

ECONOMIC IMPACT COMMITTEE REPORT
by Beverly Gruber

In late November the enclosed letter was sent to the following companies for proposals for conducting our economic impact study.

1. Dr. Stephen Smith
7 Armsby Building
Penn State University
University Park, PA 16802
2. Mr. Thomas Shepstone
Shepstone Management Company
100 4th St.
Honesdale, PA 18431
3. D. K. Shifflet & Associates Ltd.
1750 Old Meadow Rd., Ste. 620
McLean, VA 22102
4. Karcher Marketing Research LLC
202 Paperbirch Dr.
Collegeville, PA 19426

We only had one reply, which I have attached.

I personally have dealt with them and feel they will do a good job.



Reply to: Beverly Gruber
P. O. Box 5
New Tripoli, PA 18066
610-767-5026
lowhill@rcn.com

November 28, 2011

Karcher Marketing Research LLC
202 Paperbirch Dr.
Collegeville, PA 19426

Dear Sir or Madam:

County Fairs are an important component of agriculture in Pennsylvania. The PA State Association of County Fairs with the support of the PA State Showman's Association is soliciting bids for the development of a study of the economic impact of these 113 fairs and fairgrounds in the Commonwealth of Pennsylvania. A few of the questions that need to be addressed include:

- 1) What is spent at fairs?
- 2) What is the impact on local businesses?
- 3) Where do we rank in relation to other states?
- 4) What is the educational impact?
- 5) Why do folks attend fairs?
- 6) Does off-season usage have an affect on the economy of an area?

These are just a few thoughts off the top of my head.

We are asking for your firm to submit a proposal on how you would address this study and the approximate fee for the study. Proposals would need to be returned to me by January 10, 2012 so that a board decision could be made at the board meeting to be held in January.

Sincerely,

Past President
Economic Impact Chairperson
PA State Associations of County Fairs

SHEPSTONE MANAGEMENT COMPANY, Inc.

100 Fourth Street, Suite 32, Honesdale, PA 18431

(570) 251-9550

FAX 251-9551

Planning and Research Consultants

mail@shepstone.net

www.shepstone.net

Thomas J. Shepstone

January 8, 2012

Beverly Gruber
Past President and Economic Impact Chairperson
Pennsylvania State Association of County Fairs
P.O. Box 5
New Tripoli, PA 18066

Re: Economic Impact Study

Dear Beverly:

Thank you for including us on your distribution list. Shepstone Management Company will be pleased to assist the Pennsylvania State Association of County Fairs with an independent study to document the economic impact of Pennsylvania's 113 fairs and fairgrounds. We will complete the study no later than March 31, 2012 at a total cost not to exceed \$14,750.

The cost of such a study, including a Power Point presentation in a format suitable for re-use by your group, plus an attractive publishable report, will be maximum of \$13,500 plus out-of-pocket expenses not to exceed \$1,250. We will produce a thoroughly documented analysis that quantifies both direct and indirect economic impacts of the industry, describes it in detail for others and assesses its many contributions to the welfare of the State.

We will design and conduct a survey that can be completed either on-line or in hard copy to determine both direct and indirect spending at Pennsylvania's fairs and fairgrounds, concentrating on the beneficial economic impacts on the communities in which they are located. We will also compare the Pennsylvania experience to that of other states so as to establish the ranking of the industry from a national perspective. We will also examine ancillary benefits such as the educational opportunities created by fairs and ascertain the reasons attendees visit fairs. The latter will require a second survey, which will be conducted on-line and promoted using social media and industry contacts. This will aid us in evaluating the seasonal tourism contributions of the fair industry to county and regional economies.

The data collection will include, but not necessarily be limited to, the following approaches:

- 1) a review of Economic Census data,
- 2) acquisition of the Bureau of Economic Analysis RIMS II economic multiplier data for Pennsylvania,
- 3) discussions with key fair executives from different counties and sectors of the industry,

- 4) on-line surveys of Fair Association members (with hard copy survey forms as an option),
- 5) discussions with local extension agents in counties with fairs and fairgrounds,
- 6) compilation of other research from the U.S. and elsewhere,
- 7) discussions with fair vendors and exhibitors (potentially including an on-line survey),
- 8) an on-line survey of fair attendees (to be promoted using social media),
- 9) integration of research on the economic impacts of related industries (e.g. amusements),
- 10) collection of financial statement data from industry sources (to the extent available),

Our focus will be on the spending, job creation, educational benefits and other community contributions of the Pennsylvania fair industry. We will emphasize the role of your enterprises as critically important county institutions. Coming from a county (Wayne) with two great fairs makes this relatively self-apparent but we will document it for those for whom it may not be so obvious, as well as the general public. The economic impacts in terms of multipliers effects will also be thoroughly documented and explained so as to establish the importance of the industry to the Commonwealth, for the benefit of its legislators.

The results will be assembled into a report comparable in nature to the work we did for the [Pennsylvania Deer Farmers Association](#) (and similar groups in [Ohio](#) and [New York](#)), the [Pennsylvania Wine Association](#) and the [Foie Gras](#) industry. We've also done more extensive studies for [Wayne County](#) and [Long Island](#) camp associations. Our previous studies are much-quoted as you can see from a quick Internet search of their names and our firm name.

If the Association should choose to engage our services, we request a retainer of \$2,500 and a written authorization to proceed. You can do so by simply signing a copy of this letter and faxing it back to us at (570) 251-9551. If our proposal does not fit your budget we can also tailor a more streamlined approach to your needs. What we have proposed is what we think you need but we are flexible.

Thank you very much for considering our firm for this important work.

Sincerely,



THOMAS J. SHEPSTONE

ACCEPTED FOR PENNSYLVANIA STATE ASSOCIATION OF COUNTY FAIRS

BY:

TITLE:

DATE:

SHEPSTONE MANAGEMENT COMPANY

Shepstone Management Company is a planning and research consulting firm operating primarily in New York State and Pennsylvania. Headed by Thomas J. Shepstone, our company has extensive experience in representing both private and municipal clients throughout the region and as far away as California, Michigan, North Carolina, Virginia and Wisconsin. Agricultural economic development, tourism planning, environmental assessments, land use planning, market research, transportation, housing, economic development and traffic studies are among our areas of expertise.

ECONOMIC DEVELOPMENT

We have assisted several communities and counties in both New York State, Pennsylvania and Virginia with economic development planning. We aided Sullivan County, New York, for example, with the assembly of an Economic Development Strategy in 1997 that has been closely followed since then. Moreover, it has been used to bring forth millions of dollars in State aid for projects. Wayne County, Pennsylvania and Columbia County, New York have also received our help in developing countywide economic development strategies. We prepared a Downtown Market Study and Strategic Work Plan for the revitalization of Main Street, Honesdale and also Owego, New York. The Honesdale study included the documentation of marketable competitive advantages that are concisely summarized in a list of reasons *Why You Should Locate Your Business in Downtown Honesdale*.



We have, too, assisted with the preparation of agricultural economic development plans for Broome, Fulton, Greene, Sullivan, Schoharie, Schuyler, Steuben, St. Lawrence and Yates Counties, New York. An important element of those projects has been the documentation of the importance of agriculture to the economies of these areas. We've also worked as part of a team of consultants to advise Wyoming County, New York on agricultural economic development matters and worked with the Town of Brant to develop an agricultural viability program.

We regularly work with Industrial Development Agencies in both New York and Pennsylvania. This work has included benefit/cost analyses, environmental assessments, packaging of applications for financial assistance and help with zoning problems. We've been involved in projects in Ulster County, Buffalo (Erie County), Pike County, Sullivan County and numerous other locations. We also assisted the firm of Hamilton, Rabinovitz and Alschuler and the Catskill Watershed Corporation in developing a 5-county strategy for use of \$60,000,000 in New York City funds provided for economic development of the region. Our firm acted as consultant on agricultural, forestry and mining issues for this massive study. Recently, we worked with Fairweather Associates and the Sullivan-Wawarsing Rural Economic Area Partnership to develop a Strategic Plan for economic development for that agency.

LAND USE PLANNING AND ZONING

We've helped many communities prepare Comprehensive Plans, Zoning Ordinances, and Subdivision Regulations. Examples have included the recent Zoning Ordinance and the Subdivision and Land Development Ordinance we drafted for Canaan Township as well as the Town of Bethel Comprehensive Plan. We have municipal clients throughout New York and Pennsylvania for whom we have provided these services.

The Wayne County Comprehensive Plan was one of our major projects and involved extensive research. It also included two large opinion and information collection surveys - one of resident landowners and the other of second-home owners. This gave the County Plan a unique element of public participation and strong detailed goals and objectives. Such surveys and community involvement processes are a particular strength of our firm and our approach to land use planning.

Another major land planning project was preparation of the innovative Land and Water Use Guidelines adopted by the Secretary of the Interior for the Upper Delaware Scenic and Recreational River. These guidelines represented a new flexible approach to federal involvement in protection of valuable natural resources. They afforded local municipalities



opportunities to become true partners in the effort to protect the River. We chaired and provided professional leadership to the Federal-State-Local planning team that produced these guidelines. It involved the National Park Service, the States of New York and Pennsylvania and several municipalities from both states.

Our planning experience also includes considerable recreation and open space planning. We prepared the Neversink River 21st Century Plan for the Thompson-Monticello Joint Comprehensive Plan

Committee, for example. We helped develop recreation master plans for town parks in Honesdale, Lackawaxen and Delaware Township, Pike County. We also assisted Smithfield Township, Monroe County, with establishment of open space priorities and updating of its Comprehensive Plan. This included a survey of resident opinions and led to the drafting of various recommended changes in Smithfield's land use regulations. We worked with the HRG Consultants, Inc. and the Route 97 Scenic Byway Committee to develop a management plan for that spectacular stretch of highway.

MARKET RESEARCH AND ANALYSIS

We are often requested to do special research or appear as expert witnesses on behalf of clients. This has included professional testimony in hearings by the Pennsylvania Liquor Control Board, United States Federal Court, the Pennsylvania Public Utility Commission, the Interstate Commerce Commission, the Maryland State Legislature and the Health Services Agency of Northeastern Pennsylvania as well as the state and Federal courts and various local

agencies. Testimony is usually requested on subjects related to population trends, economics and development activity.



We've also helped a number of restaurants obtain Pennsylvania Liquor Licenses for resort areas across the Commonwealth. These have included, for example, The Dilworthtown Inn near Philadelphia, recognized in the Zagat Survey and many others for its fine cuisine. Our expert testimony is used to document the existence of such areas and prove necessity where it exists. We have appeared before the Liquor Control Board and the courts over 60 times and have an excellent record of success. We regularly work with the Ruby Tuesday chain to help evaluate sites in Pennsylvania.

We have also prepared a number of feasibility studies and market research reports for our clients. These have included the following:

- *Social and Economic Justification Analysis* - Monroe County Prison.
- *7th Avenue Sunoco Food Mart Gas & Wash Market Analysis* for F&M Real Estate, a Lackawanna County firm.
- *Report to Wayne County on Financial Feasibility of Housing for the Elderly Project.*
- A market feasibility study for a megaplex movie theater in the Poconos.
- Housing market studies for Davis R. Chant Realtors, the Teicher Organization, Kushner Companies, Kalian Companies and Nic Zawarski & Sons

Other projects have included analyses of prisons, convenience stores, resorts, residential developments, nursing homes and agricultural processing facilities. Our research capabilities are enhanced by an extensive library of demographic information.

TRANSPORTATION

Transportation work has included detailed Traffic Impact Reports for, among others, White Sands Spring, a large residential development in Palmyra Township, Pike County, PA. This project included documentation of existing traffic conditions, projected trip generation after development, an accident inventory, a capacity analysis and recommendations. It involved traffic counts by our firm itself as well as assembly of Department of Transportation data. Similar projects were done for the Woodloch Springs development in Lackawaxen Township, Pike County and various shopping malls and supermarkets in Wayne County as well as others.

Our firm has also developed a special expertise in rail transportation and, more particularly, in defining the role of rail users in solving branch line abandonment problems. We staff the

Lackawaxen Honesdale Shippers Association, Inc. and were integrally involved in establishing the local shortline railroad as well as guiding the Association in supporting the railroad operation. That effort has been a success and the lessons learned have been applied to several other branch line abandonments. Clients have included the Snow Hill Shippers Association, Inc., an organization of rail users on the Eastern Shore of Maryland whose members included Perdue Farms, Moore Business Forms, Holly Farms Poultry Industries and and Showell Farms.



We have also been involved in a number other railroad related projects in New York, North Carolina, Vermont, West Virginia and Wisconsin and have represented companies in Pittsburgh, Philadelphia, Easton, Lewisburg and elsewhere in negotiating with Consolidated Rail Corporation to buy rail line segments valuable to their businesses.

HOUSING AND LAND DEVELOPMENT

Our experience includes reorganization of a defunct Wayne County Housing Authority. We helped it obtain financing for its first elderly housing project and several others. Subsequently, we assisted the Monroe County Housing Authority in a similar fashion, conducting a Comprehensive Housing Needs Assessment for the County and initiating several new projects, securing additional housing units in the process. The Needs Assessment was a major project used, also, by other County agencies in developing housing initiatives

Privately, Shepstone Management Company has conducted market research for several of the Northeast's largest residential developers. The firm also prepared the in-depth market study used to secure HUD funding for an expansion at The Fountains, a life-care project located in Pennsauken, New Jersey. Comparable work was done in connection with various nursing home and assisted living projects. The firm has represented developers before municipalities in several instances, including a large subdivision in Palmyra Township, a senior housing project in Westfall Township and a planned residential development in Delaware Township, all in Pike County, Pennsylvania.

Thank you for considering our firm.



Shepstone Management Company
100 Fourth Street, Honesdale, PA 18431
Phone 570-251-9550 Fax 570-252-9551
www.shepstone.net mail@shepstone.net

SHEPSTONE MANAGEMENT COMPANY

Selected Agricultural Economic Development Projects

NEW YORK STATE DEPARTMENT OF AGRICULTURE & MARKETS



The New York State Governor's Interagency Task Force on Quality Communities recommended that a study be conducted to identify ways of protecting farmland, particularly in those areas not yet experiencing high development pressure.

Shepstone Management Company, together with Saratoga Associates, conducted a detailed study to help the Department of Agriculture and Markets develop an in-depth understanding of the dynamics of farming in these areas to aid in

crafting practical policies that would strengthen the industry.

The analysis focused on four counties representing the full variety of New York State's farm economy. These included Genesee County in the Western New York/Finger Lakes Region, Jefferson County in the North Country/Tug Hill area, Steuben County in the Southern Tier and Washington County in the Upper Hudson River Valley. The research led to several policy recommendations of a strategic planning nature to the Department.

CATSKILL WATERSHED CORPORATION ECONOMIC STRATEGY

Shepstone Management Company, along with Allee King Rosen and Fleming, was part of a planning team employed by the Catskill Watershed Corporation to draft an economic strategy for the five counties in the West of Hudson portion of the New York City water supply system watershed.



The challenge was finding ways to achieve real economic development while living under water quality standards imposed by the City, State and Environmental Protection Agency. The study focused on enhancing a "working landscape" built around regional agricultural, forestry and tourism industries. Shepstone Management Company served as project leader for agricultural, forestry and mining issues.

Among the many matters addressed were creation of a regional branding program, financing of new agricultural and natural resource economic development initiatives and setting up funding mechanisms to make the most effective use of \$60,000,000 in City funds being dedicated to the region for economic development.

HUDSON VALLEY MEAT PROCESSING FACILITY FEASIBILITY STUDY

A group of livestock producers and others with interests in the meat industry hired Shepstone Management Company to help them assess the feasibility of a new meat processing facility for the Hudson Valley region of New York. The study was designed to assist the group in defining goals, evaluating options and identifying appropriate action. Included were guidelines for starting a meat business, a definition of the meat markets available and inventory of livestock



potentially available to process. Capacities of existing and proposed processing and slaughtering operations within the region were studied. Facility requirements were developed. Alternative solutions, including mobile units, were investigated.

Costs were determined and cash flow analyses prepared to assess rates of return. Financial requirements and possible sources of capital were detailed, along with marketing recommendations. The study concluded a

regional meat processing facility was feasible and included a general business plan. The Hudson Valley Livestock Marketing Task Force is now engaged in formally organizing producers, many of whom are engaged in producing natural meats, to pursue these plans. Similar analyses were recently conducted for foie gras and dairy processing facilities and the firm has also assisted a group of Michigan organic milk producers with a comparable initiative.

SNOW HILL BRANCH LINE

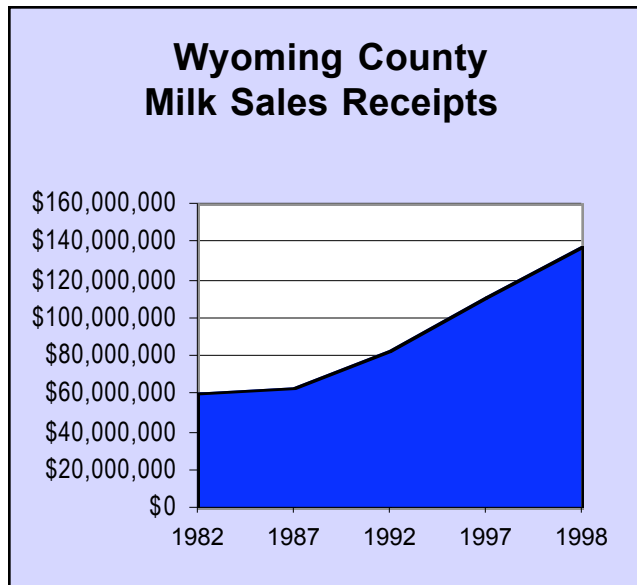
Consolidated Rail Corporation planned to abandon a line of railroad running from the State of Delaware to Snow Hill, Maryland. This rail service, however, was critical for bringing in feedstuffs to support the Eastern Shore poultry industry. Three of the poultry processors, Purdue Farms (headquartered on the Eastern Shore), Showell Poultry and Holly Farms banded together with another shipper to acquire the line and preserve rail service.

Shepstone Management Company was hired to help organize the Snow Hill Shippers Association, Inc. and negotiate purchase of the line. A contract with a regional rail service provider, the Maryland and Delaware Railroad, was arranged. Financing was secured through the State of Maryland and Worcester County. Setting up this shortline



operation required extensive documentation of value to secure a fair purchase price. Freight rate divisions also had to be negotiated. Shepstone Management handled these tasks for the Association, helped secure specialized legal services and developed a cost-sharing formula for the operation. The line has proved invaluable to the poultry industry whenever drought conditions force it to import large quantities of corn.

WYOMING COUNTY ECONOMIC DEVELOPMENT STRATEGY



Shepstone Management Company assisted Thomas Point Associates in developing a comprehensive Economic Development Strategy for Wyoming County, providing the agricultural expertise. Wyoming County is one of the largest dairy producers in the nation and led New York State in milk production in 1997. It has some of the largest and most modern farms in the East and is also a major corn silage producer.

Shepstone Management Company performed a detailed analysis of the farm economy, offering several major recommendations for enhancing local agricultural industry and continuing Wyoming County's role as the Northeast's high-tech dairy capitol. A separate study for the Town

of Perry regarding the feasibility of pursuing additional dairy processors was conducted in conjunction with The Saratoga Associates. Information from these studies was subsequently shared with readers of the *DairyBusiness* in a series entitled "Dairy Hot Spots."

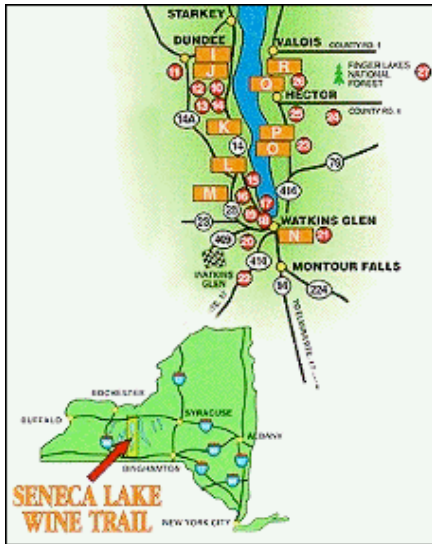
WEST PIEDMONT PLANNING DISTRICT ECONOMIC STRATEGY

The West Piedmont Planning District Commission retained Thomas Point Associates to prepare an economic adjustment strategy for region (Franklin County, Henry County, Patrick County, Pittsylvania County, Danville City and Martinsville City). Shepstone Management Company assisted in addressing agricultural economic development and economic dislocation in the industry as a result of the Tobacco Settlement. Analysis indicated that agricultural sales were up significantly over a decade earlier. Although the tobacco industry had undergone tremendous changes, there was still potential for both tobacco and dairy on larger more-efficient farms able to compete in the marketplace. It was, nonetheless, clear that smaller tobacco farmers would have to diversify, change crops or find other employment and approaches were suggested.

Shepstone Management Company identified financing needed to spur development of transgenic tobacco and provide capital for alternative and added-value agricultural ventures as well as on-farm diversification into agricultural tourism, nurseries, contract poultry operations, wineries and similar ventures. Technical assistance needs, strategic alliance opportunities, low-cost input options and more cost-effective methods of producing, marketing and purchasing products were also pinpointed. Finally, the study recommended establishment of another shipping point market in the Central Virginia/Piedmont region.



SCHUYLER COUNTY AGRICULTURAL & FARMLAND PROTECTION PLAN



Schuyler County is located in New York's Finger Lakes region. It hired Shepstone Management Company to develop an Agriculture and Farmland Protection Plan. An analysis of the value of agriculture to the County economy formed the foundation. It was followed by inventory of resources and drafting of measurable goals. An extensive survey of producers and suppliers was made. Major recommendations included added-value initiatives to complement the Seneca Lake Wine Trail, a Purchase of Development Rights program and an agricultural education initiative.

The County is steadily implementing the Agriculture and Farmland Protection Plan. The Industrial Development Authority has approved an Agricultural Industry Tax Abatement Program to stimulate development and expansion of agricultural support businesses, including wine industry support businesses.

Wineries, dairy farmers and economic developers have also further investigated the feasibility of cheese processing with the help of Shepstone Management and established new operations as a result. The dairy processing study included pro forma financial statements, rates of return and cash flow analyses. Similar plans have been prepared for several other business enterprises, organizations and counties.

SULLIVAN-WAWARSING REAP ZONE STRATEGY

Shepstone Management Company and Fairweather Consulting created a strategic plan for the second USDA Rural Economic Area Partnership (REAP) Zone established in the United States. The Sullivan-Wawarsing REAP Zone encompasses all of Sullivan County and a portion of Ulster, New York. The strategy established a framework to secure thousands of dollars of grants funding for communities in the REAP Zone. This funding has been used to study the feasibility of various economic development concepts, conduct planning and further the work of the REAP Zone.



More importantly, the strategy established a organizational structure for the new entity, one founded on a comprehensive set of prioritized goals and objectives, combined with detailed layouts of implementation tasks and timelines. These were assembled through a series of committee meetings and regional workshops with the leadership of affected communities.

Shepstone Management Company and Fairweather Consulting were successful in putting this comprehensive strategy together over a three month period to meet legislative and funding deadlines. The REAP Zone has funded numerous economic development and planning projects since its creation and provided a basis for regional cooperation on a variety of economic development issues.

JUNIATA RIVER VALLEY REGIONAL TOURISM PLAN

Juniata and Mifflin Counties hired Shepstone Management Company to assemble a Regional Tourism Plan. Allee King Rosen & Fleming assisted. This Plan sets out a tourism vision for the Juniata River Valley region - "Tourism development and promotion will be focused on heritage and natural resources based tourism, preserving the quality of life for residents and continuously improving the quality of experience for visitors." It also documents the contributions of this \$60,000,000/year industry and identifies growth opportunities. It targets urban markets of 46,000,000 persons within 4 hours and sets out an advertising plan to reach those markets. Recommendations for organizing the new Juniata River Valley Visitors Bureau are also part of the Tourism Plan. Still other recommendations include:



Common Ground Magazine.
R. Dunmire, P. Brumbaugh

- 1) Completion of an interactive web-based recreation map linked to a reservation system.
- 2) A marketing campaign - "The Juniata River Valley ...Discover Our Good Nature" - to sell the region's natural assets and relaxing atmosphere.
- 3) A website development assistance program for members.
- 4) A Travel Packaging Program linked to ExperiencePA.com.
- 5) Creation of a Travel Media Information Program.

OTHER PROJECT LINKS

Town of Brant Farmland Viability Program – www.shepstone.net/Brant

Broome County Agriculture Development Plan – www.shepstone.net/Broome

Campbell County Economic Development Strategy – www.campbellvirginia.com

New York State Foie Gras Industry – www.shepstone.net/economicreport.pdf

Pennsylvania Deer Farmers Association – www.shepstone.net/PAdeer.pdf

Pennsylvania Wine Industry – www.shepstone.net/PAwine.pdf

Southern Maryland Livestock Producers – www.shepstone.net/SouthernMD.pdf

Town of Warwick Ag Retention Plan – www.shepstone.net/Warwick

Yates County Farmland Protection Plan – www.shepstone.net/yates/agplan.html