

Market and Economic Analysis for the Proposed New Maryland Horse Park System



Final Report – August 2015

**Submitted to:
Maryland Stadium Authority**

Submitted by:



POPULOUS™



August 2015

Mr. Al Tyler, Senior Project Manager
Maryland Stadium Authority
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Dear Mr. Tyler:

The project team of Crossroads Consulting Services LLC and Populous has completed an update of various market, site, and economic issues associated with the current concept for the proposed Maryland Horse Park System to assist the Maryland Stadium Authority and Maryland Horse Industry Board with their ongoing strategic planning efforts. This report summarizes our research and analysis.

The information contained in the report is based on estimates, assumptions, and information developed from market research; knowledge of the equine industry; input from existing and potential demand generators; as well as data provided by the Maryland Stadium Authority, the Maryland Horse Industry Board, management at individual facilities under consideration and other primary and secondary sources. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. All information provided to us by others was not audited or verified and was assumed to be correct. Moreover, estimates and analysis regarding the improved facilities are based on trends and assumptions and, therefore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no obligation, unless subsequently engaged, to update this report or revise the information contained therein to reflect events and transactions occurring after the date of this report.

In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by the Maryland Stadium Authority and may not be relied upon by any third party for any purpose including financing. Notwithstanding these limitations, it is understood that this document may be subject to public information laws and as such can be made available to the public upon request.

Although you have authorized reports to be sent electronically for your convenience, only the final hard copy report should be viewed as our work product. We have enjoyed our ongoing relationship with the Maryland Stadium Authority and look forward to providing you with continued services in the future.

Sincerely,

Crossroads Consulting Services LLC

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Introduction

Project Background

In May 2005, the Maryland Stadium Authority (MSA), at the request of the Maryland Department of Business and Economic Development (DBED) and the Maryland Horse Industry Board (MHIB), which is a division of the Maryland Department of Agriculture (MDA), retained consultants to conduct a comprehensive feasibility study for a proposed new Maryland Horse Park and Agricultural Education Center (horse park) in Maryland. The study effort included a Statewide site selection process, a market analysis, master planning, development cost estimating and an economic analysis. Input was obtained from diverse stakeholders throughout the entire study process.

The primary goals of the proposed horse park at that time were to provide facilities that serve area residents; enhance the State's tourism appeal by attracting visitors with a unique product; promote business activities related to the equine/agriculture industry; encourage maintenance of open space; create a model for environmental sensitivity and land conservation; foster educational opportunities on multiple levels; and generate incremental new economic activity to the local and State economies.

Initial plans for the horse park were to attract national and international non-racing competitions including show jumping, eventing, driving, dressage, western riding and steeplechase. The horse park was also envisioned to host other equine events such as auctions, professional horseman demonstrations, breed demonstrations, trail riding, jousting, rodeo and 4-H activities for all levels of skill and interest.

Given the anticipated level and diversity of event activity, the building program included an indoor arena, an outdoor stadium, show rings, horse auction pavilion, horse/livestock barns, various competition and leisure courses (e.g. steeplechase, carriage, cross-country, and trail system), recreational vehicle (RV)/trailer parking with full-service hook-ups as well as both support elements (e.g., service/maintenance buildings, feed/hay/bedding storage) and visitor elements (e.g. retail shop, banquet facilities, visitor center/museum).

A selection committee, consisting of seven members who represented the three agencies, solicited property nominations from all the counties and municipalities in the State of Maryland. Initially six jurisdictions submitted proposals. A comprehensive site selection process was completed which evaluated potential sites on a variety of objective factors including, but not limited to, their ability to adequately accommodate the programmatic needs of the facility and to generate economic and fiscal impacts for the local and State economies.

Introduction (cont'd)

The US Naval Academy Dairy Farm (USNA Dairy Farm) site in Gambrills was unanimously selected by the committee for the study. The 875-acre site was a strong choice given its ability to adequately accommodate the program elements and future expansion, excellent vehicular and air accessibility, strategic geographic location within the State and the region, and proximity to hotels, restaurants, major tourist attractions and other visitor support services that would allow it to generate significant economic and fiscal impacts to local and State economies. Estimated construction cost for the horse park was \$114 million in 2008 dollars. The economic analysis estimated that visitors to the horse park could potentially generate \$122.5 million in total spending, the majority of which was anticipated to be incremental new to the State. Activities at the proposed horse park were estimated to generate \$9.3 million in total taxes including \$6.9 million at the State level. Subsequent to completion of the feasibility study, local opposition to the proposed development site and the ensuing economic downturn caused the project to stall.

Based on input from more than 300 horse industry leaders and professionals at the Maryland Horse Summit in August 2009 and as part of its on-going efforts to develop and promote the State's horse industry, the MDA and the MHIB approached the MSA about re-visiting the horse park initiative.

Given this backdrop, on behalf of the MHIB the MSA retained Crossroads Consulting Services LLC and Populous (project team) in 2012 to prepare an industry status memorandum that updated market research and commented on the overall viability of the proposed horse park concept based on research and analysis conducted in the previous study and recent industry trends. That updated research and analysis suggests that the proposed horse park remains a viable development project for the State to further evaluate.

The proposed horse park has the potential to:

- Provide a unique year-round attraction that appeals to residents of and visitors to the State.
- Accommodate a diverse set of equine and non-equine demand generators at all levels and skill sets (e.g., competitive, recreational, instructional, educational, etc.).
- Preserve open space as well as create a model for environmental sensitivity and land conservation.
- Support the broader equine, agriculture, and agri-tourism industries by providing opportunities for increased commerce related activities.

Introduction (cont'd)

- Augment and further cultivate existing research and educational initiatives at all levels.
- Serve as a tourism and economic generator that positively impacts local and State economies through incremental new visitor and business spending.
- Attract private sector investment.

Due to the significant cost associated with development of a new horse park with all of the proposed elements at one site, local opposition to the USNA Dairy Farm site, and adverse economic conditions after the initial study was completed, the MHIB began to consider alternative development options that could mitigate some of these challenges. The MHIB proposed a multi-site Maryland Horse Park System to accommodate the variety of programmatic elements and attract various types of equine activity. Pursuing a multi-site system of venues will serve to make the facilities accessible throughout Maryland, broaden the associated economic impact, allow for the maximization of existing assets, and hasten the development process.

The MHIB established the following mission statement for the Maryland Horse Park System:

Develop Maryland's equine infrastructure to maximize awareness, growth and economic value of the State's horse industry.

This mission is envisioned to be accomplished by the following objectives:

- Improving and maximizing utilization of public venues with existing equine facilities.
- Generating additional events, visitors and associated economic and fiscal benefits.
- Programming the public facilities to complement the broad educational and commercial interests of the State's horse industry.
- Co-branding and marketing of public and interested private facilities to provide a uniform image and experience.

Introduction (cont'd)

Due to the specialized programming requirements for different equestrian disciplines, the MHIB identified three primary venue types to comprise the broader Maryland Horse Park System:

- Equestrian Show/Expo Venue (e.g., breed shows, dressage, hunter/jumper competitions, etc.)
- Equestrian Field Event Venue (e.g., events requiring a specialized field and/or course such as steeplechase, driving, etc.)
- Equestrian Education and Culture Venue (e.g., hands-on learning and showcasing the equine industry's historical significance)

These three venues are envisioned as anchors of the Maryland Horse Park System to maximize awareness and foster the economic value of the broader Maryland horse industry. Aside from these primary venues it is anticipated that a variety of interested smaller riding/educational centers will ultimately be part of the broader Maryland Horse Park System as "Certified Horse Discovery Centers". The objective of this network of grassroots level facilities is to introduce new, and develop existing, equestrians to foster the continued growth of the equine industry throughout Maryland. To date, 35 horse discovery centers in 15 counties throughout Maryland have completed the certification process.

As part of the on-going development planning process, a Request for Interest (RFI) was issued to seek nominations from existing publicly owned equine facilities interested in accommodating one of the three primary venue types planned for the Maryland Horse Park System. The purpose of the RFI process was to identify potential publicly owned sites to serve as the larger event and educational venues to augment the grassroots effort. The MHIB established the site criteria for each primary venue type planned for the Maryland Horse Park System. The minimum site criterion for each of the three primary venue types is as follows:

Equestrian Show/Expo Venue Minimum Site Criteria

- Existing equestrian venue with established State, regional and/or national event activity.
- Minimum of 75 buildable acres or potential to expand to adjacent property(s) sufficient to accommodate a critical mass of program elements including show/event/educational facilities, parking, and support buildings.
- Existing program elements including at least one indoor show arena, covered/outdoor arenas, permanent horse stalls and supporting site infrastructure.
- Accessibility.
- Proximity to patron amenities and services (i.e., hotels, restaurants, retail establishments, etc.).

Introduction (cont'd)

Equestrian Field Event Venue Minimum Site Criteria

- Existing equestrian venue with established State, regional and/or national event activity.
- Minimum of 400 acres or potential to expand to adjacent property(s) sufficient to accommodate a critical mass of program elements including outdoor arenas, event stabling, trailer parking, cross-country courses, combined driving courses, steeplechase, and endurance courses.
- Existing program elements including parking and field event venues.
- Accessibility.
- Proximity to patron amenities and services (i.e., hotels, restaurants, retail establishments, etc.).

Equestrian Education and Culture Venue Minimum Site Criteria

- Existing rural education/experience venue with established programs and visitation.
- Minimum of 10 acres or potential to expand to adjacent property(s) sufficient to accommodate an equestrian education and culture center which may include stabling, outdoor arenas, horse pastures/paddocks, visitor center, museum and other elements.
- Existing program elements including a visitor center, education facilities, offices, visitor services and site infrastructure.
- Accessibility.
- Proximity to patron amenities and services (i.e., hotels, restaurants, retail establishments, etc.).

As part of the RFI process, Prince George's Equestrian Center (PGEC) was the only facility that responded for the Equestrian Show/Expo Venue and Fair Hill Natural Resources Management Area (Fair Hill) was the only submittal for the Field Event Venue. Each of these facilities was evaluated on a set of criteria outlined in the RFI that sought to measure their relative ability to meet the objectives of the broader Maryland Horse Park System. Both facilities were deemed worthy of further study and, as such, the MHIB directed the MSA to move forward with market research and an assessment of each venue's existing site/programmatic elements.

Introduction (cont'd)

The following four venues bid to serve as the Equestrian Education and Cultural Venue, two of which are included in the broader Horse Park System as certified Horse Discovery Centers:

- Graham Equestrian Center in Baltimore County (certified Horse Discovery Center)
- Greenwell State Park in St. Mary's County (certified Horse Discovery Center)
- Tuckahoe Equestrian Center in Queen Anne's County
- Washington County Agricultural Education Center

Given the objectives of the education/cultural venue, a site's location and accessibility to the primary population corridor and proximity to economic generating support elements (i.e., hotels, restaurants, etc.) were deemed particularly important. While each of the candidate sites for the education/cultural venue have merit, none met the majority of the desired criteria. Further, the MHIB's significant efforts to date to establish the broader grassroots effort by certifying Horse Discovery Centers throughout the State meets a number of the stated objectives of the Education/Cultural Venue. Based on the responses received and considering that the Education and Cultural Venue is expected to generate the least economic impact, the MHIB should broaden or narrow the selection criteria based on the available inventory as well as consider public/private partnership opportunities as part of its long-term planning efforts for the Maryland Horse Park System. Based on that recommendation, the MSA directed the project team to place its immediate focus on the Show/Expo Venue and the Field Event Venue candidate sites.

On behalf of the MHIB, the MSA retained the project team to assist in assessing the PGEC's and Fair Hill's ability to serve as the Show/Expo Venue and Field Event Venue, respectively, as part of a Statewide Maryland Horse Park System from a market, site, and economic perspective. The recommendations outlined in this document are based on a review of the current market, existing facilities, discussions and interviews with multiple individuals and stakeholder groups, as well as our project team's experience.

The findings and recommendations included in this report focus on conceptual site/program enhancements at PGEC and Fair Hill that could positively impact future equine activity held in Maryland. The recommended improvements are intended to provide an initial conceptual plan and to jump start discussions on future improvements to these two key Maryland equine competition venues only as part of on-going strategic planning efforts associated with a Statewide Horse Park System.

Introduction (cont'd)

The redevelopment programming recommendations for each venue are focused on growing the number, scope and caliber of equine events that can be hosted at each complex. While implementing the recommended programming improvements will likely result in enhancing each venue's functionality, marketability and competitive position, the recommendations are preliminary in nature and should be used as a guideline for future planning efforts by each owner/operator as it relates to serving a specific role within a Statewide Maryland Horse Park System. Other specific needs and objectives for each venue should be evaluated separately and within the context of each respective complex's master plan which is beyond the scope of this project.

Scope of Services

Specific research tasks completed as part of this analysis include, but were not limited to, the following:

- Conducted interviews with representatives from MSA and MHIB.
- Held site visit workshops at the PGEC and Fair Hill, toured the facilities, and conducted interviews with facility management, existing users, and stakeholders.
- Conducted surveys with national and international equine officials, competitors and trainers from Maryland to gather input on the strengths, challenges, opportunities and threats associated with the PGEC and Fair Hill in terms of attracting a greater number and/or higher level equine events to Maryland.
- Evaluated the PGEC and Fair Hill based on criteria such as:
 - Willingness of the candidate sites to cooperate and conform to uniform branding, marketing and standards of service determined by the State of Maryland.
 - Quality and scope of existing facilities and their suitability to serve as one of the core venues.
 - Anticipated programming and development cost of renovation, demolition, new facilities deemed to be required for the candidate site to support the mission of the core venue for which the site is nominated.
 - On-site evaluation of accessibility, utility infrastructure, ability of the site to accommodate the anticipated functions and future expansion.
- Analyzed select market attributes.

Introduction (cont'd)

- Analyzed general trends in the equine industry.
- Reviewed historical operations of the PGEC and Fair Hill.
- Developed a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis of the PGEC and Fair Hill as they relate to accommodating their respective venue types for the broader Maryland Horse Park System.
- Recommended building program required to fulfill the mission of each core venue, and whether the program element is existing, requires capital improvement, or requires new capital development.
- Estimated capital development budget for each core venue type.
- Recommended potential phasing options for bringing each of the core venues online.
- Identified recommended changes in existing operating strategies to help maximize marketability of the Maryland Horse Park System.
- Estimated the potential economic and fiscal impacts associated with on-going operations of the two primary venues given the recommended improvements/enhancements.
- Summarized findings into a written report.

While the Show/Expo Venue and Field Event Venue are envisioned to be part of a broader Horse Park System, each of the existing complexes were assessed independently to gain an understanding of their current conditions, strengths/weaknesses, and opportunities/threats in terms of meeting the MHIB's objectives for each respective venue type.

Executive Summary

Based on the project background and the scope of services previously outlined, this section summarizes the findings for each venue based on the research and analysis conducted by the project team as well as potential next steps for the MHIB's consideration related to the Maryland Horse Park System.

While this section presents a summary of the research conducted, this information is extracted from a more detailed analysis of various data related to each venue. It is important for the reader to review the report in its entirety in order to gain a better understanding of the methodology and the assumptions used.

Show/Expo Venue - Prince George's Equestrian Center

A key objective of the Show/Expo Venue of the Maryland Horse Park System is to provide a venue that can host better quality, higher level shows (i.e., regional or national) that generate more out-of-town visitors than those currently accommodated. The PGEC was assessed from multiple perspectives. The complex's physical/site attributes, operational aspects, and visitor support/economic factors each impact its ability to achieve the objectives of the Show/Expo Venue.

Strengths of the complex include its existing equine program elements including an indoor arena, established base of year-round equine activity, accessibility, proximity to Washington, D.C. and rental rate structure. Weaknesses include operational issues such as a lack of booking priority, ownership/management limitations as well as aging program elements and necessary deferred maintenance.

Physical improvements and changes to operational policies/management would enhance the PGEC's ability to expand existing equine shows, host simultaneous events, and attract higher caliber competitions, all contributing to the complex's ability to draw out-of-town attendees and generate incremental new economic and fiscal impacts to the State.

Objectives of the Maryland Horse Park System include fostering equestrian ownership and related activities as well as establishing the state as a site for higher level equestrian events that generate economic impact. Accommodating local equine schooling shows is an important aspect of the Maryland horse industry's grassroots efforts to promote equestrian ownership and competition. The ability for the PGEC to augment these efforts by continuing to host local equine events as well as accommodate increased regional/national/international equine events will be essential to meeting the objectives of the Show/Expo Venue and should be considered in any future development plan of the complex.

Executive Summary (cont'd)

Facility Redevelopment Program and Cost Estimate

The proposed facility redevelopment program for the PGEC focuses on growing the number, scope, and caliber of equine events that can be hosted at the facility. The program elements were developed in consideration of hosting both very large events requiring the full property as well as smaller events that may occur concurrently on the site with other events. Recommended new and enhanced program elements include the following:

- Covered event arenas (2)
- Covered connector between the Show Place Arena and new covered arenas
- Horse barns (6 new with 480 stalls)
- Outdoor practice arenas (5)
- Outdoor round pens (5)
- RV hookups (100)
- Support and maintenance buildings relocation
- Site improvements such as asphalt paving, horse paths, service entry, secondary equestrian entry and loop road, temporary stall tent utilities, landscaping, storm drainage improvements, manure management, removal of track, site directional/informational signage, and selective demolition
- Existing facility improvements including existing horse barn repairs/maintenance and Show Place Arena enhancements such as concessions renovation, suite demolition, construction of concourse bars and dining areas, concourse improvements, restroom expansion/renovation and a new LED video cube



Executive Summary (cont'd)

As shown in the following table, the total project budget for the recommended PGEC redevelopment program is estimated to range from \$36.0 million to \$45.4 million. Project costs include direct construction costs, contingency, and soft costs.

PGEC Facility Redevelopment Program Summary (Building Area Only) and Cost Estimate						
Room / Functional Space	Total Structure Estimated GSF	Estimated Direct Construction Costs	Contingency (15%)	Soft Costs (12%)	Estimated Total Project Budget	
		Range	Range	Range	Range	
A. Covered Event Arenas (2)	148,400	\$13,460,000 - \$16,825,000	\$2,019,000 - \$2,524,000	\$1,858,000 - \$2,322,000	\$17,337,000	\$21,671,000
B. Covered Connector Between Arenas	7,500	397,000 - 536,000	59,000 - 80,000	55,000 - 73,000	511,000	689,000
C. Horse Barns (6 = 480 stalls)	88,500	6,884,000 - 8,605,000	1,033,000 - 1,291,000	950,000 - 1,187,000	8,867,000	11,083,000
D. Outdoor Arenas (5)	144,000	1,400,000 - 1,890,000	210,000 - 284,000	193,000 - 261,000	1,803,000	2,435,000
E. Round Pens (5)	14,000	106,000 - 143,000	16,000 - 22,000	15,000 - 19,000	137,000	184,000
F. RV Sites (100)	N/A	400,000 - 454,000	60,000 - 68,000	55,000 - 63,000	515,000	585,000
G. Support / Maintenance Buildings	5,300	368,000 - 423,000	55,000 - 64,000	51,000 - 58,000	474,000	545,000
H. Site Improvements	N/A	1,669,000 - 2,069,000	251,000 - 310,000	230,000 - 285,000	2,150,000	2,664,000
I. Existing Facilities Improvements	N/A	3,278,000 - 4,267,000	491,000 - 640,000	453,000 - 589,000	4,222,000	5,496,000
Project Total		\$27,962,000 - \$35,212,000	\$4,194,000 - \$5,283,000	\$3,860,000 - \$4,857,000	\$36,016,000	\$45,352,000

Notes: N/A - denotes not applicable.

Amounts are in 2017 dollars to reflect the likely construction start date.

Source: Populous.

Approximately \$4.2 million to \$5.5 million of the estimated total project budget is allocated to existing facility improvements (refer to I. in table above) which include repairing existing horse barns as well as expanding/renovating restrooms, improving concessions and concourse areas, and adding a new LED video cube in Show Place Arena. Many of these line items would generally be considered deferred maintenance and repairs necessary to preserve or maintain the asset which could have been funded as part of the facility's operating budget. If the recommended existing facility improvements could be funded by another source, the estimated total project budget for the remaining elements would range from \$31.8 million to \$39.9 million.

Executive Summary (cont'd)

As with many large-scale projects, the recommended PGEC improvements will likely be constructed in phases. Should a phased approach to development be pursued, the first phase would need to include a critical mass of recommended improvements in order to enhance the PGEC to a level marketable to more elite level shows and to offer comparable program elements and supporting infrastructure to its competitive set. Elements that would ideally be constructed in the first phase include the following:

- Covered event arenas (2)
- Covered connector between the Show Place Arena and new covered arenas
- Horse barns (3) west of Show Place Arena
- Outdoor practice arenas (2)
- RV hookups (100)
- Certain site improvements
- All recommended existing facility improvements

A subsequent phase could include the balance of recommended improvements over time including three (3) additional horse barns, three additional outdoor practice arenas, round pens, removal of the track, support/maintenance building complex relocation, and remaining site improvements. While delaying some improvements will decrease the cost in the short-term without impacting its overall marketability, there are other operational considerations. For instance, delaying the west horse barn addition, removal of the track, support/maintenance buildings relocation, and some site improvements could negatively impact operating efficiency and customer experience due to the required use of temporary stall set-up/tear-down. These operational and service impacts should be considered in the overall development planning. In addition, delaying construction will likely increase the estimated cost by an inflationary factor.

The total project budget for this initial phase is estimated to range from \$28.7 million to \$36.2 million, which is 20% less than that estimated for the complete build-out. Again, if the recommended existing facility improvements could be funded separately through another revenue source, the estimated total project budget for the remaining first phase elements would range from \$24.5 million to \$30.7 million.

While the suggested first phase of redevelopment will allow the PGEC to generate incremental new event activity and associated economic and fiscal benefits, the long-term strategy should be to complete the entire recommended build-out in order to maintain the facility's marketability and better position it for future growth in a constantly changing competitive market.

Executive Summary (cont'd)

Estimated Equine Usage

Assuming the critical mass of first phase program elements is developed, the following table summarizes the hypothetical estimate of equine event utilization at an improved PGEC in a stabilized year of operation which serves as the basis for the economic and fiscal impact analysis.

Recommended PGEC Improvements at Part of the Maryland Horse Park System - Estimated Equine Event Utilization							
Equine Event Utilization	Historical Activity	Total Range with Improvements			Incremental New with Improvements		
	Amount	Range			Range		
Number of Events	32	49	-	55	17	-	23
Event Days	86	151	-	171	65	-	85
Total Attendance	22,161	63,000	-	72,100	40,839	-	49,939
Total Attendee Days	66,578	246,000	-	284,300	179,422	-	217,722

Notes: The above estimated utilization does not include non-equine event activity.
 Historical activity is based on three-year average equine event activity provided by facility management for previous reports.
 Attendance is defined as the number of people attending an event.
 An attendee day is defined as total attendance multiplied by the event length.

Overall utilization at any facility is typically dependent on a number of factors (e.g., market size; accessibility; nearby amenities; size, configuration and quality of the facilities offered; effectiveness of the management team in booking the facility; date availability; cost, etc.) and is rarely consistent.

While the estimated usage does not include non-equine events such as concerts/festivals, family shows, sporting/entertainment events or other civic/community events, it is anticipated these types of activities will continue to occur at an improved PGEC. Many of the recommended Show Place Arena improvements outlined herein are consistent with those described in prior studies that suggested increasing non-equine activity. Pursuing these improvements will make the venue more attractive to all event producers and attendees. Having a professional management team experienced in the unique needs of non-equine and equine users will be critical to achieving the usage estimates herein as well as expanding non-equine activity.

Executive Summary (cont'd)

General Assumptions

In addition to the recommended facility redevelopment program and estimated equine event activity, the economic and fiscal impact analysis is based on other general assumptions including suggested operational changes. For instance, this analysis assumes that the facility continues to be publicly owned and operated and provides a high level of customer service. It is further assumed that the complex is managed by a team with strong connections in the equine industry and has an event management team familiar with the unique needs of equine shows and competitions. It is also assumed that a mission statement, operating objectives, and booking policy are established that prioritizes booking large, multi-day equine events that generate room night activity and associated economic and fiscal benefits. Another assumption relates to implementing a proactive, cohesive marketing strategy by facility management, existing tourism agencies and the MHIB which seeks to maximize both financial and human resources. Future redevelopment is assumed to be adequate in terms of visibility, ingress and egress, parking, safety and other similar issues. In addition, this analysis assumes that no other similar, competitive/comparable facilities are built in the region and that no major economic fluctuations or acts of nature occur that could adversely impact the project.

Estimated Impact to Financial Operations

Although quantifying any potential impact to financial operations is outside the scope of the study effort, the recommended physical improvements and operational changes should positively impact both equine and non-equine event activity and related revenue potential resulting in an improvement to the complex's overall financial performance. In addition, while certain operating expenses such as those associated with staffing levels and enhanced sales and marketing efforts will increase, many event-related expenses can be passed on to the user. Further, many of the recommended program elements have minimal operations costs when not in use.

Executive Summary (cont'd)

Estimated Economic Benefits

The following table compares the estimated annual economic benefits associated with historical equine activity at the existing PGEC as measured by spending, jobs and earnings to the estimated annual total and incremental new economic benefits at an improved PGEC in a stabilized year of operation.

Recommended PGEC Improvements as Part of the Maryland Horse Park System - Equine Activity Only							
Estimated Annual Economic Impacts from On-Going Operations							
Category	Prince George's County						
	Historical Activity	Total With Improvements			Incremental New With Improvements		
	Amount	Range			Range		
Spending							
Direct Spending	\$5,485,000	\$21,737,000	-	\$25,170,000	\$16,252,000	-	\$19,685,000
Indirect/Induced Spending	\$2,451,000	\$9,727,000	-	\$11,264,000	\$7,276,000	-	\$8,813,000
Total Spending	\$7,936,000	\$31,464,000	-	\$36,434,000	\$23,528,000	-	\$28,498,000
Total Jobs	70	300	-	350	230	-	280
Total Earnings	\$2,999,000	\$11,691,000	-	\$13,528,000	\$8,692,000	-	\$10,529,000
Category	State of Maryland						
	Historical Activity	Total With Improvements			Incremental New With Improvements		
	Amount	Range			Range		
Spending							
Direct Spending	\$6,515,000	\$25,812,000	-	\$29,889,000	\$19,297,000	-	\$23,374,000
Indirect/Induced Spending	\$5,392,000	\$21,243,000	-	\$24,594,000	\$15,851,000	-	\$19,202,000
Total Spending	\$11,907,000	\$47,055,000	-	\$54,483,000	\$35,148,000	-	\$42,576,000
Total Jobs	100	390	-	460	290	-	360
Total Earnings	\$4,500,000	\$17,713,000	-	\$20,509,000	\$13,213,000	-	\$16,009,000

Notes: Historical activity is based on three-year average equine event activity provided by facility management for previous reports.
 Estimates exclude non-equine events and PGEC financial operations.
 State amounts include local amounts.



Executive Summary (cont'd)

Estimated Fiscal Benefits

The total spending generated by equine activity at an improved PGEC creates tax revenues for the County and the State. The following table compares the estimated annual tax revenues associated with historical equine activity at the existing PGEC to the estimated annual total and incremental new tax revenues at an improved PGEC in a stabilized year of operation. Given the tax structure and the nature of this project, the fiscal benefits are significantly higher at the State level.

Recommended PGEC Improvements as Part of the Maryland Horse Park System - Equine Activity Only							
Estimated Annual Fiscal Impacts from On-Going Operations							
Municipality/Tax	Historical Activity	Total With Improvements			Incremental New With Improvements		
	Amount	Range			Range		
State of Maryland							
Sales and Use Tax	\$390,000	\$1,606,000	-	\$1,863,000	\$1,216,000	-	\$1,473,000
Personal Income Tax	167,000	659,000	-	763,000	492,000	-	596,000
Corporate Income Tax	33,000	132,000	-	153,000	99,000	-	120,000
Total	\$590,000	\$2,397,000	-	\$2,779,000	\$1,807,000	-	\$2,189,000
Prince George's County							
Hotel/Motel Tax	\$84,000	\$393,000	-	\$457,000	\$309,000	-	\$373,000
Admissions and Amusement Tax	47,000	179,000	-	207,000	132,000	-	160,000
Local Personal Income Tax	33,000	129,000	-	149,000	96,000	-	116,000
Total	\$164,000	\$701,000	-	\$813,000	\$537,000	-	\$649,000
GRAND TOTAL	\$754,000	\$3,098,000	-	\$3,592,000	\$2,344,000	-	\$2,838,000

Notes: Historical activity is based on three-year average equine event activity provided by facility management for previous reports.

Estimates exclude non-equine events and PGEC financial operations.

Executive Summary (cont'd)

Field Event Venue – Fair Hill

The Field Event Venue is envisioned to host incremental field events such as three-day eventing, Grand Prix, steeplechase, endurance races, and driving events as well as provide the ability for existing events to expand. A key objective of this particular element of the Horse Park System is to provide a venue that can draw high level competitions to Maryland and/or events that have a broader scope (i.e., regional or national).

Strengths of Fair Hill include its site size, rural surroundings, existing program elements including a variety of race courses, and established relationships with many equine organizations. Weaknesses include aging/limited quality program elements, food service, management's limited experience with specialized equestrian industry marketing/sales particularly with higher level show producers, lack of a comprehensive site plan/layout of facilities, and limited visitor amenities nearby.

Investing in physical improvements and changes to operational policies/management would allow some existing shows to expand as well as attract additional high-level events that could enhance Maryland's image in the equine industry. The complex's location along the eastern U.S. is ideal for creating an equestrian destination for competitors traveling between New York and Florida for training/competitions. However, Fair Hill's proximity to the Pennsylvania and Delaware state borders is a challenge in terms of retaining attendee spending in Maryland.

Executive Summary (cont'd)

Facility Redevelopment Program and Cost Estimate

The proposed facility redevelopment program for Fair Hill focuses on growing the number, scope and caliber of equine events that can be hosted at the facility. The program elements were developed in consideration of hosting both very large events that require a significant portion of the property, such as the Fair Hill International, as well as smaller events that may occur concurrently on the site with other events. Additionally, as Fair Hill operates much like a state park with a diverse community of users, the program includes public/recreational riding facilities and also a visitor center. This evaluation and programming effort has not given consideration to the race horse training facilities that operate under leases between the State of Maryland and private operators. Given the distinct needs of the variety of equine disciplines that utilize Fair Hill, recommended new and enhanced program elements were planned in various zones including the following:

Steeplechase Track Zone Improvements

- Renovation of main existing grandstand, Steward's House, mutuel building, and holding barn
- Demolition of three (3) east stands
- Preparation of temporary seating/tent area
- Site improvements including asphalt paving, landscaping/hardscaping, main entrance monument gateways, perimeter fencing, steeplechase track irrigation, as well as Grand Prix/event field grading and seeding

Fair Hill Visitor Center

- Development of a new building with centralized administrative offices, security, and visitor reception

Fair Zone Improvements

- Renovations/upgrades to several barns, toilets, covered grandstand, concessions, and existing outdoor arenas
- Development of a new show office, new show jumping arena, new toilet/shower/laundry building at racing barns, and new outdoor arena
- Site improvements including asphalt paving, horse paths, landscaping/hardscaping, site directional/informational signage, electrical upgrades, site lighting, temporary stall tent utilities, RV camping expansion, water/sanitary service upgrades, and demolition of several barns



Executive Summary (cont'd)

Field Event Zone Improvements

- Cross country course and combined driving courses improvements
- Site improvements including riding trails, bridges/overpasses, and roads, site directional/informational signage, and perimeter fencing

Riding Stable Improvements

- Renovate historic riding stables and hay/storage barn
- Development of new outdoor arena
- Site improvements including asphalt paving, gravel drives and horse paths, landscaping/hardscaping, horse pasture fencing, paddock loafing sheds, and shaded pony line

As shown in the following table, the total project budget for the recommended Fair Hill redevelopment program is estimated to range from \$19.6 million to \$24.0 million. Project costs include direct construction costs, contingency, and soft costs.

Fair Hill Redevelopment Program Summary (Building Area Only) and Cost Estimate											
Room / Functional Space	Total Structure Estimated GSF	Estimated Direct Construction Costs		Contingency (15%)		Soft Costs (12%)		Estimated Total Project Budget			
		Range	Range	Range	Range						
A. Steeplechase Track Zone Improvements	N/A	\$6,750,000 - \$8,066,000	\$1,013,000 - \$1,210,000	\$932,000 - \$1,114,000	\$8,695,000 - \$10,390,000						
B. Fair Hill Visitors Center	4,200	1,042,000 - 1,207,000	157,000 - 181,000	144,000 - 166,000	1,343,000 - 1,554,000						
C. Fair Zone Improvements	N/A	4,828,000 - 6,014,000	725,000 - 902,000	666,000 - 829,000	6,219,000 - 7,745,000						
D. Field Event Zone Improvements	N/A	1,335,000 - 1,695,000	200,000 - 254,000	185,000 - 233,000	1,720,000 - 2,182,000						
E. Riding Stable Improvements	N/A	1,288,000 - 1,619,000	193,000 - 243,000	178,000 - 224,000	1,659,000 - 2,086,000						
Project Total		\$15,243,000 - \$18,601,000	\$2,288,000 - \$2,790,000	\$2,105,000 - \$2,566,000	\$19,636,000 - \$23,957,000						

Notes: N/A - denotes not applicable.

Amounts are in 2017 dollars to reflect the likely construction start date.

Source: Populous.

Executive Summary (cont'd)

The recommended improvements to Fair Hill could be developed in separate phases given the different zones and their individual uses. All zones are confined to the current footprint of the existing equestrian event property at Fair Hill. The following outlines a recommended phased approach in order to positively impact equine activity in the initial phases:

- *Fair Zone and Field Event Zone* (approximately 729 acres) – both of these zones should be improved simultaneously in order to accommodate three-day eventing needs. For instance, the new stadium in the Fair zone will be necessary for field events. In addition, the stadium could also improve Fair-related activity or other multi-purpose uses during non-Fair times. Existing RV hook-ups in the Fair Zone will be necessary to accommodate field event needs as well. Total project costs for these combined zones are estimated to range between \$7.9 million and \$9.9 million.
- *Steeplechase Track Zone* (approximately 145 acres) – this zone is independent of the other zone improvements and, as such, could be constructed in a stand-alone phase. That said, all recommended improvements in the Steeplechase Zone should be made simultaneously. These improvements would not only support the potential to host an additional race or Grand Prix but could also accommodate multi-purpose events requiring the stands and/or event fields. For instance, improved stands may make the area marketable for symphony performances, festivals, or other events. The recommended improvements would also allow for more high-end temporary VIP areas to be set up for both equine and non-equine events which can provide flexibility and allow the complex to adjust to market changes and increase revenue generation. Total project costs for the steeplechase zone are estimated to range between \$8.7 million and \$10.4 million.
- *Visitor Center and Riding Stable Improvements* – while these improvements are not important economically, they are important to support the Mhib's grass roots efforts to showcase Maryland's equine heritage and for retaining and developing the State's next generation of equestrians. These zones could be developed independently and in later phases. That said, the Visitor Center improvements include central office space necessary for promotions and event management. Total project costs for the visitor center and riding stable improvements are estimated to range between \$3.0 million and \$3.6 million.

The operational and service impacts of a phased development approach should be considered in the overall development planning. Also, as noted in the cost table presented previously, delaying construction will likely increase the estimated cost by an inflationary factor.

Executive Summary (cont'd)

Estimated Equine Usage

Assuming the Fair Zone, Field Event Zone, and Steeplechase Zone are developed, the following table summarizes the hypothetical estimate of equine event utilization at an improved Fair Hill in a stabilized year of operation which serves as the basis for the economic and fiscal impact analysis.

Recommended Fair Hill Improvements as Part of the Maryland Horse Park System - Estimated Equine Event Utilization							
Equine Event Utilization	Historical Activity Amount	Total with Improvements			Incremental New with Improvements		
		Range			Range		
Number of Events	40	56	-	62	16	-	22
Event Days	93	158	-	178	65	-	85
Total Attendance	32,200	49,500	-	56,100	17,300	-	23,900
Total Attendee Days	62,400	149,000	-	171,900	86,600	-	109,500

Notes: The above estimated utilization does not include trail rides or other non-equine event activity.
 Historical activity was based on information provided by management.
 Attendance is defined as the number of people attending an event.
 An attendee day is defined as total attendance multiplied by the event length.

Overall utilization at any facility is typically dependent on a number of factors (e.g., market size; accessibility; nearby amenities; size, configuration and quality of the facilities offered; effectiveness of the management team in booking the facility; date availability; cost, etc.) and is rarely consistent.

While the estimated usage does not include non-equine events such as concerts/festivals, the County Fair or other civic/community events, it is anticipated these types of activities will continue to occur at an improved Fair Hill. Many of the recommended improvements outlined herein will serve to enhance Fair Hill's marketability for non-equine events as well. Having an experienced, professional management team familiar with the unique needs of both equine and non-equine users will be critical to achieving the usage estimates herein as well as increasing non-equine activity.

Executive Summary (cont'd)

General Assumptions

In addition to the recommended facility redevelopment program and estimated equine event activity, the economic and fiscal impact analysis is based on other general assumptions including suggested operational changes. For instance, this analysis assumes that the facility continues to be publicly owned and operated and provides a high level of customer service. It is further assumed that the complex is managed by a team with strong connections in the equine industry and has an event management team familiar with the unique needs of equine shows and competitions. It is also assumed that a mission statement, operating objectives, and booking policy are established that prioritizes booking large, multi-day equine events that generate room night activity and associated economic and fiscal benefits. Another assumption relates to implementing a proactive, cohesive marketing strategy by facility management, existing tourism agencies and the Mhib which will maximize both financial and human resources. Future redevelopment is assumed to be adequate in terms of visibility, ingress and egress, parking, safety and other similar issues. In addition, this analysis assumes that no other similar, competitive/comparable facilities are built in the region and that no major economic fluctuations or acts of nature occur that could adversely impact the project.

Estimated Impact to Financial Operations

Although quantifying any potential impact to financial operations is outside the scope of the study effort, the recommended physical improvements and operational changes should positively impact Fair Hill's financial performance. Revenues from facility rental, admissions, and food/beverage sales should increase. In addition, while certain operating expenses such as those associated with staffing levels and enhanced sales/marketing efforts will increase, many event-related expenses can be passed on to the user and many of the recommended program elements have minimal operations costs when not in use.

Executive Summary (cont'd)

Estimated Economic Benefits

The following table compares the estimated annual economic benefits associated with historical equine activity at the existing Fair Hill as measured by spending, jobs and earnings to the estimated annual total and incremental new economic benefits at an improved Fair Hill in a stabilized year of operation.

Recommended Fair Hill Improvements as Part of the Maryland Horse Park System - Equine Activity Only						
Estimated Annual Economic Impacts from On-Going Operations						
Category	Cecil County					
	Historical Activity	Total With Improvements		Incremental New With Improvements		
	Amount	Range		Range		
Spending						
Direct Spending	\$3,908,000	\$9,456,000	- \$11,048,000	\$5,548,000	-	\$7,140,000
Indirect/Induced Spending	\$1,331,000	\$3,220,000	- \$3,763,000	\$1,889,000	-	\$2,432,000
Total Spending	\$5,239,000	\$12,676,000	- \$14,811,000	\$7,437,000	-	\$9,572,000
Total Jobs	60	130	- 150	70	-	90
Total Earnings	\$1,740,000	\$4,209,000	- \$4,911,000	\$2,469,000	-	\$3,171,000
Category	State of Maryland					
	Historical Activity	Total With Improvements		Incremental New With Improvements		
	Amount	Range		Range		
Spending						
Direct Spending	\$4,510,000	\$10,912,000	- \$12,746,000	\$6,402,000	-	\$8,236,000
Indirect/Induced Spending	\$3,716,000	\$8,993,000	- \$10,498,000	\$5,277,000	-	\$6,782,000
Total Spending	\$8,226,000	\$19,905,000	- \$23,244,000	\$11,679,000	-	\$15,018,000
Total Jobs	70	170	- 200	100	-	130
Total Earnings	\$3,130,000	\$7,561,000	- \$8,822,000	\$4,431,000	-	\$5,692,000

Notes: Historical activity is based on operating data provided by facility management.

Estimates exclude non-equine events and Fair Hill financial operations.

State amounts include local amounts.



Executive Summary (cont'd)

Estimated Fiscal Benefits

The total spending generated by equine activity at an improved Fair Hill creates tax revenues for the County and the State. The following table compares the estimated annual tax revenues associated with historical equine activity at the existing Fair Hill to the estimated annual total and incremental new tax revenues at an improved Fair Hill in a stabilized year of operation. Given the tax structure and the nature of this project, the fiscal benefits are significantly higher at the State level.

Recommended Fair Hill Improvements as Part of the Maryland Horse Park System - Equine Activity Only					
Estimated Annual Fiscal Impacts from On-Going Operations					
Municipality/Tax	Historical Activity	Total With Improvements		Incremental New With Improvements	
	Amount	Range		Range	
State of Maryland					
Sales and Use Tax	\$328,000	\$741,000 -	\$866,000	\$413,000 -	\$534,000
Personal Income Tax	116,000	281,000 -	328,000	165,000 -	212,000
Corporate Income Tax	23,000	55,000 -	65,000	32,000 -	42,000
Total	\$467,000	\$1,077,000 -	\$1,259,000	\$610,000 -	\$788,000
Cecil County					
Hotel/Motel Tax	\$40,000	\$97,000 -	\$115,000	\$57,000 -	\$75,000
Admissions and Amusement Tax	26,000	62,000 -	72,000	36,000 -	46,000
Local Personal Income Tax	18,000	44,000 -	52,000	26,000 -	33,000
Total	\$84,000	\$203,000 -	\$239,000	\$119,000 -	\$154,000
GRAND TOTAL	\$551,000	\$1,280,000 -	\$1,498,000	\$729,000 -	\$942,000

Notes: Historical activity is based on operating data provided by facility management.

Estimates exclude non-equine events and Fair Hill financial operations.

Executive Summary (cont'd)

Overall Summary

The overall purpose of this study is to assist the MHIB in assessing the PGEC's and Fair Hill's ability to serve as the Show/Expo Venue and Field Event Venue, respectively, as part of a Statewide Maryland Horse Park System from a market, site, and economic perspective. This study is an initial step in the overall development planning process for the Maryland Horse Park System. Conclusions related to the proposed Maryland Horse Park System's viability can be assessed from several perspectives including, but not limited to, the project's ability to:

- Attract and support incremental new event activity
- Increase the number of out-of-town visitors and positively impact tourism in the State
- Improve financial performance at each of the individual facilities
- Minimize capital investment
- Generate new economic activity in the local and State economies in terms of spending, jobs and earnings
- Produce new tax revenues at the local and State levels
- Generate a positive return on investment

When evaluating the viability of financial investments for similar projects, entities differ in the specific decision factors that appropriately reflect their definition of "feasible" for their particular community/project/situation. As such, the research and analysis provided as part of this study is intended to allow the MHIB and other related parties to draw their own conclusions concerning the merits of pursuing the proposed Maryland Horse Park System.

Executive Summary (cont'd)

Typical next steps for the MHIB to consider include, but are not limited to, the following:

- Obtaining consensus on the future development strategy for the Maryland Horse Park System in aggregate and its individual facilities
- Prioritizing development options
- Conducting more detailed program planning
- Developing more detailed cost estimates including refining direct construction costs and soft costs based on programmatic refinements and reducing the contingency
- Preparing conceptual designs
- Identifying potential private and public funding partners and sources
- Developing an overall marketing/operating strategy for the Maryland Horse Park System and its individual facilities

The proposed Maryland Horse Park System presents a unique opportunity to foster the State's equine industry and generate incremental new events, visitors, and associated economic/fiscal benefits. One of the ways that the current Maryland Horse Park System concept differs from the original horse park concept is that it takes advantage of existing public facilities and infrastructure already invested in by local and State governments and distributes the economic benefit among multiple sites rather than creating one mega-complex.

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General Methodology – Economic and Fiscal Impact Analysis

Prince George’s County, Cecil County and the State of Maryland would benefit from improvements to the PGEC and Fair Hill in a number of ways, including such tangible and intangible benefits as:

- Enhancing the State’s image as an equine event destination by increasing available amenities.
- Broadening market reach to new visitors and/or extending the length of stay for existing visitors.
- Capitalizing on existing tourism and economic development efforts.
- Receiving increased media exposure through hosting larger and/or incremental new regional, national, and international event activity
- Providing another forum to promote equine businesses.
- Supporting grass roots efforts to foster Maryland’s equine industry.
- Serving as a catalyst for future, long-term development initiatives including private sector investment.
- Increasing economic and fiscal impacts for local and State governments.

Each of these benefits is important in assessing the impacts that the recommended improvements at the PGEC and Fair Hill may have on the respective County as well as the State. While the value of many of these benefits is difficult to measure, the estimated economic activity generated in the region can be quantified. The general methodology outlined in this section is applied to estimate these economic benefits associated with the recommended improvements at both the PGEC and Fair Hill. The subsequent sections outline the individual assumptions used for each venue.

General Methodology – Economic and Fiscal Impact Analysis (cont’d)

General Methodology Overview

An assessment of the economic benefits that occur in the county and the State as a result of improved facilities at PGEC and Fair Hill can be approached in several ways. The approach used in this analysis considers estimated spending by attendees outside of the improved facilities on items such as lodging, restaurants, entertainment, transportation, retail, and horse related expenditures as an initial measure of economic activity in the marketplace. Once the amount for direct spending is estimated, a calculated multiplier is applied to generate the indirect and induced effects. The sum of direct, indirect and induced effects equals total economic impact which is expressed in terms of spending (output), employment (jobs), and personal earnings. This analysis also estimates the fiscal impacts generated from on-going operations of improved facilities at PGEC and Fair Hill.

The number of events and attendance, event mix, origin of attendees, industry trends, economic conditions, direct spending categories used, per person spending amounts, distribution of spending, multipliers, and specific taxes quantified are all variables that influence the economic and fiscal impact estimates.

Methodology – Economic Impact Analysis

Regional input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate.

Direct Spending

Estimating direct spending is the first step in calculating economic impact. Direct spending represents the initial change in spending that occurs as a direct result of on-going operations of improved facilities at PGEC and Fair Hill. Because all of this spending does not occur in the local area, adjustments are made to account for leakage (spending which occurs outside of the local economy) and displacement (spending which would have occurred elsewhere in the County/State economy without the presence of improved facilities at PGEC and Fair Hill).

General Methodology – Economic and Fiscal Impact Analysis (cont’d)

Indirect/Induced Impacts

The economic activity generated by improved facilities at PGEC and Fair Hill affects more than just the facilities. In preparation for new spending in the economy, several other economic sectors are impacted and jobs are created. Indirect effects reflect the re-spending of the initial or direct expenditures or the business-to-business transactions required to satisfy the direct effect. Induced effects reflect changes in local spending on goods and services that result from income changes in the directly and indirectly affected industry sectors. The model generates estimates of these impacts through a series of relationships using local-level average wages, prices and transportation data, taking into account commute patterns and the relative interdependence of the economy on outside regions for goods and services.

Multiplier Effect

In an effort to quantify the inputs needed to produce the total output, economists have developed multiplier models. The estimation of multipliers relies on input-output models, a technique for quantifying interactions between firms, industries and social institutions within a local economy. This analysis uses IMPLAN software and databases which are developed under exclusive rights by the Minnesota IMPLAN Group, Inc. IMPLAN, which stands for *Impact Analysis for Planning*, is a computer software package that consists of procedures for estimating local input-output models and associated databases. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a defined economic area. Its proprietary methodology includes a matrix of production and distribution data among all counties in the U.S. As such, the advantages of this model are that it is sensitive to both location and type of spending and has the ability to provide indirect/induced spending, employment and earnings information by specific industry category while taking into account the leakages associated with the purchase of certain goods and services outside the economy under consideration.

Once the direct spending amounts are assigned to a logical category, the IMPLAN model estimates the economic multiplier effects for each type of direct new spending attracted to or retained in the local area and the State resulting from improved facilities at PGEC and Fair Hill.

General Methodology – Economic and Fiscal Impact Analysis (cont’d)

For purposes of this analysis, the following industry multipliers were used:

Summary of Multipliers									
Category	Prince George's County			Cecil County			State of Maryland		
	Spending	Employment*	Earnings	Spending	Employment*	Earnings	Spending	Employment*	Earnings
Hotels	1.4268	10.7	0.4580	1.3453	12.8	0.3656	1.7679	13.2	0.5934
Eating & Drinking Places	1.4009	20.0	0.5175	1.2854	20.0	0.4324	1.7907	21.6	0.6849
Retail Trade	1.4797	18.4	0.6880	1.3370	19.4	0.5838	1.8098	20.5	0.8338
Entertainment/Recreation	1.6075	28.6	0.6293	1.4158	24.0	0.6591	1.9911	26.6	0.8726
Transportation	1.4749	12.9	0.5208	1.3549	8.9	0.4055	1.8721	14.3	0.7353
Horse Industry Services	1.3824	21.6	0.6520	1.3268	16.1	0.4801	1.8552	16.4	0.6267

Note: *indicates the number of jobs per \$1 million in spending.

Source: IMPLAN.

These multipliers result from IMPLAN’s latest available economic data reflecting 2012 transactions and the complex interactions among regions.

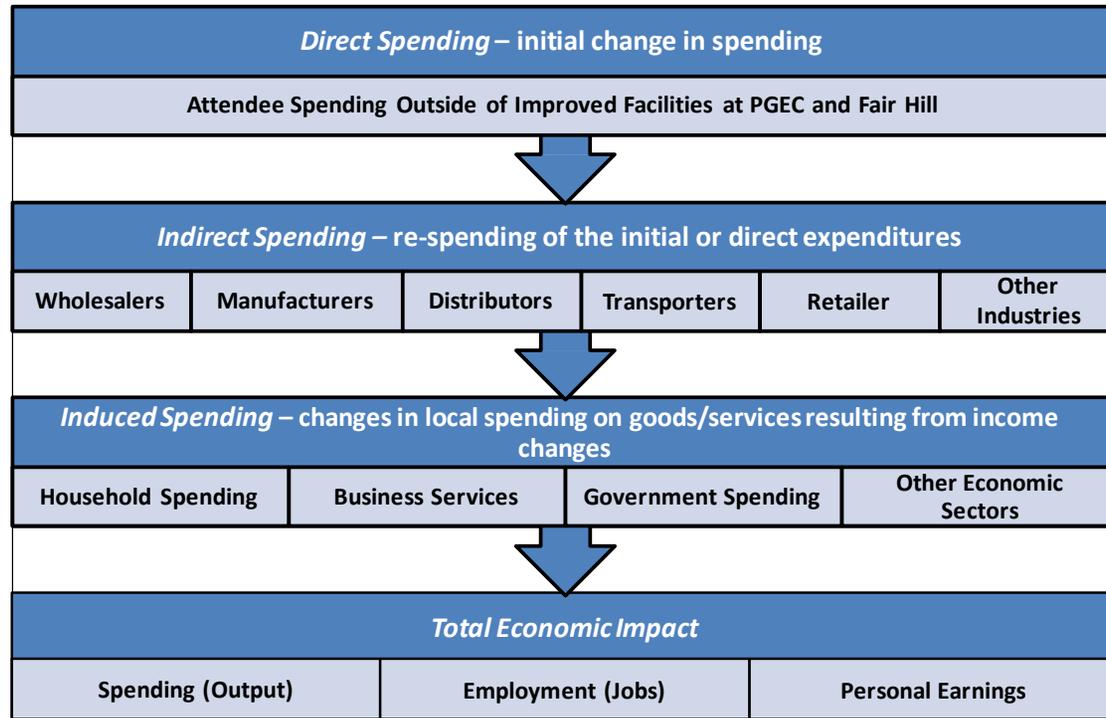
Total Economic Impact

The calculated multiplier effect is then added to the direct impact to quantify the total economic impact in terms of spending, employment and earnings which are defined as follows:

- *Spending (output)* represents the total direct and indirect/induced spending effects generated from improved facilities at PGEC and Fair Hill. This calculation measures the total dollar change in spending (output) that occurs in the local economy for each dollar of output delivered to final demand.
- *Employment (jobs)* represents the number of full and part-time jobs supported by improved facilities at PGEC and Fair Hill. The employment multiplier measures the total change in the number of jobs supported in the local economy for each additional \$1.0 million of output delivered to final demand.
- *Personal earnings* represent the wages and salaries earned by employees of businesses associated with or impacted by spending generated from improved facilities at PGEC and Fair Hill. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.

General Methodology – Economic and Fiscal Impact Analysis (cont’d)

The following graphic illustrates the multiplier effect for calculating total economic impact.



General Methodology – Economic and Fiscal Impact Analysis (cont’d)

Methodology - Fiscal Impact Analysis

The estimated spending generated from on-going operations of the improved facilities at PGEC and Fair Hill also creates tax revenues for each respective County as well as the State. Experience in other markets suggests that while a significant portion of the direct spending likely occurs near the venues, additional spending occurs in other surrounding economies. Major tax sources impacted by PGEC and Fair Hill equine activity were identified and taxable amounts to apply to each respective tax rate were estimated. Although other taxes may also be positively impacted by the on-going operations of improved facilities at the PGEC and Fair Hill, this analysis estimated the revenues generated from the following taxes based on the direct and indirect/induced spending amounts previously defined:

Prince George’s County

- Admissions and amusement tax
- Hotel/motel tax
- Local personal income tax

Cecil County

- Admissions and amusement tax
- Hotel/motel tax
- Local personal income tax

State of Maryland

- Corporate income tax
- Personal income tax
- Sales and use tax

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Show/Expo Venue – Prince George’s Equestrian Center

The Show/Expo Venue is envisioned to host incremental equine activity in terms of growing existing events in size and scope as well as hosting new events. A key objective is to provide a venue that has the ability to generate more out-of-town visitors and related economic and fiscal benefits. Criteria used to assess the PGEC as the Show/Expo Venue include the following:

- Suitability of the site for the facility and site program including site characteristics and existing infrastructure.
- Availability of local funding.
- Zoning or other title issues that would limit or restrict use of all or some of the property and/or nominator’s plan for eliminating any such issues within the time frame of project.
- Local approvals that are, or may be, pre-requisite to the use of the nominated property and/or local funding.
- Public support for the project, including public hearing plans.
- Environmental or historic considerations relating to the real property.
- Accessibility and traffic issues.
- Present ownership of the property identified in the nomination.
- Existing event activity.

Show/Expo Venue – Prince George’s Equestrian Center (cont’d)

The M-NCPPC has leased the property that comprises the PGEC continuously since 1983 which includes approximately 150 acres. The M-NCPPC is in the process of purchasing a portion of the property including 39 acres and most of the existing complex. Once the purchase is complete, a new lease will be executed with the County for continued use and development of the former racetrack infield, racetrack with third schooling ring, and additional parking areas – a total of approximately 112 acres.

Several planning studies have been completed that support further development of the PGEC as an equine event venue and economic generator including the following:

- M-NCPPC Department of Parks and Recreation master plan commenced in 2008 recommends developing a facility policy that will maximize the value of the complex through cost effectiveness and generating community pride and economic impact.
- Town of Marlboro 2008 Revitalization Action Plan addresses improvements that will highlight the historic charm and country character of the town and allow pedestrian traffic to easily reach amenities. The location of the PGEC immediately at the edge of town is considered important to the redevelopment plan in terms of providing parking proximate to the town center as well as providing convenient open space for large community gatherings.
- M-NCPPC 2009 Subregion 6 master plan emphasizes the need to develop strategies for the industrial area east of the Town of Upper Marlboro due to its proximity to the entrance of the county seat and its proximity to the PGEC. An urban design plan includes streetscape improvements along MD 725 which is an access route for visitors to the PGEC.
- At the M-NCPPC’s request, the MSA commissioned an operations analysis and a market/economic study to assess the PGEC’s current operation and future opportunities. Both of these studies were released in 2014.
 - Convention, Sports & Leisure evaluated the complex’s operation, governance, staffing and overall performance during 2013. Recommendations in the report included developing a comprehensive marketing plan, updating mechanical, electrical, and plumbing systems, creating an event services staff position, re-establishing an advisory committee, and hiring an operations manager with strong experience in equestrian venue operations.
 - The market/economic study conducted by AECOM recommended an increase in non-equine activity in order to improve financial operations. Certain physical improvements to the arena were recommended to make it more marketable including improving food/beverage facilities and increasing the rigging capacity of the roof. Recommended equestrian facility improvements include additional warm up areas, stalls, enhanced drainage, footing, and power/water supply. These improvements were estimated to enhance usage, revenue generation, and economic/fiscal benefits. The report also cited that a status quo scenario would ultimately result in a loss of event activity, revenues, and associated economic/fiscal impacts.

Prince George’s Equestrian Center – Historical Equine Utilization

The PGEC consistently hosted 31 annual equine events during the three-year period analyzed, the majority of which represented local and regional horse shows. In addition, the international Capital Challenge Horse Show and Grand Prix is hosted in October and is the largest equine event attracting 2,000 to 3,000 attendees annually. The complex was originally constructed with the primary objective to host equine events; however, given its program elements its usage has expanded to include the County Fair, rodeos, concerts, sporting events, consumer shows, meetings, banquets, and high school graduations.

PGECHistorical Equine Utilization												
Equine Event Type	Number of Events				Total Attendance				Average Attendance			
	FY2010	FY2011	FY2012	Three-Year	FY2010	FY2011	FY2012	Three-Year	FY2010	FY2011	FY2012	Three-Year
Local	16	15	11	14	6,454	7,070	6,579	6,701	403	471	598	479
Regional	14	13	15	14	12,124	9,805	10,575	10,835	866	754	705	774
National		1	3	2		975	1,400	1,188		975	467	594
International	1	2	2	2	3,000	2,811	4,500	3,437	3,000	1,406	2,250	2,062
Total Equine	31	31	31	31	21,578	20,661	23,054	22,160	696	666	744	700

Note: Attendance figures shown above may differ as previous studies referenced total attendee days as total attendance.

Source: Facility management.

As mentioned previously, objectives of the Maryland Horse Park System include fostering equestrian ownership and related activities as well as establishing the State as a site for higher caliber of equine events that generate economic impact. Accommodating local equine schooling shows is an important aspect of the Maryland horse industry’s grassroots efforts to promote equestrian ownership and competition. The ability for the PGEC to augment these efforts by continuing to host local equine events as well as accommodate increased regional/national/international equine events will be essential to meeting the objectives of the Show/Expo Venue and should be considered in any future development plan of the complex.

Prince George's Equestrian Center – Historical Financial Operations

Based on data provided by facility management for previous studies, the following table outlines the PGEC's historical financial operations. As shown, the complex averaged a net operating deficit of \$2.4 million during the profiled three-year period. The AECOM study published in 2014 suggests that operating revenues are limited by relatively low non-equine event levels as well as issues associated with food/beverage operations, sales/marketing efforts, event services, and revenue-generating amenities. AECOM further noted that operating expenses are relatively higher due to factors such as the cost to change over the arena between dirt and non-dirt events.

PGEC Historical Operating Revenues and Operating Expenses				
Category	FY 2010	FY 2011	FY 2012	Three-Year Average
Operating Revenues				
Facility Rental	\$910,000	\$1,000,000	\$1,014,000	\$974,667
Food Service (Net)	282,000	187,000	161,000	210,000
Other Revenue	70,000	68,000	8,000	48,667
Total Operating Revenues	1,262,000	1,255,000	1,183,000	1,233,333
Operating Expenses				
Salaries, Wages, and Benefits	2,109,000	2,044,000	1,472,000	1,875,000
Contract Labor	328,000	239,000	184,000	250,333
Utilities	618,000	653,000	607,000	626,000
Repair and Maintenance	348,000	391,000	417,000	385,333
General and Administrative	380,000	375,000	145,000	300,000
Supplies	57,000	71,000	104,000	77,333
Other Expenses	179,000	87,000	50,000	105,333
Total Operating Expenses	4,019,000	3,860,000	2,979,000	3,619,333
Net Operating Loss	(\$2,757,000)	(\$2,605,000)	(\$1,796,000)	(\$2,386,000)

Source: Facility management.

Consistent with recommendations from other recent studies, any future improvements to the PGEC as part of the Maryland Horse Park System should aim to expand revenue generating capabilities for all event types as well as enhance operating efficiency.

Prince George's Equestrian Center – Stakeholder Feedback

In order to assess the PGEC as the Show/Expo Venue for the Maryland Horse Park System, interviews and/or surveys were conducted with stakeholders and past/potential user groups. Input was received via in-person interviews as well as web-based surveys with ownership, management, and representatives/event organizers from existing equine events such as the Maryland Quarter Horse Association, Capital Challenge Horse Show, Bill Pickett Rodeo, and major hunter/jumper shows, etc. Interviews/surveys sought to obtain an understanding of the strengths, challenges, opportunities, and threats associated with the existing PGEC from an operational, programmatic/site, and/or visitor support perspective. Input was obtained on how the PGEC could better position itself to host incremental new equine activity by growing existing events, hosting new events and/or attracting higher level competitions that draw out-of-town visitors.

Operational

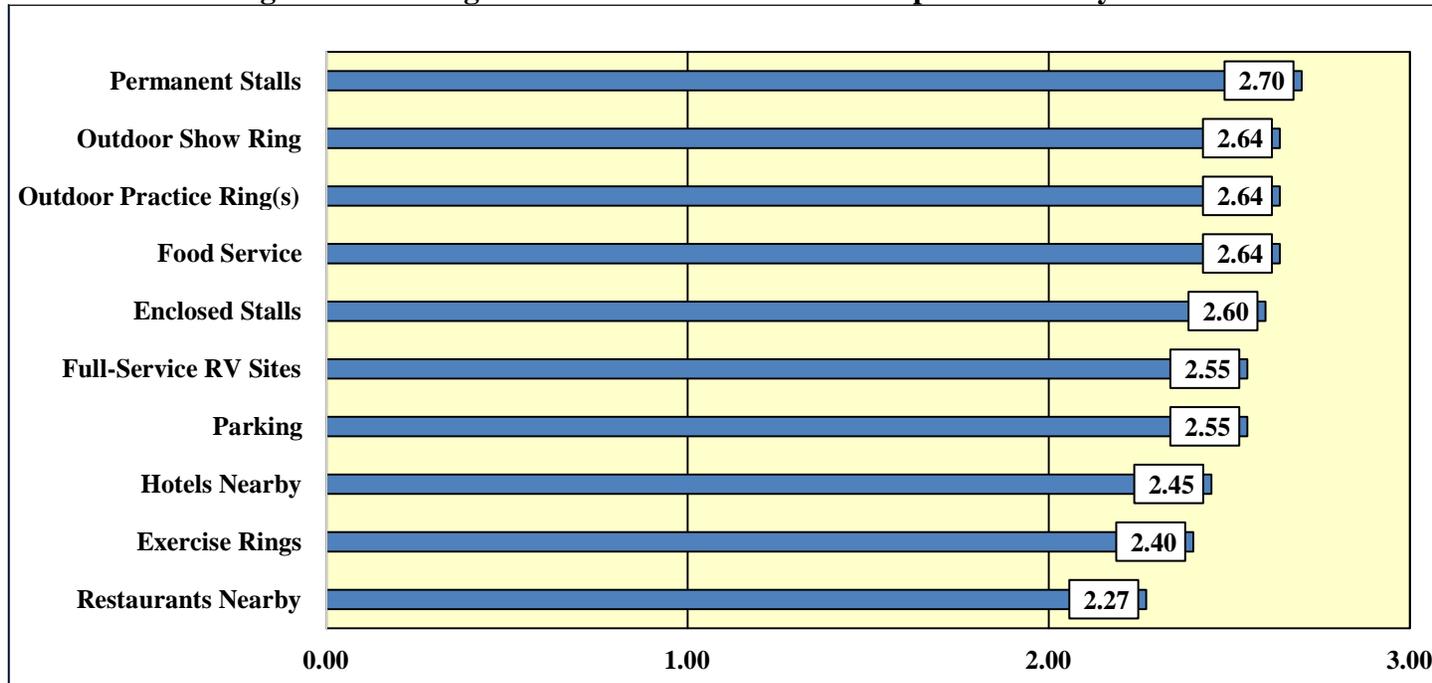
From an operational perspective, the PGEC's current ownership and management structure is perceived by many stakeholders to lack the vision, policies, and service levels necessary to attract higher level equine show activity. Suggested improvements include creating a strategic plan dedicated to elevating the equine event activity such as a booking policy that prioritizes shows with greater room night potential and out-of-town attendees. Local schooling shows should be required to book within a shorter timeframe and/or share the complex, if appropriate. Developing a marketing plan that includes networking with elite level equine event organizers was mentioned as a means to foster the PGEC's growth in this market segment. Stakeholders and user groups mentioned the PGEC's current rental rates are a competitive advantage.

Programmatic/Site

Existing and potential user groups were asked to rank the program elements requiring improvements/enhancements necessary for the PGEC to attract more and/or larger equine events to Maryland. As shown in the following graph, permanent stalls, outdoor show/practice rings, and food service were the highest ranked elements. Other important enhancements/improvements include enclosed stalls, full-service RV sites, parking, hotels nearby, exercise rings, and restaurants nearby.

Prince George’s Equestrian Center – Stakeholder Feedback (cont’d)

Ranking of PGEC Program Element Enhancements/Improvements by Stakeholders



Note: Ranking Options were: Not at all Important/Does Not Need Improvement (0), Not Very Important (1), Somewhat Important (2), or Extremely Important (3).

Conversations with stakeholders and user groups also indicated that adding program elements and site design aspects that would allow the complex to host simultaneous events would be beneficial. This would require better site circulation, at least two primary competition arenas (e.g., one indoor/one covered), and supporting elements for multiple events. Dispersing the supply of stalls and practice rings throughout the overall site would allow activities to be kept separate. Enhancing the complex entrance, improving signage, addressing drainage issues, landscaping throughout for more of an equestrian park feel/image, and reuse of the racetrack were other suggested improvements.

Prince George's Equestrian Center – Stakeholder Feedback (cont'd)

Visitor Support

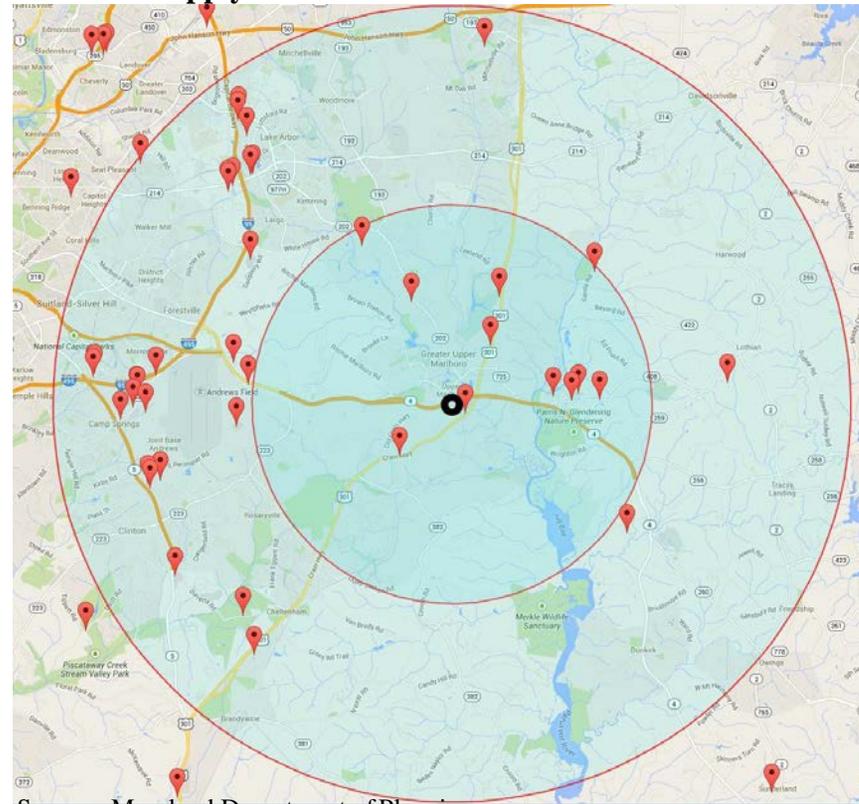
Visitor support elements important to equine event planners include the ease of accessibility for attendees as well as the supply of amenities such as hotels and restaurants proximate to a venue. Stakeholders and event organizers commented that the PGEC's geographic location and interstate accessibility are strengths in terms of attracting equine events.

The adjacent map illustrates the lodging establishments within a 5 and 10 mile radius of the PGEC. There are a total of 44 hotels/motels and campgrounds within a 10 mile radius.

The majority of lodging establishments within 10 miles of the PGEC are economy or limited service properties.

The limited supply of hotels and restaurants within close proximity to the complex was mentioned as a challenge for accommodating certain events such as "A" level shows which typically require a large number of hotel room nights. In addition to desiring higher quality hotels and restaurants close to the PGEC, other improvements cited from stakeholders and event organizers include offering coffee shops and Wi-Fi accessibility in the complex and at surrounding establishments in order to create more of an overall event destination.

Hotel Supply Within a 5 and 10 Mile Radius of PGEC

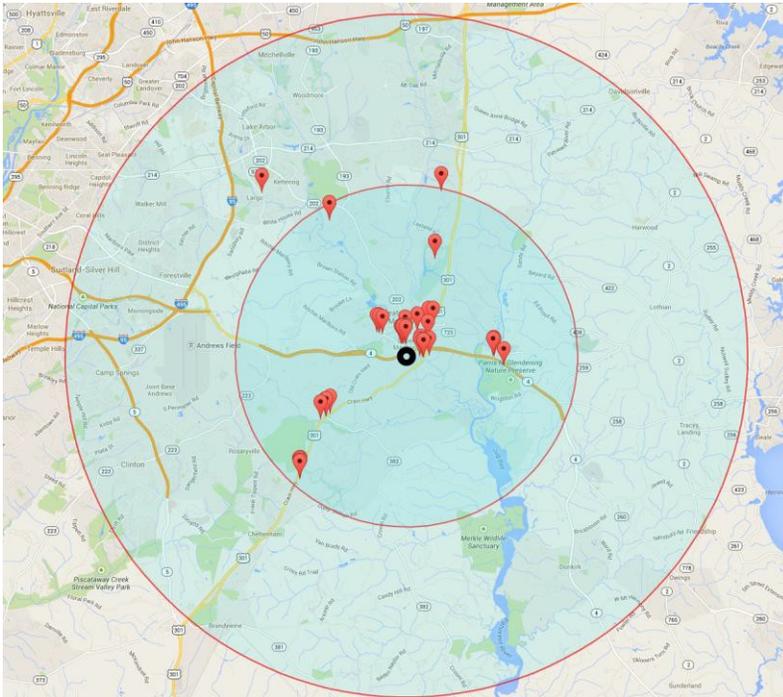


Source: Maryland Department of Planning.

Prince George's Equestrian Center – Stakeholder Feedback (cont'd)

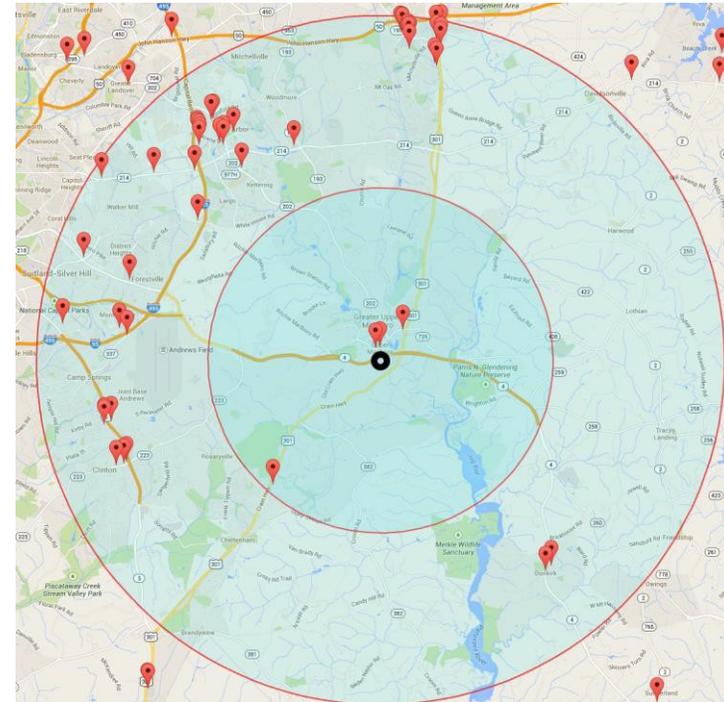
According to the Maryland Department of Planning, there are 90 restaurant establishments within 10 miles of the PGEC. The existing supply of restaurants proximate to the PGEC primarily consists of fast food establishments and casual eateries.

Restaurants Within a 5 Mile Radius Focus



Source: Maryland Department of Planning.

Restaurants Within a 10 Mile Radius Focus



Plans for a high-density residential and mixed-use development at Route 4 and State Road 223 include three new hotels. The Westphalia Town Center consists of 479 acres, of which 310 acres are slated for development in three stages over seven years. Construction began in 2013. Phase One of the Westphalia project includes the first hotel which is planned to offer 150 rooms in a limited service property. The hotel is expected to be affiliated with a major hotel group. This new development is located approximately five miles from the PGEC and would provide additional desired visitor amenities in close proximity when complete.

Prince George's Equestrian Center - SWOT Analysis (cont'd)

A SWOT analysis outlines key internal and external factors, both positive and negative, impacting a facility's operation. Based on the research and analysis conducted, the following summarizes strengths, weaknesses, opportunities and threats associated with the PGEC and the market relative to meeting the stated objectives for the Show/Expo Venue in terms of physical/site attributes, operational aspects, and visitor support/economic factors.

Strengths

- Existing program elements including quality indoor arena
- Existing base of consistent equine event activity year-round
- Accessibility via highway and three major airports
- Proximity to Washington, D.C.
- Rental rate structure

Weaknesses

- Complicated government operation
- Booking policy does not prioritize events that generate out-of-town attendees
- Lack of date availability
- Budget limitations
- Limited supply/quality of hotels, restaurants, and visitor amenities nearby
- High quality indoor arena without similar quality for supporting program elements
- Aging program elements such as stalls

Opportunities

- Ability for some existing shows to expand with improvements
- Potential to host simultaneous events
- Potential to host higher caliber competitions that could enhance Maryland's image in the equine industry
- Capability to offer critical mass of program elements necessary to attract international events with sufficient space for temporary structures
- Potential to book multi-year events
- Maryland has produced national champions in hunter/jumper discipline which could help attract major events
- Repurpose of adjacent racetrack
- Create cohesive campus development with improved overall image, enhanced entrance, ingress/egress, and way-finding
- Plans for additional hotels, restaurants, and retail nearby at the Westphalia Town Center
- Ability to generate incremental new economic and fiscal benefits

Threats

- M-NCPPC does not own adjacent land parcels
- Proximity to Washington, D.C. and Virginia allows for some leakage of economic benefits outside Maryland
- Long-term lease with County for park-n-ride lot
- General economic conditions

Prince George's Equestrian Center – Facility Redevelopment Programming

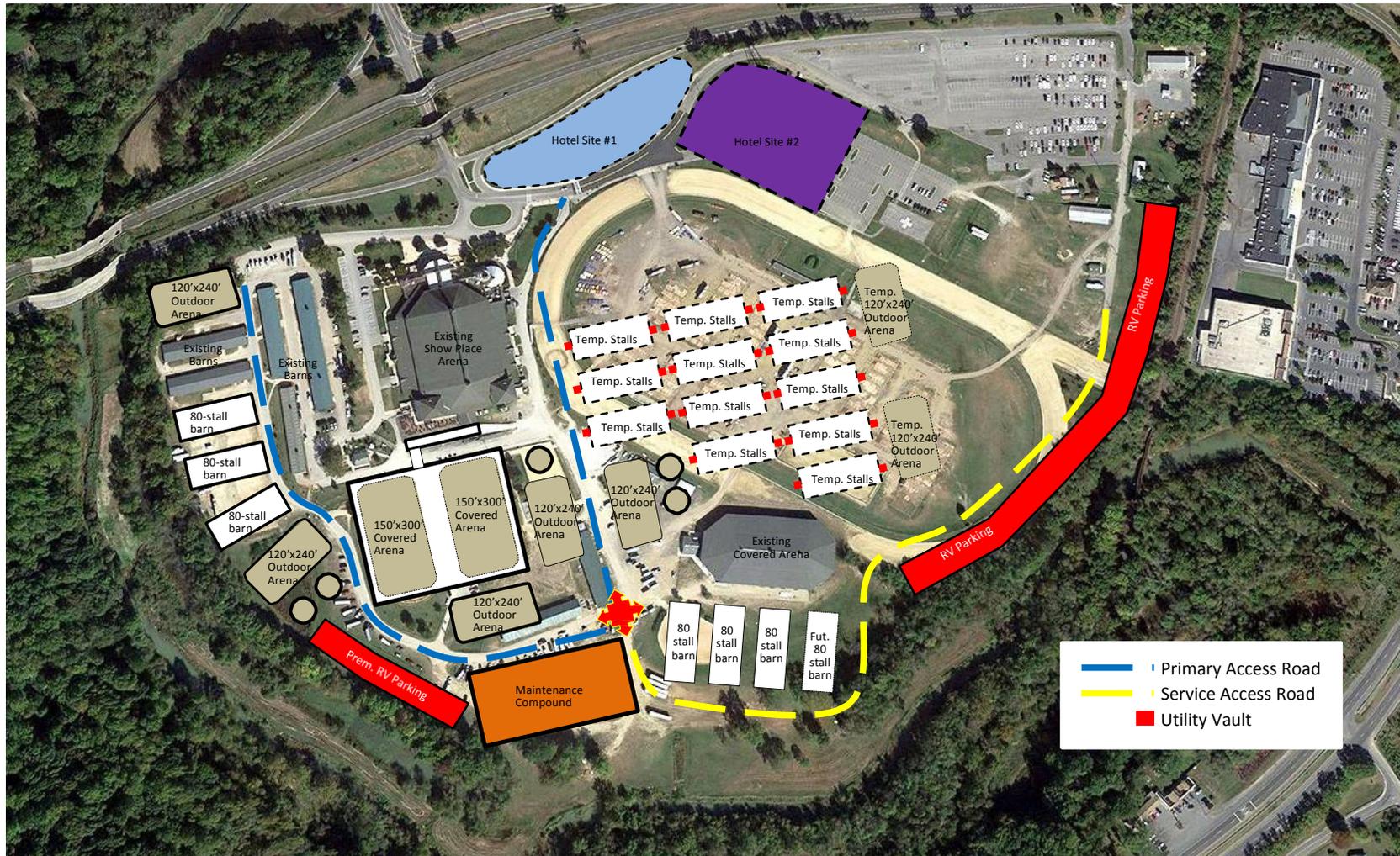
The proposed facility redevelopment program for the PGEC focuses on growing the number, scope, and caliber of equine events that can be hosted at the facility. The program elements were developed in consideration of hosting both very large events requiring the full property, as well as smaller events that may occur concurrently on the site with other events. Please refer to the Major Improvement Concept Plan Diagram on the next page for more information.



Existing Facilities Aerial Photo

Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

Major Improvement Concept Plan Diagram for Site Capacity Analysis Only (not to scale)



Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

A. Covered Event Arenas (2)

The Covered Event Arenas are proposed to be built under a single roof structure in the area that encompasses the two existing outdoor show arenas south of the Showplace Arena. Covered or indoor areas are needed to support large equine events utilizing the Showplace Arena as the primary venue. These arenas may also be used as secondary show arenas for very large events that require two or more primary venues. Additionally, for those events which do not require an arena with the extensive seating and services provided in the Showplace Arena, the facility needs covered show-quality arenas which currently do not exist at the complex.

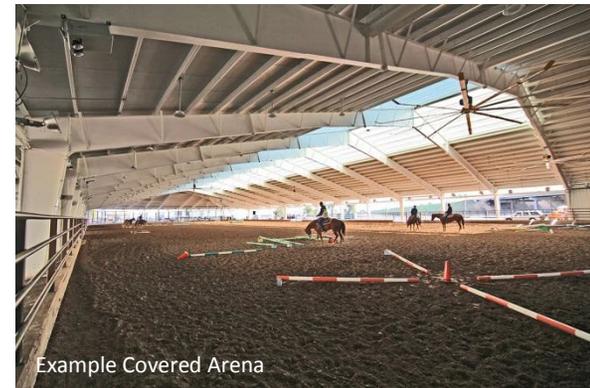
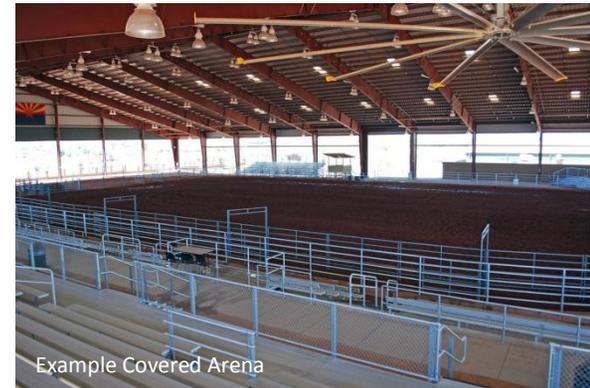
Each side of the covered arena building includes a 150'x300' arena with organic footing and pipe railing. Pens and chutes for rodeo and other timed/livestock events will be portable and set in place for those events only. A 20' wide covered lane surrounding the arenas will provide for ample circulation as well as protection of the arena from blowing precipitation. The central zone between the two arenas is intended for spectators only and will feature 500 seats facing each arena, toilets, concessions, show office, official's lounge, elevated announcer's stand, circulation concourse with ample width for vendor booths, and necessary building support spaces. Additionally, it is recommended that each arena feature a large video board opposite the central seating area.

Estimated Gross Building Area: 148,363 square feet

Minimum Lighting Requirements: 70fc at arena floor

Ventilation: Natural including high volume low speed (HVLS) fans; offices, lounge, toilets, concessions and announcer's stand fully conditioned

Fire Protection Required: Yes, dry pipe system recommended



Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

B. Covered Connector Between Showplace Arena and New Covered Arenas

This covered connector will interconnect the north end of the new covered arenas with the south end of the Showplace Arena. From roughly the center of the new covered arenas, a covered connector will extend north and over the west ramp down to the staging area at the south end of the Showplace Arena. This connector is necessary to keep competitors dry during inclement weather and also will provide shade. Additionally, the cover will help to reduce the risk of accidents by keeping the ramp to the Showplace Arena dry as well as free of snow or ice during the winter.

Estimated Gross Building Area: 7,500 square feet

Minimum Lighting Requirements: 50fc at floor

Ventilation: Natural

Fire Protection Required: None

C. New Horse Barns (6)

Six new horse barns containing 80 stalls each, 480 total, are proposed in order to bring the total stall capacity to approximately 680. The ideal horse capacity for major regional/national show venues is 500 to 600 horses; therefore the total stall count should range between 600 and 700 to also accommodate feed, tack, and miscellaneous stall uses.

Each of the proposed new barns will include 80 – 10'x10' stalls, 10' wide aisles, 20' main center aisles, toilets, two horse wash areas and required building support spaces. It is recommended that the buildings be constructed utilizing pre-engineered steel structures with insulated metal roofing, masonry exterior walls and galvanized steel frame stalls with HDPE infill for durability. Recommended flooring is asphalt throughout with the exception of the toilets and support spaces which may be concrete.



Example Covered Connector



Existing Ramp to Main Arena



Example New Horse Barns

Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

It is further recommended that three of the new barns (240 stalls) be located south of the existing barns and west of the new covered arenas, with the remaining three barns (240 stalls) located north of the existing east covered arena. This arrangement will provide for flexible hosting of concurrent events of varying size and will allow for ample separation of the users in the case of concurrent events while also being capable of supporting single large events.

Estimated Gross Building Area: 88,528 square feet (6 barns / 14,755sf each)

Minimum Lighting Requirements: 50fc at floor

Ventilation: Natural including high volume low speed (HVLS) fans; toilets fully conditioned

Fire Protection Required: Yes, dry pipe system recommended

D. Outdoor Practice Arenas (5)

It is recommended that five (5) outdoor practice arenas be added to support the new covered show arenas, as well as the increased horse stalling capacity.

We recommend that these arenas be placed generally as follows:

- One at the south end of the new covered show arena building
- One east of the new covered show arenas
- One west of the new covered show arenas and south of the existing barn area expansion
- One adjacent to the existing east covered arena
- One north of the existing barns
- The minimum size of these arenas shall be 120'x240' with an open pipe rail, organic footing and lighting.

Estimated Gross Arena Area: 144,000 square feet (5 arenas / 28,800sf each)

Minimum Lighting Requirements: 50fc at floor

Footing System: organic



Example Outdoor Arena



Example Outdoor Arena

Prince George’s Equestrian Center – Facility Redevelopment Programming (cont’d)

E. Outdoor Round Pens (5)

It is recommended that five (5) outdoor round pens for exercising horses be added to support the increased horse stalling capacity. Addition of these round pens will reduce congestion in the practice arenas and provide for a safer riding environment. We recommend that these round pens be located near the horse stalls and practice arenas where possible. The round pens shall be 60’ in diameter with a solid rail to 4’ with 2’ of open pipe rail above. The footing shall be organic with lighting recommended but not required.



Example Round Pen

F. New RV Hookups (100)

It is recommended that 100 new RV hookups replace the existing hookups to support the increased horse stalling capacity and arena construction. These hookups should be equipped with 50Amp service and 20Amp convenience receptacles, night lighting, water and sewer connections. It is further recommended that a portion of these hookups be located as close as possible to the horse barns and be designated as VIP hookups with a premium nightly fee. The remainder of the hookups may be located in a designated lot at the east end of the property along the wooded property line. The proposed temporary stall tent utilities may also be used as RV hookups (48) if not being used for stalls.



Example RV Hookups

G. Support & Maintenance Buildings

It is recommended that the existing maintenance compound be relocated from the west end of the existing covered arena to the south edge of the property directly south of the new covered arenas. The current location is an area of high horse and pedestrian traffic, as well as a highly visible area not ideal for maintenance operations and deliveries during events. The area directly south of the new arena complex is on the outside edge of the primary circulation route for vehicles, can be visually screened and have secondary access from the east, while still providing convenient and centralized access to all of the arenas and barn areas. The maintenance complex will consist of an enclosed shop and storage building, covered storage bays for equipment and materials, as well as an office for feed, hay and bedding sales.



Example Maintenance Building

Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

Storage built and allocated for feed, hay and bedding should be estimated on average utilization with overflow storage for very large events being accommodated in box trailers. The buildings and storage areas shall be enclosed within a secure fenced compound.

Estimated Service/Maintenance Gross Area: 1,800 square feet

Estimated Equipment Storage Gross Area: 1,440 square feet

Estimated Hay, Feed, Bedding Storage Gross Area: 1,600 square feet

Estimated Compound Area: 50,000 square feet (1.15 acre)

H. Site Improvements

Asphalt Paving: An estimated 34,000 square yards of new asphalt paving will be required around the new barns, realignment of interior roads and RV hook ups. It is assumed herein that existing asphalt surfaces not impacted by construction or realignment will remain in place.

Horse Paths: We recommend that dedicated horse paths be constructed adjacent to roadways and interconnecting the barns and arenas, totaling approximately 13,300 square yards. It is further recommended that these horse paths be constructed of limestone screenings or decomposed granite to provide a safe all-weather surface for the movement of horses around the site.

Service Entry / Secondary Equestrian Entry & Loop Road: We recommend that the northeast access point from Race Track Road be improved and formalized with signage and a security point. As indicated on the Major Improvement Concept Plan Diagram, this access point should be connected to the primary internal access route to maximize ingress/egress flexibility.

Temporary Stall Tent Utilities: Even given the proposed permanent stall expansion, some recurring signature events will require the erection of temporary stall tents (overlay) on site. We recommend that provisions for recurring overlay be accommodated east of the Showplace Arena and new covered arena complex in the area formerly occupied by the track. This area is currently used for overlay and is already well graded and surface prepared. We recommend that permanent utility vaults be located at each end of the proposed stall tents, providing both electric and water service. We estimate that 12 tents containing 60 stalls each (720 total) could be erected in this area, therefore we recommend the installation of 24 utility vaults.

Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

Landscaping: It is recommended that landscaping be improved for areas of new construction, road realignment and RV parking. It is assumed herein that undisturbed areas will remain unchanged. Landscaping includes turf sod, trees and shrubs.

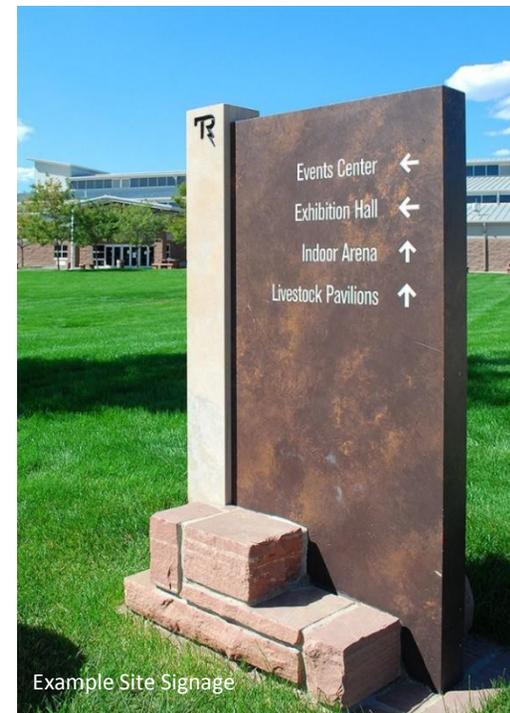
Storm Drainage Improvements: Hydrology and civil engineering analysis has not yet been conducted, however areas of standing water and slow drainage were observed on site, particularly at the south end of the property. This allowance is included to improve surface drainage as necessary during the major construction projects.

Manure Management: We recommend that the facility develop a more effective manure management plan in conjunction with any future improvement planning efforts. The current management method leaves piles of manure exposed to the environment and storm drainage runoff which may have negative environmental implications. Many similar large facilities have management plans which allow for the collection and removal of manure in closed containers which limits environmental exposure, odor, flies and improves the appearance of the grounds.

Removal of Track / Grading & Seeding: In order to make way for the recommended improvements, including temporary facility overlay, the remainder of the original dirt horse racing track shall be fully removed and the site graded and seeded outside of the new construction areas. We are assuming an on-site grading balance.

Site Directional/Informational Signage: This allowance is included to design, fabricate and install new Maryland Horse Park System branded site and building signage throughout the site, replacing all existing signage.

Selective Demolition: This allowance covers the removal of the two shed row barns south of the outdoor arenas, the existing maintenance building and the existing outdoor arenas.

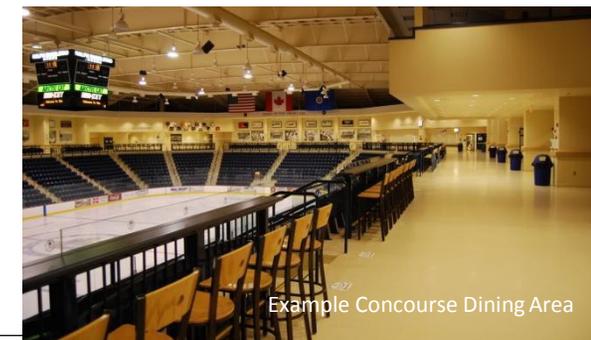


Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

I. Existing Facilities Improvements

Showplace Arena:

- Concessions Improvements:** The existing west concessions need to be expanded by 600 square feet (1,200 square feet total) to provide storage and preparation areas to serve a wider variety of product and to provide at least eight points of sale (there are currently four points of sale). In addition, the renovation would include a branding facelift at the concourse interface.
- Suite Demolition:** The five concourse level suites are highly underutilized and require upgrading of finishes, fixtures and furnishings to bring them up to date. Instead of renovation, we recommend demolition of the suites and repurposing of this valuable concourse level square footage (1,405sf) to support enhanced food and beverage services.
- Construct Concourse Bars at Sections 110 & 124:** We recommend the construction of concourse bars overlooking the arena seating bowl replacing the suites at sections 110 and 124 (one on each side of the arena). These bars should be full-service, upscale environments which also should serve food prepared in the concession kitchens on each side of the arena and adjacent to these locations. These new areas will help fill a void in points of sale for food and beverage boosting associated revenue, as well as provide for areas of socialization expected in modern venues.
- Construct Concourse Dining Areas at Sections 108, 109, 285 & 330:** Along with the concessions improvements and additional points of sale, it is recommended that concourse-level dining areas be created at sections 108, 109, 285 & 330. These open dining areas, two on each side of the arena, would overlook the arena seating bowl and be near the concessions points of sale. Providing a comfortable environment overlooking the arena to consume food has proven to substantially increase sales and revenue at similar venues.



Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

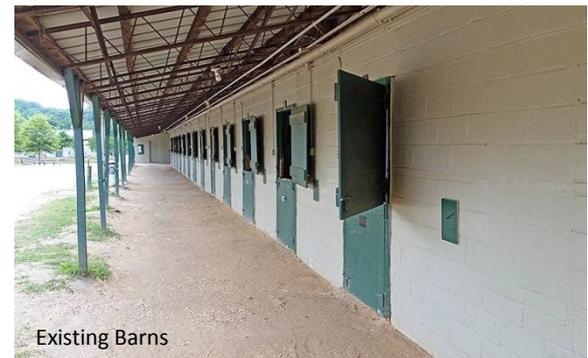
- **Concourse Improvements:** It is recommended that the existing upper concourse be renovated to give the entire arena a new and refreshed appearance, in conjunction with the construction of the proposed bars and dining areas. This renovation includes floor finishes, paint, lighting and signage/graphics.
- **Restroom Expansion/Renovation:** The existing restrooms need to be renovated and expanded to meet current code requirements. It is anticipated that this will include 1,400 square feet of major renovation and expansion.
- **New LED Video Cube:** It is recommended that the arena be equipped with an LED video cube suspended over center stage. This will allow for enhanced information display during all events and also allow for in-house broadcasting of events in the other show arenas during major equine events.



Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

Existing Horse Barns:

- **Stall Repairs:** The existing barns are generally in good condition, however most of the stalls require some minor wall panel repairs, flooring repair and paint.
- **Stall Aisle Asphalt:** It is recommended that the existing dirt aisle floors in the barns be paved with asphalt to reduce dust and ongoing maintenance. This is the standard flooring material utilized in modern equine event venues.
- **Electrical and PA Upgrades:** While the electrical systems in the barns visually appear to be in good working order, there appears to be a shortage of electrical service receptacles throughout the barns. This renovation budget allowance will cover minor repairs and service enhancement throughout the existing barns. Additionally, the PA system does not currently allow isolated calls to sections of the facility, such as a single arena, barn, or all of the barns. A new PA system will allow for greater flexibility of public announcements and also the flexibility necessary to host multiple concurrent events.
- **Toilet Renovations:** The existing barn area toilets need to be renovated to meet code and also to refresh the fixtures and interior finishes. Some portable toilets are in use and it is recommended that permanent toilets be constructed to meet code requirements.



Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

J. Future Development Opportunities

Hotel Sites #1 & #2: Given the supply of hotel rooms within five miles of this facility, we recommend that the development of an on-site hotel and related commercial development be independently studied. Many similar facilities have developed, or are in the process of studying the development of, on-site hotels. These hotel properties are a major facility selling point due to the convenience provided for show exhibitors, staff and officials. Additionally, on-site hotels typically help to boost both on-site and off-site economic impact through premium “convenience” rates and higher room tax revenues. Should this site be proposed for a major international event bid, an on-site hotel that could be used for athlete and official housing could be an important asset.



The Inn at Expo Square, Tulsa, OK



Embassy Suites Budweiser Events Center
Loveland, CO

Prince George’s Equestrian Center – Facility Redevelopment Cost Estimate

As shown in the following table, the total project budget for the recommended PGEC redevelopment program is estimated to range from \$36.0 million to \$45.4 million. Project costs include direct construction costs, contingency, and soft costs.

PGEC Facility Redevelopment Program Summary (Building Area Only) and Cost Estimate									
Room / Functional Space	Total Structure Estimated GSF	Estimated Direct Construction Costs		Contingency (15%)		Soft Costs (12%)		Estimated Total Project Budget	
		Range		Range		Range		Range	
A. Covered Event Arenas (2)	148,400	\$13,460,000	- \$16,825,000	\$2,019,000	- \$2,524,000	\$1,858,000	- \$2,322,000	\$17,337,000	- \$21,671,000
B. Covered Connector Between Arenas	7,500	397,000	- 536,000	59,000	- 80,000	55,000	- 73,000	511,000	- 689,000
C. Horse Barns (6 = 480 stalls)	88,500	6,884,000	- 8,605,000	1,033,000	- 1,291,000	950,000	- 1,187,000	8,867,000	- 11,083,000
D. Outdoor Arenas (5)	144,000	1,400,000	- 1,890,000	210,000	- 284,000	193,000	- 261,000	1,803,000	- 2,435,000
E. Round Pens (5)	14,000	106,000	- 143,000	16,000	- 22,000	15,000	- 19,000	137,000	- 184,000
F. RV Sites (100)	N/A	400,000	- 454,000	60,000	- 68,000	55,000	- 63,000	515,000	- 585,000
G. Support / Maintenance Buildings	5,300	368,000	- 423,000	55,000	- 64,000	51,000	- 58,000	474,000	- 545,000
H. Site Improvements	N/A	1,669,000	- 2,069,000	251,000	- 310,000	230,000	- 285,000	2,150,000	- 2,664,000
I. Existing Facilities Improvements	N/A	3,278,000	- 4,267,000	491,000	- 640,000	453,000	- 589,000	4,222,000	- 5,496,000
Project Total		\$27,962,000	- \$35,212,000	\$4,194,000	- \$5,283,000	\$3,860,000	- \$4,857,000	\$36,016,000	- \$45,352,000

Notes: N/A - denotes not applicable.

Amounts are in 2017 dollars to reflect the likely construction start date.

Source: Populous.

Approximately \$4.2 million to \$5.5 million of the estimated total project budget is allocated to existing facility improvements (refer to I. in table above) which include repairing existing horse barns as well as expanding/renovating restrooms, improving concessions and concourse areas, and adding a new LED video cube in the Show Place Arena. Many of these line items would generally be considered deferred maintenance and repairs necessary to preserve or maintain the asset which could have been funded as part of the facility’s operating budget. If the recommended existing facility improvements could be funded by another source, the estimated total project budget for the remaining elements would range from \$31.8 million to \$39.9 million.

Prince George's Equestrian Center – Phased Development Approach

As with many large-scale projects, the recommended PGEC improvements will likely be constructed in phases. Should a phased approach to development be pursued, the first phase would need to include a critical mass of recommended improvements in order to enhance the PGEC to a level marketable to more elite level shows and to offer comparable program elements and supporting infrastructure to its competitive set. Elements that would ideally be constructed in the first phase include the following:

- Covered event arenas (2)
- Covered connector between the Show Place Arena and new covered arenas
- Horse barns (3) west of Show Place Arena
- Outdoor practice arenas (2)
- RV hookups (100)
- Certain site improvements
- All recommended existing facility improvements

A subsequent phase could include the balance of recommended improvements over time including three (3) additional horse barns, three (3) additional outdoor practice arenas, round pens, removal of the track, and support/maintenance building complex relocation, and remaining site improvements. While delaying some improvements will decrease the cost in the short-term without impacting its overall marketability, there are other operational considerations. For instance, delaying the west horse barn addition, removal of the track, support/maintenance buildings relocation, and some site improvements could negatively impact operating efficiency and customer experience due to the required use of temporary stall set-up/tear-down. These operational and service impacts should be considered in the overall development planning. In addition, delaying construction will likely increase the estimated cost by an inflationary factor.

The total project budget for this initial phase is estimated to range from \$28.7 million to \$36.2 million, which is 20% less than that estimated for the complete build-out. Again, if the recommended existing facility improvements could be funded separately through another revenue source, the estimated total project budget for the remaining first phase elements would range from \$24.5 million to \$30.7 million.

While the suggested first phase of redevelopment will allow the PGEC to generate incremental new event activity and associated economic and fiscal benefits, the long-term strategy should be to complete the entire recommended build-out in order to maintain the facility's marketability and better position it for future growth in a constantly changing competitive market.

Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

International Event Hosting Capabilities:

The physical facilities evaluation and programming analysis herein is associated with the facility's stabilized year equestrian activities (those which occur on an annual basis) as part of the Maryland Horse Park System. However, consideration has been given to the capabilities of the permanent facilities and site to host major international equine events such as the equestrian sport components of the Olympic Games or the FEI World Equestrian Games. For example, the proposed permanent facilities would provide adequate stabling, practice arenas, round pens, and other support facilities for the equine athletes and the Show Place Arena would be a suitable venue for reining and vaulting, and exhibition events. Temporary main stadium overlay would be required for jumping and dressage and the proposed concept provides space for a 400'x400' main ring with up to 30,000 seats (10,000 each on three sides). The 32,000 seat 100% temporary equestrian stadium at Greenwich Park for the London 2012 Olympics is an extremely successful example of this strategy for major event hosting.

Additionally, the site would accommodate the required hosting space which is pre/post event space outside the stadium including vendors, sponsor displays, food, toilets, athlete family areas, VIP accommodations and media areas. It is further suggested that the site could accommodate two credentialing areas to efficiently move patrons in and out of the venue. Additionally, the permanent in-ground utility vaults put in place for temporary stabling would support most of the utilities required for the temporary main stadium and hosting zone. Please refer to the Major International Event Overlay Concept Plan Diagram on page 62 for more information.



Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

Cross Country and Combined Driving events could be held at the Rosaryville State Park, which is an approximately seven mile drive from the main entry of the Show Place Arena. This venue has been used for cross country events and has a course constructed with ample room for course expansion, as well as ample space for the required parking and hosting zones. The Major International Event Overlay Cross Country & Combined Driving Venue Location map on page 63 indicates the locations of the PGEC and Rosaryville State Park. Based on our experience in preparing bids for major international events, we do not believe the short distance separation between the arena and field event venues would be a problem for event hosting since the respective events occur on different days.

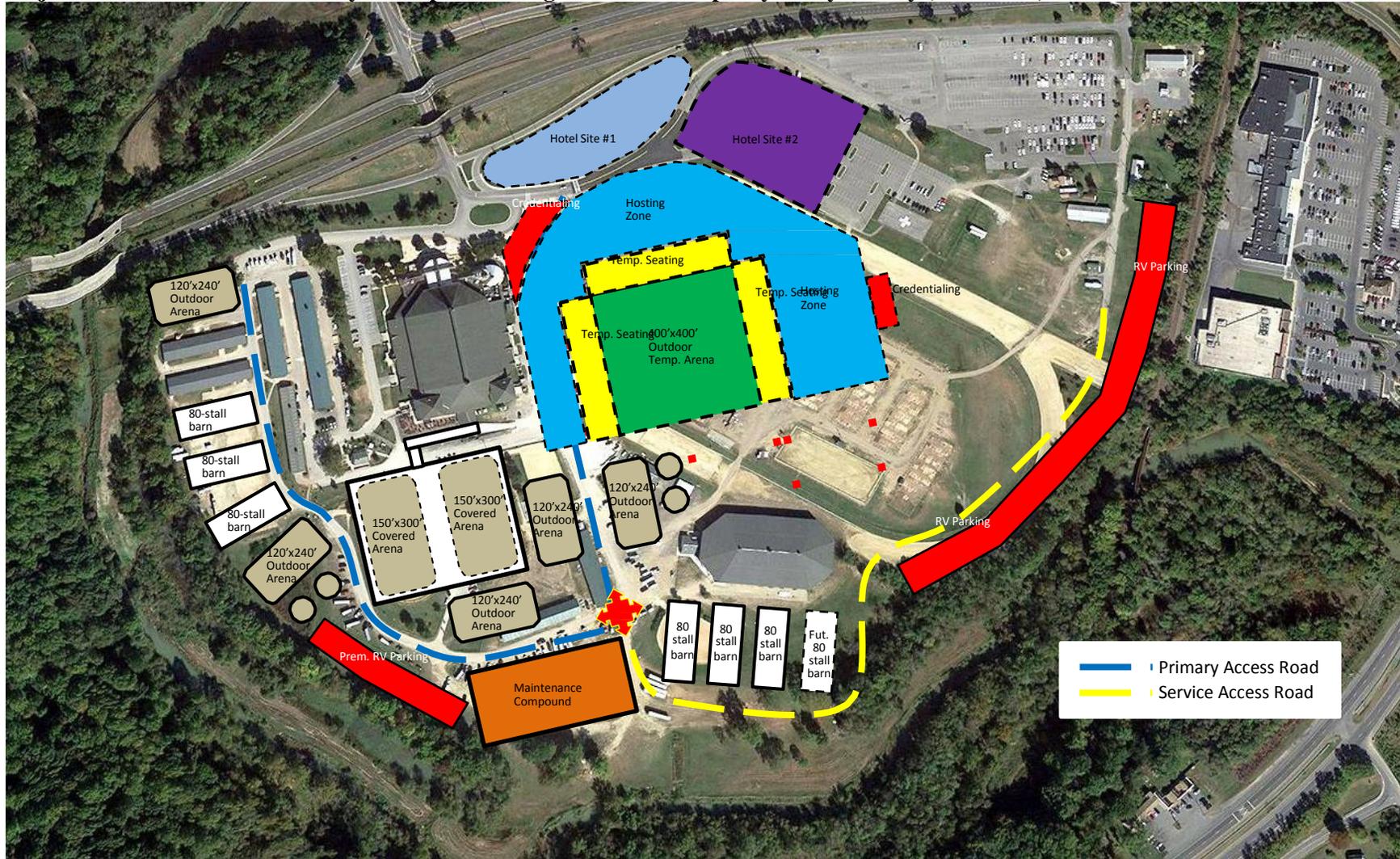


These venues combined form the most comprehensive venue in the Baltimore/Washington region for major equine events such as the FEI World Equestrian Games, which require significant stabling and training areas, a major indoor arena with 6,000+ seats, a 20,000+ seat outdoor stadium (which is typically at least partially temporary), and field venues. There are very few locations around the world which boast these assets in very close proximity to a major international destination city.

Based on past experience with similar overlay and temporary venues, we estimate that the cost for the required overlay for this scenario would range from \$7 million to \$9 million. However, if the State wishes to pursue a major event bid, we recommend that an overlay consultant with major international games and equestrian experience be engaged to further study this concept to verify all requirements, establish a logistics plan and determine the total hosting cost.

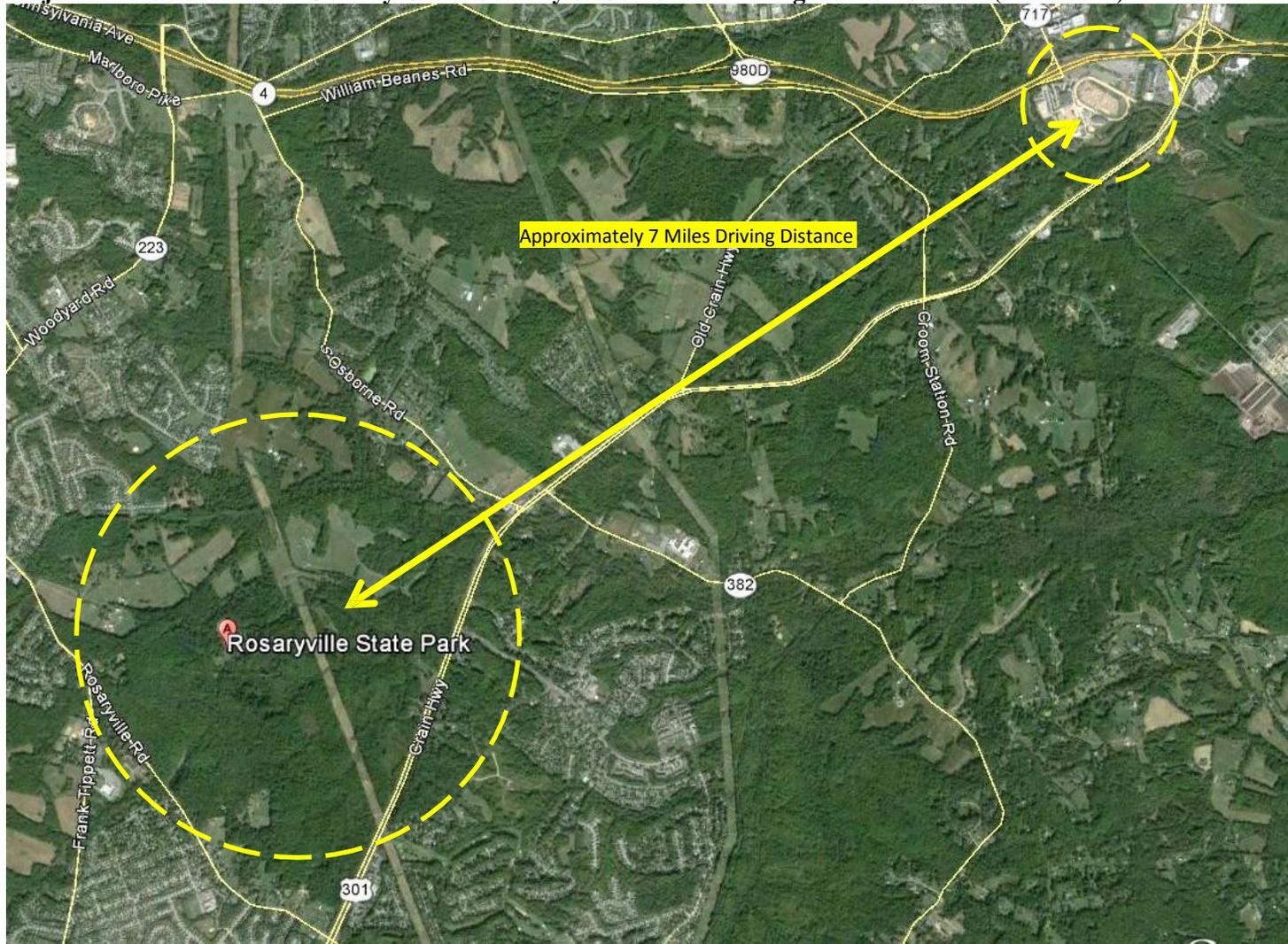
Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

Major International Event Overlay Concept Plan Diagram for Site Capacity Analysis Only (not to scale)



Prince George's Equestrian Center – Facility Redevelopment Programming (cont'd)

Major International Event Overlay Cross Country & Combined Driving Venue Location (not to scale)



Prince George's Equestrian Center – Economic and Fiscal Impact Analysis

As mentioned previously, Prince George's County and the State of Maryland would benefit from an enhanced PGEC in a number of ways. The economic/fiscal impact analysis outlined in this section quantifies the direct, induced and indirect benefits associated with equine activity at an improved PGEC.

General Assumptions

General assumptions used in this analysis include, but are not limited to, the following:

- The recommended building program elements previously outlined are constructed.
- One primary objective of the recommended improvements is to host more equine event activity that attracts out-of-town attendees who generate economic and fiscal impacts.
- The facility continues to be publicly owned and operated.
- The complex is managed by a team with strong connections in the equine industry and has an event management team familiar with the unique needs of equine shows and competitions.
- A mission statement, operating objectives, and booking policy are established that include priority for booking large, multi-day equine events that generate room night activity and associated economic and fiscal benefits. These types of events are given longer term booking rights with smaller, local shows being required to book in a shorter window.
- The facility is aggressively marketed by facility management, existing tourism agencies and the MHIB who have established contacts and strong relationships with event promoters/producers in the equine industry.
- A high level of quality customer service is provided.
- Future development is adequate in terms of visibility, ingress and egress, parking, safety and other similar issues.
- No other similar, competitive/comparable facilities are built in the region.
- No major economic fluctuations or acts of nature occur that could adversely impact the project.
- Amounts are presented in current dollars and reflect a stabilized year of operation.

Prince George's Equestrian Center – Economic and Fiscal Impact Analysis (cont'd)

Estimated Equine Usage

The economic and fiscal impact analysis is based on several factors including the following hypothetical estimate of equine event utilization at an improved PGEC.

Recommended PGEC Improvements as Part of the Maryland Horse Park System - Estimated Equine Event Utilization												
Equine Event Type	Total Range with Improvements											
	Events			Event Days			Total Attendance		Total Attendee Days			
Low Impact	18	-	20	36	-	40	9,000	-	10,000	18,000	-	20,000
Medium Impact	20	-	22	60	-	66	21,000	-	23,100	63,000	-	69,300
High Impact	11	-	13	55	-	65	33,000	-	39,000	165,000	-	195,000
Total	49	-	55	151	-	171	63,000	-	72,100	246,000	-	284,300

Note: The above estimated utilization does not include non-equine event activity.

Subsequent to construction, event activity at enhanced facilities typically experiences a “ramp up” period to a stabilized level which occurs for several reasons. For instance, some groups that book their event years in advance may not want to risk that a facility’s construction is delayed and not completed in time for their event. In addition, some groups may choose to let management “fine tune” its operations before hosting an event at an improved PGEC. The length of time for new venues to reach stabilized operations varies but typically ranges from three to five years. Overall utilization at any facility is typically dependent on a number of factors (e.g., market size; accessibility; nearby amenities; size, configuration and quality of the facilities offered; effectiveness of the management team in booking the facility; date availability; cost, etc.) and is rarely consistent. As such, the estimated range of utilization represents a stabilized year of operation.

The estimated 49 to 55 equine events represent a small portion of the overall potential market of State, regional and/or national equine competitions/shows and include various equine activities that the PGEC currently hosts. For purposes of this analysis, equine events are categorized as Low Impact, Medium Impact and High Impact based on their likelihood to draw overnight attendees and generate economic impact.

Prince George's Equestrian Center – Economic and Fiscal Impact Analysis (cont'd)

The estimated event activity presented on the previous page reflects total equine activity, not incremental, as some activity is currently occurring at the facility. Incremental event activity encompasses growing existing events held at the PGEC, hosting new events, and/or attracting higher level competitions. Estimated incremental new activity includes four to six Low Impact events, six to eight Medium Impact events and eight to ten High Impact events. In order to meet the MHIB's objectives to foster equestrian ownership and competition at the local level, an improved PGEC is assumed to accommodate a similar level of low impact events which can be accomplished by accommodating simultaneous events throughout the year. High impact events are generally assumed to utilize the entire complex.

Many of the estimated events will likely occur over multiple days. As such, event days reflect the number of days that a particular event uses the facility. Attendees consist of both participants and spectators. Attendance is defined as the number of people attending an event. An attendee day is defined as total attendance multiplied by the event length. For example, a three-day equine competition with 200 attendees equates to 600 attendee days which reflects that the same attendees return to the event each of the three days.

While the estimated usage does not include non-equine events such as concerts/festivals, family shows, sporting/entertainment events or other civic/community events, it is anticipated these types of activities will continue to occur at an improved PGEC. Many of the recommended Show Place Arena improvements outlined herein are consistent with those described in prior studies that suggested increasing non-equine activity. Pursuing these improvements will make the venue more attractive to all event producers and attendees. Having a professional management team experienced in the unique needs of non-equine and equine users will be critical to achieving the usage estimates herein as well as expanding non-equine activity.

Prince George's Equestrian Center – Economic and Fiscal Impact Analysis (cont'd)

Impact to Financial Operations

As shown previously, the PGEC averaged an operating deficit of approximately \$2.4 million for the profiled three-year period (FY 2010 – FY 2013). Although quantifying any potential impact to financial operations is outside the scope of the study effort, the recommended physical improvements and operational changes should positively impact both equine and non-equine event activity and related revenue potential resulting in an improvement to the complex's overall financial performance. Offering higher quality program elements and on-site services should favorably influence the following revenue streams:

- *Rent* from increased event activity, ability to better accommodate simultaneous events, and new/enhanced quality program elements such as arenas, stalls, RV hook-ups, etc.
- *Food and Beverage* from enhancing the concourse and providing more high-end food/beverage service and indoor/outdoor VIP areas.

Operating expenses are also anticipated to increase but not in direct correlation to operating revenues due to the fact that many event-related expenses will be passed on to the user, some items such as administration will remain similar to current levels, and most of the recommended new program elements are outside and have minimal operating costs when not in use. That said, increases in some operating costs such as those associated with staffing levels and enhanced sales/marketing efforts will likely be required to effectively operate an expanded facility with more event activity.

Prince George's Equestrian Center – Economic and Fiscal Impact Analysis (cont'd)

Economic Impact Analysis

The following table compares the estimated annual economic benefits associated with historical equine activity at the existing PGEC as measured by spending, jobs and earnings to the estimated annual total and incremental new economic benefits at an improved PGEC in a stabilized year of operation.

Recommended PGEC Improvements as Part of the Maryland Horse Park System - Equine Activity Only							
Estimated Annual Economic Impacts from On-Going Operations							
Prince George's County							
Category	Historical Activity	Total With Improvements			Incremental New With Improvements		
	Amount	Range			Range		
Spending							
Direct Spending	\$5,485,000	\$21,737,000	-	\$25,170,000	\$16,252,000	-	\$19,685,000
Indirect/Induced Spending	\$2,451,000	\$9,727,000	-	\$11,264,000	\$7,276,000	-	\$8,813,000
Total Spending	\$7,936,000	\$31,464,000	-	\$36,434,000	\$23,528,000	-	\$28,498,000
Total Jobs	70	300	-	350	230	-	280
Total Earnings	\$2,999,000	\$11,691,000	-	\$13,528,000	\$8,692,000	-	\$10,529,000
State of Maryland							
Category	Historical Activity	Total With Improvements			Incremental New With Improvements		
	Amount	Range			Range		
Spending							
Direct Spending	\$6,515,000	\$25,812,000	-	\$29,889,000	\$19,297,000	-	\$23,374,000
Indirect/Induced Spending	\$5,392,000	\$21,243,000	-	\$24,594,000	\$15,851,000	-	\$19,202,000
Total Spending	\$11,907,000	\$47,055,000	-	\$54,483,000	\$35,148,000	-	\$42,576,000
Total Jobs	100	390	-	460	290	-	360
Total Earnings	\$4,500,000	\$17,713,000	-	\$20,509,000	\$13,213,000	-	\$16,009,000

Notes: Historical activity is based on three-year average equine event activity provided by facility management for previous reports.
 Estimates exclude non-equine events and PGEC financial operations.
 State amounts include local amounts.



Prince George’s Equestrian Center – Economic and Fiscal Impact Analysis (cont’d)

Direct Spending

As mentioned previously, the first step in calculating economic impact is to estimate direct spending. The benefits generated at the County and State levels result from the impact of direct spending by attendees and activities that support events held at an improved PGEC before and after events. The direct spending quantified in this analysis is the estimated spending by attendees, including participants and spectators, outside of an improved PGEC on items such as lodging, restaurants, entertainment, transportation, retail, and horse related services.

Based on the estimated mix of event activity, attendees are categorized as either overnight attendees, defined as those generating hotel room nights, or non-overnight attendees and are assigned different spending amounts by category. For purposes of this analysis, approximately 64% of total attendees were assumed to be overnight attendees and assigned an average spending amount of \$125 per day. The remaining non-overnight attendees were assigned an average spending amount of \$50 per day. The spending amounts utilized were based on primary and secondary research including, but not limited to, surveys previously conducted with similar user groups and research conducted by Tourism Economics for the Maryland Office of Tourism. In addition, participants often make expenditures in the local community on horse related services such as veterinarians, tack, and feed. For purposes of this analysis, participants are estimated to spend \$210 per horse at medium and high impact equine events.

Based on these assumptions, the following table summarizes the estimated annual direct spending from equine activity at an improved PGEC in a stabilized year of operation.

Recommended PGEC Improvements as Part of the Maryland Horse Park System - Equine Activity Only			
Estimated Annual Direct Spending from On-Going Operations			
Spending Type	Total with Improvements		
	Range		
Overnight Attendees	\$4,448,000	-	\$5,071,000
Non-Overnight Attendees	19,868,000	-	23,136,000
Horse Related Expenditures	2,856,000	-	3,255,000
Total Direct Spending	\$27,172,000	-	\$31,462,000

Note: These amounts are discounted to reflect leakage from the County and State economies.

It is further assumed that 80% of total direct spending outside of an improved PGEC occurs in the local economy and 95% occurs in the State. The adjusted direct spending amounts were applied to the multipliers previously shown in Section 2 in order to calculate estimates for total spending, total jobs and total earnings.



Prince George's Equestrian Center – Economic and Fiscal Impact Analysis (cont'd)

Indirect/Induced Impacts

The IMPLAN model is used to generate the indirect and induced impacts spawned from the estimated economic activities within the County and State. The indirect impacts represent inter-industry trade from business to business. Likewise, the induced impacts represent the economic activity spurred by the household trade that occurs when employees make consumer purchases with their incomes. According to the IMPLAN model, direct spending spurred by equine activity at an improved PGEC is estimated to generate between \$15.9 million and \$19.2 million annually in indirect/induced spending in the State, of which between \$7.3 million and \$8.8 million is estimated to occur in the County.

Total Spending

Outputs from the IMPLAN model indicate that total (i.e., direct, indirect and induced) incremental new spending generated from equine activity at an improved PGEC is estimated to range from \$35.2 million and \$42.6 million annually in the State, of which between \$23.6 million and \$28.5 million is estimated to occur in the County. Dividing the total impacts by the direct impacts yields an economic multiplier of approximately 1.45 at the County level and 1.82 at the State level. Thus, every dollar of direct spending is estimated to generate \$1.45 in total economic activity at the County level and \$1.82 at the State level.

Total Jobs

The IMPLAN model calculates the number of jobs by dividing the estimated direct spending by \$1.0 million then multiplying by the appropriate multiplier. Using this methodology, the economic activity associated with equine activity at an improved PGEC is estimated to support between 290 and 360 incremental new jobs at the State level, of which approximately 230 to 280 would occur in the County. These jobs would be created in many sectors of the economy, which both directly and indirectly support the increased level of business activity in the area.

Total Earnings

Outputs from the IMPLAN model indicate that incremental new earnings generated from the equine activity at an improved PGEC are estimated to range from \$13.2 million to \$16.0 million in the State, of which \$8.7 million to \$10.5 million are estimated to occur in the County.



Prince George’s Equestrian Center – Economic and Fiscal Impact Analysis (cont’d)

Fiscal Impact Analysis

The total spending generated by equine activity at an improved PGEC creates tax revenues for the County and the State. The following table compares the estimated annual tax revenues associated with historical equine activity at the existing PGEC to the estimated annual total and incremental new tax revenues at an improved PGEC in a stabilized year of operation. Given the tax structure and the nature of this project, the fiscal benefits are significantly higher at the State level.

Recommended PGEC Improvements as Part of the Maryland Horse Park System - Equine Activity On ly							
Estimated Annual Fiscal Impacts from On-Going Operations							
Municipality/Tax	Historical Activity	Total With Improvements			Incremental New With Improvements		
	Amount	Range			Range		
State of Maryland							
Sales and Use Tax	\$390,000	\$1,606,000	-	\$1,863,000	\$1,216,000	-	\$1,473,000
Personal Income Tax	167,000	659,000	-	763,000	492,000	-	596,000
Corporate Income Tax	33,000	132,000	-	153,000	99,000	-	120,000
Total	\$590,000	\$2,397,000	-	\$2,779,000	\$1,807,000	-	\$2,189,000
Prince George's County							
Hotel/Motel Tax	\$84,000	\$393,000	-	\$457,000	\$309,000	-	\$373,000
Admissions and Amusement Tax	47,000	179,000	-	207,000	132,000	-	160,000
Local Personal Income Tax	33,000	129,000	-	149,000	96,000	-	116,000
Total	\$164,000	\$701,000	-	\$813,000	\$537,000	-	\$649,000
GRAND TOTAL	\$754,000	\$3,098,000	-	\$3,592,000	\$2,344,000	-	\$2,838,000

Notes: Historical activity is based on three-year average equine event activity provided by facility management for previous reports.

Estimates exclude non-equine events and PGEC financial operations.

The pages that follow outline key assumptions used to estimate the tax revenues associated with an improved PGEC.



Prince George's Equestrian Center – Economic and Fiscal Impact Analysis (cont'd)

State of Maryland Taxes

This analysis estimates the amount of sales and use tax, personal income tax, and corporate income tax generated from annual operations of an improved PGEC. While other taxes may be positively impacted by an improved PGEC, they are not quantified in this analysis. In general terms, all State tax proceeds are collected in the State's General Fund and then allocated to variety of program areas, such as education, transportation, public safety, and others. As such, individual revenue sources, such as the sales and use tax, are not designated to fund specific programs. As a result of this process, municipalities and counties may benefit from a variety of State and locally administered programs. For purposes of this analysis, only collections have been quantified, without regard as to how these funds are ultimately spent through the individual State departments/funds.

The following describes the primary State-level taxes quantified in this analysis based on information obtained from the State of Maryland Comptroller.

Sales and Use Tax – The State of Maryland collects a sales and use tax from sales and leases of tangible personal property and some services throughout the State. Sales and use tax is uniform throughout the State at 6%. This tax source is the State's second largest source of general fund revenue. For purposes of this analysis, the tax rate was applied to estimated taxable direct and indirect/induced spending at the State level generated from equine activity at an improved PGEC.

Personal Income Tax – The State of Maryland imposes a personal income tax assessed against personal income earned in the State. The State income tax is a graduated rate ranging from 2.0% to 5.75% of taxable income. Non-residents are subject to a special nonresident tax rate of 1.25% in addition to the State income tax rate. This tax source is the State's largest single source of general fund revenue. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 3.7% was calculated based on the federal adjusted gross income and the total personal income tax paid to the State in 2012 (the most recent year for which data was available). This effective tax rate was applied to total State-level earnings estimated to be generated from equine activity at an improved PGEC.

Corporate Income Tax – A corporate income tax of 8.25% of corporate federal taxable income adjusted by State modifications is also levied by the State of Maryland on corporations. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 0.28% was calculated based on the Gross State Product and the total corporate income tax paid to the State in 2013. This effective tax rate was applied to total State-level spending estimated to be generated from equine activity at an improved PGEC.



Prince George's Equestrian Center – Economic and Fiscal Impact Analysis (cont'd)

Prince George's County Taxes

Admissions and Amusement Tax - The admissions and amusement tax is a local tax collected by the State Comptroller's Office for local municipalities. The entire amount of the tax collected, less administrative expenses, is returned to the municipalities and counties imposing the local tax. The tax is generally levied on the admission or amusement cost for activities such as movies, amusements, athletic events, concerts, golf and the sale of refreshments at a nightclub or other similar entertainment venue. The tax on admissions differs among local municipalities in Maryland. Prince George's County applies a 5% tax on coin operated amusements and golf and a 10% tax on the admission or amusement cost for all other activities such as movies, athletic events, concerts and rental of athletic facilities. If the gross receipts from the activity is also subject to the sales and use tax, the admissions and amusement tax is limited to 5%. For purposes of this analysis, the admissions and amusement tax is based on applying a 10% tax rate to the estimated direct entertainment spending in the County.

Local Personal Income Tax – Prince George's County imposes a local personal income tax of 3.2% which is applied to adjusted gross income and it applies to the taxable income of residents and nonresidents who derive income from a County source. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an overall effective tax rate of 2.2% is calculated based on the federal adjusted gross income and the total personal income tax paid to the County for calendar year 2012. This effective tax rate is applied to total County-level earnings estimated to be generated by equine activity at an improved PGEC. In addition, an adjustment is made to reflect that local income tax is based on where you live, not where you work.

Hotel/Motel Tax – Prince George's County imposes a tax on accommodations at a rate of 5%. In addition, hotel properties in the National Harbor district are subject to an additional 5% occupancy tax and hotel stays at Gaylord National Resort are subject to a \$15 daily resort fee. For purposes of this analysis, only the 5% County-wide hotel/motel tax is applied to direct hotel spending estimated to be generated by equine activity at an improved PGEC.

Construction Impacts

Although not quantified in this analysis, project costs associated with improving the PGEC would provide additional economic and fiscal impacts to the region during the construction period.

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Field Event Venue – Fair Hill

The Field Event Venue is envisioned to host incremental new event activity by growing existing events, hosting new events such as three-day eventing, Grand Prix, steeplechase, endurance races, driving events as well as attracting higher level competitions to Maryland. As with the Show/Expo Venue, a key objective of this element of the Maryland Horse Park System is to provide a venue that has the ability to generate more out-of-town visitors and related economic and fiscal benefits. Criteria used to assess Fair Hill as the Field Event Venue include the following:

- Suitability of the site for the facility and site program including site characteristics and existing infrastructure.
- Availability of local funding.
- Zoning or other title issues that would limit or restrict use of all or some of the property and/or nominator's plan for eliminating any such issues within the time frame of project.
- Local approvals that are, or may be, pre-requisite to the use of the nominated property and/or local funding.
- Public support for the project, including public hearing plans.
- Environmental or historic considerations relating to the real property.
- Accessibility and traffic issues.
- Present ownership of the property identified in the nomination.
- Existing event activity.

Field Event Venue – Fair Hill (cont'd)

Fair Hill is a unique 5,600 acre tract of land situated in the northeast corner of Maryland in Cecil County. It borders Pennsylvania to the north and Delaware to the east. It is located on property owned by the State of Maryland Department of Natural Resources. The area is utilized by a variety of groups on a regular basis including hiking/cycling groups, bird watching organizations, and the Boy Scouts.

Fair Hill has over 75 miles of hiking, biking, and riding trails as well as other program elements that include the following:

- One visitors' center
- One maintenance building
- Nature Education Center
- Three (3) race barns with 120 stalls
- Bathhouse/restroom facilities
- Ten (10) updated camper hook-ups with water
- Five (5) livestock barns
- Two (2) auxiliary storage barns
- One detention barn with 24 stalls
- Fair Hill Stables with 20 stalls
- One grandstand arena, 300+ seating
- One rodeo/demolition derby arena, 500+ seating
- One turf and steeplechase track, 10,000+ seating
- Two crumb rubber rings
- One rebound arena for carriage driving
- Four (4) cross-country courses
- One stadium jumping ring
- One warm-up ring
- Multi-purpose buildings
- One pari-mutuel building



Fair Hill – Historical Equine Utilization

Based on information from facility management, Fair Hill typically hosts 250 annual equine events that draw approximately 32,170 in total attendance. These equine events include over 200 scheduled trail rides as well as cross-country, three-day eventing, horse shows, and driving/endurance/steeplechase racing. Other equine events consist of riding clubs and summer camp. Major equine events held annually include the Fair Hill Memorial Day Steeplechase Race and the Fair Hill International Three-Day Event each of which attracts over 10,000 attendees.

Fair Hill Typical Annual Equine Event Activity					
Event Type	Events	Event Days	Average		
			Event Length	Attendance	Average Attendance
Trail Ride	210	659	3.1	-	-
Cross Country	14	14	1.0	2,240	160
Local Eventing	1	3	3.0	60	60
Regional Eventing	1	3	3.0	200	200
National Eventing	6	22	3.7	3,169	528
International Eventing	1	6	6.0	10,162	10,162
Horse Show	4	11	2.8	740	185
Other Equine	2	2	1.0	260	130
Driving	5	15	3.0	650	130
Steeplechase	2	4	2.0	13,840	6,920
4H Show	2	7	3.5	400	200
Endurance	2	6	3.0	450	225
Total Equine	250	752		32,171	

Source: Facility management.

Fair Hill also hosts a variety of other events including the nine-day Cecil County Fair, 4H activities, Boy Scout camp outs, social functions, trail walks/runs, festivals, training events, and consumer shows. These non-equine events attract more than 100,000 attendees annually including approximately 72,000 at the Cecil County Fair.

Fair Hill – Stakeholder Feedback

In order to assess Fair Hill as the Field Event Venue for the Maryland Horse Park System, interviews and/or surveys were conducted with stakeholders and past/potential user groups. Input was received via in-person interviews as well as web-based surveys with ownership, management, and representatives/event organizers from existing equine events such as the Fair Hill International, Fair Hill Memorial Day steeplechase race, major hunter/jumper shows, combined driving events, as well as other non-equine users. Interviews/surveys sought to obtain an understanding of the strengths, challenges, opportunities, and threats associated with the existing Fair Hill venue from an operational, programmatic/site, and visitor support perspective. Input was obtained on how Fair Hill could better position itself to host incremental new equine activity by growing existing events, hosting new events and/or attracting higher level competitions that draw out-of-town visitors.

Operational

While Fair Hill has a long history of accommodating some of the most elite equine events and its natural setting is a picturesque backdrop for field events, the current ownership and management structure are not ideal for fostering growth in this industry. Fair Hill has a number of connections with significant equine organizations such as the Thoroughbred Racing Association, Fair Hill Training Center, National Steeplechase Association, Inc., American Driving Association, American Endurance Ride Conference, U.S. Eventing Association, U.S. Equestrian Federation, Inc., U.S. Equestrian Team Foundation, Inc., and Federation Equestre International (FEI). In order to capitalize on these relationships, certain operating policies and procedures would need to be implemented such as a defined mission statement and operating objectives to impact the State’s economy by fostering equine events; a booking policy to support that mission giving priority to room-night generating activities; and a management team that is actively pursuing additional equine events (whether by hosting other organization’s events or by producing their own “Fair Hill” sponsored events).

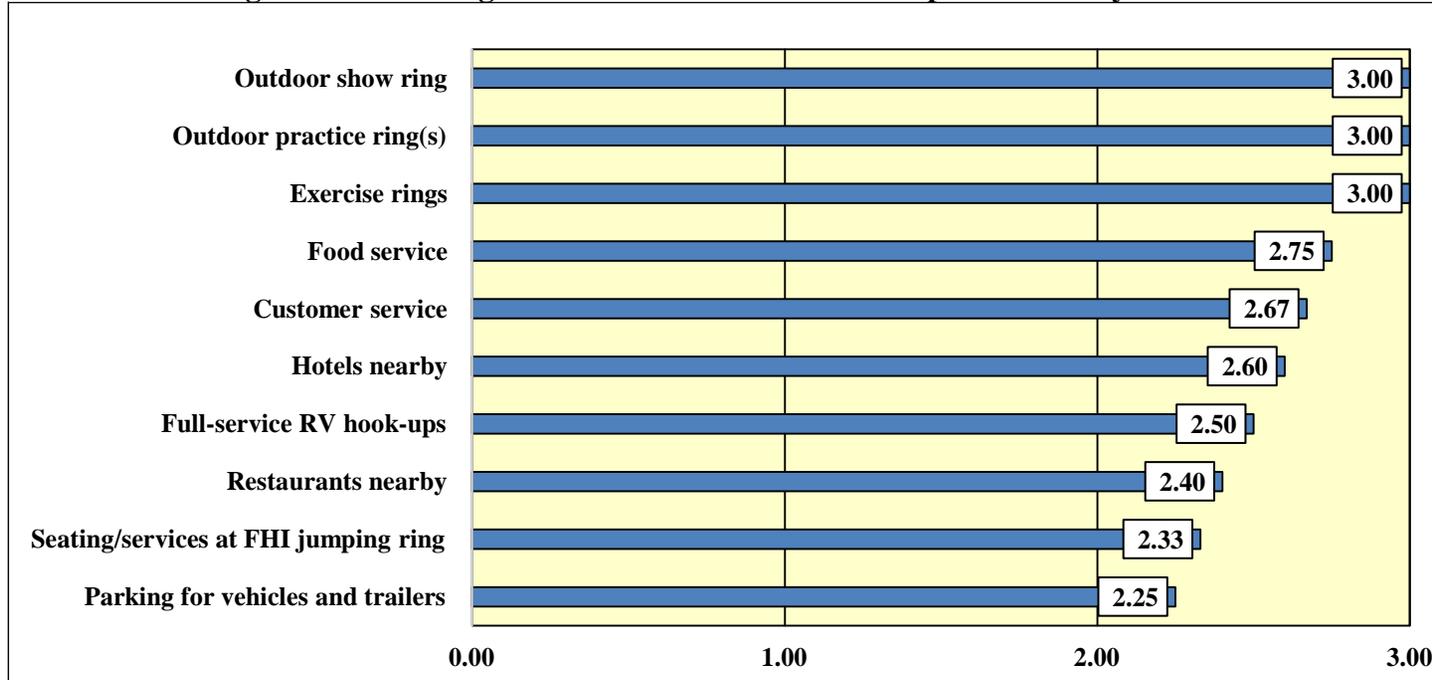
Stakeholders mentioned the lack of a cohesive site layout/plan that clearly delineates the usage areas for the myriad of user types. A mission outlining the vision of the overall complex and a master plan that provides for certain equine elements/usage zones separate from other user groups could alleviate these issues.

Programmatic

Existing and potential user groups were asked to rank the program elements requiring improvements/enhancements necessary for Fair Hill to attract more and/or larger equine events to Maryland. As shown in the following graph, outdoor show/practice rings, exercise rings, food service, and customer service were the highest ranked elements. Other important enhancements/improvements include hotels nearby, full-service RV sites, restaurants nearby, seating/services at the Fair Hill International jumping ring, and parking.

Fair Hill – Stakeholder Feedback (cont’d)

Ranking of Fair Hill Program Element Enhancements/Improvements by Stakeholders



Note: Ranking Options were: Not at all Important/Does Not Need Improvement (0), Not Very Important (1), Somewhat Important (2), or Extremely Important (3).

Industry trends in a variety of public assembly facilities (e.g., equestrian parks, amphitheaters, stadiums, arenas, etc.) include creative methods to increase revenue generation. Many venues are developing permanent and/or temporary programmatic elements for multi-purpose, high-end, stand-alone events or VIP seating/social areas during events. Given the diversity of user types at Fair Hill, offering some type of temporary VIP/high-end function spaces that could be set up throughout the complex could be attractive to elite level equine events as well as revenue-producing for other non-equine events.

Fair Hill – Stakeholder Feedback (cont’d)

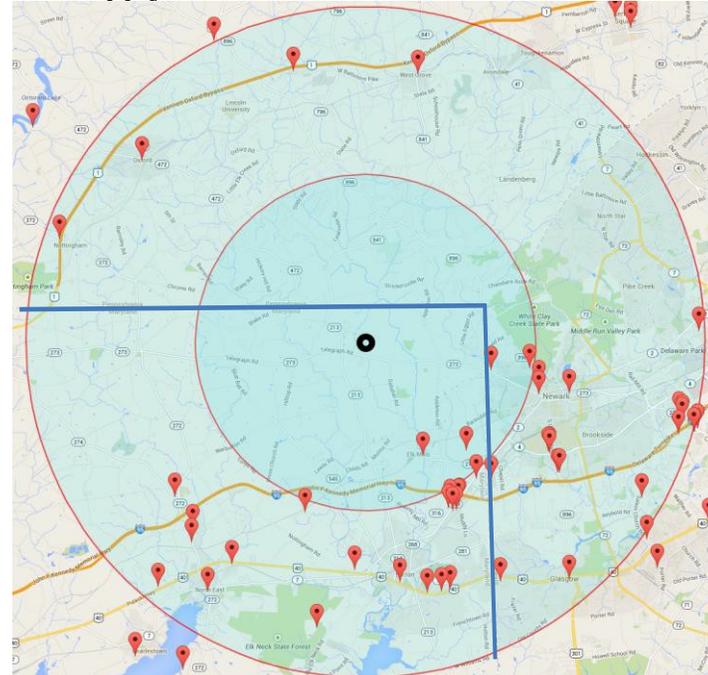
Visitor Support

Visitor support elements important to equine event planners include the ease of accessibility for attendees as well as the supply of amenities such as hotels and restaurants proximate to a venue. Stakeholders and event organizers commented that Fair Hill’s geographic location and interstate accessibility are strengths in attracting events. In addition, Fair Hill’s location in the center of the Mid-Atlantic horse country along with its convenient interstate access make it ideal for accommodating equestrians traveling to/from their summer and winter competition sites in Florida and New York.

The limited supply of hotels and restaurants proximate to Fair Hill were mentioned as challenges to attracting events that require a significant number of hotel room nights for their attendees. This challenge is further compounded by the supply and diversity of hotels and restaurants located in nearby Delaware which allows for spending leakage outside of Maryland.

The adjacent map illustrates the lodging establishments within a 5 and 10 mile radius of Fair Hill. There are a total of 47 hotels/motels and campgrounds within a 10 mile radius; however, only 22 are located in Maryland. These properties are primarily limited service hotels.

Hotel Supply Within a 5 and 10 Mile Radius of Fair Hill



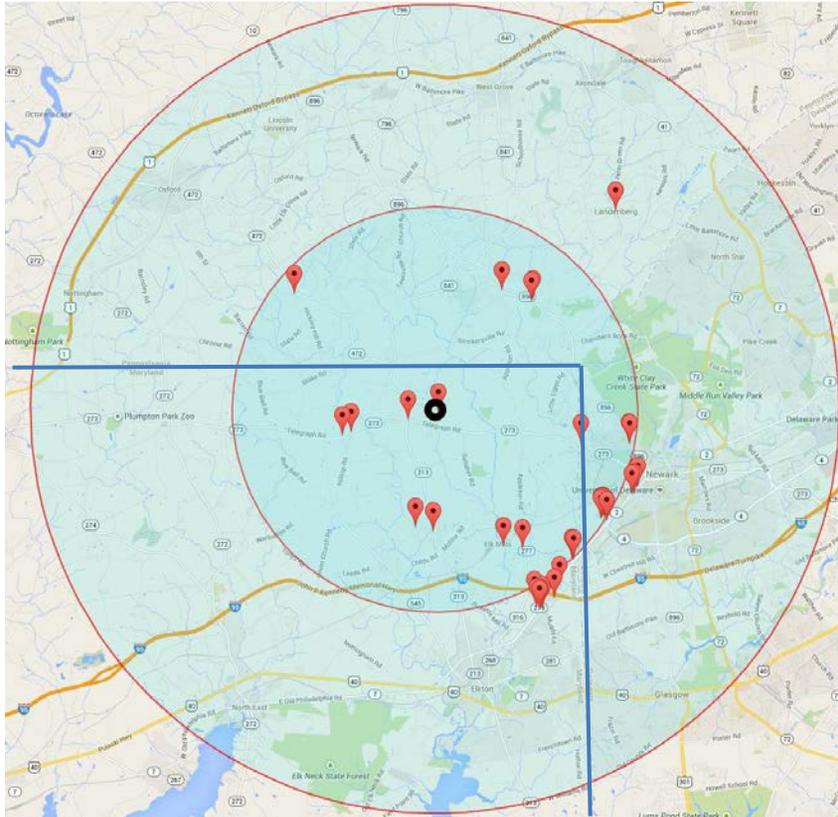
Note: Blue line denotes State border with Pennsylvania to the north and Delaware to the east.

Source: Maryland Department of Planning.

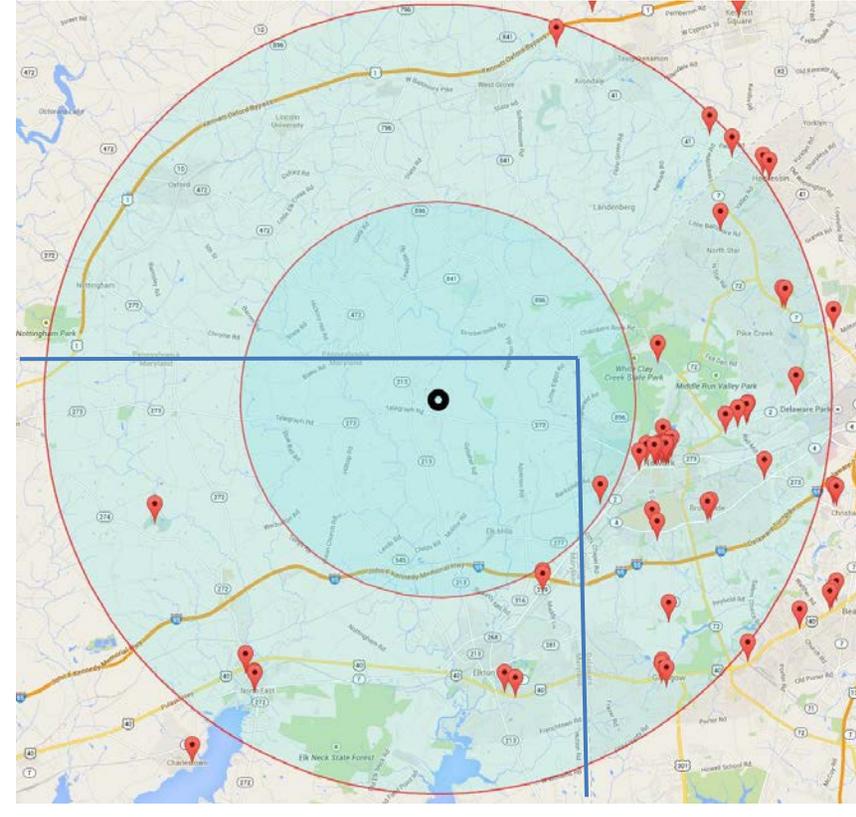
Fair Hill – Stakeholder Feedback (cont’d)

According to the Maryland Department of Planning, of the 79 restaurant establishments within 10 miles of Fair Hill, only 26 are located in Maryland. The existing supply of restaurants close to Fair Hill primarily consists of fast food establishments and casual eateries.

Restaurants Within a 5 Mile Radius Focus



Restaurants Within a 10 Mile Radius Focus



Note: Blue line denotes State border with Pennsylvania to the north and Delaware to the east.
 Source: Maryland Department of Planning.

Fair Hill - SWOT Analysis

Based on the research and analysis conducted, the following graphic summarizes strengths, weaknesses, opportunities and threats associated with Fair Hill and the market relative to meeting the stated objectives for the Field Event Venue in terms of physical/site attributes, operational aspects, and visitor support/economic factors.

<p>Strengths</p>	<ul style="list-style-type: none"> • Site size and space for expansion or addition of new elements • Lack of flooding/stormwater management problems • Rural/open land surroundings • Existing program elements including cross-country, steeplechase, driving, and endurance racing courses • Owned by State of Maryland and development supported by Cecil County • Long-standing relationships with many equine organizations • No environmental or historic concerns
<p>Weaknesses</p>	<ul style="list-style-type: none"> • Aging program elements such as stalls and footing • Limitations/quality of outdoor competition/warm-up rings, RV hook-ups, parking, seating/services at jumping ring • Food service • Management's limited experience with specialized equestrian event administration • Lack of comprehensive site plan and layout of facilities to accommodate event needs • Limited hotel supply, restaurants, and visitor amenities nearby
<p>Opportunities</p>	<ul style="list-style-type: none"> • Ability of some existing shows to expand with improvements • Potential to host additional regional/national/international events (produced by external organization or internally promoted Fair Hill events) that could enhance Maryland's image in the equine industry • Maryland's historical success in producing some national champions in three-day eventing discipline could be advantageous to attract more major events • Create cohesive campus development with improved overall image, enhanced entrance, ingress/egress, and way-finding • Lack of similar competitive facilities in region • Location along the eastern U.S. ideal for creating an equestrian destination for competitors traveling between New York and Florida for training/competitions • Provide an overnight facility for travelers with horses
<p>Threats</p>	<ul style="list-style-type: none"> • Competing interests of diverse set of other users/lessees (e.g., cyclists, conservation groups, etc.) • Proximity to visitor elements in Delaware allows for leakage of economic and fiscal benefits outside Maryland • Relatively limited number of incremental new sanctioned three-day eventing competitions to attract

Fair Hill – Facility Redevelopment Programming

The proposed facility redevelopment program for Fair Hill focuses on growing the number, scope and caliber of equine events that can be hosted at the facility. The program elements were developed in consideration of hosting both very large events that require a large amount of the property, such as the Fair Hill International, as well as smaller events that may occur concurrently on the site with other events. Additionally, as Fair Hill operates much like a state park with a diverse community of users, the program includes public/recreational riding facilities and also a visitor center. This evaluation and programming effort has not given consideration to the race horse training facilities that operate under leases between the State of Maryland and private operators.



Fair Hill Natural Resources Management Area – Facility Redevelopment Programming

Steeplechase Zone Existing Conditions (not to scale)



Fair Hill – Facility Redevelopment Programming (cont’d)

A. Steeplechase Track Zone Improvements

1. Main Existing Grandstand Renovation

The main existing grandstand is a substantial steel and concrete structure which is in relatively good condition (visual inspection) given its age. This grandstand is one of several identically designed and built along the Eastern Seaboard by the DuPont family and should be preserved if deemed feasible. The stands are well-designed for a VIP environment, with wide treads for a mix of chair and table seating and good vertical separation between treads to preserve good sight lines. We recommend the full renovation of this structure and improvements to modernize the look, operation and use of the stands for a myriad of events outside of steeplechase and timber racing. The general renovation includes mostly deferred maintenance of the concrete deck, new railings and cleaning/painting of the exposed steel structure. The existing wood announcer/official’s box at the top will be demolished and a new upper VIP deck will be constructed. The VIP deck at the upper level should be enclosed with glass curtain wall for protection from the elements and a new double deck announcer/officials stand will be built atop this deck. A new elevator will serve the VIP level and top level of the officials stand to address ADA accessibility issues. New toilets and concessions are proposed for the area underneath the existing stands. To complete the architectural and functional enhancements, we propose the design and installation of a fabric tensile canopy over the upper portion of the stands as depicted in the adjacent concept renderings.



We estimate that the renovated stand will seat approximately 2,000 spectators in a combination of box and club type (small tables with chairs) seating. We estimate the upper level VIP club area will accommodate 200. This upgraded facility should generate both additional ticket and food and beverage revenue as this type seating product is not currently available. Additionally, this upgraded venue will be capable of hosting other equestrian and non-equine events throughout the year.

Fair Hill – Facility Redevelopment Programming (cont’d)

2. Demolish Three (3) East Stands

The three smaller steel and wood stands to the east of the main stand are in a state of significant deferred maintenance and exhibit substantial erosion and scouring at the concrete footings from storm water runoff (visual inspection). We recommend that these stands be removed as renovation may not be feasible given that the stands are used rarely more than one time per year and we believe that investment in excessive permanent facilities will continue to escalate ongoing maintenance costs. In lieu of permanent stands, we recommend this area be prepared for a variety of temporary stands and/or event tents as described below.

3. Temporary Seating/Tent Area Preparation

As mentioned above, we propose that the two east steel and wood stand be removed due to excessive deferred maintenance. We further propose that the resulting open space along the track be graded, stabilized and seeded to serve as a natural berm platform for temporary overlay seating and/or event tents. This will also require the installation of six (6) in-ground utility vaults (electric/water) to support the overlay. We believe that the flexibility of this overlay area will provide for the development of more desirable seating/VIP hosting product along the track and proposed event field and will support the goal of hosting multiple event types at this area of Fair Hill. This overlay area can accommodate 4,000 to 8,000 spectators depending on the configuration of the seating/VIP products.

4. Renovate Steward’s House

The Steeplechase Zone encompasses several historic structures which we believe should be preserved and reused. The Steward’s House adjacent to the garden paddock is a historically significant structure which still today serves its original purpose. We propose that the interior be finished in a simple manner to continue serving its original purpose, as well as the potential to serve new purposes such as a bride’s room adjacent to the garden paddock where weddings may be held.



Fair Hill – Facility Redevelopment Programming (cont’d)

5. Renovate Mutuel Building

The historic mutuel building still serves its original purpose today, however due to advances in mutuel technology we believe this building can be renovated and adapted to serve the mutuel function as well as provide space for toilets and shell commercial vendor space that can be leased during events. We propose that the south side of the building be utilized for mutuels and the north side be converted to approximately 1,650sf of toilets and 1,650sf of vendor space. Approximately 600sf at the center of the building should be opened up for cross circulation due to the building length. This building may also require a fire protection system. This adaptive renovation will allow the building to provide essential spectator functions for non-pari-mutuel events.



6. Renovate Holding Barn

The historic pre-race holding barn still serves its original purpose and is in relatively good condition on the exterior, however the interior has significant deferred maintenance and should be modernized. We propose that the renovation include replacement of the stall walls and doors, new compacted limestone screening floor throughout, updated lighting and electrical and the addition of single men’s/women’s toilets. This building may also require a fire protection system which is not included in our programming or budget.



7. Site Improvements

Asphalt Paving: An estimated 12,000 square yards of new asphalt paving will be required throughout the central circulation area behind the stands and amongst the mutuel and other buildings, as well as required ADA parking to serve the renovated VIP stand. It is assumed herein that existing asphalt surfaces not impacted by construction or realignment will remain in place.

Landscape/Hardscape: A landscape/hardscape allowance has been included for pedestrian pathways to the seating areas and general landscape upgrades throughout the central core area behind the stands. It is assumed herein that undisturbed landscape areas will remain unchanged.



Fair Hill – Facility Redevelopment Programming (cont'd)

Main Entrance Monument Gateways: Two entry gateways are proposed along Telegraph Road. The primary entry is proposed at the location of the existing entry just east of the steeplechase spectator zone. This entry should have the most significant appearance as visitors approach from the west and should have substantial monument signage. This main entry is also the entry to the proposed Fair Hill visitor center. The secondary entry further east on Telegraph Road should have smaller monument signage of similar architectural design. Both entries should be designed to allow for access control and stacking during major events and in cases of paid parking.

Perimeter Fencing: It is proposed that decorative perimeter fencing be installed along the site frontage of Telegraph Road and Lewisville Road (approximately 11,200 linear feet). It is recommended that an equestrian type fence be used such as wood board with a natural finish.

Steeplechase Track Irrigation: It has been suggested that if the turf track were irrigated it could be used more regularly, either for special events or training lease rights to the Fair Hill Training Center. The area to be irrigated is approximately 65,335 square yards and the only effective way to irrigate the wide track surface is the utilization of high pressure water guns. Based on our knowledge of the water system improvements currently being put into service, we believe that this system will have the capacity to supply the track irrigation system.

Grand Prix / Event Field Grading & Seeding: Given the proposed investment in the VIP stands renovation and the ambition to increase event activity at Fair Hill, it is our recommendation that a Grand Prix / Event turf field be created in the steeplechase track infield. The semi-graded turf area that can be achieved is approximately 500'x960' and will fit within the infield of the existing track, including the width of the homestretch along the stands. The creation of this event field would allow a wide variety of equine and non-equine events and festivals to be held in front of the VIP stands throughout the year. This field will be irrigated. The inside rail of the track could be removable and portable timber fences used in this area.



Example Monument Gateway



Example Perimeter Fencing



Example Track & Field Irrigation

Fair Hill – Facility Redevelopment Programming (cont'd)

Site Directional/Informational Signage: This allowance is included to design, fabricate and install new Maryland Horse Park System branded site and building signage throughout the steeplechase track site, replacing all existing signage. At Fair Hill, the signage package should also include site signage for areas of historic and nature interest as well as historic buildings.

B. Fair Hill Visitor Center

The proposed Fair Hill Visitor Center is a crucial component in improving the interface with the public users of Fair Hill, welcoming and familiarizing first-time visitors, increasing event activity and providing centralized offices and security control point for the staff. We envision the visitor center being located east of the steeplechase zone just inside the main entry monument gateway. This will be a highly visible location along the primary circulation route for most visitors and users. It is also within walking distance of the steeplechase zone. The visitor center will have multiple functions:

1. Access control (as required for special events)
2. Visitor reception
3. Offices for park staff and event lease coordination
4. Security office
5. Museum quality gallery and history displays regarding Fair Hill
6. Fair Hill gift shop
7. Public toilets

It is our further recommendation that the architecture of this building be a modern interpretation of the historic equestrian and farm buildings originally built on the site by the DuPont family.



Fair Hill – Facility Redevelopment Programming (cont'd)

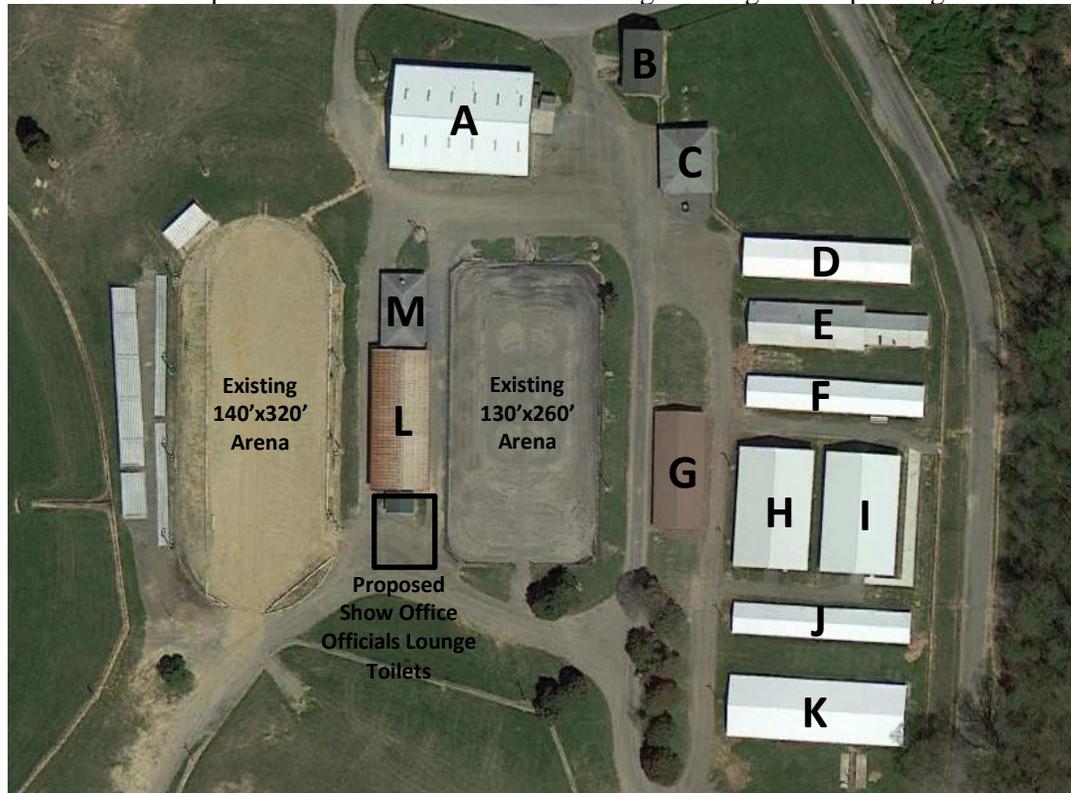
Steeplechase Zone Improvement Concepts (not to scale)



Fair Hill – Facility Redevelopment Programming (cont'd)

C. Fair Zone Improvements

The Fair Zone, which is located at the east end of the steeplechase track, appears to be significantly underutilized and in need of an ongoing maintenance and upgrade plan. The Fair Zone, also known as the Fair Hill Fairgrounds, hosts the annual Cecil County Fair, which is the primary event at this venue. Additionally, the facility hosts other events throughout the year including the Cecil County Breeders' Fair, the Spring Forward Hunter/Jumper Show, other equine events, pony club/4H camps, banquets, etc. We believe there is opportunity to host more and larger equine events at this site throughout the year and even the potential to move the arena components of Fair Hill International to this location, which would provide better accessibility, parking and support facilities for both the competitors and spectators. The following is a description of the proposed renovations and additions to the Fair Zone which we believe are necessary to grow event activity as well as event size. The site map below identifies each of the existing buildings corresponding with the recommendations on the following pages.



Fair Hill – Facility Redevelopment Programming (cont’d)

1. Building A

This is an exhibit building utilized by the Cecil County Fair. This building is not required for equine events therefore no modifications are recommended.

2. Building B (historic bank barn)

This historic building requires general structural restoration and interior shell renovation including the addition of public toilets. This building could be used as an event office or as special event function space for both equestrian and non-equine events.

3. Building C (existing toilets)

This facility is in generally good condition, however we recommend exterior and interior finish renovation and replacement of plumbing fixtures.

4. Building D (existing barn)

Minor renovation of this barn is required to continue serving the needs of the County Fair, storage and may serve as the bedding and hay vendor/sales location during equine events.

5. Building H (existing barn)

This existing barn may accommodate up to 40 portable stalls during equine events.

6. Building I (existing barn)

This existing barn may accommodate up to 40 portable stalls during equine events.

7. Building K (existing barn)

Exterior and electrical renovation of this barn is required to continue serving the needs of the County Fair, storage and may accommodate up to 24 portable stalls during equine events.

8. Building L (existing covered grandstand)

This double-sided grandstand is well-situated between the two outdoor arenas. This structure requires exterior maintenance and renovation including new seating, electrical and lighting.



Building B



Building C



Building K

Fair Hill – Facility Redevelopment Programming (cont'd)

9. Building M (existing concessions)

The existing concession building is also well-situated between the two outdoor arenas and north of the covered stands. We recommend complete exterior and interior renovation including the installation of new kitchen equipment.

10. New Show Office/Official's Lounge/Toilets

We propose the construction of a new 1,600 square foot building south of the existing stands which will include a 300 square foot office, 300 square foot official's lounge and 1,000 square feet of public toilets. This location is ideally suited for both spectator and exhibitor toilet accessibility and its proximity to the exhibitor entry end of both outdoor arenas.



Building L



Building M

Fair Hill – Facility Redevelopment Programming (cont’d)

11. Existing 130’x260’ Outdoor Arena

This existing equestrian arena is in a good location and sized appropriately for its use. We recommend upgrades which include a new 4-rail pipe railing, new arena footing and the addition of a lighting system (70fc minimum).

12. Existing 140’x320’ Outdoor Arena

This arena is currently only used by the Fair for motorsports events. We recommend upgrades which include a new 4-rail pipe railing, new arena footing and the addition of a lighting system (70fc minimum). If this arena continues to be utilized for motorsports, the equestrian footing must be removed prior and reinstalled following the annual Fair, as glass and broken parts can be a potential hazard for horses.

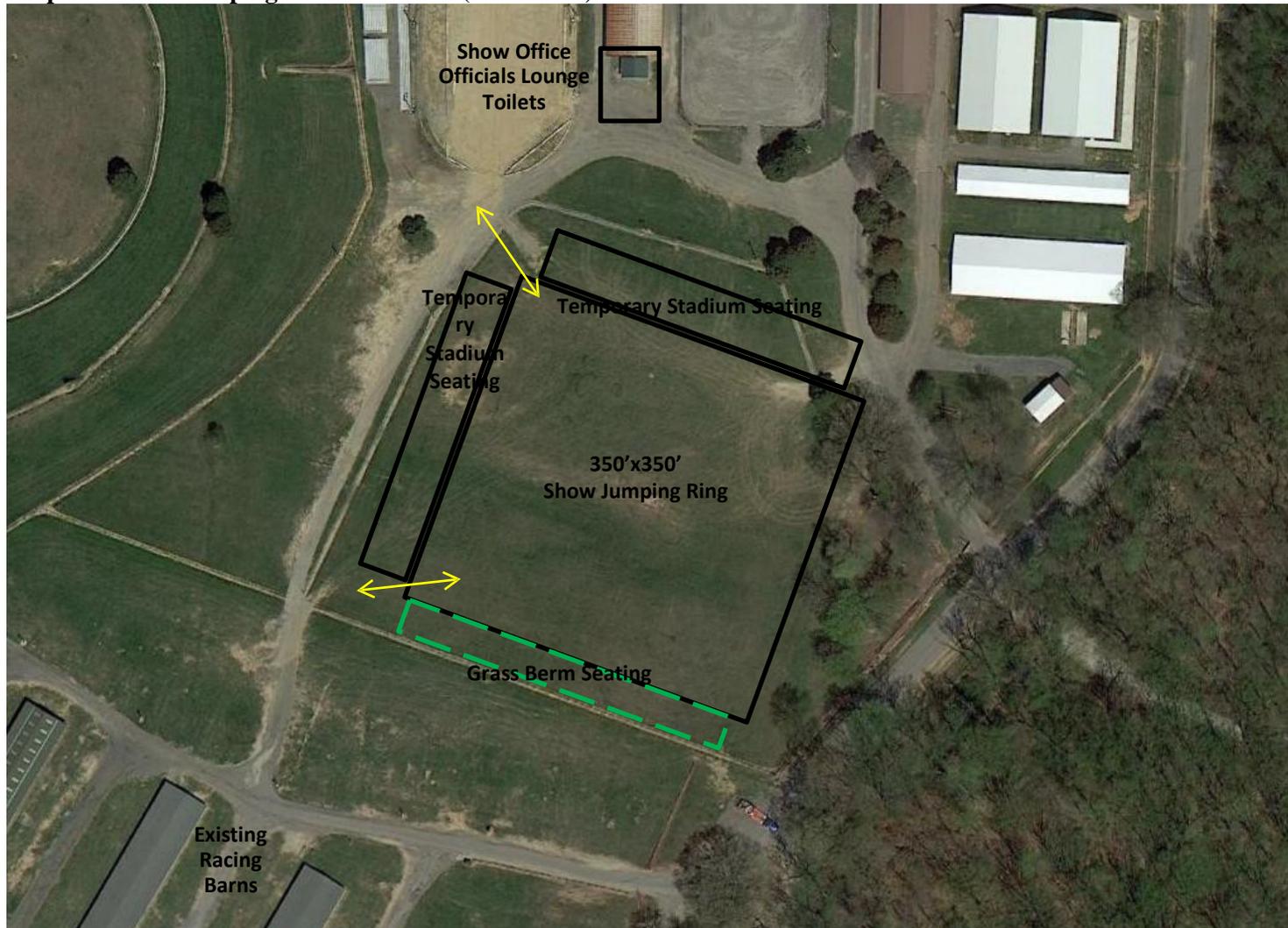
13. New 350’x350’ Show Jumping Arena

As previously mentioned, we believe that the Fair Zone may be capable of hosting the arena component of the Fair Hill International. Given the existing improvements listed above, improvements to the racing barns (described later in this section), and site improvements listed below, this area has all of the support infrastructure, accessibility and parking to better host the Fair Hill International, with the exception of a show jumping stadium. We believe that the “south hollow” area of the Fair Zone, illustrated on the following page, is an ideal location for the construction of a semi-permanent show jumping stadium. The semi-permanent solution would be constructed similar to the existing Fair Hill International arena site, with a permanent 350’x350’ recessed arena, arena lighting, utility connections and elevated platforms with retaining walls on the west and north for the construction of temporary event seating and VIP facilities. The existing outdoor arenas could be used for practice/warm-up with a dramatic main entrance to the show jumping stadium between the spectator platforms. The new show office/official’s lounge would also be ideally situated to serve all three arenas.



Fair Hill – Facility Redevelopment Programming (cont'd)

Proposed Show Jumping Arena Location (not to scale)



Fair Hill – Facility Redevelopment Programming (cont'd)

14. Existing Racing Barns Improvements

The existing racing barns at the southeast corner of the steeplechase track house approximately 124 stalls. These barns are underutilized, currently being used only during racing (once per year) and by trail riders which also use the adjacent RV hookups. The recommended improvements at the Fair Zone will create more demand for rental of these stalls, as well as the adjacent RV hookups. These masonry buildings are generally in good structural condition, however some renovation is needed including new roofing, masonry repair, paint and stall repair. These barns would be a primary stalling area for the Fair Hill International.

15. New Toilet/Shower/Laundry Building at Racing Barns

We propose the addition of a 1,200 square foot toilet, shower and laundry building near the racing barns and RV hookups to better serve the users of these facilities. Please note below under Site Improvements that we propose expansion of the RV camping area.

16. New 100'x200' Outdoor Arena at Racing Barns

If the previously mentioned improvement and expansion projects are undertaken, we recommend the addition of a 100'x200' outdoor arena south of the racing barns. This arena will provide exercise and practice space for the horses stabled in this area during events and is also a convenient location for recreational rider use before heading out on the trails.

17. Site Improvements

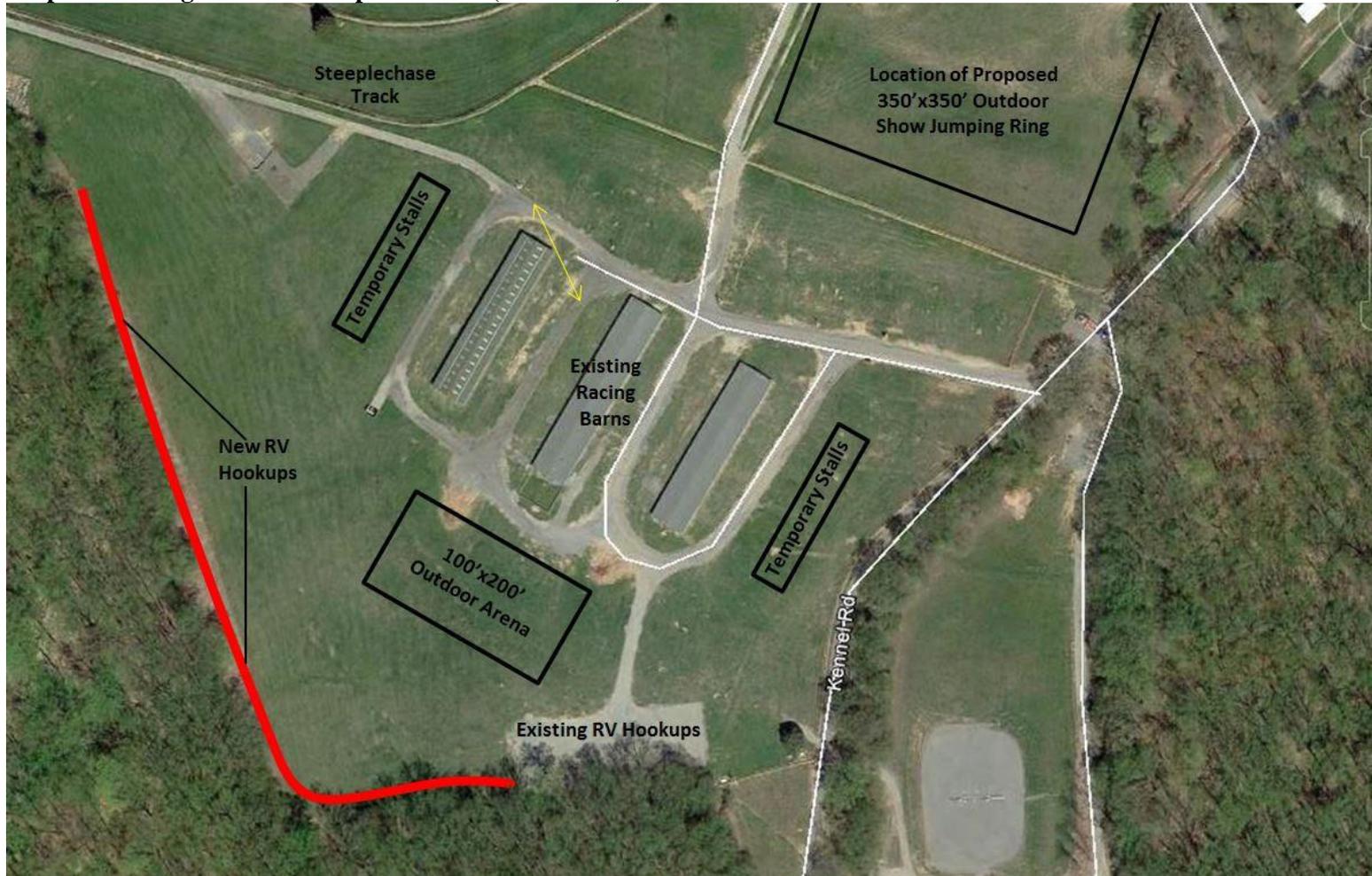
The following site improvements are recommended for the Fair Zone, racing barns and RV camping area.

Asphalt Paving: An estimated 18,000 square yards of new asphalt paving will be required within the Fair Zone, realignment of roads and RV hook ups. It is assumed herein that existing asphalt surfaces not impacted by construction or realignment will remain in place.



Fair Hill Natural Resources Management Area – Facility Redevelopment Programming (cont'd)

Proposed Racing Barn Area Improvements (not to scale)



Fair Hill – Facility Redevelopment Programming (cont'd)

Horse Paths: We recommend that dedicated horse paths be constructed adjacent to roadways and interconnecting the barns and arenas, totaling approximately 14,000 square yards. It is further recommended that these horse paths be constructed of limestone screenings or decomposed granite to provide a safe all-weather surface for the movement of horses around the site.

Landscape/Hardscape: A landscape/hardscape allowance has been included for pedestrian pathways and general landscape upgrades throughout the Fair Zone.

Site Directional/Informational Signage: This allowance is included to design, fabricate and install new Maryland Horse Park System branded site and building signage throughout the Fair Zone, replacing all existing signage. The signage package should also include site signage for areas of historic and nature interest as well as historic buildings.

Upgrade & Bury Primary Electric Service: This allowance includes 900 linear feet of upgraded and buried primary electric line from Telegraph Road to the approximate location of the existing Activity Hall.

On-Site Electrical Distribution Upgrades: We recommend that all electrical service be buried from the service transformer near Activity Hall throughout the Fair Zone at the time electrical upgrades are made within the buildings. This will make the system more resilient to damage and maintenance concerns, as well as provide for a more beautiful natural environment setting.

Site Lighting: This line item includes both interior roadway lighting and pedestrian/horse path lighting throughout the Fair Zone, racing barns and RV camping areas.

Temporary Stall Tent Utilities: We believe that some recurring signature events such as the Fair Hill International may require the erection of additional temporary stall tents (overlay). We recommend that provisions for one 40-stall temporary unit be accommodated on both the west and east side of the existing racing barns (80 stalls total). We recommend that permanent utility vaults be located at each end of the proposed stall tents, providing both electric and water service, therefore four (4) utility vaults will be required. With this added capacity, the maximum stall count will be approximately 304, including the existing Fair Zone barns suitable for stabling and the three racing barns.



Example Horse Paths



Example Temporary Stalls

Fair Hill – Facility Redevelopment Programming (cont’d)

RV Camping Expansion: It is recommended that 30 new RV camping sites be added south and west of the racing barns along the tree line. These hookups should be equipped with 50Amp service and 20Amp convenience receptacles, night lighting and water. If sewer connections are not practical, a dump station will be sufficient. These camping sites will be necessary for hosting significant events at the expanded Fair Zone.

Water & Sanitary Service Upgrades: The water system and sanitary system capacities are unknown at this time. However, given the addition of toilets, kitchen and camping spaces, we believe the existing system capacity may be exceeded. This allowance is included to address these unknown conditions.

Demolition of Existing Barns E, F & J: These existing buildings have significant deferred maintenance and, given their layout (i.e., column placement) and design (i.e., head clearance), they are not practical for renovation and utilization as equine facilities. Furthermore, given their state of disrepair, we are concerned that these buildings pose a life safety and/or fire hazard and are not in keeping with the standards of the quality and appearance of a State Park. It has been mentioned that these buildings may have historic significance, however no documentation has been provided to support their significance. If these buildings are found to be historically significant, we recommend that they be enclosed with fence for safety and security until such time funds are made available for proper historic preservation efforts. If there is a finding of no historic significance, we recommend that these buildings be removed. The site area vacated may be used for trailer parking during equine events and temporary vendors and displays during the annual County Fair.



Existing RV Hookups



Barns E & F

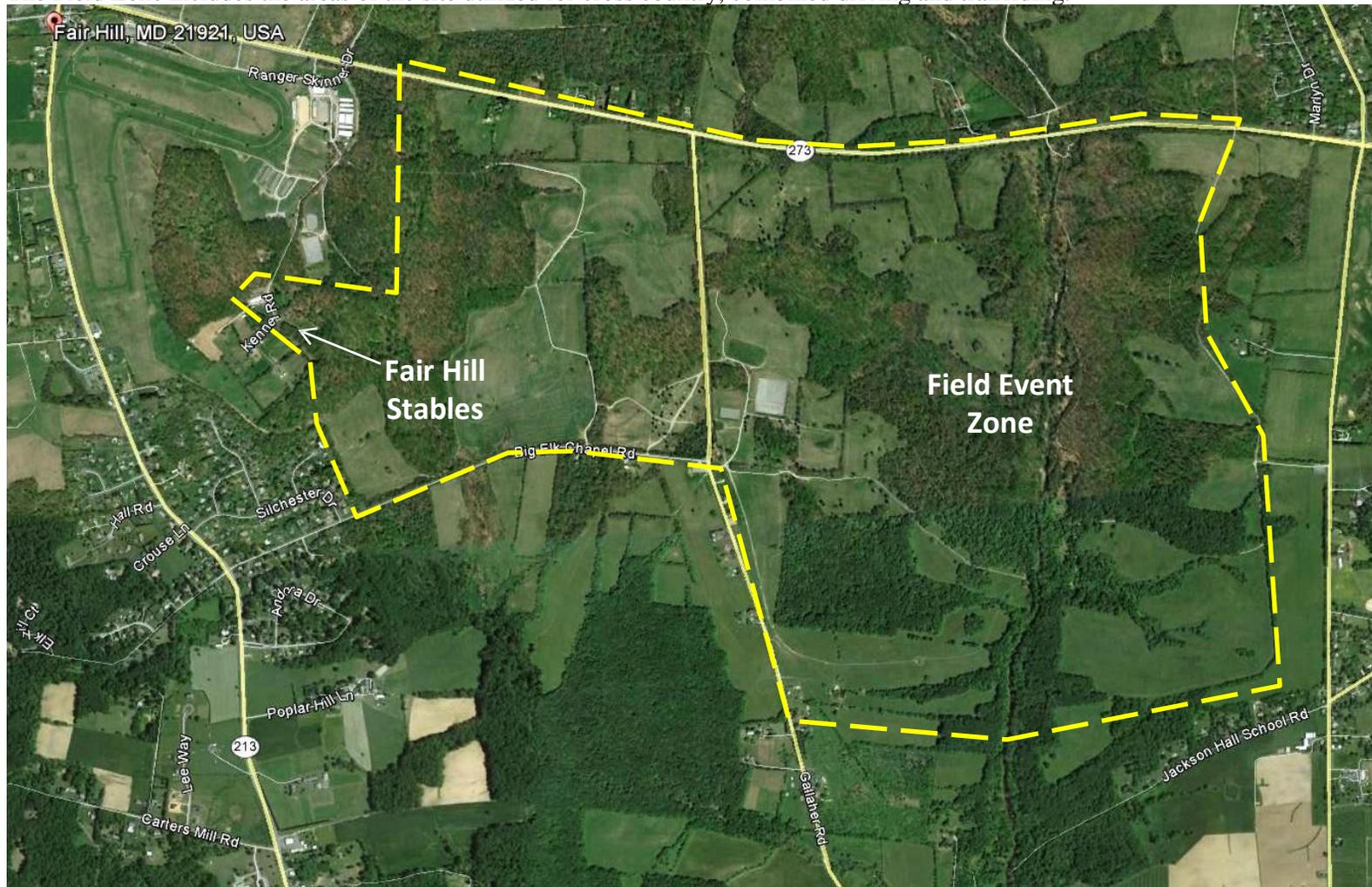


Barn J

Fair Hill – Facility Redevelopment Programming (cont'd)

D. Field Event Zone Improvements

The Field Zone includes the areas of the site utilized for cross country, combined driving and trail riding.



Fair Hill – Facility Redevelopment Programming (cont'd)

1. Cross Country Course Improvements

The cross country course is one of Fair Hill's most well-known assets in the equestrian world and used by many equestrians throughout the year, particularly during the Fair Hill International. We propose upgrading the course to serve training through high-level competition to maximize use and attract more field events. While we recommend engaging a course designer for all competition courses, we have provided an allowance in the project programming and budget for the following improvements:

- Water Complexes: 2
- Bank Complexes: 2
- Ditch Complexes: 2
- Fixed Jumps (timber & structures): 20
- Portable Jumps: 30
- Grading and stabilization of the course area, in particular the areas around the complexes and fixed jumps.

2. Combined Driving Course Improvements

The existing combined driving course is underutilized and in disrepair. Used most heavily by Fair Hill International, we propose modest renovation and upgrades as follows:

- Water Complexes: 2
- New Fences
- Grading and stabilization of the course area around the complexes and fences.

3. General Site Improvements

Riding Trails: A programming allowance has been included for improvement of the riding trail network throughout Fair Hill. The trails are extensive and in varied condition and a thorough on-site investigation will be required to more precisely map conditions and assess the precise improvements required. This study includes an allowance for miscellaneous grading, stabilization, erosion control and clearing of brush and low tree branches.



Fair Hill – Facility Redevelopment Programming (cont'd)

Bridge & Overpass Improvements: Fair Hill includes a number of bridges, overpasses, and low water crossings. A civil engineering analysis of these structures is required to more precisely determine the level of improvement and repairs required. This study includes an allowance for minor repairs and maintenance.

Road Improvements: Most of the road network within Fair Hill consists of gravel service roads which are generally in fair to good condition. A civil engineering analysis of these roads is required to more precisely determine the level of improvement and repairs required. This study includes an allowance for miscellaneous grading, stabilization, erosion control and gravel resurfacing.

Site Directional/Informational Signage: This allowance is included to design, fabricate and install new Maryland Horse Park System branded site and wayfinding signage throughout the Field Event Zone, replacing all existing signage. The signage package should also include site signage for areas of historic and nature interest as well historic structures.

Perimeter Fencing: This allowance is included to repair and replace the Fair Hill perimeter (property line) fence where necessary.



as

Fair Hill – Facility Redevelopment Programming (cont’d)

E. Fair Hill Riding Stable Improvements

The existing Fair Hill Stables recreational riding facility may be an important component of the Fair Hill program, as it is a “Horse Discovery Center” where the general public can have their first horse riding experience and take lessons within the natural beauty of Fair Hill.

Given the importance of public outreach and the cultivation of new equestrians to the overall goals of the MHIB and the Maryland Horse Park System, we recommend the following renovations and additions to Fair Hill Stables:

1. Renovate Historic Riding Stables

The existing stable building is in poor to fair condition. We recommend a full restoration of the building maintaining the original design intent but utilizing modern horse stall and low-maintenance materials where suitable. The renovated building will include approximately 200 square feet of offices/reception, 200 square feet public toilets and 9,200 square feet of stables and support spaces. The interior shall be gutted with all stalls replaced with more durable partitions and open view stall fronts for improved ventilation, new electrical and plumbing systems, landscape paver floors and rubber mats over stone screenings in the stalls. The exterior shall be fully renovated with emphasis on the original design for natural lighting and improved ventilation.

2. Renovate Hay/Storage Barn

We recommend that the existing hay barn on the north side of the riding stable be permanently turned over to the stable operation for storage of bulk hay, bedding, feed and equipment. This barn requires modest renovation including a new roof, exterior architectural enhancement and new electrical system.

3. New 80’x160’ Outdoor Arena

We propose the construction of an 80’x160’ outdoor arena on the south side of the existing riding stables. An arena is a vital safety component for a public riding facility where many riders are inexperienced and where riding lessons are conducted. Given the natural grade of the area, this is the best location and also most convenient to the barn, while leaving the meadow area to the east available for pasture. The programming allowance includes grading, a 4-rail pipe rail fence, organic arena footing and bleacher seating for 100 on the north side of the arena.



Fair Hill – Facility Redevelopment Programming (cont'd)

4. Site Improvements

Asphalt Paving: An estimated 1,100 square yards of new asphalt paving will be required around the barn, hay/storage barn and required ADA parking.

Gravel Drives & Horse Paths: We propose that roads and paths beyond the asphalt areas be constructed of limestone screenings or decomposed granite to provide a safe all-weather surface for the movement of horses around the site. Approximately 2,800 square yards of gravel road and paths are required in this area.

Landscape/Hardscape: A landscape/hardscape allowance has been included for pedestrian pathways and general landscape upgrades throughout the riding stable and outdoor arena.

Horse Pasture Fencing: An allowance for 3,000 linear feet of horse fencing has been provided to reorganize the grass paddock area east of the riding stable.

Paddock Loafing Sheds: Assuming that many of the riding stable horses may live outside on a regular or permanent basis, an allowance for two 512 square foot loafing sheds has been included in the program. These sheds are 3-sided structures with the open access side facing the paddock. They are intended to provide severe weather protection for the horses.

Site Directional/Informational Signage: This allowance is included to design, fabricate and install new Maryland Horse Park System branded site and building signage, replacing all existing signage. The signage package should also include site signage for areas of historic and nature interest as well as historic buildings.

Shaded Pony Line: A shaded pony line is proposed between the riding stable and outdoor arena. This area will be used for tacking the horses, horses in waiting and familiarizing visitors with the horses, tack, grooming and other procedures.

Fair Hill – Facility Redevelopment Cost Estimate

As shown in the following table, the total project budget for the recommended Fair Hill redevelopment program is estimated to range from \$19.6 million to \$24.0 million. Project costs include direct construction costs, contingency, and soft costs.

Fair Hill Redevelopment Program Summary (Building Area Only) and Cost Estimate													
Room / Functional Space	Total Structure Estimated GSF	Estimated Direct Construction Costs			Contingency (15%)			Soft Costs (12%)			Estimated Total Project Budget		
		Range			Range			Range			Range		
A. Steeplechase Track Zone Improvements	N/A	\$6,750,000	-	\$8,066,000	\$1,013,000	-	\$1,210,000	\$932,000	-	\$1,114,000	\$8,695,000	-	\$10,390,000
B. Fair Hill Visitors Center	4,200	1,042,000	-	1,207,000	157,000	-	181,000	144,000	-	166,000	1,343,000	-	1,554,000
C. Fair Zone Improvements	N/A	4,828,000	-	6,014,000	725,000	-	902,000	666,000	-	829,000	6,219,000	-	7,745,000
D. Field Event Zone Improvements	N/A	1,335,000	-	1,695,000	200,000	-	254,000	185,000	-	233,000	1,720,000	-	2,182,000
E. Riding Stable Improvements	N/A	1,288,000	-	1,619,000	193,000	-	243,000	178,000	-	224,000	1,659,000	-	2,086,000
Project Total		\$15,243,000	-	\$18,601,000	\$2,288,000	-	\$2,790,000	\$2,105,000	-	\$2,566,000	\$19,636,000	-	\$23,957,000

Notes: N/A - denotes not applicable.

Amounts are in 2017 dollars to reflect the likely construction start date.

Source: Populous.

Fair Hill – Phased Development Approach

The recommended improvements to Fair Hill could be developed in separate phases given the different zones and their individual uses. The following outlines a recommended phased approach in order to positively impact equine activity in the initial phases:

- *Fair Zone and Field Event Zone* (approximately 729 acres) – both of these zones should be improved simultaneously in order to accommodate three-day eventing needs. For instance, the new stadium in the Fair zone will be necessary for field events. In addition, the stadium could also improve Fair-related activity or other multi-purpose uses during non-Fair times. Existing RV hook-ups in the Fair Zone will be necessary to accommodate field event needs as well. Total project costs for these combined zones are estimated to range between \$7.9 million and \$9.9 million.
- *Steeplechase Track Zone* (approximately 145 acres) – this zone is independent of the other zone improvements and, as such, could be constructed in a stand-alone phase. That said, all recommended improvements in the Steeplechase Zone should be made simultaneously. These improvements would not only support the potential to host an additional race or Grand Prix but could also accommodate multi-purpose events requiring the stands and/or event fields. For instance, improved stands may make the area marketable for symphony performances, festivals, or other events. The recommended improvements would also allow for more high-end temporary VIP areas to be set up for both equine and non-equine events which can provide flexibility and allow the complex to adjust to market changes and increase revenue generation. Total project costs for the steeplechase zone are estimated to range between \$8.7 million and \$10.4 million.
- *Visitor Center and Riding Stable Improvements* – while these improvements are not important economically, they are important to support the MHIB’s grass roots efforts to showcase Maryland’s equine heritage and for retaining and developing the State’s next generation of equestrians. These zones could be developed independently and in later phases. That said, the Visitor Center improvements include central office space necessary for promotions and event management. Total project costs for the visitor center and riding stable improvements are estimated to range between \$3.0 million and \$3.6 million.

The operational and service impacts of a phased development approach should be considered in the overall development planning. Also, as noted in the cost table presented previously, delaying construction will likely increase the estimated cost by an inflationary factor.

Fair Hill – Economic and Fiscal Impact Analysis

As mentioned previously, Cecil County and the State of Maryland would benefit from an enhanced Fair Hill in various ways. The economic/fiscal impact analysis outlined in this section quantifies the direct, induced and indirect benefits associated with equine activity at an improved Fair Hill.

General Assumptions

General assumptions used in this analysis include, but are not limited to, the following:

- The recommended building program components previously outlined are completed.
- One primary objective of the recommended improvements is to host more equine event activity that attracts out-of-town attendees who generate economic and fiscal benefits.
- The facility continues to be publicly owned and operated by the State.
- The complex is managed by a team with strong connections in the equine industry and has an event management team familiar with the unique needs of equine shows and competitions.
- A mission statement, operating objectives, and booking policy are established that include priority for booking large, multi-day equine events that generate room night activity and associated economic and fiscal benefits. These types of events are given longer term booking rights with smaller, local shows being required to book in a shorter window.
- Facility management actively produces and markets its own equine competitions in multiple field event disciplines.
- The facility is aggressively marketed by facility management, existing tourism agencies and the MHIB who have established contacts and strong relationships with event promoters/producers in the equine industry.
- A high level of quality customer service is provided.
- Future development is adequate in terms of visibility, ingress and egress, parking, safety and other similar issues.
- No other similar, competitive/comparable facilities are built in the region.
- No major economic fluctuations or acts of nature occur that could adversely impact the project.
- Amounts are presented in current dollars and reflect a stabilized year of operation.

Fair Hill – Economic and Fiscal Impact Analysis (cont’d)

Estimated Equine Usage

The economic and fiscal impact analysis is based on several factors including the following hypothetical estimate of equine event utilization at an improved Fair Hill. For purposes of this analysis, trail rides and other non-equine events are excluded. However, it is anticipated that the recommended improvements and increased equine activity will not preclude the complex from continuing to host the diverse activity it has in the past.

Recommended Fair Hill Improvements as Part of the Maryland Horse Park System - Estimated Equine Event Utilization				
Equine Event Type	Total Range with Improvements			
	Events	Event Days	Total Attendance	Total Attendee Days
Low Impact	30 - 32	60 - 64	22,500 - 24,000	45,000 - 48,000
Medium Impact	16 - 18	48 - 54	4,000 - 4,500	12,000 - 13,500
High Impact	10 - 12	50 - 60	23,000 - 27,600	92,000 - 110,400
Total	56 - 62	158 - 178	49,500 - 56,100	149,000 - 171,900

Note: The above estimated utilization does not include trail rides or other non-equine event activity.

Subsequent to construction, event activity at enhanced facilities typically experiences a “ramp up” period to a stabilized level which occurs for several reasons. For instance, some groups that book their event years in advance may not want to risk that a facility’s construction is delayed and not completed in time for their event. In addition, some groups may choose to let management “fine tune” its operations before hosting an event at an improved Fair Hill. The length of time for new venues to reach stabilized operations varies but typically ranges from three to five years. Overall utilization at any facility is typically dependent on a number of factors (e.g., market size; accessibility; nearby amenities; size, configuration and quality of the facilities offered; effectiveness of the management team in booking the facility; date availability; cost, etc.) and is rarely consistent. As such, the estimated range of utilization represents a stabilized year of operation.

Fair Hill – Economic and Fiscal Impact Analysis (cont'd)

The estimated 56 to 62 equine events represent a small portion of the potential market of State, regional, national, and/or international equine competitions/shows and include local schooling shows, three-day eventing, endurance, driving, steeplechase, and cross country races, as well as other equine competitions that Fair Hill currently accommodates. For purposes of this analysis, equine events are categorized as Low Impact, Medium Impact and High Impact based on their likelihood to draw overnight attendees and generate economic impact.

The estimated event activity shown on the previous page reflects total equine activity, not incremental, as some activity is currently occurring at the facility. Incremental event activity includes growing existing events held at Fair Hill, hosting new events, and/or attracting higher level competitions. Estimated incremental new events include two to four Low Impact events, 11 to 13 Medium Impact events and three to five High Impact events.

Many of the estimated events will likely occur over multiple days. As such, event days reflect the number of days that a particular event uses the facility. Attendees consist of both participants and spectators. Attendance is defined as the number of people attending an event. An attendee day is defined as total attendance multiplied by the event length. For example, a three-day equine competition with 200 attendees equates to 600 attendee days which reflects that the same attendees return to the event each of the three days.

While the estimated usage does not include non-equine events such as concerts/festivals, the County Fair or other civic/community events, it is anticipated these types of activities will continue to occur at an improved Fair Hill. Many of the recommended improvements outlined herein will serve to enhance Fair Hill's marketability for non-equine events as well. Having an experienced, professional management team familiar with the unique needs of both equine and non-equine users will be critical to achieving the usage estimates herein as well as increasing non-equine activity.

Fair Hill – Economic and Fiscal Impact Analysis (cont'd)

Impact to Financial Operations

Although outside the scope of this project, Fair Hill's financial operations are anticipated to improve if the recommended improvements are completed. Recommended operational and physical improvements such as offering higher quality program elements and on-site services should positively impact event activity and attendance which should directly influence the following revenue streams:

- *Rent* from increased event activity, ability to accommodate simultaneous events, and new/enhanced quality program elements.
- *Admissions* from enhanced stadium seating.
- *Food and Beverage* from providing more high-end food/beverage service and VIP areas.

The recommended Fair Hill improvements should favorably impact equine and non-equine event revenue potential including that associated with the County Fair and festivals.

Operating expenses are also anticipated to increase but not in direct correlation to operating revenues due to the fact that many event-related expenses will be passed on to the user, some items such as administration will remain similar to current levels, and most of the recommended new program elements are outside and have minimal operating costs when not in use. That said, increases in some operating costs such as those associated with staffing levels and enhanced sales/marketing efforts will likely be required to effectively operate an expanded facility with more event activity.

Fair Hill – Economic and Fiscal Impact Analysis (cont’d)

Economic Impact Analysis

The following table compares the estimated annual economic benefits associated with historical equine activity at the existing Fair Hill as measured by spending, jobs and earnings to the estimated annual total and incremental new economic benefits at an improved Fair Hill in a stabilized year of operation.

Recommended Fair Hill Improvements as Part of the Maryland Horse Park System - Equine Activity Only						
Estimated Annual Economic Impacts from On-Going Operations						
Category	Cecil County					
	Historical Activity	Total With Improvements		Incremental New With Improvements		
	Amount	Range		Range		
Spending						
Direct Spending	\$3,908,000	\$9,456,000	- \$11,048,000	\$5,548,000	-	\$7,140,000
Indirect/Induced Spending	\$1,331,000	\$3,220,000	- \$3,763,000	\$1,889,000	-	\$2,432,000
Total Spending	\$5,239,000	\$12,676,000	- \$14,811,000	\$7,437,000	-	\$9,572,000
Total Jobs	60	130	- 150	70	-	90
Total Earnings	\$1,740,000	\$4,209,000	- \$4,911,000	\$2,469,000	-	\$3,171,000
Category	State of Maryland					
	Historical Activity	Total With Improvements		Incremental New With Improvements		
	Amount	Range		Range		
Spending						
Direct Spending	\$4,510,000	\$10,912,000	- \$12,746,000	\$6,402,000	-	\$8,236,000
Indirect/Induced Spending	\$3,716,000	\$8,993,000	- \$10,498,000	\$5,277,000	-	\$6,782,000
Total Spending	\$8,226,000	\$19,905,000	- \$23,244,000	\$11,679,000	-	\$15,018,000
Total Jobs	70	170	- 200	100	-	130
Total Earnings	\$3,130,000	\$7,561,000	- \$8,822,000	\$4,431,000	-	\$5,692,000

Notes: Historical activity is based on operating data provided by facility management.

Estimates exclude non-equine events and Fair Hill financial operations.

State amounts include local amounts.

Fair Hill – Economic and Fiscal Impact Analysis (cont’d)

Direct Spending

As mentioned previously, the first step in calculating economic impact is to estimate direct spending. The benefits generated at the County and State levels result from the impact of direct spending by attendees and activities that support events held at an improved Fair Hill before and after events. The direct spending quantified in this analysis is the estimated spending by attendees, including participants and spectators, outside of an improved Fair Hill on items such as lodging, restaurants, entertainment, transportation, retail, and horse related services.

Based on the estimated mix of event activity, attendees are categorized as either overnight attendees, defined as those generating hotel room nights, or non-overnight attendees and are assigned different spending amounts by category. For purposes of this analysis, approximately 53% of total attendees were assumed to be overnight attendees and assigned an average spending amount of \$125 per day. The remaining non-overnight attendees were assigned an average spending amount of \$50 per day. The spending amounts utilized were based on primary and secondary research including, but not limited to, surveys previously conducted with similar user groups and research conducted by Tourism Economics for the Maryland Office of Tourism. In addition, participants often make expenditures in the local community on horse related services such as veterinarians, tack, and feed. For purposes of this analysis, participants are estimated to spend \$210 per horse at medium and high impact equine events.

Based on these assumptions, the following table summarizes the estimated annual direct spending from equine activity at an improved Fair Hill in a stabilized year of operation.

Recommended Fair Hill Improvements as Part of the Maryland Horse Park System - Equine Activity Only			
Estimated Annual Direct Spending from On-Going Operations			
Spending Type	Total with Improvements		
	Range		
Overnight Attendees	\$3,475,000	-	\$3,878,000
Non-Overnight Attendees	9,938,000	-	11,794,000
Horse Related Expenditures	1,134,000	-	1,323,000
Total Direct Spending	\$14,547,000	-	\$16,995,000

It is further assumed that 65% of attendee spending outside of an improved Fair Hill occurs in the local economy and 75% occurs in the State. The significant leakage is based on Fair Hill’s proximity to the State line and the associated supply of hotels, restaurants, and retail establishments in neighboring states. The adjusted direct spending amounts were applied to the multipliers previously shown in Section 2 in order to calculate estimates for total spending, total jobs and total earnings.

Fair Hill – Economic and Fiscal Impact Analysis (cont'd)

Indirect/Induced Impacts

The IMPLAN model is used to generate the indirect and induced impacts spawned from the estimated economic activities within the County and State. The indirect impacts represent inter-industry trade from business to business. Likewise, the induced impacts represent the economic activity spurred by the household trade that occurs when employees make consumer purchases with their incomes. According to the IMPLAN model, direct spending spurred by an improved Fair Hill is estimated to generate between \$9.0 million and \$10.5 million annually in indirect/induced spending in the State, of which between \$3.2 million and \$3.8 million is estimated to occur in the County.

Total Spending

Outputs from the IMPLAN model indicate that total (i.e., direct, indirect and induced) spending generated from equine activities at an improved Fair Hill is estimated to range from \$19.9 million and \$23.2 million annually in the State, of which between \$12.7 million and \$14.8 million is estimated to occur in the County. Dividing the total impacts by the direct impacts yields an economic multiplier of approximately 1.34 at the County level and 1.82 at the State level. Thus, every dollar of direct spending is estimated to generate \$1.34 in total economic activity at the County level and \$1.82 at the State level.

Total Jobs

The IMPLAN model calculates the number of jobs by dividing the estimated direct spending by \$1.0 million then multiplying by the appropriate multiplier. Using this methodology, the economic activity associated with equine activities at an improved Fair Hill is estimated to support between 170 and 200 total jobs at the State level, of which approximately 130 to 150 would occur in the County. These jobs would be created in many sectors of the economy, which both directly and indirectly support the increased level of business activity in the area.

Total Earnings

Outputs from the IMPLAN model indicate that total earnings generated from equine activities at an improved Fair Hill are estimated to range from \$7.6 million to \$8.8 million in the State, of which \$4.2 million to \$4.9 million are estimated to occur in the County.

Fair Hill – Economic and Fiscal Impact Analysis (cont’d)

Fiscal Impact Analysis

The total spending generated by equine activity at an improved Fair Hill creates tax revenues for the County and the State. The following table compares the estimated annual tax revenues associated with historical equine activity at the existing Fair Hill to the estimated annual total and incremental new tax revenues at an improved Fair Hill in a stabilized year of operation. Given the tax structure and the nature of this project, the fiscal benefits are significantly higher at the State level.

Recommended Fair Hill Improvements as Part of the Maryland Horse Park System - Equine Activity Only					
Estimated Annual Fiscal Impacts from On-Going Operations					
Municipality/Tax	Historical Activity	Total With Improvements		Incremental New With Improvements	
	Amount	Range		Range	
State of Maryland					
Sales and Use Tax	\$328,000	\$741,000	-	\$866,000	\$413,000 - \$534,000
Personal Income Tax	116,000	281,000	-	328,000	165,000 - 212,000
Corporate Income Tax	23,000	55,000	-	65,000	32,000 - 42,000
Total	\$467,000	\$1,077,000	-	\$1,259,000	\$610,000 - \$788,000
Cecil County					
Hotel/Motel Tax	\$40,000	\$97,000	-	\$115,000	\$57,000 - \$75,000
Admissions and Amusement Tax	26,000	62,000	-	72,000	36,000 - 46,000
Local Personal Income Tax	18,000	44,000	-	52,000	26,000 - 33,000
Total	\$84,000	\$203,000	-	\$239,000	\$119,000 - \$154,000
GRAND TOTAL	\$551,000	\$1,280,000	-	\$1,498,000	\$729,000 - \$942,000

Notes: Historical activity is based on operating data provided by facility management.

Estimates exclude non-equine events and Fair Hill financial operations.

The pages that follow outline key assumptions used to estimate the tax revenues associated with an improved Fair Hill.

Fair Hill – Economic and Fiscal Impact Analysis (cont'd)

State of Maryland Taxes

This analysis estimates the amount of sales and use tax, personal income tax, and corporate income tax generated from annual operations of an improved Fair Hill. While other taxes may be positively impacted by the recommended improvements, they are not quantified in this analysis. In general terms, all State tax proceeds are collected in the State's General Fund and then allocated to variety of program areas, such as education, transportation, public safety, and others. As such, individual revenue sources, such as the sales and use tax, are not designated to fund specific programs. As a result of this process, municipalities and counties may benefit from a variety of State and locally administered programs. For purposes of this analysis, only collections have been quantified, without regard as to how these funds are ultimately spent through the individual State departments/funds.

The following describes the primary State-level taxes quantified in this analysis based on information obtained from the State of Maryland Comptroller.

Sales and Use Tax – The State of Maryland collects a sales and use tax from sales and leases of tangible personal property and some services throughout the State. Sales and use tax is uniform throughout the State at 6%. This tax source is the State's second largest source of general fund revenue. For purposes of this analysis, the tax rate was applied to estimated taxable direct and indirect/induced spending at the State level generated from equine activities at an improved Fair Hill.

Personal Income Tax – The State of Maryland imposes a personal income tax assessed against personal income earned in the State. The State income tax is a graduated rate ranging from 2.0% to 5.75% of taxable income. Non-residents are subject to a special nonresident tax rate of 1.25% in addition to the State income tax rate. This tax source is the State's largest single source of general fund revenue. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 3.7% was calculated based on the federal adjusted gross income and the total personal income tax paid to the State in 2012 (the most recent year for which data was available). This effective tax rate was applied to total State-level earnings estimated to be generated from equine activities at an improved Fair Hill.

Corporate Income Tax – A corporate income tax of 8.25% of corporate federal taxable income adjusted by State modifications is also levied by the State of Maryland on corporations. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an effective tax rate of 0.28% was calculated based on the Gross State Product and the total corporate income tax paid to the State in 2013. This effective tax rate was applied to total State-level spending estimated to be generated from equine activities at an improved Fair Hill.

Fair Hill – Economic and Fiscal Impact Analysis (cont'd)

Cecil County Taxes

Admissions and Amusement Tax - The admissions and amusement tax is a local tax collected by the State Comptroller's Office for local municipalities. The entire amount of the tax collected, less administrative expenses, is returned to the municipalities and counties imposing the local tax. The tax is generally levied on the admission or amusement cost for activities such as movies, amusements, athletic events, concerts, golf and the sale of refreshments at a nightclub or other similar entertainment venue. The tax on admissions differs among local municipalities in Maryland. Cecil County applies a 7.5% tax on any admissions and amusement charge. If the gross receipts from the activity is also subject to the sales and use tax, the admissions and amusement tax is limited to 5%. For purposes of this analysis, the 7.5% tax rate is applied to the estimated direct entertainment spending in the County.

Local Personal Income Tax – Cecil County imposes a local personal income tax of 2.8% which is applied to adjusted gross income and it applies to the taxable income of residents and nonresidents who derive income from a County source. For purposes of this analysis and based on information provided by the Comptroller of Maryland, an overall effective tax rate of 2.1% is calculated based on the federal adjusted gross income and the total personal income tax paid to the County for calendar year 2012. This effective tax rate is applied to total County-level earnings estimated to be generated from equine activities at an improved Fair Hill. In addition, an adjustment is made to reflect that local income tax is based on where you live, not where you work.

Hotel/Motel Tax – Cecil County imposes a tax on accommodations at a rate of 3%. For purposes of this analysis, the 3% hotel/motel tax is applied to direct hotel spending estimated to be generated from equine activities at an improved Fair Hill.

Construction Impacts

Although not quantified in this analysis, project costs associated with improving Fair Hill would provide additional economic and fiscal impacts to the region during the construction period.