

Columbia River Gorge region is for the outdoors, closely followed by touring. Top “activities and experiences” include visiting a state park; hiking and backpacking; swimming and other water sports; camping; shopping; visiting a landmark or historic site; fine dining; and visiting breweries, museums, and wineries.⁴

On an average day, Hood River County hosts 2,900 day-trip and overnight visitors, equal to about 12.5% of the resident population.⁵ The largest share (37%) of overnight marketable visitors to the Mt. Hood/Columbia River Gorge region are from other areas of Oregon. Nineteen percent come from Washington, and 10% come from California. Thirty-six percent of overnight visitors come from the Portland-designated market area.⁶

The majority (64%) of marketable overnight visits to the Mt. Hood/Columbia Gorge region occur between April and September. The remaining 36% of visits occur during what would be the Center’s peak season (October through March). Visitors to the region stay 4.3 nights, on average.⁷

DEMAND ASSESSMENT

The viability of the Center depends first and foremost on the demand for performing arts among residents in and visitors to the primary market. Demand, measured in terms of dollars spent on performing arts events, is a function of the size and characteristics of the resident and

visitor populations. This section provides more detail on how ECONorthwest used the primary market area demographics and other industry data to forecast resident and visitor spending on performing arts.

Methods and Data

Statistics on theater spending are sparse. No organization surveys Oregonians about theater spending. It must be estimated from data available in three sources:

1. The United States Bureau of Labor Statistics (BLS) produces a consumer survey. It is national data and includes all forms of paid fees and admissions—so it is not just purchases of theater tickets. The BLS reports this data by household income, which is useful for this analysis.
2. The United States Bureau of Economic Analysis (BEA) reports entertainment spending by United States residents in greater detail than the BLS, allowing us to estimate the portion of fee and admission spending done for live theater entertainment. Like the BLS, the BEA measures spending by United States households.
3. The U.S. Census reports total receipts of Oregon theaters.

ECONorthwest uses all three sources to estimate spending in Oregon. Greater detail on specific calculations is provided in subsequent sections.

Resident and Visitor Spending Forecast

The primary data source for the resident spending forecast is the Consumer Expenditure Survey, administered by the Bureau of Labor Statistics. It provides household expenditures on fees and admissions at the state level.

Household expenditures on fees and admissions vary by household income. Based on the distribution of household incomes in Oregon, ECONorthwest estimates that Oregon Households pay \$885 million in fees and admissions per year.

Fees and admissions is a broad category; it includes expenditures like movie tickets, country clubs, sports, Disneyland tickets, etc. The Bureau of Economic Analysis estimates that 17% of fees and admissions expenditures are for live entertainment.

Therefore, ECONorthwest estimates that Oregon households spend \$153 million in live entertainment each year, about \$49 per adult. This is higher than the national average of \$41.54 per adult. However, the Oregon estimate includes spending out of state.

Therefore, ECONorthwest must isolate the in-state from out-of-state spending. The Economic Census indicates that Oregon live theaters made \$67 million in 2012—the last year for which data are available. If one were to falsely assume no non-residents spent any money at any Oregon theater, one would

⁴ Longwoods International, Regional Visitor Report, Mt. Hood-Columbia River Gorge Region, 2015.

⁵ Calculated based on estimates from STR, Dean Runyan, and Longwoods International.

⁶ Longwoods International, Regional Visitor Report, Mt. Hood-Columbia River Gorge Region, 2015.

⁷ Longwoods International, Regional Visitor Report, Mt. Hood-Columbia River Gorge Region, 2015.

conclude that 44% of Oregonian purchases of theater entertainment went in-state and 56% went out of state. This, of course, is unrealistic.

To get a better estimate, ECONorthwest assumes 20% of theater revenues in Oregon come from non-residents. If one assumes that, one would then have to conclude that Oregonians spent \$54 million at Oregon theaters in 2012. Therefore, of the \$153 million spent by Oregonians on live theater, \$99 million was spent out of state (65%).

There were approximately 3.1 million Oregon residents age 18 and above. Thus, the per capita adult spending was \$17.20. Exhibit 6 shows this calculation.

Using this assumption, ECONorthwest estimates that the 78,716 adults living in the primary market area—including both Oregon and Washington residents—spent approximately \$1.36 million dollars in Oregon on live theater entertainment in 2012.

Residents will spend a portion of this \$1.36 million at theaters in other parts of Oregon, like Portland and Ashland. ECONorthwest does not parse out spending in the market area from spending in other parts of Oregon.

Visitors to the market area will also spend money at the Center. These revenues are not captured in the \$1.36 million. Since the data to estimate visitor spending at the Center are not available, ECONorthwest assumes that visitor spending at the Center will cancel out the loss from resident spending outside the market area.

In total, Oregon venues get \$1.36 million in live entertainment spending from residents and



Exhibit 6. Oregonian Expenditures and Live Theater Receipts, 2012

Oregon Adult Population	3,109,968
Oregonian Expenditures	
Fees and Admissions	\$ 884,616,530
% Live Entertainment Expenditures	17%
Expenditures on Live Entertainment	\$ 153,234,985
Expenditures on Live Entertainment - Per Adult	\$ 49
Oregon Live Theater Receipts	\$ 66,881,000.00
Assumption: Live theater receipts from non-Oregon-residents	20%
Live Theater Receipts from Oregonians	\$ 53,504,800.00
Live Theater Receipts from Oregonians - Per Adult	\$ 17.20

Source: Bureau of Labor Statistics, Bureau of Economic Analysis, United States Economic Census

visitors in the primary market area. This is the total market potential for the Center.

SUPPLY ASSESSMENT

There are 17 performing arts and event venues in the market area. This section describes those venues and then summarizes trends in the supply assessment.

Methods and Data

ECONorthwest worked with PAI to identify comparable facilities in the market area. ECONorthwest conducted internet research and reviewed Form 990 tax returns, when available, to gather information on those facilities.⁸

⁸ Form 990 Tax Returns are required for all nonprofits.

Local Venues

The region has 11 performing arts venues and six event venues.

- Hood River Middle School Auditorium, Hood River, OR. With 1,200 seats, this space is the largest venue for performing arts in the area and is connected to the middle school. Originally built in 1927, it features a large stage and balcony. The theater is primarily used for music performances, theater and dance productions, lectures, and other school and community events. There are no wing or loft spaces, and classrooms substitute as green rooms.
- Wy'East Performing Arts Center, Odell, OR. This 276-seat performing arts center is used by the community and for school events.⁹ The space connects to a music classroom, used as a green room. The space is primarily used for music performances, lectures, meetings, and other school events.¹⁰
- The Bowe Theater, Hood River, OR. This 400-seat auditorium is located in Hood River Valley High School. Amenities include dressing rooms and lighting and sound equipment. The space is used for theater and dance productions, music performances, and other school and community events.
- Columbia Center for the Arts, Hood River, OR: This 160-seat theater is in downtown Hood River and hosts various local and regional theater and dance performances, films, lectures, and presentations. The theater is home to CAST theater troupe and its

amenities include lighting, a sound booth, and green room.

- The Dalles Civic Auditorium, The Dalles, OR: The Civic Auditorium was built in 1917, but has been used as a community center since 1991. It is operated by a nonprofit. The theater has not been restored. The Civic Auditorium has three spaces for events: the ballroom (400 people), community room (200 people) and fireside room (smaller events).
- Columbia Gorge Discovery Center and Museum, The Dalles, OR. The Discovery Center includes a boardroom, classroom,

gallery, café, and theater. The 140-seat theater is generally used for educational talks, meetings, and debates. The River Gallery, sometimes known as “the great room,” is used for events, but is not suitable for most performing arts.

- Rockford Grange, Hood River, OR. As a branch of a national organization, the Rockford Grange supports agriculture in Hood River, but other events are also held at the Grange. Past events have included a film festival, lecture series, meetings, dances, and fundraisers.



⁹ http://www.opsisarch.com/wp-content/uploads/Case-Study_Hood-River_WyEast.pdf.

¹⁰ <https://www.columbiaarts.org/theatre/>.

- Goldendale Amphitheater at Maryhill Winery, Goldendale, WA. This amphitheater hosts higher profile performers during the summer months. Previous performers have included John Legend, Counting Crows, and Willie Nelson. Its capacity is 4,000 people.
- Bingen Theater, Bingen, WA. The Bingen theater is currently being restored, but still hosts concerts and events.
- Columbia Gorge Community College Amphitheater, The Dalles, OR. This small amphitheater on the campus is used for day-to-day gatherings, outdoor classrooms, and graduation ceremonies.
- Best Western Plus Hood River Inn, Hood River, OR. The hotel has almost 12,000 square feet of event space. Its eight rooms range in capacity from 20 to 450 people.
- Columbia Cliff Villas, Hood River, OR. The Columbia Cliff Villas' 5,000 square feet of event space is comprised of seven rooms with capacity ranging from 10 to 30 people.
- Columbia Gorge Hotel, Hood River, OR. The Columbia Gorge Hotel has almost 6,500 square feet of event space with five rooms, with capacity ranging from 20 to 200 people.
- Hood River Hotel, Hood River OR. The hotel has about 3,200 square feet of event space.
- Hampton Inn & Suites, Hood River, OR. The hotel has one 1,000 square foot conference room, with a capacity of 40 to 60 people.
- Comfort Inn, The Dalles, OR. The hotel has 504 square feet of meeting space.

- Fort Dalles Readiness Center, The Dalles, OR. This venue was built for the National Guard in 2014. A small amount of space is available to the public. There is no suitable theater space, but it can be used for events.

Key Trends

Current performing arts venues offer a range of choices suitable for a variety of performances. However, there are challenges. Only four of the comparable venues are true performing arts venues. Most of the venues focus on conference, lecture, and meeting space.

A second challenge is that three of the four venues are located in schools. Consequently, these venues are unavailable during the most desirable time slots.

A third major challenge is that no single venue offers the right combination of amenities for some potential users: technical equipment, adequate seating, back-of-house amenities, and regular availability. Consequently, these venues are unable to attract some potential touring acts.

THE MARKET OPPORTUNITY FOR THE CENTER

The market potential for the Center (\$1.4 million) is a ceiling on potential spending at the venue. The Center will compete with other local venues as well as Portland venues for resident and visitor spending. So, the realistic market opportunity will depend on what share of that spending the Center can capture from other venues.

Adult residents in the market area spend \$1.4 million on live theater in Oregon.¹¹ Some residents will spend their portion outside of the market area. But, if there is a performing arts center that offers high-quality performances that appeal to residents, they are likely to spend the majority of that money in the local community.

Most spending at performing arts venues is done by households that make over \$75,000 per year. Many venues in the Portland market target this audience with high-cost performances. Hood River has a large share of middle-income families that are unlikely to travel to Portland for its more expensive shows (which are even more costly when factoring in travel). The Center will offer programming targeted to middle-income households that have fewer choices available to them in the performing arts.

To ensure viability, the Center must differentiate itself from other local performing arts centers. It may do so by offering state-of-the-art amenities and acoustics to accommodate a wide range of uses, and more availability than school venues. The Center may further differentiate itself by offering programming to a segment of the local population that is currently underserved.

One cannot forecast with certainty the actual revenues of the theater. Actual revenues will depend on the ability of the program manager to design a schedule of events that appeals to local audiences. If it does so, it is reasonable to assume that the Center will capture more than its "fair share" of spending and perform comparably to national benchmark theaters and local comparable facilities. See Exhibit 7 for the revenue projections.

¹¹ Note that because this estimate only includes expenditures in Oregon, this does not include expenditures for the Gorge Amphitheater and the Bingen Theater, as both are in Washington.

OPERATING FORECAST

The operating forecast shows the revenues, costs, and earnings of the Center.

METHODS, DATA, AND KEY ASSUMPTIONS

This section summarizes the Center's financial model, methods, and data. This discussion focuses on how ECONorthwest developed key assumptions for both revenues and costs.

The model assumes that all revenues and costs will rise with inflation. Unless otherwise specified, all dollar values are in 2017 dollars.

Revenues

This section provides an overview of the revenue streams for the Center. There are two major sources of revenues: earned income and contributed income. Earned income refers to revenues that the Center gains from the sale of goods and services. Contributed income refers to monetary or in-kind donations. According to the Theatre Communications Group, total revenues are generally split between earned and contributed streams for the average performing arts center.

Exhibit 7 shows the annual revenues to the Center at stabilization for both a 450- and 600-seat model. An explanation of each revenue stream follows the table.

EARNED INCOME

Earned income includes revenues from subscription and season ticket sales, individual ticket sales, facility rental, concessions, and other fees. This Study bases the ticket and subscription revenue on the performance

Exhibit 7: Revenues for the Center at Stabilization, 2017 Dollars

Revenue Item	450 Seats	600 Seats
Performance Activity		
Season	October - May	October - May
Average shows per month	11.5	11.5
Annual performances	92	92
Utilization	60%	55%
Average ticket price	\$20	\$18
Earned Income		
Tickets and subscriptions	\$497,000	\$546,000
Net revenues from concessions	34,000	37,000
Events	32,000	32,000
Service fees and other	33,000	33,000
Endowment	5,000	7,000
Revenues from earned income	\$601,000	\$655,000
Contributed Income		
Government subsidy, sponsorships, donations	509,000	623,000
Revenues from contributed income	509,000	623,000
Total revenues	\$1,110,000	\$1,278,000

Source: ECONorthwest.

activity figures presented at the top of Exhibit 7. These figures align with national benchmark theater performance and comparable facilities.

This study bases the other revenue streams on the ratio of revenues for ancillary uses to ticket revenues for the prototypical performing arts facility with a similar ticket revenue value.

To achieve the \$5,000 in endowment income, the PAI would need to seed an operating endowment with about \$167,000. At a three percent rate of return, the PAI could take \$5,000 per year in earned interest income without depleting the principal.

CONTRIBUTED INCOME

Contributed income will come from government subsidy, foundation support, and donations.

At this point, the PAI is still exploring these options. So, this study shows how much contributed income the Center would need to be operationally viable.

Almost all performing arts centers receive some sort of government subsidy. The average performing arts center of a similar size in the United States receives combined federal, state, and local government contributions of about \$50,000 per year.¹² State and local contributions comprise the majority of these revenues. For the Center to be successful, it will inevitably need some type of public subsidy.

Many performing arts centers obtain their subsidies from transient lodging tax revenues. The City of Hood River and Hood River County both charge an 8% transient room tax (TRT).

¹² Theater Communications Group, Theater Facts 2015.

Twenty-five percent of TRT revenue in the City of Hood River is deposited into a tourist promotion fund, which must be spent to promote tourism. The tourist promotion fund is managed by the Chamber of Commerce.¹³ City code does not list any spending requirements for the remaining 75% of TRT revenue. In FY 2016/17, the City's general fund received \$1.7 million in TRT revenue.¹⁴

Expenses

Exhibit 8 shows the cash operating expenses for the Center at stabilization, the point at which the facility is operating at expected capacity. An explanation of the different cost items follows the exhibit.

FIXED COSTS

The Center has a number of fixed costs—those that do not vary with the size of the theater or number of performances. Wages and benefits are the largest fixed cost to the Center. For the Center to be successful, it will need:

- A highly-paid executive director with substantial experience operating and booking a performing arts facility that relies primarily on touring performances to fill its schedule.
- A development director to run the capital campaign and contributed income programs.
- A marketing manager to ensure that the Center can draw visitor spending from outside the market area.
- A technical director and an office manager to ensure smooth operations.

Exhibit 8: Cash Operating Expenses for the Center at Stabilization, 2017 Dollars

Expense Item	450 Seats	600 Seats
Fixed Costs		
Wages and benefits	\$415,000	\$415,000
Technical equipment rental	40,000	40,000
Front of house	15,000	15,000
Marketing	50,000	50,000
Fundraising and development	30,000	30,000
Fees for services and other office expenses	30,000	30,000
Variable Costs		
Presenting	\$300,000	\$400,000
Ticket and credit card charges	30,000	33,000
Variable occupancy charges	180,000	240,000
Total Cash Operating Expenses	\$1,090,000	\$1,253,000

Source: ECONorthwest.

Other fixed costs include technical and equipment rental, non-payroll marketing, front-of-house, and fees for other services (e.g., legal, accounting) and office expenses. ECONorthwest calculated these costs using the financial profiles of comparable performing arts venues of similar sizes and in similar markets.

VARIABLE COSTS

Variable costs are those that change based on the size of the facility or number of performances:

- Presenting costs refer to advance payments to performing groups who the Center will host plus associated costs. This calculation is based on the cost per dollar of ticket revenues associated with house-presented shows at comparable venues.
- Ticket and credit card charges are based on the charges per dollar of ticket revenues at comparable facilities.

Exhibit 9: Staffing Model for the Center

Title	Wage
Executive Director	\$120,000
Development Director	74,000
Marketing Manager	53,000
Technical Director	51,000
Office Manager	34,000
Total wages	\$332,000
Benefit load	25%
Benefits	\$83,000
Total wages and benefits	\$415,000

Source: ECONorthwest.

- Occupancy charges include maintenance, repair, janitorial, and insurance and are calculated based on the occupancy charges per seat for the national benchmark theaters and comparable facilities.

¹³ City of Hood River Municipal Code, 5.09.160.

¹⁴ City of Hood River FY 2016/17 Adopted Budget.

FINANCIAL FORECAST

Exhibit 10 provides the earnings before interest, taxes, depreciation, and amortization (EBITDA) statement for the Center during ramp-up (years one and two of operation) and at stabilization. The EBITDA statement is a good indicator of organizational performance, as it shows the net operating profit, while eliminating the effects of financing and accounting decisions.

The “At Stabilization” position is a best-case scenario for the PAI. It assumes that local groups transition a large share of their paid performances to the theater, the Center successfully attracts touring groups, and residents and visitors are willing to consistently pay to see these events. If the Center does not achieve these expectations, it may stabilize at year two performance.

Exhibit 10: EBITDA for the Center, 2017 Dollars

Item	450 Seat Theater			600 Seat Theater		
	Year 1	Year 2	At Stabilization	Year 1	Year 2	At Stabilization
Revenues						
Earned Income						
Tickets and subscriptions	\$108,000	\$297,000	\$497,000	\$108,000	\$312,000	\$546,000
Net revenues from concessions	7,000	20,000	34,000	7,000	21,000	37,000
Events	24,000	28,000	32,000	24,000	28,000	32,000
Service fees and other	33,000	33,000	33,000	33,000	33,000	33,000
Endowment	5,000	5,000	5,000	5,000	7,000	7,000
Contributed Income						
Government subsidy, sponsorships, donations	\$612,000	\$587,000	\$509,000	\$673,000	\$687,000	\$623,000
Total Revenues	\$789,000	\$970,000	\$1,110,000	\$850,000	\$1,088,000	\$1,278,000
Cash Operating Expenses						
Fixed Costs						
Wages and benefits	\$415,000	\$415,000	\$415,000	\$415,000	\$415,000	\$415,000
Technical equipment rental	40,000	40,000	40,000	40,000	40,000	40,000
Front of house	15,000	15,000	15,000	15,000	15,000	15,000
Marketing	75,000	75,000	50,000	75,000	75,000	50,000
Fundraising and development	30,000	30,000	30,000	30,000	30,000	30,000
Fees for services and other office expenses	30,000	30,000	30,000	30,000	30,000	30,000
Variable Costs						
Presenting	\$90,000	\$180,000	\$300,000	\$120,000	\$240,000	\$400,000
Ticket and credit card charges	6,000	18,000	30,000	6,000	19,000	33,000
Variable occupancy charges	78,000	157,000	180,000	104,000	209,000	240,000
Total Cash Operating Expenses	\$779,000	\$960,000	\$1,090,000	\$835,000	\$1,073,000	\$1,253,000
EBITDA	\$10,000	\$10,000	\$20,000	\$15,000	\$15,000	\$25,000

Source: ECONorthwest.

SUMMARY

This Business Concept suggests that there is a path from vision to reality for the Hood River Performing Arts Center. The Center has a unique market opportunity:

- It is far enough from Portland to block-book touring shows with similar venues.
- It has a large share of middle-income households that are unlikely to travel to Portland for performing arts events due to the high cost.
- There is no existing venue that targets the region's sizeable Hispanic/Latino community.
- There is a strong base of local groups that will rent the Center for performances.

The financial projections suggest that, like other facilities, earned income will not be enough to sustain the Center—even under favorable market conditions. The viability of the Center also hinges on the ability of the PAI to: (1) construct the Center without taking on any debt, and (2) obtain sufficient contributed revenue streams.

To be successful, the PAI will need to hire a seasoned executive director who has successfully managed similar venues. Such a person will have the experience and connections necessary to build the reputation of the Center and establish programming that both satisfies the market and produces a positive return on investment.





PERFORMING ARTS CENTER BUSINESS CONCEPT

PREPARED BY:

ECONorthwest
ECONOMICS • FINANCE • PLANNING

June 2017

PREPARED FOR:

The Performing Arts Initiative

ACKNOWLEDGMENTS

For over 40 years ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com.

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INTRODUCTION

The Performing Arts Initiative (PAI) was founded in January 2016 in Hood River, Oregon. Its vision is to expand on and leverage the culture and attractiveness of the Columbia Gorge beyond its core of outdoor tourism, active sports, high tech, and agriculture. The PAI will create the foundation for the development and presentation of larger-scale, higher-end artistic performances that are on par with other culturally vibrant communities. It will achieve this vision through the development of the Performing Arts Center (the Center).

To date, planning for the Center has focused on the physical characteristics needed to support events, its ownership, and potential partners for development or operation of the facility. Several questions must be addressed before the foundation can embark on a fundraising campaign:

- What is the market for the facility?
- What is the type and size of facility appropriate for arts groups and other potential users that are interested in using the facility?
- What will it cost to build and operate the facility?
- How can the PAI pay for these expenses?
- What measures can be taken to increase the financial feasibility of the facility?

To answer these questions, PAI contracted with ECONorthwest to complete a preliminary evaluation of the likely financial performance of the proposed Center.



The purpose of this preliminary evaluation is to quickly get answers to these outstanding questions at a low cost to PAI. Thus, the evaluation in this report relies heavily on the professional experience of ECONorthwest, interviews with industry professionals, and the performance of similar facilities. Based on the outcome of this evaluation, PAI may decide to invest in a more detailed analysis of the design and feasibility of the Center.

THE VISION FOR THE PERFORMING ARTS CENTER

The Center will be a medium-sized, multi-use performing arts center located in Hood River, OR that serves the entire Columbia River Gorge and its surrounds. The Center will be a state-of-the-art facility, suitable for a variety of performances, including live theater, all genres of music, dance, lectures, media presentations, and corporate events. It will be home to the Columbia Gorge Orchestra Association (CGOA) and host to a range of other local and visiting talent. Classroom and studio space will allow local and visiting artists to present a variety of educational programs and lessons. The theater, classroom and studio space, and lobby will be available for event rentals.

THEATER SIZE AND CONSTRUCTION COST

There is no one “right size” for a performing arts center. ECONorthwest recommends a 450 to 600 seat Center, given the size and composition of other venues in the market area (see Supply Assessment). A larger facility has the potential to host more patrons and generate more ticket revenues. A smaller facility has the advantages of being easier to fill (critical to ambiance) and less expensive to operate. This study models the performance of both a 450-seat and a 600-seat facility.

The cost to build the theater will vary substantially depending on the ancillary elements, finishes, and construction market, among other factors. A cost of \$1,000 per square foot is typical.

LOCATION

The Center will be located on a beautiful river bluff property with sweeping views of the Gorge. The site is located adjacent to several hotels and restaurants, and has excellent freeway access.

PROGRAMMING

The Center will host a variety of programs and events. The PAI anticipates that performing arts events will dominate the schedule. Both local and visitor performance groups will use the Center, providing a diversity of programming to satisfy the market. The Center may also host corporate events, retreats, and meetings.

PAI interviewed local performing groups to gauge interest in the new Center. The primary local user will be the CGOA, which includes the following ensembles: Sinfonietta Orchestra, Voci Choir, Stages Repertory Theatre, Jazz Collective, and the Hood River String Quartet. Other interested local users include the Mid-Columbia Music Teachers Association, Columbia Gorge Dance Academy, the Skamania Performing Arts Foundation, and the Theater Company of The Dalles.

The PAI will need to book touring groups to fill a large portion of the Center’s calendar. The Center will need to partner with other similar venues (e.g., the Tower Theater in Bend) to block-book touring artists. It can round out the calendar with films, lectures, and other events.

THE CHAMPION

The Performing Arts Initiative is a 501(c)3 nonprofit organization formed in January 2016. Mark Steighner is the President of the PAI. Emily Vawter is the Vice President. The PAI has eight



additional Board members: Linda Hardham, John Hardham, Stephen Rogers, Carol Thayer, Gary Young, Charlotte Arnold, Lynn Thomas, and Carrie Benson.

THE MARKET FOR THE CENTER

A market analysis considers both the demand for and supply of performing arts centers and live entertainment in the market area.

The venue will capture some demand from event rentals. However, this is an ancillary use and not the driving factor behind the feasibility assessment of this Center. This analysis provides a cursory estimate of event revenues based on comparable facilities, but does not delve into the market for the event rentals.

PRIMARY MARKET OVERVIEW

The primary market is defined as zip codes within a one-hour drive of Hood River. The area extends west into Fairview (exit 16 on I-84), east into Sherman County, and north past Goldendale. It includes the population centers of Hood River, White Salmon, The Dalles, Mosier, Stevenson, Bingen, and Lyle. Exhibit 1 shows the primary market area used for the analysis along with areas reachable in one-hour from Hood River by vehicle.

For the purposes of this study, there are two population segments of interest in the primary market: residents and visitors. This section provides more detail on who comprises each segment.

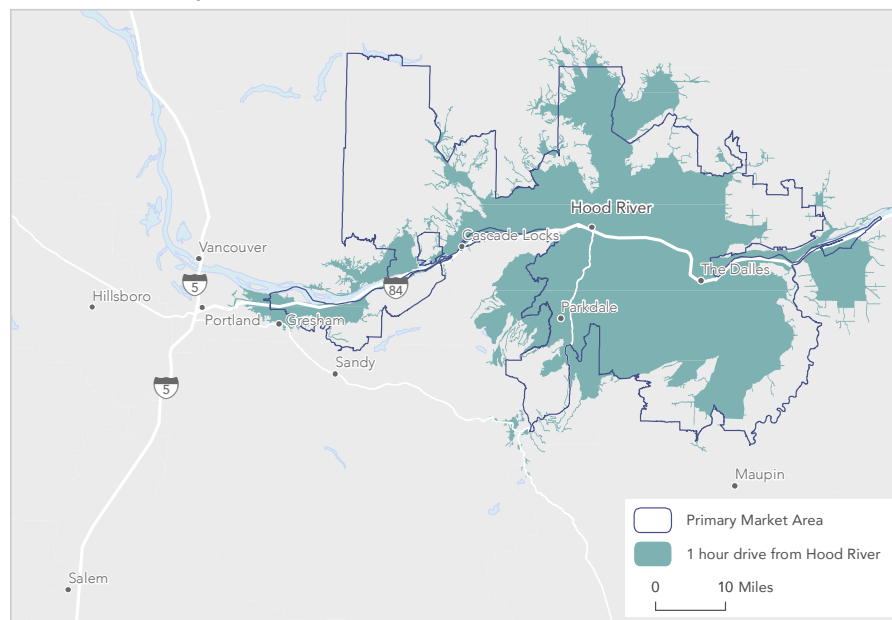
Methods and Data

ECONorthwest used 2013 demographic data on age, race, income, and education from the Nielson Company (Claritas) to describe residents living within the primary market area. ECONorthwest compared the demographics of the study area to those of the State of Oregon using 2013 data from the American Community Survey. ECONorthwest used Oregon as a reference point, as the majority of residents in the primary market area live in Oregon.

Characteristics of Primary Market Area Residents

There are 38,951 households composed of 78,716 adults in the primary market area.¹ In general, residents in this area are more diverse, less educated, older, and have similar incomes to Oregonians overall.

Exhibit 1. Primary Market Area



Source: ArcGIS Online

Exhibit 2. Educational Attainment, Primary Market Area and Oregon, 2013

	Primary Market Area		Oregon	
	Population 25 and over	%	Population 25 and over	%
Less than 9th grade	4,006	6%	110,866	4%
9th to 12th grade, no diploma	5,471	8%	164,947	6%
High school graduate (includes equivalency)	20,147	29%	657,082	24%
Some college, no degree	18,350	27%	711,163	26%
Associate's degree	5,477	8%	227,140	8%
Bachelor's degree	9,921	15%	521,880	19%
Graduate or professional degree	4,985	7%	310,965	12%
Total	68,357	100%	2,704,043	100%

Source: The Nielsen Company (US), Inc. 2013 and 2013 American Community Survey 1-Year Estimates.

EDUCATION ATTAINMENT

Exhibit 2 shows educational attainment for adults over 25 in the primary market area and Oregon. Twenty-two percent of adults over 25 in the primary market area have a bachelor's degree or higher, compared to 31% in the state.

¹ The Nielsen Company (US), Inc. 2013.

Residents in Hood River County and the City of Hood River have higher educational attainment. Thirty-three percent of adults over 25 in Hood River County and 39% of adults over 25 in the City of Hood River have a bachelor's degree or higher.²

INCOME

The market area has more middle-income households than the overall state. Exhibit 3 shows household income in the primary market area and Oregon. Twenty-seven percent of households in the primary market area have an income between \$45,000 and \$75,000, compared to 23% in Oregon. Sixty-eight percent of households in the primary market area make under \$75,000 per year. Thirty-two percent of households in the primary market area and the state make over \$75,000 per year.

AGE

Exhibit 4 shows the age distribution of adults in the primary market area and the state as a whole. The distributions for the market area and Oregon are similar. Fifty-six percent of adults in the primary market area are 45 years or older, compared to 54% in Oregon.

RACE / ETHNICITY

Exhibit 5 shows race and ethnicity for the primary market area and the state as a whole. The population in the primary market area is diverse, with 19,100 (19%) Hispanic or Latino individuals, compared to 12% in Oregon. The American Community Survey asks individuals to identify their race and ethnicity separately, which is why both are independently included in the exhibit. The U.S. Census Bureau "adheres to the U.S. Office of Management and Budget's (OMB) definition of ethnicity. There are two minimum categories for ethnicity: Hispanic or Latino and Not Hispanic or Latino. OMB considers race and Hispanic origin to be two separate and distinct concepts. Hispanics and Latinos may be of any race."³

Thirty percent of Hood River County residents and 26% of residents in the City of Hood River are of Hispanic or Latino origin.

Characteristics of Visitors

Visitors participate in a wide variety of activities in Hood River and the surrounding area. The most common purpose of a visit to the Mt. Hood/

Exhibit 3. Household Income, Primary Market Area and Oregon, 2013

	Primary Market Area		Oregon	
	Households	Percent	Households	Percent
Less than \$15,000	4,011	10%	199,367	13%
\$15,000 to \$30,000	5,690	15%	254,185	17%
\$30,000 to \$45,000	6,259	16%	235,822	15%
\$45,000 to \$75,000	10,628	27%	350,645	23%
\$75,000 to \$125,000	8,574	22%	308,111	20%
\$125,000 or more	3,789	10%	175,669	12%
Total	38,951	100%	1,523,799	100%

Source: The Nielsen Company (US), Inc. 2013 and 2013 American Community Survey 1-Year Estimates.

Exhibit 4. Age, Primary Market Area and Oregon, 2013

	Primary Market Area		Oregon	
	Adult Population	% Adults	Adult Population	% Adults
18 to 24 years	9,453	12%	365,496	12%
25 to 34 years	12,279	16%	538,419	18%
35 to 44 years	12,662	16%	514,839	17%
45 to 59 years	22,937	29%	786,013	26%
60 to 74 years	15,256	19%	617,020	20%
75 years and over	6,129	8%	251,524	8%
Total	78,716	100%	3,073,311	100%

Source: The Nielsen Company (US), Inc. 2013 and 2013 American Community Survey 1-Year Estimates.

Exhibit 5. Race and Ethnicity, Primary Market Area and Oregon, 2013

	Primary Market Area		Oregon	
	Population	Percent	Population	Percent
Hispanic or Latino				
Hispanic or Latino	19,121	19%	461,901	12%
Not Hispanic or Latino	83,002	81%	3,406,820	88%
Race				
White	84,713	83%	3,297,149	85%
Black or African American	1,254	1%	70,328	2%
American Indian and Alaska Native	1,335	1%	47,411	1%
Asian	2,325	2%	147,986	4%
Native Hawaiian and Other Pacific Islander	397	0%	14,993	0%
Some other race	8,467	8%	145,000	4%
Two or more races:	3,632	4%	145,854	4%
Total	102,123	100%	3,868,721	100%

Source: The Nielsen Company (US), Inc. 2013 and 2013 American Community Survey 1-Year Estimates.

² American Community Survey 2009-2013 5-Year estimates.

³ Census, 2017, "Glossary," available at: https://www.census.gov/glossary/#term_Ethnicity.