



Randolph County, NC  
Agricultural Center

*Feasibility Study*

August 2017  
Magellan Strategy Group, LLC

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## PROJECT OVERVIEW

The development of an agricultural center in Randolph County, North Carolina has previously been included as a strategy within the county government's 2016 Strategic Plan. The decision to proceed with the development of a feasibility study indicates further interest on the part of the county and a desire to determine the potential market appeal for such a facility. The concept of an agricultural center has long been discussed in the county, particularly among Randolph's agricultural stakeholders and especially since the county acquired the 104-acre parcel on Dixie Drive in the southern part of Asheboro which has been targeted as the site for the complex.



It first needs to be pointed out that many, if not most types of civic gathering facilities operate at a loss when considered in strict profit-and-loss financial terms (that is, facility revenues minus operational expenses). This is generally true for most stadiums, arenas, convention and conference centers, and agricultural centers.

They are typically constructed as a benefit to the citizens of a community, to spur development in a particular area of that community, or to generate direct and indirect economic impact in the form of tax revenue, jobs, new businesses, and incremental events. These other benefits are almost always considered in addition to the venue's operating P&L when assessing any potential advantages to the community.

The term "agricultural (ag) center" is used to denote a wide variety of different facilities, especially in the state of North Carolina. The term has been applied to office buildings housing the local county extension service; structures used as community centers and similar types of gathering places (often connected to the county extension service offices); buildings also used as convention and/or cultural performance centers; venues designed specifically for agricultural-related events; or all of the above.

Within the mid-Atlantic region there is a bit of an ag center "arms race" occurring, as a number of communities have recently built new venues or expanded their facilities to accommodate more or larger events. Some of the nearby communities which are building or have proposed new or expanded ag centers include Anson County, NC; Stanly County, NC (Farm Bureau Arena); Wytheville, VA; and Wayne County, NC. Additionally, new centers have opened in the last couple of years in south central Virginia (Olde Dominion) and Chatham County, NC.

This competitive threat means that first and foremost it should be clear as to what strategic objectives would be met by construction of an ag center complex in Randolph County. With so many varied uses of ag centers in North Carolina and elsewhere, it would be easy to lose control of the proposed center's design and cost by assigning too many roles for it to fulfill efficiently. It is recommended that the Randolph venue be an agricultural center first, with its role as a meeting and event center considered as a complementary feature. The objective should be to maximize the flexibility of the venue and to allow for future expansion and other uses of the property while maintaining a strict focus upon its primary uses. The center can fulfill several important community needs for Randolph County, but it cannot meet every possible need without a significantly higher financial investment by the county.

## OPERATIONAL MODELS

The region's public ag centers employ a variety of different operational and ownership models, but they generally fall into one of four categories:

- Local government ownership and operation, including numerous examples in North Carolina where the county owns the facilities and Cooperative Extension manages the complex for the county. This includes scheduling of space, staffing for events, and responsibility for the operational P&L.
- Local government ownership of facilities, but an outside private operator is contracted to manage all or part of the venue. Duplin County in North Carolina previously used this arrangement for its events center in Kenansville.
- Ownership and operation by a local higher education institution, such as a university or community college. This model is especially prevalent in Tennessee.
- Non-profit ownership and operation of the facility, such as the model used for the Olde Dominion Agricultural Complex in Virginia.

# RECOMMENDED FACILITY PROGRAM

The facility program described below for the Randolph Center ag center complex is based upon three guiding strategic principles:

1. Create maximum event flexibility while remaining mindful about costs
2. Account for agricultural-related utilization as a primary tenant usage
3. Generate maximum return on investment in the form of community economic impact

## **Indoor Ag Show Arena**

- A main show ring measuring 120' x 240' or 200' x 300' (based upon stakeholder feedback, this was enlarged from the initial smaller recommendation to accommodate larger rodeo shows).
- Permanent grandstand seating capacity for 2,500, with additional seating capacity possible on the floor of the arena using portable chairs.
- A concrete floor, with the ability to have a variety of coverings (dirt, turf, carpet) for maximum versatility of the space.
- Concessions
- Restrooms
- Arena office space (three offices) for center management staff.
- Climate controlled space. While many ag center arenas in the region are not air conditioned (and some do not even have heat), the desire for maximum flexibility and the ability to use the arena for events such as high school graduations during warm weather months likely means that the facility will require air conditioning. This adds considerable building and operating expense, but it is hard to imagine many events using the arena during the period May through September without it.

## **Warm-Up Rings (2)**

- One covered ring, without climate control
- One outdoor ring, without cover
- Both measuring 120' x 240'
- Directly adjacent to arena

## **Barns for Housing Livestock and Horses (3)**

- 100 stalls, measuring 10' x 10', for each barn
- Ability to house both horses, cattle, and smaller livestock
- Several wash rack stations per barn

## **Dedicated Meeting and Event Space (as a Conference Facility)**

- Approximately 7,000 square feet, climate-controlled
- Divisible with moveable walls
- Attached catering kitchen
- Restrooms

# RECOMMENDED FACILITY PROGRAM

## **Office Space for Related Agricultural Agencies**

- Accessible from meeting and conference space facility so that local agencies can use as needed
- Potential for expansion if needed in the future

## **Local Agricultural-Related Agency Office Space Needs**

- Randolph County Cooperative Extension
- 10,000 square feet (to replace current leased space on Fayetteville Street in Asheboro)
- Dedicated kitchen space for Cooperative Extension programming (similar to current kitchen space)
- Restrooms
- Meeting space

## **US Department of Agriculture**

USDA – Rural Development	3,737 square feet
USDA – Farm Service Agency	2,324 square feet
USDA – Natural Resource Conservation Service	765 square feet
USDA Total	6,826 square feet

## **Soil and Water Conservation District**

- 4 offices for personnel
- 1 room for meetings, workroom, some files, break room space, refrigerator, sink (conference space could be shared function space with the other agencies)
- 1 lockable file room
- 1 room for copier, plotter, fax, and storage
- 1 room for educational supplies

## **North Carolina Forest Service**

- 4 offices for personnel
- 1 room for storage of office supplies and required equipment
- 1 break room, and space for washer and dryer for laundering of fire clothes, and large ice maker and refrigerator for fire season
- 1 file room
- 1 conference room (could be shared with other agencies)
- 1 restroom with required shower (could be shared with other agencies)

# RECOMMENDED FACILITY PROGRAM

## **External Space Requirements for Related Agencies**

### ***Soil and Water Conservation District***

- 2 storage buildings

### ***North Carolina Forest Service***

#### *Heated Shop*

- 2 drive-thru bays with garage door on each end, at least 14 ft. wide with at least 14 ft. minimum head clearance for each door
- Required truck lift for maintenance of fleet (minimum of 14,000 lbs.)
- Required sink and eye wash/safety shower unit and spigot in shop
- Air compressor plumbed in with minimum of two hose reels
- Electrical outlets all the way around the shop at a minimum of 8 ft. intervals
- Build-in work benches with vice and work lights
- Storage cabinet for flammable liquids

#### *Welding Room/Tool Room Attached to Shop*

- Must have at least one garage door at least 14 ft. wide with at least a 14 ft. minimum head clearance
- Welding area must meet OSHA regulations for welding
- Requires 4-220 volt outlets
- Requires electrical outlets with minimum of 8 ft. intervals.
- Locking doors
- Steel work benches
- Peg boards for storage of tools in tool room
- Safety cage for welding and torch tanks
- Plumbed in with air compressor hose from shop
- Must be able to access the shop with room for a tractor trailer in the bay doors

#### *Storage for Equipment*

- Equipment storage shed/building for storage of forklift, gator, backhoe, dump trailer, equipment trailer, and other smaller items.

#### *Concrete Wash Area*

##### *Wash slab*

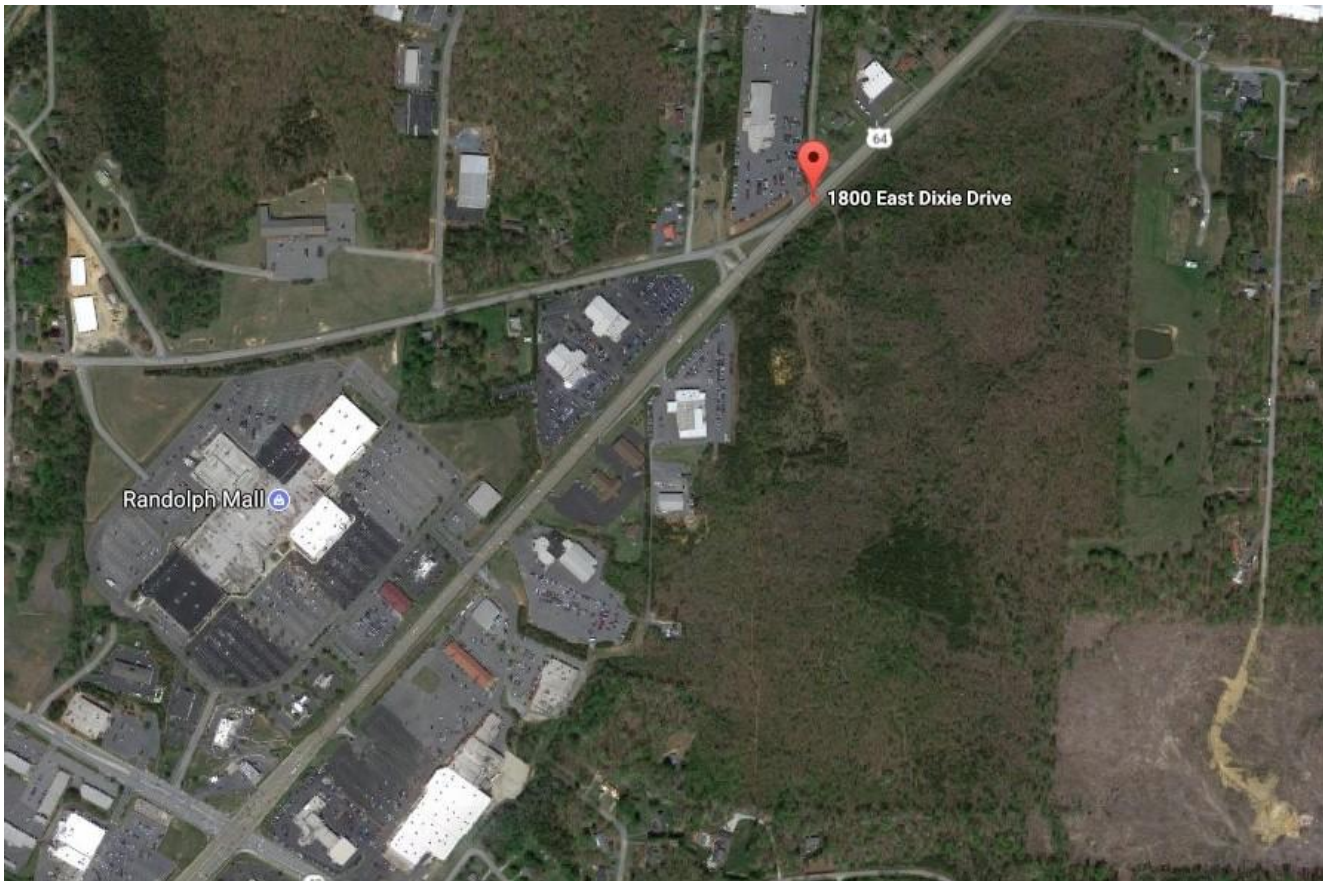
- 14 x 30 concrete slab capable of supporting with weight of hauling unit with tractor plow (30,000 lbs.)
- Must have 1 ½ inch water hose for quick fill of Forest Service tanks
- Must have 10' x 10' building with 220 power for steam cleaner
- Space for hose reel and cleaning supplies
- Must be able to access slab with tractor trailer



## OTHER SITE NEEDS

- Parking for the site should include a combination of paved and unpaved spaces. Given the range of demand for parking expected for the complex, it is not financially justifiable for the county to invest in paving all parking until absolutely necessary or desired.
- Since many agricultural-related events attract participants with recreational vehicles (RVs), a number of RV hookups are recommended for the site so that it can be competitive in bidding for events against other ag centers. There should be a minimum of 30 sites with electric and water hookups, with the potential for expansion of these hookups if demand justifies.
- The 104-acre site on Dixie Drive is a slightly rolling, heavily wooded parcel of land, part of which sits adjacent to nearby residential neighborhoods on its southern boundary. There is also a less densely-built residential neighborhood and a church near the site's eastern boundary along Beane Street and Vista Parkway. A buffer of woodland space should be left intact between the ag complex's larger event venues (which should be sited along Dixie Drive) and these neighborhoods.

Renderings of the site plans for the two concepts are included in the Appendix.



Randolph County Agricultural Center - Concept 1 - 120' x 240' arena ring, no A/C in arena				
Program	Price/per	Units	Cost	Notes
2,500 seat arena	\$30/sf	65,000 sf	\$1,950,000	Heat, ventilation, no A/C
Covered ring	\$20/sf	36,000 sf	\$720,000	Ventilation, no heat
Meeting space	\$120/sf	7,000 sf	\$840,000	
Cooperative Extension office space	\$150/sf	10,000 sf	\$1,500,000	2 stories
300 stalls/3 buildings	\$50/sf	37,500 sf	\$1,875,000	10' x 10' stalls, 100 per barn
RV spots	\$5,000/spot	30 spots	\$150,000	Paving and hook-ups
Paved parking lot	\$2,500/space	300 spaces	\$750,000	Curb, gutter, landscaping, paint
Gravel parking	\$500/space	1,800 spaces	\$900,000	Terracing, gravel roads,
Stormwater, site prep, etc.			\$1,000,000	Retaining walls, grubbing, pond, lighting, etc.
<b>Total</b>			<b>\$9,685,000</b>	<b>Conceptual rough estimate</b>

Randolph County Agricultural Center - Concept 2 - 200' x 300' arena ring, A/C, expanded office and utility space				
Program	Post/per	Units	Cost	Notes
2,500 seat arena	\$30/sf	125,000 sf	\$3,750,000	200' x 300' ring adds 60,000 sf.
HVAC			\$500,000	500 tons @ \$1,000/ton
Covered ring	\$20/sf	36,000 sf	\$720,000	Ventilation, no heat
Meeting space	\$120/sf	7,000 sf	\$840,000	
Combined offices	\$150/sf	21,000 sf	\$3,150,000	3 stories
300 stalls/3 buildings	\$50/sf	37,500 sf	\$1,875,000	10' x 10' stalls, 100 per barn
80' x 100' storage, tool, wash space	\$50/sf	8,000 sf	\$400,000	USDA, Forest Service, Soil & Water shop use
RV spots	\$5,000/spot	30 spots	\$150,000	Paving and hook-ups
Paved parking lot	\$2,500/space	300 spaces	\$750,000	Curb, gutter, landscaping, paint
Gravel parking lots	\$500/space	1,800 spaces	\$900,000	Terracing, gravel roads
Stormwater, site prep, etc.			\$1,000,000	Retaining walls, grubbing, pond, lighting, etc.
<b>Total</b>			<b>\$14,035,000</b>	<b>Conceptual rough estimate</b>

## AG CENTER DEMAND ANALYSIS

A conservative approach was taken in forecasting demand, revenues, and expenses for the ag center complex. Figures were developed using data obtained from other similar types of facilities throughout the region, and estimated for other venues based upon their demand and fees charged. Projections for full operating years 1, 2, and 3 are provided, but Year 3 is thought to represent stabilized demand projection and more representative of a typical future operating year. This projection also assumes that the arena and the meeting and conference spaces may be in use at the same time by two different users, thereby maximizing the utilization of the facility. It is, of course, also possible that a large event will use both components of the center.

Projected Arena Uses	Projected Conference Space Uses
<b>Livestock Events</b>	<b>Meetings</b>
<b>Equestrian Events</b>	<b>Social Events</b>
<b>Youth Agricultural Events</b>	<b>Educational &amp; Conferences</b>
<b>Rodeo &amp; Similar Shows</b>	<b>Consumer &amp; Trade Shows</b>
<b>Dog &amp; Other Animal Shows</b>	
<b>Other Sports</b>	
<b>Entertainment</b>	
<b>Social Events</b>	
<b>Graduations</b>	
<b>Consumer &amp; Trade Shows</b>	
<b>Other Events</b>	

Demand has been forecasted separately for the ag center arena and the meeting and conference space. The projected expenses and revenue flows include building naming rights for the ag center arena and other on-site sponsorship fees received, but do not include the following:

**Alcoholic beverage sales by the operator at the arena or elsewhere in the complex.** There are numerous civic centers, stadiums, arenas, and other similar government-operated or -owned venues where alcoholic beverages (including beer and wine) are served by the operator or a concessionaire, including some in smaller rural communities (the Sampson County Exhibition Center in Clinton is one example). This potential revenue could be significant for the county in helping offset any operating deficits. That decision, however, will likely require more public discussion and debate. (Note that this is different from alcoholic beverages provided and served by clients using the center for their events.)

**Rent from government agencies using office space at the complex.** While there is strong interest among agricultural stakeholders in wanting to locate agricultural-related agencies at the complex, it is not yet known what type of fiscal relationship the county may have with any state and federal agencies which are relocated there.

**Reductions in rent from not having to lease space elsewhere, except for Cooperative Extension space.** Cooperative Extension currently leases commercial space in an Asheboro shopping center for \$100,000 annually, which represents a significant potential cost savings for Randolph County if it can provide rent-free space for the unit.

**Potential leases of land to private entities elsewhere on the property.** This could include future commercial uses for the portion of the property immediately fronting Dixie Drive, such as a hotel or restaurant.

**Rental discounts, pro bono uses, and other “no charge” uses of the facilities.** An example would be an event organizer required only to pay for the labor needed to staff that event and its set up and cleanup. These decisions will be made on a case-by-case basis and may require a policy for their application.



## Demand Analysis

The demand projection for the ag center is segmented into two parts: the arena component and the meeting and conference space. The reason for this is to illustrate the differences in demand between the two, since they will have fundamentally different uses and, often, clients and events. In total, it is projected that by year 3 some part of the facility will be in use about half the days of the year.

Arena	Annual Events	Avg. Days Per Event	Annual Event Days	Avg. Attendance Per Day	Annual Attendance
Year 1	44	1.45	59	711	44,242
Year 2	56	1.45	77	711	55,092
Year 3	68	1.45	95	711	65,942
Conference Center					
Year 1	82	1.38	89	125	6,200
Year 2	100	1.38	109	131	9,350
Year 3	109	1.38	121	131	10,775
<b>Grand Total, Yr. 3</b>	<b>177</b>		<b>216</b>		<b>76,717</b>

The demand projection for year 3 includes the following segmentation of attendees at both the arena and the conference space. Attendance in years 1 and 2 is likely to be heavily weighted towards local residents due to the nature of the events held during that period and the planning horizon which event planners operate (booking a year to two or more into the future), so the projection for year 3 is assumed to be more representative of future attendance at the ag center.

Attendee Segmentation	Arena	Conference Center
% County Residents	55%	68%
% Daytrippers	28%	24%
% Overnight Visitors	16%	8%

## Revenue and Expense Projection

Revenue and expenses are projected for year 3 as well. Two key assumptions are made with regards to expenses in year 3: the arena is not air conditioned, and the savings in annual rent paid for the Cooperative Extension's office space is included in the analysis. Changes to either of these would have a substantial impact upon the financial profit and loss projection for the center.

Revenue Category	Year 3 Totals
<b>Facility Rental Fees</b>	
<b>Arena</b>	\$ 95,000
<b>Meeting Space</b>	\$ 60,250
<b>Concessions (as net)</b>	\$ 123,641
<b>Stall Rentals</b>	\$ 24,035
<b>Other Fees</b>	\$ 10,000
<b>Sponsorships/Advertising</b>	\$ 10,000
<b>RV Rental Fees</b>	\$ 3,635
<b>Naming Rights</b>	\$ 25,000
<b>Total</b>	\$ 351,561

Expense Category	Year 3 Totals
<b>Labor (Salaries &amp; Benefits)</b>	
<b>Center Manager</b>	\$ 62,500
<b>Assistant Manager</b>	\$ 52,500
<b>Administrative</b>	\$ 37,500
<b>Maintenance Manager</b>	\$ 50,000
<b>Part-Time Labor</b>	\$ 30,400
<b>Utilities</b>	\$ 76,000
<b>Supplies</b>	\$ 50,000
<b>Maintenance</b>	\$ 50,000
<b>Insurance</b>	\$ 20,000
<b>Other Miscellaneous</b>	\$ 25,000
<b>Cooperative Extension lease</b>	(\$ 100,000)
<b>Total</b>	\$ 353,900

P&L Category	Full Year 3
<b>Revenues</b>	\$ 351,561
<b>Expenses</b>	\$ 353,900
<b>Profit/(Loss)</b>	\$ (2,339)

### **Other Potential Sources of Financial Support**

**Naming rights.** Arenas, stadiums, and performing arts centers in the U.S. have for many years sold naming rights on their buildings to corporations in exchange for the brand exposure and other marketing opportunities associated with the venues. This relationship is not limited to large cities, either—Stanly County in North Carolina sold the naming rights on its future ag center arena in 2014 to Farm Bureau for an unusually long term of 50 years. In return for this lengthy period, Farm Bureau will allow Stanly County to do other fundraising and sponsorships elsewhere in the building. For Randolph County, a potential term of 10 years (possibly up to 20 years) of naming rights for \$250,000 (\$25,000 annually) is more within industry norms.

**Private fundraising.** While Randolph County government may not do any “fundraising” on its own (not including sponsorships or naming rights), it may agree to enter into a public/private partnership with a non-profit organization supporting the complex or even operating all or parts of the center. Such public/private partnership arrangements have been increasingly utilized in recent years to provide financial support for venues such as zoos and aquariums (through non-profits often labeled as “Friends of...”), and the model has been used at the Olde Dominion complex in southern Virginia.

**The State of North Carolina.** While the likelihood of receiving state financial support is not particularly strong in the current fiscal and political environment, it’s worth noting North Carolina operates three ag centers elsewhere in the state—near Asheville (west), Lumberton (southeast), and Williamston (northeast)—and the Fairgrounds complex in Raleigh.

**Occupancy taxes.** Randolph County currently has a 5% occupancy tax, the charge added to the cost of a hotel room sold in the county (which is in addition to the sales tax charged). There are restrictions on how occupancy taxes can be allocated—at least two-thirds must be spent on destination marketing, and up to one-third allocated to “tourism-related expenses.” The definition of “tourism-related” is fairly broad, but generally can include capital assets that generate hotel room sales. In North Carolina, the occupancy tax can be up to 6%, and an additional 1% in Randolph County would generate approximately \$200,000. However, this must be done by an act of the General Assembly, usually with the support of the local legislative delegation and, ideally, county hoteliers. (If it pursues this form of funding support, however, Randolph County would likely have to pledge not to build a hotel adjacent to the ag center or offer that land for a construction of one.)

**Alcoholic beverage sales.** As previously noted, alcoholic beverage sales represent a potentially lucrative revenue source that can be used to offset operating deficits at the center, but this decision would likely require its own debate. It would also require some design considerations, such as providing a secure area for storing such beverages. (This does not preclude allowing private event organizers to serve alcohol for their events held at the center, such as wedding receptions.)

**Grants.** There are a variety of potential grant opportunities available to Randolph County government to help build or expand the proposed facility. More detail on these opportunities is expressed below.



### **Potential Grant/Funding Options**

Local investments can serve as the base for attracting additional support from other local, state, and federal funders. Following a willingness for local government to invest in a project, a strategic outline for approaching other funders should be developed to assist in offsetting costs and completing or enhancing the construction efforts.

Below is a sample of funders from the private and non-profit sectors who have a precedent for funding construction projects or projects specific to Randolph County or its surrounding region. This list could be expanded as the details of a funding and/or financing plan for the facility are set forth. In addition to this list, project principals might consider their professional networks as potential funding sources. Quite often, public utilities, corporations and banking institutions with local interest, and family foundations that are not broadly advertised are willing to support construction projects that impact the communities they serve.

A starter slate of funding programs to consider includes the following:

#### **Public Sector Support**

*U.S. Department of Agriculture (USDA)*

USDA provides loans and grants for new community facilities and renovation projects. Their guaranteed loan program helps communities to finance essential buildings that meet USDA's criteria. The program is targeted at rural communities and towns with populations at or below 20,000. Asheboro may slightly exceed this threshold, but it would be prudent to explore this possible source of funds, especially given USDA's active role in agriculture in the county and its possible relocation of office space to the new complex.

<https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program>

*U.S. Economic Development Administration (EDA)*

EDA provides strategic investments on a competitive merit basis to support economic development, foster job creation, and attract private investment in economically distressed areas of the United States. On a competitive basis it supports successful applicants in order to provide investments that support construction, non-construction, technical assistance, and revolving loan fund projects under EDA's Public Works and EAA programs. Grants and cooperative agreements made under these programs are designed to leverage existing regional assets and support the implementation of economic development strategies that advance new ideas and creative approaches to advance economic prosperity in distressed communities.

<https://www.grants.gov/web/grants/view-opportunity.html?oppld=290874>

(EDA also has a grants program for strategic planning efforts.)

#### **Local/Regional/Corporate Philanthropy**

As the budget and specifications for construction are developed, Randolph County government may consider approaching local funders with the potential of supporting a specific portion of the project. Naming rights can be developed for various tiers of funding and corporate, non-profit or family/individual names can be applied to conference rooms, office suites, etc.

Examples of those potential funders to approach would include:

**The H. Clay & Wavie M. Presnell Foundation**

The Presnell Family Foundation provides grants to augment governmental funding of, or to otherwise finance, recreational or educational facilities such as museums, libraries or medical facilities open to public use within North Carolina.

<http://www.presnellfoundation.com/what-we-support/>

**The Petty Family Foundation**

This family foundation has a cadre of organizations that they routinely support, including Randolph Community College and Hospice of Randolph County; however, considering the wide array of uses the new facility would support, packaging a pitch to this foundation should be considered.

<http://www.pettyfamilyfoundation.org/about>

**Lowe’s Charitable and Educational Foundation**

Makes small grants up to \$25,000 in its communities and supports community improvement projects.

[https://www.cybergrants.com/lowes/start\\_app.html](https://www.cybergrants.com/lowes/start_app.html)

**Golden LEAF Foundation**

An organization already invested in Randolph County, it will fund grants up to \$200,000 through its Open Grants program if a project meets economic development results criteria. A better approach might be through the Foundation’s Community-Based Grants Initiative. Golden LEAF’s open door policy can be used to discuss project ideas with programs staff.

<http://www.goldenleaf.org/>

**North Carolina Community Foundation**

NCCF provides support for a variety of different types of community projects through its regional affiliates.

<http://www.nccommunityfoundation.org/page/nccf-staff#dawn>

<http://www.nccommunityfoundation.org/grants-scholarships/grants/grantmaking-guidelines>

## ECONOMIC IMPACT ANALYSIS

As a component of the feasibility study, a study of the proposed center's potential economic impact upon the surrounding area was performed. MSG partnered with SYNEVA Economics, LLC to develop the analysis utilizing projected construction costs and operating data for the proposed center, using the highly regarded IMPLAN® software model.

The role of the analysis was to identify and follow the new spending generated by the center as it moves through the local economy. IMPLAN® was utilized to track the expenditure flows of the activities of visitors to the center. The analysis captured the initial direct spending by visitors, the indirect impact as local businesses respond to the increased demand, and the induced effect of added household spending resulting from the increased economic activity. Spending by local residents was not included in the impact analysis. By definition, spending by a local resident does not account for new spending, but represents a reallocation of local dollars among economic activities.

### **Limitations**

Economic impact analyses use spending (in construction, by visitors to the center, and that resulting from its operations) as the primary factor to capture the effects of an economic activity. Spending presents a quantifiable variable from which an economist can reliably model and track where and how dollars will flow in a particular situation. While spending is an important element, it does fail to capture the broader significant impacts of the new center as a support facility for the area's agricultural economy. (This is described elsewhere in this report.)

That significance is not always easily captured through the methodology provided by an economic impact study. As such, the reader should recognize that the results presented in this analysis likely capture only a small portion of the actual positive total impact that the ag center will have upon Randolph County and the surrounding area.

## Methodology

To measure the center’s economic impacts the IMPLAN® system was employed. IMPLAN® is an input/output model that is comprised of software and regional data sets. IMPLAN® is an acronym for Impact analysis for PLANning. The IMPLAN® model was originally developed by the USDA Forest Service in cooperation with the Federal Emergency Management Agency (FEMA) and the USDI Bureau of Land Management to assist in resource management and planning. Currently the model is used by dozens of public, private, and academic organizations. The overriding objective of the model is to measure the full economic impact to a local economy as a result of a specific economic activity. The model is built upon a matrix detailing the input/output relationships among industries and consumers.

The primary matrix structure is derived from the National Bureau of Economic Analysis’s Benchmark Input/Output Model. The national model was realigned to match the regional Randolph County economy. Output ratios and imports for over 500 industrial sectors in the area are assigned. Purchase coefficients are derived to measure the percentage of intermediate and final demands that are satisfied from local production and the percentage that are imported from outside the area. Consumer expenditure patterns, price deflators, industry employment levels, household income groups and the area population are also factored in for the local economy. The analysis measures the impacts occurring in Randolph County.

The economic impacts are measured as three local effects: direct, indirect, and induced. Each of these effects is expressed in terms of their effect on jobs (local employment), income (local wages and proprietor income), output (the value of industry production), and tax revenues.

### Impact of Visitors to Randolph County

Category	Overnight Visitors	Year 3 Expenditures	Daytrippers	Year 3 Expenditures	In-County Residents	Year 3 Expenditures
<i>Year 3 Attendees</i>	<i>11,451</i>		<i>21,397</i>		<i>43,869</i>	
Lodging	\$ 84.61	\$ 968,892	\$ -		\$ -	
Food	\$ 25.00	\$ 509,407	\$ 12.50	\$ 267,464	\$ 8.33	\$ 365,575
Transport	\$ 15.00	\$ 305,644	\$ -		\$ -	
Retail	\$ 12.00	\$ 244,515	\$ 4.00	\$ 85,589	\$ -	
Entertainment/ Other	\$ 6.00	\$ 122,258	\$ -		\$ -	
<b>Total</b>		<b>\$ 2,150,716</b>		<b>\$ 353,053</b>		<b>\$ 365,575</b>

**IMPLAN Ag Center Total Economic Impact**

*(Generated Through Visitor Spending and Center Operations)*

<b>Local Economic Output Raised:</b>	\$3,134,082 annually
Total Jobs Supported:	46
Local Income Generated:	\$962,824
Total Annual Tax Revenue Generated:	\$401,525
County:	\$66,802
State:	\$107,886
Federal:	\$226,837

**IMPLAN Impact of Ag Center Operations Only**

Local Economic Output Raised:	\$633,910 (\$180,010 indirect)
Local Jobs Supported:	7 total (2 indirect)
Local Income Generated:	\$185,304 (\$57,059 indirect)
Total Annual Tax Revenue Generated:	\$59,224
County:	\$6,759
State:	\$13,009
Federal:	\$39,456

**IMPLAN Construction Impact (One Year Only)**

Local Economic Output Raised:	\$12,696,878
Local Jobs Supported:	111 total
Local Income Generated:	\$4,247,300
Total tax revenue generated:	\$1,240,750
County:	\$102,128
State:	\$237,481
Federal:	\$901,141

## BENEFITS TO RANDOLPH COUNTY AGRICULTURE

Agriculture in Randolph County is big business. According to the USDA's National Agriculture Statistics Service most recent census of farms (2012), over 150,000 acres of land are dedicated to farming in Randolph County, across almost 1,500 farms. That means that over 30% of the land in the county is devoted to farming. The value of farms and farm buildings in the county continues to grow, increasing from \$714 million in 2007 to \$751 million in 2012. The market value of farm machinery represents another significant figure, nearly \$100 million.

Category	2012 Census of Agriculture Data
<b>Total Acres</b>	<b>503,162</b>
<b>Number of Farms</b>	<b>1,486</b>
<b>Total Land in Farms (Acres)</b>	<b>156,813</b>
<b>% Land in Farms</b>	<b>31.2%</b>
<b>Avg. Farm Size (Acres)</b>	<b>106</b>
<b>Harvested Cropland</b>	<b>51,750</b>
<b>Avg. Age of Farmers</b>	<b>57.9</b>
<b>Value of Farm and Buildings</b>	<b>\$ 751 million</b>
<b>Value of Farm and Buildings, 2007</b>	<b>\$ 714 million</b>
<b>Mkt. Value of Farm Machinery</b>	<b>\$ 94.2 million</b>

*Source: USDA National Agricultural Statistics Service*



Randolph is one of the leading counties in the state in total agricultural production, especially cattle. It ranks first in the state in the number of beef cattle and second in the number of dairy cattle in the county. In terms of the value of total livestock production (which includes all live animals), Randolph ranked eighth in the state in 2015 at \$227 million.

Category	2016 Number	2016 Rank (of 100 NC Counties)
Beef Cattle (Head)	16,500	1
Dairy Cattle (Head)	4,700	2
All Cattle (Head)	44,000	2

Source: USDA National Agricultural Statistics Service

County	Livestock, Farm Cash Receipts, 2015 (Millions \$)
Duplin	954
Sampson	915
Union	428
Wayne	325
Robeson	305
Bladen	292
Wilkes	269
<b>Randolph</b>	<b>227</b>
Alexander	188
Anson	186



Randolph ranks in the top ten counties in the state when the total farm cash receipts of all crops and livestock is added together, and is second in the state in livestock farm cash receipts for both beef and dairy cattle as of 2015.

Total Farm Cash Receipts, Livestock and Crops, 2015	Livestock Farm Cash Receipts, Beef Cattle, 2015	Livestock Farm Cash Receipts, Dairy Cattle, 2015
Sampson	Iredell	Iredell
Duplin	Randolph	Randolph
Union	Wilkes	Lincoln
Wayne	Chatham	Alleghany
Robeson	Sampson	Alexander
Bladen	Alexander	Henderson
Wilkes	Alleghany	Davidson
Johnston	Surry	Guilford
Randolph	Duplin	Rowan
Greene	Cleveland	Yadkin

*Source: USDA National Agricultural Statistics Service*

Randolph County agriculture is also still very much a growth industry. The number of cattle farms increased 6.4% from 2007 to 2012, and the total of cattle and calves in the county did likewise by nearly 5,000 head (a 12% increase).

Category	2012	2007
Cattle Farms	875	822
Cattle and Calves	45,481	40,563

*Source: USDA National Agricultural Statistics Service*



Randolph County’s agricultural sector strength is in more than just cattle, however. It also ranks in the top ten for broilers and layers produced. And while it is not usually considered a major producer of pork, especially relative to many counties in eastern North Carolina, it still ranks 31st in the state.

County	2015 Rank (of 100 NC Counties)
<b>Broilers Produced</b>	<b>6</b>
<b>Layers</b>	<b>8</b>
<b>Hogs and Pigs</b>	<b>31</b>

*Source: USDA National Agricultural Statistics Service*

One up-and-coming area of growth for Randolph agriculture is goat farming, which involves nearly 200 farms in the county.

Category	2012 Farms	2012 Number
<b>All Goats</b>	<b>187</b>	<b>2,714</b>
<b>Meat Goats</b>	<b>164</b>	<b>1,977</b>

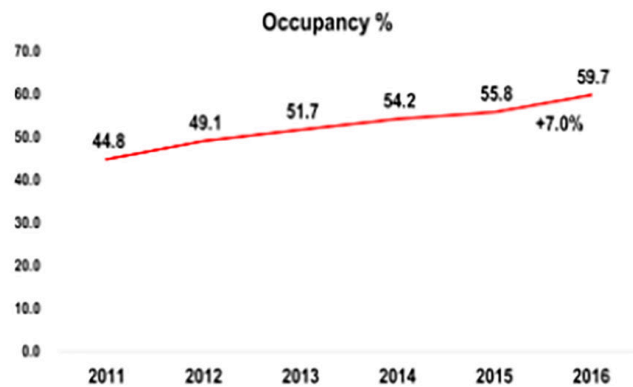
*Source: USDA National Agricultural Statistics Service*

A Randolph County ag center will facilitate the continued growth of agriculture in the county through increased promotion and sales of products, better education of its farmers, and improved service to its farms. It will bolster the competitiveness of the county’s farms and help further establish the county as a regional agribusiness hub. This is a critical step forward given the importance of agriculture to the county’s economy and the potential for further growth in that sector.

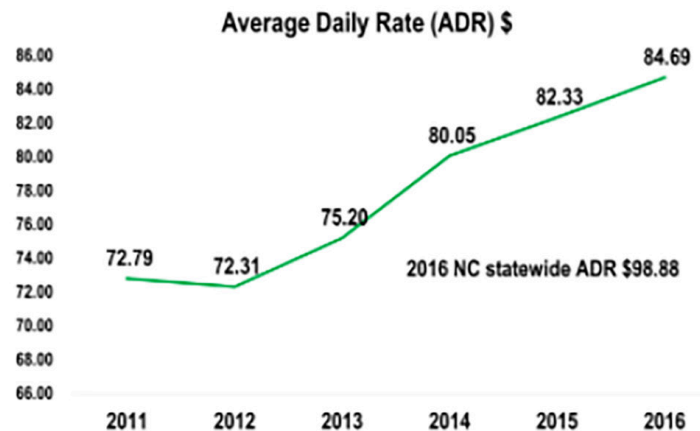
# BENEFITS TO THE RANDOLPH COUNTY VISITOR ECONOMY

Tourism is also a significant factor in the Randolph County economy. There are nearly 1,000 hotel rooms in the county, and visitors to the county generated \$131.34 million in spending in 2015. This spending level places Randolph 35th in all of North Carolina. That spending generated a payroll of \$20.5 million and supported 950 local jobs that same year, with state tax receipts from tourism amounting to \$8.0 million and local taxes \$2.1 million. (The Economic Impact of Travel on North Carolina Counties, prepared for Visit North Carolina by the U.S. Travel Association.)

Tourism is a highly competitive industry, and while the county has several notable destination assets not found anywhere else, it can still work to fortify its competitive position relative to other communities. Although it has seen significant (even spectacular) growth in recent years, hotel occupancy for properties within 20 miles of Asheboro (59.7%) still lags behind the statewide average (64.9%). The same is true for the average daily room rate in area hotels, which is increasing but is still about \$14.00 lower per night than the North Carolina average (\$84.69 vs. \$98.88). The variance in room rates can be traced in part to a different mix of hotel properties in the area compared to urban markets like Raleigh or Charlotte, but it is also attributable to lower demand.



Source: Smith Travel Research



Source: Smith Travel Research

### Location, Location, Location

Many ag centers and similar facilities in the region are located in great locations for building due to their placement on inexpensive real estate, and may be great places to show animals, but they are often lousy for visitors and attendees. Conversely, Randolph County has an outstanding site for an agricultural event center:

- 438 hotel rooms within 5 miles of the Randolph County site
- 303 rooms within 1.1 miles, or just a 25 minute walk from the site
- Numerous restaurants and retail stores within easy driving and walking distance
- Close proximity to a major world-class attraction, the North Carolina Zoo, providing attendees with a reason for extending their visit or using their down time during events
- Only 3.3 miles from an interstate highway
- A location in the center of the ninth-most populous state
- A county that offers both urban and rural amenities and appeal
- The ability to generate agricultural, tourism, and local resident demand

### Competitive Venues

Venue	Location	Distance to Nearest Chain Hotel
Chatham County	Pittsboro	14 miles
Duplin County	Kenansville	13 miles
Johnston County	Smithfield	5.6 miles
Stanly County	Albemarle	4.4 miles
Southeastern Ag Center	Lumberton	4.0 miles; 6.7 miles
Eastern Ag Center	Williamston	Across the street; 5 miles
Olde Dominion	Chatham, VA	7.0 miles
East TN Ag Expo Center	Harriman, TN	2.8 miles
Great Smoky Mtns. Expo Center	Morristown, TN	338 rooms within 5 miles

There are very few venues in Randolph County capable of hosting the kind of large events envisioned for the ag center facilities. Most other Randolph County venues are either smaller in size or offer a different environment and amenities for events, or are targeted at audiences not likely to be attracted to the ag center complex. It is anticipated the amount of event business cannibalized by the ag center from other existing private venues already in the county would be minimal.

**Hotel Night Impact**

While many of the attendees at events at the ag center will be residents of Randolph County or will be daytrippers from nearby cities, the complex will also generate a positive impact upon room nights and for area hospitality businesses. Given its greater capacity and likelihood of hosting unique events which bring in visitors from farther away, the arena component of the center will have a more significant impact upon overnight visitation (nearly 10,000 additional room nights) than the meeting and conference space. By the third full year of operation, the center is projected to generate incremental hotel room revenue of nearly \$1 million and additional occupancy tax of almost \$50,000. That tax is then specifically reinvested into promoting Randolph County as a visitor destination.

Metric	Arena	Conference Center	Total
Overnight Visitors	10,632	819	11,451
Room Nights Generated	9,574	614	10,188
Average Length of Stay (Nights)	1.8	1.5	1.78
Room Revenue Generated			\$968,892
Occupancy Tax Generated			\$ 48,445

**Economic Impact of New Visitor Spending Generated by Ag Center (As Projected by IMPLAN Model)**

Local Economic Output Raised By:	\$2,500,172
Total Annual Non-Local Visitor Spending:	\$2,503,769
Local Jobs Supported:	39 total
Local Labor Income Generated:	\$777,520
Total Annual Tax Revenue Generated:	\$342,301
County:	\$60,043
State:	\$94,877
Federal:	\$187,381

## BENEFITS TO RANDOLPH COUNTY AGRICULTURAL EDUCATION

There are 600-700 students currently participating in Randolph County school agricultural education programs. That is a significant number of students—and potential future farmers for a county where the average current age of farmers is 58 years old. Indeed, there are 19 Future Farmers of America teachers and advisors in Randolph County at the high school and middle school levels. This figure puts Randolph third in the state behind only Johnston County (27 FFA teachers and advisors) and Wake County (23), both of which are much larger in population. There is also strong participation in 4-H programs across the county.

Despite the solid participation in and support for agricultural education in Randolph County, there is a genuine lack of adequate facilities for shows, events, and conferences. These are now often held in locations exposed to the weather or without sufficient support amenities such as stables and restrooms. The new facility would also support development of agricultural degree programs at Randolph Community College, an initiative which is included in the county's current strategic plan.

## ADDITIONAL BENEFITS TO THE RANDOLPH COUNTY COMMUNITY

In addition to the aforementioned benefits described in this study, there are a number of other benefits the new ag center will deliver to Randolph County:

- The complex will support and help grow agriculture in the county, preserving farmland for future generations and thereby protecting much of the county's natural beauty.
- The center (particularly the meeting and conference component) provides new dedicated meeting space for business, social, educational, and other events, retaining dollars in the county. This would include important and popularly appealing events such as school graduation ceremonies if the arena space is made fully climate-controlled.
- With additional professional meeting and conference space, there will be greater opportunities for economic development programs such as workforce development, business retention, health and wellness, and small business education.

## DEVELOPMENT ALTERNATIVES

Instead of development of the entire ag complex described in this study at one time, the county could decide to undertake a phased approach to development. This would likely occur in the following sequence:

- Arena and related agricultural facilities
- Meeting and conference center
- Office space for agencies

This approach would direct the construction of the most impactful components first, in terms of supporting the local economy and the agricultural sector of the region. Additionally, office space is already provided for the related agencies in the area, and they could be relocated at a later time. However, this is also the component with the greatest share of total project cost, and delaying the construction of the less expensive part(s) of the project may result in a loss of some economies of scale.



## A FEW CRITICAL SUCCESS FACTORS

In reviewing what makes a civic project like an ag center ultimately successful, there are some factors which became obvious after looking at both the specific example of the Randolph County complex and other regional ag centers in general.

**Attracting non-agricultural events.** The Cooperative Extension, educators, and other local agricultural stakeholders are likely sufficiently connected and networked within their industry, so attracting a steady flow of agricultural and related industry events to the center probably won't be that hard. (It shouldn't be taken for granted, though. The old maxim "Build it and they will come" has over the years doomed many civic venues that depend upon regular attendance and utilization levels.) One key for Randolph County to help ensure the center's success is to attract non-agricultural events, including shows, concerts, and regional and state meetings. These are the kinds of events that will help justify the construction of a larger complex that includes modern meeting and conference space as well as amenities such as air conditioning.

**A good website.** To meet the above objective, a website that actually sells the facility and provides the venue information needed by meeting and event planners is a requirement. Most ag center websites are shockingly bad, and many have little to none of the information a paying client will need to make a decision. This includes floor plans and space dimensions, catering information, alcoholic beverage service policies, parking capacities, a schedule of fees, specific information related to ag events, and contact information.

**Marketing and sales support.** A center with as many anticipated multiple uses as Randolph County's will require some level of marketing and sales support. This will either be provided internally by the center's staff, or by the Heart of North Carolina Visitors Bureau. Again, given the importance of attracting non-ag users to the center, it will be important to recruit events that help fill its spaces throughout the year. The center's staff may be responsible for scheduling and the logistics of holding those events, but someone has to take responsibility for sales and marketing of the center, especially outside of Randolph County.

**Maintenance and upkeep.** It's relatively easy (once the funding has been identified) to build a civic venue such as the ag center. It's much harder to maintain that capital asset following its opening. Facilities such as the ag center usually fail to be maintained due to a lack of commitment, expertise, and/or funding for upkeep and renovation. Ensuring there is an adequate amount of funding for repairs and upgrades is often difficult, because the center will be competing with many other county needs after its opening and after its "sex appeal," so to speak, has worn off. But two keys to securing this funding are demonstrating its importance to Randolph County (and not just one sector of the economy, even if that sector is a vital one) and building regular demand for it.

**Sidewalks along Dixie Drive.** If one of the competitive selling points for the Randolph County ag center is its proximity to hotels, restaurants, and shops, it should therefore be relatively easy for an event attendee to reach those amenities from the complex. Unfortunately, there are no sidewalks along that stretch of Dixie Drive, meaning that many visitors will be forced back into their vehicles to access those places. (Sidewalks on both sides of the road end in the 1400 block of Dixie Drive, leaving a gap of approximately one-half mile from the ag center site to the sidewalks.) Since these are state-maintained roads, there may be federal funds available for pedestrian-related enhancements of this stretch of Dixie Drive.

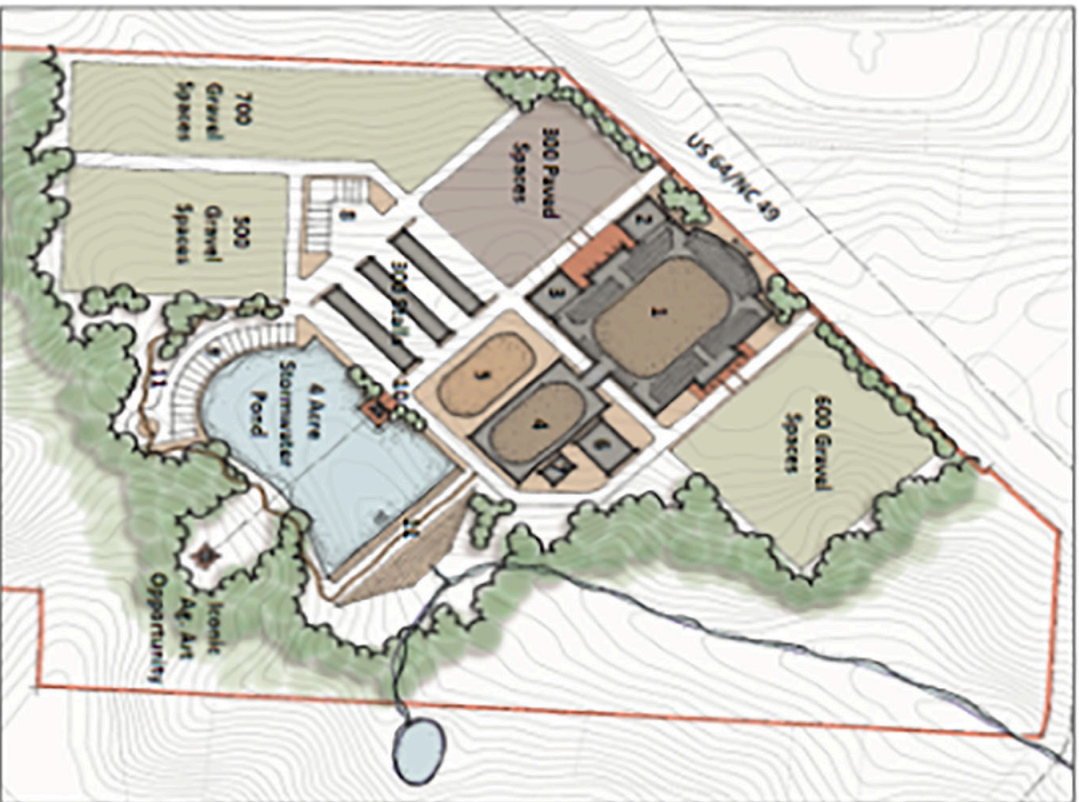
## APPENDIX i



- Concept One**  
**Ag. Center Plan Label Key**
- 1. 65,000sf Arena (120' x 240' Ring)**
  - 2. 7,000sf Conference Center (1 story)**
  - 3. 10,000 Office (2 stories)**
  - 4. 120' x 240' Covered Ring**
  - 5. 120' x 240' Open Ring**
  - 6. Maintenance Shop**
  - 7. 9 RV Spaces**
  - 8. 21 RV Spaces**
  - 9. Picnic Plaza on Pond**
  - 10. Pond Trail**



## APPENDIX ii



### Concept Two

#### Ag. Center Plan Label Key

1. 125,000sf Arena (200' x 300' Ring)
2. 7,000sf Conference Center (1 story)
3. 21,000 Office (3 stories)
4. 120' x 240' Covered Ring
5. 120' x 240' Open Ring
6. 8,000sf Shop/Tool/Storage
7. Maintenance Shop
8. 10 RV Spaces
9. 20 RV Spaces
10. Picnic Plaza on Pond
11. Pond Trail



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