

Preliminary Business Plan – Baker County Event Complex



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Introduction

Baker County has engaged PARC Resources (PARC) to create a Business Plan for a proposed Event Complex at the identified 70-acre property on Hughes Lane in Baker City.

The objective of the Business Plan is to identify the operating parameters and features required to ensure the facility is self-supporting and that it is able to meet the needs of the community.



Figure 1 - Picture of Property on Hughes Road

As a preliminary step to this document, PARC Resources staff reached out to identified partners to discuss their ideas and preferences regarding the potential uses of the 70-acre property on Hughes Lane in September and October of 2022. Across the board, every person to whom PARC staff spoke was enthusiastic about the potential, and eager to see the property developed to support community activities. All responses offered were positive and assessments of the general idea were favorable. The property was clearly known to all interviewees and they approved of its purchase and dedication for community uses. Furthermore, the clear consensus was that the property is ideally located and accessible, for a community-focused facility as opposed to economic development, housing or other unspecified purpose.

Overwhelmingly, those consulted all saw a need for a multipurpose sports facility. When exploring the idea further, the general agreement was that the community needs gymnasium space that is able to be configured to support basketball, volleyball, and other indoor sports. Along with a facility that can host sports, is an equally-common identified need for indoor event space in general. For all those interviewed, they conceived the indoor space would be available for conferences, conventions, concerts and similar events. The discussions tended to be expansive and there was often reference to stadium or fixed seating and the potential for floor seating.

The priorities were almost always discussed as a multiple-use building that could accommodate all of the above. Investigating the practicality of such a design was beyond the scope of this exercise. However, it is worth noting that there was unanimous discussion of the need for supporting amenities, highlighting parking, as well as in-facility amenities. These included restrooms, concessions space, a green room, conference or smaller rooms, as well as storage space for chairs, tables and other supporting equipment.

From this preliminary analysis, the following Business Plan flows from the community's identified needs, preferences and opportunities. Worth noting here is that for most of the conversations, the consistent model for the potential Baker County facility is the Deschutes County Expo Center and Fairgrounds.



Figure 2 - Picture of High Desert Activity Center in Deschutes County at the County Expo Center & Fairgrounds

Chapter 1: Facility & Key Operating Assumptions

For any preliminary business plan, it is necessary to identify and make a series of critical assumptions about the way that the proposed facility will be operated, managed, and financed. The community and this analysis assume an innovative and responsive facility decidedly different from a traditional gymnasium recreational or event center.

The identified site of the proposed Complex is the seventy-acre site south of Hughes Lane and with easy accessibility to Interstate 84 and downtown Baker City. The Complex itself will encompass approximately 137,500 square feet and will be configurable to host a wide range of events and activities.

The facility itself is programmed to dedicate the majority of the building to relatively flexible activity space, with a portion of that space being easily changed and even moved to create additional community and events meeting space. Surrounding and supporting the recreational space will be offices including facility management, kitchen, classrooms, meeting space, a reception area, a gift/concession shop, conference space, storage, and systems (mechanical, electrical, and telecommunications) space.

The entry to the complex will be open, easily accessible, and visible while also being well sheltered and support drop-off and event parking.

Building Features

The following lists are taken from community conversations, model facilities in other communities and extrapolations based on identified needs. Therefore, the specifics are likely to be modified; but they do reflect the general preferences and needs of the community as well as the input of stakeholders. Specifically, the needs were identified as the following:

- 1a) Multiple-purpose indoor sports facility *
- 1b) Event Center with fixed and floor seating capable of hosting concerts, conferences, meetings, conventions and events. *

* Most people conceived of these two uses, purposes or needs as able to be met in one 1 building as depicted in Figure 3; with the following:

- Lined court floors for multiple sports
- Stadium seating
- Floor seating
- Conference rooms
- Break-out spaces or smaller conference rooms
- Green room space
- Concessions space / event merchandise sales
- Restrooms
- Locker rooms

- 2) Outdoor event space capable of hosting rodeo events as depicted in Figure 4; including:
- Cutting events
 - Barrel Riding
 - Roping events



Figure 3 - Deschutes County Expo First Interstate Banking Center with multiple Basketball courts



Figure 4 - Deschutes County Fair & Expo Center Juniper Arena

Operating Parameters

The analysis here must assume some operational parameters and characteristics. Therefore, the following statements reflect the noted characteristics for the Complex which will bear upon its operating costs and revenue generation potential:

- At least some Complex maintenance / operations staff
- Additional onsite offices for Oregon State University extension program staff
- Space can and will be rented by a range of potential users including:
 - Athletic Tournaments
 - Personal Trainers
 - Yoga Instructors
 - Martial Arts Instructors
 - Athletic Trainers
 - Community Meetings
 - Family or Group Events
- Kitchen for event food sales
- Concessions & event merchandise
- Facility open based on scheduled events, meetings or rented activities, not generally open to the public for walk-in activities
- Signage on I-84
- Security system

The design of the facility also may be influenced considerably by the preferences and commitments of potential partners. For example, if the fairgrounds move to the property along with the OSU extension, they may require specific office configurations and the County is prepared to build or design to that requirement. As a part of the development process, the County is working with partners to identify how best to meet the greatest needs possible.

Seating

Given the square footage, the intended configurations and space, the modeling will assume up to 4,000 seats for concerts and for events that require a game floor or arena, up to 2,500 seats.

Technology & Energy

Along with these assumptions, the County is certainly interested in creating a facility that takes advantage of the most modern and up-to-date technologies. To that end, the design of the building incorporates alternative energy generation via a large and orderly array of solar panels on the roof.

Staffing

The County expects the OSU extension Office will relocate to the Complex and their staff will, as they do at the current fairgrounds, provide a regular presence on site. The County anticipates it will also have a Complex Manager as well as maintenance staff. They include the following:

- Facility Manager 1.0 FTE
- Billing & Financial Manager 0.5 FTE
- Maintenance Manager 1.0 FTE
- Maintenance Staff 0.75 FTE

The Complex will have more than 135,000 square feet of multiple use space, and programming for this space will require staff time and attention. Dedicated staff will be required not only to prepare and dismantle facilities before and after events, but there will also be a need for maintenance, financial management and coordination of temporary employees. Some comparable facilities, such as the Deschutes County Expo Center and Fairgrounds contracts this function, but there is no guarantee such a contractor exists in Baker County.



Figure 5 - Deschutes County Expo First Interstate Bank Interior Seating & Sporting Event

The additional new staff equals a total of 5.5 FTE. This total compares with the total FTE for the Deschutes County Expo Center and Fairgrounds which has 12.0 FTE. As with the facility in Deschutes County, the Baker County Event Complex will also make significant use of temporary employees for events.



Figure 6 - Deschutes County Expo First Interstate Bank Interior Seating & Alternate Use

Anticipated Events

- Concerts
- Plays / shows
- Conventions
- Sportsmen shows
- Exhibitions
- Fairs
- Weddings
- Receptions
- Family reunions
- Celebrations
- Automobile shows
- Athletic tournaments

Chapter 2: Demographics & Trending

The need and demand for the Complex is well established through the community discussion process, as well as by the outpouring of support that the purchase of the Hughes Lane property has engendered. PARC Resources also completed its “Report on Interview with Community Partners” in 2022 that further detailed the preferences and needs identified by key communicators in Baker County.

Therefore, this plan will not elaborate on the current facilities and venues in the County. Significantly, there are no other comparable venues, no competitors to the proposed Complex, and no opposition has emerged to contest the plans or goals. Instead, this chapter focuses on economic conditions in the County and region in order to provide a baseline for discussions about the ability of the community to support the facility, both in terms of capitalizing the Complex, and to pay in order to use it.

Baker County Background

<u>Cities</u>	<u>Population – 2022 Population Research Center PSU¹</u>
Baker City – County Seat population	10,263
Greenhorn	3
Haines	383
Halfway	357
Huntington	510
Richland	166
Sumpter	209
Unity	40
Unincorporated Areas	<u>5,220</u>
Total:	17,148

According to the estimates from the Population Research Center at Portland State University, the population of Baker County is forecasted to shrink from the current figure of 17,148 to 15,082 in 2044 and 14,627 in 2069.² However, these forecasts were done in 2019, before the Covid-19 Pandemic and did not forecast the population rising between then and 2022. The recent growth in population, as well as the growing, unmet demand for housing suggests that there have been significant changes in the regional dynamics and the growth pattern(s) for both the county and eastern Oregon. Some counties in eastern Oregon are indeed shrinking, but Baker County is not one of them.

¹ <https://www.pdx.edu/population-research/>

² <https://pdxscholar.library.pdx.edu/cgi/viewcontent.cgi?article=1047&context=opfp>

<u>Baker County, Oregon</u>		<u>State of Oregon</u>	
<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>
1970	14,919	1970	2,091,533
1975	15,700	1975	2,329,661
1980	16,134	1980	2,641,218
1985	15,731	1985	2,672,652
1990	15,433	1990	2,858,547
1995	16,691	1995	3,141,421
2000	16,711	2000	3,429,708
2005	16,006	2005	3,613,202
2010	16,116	2010	3,837,614
2015	15,899	2015	4,018,542
2020	16,689	2020	4,241,544

The Oregon Department of Transportation conducts economic and population forecasting at the county level, as part of their effort to address transportation needs. According to their projections, the expected population growth for the State of Oregon from the present to the year 2050 is negative at -0.8 percent.³ Significantly, this forecast is for the state as a whole, and there is no forecast for Baker County specifically. The Department expects that net in-migration will come close to replacing natural decrease through death, but it sees no developments or changes that will produce a significant in-migration. The state forecast goes on to note that the “Oregon State population is rapidly aging and the retirement cohort is now larger than the young professional group consisting of people between twenty-five and forty-four.”⁴

Age Distribution

According to Census Data the median age in Baker County is 29.9 years and senior citizens comprise 26.9 percent of the population, whereas those under age eighteen constitute 24.9 percent.⁵ For a sense of context, Baker County has a young population compared to the state. In Oregon, the median age is 40.1 according to the most recent Census data. The senior population

³ Oregon Department of Transportation, “Siskiyou County Economic Forecast,” 2016 p. 188. Available at: http://www.dot.ca.gov/hq/tpp/offices/eab/socio_economic_files/2017/Siskiyou.pdf

⁴ Ibid., 165.

⁵ US Census, “2021 Population Estimates” Accessed December 2022. All data in this and the following paragraph relating to demographics and economic conditions are from this source unless noted otherwise.

constitutes 18.6 percent of the population whereas those under age eighteen constitute 20.2 percent of the population.

Education

Baker County has four school districts; the largest of which, Baker 5J serves Baker City, and its facilities are adjacent to the Hughes Lane Property that is the focus of this analysis. The District has six elementary schools, one middle school, one high school and one innovative high school. The District also sponsors three charter schools, the Baker Web Academy, Baker Early College and Oregon International School. The District further includes the Baker Technical Institute, a “Career and Technical Program “that partners with regional employers and industry experts to provide an innovative education in hands-on fields.”⁶ The District serves approximately 1,700 students according to their website, of whom thirty-seven percent receive free & reduced lunches. The District Report Card identifies a total enrollment across all schools and platforms as 4,574.

The other public districts include:

- Huntington School District 16J in Huntington – two schools and 91 students of whom 95 percent of students receiving free/reduced lunch.
- Pine Eagle School District 61 in Halfway – two schools with 184 students of whom 58 percent receive free/reduced lunch.
- Burnt River School District 30J in Unity Oregon, – one school with 49 students of whom 39 percent receive free/reduced lunch.

Additionally, Blue Mountain Community College has a presence in the County with its branch in Baker City. Likewise, Oregon State University (OSU) extension campus is also in Baker City with a community support being offered in 4-H, Master Gardeners, Home Food Safety & Preservation Program, Master Woodland Manager Training for landowners, Nutrition Education and Outreach programs in a Public Health and Human Sciences offerings, OSU Small Farms program to improve economic and environmental sustainability of small farms in Baker County, and an Outdoor School working with schools for 5th & 6th Grade students. Baker County Adult Education offers GED assistance, Phlebotomy and Certified Nursing Assistant (CNA) certificate training programs.

Educational Attainment

In Baker County, 90.1 percent of residents over age twenty-five have at least a high school diploma and 24.2 percent have at least a Bachelor’s Degree. This compares to the state figures of 91.9 percent and 36.3 percent respectively.

⁶ Baker 5J Website: <https://www.baker5j.org/apps/pages/About-us>

Transportation & Highway Traffic Volume

Road traffic is worth considering when examining a public use venue, especially one that may bring people to the County, or pull travelers off of the roads and into the community. Based on the intended uses of the Event Complex, it is not likely that the primary aim will be to take advantage of “impulse” stops, but it may augment the numbers.

Over the last five years, the trends in traffic volumes experienced a unique event in the form of the Covid-19 Pandemic. In the year 2020, vehicle miles traveled in Oregon dropped 10.77 percent according to the Oregon Department of Transportation and this reversed a trend of continued increases since 2014.⁷

The principal routes through the county are Interstate 84, US Highways 26 and 30, and State Highways 7 and 86. I-84 runs northwest to southeast, bisecting the county. Haines and Huntington access Baker City via US 30 and I-84. Halfway and Richland communities access Baker City by the east-west running State Highway 86. Sumpter accesses Baker City by east-west running State Highway 7. Unity lies along the east-west running US Highway 26.

Interstate 84 is obviously the most heavily trafficked route in the County and according to ODOT, the two closest measuring stations are at milepost 302.71 north of the Campbell Street Interchange and milepost 304.14 North of South Baker City Interchange. The average daily traffic at these two sites is as follows:

<u>Average Daily Traffic</u>	<u>2021</u>	<u>2020⁸</u>	<u>2019⁹</u>
<u>Milepost Range</u>			
302.71 – 304.14	12,280	10,873	11,300
304.14 – 306.53	11,498	9,857	10,200

The 2021 traffic numbers, the most recent available equate to between just under 4.2 million to almost 4.5 million vehicles driving by Baker City every year. This is roughly half the traffic going past Cascade Locks as a point of comparison closer to the state’s urban center of the Portland metropolitan area.

Visitor Accommodations & Facilities

The County has a robust effort to attract visitors and there are at least thirty-four hotels, motels and accommodations in Baker City or in proximity to Baker City. The reason this matters is that visitors to the Event Center will require lodging within twenty to thirty minutes travel. These accommodations include the following:

⁷ Oregon Department of Transportation, “2021 Transportation Volume Tables,” September 2022, p. 8. Available at: https://www.oregon.gov/odot/Data/Documents/TVT_Complete_2021.pdf All transportation numbers are taken from this source unless noted otherwise.

⁸ Oregon Department of Transportation, “2020 Transportation Volume Tables.” Available at: <https://www.oregon.gov/odot/data/pages/traffic-counting.aspx#TVT-Complete>

⁹ Oregon Department of Transportation, “2019 Transportation Volume Tables.” Available at: <https://www.oregon.gov/odot/data/pages/traffic-counting.aspx#TVT-Complete>

- Best Western Sunridge Inn & Conference Center
- Super 8 Wyndham Baker City
- Eldorado Inn Baker City
- Oregon Trail Motel & Restaurant
- Geiser Grand Hotel
- Bridge Street Inn
- Rodeway Inn
- Knights Inn Baker City
- Motel 6 Baker City
- Crown Courtyard Inn, North Powder Motel
- Cornucopia Lodge & Pack Station
- Trail Motel
- Wisdom House
- Wayne & Dottie's Cabins
- Union Creek Campground
- Sumpter RV Park
- Baker City Motel & RV Park
- The Depot Inn
- Pine Valley Lodge
- Blue Door Inn Baker City
- Sumpter Stockade Motel
- Halfway Motel & RV Park
- Western Motel
- The Granite Lodge
- Hitching Post Motel
- Hell's Canyon Bed & Breakfast

Economics & Income

The incidence of poverty is slightly higher in Baker County than the State of Oregon's population. In Baker County 14.5 percent of the population lives at or below the federal poverty level and 17.9 percent of children under age eighteen live in poverty. In the State of Oregon 12.2 percent of the adult individuals live below the poverty level and 13 percent children live in poverty. By contrast, just 11.6 percent of the individuals nationally live below the poverty level and 16.9 percentage of children nationally live below the poverty level. The table below reports the income levels in Baker County and offers state and U.S comparisons.

<u>Location</u>	<u>Median Household</u> <u>Income</u>	<u>Per Capita</u> <u>Income</u>
Baker County, OR	\$46,922	\$29,463
Oregon	\$70,084	\$37,816
U.S.	\$69,021	\$37,638
% Baker Co. to OR	70.0%	77.9%
% OR to U.S.	68.0%	78.2%

Chapter 3: Similar Venues & Considerations

Operating Costs for Event Centers

Reviewing costs to operate comparable facilities quickly reveals that there are few exact comparisons. If the County intended to create a gymnasium, or a conference center, there are many models. Such facilities abound across the urban landscape as do athletic complexes or field houses. Likewise, many colleges and universities operate variations of the venues described above. However, Baker County is not urban America and the size of the facility is specific to the property and the location.

Many municipal or county athletic facilities are less “event” centers than they are “recreation” centers and thus often include swimming pools, weight rooms, dance and yoga studios, and similar facilities that are poor comparable operating models. Boardman’s new facility is one such example in northeastern Oregon. Considering the operation of recreation centers can be instructive, but Baker County is not going to create a “recreation” facility, likewise, it isn’t a traditional rodeo arena, or outdoor facility, rather it is a complete event center.

The best comparable is the Deschutes Fairgrounds complex, which is a scaled-up model for Baker County. The Deschutes facilities encompass 320 acres and seating for 7,800 people for concerts or 4,000 for floor events. The Deschutes complex has the following features noted for comparison purposes.

- First Interstate Bank Center – basketball court(s), scoreboard, stadium and floor seating: total of 279,000 square feet
- Three-Sisters Conference Center with three main halls and ten breakout rooms with a total of 33,736 square feet of space
- High Desert Activity Center – 12,684 square feet
- Equestrian & Livestock Complex – four closed barns, one covered barn, four arenas and 400 stalls
- RV Park – 105 Full hookups, as well as ten tent sites
- Kitchen – 5,000 square feet
- Banquet halls to accommodate up to 2,000 diners



Figure 7 - Deschutes County Fair & Expo Three Sisters Conference Center

The total operating budget in 2019 was \$4,599,596 with a reserve fund of \$1,595,883. Of course, the year of the Covid-19 Pandemic was not atypical and the budget that year is not particularly useful for comparison purposes. Likewise, 2021 was impacted by the Covid-19 Pandemic as well. The adopted budget for 2023 totals \$3,511,228. The budget further specifies twelve full time and two part-time employees for a total of 13.5 FTE. As a budget category, personnel accounts for 41 percent of the operational costs.

Considering the ways in which the Deschutes County Fair & Expo Center can be extrapolated to Baker County demands an exploration of commonalities and differences. Perhaps the first thing to note is that the budget for Deschutes County includes expenses of more than \$200,000 in expenses for debt service. A significant portion of this total is related to the RV Park. In addition to the debt service, Deschutes County also commits a portion of its transient room tax revenues to the facility as it contributes significantly to the draw of people to the County and helps hold them longer. The total revenues that come to the Center therefore break down as follows:

- Transfers in from other Baker County sources: 32%
- Other non-operational revenue: 7%
- Charges for services: 33%
- Beginning Reserves: 28%

The size and combination of features makes a direct extrapolation as either a per FTE, per acre, or any other direct one to one relationship an imperfect analog for Baker County. For example, the cost per acre for the total facility to operate the Deschutes County Fair & Expo Center is \$10,973 and the per FTE cost is \$260,091. Extrapolating to Baker County's 70 acres and 3.25 FTE yields operating budgets of \$768,081 and \$845,296 respectively. Per square foot costs across all built spaces for Deschutes County is \$7.80, which would equal more than a million dollars for Baker County's 137,000 square feet. Clearly, while the costs are instructive, they are also very site specific and averages offer very little in terms of modeling for Baker County's proposed Event Complex.



Figure 8- Deschutes County Fair & Expo Center Livestock Complex

Other Public Facilities

The cost of operating a recreation facility varies greatly depending on the size and scope of the facility. According to the Recreation Center Operating Cost Analysis done in 2007 by the Fraser Valley Recreation Foundation, operating costs for seven recreation centers ranged from \$804,663 to \$1,960,697, averaging \$1,227,020. The cost per square foot for these same recreation centers averaged \$20.99. The revenue did not match the expenses for any of these recreation centers, with the average revenue per square foot equaling \$16.88, 80.4% of the cost per square foot.¹⁰

A 60,000 square foot facility in Pennsylvania is projected to cost approximately \$2.2 million annually in operating costs, including “staff salaries and benefits, equipment leases, supplies, utilities, and maintenance” according to the *Norwin Star*.¹¹ This equates to \$36.67 per square foot.

A survey taken of four Recreation Centers in Idaho – Nampa Recreation Center in Nampa, Pocatello Community Recreation Center in Pocatello, Fort Boise Community Center in Boise, and Hamilton Indoor Recreation Center in Moscow – showed an average annual operating cost of \$1,014,635, with an average cost per square foot of \$12.54. The income for these various recreational facilities varies and comes primarily from daily admission fees, membership fees, facility rental, and class registration. Some of the recreation centers are also subsidized by the municipality, city or county.

The Nampa Recreation Center is a 140,000 square foot facility and has a total annual operating cost of \$2,928,500 or \$17.56/square foot. Operating budget categories considered in the analysis

¹⁰ “Recreation Center Operating Cost Analysis”, *Fraser Valley Recreation Foundation*.

Available at: <http://www.fvrecfoundation.com/PDFs/rec.center.comparisons.pdf> All facts in this paragraph are from this source.

¹¹ Pederson, Brad, “Cost for regional recreation center estimated at \$18 million”, *Norwin Star*. Viewed on April 16, 2010. Available at: <http://www.yournorwin.com/norwinstar/article/cost-regional-recreation-center-estimated-18-million>

were wages and benefits, uniforms, supplies, concessions, janitorial costs, utilities, grounds and maintenance, and certifications, as well as potential training costs for employees.

Chapter 4: Expense Budget

The following budget makes several assumptions, the first of which is that event staffing will be contracted and their compensation will be part of specific event budgets. The budget below reflects the core operating expenses that will be necessary to market, maintain and oversee the operation of the Event Complex.

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Facility Director 1.0 FTE	\$ 58,000	\$ 59,160	\$ 60,343	\$ 61,550	\$ 62,781
HR/Billing/Accounts Manager 0.5 FTE	\$ 25,000	\$ 25,500	\$ 26,010	\$ 26,530	\$ 27,061
Maintenance Mgr. 1.0 FTE	\$ 48,000	\$ 48,960	\$ 49,939	\$ 50,938	\$ 51,957
Maint & Prep Staff 0.75FTE	\$ 29,625	\$ 30,218	\$ 30,822	\$ 31,438	\$ 32,067
Fringe @ 28%	\$ 44,975	\$ 45,875	\$ 46,792	\$ 47,728	\$ 48,682
Water/Sewer/Fire	\$ 3,600	\$ 3,780	\$ 3,969	\$ 4,167	\$ 4,376
Utilities @ \$0.95 / sq. ft.	\$ 130,625	\$ 137,156	\$ 144,014	\$ 151,215	\$ 158,776
Fuel for vehicles	\$ 500	\$ 525	\$ 551	\$ 579	\$ 608
Contracted Cleaning	\$ 30,000	\$ 31,500	\$ 33,075	\$ 34,729	\$ 36,465
Insurance	\$ 15,000	\$ 15,750	\$ 16,538	\$ 17,364	\$ 18,233
Telephone & Comm	\$ 4,500	\$ 4,725	\$ 4,961	\$ 5,209	\$ 5,470
Supplies	\$ 7,500	\$ 7,875	\$ 8,269	\$ 8,682	\$ 9,116
Postage	\$ 850	\$ 893	\$ 937	\$ 984	\$ 1,033
Uniforms	\$ 2,160	\$ 2,268	\$ 2,381	\$ 2,500	\$ 2,625
Replacement @ \$0.20/sq. ft.	\$ 27,500	\$ 28,875	\$ 30,319	\$ 31,835	\$ 33,426
Marketing & Advertising	\$ 10,000	\$ 10,500	\$ 11,025	\$ 11,576	\$ 12,155
Professional fees	\$ 12,500	\$ 13,125	\$ 13,781	\$ 14,470	\$ 15,194
Training	\$ 10,000	\$ 10,500	\$ 11,025	\$ 11,576	\$ 12,155
Equipment	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Other Expenses	unknown	~	~	~	~
Debt Service/Lease	unknown	~	~	~	~
Total	\$ 465,335	\$ 487,184	\$ 504,752	\$ 523,072	\$ 542,180



Figure 9 - Unimproved Roadway runs North South on property on Hughes Road

Discussion

Identifying a cost basis for the expenses associated with operating the Complex relies on proximate values and estimates, given that no such structure exists now. However, there is more than enough data to make reasonable projections based on the area, the size of the building, and the costs for core operations. The following cost estimates are purposefully conservative, which means they are relatively high estimates.

Hours of Operation

As a starting point and for planning purposes, the facility will only be open for planned events and activities. Walk-in use will not be part of the operating model for the first several years.

Staffing

The staffing needs are driven by the expectation that staff will be needed to perform several key functions including the following:

- Overall management – including managing event-specific and contracted employees, as well as marketing & bringing events and activities to the Complex
- Billing, financial management and human resources compliance
- Preparation of the facility for specific events and configurations
- Maintenance

At some point in the future, activities and events may become “regular” or “programmed” such as annual tournaments, holiday related events or similar recurring celebrations, but in the start-up years, it will be incumbent on management to actively attract and bring events to the Complex. Likewise, it will be very important that the facility be well maintained, prepared for each event and smoothly run.

Not surprisingly, the requirements of staffing mean that the cost of the people who work in the new Complex will account for the largest single expense associated with operating it and equal approximately forty-four percent of the total operating budget. As the budget notes, the total full-time equivalent is 3.25 FTE with the initial expectation that the Complex Director will be a full-time employee as will the Maintenance Manager. The Maintenance manager will be assisted by a three-quarter time assistant and the billing, financial manager will be a half-time employee. Further the budget assumes that fringe benefits will equal twenty-eight percent of salary costs. The cost of the positions assumes the following values:

Facility Director 1.0 FTE	\$ 58,000
Maintenance Manager 1.0 FTE	\$ 48,000
Maintenance Staff 0.75 FTE	\$ 29,625
HR/ Billing/ Accounts 0.5FTE	\$ 25,000

Utilities

Utility, power and heating, costs vary throughout the year, requiring both heating and air conditioning in turn. Given the characteristics of the buildings and site, a per-square-foot estimate is the best mechanism available. The County have been adamant that the building be highly efficient and take advantage of green technologies. Assuming a total area of 137,000 square feet, the budget assumes a per-square-foot cost of approximately \$0.95 per year.

Sewer, Water & Fire Protection

The budget assumes the cost for this expense will be \$300 per month, based on current Baker City commercial rates.

Fuel

The budget assumes that the Complex will possess medium equipment that will be used to reconfigure facilities for events. Therefore, the budget assumes a cost of \$500 for this expense.

Contracted Cleaning Services & Refuse

The budget assumes that the Complex will engage a contracted cleaner for regular cleaning and refuse removal. In addition, event-specific cleaning services will likely be required, but this will be part of those individual budgets. The budget reflects a total annual of cost of \$30,000 for this purpose.

Insurance

The insurance policy will flow through the County, if possible, which will own the facility. The various events, caterers or any food service provider or organizer will be required to carry their own insurance. The budget assumes an expense of \$15,000 annually.

Telephone & Communications

The expense for telecommunications, including Internet access, is a necessary part of operating the facility. The budget assumes an expense of \$4,500 per year.

Supplies

The supplies budget includes office supplies and basic operating needs. The budget assumes a cost of \$625 per month.

Postage

The budget assumes a postal cost of \$850 per year with the expectation that relatively little marketing and outreach will take place using the postal service.

Uniforms

The costs for uniforms reflects the assumption that the facility will adopt an informal protocol for uniforms that will include a logoed shirt with short sleeves and a standard for event staff. The budget assumes a base cost of \$18 per for a total of 120 items per year.

Replacement & Maintenance

The costs for replacements and maintenance assumes a cost of \$0.20 per square foot per year for an annual cost of \$27,500. This figure does not include labor, except for specialized outside service calls. Regular maintenance will be performed by staff accounted for above.

Marketing & Publicity

The publicity and marketing of the facility to the community will be important, at least in the short term. Consequently, the budget includes funding for marketing the Complex in the region. The budget therefore reflects the expectation that the marketing budget will be approximately \$10,000 annually, reflecting regular purchases of advertising, printing, and related items.

Professional Expenses

The operation of the facility also entails some professional expenses from attorneys to specific consultants, and for this need, the budget includes \$12,500 annually.

Training

The staff will undoubtedly require some training based on the specific needs and events at the Complex. To anticipate this expense, the budget includes \$10,000 per year.

Equipment

The cost for equipment is likely to be a reserve fund for the first several years as the building will be new and should not require new equipment for several years. Nonetheless, the budget assumes an expense of \$5,000 per year.

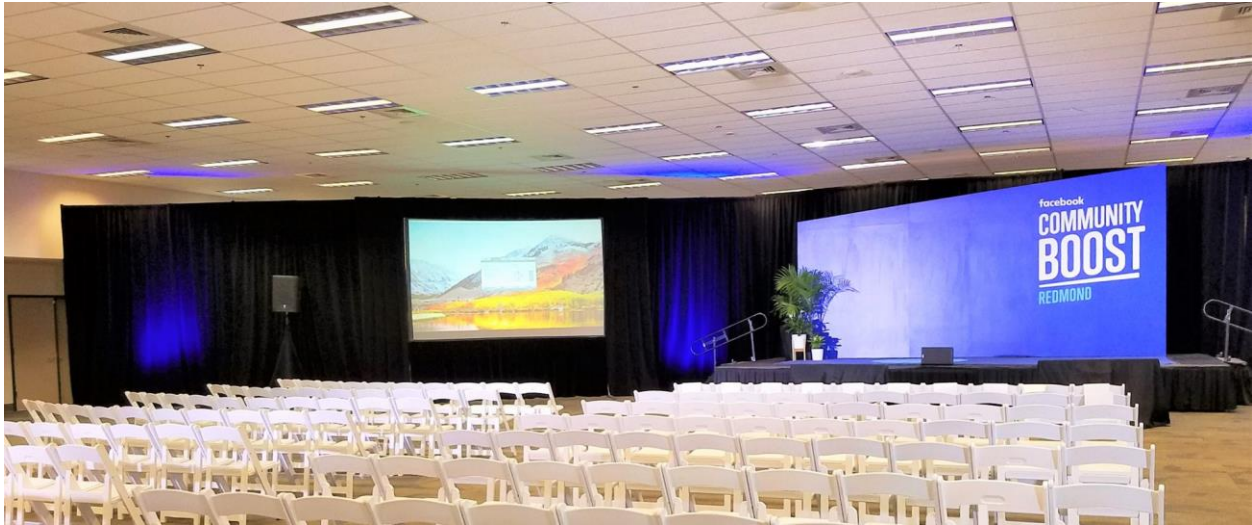


Figure 10 - Deschutes County Fair & Expo Three Sisters Conference Center Seating

Caveats

As noted in the earlier chapter, the expense budget does not include event staff, catering and associated cleaning or disposal costs. The focus of this document is on overall financial feasibility and must assume that events will be for-profit activities that will have a net positive return for the overall property and Complex. Analysis suggests that the expenses and budgets for events over the course of a year will exceed the base operating budget.

For example, consider the following budget just for contracted staff for an event that requires six ticket-takers, eight people for concessions, eight people to usher and direct patrons as well as eight more people for security.

<u>Event Staff - 8 Hours per person</u>	<u>Cost</u>	<u>Cost - 20 Events</u>
- Tickets - 6 people @ \$22.50/ hr.	\$ 1,080	\$ 21,600
- Concessions 8 people @ \$22.50/ hr.	\$ 1,440	\$ 28,800
- Ushers & Others 8 people @ \$22.5/ hr.	\$ 1,440	\$ 28,800
- Security 8 people @ \$25/ hr.	\$ <u>1,600</u>	\$ <u>32,000</u>
Total:	\$ 5,560	\$ 111,200

Significantly, the budget developed for this business plan does not include the current fairgrounds activities or operations associated staff or budgets for rodeos, concerts, meals, travel and ongoing activities. Consequently, this business plan is focused on the implications of the new facility, not any current operations.



Figure 11 - Deschutes County Fair & Expo Center South Gate

Chapter 5: Revenues

Searching for comparable venues and their revenue streams reveals that there are several common, major revenue sources; and primary sources include earned income from events and rentals, and another is subsidies, or non-operational revenue. As noted earlier in the case of the Deschutes County Fair & Expo Center this comes from transient room taxes.

Recreational facilities that include athletic courts draw much of their revenue from membership fees, daily admission, facility rental, and program revenue such as class fees. Reviewing recreational center revenue also reveals just how idiosyncratic those program revenues. Most centers emphasized a different category or type of activity as the biggest source of income. This means that there are several business structures to choose from in determining a revenue stream.



Figure 12 - Deschutes County Fair & Expo Center Carnival Lawn

The revenues associated with the Complex will come from several sources, but ultimately, the biggest source will be ticket sales for events, user fees and sales on-site. Likely other revenue sources will include sponsorships, grants and in-kind activities from other governmental entities.

Revenue sources will include the following:

- Concerts & Similar Indoor Events
- Athletic Tournaments
- Income from food service / concessions
- Souvenir/ shop revenue
- Advertising & sponsorships
- Teams & organized sports
- Class fees
- Classroom & meeting fees
- Service provider rentals
- Vending

- Program grants
- Office rentals
- Solar energy generation
- In-kind services
- Party rentals & fees - including after-hours fees

Seating

Given the square footage, intended configurations and space, the modeling will assume up to 4,000 seats for concerts and for events that require a game floor or arena, up to 2,500 seats.

Concerts & Indoor Events

The biggest source of income for the proposed facility will be generated by events that take place in the venue. For purposes of forecasting, the revenue budget assumes that the operation will be able to attract at least three significant concerts and three arena events that will produce the following revenue to the Complex. For all of the activities, the budget assumes that the Complex will net twenty percent of the gate.

3 Concerts, average ticket of \$25, 80% sales x 20%: \$16,000 x 3 concerts =	\$48,000
3 Arena events, average ticket of \$20, 80% sales x 20%: \$ \$8,000 x 3 =	\$24,000

This is a conservative estimate and assumes that the initial year will be focused on building regional awareness of the facility and that future years will see significantly increased usage rates.

Sponsorships & Advertising

The new Event Complex will create an opportunity for advertising and sponsorships, which will necessarily be an important part of the budget. Local or regional businesses may elect to use reader-boards or other display space to advertise their services, or they may elect to sponsor the facility in return for a visible "thank you." This approach is familiar to anyone who has looked closely at a scoreboard, outfield fences or any other sporting event. The budget assumes that the Facility Manager and the County will work to solicit support and that in the first year it should produce a modest \$40,000 in revenue, growing to \$60,000 within five years.

Adult Teams & League Sports

The number of adult leagues across large urban areas is remarkable, but there is little basis in Baker County for projection because of the lack of facilities. The Portland, Oregon league, Portlandbasketball.com, calls itself the "world's largest adult basketball league," featuring 190 teams. Clearly, the Portland leagues draw on millions of residents to create 190 teams and there are considerably fewer residents in Baker County, it is still possible that the facility could create local leagues.

Assuming a standard league requires two courts twice a week for seven weeks and that league play is centered around weeknights, the gymnasium space can accommodate seven leagues over the course of the year. Admittedly, this is likely far more than needed, but it does demonstrate that the space could be used on the weeknights to generate revenue.

Each league player pays a registration fee of \$99 in Portland. Similarly, the Walla Walla Parks & Recreation, which is an organization and community similar to The Dalles, offers sports leagues for adults and youth with registration fees ranging from \$55 to \$120. Assuming there are approximately 8 players per team, each team will have approximately \$800 in registration fees. By allocating 50% of registration fees to pay for facility use, the average rental fee would be \$400 per team. Assuming a standard league with eight to twelve teams, a rental price equivalent for a local league would be approximately \$3,200 to \$4,800 for the facility.

Just three leagues playing per year would produce income from \$9,600 to \$14,400. Given the rate structure and unknown nature of the facility, the revenue budgets reduce this figure to create a conservative estimate of \$9,600 for sports leagues in year one.



Figure 13 - Deschutes County Expo First Interstate Bank Center Concert Event

User Fees

The following discussions break down assumptions for rental or user fees for portions of the facilities. The costs are discussed further below, but for comparison purposes, the table below reports the fee structure for the Deschutes facility.

Deschutes County Fairgrounds & Expo Center

Facility	Rental Fee
North Sister	\$ 1,600
1st Interstate Bank Center	\$ 3,500
Single Room	\$ 90
Middle Sister	\$ 2,200
South Sister	\$ 1,800
Outdoor Arena	\$ 1,250
Sagebrush Arena	\$ 1,000
High Desert Activity Center	\$ 1,400
RV 30Amp site	\$ 30

RV 50 Amp Site	\$ 50
Entire Facility (\$17,500 last year)	\$ 25,000

Baker County assumes that these fees are high for the area and represent ceiling values so that the Baker County facility fees will be significantly lower. Further, the budget assumes that the build out for the camping and RV sites will come later and be justified with its own analysis. Therefore, there is no RV revenue included in this analysis.



Figure 14 - Deschutes County Fair & Expo Three Sisters Middle Sister Conference Center

Hamilton Indoor Recreation Center - Moscow, Idaho

The Hamilton Indoor Recreation Center does not have membership fees or daily admission, but relies on rental fees to supplement the funding the facility receives from the City of Moscow to operate. The rental fees are below:

Multi-Purpose Room (Includes Kitchen)

General Public	\$80 per hour
Government	\$43 per hour
Non-Profit	\$32 per hour

<https://www.ci.moscow.id.us/Facilities/Facility/Details/Hamilton-Indoor-Recreation-Center-6>

Gymnasium

Entire Gym	\$70 per hour
Half Gym	\$43 per hour

Tarp Set Up Fee

\$32 for Set Up

<https://www.ci.moscow.id.us/Facilities/Facility/Details/Hamilton-Indoor-Recreation-Center-6>

The Nampa Recreation Center also offers facility rental and charges a base rate for the first four hours, then hourly. The table containing this information is below:

	Birthday Party Room	Senior Center	Rec Center After Hours
Base Charge:	\$70 = 2 Hrs.	\$300 = 4 Hrs.	\$1,000 = 4 Hrs.
Additional Hours:	\$25	\$50	\$ 125
Notes:		Must be a Senior-related Event	Pool & Climbing Wall Extra \$

<https://www.ci.moscow.id.us/Facilities/Facility/Details/Hamilton-Indoor-Recreation-Center-6>

Assuming the Complex is able to market the conference center and its 15,000 square feet, the revenue budget assumes that the County will be able to market the facility at least once a month for a fee of \$1,000 be it for businesses, weddings, receptions, family reunions or celebrations.

Youth Organized Sports - Gym

In addition to the adult leagues, there is every reason to postulate a strong and vibrant youth league culture. The opportunities to generate income with youth leagues is just as powerful as for adults. In addition to repeating the calculations noted above for adults, youth sports offers the potential for additional income from clinics or academies. For example, the Walla Walla, Washington Parks & Recreation Department charges \$40 for an academy that meets for an hour a day in the evenings for a month, and runs multiple groups concurrently. Assuming that the Center offers 10 academies or clinics a year for four different age groups and proceeds based on demand and that half of the registration fee pays for facilities, ten clinics a year with twelve participants each would generate \$9,600. Combining the clinic or academy income with a midpoint figure of \$26,900 from league play yields \$38,500 in year one. However, this would require significant organization and may be better done by the schools or parks and recreation department. Therefore, the budget will assume a much more conservative figure of \$14,000 in year one.

For-Profit & Commercial Class Fees

The category of "Class Fees" includes use of the building's classrooms for tutorials, seminars, classes, distance education offerings, and special events such as first aid training, or other certifications offered to the public. There is a need for such facilities and a room cost of \$100 per use will generate \$5,000 with approximately one rental a week. This cost is higher than for community, non-profit uses.

Room & Meeting Rentals

There is also a need for meeting space for local groups and organizations. The Center will have space available and charge a modest fee that will generate \$3,600 per year. The figure assumes a rate of \$50 per rental, with six rentals per month.

Tournaments

The potential for the Complex to hold athletic tournaments is something that many members of the community have already identified as a need it can meet. The School District currently holds a 1A state basketball tournament and this facility would enhance that tournament and allow the community to host many more. In addition to school tournaments, the Complex could host adult leagues as well as a traveling leagues such as “And1.”

Capacity: Potential tournament types include basketball, volleyball, soccer or net sports such as badminton. According to PARC research and conservations, one court can support eight teams. Thus, the building with a two-court configuration could support 16-team tournaments with a minimum of four games each over a weekend. Holiday weekends could support tournaments with more games or more teams. The budget has assumed that tournaments are generally held on the weekends and that the main gym with two courts would have an indoor capacity for 52 tournament units (2 courts/weekend) per year if nothing else went on, but of course that is not realistic or desirable.

Demand to Capacity: Assuming the staff of the Center focus on the development of this market, it appears feasible that the following market capture goals can be achieved for locally and regionally originated tournaments:

Tournament Type	Year 1	Year 2	Year 3	Year 4	Year 5
2 Courts – 2 days	2	4	4	4	4
2 Courts – 3 days	2	6	6	6	6
Tournament Units	4	10	10	10	10
Demand to Capacity	8%	20%	20%	20%	20%

Pricing: PARC reviewed three distinct models for determining a pricing logic for this market segment.

The HOOP in Beaverton, Oregon charges \$60/hour for court rental. This price would likely be discounted to reflect a “bulk rental” and because most of these locally originated tournaments will be operated by non-profit organizations. When the HOOP was contacted, they were not willing to provide a specific price quote for renting 4 courts for a weekend tournament. They simply referred to the hourly rate and stated that there would be some opportunity for discount,

but they would need to see the entire tournament plan before committing to a price.¹² For lack of information, PARC assumed a 20% discount from the hourly rate (\$48) for non-profits.

The second model used was the Public-School Rental model. The Salem-Keizer Public Schools offer their facilities for rent if the activity does not interfere with school activities. Their published rental price for non-profit organizations for an Elementary School gym is \$10/hr. Their published rental price for Middle School gym is \$15/hour, and High School gyms are \$20/hr. However, if the use includes a “fund-raising” component, the prices increase dramatically, Elementary School prices are \$40/hour; Middle School prices are \$60/hour; and High School prices are \$90/hour.¹³

The third model is based on a per-team charge. Assuming teams pay \$150 to participate in the tournament, and that 50% of the tournament registration fee goes to cover facility costs, the baseline per team would be \$75. Assuming 2 courts for two days, the Center could accommodate 10 teams; assuming 4 courts for three days, the Center could accommodate 32 teams. The rental price would range between \$1,500 and \$4,800.

	HOOP Model	Public School Model	Per-Team Model
2 days – 2 courts	\$2,304	\$1,080	\$750
3 days – 2 courts	\$3,456	\$1,620	\$1,200

Note: The organization will be required to pay or provide any additional labor they require (ticket booth, referees, score keepers). Cost increases from year four to five assumes an inflation rate of 2.5%.

Revenue:

Tournament Type	Year 1	Year 2	Year 3	Year 4	Year 5
2 day – 2 court	\$2,160	\$4,320	\$4,320	\$4,428	\$4,539
3 day – 2 court	\$3,240	\$6,480	\$8,100	\$9,963	\$10,212
Tournament Total	\$5,400	\$10,800	\$12,420	\$14,391	\$14,751

Concessions

Most recreation centers and similar facilities include food service of varying types. Many include a café or some type of food service within their facilities. The cafe is commonly leased to an already established restaurant, and the center receives rent from the company. Some facilities opt to hire their own staff to run the restaurant or food service. Nonetheless, the preliminary plans for

¹² Phone interview by PARC staff member.

¹³ “Fee Schedule for Indoor Facility Rental” Revised 8/3/2022 – Published on the Salem-Keizer Public School website. [FAC-W028 Rental Fee Schedule \(salkeiz.k12.or.us\)](https://salkeiz.k12.or.us/FAC-W028%20Rental%20Fee%20Schedule)

the Center call for a kitchen to serve conference and events space. A café or restaurant can also specialize its menu specific to the surrounding culture within the center.

For this analysis, the budget assumes that concessions will only be available during events and that a contractor will operate it. As there is no history of revenue on which to base revenue projections, the budget assumes a net income of \$15,850 per year as a basis for moving forward.

Vending

The Complex will have vending machines and they will produce a nominal amount of revenue for the facility. The budget, absent data from a facility this large or well-visited, assumes a modest \$4,500 in the first year.

Apparel & Equipment

The facility will sell merchandise at events and potentially logo shirts and athletic wear. The sales will be handled possibly in conjunction with concessions or at a front desk and therefore the County expects modest income, especially in the first years and thus, the budget assumes net income of just \$1,500 in year one.

Grant Support

The budget assumes that the County will seek and achieve limited grant support, especially for the start-up expenses and initial marketing efforts. The budget assumes this will support staffing. Given the scope of activities and connections established by the County, the budget assumes that a decreasing basis of support beginning at \$80,000 in year one, decreasing to \$50,000 in years two and three and down to \$20,000 thereafter.

Solar Generation

The budget assumes that the County will install solar panels on the Complex as part of the capital construction budget. The ultimate angle of installation and size of the solar panels remain to be detailed, but conservatively, the budget estimates that each type of generation will amount to an average of \$20,000 per year, to help offset the Center's utility expense.

Revenue Budget

The conservative revenue estimates produce a surplus by year three, but year one operates at a loss, which is common for start-ups and new ventures.

Revenue Source	Year 1
OSU In-kind HR/Billing/Accounts Mgr.	\$ 25,000
Fringe @ 28%	\$ 7,000
Concerts	\$ 48,000
Arena Events	\$ 24,000
Sponsorships & Advertising	\$ 40,000
Adult Teams & League Sports	\$ 9,600
User Fees	\$ 12,000
Youth Sports	\$ 14,000
For-Profit classes	\$ 5,000
Room & Meeting Rentals	\$ 3,600
Tournaments	\$ 5,400
Concessions	\$ 15,850
Vending	\$ 4,500
Apparel	\$ 1,500
Grant Support	\$ 80,000
Solar Generation	\$ 20,000
Total	\$ 315,450
 Profit [Loss]	 \$ [149,885]

Conclusions & Recommendations

Based on the research and conversations PARC staff conducted, it is clear that taking advantage of new, energy saving technologies as well as old fashioned measures such as insulation are worth investing in at the beginning of the facility's life.

Chapter 6: Operating Budget & 5-Year Pro Formas

The five-year pro forma financial projections build on the budgets discussed in the last two chapters. The assumptions underlying the expense and revenue growth are described below.

Expenses	Year 1	Year 2	Year 3	Year 4	Year 5
Facility Director 1.0 FTE	\$ 58,000	\$ 59,160	\$ 60,343	\$ 61,550	\$ 62,781
HR/ Billing/ 0.5 FTE	\$ 25,000	\$ 25,500	\$ 26,010	\$ 26,530	\$ 27,061
Maintenance Mgr 1.0 FTE	\$ 48,000	\$ 48,960	\$ 49,939	\$ 50,938	\$ 51,957
Maint. & Prep 0.75 FTE	\$ 29,625	\$ 30,218	\$ 30,822	\$ 31,438	\$ 32,067
Fringe @ 28%	\$ 44,975	\$ 45,875	\$ 46,792	\$ 47,728	\$ 48,682
Water/Sewer/ Fire Pro.	\$ 3,600	\$ 3,780	\$ 3,969	\$ 4,167	\$ 4,376
Utilities @ \$0.95/sq. ft.	\$130,625	\$137,156	\$144,014	\$151,215	\$158,776
Fuel for vehicles	\$ 500	\$ 525	\$ 551	\$ 579	\$ 608
Contracted Cleaning	\$ 30,000	\$ 31,500	\$ 33,075	\$ 34,729	\$ 36,465
Insurance	\$ 15,000	\$ 15,750	\$ 16,538	\$ 17,364	\$ 18,233
Telephone & Comm	\$ 4,500	\$ 4,725	\$ 4,961	\$ 5,209	\$ 5,470
Supplies	\$ 7,500	\$ 7,875	\$ 8,269	\$ 8,682	\$ 9,116
Postage	\$ 850	\$ 893	\$ 937	\$ 984	\$ 1,033
Uniforms	\$ 2,160	\$ 2,268	\$ 2,381	\$ 2,500	\$ 2,625
Replacement- \$0.20/sq. ft.	\$ 27,500	\$ 28,875	\$ 30,319	\$ 31,835	\$ 33,426
Marketing & Advertising	\$ 10,000	\$ 10,500	\$ 11,025	\$ 11,576	\$ 12,155
Professional fees	\$ 12,500	\$ 13,125	\$ 13,781	\$ 14,470	\$ 15,194
Training	\$ 10,000	\$ 10,500	\$ 11,025	\$ 11,576	\$ 12,155
Equipment	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Other Expenses	Unknown	~	~	~	~
Debt Service / Lease	Unknown	~	~	~	~
Total	\$465,335	\$487,184	\$504,752	\$523,072	\$542,180

Revenue Source	Year 1	Year 2	Year 3	Year 4	Year 5
OSU In-kind HR/Billing					
Staff	\$ 25,000	\$ 25,500	\$ 26,010	\$ 26,530	\$ 27,061
Fringe @ 28%	\$ 7,000	\$ 7,140	\$ 7,283	\$ 7,428	\$ 7,577
Concerts	\$ 48,000	\$ 96,000	\$192,000	\$206,400	\$221,880
Arena Events	\$ 24,000	\$ 48,000	\$ 96,000	\$103,200	\$110,940
Sponsorships & Ads	\$ 40,000	\$ 45,000	\$ 50,000	\$ 55,000	\$ 60,000
Adult Teams & Leagues	\$ 9,600	\$ 10,080	\$ 10,584	\$ 11,113	\$ 11,669
User Fees	\$ 12,000	\$ 12,600	\$ 13,230	\$ 13,892	\$ 14,586
Youth Sports	\$ 14,000	\$ 14,700	\$ 15,435	\$ 16,207	\$ 17,017
For-Profit classes	\$ 5,000	\$ 5,250	\$ 5,513	\$ 5,788	\$ 6,078
Room & Meeting Rentals	\$ 3,600	\$ 3,780	\$ 3,969	\$ 4,167	\$ 4,376
Tournaments	\$ 5,400	\$ 10,800	\$ 12,420	\$ 14,391	\$ 14,751
Concessions	\$ 15,850	\$ 17,435	\$ 19,179	\$ 20,137	\$ 21,144
Vending	\$ 4,500	\$ 4,950	\$ 5,445	\$ 5,717	\$ 6,003
Apparel	\$ 1,500	\$ 1,538	\$ 1,576	\$ 1,615	\$ 1,656
Grant Support	\$ 80,000	\$ 50,000	\$ 50,000	\$ 20,000	\$ 20,000
Solar Generation	\$ 20,000	\$ 21,000	\$ 22,050	\$ 23,153	\$ 24,310
Total	\$315,450	\$373,773	\$530,693	\$534,739	\$569,047
Profit [Loss]	\$(149,885)	\$(113,411)	\$ 25,941	\$ 11,667	\$ 26,867
Margin	-47.51%	-30.34%	4.89%	2.18%	4.72%

Expenses

The expense projections assume that the staff will receive a two percent raise every year to equal the increase in cost of living. The respective fringe rates remain the same. All other expenses are forecast to grow by five percent annually with the exception of equipment, whose budget doubles in year two and stays at \$10,000.

Revenue

The revenue model assumes a continuation of in-kind contributions by OSU's extension in the form of a half-time billing, providing human resources and an accounts manager. The revenue from concerts and arena events double in year two and double again in year three, assuming that the venue will become better known and reflecting potential rises in ticket costs. In years four and five the revenue grows by 7.5 percent each year.

The advertising and sponsorship revenue grows consistently by \$5,000 each year as discussed in the previous chapter. The revenue from league sports, user fees, youth sports, for profit classes and rentals grows by five percent annually reflecting an expectation that usage rates will grow as people become accustomed to using and seeking out the Complex.

The growth in tournament revenue was discussed in the previous chapter and reflects an expectation that usage will double in year two and grow as discussed.

Net revenue from concessions and vending grow by ten percent in years two and three as people learn to expect its availability and by 5% in years four and five. The estimates, although growing by healthy rates, begin with very conservative estimates. By contrast, revenue from apparel sales assumes a modest growth rate of two and a half percent annually.

The grant support decreases with the assumption the Complex will secure start-up grant support that will decrease over time. The revenue from solar energy generation grows apace with the assumed cost increase of five percent annually.

Looking to the future, additional income sources are certainly possible to create on the site, for example, a RV Park such as the one at the Deschutes County facility would make good sense at a fairground. The image below depicts this.



Figure 15 - Deschutes County Fair & Expo Center RV Park

Chapter 7: Innovative Partnerships & Market Considerations

Market & Competitors

A traditional analysis of the competition and market for a new venue examines other similar facilities both in the immediate area and in the larger region and beyond—or, by other names—the primary and tertiary markets. In the case of the proposed Event Complex, there is no similar facility in the community and the nearest model is the much-discussed Deschutes Fairgrounds & Expo Center.

Travelers & Tourists

The area is already a destination for a range of visitors and travelers, from those coming to Hells Canyon to fish, ski, hunt, enjoy the outdoors, visit local museums as well as those passing through. As noted above, Interstate 84 sees millions of vehicles per year and the road network makes getting to Baker City straightforward and convenient. The expectation that concerts, arena events and tournaments will attract people is well founded and built on the activities already taking place.

Local Residents

The Complex, as proposed, will exist primarily to serve the local population. At the same time, the local population is relatively small, and the income levels are low and poverty levels high. Consequently, the local residents will likely have to be reminded periodically about the Center and the potential activities and benefits that come with its use. However, the Complex undoubtedly will be a significant draw to residents who will visit and use it with their families, as well as with visitors.

Schools

The schools in Baker City, as well as in nearby communities, are potential users. Although they have gymnasiums, there is clearly a need for more. The facility, with its potential uses will likely present opportunities for collaboration and partnerships. The schools will probably not be able to pay for their uses of the Complex, but their use and presence will significantly increase the use and visibility of the facility, inducing sponsors and advertisers to support the Center. The traffic through the Center will be an important factor in encouraging partners to support the facility and to use it to communicate with the public. Furthermore, school children who enjoy the facility are more likely to bring their parents and siblings to the Center later. Creating brand recognition and imprinting of positive impressions to bring about repeat visits and higher on choices to consider when competing opportunities exist for their time, effort and funds. Lastly, pride in their community will continue to build.

Chapter 8: Conclusions & Recommendations

An Event Center, as proposed and discussed above, could operate successfully in Baker City and see thousands of annual users and visitors, including regular use by local residents and businesses. The identified budget is a conservative one, with what PARC Resources regards as high expense and low revenue projections. The expenses could be much lower if the staffing were handled at least in part by co-located partners and a combination of volunteers. Moreover, the proposed project is one that is desperately needed by the community and fits with the visions and plans as they exist from transportation and school plans to strategic visions for the future.

The overall lack of similar facilities or "competitors," as well as the mutually supportive facilities and infrastructure means that the proposed center will play a combination of meaningful and diverse roles in the community. A significant assumption of the plan is that the Center does not have to service debt and is able to react and respond to the market. These adjustments would include altering hours, policies, and availability.

An Event Center that is supported and used by the County, the schools, city, chamber of commerce and local nonprofit organizations, Blue Mountain Community College, as well as by the community, will not only be self-sustaining, but also it will make a positive impact on the health and quality of life in Baker County.



Figure 16 - Deschutes County Expo Center High Desert Activity Center

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