

LINCOLN COUNTY FAIRGROUNDS HIGHEST & BEST USE ANALYSIS

INTRODUCTION AND ORIENTATION

PURPOSE OF THIS REPORT



Lincoln County owns the properties in Davenport, Washington that are used for the annual County Fair. While the County receives revenues from leases, vendor fees, State transfers and other sources during the annual Fair, periodically supplemented by other limited uses during the rest of the year, the County is responsible for the maintenance, repairs and general upkeep of the land and facilities year-round even when they are not producing revenues.

According to the County's application to the Washington Community Economic Revitalization Board (CERB) for this study:

"The annual 3-day Lincoln County Fair does not support the year-round costs associated with the grounds. The property is not being utilized to its full potential and represents an expense that cannot be afforded or ignored. The property is in an area that lacks much needed inventory of industrial and commercial facilities for lease and this project would enable Lincoln County to explore opportunities for generating revenue with the property while addressing this problem."

The application goes on to state that "This analysis would determine: 1) what uses are or could be legally permissible; 2) what uses are physically possible; 3) what uses are financially feasible to perpetuate and/or execute; and 4) what uses are most profitable and/or maximally productive."

The County's request for consulting services for this project also states that "Carrying this financial loss is not a sustainable proposition for the County. The County needs to find additional revenue sources if it is to continue to own and maintain those properties. If those additional revenues cannot be found, the County may have to consider the alternative of selling the properties."

The purpose of this study, then, is to identify the potential highest and best use(s) of the properties that can produce those additional revenues. The first choice is to find uses that are compatible with the continued operation of the annual County Fair and would avoid having to sell the properties. If that compatibility cannot be achieved, then this study identifies which uses are legally, financially and marketably feasible as alternatives to using the property for the County Fair.



Main Street during Fair



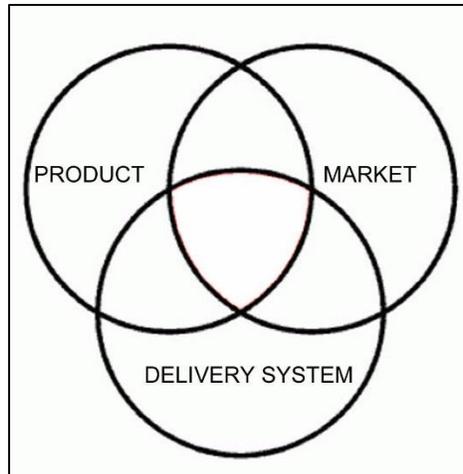
Main Street in Winter

METHODOLOGIES USED IN THIS REPORT

As the objective of this study is to increase net revenues for the County, the methodology used in this report is based on identifying private-sector and/or joint public-private economic uses rather than non-revenue public uses. This raises certain legal issues that are addressed in this report.

Under the preferred scenario, it is assumed that potential uses will be commercial or industrial rather than residential and that revenues will be derived from leases rather than from sales. It is also assumed that the highest and best uses will need to be developed and managed by the County or an entity created specifically for that purpose rather than simply soliciting bids and letting the market determine those uses.

To identify those potential uses, a simple model is used that consists of (1) the product to be offered; (2) the market for that product; and (3) the delivery system to bring the product to the market. All three of these need to come together in order to make the potential uses achievable. In addition, the model has to be financially feasible and there has to be organizational and management capabilities to ensure success.



The Business Research Model

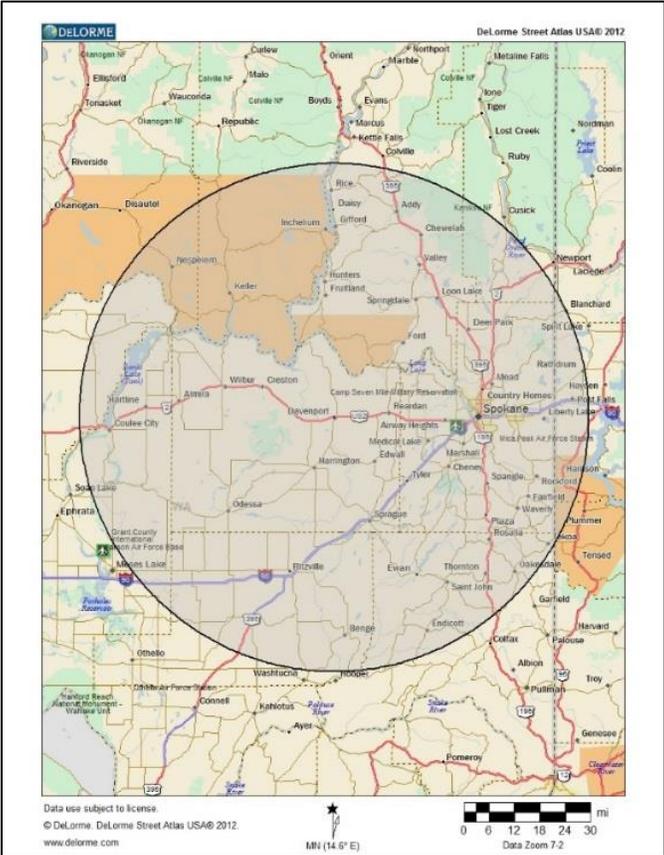
One important consideration not addressed in the application to CERB is the *timing* of development of new uses for the property. As work on the study progressed, it was found that several of the potential new uses of the property are intrinsically associated with economic development opportunities for the Davenport area of Lincoln County. Those kinds of opportunities typically have to be developed over a period of time and cannot be considered as short-term solutions. For that reason, **this study uses a horizon of three-to-five years to implement the recommendations for reuse and/or redevelopment.**

ECONOMIC AREA EXAMINED FOR OPPORTUNITIES

The focus of this study is on identifying economic opportunities that can be recruited to, or developed in, the city of Davenport which is the county seat of Lincoln County, Washington. While Lincoln County provides the primary *resources* for this study, the *market* area evaluated for identifying those opportunities includes all of Spokane County, also known as the Spokane Metropolitan Statistical Area (MSA). The driving distance from the center of Davenport to the center of Spokane is only 35.5 miles via US Hwy 2 and Interstate 90 with an estimated driving time of 46 minutes with normal traffic. Also, Fairchild Air Force Base is the largest employer in Spokane County and is situated in the growing West Plains area between Davenport and the city of Spokane.

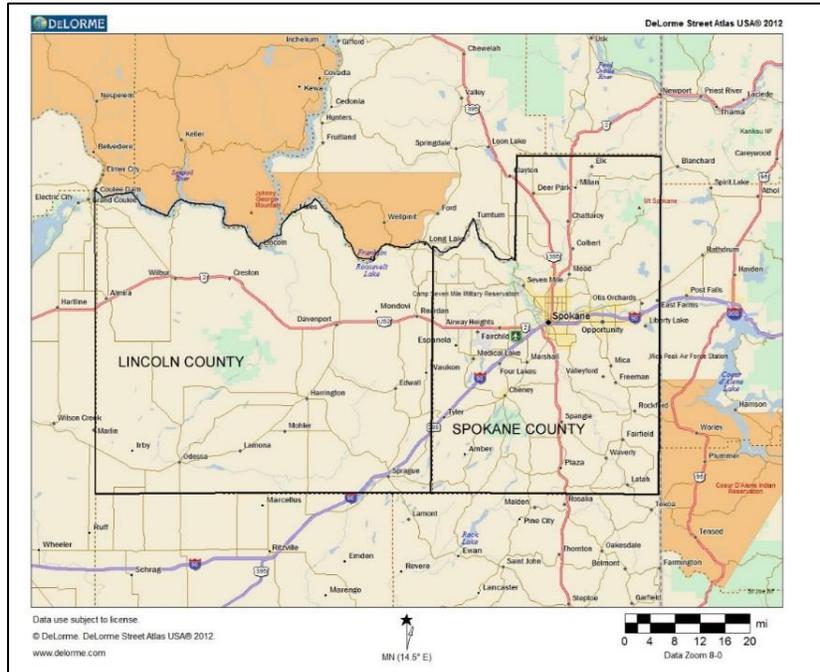
A radius of 60 miles is often used to measure a trade area for local businesses, which translates to a driving time of about one hour. As a labor area resource, the density of that resource shrinks as the distance increases and numerous factors such as types of jobs, wages, skill requirements and driving conditions affect the overall size of the labor force. Map 1 shows the area included in the 60-mile radius centered on Davenport.

Map 1: 60-Mile Radius Centered on Davenport



The major concentration of population within this radius is in Spokane County. The economic and demographic data and trend analyses in this report are provided separately for Lincoln County and Spokane County in order to show where marketing efforts and opportunities might be targeted for the Fairgrounds properties. The two-county area analyzed in this report is shown on Map 2.

Map 2: Lincoln and Spokane Counties



The analysis of Lincoln County provides full demographic and economic information describing the resources and support base for the county where the physical site is located. The analysis of Spokane County primarily examines market sectors for activities that might be located at the Fairgrounds or connected to other businesses located there.

