

LINCOLN COUNTY FAIRGROUNDS
HIGHEST & BEST USE ANALYSIS

RESOURCES FOR BUSINESS DEVELOPMENT AT THE LINCOLN COUNTY FAIRGROUNDS

This section reviews the various business resources that are available in the Davenport area of Lincoln County to support strategies for redevelopment/reuse of the fairgrounds properties. It is specifically focused on that objective rather than providing general background material. It addresses the question of “why would companies want to locate at the fairgrounds in Davenport?”

The diagram in the introduction to this report showed there are basically three components to achieving success in any business opportunity:

1. A product or service that can be produced and delivered from the focus area
2. A market for that product or service that can be reached from the focus area
3. A way to deliver the product or service competitively to the market and also meet the financial requirements of the providing entity

The focus area for providing the product for business development has been defined as the economic resources of Lincoln County, the Lincoln County Fairgrounds specifically, plus additional labor resources located within a 20-mile radius of Davenport. This section of the report examines how those resources can be utilized to produce marketable products and services in Davenport. The following section examines how those resources can actually be deployed to market the fairgrounds properties and achieve the Commission’s objectives.

The area defined as the primary *market* for those resources is Spokane County and the businesses located there that could be served by enterprises located in Davenport, with special emphasis on opportunities in the West Plains/Spokane Airport portion of the MSA. That requires a match between the resource capabilities in Davenport and the market demand in Spokane County.

The *delivery system* consists of the strategy for bringing those resource capabilities together with the requirements of the market in ways that make Davenport competitive with other suppliers.

Overview of Resources for Business Development at the Fairgrounds in Davenport and How They can be Utilized

1. Lincoln County Fairgrounds Buildings and Facilities

The buildings and other facilities at the Lincoln County Fairgrounds are real estate assets that could be used to accommodate business enterprises. These may provide a unique advantage to Lincoln County because of the special provisions in Washington State statutes that allow for public/private partnerships on fairgrounds.

At the present time, most of the buildings provide basic enclosed space for storage or low-level business activities without ancillary facilities that would allow businesses with special, or even standard, requirements to locate in them. The site evaluation showed that significant upgrades would be required to the utility infrastructure to meet the needs of heavy equipment operations such as machine shops or a flour mill. Buildings will also need to be insulated for year-round use and new windows and doorways may need to be installed in some buildings. Restrooms will also be needed in buildings used for working operations rather than storage. One building – the 4,200 square foot cattle barn that was built in 1960 – is in very poor structural condition and is expected to be torn down.

It was discovered during the research for this project that the Spokane area is seeing a shortage of basic warehousing space, in part because of demand for large buildings to serve the cannabis industry, which is legal in Washington State but not in all local jurisdictions. That industry needs large amounts of electrical power and water so would require significant infrastructure development to locate at the Fairgrounds even if the County Commissioners want to accommodate it.

The buildings are currently used for dry storage of boats, RVs, and other items during the winter and other off-season months. That brings in some revenue to the County and requires very little management and other expenses. Without some kind of organized purpose for those buildings, and significant improvements, that appears to be their highest and best use when they are not needed for the annual County Fair.

Other uses of the property include RV parking and a few special events primarily during the summer months. It is possible that some of the vacant land could be used to site businesses that are compatible with the Fair operations, especially those in the agricultural sector. The buildings and vacant land could also be used for small-scale startup businesses that can be relocated to larger and better facilities as they grow and need more space.

The strategy section of this report recommends that the County consider using one or more of the buildings as incubators to provide space for startup operations only. Those operations would be shifted to a business park location as the companies grow and need more space.

Some of the vacant land could be used for permanent facilities, such as a small flour mill, as described below.

2. Lincoln County's Agricultural Resources

The agricultural resources of Lincoln County were described in the Lincoln County Profile. Those resources are dominated by the wheat grain sector, most of which is exported from the region. There are two flour mills in Spokane County but none in Lincoln County. Davenport's last flour mill, operated by the Washington State Grange, closed in 1955. Currently there is a farm marketing cooperative called Shepherd's Grain located at Reardan which markets local wheat to area bakeries as well as selling it into the global commodities markets. According to an article in the Seattle Times in 2009, Shepherd's Grain farmers at that time received about

\$2.50 more per bushel than the \$4 to \$6 they were getting from the commodity markets where most of their crop still goes.

Wheat can also be a resource for a craft beer brewery. According to the Brewers Association, a craft brewer has a majority of its total beverage alcohol volume in beers whose flavor derives from traditional or innovative brewing ingredients and their fermentation. Wheat beer is a major category of craft beer. Typically lighter in appearance, wheat beer can be made using either ale or lager yeast and American wheat beer can be brewed with at least 30 percent malted wheat. Traditionally hoppier than its German variety, American wheat beer differs in that it does not offer flavors of banana or clove, which is indicative of the weizen yeast strain. Nevertheless, the American wheat beer is known worldwide as a refreshing summer style.

On a smaller scale, Lincoln County also offers agricultural resources for bakery products, wines, candies, and some specialty products made from fruits, tree nuts and berries. Initially, the commercial kitchen in the Main Hall could be used as an incubator for branded products with a Davenport or Lincoln County label.

3. Tourism and Recreation

Tourism also offers opportunities for expanded development in Lincoln County, especially as Davenport is a major gateway to the recreational amenities of Lake Roosevelt along with many other recreational venues accessible in the mountains and forests north of Lincoln County. US Hwy 2, which runs alongside the fairgrounds from Puget Sound to the Canadian Rockies, is an important asset for tourism as well as commercial traffic.

Map 7



Map 7 shows the portion of the Lake Roosevelt National Recreation Area (NRA) that is accessed from Davenport on State Hwy 25 over a distance of about 25 – 30 miles. Recreational facilities there include campgrounds, boat launch ramps, marinas, boat fueling stations, picnic areas, and boat-in campsites.

Traveling farther west on US Hwy 2 and State Rt. 174, the Grand Coulee Dam is only about 52 miles or one hour's drive from Davenport. There were an estimated 1,781,972 visitors to all areas of the NRA in 2012.

A visitor study was performed over the summer of 2016 by individuals with the Social and Economic Sciences Research Center at Washington State University with the data published by the National Park Service in July 2017. While most of the survey responses were informational and related primarily to NRA management, there was one topic that could affect visitor traffic

4. Davenport Airport (68S)

Davenport has an excellent general aviation airport across the highway from the Fairgrounds. This could be leveraged to attract companies engaged in fabrication of aircraft components, along with providing supplies and services to aircraft as well as the rapidly expanding drone industry. A business park at the airport could provide expansion and relocation facilities for companies outgrowing their fairgrounds location.

GSI and other Spokane-area organizations are currently working to encourage the Boeing Company to locate a major portion of its manufacturing facilities for a new commercial aircraft in the West Plains area with access to the Spokane International Airport. If they are successful, there will be many opportunities for companies to participate in the supply chain by fabricating parts and providing services to the Boeing Company.

The Davenport Airport is located adjacent to US Hwy 2 on the north side and across from the fairgrounds. Situated at an elevation of 2,421 feet, the single paved runway 5/23 is 2,747 feet long by 50 feet wide. A second runway 3/21 is 2,271 feet long by 45 feet wide with a gravel surface and a notation in the AirNav listings as being in fair condition and “very soft in spring”. When the AirNav directory was published there were 12 aircraft based on the field, of which 10 were single-engine airplanes and two were ultralights.

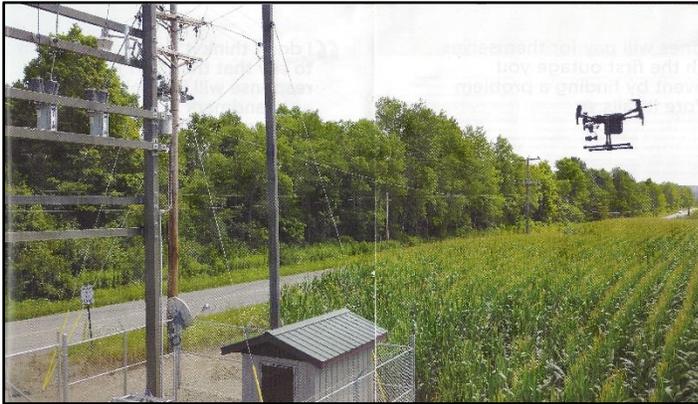


One of the major uses of the airport is for agricultural operations such as crop spraying. The AirNav data show there were 134 average operations per week at the airport, of which 71% were local aircraft and 29% were transient. 100LL fuel is available 24 hours per day for self service and credit cards.

Plans are being developed to increase the length of the main runway and make other improvements to make it capable of handling larger aircraft. There is currently no instrument approach into the airport but it is expected that a GPS approach will be added when the main runway is extended.

As an asset to the fairgrounds, the airport could attract fly-in groups to visit the Fair as well as other activities and attractions such as the Davenport Farm Village. The airport would also be able to support aviation-related businesses that could be located at the fairgrounds. For example, there is considerable momentum in the development and use of commercial drones in a wide variety of business uses and establishing a drone aerial reconnaissance service in Davenport is one of the concepts explored in developing this report. Principal applications would include agricultural inspections, powerline and other utility surveillance, and programming emergency responses to natural disasters.

Aerial Inspection Services



The use of aerial drones to replace helicopters and fixed wing aircraft inspections of agricultural fields, power lines, topographic features affecting development, and a wide range of other activities is rapidly becoming a new standard of operating procedures. It is also a new standard for rapid and targeted response to emergencies and natural disasters.

It was noted in the introduction to this report that a drone was used by the engineering firm MFA to survey the fairgrounds at Davenport and identify utility infrastructure along with other features important for redevelopment and reuse of the land and buildings. The Coeur d'Alene Tribe recently used a drone to overfly the Circling Raven Golf Course to measure topographical features and distances to improve the course layout and plan for its maintenance.

The location of the Davenport Airport is ideal for offering aerial drone services to farmers and other customers in northeastern Washington. It is outside the operational areas of Spokane International Airport and Fairchild Air Force Base yet is close enough to attract skilled technicians and mechanics to adapt the drones for their specific requirements.

Offering an aerial drone service would lead to support businesses such as maintenance and repair and possibly even manufacturing. There is growing demand for replacement and custom parts for vintage aircraft that is being met through 3D additive manufacturing. This concept is explored in more detail in the next section of this report.

5. Commuter Labor Force

The part of the labor force that lives in the Davenport area but works in Spokane County is an important resource for business development. Typically, people who commute 20 miles or more would prefer to have jobs closer to home. Many of those workers could be candidates for starting or working at entrepreneurial or innovative businesses that could be developed at the fairgrounds. They could also work for companies locating facilities at the fairgrounds

There is currently strong interest among U.S.-based businesses for bringing the industrial supply chain back to the United States for logistical controls, cost containment, and quality assurance. The Lincoln County Fairgrounds could become a strategic location for this "on-shoring" trend in northeastern Washington. A strategy for achieving this is described in detail in the next section of this report.

These are only a few of the business concepts that could be supported by the resources available at the fairgrounds. Business plans, financial analyses and other details are not provided in this section in order to focus on the business models that are considered to have the highest potentials for commercial success in Davenport. These are described in the following section of this report.

