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[LB435]

SENATOR ERDMAN: Good afternoon, ladies and gentlemen. Welcome to the AgR Committee's public hearing...public meeting, excuse me...on the Phase I of LB435. I will introduce the committee who is here. I will also outline briefly what the process will be this afternoon. Before all of you get too excited about the fact that there's not stacks of reports near, there will be soon. So all of you who came in anticipation of receiving your very own copy, you soon will have one. This is a public meeting. This is not...and I repeat this is not a public hearing. At the conclusion of the presentation by the consultants there will not be testimony, and we would expect that there will be plenty of opinions as time progresses. Feedback. So just so that you're clear, this is a public meeting of the Agriculture Committee to receive the Phase I report of LB435 that has been presented and produced by HOK and by ERA. The committee members who are here, to my far right, Senator Wallman; he's from Cortland. Next to him is Senator Preister from Omaha. Senator Dierks is next to Senator Preister. I'm Phil Erdman, the Chair of the Ag Committee; Senator Dubas is the Vice Chair. Next to her is Senator Karpisek. The committee staff is Rick Leonard, to my left; and Linda Dicken is our committee clerk, and she is to Senator Wallman's right. We are honored to have Dave Forkner and Bill Owens...I wanted to make sure I got that right...here today. They'll be making their presentation. Gentlemen, please feel free to come forward. As the reports become available, the copies become available, we will distribute those. But out of respect to the presenters here, our consultants, they do have their presentation on PowerPoint. They have a microphone at the stand so you should have no problem hearing them. If you are on my left, the right side of the room, you may want to move over so that you may have a better angle at the presentation. And David I'll let you begin, and we appreciate you coming back and look forward to your results here on Phase I. [LB435]

DAVE FORKNER: Thank you, and thank the members of the committee. I'll start out by the stated requirements of LB435, and the two questions basically being asked was,

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what would a new fairgrounds at a new undetermined and nonspecific site need to include to serve a comparable 15-year program for a state fair and year-round multipurpose facility sufficient to attract a national, local, state, and regional audience? And the second part of the question is, what is the projected 15-year revenue and cash flow analysis including capital construction, operation and maintenance, repair, code compliance necessary to meet the program needs of the Nebraska State Fair as identified in a model? What we will do today is to answer these questions for you. A little bit about us. My name is Dave Forkner. I'm with HOK Smith Forkner. We are the roots-and-boots group within HOK. We specialize in designing fairgrounds, fair facilities, arenas, exhibition buildings, and equine projects. We have developed about 150 projects throughout North America, including about 20-some odd relocations. And I'll say on certain instances, the relocations worked and other instances they didn't. Bill. [LB435]

BILL OWENS: Thank you, David. Members of the committee, it's a pleasure to be here this afternoon and be able to present our first phase findings. I'd like to start by just introducing my firm, Economics Research Associates. We are the numbers people behind David's drawings and pictures. We are real estate consultants. We are a national company with offices, as you can see listed up here, around the country, and we actually have an office in London. We do a lot of things related to all facets of real estate development, but one area of real expertise that we've developed over almost-50 years in business has been working with fairgrounds, typically looking at the master planning of fairgrounds, looking at potential relocations, doing economic impact assessments, business plans, and the like. You can see some of the probably four dozen projects that we've worked on listed here. The ones that are listed are projects that I personally have been involved in. I've been with the firm for 30 years, and have probably done in the neighborhood of 35-40 different fairgrounds' studies. Just to give you an overview of our presentation, you can see the different subjects we'll be talking about today. I'm going to cover the first six topics, starting off looking at the current fairgrounds and fairgrounds operations, doing a market overview looking at the state as population, where people in

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the state live, looking at the competitive environment. I'm going to talk about our analysis of what we call "peer fairs"; fairs that we looked at in contiguous states, fairs that we looked at elsewhere in the country to serve as models for what might be developed here in Nebraska. I'm going to present the core program which David will elaborate on later in his presentation, and then talk about the financial performance of that core program. David will then talk about vision, go into a discussion of trends in fairgrounds development operations, and expand the presentation on the program, and then present the hypothetical plan for the Nebraska State Fairgrounds in a nonspecific location and what it would cost to develop that facility. I'm going to begin with a discussion of the fair because it is the most important thing that happens on the piece of property we call a fairgrounds. It is the signature event. It is also the most intense activity, if you think of the fair that draws several hundred thousand people to the fairgrounds over the short period of 11 days; the activity on that piece of property is even more intense than theme parks and other types of entertainment and leisure recreation. You can see the trends here in attendance after a fall from about the 390,000 visitors in the late '90s, attendance dropped to about 238,000 visitors in 2003. And for the past four years, it has actually been at a very positive upswing. This past year that just concluded, the 2007 fair, just a shade under 300,000 visitors. The downward trend I think can be attributed to two things: one, are macrotrends where the population in the state is moving from the rural to suburban areas. There is also a lot more in the way of entertainment for the leisuretime hour and leisuretime dollar. But there are also some factors that have to do with the fairgrounds, the fair, and the facilities, basically that are dated; they don't provide the type of product that the market has been looking for. These things can be addressed through the development of new facilities with the master plan. I think the fact that you've seen this four-year increase in attendance is testimony to the investment that's been made in the fair product over the past several years, and you're seeing the results here. The next slide looks at the visitor origin of fair attendees. You can see that the attendance is concentrated in the eastern part of the state, which should be no surprise because the fair is in that part of the state. It also represents the most populous part of Nebraska. I would point out though, if you

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look at the yellow and the light tan coloration, this truly is a state fair drawing from all different parts of the state of Nebraska. We looked the fairgoer profile, which was very interesting because it, by virtue of the fact that it's drawing to certain segments of the population, suggests there are opportunities for reaching out to those segments that aren't as well represented. For example, we found that the fairgoer is older than the average Nebraskan, a little bit better educated. We found that there is a surprisingly large ratio of females to males among those responding to surveys that have been done. And there is a lot of repeat visitation, again suggesting opportunities for going after demographic groups that aren't as well represented relative to the population base, and also going after people who are just not coming to the fair. At important, an increasingly important part of fairgrounds operations is what happens during the other 355 days of the year when the fair isn't taking place. Many of our fairgrounds' clients are actually becoming year-round expo centers, changing their name, and the fair is becoming more of a (inaudible) activity to this year-round use of the physical resources. You can see here the numbers based on the schedule for the Nebraska State Fairgrounds. At one level there is a lot of scheduled activity, particularly when you consider the simulcasting, the availability of buildings for the hockey team, and a group called the Star City Agility. If you look at the other types of uses that typically take place on a fairgrounds complex, some of the social events, private events, consumer and trade shows, the level of utilization is light compared to other fairgrounds where we've been working. And I think that reflects two things. One is that the facilities that are available for year-round use are committed to select activities. It also reflects the functionality of many of the facilities there on the grounds. Looking at the financial performance of the current fairgrounds, you can see that the operating revenues total about \$8.7 million. What's interesting is that about two-thirds of that money comes from racing-associated activities. The fair generates about \$2.3 million in revenues, which equates to just over \$8 on a per capita basis, which is a relatively low figure and we think can be improved on. The other nonfair uses generate \$585,000, roughly 20 percent of the fairground-type activities' revenue. We think that that ratio of fair to nonfair can also be improved on. You see that on a operating basis the complex loses

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money. The operating expenses, direct expenses are about \$10.9 million. With the addition of nonoperating revenues, which are mostly intergovernmental transfers totalling about \$3.2 million, we end up with a bottom line of just under a million dollars: \$943,000. It's interesting to note though that the fair itself still operates, even with the intergovernmental transfer, at a deficit. Shifting gears and talking about the statewide marketplace, we've looked at the population as projected to be relatively modest over the next several years. What is interesting though is where growth is taking place, both in terms of an aging population growth in certain younger populations, and growth in some of the ethnic populations. And again, thinking about the profile of the fairgoer suggests there are opportunities to take advantage of the numbers themselves in different age cohorts, and some of the trends we see in the state's demographics. The population distribution--this is no surprise to anyone in the room--the population in the state is concentrated primarily in the eastern part of the state. The darker colors represent other sizeable populations, but nothing compared to the Lincoln-Omaha area, which is significant in thinking about the numbers game of providing fair attendance and providing for a base of year-round fairgrounds utilization. The competitive environment, there are university and convention-type facilities in Omaha; there is the up and coming Lancaster Event Center, which has both equestrian facilities and a multipurpose arena, and I think plans to develop additional facilities. Probably the most representative of a current fairgrounds-type building is the Heartland Events Center in Grand Island. And we noted that there are something in the neighborhood of 90 county fairs, most of which have facilities but none of which have facilities that are large enough to really be deemed competitive; they are appropriate for their function as county fairs. Looking around the region at the states that are adjacent to or contiguous to Nebraska, you see there is a mix of facilities. Probably Iowa represents the granddaddy of them all, both in terms of acreage and in terms of size of facilities. Nebraska comes out sort of in the middle, with it being more competitive in the offering of arenas and indoor exhibition space. Part of our study looked at what we call "peer fairs." We picked the first group of five fairs because they are contiguous to the state of Nebraska. We selected the New Mexico State Fair, which is called Expo New Mexico, the grounds are, because it has a

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population about the size of the state population in Nebraska. And then we selected the Georgia National Fair in Perry, Georgia, and the Larimer County Colorado Fairgrounds, because those are two relatively new fairgrounds, and wanted to look at the facilities there as kind of case studies and what the current thinking is, the most recent thinking in terms of fairgrounds development. Looking at the peer fairs in terms of location, there were really no clear patterns. Some were in urban areas. Some were in small towns and rural areas. One was in a suburban area. Most of the fairgrounds were in "mixed residential and something other" neighborhoods, probably reflecting the history of their development. In the early days when they were first built they were away from the population centers, but development over time grew up around them, and they found themselves in these mixed areas. Residential development and fairgrounds development typically do not go very well together. We found that the urban fairs, as you could expect, seemed to have better access, better proximity to air transportation; better proximity to interstates; and very important, access to commercial facilities and hotels. These are important because, (a) they support exhibitors coming to different types of events, and participants coming to different types of events. So the ability to host people for overnight stays as part of an activity that takes place at a fairgrounds is important for the overall economic impact that the fairgrounds can generate. In terms of facilities, we saw that the average acreage was about 366 acres, with a wide range going from 100 to 1,000 acres; parking, there was really no rhyme or reason. Indoor arenas, we found, were a typical fixture of most fairgrounds. The two new fairgrounds had arenas of very substantial sizes--7,000, 8,000 seats; whereas the old fairgrounds, older arenas, were much smaller. Grandstands were a fixture in all but the two state fairs, probably reflecting the racing history and the activity of racing that was part of most fairs in the early days. Indoor exhibition space, the average was about 150,000 square feet. Outside exhibit space varied, probably more by virtue of different definitions than anything else, but we found that the Georgia National Fair had probably the best standard to look at of 320,000 square feet of outdoor exhibit space. And then for livestock and equestrian, we thought the appropriate standards were about 200,000 square feet of livestock space, and between 300 and 700 stalls for equestrian

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operations. This next slide shows attendance at the different peer fairs. The numbers vary quite a bit. You can see Minnesota, which is an urban area and does a great fair had about 1.7 million visitors. At the other end of the spectrum you have Wyoming which has a small fairgrounds, small state population, doing even under 50,000 visitors. We found the two patterns that were prevalent were that fairs in urban areas in large markets showed the greatest attendance and the strongest ratio, which I'll show you in the next slide, of fair attendance to population, and I'll show that now. Where you have fairs like New Mexico, the state fair here is in Albuquerque, a populated part of the state, the ratio of attendance to state population is about 37.37; the same thing for Iowa. The fair is in Des Moines, the urban center, and they get about 33 percent of...the ratio is 33 percent of their state population. On the other hand, you had fairs in more rural and small city areas in states with large urban populations that were getting much smaller levels of market penetration, is the term we use. Our next task was to take the information we had gathered on the Nebraska State Fair on the market context on the peer fairs, and to develop a program for this hypothetical, idealized Nebraska State Fair. In fairgrounds planning, the fair really dictates what facilities are required, again because it's such an intense use of the site in such a short period of time. So the first step in the fairgrounds programming process is coming up with an estimate to use of attendance potential. And looking at what the fair did most recently, a 16 percent ratio of attendance to state population, looking at what it did back in '97 with a 22 percent ratio, we thought a reasonable target was 25 percent of the Nebraska state population, which gives us a target for planning of 450,000 fairgoers. With that number fed into our programming model, we took annual attendance and broke it down into a planning day, and then peak in grounds. These are the number of bodies that we have to be able to accommodate in order to host a successful fair: 38,025 bodies. That's our in grounds planning attendance number. And that feeds into a model which basically says everyone has to be someplace. We multiply that out to come up with standards for different types of facilities. We use attendance primarily to size exhibit space, the midway, nonpeak entertainment, because those are more visitor-based activities on the fairgrounds site. We used show requirements to size livestock and equestrian facilities,

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because they're more driven by the type and character of the events. But with all that rolled up together, our core program for the hypothetical state fair is indoor exhibition space of 150,000 square feet, outdoor space of 300,000 square feet, a midway of 13 acres, 3,800 seats for nonpeak entertainment. That's not to say this is the largest entertainment venue, but during the day when people are strolling around, you're going to want to have casual entertainment capacity for about 3,800 people. This could include tractor pulls, small concerts, community shows, and the like. Parking for 15,000 cars. Moving down to things that were an influence by our on-person site model, we also recommend an arena space of 8,000 seats, 200,000 square feet of livestock facilities, and 500 horse stalls. This is the model for parking. It's a little bit different. Instead of using a peak planning day number of 13 percent which was based on the five highest days, the four weekend days plus Labor Day, we used 16 percent, which is the peak day; the thinking being that you don't mind a little crowding during peak times on peak days, but you don't want to turn anybody away because there isn't parking. That works through the model to come up with our 15,000 parking spaces. In terms of financial performance, we looked at the fair event driven by 450,000 as our target level of attendance. We believe that with better facilities and better fair product, we can increase our per capita revenue factor to give us fair revenues of about \$5.2 million. Run that through our expense model, and we come up with income from the fair of about \$2.1 million. For nonfair activities, looking at gross revenues of \$2.1 million after netting out expenses, income from nonfair activities of just over \$1 million. From that total, fair and nonfair, we subtract about \$2.1 million in G&A, general and administrative expense, to come up with an operating income for the fairgrounds complex of just over \$1 million--\$1,035,000--a decided improvement over the operations of the complex today, which we think reflects the upside potential for the events, given proper facilities to work with. To put that in a fairgrounds complex that makes sense given what's in place today, we've taken...here's the fair, nonfair column. These are the operations that are typically associated with the fairgrounds. We have racing, which is live and simulcast here, and here is the income from operations that I showed you on the previous slide of just over \$1 million. Racing on an operating basis is just about break

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even, so the total operating income for the complex is, again, just over \$1 million. The fairgrounds receives about \$3.2 million in nonoperating revenues, mostly intergovernmental transfers, which when added to the operating income, results in a total income before any sort of capital consideration, reserve funding of \$4.2 million. We have provided in this model for a replacement reserve equal to 1 percent of capital investment, or \$1,750,000. That's 1 percent. We understand that the norm in terms of what the state is looking at now could be twice that or 2 percent, but at 1 percent reserve you end up with \$2.5 million in operating cash flow. Even if this number doubles, you still end up with a positive number here. So what we're saying with all these numbers, and I know they're confusing, is that we think that with the proper facilities that the fair can be put on a sustainable basis, given continuation of racing and continuation of the nonoperating revenues that are coming in. Looking at what happens on a multiyear period, again for the purpose of the model we've held racing income constant; our capital reserve replacement is constant; what changes is the level of nonfair and fair activities. There would be a ramp-up period. We have used five years as the assumed ramp-up period where attendance and activity grows, and then we'll level out, and we'll basically increase with market growth and additional programming for the facilities. But the bottom line is that in Year 1 we're looking an operating cash flow of about \$1.9 million with the potential to increase it to \$2.8 million with those assumptions in place by the end of the fifteenth year. With that I'm going to turn the floor over to my colleague, David Forkner, who is going to talk about the vision and the plan itself.

[LB435]

DAVE FORKNER: Thanks, Bill. One of the things we were asked to look at was the mission statement of the Fair Board and the mission statement of the Nebraska State Fair, and to analyze those against the population base now and what the projected population base is in the future. And we think both of those are consistent. Primarily, the State Fair Board's mission statement, and you can read it there, is to take care of the facility, and that they are doing. The mission statement of the Nebraska State Fair is to educate, entertain, and do all the things that are listed. We think that both of those are

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consistent again with the population as it exists today and a population that will exist within the 15-year time frame because they are somewhat broadly written. The vision statement that we're proposing is as follows: The vision of a State Fair Board is to provide a facility through its design, operation, and management that showcases and celebrates Nebraska's heritage and future during the annual fair and on a year-round basis. Stewardship, relevance, education, sustainability, conservation, service, flexibility, and outstanding value are stated objectives and the underlying principles of the Nebraska State Fair. We were also asked to develop a number of long- and short-term objectives and goals. And the short-terms are as follows. One is to do a survey every year during the fair to make sure that we are reflecting the patrons' interest; to continue to evaluate the fair as an event to see what we need to do to improve the different segments; to increase statewide awareness, and as Bill said, this is truly a state fair, so that's certainly not difficult to do; perhaps do county outreach to some of the county fairs. You have a very strong management team in place and we work with other states where the state fair becomes the primary manager or at least an advisor to state fairs if they choose to be advised in those fashions. To increase nonfair user satisfaction, and a lot of that will come about by having better facilities; and by increasing recycling programs. In terms of the long-term goals over the 15-year time frame, one would be to have a sustainable fair with attendance of 400,000, which is the planning number that ERA thinks is obtainable; to perhaps introduce new events or activities onto the grounds every two years; to increase the number of nonfair day events commensurate with the type of facilities and the market; to increase the amount of sponsorship, again commensurate with the type of facilities and the opportunities we have; to achieve financial sustainability; to increase the fair's local, regional, and national reputation; and to increase and continue to develop buildings with energy systems. So those are the...it's the value statement and the mission statement and the goals that we hope to be achieved. This section deals with trends and fairgrounds master planning, and I'm going to show you some examples, but most all the buildings that are being done on the fairgrounds now are multipurpose buildings. That's where they would be arenas or exhibition buildings, livestock, or events. Later on in the

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program I'm going to show you the hypothetical master plan and I'm going to show you how some of those buildings could be used if they were multipurpose. So that's an underlying trait, I think, on all modern fairgrounds, are multipurpose in the nature and the multipurpose of the structures. Other things too, is that the fairgrounds are becoming a lot more visitor and friendly user groups. It used to be that 30-40 years ago we were the only game in town, and so we were always interested in visitor satisfaction, but in the past few years, because of competition from theme parks and other entertainment venues, it becomes more and more obvious that we have to become more visitor- and user-friendly. And how that translates into a design is that we don't...most new fairgrounds, just as the one you're seeing here in Oregon, we don't have any parking in the pedestrian zones; we separate pedestrians and service areas. We have focal points and very clear circulation systems; we have definite use zones. We have visitor information areas, and services such as lost and found, and so forth. We perhaps have a theme that has been established architecturally on the grounds to tie everything together, and we have a minimal number of gates and ticketing. A number of fairs, as I said, have been relocated. That is a trend. I've been involved, as I said, in about 25-30, perhaps, relocation studies. A number of these, such as the Larimer County Fair, the Deschutes County Fair, the State Fair of Virginia, Grayslake, Burlington County, and the Georgia National Fair, are fairs I've been involved with, which in fact have been relocated. So that is a trend I guess if you look across the country. The reason for that trend is a lot of areas, as you well know, fairs were located out in the rural areas. The population grew up around them, roads are built around them, and the land became quite valuable for other uses, and that's how some of these are built, from the revenues of that land. This is an example: This is the Deschutes County Fair in Redmond, Oregon. This is in a community of about 100,000 people. The facility itself was about five years old, and the fair attendance is somewhere in the neighborhood of 250,000. It consists of an exhibition complex located here; the arena complex; animal barns; and their equine (inaudible) complex being located in this area. Another example is called The Ranch in Larimer, Colorado. This is a new facility; it's been open for three years, as I recall. The principal building there is the Budweiser Event Center. To get the

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facility built, they needed to have \$3 million of private money in the place. They want the sponsorships to do that. They built...and one of the primary sponsors was Budweiser because there are two major Budweiser facilities within Larimer County. Larimer County is about 45-50 miles north of Denver up on Interstate 25, which is called America's Highway. The neat thing about this facility is, and you can see sort of the way the buildings are cranked around, is that we wanted to maximize exposure from the interstate, and so the buildings were turned to be able to get signage and also to do some protection in terms of winds coming down from the Rockies. Another new facility is in Osceola County, Florida. This is Kissimmee; this is the area that Disney is located in. The leading force in the development of this new fairgrounds was the Silver Spurs Rodeo. You don't think of rodeo as being a major event in Florida, but it is, in fact, and this was sort of the granddaddy of all Florida rodeos, is the Silver Spurs. Another example of not a new fairgrounds but an expanded one is the Pennsylvania Farm Show. This facility serves as the...the state fair is an event that's held in the winter. It's primarily a livestock show. This project was increased by 175,000 square feet of exhibition space, an arena, equine facilities. In total there was about 1,200,000 square feet of space in this complex. One of the things that we see coming on the fairgrounds are more equestrian facilities. When you think about it, a fairground is, in fact, an equestrian facility because of the number of stalls and arenas they have, so we're seeing that coming on, or we're seeing equestrian facilities being located in addition to those on the fairgrounds. And this happens to be outside of Utah. I bring that up, to say that almost all of the new fairgrounds or the ones that we're working on now, racing is going away, and an example of that would be the removal of the race track at the Oregon State Fair a couple of years ago, and a number of other facilities. We only find racing on fairgrounds where it is tied in with their mutuel betting and is part of that whole financing scheme. This is at the New Mexico State Fair where incidentally they're thinking about relocating their track facility to an interstate location. Other trends have to do with architectural treatment of having themed entrances, whether at the Georgia National Fair or the South Carolina State Fair or the Tennessee Valley (inaudible) Fair in my hometown, or at what's called the Eastern States, The Big E, in West Springfield,

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Massachusetts. Putting a lot more emphasis on some of the lower design features rather than having chain link fence with barbed wire in public areas, they're going to different fencing types to sort of soften the whole image down. I spoke about multipurpose arenas. Here are just some examples of the types of uses, some 57 different types of uses that can occur in these arenas and on fairgrounds. Here are some examples: a multipurpose arena. This is the same arena type, whether it be used for things like circuses and family shows or concerts, the same facility being used for trade shows or for rodeos, sporting events, obviously equestrian events--a whole number of different uses that a multipurpose arena can be used for. If you have a 6,000-seat arena, for example, which is what we are proposing, you can get another 2,000 on the floor in a concert configuration if you have the restroom facilities, if you have the exiting requirements and all those sorts of things met. Multipurpose exhibition buildings. Again, you can see the uses here ranging from emergency services to bowling, using them for livestock, trade shows, sporting events, banquets, car shows, all the sorts of things that can occur in these buildings. In terms of the midway, the midway typically is one of the largest revenue generators for a fairgrounds, and anywhere from typically they will be the second or the third largest generator of revenue to the fair. So it's very important that the midway be located in a prominent position and also that we have all the utilities located there so that you're not tripping over cords and wires when you're pushing a stroller down the aisle, and so forth. Site circulation; this is the Oregon Fair again; very, very simple. You can see you come in, you park in the public areas, you have grass parking that backs that up. You come in a gate; you come in a gate; you come in a gate; then you're inside this events lawn. And events lawn is probably one of the things that is coming in fairgrounds. An events lawn is basically a large area that has water and sewer and power, where you can have about any kind of event you want. You can have everything from hot balloon races to major outdoor shows, to RV rallies, to just a wide range of activities. And the reason that the event fields work well is because they can be used in conjunction with other buildings on your grounds. The event field is grass, except it's an engineered grass so that it has all the drainage systems built into it and it's set up so you can drive trucks on it, and so forth. It's the

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playing field, as it were, in sports terms, of a fairgrounds. Use of theme elements, and we share the hypothetical plan. We're going to show you this. But the reason a lot of fairs are...the circulation is oftentimes fairly poor on fairgrounds, and patrons will come to the fair, and because of the circulation and signage and some other things, they won't see everything there is to offer, and so they'll get disgruntled and don't feel like they've gotten value for the money, and in fact, there's probably been an awful lot there to see. It's just that the circulation was so convoluted that it was difficult to achieve. To be able to help circulation in terms of wide paths and very definable paths, we also like to use the notion of vertical elements so that you have something that you can use as a reference point. Again this is an example of these event lawns; shade and graphics being very important on fairgrounds. Visitors services, obviously, and that ranges all the way from having benches, to information, to here's where you can sit and have your lunch. I spoke about the major midway. It's equally important to have perhaps kiddie midways pulled out from the major midway at perhaps at the front of the midway so that if you have a mother with young children, she isn't intimidated by going back to the depths of midway where all the teenagers are. Perhaps having other attractions, year-round attractions on fairgrounds, and those are offered by other state agencies or by state agencies. The notion of historic villages: We do have the makings of a history village on the Nebraska State Fair. Here are a couple of examples of at the South Florida Fair and at the Florida State Fair, their historic villages--just a few images within those. Another thing that we see happening are the use of private management companies to manage fairs. There are two companies; there are a number of companies out there. The two companies that are doing this most are SMG and Global Spectrum, and it gives you a sense of the number of facilities that they're managing. SMG, for example, manages the Reliant Center, which is where the San Antonio Stock Show and Rodeo is located. Global Spectrum manages the Larimer County project and a couple of other projects. Other trends that we see happening across the country; now these would be events that would occur at the fair. One is "The Taste Of," which would be offering the best food products of the state and putting those in either the food court, or having, as they do at the New Mexico State Fair, you can go into one building on the

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fairgrounds and they have all of the New Mexico products, and more salsas that you can imagine. Or you can put all of these foods and put them into a food court where you can purchase them. Examples of those at the Kentucky State Fair, Champlain Valley, and at the Maryland State Fair. Another trend is the introduction of rural life into an urban area, and we call it "The Country comes to the City," and that primarily has to do with lifestyles, everything from clothing to food products to furniture to art work. Some prime examples there are at the Calgary Stampede, (inaudible), and the Royal Easter Show. "The Best Of": The Kansas State Fair has an excellent example of "The Best Of." And what they do is they take the best products of Kansas, whether it be industrial products, art work, food products, medical improvements, or whatever, and they put all of those in one building; they call it "The Best of Kansas," and we're seeing this happening more and more across the country. Of having artists and demonstrations, such as the Utah State Fair; they have a lady there that makes lace. The Virginia State Fair has a number of artists and demonstrations, as does the Eastern States Exhibition. Encampments: Probably the largest encampment I know of on a fairgrounds is at the Pendleton Roundup. For 100 years they've had their various Indian tribes located on those grounds during that four-day event. Birthing stations: The Nebraska State Fair has a birthing station. there is an excellent birthing station at the Kansas State Fair, and the Minnesota State Fair is developing a new birthing center on their grounds. The Oklahoma State Fair has one, as well. I was at a...just as an aside, I was at a social event for the State Fair of Virginia this past weekend, and the function was a black tie and boots, and it's basically a charity raiser for the organization for their scholarship programs. And one of the things they had done this year was to partner up with Heifers International, and what they would basically do is they would take part of the funds that they raised during the auction. Half of the funds would go to the state fair for their scholarship, and the other funds would be used to buy animals for their Hereford project. So, again, I think that's a very strong trend that can be occurring. If we have land that we're starting to see some of our landscapes being farmed, it does two things. It ties the facility directly to agriculture, and then secondly, it also emphasizes stewardship. But again, if we have a land mass to do this, and here are a couple of

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examples. Branding: A number of fairs are starting to put their name on brands. Probably one of the most successful ones is the Pendleton Roundup. They have partnered up with a liquor company to put their name on that product called "Pendleton," and they receive quite a bit of...you can see their logo here...they receive quite a bit of funds from that. Other fairs such as the Royal Winter Fair in Toronto buys the best wine, that's where the wine is judged best in its class this year, and then bottle it and they sell it under their brand name next year. So it does a couple of things. It generates revenue and it also gets the brand of the fair out there, out to the public. Other trends: having cultural demonstrations. The San Antonio Livestock Show, for example, has a chuck wagon cook-off where all the people, the four or six teams there, live on the grounds, cook meals of that period, and of course disperse that to the public. The Virginia State Fair has a number of reenactments on their grounds. Eastern States have started to tap into some of the folks that maybe otherwise wouldn't go to fairs. And what they do is they have a professional broadcaster who, before the fair, goes down with one of the staff, and the staff member explains to this fellow what he would see if he were there during the livestock show. They record that. They put that on their Web site. People can download it onto their iPods, so when they go to the fair they can walk through and they'll get a personal tour. They've done it one year, this past year, and they had something like 600 hits or 600 downloads. So we think this is a way of maybe involving tech kids that otherwise may not be interested in the fair. The New Mexico State Fair has an excellent...it actually has three excellent art exhibits on their grounds. Another trend is having demonstration landscapes, such as edible landscapes, landscaping with pumpkins and squash and tomatoes and potatoes to demonstrate how they can be used in an urban area. They are also doing things like topiary fruit trees to again show how agriculture can be brought into an urban area. Those are some of the trends, and the reason that the trends are evolving is because the notion is that the fair needs to have something for everybody. And the balance here, of course, is what does it cost? What kind of effort does it take? What kind of investment does it take to be able to attract people by going through some of these programs? The next part of the process was to say, let's look at the hypothetical fair, and in site selection, what would

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the ideal site look like; what would we have there? And that's what you're seeing here. In an ideal world, hypothetical site, would have a minimum population of 300,000 within 30 miles. We would have a minimum of 150 rooms, hotel rooms, within five miles. We would have no more than 25,000 square feet in our market area that we would be competing against because, again, year-round use is important. We would have...the site itself would have regular boundaries. We would have compatible land uses, such as dedicated open space, commercial, light industrial; no residential. We, again, would be in close proximity to commercial lodging and restaurants. We would have direct access from a four-lane primary route. If it's an interstate, preferably an interchange, because we would be located right on it. We would want to have secondary routes into the property, preferably two, so we can separate out service and bring in livestock to the grounds from the general public. We would want to be very highly visible along the front of this four-lane road. We would want fairly level topography; that wouldn't be a problem here. We would want to have soils that are structural. We would want to be able to build without going to caissons or deep pile foundations. We would like to have amenities on our site, such as trees or water features. We would want to have the appropriate size of water, sewer, and gas, and electrical coming to the site, preferably with redundancies so you could get the water coming in from different directions so if you had a problem in one part of town or one part of the area, you would have a backup for it. We would want land to expand. And we would like to have free land or we would like to have the price subsidized. Again, this is what we would like to see on an idealized site. We went get into the criteria that we are proposing, this is sort of what we're judging against. There are really two sets of criteria. There are criteria that are market- and location-driven. Again, we would like to...and the way this system works is we want...let me just back up a minute...as you walk through this, the greater the population...well, okay...the highest you can get is a three, number two is mid-ground, and number one is lower. Now, you are going to see these numbers reoccur on all these items that we are suggesting. I want to point out that when the sites are rated, it isn't necessarily the mathematics that works. If you add up all the numbers, that doesn't necessarily say that's the site you should be at. All of these have to be looked at in terms of seasoned judgment. You

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know, I've done this before; you can end up with good math and bad decisions. So this is simply a way of looking at each one of these factors and rating them yourselves to be able to see how one site would compare against another one. But in no way should the number just be added up, and say, well, you know, that's the answer, because that's generally not the answer. So having looked and having said that, you'll see that if you have a population of 500,000 or greater, you get a 3; if you have a population of less than 300,000, you get a 1; for between the two you get a 2. The number of hotel rooms, you can see again how that works. If you have less than 1,000, you get a 1; if you have more than 2,500, you get a 3. In this case of exhibition space, this is rated on space that would not be a part of the site being considered. So if a site is being considered that has this space, that already has space on it, then these factors wouldn't apply. This is only related to exhibition space that's not a part of the site. But again, you can see how that works out, ranging from...and here the goal is to have less than. You know, if you've got less than 25,000 square feet, you get a 3, which is the highest rating, because again you're not...the new facility would not be competing against existing facilities. In terms of the site acreage, we believe that the site should be somewhere in the neighborhood of 450 acres, and later on I'll show you how we achieve that. That does include expansion space and a race track. Property configuration: If you have a regular site you get a 3; if you have an irregular site then you get a 1. Adjacent land use is compatible: noncompatible usage would be a 1, such as residential; a compatible usage would be a 3. Regional access, topography; you can see how all these things play out as we move through the numbers. The same with highway visibility. If you have a site that's highly visible, you get a 3; if you have one that doesn't have any visibility, you get a 1. And it moves on down. You can see we also looked at expansion and land costs. And then we looked at what we're calling facility capital contribution. If a site is to be chosen that has infrastructure or has buildings on that site, which are useful and comparable to the model, then obviously the site should get some credit for it. What we did here--you see, these numbers are different; they are 3, 4, and 5--and what we did was to take the average of all the other factors, which was 2, and add those to the 1, 2, and 3 to get these numbers. So that if a facility is being looked at that has \$30 million of facility that

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is useful for the fair and it is consistent quality for the fair, it would get...\$30 million, you would get a 5; if you had \$20 million, you would get a 4; and if you had \$10 million, that would be worth a 3. So that's the rating system, and again I need to emphasize that it's more than the math. This becomes a way of looking at different sites, of potential candidate sites evaluating themselves, and then taking all that information and putting a level of seasoned expertise on top of that. The hypothetical model would have a fair zone. And a fair zone is all the public areas. Obviously, the midway would be, and the events lawn and all of the buildings footprints of about 75 acres. We would have 130 acres of public parking; 25 acres of service. The race track buffer and amenities: 150 acres. And again, a lot of that is a buffer and an amenity. The infrastructure: that's areas where we have heavy utilities or I should say supportive utilities; also things like detention bases, manure pits, and all the things that a fairgrounds of this type would take; 40 acres of expansion which is somewhere in the neighborhood of a little less than 10 percent of the total land area. And this is what a hypothetical plan could look like. And again this is based on the criteria that I've established. This is the plan. And the way this works is you back up and say, if you look at Nebraska as a state, it's set up on a grid. That grid was set up in the early days when the state was being surveyed out, and most states are rectangular or square in the state, and the same grid system is repeated throughout the development of towns. It's also consistent with the fairgrounds. The fair is set up on a grid. Most property is transferred on a grid. And so what we chose to do on a hypothetical plan was to set all the buildings on a grid, the major buildings, to develop them, to organize them around this events area that I spoke of here; to have a midway that's very public to a roadway. In my plan, this would be the major roadway here, so this would sited into it. To rotate the grandstand and the race component for solo orientations, so it starts to rotate the grid out, and then because we have one major gate into the fairgrounds located here, we are going to rotate that over so it would more equally distribute (inaudible) or our park would be more equally distributed, so we have paralleled that grid, and this what is called, architecturally, a grid shift. You can see, in my world there are some natural water features and some natural trees as part of that amenity I spoke of, and we're tying obviously on the grounds.

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Behind the area would be a 1,000-space RV park. A lot of fairs use that as sort of what we call rain insurance. If you've got an RV park, the fair is going to go on. West Virginia does this; a number of other fairs; Minnesota does it. So we think if we have 1,000 units back here, that's probably 3,000-4,000 people perhaps, and so it certainly says that we should have another gate. All of the service is behind. People come in from the public zones, all their service comes in the rear, and you'll see some diagrams on this that make it clear. What do the buildings look like? Well, we're saying that one of the buildings would be this multipurpose arena with 6,000 fixed seats; another 2,000 on the floor; it would be a 150 x 300 ring. The cost of that building, we think that would be purely multipurpose, would be somewhere in the neighborhood of \$28 million, \$29 million. When we look at these costs, these costs assume that we are again in my hypothetical location; I'm in a big market area. If I'm in a large market area, then the buildings I have probably need to be more multipurpose than if there are some of the small markets. So these prices are based on truly more urban-driven facilities. So this is what the floor plan or little sketch plan of the major arena or events center looks like. We would also have a dirt area, an area for tractor pulls, truck pulls, all those sorts of things, sort of the dirt events. We have a number of bleacher seats, and this is...you know, Bill said that we needed 3,800 nonscheduled entertainment areas or seating for nonscheduled entertainment. This would be some of those. We would have 150,000 square feet of net exhibition space. They would be in four buildings. One building would be 80,000 square feet, net, which would be divisible into two halls; there would also be an exhibition of 40,000. If you wanted to do 80,000 square foot, net, by the time you add breakout rooms and concessions and restrooms and all those sorts of things, then you are about 100,000, gross. And you can see, for 40,000 net, gives you about 50,000 gross. You can see the numbers there of \$11 million for the big exhibition building; 5.5 for the 40,000. It would also have two smaller buildings, each one a 15,000 gross square foot of exhibition space, or a little less than 19,000 gross, to give you the 15,000 net. And the cost on that would be about \$4.1 million per building. We would also have four multipurpose livestock barns. And what I'm describing is not a barn in the traditional sense. It's more of a...I guess the new term is pavilion...but a building that could truly be

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used for a number of different things. This is at Larimer County; this is their indoor arena and their livestock barns and their livestock pavilions that back over here. Again, we would have four of those, which would be 50,000 square foot net, or 200,000 square feet. We would have two horse barns with 250 stalls in them, and you can see what the associated numbers are. We need maintenance and storage. We have 30,000 square feet of maintenance and storage for the facility. We have an office complex with 10,000 square feet. The race grandstand, we have sized that for 4,000 seats, 1,200 stalls, and a mile track. We have a 5/8 track now, but a mile track is becoming more common for those new facilities that are being built. And based on a couple of projects, I have an allowance there of \$30 million for that facility. This is what it could look like if you...this is an aerial view. This would be the main entry, again, coming in; this is the ticket booth; walking down this promenade. These would be the exhibition buildings. This is the 80,000, the 40,000. We have the administrative offices here. And then there are the two 15,000-square-foot exhibition buildings, and then a food court, and of course there are passageways below. On the other side you have the midway. This is the events lawn that everything is organized around. The livestock barns here open you right out onto the lawn. The equine area back over here, which is located next to our arena for those uses, and you can see some sort of tower element. So this is what the hypothetical facility could look like. If you were standing...if you were coming in the entry plaza, then what you do, looking straight across, and you would be seeing the equine barns here, and again some sort of tower element. The tower element could be an observation area. And yet another...if you were in the equine area looking back the other way, you would see the water features and the tower. So this is sort what it would look like. The buildings are green buildings in terms of their design, with natural light, ventilation, the use of recycled materials, and all the other things that we would be looking for. There is a process called LEEDS, which sets the design standards. Most states are adopting those. And what we would propose is that these buildings be designed and constructed for a silver certification of LEEDS, which is sort of...not the lowest step, but the next step up. Showing you how it could work, again this is the race component over here. Here's our main gateway. What you are seeing here, is that in terms of organization of indoor

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exhibition, you have indoor exhibition. These are the indoor exhibition buildings, located...exhibit buildings located along our major walkway, convenient to parking. The next, if you were outdoor exhibition, would be the events lawn in here, that everything is organized around that we spoke about--all the buildings opening on to. That's where during the fair we would have outdoor exhibits, food vendors, concessionaires, all those folks. Equine is located over in this corner. As you come in, we moved one of the show rings up front so it would be a visual statement. Its located next to the arena, the big indoor arena, to facilitate horse shows. The livestock areas of the three barns are located back over here. And the gray area is all the support that they would need. In terms of other factors on the grounds, entertainment, whether it be the midway or whether it be the tractor pull area, or whether it be the entertainment, are somewhat dispersed. We have taken the noisier components, which would be the outdoor grandstand with the dirt track, and moved it sort of away from the public zone, but a direct way of getting to it. We separated the midway from the livestock and do all the other planning principles that we spoke about. This is just a few examples of how the facility could be used. If we were having a convention, for example, where you had both general mass assembly, would occur in the arena, and then we have a trade show component, it would be located here, so we're concentrating all of our folks then in this area. If we had a very large exhibit, we would use our exhibit buildings, we would use the exhibit on the grounds, either the midway or the event center, or it could go over to our livestock buildings which would have all portable equipment and could convert those over to pick up, again, 200,000 square feet of exhibition space. With all that together, would give us about 350,000 square feet of exhibition space, which would allow us to put on a tremendous show outside the fair. In addition to that, we would also have the areas on the midway and in the events lawn where we could use for exhibits. For a local horse show, it could be concentrated down into these areas, but for a regional show we could take, again take the livestock buildings and convert those over, put stalls in them, and we could certainly have, with our 500, we could pick up another 500 and have a major regional show for...or national show actually, with 100 stalls, using...with 1,000 stalls, exhibition space related with that, which with our national shows are important,

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and having basically covered more of an arena, two outdoor arenas, and then our major arena. So by converting those buildings over, we could have major horse shows. The only permanent equipment we think would be...(inaudible) equipment, would be in the horse barns, and again everything else would be portable equipment to allow us flexibility of those buildings. For festivals, again the fairgrounds are really, if you go back and either Greek or Latin, for festival translated into fairs, (inaudible) into festivals. And so this would really be a festival grounds. We could have, again, on the midway area or in our events lawn we would have outdoor festivals. If we needed to have festivals or exhibitions, again, the small exhibitions that needed a lot of outdoor space and a little indoor space, then they would use these two small exhibition buildings. And you can see in gray where the outdoor exhibition space would be. What's it cost? Well, we think the site costs...the total costs, we think is somewhere in the neighborhood of \$175 million to start from scratch. That excludes land and it also excludes any off-site infrastructure costs coming in. We think the site cost is right at \$27 million. That equates to an average of \$60,000 per acre. We think that the building costs are about \$91 million. We would be building 815,000 square feet of space--gross square foot of space. The fairgrounds currently has somewhere in the neighborhood of about 1.2 million square feet of space. We have contingences in at 10 percent for \$11 million soft costs, which are everything from legal costs to AE costs, architectural engineering costs, to testing, and so forth; at about 12 million...\$30 million allowance for the race track, giving us a total project cost of \$175 million. I would be glad to entertain any questions that you have. [LB435]

SENATOR ERDMAN: Thank you, Dave and Bill. Any questions from the committee? I don't see any. We thank you for your work so far. We understand that we'll be seeing you again here pretty soon for the second phase. For those of you in the audience, we do have some copies of the report done now, and we have others being made. And so what I would like to do with the numbers of copies that we have now, is if you are a member of the media, raise your hand. Amazing how many people want to be in the media right now. If you keep your hand up, I'll have...Kara, can you distribute those,

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please? If some of you raise your hand and act like you're in the media, if we don't see you covering Ag Committee issues next session, we're going to ask for those back. And I believe the World-Herald actually offered to pay for theirs. So we want to make sure that's on the record, that they actually offered to pay for their copy. So if you'll be patient, we'll get you a copy of that, and we will have other copies available. David and Bill, again, we thank you for your work so far. We look forward to working with you on the second phase. The committee will have another public meeting similar to this on November 15, in which Phase II will be completed, and that is the analysis of the existing State Fair Park against the hypothetical model that has been developed. So we hope you will come back and join us then. That will conclude our public meeting at this point. And again, if you're a member of the media, we'll get you an advance copy.

[LB435]