
Grant County Fairgrounds

Business and Site Concept

July 20, 2020

Prepared for Grant County

ECONorthwest
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1. Purpose and Context

In partnership with the City of John Day, Grant County is interested in exploring potential enhancements and investments in its Fairground properties. The goal of these improvements is to broaden the scope and scale of economic activity in Grant County and increase Fairground revenues. In particular, the County has an interest in exploring strategic investments in camping facilities at the Fairgrounds. The Fairgrounds draw income from a variety of sources, but Fairground’s management sees potential to capture visitors traveling through the area or coming to one of the Fairground’s many events as a way to bolster their revenue and support area economic development activities. The preliminary idea is for the Fairgrounds to expand the number of camping sites, enhance camping amenities, and better tie the Fairgrounds to other local attractions.

This document serves to further the County and City’s conversation regarding those enhancements to the Fairgrounds properties. It presents a business concept; a threshold level economic assessment of those potential enhancements, alongside a site concept; a schematic illustration of where investments and enhancements would be placed in physical space. This work builds on a Market Assessment developed by ECONorthwest in March of 2020. The purpose is to inform County and City officials about how select investments to the Fairgrounds could affect Fairgrounds revenue and to identify where and how new investments would tie into existing facilities on and off the Fairground’s properties.

WHAT IS A BUSINESS CONCEPT?

A “Business Concept” is an analysis of new or reconsidered revenue generation activities for a business. Every business concept is different. Together with the market assessment, this business concept helps Fairground’s stakeholders understand the potential to increase revenues through targeted investments in camping facilities.

This business concept is focused on specific Fairgrounds investments identified by Grant County; it does not include a full range of possible investment opportunities.

Report Organization

This document is organized as follows:

- **Summary of Opportunities and Constraints** – describes the opportunities and constraints associated with the location of Fairground properties, such as being near the city of John Day (opportunity) or being far away from the interstate and other population centers (constraint).
- **Demand Assessment for Camping at the Fairgrounds** – an analysis of population, recreation, and visitation data to estimate the level of existing and future demand for camping facilities in the Grant County area.
- **Conceptual Site Plan** – presents ECONorthwest’s and Walker Macy’s conceptual site plan for expanded camping facilities at the Grant County Fairgrounds.

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- **Camping Feasibility Analysis** – ECONorthwest analysis examines whether or not revenue from the expanded camping facilities at the Fairgrounds could cover operating costs.
 - **Conclusions and Recommendations** – provides high level conclusions and recommendations to the County and City on the financing and next steps involved in the Fairgrounds camping facilities expansion.

2. Summary of Opportunity and Constraints

Grant County is interested in investing in its Fairground properties, specifically through camping facility investments. The goal is to increase Fairground revenues while also contributing to regional economic growth and tying its Fairground properties to other amenities and points of interest within the community of John Day. The Grant County Fairground properties have specific characteristics and locational factors that will influence what types of investments are possible there, and to what extent they can be successful. In addition, the demand for different types of investments and amenities can vary widely. As such, the Fairgrounds is presented with a select number of opportunities and is limited by several constraints.

The following opportunities and constraints summary draws from our assessment of the potential for new or expanded camping facilities at the Fairgrounds. This analysis informs the scale and type of possible changes at the Fairgrounds.

Opportunities

- **The Fairgrounds have a central location within Grant County and the community of John Day.** The Fairground’s location, near the downtown area of John Day, is advantageous for several reasons. It provides an opportunity for in-city camping and easy access to area businesses. Travelers that camp at the Fairgrounds, can conveniently access parks, restaurants, and other amenities within the City of John Day.
- **The Fairground’s riverside location is an attractive natural amenity for campers and offers an opportunity to tie into river-oriented recreation.** The adjacency of the John Day River to the Fairgrounds properties could become a draw for campers and day-trippers alike. Even though the river is of modest size as it flows through the city, there is still opportunity to provide trails, fishing locations, locations to put in small watercraft, and a cool and shaded area to relax during John Day’s hot summers.
- **Near-term investments at the Fairgrounds could build on momentum created by City of John Day investments.** The City of John Day and its partners have been investing in public facilities including parks near to the Fairgrounds location. Near-term investments at the Fairgrounds could capture some of that momentum through increased awareness in grant applications and joint marketing campaigns.

Constraints

- **Camping investments are limited by the seasonality of camping recreation.** Camping is a seasonal activity. The majority of camping, be it tent-camping or RV-camping, takes place during the summer months. RV camping can stretch into the shoulder months, but, in general, the majority of camping activity takes place between May and September. Any camping investment made at the Fairgrounds is likely to see substantial occupancy numbers only during these months.
- **The Fairground’s location in John Day is distant from large population centers.** Outdoor recreation data shows that many campers travel only a few hours from their homes to camp. John Day is well outside of the range of major metropolitan areas. The Fairgrounds will have to aggressively and consistently advertise their camping facilities to attract campers outside of the local region.
- **The COVID-19 pandemic will continue to impact tourism activities like camping for at least the next year.** Depending on the severity of the caseload in Oregon, the COVID-19 pandemic is likely to deter some visitors, especially event attendees. In addition, legal restrictions on large events or on travel activities could further curtail camping and event attendance.

3. Demand Assessment for Camping at the Fairgrounds

Grant County is interested in exploring possible investments to its existing recreational vehicle (RV) and tent camping facilities at the Fairgrounds. The County sees a potential opportunity to attract more campers to the Fairgrounds and desires to know the potential scale of that increased camping site usage. At a foundational level, this estimate of demand for camping facilities will help the County understand whether investments in their camping facilities are worth the expenditures.

Earlier in this project, ECONorthwest completed an assessment of the market for camping in the John Day area. The key findings from that assessment were the following:

- **RV camping is a popular seasonal activity in Grant County.** The Grant County Fairgrounds sees high RV occupancy during the summer months.
- **There are few competitive campgrounds in the John Day region.** There are only two other campgrounds near the Fairgrounds that have full-hook up sites for RVs. Other campgrounds with RV sites do not offer any hook-ups. In addition, most campgrounds in the region are located far from towns and cities and many only feature “primitive campsites” —those without any amenities. The Grant County Fairgrounds offers campers—both RV campers and tent campers—a unique opportunity to camp within the community of John Day.

Both of these findings indicate that camping facilities at the Grant County Fairgrounds could be well positioned for increased usage. An estimate of future demand for camping will help illuminate the possible scale of facility usage. At a high-level, the demand for camping is related to population trends and projected recreation patterns.

Population Growth

There is already high camping occupancy at the Fairgrounds during the summer months (See Exhibit 3). An increase in the local or regional population would mean an increase in total demand for camping facilities. That is, a portion of the population are already campers. Even if the proportion of campers in the population of newcomers changes, one can assume that, in total, there will be demand for more campsites as the population grows. Also, an increase in the region’s population would likely lead to increased and more consistent occupancy trends, as local campers who are unable to get their first-choice camping date will be likely to consider other dates, including those farther into the shoulder seasons.

The Oregon Office of Economic Analysis estimates population growth rates for every part of the state at the county level. The most recent future population growth estimates project population growth up to the year 2050. Over this time period, the population of Oregon is expected to increase by approximately 40%. The population of Oregon counties east of the Cascade

Mountain range is expected to increase by 30% over the same time period. However, this population growth is unevenly distributed. The projections predict that the populations in counties in the Central Oregon Region, most prominently Deschutes County, will outpace growth in other counties east of the Cascades. The eight eastern-most counties in Oregon, which include Grant County, are expected to grow at a slower rate and achieve only a seven percent population increase by the year 2050. Grant County itself is projected to slowly lose some of its population.

Exhibit 1. Population Forecast of Eastern Oregon, 2020 – 2050

Source: Portland State University, Oregon Population Forecast Program (OPFP).
 Note: * Eastern Oregon is defined per the Oregon Employment Department: Baker, Grant, Harney, Malheur, Morrow, Umatilla, Union, and Wallowa counties.

Region	Population		Change, 2020 - 2050		
	2020	2050	Difference	% Change	AAGR
Eastern Oregon *	185,503	197,892	12,390	7%	0.22%
East of Cascades	565,494	737,305	171,811	30%	0.89%

These population growth trends illustrate a region that is growing but doing so at great variance from county to county. As it relates to demand for camping facilities, the trend of general population growth in the region is a positive sign. Further, the projections that Eastern Oregon will grow at a slower rate than other Oregon counties may not negatively impact camping demand. Campers are likely to travel from other parts of the region or even from outside the region to visit Grant County. Moreover, the high rates of growth in Deschutes County and other metropolitan areas such as Portland and Boise, are a positive sign for new camping demand at the Grant County Fairgrounds.

Regional Camping and Outdoor Recreation Patterns

There are few data sources with recent and comprehensive data that track camping and outdoor recreation patterns. National survey data from the 2019 5-year Trends North American Camping Report¹ indicate that camping, particularly cabin and RV camping, has increased in popularity in the last five years and that campers are becoming increasingly diverse and made up of millennial and younger households.

The best data source in Oregon, the state’s Statewide Comprehensive Outdoor Recreation Plan (SCORP), offers insight into state-specific trends. The SCORP data includes surveys of Oregonians to

OREGON STATEWIDE COMPREHENSIVE OUTDOOR RECREATION PLANNING (SCORP) DATA

Demand data in this section draws from the results of the SCORP Assessment completed by the Oregon Parks and Recreation Department, which is completed every five years. The SCORP inventories recreational facilities, including, camping, as well as assessing need for recreational facilities and participation in and preferences for recreational activities. As part of the 2013-2017 SCORP, the state surveyed Oregon residents about their 2011 outdoor recreation participation, as well as their opinions about parks and recreation management.

¹ Cairn Consulting Group. “2019 5-year Trends North American Camping Report.” *Kampgrounds of America*. 2019.

estimate the frequency at which they participate in outdoor recreation and where that activity occurs. These surveys most recently occurred in 2011 and 2017. In 2011, the survey was done at the state level and county level. In 2017, the survey was not conducted at the county level.

Exhibit 2 shows camping user occasions (the number of times people engage/participate in an activity) for residents of Grant County in 2011 and Oregon in 2011 and 2017. Exhibit 2 also provides an estimate of the share of the population participating in the activity.

Exhibit 2. Camping Occasions and Percent of Population Participating, Grant County and Oregon, 2011 and 2017

Source: Oregon SCORP’s 2013-2017 and 2019-2023.

Note: “User occasions” is the number of times persons engage/participate in an activity. County level data unavailable for 2017.

Activity	Grant County User Occasions (2011)	Grant County % Pop. Participating (2011)	Oregon User Occasions (2011)	Statewide % Pop. Participating (2011)	Oregon User Occasions (2017)	Statewide % Pop. Participating (2017)
Car camping with a tent	46,214	40%	8,280,008	35%	7,548,000	32%
RV, motorhome, trailer camping	163,083	42%	6,180,044	19%	6,493,000	17%
Yurts, camper cabins	2,768	5%	698,126	8%	966,000	--
Total	212,065	--	15,158,178	--	15,007,000	--

The SCORP data show consistent camping trends at the state level from 2011 to 2017. The data estimate that about one third of Oregonians car camped with a tent over the survey time periods. RV/motorhome/trailer camping is less popular, with the share of Oregonians participating estimated to be less than 20 percent.

CAMPING TRENDS IN WASHINGTON

The camping facilities at Grant County Fairgrounds are likely to draw out of state visitors. Washington State also develops surveys that describe recreational participation and needs of residents in Washington. One report concluded that 35% of Washington residents participate in tent camping from a car and 22% participate in camping with an RV. The report went on to say that these rates are expected to increase.

Interestingly, the SCORP data estimate that a greater share of Grant County residents camp than campers at the state level. In 2011, an estimated 40% of Grant County residents car camped with a tent and an estimated 42% camped with an RV, motorhome, or trailer. When compared to state levels, the popularity of RV/motorhome/trailer camping in Grant County becomes apparent. The surveys showed that a much larger portion of Grant County residents participate in RV/motorhome/trailer camping than at the state level.

The report data was compiled from 2,400 surveys from a random sample of U.S. residents. Results are stratified by Census Region (Northeast, Midwest, Southeast, and West).

Local Camping Trends

Grant County has limited data on camping at their Fairgrounds. There is no year-to-year dataset for tent camping, as tent camping appears to always be ad hoc and, as indicated by Fairgrounds staff, usually occurs in connection with events or during the summer months.

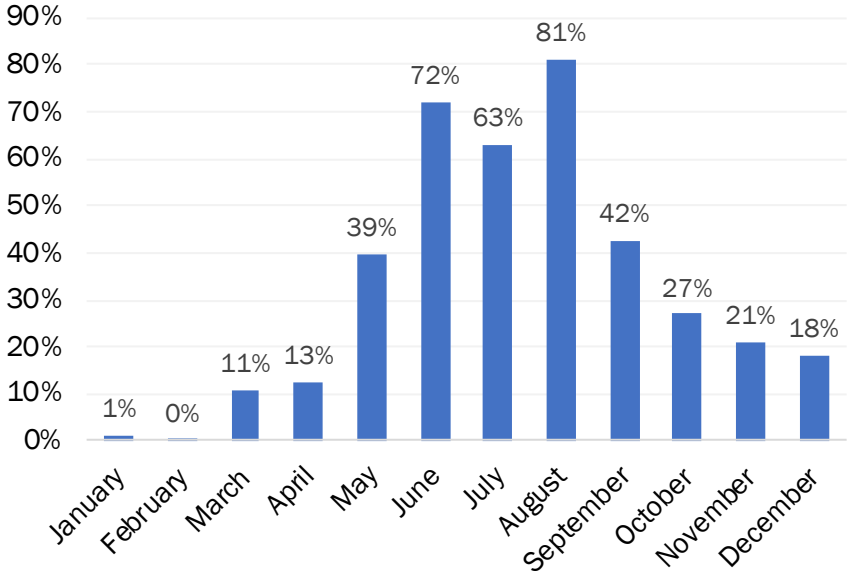
Grant County does track RV reservations. Exhibit 3 illustrates the share of the Fairground’s RV park spaces reserved via reservation per month (2019 data). Note that this is the share of spaces reserved, and *not the actual occupancy rate*. The occupancy rate is likely higher than the percentages shown in the exhibit as some RV guests camp without a reservation.

The Grant County data indicate that RV sites at the Fairgrounds are frequently reserved ahead of time in the summer months. During August of 2019, 81% of RV spots were reserved at the Fairgrounds. As August is the month of the Grant County Fair, the Fairground’s most popular event, one can assume that many of these reservations coincide with that event.

The data show that reservations decrease during the shoulder seasons (Fall and Spring) and are at a minimal level in the coldest winter months. These reservation data are consistent with camping data from other regions and confirms common assumptions about camping. That is, camping is, primarily, a warm weather activity that takes place during the summer months, and in connection to warm weather events.

Exhibit 3. Grant County Fairgrounds RV park space reservations by month, 2019

Source: Grant County Fairgrounds staff.



Camping Trends at Clyde Holliday State Recreation Site

Besides Depot RV Park in Prairie City (that is jointly managed by Grant County and the City of Prairie City), the Grant County Fairgrounds’ closest competitive campground for both tent and RV camping is Clyde Holliday State Recreation Site. The Clyde Holliday State Recreation Site is

located seven miles west of the Fairgrounds and is owned and operated by Oregon State Parks. It has a year-round day-use area for picnicking, fishing, walking, and wildlife viewing. It has 30 campsites for tent and RV campers that are available from March 1st to November 30th annually. Each campsite is available on a first come, first serve basis; although overflow camping is often allowed in the parking lot and in the picnic area. Each campsite has a full RV hookup. There are also two teepees on-site that can be reserved in advance.

As it is a close and similar competitor in many respects, but is slightly larger and has more amenities, camping data from Clyde Holliday can help give a sense of estimated demand for an expanded Grant County Fairgrounds campground.

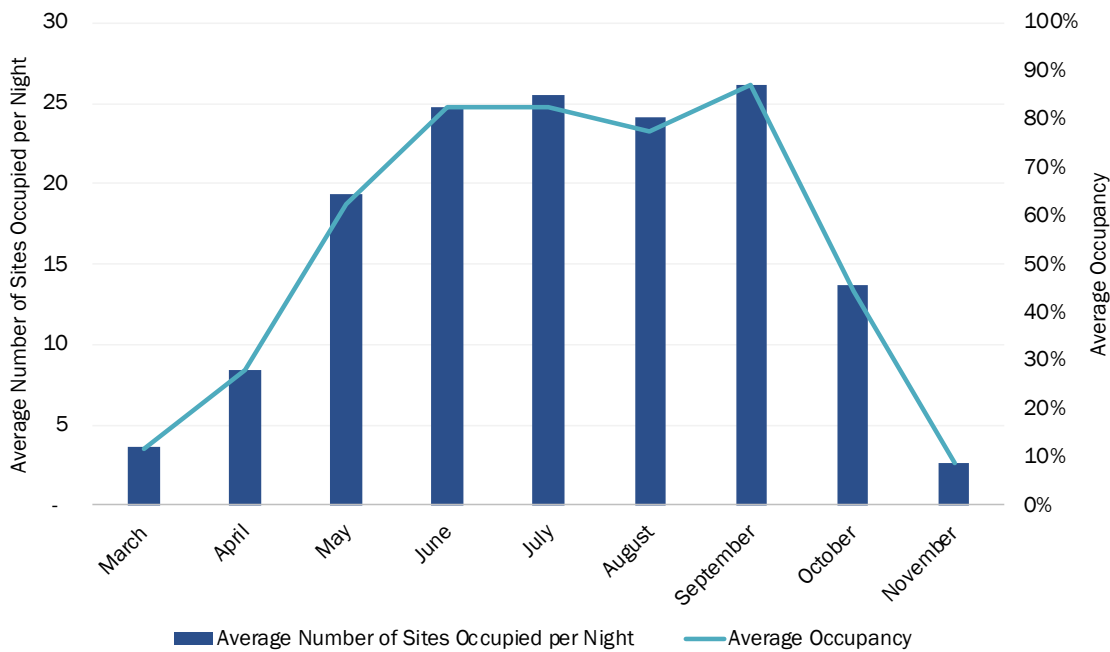
To gather data from Clyde Holliday, we spoke with the park's manager. He provided overnight camping data for 2015 through 2019. He noted that while they do not explicitly track RV campers versus tent campers, he and other park staff estimate that only about 10 to 15 percent of all camping at Clyde Holliday is tent camping. During the 2015 to 2019 period, camping occupancy volumes at Clyde Holliday were largely unchanged from year to year.

As one would expect, Clyde Holliday also experiences seasonal variation in camping occupancy, with June through September being the most popular time of year.

Exhibit 4 illustrates the average number of sites occupied per night and the average monthly occupancy rate at Clyde Holliday (2015 to 2019 data). Between June and September, the Clyde Holliday campground saw an average of about 25 sites occupied per night. This equates to a summer Monday average occupancy rate that hovers between 80 and 90%. A comparison of the Grant County Fairgrounds reservations data (Exhibit 3), tends to show that Clyde Holliday has similar if not slightly higher occupancy rates.

Exhibit 4. Clyde Holliday State Park average nightly RV occupancy per month, 2015 – 2019

Source: Clyde Holliday State Park.



Demand Assessment Summary

This section provided analysis on demand for camping, spanning a high-level take on regional recreation trends to an assessment of campground occupancy rates at the local level. In general, these data show that camping is a popular outdoor activity for many Oregonians, and particularly, for Grant County residents. While year-to-year camping participation rates are relatively stable, state level and regional population growth will continue to incrementally increase demand for campgrounds.

Demand Assessment Key Findings

- **An appreciable number of Oregonians are campers.** At the state level, there are more tent campers than RV campers with about one third of all Oregonians participating in tent camping. Both tent camping and RV camping are more popular in Grant County than at the state level. Many more Grant County residents participate in RV camping than those at the state level.
- **RV camping is more popular among Grant County residents than other types of camping and RV camping facilities in Grant County are in high demand during summer months.** There is likely more demand for RV camping near John Day than current facilities can accommodate. Given what we know about demand at Clyde Holliday and other sites nearby, the Fairgrounds can expect to operate at near full capacity during summer months for RV sites, with a decline in occupancy in the

shoulder season. Attractive new facilities, especially if they are amenity rich, could retain more return customers and increase usage in the shoulder seasons.

- **Peak usage months for RV and tent camping will be June through August, and the shoulder season months are May and September.** Tent camping is likely to fluctuate more and have less demand than RV camping, given that tent camping comprises just 10 to 15 percent of campground demand at Clyde Holliday overall. However, to-date tent camping at the Fairgrounds has not been widely advertised and camping is ad hoc—there are no designated campsites. With the right targeted marketing and the construction of reservable and dedicated campsites, the demand for tent camping is likely to increase.
- **Without a new marketing push, Fairground campers will continue to be a mix of fairground event attendees and repeat customers.** Expanding the supply of campsites at the Fairgrounds without a large marketing push is unlikely to lead to a substantial increase in the demand for camping. A meaningful increase in demand will only result through a combination of actions to attract new visitors to the Fairgrounds. A targeted marketing campaign is an essential action. Other actions could include improved connections to other John Day amenities, an increase in the number of annual large or signature events, and package tours or group stays.

4. Site Concept

In collaboration with Fairgrounds staff, Walker Macy created a high-level Site Concept for all of the Fairgrounds properties. Along with ECONorthwest, the integrated project team proposed multiple changes and improvements to the properties. These include:

1. **Nine new back-in RV camp sites.** These are located adjacent to the existing RV sites and would occupy part of the Orchard Area.
2. **27 new defined tent/dry camping sites.** This new camping area is located in the southern portion of the properties. The sites would be focused on tent camping, but small RVs and camper vans could also fit in them. The sites would not have any RV hook-ups.
3. **Two new bathroom buildings.** Each new camping area would get a new conveniently-located bathroom building.
4. **Two potential locations for walk-in tent camping.** Located at both the north and southern end of the properties.
5. **Multiple river access points.** The concept features more connections to the John Day river including a pull-out drop off point by the RV camping area.
6. **A three-acre flexible event site.** A portion of the southern open field would be transformed into a flexible event space.
7. **Options for location of new storage buildings.** Fairgrounds staff described how existing storage sheds are not currently in ideal locations. The Site Concept illustrates better locations for these buildings.

Note that our feasibility analysis considers only items one, two, and three from the list above.

The Site Concept is illustrated in the renderings in the following four pages. All images have been created by Walker Macy Architects.



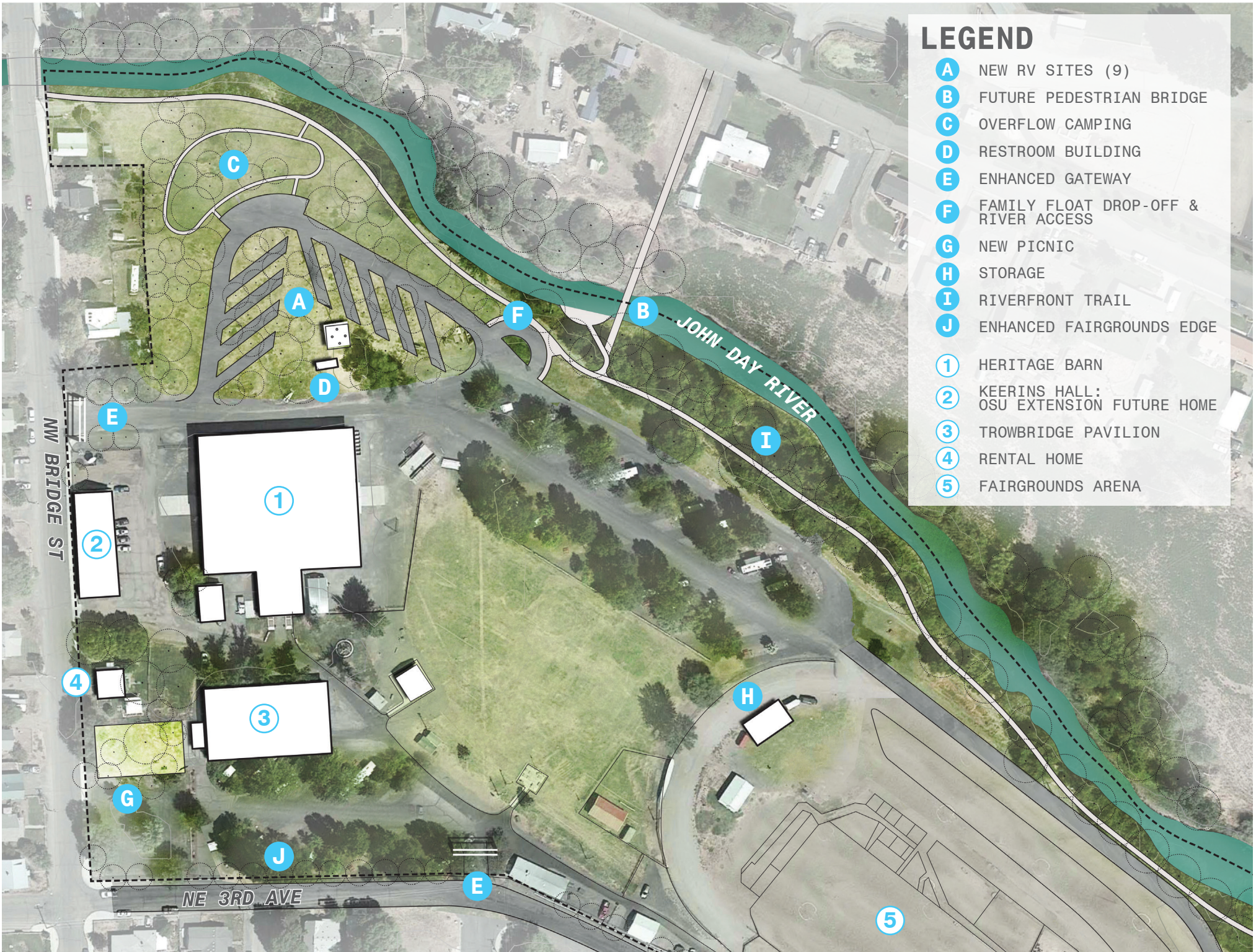
LEGEND

- A** NEW RV SITES (9)
- B** FUTURE BRIDGE
- C** RIVERFRONT WEDDING SITE
- D** EVENT LAWN
- E** TENT CAMPING (31)
- F** FAMILY FLOAT LAUNCH

- 1** HERITAGE BARN
- 2** KEERINS HALL: OSU EXTENSION FUTURE HOME
- 3** TROWBRIDGE PAVILION
- 4** RENTAL HOME
- 5** FAIRGROUNDS ARENA

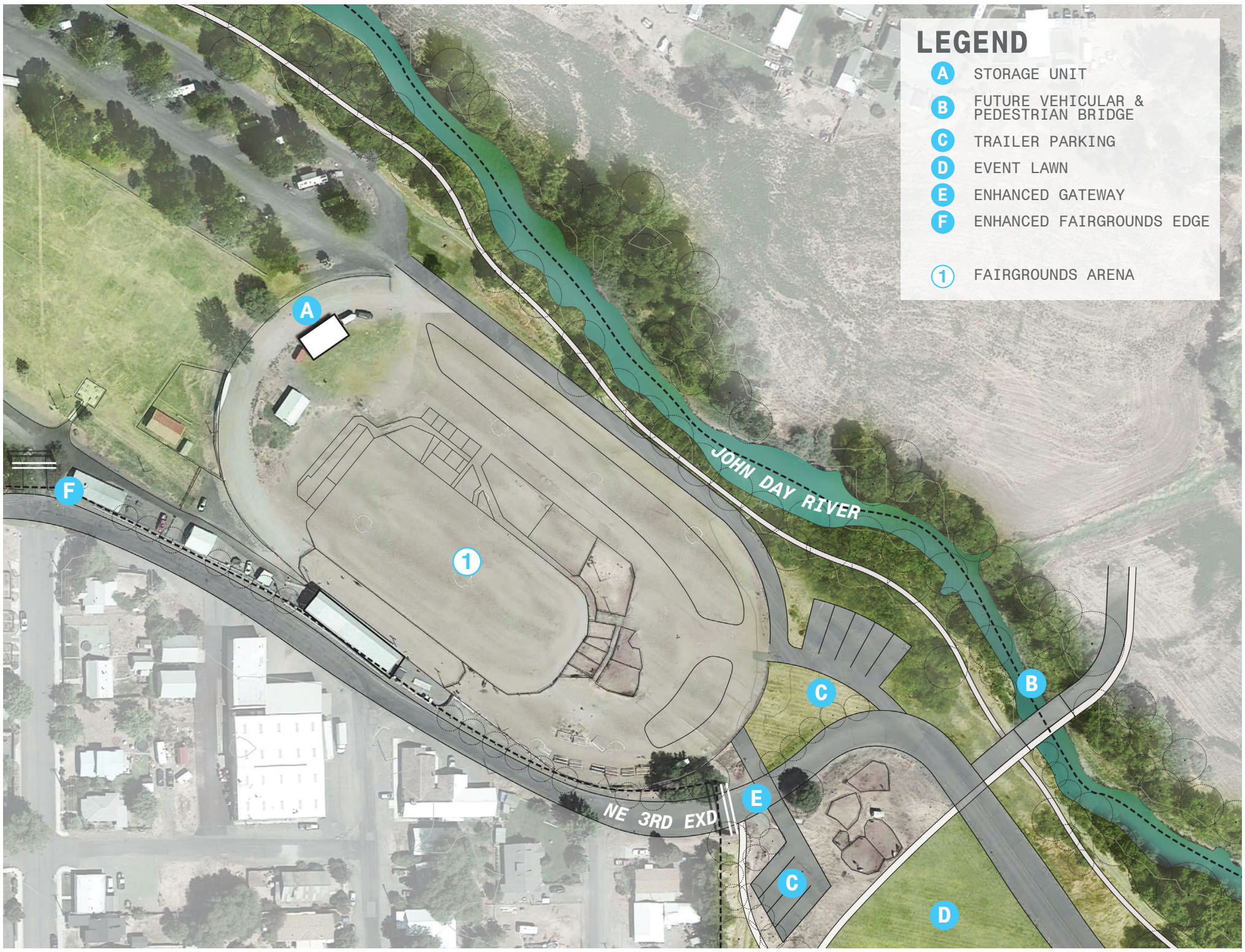
LEGEND

- A** NEW RV SITES (9)
- B** FUTURE PEDESTRIAN BRIDGE
- C** OVERFLOW CAMPING
- D** RESTROOM BUILDING
- E** ENHANCED GATEWAY
- F** FAMILY FLOAT DROP-OFF & RIVER ACCESS
- G** NEW PICNIC
- H** STORAGE
- I** RIVERFRONT TRAIL
- J** ENHANCED FAIRGROUNDS EDGE
- 1** HERITAGE BARN
- 2** KEERINS HALL: OSU EXTENSION FUTURE HOME
- 3** TROWBRIDGE PAVILION
- 4** RENTAL HOME
- 5** FAIRGROUNDS ARENA



LEGEND

- A** STORAGE UNIT
- B** FUTURE VEHICULAR & PEDESTRIAN BRIDGE
- C** TRAILER PARKING
- D** EVENT LAWN
- E** ENHANCED GATEWAY
- F** ENHANCED FAIRGROUNDS EDGE
- 1** FAIRGROUNDS ARENA



LEGEND

- A** EQUESTRIAN TRAILER PARKING
- B** FUTURE VEHICULAR & PEDESTRIAN BRIDGE
- C** RIVERFRONT WEDDING SITE
- D** EVENT LAWN
- E** TENT CAMPING (31)
- F** OVERFLOW CAMPING
- G** ENHANCED GATEWAY
- H** ENHANCED FAIRGROUNDS EDGE
- I** PARKING (73)
- J** RIVERFRONT TRAIL



5. Camping Feasibility Analysis

An increased number of campers at the Grant County Fairgrounds would provide several benefits to Grant County, the Fairgrounds, and the community of John Day. There would be community benefits and positive economic impacts, like increased spending at restaurants, cafes, and gift shops, and more visitation to local parks and other attractions.

For Grant County, more campers at the Fairgrounds would mean increased use of the Fairgrounds facilities and increased camping revenues. However, any increase in facility use comes with added costs. Structures need cleaning, maintenance, and repair. Extra staff might be needed to manage reservations and mow lawns. New facilities, like new campsites or bathrooms, cost money to construct. Based on estimates of demand presented in the previous section, and using data from comparator facilities, this section presents a preliminary feasibility analysis for improvements to camping facilities at the Grant County Fairgrounds.

Camping Feasibility Analysis

Estimating the feasibility of improvements to camping facilities at the Grant County Fairgrounds requires assumptions about the use of those facilities and the costs to build, operate, and maintain those facilities. In addition, there are general assumptions that guide this analysis. These include the following:

General Assumptions

- **Economic conditions are stable.** Camping, and pleasure travel in general, tend to be sensitive to economic conditions, particularly economic downturns. Tent camping and RV camping are no exception. Both types of camping usually see a reduction during economic slowdowns. Our feasibility model assumes stable and positive economic conditions.

COVID-19 has dramatically impacted economies across the globe and there is uncertainty regarding when the economy will recover. Moreover, the short-term and long-term impacts related to the pandemic-induced economic downturn make feasibility predictions difficult, if not impossible. We assume that the economic impacts of the COVID-19 pandemic will last for months, if not several years. The Fairgrounds can expect to see an impact to camping occupancy until an effective COVID-19 vaccine is developed or the virus is eradicated. Our financial model assumes an average year; it does not take pandemic impacts into account.
- **The Fairground camping facilities are well-managed.** Management practices can influence the success of a business. We assume that the facility is administered competently.
- **Camping occupancy is stable.** We evaluate the costs of a stable operation, three to five years in the future. This does not include a discounting model to evaluate long-term

costs and a ramp-up period. Occupancy in the first few years will depend largely on the success of marketing efforts. Grant County should assume that it will take at least three to five years to build a base of return customers and establish marketing channels. Should the Fairgrounds move forward on expanding the campground facilities, the County will need to account for reduced revenues and increased costs during the stabilization period.

Model Assumptions

Site Types and Rates

The Site Concept proposes several changes to campground facilities at the Fairgrounds. The proposed campground expansion would include 27 new tent camping sites and nine new RV sites. These would complement the Fairgrounds’ existing 25 RV sites and replace existing informal tent camping.

Exhibit 9 provides our model assumptions for the number of sites at the expanded campgrounds and associated rates with those sites. Given high occupancy rates in the summer months, we assume that the Fairgrounds can charge a premium for both RV and tent sites during these months to help recoup additional operating costs. These assumptions do not include charges for additional vehicles, which run about \$7 per site per night at competitor campgrounds.²

Exhibit 9. Grant County Fairgrounds – Proposed Campground Site Types and Rates

Site Type	Number of Sites	Low Season Rate	High Season Rate (June–August)
Drive Up Tent Sites (No Hookups)	27	\$20	\$25
RV Sites (with Hookups), includes 25 existing sites	34	\$30	\$35

Source: Walker Macy and ECONorthwest research of competitor campground rates. Does not include charges for additional vehicles. Includes existing 25 RV sites.

Campground Occupancy Projections

Our occupancy projections incorporated the following assumptions:

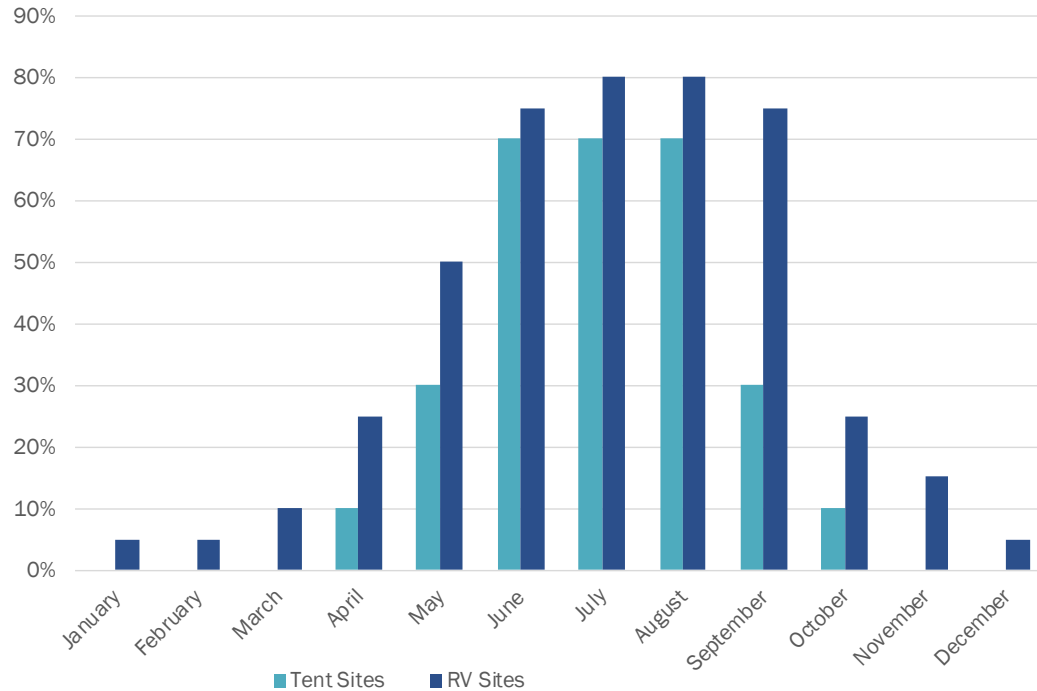
- **The campground will be open year-round.** The existing RV park at the Fairgrounds is open year-round, so we assumed that will be the case for the expanded facilities. However, most camping will occur between May and September.
- **Visitation will vary by month and site type.** Our research and observations found that camping use varies from month to month. Based on our assessment of demand for camping facilities and, in particular, our analysis of similar campgrounds in the vicinity, we found that RV sites have a longer season and even see some usage in the winter

² For a survey of competitive campground rates, see the ECONorthwest 2020 Grant County Fairgrounds Market Assessment.

months. Tent sites, on the other hand, see limited use in the shoulder months and, in general, have lower occupancy rates than RV sites in the summer months.

To anchor our occupancy projections in local data, we drew from Fairgrounds' occupancy data along with data from the Clyde Holliday Recreation Site.³ Exhibit 10 shows our projections for campsite occupancy by site type and month of the year.

Exhibit 10. GCFC Campground Occupancy Projection



Source: ECONorthwest

Our occupancy projections assume average conditions. As illustrated in Exhibit 4, Clyde Holliday has been able to achieve even higher rates of occupancy than our projections. However, weather, economic shifts, and other external events (like the COVID-19 pandemic) can greatly affect camping occupancy rates. As such, the Fairgrounds should expect and prepare for camping occupancy rates that vary from year to year.

Gross Revenue Estimate

Combined, the camping fee rates, and occupancy assumptions allow for us to create a gross revenue projection. Using those inputs, our model shows a gross revenue of around \$209,000 annually. Two-thirds of that revenue would come from the RV sites, which can command higher rates and have a longer season than tent sites. The summer months (June through

³ As a way to recoup operating costs and keep revenues stable, the Fairgrounds might also consider offering long-term rates for RVs during the winter months.

August) would generate about \$129,000 or about 62% of the revenue for the year. Exhibit 11 provides an estimate of revenue by month.

Exhibit 11. Proposed Campground - Revenue Estimates

	Tent Sites	RV Sites	Total Revenue
January	\$0	\$1,600	\$1,600
February	\$0	\$1,400	\$1,400
March	\$0	\$3,200	\$3,200
April	\$1,600	\$7,700	\$9,300
May	\$5,000	\$15,800	\$20,800
June	\$14,200	\$26,800	\$41,000
July	\$14,600	\$29,500	\$44,100
August	\$14,600	\$29,500	\$44,100
September	\$4,900	\$23,000	\$27,900
October	\$1,700	\$7,900	\$9,600
November	\$0	\$4,600	\$4,600
December	\$0	\$1,600	\$1,600
Total	\$56,600	\$152,600	\$209,200

Source: ECONorthwest

Recent Fairgrounds revenue data associated with the RV park show that, over the past few years, gross revenues have averaged about \$72,000 per year.⁴ With our occupancy and rate assumptions, our model shows almost a threefold increase in potential RV and tent camping gross revenue.

Camping Operational Costs

Camping-Related Operations Cost Estimate

Currently, the Fairgrounds operates the existing RV Park as part of the greater Fairgrounds operations. However, the revenues and costs associated with the RV Park are separated in the Fairground’s annual budget in a County RV Park Fund. Exhibit 12 summarizes those expenses as they are presented in the 2019-2020 budget.

⁴ Source: GCFG Annual Budget 2019-20 (Document dated 6/24/19). Average RV park fees inclusive of RV fees, County RV Site Fees, and RV Room tax.

**Exhibit 12. Operating Costs for Existing Campground,
Annual Budget Projection (2019-20)⁵**

Cost Item	Amount
Personnel Services	\$36,055
Materials and Services	\$28,868
Capital Outlay	\$13,050
Total	\$77,973

Source: GCFG Budget 2019-20

Using these operating costs as a baseline, we made assumptions about how these costs might change if the Fairgrounds camping facilities were to be expanded. The first step in this analysis is identifying which costs might change with a campground expansion, and which costs will remain fixed. We call these two groups of costs **variable expenses** and **fixed expenses**. Variable expenses include cost items like maintenance and utilities. Fixed expenses include most administrative expenses—costs that are not likely to escalate with an expanded campground.

Labor

A key variable expense is labor. The County currently spends about \$36,000 per year on labor to serve the existing RV Campground. An expanded campground, especially the addition of 27 tent camping sites in the southern portion of the properties will require additional staffing. We project that the new campground will require the following types of employees:

- One or more **seasonal staff members** to work during the busier months—April through September. They will assist existing Fairgrounds staff with maintenance, repairs, grounds keeping, assisting campers, and other tasks.
- One or two **park hosts**, who are often volunteers who assist visitors. While park hosts have historically been compensated through being given a free RV camping space, our research indicates that they are increasingly paid a stipend, such as \$250 per month. Like the seasonal staff, park hosts would stay at the campground for the warmer six months of the year.

Taking these additional staff into account would mean an increase in labor costs of around \$22,000 associated with the expanded campground as summarized in Exhibit 13.

⁵ There are additional capital outlays that are associated with Depot RV Park in Prairie City. Those costs are not included here.

Exhibit 13. Additional Staffing Costs⁶

	Seasonal Staff	Seasonal Park Host
Full Time Equivalent (Half Year)	1	1 Host
Wages	\$15,600	\$1,500
Benefits (30% of Wage Rate)	\$4,680	
Sub-Total	\$20,280	\$1,500
Total		\$21,780

Source: ECONorthwest, various sources.

Materials and Services

Other variable expenses, like maintenance and utility costs, are likely to escalate with an increased number of campsites. We use the category “Materials and Services” to summarize these costs. Variable materials and services costs include utilities, park improvement and maintenance, advertising, transient room tax⁷, and supplies. Additional variable costs for larger one-time capital reserves and replacement is categorized under the “Capital Outlay” category. Exhibit 14 shows RV site variable expenses on a per RV site basis for the existing RV campground.

Exhibit 14. Estimated Total and Per Site Annual RV Site Materials, Services, and Capital Costs for Existing RV Campground⁸

Cost Item	Amount
Materials and Services Total (M&S)	\$28,868
M&S Variable	\$21,000
M&S Fixed	\$7,868
M&S Variable per RV Site	\$840
Capital Outlay	\$13,050
Capital Outlay per RV Site	\$522
Total Variable and Capital Outlay	
Cost per RV Site	\$1,362

Source: GCFC 2019-20 Budget, ECONorthwest

The Site Concept calls for an expansion of the number of RV sites from 25 to 34 (nine new sites or a 36 percent expansion) and the creation of 27 new tent camping sites. For the RV site expansion, we assume that variable costs escalate in proportional relation to the number of new sites.

Projected Operating Expenses

We combined the increase in the variable expenses with the additional labor costs to arrive at a projection of ongoing operating costs that would be associated with expanded campground

⁶ Assumes \$15 hourly wage for seasonal staff.

⁷ We recognize the transient room tax is linked to camping reservations. The fee is passed through the Fairgrounds to the appropriate County account. We have included it both on the revenue and cost side to show the full revenues and costs, even though it is essentially a pass-through.

⁸ Materials and Services variable costs include utilities, park improvement and maintenance, supplies, advertising, and transient room tax.

facilities at the Fairgrounds, as shown in Exhibit 15. For the new tent sites, we assumed that variable expenses would be half as much as the RV sites on a per site basis. Based on these high-level assumptions, we found that the operating costs for the expanded camping facilities would total around \$130,000.

Exhibit 15. Projected Operating Expenses for Expanded Camping Facilities

Cost Item	Existing Costs	Additional Costs
Personnel Services	\$36,055	\$21,780
Materials and Services	\$28,868	\$11,032
Capital Outlay	\$13,050	\$18,792
Sub-Total	\$77,973	\$51,604
Total Operating Costs		\$129,577

Source: GCFC 2019-20 Budget, ECONorthwest

Financial Feasibility

This high-level feasibility analysis shows that revenues exceed operating expenses for the expanded campground facilities (Exhibit 16). This means that, without accounting for the construction costs and using the assumptions embedded in our model, the campground would be financially viable on an on-going basis.

Exhibit 16. Expanded Campground - Financial Feasibility

Gross Revenues	Operating Expenses	Net Operating Revenues
\$209,200	-\$129,577	\$79,623

Source: ECONorthwest

Financing Construction Costs

The development of new facilities in the public sector differs from those constructed and operated by the private sector in some respects. In the private sector, developers must raise capital for development and they usually finance those costs through revenue generated from the project. Although, that model is sometimes used in the public sector, in many cases public sector projects are able to draw on existing or supplementary funding sources to cover development capital costs thus leaving the new facility with little or no on-going debt payment. This is an important distinction. The absence of a debt coverage requirement means that those new facilities, in many cases, only need to cover ongoing operating expenses.

This is how we have created our financial model for the camping facilities at the Fairgrounds; it accounts for on-going operating expenses without a consideration for debt service payments related funding the facilities’ construction. We assume that Grant County would cover the development costs of the expanded campground facilities through funds other than revenues received from the campground itself. This may or may not be how the County would prefer to

organize the finances for the campground, but it illustrates the financial feasibility should the County be able to source development capital from elsewhere.

However, we would be remiss if we did not consider capital costs for developing the expanded campground facilities and estimate the debt burden that it would place on the County should they decide to borrow funds for its construction. The scale of this project did not accommodate the inclusion of a construction cost estimator on the project team. For this reason, we use example construction cost amounts to help illustrate the debt service payments for the expanded campground facilities. *Note: these example construction cost amounts have not been vetted with a cost estimate professional. Additional analysis is needed to confirm and verify actual construction costs.*

Using a hypothetical construction cost range of \$3 to \$5 million, Exhibit 17 illustrates debt service payments that would accrue using loan terms currently available for local governments.

Exhibit 17. Hypothetical Annual Payments for Campground Construction

	Low Annual Payment	High Annual Payment
Construction Costs		
\$3 Million	\$135,600	\$204,100
\$5 Million	\$225,900	\$340,100
Loan Terms		
Amortization Period	30	20
Interest Rate	2%	3%
Issuance Cost	1.2%	1.2%

Source: ECONorthwest, Loan terms provided by the City of John Day

The exhibit shows two different scenarios that vary by loan terms assumed and by the construction cost amount. In each scenario, annual payments for campground construction would cost the County several hundred thousand dollars a year. This payment amount is higher than the expanded campground’s net operating revenues, meaning that the camping facilities would not be able to support payments for the capital costs alone. Paying down the capital costs by sourcing funds elsewhere could reduce the amount of debt that would need to be financed, potentially to a low enough level that the campground could support the debt service payments.

6. Conclusions and Recommendations

Based on our research and analysis, we believe that there is a market for an expanded campground at the Grant County Fairgrounds and that if it were to be constructed—and properly financed—it would be financially viable. As Grant County proceeds with discussions about whether to expand their campground facilities, the County should consider the following:

- **Success at the expanded campgrounds will only be possible through a substantial marketing campaign paired with other actions to attract campers to the Fairgrounds.** This is not a “build it and they will come” type of situation. The Fairgrounds are located far from an Interstate Highway and far from attractions that regularly draw large crowds. Expanding the supply of campsites at the Fairgrounds without a large marketing push is unlikely to lead to a substantial increase in the demand for camping. A meaningful increase in demand will only result through a combination of actions to attract new customers to the Fairgrounds. A targeted marketing campaign is an essential action. Other actions might include improved connections to other John Day amenities, an increase in the number of annual large or signature events, and package tours or group stays.

This report was written in the Spring/Summer of 2020 during the COVID-19 pandemic. Like any other recreation and event centered facility, we expect that the expanded campground facilities will only be able to move towards and eventually achieve a stabilized occupancy rate when COVID-19 is fully under control across the Pacific Northwest.

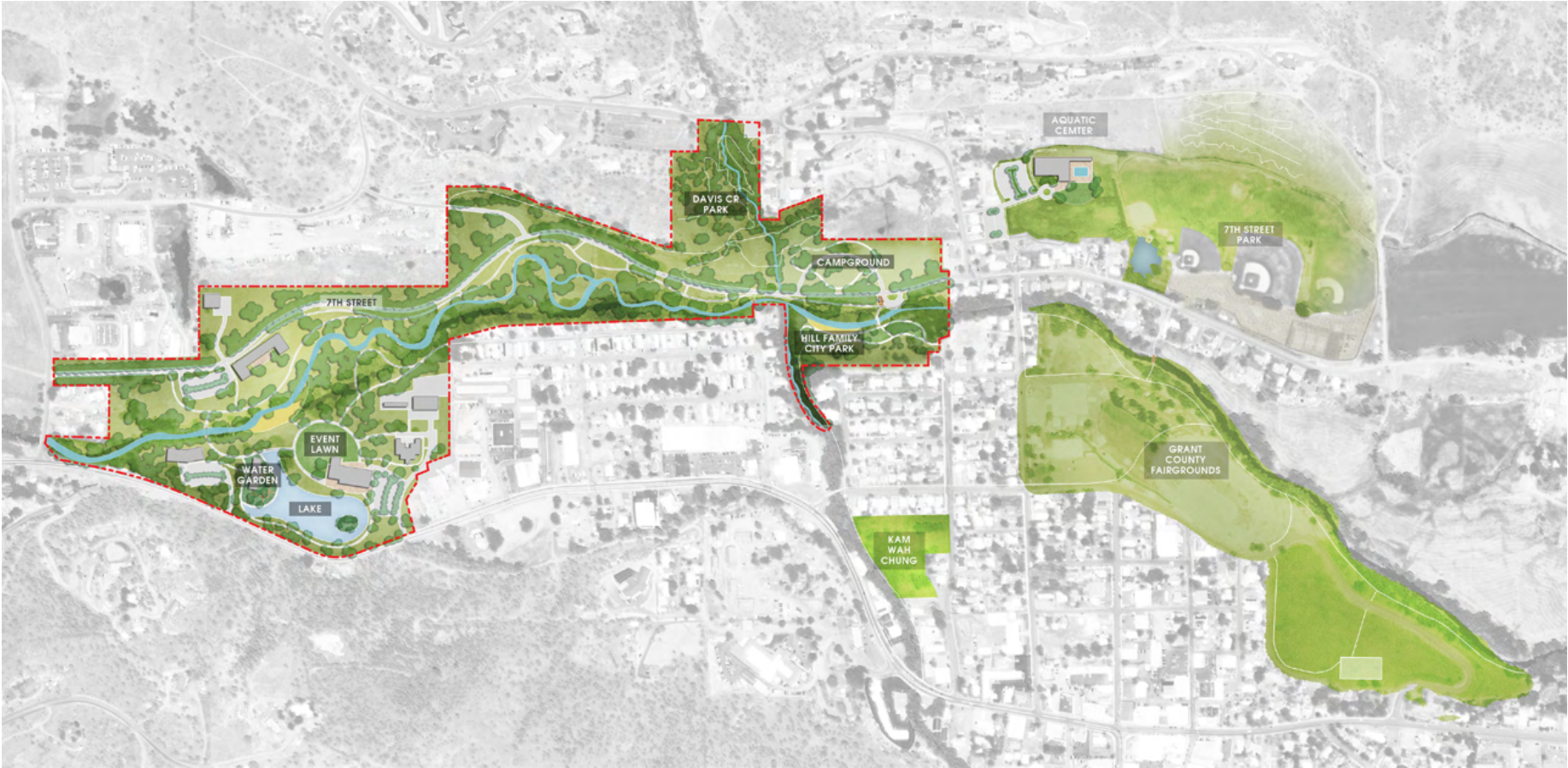
- **The County should intentionally coordinate Fairgrounds investments with other actions and investments made by local partners.** In doing so, the County can leverage investments made by others and anchor their own investments in the context of broader plans for the community of John Day. The City of John Day has already built momentum with their own projects across the community. Other partners such as the Oregon Parks and Recreation Department, the local school district, and the Oregon Department of Transportation have initiated improvement projects across the community. Exhibit 18 on the following page illustrates the Grant County Fairgrounds in relation to several other planned investment areas in John Day.

Coordinating projects and investments does several things. It demonstrates to potential funders that their dollars will be used purposefully and be part of a larger and ongoing strategy. This demonstration of a good use of funds can increase the competitiveness of grant applications, making it more likely that the County can secure outside funds.

In many cases, coordinated investments in a single project can mean that local contributions, either financial or staff time, can function as in-kind contributions that are usually a necessary component for receiving grant dollars.

Exhibit 18. John Day's Planned Integrated Park System

Source: Walker Macy Architects



- **Funding Campground Construction.** The County has not decided how it would fund construction of the expanded campground facilities or, for that matter, other projects identified in the Site Concept⁹. In general, the County has the following options for funding the expanded camping facilities:
 1. Fund construction through existing sources of funding,
 2. Finance construction through a bond issuance,
 3. Identify fund sources outside of the County, such as a federal grant or loan, or;
 4. Combine existing sources, financing, and outside funding sources.

Our feasibility analysis showed that even though the campground could cover ongoing operating expenses, it would have little extra net operating revenue to support debt payments. For this reason, should the County decide to build the expanded campground facilities, it will have to source at least some funds from existing sources or from sources outside of the County.

It is common for projects of this type and scale to rely on multiple sources of funds to cover or buy-down construction costs. For example, a municipality may be able to contribute a portion of the necessary funds through an existing source, secure a grant for another portion of the funds, and then, because capital costs have been “bought down” revenues from the constructed facility could cover the debt service associated with a loan for the remaining portion. In this way, what initially looks like an unachievable multimillion-dollar investment is manageably reduced to several achievable funding buckets.

⁹ Costs for construction projects not related to the campground facilities are not included in the example cost range of \$3 to \$5 million. Additional analysis is needed to identify the full scope of project costs.