

Michigan Equine Park Demand and Feasibility Study

August 2008

Prepared for
Michigan Equine Partnership

Prepared by
Public Sector Consultants Inc.
Lansing, Michigan
www.pscinc.com

BACKGROUND

In March of 2007, The Michigan Equine Partnership (MEP) approached Public Sector Consultants (PSC) to conduct a demand and feasibility study to determine whether support exists in Michigan for the development of an equine park. The premise of the study was the MEP's vision for a flagship facility that would serve as a substantial economic development initiative for the state, be capable of hosting large national and international competitions and regional trade shows, and bring new equine and tourist revenue into Michigan.

To analyze whether the demand exists for such a facility in Michigan—and, if so, determine the parameters of what the facility would contain—PSC initiated a four-phase research study. The study, which began in the spring of 2007, consisted of:

- Phase 1: Research, site visits, and interviews
- Phase 2: Facility needs document
- Phase 3: Facility development strategy
- Phase 4: Site financing and location

SUMMARY OF FINDINGS

In December of 2007, preliminary research findings were presented to the Michigan Equine Conference at the Kellogg Center in East Lansing, Michigan. Based on the research conducted in Phases 1 and 2 the following conclusions were reached:

- Support exists among equine enthusiasts for an equine facility in Michigan.
- The size of the facility is important. Large-scale facilities attract nationally recognized events; bigger facilities allow for more varied events; larger facilities are better equipped to offer recreational and non-show activities.
- Accessibility is a significant factor. Interstate accessibility is necessary, and the ability to draw participants from a multi-state region within a five- to six-hour driving radius is important. The location must offer amenities such as access to airports, hotels, retail establishments, and camping and riding trails.
- Event diversification is important. Multi-use capability helps the facility generate revenue from diverse industries and visitors.
- South-central Michigan is a prime location and the communities of Marshall, Jackson, Coldwater, Dundee, and Chelsea merit further consideration.

METHODOLOGY

Research, Site Visits, and Interviews

Findings were reached through a series of stakeholder interviews, surveys of existing equine venues, and research and analysis of existing (and developing) parks across the United States.

In the fall of 2007, the first phase of research about the feasibility of a new equine park in Michigan was completed. This work focused on gathering background information about other equine facilities across the nation, as well as starting a profile of the major equine shows that utilize those facilities on a regular basis.¹ A telephone survey of the largest equine facilities across the country, including those still in the development phase, was conducted (see Exhibit 1). Additionally, online resources were used to gather information when multiple attempts to reach a respondent by e-mail and telephone yielded no results. This information was used to generate a picture of both the potential supply (parks) and demand (trade shows) for an equine facility, including

- the infrastructure necessary to host the show (e.g., number of stalls, provision of utilities, number of parking spaces, number of exhibiting vendors, capacity of the primary indoor and outdoor racing/show venues), and
- the expected visitor count and economic impact from the largest trade shows (e.g., number of visitors, number of days of activity).

EXHIBIT 1

Equine Facilities Involved in Phase 1 Research

Facility	Location
Participated in telephone survey	
Georgia International Horse Park	Conyers, GA
Kentucky Exposition Center	Louisville, KY
Kentucky Horse Park	Lexington, KY
Missouri State Fairgrounds	Sedalia, MO
New Mexico Expo Center	Albuquerque, NM
Ohio Expo Center	Columbus, OH
Oklahoma State Fair Park	Oklahoma City, OK
Senator Bob Martin Eastern Agricultural Center	Williamston, NC
Virginia Horse Center	Lexington, VA
Westworld	Scottsdale, AZ
Additional facilities researched online*	
Claremore Expo Center	Claremore, OK
Eastern States Exposition	West Springfield, MA
Idaho Horse Park	Nampa, ID
Maryland Horse Park	Anne Arundel County, MD
Morven Park	Leesburg, VA
Tunica Arena & Expo Center	Tunica, MS

*Findings from facilities researched online were not included in the survey data set, as the data could not be verified or checked for accuracy.

¹ The “short list” of both facilities and shows was provided to PSC by Julian Vail, and represents a cross-section of all possible shows and facilities.

Most of the facilities surveyed have (approximately) either 400 stalls or 1,000 stalls. Much more variety is found in the number and size of associated arenas and the availability of other services (such as nearby hotels and/or campgrounds). In addition, while some facilities appear to be dedicated to equine uses, other facilities are truly multi-use, both in terms of other animals and other uses (such as tractor pulls, concerts, etc.).

EXHIBIT 2
Features of Largest Facilities Surveyed

Facility	Number of dedicated horse stalls	Number of additional stalls not dedicated to horses	Number of arenas	Seats per arena:	Indoor sq. footage	Stadium sq. footage	Total acreage
Kentucky Exposition Center	1,000	720	2	6,600–19,000	1,089,040	50,000	300
Kentucky Horse Park	1,084	0	1	6,000	49,842	159,595	1,224
Ohio Expo Center	1,012	2,000	3	2,000–10,200	1,000,000	99,412	360
Oklahoma State Fair Park	1,000	1,800	4	600–10,000	400,000	n/a	435
Senator Bob Martin Eastern Agricultural Center	438	n/a	8	2,286	225,975	110,000	168
Virginia Horse Center	1,950	n/a	1	4,000	465,477	45,000	600
Westworld	480	n/a	9	6,000–7,000	103,950	450,000	150
Georgia International Horse Park	460	n/a	7	8,000–17,000	309,875	143,175	1,400
Missouri State Fairgrounds	400	1,110	5	2,360–8,800	70,000	100,000	396

SOURCE: Public Sector Consultants Inc.

In addition to facility amenities, PSC reviewed economic impact studies from Arizona, Indiana, Kentucky, Maryland, New Jersey, Pennsylvania, and Virginia. These studies provided valuable insight into the relative cost of developing a horse park, operating the park, estimated employment, potential tax revenue, and estimated annual industry impact (see Exhibits 3 and 4).

EXHIBIT 3 Equine Industry Impact

State	Facility Location	Annual industry impact	Jobs	Taxes	Reported out of state business/ dollars
National		28.8 billion (showing)/ 32 billion (recreation)	99,051	average \$604/ show	n/a
New Jersey	Facilities Statewide	1.1 billion	13,000	160 million	n/a
Arizona	Facilities Statewide	1.1–1.3 billion	n/a	n/a	n/a
Kentucky	Expo Center (non-horse-related shows included in analysis)	435 million	7,150	n/a	\$467,000
Virginia	The Virginia Horse Center	53.3 million	855	4.5 million	56%
Maryland	Proposed Horse Park in Anne Arundel County	1.5 billion	1,900	9.3 million	n/a
Indiana	Facilities Statewide	207 million	4,890/8,861	n/a	n/a

SOURCE: Public Sector Consultants Inc.

EXHIBIT 4 Comparative Profiles, Selected States

Criteria	Maryland Horse Park	Virginia Horse Center	Kentucky Horse Park	Proposed Michigan Facility
Status	Proposed	Operational	Operational/ Expanding	Proposed
Acreage	875	600	1,224	400–500
Seating	8,000+	4,000	Up to 10,075 if funding approved	8,000
Stalls	840	1,950	1,800	1,000–1,500
Square Footage	n/a	500,000	200,000	TBD
Show Rings	n/a	19	n/a	TBD
Annual Attendance	797,500	400,000	900,000	TBD
Operating Revenues	\$6,613,000	\$3,205,000	\$6,190,000	TBD
Operating Costs	\$6,613,000	\$7,239,000	\$3,558,000	TBD
Building Cost	\$115,000,000		\$36 million in improvements for 2010 World Equestrian Games has been approved. Another \$38.3 million has been requested.	TBD

Facility Needs and Preliminary Profile

PSC's observation about the equine events is that a facility would conceivably need to support a very broad range of event types and sizes; data from surveyed events show a total number of entries from as little as a few dozen to the Quarter Horse Congress with more than 8,000 horses. Additionally, it appears that there are natural breaks in the number of entries; in other words, the facility might start with a size appropriate for 150–300 horses, and then move to 1,500–2,000 as a second step before continuing on to handle the largest shows in the nation.

Based on a review of initial research, conversations with equine stakeholders, discussions with a number of large equine event organizers and breed associations (see Exhibit 5), and input from the MEP, the following facility profile/needs emerged:

- A facility capable of handling multi-use events (industrial shows, auto shows, rodeos) in addition to equine events with the following characteristics:
 - 1,000 to 1,500 permanent 12' x 12' stalls, with a plan to house portable stalls or trailers nearby
 - Seating for 8,000
 - Campsites with water and electricity available at each campsite and convenient to each stall
- The need for available land (approximately 400–500 acres) for future development of facilities and trails
- A location that maximizes available event participants and attendees within a 5–6 hour radius by car/truck
- Convenient access to
 - Interstate
 - Hotels
 - Campsites
 - Shopping
 - Airport with runways long enough for cargo aircraft

EXHIBIT 5 Equine Events and Associations

Event	Location	Average number of entries	Number of horses per event	Approximate audience size	Facility amenities	Notes
AHA 100 Mile Ride Endurance (Region 11)	Oakwood, IL	15	15	0	Camps, RVs, Motor home hookups. Prefer to be away from the larger groups so that they are not bothered	There is no audience; only the participants attend
AHA 50 Mile Ride Endurance (Region 11)	Oakwood, IL	78	78	0	Camps, RVs, Motor home hookups. Prefer to be away from the larger groups so that they are not bothered	There is no audience; only the participants attend
All American Quarter Horse Congress	Columbus, OH (Ohio Expo Center)	16,000	8,500	650,000	n/a	Brings more than \$110 million to the central Ohio economy. Started by the Ohio Quarter Horse Association.
American Royal Arabian Horse Show	Kansas City, MO	200	200	2,500	n/a	
APHA Fall Color Classic	Lansing, MI (Michigan State University)	1,482	n/a	n/a	n/a	APHA 2006 Annual Report: Michigan ranks in the top ten by entries and shows, Michigan also ranks in top five for novice entries/shows, and Michigan ranks top twenty for shows by entries.
AQHA Region 4 Show	Columbus, OH (Ohio Expo Center)	1,781	537	n/a	Indoor, outdoor, and covered arenas; minimum of 100 permanent horse stalls; camping facilities	AQHA Region 4 includes: Indiana, Kentucky, Michigan, Ohio, Ontario, West Virginia. Michigan has more than 59 shows per year with fewer than 350 entries per show (AQHA 2006 Annual Report).
Border Bonanza	Sedalia, MO	200	200	100	n/a	
Equine Affaire	Columbus, OH (Ohio Expo Center)	n/a	500	100,000	Minimum of 200 permanent horse stalls and adequate floor space to meet the needs of 450+ vendors (very vendor heavy).	
Iowa Fall Classic	Des Moines, IA	300	300	200	Comfortable hotels	
Legacy Cup (AHJA)	Lexington, KY (Kentucky Horse Park)	n/a	n/a	n/a	n/a	
Missouri State Fair (Arabian Horse Show)	Sedalia, MO	2,500	600	5,500	Climate controlled facility (air conditioning) and comfortable seating for audience.	This is a 7-day show.

Event	Location	Average number of entries	Number of horses per event	Approximate audience size	Facility amenities	Notes
Region 10 Sport-horse/Offsite Championship	Waukesha, WI	34	34	30	n/a	
Region 11 Championship	Springfield, IL	550	550	200	Comfortable hotels	It's at the same location each year because this is the only facility in our region that can handle 500+ horses and an audience.
Region 13 Competition	Augusta, MI	71	71	0	n/a	Competition previously held on private property up in Petosky, MI; however, had to relocate this year because it was difficult to continue at the same property.
Region 13 Endurance Championship	Augusta, MI	71	71	0	n/a	
Shades of Summer I	Sedalia, MO	200	200	100	n/a	
Shades of Summer II	Sedalia, MO	200	200	100	n/a	
WAHA August Show	Jefferson, WI	116	116		n/a	
WDHA Dressage and Sport Horse Show	Waukesha, WI	45	45	50	n/a	In the past these shows were much bigger—up to 700 one year—but the number of entries has decreased due to increasing expenses for those entering the competition (increased cost of renting the facility, entry fees, etc.).

Equine Associations American Quarter Horse Association

- Arabian Horse Association
- American Painted Horse Association
- National Reining Association
- United States Dressage Federation
- United States Equestrian Federation
- United States Eventing Association

SOURCE: Public Sector Consultants Inc.

This data was then shared with PSC subcontractor, Anderson Economic Group. From the data provided, Anderson developed a location strategy and conducted an economic impact analysis.

To determine the best markets for a new facility, Anderson examined a number of important factors including accessibility, transportation options, population density, income, and current amenities such as accommodations, shopping centers, and other entertainment options. From this, five potential locations in south central Michigan emerged:

- **Marshall**—an ideal location because of its intersection with both 1-94 and I-69. There are existing amenities such as hotels, entertainment venues, and attractive shopping, which may attract additional visitors willing to stay for a longer duration. Marshall has its own municipal airport and is within a reasonable distance of Battle Creek and Kalamazoo.
- **Jackson**—has easy highway access from 1-94, but does not have good highway access from the south, which may or may not be a drawback. Existing hotels, shopping centers, and an airport make Jackson a good candidate.
- **Coldwater**—has easy access from 1-69 and is located close to the Michigan border. It has a municipal airport, shopping, and hotel accommodations, which make it a good candidate.
- **Dundee**—located off highway 23, Dundee does not enjoy the access to major highways (1-94 or 1-69) of the other candidates, nor does it have its own airport. However, Cabella’s—an existing destination shopping attraction—is located in Dundee. This may serve as a lucrative draw for equine visitors and make it a candidate worth considering.
- **Chelsea**—is a suburban enclave of Ann Arbor, located off 1-94. It does not have its own airport and has fewer hotels than the other candidates. However, its proximity to the greater Ann Arbor area makes it a candidate worth considering.

Having identified a regional location and five possible municipal candidates, Anderson calculated the potential economic impact of an equine park. Their analysis was based on the following assumptions:

- One mid-size show with 1,000 entrants
- Two days of consecutive events
- 1,000 attendees on each day

From this model, Anderson projects an economic impact of **\$6.4 million per show** which can be broken down as follows:

- Expenditures on accommodations: \$770,762
- Expenditures on food, drink, transportation, and other items: \$1,943,169
- Expenditures on horse care items and event entry fees: \$3,655,103

Facility Development Strategy

In December of 2007, preliminary research findings were presented to the Michigan Equine Conference at the Kellogg Center in East Lansing, Michigan. Based on feedback from the conference and a subsequent meeting with industry representatives, PSC concluded that our initial findings were solid—there does appear to be support among equine enthusiasts for development of a large-scale, multi-use equine facility in Michigan.

Not surprisingly, the release of a regional recommendation and five possible locations also uncovered several issues which may or may not merit further consideration as locations are considered for development. These issues include:

- **Breed mileage restrictions.** While mileage restrictions between shows appear to apply only to the Hunter/Jumper/Dressage shows of the American Equine Federation, the issue should be fully explored before finalizing a site location.
- **Initial size of facility.** There does not appear to be a clear vision for the initial size of the facility, and support varies from an 8,000-seat arena to the desire for a 75,000-seat stadium. At a minimum, the facility needs to be larger than any of the existing facilities in Michigan in order to attract regional shows that are currently bypassing Michigan due to size constraints.
- **South central Michigan location.** The proposed locations offer a variety of options to consider in the site-selection process. There is disagreement within the stakeholder community, however, as to the desirability of south central Michigan. While our analysis has reviewed the needs associated with an equine park (accessibility, lodging, shopping, airports, etc.), we make no judgment as to the desirability of any given location. Further analysis of the specific tolerance within the Michigan equine community for a rural versus urban location should be considered.
- **Type of shows.** Conventional wisdom (and research) suggests that the facility must be multi-purpose in order to break even. However, balancing a multi-purpose calendar to attract the major cattle shows, dog shows, and tractor shows must still leave enough days for the equine shows for which the facility was intended. Interest and commitments from major regional event organizers should be fully vetted before a location is finalized.
- **Cost of use of the facility.** Once a facility size is determined and major shows are identified, a cost of use for the facility can be estimated. This is a key component to development of a long-term business plan.

Since the release of the initial findings in December, the MEP has been approached by a number of economic developers in the south central Michigan region who have expressed interest in assisting in the development process. Because there does appear to be support both internal and external to the industry, PSC recommends that the MEP review the proposed location analysis and develop a consensus document responding to the points outlined above. This will help to narrow the location analysis and drive discussions toward a specific location.

Financing Options

Based on information provided by other states on the economic impact of their horse parks, it appears that most operate at or near a break-even status. However, given the volume of economic activity generated by the park at the local, regional, and state level, horse parks are an increasingly attractive venture for economic development authorities.

Development of an equine park has three particularly strong selling points for Michigan:

- Agricultural tourism—which is strongly supported by both the legislature and executive branch);
- Economic impact potential—demonstrated through the success of other equine parks around the nation; and
- Destination tourism—a growing industry around the nation.

While development of an equine park would be a first in Michigan, developing a large-scale destination attraction is not. To this end, there are a number of public-private financing tools that merit further consideration once a location, budget, marketing plan, and management structure are finalized. Given the state’s economic situation, it is unlikely that funding on this scale would come from a single source. Instead, a multi-pronged approach involving state, regional, local, and potentially private dollars would be most likely to succeed. This approach might include the following components.

Regional Development Authorities

Michigan has an extensive network of regional development authorities that assist in collaborative planning for land use, construction, and financing. A first step in the financing process should be to approach the regional development authorities in each of the target markets to identify what options are available (Tax Increment Financing, Brownfields, Renaissance Zones, Agricultural Renaissance Zones), gauge interest and enthusiasm, and begin the process of forming partnerships and coalitions in the area.

Michigan Economic Development Corporation (MEDC)

A project of this scale will most certainly require some amount of state-level support. The MEDC can complement the regional development authority’s knowledge of Michigan’s tax structure; offer expertise on incentives, tax credits, and bond options; and work with the regional development authority to identify infrastructure improvement and associated funding options.

Legislative Support

Although the days of legislative “cash” financing are probably behind us, opportunities remain for legislative involvement and action in the development of an equine facility. A key factor in the legislative approval process will be support—and a logical first step would be to court a legislative sponsor who would be willing to champion the equine effort, and work with the MEP to explore options such as a cash appropriation, capital outlay, a bond initiative, or tax authority.

Industry Support

Public money typically becomes more likely and available when interest and commitment is shown from the private sector. Part of a well-developed financing plan should include a substantial fundraising effort from within the equine community. This effort should include donations from equine groups as well as individual members, and must factor into consideration funding of initial development costs as well as ongoing operational considerations. One possible model to explore, in addition to outright gifts, would be a surcharge model in which durable goods related to the industry incur a tax which is devoted to the building and operations of an equine park.

CONCLUSION

Michigan's equine community appears to be both enthusiastic and supportive about the development of a large-scale equine facility. Our analysis revealed several viable locations in the south central region of the state which meet the criteria for accessibility and accommodations desired by equine facility users. We recommend the Michigan Equine Partnership use the findings from this study to engage the communities identified in this report in further discussions about the level of interest, available acreage, and financing options.