Services or this Agreement.

g. Contractor understands and acknowledges that Contractor is solely responsible for its own reporting and accounting of all state, federal, social security, and local taxes, of every nature, arising from Contractor's performance of this Agreement. All compensation received by the Contractor will be reported to the Internal Revenue Service at the end of the calendar year in accord with the applicable IRS regulations.

Section 4. Release, Indemnity, and Hold Harmless.

The County assumes no liability for the Contractor's actions under this Agreement. Contractor releases and shall defend, indemnify, and hold harmless the County, its officers and employees, agents, representatives, attorneys and/or volunteers, from and against all claims, costs, liabilities, damages, and expenses, (including, but not limited to, reasonable attorney fees) which arise or may arise or be alleged to arise out of or by reason of this Agreement including:

- Any fault, negligence, strict liability or product liability of Contractor in connection with the Services for this Agreement;
- Any lien asserted upon any property of the County in connection with the Services for this Agreement;
- Any failure of Contractor, or of the Services, to comply with any applicable law, ordinance, rule, regulation, order, license, permit and other requirement, now or hereafter in effect, of any governmental authority; or
- Any breach of or default under this Agreement by Contractor.

Section 5. Compliance with Public Records Law.

a. In compliance with Washington's public records law, the County will retain copies of any documents associated with this Agreement, which may be required by law unless legally exempt from such retention, for any applicable legally required retention period.

b. In the event a public records request is made to the County for documents created in relation to this Agreement, should legal uncertainty arise regarding the disclosability of any documents under federal or state public records laws, the County shall provide notice to Contractor pursuant to Washington's public records act, chapter 42.56 RCW, to allow Contractor to seek a court injunction.

c. The County specifically shall not be liable to Contractor for the County's release under public records laws of any documents not protected by trademark, copyright or other law.

Section 6. Industrial Insurance Waiver.

With respect to performance of this Agreement and as to any claims against the County, its Additional Insureds, officers, agents and employees, the Contractor expressly waives its immunity under Title 51 of the Revised Code of Washington, the Industrial Insurance Act, for injuries to Contractor's employees and agrees that the obligations to indemnify, defend and hold harmless provided in this Agreement extend to any claim brought by or on behalf of any employee of the Contractor. **This waiver is mutually negotiated by the parties to this Agreement.**

Section 7. Insurance and Endorsements.

a. The County may require through a request in writing that the Contractor provide the County with a certificate, binder, or policy of liability insurance, acceptable to the County in an amount specified by the County.

b. Such liability insurance shall be such as will protect Contractor, its employees, agents and representatives, from all claims, losses, harm, costs, liabilities, damages and expenses arising out of personal injury (including death) or property damage that may result from performance of the Services or this Agreement, whether such performance is by Contractor or any of its employees, agents or representatives.

c. Should the County require such liability insurance, the Contractor agrees to provide proof of insurance prior to commencing performance of this Agreement.

d. Copies of the County's written request and the insurance documents provided by Contractor shall be attached to this Agreement and by this reference will be made part hereof.

e. Where insurance is requested by the County, all liability insurance policies shall be endorsed to include the County as an Additional Insured and shall stipulate that the insurance afforded by the policies shall be primary insurance, and that any insurance, self-insured retention, deductibles, or risk retention trusts maintained or participated in by the Parties shall be excess and not contributory to any other insurance maintained by the County. Contractor shall furnish the County a certificate of insurance with Endorsement as evidence that the required policies are in full force and effect.

Section 8. Termination.

The County may, by written notice thereof to Contractor, terminate this Agreement as to all or any portion of the Services not yet performed, whether or not Contractor is in breach or default. Upon receiving such notice of termination, Contractor shall, except as otherwise directed by the County, immediately stop performing the Services to the extent specified in the notice. In the event the County terminates the Contractor's Services, the Contractor is obligated and hereby agrees to refund to the County all monies paid for Services not yet rendered by the Contractor, if any, as of the date of the notice of termination.

Section 9. Miscellaneous.

a. Contractor shall not (by contract, operation of law or otherwise) assign this Agreement or any right or interest in this Agreement without the County's prior written consent.

b. This Agreement embodies the entire Agreement between the County and Contractor, and supersedes any and all prior oral or written communications, proposals, conditions, promises, representations, or understandings regarding the Services. No change, amendment or modification of any provision of this Agreement shall be valid unless set forth in a written amendment to the Agreement signed by both parties.

c. Notice for any purpose under this Agreement, except service of process, shall be given by the Contractor to the Kittitas County Commissioners and the Kittitas County Auditor, 205 West 5th Ave. Ellensburg, WA 98926. For all purposes under this Agreement, any notice by the County to the Contractor shall be given to the Contractor's address provided on the signature page. Notice may be given by delivery or by depositing in the U.S. Mail, first class, postage prepaid, certified mail, return receipt requested.

d. The section and paragraph headings of this Agreement are for reference convenience only and are not intended to restrict, affect or be of any weight in interpreting or construing the provisions of such sections or paragraphs.

e. This Agreement may be executed in one or more counterparts and by facsimile, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

f. Contractor warrants to the County that the individual signing on Contractor's behalf has the requisite power and authority to enter into and to perform Contractor's obligations under this Agreement. Contractor further warrants to the County that Contractor has made no misrepresentation or misleading statement in connection with this Agreement, and is not in violation of any applicable law, ordinance, or regulation the consequence of which will or may materially affect Contractor's ability to perform its obligations under this Agreement.

g. If any term or condition of this Agreement or the application thereof to any person(s) or circumstances is held invalid, such invalidity shall not affect the other terms, conditions or applications which can be given effect without the invalid term, condition or application. To this end, the terms and conditions of this Agreement are declared severable.

h. The exclusive venue for any action brought to enforce this Agreement or any of its terms shall be in Kittitas County, State of Washington.

KITTITAS COUNTY
BOARD OF COUNTY COMMISSIONERS

_____
Chair

_____

CONTRACTOR

_____
[Print Name]

_____

Vice Chair

_____

Commissioner

_____

_____

[Address]

_____

[Telephone]

ATTEST: _____

_____, Clerk of the Board

APPROVED AS TO FORM:

_____

Deputy Prosecuting Attorney

APPLICATION FOR LODGING TAX FOR TOURISM-RELATED, SMALL-SCALE MUNICIPALITY-OWNED CAPITAL PROJECTS AND OPERATIONS

Applicant Information:	**Capital Project** or **Operations** (Circle One or Both)
Name of Municipality:	City of Cle Elum, WA
Mailing Address:	119 West First St. Cle Elum, WA 98922
Contact Person and Title: Phone:	Robert Omans, City Administrator (509) 674-2262
Email:	robert@cityofcleelum.com
Project Title:	**Equine Safety Fence** for Washington State Horse Park
Project Location:	1202 Douglas Munro Blvd, Cle Elum, WA 98922
Funding Request:	$21,973

JUN 20 2016

Application Requirements

X 1. The project qualifies for lodging tax funds as a capital expenditure of a tourism- related facility owned or operated by a municipality or is supporting the operations of tourism-related facilities owned or operated by a municipality.

X 2. The municipality has submitted no more than two applications for capital project funding in the current year.

X 3. The municipality's lodging tax advisory committee (or equivalent) has been informed of the project and endorsed it (not required for Kittitas County). A letter from the municipality is included.

X 4. Lodging tax capital project funds are not being substituted for other funds that are already secured or applied for (if applicable).

X 5. Municipality has secured matching funds of at least 50% of the total project costs.

X 6. A completed project budget is included in the application (if applicable).

X 7. A detailed 8 1/2 X 11 vicinity map that clearly shows the project is included (if applicable).

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

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

   The current existing condition is that the WA State Horse Park is bordered on the south side by 1.5 miles of aging 3-ft-high DOT "cattle fence" that protects horses from I-90. Specifically, a 1,600-ft section borders Derby Field, the cross-country course, and another 1,400 borders the main stabling area where horses are kept. The "cattle fence" offers little protection for the stabing area, and from horses competing on this course wandering onto the interstate. The Park has constructed berms between the Park and I90 as a deterrent, but this was insufficient to avoid incident. On a Sunday in July 2015, a cross-country event was held in this area. A horse that had never jumped before became skittish, refused a jump, and its rider fell off. The horse trotted off to the west, managed to jump over the bent cattle fence, and then wandered into I-90—managing somehow to cross into the median strip. For one hour, Horse Park officials and volunteers, and police and emergency responders, worked to resolve the situation. Traffic was stopped. Fortunately, the driver of an empty horse trailer in the east-bound lane stopped and agreed to transport the horse back to the Park. The incident was not publicly reported and yet, the horse community is small—word has travelled in regional eventing, hunter/jumper, and other disciplines. Inadequate fencing poses a danger to interstate drivers and horses alike. The Equestrians Institute safety coordinator feels strongly that this fence is critical, and not having it is a deterrent for eventers. The Institute has already heard from would-be visitors who have elected not to expose their animals to this specific risk. The City feels strongly that this Equine Safety Fence is also needed to avoid further incidents.

   This project seeks $21,973 to construct a Centaur HTP 5-ft Equine Safety rail fence on Horse Park land to properly contain horses competing the Cross Country event area, and to protect horses in the main stabling area at the southwest border. The fence will be of sufficient height to deter horses (who are experienced at jumping) from scaling it. (The DOT "cattle fence" is not sufficient for this purpose, is poorly maintained, and DOT officials are unwilling to partner with the Horse Park to enhance that fence.) The flexible design of the fence rail ensures that if a horse pushes or rushes the fence, the rail will give just enough to prevent injury without compromising the park perimeter. The high-tensile polymer bracket with steel reinforced bar is considered indestructible.

   The Equine Safety Fence on Horse Park land will be monitored and maintained by the WA State Horse Park Authority as part of its lease agreement with the City of Cle Elum.

2. **Kittitas County Tourism Infrastructure Plan:** Please explain how the project meets the goals and priorities in the Kittitas County Tourism Infrastructure Plan as adopted. Also, describe the specific county tourism infrastructure needs the project addresses and how the project

directly increases tourism. Explain how the improvements will promote tourism in Kittitas County and indicate specifically how the improvements will directly increase economic activity resulting from tourists (see the definition of tourist on page 3 of this application).

Action 5, The WA State Horse Park Master Plan, ranks as the only high priority in the Recreational Tourism category of the Kittitas County Tourism Infrastructure Plan. Construction of the Equine Safety Fence is critical to continued development of the Park. This project aligns with the following goals of the Tourism Infrastructure Plan:

Goal 1: Develop integrity of place. *The WA State Horse Park is an asset for recreation that distinguishes Kittitas County from other areas and engenders local community pride. The statewide park was sited here as the preferred location by the state legislature. It is the region's premier equine facility, attracting some 27,000 visitors (2015), 93% of whom reside outside our County (annual Horse Park surveys). Its reputation for safety in the horse community is critical to its continued success as a key tourism driver.*

Goal 2: Be market selective. *The Horse Park encourages growth in a highly-valued tourism market segment, attracting families. Four percent of Washington residents are engaged in equestrian activities (WA State Recreation and Conservation Office 2006). Washington ranks among the top 11 states for horse ownership, with 250,000 horses. Fully 85% of equestrian eventers are women; women drive over 92% of all vacation planning decisions for their families (source: Greenfield Online Marketing Insights). Nearly 40% of equestrian eventers report net household income exceeding $500,000. The equestrian market offers extraordinary potential for Cle Elum and Kittitas County as a recreational tourism destination.*

Goal 4: Satisfy tourists. *A safety lapse in equestrian eventing is a deal-breaker. Horse Park participants of all disciplines actively use social media to promote and share their stores of events, competition standings, and stabling facilities. Meeting this requirement of the Park's security will ensure that visitors share the very best stories about the destination and their experiences while visiting the county's premier equestrian competition asset.*

This project will directly impact tourism activity and numbers. In 2016, the Horse Park will host 40 prestigious events of all disciplines from cross-country to horse clinics, hunter/jumper shows, carriage-driving, rodeo and more; 30,000 participants and spectators are anticipated in 2016, accounting for over 9,782 lodging nights (Horse Park surveys, Dean Runyan Assoc.). The Park competes with other facilities in the state and region to host these events and relies on its reputation to book them. Negative publicity concerning the safety risk with I-90 has affected Park event participation this year, and it is feared that event bookings will be strongly impacted if another safety incident occurs.

3. **Use of Grant Funds:** Please explain exactly how the requested funds will be used. Include an itemized list.

   (Site preparation and berm fill: completed)
   Linear Feet: 3,000
   Fence Materials including sales tax: $21,973

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

5. **Capital Assets:** If capital asset acquisition is a component of the project, please explain. Include any bids solicited and received from potential vendors willing to supply the asset. All capital asset purchases require at least three bids. If you have already selected one of the bids, please provide justifications in writing.

   This project is to construct a Centaur HTV fence along a 3,000 ft line along the south border of the WA State Horse Park. The fence is required to deter horses in the main stabling area and the cross country course from wandering into I-90. Unique in this fence requirement is that a horse leaning into the fence should not be injured by wire and that the fencing material be designed to flex instead of break or snap. Centaur® HTP® equine rail fencing is a uniquely horse-friendly fence. The flexible design of the fence rail ensures that if a horse pushes or rushes the fence, the rail will give just enough to prevent injury without compromising the Park perimeter. The design's exclusive high-tensile polymer bracket with steel reinforced bar is considered indestructible.



   Four 5-ft high fence designs were considered (bids attached):

   1. *3-Rail Centaur Fence (end and corner posts 6-7" with a 4-5" horizontal rail for bracing and line posts 5-6" in diameter spaced 12' apart);*
   2. *1-Rail Centaur Fence (3 three coated wires underneath (end and corner posts 6-7" with a 4-5" horizontal rail for bracing and line posts 5-6" in diameter spaced 12' apart);*
   3. *Field Fence using treated wood posts and 1-Rail Centaur Fencing on the top (end and corner posts 6-7" with a 4-5" horizontal rail for bracing and line posts 4-5" in diameter spaced 12' apart).*
   4. *4-Rail Centaur Fence system with 10-ft OC for terminal ends and line posts.*

5. *1-Rail Centaur Fence (4 coated wires underneath) with 10-ft OC for terminal ends and line posts*

The 4-Rail Centaur fence was considered the ideal design, meeting the requirements of strength and flexibility, while protecting the horse. Coated wires can damage the horse, and field fence rails do not flex. Bids (attached) are summarized below:

WA State Horse Park Equine Safety Fence	KIWI 3-Rail Centaur Fence	KIWI 1-Rail Centaur Fence w/3 Coated Wires	KIWI 1-Rail Centaur Fence w/Field Fence	SUNRISE Centaur 4-Rail Fence	SUNRISE 1-Rail Centaur w/3 Coated Wires
Cost per Foot	$ 11.75	$ 9.55	$ 10.35	$ 13.56	$ 11.56
Cost per 3,000 Feet	$ 35,250.00	$ 28,650.00	$ 31,050.00	$ 40,690.00	$ 34,690.00
Installation/Labor Cost	**$ 17,625.00**	**$ 14,325.00**	**$ 15,525.00**	**$ 20,345.00**	**$ 17,345.00**
Net Materials Cost	$ 17,625.00	$ 14,325.00	$ 15,525.00	$ 20,345.00	$ 17,345.00
Sales Tax @.08	$ 1,410.00	$ 1,146.00	$ 1,242.00	$ 1,627.60	$ 1,387.60
Materials Cost including Tax	**$ 19,035.00**	**$ 15,471.00**	**$ 16,767.00**	**$ 21,972.60**	**$ 18,732.60**

Note that KIWI bids are submitted for 1,600 ft of fence, which was an incorrect length. The cost per linear foot is accurate. As well, KIWI has indicated that of the total cost, 50% is labor and installation, which the WA State Horse Park offers to supply in kind as its contribution to the project, as well as 40 hours of project supervision.

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

The City of Cle Elum has worked with the Horse Park Board and Authority to define this project as a priority for the City and secure its support. As well, Horse Park Authority Executive Director Lesley Thurston has determined the limitations of the Department of Transportation (DOT) maintenance of the aging and inadequate "cattle fence;" while DOT property, it can only be mended if the Horse Park alerts the DOT, but not enhanced or replaced with a higher fence. In addition, the Park has consulted with The Equestrians Institute safety coordinator to validate the need for this project. Now in its sixth season of operations, the Horse Park communicates extensively with users and discipline specialists, monitoring social media, and surveying visitors.

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

With funding from the state legislature in 1986, the Washington State Department of Agriculture completed a study recommending the creation of an equestrian center to "promote and serve the recreational horse industry in the state and provide economic benefits through equine activities." In 1995, the state legislature passed RCW 67.18 (recodified 79A.30), to create the framework for the facility, authorizing the Horse Park Authority to establish "3) a first-class horse park facility in Washington to meet the important needs of the state's horse industry, attract investment, enhance recreational opportunities, and bring new exhibitors and tourists to the state from throughout the region and beyond; and 4) A unique opportunity exists to form a partnership between state, county and private interest to create a major horse park facility that will provide public recreational opportunities and statewide economic and employment benefits."

The Financial Feasibility and Economic Impact of the Washington State Horse Park *(FFEI-WSHP) study was conducted by Central Washington University in 2006 (attached to this application). Legislative support continued with appropriation of $3.5 million in the 2007-2009 capital budget for Phase I of construction of the Horse Park. The work included completion of design, development, permitting and engineering components, as well as the more visible site clearing, road grading and utility improvements the site required in preparation for constructing the arenas and other revenue generating facilities. In an Oct 12, 2009 posting on houserepublicans.wa.gov, Rep. Judy Warnick included in the list of reasons for her support: "Most of all, these facilities will help the local economy and provide much-needed jobs." This view by the state legislators was reinforced most recently by Senator Holquist Newbry on April 22, 2013 on the same website.*

The WA State Horse Park manages an annual operating budget of $473,000, employs a seasonal maintenance crew, and benefits from "work parties" comprising up to 20 volunteers, which will be used to monitor and manage Equine Safety Fence maintenance. The crew today performs the same function for the DOT "cattle fence" in this area.

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

   This project is shovel-ready. It must be completed before the 2017 event season starts.

Site preparation and berm construction:	*Complete*
Fence Requirements and Design Confirmed:	*August 31, 2016*
Work Begins (weather permitting)	*April 1, 2017*
Work Completed (weather permitting):	*April 30, 2017*

9. **Applicant Certification:** Please sign below in agreement with statement of certification.

Certification is hereby given that the information provided is accurate and the applicable attachments are complete and included as part of the application package.
I further certify that the application thresholds are met at the time of application.

Jay McGowan

Jay McGowan

JAY McGOWAN 6.17.16

Mayor,
City of Cle Elum, WA

Date

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

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

WA State Horse Park Equine Safety Fence		
Funding Sources		
Lodging Tax Funds Request	$	21,973
Other Grant Funds (list by source)	$	-
Other Local Government Funds (list by source)	$	-
Private Funds	$	-
In-Kind Support		
Site preparation and Berm Fill	$	5,100
Project Supervision @40 hours	$	500
Installation	$	20,345
Total Private Funds Plus In-Kind Support	$	25,945
Total Available Funding	**$**	**47,918**
Project Expenses		
Hard Costs		
Construction Costs		
Fencing materials @$13.56/linear foot	$	21,973
Installation	$	20,345
Total	**$**	**21,973**
Soft Costs		
Project management and supervision	$	500
Total Project Costs	**$**	**42,818**
Matching Funds as % of Total Costs:		61%

*Verifying documentation must be provided and attached to this budget. This documentation may include award letters, letters of commitment, or loan approval documentation. You must include this in order to meet the matching funds requirement. If the funding source includes applicant funds, proof of available funding in the form of a letter of commitment from an authorized body or representative of the applicant is adequate.

Tourism-Related Facility Operational Funding Narrative
(Municipality Applications Only)

1. Operational Spending: Please explain your request for operational funding and how it is directly related to supporting the operations of a tourism-related facility owned or operated by a municipality or public facilities district.

2. Sustainability Strategy: Please describe your strategy for long-term operational sustainability. Include any specific progress toward this goal.

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

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

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

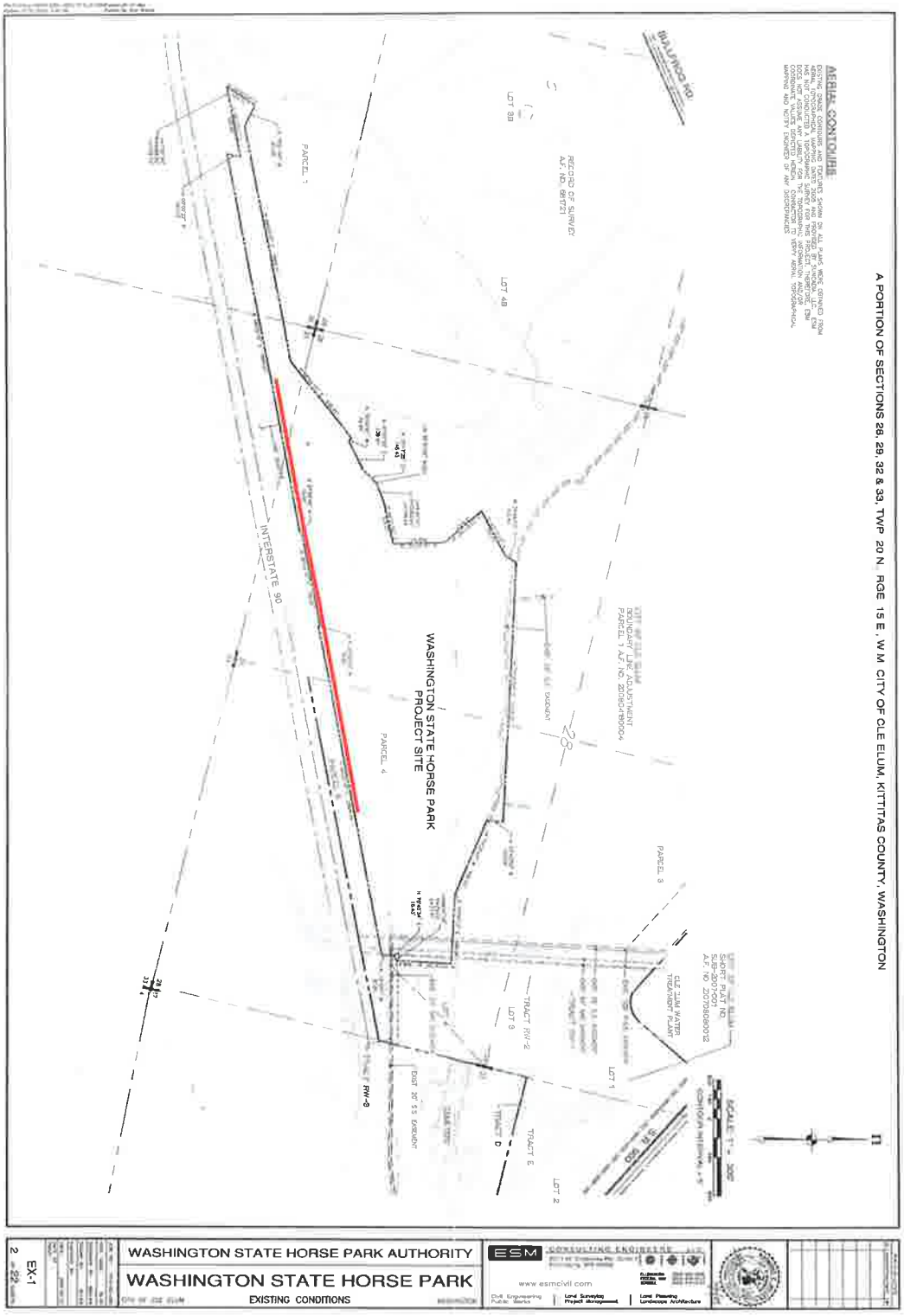
_____	_____	_____
Signature of Official Representative	Title	Date

Lodging Tax Capital Project Rating Form

Criteria	Points Possible	Application Questions	Points Awarded
Kittitas County Tourism Infrastructure Plan	Low Priority = 5 Medium Priority = 15 High Priority = 20	Question 2	
Stakeholder Support	Up to 5	Question 6	
Feasibility Analysis and Business Plan Completed	Yes = 15 No = 0	Question 7	
Promotes Tourism/ Increases Economic Activity Resulting From Tourists	Up to 20	Question 2	
Project Readiness	Up to 20	Question 8	
Applicant's Matching Funds	Up to 20 Less than 50% = 0 50% - 55% = 5 56% - 59% = 10 60% - 70% = 15 71% or more = 20	Capital Project Budget	

Appendix A

Detailed 8 1/2 X 11 vicinity map---line shows approximate location of fence.



Detailed project estimates: Note that KIWI bid is for 1,600 linear feet, which is incorrect. The cost/ft is correct, however. KIWI further indicates that of the total cost per ft, 50% is labor and installation, which the Park offers as in-kind support of the project.

KIWI FENCING CO., INC.
P.O. Box 1009
Wauna, WA 98395
253-851-5494 Fax: 253-851-5550

Estimate

Date	6/17/2016
Estimate #	7975
Project	

Name / Address
Washington State Horse Park P.O. Box 2078 Woodinville, WA 98072



Description	Qty	Cost	Total
Leslie, Here are the three estimates you requested for your fencing project at the WA State Horse Park. The sheet adds the totals so please disregard the total line, and focus instead on each individual estimate total. Tax will need to be added as well. All estimates are based on reasonably good ground conditions that allow the use of a post driver for driving posts and a straight run, no corners or gates. Prices are quoted by the foot, so the final project will be measured to calculate final billing.			
Supply & install approx 1600' of 3 Rail Black Centaur Fence. End and Corner posts are 6-7" with a 4-5" horizontal rail for bracing. Line posts are 5-6" in diameter spaced 12' apart.	1,600	11.75	18,800.00T
Supply & install approx 1600' of 1 Rail Black Centaur Fence. 3 three coated wires underneath. End and Corner posts are 6-7" with a 4-5" horizontal rail for bracing. Line posts are 5-6" in diameter spaced 12' apart.	1,600	9.55	15,280.00T
Supply & install approx 1600' of Field Fence using treated wood posts and 1 Rail Black Centaur Fencing on the top. End and Corner posts are 6-7" in diameter with a 4-5" horizontal rail for bracing. Line posts are 4-5" in diameter and spaced 12' apart.	1,600	10.35	16,560.00T

Subtotal	$50,640.00
Sales Tax (8.0%)	$4,051.20
Total	$54,691.20

Appendix B

Sunrise General Contractors, LLC.

PO BOX 1001
S CLE ELUM, WA 98943

Proposal

Date	Proposal #
6/17/2016	06/2016/32

Name / Address

Washington State Horse Park
Cle Elum, WA
Attn: Kathleen L. Horner

Description	Total
This proposal covers Labor, Equipment and Material , required to accomplish the following: Fence # (1) Install 3000 Ft.straight run of fence, Using round treated posts 10ft OC for terminal ends and line posts with top at approximately 54" with a Centaur 4-rail non electric fence system attached to post.	40,690.00T
(# 2) Same Fence as above except with one (1) rail and four (4) strands for 3000 ft of fence. $34,690.00 + Tax $2,775.20 Estimated total for fence #2 $37,465.20	
This proposal/estimate is based on entire fence line being completely cleared and accessible for equipment, located for any underground utilities all prior to job start.	
Please see Page two (2) Terms and Conditions	40,690.00
Payment terms are as follows: 50% down, with balance due on Completion.	40.690.00

Thank You for allowing us to Present this Proposal,
Your Business is very Important to Us!

Subtotal	$40,690.00
Sales Tax (8.0%)	$3,255.20
Total	$43,945.20

Customer Signature _____

Phone #	E-mail	Web Site
509-674-2182	Sunrisegeneral@hotmail.com	www.sunrisegeneralcontractors.net

Appendix C



June 16, 2016

Kittitas County Board of Commissioners
Attn: County Lodging Tax Advisory Committee
Lodging Tax For Tourism-Related, Small-Scale Municipality-Owned Capital Projects And Operations
205 West 5th Avenue, Suite 108
Ellensburg, WA 98926

Dear Commissioners:

The Washington State Horse Park Authority Board acknowledges that the City of Cle Elum has made Application For Lodging Tax For Tourism-Related, Small-Scale Municipality-Owned Capital Projects for an Equine Safety Fence at the Park.

Construction of this fence has become an urgent requirement of the Park and its ability to provide safe conditions for Eventing competitors and other horse enthusiasts who use the Derby Field cross country course. The Horse Park is an extraordinary tourist asset for the County, one of few in the Northwest to offer such a course. Users of the course come from not just the Puget Sound area, but adjacent states and even Canada.

The Board believes strongly that providing a reasonable barrier from a major interstate is a necessary safety feature, the absence of which currently discourages visitors from using this facility and detracts from building the Park's reputation as a first-class equine recreation asset.

Dated and signed this 16th Day of June, 2016

Washington State Horse Park Authority and Board

Todd D. Trewin, President

Cle Elum, Washington

Appendix C



June 15, 2016

Kittitas County Lodging Tax Advisory Committee
Lodging Tax For Tourism-Related, Small-Scale Municipality-Owned Capital Projects And Operations
205 West 5th Avenue, Suite 108
Ellensburg, WA 98926

Dear Committee Members:

I am writing in my capacity as the Safety Coordinator for the Equestrians Institute Horse Trials held over 3 days in the spring and the fall each season at the Washington State Horse Park. I am also the husband of a competitive rider. The lack of an effective barrier between the Park site and interstate I90 (immediately to the south along the property line) is a major concern to me and to many others in the horse community.

I strongly urge you to approve funding for a fence that will protect horses, riders and people traveling on I90 from a potentially disastrous accident. Concerns about such an incident are keeping some people from visiting and using the Park, thus adversely affecting its reputation and ability to attract events and recreational riders.

Dated and signed this 15th Day of June, 2016

Dave White
Safety Coordinator

Appendix C

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

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

June 17, 2016

Kittitas County Board of Commissioners
Attn: County Lodging Tax Advisory Committee
Lodging Tax For Tourism-Related, Small-Scale Municipality-Owned Capital Projects And Operations

205 West 5th Avenue, Suite 108
Ellensburg, WA 98926

Dear Commissioners:

In recognition of the state and local commitment to the Washington State Horse Park, its role as a driver of tourism for the City of Cle Elum and beyond, and its strategic position in state, local, and regional tourism activities and priorities, the Cle Elum Lodging Tax Advisory Committee hereby expresses support of the City's 2016-dated application for Lodging Tax For Tourism-Related, Small-Scale Municipality-Owned Capital Projects and Operations application.

If funded by the requested grant, the Equine Safety Fence will overcome a growing and deeply concerning objection to using the park by the very horse community it serves.

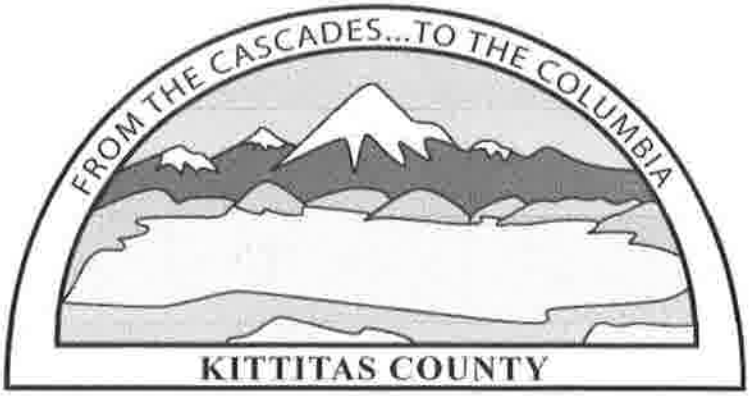
Dated and signed this 17th Day of June, 2016

CITY OF CLE ELUM LODGING TAX ADVISORY COMMITTEE

Jay McGowan

Jay McGowan, Mayor

Cle Elum, Washington



Lodging Tax for Tourism-Related, Small-Scale Municipality-Owned Capital Projects and Operations

Submission Deadline: June 17, 2016

Kittitas County Commissioners
205 W 5th Avenue, Suite 108, Ellensburg, WA 98926
509-962-7508

Lodging Tax for Tourism-Related, Small-Scale Municipality-Owned Capital Projects and Operations General Information

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

Uses According to Law:
RCW 67.28.1816 states the following:

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

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

1. Tourism means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.
2. Tourism promotion means activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding marketing or the operation of special events and festivals designated to attract tourists.
3. Tourism-related facility means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a) (i) owned by a public entity; (ii) owned by a nonprofit organization described under section 501 (c) (3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501 (c) (6) of the federal internal revenue code of 1986, as amended; a business organization, destination marketing organizations, main street organization, lodging association, or chamber of commerce; and (b) used to support tourism, performing arts, or to accommodate tourist activities.

Review Process:

Kittitas County's Lodging Tax Advisory Committee (LTAC) will review all complete applications. Qualifying applicants will be provided the opportunity to present their projects to the LTAC and answer questions. Capital project applications will be scored based on the information provided by the applicant, ranked, and funding recommendations with supporting information will be submitted to the Kittitas County Board of Commissioners. The ranking will determine, generally, the order in which the applications will be considered for funding from the highest being considered first to the lowest receiving the last consideration. However, all municipalities which submit at least one qualifying application in a given year must receive funding consideration before a second application from a municipality which has been recommended for a funding award is considered. The Board of County Commissioners (BOCC) has final approval authority for the list of recommendations.

Prior to making a final decision, the BOCC will publicly deliberate on the recommendations received from the LTAC. Applicants may also be requested to present their projects to the BOCC and answer questions.

Scoring sheets utilized by the LTAC to rank applications for capital projects are included in this packet for your reference and information. **Applications which do not receive a minimum score of at least 75 points, do not provide at least 50% matching funds, or do not follow the submission instructions will not be considered for funding.**

Application Definitions:

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

Capital Asset is any type of property that has a useful life longer than one year and is valued at over $5,000.00.

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

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

Municipality is an incorporated city, county, or town.

Real Property is fixed property, principally land and buildings.

Small Scale capital projects are defined as those which request funding support of less than $50,000.

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

Tourist is a person traveling for business or pleasure on a trip:

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

B. To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or

C. From another country or state outside of their place of residence or their business.

SUBMITTAL INSTRUCTIONS

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

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

Applications must be received no later than 5:00 PM, June 17, 2016 or postmarked no later than June 17, 2016.

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

Schedule:

▪ Application deadline	June 17, 2016
▪ Oral presentations of proposals to LTAC	TBD
▪ BOCC Deliberation and Decision	August 2, 2016
▪ Applicant Award Notification and fund availability	August (Tentatively)

Project Management:
Successful applicants may be required, as a condition of the funding award, to enter into a contract. The agreement may include, but not be limited to, the specific amount of the award and what it may be used for, all reporting requirements associated with this funding, payment terms, and any and all other appropriate terms of the funding. Kittitas County will be the contracting agent for all approved projects.

All funds awarded under this program will be available in the form of reimbursable grants. The funds for capital projects will be available for reimbursement as of the date of the contract and for 24 (twenty-four) months (or two years) thereafter. Capital projects must be completed within the two-year period. All funds awarded for supporting the operations of county-owned tourism-related facilities will be available for reimbursement as of the date of the award and for up to 12 (twelve) months (1 year) thereafter. Any unexpended funds will be returned to the Lodging Tax account and made available for re-appropriation. All requests for reimbursement shall be made to the Kittitas County Auditor's office at the following address:

Kittitas County Auditor
Attn: Lodging Tax Grant Funds Reimbursement
205 W 5th, Suite 105
Ellensburg, WA 98926
auditorsaccounting@co.kittitas.wa.us

For specific information and requirements regarding the reimbursement process, please contact the Auditor's office at 509-962-7502.

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

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

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

Applicant Categories and Eligibility:

Grants from lodging tax funds are provided for two types of applicants, Capital Projects and County Operations. No more than one capital project is allowed per application. An organization may submit no more than two capital project applications per funding cycle. The categories are defined as follows:

The **Capital Project** category is for applications from municipalities or public facilities districts requesting support for capital expenditures of tourism-related facilities owned or operated by the municipality for public facilities district.

If applying for funding under the capital project category, an applicant need only answer the questions listed under the **Capital Budget Narrative** and provide the **Capital Project Budget** as well as include necessary attachments.

The **Operations** category is for applications from municipalities requesting support for the operations of tourism-related facilities owned or operated by the municipality.

If applying for funding under the Operations category, an applicant need only answer the questions listed under the **Operational Funding Narrative**.

Other Information:

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

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

Financial Feasibility and Economic Impact

Of the

Washington State Horse Park

Contractor Report for

The Washington State Horse Park Authority

By

Timothy Dittmer, Ph.D.

And

Richard Mack, Ph.D.

Central Washington University

Ellensburg, Washington

November 29, 2006

Washington State
Horse Park
PO Box 2078
Woodinville, WA 98072
www.washingtonstatehorsepark.org

Leslie Thurston
Executive Director
Phone: 425.486.0272
director@washingtonstatehorsepark.org

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EXECUTIVE SUMMARY

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

FINANCIAL FEASIBILITY

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

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

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

Gathered anecdotal recommendations of potential users of the facility.

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

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

- Maximum use of the facility is reached in the sixth year. Scenario 2 breaks even in the sixth year.

- Accumulation of 1.4 million dollars in losses by the end of the tenth year in Scenario 3. Scenario 2 accumulates one million dollars in losses prior to break-even.

- Net revenues losses of $74,726 when the facility reaches maturity in year six for Scenario 3. Scenario 2 projects net revenues at maturity in year seven of $140,802.

- For Scenario 3, annual revenues at maturity will be $549,316 and annual expenses will be $724,042. For Scenario 2 these values are respectively: $915,527 and $774,725.

- 69,357 exhibitors and spectators will use the facility annually when the facility is at maturity.

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

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

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

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

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

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

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

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

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

ECONOMIC IMPACTS

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

- The direct spending by exhibitors and spectators are estimated to be $7,334,838 when the facility reaches maturity in the sixth year of operations.

- The total money flows attributable to the horse park in the sixth year, including indirect and induced effects, are $8,412,982 annually.

- Using the employment multiplier of 17 jobs per million dollars of direct expenditures projects, 143 jobs will be created by the horse park after the direct, indirect and induced effects are factored in.

- Starting at the sixth year, annual state impacts from out of state residents were found to be $5,164,360 of direct, indirect and induced spending.

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

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

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

ORGANIZATIONAL STRUCTURE

We recommend that:

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

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

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

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

I INTRODUCTION

OVERVIEW

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

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

National Trends

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

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

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

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

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

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

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

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

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

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

PURPOSE OF THE STUDY

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

1. Evaluate the demand for and economic viability of a high quality, multi-use complex designed to meet the needs of the diverse sectors of the State's substantial horse industry.

2. Determine the feasibility of establishing a successful facility in Kittitas County which will meet the needs of national, regional and local shows, western events, and related equestrian activities.

3. Make specific recommendations as to the appropriate organizational structure needed to acquire control of the site, solicit funds to construct improvements and successfully operate the facility over the long term.

4. Summarize the economic impact to the State of Washington, generally, and Kittitas County, specifically, of the operation of the proposed Washington State Horse Park in Kittitas County.

PARAMETERS:

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

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

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

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

-encourage use by all facets of the Washington State equestrian industry;

-attract competitions of a major regional, national or international level; and

-promote tourism.

- provide an educational function

- serve the needs of equestrian activities of youth groups

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

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

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

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

Facility Summary:

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

II PREVIOUS FEASIBILITY AND IMPACT STUDIES

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

Lewis County Study

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

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

Three surveys were developed for the Lewis County analysis. The first was used to poll a cross section of equestrian sports disciplines to determine the number size and potential mobility of their functions; 59 equestrian groups were surveyed. The second survey was used to poll individual members of the groups as to travel and spending plans. The goal of the third survey was to solicit specific opinions of existing facilities. Of the three surveys 162 were returned from the initial 200 sent out.
Although the study was methodologically sound, significant demographic, climatological and economic differences between Western and Eastern Washington required that many elements of the feasibility and impact segments of the study be redone for the 1998 feasibility study.

The 1998 Feasibility Study

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

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

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

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

- The direct spending by exhibitors and spectators were estimated to be $9,856,000 when the facility reached maturity in the sixth year of operations.

- The total money flows attributable to the horse park in the sixth year, including indirect and induced effects, were $11,476,765 annually.

- Using the employment multiplier of 16 jobs per million dollars of direct expenditures projects, 160 jobs would be created by the horse park after the direct, indirect and induced effects are factored in.

- Starting at the sixth year, annual state impacts from out of state residents were found to be $7,685,884 of direct, indirect and induced spending.

- Operations of the facility would, at maturity, generate $758,912 in sales taxes, of which $204,429 would be apportioned to local government coffers, and the remainder would go to the State.

As for organizational structure, the 1998 study recommended that:

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

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

Other Feasibility Studies

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

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

III EXISTING FACILITIES

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

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

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

Will Rogers Memorial Center
Senator Bob Martin Eastern Agricultural Center Horse Facility, Williamston, N.C.
DelMar, San Diego CA.
The Colorado Horse Park
The Carolina Horse Park
WestWorld, Scotsdale AZ.
Gov. James B. Hunt, Jr. Horse Facility, Raleigh, NC.
Salt Lake County Equestrian Center

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

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

Anecdotal Findings

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

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

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

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

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

IV FINANCIAL FEASIBILITY ASSESSMENT: METHODOLOGY, APPLICATION AND FINDINGS

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

Revenues

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

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

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

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

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

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

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

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

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

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

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

10,630 x 60% = 17,717

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

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

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

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

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

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

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

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

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

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

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

Costs.

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

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

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

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

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

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

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

Scenarios:

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

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

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

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

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

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

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

Table 2: Scenario 1 Parameter Values

4,000	Starting Numbers of Horses
20.00%	Growth Rate of Horses
$80,000.00	Starting Total Revenues
$20	Starting Revenue Per Horse
$516,232	Starting Total Expenses
$129.06	Starting Expenses per horse
7.00%	Growth Rate of Expenses
400	Number of stalls
10,630	Maximum Horses
2.50%	Inflation Rate

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

Table 3: Scenario 2 Parameter Values

8,000	Starting Numbers of Horses
25.00%	Growth Rate of Horses
$240,000.00	Starting Total Revenues
$30	Starting Revenues per Horse
$516,232	Starting Total Expenses
$64.53	Starting Expenses per horse
7.00%	Growth Rate of Expenses
400	Number of stalls
25,600	Maximum Horses
2.50%	Inflation Rate

Year	1	2	3	4	5	6	7	8	9
Horses	8000	10000	12500	15625	19531	24414	25600	25600	25600
Total Rev per Horse	$30.00	$30.00	$30.00	$30.00	$30.00	$30.00	$35.76	$36.66	$37.57
Total Revenue	$240,000	$300,000	$375,000	$468,750	$585,938	$732,422	$915,527	$938,416	$961,876
Total Expenses	$516,232	$552,368	$591,034	$632,406	$676,675	$724,042	$774,725	$794,093	$813,945
Expenses per horse	$65	$55	$47	$40	$35	$30	$30	$31	$32
Operating Profits	-$276,232	-$252,368	-$216,034	-$163,656	-$90,737	$8,380	$140,802	$144,322	$147,930
Cumulative Losses	-$276,232	-$528,600	-$744,634	-$908,291	-$999,028	-$990,648	-$849,846	-$705,524	-$557,593

Table 4: Scenario 3 Parameter Values

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

Year	1	2	3	4	5	6	7	8	9
Horses	6000	7500	9375	11719	14648	17717	17717	17717	17717
Total Rev per Horse	$30.00	$30.00	$30.00	$30.00	$30.00	$31.01	$31.78	$32.57	$33.39
Total Revenue	$180,000	$225,000	$281,250	$351,563	$439,453	$549,316	$563,049	$577,126	$591,554
Augmented total	$280,000	$325,000	$381,250	$451,563	$539,453	$649,316	$663,049	$677,126	$691,554
Total Expenses	$516,232	$552,368	$591,034	$632,406	$676,675	$724,042	$742,143	$760,697	$779,714
Expenses per horse	$86	$74	$63	$54	$46	$41	$42	$43	$44
Operating Profits	-$236,232	-$227,368	-$209,784	-$180,844	-$137,222	-$74,726	-$79,094	-$83,571	-$88,160
Cumulative Losses	-$236,232	-$463,600	-$673,384	-$854,228	-$991,450	-$1,066,176	-$1,145,269	-$1,228,841	-$1,317,001

Table 5: Scenario 4 Parameter Values

6,000	Starting Numbers of Horses
25.00%	Growth Rate of Horses
$252,000.00	Starting Total Revenues
$42	Starting Revenues per Horse
$516,232	Starting Total Expenses
$86.04	Starting Expenses per horse
7.00%	Growth Rate of Expenses
400	Number of stalls
17,717	Maximum Horses
2.50%	Inflation Rate

Year	1	2	3	4	5	6	7	8	9
Horses	6000	7500	9375	11719	14648	17717	17717	17717	17717
Total Rev per Horse	$42.00	$42.00	$42.00	$42.00	$42.00	$43.41	$44.49	$45.60	$46.74
Total Revenue	$252,000	$315,000	$393,750	$492,188	$615,234	$769,043	$788,269	$807,976	$828,175
Total Expenses	$516,232	$552,368	$591,034	$632,406	$676,675	$724,042	$774,725	$794,093	$813,945
Expenses per horse	$86	$74	$63	$54	$46	$41	$44	$45	$46
Operating Profits	-$264,232	-$237,368	-$197,284	-$140,219	-$61,440	$45,001	$13,544	$13,883	$14,230
Cumulative Losses	-$264,232	-$501,600	-$698,884	-$839,103	-$900,544	-$855,543	-$841,999	-$828,116	-$813,886

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

Table Six: Comparable Facilities' Revenues and Costs

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

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

V IMPACT ANALYSIS: METHODOLOGY, APPLICATION AND FINDINGS

Impact analysis is commonly used in regional policy making to predict the economic changes that result from a project. These changes, or impacts, are experienced as increases or decreases in the magnitude of selected economic variables. Employment, output, income, value added, and taxable sales are the most often used impact variables. Project impacts may be estimated for a local, regional, state, or national economy.

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

Types of Economic Impact

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

Direct Impacts

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

Indirect Impacts

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

Induced Impacts

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

Total Economic Impact

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Table Seven

The Impact Multipliers for the Virginia Horse Center

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

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

Table Eight

Impact Multipliers for Washington State and Kittitas County

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

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

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

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

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

Findings of the Impact Model

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

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

Table 9: Calculation of Impacts from Continuing Operations

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

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

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

Fiscal Impacts upon the Public Sector

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

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

Property Taxes

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

Other Benefits:

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

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

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

economy.

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

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

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

VI RECOMMENDATIONS FOR ORGANIZATIONAL STRUCTURE

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

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

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

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

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

VII CONCLUSIONS AND RECOMMENDATIONS

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

FINANCIAL FEASIBILITY

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

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

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

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

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

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

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

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

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

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

The equestrian-dedicated design limits the size and nature of nonequestrian events.
For full utilization a facility needs to serve large horse events, and there is a lack of growth in the number of large horse organizations in the region.

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

ECONOMIC IMPACTS

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

- The direct spending by exhibitors and spectators are estimated to be $7,334,838 when the facility reaches maturity in the sixth year of operations.

- The total money flows attributable to the horse park in the sixth year, including indirect and induced effects, are $8,412,982 annually.

- Using the employment multiplier of 16 jobs per million dollars of direct expenditures projects, 143 jobs will be created by the horse park after the direct, indirect and induced effects are factored in.

- Starting at the sixth year, annual state impacts from out of state residents were found to be $1,466,968 of direct, indirect and induced spending.

- The recreational services sectors will be the sectors most affected by Horse Park operations.

ORGANIZATIONAL STRUCTURE

We recommend that:

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

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

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

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

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

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Appendix I

Questions for Equestrian Organizations

General horse park introduction
General questions about the nature of their organization

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

Appendix II:

Survey Questions for Horse Parks

Name of Facility

Contact Name

Phone #

Operations Manager Name

Phone #

Operated by:

Municipality

State

County

Public-Private Partnership

Private

Other

Date opened

Operating Months

Operating Days of Week

Hours of Operation

How many acres is your facility?

What is the number of on-site horse stalls?

Appendix III

DEVELOPMENT OF THE WASHINGTON STATE HORSE PARK AUTHORITY

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

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

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

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

Important components include:

1. Horse Park Authority Purpose

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

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

2. Commission Role

The statute describes the Commission's role as follows:

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

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

3. Land Ownership

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

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

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

Facility Master PLAN

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

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

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

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

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

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

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

WASHINGTON STATE HORSE PARK

REQUEST FOR FUNDS

WASHINGTON STATE HorsePark

WASHINGTON STATE PARK HORSE AUTHORITY
TODD TREWIN–CHAIRMAN

www.washingtonstatehorsepark.org

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

(34 pgs.)

TABLE OF CONTENTS

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

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Overview of Facilities	5
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The Facility	6
Design Costs	7
Construction Costs	8-10
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Detail on Design & Construction	Appendix A
Updated Economic Feasibility Report	Appendix B *

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

WASHINGTON STATE HORSE PARK

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

HISTORICAL BACKGROUND

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

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

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

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

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

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

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

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

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

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

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

THE ORGANIZATION

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

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

EVENTS

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

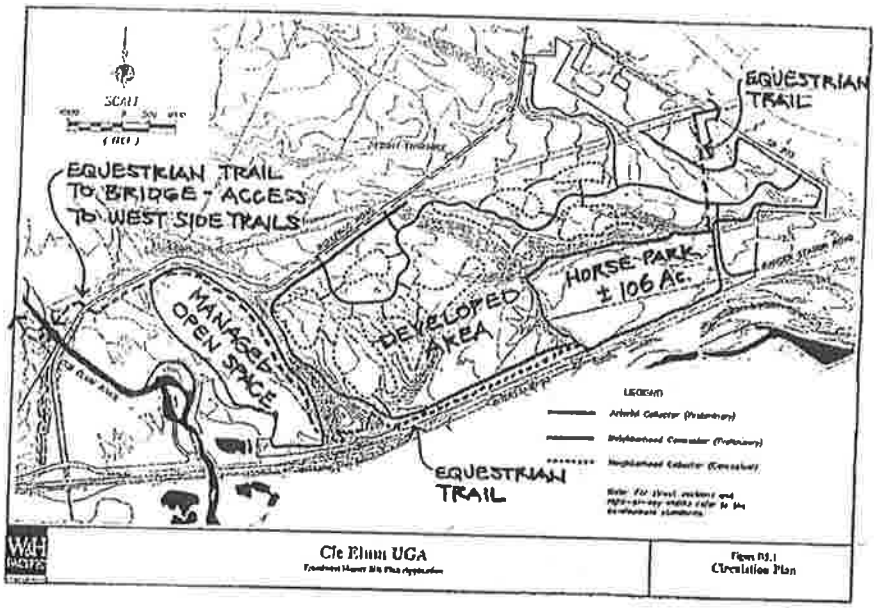
Overview of Facilities

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

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

The Site

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



THE FACILITY

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

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

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

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

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

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

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

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

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

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

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

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

Planning

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

Washington State Horse Park

Concept Plan - Three Stage Build Out Costs

		Total Cost Line Item	Phase 1	Phase 2	Phase 3
BF-1	Design				
	a) Field Survey	$ 37,500	$ 37,500		
	b) Site Planning	$ 156,000	$ 156,000		
	c) Landscape Design	$ 7,000	$ 7,000		
	d) Design	$ 810,000	$ 810,000		
	e) Construction Adm	$ 360,806	$ 133,632	$ 133,632	$ 93,542
	f) Permits	$ 571,483	$ 76,354	$ 323,096	$ 172,033
	g) EIS	$ 317,000	$ 317,000		
		$ 2,259,789	$ 1,537,486	$ 456,728	$ 265,575
BF-2	Construction				
	a) Site Development	$ 2,519,000	$ 750,000	$ 1,769,000	
	b) Covered Arena	$ 2,709,000		$ 2,709,000	
	c) Open Arena	$ 138,500		$ 138,500	
	d) Warm-Up Arena	$ 138,500		$ 138,500	
	e) Polo Field	$ 218,800			$ 218,800
	f) Spectator Parking	$ 657,800		$ 328,900	$ 328,900
	g) Exhibitor Parking	$ 286,900		$ 143,450	$ 143,450
	h) Barns (400 stalls)	$ 6,034,400		$ 3,017,200	$3,017,200
	i) Waste Holding Pen	$ 29,900		$ 14,950	$ 14,950
	j) Entry Roads	$ 451,000	$ 451,000		
	k) Walkway / Pathway	$ 516,100			$ 516,100
	l) Composting Area	$ 28,100	$ 28,100		
	m) Livestock Pen	$ 25,000		$ 25,000	
	n) Utilities	$ 728,700	$ 728,700		
	o) Maint./Storage Shop	$ 171,700			$ 171,700
		$ 14,653,400	$ 1,957,800	$ 8,284,500	$4,411,100
	Sub-Total	$ 16,913,189	$ 3,495,286	$ 8,741,228	$4,676,675
	Public Adm Fee @ 6%	$ 1,014,792	$ 209,717	$ 524,474	$ 280,601
	Design & Construction Est.	$ 17,927,981	$ 3,705,003	$ 9,265,702	$4,957,276
Inflation @ Consumer Price Index		$ 1,456,619	$ 144,495	$ 722,725	$ 589,399
Total Project Costs		$ 19,384,600	$ 3,849,498	$ 9,988,427	$5,546,675
Budget Amount		$ 19,500,000	$ 3,900,000	$10,000,000	$5,600,000

Washington State Horse Park

Funding Assumptions

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

Project Book Planning Assumptions

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

Observations

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

Schedule

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

Capital Funding Packages

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

Washington State Horse Park

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

15-Sep-06

	Item Amount	Year 2007	Year 2008	Year 2009	Year 2010	Total
1. Design						
a) Field Survey & Geo-Tec	$37,500	$37,500				$37,500
b) Site Planning	$156,000	$156,000				$156,000
c) Landscape Design	$7,000	$7,000				$7,000
d) Design	$810,000	$810,000				$810,000
e) Construction Administration	$360,806	$133,632	$133,632	$93,542	$0	$360,806
f) Permits	$571,483	$76,354	$323,096	$163,500	$8,533	$571,483
g) Environmental Impact Statement	$317,000	$317,000				$317,000
Total	**$2,259,789**	**$1,537,486**	**$456,728**	**$257,042**	**$8,533**	$2,259,789
2. Construction						
a) Site Development	$2,519,000	$750,000	$1,769,000			$2,519,000
b) Covered Arena	$2,709,000		$2,709,000			$2,709,000
c) Open Arena	$138,500		$138,500			$138,500
d) Warm up Arena	$138,500		$138,500			$138,500
e) Polo Field	$218,800				$218,800	$218,800
f) Spectator Parking	$657,800		$328,900	$328,900		$657,800
g) Exhibitor Parking	$286,900		$143,450	$143,450		$286,900
h) Barns	$6,034,400		$3,017,200	$3,017,200		$6,034,400
I) Waste Holding Pens	$29,900		$14,950	$14,950		$29,900
j) Entry Road	$451,000	$451,000				$451,000
k) Trails, Pathways & Service Areas	$516,100			$516,100		$516,100
l) Composting Area	$28,100	$28,100				$28,100
m) Livestock holding pen	$25,000		$25,000			$25,000
n) Utilities	$728,700	$728,700				$728,700
o) Maintenance Storage Shop/Caretaker	$171,700			$171,700		$171,700
Construction Estimate	**$14,653,400**	**$1,957,800**	**$8,284,500**	**$4,192,300**	**$218,800**	$14,653,400
Sub Total	**$16,913,189**	**$3,495,286**	**$8,741,228**	**$4,449,342**	**$227,333**	$16,913,189
Public Facilities Administration (6%)	**$1,014,791**	**$209,717**	**$524,474**	**$266,961**	**$13,640**	$1,014,791
Design and Construction Estimate	**$17,927,980**	**$3,705,003**	**$9,265,701**	**$4,716,303**	**$240,973**	$17,927,980
Inflation @ Consumers Price Index		$144,495	$722,725	$551,807	$37,592	$1,456,619
Total Phased Project Design & Construction Costs		**$3,849,499**	**$9,988,426**	**$5,268,110**	**$278,565**	$19,384,599
Budget Amount	$18,000,000	$3,900,000	$10,000,000	$5,300,000	$300,000	$19,500,000

Washington State Horse Park
Site Development Estimate

15-Sep-06
Lapsley

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

Material Take off	Length	Width	Thickness	CUFT	CY	K Factor	Tons	SF/Grade
Remove Soil	1000	1500	12	1,500,000	55,556	1.65	91,667	
Road Ballast Rock	3,000	24	6	36,000	1,333	1.65	2,200	72,000
Paved Parking Ballast Rock	300	150	6	22,500	833	1.65	1,375	45,000
Exhibitor Parking Ballast Rock	1,400	600	6	420,000	15,556	1.65	25,667	840,000

Exhibitor Parking 5/8" -	1,400	600	3	210,000	7,778	1.65	12,833	
Utility Road Clearing/Grubbing	3,100	20	6	31,000	1,148	1.65	1,894	
Utility Road Ballast Rock	3,100	20	6	31,000	1,148	1.65	1,894	62,000
Utility Road 5/8" -	3,100	20	4	20,667	765	1.65	1,263	
Total								1,019,000

Washington State Horse Park

Concept Estimate **Covered Arena** Apr-04

Lapsley

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

Washington State Horse Park

Concept Estimate **Covered Arena** Aug-06

Item	Amt	Unit	Unit Price	Total	Unit Hr	Total Hr	Rate	Total Labor Cost	Line Cost
Showers	4	ea	$500.00	$2,000	4.5	18	$37.50	$675	$2,675
Bathroom Structure	1,200	sf	$12.00	$14,400		0		$0	$14,400
Bathroom Inferior	1,200	sf	$100.00	$120,000		0		$0	$120,000
Office	1,200	sf	$80.00	$96,000		0		$0	$96,000
Judge Room	300	sf	$80.00	$24,000		0		$0	$24,000
Panels	2,200	lf	$12.00	$26,400	0.05	110	$27.00	$2,970	$29,370
Security Fencing	1	jb	$4,000.00	$4,000		0		$0	$4,000
Roll up Doors	12	ea	$2,000.00	$24,000		0		$0	$24,000
Exterior Man Doors	4	ea	$1,000.00	$4,000		0		$0	$4,000
Exterior Double Doors	4	ea	$1,500.00	$6,000		0		$0	$6,000
Entry Structure Assembly	6	ea	$1,500.00	$9,000		0		$0	$9,000
Side walks	5,000	sf	$8.50	$42,500		0		$0	$42,500
Landscaping	7,000	sf	$1.25	$8,750		0		$0	$8,750
Seating	2,000	ea	$75.00	$150,000		0		$0	$150,000
Totals				$1,501,261		11,299		$309,721	
				Line Total					$1,849,912
				General Operating Cost			10.0%		$184,991
				General Profit			12.0%		$221,989
				Total Contractors Bid					$2,256,892
				Design Contingency			20.0%		$451,378
				Construction Contingency			0.0%		$0
									$2,708,270
				Total Construction Estimate					**2,709,000**

Washington State Horse Park

Polo Field

Sep-06

Lapsley

Item	Units	AMT	Length	Width	GSF	$/AMT	Cost/sf	Cost
Top Soil	Tons	7,680				9.38	$0.00	$72,000
Sprinkler	SF		900	480	432,000		$0.10	$43,200
Grading	SF		900	480	432,000		$0.048	$20,903
Hydro Seeding	SF		900	480	432,000		$0.08	$34,560
Border Marker	LF	1,800				2.00		$3,600
Sprinkler Equipment	SF	1				$5,000		$5,000
						Sub Total		$179,263
						Contractors Overhead	12.0%	21,512
						Contractors Profit	10.0%	$17,926
						Contractors Bid		$197,190
						Design Contingency	20.0%	$39,438
						Contingency	0.0%	$0
								$218,701
								$218,800

Materials Take Off

Item	Length	Width	Thickness	CUFT	K Factor	Tons
Top Soil	900	480	4	144,000	1.44	7,680
Ballast Rock	900	480	6	216,000	1.44	11,520
5/8" Minus	900	528	4	158,400	1.44	8,448

Washington State Horse Park

Warm Up Arena

Aug-06

Lapsley

Item	Units	AMT	Length	Width	GSF	Cost/Unit	Total Unit$	Cost/sf	Cost
5/8" Minus	Tons	334	200	150	30,000	$13.97	$4,666		$4,666
Porous Asphalt with polymer a	SF		200	150	30,000	$1.70	$51,000		$51,000
Grading	SF		200	150	30,000	$0.048	$1,452		$1,452
Compaction	SF		200	150	30,000	$0.05	$1,500		$1,500
Footing Material 6"	CY	556	200	150		$13.72	$7,622		$7,622
Nike additive			200	150	30,000	$0.25	$7,500		$7,500
Sprinkler System	EA	1				$2,000.00	$2,000		$2,000
Fencing	LF	900				$12.00	$10,800		$10,800
Outdoor Lighting	EA	2				$4,000.00	$8,000		$8,000
									$94,540
			Contractors Overhead			12.0%			11,345
			Contractors Profit			10.0%			$9,454
			Total Contractor Bid						$115,339
			Design Contingency			20.0%			$23,068
			Construction Contingency			0.0%			$0
			Construction Estimate						$138,407
									$138,500

Washington State Horse Park

Spectator Parking

Aug-06

Lapsley

Item	Units	AMT	Length	Width	Ht	Cost/Unit	GSF	Cost/sf	Cost
58" Crushed Rock	Ton	1814			3	13.9704			$25,342
Compaction	SF		632	310			195,920	0.0555	$10,874
Paving	SF		632	310	2"		195,920	$2.00	$391,840
Curbs	LF	1600				$12	0		$19,200
Lighting	EA	12				$3,000			$36,000
Striping	LF	7640				$0.29			$2,216
						Sub Total			$449,256
						Contractors Overhead	12.0%		$53,911
						Contractors Profit	10.0%		$44,926
						Contractors Bid			$548,092
						Design Contingency	20.0%		$109,618
						Contingency	0.0%		0
						Construction Estimate			$657,710
									$657,800

Washington State Horse Park

Exhibitor Parking

Aug-06

Lapsley

Item	Units	AMT	Length	Width	Ht	Cost/Unit	Cost/sf	Cost
5/8" Crushed Rock	CY	7,778	1400	600	3	$13.97		$108,658
Grading	SF	840,000	1400	600			$0.048	$40,645
Compaction	SF	840,000	1400	600		$0.056	$46,620	$46,620
Sub Total								$195,924
			Contractors Overhead			12.0%		$23,511
			Contractors Profit			10.0%		$19,592
			Contractors Bid					$239,027
			Design Contingency			20.0%		$47,805
			Contingency			0.0%		$0
								$286,832
								$286,900

Washington State Horse Park

Exhibitors Barns

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

Aug-06
Lapsley

Item	Units	Length	Width	Amt	$/Unit	Unit $	GSF	Cost/sf	Cost	
5/8" minus (6")	Tons	410	40	304	$0.00				$0	
Compaction	SF	410	40				16,400	$0.056	$910	
Concrete	SF	398	36	159			14,328	$77.50	$12,338	
Forms	SF	398	36				14,328	$0.06	$860	
Finish	SF	398	36				14,328	$0.75	$10,746	
Covered Area	SF	348	36				12,528	$11.00	$137,808	
Parking Curbs	LF	800			$4.00				$3,200	
Parking Lighting	EA			12	$3,000.00				$36,000	
Main Power Panel	EA			1	$8,000.00				$8,000	
Parking Connections	EA			25	$800.00				$20,000	
Lighting/Power/Fire	SF	348	36				12,528	$2.50	$31,320	
Stalls	EA	12	12	54	$4,676.00				$252,504	$252,504
Water	EA			8	$300.00	$2,400			$2,400	
				Sub Total					$515,176	
				Contractors Overhead			12.0%		$61,821	
				Contractors Profit			10.0%		$51,518	
				Contractors Bid					$628,514	
				Design Contingency			20.0%		$125,703	
				Contingency			0.0%		$0	358555.7
									$754,217	
									$754,300	$395,744

Check Number					
Cost per SF with out Stalls				12,528	$32
400 Stalls in 50 stalls per unit	Units	Unit Price			
	8	$754,300			**$6,034,400**

Washington State Horse Park

Waste Holding Pens

Sep-06
Lapsley

Item	Units	Length	Width	Amt	$/Unit	Unit $	Cost/sf	Cost
Clearing & Grubbing	SF	30	20	600	$0.060			$36.00
Remove Top Soil	CY	30	20	22	$5.63			$125.00
Excavation	CY			67	$5.625	$375		$375
Ballast Rock	Tons			8	$13.12	$105		$105
Grading	SF	30	20	600			$0.048	$29
Concrete Foundation	CY			5	$78.23	$386		$386
Concrete Walls	CY			15	$78.23	$1,159		$1,159
Concrete Floor	CY			11	$78.23	$869		$869
Concrete Finish	SF			1,200	$0.75	$900		$900
Re-Bar	Job			1	$400.00	$400		$400
Lighting	Job			1	$2,000	$2,000		$2,000
				Sub Total				$6,223
				Contractors Profit		12.0%		$0
				Contractors Overhead		10.0%		$0
				Contractors Bid				$6,223
				Design Contingency		20.0%		1,245
				Contingency		0.0%		0
				Total				7,468
				Amount of Units				4
				Construction Estimate				$29,872
								$29,900

Material Take off	Length	Width	Thickness	CUFT	CY	K Factor	Tons
Base Rock	20	30	6	300	11	1.44	
Top Rock	20	30	3	150	6	1.44	
Excavation	20	30	36	1,800	67		
Concrete Foundation	100	2	8	133	5		
Concrete Walls	100	6	8	400	15		
Concrete Floor	20	30	6	300	11	1.44	

Washington State Horse Park

Entry Road

Aug-06

Item	Units	Length	Width	Amt	$/Unit	Unit $	GSF	Cost/sf	Cost
5/8" Crushed Rock	Tons	3,000	26	1,040	$13.97	$14,529	78,000		$14,529
Compaction	SF	3,000	26	78,000				$0.056	$4,329
Paving	SF	3,000	24				72,000	$2.00	$144,000
Curbs	LF	6,000	1				6,000	$12.00	$72,000
Signs	EA			1	$1,200.00	$1,200	0		$1,200
Fencing	lf			6,000	$12.00	$72,000			$72,000
									$308,058
				Contractors Overhead			12.0%		$36,967
				Contractors Profit			10.0%		30,806
				Contractors Bid					$375,831
				Design Contingency			20.0%		$75,166
				Contingency			0.0%		$0
				Construction Estimate					$450,997
Round up									**$451,000**

Material Take off	Length	Width	Thickn	CUFT	CY	K Factor	Tons
Final Grading/3/4-	3,000	26	3	19,500	722	1.44	1,040

Washington State Horse Park

Trails, Walkways & Paths

Aug-06

Item	Units	Length	Width	Amt	$/Unit	Unit $	GSF	Cost/sf	Cost
Cleaning & Grubbing	SF	16,800	12				201,600	$0.06	$12,701
Remove Organic Material	CY			5,376	5.63	$30,240			$30,240
Remove Stumps	EA			10	161.00	$1,610			$1,610
2 1/2" Ballast Rock	Tons			5,376	13.12	$70,535			$70,535
5/8" Crushed Rock	Tons			3,584	13.97	$50,070			$50,070
Grading	SF	16,800	12	201,600	$0.048	$9,755			$9,755
Footing Mix (6")	Tons			3,584	13.72	$49,174			$49,174
Nike Mix	SF	16,800	12	201,600	0.25	$50,400			$50,400
Paving around Arena	SF	2,600	12	31,200	2.50	$78,000			$78,000
Sub Total									$352,484
Contractors Overhead							12.0%		$42,298
Contractors Profit							10.0%		$35,248
Contractors Bid									$430,031
Design Contingency							20.0%		$86,006
Contingency							0.0%		$0
Construction Estimate									$516,037
									$516,100

Material Take off	Length	Width	Thickness	CUFT	CY	K Factor	Tons	SF
Excavation	16800	12	6	100,800	3,733	1.44	5,376	
2 1/2" Ballast Rock	16800	12	6	100,800	3,733	1.44	5,376	
5/8" Minus	16800	12	4	67,200	2,489	1.44	3,584	
Footing Material	16800	12	4	67,200	2,489	1.44	3,584	
Paving Temp Stall Area	2,600	12	2	5,200	193			31,200

Washington State Horse Park

Live Stock Pens

Sep-06

Item	Units	AMT	Length	Width	GSF	$/unit	cost of units	Cost/sf	Cost
Clearing & Grubbing	SF		80	60	4,800			0.05	
Remove Organic Material	Tons	3	80	60		$37.50			$112.50
Excavation	Tons		80	60		$5.625		0.0484	
Ballast Rock	Tons	128	80	60	4,800	$13.12	1,679	$0.00	$1,679
5/8" Crushed Rock	Tons	85	80	60	4,800	$13.97	1,192	$0.10	$1,192
Grading	SF		80	60	4,800			$0.048	$232
Footing material	Tons	85	80	60	4,800	$13.72	1,171	$0.06	$1,171
Fencing	LF	260				$30.00	7,800		$7,800
Loading Ramp	JOB	1				$3,000	3,000		$3,000
Water	JOB	1				$2,000	2,000		$2,000

Sub Total		$17,075
Contractors Overhead	12.00%	2,049
Contractors Profit	10.00%	$1,707
Contractors Bid		$20,831
Design Contingency	20.00%	$4,166
Contingency	0.00%	$0
Construction Estimate		$24,997
		$25,000

Material Take Off

Item	Length	Width	Thickness	CUFT	K Factor	Tons
Ballast Rock	60	80	6	2,400	1.44	128
5/8" -	60	80	4	1,600	1.44	85
Floor Material	60	80	4	1,600	1.44	85

Washington State Horse Park

Utilities

Aug-06
Lapsley

Item	Length	Width	Height	GSF	Cost/sf	Cost
Trench, backfill, compaction	3380	1		3,380	$2.13	$7,210
D. B. #10	3380	1		3,380	$3.00	$10,140
Panel	1	1		1	$1,200.00	$1,200
Pole base	12	1		12	$400.00	$4,800
Poles & Lamps	12	1		12	$3,000.00	$36,000
Connect to Utility				1	$2,000.00	$2,000
						$61,350

Gas

Item	Length	Width	Height	GSF	Cost/sf	Cost
Trench, backfill, compaction	4340	1		4,340	$2.13	$9,258
Piping	4340	1		4,340	$8.65	$37,541
Connect to Gas Main				1	$2,000.00	$2,000
Total	0					$48,799

Power

Item	Length	Width	Height	GSF	Cost/sf	Cost
Trench, backfill, compaction	See Gas					$0
D.B. Primary	4340	1		4,340	$15.00	$65,100
Compact	4340	1		4,340	$4.00	$17,360
Connect to Main				1	$2,500.00	$2,500
Total	0					$84,960

Water

Item	Length	Width	Height	GSF	Cost/sf	Cost
Trench, backfill, compaction	4340	1		4,340	$8.08	$35,054
Piping	4340	1		4,340	$15.00	$65,100

Washington State Horse Park

Concept Estimate

Contingency & Permits

27-Aug-06
Lapsley

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

Washington State Horse Park

Concept Estimate

Design

15-Sep-06
Lapsley

Site Survey	Man Days	Rate/MD	
Field Survey	2	$1,400	$2,800
Survey Roads	3	$1,400	$4,200
Survey Open Areas	2	$1,400	$2,800
Survey Building Structure	1	$1,400	$1,400
Set Grades	2	$1,400	$2,800
Contour Drawing	2	$2,000	$4,000
Boundary Drawing for Title	2	$2,000	$4,000
Total	14		$22,000
Expenses	15.0%		$3,300
Recording			$500
Sub Total			$25,800
Contingency	10.0%		$2,580
Total			$28,380
			$29,000

Design Effort

Cash Flow Requirements

	Year 1	Year 2	Year 3	Year 4	Year 5	Survey & Year 6	Year 7	Total
Project Management	$133,632	$133,632	$93,542					$360,806
Survey	$29,000							$29,000
Geo-Tech	$8,500							$8,500
Total	$171,132	$133,632	$93,542	$0		$398,306		

Project Management	Base	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
		100%	100%	70%	60%	20%	20%	20%	
Hrs/yr	2,088.00	2,088.00	2,088.00	1,461.60	1,252.80	417.60	417.60	417.60	8,143
Rate	$50	$104,400	$104,400	$73,080	$62,640	$20,880	$20,880	$20,880	$407,160
Benefit	18%	$18,792	$18,792	$13,154	$11,275	$3,758	$3,758	$3,758	$73,289
Expenses	10%	$10,440	$10,440	$7,308	$6,264	$2,088	$2,088	$2,088	$40,716
Total		$133,632	$133,632	$93,542	$80,179	$26,726	$26,726	$26,726	$521,165

Design

	Total Hrs	20% Concept & Schematic Design Sr Eng 20%	Eng 60%	Design Draf 20%	50% Design Development Sr Eng 20%	Eng 60%	Design Draf 20%	30% Contract Documents Sr Eng 20%	Eng 60%	Design Draft 20%	Total Hrs
Site Development											
Civil	1,000	40	120	40	100	300	100	60	180.00	60.00	1000
Mechanical	260	10.4	31.2	10.4	26	78	26	15.6	46.80	15.60	260
Electrical	312	12.48	37.44	12.48	31.2	93.6	31.2	18.72	56.16	18.72	312
Total - Site Development Hrs	1,572	63	189	63	157	472	157	94	283	94	
Average Hr Rate		$120	$100	$75	$120	$100	$75	$120	$100	$75	
Total		$7,546	$18,864	$4,716	$18,864	$47,160	$11,790	$11,318	$28,296	$7,074	$155,628
											$156,000

Design

	Drawings	Hr/Drawing	Total Hrs	Rate/Hr	Total $	
Start up meetings						
Architectural			40	$120	$4,800	
Civil			40	$120	$4,800	
Mechanical			40	$120	$4,800	
Electrical			30	$120	$3,600	
Site Plan - Civil	2	80	160	$120	$19,200	
Site Plan - Electrical	2	60	120	$120	$14,400	
Site Plan - Mechanical	2	60	120	$120	$14,400	
Site Detail - Civil	8	80	640	$120	$76,800	
Site Detail - Electrical	4	60	240	$120	$28,800	
Site Detail - Mechanical	2	60	120	$120	$14,400	
Site Detail - Civil -Polo Field	1	80	80	$120	$9,600	
Site Detail - ME -Polo Field Sprinkler	1	52	52	$120	$6,240	
Site Detail - Civil Warm Up Arena	1	80	60	$120	$7,200	
Site Detail - Civil Open Arena	1	80	60	$120	$7,200	
Site Detail - Exhibitor Parking	1	80	80	$120	$9,600	
Site Detail - Composting Arena	1	80	80	$120	$9,600	
Site Detail - Landscaping	1	60	60	$120	$7,200	$224,640
Barn - Architectural Foot Print	2	80	160	$120	$19,200	
Barn - Architectural Elevations	2	80	160	$120	$19,200	
Barn - Architectural Detail	8	80	640	$120	$76,800	
Barn - Mechanical/Electrical	8	50	400	$120	$48,000	$163,200
COVERED ARENA						
Architectural Footprint	1	80	80	$120	$9,600	
Architectural Elevations	10	80	800	$120	$96,000	
Structural Details	4	80	320	$120	$38,400	
Mechanical Detail	5	60	300	$120	$36,000	
Electrical Detail	4	60	240	$120	$28,800	
Lighting Detail	3	60	180	$120	$21,600	

Covered Arena interiors						
Architectural Footprint	1	80	80	$120	$9,600	
Architectural Sections	2	60	120	$120	$14,400	
Structural Detail	1	80	80	$120	$9,600	
Mechanical Detail	3	60	180	$120	$21,600	
Electrical Detail	2	60	120	$120	$14,400	
Maintenance & Caretaker						
Architectural Footprint	1	60	60	$120	$7,200	
Architectural Elevations	1	80	80	$120	$9,600	
Structural Details	1	60	60	$120	$7,200	
Mechanical Detail	1	60	60	$120	$7,200	
Electrical Detail	1	60	60	$120	$7,200	
Covered Arena interiors						
Architectural Footprint	1	60	60	$120	$7,200	
Architectural Sections	2	60	120	$120	$14,400	
Structural Detail	1	60	60	$120	$7,200	
Mechanical Detail	3	60	180	$120	$21,600	
Electrical Detail	2	60	120	$120	$14,400	$403,200
	97		6,742		$809,040	
			Roundup		$810,000	

Washington State Horse Park

Concept Extimate

Material Data

27-Aug-06
Lapsley

Material Cost Installed

	$ @ Plant Per Ton	Trans. $ Per Truck	CY Per Truck	Tons Per Truck	$ per Ton	Install $	Total $ Per Ton
2 1/2" Ballast Rock	$10.75	$8.00	15	21.6	$11.12	$2.00	$13.12
5/8" Crushed Rock	$11.60	$8.00	15	21.6	$11.97	$2.00	$13.97
Footing Material 70 % Sand 30% Clay	$11.35	$8.00	15	21.6	$11.72	$2.00	$13.72
Porous Asphalt with polymer additive	$1.70	per SF					
Nike Additive	$0.25	Per SF					

Removal of Top Soil

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

Remove and Replace Soil

Removal of Organic Material

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

Concrete

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