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**THE ECONOMICS OF COUNTY FAIRGROUND USE AND THE POTENTIALS FOR
PROFITABLE FUTURE OPERATIONS THROUGH USE EXPANSION -- A CASE
STUDY OF THE FAIRGROUNDS PROJECT IN EMMET COUNTY, MICHIGAN**

By

Upali Nanayakkara

A DISSERTATION

**Submitted to
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for the degree of**

DOCTOR OF PHILOSOPHY

Department of Agricultural Economics

1977

ABSTRACT

THE ECONOMICS OF COUNTY FAIRGROUND USE AND THE POTENTIALS FOR PROFITABLE FUTURE OPERATIONS THROUGH USE EXPANSION -- A CASE STUDY OF THE FAIRGROUNDS PROJECT IN EMMET COUNTY, MICHIGAN

By

Upali Nanayakkara

Fairgrounds projects in Michigan have undergone changes over time in both form and function. The recreational/entertainment nature of fairgrounds projects have gained emphasis over the agro-economic objectives they were originally designed to achieve. In Region 10 in the northwest of lower peninsula Michigan, these changes have been more fundamental on account of significant alterations in the economic environment surrounding such community projects.

The fairgrounds project in Emmet County which lies within Region 10, was used as a case study on account of the urgency of this community's need to effect changes in the functions and facilities available at this community project. This research effort was directed towards identifying the opportunity costs to the community of continuing with the project at its present location and in the present form of operation, to ascertain the attitudes of the people of the community towards the project, and to explore the possibilities for an expanded and profitable program of action.

A benefit-cost approach was used to quantify the potential opportunity costs of the existing project. The financial accounts on the project were analyzed to identify the operating losses incurred

over a period of years. The attitudes of the community people towards this project and proposed changes were ascertained through a mail sample survey. To explore the scope for profitable reorganization and use expansion, the unexploited economic opportunities afforded by changing trends in the comparative advantage of the area to export a variety of natural resource based recreational activities were identified from several studies and other published data. The basic concept of a fairgrounds project was not sacrificed in considering a reorganized community program. Given the existing institutional arrangements it is rational for Emmet County to exploit the fairgrounds subsidy scheme of the Michigan Department of Agriculture to defray fifty percent of its capital expenditures. The social cost of this subsidy scheme, however, appears to be quite high.

The research evidence is that continuing the Emmet County fairgrounds project at the present location and in its present form involves a high cost to the Emmet community. Yet, the attitudes of the people appear to be still in favor of continuing the project as it is. A significant proportion of the community (in terms of diffusion theory), however, seem responsive to the ideas for changing the location, functions, and organization-management forms within an expanded fairgrounds program. Therefore, and also in view of the growing importance to Emmet County of tourism, hospitality services, and the export of a whole range of natural resource based recreational activities, basic changes in the location and operation of the fairgrounds project seem necessary. There is scope for community leaders and decision makers to initiate communication programs to win the support of the community towards reorganization and use expansion so

as to serve the needs of the community better and at a cost commensurate with the benefits that are likely to be derived therefrom.

The research model that was developed in the study of this problem is likely to be useful in the evaluation of fairgrounds projects as well as other community programs involving problems of public choice.

To Mr. D. W. R. KAHAWITA (former Chairman, River Valleys Development Board of Sri Lanka), a relentless boss who put "the project" and the achievement of its objectives first and us and himself last. His unselfish commitment to development was seldom understood or appreciated in a society still anchored to a set of "colonial rules of the game" in project operation,

And to Professor RAINER SCHICKELE my 'guru' who brought devotion, excitement and passion into whatever he did.

ACKNOWLEDGMENTS

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It is the financial support of the Agricultural Development Council (A.D.C.) that enabled me to start this program in 1969 as well as to finally complete it with the Ph.D. thesis during 1976/77. This award is gratefully acknowledged as is Professor Rainer Schickele's advice as an A.D.C. associate in 1969 that I do my graduate work at M.S.U. and Professor Arthur Mosher's active support in reviving A.D.C. support in 1976.

I wish to place on record the genuine interest and consideration that Max Putters, the Emmet County Planner, and his charming wife Mary afforded me whenever I was up in Petoskey on field work.

Max's real concern for knowledge of the problem and the alternatives available for problem solution, his active support in the organization and conduct of the field research, and most of all his kind and considerate nature, went a long way in enabling me to complete my field work in record time and with good feeling. All persons in the county extension office up there made some contribution or other to this work, and I am grateful to them, too.

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CHAPTER I

INTRODUCTION

The Problem Setting

In the past, the county fairground served important economic and social functions for the basically agricultural communities of Michigan. On the economic side the fairground was a market place for all farm output. Wholesalers, retailers and final consumers met at this convenient central spot on pre-arranged dates and times to make transactions that would enable them to push farm production into consumption. According to A.C. True, agricultural fairs, especially those where livestock was sold, were held in the American colonies following an English custom

. . . for exposing for sale, horses, cattle and merchandise
. . . . Horse racing and other competitions and the giving
of prizes for superior animals were sometimes features of
these fairs.¹

It was also a point at which the farm input supply function was facilitated both in terms of performing the advertising and promotion activities as well as for the transaction of input sales. The advertising function was largely fulfilled via a community devised institution; the annual fair week. The fair week was the culmination point of the community's efforts during the preceding agricultural year. The

¹A.C. True, "A History of Agricultural Education In the U.S., 1785-1925" (Washington D.C.: U.S. Government Printing Office, 1929).

exemplary efforts of members of the farming community at producing the best seed material, the fat steer, the milk cow, the garden produce, the novel sewing, knitting, weaving, canning or other innovations related to the rural life of the community, were all displayed, evaluated, adjudged and rewarded at this occasion. In the process, the ideal inputs were advertised and the new input innovators brought in contact with potential adopters. Appropriate economic behavior patterns related to innovation and diligent effort were also recognized and rewarded through prize moneys at this annual fair. This, in turn, provided incentives for pursuing future behavior patterns consonant with raising the productivity of the farm economy.

With increasing specialization of labor over time, the production of capital goods for agriculture came to be transferred to specialized firms which operated outside the farm economy. This was followed by inputs of an intermediate nature as well, being produced in the urban industrial sector. At this stage, this urban area located fairground became the means of linking the rural farm production system with the urban, industrial, capital and intermediate goods supply system. This linking function reinforced the existing rationale for continuing the location of the fairground within an urban setting.

Urban land was still in relatively abundant supply; its opportunity costs relative to the social value of the multiplicity of fairground services performed were low. With the separation of input production from the farm, the urban location became ideally suited for displaying both capital and intermediate goods that were produced in the urban industrial sector to large congregations of farmers from the hinterland. The fairground, therefore, became at this stage the

point at which these agricultural inputs were displayed, advertised and actively promoted.

Bliss emphasizes the very early relationship that developed between government and agriculture in the U.S. following a speech by President George Washington on the importance of agriculture to the nation.¹ The state and county fairs became thereafter the mechanism for the link between the farm population and the agricultural scientists. He also points out that the first area in which federal government assistance was given to agriculture was in the field of extension work and that agricultural fairs tended to increase rapidly thereafter.²

Thus, state and county fairs were the first mechanisms for the diffusion of agricultural innovations under the leadership and direction of the government's agricultural extension organization. The initial activities of the extension service related to the organization of demonstrations and the encouragement of exhibit presentations by local farmers at these fairs. Such agricultural fair exhibits were, holds Bliss, "means of developing better practices through demonstrations."³ Publicly financed premiums were used as inducements to encourage farmers to develop such behavior patterns that would tend to raise the level of agricultural productivity.⁴

¹R.K. Bliss, ed., The Spirit and Philosophy of Extension Work, Graduate School, U.S.D.A., Washington D.C., 1952.

²Ibid., p. 261.

³Ibid., p. 26.

⁴R. McIntyre, Fifty Years of Cooperative Extension in Wisconsin: 1912-1962, a publication by the Wisconsin Cooperative Extension Service, 1964, p. 14.

The annual fair usually was conducted in the month of August when farm produce and other exhibits were ready for display and the work load of the farmers had fairly slackened. It was an opportune time for the government extension department as well as private input suppliers to influence the conduct of agricultural activities. It was also an economical means of gathering inputs, input buyers and sellers together at one central spot for the exchange of information. McIntyre states that, "Fair-goers looked long and wistfully at fanning mills, windmills, straw and feed cutters, cider presses, threshing machines, drills and reapers."¹ By obviating the need for displaying all these inputs in different farming areas transportation and input promotion costs, which were then substantially high because of poor roads and communication facilities, were held down. This mechanism of the urban fairgrounds also enabled the farming community to combine business with entertainment. "Folks learned from fairs by going, mingling, demonstrating and exhibiting--with fun thrown in for merry measure."²

The urban located fairgrounds accordingly helped perform the input and output marketing functions as well as the information diffusion function at a relatively low cost. And, the fair, especially the annual fair week, was also an important social institution. The fair day or the annual fair week were occasions for community recreation and social intercourse. All members of the community arrived at the fair dressed in their best to renew old acquaintances and enjoy a

¹ Ibid.

² Ibid., p. 9.

sense of togetherness. A variety of recreational activities developed especially around the annual fair week to facilitate this sense of festivity and social gathering.

Over time, the recreational/entertainment nature of the fairgrounds complex seems to have gained emphasis over and above the economic objectives it was primarily designed to achieve. Today, the fairground concept is mainly associated with recreational events. A greater part of the efforts of the Fair Board members and the tangible costs of running the fairgrounds appear to be primarily incurred in connection with the annual fair week. Outside of 4-H activities, most group efforts within the confines of the fairgrounds seem to be either recreation or entertainment related. But, the social function it performs today is not that of an earlier time. It is just one place among several options at which a specific type of subsidized entertainment or recreational activity may be obtained. It is more a community owned set of facilities for the satisfaction of group or total community interests of an entertainment/recreational nature.

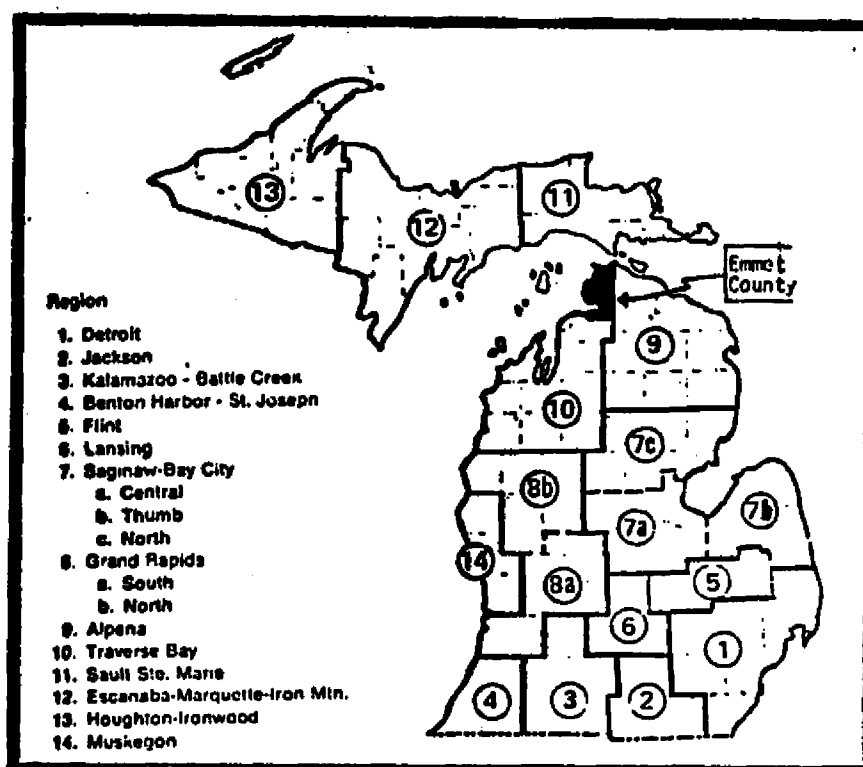
The original exhibits presentation function of the farm economy has become today a matter of secondary importance since leadership in innovation and production of input supplies of both seeds and breeds as well as capital goods have transferred more or less entirely to specialized business enterprises. Even the innovation-advertising and dissemination responsibilities are handled today by specialized firms and channeled through a variety of avenues besides the county fair. No doubt the exhibition of farm and other implements, technical devices and machines, is still carried out at these annual fairs. But their importance in the efficient conduct of agricultural activities in

present times has declined significantly. Nor is it today an institution of any importance for marketing the final output of farmers. Even the traditional annual fair that is conducted by the Emmet County Fair Board on the basis of its being a "valued" community social function, financial losses appear to be the invariable result. These losses are perhaps indicative of the low priority the community places on such activities today. Only the 4-H activities for community youth that are conducted within the fairground premises seems, if at all, to be of high priority to the community as evidenced by the statements of public officials, Fair Board members and other members of the county. But, 4-H activities alone would not require anything more than a very small proportion of the resources that are currently diverted to the county fairground complex.

The Problem

The economic and social environment within which the Emmet County fairgrounds functions has altered substantially in recent years. The major production needs and income generating activities of Emmet County and most other counties within Michigan Planning and Development Region 10¹ (hereafter referred to as Region 10), are not in agriculture any more. Since agricultural output is faced with a low income elasticity of demand, agriculture tends to occupy a less and less important

¹Region 10 is the area covered by the Michigan counties of Antrim, Benzie, Charlevoix, Emmet, Grand Traverse, Kalkaska, Leelanau, Manistee, Missaukee and Wexford. While the Department of Natural Resources designates this area as Michigan Planning and Development Region 10, the Department of Commerce defines this same region as Crop Reporting District No. 2 for its purposes. The Planning and Development Regions are shown in Map 1.



Map 1. State Planning and Development Regions

position as growth occurs simply because people increase their food consumption at a lower rate than the income increase. Also, rapid technological advances in the recent economic history of the United States have substantially reduced the amount of land and labor resources required to produce a given supply of agricultural output. These changes in the agricultural environment within which a county fairgrounds initially operated have brought to the forefront the questions of the rationality of allocating scarce urban land in Emmet County on a fairgrounds project and the organization of this fairgrounds complex in the present form. Yet, the existence of particular interest groups which emphasize the importance of certain "community needs," a community decision making leadership by older citizens with strong personal ties to an agricultural past, pervasive beliefs and values

related to agriculture's importance, and most of all the absence of any objective studies on the current costs and returns to such a community investment, have tended to perpetuate this traditional institution.

Another important factor in distorting the economics of county fairgrounds operation in general is the subsidy policy of the Michigan State Department of Agriculture (hereafter referred to as 'the Department') with regard to the construction and maintenance of physical facilities at these fairgrounds and for the conduct of certain fairgrounds related activities. The Department provides "matching funds" up to a maximum of \$8,000 per annum for expenditures essentially of a capital nature related to a county fairgrounds. These matching funds may be used for additions, improvements, repairs, and even maintenance expenditures, on buildings and structures and the race track. They may also be used for equipment rentals. Even 50 percent of a large once for all expenditure on a fairground may be recovered by a Fair Board over a period of time using such matching funds. The Department also subsidizes certain expenses of an operating nature. It reimburses 75 percent of purse moneys on harness horse racing and 50 percent of purse moneys for light horse racing. The cost of special purses up to a maximum of \$20,000 for racing standardbred harness horses at the fairgrounds complex and 75 percent of premiums paid out to winners of exhibit presentations at the annual fair, are borne by the Department. It also stands ready to bear a cost of up to \$4,000 per annum for training and stabling standardbred and harness horses at the the fairgrounds complex. Finally, the Department meets the entire costs of judges and photo-finish equipment at such horse racing events.

Discussions with senior public officials and with community leaders have revealed that these practices are considered important because they encourage the maintenance of horses in Michigan and for "keeping the local communities happy," whatever this may mean. It is not too clear as to why the maintenance and the racing of horses should be supported by public funds today, nor whether such public expenditures make a given community better off than would otherwise be the case. The same questions arise with regard to the use of public funds for the conduct of an annual fair and for the year-round maintenance of expensive fairground facilities. Whether a given community would be enabled to reach a higher level of social welfare if such public funds are utilized for constructing and maintaining, say, a multi-purpose field-house for conducting a variety of recreational events for several special interest groups rather than on race horses, horse races or community fairs, or for any other alternative set of activities for that matter, has not been examined.

The fact remains, however, that a community has "Hobson's Choice" about determining how these public funds should be channeled within the county. Given the existing departmental rules it has only to devise various strategies to maximize the annual share it could prise out of this given stock of state funds with the Department. Anyway, it is highly possible that such a subsidy scheme has deleterious effects on the rational use of local resources as well. The rational strategy under such circumstances seems not to be that of starting by first determining the primary goals and objectives of the community and then of proceeding to achieve such goals and objectives in the optimum manner, but rather to begin by being dazzled by the availability

of such funds with the Department and then to devise ways and means of utilizing them each year in combination with some of its own resources. It seems reasonable to believe that these payments of the Department encourage investment expenditures by local Fair Boards which would not be justified by sound economic and social criteria and that they even tend to discourage the rational use of local resources as well. In any event, the hypothesis suggested by the above discussion for the purpose of the present study is that the diversion of valuable community resources in Emmet County in the form of high value urban land and under-utilized buildings and structures for a county fairgrounds complex, and the income earning opportunities lost to the community by committing urban land of high value to such uses, constitutes a misallocation of scarce economic resources of the community. Relative to the benefits that are being derived at present, or are likely to be derived in the near future from the county fairgrounds complex, the direct and indirect costs of this institution are likely to be extremely high.

Secondly, changes in the environment are not only likely to have altered the conditions of optimality for the use of scarce resources for a community facility such as the county fairgrounds, they are also likely to have altered the needs of the community both in terms of its production priorities and especially, for purposes of this study, its leisure time needs. A steadily rising level of real incomes has been the case in the U.S. over the past several decades. This rising level of real incomes has had important implications on the optimum bundle of goods and services demanded.

One noticeable change following upon this rising trend of real incomes is the growing demand for recreational activities and facilities. In terms of the Maslowian "hierarchy of needs" concept,¹ it could be argued that a large number of members of American society have reached a stage where the lower order physiological, safety and affiliation needs have been fulfilled while the higher order needs of ego and self-actualization are yearned for and sought more aggressively. The achievement of an income threshold beyond lower order need fulfillment has, it is believed, tended to change the perceptions and attitudes of communities with regard to their recreational opportunity sets. An increased interest in recreational activity is the product of the availability of increased leisure time as well, which, in turn, was enabled by the growth in real incomes.

Especially during the past two decades, this growth in demand for various kinds of recreation and recreational amenities has been dramatic; so much so that national concern was expressed by the setting up of the "Outdoor Recreation Resources Review Commission" in the early sixties.² This surge in demand for recreation following upon a rise in real incomes, the technological developments that have enabled both summer and winter sports on a larger scale, the rising concern for environmental issues, the rush to escape from the tense atmospheres of the cities, and developments in transportation and highways, have all tended to highlight the attractions of the natural environment in the

¹A. H. Maslow, Motivation and Personality (New York: Harper and Row, 1954).

²_____, "Outdoor Recreation For America: A Report to the President and to Congress by the Outdoor Recreation Resources Review Commission," January, 1962, Washington D.C.

north-western region of the lower peninsula of Michigan. This combination of events has called forth a new focus to the planning and programming activities of Region 10, and as it is believed, sharpened the perceptions and attitudes of the people of Emmet County towards the services and satisfactions provided by the county fairgrounds complex. In particular, it is believed that the people of Emmet County have become more concerned with their own standards of living in relation to the use of leisure time and of the opportunities available for widening their recreational activities. It seems useful, therefore, to examine the hypothesis that the community's local recreational needs and their perceptions of entertainment/recreation requirements have changed substantially from those epitomized by the traditional county fairgrounds.

A given county within Michigan has little choice in how the moneys that can be obtained from the Department for fairground operation will be utilized; these grants are specific to the performance of particular actions and activities. If the state grants were block annual payments per county fairgrounds complex on the condition that the traditional fairgrounds activities be perpetuated, and the community were given the freedom to allocate such funds among different fairground uses, it might be that a higher level of community satisfaction could be reached. This would seem possible because such a provision would better enable the satisfaction of local needs in terms of local priorities and enable relatively quick adjustments as local circumstances changed. This, however, is not the case; departmental subsidies can only be spent in terms of particular guidelines and are subject to supervision and control. It may be useful for the local communities to

seek a rule change so that such annual grants can be more flexibly used and will also reduce the supervisory and regulatory costs of the Department.

Be that as it may, the existing rules and regulations for the receipt of such subsidies only leaves room for a given county Fair Board to devise ways and means to draw the optimum amount of departmental funds each year. If our second hypothesis that new recreational needs have become important to the people of Emmet County today be true, and if the system of existing state grants is perpetuated, it would seem that a logical hypothesis that would need to be examined in relation to this issue would be that there is a unique combination of site (or location), size and design of physical facilities for multiple entertainment/recreational activities, and a management-operation system that would generate an optimum volume of state subsidies, income from marketable services and facilities within the complex, and a bundle of entertainment/recreational opportunities for the community.

This hypothesis draws attention to the need for the simultaneous solution of a variety of related issues if a financially viable (in contradistinction to economic viability) community center is to be defined utilizing the core concept of a community fairgrounds complex as the starting point. It calls for the consideration of several issues: Firstly, there is the need to consider the question of the optimum location of such a multi-purpose community facility in such a way as to balance the high costs of central business district location with considerations of the market draw. Secondly, there are the state grants which have to be optimized by continuing some of the traditional functions necessary to qualify for such grants that finance part of the

capital and operating costs of such a complex. Thirdly, there are considerations related to marketable services and facilities including questions of joint-use with other community organizations such as colleges, schools, clubs and other organized bodies. Fourthly, there are the related issues of optimum physical size and design this hypothesis draws attention to. Finally, but most important, is the question of how the management and operation of such a complex is to be organized if it is to operate on at least a financially viable basis in the future.

Objectives Of The Study

The problem of reorganizing the operation of the county fairgrounds complex to better meet current community needs has been approached by certain counties in Michigan on an 'ad hoc' basis. These individual county attempts at reorganization do not seem to have been preceded by any detailed analysis of the problem. The present study attempts to make the first step in developing a set of constructive ideas and principles for examining this question of fairgrounds reorganization to better meet current community needs through the means of a case study of Emmet County's fairgrounds complex.

That this question is an important one for the Emmet County people has been highlighted by developments beginning in the early seventies. By this time, the land on which the current fairground exists had been zoned for light industrial use, and a proposal had been made in 1973 to sell off a portion of this fairgrounds site of

26.77 acres.¹ The proposed land sale was to an industrial firm engaged in the stamping and plating of automobile hub-caps. Implicit in this move by certain interests to transfer the use of this land to industrial production was the belief that this high value urban land could better serve community interests if transferred to a use involving higher economic returns. However, the attempt had been thwarted by the strong objections of the people who gathered on November 29th, 1973, in Petoskey on the occasion of the public "Fairgrounds Hearing" as regards the proposed sale. The main objections expressed at this meeting appear to revolve around three main considerations, viz.,

- (a) The importance of a clean environment in Petoskey in view of the major role that tourism plays in the Emmet County economy. Industrial activity of any kind was, therefore, not considered appropriate at this site.
- (b) The community needs a central public facility for various purposes including educational and recreational needs.
- (c) The fairgrounds is more than the county fair and the potential exists for use expansion.

Thus, we see herein the concerns of the community already for a central public facility with, perhaps, recreational/entertainment/educational facilities, a recognition of the development potential of the region in the area of tourism and the need for an environment free of atmospheric pollution.

¹This figure is as per legal description of the Emmet County Fairgrounds property referred to in Bruce W. Horniman of Real Estate Appraisal's letter of Dec. 17th, 1971, to the Petoskey Economic Development Corporation on the subject of a "fair market value" of the fairgrounds property. It is commonly believed, however, that the effective use area of this site is only around 17 to 20 acres. (See Appendix A for the legal description and related correspondence on the subject.)

The present study will endeavor to provide Emmet County planners, the Fair Board, and the community, with certain guidelines and organized information on which to base their decision making about these concerns. This information is likely to facilitate their decision making on the subject and in the processes of making choices in the utilization of the resources available to the community. More specifically, this research is directed, in the first place, towards identifying and measuring the economic costs to the community of continuing the traditional fairgrounds project in the preset form and in the present location. Such data are likely to enable the community to better evaluate the trade-off between current benefits and the economic costs that are being incurred at present on operating the existing system. They will also enable one to arrive at better decisions on whether some or all of these costs should be eliminated after making comparisons between costs and benefits.

Secondly, an attempt will be made to ascertain the perceptions and attitudes of the Emmet County people with regard to the existing fairgrounds project and to determine which of the following four alternatives would be favored at this juncture:

1. abandoning the fairground concept altogether,
2. no change except for renovation of existing buildings and structures,
3. marginal changes in design and management including renovation, and
4. a radical change involving relocation, the expansion of the fairground concept to include recreational/entertainment aspects and changes in management philosophy.

Finally, an attempt will be made to describe the major implications of alternative 4 above. This is the only alternative involving

some degree of complexity. Describing the implications of a radical change from the existing concept of a community facility, which alternative 4 signifies, is likely to highlight a variety of issues and provide better insights for local decision making. Not only would such description be useful in implementing alternative 4 itself, if at all, but also in understanding and evaluating each of the sub-projects, or incremental additions to a core fairgrounds cum recreational facility that this alternative would entail.

The Methodology Of Approach To Problem Solution

The research methodology adopted is essentially that of examining the three hypotheses arrived at from an analysis of the problem. The first hypothesis will be examined by quantifying the costs that are involved to the Emmet County people both in terms of the direct costs of operating the fairgrounds affairs each year and the opportunity costs involved in not transferring the available land resources to what is generally deemed to be a higher economic use. This part of the problem will involve an assessment of the economic trends within the region especially to identify the economic uses competing for these scarce land resources.

The second hypothesis will be tested in terms of a field survey that was organized to assess the attitudes and perceptions of Emmet County residents with regard to the existing fairgrounds and facilities and the additional activities and services that are now considered important for the community. A survey schedule was prepared on the basis of knowledge and understanding of the problem gathered from discussions with public officials and Fair Board members. Subsequently,

a week's field study was conducted with a draft questionnaire to pre-test the relevance and form of the questions posed and to note the reactions and responses of the respondents. The final questionnaire and the size of the sample were determined thereafter from the evidence obtained during the field study.

This survey was organized on the basis of a mail questionnaire. The questionnaire was explained to the Emmet County Fair Board at a formal meeting and its active assistance was sought in creating an atmosphere of acceptance of the survey by the people. It was specifically requested that the covering letter attached to the questionnaire be signed by the Chairman of the Fair Board, and that advanced media publicity be given for the survey so that potential respondents be pre-warned of the survey and the arrival of the questionnaire in the mail.

The Fair Board did comply with these requests. An article was published in the Petoskey News Review on the subject explaining why, how and by whom the study is being carried out. The covering letter was signed by the Chairman of the Fair Board and was attached to the questionnaire.

A sample of 480 households was selected on a random basis from the list of Emmet County households defined in terms of the telephone registers applicable to this County. These registers were corrected as far as was possible to eliminate households situated in the Cheboygan and Charlevoix counties. This detailed correction of the sampling list, before the random numbers were drawn, was necessitated because the population defined by the (three) relevant telephone directories in question did not correspond exactly with the defined statistical

universe. The absolute size of the sample was also increased as a hedge against shortcomings in the sampling list.

The third hypothesis implicitly assumes that the first hypothesis is true; viz., that the costs of the present fairgrounds venture are greater than the benefits derived. It also assumes for purposes of analysis that circumstances have in fact changed and that the people of Emmet County would prefer a community project which combines the traditional fairgrounds functions with new activities and additional recreational facilities. It seems that the only way the community could afford to operate such a project is to optimize the use of state subsidies, irrespective of whether they involve an economic use of scarce resources for the total society or not, and through the marketing of certain facilities and services in demand within the area.

This hypothesis involves in the first place, a consideration of the question of project location. For, on a superficial assessment of the problem, the current site appears to be uneconomical. Whether this is the case will be evaluated by studying the opportunity costs involved in using the current site. If it is observed that the present location is in fact uneconomical, some description of the criteria relating to the choice of a new location for the project in Emmet County will be made. That is, what factors would be relevant in the siting of a new facility if it be accepted for adoption? Secondly, what are the market segments or the categories of users the new project will appeal or cater to? Thirdly, what are the options for the community for the joint-use of facilities with organized groups and institutions within the community so as to lower unit costs of product?

Fourthly, what are the facilities, services and new recreational activities relevant for the different market segments? Finally, how should the new project be managed if financial profitability is to be a crucial criterion for continued operation? These are the questions that are implied by this hypothesis and will be explored in varying degrees of detail.

CHAPTER II

THE THEORETICAL BASIS

In this chapter an attempt will be made to explore some of the major theoretical bases on which this study relies for the examination of the hypotheses posed in Chapter I. The basic approach to the resolution of the overall problem is built on an important assumption; the community is assumed to be rational. Rationality implies that the primary objective of the community 'vis a vis' the fairgrounds project is to maximize its gains by way of increased inflows of net benefits to the community as a whole. Increased inflows of net benefits to the community imply a reduced level of taxes, the level of community satisfaction remaining the same, or a higher level of community satisfaction due to improved community services, the level of taxes remaining the same. Or, it could mean some combination of both a lower level of taxes as well as a higher level of satisfaction from improved community facilities and services.

It is recognized that the community is comprised of a collection of different groups with varying interests, preferences and values. This is likely to complicate the problem of making choices as to how to organize the management of fairgrounds facilities and the production of necessary fairgrounds services. Nevertheless, it is believed reasonable to assume that if the economic costs of this project were identified by this study, the decision makers for the community will

be better able to weigh these economic costs against various notions of corresponding benefits for different groups and interests and to endeavor to take appropriate action so as to raise the level of community welfare.

Given this objective for the community based on our assumption of rationality, one element of this study is an evaluation of the costs of fairgrounds operation. Two of the most critical factors of production of a capital nature in use on this fairgrounds project are (a) land, and (b) buildings and structures. These resources, as do all economic resources, involve opportunity costs, i.e., costs measured in terms of alternative returns foregone as a consequence of their current use. An attempt will be made to evaluate these opportunity costs to the community.

An important aspect of this cost is related to the spatial location of the fairgrounds. Unique supply and demand factors are associated with a given project site. In the circumstances, location theory will be a major area from which our concepts and tools will be drawn.

It is in the use of these resources that benefits are likely to be derived. No attempt will be made, however, to calculate the benefits to the community from present fairgrounds activities or pursuits; the onus is on the community and its decision makers to assign values to the benefits accruing from current fairgrounds activities. This study will facilitate the process by itemizing the uses presently involved. The benefits that may be derived from potential alternative uses of current fairgrounds resources will, however, be assessed. Such data will serve as measures of opportunity costs which can be compared

against the real costs that are presently being incurred on the project. Such a comparison will enable evaluate the implications of continuing the fairgrounds project at the present location and in its present form.

In the performance of this exercise, use will be made of the tools of benefit-cost analysis. However, a detailed examination of this area of economic theory will not be attempted herein.

Fairgrounds in Michigan have "public goods" characteristics. They constitute centers for the production of certain services which have been organized on a community basis because the nature of the demand for such services has not been conducive to its organization in a free-enterprise context. While the community objectives of agricultural input and output marketing, agricultural innovation diffusion and knowledge dissemination etc., were then considered to yield public benefits greater than the corresponding costs, it had not been possible to induce consumers to indicate their individual demands for such products so as to determine supply conditions and prices. In the large groups case such as what the fairgrounds situation epitomizes, there was every incentive for individual consumers to under-declare their demand before the establishment of the project with the hope of free-rider advantages.¹ It is in such a context that Schmid argues that, "The market will not reflect everyone's willingness to pay for these goods as people are tempted to be free-riders."² Such a situation is

¹A. Allan Schmid, "Property, Power & Public Choice," Mimeo, Department of Agricultural Economics, Michigan State University, East Lansing, Michigan, 1976, pp. 333-34.

²Ibid., p. 333.

not conducive to production under the private enterprise system of economic organization.

Furthermore, supply conditions, too, have not been conducive to private sector production of fairgrounds services. Fairgrounds projects involve high fixed costs and substantial economies of scale such that marginal costs tend to decline to a substantial extent. And,

. . . where marginal costs are falling, every consumer wants to be the last man on the plane, or theater, or hotel and to pay only the marginal cost while the intra-marginal consumers pay the fixed costs among themselves."¹

The production and sale of fairgrounds services involves high exclusion costs as well. While the cost of a community fairgrounds facility may be paid for by the respective members of the community through taxes, consumers from other areas cannot be excluded without elaborate pricing rules and expensive policing arrangements at each and all of the various fairgrounds events. And, high exclusion costs, too, are an important factor discouraging private sector production.

As much as conditions then were suitable for the organization of fairgrounds projects on a community managed and controlled basis, pressures exist today for the perpetuation of such projects on the same basis, even though they may have become financially and/or economically non-viable. This is on account of the special or vested interests it has tended to create. Community controlled projects which attract state financial aid as well as some form of local governmental support create and solidify beliefs about inherent property rights by virtue of their long existence. It is the experience that once a set of

¹ Ibid., p. 121.

property rights has been established by a given institutional configuration, the holders of these rights begin to view them as fixed and inalienable without consideration of changes wrought in the surrounding environment: It begins to be believed that changing the existing set of rights is "unfair" despite the fact that it may be at a very high expense to other members of the community.

Beneficiaries of either tangible or intangible benefits from the Emmet County fairgrounds project encourage its continuation since their private costs on the project tend to be far less than the private advantages derived therefrom. For example, it provides highly valued status positions for some members as community decision makers. Certain groups benefit from low cost facility use for purely private or sectional interests. Public officials who continue in office for long periods, unlike elected officials, get to control fairgrounds resources and with it the power to dole out the use of facilities on a discretionary basis. Certain businessmen may benefit from cheap advertising and promotional opportunities. Such vested interests become strong proponents for the continuation of the project irrespective of increasing disadvantages to other sections of the community.

In short, as Schmid would tend to argue,¹ a whole constellation of property rights would have been created by the very establishment of such an institutional arrangement. The problem, however, is that over time these property rights tend to get shrouded under the mantle of misleading pseudonyms such as "services to the community," "public

¹A. Allan Schmid, op cit.

service," etc., without any reference to benefit-cost implications or the distribution of such benefits or costs.

Public, or community, endeavor in the provision of fairgrounds services in Emmet County is a continuation of a traditional cooperative community institution which was mostly relevant when agriculture was the basic source of income and employment, and when specialization of economic functions was relatively simple. Its perpetuation in a changed environment--where agriculture has long ceased to be a major source of income or employment, where the traditional economic and social functions performed at the community fairgrounds have transferred to specialized firms in the private sector, and where it is neither financially nor, perhaps, economically viable--can also be traced to the difficulties of communicating change ideas and innovative suggestions. Perceptions and attitudes are resistant to change, as diffusion theory would have us understand. The diffusion of ideas for changing economic and social institutions may be made even more difficult where the decision making body for a given community is composed mainly of members psychologically and emotionally committed to the traditional cause or have a personal stake in its perpetuation. This chapter will, therefore, also explore some of the theory related to the communication and adoption of new ideas and practices.

The argument for change herein is not postulated merely on the premise that change 'per se' is a desirable objective. On the contrary, economic and social change is viewed herein as a means to an end; the end being higher levels of living and increasing real incomes. The argument is that changes in economic organization are a necessary pre-condition for capturing new economic opportunities and to adapt to

a new economic environment. It will be shown that economic growth trends are tending to alter the pattern of comparative advantage in the relevant marketable mixes for Region 10 in general and Emmet County in particular. This shift in comparative advantage for the region seems to be in favor of exporting natural resource based recreation activities and hospitality services. The theory of comparative advantage, therefore, will be another element of the theoretical base upon which this study will rely; it is an important concept that is likely to yield useful insights and provide guidelines for the planning and policy making process.

Location Criteria And The Value Of Land

The conduct of a county fairgrounds complex involves the use of scarce economic resources. On the one hand, resources of a capital nature are involved. Capital investments in a fairgrounds complex usually take the form of land and buildings. A certain extent of land is required for the construction of buildings and usually a horse racing track. Land space is also required for the setting up of carnival attractions for the period of the annual fair, for the parking of vans and automobiles both of visitors as well as of suppliers, performers, workmen, entertainers and officials, etc. Buildings and structures of a permanent nature are necessary. Usually, they take the form of exhibition arenas, barns for livestock, office buildings, as well as a race-viewing grandstand, race-track fences, stiles, etc. A building for the conduct of 4-H or agricultural knowledge diffusion programs is generally an integral part of the fairgrounds complex as well.

What is produced via the medium of a county fairgrounds complex is a set of services, and the capital component in the production process involves only the use of land and buildings. The question is what does it cost the community on the land and buildings being used for the production of these fairgrounds services at the present Emmet County fairgrounds location? With regard to the buildings and structures, estimated costs of repairs and renewals may be reckoned as the best measure of the opportunity costs of this component since replacements have become necessary at the present juncture. The assessment of such costs pose no serious conceptual or practical problem. This is not the case with the valuation of the fairgrounds land resources.

For a given community, the costs of land has several dimensions. Firstly, there is a short-run economic dimension; the static issue of whether a particular use of land resources at a given moment in time brings in a revenue, or a bundle of satisfactions, greater than or equal to the costs thereof. Secondly, there is the long run economic dimension of unexploited economic opportunities that are, perhaps, being bypassed by a community due to its pre-occupation or commitment to existing activities. An understanding of this issue requires an assessment of trends in the growth and development of the area. It raises questions about the activities the area should be geared to produce in accordance with changing consumer demand patterns and relevant resource capabilities, and how the location of activities should be planned so as to capitalize on these development trends. Finally, there is the dimension of social costs arising from the use of land which will be discussed below.

Insofar as the aggregate value of land over time is concerned, Wendt has given us an indication of some of the relevant variables influencing value in the following equation:¹

$$V = \frac{f(P, Y, S, P_u, PI) - (T + O_c + I_{im} + D_{im})}{f_x(i, R, C_g)}$$

where,

- V = The Value of Urban Land
- f_x = expectation
- P = population
- Y = average income
- S = supply of competitive land
- P_u = competitive pull of area
- PI = public investment
- T = local taxes
- O_c = operating costs
- I_{im} = interest on improvements
- D_{im} = depreciation on improvements
- i = interest rates
- R = investment risk
- C_g = capital gain possibility

This equation does indicate the various influences brought to bear on land value. It relates, however, to urban land in the aggregate and to value over time. Our concern at this point is with regard to the discounted present value of a specific location; to assess the cost of the fairgrounds land to the community at the present juncture.

¹Paul F. Wendt, "Economic Growth and Urban Land Value," The Appraisal Journal 26 (July, 1958):427-43.

The reference to 'cost' herein is the value of the best set of opportunities foregone by the community in diverting this scarce factor of production, a specific portion of urban land, to a fairgrounds complex.

One way of viewing this opportunity cost is to consider the potential interest income that can be derived by transforming the current land in use into liquid form and investing it to yield a cash return. Or, this value of the opportunity cost may be conceived of in terms of the potential net income the community foregoes by not transferring the land in question to the production of higher income earning activities. It may even be conceived of as the opportunity value of satisfactions likely to be derived by the community if its use were transferred to the production of any other public good or service (e.g., the establishment, say, of public offices), if such a use were likely to yield a return higher than would be the case with another alternative. In either case, the cost of the land to the community would be the largest discounted present value of a potential stream of net earnings or satisfactions. It is the opportunity cost of the best alternative available to the community.

The price of land is, like any other factor, determined by supply and demand. However, the total supply of land in its generic sense does not respond to changes in price; a rise in price does not lead to an increase in the total available though changes may occur within different land classes through the application of capital. Nor does a fall in price make the total supply diminish. In other words, the resource land in its totality is in inelastic supply. This inelasticity of supply becomes more conspicuous when we consider a specific site as a factor of production which aids in the supply of some product which

becomes differentiable on the basis of location itself. Alonso states that

. . . it is useful when considering spatial problems to think of the relation of supply and demand in terms of monopoly or competitive monopoly. Space acts as a differentiator of products and producers.¹

It is this inelasticity of supply that led Ricardo to contend that rent is a surplus.² Landowners, Ricardo maintained, receive increasingly higher prices for the use of land even if they contribute nothing to increase its physical productivity if the demand for the products it helps to produce is rising. This surplus or "rent is high because the price of corn is high" and not, contrary to popular belief, that the price of corn is high because rent is high.³ In other words, rent is price determined and not price determining.

Classical rent theory which was further developed by Ricardo in the context of a growing demand for agricultural land and rising prices for corn during the late 18th and early 19th centuries, recognized the fact that the demand for land is a derived demand; that land was demanded because it helped produce some good or service which yielded satisfaction to consumers and profit to producers. It also recognized that this inelasticity of supply tended to raise the net receipts not of the producers who used land as a factor of production

¹William Alonso, "A Reformulation of Classical Location Theory and Its Relation to Rent Theory" in Locational Analysis for Manufacturing: A Selection of Readings (Cambridge, Massachusetts: The MIT Press, 1969).

²David Ricardo, The Principles of Political Economy and Taxation (London: J. M. Dent & Sons, Ltd., 1817).

³Ibid.

but of the owners of the land. More specifically, an increase in the demand for the products involving the use of land, tended to increase the profitability of producing such products. These increased profits attracted new producers whose competition for the limited land resources tended to push up rents and, therefore, the price of land further upwards.

. . . because of purely competitive equilibrium, there can be no profits. The entire net revenue accruing to the producers will have to be imputed as rents to the owners of the land. Hence, the process that leads to the maximization of the net revenues to producers also¹ yields the maximum rental income to the owners of land.

Ricardo's elaboration of economic rent was with reference to agriculture and land with differing degrees of soil fertility. Land with the highest level of fertility tended to receive the highest economic rent as increasing population and other factors pushed up demand for its products further and further upwards. Land which is just profitable to bring into production, he held, commands no economic rent; the price it receives for its use is the minimum transfer price, or that price which has to be paid to prevent the land from shifting to its next most profitable use. It is only for those lands with higher levels of fertility that economic rent, or a surplus, did accrue.

While Ricardo emphasized the differential rent earning capacities of different pieces of land based on differences in fertility, Von Thunen attempted to explain rent differentials in terms of

¹Louis Lefebvre, Location and Regional Planning: Training Seminar Series (Athens, Greece: Constantinidis & Mihalas, 1966).

transportation costs from a central market place.¹ He used the idea of concentric zones centered around this market point in his model. As one moved out from this central market point, the economic activities in which each circular zone specialized tended to differ in character. Specialization occurred by economic regions within each concentric zone. This specialization was in such a manner that the overall costs of transportation including time costs to and from the center was lowest for a given configuration. Relative to the intensity and pattern of community needs, economic activities tended to be located in or away from the market center so as to minimize the overall cost of transportation within the economic system.

The inner zone around Von Thunen's market place represents a proxy for today's urban center wherein economic activities tend to get concentrated and are labor intensive, income elastic and highly sensitive to speed and ease of product supply. As one moved outwards, the speed of transportation became a less and less important factor relative to need.

With Von Thunen's emphasis on transportation costs, the foundation was laid for the specific recognition of location factors as important criteria for determining value. It also laid the foundation for the study of the economics of location as a more significant element in the domain of classical micro-economic theory. The perspective of micro-economic theory is that of the individual firm and its efforts at making profits and of perpetuating itself in a competitive world.

¹See, Raleigh Barlowe's Land Resource Economics: The Economics of Real Property, 2nd Edition, Prentice Hall Inc., Englewood Cliffs, N.J., 1972, for a detailed explanation of Von Thunen's theory.

The purpose of early location analysis within this classical micro-economic framework was to show the spatial implications in the theory of the firm. And, what early classical location theory emphasized was that profit maximization by the firm was dependent on minimizing production-distribution costs.

During the days of the 18th century industrial revolution in England, location theory was used to show why iron and steel foundries came to be sited where iron-ore was mined rather than where coal, large quantities of which were required for smelting pig iron, was found. The overwhelming reason was that it was cheaper to ship coal to the iron-ore fields, subject the iron-ore to weight-losing smelting processes using coal, and then to ship out standardized sizes of iron and steel ingots therefrom. Transport cost reduction, therefore, was the main emphasis at that time, and proximity to sources of raw material was the overriding consideration for the iron and steel industry.

For other commodities, closeness to sources of power, or pools of cheap labor, or other input price-cost advantages were shown to be the important factor. In general, if the industry were "materials-oriented," meaning that production involved a high degree of weight-losing processes to which the raw materials had to be subjected to, the tendency was to choose a location near the source of raw material so as to avoid the cost of moving large amounts of waste product. At the other extreme, if production involved the addition of ubiquitous ingredients such as air or water to make the final product, or if the product were bulky in its final form, the production location tended to be "market-oriented."

In any case, in all early theoretical discussion, the determination of the optimum location was on the basis of a partial equilibrium approach. The common factor which dominated a location analysis was transport costs. It was generally assumed that transportation costs rose as a function of distance and was also the major relevant variable. Alonso points out that this heavy emphasis on minimizing transport costs had its basic justification in the greater relative importance of supply considerations during the period as would seem to be the case today in the developing economies.¹

If the market is at D, it does not matter from a cost angle whether production takes place at the point of raw material supply or in the market area since delivered costs at D are the same for both sets of cost schedules. But, if the market point is before D, it is cheaper to produce at the point of raw material supply and ship the finished goods to the market. And, if the market point is beyond D, it pays to ship the raw material to a production location situated at or near the market.

If the optimum location is at any point before D, the product is said to be "materials-oriented," while if the optimal location is beyond D, the product is referred to as being "market-oriented." It may be noted, however, that this classification is applicable because we assumed that transportation cost is the only relevant variable for the location decision and that it increases as a function of distance. This was the major approach of classical location theorists who:

¹ William Alonso, "Industrial Location And Regional Policy" in Regional Policy: Readings In Theory and Application, ed. John Friedman and William Alonso (Cambridge, Massachusetts: The MIT Press, 1975), p. 66.

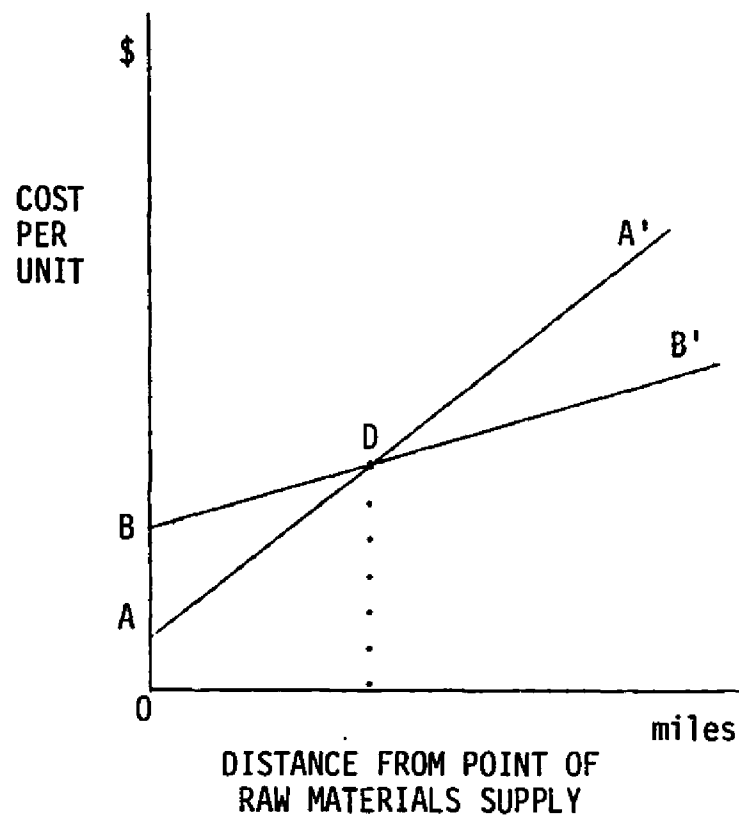


Figure 1.¹ Production Location and Transport Costs

¹Louis Lefebvre, op cit., p. 23.

Let us assume that raw materials supply is at any point along the vertical axis which also includes point 0, the point of zero transportation costs. If production takes place at A, the cost of one unit produced is OA. As these goods produced at the point of raw material supply are shipped to the market, costs rise as a function of distance in accordance with the cost schedule AA' which includes both production as well as transportation costs.

The cost schedule BB' represents the behavior of costs as raw materials alone are shipped out to a production location near the market.

It may be noted that the slope of AA' is greater than the slope of BB'. This is because it is assumed that moving the finished product from the point of raw material production is more expensive per unit of distance in the case of schedule AA'.

. . . assumed that the sources of material are known, as well as the location and size of markets, the necessary quantities of the several materials per unit of product and the relevant transport rates. When the problem is so stated, everything but transport costs is held constant; consequently, the best location is, quite obviously, that which minimizes transport costs.¹

In sum, both the Ricardian and Thunen theses attempted to explain the returns to the factor land from agricultural activity and, therefore, how its price is determined. The major difference, however, is that Ricardo approached the question from the demand side while Von Thunen's attention was on the cost or supply side. Ricardo's emphasis was on how an increasingly derived demand for land tended to raise the economic rent paid for its use. This economic rent, in turn, has to be capitalized to arrive at the price of land. Von Thunen, on the other hand, was concerned with a least cost theory of location; essentially the effect of distance on transportation cost. Transportation costs from the market center was, to Von Thunen, the major determinant of land use and land rent. The extent of rent, in turn, determined the price of land.

Hoover has drawn attention to four sets of criteria or fundamental micro-economic location factors that would help determine the suitability of a site for a given project.² They are,

- (a) a "local input" component,
- (b) a "local demand" component,

¹William Alonso, "Industrial Location And Regional Policy," in Regional Policy: Readings In Theory and Application, op cit., p. 66.

²Edgar M. Hoover, An Introduction To Regional Economics (New York: Alfred A. Knopf, 1971).

(c) "transferred inputs," and

(d) an "outside demand."

The "local input" component refers to those production factors that are conveniently available at or within the immediate vicinity of a particular site and cannot be economically moved in from any significant distance from outside the particular production location in question. This local input component concept bears some resemblance to that of a "materials orientation" in the classification of a commodity in terms of whether final production takes place at the source of raw material supply or near the market for the final product. However, this Hooverian concept of a local input component draws attention to pull factors that apply to inputs other than materials and local services as well; the reference is to more intrinsic features of a location. Important local input components may arise in the form of external economies of localization. For example, the speed of operation or rapid adjustment of scheduling changes enabled by the presence of management and maintenance divisions which serve many other facilities close at hand may give an advantage of lower unit cost to a specific location relative to another. Or, it may be an input in the form of a convenience, or a cheaper "security" dimension. For example, buildings and structures established within a densely populated urban section would involve lower costs of supervision against vandalism and theft relative to similar capital investments in out of the way locations.

The notion of a "local demand" has a Ricardian flavor; it relates to the supply of "non-transferable outputs" at the location in

question.¹ Especially in the production of services, the point of operation is related to a very specific location oriented demand; more so for services such as recreation for which travel cost, especially of time, is perceived as high. Potential consumers do not tend to travel too far to enjoy recreational facilities on a day to day basis. This category of a "local demand" component can also be related to the concepts of "joint-use and "joint products". Mainly in the case of community facilities where project viability is usually clouded by vague notions of 'community welfare', joint-use by several organized bodies and the simultaneous production of several products would be important factors in use expansion. Joint-use could even become a crucial condition for lowering the unit costs of production and, therefore, the only basis for project viability. In any event, it is only the actual existence of a local demand and a real ability to supply the related products that would permit such joint-use. And, joint-use and multiple product possibilities, in turn, are determined by the location of the project site.

Hoover's "transferred inputs" are those factors of production that are brought to the point of production from outside the specific location area. This aspect is conceptually similar to Von Thunen's transportation cost factor which increases with every concentric zone away from the market point and determines the feasibility of input transfer. According to the Von Thunen analysis, the existence of transportation cost induces a process of events which ultimately encourage a convergence of demand and supply forces at the market center.

¹Ibid., p. 14.

For, as one moves away from the market center, transportation costs rise. Equilibrium is achieved given equal wage rates (resulting from the assumption of perfect mobility of labor) and declining land costs away from the center, by a rise in the land-labor ratio (a change in technology). Less and less labor tends to be employed further and further away from the market center while more labor intensive production takes place in the urban center.

. . . the technical factors which underlie the formation of Thunen rings also increase the density of labor as we approach the market center from the more outlying areas.¹

This, in turn, leads to certain external economies encouraging the shift of all transferred inputs to a common center or central location, usually the central urban city: demand as well as input flows tend to converge into a central location wherein inputs brought from outside tend to cost the least.

Hoover's "outside demand" is that attribute of a location which enables it to earn the highest net receipts from selling a bundle of goods and services to non-local or outside markets than would any other location producing the same bundle of goods and services. This factor, too, is consonant with an urban center to which external buyers would tend to converge. This would especially be the case with a tourist attraction center.

In sum, static location theory attempts to explain why a certain economic activity will take place in a specific space at a given moment in time if profitability were the basis of location selection. The

¹Louis Lefebvre, op cit., p. 28.

economic rent paid at the particular location, in turn, enables us to determine the value of a particular site through the capitalization of an anticipated stream of net earnings over time. However, dynamic locational analysis is necessary to arrive at a decision on the best location for a proposed project. Changes in the relative importance of different economic dimensions over time tend to alter space and distance relationships and settings in which a particular activity would find it profitable to locate. Therefore, a location decision essentially involves an understanding of the many variables that are likely to influence the future regional space and distance related dimensions and the ability to predict changes in the economic environment through time.

Any location decision involves uncertainty on either the supply side or on the demand side. A careful identification of future national and regional trends and the analysis of patterns of growth and development may go a long way in reducing this uncertainty. Yet, the risk factor is ever present. In terms of the profitability or viability of a single project, there may be nothing that project planners may be able to do to hedge against such losses. Improved forecasting and project planning will merely minimize such risks.

The Notion Of Comparative Advantage

With the discussion of issues such as forecasting and planning to reduce risk and uncertainty, we shift unobtrusively to the broader field of regional economics. Regional economic science may be viewed really as a macro discipline which transcends micro-locational issues. It may be conceived of being more concerned with activity location in terms of whole regions and industries rather than of point locations

and specific projects. Our interest in regional science in its broader dimension herein is due to the important influences that temporal shifts in the comparative advantage of regions may have on regional economic opportunities and the viability of micro projects. Significant transformations in the comparative advantage of regions may result from changes in national demand or local supply conditions. In fact, national demand patterns in the U.S. have tended to change systematically over the recent years especially on account of rising real incomes, developments in technology, public investment programs (for example in highway development and in transportation and communication improvements). Whatever the causes may be, the result has been a shifting of regional specialization given differences in resource endowments.

Regional specialization issues have historically been viewed as part of international trade theory, and its origins, too, can be traced to Ricardo and his exposition of the principle of "comparative advantage". Ricardo postulated that economic activity tends to become specialized by countries based on the comparative advantage each country has relative to others in accordance with its resource endowments. The ultimate international specialization pattern that will be determined on the basis of comparative cost advantages will, in turn, yield a particular pattern of international trade and exchange.¹ Intra-country regional specialization issues were considered to be different on account of the relative mobility of factors of production within a country while immobility was assumed as between countries.

¹Charles P. Kindleberger, International Economics, 5th Edition (Homewood, Illinois: Richard D. Irwin Inc., 1968), pp. 19-20.

His analysis implicitly identifies the close inter-connection between location theory and international trade theory; the moment the assumption of the free mobility of factors of production among regions is relaxed in respect to intra country regions with different resource endowments, international trade theory, and, therefore, the concept of comparative advantage, becomes applicable 'in toto' to the analysis of regional science issues. Using this concept of comparative advantage, Ricardo was able to specify in terms of economic efficiency criteria, the conditions under which the ideal location for each type of activity and the optimum output or production for each country can be simultaneously determined, as can the optimum inter-country trading patterns that are likely to be established. Similarly, so long as there are unequal resource endowments between national regions, and if at least some of these resources are immobile, the same optimizing conditions would apply with regard to inter-regional specialization, volumes of production and trade.

It would seem that economic activities that need to be encouraged by policy makers for a given region may be identified from a careful study of underlying regional capabilities plus economic trends and processes. The importance of this idea of regional economic planning based on changing conditions of comparative advantage could be emphasized with reference to the concept of "cumulative causation"¹ as

¹The concept of "cumulative causation" has essentially been used in terms of the theory of international trade; see pp. 49-52 of Harry Johnson's Trade Policies Towards Less Developed Countries (New York: Oxford University Press, 1971) and pp. 134-135 of Vernon L. Sorenson's International Trade Policy: Agriculture and Development, M.S.U. International Business & Economic Studies, Division of Research, Graduate School of Business Administration, Michigan State University, East Lansing, Michigan, 1975.

elaborated upon by Goodall.¹ If a relevant set of economic activities were established and encouraged within a given urban setting, there would be a tendency for such a set of growth activities to generate multiplier effects from this central point of the project location in economic space outwards to the economic peripheries of the region. In the first place, the new and relevant set of economic activities is likely to generate a primary demand for specific factors of production and result in associated income flows to factor owners. This would lead to a secondary rise in effective demand within the region. If this production is for a growing market, the outputs produced will tend to attract a larger and larger custom perpetuating thereby a series of external economies for a variety of related input supply and linked industries. Industry concentration tends to further enhance the comparative advantage of the region in the production of those goods and services originally implied by underlying growth trends and patterns. The progressive rise in the region's comparative advantage as a consequence of falling costs and an increasing market, leads to further growth effects through attracting highly skilled manpower, financial capital in search of good investment opportunities and other scarce productive resources on account of derived demands from a growing market. Low cost publicity and promotion is generated through market participants themselves. A growing market induces innovation and invention in all related fields. The local community in question is likely to find a new ability to sharply increase its tax funds as well

¹ Brian Goodall, The Economics of Urban Areas (New York: Pergammon Press, 1972), pp. 269-272. The rest of this section on urban economic growth is largely drawn from Goodall's discussion therein.

as expand the service facilities they themselves will now find possible to afford on account of lowered unit production costs. Thus, this concept of cumulative causation emphasizes the successive rounds of multiplier effects that may be generated if regional economic planning and project implementation is based on a good understanding of regional growth trends. As Goodall himself argues,

Urban growth feeds upon itself and may, therefore, be viewed as an inter-related process in which each stage in the development of an urban area is a function of the previous stages (Pred, 1966). The cumulative causation hypothesis (Myrdal, 1956, 1957 a, b) thus appears a useful and relevant concept in analysing the spatial concentration of economic growth in urban areas.¹

Social Costs And Social Gains

"Social costs" and "social gains" are another set of theoretical constructs freely used in the theory of benefit-cost analysis and which are highly relevant to regional planning and project implementation especially in the light of new economic opportunities created by changing conditions of regional comparative advantage. Attention is drawn to these concepts herein on account of their special relevance in the analysis of public projects.

As Gittinger puts it, "social gain" relates to the "return of productivity or profitability to the whole society or economy" irrespective of who gains and who loses.¹ "Social cost" is the converse thereof; costs that society as a whole cannot escape from in contradistinction to a private cost which would simultaneously be associated

¹ Ibid., p. 269.

² Price Gittinger, Economic Analysis of Projects (Baltimore: The John Hopkins University Press, 1972), p. 5.

with a gain to another individual or set of individuals. Private costs are essentially, though not necessarily, financial costs or costs which can usually be measured in monetary terms and do enter the income and position statements of a project authority, be it a private sector firm or a public body. Social costs, however, are not so directly identifiable nor measurable. Yet, they may often be so crucial as to determine whether a particular public project would be advantageous to society as a whole, or not. Haveman argues that in the evaluation of public expenditure which uses resources, "this benefit-cost, social gain-social loss test must be applied."¹ He goes on to add that, "If the gain to society from an expenditure exceeds the cost, the expenditure is an 'efficient' one."² The opposite, i.e., the cost to society exceeding the gain being 'inefficient,' is, of course, implied.

These concepts of social costs and social gains are all the more important in the evaluation of Michigan's county fairgrounds projects especially on account of the various sources of funds or resource (including service) flows and the accounting practices that Fair Boards adopt. It appears reasonable to believe that most of Michigan's Region 10's fairgrounds projects are able to show a semblance of viability because, and only because, of the inflow of state funds through the Michigan Department of Agriculture, the channeling of local tax funds of the respective county to offset annual losses, and on account of unaccounted county services to fairgrounds in the form of (free) repairs and maintenance services, water and unpaid for services such as

¹Robert H. Haveman, The Economics of the Public Sector, 2nd edition (New York: John Wiley & Sons, 1976), p. 84.

²Ibid.

snow plowing of access and exit routes, etc. A major testable hypothesis with regard to these fairgrounds projects may well be that the social costs far outweigh the social benefits derived.

Social costs are also related to aesthetic or environmental factors. The way in which the urban setting is planned and implemented may lead to "externalities" either positive or negative, or what is alternatively termed "spillovers" by Bish.¹ An example of a positive externality in this context would be the joy that community members derived from a beautifully landscaped city. Conversely, a negative externality would be the existence of dilapidated buildings and structures in the middle of the central business district.²

Externalities are the "result of an economic action that affect parties not directly involved in the transaction."³ Thus, a project which impairs the scenic beauty of the city landscape would be a negative externality imposed by the proponents of the project on those whose income earning opportunities are dependent on a tourist trade which is largely based on an attractive environment. It would also have deleterious effects on the satisfaction of city residents and commuters to the city; their psychic satisfaction from a beautiful environment would be held down. The entire community would be adversely

¹Robert L. Bish, The Public Economy of Metropolitan Areas (Chicago: Markham Publishing Co., 1972), p. 18.

²The Survey Report of "The Emmet County Fair: Future Development Committee" dated January 23rd, 1975 holds that the present fair site which is situated within the city limits of Petoskey "has been criticized as something less than scenic by visitors of our area." See page 5 of the report. To the author, this appears to be a gross understatement.

³Bish, op cit.

affected even though those who directly benefit from the project would be compensated more less by the direct gains derived from the project.

The removal or minimization of negative external effects in the process of urban planning and project implementation is likely to go a long way in strengthening the comparative advantage of the region. In the case of Emmet County's Fairgrounds Project, whether the aesthetic beauty of the region in question is being enhanced or diminished, and whether the purity of the air will be maintained by the particular land use pattern selected, is a matter of crucial importance for this community which is beginning to depend more and more on the export of a mix of natural resource based recreation activities and hospitality services.

The Diffusion Of New Ideas And Practices

Providing evidence on the high opportunity costs of current fairgrounds operations or on new economic opportunities within the region which are tending to raise these opportunity costs to the community, may not be sufficient to induce acceptance of ideas with regard to changes in the location, organization and management of the Emmet County Fairgrounds project. Diffusion theory emphasizes that people's attitudes and behaviors are conditioned and limited by their knowledge and experiences, and that bringing about changes in social behavior patterns through the dissemination of innovative ideas is a fairly long drawn out process. Yet, since attitudes are themselves learned, and not innate, there is hope for inducing attitudinal as well as behavioral change through the provision of new information and evidence as to why it is advisable to do so. The use of appropriate

communication approaches to the diffusion of new ideas and practices could, in fact, facilitate and, perhaps, hasten the adoption of such ideas for change with regard to the fairgrounds project.

Attitudes are three-dimensional; affective, cognitive and behavioral.¹ The affective component in the Emmet County Fairground case is the emotional attachment of some members of the community to the project. These emotional attachments are largely the result of the historical and nostalgic experiences of the older, especially of the farm and farm related population. The leadership of community affairs by persons with such affective attitudes towards this historic institution of the county fair and other fairgrounds operations helps perpetuate and reinforce this emotional view of the project.

The cognitive component of attitudes towards the current fairgrounds operations may be deemed to arise from a variety of beliefs and values² associated with this project. One of these beliefs pertains to the financial viability of these operations. Some members believe that the services the fairgrounds project provides to the community are more than commensurate with the costs involved; they do believe that the project is economically viable as well. Such beliefs

¹Phillip Zimbardo and Ebbe B. Ebbessen, Influencing Attitudes and Changing Behavior (Reading, Massachusetts: Addison-Wesley Publishing Co., 1969), pp. 6-8.

²The term "value" in this context refers to a view some people may hold of what the world "ought to be." Its validity, however, cannot be proved or disproved by objective evidence. On the contrary, "beliefs" are those perceptions of "what is" and can be tested for accuracy.

Hathaway defines a "belief" as an "opinion as to how things are and how they relate to an existing state of affairs or relationship," and a "value" as "a concept of what is good or bad." See page 4 of Government and Agriculture: Public Policy In a Democratic Society by Dale E. Hathaway (New York: The Macmillan Co., 1963).

can, of course, be tested for their veracity. This, however, is not the case with some of the underlying values. Farming and farm related activities are highly valued by some since such work is thought to inculcate "good sense and a respect for hard work," whatever this may mean. The fairgrounds project is also seen as something which facilitates exposure of people, especially the youth, to certain potentially productive activities. 4-H work is seen to be very informative and also something which helps "keep the young people busy and away from trouble." Yet others seem to value the opportunity of the annual fair as one which enables urban children to see and get a feel for farm products, farm implements, farm animals, and the like as if these were important requirements in the proper socialization of urban folk.

Such values are by their very nature difficult to change in the short run. It may be argued that 4-H activities need not be dependent on and could easily be separated from the fairgrounds project. Such a separation may in fact be advantageous to the community in that it may enable the better identification of costs and returns on an activity basis. It can also be questioned whether a fairground complex and an annual fair are the best mechanisms today for exposing urban folk to a knowledge of agriculture even if this were considered important, and for inculcating so-called 'good' values to youth. Nevertheless, the fact remains that cognitive attitudes with regard to the fairgrounds project are highly influenced by such beliefs and values.

The behavioral dimension is that connected with attendance at the annual fair and other fairground activities. Some measures of attendance at these activities can be obtained from the field survey on attitudes and perceptions of the Emmet County people towards this

fairgrounds project. A qualitative aspect of this behavioral dimension would seem to be the existence of a strong option demand by people for such a community facility close at hand even though they may not actively participate in most of the related programs.

Any attempts at changing attitudes as a pre-condition for engineering behavioral changes with regard to the acceptance of proposals for relocation, activity re-organization, and adjustments in management approaches in connection with the Emmet County fairgrounds project will need to take into account all these three attitudinal factors. It will also be necessary to establish that these new ideas and practices are likely to be useful, and to the advantage of various groups within the community. Rogers argues that showing the relative advantage of an innovation to the potential adopters may not be sufficient in itself and that it should be shown how it is possible to resolve the problems of:

- (a) compatibility of the new ideas with existing values and beliefs of the community,
- (b) complexity in the understanding of the proposed changes,
- (c) trialability of these innovations at least on a small scale in the first place, and the
- (d) observability of their advantages before acceptance,

and before any large scale adoption could take place.¹ On the contrary, Schultz has been quite emphatic in pointing out that "profitability" alone was the significant variable in inducing the adoption by traditional farmers in certain less developed economies of specific new

¹ Everett M. Rogers and F. Floyd Shoemaker, Communication of Innovations: A Cross-Cultural Approach (New York: The Free Press, 1971), pp. 137-157.

agricultural inputs.¹ Schultz's experience was that "it is not necessary to appeal to differences in personality, education and social environment" to induce innovation acceptance and adoption.² Our contention herein is that even though the profit motive may be a strong influence in the acceptance and adoption of new ideas and practices relevant for individual profit making ventures, it may not be sufficient condition to induce the acceptance of innovative ideas in relation to change in the location, operation and management of a traditional community project and where several interest groups and individuals are involved in the decision making process. More specifically, we believe that diffusion theory in relation to community decisions is relevant to the understanding of communication needs with regard to the achievement of changes in the Emmet County fairgrounds project.

Rogers classifies members within a given social system into five categories in terms of their behavior towards innovation acceptance over time.³ They are identified in descending order of innovativeness as Innovators, Early Adopters, Early Majority, Late Majority and Laggards. His thesis is that each of these groups have different attitudes and behavioral characteristics in regard to new ideas and practices, knowledge of which is important in designing communication strategies to induce acceptance of change ideas. Agencies and agents of change involved in the introduction of innovations would do well to concentrate more or less of their communication efforts at some time or

¹Theodore W. Schultz, Transforming Traditional Agriculture (New Haven: Yale University Press, 1964), pp. 162-168.

²Ibid., p. 164

³Rogers, op cit., pp. 175-196.

other in the process of inducing change in accordance with these attributes and characteristics of each adopter category.

Finally, even if one did properly identify the different adopter categories and utilized a mix of mass-media and interpersonal communication strategies relevant to each stage in the community's innovation-decision process, the probability of message distortion always remains high. Distortion could arise on account of a number of reasons. Differences in perceptions and attitudes of sender and receiver could influence message preparation by the sender and its misinterpretation by the receiver. Incorrect assumptions with regard to receiver status or other attributes could lead to conflicts of a status-ego nature. Conflicts of interest 'vis-a-vis' the project itself could result in implied threats and fears and lead to the propagation of rumors which adversely affect the introduction of change ideas and the processes of bargaining, compromise and decision making. Under the circumstances, the successful launching of a strategy to revitalize or change a traditional institution to serve community needs better would involve a careful study of potential barriers and the drawing up of imaginative and meaningful strategies of communication between the Fair Board and the larger Emmet County community.

Summary

The analysis begins with an assumption of economic rationality. The members of the Emmet County community are assumed to be rational in their decision making at least in terms of a greater recognition of the costs involved in operating the current fairgrounds project at the present location and in its present form. Measurement of the

opportunity costs of using the present site will be based on the theory of location on the one hand and the notion of comparative advantage on the other. These two bodies of economic theory are expected to provide the guidelines for the assessment of the present value of a stream of potential future earnings at this location. Costs of operating the project will also be influenced by considerations of social costs and social gains especially in the context that this region is seen to be becoming more and more dependent on the export of natural resource based recreation, holiday and hospitality services.

The introduction of new ideas with regard to the location and organization of an old institution within a community with citizens possessing values and attitudes sympathetic to the 'status quo', and a power structure with established interests and property rights, is likely to be a formidable task. Communication theory related to the diffusion of new ideas and practices will, therefore, form part of the theoretical basis for analyzing the hypotheses set down in Chapter I.

CHAPTER III

ALTERNATIVE MEASURES OF OPPORTUNITY COSTS OF CURRENT FAIRGROUNDS OPERATIONS

A Financial Measure

One measure of the opportunity costs of operating the fairgrounds complex in the present location, and in the present form, can be arrived at on the basis of a financial valuation of the type and extent of land in use and the estimated cost of repairs and renewals of the existing buildings and structures. The current fairgrounds complex utilizes some of the most urban of all land resources in Emmet County, viz., City of Petoskey land. The fairgrounds lies adjacent to U.S. highway 31 skirting Petoskey and overlooks Little Traverse Bay which is so popular with water related recreation enthusiasts. A "site description"¹ specifies the fairgrounds property as containing a contiguous block of 26.77 acres plus another 0.67 acres on the northerly side of U.S. 31. The latter parcel of land is said to have no market value. Obviously, its size and location does not lend itself to a derived demand. The highest and best use of the flat land adjacent to the highway, which forms part of the contiguous block of 27 acres, has been declared by the Appraiser as likely to be derived from commercial activities. Land deeper down inside which is partly

¹See Appendix A.

hilly, is stated to be useful for "multiple-family dwellings" and "condominium units."¹ The market price of this flat northerly portion is likely to be high on account of the limited supply of such land. Not only does it constitute part of central business district property, it also lies adjacent to a well traversed highway in a very scenic location and is "served by all city utilities."² Furthermore, since the trend in the demand for natural resource based recreation activities in Region 10 in general, and Emmet County, in particular, is seen to be rising rather rapidly,³ the pressure of demand for this land is likely to grow steadily into the future.

According to an informal appraisal⁴ which was made on the basis of current practice within the area, the sale value of approximately 18 acres⁵ of this land is as follows:

¹Ibid.

²Ibid.

³"Michigan Recreation Plan-1974," Michigan Department of Natural Resources, Lansing, Michigan, March, 1975.

⁴As arrived at from a discussion the author had in February 1977 with the Appraiser of the City of Petoskey. A recent sale of urban land in Petoskey to a reputed commercial firm was used as a guideline in the appraisal.

⁵It is believed that the area of "effective" fairgrounds use is about 18 acres since the southerly portion is hilly. Only 18 acres are being reckoned herein on account of the convenience of valuation. There is no reason why the remaining 8.23 acres of the contiguous block of 26.77 acres should not be reckoned for the assessment of opportunity costs since they constitute fairgrounds property.

Front Foot Value

1,365 feet of road frontage alongside U.S. 31
with a depth of 200 feet, valued at a minimum
price of \$500 per foot. \$ 682,500

Remaining Acreage

18 - $\frac{1,365 \text{ ft.} \times 200 \text{ ft.}}{43,650 \text{ sq. ft. per acre}} = 11.75 \text{ acres}$

11.75 acres @ approximately \$2,000 per acre . . \$ 23,500

Appraised Value . . . \$ 706,000

This estimated price of \$706,000 may be accepted as a reasonable measure of the market value of the land resources utilized for the current fairgrounds complex. The cost of repairs and renewals to the existing buildings and structures has been estimated to be in the neighborhood of \$300,000.¹

If it is now assumed that the sum of the estimated value of the land and the cost of repairs to buildings and structures can be invested to yield a return, we can arrive at some measure of the potential returns from alternative investments. These potential returns can then be deemed to represent the income earning opportunities foregone by the community because of its continuation of the fairground activities in the present location and in its present form. It gives us a measure of the financial opportunity costs of the capital devoted to the conduct of fairground activities in Emmet County.

If this estimated sum of \$1.006 mln. were to be placed in a bank as a demand deposit, the rate of interest that can be earned is 5.0 percent. For a fixed deposit, the corresponding rate of interest is

¹From an estimate obtained by the Fair Board.

7.5 percent. Banks lend to industry in Petoskey at around 10.0 percent on long-term investments and from about 9.0 percent to 11.0 percent on short-term investments. These interest rates give some indication of potential income earning opportunities. While the minimum interest rates that can be obtained by placing the funds in a bank are 5.0 percent and 7.5 percent, the upper limit on yields to different types of investment are likely to be higher. In any case, we may specify a range of interest rates from say, 5.0 percent to 15.0 percent and calculate the corresponding annual interest income that can be earned at each rate of interest. The results are as in Table III-1 below.

Table III-1. Potential Returns on the Investment of a Sum of \$1.006 Mln. at Interest Rates Ranging From 5.0 Percent to 15.0 Percent

Interest Rate	Annual Interest (\$)	Interest Rate	Annual Interest (\$)
.050	50,300	.10	100,600
.060	60,360	.11	110,660
.070	70,420	.12	120,720
.075	75,450	.13	130,780
.080	80,480	.14	140,840
.090	90,540	.15	150,900

The question remains, however, as to which interest rate is the relevant one for the Emmet County community. This would depend on the actual investment opportunities available and the community's risk-return trade-off; i.e., the preferences of the decision makers for the community with regard to the risks they are willing to undertake in relation to the return involved in each investment opportunity available.

Some idea of the interest rates that may be earned could be gained from the capital market rates published in the Federal Reserve Bulletin from which the following table (Table III-2) has been adapted.

Table III-2. Capital Market Interest Rates for the Years 1974, 1975 and 1976 (Averages, percent per annum)

	1974	1975	1976
<u>Government notes and bonds</u>			
U.S. Treasury:			
Constant maturities:			
7-year	7.71	7.90	7.42
10-year	7.56	7.99	7.61
20-year	8.05	8.19	7.86
30-year	----	----	----
Long-term	6.99	6.98	6.78
State and local:			
Moody's series:			
Aaa	5.89	6.42	5.66
Baa	6.53	7.62	7.49
Bond Buyer series	6.17	7.05	6.64
<u>Corporate bonds</u>			
Seasoned issues			
All industries	9.03	9.57	9.01
By rating groups:			
Aaa	8.57	8.83	8.43
Aa	8.84	9.17	8.75
A	9.20	9.65	9.09
Baa	9.50	10.61	9.75
Aaa utility bonds:			
New issue	9.33	9.40	8.48
Recently offered issues	9.34	9.41	8.49
<u>Common stocks</u>			
Dividend/price ratio:			
Preferred stocks	8.23	8.38	7.97
Common stock	4.47	4.31	3.77

Source: Adapted from Table 1.36 at page A27 of the "Federal Reserve Bulletin" No. 6, Volume 63 of June 1977 of the Board of Governors of the Federal Reserve System, Washington D.C.

The interest income from investing estimated proceeds of the sale of the fairground land and the cost savings on repairs to buildings and structures that have become currently necessary, may be treated as a benchmark or tentative guideline with regard to the opportunity costs involved in the current fairgrounds project. It would not truly represent economic costs. Nevertheless, as a rough and ready guide, these measures can be useful. The community and its decision makers could compare the subjective values they would assign as the average annual net benefit derived from fairgrounds activities against these cost figures and, perhaps, use a decision rule such as: "consider abandoning or altering the current fairgrounds project if the benefits derived are believed to be less than the financial costs at a selected rate of interest." It may be noted that the operational losses incurred on the annual fair¹ which is believed to be a more or less regular feature for Emmet County year after year, should be treated as negative benefits, or added on to the estimated annual interest income figure. In the latter case, the opportunity costs may be reckoned as the sum of the foregone interest income plus the operational loss of approximately \$5,000 per annum on the fairgrounds project. These costs may then be compared against the benefits accruing from all fairgrounds activities (excluding the fair) to determine whether or not the community should

¹The county usually has to subsidize the Fair Board's activities by a sum of approximately \$5,000 per annum for expenses incurred over and beyond its earnings. Hidden subsidies which take the form of free repairs effected by the county maintenance departments, free water, free services such as plowing of access roads during winter, etc., raise the cost side of the picture even higher.

continue to operate the present fairgrounds project in the present form and location. In the case where the usual operational loss of \$5,000 per annum on the Fair is added on to the potential interest income, the opportunity cost relative to a specified interest rate would be as shown in Table III-3 below.

Table III-3. Opportunity Costs of the Resources of Land and Buildings & Structures Adjusted for Operational Losses on the Fair

Interest Rate	Annual Interest (\$)	Interest Rate	Annual Interest (\$)
.050	50,550	.10	101,100
.060	60,660	.11	111,210
.070	70,770	.12	121,320
.075	75,825	.13	131,430
.080	80,880	.14	141,540
.090	90,990	.15	151,650

These measures of opportunity cost are more convenient than those which only used potential interest income. These cost data have now to be compared only against the benefits derived from fairground activities other than those from the Fair. That is, if the benefits derived from all the activities at the fairgrounds other than from the Fair, are worth less than the above specified interest income, the indication would be that the costs outweigh the benefits derived.

No attempt is being made in this study to assess the benefits derived by the community from the fairgrounds complex. Yet, the cost figures are considered useful for the Fair Board and the community so as to make more informed judgements with regard to the rationality of continuing the present fairgrounds project. Data on the attitudes

of community members will be used to provide the decision makers with evidence on how such activities are being perceived by the people within the county. Preliminary field studies did indicate the presence of much doubt with regard to the viability of the present fairgrounds project. The very fact that the community has already expressed some desire for changing the location, and perhaps the pattern of operation as well, indicates a degree of suspicion of either a low, or even a negative, benefit-cost ratio from this project. That some effort was made in 1971 to sell the fairgrounds property and transfer its use to another economic activity, lends further support for this belief.

Any efforts at computing the benefits of the current fairgrounds operations should also involve a careful assessment of the present uses of fairgrounds facilities. Furthermore, an itemization of all the explicit and hidden operational costs involved would have to be carefully studied if one were to derive alternative measures of net benefits. A calendar of fairgrounds events has been drawn up below. It gives a fair indication of the events conducted during a twelve month period and some hint of unaccounted operational costs.

Insofar as the Fair is concerned, the net benefits to the members of the community as taxpayers seems to be negative; even the operational costs on this Fair are never recovered. If price be a measure of value, the inability to charge prices that even cover variable costs, not to speak of the fixed costs of the project, is a strong indication that community members do not think too highly of such services and facilities. On the contrary, the Fair appears to constitute a hidden subsidy to certain groups; perhaps, a few suppliers of entertainment, advertisers of equipment, and a handful of farmers, gain some direct

monetary advantages from the Fair at the expense of others in the community who are indirectly compelled to pay through the levy of taxes. Whatever it is, the indirect nature of the transactions involved in the whole fairgrounds project as it is presently organized makes evaluation of the distribution of costs and benefits among different groups within and from outside the community, difficult to assess. Such an assessment, however, is not considered necessary for purposes of this study.

Calendar of Events in the Present Fairground Complex
(Excluding the Use of the 4-H Building)

Month	No. of days used	Reason For Use	Remarks
Jan	1	Snowmobile races	In addition to use on the day of the race, three to four weeks of ice track (8 ins.) preparation is involved. The horse-race track is unearthed and flooded with water from the county fire hydrant. No payment is made for this water and this cost is, therefore, not reflected in the accounts of the Fair Board.
Feb	1		
Mar	0		
Apr	0		
May	0	Horse shows	Each horse show lasts a day. In addition to the four to six horse shows held during these two months, several days of race track preparation are involved. Certain machinery and equipment belonging to the county are utilized for this work, but no payments are made therefore. To that extent, the accounts of the Fair Board understate expenditure.
June } Aug }	4-6		
Aug	1	Firemen's demonstration	

Calendar of Events (Cont'd)

Month	No. of days used	Reason For Use	Remarks
Jul	4-5	Preparation of floats	Fairgrounds barns are used for the purpose of constructing and decorating floats for the Independence Day parade.
Jul } Aug }	4	Farmers' Market	About six farmers use the fairgrounds to sell produce on Saturday mornings during these two months. No charges are levied from the farmers for the use of the land and buildings.
Aug	6	Fair Week	Fair week is preceded by intensive preparatory work such as repairs to buildings, dragging and preparation of the race track, new constructions for the carnival, etc. Certain functions performed by the county's maintenance departments are not reflected in the expenditure accounts of the Fair Board. To that extent, expenses are understated in the financial accounts.
Sep	2-3	Preparation of floats	Barns are used for constructing and decorating floats for the High School "Homecoming" football match celebrations.
Sep } Nov }	2-3	Fall Festivals & Halloween	For various recreation activities for children.

An Economic EvaluationCommercial Activity As An Alternative Use
Of The Fairground Land

A better measure of the opportunity costs of the current use of the Emmet County fairgrounds land would be a discounted net present value of a stream of earnings that can be generated by transferring these urban land resources to income earning economic activities. If the potential annual net benefits foregone by failing to transfer the fairgrounds property to a higher economic use can be quantified, it would

be possible to identify these opportunity costs more precisely. The first step in the process of quantification would, however, be a definition of the "best" alternative use (the most profitable economic activity) that may be conducted at this location using the available fairgrounds land.

This land lies in an urban area zoned for light industrial purposes.¹ But, the people of Emmet County thwarted an attempt in 1973 to sell this land to an industrial firm that wished to locate its auto hub cap manufacturing plant therein.² This seems to be an indication of their concern for a natural environment free of industrial pollution. The conduct of commercial activities at this place, however, cannot be subject to such a charge. If the buildings are designed with notions of aesthetic beauty in mind, commercial buildings are likely to enhance the attractiveness of the area relative to the derelict buildings and structures that exist at present.

M/s. Real Estate Appraisals valued the land in 1971 for the Petoskey Economic Development Commission and suggested that this area be rezoned for light commercial activities (see Appendix A) due, perhaps, to the easy highway access to the present fairgrounds property, the closeness of such a location to large numbers of tourists and residents, and the availability of all the necessary infrastructural

¹See the County Planner's statements referred to in the "Petoskey News Review" of November 30th, 1973, in the news item "People Want Fairgrounds Kept For Public."

²This resentment was indicated at the "Fairgrounds Hearing" of November 29, 1973, in Petoskey on the proposed sale of the Emmet County fairgrounds property. See article referred to in footnote 1 and proceedings of the "Fairgrounds Hearing."

and public utility facilities at this point for the profitable conduct of such a set of economic activities.

There also appear to be more compelling reasons why the most profitable uses for this location are likely to be in commercial and/or hospitality industry services. Trends in Emmet County's growth and development indicate a rapid expansion in tourist trade and the demand for natural resource based recreation. If Emmet County is to capture the benefits of this increasing inflow of people to the area, additional facilities will be necessary to service these increasing requirements of tourists, vacationers and summer time residents.

In any case, let us assume for the present that commercial activities constitute the most profitable use of the available land resources at this location. We think of this alternative of commercial use as one which suggests the establishment of a Shopping Center in the current fairground property. The present value of a stream of potential earnings from this "Shopping Center" project can be estimated from the anticipated net incremental cash flows from the project discounted at an appropriate rate of discount.

This idea of a "Shopping Center" project is being viewed as a private sector enterprise as opposed to a community project but considered an appropriate alternative use of existing community owned land resources in the greater interest of the community. The concern herein is in an assessment of the potential income earning opportunities available to the community for these valuable locational resources; or more simply, for a measure of opportunity costs. This is not an attempt to show the merits of private sector endeavors, or to emphasize that the private profit motive is more likely to lead to the better

utilization of scarce economic resources. We merely assume herein that (a) given the community's antipathy towards industrial activity at this location, (b) the economic growth trends within the region, (c) the suitability of this central business district location for a shopping center, and (d) aesthetic considerations, commercial activities are likely to generate the highest net value of output at this place. Thereafter, we proceed to estimate the net present value of a stream of earnings over the life of the project.

It is also being implicitly assumed that the whole community is likely to benefit by the generation of these economic activities at this location. Distributional issues, however, will not be taken up in this research effort. The opportunity costs assessed by such an approach is likely to show the community and its decision makers a more realistic measure of income foregone by the community due to the current use of these land resources for a fairgrounds complex.

The source of cash flows from this hypothetical shopping center project is sales. We need to identify the incremental growth in sales over time that can be attributed to the setting up of this specific shopping center at this location as compared to the incremental growth in total sales that is likely to result from the normal growth and development of the area. In other words, our concern herein is the increase in sales generated by virtue of an expansion in physical selling area through the establishment of this shopping center exclusive of that component of sales growth likely to result without the project. More specifically, we will attempt to avoid the "before and after" problem

in benefit-cost analysis.¹ Instead, our concern will be centered on the "with-without" situation.² The present value of this project will be calculated on the basis of a stream of potential net earnings which constitute the estimated difference between growth in sales with the project and growth in sales without it.

Retail Sales Potential For A Shopping Center in Petoskey

To determine the net cash flows from a retail shopping center in Petoskey, we need to make some assessment of anticipated rates of growth and the market potential for retail sales in the area. "Market Potential" has been defined by Kotler as "the limit approached by market demand as industry marketing effort goes to infinity, for a given environment."³ One of the most widely used general purpose measures of market potential is the Index of Buying Power (BPI) developed by professionals of "Sales Management-The Marketing Magazine."⁴ It is

A weighted index that converts three basic elements-- population, Effective Buying Income, and retail sales-- into a measurement of a market's ability to buy, and expresses it as a percentage of the U.S. potential.⁵

While the BPI is most useful for estimating the potential for specific products which are conducive to mass marketing, it would not be too

¹Otto Eckstein, Water Resource Development: The Economics of Project Evaluation (Massachusetts: Harvard University Press, 1958), p. 58.

²Ibid., p. 51.

³Phillip Kotler, Marketing Management, Analysis, Planning and Control, 3rd Edition (New Jersey: Prentice-Hall, 1976), p. 121.

⁴A bi-monthly publication (except in Dec.) issuing from 633, Third Avenue, New York, N.Y. 10017.

⁵Ibid., p. A-11.

useful a measure to assess the future market potential for an entire retail center in a growing regional resort area. It would seem better to assess the market potential in Emmet County in terms of past performance and its future growth and development potential.

Growth in retail sales in Petoskey is believed to be highly correlated with growth in the flow of tourists, vacationers and outdoor sports enthusiasts to the northern part of lower peninsula Michigan. The Study on Waterfront Living¹ specifically emphasizes the attraction that Petoskey has for visitors to Cheboygan County. "Shopping facilities and restaurants in the Petoskey area had strong appeal to waterfront residents of Cheboygan County."²

Emmet County is highly endowed with the natural resources relevant for several types of outdoor recreational activities³ which are expected to show an increasing growth in demand.⁴ However, the consequential increase in visitor flows to this area that can be anticipated have not been quantified in any studies so far. For purposes of estimating future growth in retail sales in Petoskey, therefore, past performance alone is being used. This approach to the

¹Robert W. Marans, et al., Waterfront Living: A Report on Permanent and Seasonal Residents in Northern Michigan, The Institute of Social Research, University of Michigan, Ann Arbor, 1976.

²Ibid., p. 142.

³"An Appraisal of Potential Outdoor Recreational Developments For Emmet County" -- a study sponsored by the Emmet County Soil Conservation District (undated), and the "Comprehensive Recreation Plan for Emmet County," 1970, prepared for the Emmet County Planning Commission by Vilican-Leman Associates Inc., Community Planning Consultants, Southfield, Michigan.

⁴Michigan Department of Natural Resources, "1974 Michigan Recreation Plan Summary," Lansing, Michigan, 1975.

problem of measuring future growth in retail sales is, in any case, considered more appropriate than the use of the general purpose BPI.

As apparent from Table III-4 below, the total value of retail sales in Petoskey has grown at an annual compound rate of 13.6 percent from 1967 to 1972. However, growth in the value of sales per square foot of retail floor area from 1972 to 1975 has only been 8 percent p.a. according to the Urban Land Institute (ULI)'s study.¹ It is assumed that this difference between the rate of growth in the total value of retail sales and the rate of growth in the value of retail sales per square foot of retail floor area, has been due to an expansion in the physical floor area devoted to retail selling. Thus, 5.6 percent (i.e., 13.6 percent - 8 percent) of the expansion in the value of retail sales is attributed to an expansion in floor area. On the basis of this

Table III-4. Growth In Retail Sales In Petoskey and Emmet County During the Period 1967 to 1976 (\$ mln.)

	Year			Annual Compound Rate of Growth
	1967	1972	1976*	
Petoskey	30.5	57.7	96.2	13.6%
Emmet County	38.1	73.3	123.6	14.0%

* Projected

Source: Michigan Statistical Abstract, 11th Ed., David I. Verway (ed.), Division of Research, Graduate School of Business Administration, Michigan State University, East Lansing, Michigan, 1976.

¹ Dollars and Cents of Shopping Centers, 1975--A Study of Receipts and Expenses in Shopping Center Operations, The Urban Land Institute, Washington, D.C., 1976, pp. 278-279. The percent change in sales for Community Shopping Centers has been assessed in this study to be 26 percent during the period 1972 to 1975. This represents a compound yearly increase of 8 percent.

evidence, it is being projected that any future expansion in the floor area devoted to retail sales in Petoskey is likely to absorb an increase in net incremental sales of 13.6 percent p.a. until the entire new floor capacity is reached, but that sales will grow thereafter only at 8.0 percent per annum.

The extent of floor area that could be devoted for retail operations at this location could be based on the ULI's 1975 study of Shopping Centers.¹ According to this study, retail sales stores within this part of the U.S. could be classified into four broad categories of shopping centers, viz.,

- (a) The Neighborhood Shopping Center (NSC),
- (b) The Community Shopping Center (CSC)
- (c) The Regional Shopping Center (RSC), and
- (d) The Super Regional Shopping Center (SRSC).

The NSC is built around a supermarket as the core retail sales unit. All day to day requirements of the immediate neighborhood as well as convenience and personal needs are available at such shopping centers. The average Gross Leasable Area² (GLA) of a NSC is 50,000 sq. ft. The CSC has a greater depth of merchandise available and is usually built around a junior department store. The typical CSC has a GLA of approximately 150,000 sq. ft. The RSC carries general merchandise as well as apparel, furniture and home furnishings. Services and recreational facilities are also available within such a complex.

¹Ibid.

²The Gross Leasable Area (GLA) is defined as the total floor area designed for tenant occupancy and exclusive use, including basement, mezzanines and upper floors, i.e., all the floor area used by a retail center operation excluding vehicle parking area.

Built usually around one or two full line department stores, their GLA average around 300,000 sq. ft. Finally, the SRSC with an average GLA of about 750,000 sq. ft. provides an extensive variety of items and is usually built around at least three department stores. The GLA and dollar sales during 1975 of all these four categories are summarized in Table III-5 below.

Table III-5. Retail Dollar Sales and Gross Leasable Area During 1975
In Midwest Shopping Centers

Type of Shopping Center	Lower Decile	Median	Upper Decile
1. <u>Neighborhood</u>			
a. GLA - sq. ft. (,000)	26	42	110
b. Sales per sq. ft. (\$)	37	98	152
2. <u>Community</u>			
a. GLA - sq. ft. (,000)	61	143	279
b. Sales per sq. ft. (\$)	40	77	247
3. <u>Regional</u>			
a. GLA - sq. ft. (,000)	261	377	653
b. Sales per sq. ft. (\$)	37	76	114
4. <u>Super Regional</u>			
a. GLA - sq. ft. (,000)	243	483	1085
b. Sales per sq. ft. (\$)	48	75	108

Source: "Dollars and Cents of Shopping Centers, 1975--A Study of Receipts and Expenses in Shopping Center Operations," The Urban Land Institute, Washington D.C., 1976.

Given a total land area of 27 acres at the Emmet County fair-grounds site and a generally accepted rule of a three to one ratio between parking area and GLA,¹ the Community Shopping Center type

¹Ibid., p. 811 on the "Parking Index."

referred to in Table III-5 above, is considered to be a reasonable size of shopping center applicable to the location in question.¹ On the basis that retail sales in Petoskey will increase at 13.6 percent per annum, sales projections and the corresponding GLA requirements have been worked out in Table III-6 below. These data facilitate the analysis of choices that are available with regard to the size of physical facility that may be established. It also enables the estimation of related capital costs for the proposed size of retail shopping center.

We could calculate the profitability of a variety of different sizes of shopping center so as to understand the trade-off between the costs of having excess physical capacity at any point in time (in anticipation of future sales expansion) and the savings from building a large physical structure that could accommodate sales growth over a protracted period of time. That is, if it were desired to estimate the optimum size of the building that should be constructed on the basis of the data in Table III-6 below, we could calculate a number of alternative sizes and their related costs and then select that size where the marginal costs of building an additional unit of excess capacity is just recompensed by an additional amount of savings that can be attributed to building a large physical facility at one and the same time. However, since this is more an exercise in evaluating the

¹ Twenty-seven acres constitute approximately 1.17 mln. sq. ft. One-fourth thereof, viz., 291,525 sq. ft. would constitute the floor area that would normally be constructed to serve as the physical shopping center area. The Community Shopping Center type referred to in Table III-5 above falls within the category with a floor area ranging from 61,000 to 279,000 sq. ft. of GLA. Hence, this category of shopping center is considered a logical model to base our assessments on.

Table III-6. GLA Requirements Assessed On The Basis Of Projected Sales For Petoskey

Year	Estimated Increase In Sales @ 13.6% p.a.		Annual Increase In Sales Attributed To		Increase In Dollar Sales Per Sq. Ft. Of GLA @ 8% p.a. 1975 = \$77	Sq. Ft. Of GLA Required To Capture The Increase In Sales (Sq. Ft.)
	Annual Sales (\$, mln.)	Annual Increase (\$, mln.)	Increase in GLA ¹ (\$, mln.)	Other Factors ² (\$, mln.)		
1976	96.000	--	--	--	83	--
1977	109.056	13.056	5.376	7.680	90	59,733
1978	123.888	14.832	6.108	8.724	97	62,969 ³
1979	140.736	16.848	6.938	9.910	105	66,076
1980	159.876	19.140	7.882	11.259	113	69,743 ⁴
1981	181.619	21.743	8.953	12.790	122	73,385
1982	206.320	24.701	10.171	14.530	132	77,053 ⁵
1983	234.380	28.060	11.554	16.506	143	80,797
1984	266.255	31.875	13.125	18.750	154	85,227
1985	302.466	36.211	14.910	21.301	166	89,812
1986	343.601	41.135	16.938	24.107	180	94,100
1987	390.331	46.730	19.242	27.488	194	99,186
1988	443.416	53.085	21.859	31.226	209	104,589
1989	503.720	60.304	24.831	35.473	226	109,872
1990	572.226	68.506	28.208	40.298	244	115,607
1991	650.049	77.823	32.045	45.778	264	121,383
1992	738.456	88.407	36.403	52.004	285	127,730
1993	838.886	101.430	42.354	59.076	308	137,513
1994	952.975	113.089	46.978	67.191	332	141,500
1995	1082.578	129.604	53.367	76.237	359	148,655
1996	1229.809	147.231	60.624	86.606	388	156,248
1997	1397.063	167.254	68.869	98.385	419	164,365

¹The increase in sales attributable to an expansion in physical selling area is estimated to be 5.6 percent of the previous year's gross sales.

²The increase in sales attributable to factors other than the expansion of physical selling area is 8 percent of the previous year's gross sales.

³GLA requirements if Alternative I were adopted.

⁴GLA requirements if Alternative II were adopted.

⁵GLA requirements if Alternative III were adopted.

opportunity costs of current urban land use on a fairground facility and a means of identifying the implications of not adopting income generating alternative uses of such urban land resources, only three alternative sizes of physical structure are being examined below. In all these three cases, we assume that:

- (a) the capital costs are incurred in 1977,
- (b) the cash flows begin from January 1978,
- (c) the project will last for twenty years from the year the cash flows begin, and that
- (d) salvage values, if any, are all zero.

Alternative I assumes that full capacity of physical selling area is reached during the first year of project operation, i.e., by the end of 1978. If so, the required GLA is 63,000 sq. ft.

With Alternative II, full capacity is assumed to be reached at the end of the third year of project operation, i.e., at the end of 1980. The relevant GLA is 70,000 sq. ft.

In Alternative III, five years of project operation are assumed before reaching full capacity by the end of 1982. Therefore, a GLA of 77,000 sq. ft. is required under this assumption.

Capital Costs

The median capital costs of construction for Community Shopping Centers opened in 1974 was \$28.20 per sq. ft. of GLA.¹ This rate per sq. ft. of GLA was adjusted for inflation with the use of the Composite Construction Index of the U.S. Department of Commerce as reported in

¹Dollars and Cents of Shopping Centers, 1975--A Study of Receipts and Expenses in Shopping Center Operations, op cit., Table 8-3, p. 283.

the monthly "Construction Review"¹ to \$32.85 per sq. ft. of GLA.² The final capital cost estimates for the three alternatives as given by the formula "capital cost per sq. ft. of GLA x specified area," therefore, are as follows:

- i. Alternative I : 62,969 sq. ft. x \$32.85 = \$2,068,532
- ii. Alternative II : 69,743 sq. ft. x \$32.85 = \$2,291,058
- iii. Alternative III: 77,053 sq. ft. x \$32.85 = \$2,531,191

Operating Costs

Operating costs as a percentage of sales for what is considered to be a typical retailing firm, as in the case presently under examination, was drawn from the "Manual of Performance Ratios For Business Analysis and Profit Evaluation."³ These data are shown in Table III-7 below.

¹"Construction Review," Vol. 22, No. 10 of U.S. Department of Commerce, Dec., 1976.

²Median dollar cost per sq. ft. of GLA of Community Shopping Centers opened during 1974 (vide Table 8-3; p. 283 on "Supplementary Information" in the "Dollars And Cents Of Shopping Centers: A Study of Receipts and Expenses In Shopping Center Operations" of the Land Institute, 1976) = \$28.20.

The Composite Construction Cost Index 1967 = 100.0

1974 = 172.8

Nov. 1976 = 201.3

Therefore, the adjusted capital cost per square foot of GLA as of November, 1976

$$= \$28.20 \times \frac{201.3}{172.8} = \underline{\$32.85 \text{ per sq. ft.}}$$

³"Manual of Performance Ratios for Business Analysis and Profit Evaluation," Troy Leo (Englewood Cliffs, New Jersey: Prentice-Hall Inc., 1966).

Table III-7. Operating Costs As A Percentage Of Net Sales For A Firm With An Asset Size Between \$2.5 to \$10 Mln.

Item Of Cost	Percentage Of Sales	Deductible Percentage
Cost of Sales	68.0	68.0
Executive Salaries	1.0	1.0
Repairs	0.3	0.3
Advertising	2.9	2.9
Rent	3.1	--
Bad Debts	0.4	--
Interest	0.6	--
Taxes (excluding Fed. Txs.)	1.7	--
Contributions	0.1	--
Depreciation/Amortzn./Dep'n.	1.2	--
Pension & Benefits	0.3	--
Net Profit After Income Tax	1.6	--
Total Deductible Expenses		<u>72.2%</u>

It may be noted that expenses such as bad debts, rent, interest, contributions and pension and benefits, are not reckoned as operating costs in the case of an economic evaluation, as is also the case with depreciation. Though such expenses may be valid deductions for an individual firm's profit calculations, to society as a whole the former are purely distributional aspects in the process of resource use. Depreciation is taken into account in the inclusion of total capital costs for the assessment of the benefit/cost ratio and in the assumption with regard to salvage value; any deduction for depreciation would therefore, mean double counting. Accordingly, deductible operating expenses in the assessment of net benefits constitute only 72.2 percent of sales as shown in Table III-7 above.

Data on all costs and benefits for each of the three alternatives respectively are shown in Tables III-8a, III-9a and III-10a. The corresponding net present values at six rates of discount (10 percent, 12 percent, 14 percent, 16 percent, 18 percent and 20 percent), have been worked out in sub-tables III-8b, III-9b and III-10b, respectively for each of the three alternatives.

From this assessment it would seem that even at very high rates of discount, the net present value of a retail shopping center is positive and large. The question, however, is how valid are the sales projections for Petoskey? Undoubtedly, the projections are made with little specific evidence from that area. But these data are the best possible under the circumstances. Evidence on the growth in demand for recreational activities in Emmet County seem to substantiate the trend towards an increased demand from tourists, vacationers and second home owners for a growing volume of products that such a shopping center could provide. It constitutes a whole set of unexploited economic opportunities for the Emmet County community which could help raise its level of income and employment.

Table III-8a. Costs and Benefits Under Alternative I¹
(in millions of dollars)

Row No.	Year	Capital Costs ²	Gross Benefits ³	Net Benefits ⁴
1	1977	2.069	--	--
2	1978	--	6.10800	1.69802
3	1979	--	6.59664	1.83387
4	1980	--	7.12437	1.98057
5	1981	--	7.69432	2.13902
6	1982	--	8.30986	2.31014
7	1983	--	8.97465	2.49495
8	1984	--	9.69262	2.69455
9	1985	--	10.46800	2.91011
10	1986	--	11.30550	3.14292
11	1987	--	12.20990	3.39435
12	1988	--	13.18670	3.66590
13	1989	--	14.24160	3.95917
14	1990	--	15.38100	4.27591
15	1991	--	16.61140	4.61798
16	1992	--	17.94040	4.98742
17	1993	--	19.37560	5.38641
18	1994	--	20.92560	5.81732
19	1995	--	22.59970	6.28271
20	1996	--	24.40760	6.78532
21	1997	--	26.36030	7.32815

¹The size of store is 62,969 square feet of Gross Leasable Area.

²This is arrived at multiplying the number of square feet GLA @ \$32.85 per square foot.

³Full capacity is assumed to be reached in the first year of project operation; viz., by the end of 1978.

⁴Operating costs are 72.2 percent of gross benefits.

Table III-8b. Net Present Value At Various Discount Rates

Rate of Interest	Net Present Value (\$ mln.)
.10	24.0108
.12	19.8700
.14	16.6336
.16	14.0727
.18	12.0220
.20	10.3609

Table III-9a. Costs And Benefits Under Alternative II¹
(in millions of dollars)

Row No.	Year	Capital Costs ²	Gross Benefits ³	Net Benefits ⁴
1	1977	2.291	--	--
2	1978	--	6.1080	1.6980
3	1979	--	6.9387	1.9290
4	1980	--	7.8824	2.1913
5	1981	--	8.5129	2.3666
6	1982	--	9.1940	2.5559
7	1983	--	9.9295	2.7604
8	1984	--	10.7238	2.9812
9	1985	--	11.5818	3.2197
10	1986	--	12.5083	3.4773
11	1987	--	13.5090	3.7555
12	1988	--	14.5897	4.0559
13	1989	--	15.7568	4.3804
14	1990	--	17.0174	4.7308
15	1991	--	18.3788	5.1093
16	1992	--	19.8491	5.5180
17	1993	--	21.4370	5.9595
18	1994	--	23.1520	6.4362
19	1995	--	25.0041	6.9511
20	1996	--	27.0044	7.5072
21	1997	--	29.1648	8.1078

¹The size of the store is 69,743 square feet of Gross Leasable Area.

²This is arrived at by multiplying the number of square feet GLA @ \$32.85 per square foot.

³Full capacity is assumed to be reached in the third year of project operation; viz., by the end of 1980.

⁴Operating costs are 72.2 percent of gross benefits.

Table III-9b. Net Present Value At Various Discount Rates

Rate of Interest	Net Present Value (\$ mln.)
.10	26.3166
.12	21.7412
.14	18.1660
.16	15.3380
.18	13.0743
.20	11.2413

Table III-10a. Costs And Benefits Under Alternative III¹
(in millions of dollars)

Row No.	Year	Capital Costs ²	Gross Benefits ³	Net Benefits ⁴
1	1977	2.531	--	--
2	1978	--	6.1080	1.6980
3	1979	--	6.9387	1.9290
4	1980	--	7.8824	2.1913
5	1981	--	8.9544	2.4893
6	1982	--	10.1721	2.8279
7	1983	--	10.9859	3.0541
8	1984	--	11.8648	3.2984
9	1985	--	12.8140	3.5623
10	1986	--	13.8391	3.8473
11	1987	--	14.9462	4.1550
12	1988	--	16.1419	4.4875
13	1989	--	17.4332	4.8464
14	1990	--	18.8279	5.2342
15	1991	--	20.3341	5.6529
16	1992	--	21.9609	6.1051
17	1993	--	23.7177	6.5935
18	1994	--	25.6151	7.1210
19	1995	--	27.6644	7.6907
20	1996	--	29.8775	8.3059
21	1997	--	32.2677	8.9704

¹The size of the store is 77,053 square feet of Gross Leasable Area.

²This is arrived at by multiplying the number of square feet GLA @ \$32.85 per square foot.

³Full capacity is assumed to be reached in the fifth year of project operation; viz., by the end of 1982.

⁴Operating costs are 72.2 percent of gross benefits.

Table III-10b. Net Present Value At Various Discount Rates

Rate of Interest	Net Present Value (\$ mln.)
.10	28.5231
.12	23.4851
.14	19.5523
.16	16.4447
.18	13.9600
.20	11.9508

CHAPTER IV

ATTITUDES AND PERCEPTIONS OF THE COUNTY FAIRGROUNDS PROJECT BY MEMBERS OF THE EMMET COUNTY COMMUNITY

An objective of this study was to assess the attitudes of the local community towards the county fairgrounds project and the various events conducted therein. It was also deemed necessary to understand whether the recreational needs of this community have changed significantly enough to warrant changes in the fairgrounds project in a way that would make it more relevant to present times. Therefore, a survey of the attitudes of the Emmet County people towards the present fairgrounds project and their reactions to a variety of proposed changes to this project, was conducted in March, 1977.

The survey technique used was that of a mail survey based on a pre-designed questionnaire. This questionnaire¹ was drawn up after a study of the issues involved and several sets of discussions with Fair Board members, public officials in Emmet and Grand Traverse Counties, the president of the local Chamber of Commerce, a hotel and restaurant owner/manager, managers of certain recreation centers in Emmet County, the President of the North Central Michigan College in Petoskey (who has a special interest in a reorganized fairgrounds project in relation to the recreational needs of the College), and various other members

¹See Appendix B for a copy of the questionnaire.

of the local community.¹

Several pre-tests of the questionnaire were made with some members with whom the original discussions were held, with other persons nominated by them, as well as with a few individuals randomly contacted who were willing to oblige with a few minutes of their time.²

Though the population to be surveyed was intended to be all the heads of households in Emmet County, the actual sampling frame was prepared from the telephone directories for the area corrected as far as possible to exclude adjacent counties and business establishments. Special provision was made in the questionnaire as well to enable the elimination of responses from non-Emmet County householders.

The questionnaire was mailed to the selected householders with an explanatory covering letter and a self addressed stamped envelope. The unit of investigation was the household and the questionnaire was addressed to the person listed in the directory though either the man of the house or his spouse was required to respond.

¹The formulation of the questionnaire as well as the mechanics of the mail survey, among many other matters, received a great deal of enthusiastic support from Mr. Max Putters, the County Planner in Petoskey.

²This was found by the author during the problem investigation and questionnaire preparation and pre-testing stages to be a very rare commodity to many persons in Emmet County. It may be appropriate to place on record at this stage that very few members on the Emmet County Fair Board were really available or inclined to facilitate this study by spending time either in discussing the present problems in regard to the fairgrounds project or in questionnaire evaluation/pre-testing, etc. But, the study was highly desired by all and sundry as members of the Fair Board, perhaps, because it is to be more or less free of any heavy financial commitment to the Fair Board. Yet, as private individuals most of these members had neither the time nor the inclination to help with their knowledge and experience so as to improve the quality of this research effort.

To induce a high response rate, the community was first made aware of the proposed survey by means of an article in a popular local newspaper.¹ This news item was to make the potential respondent aware of the study and the need for it, to mention that no postage cost to him was involved, and to assure him of perfect anonymity. It was also implicitly stated that the research study was being conducted by one with no personal stake in the fairgrounds project or in the outcomes from the survey.

Because of the request for income data, assurance of anonymity was considered important. Therefore, despite the importance of follow-up letters to raise the response rate in a mail survey,² this technique was not feasible in the present case on account of our avowed guarantee of respondent anonymity. It was not possible to determine who had not responded at any given point in time so that a reminder could be sent to a non-responder within the sample. Rumor has important implications on the process of communication. Reminder letters to all sample households irrespective of whether one had replied or not was considered detrimental to the credibility of our guarantee of anonymity. Those who had not responded could have (wrongly) suspected that the researcher was, in fact, able to identify those who had not responded to the questionnaire inducing him to not reply at all through doubt about the anonymity guarantee and have encouraged the suspicious to spread rumors adverse to the proper conduct of the survey.

¹The "Petoskey News Review" of March 1, 1977.

²R.C. Buse, "Motivating Potential Respondents In Mail Surveys," Report of the Research Division, College of Agricultural and Life Sciences, University of Wisconsin, Madison, June 1972.

The ultimate effective response rate was 31 percent of the total number of selected sample households. The absolute number of acceptable responses exceeded the statistically necessary minimum. The data from these questionnaires were, therefore, used for the analysis which follows.

It may be noted that the method of investigation adopted in this case is likely to have led to some systematic bias in the type of responses received. A major weakness of the mail survey technique is that it is more prone to suffer from selective exposure, ". . . a tendency to attend to communication messages that are consistent with one's existing attitudes and beliefs."¹ This concept draws our attention to the possibility that people in Emmet County who do not believe that the fairgrounds project is in accord with their needs and interests are likely to ignore any messages connected thereto. To quote Rogers

Generally, individuals tend to expose themselves to those ideas which are in accord with their interest, needs, or existing attitudes. We consciously or unconsciously avoid messages which are in conflict with our predispositions.²

Responding to a survey questionnaire involves costs to the individual. If the individual perceived the transactions costs of participating in the survey as being greater than the potential gain to him therefrom, he is unlikely to have completed the questionnaire and posted it back. It is possible that a large proportion of the non-respondents on this mail survey fall within the category that lack any interest in the fairgrounds project. The relatively low level of response to this

¹Rogers with Shoemaker, op cit., p. 105.

²Ibid.

survey may itself be an indication of the lack of relevance of the fairgrounds project as it is presently organized to a large proportion of people in Emmet County.

It was not possible to carry out further investigation into the characteristics of the non-respondents because records were not maintained to identify respondents and non-respondents. However, a reasonable inference from the available data is that a high proportion of the respondents are persons already interested in and exposed to the fairgrounds project in Emmet County, and do have an interest in its maintenance and improvement.

In sum, the mail survey method may not be the ideal survey technique to have been used in the present case. The personal interview technique is likely to have yielded a more representative cross section of views of the Emmet County people and, perhaps, a set of views less biased in favor of the fairgrounds project than may be the case with the present data. Nevertheless, the cost in terms of time and other resources available to the researcher prohibited the use of the personal interview technique.

The Annual County Fair

Of the complex of fairgrounds activities, the most popular event appears to be the Annual County Fair (hereafter referred to as the Fair). According to Table IV-1 below, 67 percent of the respondents considered the Fair an important event in the life of the community. Compared with the other important sub-projects within the fairgrounds complex, attendance of at least one member of the respondent family during the twelve month period preceding the field survey was highest

Table IV-1. Importance of the Annual Fair to Members of the Community (C4) By Type of Household (C1)

Attitudes Towards The Annual Fair (C4)	Type of Household (C1)									
	City		Rural Non-Farm		Rural Farm		Other		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>										
1. Important	20	29.9	23	54.8	7	63.6	3	30.0	53	40.8
2. Somewhat Imp.	20	29.9	10	23.8	2	18.2	2	20.0	34	26.2
3. Neutral	20	29.9	7	16.7	2	18.2	2	20.0	31	23.8
4. Somewhat Neg.	1	1.5	1	2.4	--	--	2	20.0	4	3.1
5. Very Negative	6	9.0	1	2.4	--	--	1	10.0	8	6.2
6. Total	67	51.5	42	32.3	11	8.5	10	7.7	130	100.0
<u>Three Point Scale</u>										
7. Important	40	59.8	33	78.6	9	81.8	5	50.0	87	67.0
8. Neutral	20	29.9	7	16.7	2	18.2	2	20.0	31	23.8
9. Negative	7	10.5	2	4.8	--	--	3	30.0	12	9.3

at the Fair; 71.5 percent of the respondents report such attendance--see Table IV-2 below. The corresponding percentages for the other events are 44.6 percent for the Farmers' Markets, 25.9 percent for 4-H activity and 18.0 percent for snowmobile races. Anticipated attendance during the next twelve month period is also expected to be highest for the same event (Table IV-2).

It was seen above that 67 percent of the survey respondent considered the Fair an important event to them; only 9.3 percent had negative feelings about it (Table IV-1). It may be useful, however, to examine the attitudes of groups within the community classified by type of household (C1). As Table IV-1 indicates, there appear to be significant differences in attitudes as between these groups. Of the city respondents, 59.8 percent considered the Fair important while

Table IV-2. Attendance at Each Major Fairgrounds Event During the Past Twelve Months (C16 to C19) and Expected Future Attendance During the Next Twelve Months (C22 to C25)

	Annual Fair		Farmers' Market		4-H Activity		Snowmobile Races	
	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent
<u>Past Attendance</u>	(C16)		(17)		(18)		(19)	
1. Attended	93	71.5	54	44.6	29	25.9	20	18.0
2. Did Not	37	28.5	65	53.7	77	68.8	89	80.2
3. Do Not Know	--	--	2	1.7	6	5.4	2	1.8
<u>Future Attendance</u>	(C22)		(C23)		(C24)		(C25)	
4. Expect To	93	74.4	60	52.2	36	33.6	21	20.4
5. Do Not	19	15.2	27	23.5	42	39.3	64	62.1
6. Do Not Know	13	10.4	28	24.3	29	27.1	18	17.5

10.5 percent indicated negative attitudes towards it. Of the rural residents (farm as well as non-farm), 79.2 percent thought the Fair important to them; only 3.8 percent have given negative responses thereto.¹ When we isolate farm people from the "rural" group referred to above, we find that nobody in the farm household sector has negative feelings about the Fair; 81.8 percent consider it important and the rest remain neutral. City householders constitute by far the largest actual householder category in Emmet County, yet the data indicate a positive feeling towards the Fair as an important event in the life of the community to a considerable number within each of the groups classified by type of household.

¹Derived from rows 7 and 9 of columns 4 and 6 of Table IV-1.

A chi square test¹ of the hypothesis of independence between the variables² "Use of Fairgrounds Facilities During the Past Five Years" (C3) and "Attitudes Towards the Annual Fair" (C4) indicates that there may be a strong relation rather than independence between the two variables at a 5 percent level of significance. Similar tests of the variable "Use of Fairgrounds Facilities . . ." (C3) with attitudes towards each of the other fairgrounds events also indicate positive relationships. Yet, the strongest relation is between "Attitudes Towards the Fair" (C4) and "The Use of Fairgrounds Facilities . . ." (C3).³

These statistical tests add further support to the contention that it is the Fair which is the main basis for community participation in the activities of the fairgrounds complex. The Fair is the mainstay of this community facility and the primary reason for its perpetuation. All the other events appear to be additions thereto to raise the level of resource utilization. In the days of yore when land was in

¹This statistical test is implicitly a test of the hypothesis of no dependence between the specified pair of variables. Where the Calculated χ^2 value is greater than the Table Value at the specified level of significance (.05 in this case), we cannot accept this hypothesis of independence between the variables. The results of all χ^2 tests are shown in the table in Appendix C. Column 6 of that table shows the level of confidence at which the relation between these variables is significant. In the above case, for example, the relation between each pair of variables is significant at any level of confidence.

While the χ^2 measure gives evidence about the lack of independence between the specified variables, the Contingency Coefficient at column 7 is a measure of the degree of dependence between the specified variables; the higher the Contingency Coefficient, the greater the relationship between the variables.

²Please see the questionnaire in Appendix B for all variables definitions.

³See Appendix C for results.

relatively abundant supply, the community had no compunction towards a very limited use of these land and building resources. With increasing population and the complexity of urban life, however, its scarcity value has tended to rise and additional activities have begun to be added on on an 'ad hoc' basis simply because an underutilized fairgrounds is available for use as a community facility. The traditional event of the Fair has continued to dominate the use to which these scarce resources are put.

That the Fair is the crux of the entire operation is also supported by the financial accounts of the Emmet County Fair Board. The statements of Annual Net Operating Incomes From Fairgrounds Operations in Emmet County for the period 1967 to 1976 which were reconstructed from the income-expenditure statements of the Fair Board are shown in Appendix D(1). They reveal that nearly all the annual financial income of the Fair Board is derived from this single event as are most of the expenses.¹ Even in the case of the fairgrounds project in Grand Traverse County (Northwestern Fair), the Annual Net Operating Incomes for the three accounting years ending October 1973, 1975 and 1976 (Appendix E), and which were also worked out from the income-expenditure statements of that Fair Board, it is still the annual county fair which predominates as the central, or, perhaps, the only financially significant event. Even the various state aids to county fairgrounds organizations in Michigan are all

¹Expenses incurred on maintenance, labor, office expenses, etc., will all have to be apportioned among all the events to arrive at the relevant costs for the Fair. It may be stated with a high degree of confidence, however, that the largest proportion of such costs are on account of the Fair.

county fair related as Appendix F on the Michigan Department of Agriculture's grants to fair associations clearly indicates.

In view of this predominant position of the Fair in the operation of the Emmet County fairgrounds project, it seems reasonable to state that the community's attitude towards the Fair is the most important determinant of the community's perceptions of the overall fairgrounds complex. The main basis for its continued attraction and, therefore, the context in which the project is viewed today appears to be its recreational/entertainment element rather than the economic functions it served in earlier years. The payment of premiums for presenting exhibits represents the only expenditure on a traditional fairgrounds function related to local efforts at raising the level of agricultural productivity. Premium payments constitute, however, a relatively small proportion of fairgrounds expenses today. It is the incomes and expenditures for recreation/entertainment related events which dominate the accounts of the Fair Board. Furthermore, the perpetuation of the traditional exhibit presentation and premium payment events may be highly influenced by the heavy subsidy of 75 percent of all such awards reimbursed by the Department of Agriculture. It seems reasonable to believe that but for this state subsidy the traditional exhibit presentation event, too, is likely to have left the fairgrounds project scene.

Nevertheless, there is still a strong agriculture related theme to the Fair and the overall fairgrounds complex which continues to influence policy-making and operation of this project. The survey data have revealed a strong inter-connection between attitudes towards each of the three agriculture related sub-projects within the fairgrounds

complex, viz., the Fair, the Farmers' Markets and 4-H activity. According to Table IV-3 below, 51.1 percent of those who think that the Farmers' Markets are important also consider that the Fair is important as well. The corresponding percentage in respect of 4-H activity and the Fair is 48.0 (Table IV-4 below). Chi square tests of the hypothesis of independence between each pair of these attitudinal variables confirm that such an hypothesis has to be rejected.¹ Each of these three pairs of variables is dependent at any level of significance, and the relatively high contingency coefficients confirm the strength of each of these relations.²

Interdependence between the attitudinal variables related to these three sub-projects within the fairgrounds complex may be explained with reference to a combination of inter-related factors, viz., the strong agriculture related beliefs and values within the community in general and amongst the members of the Fair Board in particular, the powerful influence of the Emmet County Agricultural Extension Division on such beliefs and values, and the poor system of accounting adopted by the Fair Board.

4-H activity by the youth is highly valued by the older members of the community, perhaps, in the belief that such activities inculcate and reinforce important rural values. A stepwise regression of the major variables that influence attitudes towards the Fair supports this contention that attitudes towards 4-H activity have a strong influence on attitudes towards the former.

¹See Appendix C for the results of these chi square tests.

²See Appendix C.

Table IV-3. Importance of the Annual Fair and the Farmers' Markets to Members to the Community (C4 and C5, respectively)

Attitudes Towards The Annual Fair (C4)	Attitudes Towards the Farmers' Markets (C5)															
	Five Point Scale										Three Point Scale*				Total	
	Important		Somewhat Important		Neutral		Somewhat Negative		Very Negative		Important		Negative			
	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent
<u>Five Point Scale</u>																
1. Important	19	70.4	19	47.5	15	28.8	--	--	1	9.1	38	56.7	1	8.3	54	41.2
2. Somewhat Imp.	6	22.2	12	30.0	13	25.0	1	100.0	2	18.2	18	26.9	3	25.0	34	26.0
3. Neutral	--	--	8	20.0	22	42.3	--	--	--	--	8	11.9	--	--	30	22.9
4. Somewhat Neg.	2	7.4	--	--	1	1.9	--	--	1	9.1	2	3.0	1	8.3	4	3.1
5. Very Negative	--	--	1	2.5	1	1.9	--	--	7	63.6	1	1.5	7	58.3	9	6.9
6. Total	27	20.6	40	30.5	52	39.7	1	0.8	11	8.4	67	51.1	12	9.2	131	100.0
<u>Three Point Scale</u>																
7. Important	25	92.6	31	77.5	28	53.8	1	100.0	3	27.3	56	83.6	4	33.3	88	67.2
8. Neutral	--	--	8	20.0	22	42.3	--	--	--	--	8	11.9	--	--	30	22.9
9. Negative	2	7.4	1	2.5	2	3.8	--	--	8	72.7	3	4.5	8	66.6	13	10.0

*The third point, viz., "neutral" is already shown in columns 6 and 7.

Table IV-4. Importance of the Annual Fair and 4-H Activities to Members of the Community
(C4 and C6, respectively)

Attitudes Towards The Annual Fair (C4)	Attitudes Towards 4-H Activities (C6)															
	Five Point Scale										Three Point Scale*				Total	
	Important		Somewhat Important		Neutral		Somewhat Negative		Very Negative		Important		Negative			
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>																
1. Important	28	75.7	12	50.0	11	22.9	--	--	--	--	40	65.6	--	--	51	40.2
2. Somewhat Imp.	6	16.2	8	33.3	16	33.3	3	100.0	1	6.7	14	23.0	4	22.2	34	26.8
3. Neutral	2	5.4	4	16.7	19	39.6	--	--	4	26.7	6	9.8	4	22.2	29	22.8
4. Somewhat Neg.	1	2.7	--	--	1	2.1	--	--	2	13.3	1	1.6	2	11.1	4	3.1
5. Very Negative	--	--	--	--	1	2.1	--	--	8	53.3	--	--	8	44.4	9	7.1
6. Total	37	29.1	24	18.9	48	37.8	3	2.4	15	11.8	61	48.0	18	14.2	127	100.0
<u>Three Point Scale</u>																
7. Important	34	91.9	20	83.3	27	56.2	3	100.0	1	6.7	54	88.6	4	22.2	85	67.0
8. Neutral	2	5.4	4	16.7	19	39.6	--	--	4	26.7	6	9.8	4	22.2	29	22.8
9. Negative	1	2.7	--	--	2	4.2	--	--	10	66.6	1	1.6	10	55.5	13	10.2

*The third point, viz., "neutral" is already shown in columns 6 and 7.

The regression analysis in question was carried out with a regression equation of the form:

$$Y = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + + \beta_n X_n + e$$

The results are as follows:

$$\begin{array}{cccc} C_4 = & -1.095 & + 0.463C_6 & + 0.748C_{16} & + 0.909C_3 \\ & (.219) & (.051) & (.17) & (.211) \\ t = & (-5.0) & (9.0) & (4.4) & (4.3) \\ \bar{R}^2 = & .69 & & & \end{array}$$

where

$$\begin{array}{ll} C_4 = & \text{Attitudes Towards the Annual County Fair}^1 \\ C_6 = & \text{Attitudes Towards 4-H Activity}^2 \\ C_{16} = & \text{Attendance at the Last Annual County Fair}^3 \\ C_3 = & \text{Use of Fairgrounds Facilities During the Past Five Years}^4 \end{array}$$

The above analysis shows that the major explanatory variables, in descending order of importance, are "attitudes towards 4-H activity," "attendance at the last Fair" and "past use of fairgrounds facilities." All the coefficients derived are highly significant. Approximately 69 percent of the variation in attitudes towards the Fair are explained by these three variables alone. Of these three explanatory variables, attitudes towards 4-H activity alone were found to explain 48.7 percent of the variation in the dependent variable. The corresponding changes

1, 2, 3, & 4 See Questionnaire in Appendix B for a detailed definition of each of these variables.

in R^2 for the variables "attendance at the last annual fair" and past participation in fairgrounds activities" are 16.0 percent and 4.9 percent, respectively.

The work of the county Cooperative Extension Office, too, helps to further strengthen and maintain this value. The county has a strong extension work program despite the fact that the relative importance of agriculture within the Emmet County economy has been declining steadily and income from agriculture constitutes a very small proportion of income generated within the county. This division does regular broadcasts especially about agricultural issues and 4-H work. It also conducts programs for the youth at the 4-H Youth Center in the fairgrounds premises. The community is thus constantly influenced by agriculture and youth work program related messages thus helping to sustain and strengthen existing agriculture related beliefs and values. The conduct of 4-H programs within the fairgrounds premises and the focussing of attention towards exhibit preparation and presentation by the youth at the Fair tends to perpetuate an image of importance and inter-connection among all these activities where agriculture is involved. In contrast to the importance given to the agricultural programs within the county, county offices related to the rapidly growing tourist, hospitality and recreation industries, seem to be poorly coordinated. There is far less attention by the county extension staff to these rapidly growing industries so crucial to the future growth of the Emmet County economy.

By tradition and past momentum, the influence of the extension office on decision making by the Fair Board is high. The Director of Extension is a full time and permanent member of this Board. He is

also assisted and supported at these meetings by a full time 4-H Youth Program Assistant working under his administrative control. These personnel represent scientific knowledge about agriculture and related matters and have a high degree of credibility and acceptance among other Fair Board members as well as the County Commissioners. The link of this division with the University boosts its credibility further. The Fair Board depends very much on the Extension office for advice and counsel in making decisions that affect use of the fairgrounds. This leadership of the extension personnel also encourages a close inter-connection among sub-projects such as the Fair, the farmers' markets and 4-H activity and makes it difficult to separate out the costs and returns from these individual sub-projects and to evaluate them separately.

Fair Board members themselves tend to be highly homophilous¹ in regard to their views and attitudes towards agriculture and the fairgrounds project. The method of selecting new Board members on the basis of nominations by existing members tends to encourage the maintenance of a certain set of preferences on the Board. This too helps perpetuate an agriculturally oriented view of the fairgrounds project and inhibits the evolution of the project to satisfy changing community needs. The existing set of institutional and power sharing arrangements thus influence and condition the perceptions of the community with regard to these fairgrounds activities. They also influence the members of the community to retain strong attitudes in

¹"Homophily" refers to the high degree of correspondence between the ideas, beliefs, values, backgrounds, etc., of two or more persons.

favor of such activities without reference to their relevance in the development of the Emmet County economy or the cost-benefit relationships within activities or of the total fairgrounds project.

Attitudes towards this complex of sub-projects and the overall fairgrounds project are affected by the accounting practices adopted by the Fair Board (about which more will be said later) and implicitly approved by the Emmet County Treasurer's Division sometimes without examination or verification of even the accuracy of the annual accounts) as well as by the County Board of Commissioners. The accounting system as it is presently organized does not differentiate between sub-projects nor provide for the clear identification of operating losses either in terms of the total complex of activities or on a sub-project by sub-project basis. These deficiencies in the accounting system mean that there is no useful feedback to the decision makers about the profitability of the various sub-projects and prevents highlighting the major loss items and fails to encourage the investigation of major loss items. The fact that there is an automatic approval of county funds to cover all annual losses without review or even question helps perpetuate the 'status quo' with regard to the fairgrounds project.

In summary, the Fair Board consists of members who are closely connected with agriculture and hold agricultural attitudes, beliefs and values. The method of succession of new members to the Fair Board ensures that people who hold similar views and values will continue to hold sway in making decisions with regard to the fairgrounds project. The mediation of the County Extension Director, a permanent member of the Fair Board, between 4-H and other agricultural activities within the county and the Fair Board, his close access to the County

Board of Commissioners, and his influence over the volunteer members on the Fair Board on account of the official position he holds and the official resources he commands, further encourages decision making in favor of agriculturally related activities at the fairgrounds complex. This situation has also encouraged close inter-connections between the Fair, the Farmers' Markets and 4-H activity, the agriculturally related sub-projects. The close contact the Extension Division in Emmet County has with the youth, and its regular communication of agriculture and 4-H related messages to a community with strong beliefs in the importance of such sub-projects, tends to perpetuate favorable attitudes for such agriculture related community activities. Finally, the failure of the accounting system of the Fair Board to highlight losses and the costs at which certain community objectives are being achieved leads to a myopic view of the whole fairgrounds project and the continuation of traditional activities in a traditional manner without regard to the changing environment or efficiency considerations.

The Farmers' Markets

Farmers' Markets are a relatively minor event as judged by the number of sellers (six) and the number of times they are conducted each year (four) in the fairground premises. These markets are a continuation of a traditional agriculture related activity and closely connected to 4-H work as well as the Fair. They seem anachronistic, however, in an age of so much modernization and large scale operation in the marketing of farm produce. The infinitesimally small number of sellers and the few occasions such markets are held each year are, perhaps, an

indication of the waning importance of this event in the life of the Emmet County people.

Yet, 51.6 percent of the respondents considered them important and 8.6 percent declared negative feelings about these Farmers' Markets (Table IV-5 below). When we differentiate the respondents by type of household (Table IV-5) a larger proportion of the rural farm respondents emphasize the importance of these markets relative to the proportions so reporting from each of the other household types. This was also the case regarding the Fair as well as 4-H activity. The farm population, however, constituted only 7.8 percent of the universe, the smallest of all categories.

Of all the respondents that considered the Farmers' Markets important the lowest percentage is from the city (Table IV-5), the largest single household group in the population. Only 48.5 percent of them considered the Farmers' Markets important as compared to 52.4 percent from the rural non-farm and 80 percent from the rural-farm categories. When we consider the other end of the scale, viz., negative attitudes, 10.6 percent of the city respondents openly declare negative attitudes towards this event. So does 4.8 percent of the rural non-farm category. None of the rural-farm respondents expressed negative attitudes towards these markets. Since these markets are conducted in Petoskey, perhaps, farm people enjoy this opportunity to combine business in the city with some form of pleasure.

Positive attitudes shown towards these Farmers' Markets may also be an expression of some aversion to the withdrawal of an existing, and seemingly "free," service. Such an attitude is likely to be bolstered by the subsidized costs of conducting them; neither

Table IV-5. Importance of the Farmers' Markets to Members of the Community (C5) By Type of Household (C1)

Attitudes Towards The Farmers' Market (C5)	Type of Household (C1)									
	City		Rural Non-Farm		Rural Farm		Other		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>										
1. Important	12	18.2	9	21.4	3	30.0	3	30.0	27	21.1
2. Somewhat Imp.	20	30.0	13	31.0	5	50.0	1	10.0	39	30.5
3. Neutral	27	40.9	18	42.9	2	20.0	4	40.0	51	39.8
4. Somewhat Neg.	1	1.5	--	--	--	--	--	--	1	0.8
5. Very Negative	6	9.1	2	4.8	--	--	2	20.0	10	7.8
6. Total	66	51.6	42	32.8	10	7.8	10	7.8	128	100.0
<u>Three Point Scale</u>										
7. Important	32	48.5	22	52.4	8	80.0	4	40.0	66	51.6
8. Neutral	27	40.9	18	42.9	2	20.0	4	40.0	51	39.8
9. Negative	7	10.6	2	4.8	--	--	2	20.0	11	8.6

the sellers nor the buyers at these markets are called upon to defray any of the fixed costs or the operating costs of utilizing the fairgrounds and its physical facilities for the purpose. Hence, the market prices of commodities traded at these markets understate the real costs of production (marketing) and convey incorrect signals to both buyers as well as sellers.

To delve a little deeper into attitudes toward the events conducted at the fairgrounds, a qualitative question was raised in the questionnaire. The respondent was asked to indicate with reference to each major event how its discontinuation would affect him (adversely).¹ Only 33 percent of the respondents answered this question

¹See questions C10 to C15 of the survey questionnaire at Appendix B.

in relation to the Farmers' Markets of those who did, 24 percent declared that there would be no adverse effects on them if the Farmers' Markets were done away with. Most of the rest indicated their interest in these markets only because they could obtain fresh produce therein. Such a statement can by no means be interpreted to imply that fresh produce cannot be purchased in Emmet County outside of these Farmers' Markets. The U.S. marketing system for fresh produce has evolved to such a high standard of performance that the availability of produce in every place in the mainland which is not only fresh, but is also cleaned, processed and efficiently packaged, is something taken for granted by consumers. A reasonable conclusion from both the responses to this question about the potential adverse effects from discontinuing the Farmers' Markets, as well as from the lack of responses thereto, would be that these markets do not really rank very high in their usefulness to the community, they are believed useful by some members of the community, perhaps, because they are novel, are assumed to cost the taxpayer nothing for allowing them to be conducted within a community owned facility, and most of all because they provide some opportunity for fairly cheap fresh produce on account of subsidized production (marketing) costs. The entertainment and economic aspects surrounding these markets are also so intertwined, and the real costs and prices at these markets so distorted that many members of the Emmet County community are not able to view this issue objectively.

In a certain sense, these Farmers' Markets cannot be viewed independently of the other fairgrounds activities such as the Fair and 4-H activity which are connected in some manner with agricultural activities and related values. Chi square tests between attitudes

towards the Farmers' Markets and related variables (see Appendix C) encourage such a viewpoint. There is a substantial degree of dependence between attitudes towards the Farmers' Markets on the one hand and participation in fairgrounds activities, attitudes towards the Fair and 4-H work, past and future attendance at certain fairground activities and desires to retain but improve upon the existing facility on the other. One has to keep in mind, however, that it is highly probable that those who responded to the survey questionnaire are only those with some interest in the fairgrounds complex and its activities and that those who did not respond are largely people who consider the whole complex of fairgrounds activities unworthy of their time and attention.

A stepwise regression analysis of the major variables influencing attitudes towards these Farmers' Markets reveals that 51 percent of the variation in the dependent variable is explained by attitudes towards 4-H activity and attendance at the previous set of Farmers' Markets that were held in the fairgrounds premises. Attitudes towards 4-H work, however, constitute the major explanatory variable; the change in R^2 with the inclusion of this variable was 32 percent.

The results of the regression analysis are summarized below:

$$\begin{array}{rcll}
 C_5 & = & -.0844 & + \quad .435C_6 \quad + \quad .933C_{17} \\
 & & (.254) & \quad (.057) \quad \quad (.138) \\
 t & = & .33 & \quad 7.63 \quad \quad 6.76 \\
 R^2 & = & .51 &
 \end{array}$$

where:

- C_5 = Attitudes Towards the Farmers' Markets¹
 C_6 = Attitudes Towards 4-H Activity²
 C_{17} = Attendance at the Farmers' Markets During the Last Twelve Months³

The B_i are thus seen to be highly significant. The attitudes of the Emmet County people towards the Farmers' Markets appear to be best explained by their attitudes towards 4-H activities and their past behavior in regard to attendance at these markets.

Thus, in the case of this sub-project of the Farmers' Markets, too, the inter-connection with attitudes towards 4-H activity, as was the case with the Fair, is strong. Perhaps the relatively high percentage of respondents viewing these Farmers' Markets as important, even though many have stated that the elimination of these markets from the fairgrounds complex would not have any adverse effects on them, is an indication of the high value the community places on 4-H activity. Interest in 4-H activity on account of the youth induces the adult members of the community to view these Farmers' Markets at which fresh garden produce and other agricultural products are displayed right in the heart of the city as important since such markets help maintain the interest of the youth in agriculture related activities.

Finally, it may be noted that so long as the fairgrounds complex continues to operate at such a low level of capital utilization, even the conduct of these Farmers' Markets without any charge on sellers

1, 2, & 3 See the questionnaire at Appendix B for a detailed definition of each of these variables.

or buyers, is actually a means of raising the value of the benefit side of the cost-benefit equation. In other words, so long as the opportunity cost of the capital in use for the fairgrounds complex is zero at the time of the event, the Farmers' Markets being held therein helps to increase the net value of the benefits derived from the project provided some members of the community at least derive some satisfaction therefrom and there is as a consequence of such use no damage or destruction to the capital being utilized.

4-H Activity

4-H activity is a

technique of organizing boys and girls into clubs through which Extension programs . . . help youth learn practical knowledge and skills in agriculture, home economics and related areas. . . .¹

In Emmet County, too, this work is conducted under the leadership, direction and control of the Director of Extension who is, as already stated, a permanent member of the Fair Board and has easy access to and is in close touch with the County Board of Commissioners, the local governing body.

These activities are conducted within the Emmet County fairgrounds premises in a special building provided for the purpose. This 4-H Center within the fairgrounds premises is where agricultural education meetings, horse shows connected with 4-H activity, farm exhibitions, etc., are conducted on a regular basis by the agricultural extension staff under the aegis of the 4-H club. This work is not funded by the

¹"4-H in Century III," a bulletin of the Extension Committee on Organization and Policy, 4-H Youth Programs, 175, South Anthony, Michigan State University, East Lansing, Michigan 48824, 1976.

Fair Board; it is financed through the Cooperative Extension Program which is directed by Michigan State University. Yet, the 4-H club pays no rent to the Fair Board for the use of this fairgrounds facility and the county commissioners allocate "\$1,000 each year to the 4-H for repairs and maintenance of 4-H facilities."¹

The free use of fairgrounds facilities for 4-H activities is largely a matter of tradition. The fairgrounds has generally been associated with agricultural diffusion and extension work in addition to its major marketing function. All agriculture related activities have tended to become consolidated with the fairgrounds as the main focal point. Hence, the 4-H club which represents a form of information diffusion program, is not charged for the use of these physical facilities even though it is clearly a project which is separable and should normally be separately accountable from the other fairgrounds sub-projects. The building is rented out to private parties, churches and other non-profit organizations and individuals for the conduct of religious services, wedding ceremonies, musical shows, etc.² at relatively low rates on the basis that this low rental charge, too, is a "community service," whatever the term may mean.³

¹See the proceedings of the "Fairgrounds Hearing" of Nov. 29, 1973.

²See Appendix G.

³It was found during field studies that this term "community service" was commonly used by public officials and local government leaders to justify whatever action they had taken in relation to the use of fairgrounds resources. If, for example, the use of the 4-H Center is desired by Group "X" for a particular purpose, this approval may be granted at a nominal charge, or even withheld, at the discretion of the official having control or influence over such approval. If permission is granted, the reason adduced is "community service." A refusal, too, could presumably be based on the same grounds. In any case, no guidelines exist as to what constitutes a "community service" 'vis a vis' the use of discretionary power over the use of fairgrounds resources.

A strong attitude of agricultural fundamentalism seems to pervade the discussions of Fair Board members, certain county commissioners as well as the public officers and senior community members encountered. They maintain that people in Emmet County consider 4-H activities as a very important part of their life. This feeling of its importance, they hold, is based not only on the educational value of agricultural instruction, but also because 4-H activity offers opportunities to "keep the youth busy" on work that is "truly productive."¹ There is also an implicit assumption among the upholders of these viewpoints that there is some "goodness" in inculcating youth with agricultural knowledge and agriculture related value. These strongly held values by community leaders about agriculture and, therefore, of 4-H activity, seem to underlie decision making with regard to the fairgrounds project.

Even though members of the local governing body, public officials and other community leaders in Emmet County with whom it was possible to hold discussions on this project seem to uphold such views about 4-H activity, the survey data indicate that only 48 percent of the population reported 4-H activity as important to them (see Table IV-6). This is low in comparison to 67 percent who thought that the Fair was important to them (Table IV-1) and as did 51.6 percent with regard to the Farmers' Markets (Table IV-5). In other words, fewer respondents have indicated a positive attitude towards 4-H activities within the fairgrounds premises as compared to the Fair and the Farmers' Markets. At the other end of the scale, a larger percentage of the population

¹ These are some of the terms used when discussing the fairgrounds activities, especially those which are agriculture related.

Table IV-6. Importance of 4-H Activities to Members of the Community (C6) By Type of Household (C1)

Attitudes Towards 4-H Activity (C6)	Type of Household (C1)									
	City		Rural Non-Farm		Rural Farm		Other		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>										
1. Important	16	25.0	17	41.5	3	30.0	2	20.0	38	30.4
2. Somewhat Imp.	8	12.5	7	17.1	4	40.0	3	30.0	22	17.6
3. Neutral	30	46.9	13	31.7	3	30.0	2	20.0	48	38.4
4. Somewhat Neg.	2	3.1	1	2.4	--	--	--	--	3	2.4
5. Very Negative	8	12.5	3	7.3	--	--	3	30.0	14	11.2
6. Total	64	51.2	41	32.8	10	8.0	10	8.0	125	100.0
<u>Three Point Scale</u>										
7. Important	24	37.5	24	58.6	7	70.0	5	50.0	60	48.0
8. Neutral	30	46.9	13	31.7	3	30.0	2	20.0	48	38.4
9. Negative	10	15.6	4	9.7	--	--	3	30.0	17	13.6

have unequivocally indicated negative attitudes towards the Fair (9.3 percent) and the Farmers' Markets (8.6 percent).¹

When we assess attitudes by household types, we see that 70 percent of the comparatively small rural farm population have specified the importance to them of 4-H activities, none of these respondents from the rural farm group have expressed a negative attitude towards these activities. But, in the case of the city folk, only 37.5 percent consider 4-H work important while as much as 46.9 percent remain neutral and 15.6 percent specify negative feelings about it (Table IV-6).

Likewise, participation in 4-H activity is relatively low.

Table IV-2 gives data on attendance at each of the four major events at

¹Table IV-6, IV-1 and IV-5, respectively.

Table IV-7. Importance of 4-H Activities to Members of the Community (C6) and Their Past and Future Attendance Therein (C18 and C24, respectively)

Attitudes Towards 4-H Activities (C6)	Attendance at 4-H Activities During the Last Twelve Month Period (C18)								Anticipated Attendance at 4-H Activities During the Coming Twelve Month Period (C24)							
	Attend		Did Not Attend		Don't Know		Total		Expect To Attend		Do Not Expect To		Don't Know		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>																
1. Important	18	62.1	12	16.0	3	50.0	33	30.0	20	55.6	2	4.9	10	34.5	32	30.2
2. Somewhat Imp.	7	24.1	8	10.7	2	33.3	17	15.5	9	25.0	3	7.3	6	20.7	18	17.0
3. Neutral	4	13.8	38	50.7	1	16.7	43	39.1	7	19.4	24	58.5	10	34.5	41	38.7
4. Somewhat Neg.	--	--	2	2.7	--	--	2	1.8	--	--	--	--	2	6.9	2	1.9
5. Very Negative	--	--	15	20.0	--	--	15	13.6	--	--	12	29.3	1	3.4	13	12.3
6. Total	29	26.4	75	68.2	6	5.5	110	100.0	36	34.0	41	38.7	29	27.4	106	100.0
<u>Three Point Scale</u>																
7. Important	25	86.2	20	26.7	5	88.3	50	45.5	29	80.6	5	12.2	16	55.2	50	47.2
8. Neutral	4	13.8	38	50.7	1	16.7	43	39.1	7	19.4	24	58.5	10	34.5	41	38.7
9. Negative	--	--	17	22.7	--	--	17	15.4	--	--	12	29.3	3	10.3	15	14.2

the fairgrounds premises during the past twelve months and on anticipated attendance during the following twelve month period. Compared to the Fair and the Farmers' Markets, past as well as expected future attendance is low for 4-H activity; only 26 percent participated in 4-H work while 72 percent attended the Fair and 45 percent attended the Farmers' Markets. However, attendance data are not strictly comparable between these events since participation in 4-H activity is primarily, but not exclusively, by youth. There may be some families with no children in this age category. Nevertheless, a 26 percent attendance level for 4-H activity seems rather low given the general belief among local leaders and public officials about its importance to the people in Emmet County and as compared to attendance at some other activities at the fairgrounds complex. It may be noted that of those who did participate in 4-H activities during the past twelve month period, 13.8 percent remained neutral in their assessment of the importance of these activities (see Table IV-7 above).

Chi square tests of the relation between the attitudes towards 4-H activity (C6) and other connected variables¹ reveal that there is dependence between the attitudes of the community towards 4-H activity and their attitudes and/or behavior with regard to the Fair, the Farmers' Markets and 4-H work, as well as their choices of alternative proposals for changing the location, functions and management of the fairgrounds complex.² The data show that if one ranks the Fair as being of high importance to him, the probability is high that he will

¹C3, C4, C16, C18, C22 to C24 and C28.

²See Appendix C for the results of the chi-square tests and Appendix B for a detailed definition of each variable.

view 4-H activities, too, as being equally or somewhat important. Furthermore, past behavior with regard to attendance at the Fair and in 4-H activity, is positively related to expected future attendance at these same events.

The fact remains that the actual number of families in which at least one member in the family participated in 4-H activity during the past twelve months is less than the equivalent figure for past participation in the Fair during the same time period. This is partly an indication that the potential audience for 4-H work (measured in terms of at least one member of a family being a youth or an adult competent to teach or be otherwise involved in 4-H activity) is less than the potential audience for the Fair (all sampling units within the population). It is also an indication that even though people value 4-H work, they are not so enthusiastic when it comes to a question of actual personal participation, or are unable to induce young members of their family to take much interest in it. Perhaps other off-time attractions or activities prevent people from being interested in 4-H work as much as they would like.

An analysis of the qualitative question on how discontinuation of 4-H activity would (adversely) affect the family in question¹ shows that of those who responded to this question, 44.7 percent, the largest single response category, saw it as a reduction of desirable spare time activities for the youth in Emmet County and, therefore, inimical to youth development. 36.2 percent of these respondents thought, however,

¹Question number C12, Appendix B.

that there would be no ill effects if 4-H activity were done away with entirely.

Snowmobile Races

With the advent of the snowmobile, snowmobiling has become an important winter sport for Michiganders. The snowmobile has tended to mitigate the harshness of the weather and winter life by inducing people, including older folk, to enjoy the outdoors during winter. The number of snowmobiles licensed in Michigan has risen rapidly from 154,000 units during 1970 to 440,000 by 1976. In Emmet County, too, this is a recreational innovation that has caught on fast among community members. From a total of 1,228 registrations during 1970, a peak of 2,972 snowmobile registrations has been reached by 1975 (Table IV-8). The people of Emmet County have shown great enthusiasm for this sport by organizing themselves into the Petoskey Snowmobile Club and by setting up a permanent club house and a variety of arrangements to enjoy the sport through group events. One of these organized group events of the club constitutes of two sets of races conducted each winter on the Emmet County fairgrounds (horse) race track; one in January and the other in February each year. Before snowmobile races can be conducted, however, this race track has to be converted from one suitable for horse racing to an ice track. This conversion involves digging out the straw packed track and the freezing of a large volume of water¹ into an eight inch thick ice track. The labor for this work

¹This water comes off a county fire hydrant within the fairgrounds premises. No charge is levied on the Fair Board by the county authorities for the use of this water and is, therefore, borne out of tax funds. A rough estimate of the volume of water used for the purpose that was furnished to the author is 350,000 to 400,000 gallons. It is not known how accurate this estimate is.

Table IV-8. Snowmobile Registrations
in Michigan and in Emmet
County: 1970 to 1976

Year	Snowmobile Registrations (in ,000s)	
	In the State of Michigan	In Emmet County
1970	154	1.23
1971	207	1.68
1972	298	2.35
1973	372	2.72
1974	430	2.97
1975	435	2.80
1976	440	n.a.

n.a. = not available.

Source: Office of the Secretary of State,
Capitol Bldg., Lansing, Michigan

presently comes voluntarily from snowmobiling enthusiasts. However, the subsequent reconversion of the track into one suitable for horse racing is generalized into a cost on the total community. Reconversion costs in the form of refilling the track with hay and rubble, and dragging it to make it suitable for horses to run on, is borne entirely out of county funds.¹

Whatever these costs to the community may be of this snowmobiling project within the fairgrounds, the benefits are likely to be substantial too. For, on the one hand, a large number of people within the community, both snowmobilers as well as spectators, seem to

¹ It must be noted that a reconversion cost is involved only because it is desired that horse races should be continued at this complex during the event of the fair. If, however, it is decided that horse racing should be done away with because it is less relevant within the area, or because financial and economic losses are involved in such a sub-project, then the costs of the snowmobiling sub-project would fall by the amount of the reconversion costs.

gain a great deal of satisfaction out of these events. The value that can be placed on this winter recreation may need to be weighted more since it is an event conducted at a time when outdoor activities are relatively scarce. It has also to be borne in mind that the use of fairgrounds facilities at this time of the year involves extremely low, or zero, opportunity costs.

Snowmobiling represents the first intrusion of modern recreational activities into a traditional institution. This institution is being perpetuated today despite a rapidly changing environment, not so much for economic reasons for which it was first set up, but for the recreational and social enjoyment value of its services. Perhaps snowmobiling at the fairgrounds indicates to some extent the future direction for such community organizations and the type of activities a fairgrounds organization should embrace so as to make it a viable enterprise. This does not mean that the costs to the community of a sub-project such as snowmobiling should not be properly accounted for or that the incidence of these expenditures should not be assessed. It only means that the benefits arising from the snowmobile races sub-project within the Emmet County fairgrounds premises are likely to be substantial and likely to increase over time on account of the increasing interest in the sport and the potential tourist attraction value it appears to have. For a better understanding of this issue, we need to examine what the survey data reveal with regard to this event.

As Table IV-9 indicates, 17.5 percent of the population considered snowmobile races at the fairgrounds important to them. It seems that here, too, snowmobile races at the fairgrounds are most important to the rural-farm category as was also the case with regard

Table IV-9. Importance of Snowmobile Races to Members of the Community (C7) By Type of Household (C1)

Attitudes Towards Snowmobile Races (C7)	Type of Household (C1)									
	City		Rural Non-Farm		Rural Farm		Other		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>										
1. Important	1	1.6	4	10.0	1	10.0	0	--	6	5.0
2. Somewhat Imp.	7	11.5	7	17.5	0	--	1	11.1	15	12.5
3. Neutral	25	41.0	15	37.5	4	40.0	5	55.6	49	40.8
4. Somewhat Neg.	6	9.8	4	10.0	3	30.0	0	--	13	10.8
5. Very Negative	22	36.1	10	25.0	2	20.0	3	33.3	37	30.8
6. Total	61	50.8	40	33.3	10	8.3	9	7.5	120	100.0
<u>Three Point Scale</u>										
7. Important	8	13.1	11	27.5	1	10.0	1	11.1	21	17.5
8. Neutral	25	41.0	15	37.5	4	40.0	5	55.6	49	40.8
9. Negative	28	45.9	14	35.0	5	50.0	3	33.3	50	41.6

to the other fairgrounds events. All these events are of high recreational value to the farm people. This is an indication of the relatively fewer recreational opportunities readily available to them as compared to the city folk. Even the rural non-farm population proportion favoring snowmobile races at the fairgrounds complex is relatively greater than the proportion of city people approving this sub-project by indicating that the event is important to them.

Given the fact that the number of snowmobiles available is much less than the number of adult members of the community, and even less than the number of households in the population, a 17.5 percent approval rate (in terms of the percentage of people stating that the event is important to them) can be considered fairly high.

It is also interesting to note that a slightly higher proportion expect to attend future snowmobile races (20.4 percent) than did actually attend these races held during the past year (18 percent), and that the percentage of people that will not attend future races (62 percent) is substantially less than those that did not attend past snowmobile races (80.2 percent) (see Table IV-2).

Attitudes Towards Changes in the Location, Operation
and Management of the Fairgrounds Project

The Emmet County fairgrounds project has become a bone of contention among different parties with diverse interests. Conflicts have already arisen as to what should be done with the fairgrounds, where the project should be located and what purposes it should serve in the context of changed times and altered community needs. That the area in which the fairgrounds is situated was re-zoned for light industrial uses in the early part of this decade and that an attempt was made to sell a portion of this land to an industrial firm engaged in the stamping and plating of automobile hub-caps are evidence of a realization of the need for change. Implicit in this effort to sell the land was the belief that it could now be transferred to a "higher and better" economic use. The fairground is situated in the heart of the city of Petoskey. Convenient access and the conglomeration of tourists and other potential consumers in this area has tended to increase the attractiveness of this site for various other uses. In terms of Von Thunen's concentric rings, the city of Petoskey has become the zone of convergence of a large market. From a Ricardian view point, the economic rent on this location is likely to be rising.

That the people of Emmet County realize the need for changes in the fairgrounds project is evidenced by an admission that it is underutilized, and by the expression of the need for use expansion.¹ However, the need for change as expressed at the "Fairgrounds Hearing" of November 29, 1973, was implicit rather than explicit. The greater emphasis at this "Hearing" was on "no change" rather than the opposite. This may, however, be a strong reaction to the fears and suspicions aroused within the community by the preceding events.² The attempt at imposing top down change through the sale of the fairgrounds land to

¹ See the news item "People Want Fairgrounds Kept For Public" in the "Petoskey News Review" of November 30, 1973.

² Rumor has it that an attempt was made in 1973 to rush through a sale of the fairgrounds land to M/s. Norris Industries without the knowledge, let alone the consent, of the people of Emmet County. It appears that the "Fairgrounds Hearing" of November 29, 1973, was convened by an irate people incensed by this attempted sale of this community facility.

According to the "Petoskey News Review," of November 30, 1973, the purchase offer was through the Department of Commerce to the Petoskey Economic Development Commission (PEDC), the head of which is also the President of the Petoskey Chamber of Commerce.

It appears that the PEDC had commissioned an appraisal of the fairgrounds land in 1971 (see Appendix A). The land and buildings had in fact been valued (as if in anticipation of a purchase offer) at a price of \$163,000 for an estimated extent of 26.5 acres of fairgrounds land. The sale did not materialize on account of the strong opposition of the people at the "Fairgrounds Hearing"

Many verbal criticisms and rumors were heard in connection with this episode during the survey preliminaries. A letter received from a respondent on the survey also indicates another rumor which seems to be spreading around. It reads:

There has been a lot of talk about a deal between the government agencies and the real estate developers to trade this land for other land so they can develop it and profit thereby. We would like to have it retained as a public service area for family, 4-H and local farmers' use, or as a park area to look at but not for picnics. Hope that the real estate development people do not get this property to develop. Please keep it a restful park area."

industry without popular approval, or acquiescence, or even knowledge, gave rise, perhaps, to suspicions and a strong wall of resistance. As a consequence, despite the grave need for some form of change in the fairgrounds project, nothing has been possible up to date. The rumors, fears and suspicions created in the early part of the decade continue to act as a barrier in the communication process between the community's official and honorary change leaders and the rest 'vis a vis' changes in the fairgrounds project.

The need for change, however, is urgent. The "Future Development Committee" appointed by the Fair Board in 1975 to study the needs and requirements at the fairgrounds complex point out that the

Present fairground buildings are out-dated and will eventually need to be replaced. The grandstand could be condemned sometime as a fire hazard.¹

This Committee has recognized the need for new directions this community project must take. The most important facility required according to its report is a large building equipped with kitchen and restroom facilities to serve as a center to hold conventions, food shows, exhibitions and the like. This recommendation recognizes the economic changes that are occurring within the region, the shift from a basically agricultural community to one which increasingly depends on tourism and hospitality services. It envisages the importance of strengthening Emmet County's capacity to attract large numbers of persons who prefer attractive resort areas for conventions and holidays, and to provide leadership in up-grading the quality of its hospitality services

¹The "Future Development Committee: Study and Survey Report," January 23, 1975.

through the conduct of food shows and exhibitions.

Yet, the interest groups 'vis a vis' the fairgrounds project are many such that a final decision on what should constitute the new fairgrounds project is likely to be a complicated one. Farm people and those with strong agricultural orientation prefer to continue the fairgrounds project in basically its present form. It results in the allocation of county resources for purposes which are likely to yield direct benefits to a small proportion of the population.¹ Those serving on the Fair Board have interests in continuing with the project as it is; they are in these honorary posts because of the agricultural expertise they possess. The Director of Extension in particular has an important interest in its perpetuation; his leadership role in the community is enhanced so long as the project continues to have a strong agricultural orientation and 4-H activities are integrated with the Fair.

People from the hospitality services are interested in the project today since they see it as a means of obtaining a convention exhibition center. According to a news report, a convention center is envisaged in the new fairgrounds program proposed by the "Future Development Committee" in addition to: "an exhibition building large enough to handle the Northern Michigan Food Services Show, Home and Garden Shows and Boat and Snowmobile Shows."²

¹ In addition to the annual losses on the Fair that are written off by county grants to the Fair Board and unaccounted for supplies and services, the Emmet County Board of Commissioners approve an yearly sum of \$1,000 from county funds for the repair and maintenance of 4-H facilities at the fairgrounds complex according to the proceedings on the "Fairgrounds Hearing" of November 29, 1973.

² Petoskey News Review of Friday, January 24, 1977.

Indoor recreation enthusiasts are interested in a variety of recreational facilities. An ice-rink for skating and ice-hockey, a facility that the people of Emmet County do not have now, is one sub-project discussed at the Fair Board meeting held in February, 1977.¹ A gymnasium, convertible into the convention/exhibition center referred to above, is another indoor recreational facility that is desired. Tennis, basketball, volleyball, etc., for the community people are envisaged therein. A swimming pool is another facility that has been discussed. "The Parks and Recreation Plan" drawn up in 1976 by the Michigan State Department of Parks & Recreation states with reference to Emmet County that there are no satisfactory swimming facilities and that sample surveys reveal that: ". . . better than 40 percent of any given age group in the school system cannot swim at all. . ."²

Again, the President of North Central Michigan College is interested in a relocation of the fairgrounds project closer to its campus and the provision of new recreational facilities at this fairgrounds complex that may be used jointly by the Fair Board and the College.

Businessmen are interested in the City of Petoskey's capacity to attract visitors to enjoy the natural beauty and the varied natural resource based recreational facilities in Emmet County. They view the present fairgrounds as an eye sore which spoils the scenic environment and tends to lower Petoskey's tourist attraction. They desire that the

¹At which the author was present.

²"Parks and Recreation Plan for the City of Petoskey" of June 1976 prepared by the Parks & Recreation Division of the Michigan Department of Natural Resources, Lansing, Michigan.

land be made available for a modern market food service complex which serves the growing needs and requirements of a variety of holiday and recreation enthusiasts. Similarly, environmentalists argue that the land area now utilized for the fairgrounds project should be maintained as open space to enhance the natural beauty of the Petoskey scenery, and second-home owners in and around Petoskey are likely to oppose any developments that are likely to raise local taxes or even any actions that are likely to attract more residents or vacationers into the area. According to the 1976 survey report on waterfront dwellers in Emmet and Cheboygan counties, "one out of four waterfront residents advocated a no-growth policy while only four percent favored extensive growth and development in the region."¹

Questions were raised in the survey questionnaire to ascertain the attitudes of the people towards a change in the fairgrounds project. The respondent was first asked what choice he would make out of four alternative sets of change proposals presented to him. The choices placed before them² may be summarized as

1. Abandon,
2. Renovate only,
3. Renovate plus re-organize,
4. Relocate, reorganize and expand recreational activities, etc.

The evidence is that most prefer alternative 3; approximately 49 percent prefer to continue in the same place after repairing the existing facilities and with some changes in the management and mix of activities.

¹Marans et al., op cit., p. 190.

²See question no. C28 in questionnaire at Appendix B.

Only about 6 percent agree to abandon the idea of such a community project, and about 10 percent believe that just renovating the presently dilapidated structures would be quite sufficient. The prospect of drastic changes in the project appeals only to about 35 percent of all the respondents (see Tables IV-10 to IV-13 below).

If one considers the fact that alternatives 2 and 3 can be lumped together, the choice of a majority of the respondents is heavily weighted towards the 'status quo.' The percentage choosing the present location alternative on this basis is approximately 59 percent. Lumping these two alternatives would seem logical. Neither any significant cost reductions nor an increase in net benefits through activity expansion appears to be possible if the traditional activities are to be continued at this location.

A chi square test shows a significant relation between the type of household (C1) and the attitudes expressed towards changes in the fairgrounds project (C28) at a .05 level of significance.¹ Yet, the largest percentage of people within each household group have preferred alternative 3 to all other alternatives (Table IV-14). Forty-one percent of the city, 55 percent of the rural non-farm and 55 percent of the rural-farm people have opted for alternative 3. These percentages rise to 53, 58 and 82 respectively, when alternatives 2 and 3 are combined into a single category. Thus, the evidence is of support mainly for the 'status quo' by all groups.

A significant proportion within two household categories have opted for a relocation and reorganization (or more briefly, to a

¹See Appendix B for the definition of variables and Appendix C for the results of the chi square tests.

Table IV-10. Importance of the Annual Fair to Members of the Community (C4) and Their Choices of Alternative Change Proposals (28)

Attitudes Towards The Annual Fair (C4)	Choices of Alternative Proposals For Changing The Fairgrounds Project (C28)									
	Abandon		Only Renovate		Renovate and Re- organize		Relocate and Re- organize		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>										
1. Important	--	--	5	45.5	31	53.4	17	41.5	53	45.3
2. Somewhat Imp.	--	--	3	27.3	16	27.6	12	29.3	31	26.5
3. Neutral	3	42.9	3	27.3	7	12.1	9	22.0	22	18.8
4. Somewhat Neg.	--	--	--	--	4	6.9	--	--	4	3.4
5. Very Negative	4	57.1	--	--	--	--	3	7.3	7	6.0
6. Total	7	6.0	11	9.4	58	49.6	41	35.0	117	100.0
<u>Three Point Scale</u>										
7. Important	--	--	8	72.8	47	81.0	29	70.8	84	71.8
8. Neutral	3	42.9	3	27.3	7	12.1	9	22.0	22	18.8
9. Negative	4	57.1	--	--	4	6.9	3	7.3	11	9.4

Table IV-11. Importance of the Farmers' Markets to Members of the Community (C5) and Their Choices of Alternative Change Proposals (C28)

Attitudes Towards The Farmers' Market (C5)	Choices of Alternative Proposals For Changing The Fairgrounds Project (C28)									
	Abandon		Only Renovate		Renovate and Re- organize		Relocate and Re- organize		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>										
1. Important	--	--	2	18.2	12	21.1	11	26.8	25	21.6
2. Somewhat Imp.	3	42.9	5	45.5	19	33.3	8	19.5	35	30.2
3. Neutral	1	14.3	3	27.3	23	40.4	19	46.3	46	39.7
4. Somewhat Neg.	--	--	1	9.1	--	--	--	--	1	0.9
5. Very Negative	3	42.9	--	--	3	5.3	3	7.3	9	7.8
6. Total	7	6.0	11	9.5	57	49.1	41	35.3	116	100.0
<u>Three Point Scale</u>										
7. Important	3	42.9	7	63.7	31	54.4	19	46.3	60	51.7
8. Neutral	1	14.3	3	27.3	23	40.4	19	46.3	46	39.7
9. Negative	3	42.9	1	9.1	3	5.3	3	7.3	10	8.7

Table IV-12. Importance of 4-H Activities to Members of the Community (C6) and Their Choices of Alternative Change Proposals (C28)

Attitudes Towards 4-H Activities (C6)	Choices of Alternative Proposals for Changing The Fairgrounds Project (C28)									
	Abandon		Only Renovate		Renovate and Re- organize		Relocate and Re- organize		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
Five Point Scale										
1. Important	--	--	3	27.3	19	32.8	13	34.2	35	30.7
2. Somewhat Imp.	--	--	3	27.3	13	22.4	8	21.1	24	21.1
3. Neutral	2	28.6	4	36.4	21	36.2	14	36.8	41	36.0
4. Somewhat Neg.	--	--	--	--	2	3.4	--	--	2	1.8
5. Very Negative	5	71.4	1	9.1	3	5.2	3	7.9	12	10.5
6. Total	7	6.1	11	9.6	58	50.9	38	33.3	114	100.0
Three Point Scale										
7. Important	--	--	6	54.6	32	55.2	21	55.3	59	51.8
8. Neutral	2	28.6	4	36.4	21	36.2	14	36.8	41	36.0
9. Negative	5	71.4	1	9.1	5	8.6	3	7.9	14	12.3

Table IV-13. Importance of Snowmobile Races to Members of the Community (C7) and Their Choices of Alternative Change Proposals (C28)

Attitudes Towards Snowmobile Races (C7)	Choices of Alternative Proposals for Changing the Fairgrounds Project (C28)									
	Abandon		Only Renovate		Renovate and Re- organize		Relocate and Re- organize		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
Five Point Scale										
1. Important	--	--	--	--	4	7.7	2	5.1	6	5.5
2. Somewhat Imp.	--	--	2	18.2	8	15.4	5	12.8	15	13.8
3. Neutral	--	--	5	45.5	25	48.1	15	38.5	45	41.3
4. Somewhat Neg.	--	--	2	18.2	3	5.8	7	17.9	12	11.0
5. Very Negative	7	100.0	2	18.2	12	23.1	10	25.6	31	28.4
6. Total	7	6.4	11	10.1	52	47.7	39	35.8	109	100.0
Three Point Scale										
7. Important	--	--	2	18.2	12	23.1	7	17.9	21	19.3
8. Neutral	--	--	5	45.5	25	48.1	15	38.5	45	41.3
9. Negative	7	100.0	4	36.4	15	28.9	17	43.5	43	39.4

Table IV-14. Type of Household (C1) and Choices of Alternative Change Proposals (C28)

Type of Household (C1)	Choices of Alternative Proposals for Changing The Fairgrounds Project (C28)									
	Abandon		Only Renovate		Renovate and Re- organize		Relocate and Re- organize		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
1. City	6	85.7	7	63.6	25	42.4	23	57.5	61	52.1
2. Rural Non-Farm	1	14.3	1	9.1	21	35.6	15	37.5	38	32.5
3. Rural Farm	--	--	3	27.3	6	10.2	2	5.0	11	9.4
4. Other	--	--	--	--	7	11.9	--	--	7	6.0
5. Total	7	6.0	11	9.4	59	50.4	40	34.2	117	100.0

radical change), in the fairgrounds project: 37.7 percent of the city people and 39.5 percent of the rural non-farm people have chosen this alternative (Table IV-14 again). In terms of absolute numbers, it is more of the city people that have chosen alternative 4. In proportional terms, however, it is the rural non-farm people that rank highest in terms of choosing this alternative (39.5 percent) from within that particular group. Within the city category, only 37.7 percent chose alternative 4. Insofar as farm people are concerned, their heaviest choice is for a continuation of the present situation. Yet, even from among the farm householders, 18.2 percent are willing to go along with the radical changes proposed with regard to the fairgrounds project.

Chi square tests of the hypothesis of independence between attitudes towards each of the four main sub-projects, viz., the Fair (C4), the Farmers' Markets (C5), 4-H Activity (C6) and Snowmobile Races (C7), and the related choice of the alternative change proposals

offered (C28), suggest that there may be a close relationship between each pair of variables at a .05 level of significance as the data at Appendix C would indicate. Those who consider that a given sub-project is important desire not only to have this fairgrounds project continued, but also prefer, on balance, to continue the project in the same location.

On the basis of learning theory and empirical evidence on the process of innovation diffusion, Rogers classifies a social system into five categories of people.¹ These categories are based upon the degree of readiness of each group to accept and adopt a new idea involving some form of behavioral change. The first group of adopters of an innovation Rogers calls the "Innovator" group. This group constitutes of 2.5 percent of the population. Next, comes the "Early Adopter" category which makes up 13.5 percent of the social system, followed by the "Early Majority" (34 percent), the "Late Majority" (34 percent) and the "Laggards" (18 percent) who never respond to new ideas and are generally impermeable with regard to change ideas.²

When we juxtapose the data specified in Rogers' Theory on the innovation-adoption process with the data relating to the attitudes of the people of Emmet County towards changes in the fairgrounds complex to better suit environmental conditions and current needs, the indications are that there is an high degree of acceptance of these change ideas relative to what the theory predicts. As already stated, 35 percent of the respondents have indicated their willingness to

¹Rogers and Shoemaker, op cit., p. 182.

²Ibid., pp. 174-191.

accept the idea of a radical change in this community project. That only relatively few are prepared to abandon the project and very little information has been presented to the people of the community with regard to the losses and the opportunity costs of the present complex, provide further reason to be optimistic about encouraging a greater degree of acceptance of a new program of action for a more viable community recreational complex.

It may be noted, however, that these data do not represent actual "adoption" of the idea as is implied in Rogers' theory. It does, however, hold out a high degree of promise about the people's willingness to change and their reactions about the future of this community project and would be useful information for planners and policy makers. The analysis of these attitudes towards accepting the idea of new forms of organizing this community project cannot be complete until we see the data on how people responded to the proposal to pay user fees for these new services and activities as well.

Data relating to user fees are shown in Tables IV-15 through IV-22 below, and percentages of respondents agreeable to the payment of user fees for each event are further summarized in Table IV-23 in descending order of the percentage of respondents generally willing (i.e., "somewhat agreeable" plus "highly agreeable" responses) to pay such fees. More than 50 percent of the respondents indicate their willingness to pay for each of the seven recreational facilities that were suggested and more than 31 percent indicate this willingness more emphatically ("highly agreeable" responses only) in respect of all recreational events suggested.

Table IV-15. Attitudes Towards the Payment of User Fees for Proposed New Recreational Activities (C30 to C36)

Attitudes Towards The Payment of User Fees	Proposed New Recreational Activities													
	Swimming Pool (C30)		Ice Rink (C31)		Basketball (C32)		Volleyball (C33)		Tennis (C34)		Gymnasium (C35)		Snowmo- biling (C36)	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>														
1. Quite Agreeable	71	58.2	56	46.3	35	31.3	38	34.2	45	39.8	40	36.0	46	43.4
2. Somewhat Agrbl.	19	15.6	22	18.2	23	20.4	18	16.2	21	18.6	21	18.9	10	9.4
3. Neutral	15	12.3	19	15.7	34	30.1	34	30.6	22	19.5	29	26.1	29	27.4
4. Not Agreeable	11	9.0	18	14.9	17	15.0	16	14.4	16	14.2	16	14.4	10	9.4
5. Strongly Disagree	6	4.9	6	5.0	4	3.5	5	4.5	9	8.0	5	4.5	11	10.4
6. Total	122	100.0	121	100.0	112	100.0	111	100.0	113	100.0	111	100.0	106	100.0
<u>Three Point Scale</u>														
7. Agreeable	90	73.8	78	64.5	58	51.7	56	50.4	66	58.4	61	54.9	56	52.8
8. Neutral	15	12.3	19	15.7	34	30.1	34	30.6	22	19.5	29	26.1	29	27.4
9. Not Agreeable	17	13.9	24	19.9	21	18.5	21	18.9	25	22.2	21	18.9	22	19.8

Table IV-16. Attitudes Towards the Payment of User Fees for an Ice Rink (C31) and Family Income Before Taxes (C40)

Attitudes Towards The Payment of User Fees For An Ice Rink (C31)	Income Groups (C40)											
	< \$5,000		\$5,000 to \$9,999		\$10,000 to \$14,999		\$15,000 to \$19,999		> \$20,000		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>												
1. Quite Agreeable	3	42.9	11	57.9	11	34.4	10	38.5	20	50.0	55	47.0
2. Somewhat Agreeable	--	--	4	21.1	7	21.9	5	19.2	6	18.2	22	18.8
3. Neutral	--	--	1	5.3	8	25.0	4	15.4	3	9.1	16	13.7
4. Not Agreeable	4	57.1	2	10.5	5	15.6	5	19.2	2	6.1	18	15.4
5. Strongly Disagreeable	--	--	1	5.3	1	3.1	2	7.7	2	6.1	6	5.1
6. Total	7	6.0	19	16.2	32	27.4	26	22.2	33	28.2	117	100.0
<u>Three Point Scale</u>												
7. Agreeable	3	42.9	15	79.0	18	56.3	15	57.7	26	78.8	77	65.8
8. Neutral	--	--	1	5.3	8	25.0	4	15.4	3	9.1	16	13.7
9. Not Agreeable	4	57.1	3	15.8	6	18.7	7	26.9	4	12.2	24	20.5

Table IV-17. Attitudes Towards the Payment of User Fees for a Swimming Pool (C30) and Family Income Before Taxes (C40)

Attitudes Towards The Payment of User Fees For A Swimming Pool (C30)	Income Groups (C40)											
	< \$5,000		\$5,000 to \$9,999		\$10,000 to \$14,999		\$15,000 to \$19,999		> \$20,000		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>												
1. Quite Agreeable	4	50.0	11	57.9	20	57.1	17	63.0	19	57.6	71	58.2
2. Somewhat Agreeable	--	--	3	15.8	5	14.3	5	18.5	6	18.2	19	15.6
3. Neutral	--	--	1	5.3	6	17.1	3	11.1	5	15.2	15	12.3
4. Not Agreeable	4	50.0	1	5.3	4	11.4	1	3.7	1	3.0	11	9.0
5. Strongly Disagreeable	--	--	3	15.8	--	--	1	3.7	2	6.1	6	4.9
6. Total	8	6.6	19	15.6	35	28.7	27	22.1	33	27.0	122	100.0
<u>Three Point Scale</u>												
7. Agreeable	4	50.0	14	73.7	25	71.4	22	81.5	25	75.8	90	73.8
8. Neutral	--	--	1	5.3	6	17.1	3	11.1	5	15.2	15	12.3
9. Not Agreeable	4	50.0	4	21.1	4	11.4	2	7.4	3	9.1	17	13.9

Table IV-18. Attitudes Towards the Payment of User Fees for Basketball Courts (C32) and Family Income Before Taxes (C40)

Attitudes Towards The Payment of User Fees For Basketball Courts (C32)	Income Groups (C40)											
	< \$5,000		\$5,000 to \$9,999		\$10,000 to \$14,999		\$15,000 to \$19,999		≥ \$20,000		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>												
1. Quite Agreeable	2	28.6	7	41.2	5	16.7	7	28.0	14	46.7	35	32.1
2. Somewhat AGreeable	--	--	4	32.5	9	30.0	4	16.0	5	16.7	22	20.2
3. Neutral	3	42.9	2	11.8	11	36.7	6	24.0	9	30.0	31	28.4
4. Not Agreeable	2	28.6	3	17.6	5	16.7	6	24.0	1	3.3	17	15.6
5. Strongly Disagreeable	--	--	1	5.9	--	--	2	8.0	1	3.3	4	3.7
6. Total	7	6.4	17	15.6	30	27.5	25	22.9	30	27.5	109	100.0
<u>Three Point Scale</u>												
7. Agreeable	2	28.6	11	73.7	14	46.7	11	44.0	19	63.4	57	52.3
8. Neutral	3	42.9	2	11.8	11	36.7	6	24.0	9	30.0	31	28.4
9. Not Agreeable	2	28.6	4	23.5	5	16.7	8	32.0	2	6.6	21	19.3

Table IV-19. Attitudes Towards the Payment of User Fees for Volleyball Courts (C33) and Family Income Before Taxes (C40)

Attitudes Towards The Payment of User Fees For Volleyball Courts (C33)	Income Groups (C40)											
	< \$5,000		\$5,000 to \$9,999		\$10,000 to \$14,999		\$15,000 to \$19,999		> \$20,000		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>												
1. Quite Agreeable	2	25.0	7	41.2	7	24.1	8	34.8	14	46.7	38	35.5
2. Somewhat Agreeable	--	--	4	23.5	7	24.1	2	8.7	4	13.3	17	15.9
3. Neutral	3	37.5	2	11.8	9	31.0	7	30.4	10	33.3	31	29.0
4. Not Agreeable	3	37.5	3	17.6	6	20.7	3	13.0	1	3.3	16	15.0
5. Strongly Disagreeable	--	--	1	5.9	--	--	3	13.0	1	3.3	5	4.7
6. Total	8	7.5	17	15.9	29	27.1	23	21.5	30	28.0	107	100.0
<u>Three Point Scale</u>												
7. Agreeable	2	25.0	11	64.7	14	48.2	10	43.5	18	60.0	55	51.4
8. Neutral	3	37.5	2	11.8	9	31.0	7	30.4	10	33.3	31	29.0
9. Not Agreeable	3	37.5	4	23.5	6	20.7	6	26.0	2	6.6	21	19.7

Table IV-20. Attitudes Towards the Payment of User Fees for a Gymnasium (C35) and Family Income Before Taxes (C40)

Attitudes Towards The Payment of User Fees For a Gymnasium (C35)	Income Groups (C40)											
	< \$5,000		\$5,000 to \$9,999		\$10,000 to \$14,999		\$15,000 to \$19,999		≥ \$20,000		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>												
1. Quite Agreeable	2	28.6	8	47.1	7	24.1	11	44.0	12	41.4	40	37.4
2. Somewhat Agreeable	--	--	4	23.5	9	31.0	3	12.0	4	13.8	20	18.7
3. Neutral	3	42.9	1	5.9	6	20.7	5	20.0	11	37.9	26	24.3
4. Not Agreeable	2	28.6	2	11.8	6	20.7	5	20.0	1	3.4	16	15.0
5. Strongly Disagreeable	--	--	2	11.8	1	3.4	1	4.0	1	3.4	5	4.7
6. Total	7	6.5	17	15.9	29	27.1	25	23.4	29	27.1	107	100.0
<u>Three Point Scale</u>												
7. Agreeable	2	28.6	12	70.6	16	55.1	14	56.0	16	55.2	60	56.1
8. Neutral	3	42.9	1	5.9	6	20.7	5	20.0	11	37.9	26	24.3
9. Not Agreeable	2	28.6	4	23.6	7	24.1	6	24.0	2	6.8	21	19.7

Table IV-21. Attitudes Towards the Payment of User Fees for Tennis Courts (C34) and Family Income Before Taxes (C40)

Attitudes Towards The Payment of User Fees For Tennis Courts (C34)	Income Groups (C40)											
	<\$5,000		\$5,000 to \$9,999		\$10,000 to \$14,999		\$15,000 to \$19,999		>\$20,000		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>												
1. Quite Agreeable	2	28.6	9	50.0	9	28.1	10	43.5	17	54.8	7	6.3
2. Somewhat Agreeable	1	14.3	3	16.7	8	25.0	4	17.4	4	12.9	19	16.2
3. Neutral	1	14.3	1	5.6	8	25.0	3	13.0	6	19.4	32	28.8
4. Not Agreeable	3	42.9	3	16.7	5	15.6	4	17.4	1	3.2	23	20.7
5. Strongly Disagreeable	--	--	2	11.1	2	6.3	2	8.7	3	9.7	31	27.9
6. Total	7	6.3	18	16.2	32	28.8	23	20.7	31	27.9	111	100.0
<u>Three Point Scale</u>												
7. Agreeable	3	42.9	12	66.7	17	53.1	14	60.9	21	67.7	25	22.5
8. Neutral	1	14.3	1	5.6	8	25.0	3	13.0	6	19.4	32	28.8
9. Not Agreeable	3	42.9	5	27.8	7	21.9	6	26.1	4	12.9	54	48.6

Table IV-22. Attitudes Towards the Payment of User Fees for Snowmobiling (C36) and Family Income Before Taxes (C40)

Attitudes Towards The Payment of User Fees For Snowmobiling (C36)	Income Groups (C40)											
	< \$5,000		\$5,000 to \$9,999		\$10,000 to \$14,999		\$15,000 to \$19,999		> \$20,000		Total	
	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent	No.	Per- cent
<u>Five Point Scale</u>												
1. Quite Agreeable	4	57.1	9	52.9	9	32.1	12	52.2	13	44.8	47	45.2
2. Somewhat Agreeable	--	--	2	11.8	2	7.1	2	8.7	4	13.8	10	9.6
3. Neutral	1	14.3	--	--	13	46.4	4	17.4	8	27.6	26	25.0
4. Not Agreeable	2	28.6	1	5.9	3	10.7	3	13.0	1	3.4	10	9.6
5. Strongly Disagreeable	--	--	5	29.4	1	3.6	2	8.7	3	10.3	11	10.6
6. Total	7	6.7	17	16.3	28	26.9	23	22.1	29	27.9	104	100.0
<u>Three Point Scale</u>												
7. Agreeable	4	57.1	11	64.7	11	39.2	14	60.9	17	58.6	57	54.8
8. Neutral	1	14.3	--	--	13	46.4	4	17.4	8	27.6	26	25.0
9. Not Agreeable	2	28.6	6	35.3	4	14.3	5	21.7	4	13.7	21	20.2

Table IV-23. Percentage of People Agreeable to the Payment of User Fees for the Proposed New Recreational Facilities

Recreational Facility or Event	Percentage of Respondents	
	Agreeable To The Payment of User Fees	Highly Agreeable To The Payment of User Fees
1. Swimming Pool	73.8	42.3
2. Ice Rink	64.5	47.0
3. Tennis Courts	58.4	39.8
4. Gymnasium	54.9	36.0
5. Snowmobiling	52.8	43.4
6. Basketball	51.7	31.3
7. Volleyball	50.4	34.2

A swimming pool is the facility for which most persons have indicated their general willingness to pay user fees. An ice rink is the one for which the most number of emphatic responses of agreeability to pay user fees have been received. This is because a strong need seems to have already been felt by many people in Emmet County for an ice rink, perhaps because of the general popularity that snowmobiling is gaining within the area. This contention is supported by a chi square test of the relation between attitudes towards the conduct of snowmobile races at this fairground complex (C7) with attitudes towards user fees for an ice rink at a new and reorganized community recreational complex (C31) at a .05 level of significance (see Appendix C). The stronger the attitude towards the importance of snowmobile races, the higher the tendency to agree to the payment of user fees for an ice rink.

Tennis, too, has received a high degree of favorable responses if one were to use these data on agreeability to pay user fees as a measure of the relative importance attached to each recreational event. On the same basis, basketball and volleyball seem to come lower down in the scale. Overall, however, there seems to be a high degree of dependence among these attitudinal variables related to user fees for the proposed recreational activities.¹ Generally, if one likes the idea of any one of the recreational activities proposed in the questionnaire, the tendency is high for the respondent to like most, if not all, of the other recreational events and, therefore, the idea of paying user fees.

There is no statistical relationship between income levels and attitudes towards the payment of user fees for the proposed seven recreational events. However, the frequency distribution of responses showing agreeability (i.e., both "highly agreeable" and "somewhat agreeable" responses) to pay user fees classified by income groups (which are summaries of Tables IV-16 through IV-22) shows that more of the higher income respondents seem to be agreeable to user fee payments than those in the lower income brackets. The modal group of persons agreeing to pay user fees is clearly in the \$20,000 or more per annum income group for all recreational activities with bi-modal distributions for a swimming pool and a gymnasium in the \$10,000 to \$14,999 per annum and the \$20,000 or more per annum income group.

When we separate out the emphatic ("highly agreeable") responses to the question of user fee payment and classify them by income groups, we find again a similar pattern. More of the highest income group

¹See Appendix B for the definition of variables and Appendix C for the results of the chi square tests.

Table IV-24. Number and Percentage of Responses Showing Agreeability to Pay User Fees for the Proposed New Recreational Events by Income Groups*

Income Group	Swimming Pool		Ice Rink		Basketball		Volleyball		Tennis		Gym		Snowmobiling	
	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent
< 5,000	4	4.4	3	3.9	2	3.5	2	3.6	3	4.5	2	3.3	4	7.0
5,000 - 9,999	14	15.6	15	19.5	11	19.3	11	20.0	12	17.9	12	20.0	11	19.3
10,000 - 14,999	25	27.8	18	23.4	14	24.6	14	25.5	17	25.4	16	26.7	11	19.3
15,000 - 19,999	22	24.4	15	19.5	11	19.3	10	18.2	14	20.9	14	23.3	14	24.6
≥20,000	25	27.8	26	33.8	19	33.3	18	32.7	21	31.3	16	26.7	17	29.8
Total	90	100.0	77	100.0	57	100.0	55	100.0	67	100.0	60	100.0	57	100.0

* Summarized from Tables IV-16 through IV-22.

Table IV-25. Number and Percentage of Responses Showing a High Degree of Willingness to Pay User Fees for the Proposed New Recreational Events by Income Groups*

Income Group	Swimming Pool		Ice Rink		Basketball		Volleyball		Tennis		Gym		Snowmobiling	
	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent	No.	Per-cent
< 5,000	4	5.6	3	5.5	2	5.7	2	5.3	2	4.3	2	5.0	4	8.5
5,000 - 9,999	11	15.5	11	20.0	7	20.0	7	18.4	9	19.1	8	20.0	9	19.1
10,000 - 14,999	20	28.2	11	20.0	5	14.3	7	18.4	9	19.1	7	17.5	9	19.1
15,000 - 19,999	17	23.9	10	18.2	7	20.0	8	21.1	10	21.3	11	27.5	12	25.5
≥ 20,000	19	26.8	20	36.4	14	40.0	14	36.8	17	36.2	12	30.0	13	27.7
Total	71	100.0	55	100.0	35	100.0	38	100.0	47	100.0	40	100.0	47	100.0

* Summarized from Tables IV-16 through IV-22.

(\geq \$20,000 per annum) give "highly agreeable" responses relative to the other income groups except in the case of the swimming pool where the \$10,000 to \$14,999 per annum group gives a slightly higher number of emphatic responses. All in all, it would seem that there is some tendency for the higher income groups to be more receptive to this idea of new recreational facilities at a community center with user charges being levied for their provision.

It is necessary to conclude this chapter with a warning note. When the results of the survey are viewed in the light of what innovation diffusion theory postulates, there appears to be promise for the successful introduction of change ideas within the community as regards this presently uneconomic fairgrounds project. These tendencies towards the possible acceptance of ideas for changing the location, the organization, and the management of a new fairgrounds program, however, is no indication whatsoever of the economic viability of any of the new sub-projects discussed, nor of the profitability of the overall program as a consequence of adding new activities. Especially since the new recreational activities in question involve high fixed costs, demand analyses for these events would be a 'sine qua non' before planners and policy makers take any steps towards implementation. The economic demand of the local community members, from anticipated visitors to the region, and from business and other interests, for each proposed sub-project will have to be studied carefully as should the potentialities for organizing joint-use programs with the NCMC, neighboring schools and organized regional recreational groups. This study is not in any way a substitute for the necessary micro-economic

studies of the profitability of a new program of action for the Emmet County Fairgrounds Project.

CHAPTER V

EMMET COUNTY IN CONTEXT, SUMMARY AND CONCLUSIONS

It is important to view the problem of the Emmet County fairgrounds project in a context broader than the purely local setting within which it operates before summarizing discussions contained in the previous chapters. It has hitherto been implied or sometimes explicitly stated that the environment within which this project operates has changed substantially during recent years. However, no concrete evidence of these changes have been provided.

Agricultural Trends

Historically, the U.S. farm sector has been considered important for many reasons. Agriculture constituted the major income generating activity in earlier times when the fairgrounds project reached the zenith of its development. Family farms were seen as the backbone of the U.S. political and social system. Fairgrounds, which were associated with agriculture and rural needs, came in fact to be supported by the federal and state governments after President George Washington made a public speech emphasizing the importance of agriculture to the nation and the need for active public encouragement and development.¹ The payment of premiums by state governments and the organized pursuance

¹R. K. Bliss, op cit., p. 261.

of agricultural extension and demonstration programs through these fair-grounds projects followed thereafter.

Agriculture, however, has declined in importance in Region 10 in general and in Emmet County in particular during the last few decades.¹ Since U.S. agriculture reached a high level of productivity, it has been a declining industry within this region, and comparative advantage in such activity has tended to shift to the counties in the south of lower peninsula Michigan.

The general trend in Michigan's agriculture during recent years has been for a steady reduction in the number of farms and total acreage of land in farms. From an average of approximately 110,000 farms during 1961/63, the number of farms declined to approximately 81,000 by 1971/73.² In 1974, this number further declined to 68,638.³ The average size of farm, however, had tended to become larger. For Emmet County, the corresponding figures with regard to the number of farms for 1964, 1969 and 1974 were 413, 248 and 218 respectively.⁴ The average size of farm in Emmet County which was 196 acres during 1964 increased to 229 acres by 1969. By 1974, it had diminished in size slightly to 211 acres per farm.

¹This section on agricultural trends is based largely on Professor Karl T. Wright's analysis in "Michigan Agriculture," Extension Bulletin 785, Farm Service Series, Oct. 1974, issued by the Cooperative Extension Service, M.S.U.

I am also indebted to Professor Wright for his personal attention to my needs in this area and for making some of his personal papers and his fund of knowledge on the subject available to me.

²Ibid., p. 5.

³Extension Bulletin 785, op cit., Fig. 35.

⁴Bureau of the Census, U.S. Department of Commerce, The "Census of Agriculture" for the corresponding year.

The extent of land in farms in Michigan reached a peak of 18.5 mln. acres by 1935. Since then, this acreage decreased steadily to an average of 14.8 mln. acres by 1961/63 and to 12.4 mln. acres by 1971/73. In 1974, it was only 10.9 mln. acres. For Emmet County, the extent of land in farms during 1964 was 81,000 acres, approximately 27.5 percent of the total acreage of all county land. This extent of land in farms declined substantially to 57,000 acres by 1969. In 1974, it had declined further to 46,000 acres (15.6 percent of the total county acreage).

Similarly, the extent of cropland harvested in Michigan declined from an average for 1961/63 of 6.8 mln. acres to an average of 5.9 mln. acres by 1971/73, or by 13 percent approximately. In 1974, this figure for Michigan had increased slightly to 6.2 mln. acres. As for Emmet County, cropland acreage harvested declined progressively from 21,000 acres in 1964 to 15,000 acres in 1969 and to 14,000 acres by 1974.

Despite the steady decline in the use of land resources in Michigan's agriculture, the evidence is that the output of crops fell only by one percent during the ten year period 1961/63 to 1971/73 signifying a substantial growth in productivity over time in the production of crops. Corn output had increased by 42 percent while the production of soy beans had risen by as much as 85 percent. Productivity growth in the area of livestock, too, had also taken place. Livestock resources measured in animal units declined by 17 percent during the period 1961/63 to 1971/73, but livestock output had fallen only by 4.0 percent despite the fact that the labor engaged in livestock farming had also decreased as much as 26 percent. At the same time, the

yield per milk cow had risen as much as 30 percent; from 8,663 lbs. per cow in 1961/63 to 11,287 lbs. per cow by 1971/73. And, the index of livestock production per animal had registered a 19 percent increase--from 88 to 105--during the period. Thus, productivity per head of livestock had risen substantially during this ten year period.

Labor efficiency per unit of time had also shown a marked improvement largely due to the greater use of capital and purchased inputs in the production process. Professor Wright holds that ". . . the 1971/73 agricultural output was produced by 26 percent fewer farmers than ten years earlier."¹ Clearly, much fewer resources were being utilized during 1971/73 to produce nearly as much as the same output as before. The increasing division of labor and the increased use of capital in production processes were some of the important factors underlying the rise in the level of productivity. More and more of the farm input requirements were being manufactured outside the farm sector leading thereby to considerable economies of scale. The lines of separation of the farm and non-farm sectors were thus becoming blurred.

During the ten year period 1961/63 to 1971/73, agricultural prices as well as incomes rose. As a consequence, real farm incomes rose over 30 percent during the period; the index of average prices rose from 84 to 132 for 1971/73, an increase of 57 percent.² However, average money income must have risen much faster on a per farm basis if this substantial gain in real income were in fact realized.

¹Extension Bulletin 785, op cit., p. 3.

²Ibid., p. 3.

The gain in real farm income has been attributed partly to an increase in the average acreage per farm and mostly to an increase in productivity in both crop and livestock production. Despite this growth in farm incomes, however, the share of Emmet County's income from agriculture has tended to become less and less important. In 1969, total farm income, defined as cash receipts from the sale of crops, livestock and livestock products, was only \$2.34 mln. for Emmet County.¹ This represents an increase of just \$0.27 mln. (11.5 percent) from the income of \$2.07 mln. derived in 1964. During the same year (1969), total farm income for the state of Michigan was, in comparison, as much as \$829.5 mln.² While the state average income per farm (Class I to Class V) was \$18,030, the corresponding average income per farm for Emmet County was only \$10,400.³

Emmet County's income from farming has risen slowly as well. By 1974, the total money value of farm products sold was only \$2.7 mln.⁴ representing only a 13.4 percent increase in money income over a period of five years despite substantial price inflation. The corresponding regional⁵ income from agriculture was \$80.8 mln. and the agricultural income for the state of Michigan was as much as \$1,464 mln.⁶

¹ Ibid., p. 44.

² Bureau of the Census, U.S. Department of Commerce, "1974 Census of Agriculture: Preliminary Report," September 1976.

³ Extension Bulletin 785, op cit., Figure 35.

⁴ Bureau of the Census, op cit.

⁵ Region 10.

⁶ David I. Verway (ed.), "Michigan Statistical Abstract," 11th edition, Division of Research, Graduate School of Business Administration, Michigan State University, 1976, p. 623.

Labor and proprietors' earnings in agriculture for Emmet County as a proportion of total county earnings by labor and proprietors, was an insignificant 2.3 percent during 1973. By 1974, this proportion had declined still further to 1.9 percent.¹ The actual dollar income from labor and proprietors' earnings in agriculture during 1974² was \$1.4 mln.³ as compared to a total personal income of \$98.6 mln. for Emmet County during the same year.⁴ Even as far back as in 1969, farm earnings in Emmet County constituted only 1.4 percent of total earnings while "Wholesale and Retail Trade" accounted for 26 percent with "Services" following a close second with 25 percent (see Table V-1).

Employment in agriculture has also tended to become less and less significant in the Emmet County economy. According to Table V-2, the number of farmers and farm managers has declined by 52.3 percent during the period 1960 to 1970. Decline in the number of farm laborers and farm foremen during the same period was 71.8 percent. In 1973, total employment in agriculture in Emmet County was only 3.4 percent of total county employment.⁵ And, of all the ten counties within Region 10, Emmet County ranked lowest both in terms of the proportion employed in agriculture in relation to total employment within the county during 1973 as well as the proportion of earnings from agriculture in relation

¹This inclues ". . . net farm income and all forms of labor compensation before deduction of payroll taxes."

²Verway, op cit.

³Ibid.

⁴Ibid., p. 302.

⁵Ibid., p. 622.

Table V-1. Total Earnings by Major Sources During 1969 for Michigan, Region 10 and Emmet County

	State of Michigan	Region 10, Michigan	Emmet County
a. Total Earnings (\$000,000)	29,608	352.3	45.5
b. Distribution by Source	----- Percent -----		
1. Farm	1.1	3.5	1.4
2. Government	12.0	19.4	15.0
3. Manufacturing	45.4	26.8	15.4
4. Mining	0.1	--	--
5. Contract Construction	5.7	7.3	9.3
6. Transport, Communication and Public Utilities	4.9	5.5	4.7
7. Wholesale & Retail Trade	13.9	18.5	26.0
8. Finance, Insurance & Real Estate	3.2	2.4	2.5
9. Services	12.2	15.9	25.0
10. Other	0.2	0.5	0.7

Source: "County and Regional Facts," a compilation of data by the Cooperative Extension Service, Michigan State University, an undated bulletin.

to total county earnings during 1974.¹

Thus, the evidence is agriculture has become a sector of declining importance in the Emmet County economy. Labor and proprietors' earnings in agriculture as a percent of total county labor and proprietors' earnings was only 2.3 percent in 1973 and 1.9 percent by 1974.² Farm earnings constituted only 1.4 percent of total earnings for the county during 1969 (see Table V-2 below). The percent of males employed in agriculture during 1970 was just 2.0 percent of the

¹ Ibid.

² David I. Verway (ed.), "Michigan Statistical Abstract," 11th edition, 1976: Division of Research, Graduate School of Business Administration, Michigan State University, Table XII-21.

Table V-2. Changes in Numbers Employed in Different Occupational Categories in Emmet County for the Period 1960 to 1970

Occupational Categories	1970		1960		Change From 1960 to 1970	
	No.	Per-cent	No.	Per-cent	No.	Per-cent
1. Total Employed ^a	6,261	100.0	3,372	100.0		
2. Professional, technical and kindred workers	767	12.3	302	9.0	465	154.0
3. Managers and administrators except farm ^b	720	11.5	509	15.1	211	41.5
4. Sales workers	452	7.2	240	7.1	212	88.3
5. Clerical and kindred workers	922	14.7	157	4.7	765	487.3
6. Craftsmen, foremen and kindred workers	905	14.5	658	19.5	247	37.5
7. Farmers and farm managers ^c	105	1.7	220	6.5	-115	-52.3
8. Farm laborers and farm foremen ^c	22	0.4	78	2.3	- 56	-71.8
9. Other	2,368	37.8	1,208	35.8	1,160	96.0

Source: The 1960 and 1970 Censuses of Population: General, Social and Economic Characteristics-Michigan.

^aReference Table 84 of the U.S. Census of Population, 1960 - Final Report PC(1)-24A of the U.S. Department of Commerce, the total for 1960 refers to all males employed. The corresponding figures for 1970 obtained from Table 122 of the 1970 Census of Population--Report PC(1)-C relate to persons who are 16 years old and over.

^bThe corresponding category during the 1960 Census was "Managers, officials and proprietors except farm."

^cReference Appendix 21 of the "1970 Census of Population-General, Social and Economic Characteristics," these categories include farm foremen, farm laborers, wage workers, unpaid family workers and self-employed farm service laborers. According to Appendix-18 therein, "... the information referred to the job held during the reference week. If he was employed at two or more jobs, the job at which he worked the greatest number of hours during the reference week was reported."

total number of males employed in the county. Total employment in agriculture as a percentage of total county employment was only 3.4 percent during 1973.¹ The extent of land in farms is today only 15.6 percent of the total extent of county land. From 1964 to 1969, the number of farms in the county declined by as much as 39.9 percent. In 1969, 51.2 percent of the farm operators were working off the farm, and 28.6 percent of them were working more than 200 days of the year off the farm.²

The Growing Interest in Recreation

With increasing productivity in U.S. agriculture and rising real income levels, there has been a tendency for these freed resources to go more and more into the production of outdoor recreation facilities and services. In Emmet County, this drift is indicated in the greater importance today of trade and services as income earning sources.

Rising real income levels, improved transportation facilities and the availability of more leisure time have intensified interest in the physical environment and in outdoor recreation on a nationwide basis since the 1950s. With this growing importance of recreation in the U.S. consumers' basket of goods and services purchased, a presidential commission was appointed to survey demand and supply conditions for outdoor recreation activities, facilities and services and to make policy recommendations. The outcome was the "Outdoor Recreation Report

¹Ibid.

²"County and Regional Facts," an undated publication of the Michigan State University, Cooperative Extension Service, pages 58 and 60.

For America" in 1962.¹ It reported that ". . . the expanding population has achieved more leisure time, more money to spend, and better travel facilities; and it has sought more and better opportunities to enjoy the outdoors."² Among its other proposals, this commission recommended that a Bureau of Outdoor Recreation be established in the Federal Government and that a Federal Grants in Aid Program for the states be set up.

It is within this overall context that we have to view the "Michigan Recreation Plan, 1974"³ which attempted to "provide a vehicle from which policy decisions can be considered."⁴ This plan contains an assessment of essentially outdoor recreational activity needs on the basis of several surveys within Michigan, viz., the 1972 "Michigan Recreation Survey," the "State Park Day Use Survey" and the "Local Government Survey." It has also projected anticipated rates of increase for this set of recreational activities up to the year 1990.

Table V-3 below which has been adapted from these data indicates that both the number of participants engaged in this variety of recreational activities as well as the volume of activity days in each of these recreational activities may increase substantially over

¹Outdoor Recreation Resources Review Commission (ORRRC)'s report to the President and the Congress of January 1962 entitled the "Outdoor Recreation Report For America," Washington D.C.

²Ibid.

³The "Michigan Recreation Plan, 1974" prepared by the Michigan Department of Natural Resources, Lansing, Michigan, 1975.

⁴The "1974 Michigan Recreation Plan Summary," Michigan Department of Natural Resources, Lansing, Michigan, 1975, p. 2.

Table V-3. Projected Growth Rates in Recreation Needs in Michigan from 1972 to 1990

Activity	Percent Increase In	
	Number of Participants	Volume of Activity Days
1. Senior Citizen Center	31.3	32.3
2. Hunting	26.3	25.0
3. Indoor Competitive Sports	22.7	23.6
4. Snowmobiling	19.6	19.2
5. Power Boating	19.5	18.8
6. Outdoor Competitive Sports	19.2	17.4
7. Nature Study	19.2	19.4
8. Other Boating	19.0	18.6
9. Fishing	18.8	18.8
10. Picnicking	18.8	18.9
11. Motorcycling	18.5	18.0
12. Canoeing	18.4	17.0
13. Camping	18.2	17.9
14. Hiking	17.6	17.2
15. Swimming in Lakes and Streams	16.9	15.7
16. Swimming in Pools	15.1	13.7
17. Indoor Recreation Center	14.9	--
18. Bicycling	14.8	15.6
19. Horseback Riding	13.7	12.1

Source: "1974 Michigan Recreation Plan Summary," Office of Planning Services, Michigan Department of Natural Resources, 1975.

the period 1972 to 1990. It also shows that the projected growth rates are highest in regard to senior citizen centers, hunting and indoor competitive sports. These projected rates of growth implicitly assume the construction of related facilities as the report point out. They have been based principally on projections of population growth and changes in age structure. Activities which will not be constrained by the need for physical facilities, as for example "cross country skiing, bicycling and motorized trail related activities"¹ and

¹ Ibid., p. 26.

those which involve relatively low adoption costs to the consumer are, in fact, expected to grow faster.

Research of the Michigan Department of Natural Resources also shows a positive correlation between the degree of participation in recreational activity and growth in income within the state of Michigan. While the relationship between income and all recreational activities taken as a generic group may be held to be positive, the Michigan Recreation Study has found considerable variation in this relationship--between the level of income and the intensity of adoption of different types of recreational activities. The relationship is very close for some, moderate in the case of others, but marginal or even negative in the case of yet other recreational activities. The 1972 Michigan Recreation Survey shows that

. . . participation in power boating increases with each increase in income level. . . . Swimming in lakes, swimming in pools, motorcycling, outdoor competitive sports, and indoor competitive sports all increase quite rapidly with increases in income.¹

Activities such as snowmobiling, horseback riding, nature study, camping, boating (other than power boating) and bicycling, however, are less closely related to income though the correlation is still positive. It is only senior citizen activity that is shown to be negatively correlated with income in this study.

If the origin-destination data for recreation activities during July and August of 1972 for those outdoor recreation activities shown in the 1974 Michigan Recreation Plan be a pointer, the indication is that the demand for recreational facilities and activities in

¹ Ibid.

the northern part of Michigan is likely to be rising to reasonably high levels. It appears that urban dwellers in southern Michigan, especially those from major cities, and people from adjoining states, do a considerable amount of travelling to northern lower peninsula Michigan in quest especially of outdoor recreation.

Also derived from the 1974 Michigan Recreation Plan Summary is Table V-4 below which gives data on the number of activity days of nine recreational activities imported and exported¹ by each of the development regions² in lower peninsula Michigan. These data provide strong support for this contention of an increasing use of Region 10s natural resource based recreation facilities. If "exports" be defined for this purpose as those recreation activity days spent in the region by non-residents (implying that the region has produced and supplied these services to outsiders to be consumed within the confines of the producing region) and "imports" be recreation activity days residents of the region in question enjoyed outside their own region of residence (implying that these residents demanded the services produced by outsiders and consumed them outside their residential region), Table V-4 clearly shows the large volume of exports of recreation activity days by the northern counties of the lower peninsula region. Correspondingly, a high import volume is indicated for the development regions in the south of Michigan.

¹ It may be noted that the definitions of 'imports' and 'exports' adopted in the Michigan Recreation Plan are different from the definitions adopted herein.

² The official "State Planning and Development Regions" established earlier by the Executive Office of the Governor for planning purposes have been used for purposes of the 1974 Recreation Development Plan as Recreation Plan Sub-Regions.

Table V-4. Imports and Exports^a of Activity Days of Nine Recreational Activities in Lower Peninsula Michigan (in ,000)

		Region ^b													
		1	2	3	4	5	6	7A	8A	14	7B	7C	8B	9	10
		South of Imaginary Line ^c							North of Imaginary Line ^c						
1. Canoeing	M	1,627	79	177	35	201	202	367	254	49	99	27	24	48	10
	X	24	37	22	88	34	1	37	34	262	11	585	485	600	269
2. Power Boating/ Water Skiing	M	6,244	430	649	142	1,597	1,592	1,396	1,214	354	271	121	56	40	1
	X	493	283	506	278	378	64	261	652	914	284	2,276	851	2,022	2,281
3. Other Boating	M	3,319	250	249	107	673	844	580	589	228	9	30	22	5	6
	X	194	179	109	180	79	40	123	313	232	193	808	768	1,501	855
4. Fishing	M	10,018	557	817	462	1,764	1,989	2,043	1,865	474	187	159	139	89	303
	X	326	660	449	303	245	165	298	758	1,556	765	2,750	1,292	2,630	3,224
5. Swimming In Lakes & Streams	M	17,502	868	1,442	889	2,733	3,339	4,213	3,444	637	577	188	37	79	55
	X	589	883	1,135	760	845	106	416	2,161	2,898	1,773	5,317	2,120	3,854	4,346
6. Picnicking	M	7,220	809	826	865	1,188	1,187	1,632	2,016	544	214	229	72	204	143
	X	493	407	431	597	709	326	402	926	1,952	484	1,292	966	1,151	1,649
7. Camping	M	10,814	803	1,192	618	1,700	1,354	1,720	1,791	889	298	221	111	214	215
	X	1,783	504	410	304	192	184	208	447	2,275	255	1,592	1,349	1,992	2,810
8. Hiking = 2 hours	M	2,451	61	30	148	395	255	517	507	67	42	29	30	28	8
	X	36	119	12	-	188	42	6	27	301	39	307	618	251	471
9. Motor Cycling/ Trail Riding	M	2,869	156	104	66	370	364	527	401	1,061	178	9	21	7	99
	X	164	107	253	14	195	137	80	258	1,286	72	900	154	982	462

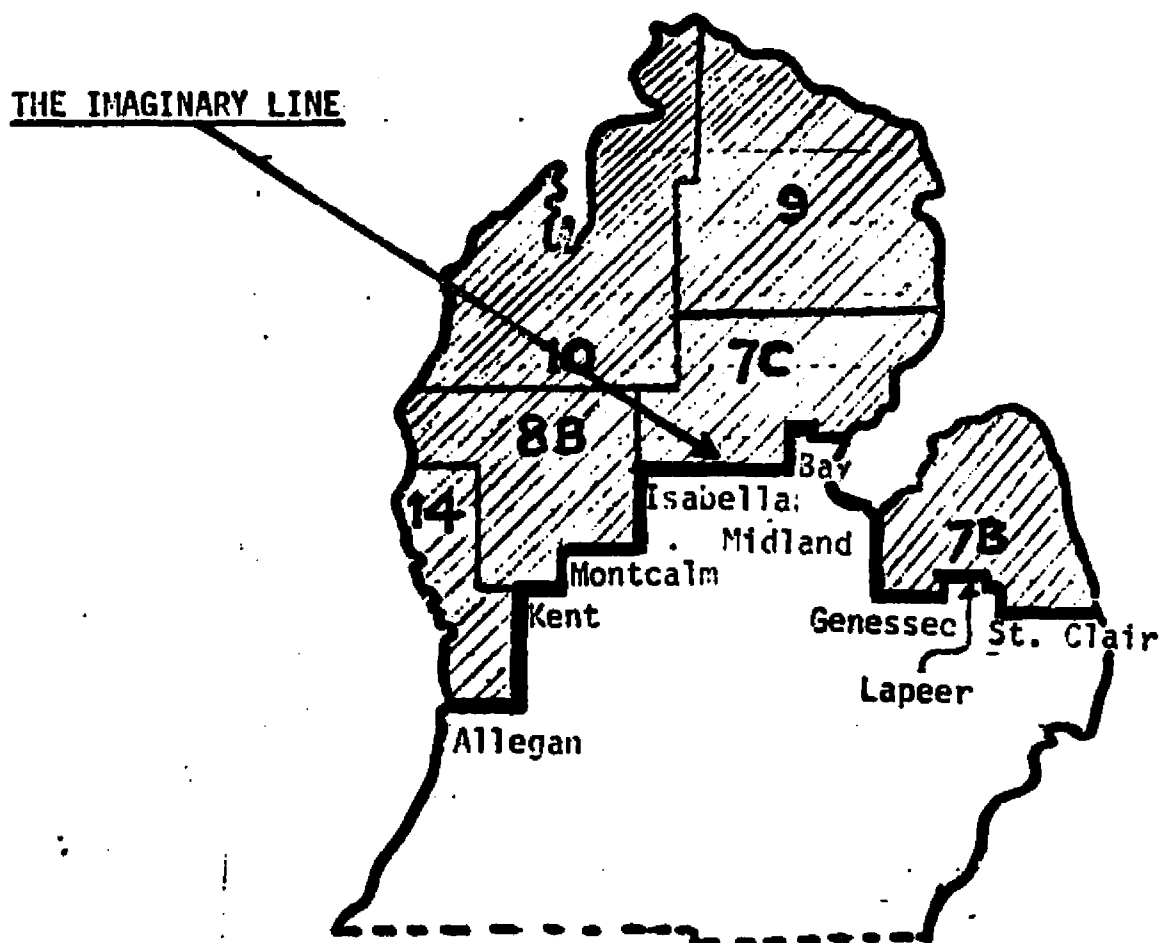
Source: Adapted from Table 3 of the "1974 Michigan Recreation Plan Summary," Michigan Department of Natural Resources, Lansing, Michigan, March 1975.

^aImports(M)=Number of activity days residents spent on that activity outside their region of residence. Exports(X)=Number of activity days non-residents spent on that activity within the region in question.

^bThese are groups of counties adopted by the Executive Office of the Governor of Michigan for purposes of development planning. The 1974 Recreation Development Plan has adopted the same groups for purposes of reporting and recreation planning. See Map I at page 7.

^cThe Imaginary Line goes along the northern boundaries of the counties of Allegan, Kent, Montcalm, Isabella, Midland, Bay, Genessee, Lapeer and St. Clair. See Map II, page 155.

In fact, one is able to identify the comparative advantage that the northern counties of lower peninsula Michigan¹ hold relative to those below the imaginary line shown in Map II below² in the production and marketing of several natural resource based recreational activities.



Map II. Lower Peninsula Michigan Showing the Imaginary Line Dividing Those Counties With a Comparative Advantage in Exporting Natural Resource Based Recreational Activities

¹Those counties in the lower peninsula above an imaginary line along the northern boundaries of the counties of Allegan, Kent, Montcalm, Isabella, Midland, Bay, Genesee, Lapeer and St. Clair.

²According to the "1974 Michigan Plan Summary" (page 26), "Many areas of the state particularly in the northern areas, have a natural competitive advantage for outdoor related activities that is difficult to overcome in portions of the southern areas even with carefully developed management."

It may be observed in Table V-5 below that the export/import ratios for all the recreation activities under reference (except for four of these activities within Region 7B) are greater than unity for those regions in lower peninsula Michigan above the imaginary line shown in Map II. In other words, these counties export such recreation activities more than they import them. Not only are their exports greater than their imports, Table V-4 shows that the absolute number of recreation activity days exported are, indeed, substantial. And, within these counties in the lower peninsula north of this imaginary line, Region 10 in which Emmet County lies has the highest export/import ratios for five of these nine activities; viz., power boating and water skiing, hiking, swimming in lakes and streams, canoeing and camping. Even out of the remaining four activities, Region 10 is still close behind that region with the highest export/import ratios in picnicking, other boating and fishing. This strong relative advantage of Region 10 derives from the quality of its natural environment with a high degree of land-water interfaces, easy public access,¹ a substantial annual snowfall which tends to attract skiing enthusiasts, and its accessibility through land, water or air. Table V-4 shows that Region 10's exports of activity days of the nine recreational activities listed therein are substantial relative to both its own imports as well as to the exports

¹That easy access to water based recreational facilities tend to raise the price of bordering land in recognition of the increased potential benefits from that water is supported by empirical evidence. Land-water interfaces with ease of access for recreational activities tend to increase the satisfaction yielding capacity of the physical environment. See, "The Effects of Water Frontage on Recreational Property Values," by J. R. Conner, K. C. Gibbs and J. E. Reynolds, "Journal of Leisure Research," 1973, No. 5 (Spring), pp. 26-38.

Table V-5. Export/Import Ratios for Nine Outdoor Recreation Activities for Michigan's Planning and Development Regions Computed on the Basis of Origin-Destination Data for these Activities During July and August 1972

	Lower Peninsula														Upper Peninsula		
	South of Imaginary Line								North of Imaginary Line								
	Region																
	1	2	3	4	5	6	7A	8A	14	7B	7C	8B	9	10	11	12	13
1. Canoeing	.02	.47	.12	2.5	.17	-0	.10	.13	5.4	.11	21.7	20.2	12.5	26.9	4.9	.44	13.6
2. Power Boating/ Water Skiing	.08	.66	.78	2.0	.24	.04	.19	.54	2.6	1.0	18.8	15.2	50.6	2281.	6.0	1.04	1.8
3. Other Boating	.06	.72	.44	1.7	.12	.05	.21	.53	1.0	21.4	26.9	34.9	300.	142.5	0	0.38	3.8
4. Fishing	.03	1.2	.55	.66	.14	.08	.15	.41	3.3	4.1	17.3	9.3	29.6	10.6	12.6	1.3	2.8
5. Swimming in Lakes & Streams	.03	1.0	.79	.85	.31	.03	.10	.63	4.6	3.1	28.3	57.3	48.8	79.0	5.0	1.7	2.1
6. Picnicking	.07	0.5	.52	.69	.60	.27	.25	.46	3.6	2.3	5.6	13.4	5.6	11.5	7.3	1.3	5.0
7. Camping	.17	.63	.34	.49	.11	.14	.12	.25	2.6	.86	7.2	12.2	9.3	13.1	16.5	2.6	3.2
8. Hiking \geq 2 Hours	.02	2.0	.40	-0	.48	.16	.01	.05	4.5	.73	10.6	20.6	9.0	58.9	0	7.2	7.5
9. Motor Cycling/ Trail Riding	.06	.69	2.4	.21	.53	.38	.15	.64	1.2	.40	100.0	7.3	140.0	4.7	2.9	.47	8.5

Source: Adapted from Table 3 of the "1974 Michigan Recreation Plan Summary" prepared by the Michigan Department of Natural Resources, Lansing, Michigan, December 1975.

of the other development regions; it also leads the way in the export of power boating, fishing and camping.

Winter skiing during what was formerly considered to be the off-season for tourists and vacationers is becoming increasingly popular. Region 10 provides 63 percent of the payrolls, 43 percent of skier days and 39 percent of total employment out of all of Michigan's annual skiing activities as would be shown by Table V-6 below.

Projections of activity days during the period 1972 to 1990 of certain outdoor recreation activities drawn from the Michigan Recreation Plan Summary for 1974, it must be realized, are just indicators of the potential upward trend in recreation facility use rather than conceptually valid estimates of future demand for recreational activities in northern lower peninsula Michigan. The economist's notion of "demand" refers to a set of relations between quantities demanded and specific prices at a given moment in time, and the notion of an increase in demand is the notion of an outward shift in the whole demand schedule signifying that more of the commodity will be purchased at each of the earlier specified prices. In this sense, the data provided in the Plan are not demand projections but estimates. They are based only on expected population growth patterns and changes in the structure of the population.¹

In fact, some of the activities considered in the Plan are highly dependent on the provision, either publicly or privately, of facilities for their adoption. As Wilkinson has also pointed out,

¹ Ibid., last paragraph of p. 21.

Table V-6. Skier Days, Employment, Income, Etc., from Skiing Activities During 1975 and 1976 in Development Region 10 of Michigan

	Skier Days (in ,000s)		Total Employment (days)		Payrolls (in ,000s)		Average Length Of Season (days)
	No.	Per- cent	No.	Per- cent	No.	Per- cent	
1. Michigan	2,221	100.00	4,105	100.00	9,012.0	100.0	93
2. Region 10	953.5	43.00	1,610	39.00	5,659.0	63.0	105
3. Emmet	100.8	4.54	201	4.90	802.2	8.90	125
4. Charlevoix	532.0	23.95	644	15.71	2,562.0	28.43	125
5. Wexford	109.1	4.91	136	3.31	190.4	2.11	104
6. Antrim	91.8	4.13	337	8.20	1,242.2	13.78	70
7. Benzie	65.0	2.92	78	1.90	198.0	2.20	123
8. Leelanau	38.0	1.71	170	4.14	600.0	6.66	100
9. Grand Traverse	15.0	0.67	39	0.95	61.5	0.68	100
10. Missaukee	1.8	0.08	5	0.12	2.7	0.03	90
11. Kalkaska	--	--	--	--	--	--	--
12. Manistee	--	--	--	--	--	--	--

Source: Adapted from Table 5 of Francis M. Domoy's "An Employment Analysis of the Michigan Ski Industry," Agricultural Economics Report No. 329 of March 1977.

"The amount of recreation 'demand' (e.g., visits, user days, etc.) varies with the number and size of facilities available."¹ While recreational activities such as picnicking, hiking and the like may be largely independent of the supply of facilities, swimming in pools, senior citizen activities, skating and ice hockey, etc., would depend

¹Paul F. Wilkinson, "The Use of Models in Predicting the Consumption of Outdoor Recreation," Journal of Leisure Research, Vol. 5, No. 3, Summary 1973, p. 35.

on the construction of related physical facilities. The trend is clear; the northern counties of lower peninsula Michigan, especially Region 10, are experiencing a rising trend in demand for recreational activities based on their natural resource advantages. The Michigan Recreation Plan reports that Region 10 contains the most camp sites and is also one of the most scenic and easily accessible areas within the state.¹ Origin-destination data on a survey of camping by Michigan residents show that Region 10 recorded the highest number of camping destinations in 1972 with approximately 3.1 mln. local residents alone and the highest percent distribution (15.4 percent) of camping destinations out of all regions.²

Within Region 10, the City of Petoskey in Emmet County constitutes an important focal point for tourists, vacationers, second home owners and sports enthusiasts. This city adds to the comparative advantages of the Region as well as that of Emmet County on account of a variety of factors. Nestled in a bluff overlooking beautiful Little Traverse Bay, it combines an highly scenic and quiet environment with the ready availability of and accessibility to a variety of water and land related sports facilities as well as a well developed set of hospitality services. The wide network of lakes and rivers, natural ski slopes and the bay close at hand provides the City of Petoskey a strategic position in the rapidly growing tourism and recreation industry within the area. The study of waterfront living in the Emmet and Cheboygan counties found the City of Petoskey a

¹"Michigan Recreation Plan 1974," op cit., p. 74.

²Ibid., p. 78.

relatively more attractive spot for residents and vacationers in these two counties as compared to Cheboygan in Cheboygan County and Traverse City in the Grand Traverse County.¹

The 1976 Parks and Recreation Plan for the City of Petoskey points out that this city serves as a recreation center for people from all surrounding regions including those from the adjoining Charlevoix and Cheboygan counties.² The area of influence of Petoskey for supplying recreational services to residents and hospitality services to visitors to the region is not limited to county confines alone but extends beyond into other development regions and counties, too.

Emmet County's population increased by 15.3 percent between 1960 and 1970.³ So did the population of its major city, the City of Petoskey, which experienced an increase of 3.3 percent during the same period--from 6,138 persons in 1960 to 6,342 persons by 1970.⁴ From 1970 to 1975, Emmet County's population increased further by 15.7 percent--from 18,331 in 1970 to 21,211 by 1975⁵ and population projections of the Michigan Department of Management and Budget indicates that Emmet County's population will increase at approximately 2.2 percent to 2.4 percent per annum into the near future.⁶

¹Marans et al., op cit., pp. 113-114 and 142.

²"Parks and Recreation Plan For The City of Petoskey," op cit., 40.

³Community and Regional Facts, op cit., p. 3.

⁴Ibid.

⁵Bureau of Census, U.S. Department of Commerce, "Population Estimates and Projections," Series P-25, No. 670 of May 1977, p. 15.

⁶"Economic Report of the Governor: 1976," Department of Management and Budget, Lansing, Michigan.

This growth in county population is likely to be shared by the City of Petoskey even though it appears that this city experienced a 2.5 percent decline in population during the period 1970 to 1975. What is more important than the impact of population growth, however, is that of the potential expansion in the travel and tourist industry. All indications are that the volume and value of service activities in Petoskey are likely to grow steadily. This seems to be a reasonable inference from the various studies which indicate growth in travel and tourism especially in this particular region of the lower peninsula of Michigan. The Michigan Department of Commerce reports that this industry has grown at "12.4 percent yearly during most recent difficult times."¹ The Department implicitly holds out high promise of future growth in travel and tourism in Michigan.² Township growth rates identified by the University of Michigan's study on waterfront living in Emmet and Cheboygan counties show that all of the townships in these counties with lake or river shorelines will grow during the period 1971-73 at rates ranging from 22 percent to 116 percent.³ Growth in waterfront living and waterfront activities in these two counties is likely to increase the pressure on the City of Petoskey for the provision of an increased volume of services in the future. The Upper Great Lakes Regional Recreation Planning Study of 1972 states that

¹"Michigan Travel and Tourism Facts: 1975-76," compiled by the Travel Bureau of the Michigan Department of Commerce.

²Ibid., also see the Travel Bureau's "Summary of the Travel Product Market Analysis Study" of March 1976 and data gathered from Market Opinion Research (mimeograph).

³Marans et al, op cit., Chapter VI.

Trips to the Upper Great Lakes constitute 26 percent of total trips. Among the families surveyed, 11 percent took one or more short trips (lasting 2-4 days) to the region and 13 percent took one or more long trips (lasting 5 days or more) to the region.¹

It further shows an imposing amount of data on the popularity of recreational activities identified in the Michigan Recreation Plan the supply of which facilities Emmet County is ideally suited for.

All in all, the evidence is a growing pressure on the City of Petoskey to supply a multitude of services and facilities to this growing stream of visitors. The popularity of the city as a place where most visitors are likely to stay for short periods at a time may necessitate envisaging the supply of sports goods and equipment, various kinds of repair materials and facilities and a whole host of entertainment and hospitality industry related items. And, as already pointed out in Chapter III, the total value of retail sales in Petoskey have been growing quite steadily in the past.

Opportunity Costs of the Project and the First Hypothesis

If these be the trends, the opportunity costs of city land on an economically non-viable fairgrounds project are likely to be extremely high both in a current as well as long run context. In terms of Ricardian rent theory, the derived demand for City of Petoskey land for the conduct of various types of economic activity is likely to be pushing steadily upwards on account of its rising economic use-capacity.

¹"Upper Great Lakes Regional Recreation Planning Study: Part 2: Recreation Demand Survey and Forecasts," 1974. Recreation Resources Center, University of Wisconsin, Extension. A cooperative Publication of the Institute for Environmental Studies, University of Wisconsin, Madison and the Recreation Resources Center, University of Wisconsin-Extension, p. 20.

This tendency towards an upward pressure in economic rent invariably implies increasing opportunity losses to the Emmet County community by virtue of its commitment to an archaic institutional arrangement without modification or change. In terms of Von Thunen's model, market forces are tending to unambiguously define the City of Petoskey as the central zone for the location of Emmet County's, and perhaps of Region 10's, trade and service industries to serve the growing tourist, vacation, sports and second-home markets at the least economic and social costs of travel, transportation and information diffusion. The unexploited economic opportunities appear to be high.

In Chapter III, an economic evaluation of the potential net returns from investing the available land and other resources in a retail shopping center were worked out. This evaluation shows that the minimum opportunity cost values on the basis of selecting such a project at this site range from \$10.4 mln. to \$24.0 mln. in the case of Alternative I, \$11.2 mln. to \$26.3 mln. if Alternative II were chosen, and \$12.0 mln. to \$28.5 mln. in the case of Alternative III.¹ Whatever the alternative selected and whatever discount rate is considered appropriate out of the range given therein, we have to add in the average annual losses presently being incurred on the fairgrounds project to the respective net present value so as to arrive at the final net opportunity cost figure.

That the fairgrounds project involves annual operating losses year after year has been clearly shown in Appendix E after a detailed analysis of sixteen years of poorly maintained sets of accounts. These

¹See Tables III-8b, III-9b and III-10b, respectively.

accounts were carefully scrutinized and re-worked on the basis of generally accepted accounting principles (GAAP) to identify the net operating losses incurred by the Emmet County Fair Board during each and every one of these sixteen years. During the process, it was observed that the accounting system of the Fair Board was found wanting in many respects. It is considered apposite to make some comments thereon at this stage.

Just like any "system," an accounting system, too, has to be judged with reference to the objectives it is expected to achieve. The objectives for the accounting system are derived from the overall organizational goals within which the system has been installed. In setting up an accounting system, the paramount criterion is that the benefits derived from that system do not fall short of the costs of operating it. In other words, it is not a question of maintaining a perfect set of accounts 'per se.' Nor should it be the aim to adopt the cheapest accounting system. It is rather a matter of adopting a set of accounting practices which facilitate the achievement of the organization's short and long run goals and objectives at a commensurate cost. The Emmet County Fair Board, however, does not have a rigorous accounting system. This system is likely to have been a major cause or at least has permitted continued operating losses. The real costs of the accounting practices adopted are likely to have been high especially because there does not appear to have been any check even at the level of the county administration. More specifically, the following deficiencies in the accounting system of the Fair Board were observed.

In some years, even the expenditure and receipts sides have not been correctly added up (see, for example, the account for the years 1973 and 1960). Secondly, the closing balances of one year have not been entered as the opening balances of the next year. Nor has any attempt been made to reconcile the previous year's closing balances with the opening balances of the ensuing year. Perhaps, some transactions did take place between the drawing up of the accounts pertaining to one fair and the next but they are not shown in the statements of receipts and disbursements. Discrepancies in the opening and closing balances along with inaccuracies in the adding up of the accounts leads to the question whether some inflows have been omitted and whether "full disclosure" has taken place. Failure to tally opening and closing balances also leads to doubts whether the income of one year was matched against the expenditure of that year. All these shortcomings in the accounts involve violation of the generally accepted accounting principle (GAAP) related to the "matching concept" which requires that the revenue realized during one accounting period be matched against the costs incurred during that year.

Thirdly, the financial statements of the Fair Board were not constructed on an accrual basis but only on a cash basis, i.e., only cash receipts and cash disbursements were recorded in the books. The "periodicity concept" requires that expenses and revenues related to a specific period must be accounted for. If one is to judge performance and financial position during the year accurately and make appropriate managerial and policy decisions, it is very necessary to comply with the periodicity requirement. Even if the accounts were maintained on a cash basis, it was necessary that the account balances be reconciled

by linking them with financial flows during that particular year. This, too, is a practice that has been neglected.

Fourthly, expense and receipt items are seldom classified in consistent groups. Where some classification has been done, it has neither been done with any uniformity from one year to the next nor with a view to facilitating managerial decision making with regard to the future activities of the project. If proper management control and evaluation were to have been maintained, it was necessary to have classified the types of receipts and categories of expenses so that management information could be drawn out of the accounts. Ideally, it should be possible to anticipate standard costs and standard returns for specific groups of costs and to compare standards with actuals at the conclusion of the event so as to identify project shortcomings by analyzing variances from the standard costs. Members of the Fair Board are likely to have had some contributions to make if these variances were made clear by at least following consistent and orderly accounting practices.

Other departures from GAAPP have been observed. The accounting period has not been held uniform. There is some overlap as well as some gap in the reporting period. In 1971, the accounts pertain to the period of the calendar year. The next set of accounts, however, are shown in respect of the twelve month period October, 1971 to October, 1972 (presumably up to September 30, 1972). Thereafter, October, 1972 to December, 1972 accounts have been omitted. Some items appear on the receipts side as well as on the expenses side whereas the proper system of accounting is to show transactions pertaining to one kind of activity on the same side year after year with

an expense item shown as an offset to a revenue item and/or vice-versa. The "consistency concept" requires the comparability of financial statements over a period of years. This requires adherence to reporting practices which are consistently followed. And, the grouping of similar kinds of activities in one block facilitates the quick understanding of the net results for the year of the particular kind of incomes and expenses. Balance sheet items have often been shown in the revenue accounts.

In summary, the accounts of the Emmet County Fair Board have not been accurately maintained nor maintained in a manner conducive to the performance of the minimum function of showing the proper state of affairs at a given moment in time. In any case, it would seem that even at the level of the county administration the practice has been to write-off annual losses without appraisal and audit of the yearly Fair Board accounts and to implicitly approve whatever accounting practices were adopted.

To return to the question of the opportunity cost of continuing the fairgrounds project in its present location, we could reckon the loss incurred during the last year of the project (\$30,378), or take the annual average during, say, the last five years of the project (\$22,202) as a proxy for the potential net operating loss in the ensuing year of operation so as to ascertain the present value of opportunity cost. If we use the more conservative annual average loss for the last five years of the project, the total annual opportunity cost under the three alternative shopping center projects shown in Chapter III are as given in Table V-7 below. Needless to say that if we reckon the operating loss during 1976 as a more representative

Table V-7. Present Value of Opportunity Costs of the Emmet County Fairgrounds Project Under the Three Alternative Sizes of Shopping Center¹

Discount Rate	The Present Value of Opportunity Costs Under the Respective Alternative (\$s mln.)		
	I	II	III
.10	24.03	26.34	28.55
.12	19.89	21.76	23.51
.14	16.66	18.19	19.57
.16	14.09	15.36	16.47
.18	12.04	13.10	13.98
.20	10.38	11.26	11.97

figure of future operating losses, the opportunity costs would be higher. What is more important, however, is that the magnitude of the opportunity costs whether we added on a five year average annual loss or the loss incurred during the last year of operation is that they are substantial.

The minimum opportunity cost according to Table V-7 is \$10.38 mln. This is at a fairly high rate of discount. Yet, when we compare this figure against figures such as Emmet County's total earnings during 1969 of \$45.5 mln.¹ or the total value of agricultural products sold by Emmet County in 1974 of \$2.66 mln., etc., it would be clear that the opportunity costs related to the continuation of the current project in the present location are, indeed, likely to be substantial. Obviously, the lower the rate of discount reckoned and the larger the size of shopping center chosen, the higher the opportunity cost involved.

¹This table is a consolidation of Tables III-8b, III-9b and III-10b.

It may be noted that the opportunity costs referred to above do not take into consideration the potential indirect benefits that are likely to accrue to the community if the fairgrounds land were transferred to a higher economic use. On the one hand, there are the potential "induced" benefits¹ which may result on account of the increased utilization of local resources such as local labor. On the other, there are the likely "stemming from"² benefits as supportive services for a growing trade and service industries develop. The elimination of an adverse externality in the form of an unsightly set of dilapidated buildings and structures in the middle of the City and aesthetic enhancement of the landscape may increase the county's tourist attraction capacity as well.

The people of Emmet County may find it advantageous to facilitate a higher degree of economic growth within the region. According to the 1970 Census of Population, 8.3 percent of the male civilian labor force in Emmet County was unemployed in 1969, 10.3 percent of the families were below the poverty line as compared to the state average of 7.3 percent; mean family income was 17.6 percent less than the state average, 3.6 percent of the families in the county were receiving public assistance and 23.1 percent of all families in the county were on social security. Despite the increase in per capita money income recorded for the period 1969 to 1974,³ per capita income still remained

¹See Otto Eckstein's "Water Resource Development: The Economics of Project Evaluation," 1971, Harvard University Press, Cambridge, Massachusetts, p. 205.

²Ibid.

³Bureau of the Census, U.S.D.C.: "Population Estimates and Projections," May 1977.

19.7 percent $\left[\left(1 - \frac{\$3,814}{\$4,751} \right) \times 100 \right]$ less than the average for the State of Michigan.

On the basis of the above evidence, it seems reasonable to conclude that the diversion of high value urban land and under-utilized buildings and structures for a county fairground complex, and the income earning opportunities lost to the community by committing this high value land to such uses, constitutes a misallocation of scarce economic resources of the community. Not only are the opportunity costs of conducting this project at the present location and in its present form extremely high, the unexploited economic opportunities foregone on account of the continuation of this project are likely to raise opportunity costs further in the future.

Attitudes of the People of Emmet County and the Second Hypothesis

It has been shown in the earlier part of this chapter that the environmental conditions that prevailed at the time when the fairgrounds project came to be accepted as an integral part of community life has changed significantly. The traditional economic and social functions the fairgrounds served have changed. Today, it seems to be viewed by the community more as a place for some form of entertainment/recreation; especially in terms of the Annual County Fair. Such a contention is supported by the fact that practically all of the financial transactions made by the Fair Board are in connection with the Fair and that much of its efforts are directed towards the conduct of this event.

Data from the survey of attitudes of the people of Emmet County towards this project and its sub-projects reveal that their preferences

'vis a vis' this project are still heavily weighted towards the continuation of the traditional activities and the perpetuation of the fairgrounds project in the present location, and basically in its present form. Sixty-seven percent of the respondents considered the traditional Fair an important event in the life of the community and 71.5 percent attended the last Fair. Similarly, 51.6 percent thought the same way about the yearly Farmers' Markets held within the fairgrounds premises and 44.6 percent attended at least one such market during the last year the markets were conducted. With regard to 4-H activity, 48 percent considered them important and at least one person from 25.9 percent of the households did attend them during the last year.

With regard to the question of changing the fairgrounds location, 59 percent of the population opted to retain the project in the same place with many of them agreeing to certain marginal changes in organization as well. Compared to this, only 35 percent expressed the desire to change the location and add new activities and facilities. It would seem, therefore, that our second hypothesis that the community's local recreational needs and their perceptions of entertainment/recreation requirements have changed substantially from those epitomized by the traditional fairgrounds project cannot be substantiated.

It is argued herein that despite the above data there are reasons to support the view that this hypothesis cannot be rejected. Firstly, the community has had insufficient information and knowledge about the pros and cons of continuing the fairgrounds project in its present form and location. As a consequence, they seem to view the new set of propositions to change the fairgrounds project as a 'red herring' which

clouds manoeuvres by administrators and business interests for the withdrawal of this community facility for the benefit of some small group. Such an attitude has already been engendered by the earlier attempt to dispose of the fairground land to an industrial firm producing automotive parts without the prior approval of or sufficient consultation with members of the community. As a consequence, the perceptions of the people of Emmet County have been obscured by fears, suspicions and rumors of the likelihood of losing the availability of certain "free" or relatively "cheap" public facilities they have the option of using for certain purposes. Stated differently, there is some form of option demand for these facilities. The facilities are believed to come in handy when the community wants to conduct certain public events or hold recreation/entertainment events. There is also the consideration that the option already exists for the private hire of these buildings at very economical rates. Since these facilities are in the heart of the City, this is an option that some members of the community dislike losing. So long as the members of the community are unaware how much it costs them and the various forms in which they are bearing losses, they are likely to resist changes in the existing facility.

Attitudes which flow from these implicit beliefs in the profitability of retaining the project in the same place and form flow from the cognitive component of these attitudes. Beliefs about the usefulness or importance of the existing project remain on account of ignorance about the financial as well as economic unprofitability of the current project. Relative advantage in changing the project to better suit current needs as well as to increase project viability

is not automatically perceived. Communication programs which help evaluate and understand their implications may be necessary before perceptions change.

The affective component of their attitudes further confounds perceptions. Emotional attitudes towards this project would continue to be perpetuated so long as decision makers related to this project remain to be those with strong agricultural orientations. The Cooperative Extension office is clearly part of that decision structure. The lack of accounting data to analyze each sub-project separately creates problems in identifying the individual profitability of events and, therefore, compounds the problem of facilitating the evaluation process for members of the community. In view of all the reasons enumerated above, they are unlikely to perceive the need for change and the potential possibilities for fulfilling their new entertainment/recreation needs through an altered community project.

Secondly, there is the likely bias introduced by the survey research technique adopted. In as much as people tend to listen only to those messages which are compatible with their needs and interests, it is possible that non-respondents were those little concerned with the fairgrounds project and, therefore, uninterested in completing the survey questionnaire. If a large number of such respondents also failed to perceive the opportunity provided to render their support for the new recreation activities which they need and desire and, therefore, failed to respond to the survey questionnaire, there is the possibility that the data are biased in favor of those having some interest in the existing project. Unlike in the personal interview survey technique, the mail survey research technique is

unsuitable for attempting to overcome the problem of selective exposure. There is practically no way to induce the uninterested to overcome their inertia and respond to the questionnaire except, perhaps, by means of sending regular reminders. Where no reminders are sent even the marginal cases fail to be induced to reply. Selective exposure to the pre-survey advertisement as well as the covering letter and the questionnaire could have resulted in the present case. If so, the data may not be truly representative of the characteristics of the total population. In such an event, too, the data may not be suitable enough for a valid test of the second hypothesis.

The Need for New Recreational Facilities and the Third Hypothesis

The response to the proposals for change¹ indicate that 35 percent of the population have agreed to a radical change in the fairgrounds project;² viz., to a relocation of the project and the inclusion of new facilities and activities. Independently of the choice of alternative change proposals, 73.8 percent respondents have indicated their agreeability to the payment of user fees for a swimming pool³ with 58.2 percent of the population indicating this agreeability quite strongly.⁴ Similarly, over 50 percent of the respondents indicate their agreeability ("quite agreeable" plus "somewhat agreeable" responses) to pay user fees for each of the six other new recreational

¹Question number C28 of the survey questionnaire at Appendix B.

²Table IV-10.

³Table IV-15.

⁴Ibid.

activities posed in the questionnaire.¹ According to diffusion theory, only 2.5 percent of a given social system generally belong to the "Innovator" category who generally are inclined to adopt an innovation when it first comes to their notice.² The "Early Adopter" category which comes next constitute a further 13.5 percent followed by the "Early Majority" of 34 percent both within the same population.³ In the present case, we have 35 percent of the Emmet County people agreeing to a radical change in the fairgrounds project, a proposal which can be considered an "innovation" in terms of Rogers' definition that it is ". . . an idea, practice, or object perceived as new by an individual. . . . If the idea seems new to the individual, it is an innovation."⁴ Not only have 35 percent agreed to a relocation and reorganization of the project, over 50 percent of the respondents have accepted the idea of paying user fees for each of the seven recreational activities suggested. Despite the fact that accepting a proposal in the form of a positive response to a survey questionnaire differs from the actual adoption of a new idea to which diffusion theory in general and "Adopter Categories" in particular referred to above is applicable, we find that the degree of acceptance of these new ideas is quite significant. Though diffusion theory prognosticates that approximately 2.5 percent will only first accept an innovation, with the percentage increasing to 16 percent of the community in the second

¹ Ibid.

² Rogers with Shoemaker, op cit., p. 182.

³ Ibid.

⁴ Ibid., p. 19.

wave and to 51 percent with the third wave of adoption, we have 35 percent of the Emmet County community responding to an innovative idea regarding the total fairgrounds complex, and over 50 percent agreeing to innovative ideas regarding the new components in a re-organized community project involving the payment of fees for using the facilities to be provided.

This evidence may be reckoned to be some indication that despite the possible bias with regard to the type of person who responded to the survey questionnaire, there is in fact a felt need for new recreational facilities and activities within Emmet County of the type proposed in the questionnaire and that the community's ". . . perceptions of entertainment/recreation have changed substantially from those epitomized by the traditional county fairground."¹ This evidence is fair indication that the two sets of innovative proposals are compatible with the desires, interests and needs of this community and that with proper information, evidence and communication programs, more of the members of this community are likely to accept the new ideas within a relatively short period of time. Incomes within the community have been increasing in the recent past; from 1969 to 1972, per capita income in Emmet County increased by 21.2 percent,² a rate which was higher than the state average of 19 percent for the same period,³ and by 16.5 percent from 1972 to 1974.⁴ The increased

¹See the second hypothesis posed in Chapter I at p. 12.

²Bureau of the Census, U.S.D.C., "Population Estimates and Projections," op cit., p. 15.

³Ibid., p. 9.

⁴Ibid., p. 15.

urbanization of the community as well as the high degree of exposure of the people in the county to members from other communities both from within the state and from outside is likely to have raised the general level of cosmopolitaness of the Emmet County people and, therefore, more responsive, perhaps, to new ideas especially in relation to recreational activities for which the county is developing a strong comparative advantage. The rapid acceptance of snowmobiling by a fair number of the Emmet County people is a case in point about their interest in new recreational activities. Several members of this community have exhibited this interest by banding themselves into a club, building a club house and by organizing weekly breakfasts and trail rides, "bean-pot" safaris, formal snowmobile racing events and an annual landowners' party. Also, 52.8 percent of the respondents on the survey have indicated their desire for snowmobile racing at the proposed new community project by showing their agreeability to pay user fees for the purpose.¹

A Summary of the Findings and Recommendations

One of the central assumptions on which this study is based is that the community needs a community facility for the conduct of various events of an educational/recreational nature. This is a view which was expressed quite strongly by the people of Emmet County who attended the Fairgrounds Hearing of November 29, 1973. This study does not question the rationality of the community's need for such a facility. It point out, however, that this fairgrounds project does not cover even its variables costs let alone offset the capital

¹Table IV-15.

investments made thereon and still continue to be incurred time and again. More specifically, the study has shown in terms of static micro-economic theory that the opportunity cost of continuing the fairgrounds project at the same location and with the same type and organization of activities is quite high. The magnitude of these opportunity costs were shown in the form of an economic evaluation of an hypothetical shopping center project at this location. Based on past retail sales growth in the City of Petoskey, the projected sales have been evaluated to yield a potential stream of earnings over a period of twenty years. The net present value of this stream of earnings was shown not only to be positive, but also to be quite large. When the annual operating losses on the current project are added thereto, the present value of the proposed alternative project is shown to be even higher.

This is not all. It has been indicated that in a dynamic sense of long run growth opportunities, there appear to be signs for the City of Petoskey to become the hub of a wide area of influence in the field of tourism and recreation. The potential economic opportunities that are likely to arise if this trend is facilitated through appropriate project planning and implementation seems to be wide. There appear to be rising trends in demand for facilities in areas with beautiful surroundings which offer peace and tranquility especially to city folk interested in short escapes from their busy urban environments. Rising incomes and phenomenal improvements in communication, transportation and highways, etc., in the U.S. are paving the way for such a growth in demand for natural resource based recreational/entertainment activities and facilities. Increased interest in

environmental issues is adding to this trend. Already Region 10 in general and Emmet County in particular have shown a strong export capacity for several such recreational activities judged in terms of data on user days. Emmet County's beautiful bay on Lake Michigan, the several inland lakes and rivers and ski slopes close at hand, and most of all the attraction that the City of Petoskey has already built up as a tourist and hospitality service center with close proximity to all such activities, is paving the way for the county to develop a comparative advantage in the field of tourism and recreation. The Fair Board seems to have recognized some of these potentialities as observed from its interest in setting up a convention center/exhibition arena complex in its new fairgrounds program.¹ All these factors indicate that it would be highly rational action to release the present fairgrounds land to a set of economic activities that can generate this economic growth; those activities which would be geared to the supply of facilities, amenities and services for this growing trade and recreation/entertainment sectors.

Despite this seeming rationality for the county administration to change the location and activities of the current fairgrounds project, the annual subsidies of the state Department of Agriculture changes the benefit-cost relationships as seen by the individual county fair organization. Each of these county fair organizations considers it rational to maximize the individual share it receives from the state each year irrespective of whether the social benefit is thereby

¹ See the Report of the Emmet County Fair Future Development Committee dated January 23, 1975, and the news item "Unveil \$500,000 New Fairgrounds Program" in the Petoskey News Review of January 24, 1975.

adversely affected. In other words, this traditional institution of annual Department of Agriculture grants to communities operating a fairground encourages behavior which is inimical to the best interests of the county, the state, or the total economic system.

Even counties within which agricultural activity is relatively unimportant today continue to receive such monies from the Department by way of premiums for presenting exhibits largely of an agro-related nature. The reasons why horse-breeding, horse-racing and race courses in Michigan should be subsidized and encouraged by the state are not at all clear. Capital expenditures on fairgrounds are subsidized to the value of \$8,000 per annum per fairground. The total cost to the taxpayers of the state of Michigan on account of such subsidies during 1975/76 alone amounted to \$3,234,400. During 1974/75, this figure was \$2,412,700. These data relating to subsidies given as matching funds for capital investments, premiums for exhibits, purses to winners of horse races and awards to race horse breeders since 1966/67 were collated from the books of the state Department of Agriculture in Lansing and summarized in Appendix F.

In the case of Emmet County, the receipt of these subsidies regularly has encouraged a strong resistance against the abandonment of the fairgrounds project despite its unprofitability or even a change in its location to reduce costs. In turn, the county administration has been compelled to incur additional local costs each year to continue its operation. County appropriations in this connection are shown for the years beginning 1960 to 1975/76 in rows B(a) and B(b) of Appendix D-2.

State grants received by the Emmet County Fair Board since 1960 on the basis of operating a fairgrounds, too, are itemized and tabulated in the same Appendix. It would be seen that even though the county has been receiving state grants to its Fair Board to the tune of \$18,718 during 1975/76, and \$22,504 during 1974/75, etc., the people of Emmet County, too, have had to foot a bill each year of \$11,660 and \$7,547, respectively. The annual net operating loss on the Emmet County fairgrounds operation during 1975/76 of \$30,378 and the net operating loss during 1974/75 of \$30,051 were all met by state grants and county appropriations. During the previous years, too, the situation has been similar. Accordingly, we may conclude that the perpetuation of the system of state subsidies for the operation of the Emmet County fairground and for the activities conducted therein without the re-evaluation of current needs and environmental changes has been an important factor in Emmet County continuing to operate an uneconomic project without substantial modifications and changes.

To examine whether this was the case with another county fair within the Region, the accounts of the Northwestern Fair in Grand Traverse County for three years¹ were obtained and analyzed. Grand Traverse County was chosen because members of the Emmet County Fair Board indicated that:

1. Grand Traverse had made a success of relocating and reorganizing its activities, and
2. The Emmet County Fair Board considered it a good idea to emulate the pattern of changes adopted by the Fair Board of the Northwestern Fair.

¹For the years 1973, 1975 and 1976.

These accounts of the Northwestern Fair Board were re-worked on the basis of generally accepted accounting principles. These workings (Appendix E) indicate that contrary to the beliefs of the members of the Emmet County Fair Board, the Northwestern Fair incurs heavy net operating losses as well. During the year ending October 15, 1976, the operating loss calculated was \$89,962. In 1975, the operating loss was as high as \$125,657. For 1973, the loss was \$29,583.

The absence of proper supervision of the accounts of these two Fair Boards by either the County Administration or the Department of Agriculture which doles out large sums of money to maintain these institutions, is shown by the total avoidance of generally accepted accounting principles in the preparation of the annual income and position statements of these Fair Boards. Not only have the Northwestern Fair Board failed to follow these generally accepted accounting principles, a spurious facade of respectability of its accounts seem to have been attempted. It has had its accounts examined by another organization creating an impression that its accounts have been audited by an independent body.¹ This firm has made a statement on the cover page of the accounts that: "The Financial Statements are for internal management purposes only, and therefore do not necessarily include all disclosures that might be required for a fair presentation." These statements in fact are disclaimers. The firm is careful to state in this note that the Position and Income statements of the Fair Board were not audited by them. The only interpretation that can be given to

¹The name of the firm is given as "Management Systems." Presumably it is a professional firm of management accountants or auditors.

this covering note is that what the Fair Board purchased was not a proper re-working and rearrangement of its accounts so as to facilitate managerial decision making, but some form of legitimacy of its actions during the previous twelve month period in the eyes of the members of that community. The question remains whether such practices are within the law. Another important question arises about whether the Department of Agriculture evaluates the effectiveness of its subsidy programs through the examination and control of individual Fair Boards and their actions. In any event, it will be clear that the existing subsidy system and the accounting practices that have developed in these two cases encourage the perpetuation of institutions inimical to economic efficiency in the allocation of scarce resources.

So long as the subsidy scheme of the Michigan Department of Agriculture continues to operate, it pays the people of Emmet County to operate a fairground so that the incidence of at least part of the capital costs of a community center can be shifted outside. One means of cutting down on real costs to the community measured in terms of economic opportunities foregone is to relocate the fairgrounds. Its location will need to be transferred to land commanding a lower economic rent. Another aspect of cost reduction would be that of minimizing the unit costs of production. This involves an expansion of the uses to which the physical facilities are put to.

Use-expansion becomes possible only if the construction of physical facilities is in a modular fashion such that they could be transferred from one use to another and from one season to another with relative ease. Secondly, use expansion involves prior arrangements and agreements, both in the planning and the designing and construction of

the facilities as well as in the timing of uses, with interested parties within the area. Thirdly, use expansion is related to the market comprised of two broad market segments, viz., that within the community and visitors to the region. All these factors connected with cost reduction are inter-related; trade-offs are involved in making decisions to achieve the most profitable mix of activities, size of physical facilities and the location of the project.

The first constraint in the implementation of a new community center program is that a fairgrounds sub-project has to be operated to qualify for the matching funds referred to above. A crucial assumption herein is that these funds will continue to be provided by the state over a future period of years. However, shifting the location of the project far away from the market center so as to benefit from land with low or no economic rent may mean a loss of a high proportion of (a) the local community market and (b) the potential external visitor market which is essentially attracted to the City of Petoskey and its facilities. If, for example, the county owned Conway site¹ is selected, the gain in the choice of a location with near zero opportunity costs to land may be far outweighed by a loss in the market and a resultant increase in the unit costs of production. Not only are large slices of the local community and the external visitor market likely to be lost, it will mean a sacrifice of joint-use opportunities which will be discussed below. The net result may be that the community project is confined to a fairgrounds project only and one which is

¹This is one of the alternative locations referred to in the "Emmet County Fair: Future Development Committee Study and Survey Report" of January 23, 1975.

likely to be much more under-utilized than even the existing project. A decline in use would tend to raise unit production cost at such a distant location even further also because supervision and vandalism costs rise with movement away from population/activity concentrations.

Limiting the reorganized project purely to a fairgrounds venture may not be a logical solution though, no doubt, it remains as one possible alternative. It is not the declared intention of the decision makers of Emmet County to confine the new program merely to an annual fair and a few horse racing events¹ from which only a few would tend to benefit especially if the project is moved far out of the city limits. Furthermore, the survey data does indicate that most of the recreation activities referred to are desired by a significant proportion of the people of Emmet County even though such data do not represent an economic demand. Willingness to pay for the use of such facilities has also been expressed by a significant proportion of the respondents. It has been indicated² that certain organized sports groups are anxious to join in on joint-use arrangements.

The needs of the North Central Michigan College (NCMC) which is situated within the City of Petoskey has prompted the college authorities to search for ways and means of building its own stadium and/or recreation facilities. It is also watching the progress of the Fair Board's attempts at constructing such a facility and has even cooperated with the latter in discussing location possibilities within

¹See the Report referred to in footnote 1, page 185, and the news item in the "Petoskey News Review" of January 24, 1975.

²At an Emmet County Fair Board meeting during the early part of 1977 at which the author was present.

the college campus or adjacent to it. However, one reservation of the NCMC is that its administration should have full control of such a facility if joint-use efforts are to be effective.¹ Obviously, the NCMC desires to eliminate any uncertainty with regard to conducting its own schedule of events and activities during a given year as it wishes. Hence the desire to control the terms under which the larger community may be permitted to use such facilities.

Thus, despite the fact that the resources of the college are financed at least in part by the Emmet community, and that considerations of social costs and social benefits would warrant the shared use of a capital intensive recreational facility such as the one proposed between the education authorities and the recreation/county fair agencies, some obstacles to joint-use do seem to exist. Joint-use arrangements and unit cost reduction in the production and use of facilities which are likely to raise the level of community welfare significantly are considered so important that it is apposite to draw attention to a research study by Richard A. King and G. Bryan Wall of the Universities of North Carolina State and Florida respectively on cost-quality-quantity relationships in the joint-use of a gymnasium.² Using economic-engineering techniques, they have shown that there are substantial economies of scale in the construction of such capital intensive physical structures and that:

¹As expressed by the President, NCMC at a discussion the author had with him.

²Richard A. King and G. Bryan Wall, "Estimation of Cost-Quality-Quantity Relationships," Department of Economics and Business, North Carolina State University, 1976, mimeograph.

The shared use of gymnasium facilities is a feasible alternative for funding both a viable physical education program in the public schools and a community recreation program while conserving public monies.¹

In the location of the new fairgrounds program, the twin considerations relevant to the choice of a site are land involving low opportunity costs but with a high degree of access to the relevant market segments for new recreation/entertainment events and other uses of this physical facility. "Prima facie," the potential market segments constitute four groups, viz., (i) members of the local community desiring particular recreational events and are willing to pay user fees, (ii) visitors to the region, (iii) organized bodies such as clubs and industry groups, and (iv) the faculty and staff of the NCMC. Joint-use arrangements with, say, the NCMC, a public agency supplying education services, and private organizations, could constitute a stable demand for these facilities and go a long way in use expansion and resultant low unit production costs.

Another aspect of use expansion is related to the range of activities that can be designed for and supplied within one central facility. The survey of attitudes of members of the Emmet County community has itself created some awareness of the potential for the community to organize and provide itself with these new recreational facilities. But, these survey data on the choices of various recreation events desired and the willingness of community members to pay for such facilities do not constitute an economic demand. More

¹Ibid., p. 23.

detailed demand studies will be necessary. They may be studied once the proposed new ideas have come to be more firmly accepted by the people. Similarly, studies of the types and patterns of demand of the visitors to the region will be necessary to determine facilities to be provided.

While it would seem that the Department of Agriculture's subsidy scheme is not in keeping with economic efficiency criteria in the allocation of scarce resources, it may be rational behavior for an individual county to utilize such funds to offset part of its capital costs. It may be added that in operating a complex set of activities such as that envisaged for the new fairgrounds program, competent management expertise will have to be purchased unlike in the operation of the present facility. The more complex the project designed, the more competent the skills necessary and the more expensive such services are likely to be.

Implicit in the summary discussions above is the recommendation that in accordance with economic efficiency criteria the existing fairground land should be released for economic activities that are in keeping with developing economic trends. More specifically, the suggestion has been that retail trade and the supply of various service facilities to the visitors to the area in the form of tourists, vacationers and recreation enthusiasts, at this central location is likely to facilitate the economic growth of the region as well as give the City of Petoskey the edge in developing as the hub of Region 10's recreation/entertainment center. Many studies, including that of the Michigan Department of Natural Resources seem to have identified such a potentiality of this city. If the planning and construction of the

physical facilities to serve such needs from this location is done with a concern for aesthetic aspects, the city's attraction may be further enhanced. Petoskey's central position with close proximity to a variety of natural resource based recreational activities may enable Emmet County to strengthen the comparative advantage it has already developed in the export of such recreational activities and facilities. Economic growth 'ceterus paribus' is likely to increase the level of community welfare.

From the point of view of the state, it would seem very necessary to re-examine and re-evaluate the current program of subsidies given by the Department of Agriculture without regard to whether the goals and objectives sought to be achieved are in fact relevant in today's context; whether horse breeding, horse racing and race courses should be supported by the state is, indeed, a question that needs to be re-examined. Communities such as Emmet where there is a "definite shortage of (playing) fields,"¹ "no satisfactory swimming facilities"² and, therefore, a resultant lack of swimming skills among school children³ exists, the need is there for a range of recreational facilities. The local people may, therefore, be better served by state grants which help them to develop those needed facilities which are in keeping with the capacities of the area to supply with advantage. This study has made it clear that the Department of Agriculture's subsidy

¹"Parks and Recreation Plan for the City of Petoskey," June 1976, by the Michigan Department of Natural Resources, p. 40.

²Ibid., p. 42.

³Ibid.

system has, on the contrary, created pressures for the pursuance of certain actions which makes the county lose additional funds of its own as well as deters them from transferring high value urban land to their appropriate economic use in their efforts to reach out for such state funds. While it re-evaluates these programs, it would do well for the Department of Agriculture or the relevant state department to compel fair organizations to adopt generally accepted accounting principles in the preparation of their accounts. For, permitting improper accounting practices encourages fraud as well as discourages proper management decision making and misallocation of resources as well.

The people of Emmet County seem to be reluctant to give up the present fairgrounds project, perhaps, because they are unaware of the unprofitability of the project. It may also be that they are suspicious of losing this land without their approval as they claim nearly happened in the early part of this decade. If the Fair Board and the county administration were to conduct a program of communication to educate the community with regard to the opportunities lost and the yearly losses on account of continuing with this project, such fears may be allayed and open discussion of the problem of a new program of action including the transfer of the land to a higher economic use may become acceptable. The evidence provided by this study will serve useful in conducting such a program of problem clarification and evaluation by the members of the community itself. This will be a first step in the process of obtaining popular support so necessary at this stage.

In so far as a choice of a new location is concerned, it may be an error to move far out of the central market area. On the contrary, joint-use arrangements with the NCMC is an important issue which the county and city fathers may need to pursue. Undoubtedly, the reduction of uncertainty may be an important consideration for a college which follows a relatively rigid time-table of events and has several objectives to achieve through its physical education programs. However, the larger community which pays for at least part of these educational resources also have an interest in increasing its welfare through the expansion of their opportunities for recreation/entertainment events. Furthermore, a reduction in unit costs and, therefore, the better utilization of scarce resources, cannot but benefit everybody within the community as well as the NCMC.

More evidence of demand and demand patterns from various market segments related to this project is necessary before appropriate location, mix of activities and design of physical facilities issues are determined. This, however, is not an argument for delaying a dialogue between decision makers and the community or for delaying the transfer of the land resources to more important economic activities.

The Generalizability of the Case Study of the
Emmet County Fairgrounds Project to Other
Similar Projects in Michigan and Related
Projects Involving Community Facilities

Finally, the question arises as to how the present approach to the study and analysis of the problem of the Emmet County fairgrounds project could be applied to the study of similar projects within Michigan. Even though this research effort has been specific to Emmet County, the analytical approach adopted and other insights gained may

be fruitfully used in the study of all county fairgrounds projects in Michigan and elsewhere as well subject to minor modifications in terms of the particular circumstances of each case. They could apply as well to other types of projects being considered by public entities. This research effort is specific to Emmet County largely because the fairgrounds project is located on city land the economic value of which has risen rapidly during the last few decades. The wide divergence between the project's present worth and the opportunity cost of an alternative set of economic activities at the location has become apparent. The opportunity costs of similar projects in other counties may not be so high. Nevertheless, micro-economic assessment of the opportunity costs of a given fairgrounds project is important not only because it enables the identification of the potential value of the opportunities the local community is losing by continuing with the project but also because it provides evidence to break down resistance to emotional beliefs associated with such traditional institutions. It also provides planners and decision makers with important information about potential new activities at such locations as well as a measure of their value.

Measurement of the opportunity costs of fairgrounds projects in Michigan involves examination of the accounting practices of the respective Fair Board. Accounting records provide proxy measures of net economic returns of the project during the past and a perspective of the financial profitability of each such project. Examination of the accounts of the two fair organizations related to the present study indicated serious shortcomings in accounting methods and practices adopted. It also brought to light the lack of effective follow-up

and control of the monies given by the state Department of Agriculture as well as the automatic approval of annual losses by the Emmet County administration without question or verification of the accounts. It is possible that the latter practice is being followed by other counties as well. Analysis of the accounting systems and practices of local fair organizations would help focus on weaknesses of state and local county controls and formulate guidelines for the improvement of subsidy operations. The improvement of data gathering processes which proper accounting procedures also represent, in turn, facilitate not only managerial decision making in the operation of these micro projects but in the processes of evaluation as well.

It would seem important that fairgrounds projects in Michigan should be re-evaluated. The Department of Agriculture spends large sums of money on these projects. But, it is not at all clear what goals and objectives it is attempting to achieve by such subsidy programs. Even if it were possible for the Department to specify these goals and objectives for the state clearly, it may be that they are not relevant to today's conditions. If the financial support given by the Department for horse racing in Michigan is for recreational purposes, obviously the objectives have changed. And, so has the proper state authority that should handle such a subsidy program. Diverting such resources that are being ostensibly used for agricultural purposes, to recreational activities, may constitute a better allocation of resources especially in the counties in the north of lower peninsula Michigan. Horse breeding, horse racing, etc., are no longer of much importance in several counties within this area. Agriculture has declined substantially. In any event, evaluation of the subsidy program of this

Department would be an integral part of the evaluation of fairgrounds projects in Michigan.

A given fairgrounds project needs to be understood also in terms of the attitudes and perceptions of the community within which the project is operated. A survey of attitudes and perceptions of the project by the local community is likely to indicate the reasons for the commitment of the people to the given project, and also provides guidelines to community leaders for devising communication strategies directed towards changing incorrect beliefs and to modify values which stand in the way of change towards an improved level of living.

Again, guidelines are necessary with regard to project relocation (or otherwise), new activities that may be incorporated into an altered community project, the types of management organization necessary to make it a viable community institution, etc. This would, among other things, involve assessment of the growth trends within the county and the region. Not only do local needs and requirements change over time, so does the external economic environment within which a project operates. In the present case, the evidence was of a shift away from farm activity into the export of recreational activities within the region. An assessment of the regional setting would constitute a component of such a study. The calculation of coefficients of localization, localization curves and ratios,¹ etc., would provide useful

¹Walter Isard et al, Methods of Regional Analysis: An Introduction to Regional Science (Cambridge, Massachusetts: The MIT Press, 1960), Chapter 7.

evidence of the underlying economic strengths and the market segments that could be served to make a community project a financially viable one.

Following upon the above discussion, it is argued that the evaluation of an on-going community project involves three broad problem areas. Firstly, there is the question of financial (as well as economic) profitability of the project. Secondly, there is the problem of resistance to change which is particularly complex where large group activity is involved. Finally, there is the problem of suitable alternative project arrangements that can fulfill new local needs and requirements as well as supply new market segments so as to ensure the viability of the local community project. Related to this problem of new market segments is the question of joint-use of facilities by different local agencies, as for example, between a Fair Board and an Education Authority which are financed largely by the given local community. Analysis of the potential for sharing the use of such a community facility by different agencies so as to reduce units costs and, therefore, social costs, would form a part of any useful research endeavor.

APPENDICES

APPENDIX A

CORRESPONDENCE RELATING TO THE VALUATION OF THE EMMET COUNTY
FAIRGROUNDS LAND BY BRUCE W. HORNIMAN, REAL ESTATE
APPRAISALS, IN 1971 FOR THE PETOSKEY
ECONOMIC DEVELOPMENT COMMISSION

REAL ESTATE APPRAISALS

Telephone:
Area Code: 616-238-9500

Dear Mr. Lutz:

December 17, 1971

Page two

ONE HUNDRED SIXTY-THREE THOUSAND [8163,000.00] DOLLARS

Respectfully submitted,

I certify that I have subject property and that a way contingent upon the val
Bruce W. Horniman, Appraiser

Bruce W. Horniman, Appraiser

Respectfully submitted,

Bruce W. Horniman
Bruce W. Horniman, Appraiser

2041 p.4
Line 4

APPRAISAL REPORT FOR PETCREEK ECONOMIC DEVELOPMENT CORPORATIONSUMMARY

1299 feet U. S. 31 frontage
 x 200 feet depth @ \$90.00 per foot = \$116,910.00

20.3 acres [with 66' access]
 @ \$2,250.00 per acre = \$46,125.00

\$163,035.00

ESTIMATED TOTAL VALUE [Rounded] \$163,000.00

APPRAISAL REPORT FOR PETCREEK ECONOMIC DEVELOPMENT CORPORATIONSITE DESCRIPTION

The subject site contains a total of 26.77 acres on the Southerly side of U. S. 31 plus a small triangular parcel on the Northerly side of U. S. 31 containing 0.67 acres. The triangular parcel on the Northerly side of the highway would have no particular use as the bluff drops abruptly at the highway right-of-way and it is indicated on the survey map that the C & O Railroad traverses the lower level of the property. There are situated on the Southerly portion of the property a number of old frame buildings, a race track with fence, and a newer building of cement block construction. The most Northerly portion of the property is nearly level with the Southerly portion rising quite steeply but having some plateaus on the upper level. The Southerly portion is nicely wooded and a good roadway enters the property at the Westerly boundary and runs a considerable distance into the property. The property is served by all city utilities and U. S. 31 is paved but has no curb or gutter. The property is zoned Light Industrial.

SITE EVALUATION

The value of land, such as the subject site, is based on the highest and best use for the property and by use of market data or comparable sales adjusted as to location, topography, time and terms of sale.

The appraiser considers the highest and best use for the subject site to be commercial frontage along U. S. 31 on the Northerly boundary with a depth of approximately 200 feet and utilizing the balance of the acreage, South of this commercial area, for multiple-family dwellings such as apartment houses or condominium units. It appears that from the more Southerly portions of this property buildings of this type would have a fine view of Little Traverse Bay and, in particular, on the upper plateau. It is apparent with the amount of acreage contained in the Southerly portion that some distance could be kept between the commercial sites and the residential area. It appears that the most suitable area to have access to the Southerly portion of the property would be the approximate location of the present roadway entering the grounds at the Westerly boundary. This would allow use of the present roadway and would not cut up the frontage along the highway.

After reserving a 66-foot access road for the Southerly portion, there would be remaining 1297.68 feet of frontage on the highway for commercial use and approximately 20.3 acres of land to be utilized for residential purposes.

It is the opinion of the appraiser that the frontage along U. S. 31 with a 200-foot depth would have a front foot value of \$90.00 and the acreage remaining in the Southerly portion would have a value of \$2,250.00 per acre.

The appraiser is of the further opinion that the cost of removal of the buildings on the premises would offset any value they might have. It is possible that the newer cement block building might fit into some use with the commercial frontage and, in this case, it would have some value. In considering the whole parcel of land in this appraisal however, no value is given for the buildings.

APPENDIX B
SURVEY QUESTIONNAIRE

APPENDIX B

Survey of Citizen's Attitudes Towards the Emmet County FairgroundI. GENERAL

One response is required from your household. It may be provided either by you or your spouse.

Please check your county of residence:

Emmet _____ Cheboygan _____ Charlevoix _____

C1. How would you classify your household? (circle response no.)

- 1 Rural Farm
- 2 Rural Non-Farm
- 3 City or Suburban
- 4 Other (specify) _____

C2. How many persons are living in your household at present? _____

C3. Have you or any member of your household visited or used the facilities at the fairgrounds in the past 5 years (circle response no.)

- 1 Yes
- 2 No
- 3 Don't Know

II. CURRENT FAIRGROUND SERVICES

C4. to C9. How important is each of the following functions at the fairground to your household?

(Place an 'X' in the appropriate column of each row.)

	Very Important 1	Somewhat Important 2	Neutral 3	Somewhat Negative 4	Very Negative 5
C4. Annual Fair					
C5. Farmers' Market					
C6. 4-H Activity					
C7. Snowmobile Racing					
C8. Other (specify)					
C9. _____					

C10. to C15. If any of the following activities at the fairground were considered IMPORTANT or SOMEWHAT IMPORTANT to your household, briefly describe how its discontinuation will affect you.

C10. Annual Fair

C11. Farmers' Market

C12. 4-H Activity

C13. Snowmobile Racing

C14. Other (specify)

C15. _____

C16. to C27.

(Place an 'X' in each row for your response.)

Did any member of your household attend the following activities at the fairground during the last 12 months?

Do you, or at least one other member of your household, plan to attend any of these fairground activities in the coming 12 month period?

	YES	NO	DON'T KNOW		YES	NO	DON'T KNOW
Annual Fair C16.				C22.			
Farmer's Market C17.				C23.			
4-H Activity C18.				C24.			
Snowmobile Races C19.				C25.			
Other (specify).. C20.				C26.			
..... C21.				C27.			

III. PROPOSALS FOR CHANGE

C28. It has been suggested that Emmet County reconsider its support of the annual County Fair and decide on one of the following courses of action:

1. Abandon the fairground idea totally, or
2. Renovate the existing buildings and structures and continue the current pattern of use, or
3. In addition to renovation, reorganize services and activities, perhaps add more recreational activities, resolve the existing problems of traffic congestion, parking, etc., but continue to operate AT THE SAME LOCATION, or
4. Change to a new location with greater space, add new functions, combine traditional community functions with new recreational activities, find ways and means of joint and multiple use of physical facilities to lower unit costs, etc.

What would your choice of the above four alternatives be? (circle response number.)

C29. Which of the following activities would you like to see added to the fairground, if any? (circle response number(s)).

- | | |
|-------------------|--|
| 1. Swimming Pool | 6. Gym (Karate, Wrestling, Judo, etc.) |
| 2. Ice Rink | 7. Snowmobiling |
| 3. Volleyball Ct. | 8. Other (specify) |
| 4. Basketball | 9. _____ |
| 5. Tennis Courts | 10. _____ |

C30. to C39. What is your attitude towards the payment of a user fee for participating in each of the following activities?
Would you be:

	Quite Agreeable 1	Somewhat Agreeable 2	Neutral 3	Not Agreeable 4	Strongly Disagreeable 5
C30. Swimming Pool					
C31. Ice Rink					
C32. Basketball Ct.					
C33. Volleyball Ct.					
C34. Tennis Courts					
C35. Gym, (Karate, Srestling, Judo)					
C36. Snowmobiling					
C37. Other (specify) _____					
C38. _____					
C39. _____					

NOTE: It is helpful to have general income data so as to understand the relationships between income and service desires. Therefore, please be kind enough to answer the following question as well.

C40. What was your approximate family income before taxes during 1976?
(Circle response number).

1. Less than \$5,000
2. \$5,000 to \$9,999
3. \$10,000 to \$14,999
4. \$15,000 to \$19,999
5. \$20,000 and above

APPENDIX C
CHI SQUARE TABLE

Appendix C. Results of Chi Square Tests Between Variables Defined in the Survey Questionnaire at Appendix B Above

Row No.	Variable Numbers	Calculated Value	Degrees of Freedom	Table Value (.05)	Significance Level	Contingency Coefficient
1.	C3-C4	64.95	4	9.49	.0000	.58
2.	C3-C5	21.86	4	9.49	.0000	.38
3.	C3-C6	19.87	4	9.49	.0000	.37
4.	C3-C7	13.13	4	9.49	.0000	.32
5.	C4-C5	92.40	16	26.30	.0000	.64
6.	C4-C6	103.44	16	26.30	.0000	.67
7.	C5-C6	94.29	16	26.30	.0000	.65
8.	C5-C3	21.86	4	9.49	.0002	.38
9.	C5-C4	92.40	16	26.30	.0000	.64
10.	C5-C6	94.29	16	26.30	.0000	.65
11.	C5-C16	17.59	4	9.49	.0015	.35
12.	C5-C17	37.85	8	15.50	.0000	.49
13.	C5-C22	17.13	8	15.50	.0287	.35
14.	C5-C23	40.64	8	15.50	.0000	.51
15.	C5-C28	29.07	12	21.00	.0038	.45
16.	C6-C3	19.87	4	9.49	.0005	.37
17.	C6-C4	103.44	16	26.30	.0000	.67
18.	C6-C16	15.06	4	9.49	.0046	.33
19.	C6-C18	35.43	8	15.50	.0000	.49
20.	C6-C22	33.13	8	15.50	.0001	.47
21.	C6-C23	18.27	8	15.50	.0193	.37
22.	C6-C24	49.39	8	15.50	.0000	.56
23.	C6-C28	32.71	12	21.00	.0011	.47
24.	C4-C28	49.29	12	21.00	.0000	.54
25.	C5-C28	29.07	12	21.00	.0038	.45
26.	C6-C28	32.71	12	21.00	.0011	.47
27.	C7-C28	24.22	12	21.00	.0190	.43
28.	C30-C31	134.15	16	26.30	.0000	.73
29.	C30-C32	103.38	16	26.30	.0000	.69
30.	C30-C33	111.23	16	26.30	.0000	.71
31.	C30-C34	85.91	16	26.30	.0000	.66
32.	C30-C35	138.03	16	26.30	.0000	.74
33.	C30-C36	73.09	16	26.30	.0000	.64
34.	C31-C32	156.85	16	26.30	.0000	.76
35.	C31-C33	131.26	16	26.30	.0000	.74
36.	C31-C34	140.93	16	26.30	.0000	.75
37.	C31-C35	94.56	16	26.30	.0000	.68
38.	C31-C36	71.36	16	26.30	.0000	.63
39.	C32-C33	317.91	16	26.30	.0000	.86
40.	C32-C34	161.92	16	26.30	.0000	.77
41.	C32-C35	201.72	16	26.30	.0000	.81
42.	C32-C36	88.93	16	26.30	.0000	.68
43.	C33-C34	179.97	16	26.30	.0000	.79
44.	C33-C35	158.12	16	26.30	.0000	.77
45.	C33-C36	124.26	16	26.30	.0000	.74
46.	C34-C35	122.58	16	26.30	.0000	.73
47.	C34-C36	82.15	16	26.30	.0000	.66
48.	C35-C36	124.26	16	26.30	.0000	.55

APPENDIX D

OPERATING INCOMES AND SOURCES OF FUNDS
OF THE EMMET COUNTY FAIRGROUNDS PROJECT

Appendix D-1. Annual Net Operating Incomes From Fairgrounds Operations Worked Out From the Annual Accounts of the Emmet County Fair Board for the Period 1960 to 1976 (in dollars)

	1976	1975	1974	1973	1972	1971	1970	1969	1968
REVENUES	27,484	25,060	n.a.	26,943	21,869	22,557	21,687	22,732	20,694
1. Space Rental	4,555	4,651	n.a.	2,210	2,523	2,382	1,284	1,855	1,131
2. Carnival/Midway	5,047	4,892	n.a.	5,159	4,713	4,697	5,006	4,400	4,076
3. Race Entry Fees	2,688	2,074	n.a.	2,118	1,591	2,332	2,714	2,175	3,370
4. Gate Receipts	7,972	7,107	n.a.	8,174	7,436	7,048	7,357	7,406	5,699
5. Grandstand	6,752	6,337	n.a.	9,950	4,695	5,896	5,165	6,806	5,781
6. Fairweek Tickets	102	--	n.a.	132	--	--	--	--	660
7. Miscellaneous	368	--	n.a.	101	911	202	161	90	77
EXPENSES	57,862	55,111	n.a.	38,831	38,360	39,507	35,739	37,187	39,206
1. Prems/Purses/ Trophies...	20,041	18,895	n.a.	16,924	15,797	17,110	18,438	16,100	18,500
2. Race Expenses	1,074	1,200	n.a.	918	2,783	1,787	1,512	2,745	1,902
3. Maintenance/ Eqpmt. improve- ments...	14,317	8,678	n.a.	2,420	2,965	4,613	5,653	5,055	5,606
4. Labor	11,658	15,437	n.a.	6,362	7,137	5,726	3,500	1,206	2,863
5. Judges	495	1,059	n.a.	545	425	190	370	345	350
6. Office & Gen.	4,032	2,798	n.a.	5,400	4,447	3,733	2,145	2,347	2,910
7. Taxes (Fed & St)	1,957	3,045	n.a.	1,370	--	1,282	--	1,147	1,020
8. Entertainment/ Attractions	4,287	3,999	n.a.	4,800	3,275	5,044	3,913	4,759	5,882
9. Miscellaneous	--	--	n.a.	93	1,531	23	208	3,483	173
NET OPERATING LOSS	30,378	30,051	--	11,888	16,491	16,951	14,052	14,455	18,512

Appendix D-1. Continued

	1967	1966	1965	1964	1963	1962	1961	1960
REVENUES	16,469	16,659	16,689	14,738	13,536	13,381	13,813	13,337
1. Space Rental	1,115	1,146	1,081	1,237	853	627	618	609
2. Carnival/Midway	3,297	3,281	3,110	2,810	2,718	2,716	3,088	2,982
3. Race Entry Fees	1,945	2,175	2,240	1,930	1,710	1,500	1,600	1,810
4. Gate Receipts	5,500	5,315	4,391	5,132	4,915	4,608	4,545	5,147
5. Grandstand	4,277	4,717	4,404	3,516	3,340	3,464	2,839	2,338
6. Fairweek Tickets	251	--	206	--	--	--	--	--
7. Miscellaneous	83	25	1,258	113	--	376	1,124	451
EXPENSES	35,132	31,313	33,251	31,180	30,906	30,001	25,716	22,471
1. Prems/Purses/ Trophies	15,995	14,419	14,479	14,000	14,479	14,284	13,715	13,286
2. Race Expenses	2,058	2,319	1,355	626	293	1,053	811	306
3. Maintenance/ Eqpmt. Improve- ments...	4,504	4,898	6,251	6,485	5,513	4,302	3,969	552
4. Labor	2,855	3,018	3,645	2,033	3,329	3,230	1,573	1,546
5. Judges	220	180	325	150	140	155	170	175
6. Office & Gen.	3,114	2,530	2,384	4,179	3,983	3,076	3,303	3,564
7. Taxes (Fed & St)	966	941	1,288	--	--	--	--	--
8. Entertainment/ Attractions	5,396	2,956	2,515	2,170	2,031	2,340	1,558	2,500
9. Miscellaneous	24	52	1,009	1,538	1,138	661	617	542
NET OPERATING LOSS	18,663	14,654	16,562	16,443	17,370	16,620	11,903	9,134

Appendix D-2. Sources of Funds to the Emmet County Fair Board to Cover Recurrent Annual Operating Losses During the Period 1960 to 1975/76

	1975/76	1974/75	1973/74 ^f	1972/73	1971/72	1971 ⁱ	1970	1969
NET OPERATING LOSS ^a	30,378	30,051	--	11,888	16,491	16,951	14,052	14,455
STATE AND COUNTY GRANTS								
A. From the State of Michigan								
a. Premiums	7,260	4,634	--	3,480	3,017	2,932	2,000	2,643
b. Harness Race Purses & Photo Finish Exps.	8,250	8,250	--	9,000	6,750	8,025	8,775	8,250
c. Matching Funds	3,208	2,204	--	552	386	1,006	1,569	1,673
SUB-TOTAL	18,718	15,088	--	13,032	10,153	11,963	12,344	12,566
B. Emmet County Funds								
a. County Appropriation ^b	5,000	5,000	--	5,000 ^g	--	4,988 ^j	4,319	4,319
b. Deficit Met By County ^c	6,660	2,547	--	? ^h	5,458	--	--	--
SUB-TOTAL	11,660	7,547	--	5,000?	5,458	4,988 ^j	4,319	4,319
C. C.E.T.A.	--	7,416	--	--	--	--	--	--
D. 4-H								
a. Commission ^d	--	--	--	--	--	--	--	--
b. Contribution ^e	--	--	--	--	--	--	--	--
TOTAL GRANTS	30,378	30,051	--	18,032	15,611	16,951	16,663	16,885

^aTaken from the last row of Appendix D-1 on the operating revenues from fairgrounds operations.

^{b,c}The difference between the two terms "County Appropriation" and "Deficit" is unclear. What is clear is that every year the county has to meet a cash deficit with regard to fairgrounds operation in addition to other forms of support which are not reflected in the accounts of the fairgrounds complex.

^{d,e}A sum of \$500 received during 1963 has been reported as a 4-H Center Contribution. A sum of \$405 received during 1964 has been referred to as 4-H Commission. What these revenue flows are is not clear. It is known, however, that the 4-H Center is rented out to non-profit organizations and private individuals.

^fNot available.

Appendix D-2. Continued

-----	1968	1967	1966	1965	1964	1963	1962	1961	1960
NET OPERATING LOSS ^a	18,512	18,663	14,654	16,562	16,443	17,370	16,620	11,903	9,134
STATE AND COUNTY GRANTS									
A. From the State of Michigan									
a. Premiums	2,432	2,511	1,400	1,400	1,637	1,558	946	1,515	1,628
b. Harness Race Purses & Photo Finish Exps.	10,720	7,875	6,750	6,750	7,500	6,750	6,750	6,750	7,125
c. Matching Funds	--	281	3,191	3,192	3,630	--	--	--	508
SUB-TOTAL	13,152	10,667	11,341	11,342	12,767	8,308	7,696	8,265	9,261
B. Emmet County Funds									
a. County Appropriation ^b	4,319	4,319	4,319	4,319	4,319	4,319	4,319	4,310	--
b. Deficit Met by County ^c	--	--	--	--	--	--	--	--	--
SUB-TOTAL	4,319	4,319	4,319	4,319	4,319	4,319	4,319	4,310	--
C. C.E.T.A.	--	--	--	--	--	--	--	--	--
D. 4-H									
a. Commission ^d	--	--	--	--	405	--	--	--	--
b. Contribution ^e	--	--	--	--	--	500	--	--	--
TOTAL	17,471	14,986	15,660	15,661	17,491	13,127	12,015	12,575	9,261

^{g,h}The statement of accounts prepared by the Fair Board on the Michigan Department of Agriculture, Fairs Division's form "County Fairs: Cash Receipts & Disbursements Statement" for 1972/73 specified "County Funds" as being \$3,841.92. The "Receipts & Expenditure Statement" issued by the Fair Secretary/Manager specifies the "County Appropriation" as being \$5,000. It is not clear whether the total county grant was actually \$5,000, \$3,841.92 or \$8,841.92.

ⁱThe accounting period has been changed without any explanations being offered.

^jThe county grant is not specified in the accounts. It is highly improbable that there was no county grant during that year because the accounts indicate that there was a deficit in total income over expenditure of \$4,988.

APPENDIX E

NET OPERATING INCOMES FROM FAIRGROUNDS OPERATIONS WORKED OUT FROM
THE ANNUAL ACCOUNTS OF THE NORTHWESTERN MICHIGAN FAIR ASSOCIATION,
GRAND TRAVERSE COUNTY, FOR THE YEARS ENDING (1) OCTOBER 15, 1976
(2) OCTOBER 15, 1975 AND (3) OCTOBER 1973

Appendix E

Net Operating Incomes From Fairgrounds Operations Worked Out From
The Annual Accounts of the Northwestern Michigan Fair Association,
Grand Traverse County, for the Years Ending (1) October 15, 1976
(2) October 15, 1975 and (3) October 1973

A. Net Operating Incomes of the Northwestern Michigan Fair Association
Worked out From the Annual Reports of the Association
(in dollars)

(i) Net Operating Income for the Year Ended Oct. 15, 1976

INCOME

1. Gates and Admissions		33,972
2. Entertainment		
Midway & Pony Rides	5,700	
Happyland Shows & Rides	6,022	
Happyland Kids Day on Bikes	250	
Horse Pulling Fees	630	
Rabbit Fees	234	
Reimbursement for Entertainment	<u>165</u>	
3. Rental Income		
Happyland Midway Space	1,696	
Inside Space	1,239	
Stall & Tent	610	
Electrical Fees & Trailer Rent	559	
Off Season Rental	<u>2,804</u>	
		6,908
4. Horse Racing--Entry Fees		14,970
5. Advertising & Program Sales		352
6. Membership Fees		
Lifetime	245	
Annual	<u>203</u>	
7. Miscellaneous Income		448
Interest Income	305	
Sale of Hay	71	
Miscellaneous	<u>129</u>	
		505
OPERATING INCOME FOR THE YEAR.....		<u>70,156</u>

EXPENSES

Total Expenses as per Schedule of Expenses
of the Fair Association

231,159

Less

Capital Improvements	12,055
Exp. on Vehicle Purchases	7,280
Loan Payments	<u>51,706</u>
	<u>71,041</u>

OPERATING EXPENSES FOR THE YEAR.....	<u>160,118</u>
NET OPERATING <u>LOSS</u> FOR THE YEAR.....	<u><u>89,962</u></u>

(ii) Net Operating Income for the Year Ended Oct. 15, 1975

INCOME

1. Gates and Admissions		30,874
2. Entertainment		
Midway & Pony Rides	3,705	
Happyland Shows & Rides	6,269	
Happyland Kids Day on Bikes	135	
Horse Pulling Fees	140	
Rabbit Fees	455	
Reimbursement for Entertainment	<u>705</u>	
		11,409
3. Rental Income		
Happyland Midway Space	2,072	
Inside Space	1,165	
Stall & Tent	1,346	
Electrical Fees & Trailer Rent	549	
Off Season Rentals	<u>55</u>	
		5,187
4. Horse Racing-Entry Fees		15,140
5. Advertising & Program Sales		273
6. Membership Fees		
Lifetime	1,850	
Annual	<u>556</u>	
		2,406
7. Miscellaneous Income		
Interest Income	287	
Sale of Hay	147	
Reimbursement for Damages	162	
Reimbursement for Medical Exps.	43	
Telephone Expense Rebate	82	
Miscellaneous	<u>57</u>	
		778
OPERATING INCOME FOR THE YEAR.....		<u>66,067</u>

EXPENSES

Total Expenses As Per Statement of Cash Disbursements
And Non-Cash Expenses of the Fair Association

..... 363,717

Less

Capital Improvements	147,363
Equipment & Vehicle Purchases	3,530
Loan Payments	<u>21,100</u>
	<u>171,993</u>

OPERATING INCOME FOR THE YEAR	191,724
NET OPERATING LOSS FOR THE YEAR.....	<u><u>125,657</u></u>

(iii) Net Operating Income for the Year Ended Oct., 1973INCOME

1. Gates and Admissions		31,301
2. Entertainment		
Midway & Pony Rides	1,956	
Happyland Shows & Rides	7,292	
Happyland Kids Day on Bikes	110	
Pulling Fees	334	
Rabbit Fees	170	
Grandstand Booths	<u>445</u>	
		10,307
3. Rental Income		
Happyland Midway Space	2,500	
Stall Rentals	310	
Rental of Bleachers	1,500	
Electrical Fees & Trailers	395	
Main Bldg. & Trailers & Eleccty.	<u>1,854</u>	
		6,559
4. Horse Racing--Entry Fees	8,045	
Blankets (Race Horse)	<u>90</u>	
		8,135
5. Advertising & Program Sales		412
6. Membership Fees		
Lifetime	100	
Annual & Entry	<u>484</u>	
		584
7. Miscellaneous Income		
Delivery Tickets	5	
Interest Income	340	
Miscellaneous	<u>185</u>	
		530
OPERATING INCOME FOR THE YEAR.....		<u>57,828</u>

EXPENSES

Total Expenses As Per Statement of Disbursements of
the Fair Association 109,842

Less

Clearing of New Grounds & Survey	2,485
Payment of Principal-New Grounds	2,080
No. 2 Bldg.	8,400
Bleachers-Grandstand	8,216
G.E. Freezers	<u>1,250</u>
	<u>22,431</u>

OPERATING EXPENSES FOR THE YEAR..... 87,411

NET OPERATING LOSS FOR THE YEAR..... 29,583

APPENDIX F
STATE GRANTS

Appendix F-1. State Grants Through the Department of Agriculture in Support of County Fairs in Michigan
(in \$,000)

Year	Matching Funds			Premiums			Racing Purses			Totals			Breeder Awards State Total	Total for Mich.
	MI	Rgn. 10	Emmet	MI	Rgn. 10	Emmet	MI	Rgn. 10	Emmet	MI	Rgn. 10	Emmet		
1975/76	445	35	3.7	1,029	24	6.0	1,391	65	9.2	2,865	124	18.9	269.4	3,234.4
1974/75	206	11	2.0	750	17	3.9	1,140	53	8.3	2,096	81	14.2	316.7	2,412.7
1973/74	151	6	1.6	614	15	3.5	1,061	49	9.2	1,826	70	14.3	312.0	2,138.0
1972/73	151	3	1.1	483	12	3.1	760	43	7.2	1,394	58	11.4	241.0	1,635.0
1971/72	110	6	0.4	448	12	3.0	770	48	8.0	1,328	66	11.4	228.1	1,556.1
1970/71	108	7	0.7	386	12	2.9	709	48	8.8	1,203	67	12.4	192.0	1,395.0
1969/70	113	8	2.5	351	11	2.7	658	29	8.3	1,122	48	13.5	n.c.	n.c.
1968/69	n.a.	n.a.	n.a.	271	10	2.4	634	40	10.5	n.r.	n.r.	n.r.	n.c.	n.c.
1967/68	63	8	2.5	259	10	2.1	515	29	7.9	837	47	12.5	n.c.	n.c.
1966/67	95	8	2.5	243	9	2.1	477	27	7.5	815	44	12.1	n.c.	n.c.

n.a. = Not Available; n.r. = Not Reckoned; n.c. = Not Collated

Appendix F-2. Matching Assistance to Fair Associations in Michigan Under Regulation 805 of the Michigan Administrative Code^a -- 1966/67 to 1975/76

"A sum to be allotted on a matching basis, but not to exceed \$8,000 annually to any fair, for the purpose of equipment rental during the fair, grounds improvements, constructing, maintaining, and repairing buildings and making the racetrack more suitable and safe for racing at the county fair, district fairs, community fairs, 4-H fairs, and state fairs."
(An extract from the relevant rules made available by the Dept. of Agriculture, MI.)

1. FISCAL YEAR	1975/76	1974/75	1973/74	1972/73	1971/72	1970/71	1969/70	1968/69	1967/68	1966/67
2. TOTAL FOR MICH.(,000)	445.2	206.5	150.7	150.5	110.4	107.6	112.5	--	62.7	95.5
3. TOTAL-REGION 10(,000)	34.6	10.8	5.8	3.3	5.5	6.9	8.2	--	7.5	7.9
4. Emmet	3,663	2,018	1,552	1,130	386	742	2,500	--	2,500	2,500
5. North-Western	6,842	750	200	0	0	142	296	--	2,500	1,444
6. Kalkaska	7,739	0	0	0	0	0	0	--	0	0
7. Manistee	8,000	4,000	4,000	1,298	1,978	2,500	2,500	--	2,500	2,500
8. Northern Dist.	8,000	4,000	-	-	683	2,500	2,500	--	0	1,494
9. Missaukee	370	0	0	883	2,500	975	383	--	0	0
FOR 15 SELECTED COUNTIES (chosen on the basis of recipients of large sums each year) ^c										
10. Jackson	8,000	4,000	4,000	4,000	2,500	2,500	2,500	--	2,500	2,500
11. Saginaw	8,000	4,000	4,000	4,000	2,500	2,500	2,500	--	2,500	2,500
12. St. Joseph	8,000	4,000	4,000	4,000	2,500	2,500	2,500	--	2,500	2,500
13. Ingham	8,000	4,000	4,000	4,000	2,500	2,500	2,500	--	2,500	2,500
14. Ionia	8,000	4,000	4,000	4,000	2,500	2,500	2,500	--	2,500	2,500
15. Allegan	8,000	4,000	4,000	4,000	2,500	2,500	2,500	--	0	0
16. Berrien	8,000	4,000	3,751	4,000	2,500	2,500	2,500	--	2,500	2,500
17. Calhoun	8,000	4,000	0	1,438	2,500	2,500	2,500	--	984	2,409
18. Hillsdale	8,000	4,000	4,000	2,103	2,500	2,500	1,510	--	0	2,373
19. Monroe	8,000	4,000	4,000	4,000	2,500	2,500	2,500	--	2,500	2,500
20. Eaton	8,000	4,000	4,000	1,523	1,404	1,197	0	--	330	2,500
21. Branch	7,790	4,000	600	1,511	2,500	2,500	2,500	--	0	0
22. Kalamazoo	8,000	4,000	4,000	4,000	2,500	2,500	2,500	--	1,740	2,500
23. Lenawee	8,000	4,000	4,000	4,000	2,500	2,500	2,500	--	2,500	2,500
24. Livingston	8,000	4,000	4,000	4,000	2,500	2,500	2,500	--	2,500	387

^aIncludes 50 percent of total Photo-Finish expenditures during the period 1970/71 to 1975/76.

^bNot Available ^cIt is interesting to note that all these counties lie below an imaginary line running northeastwards from Muskegon to Bay City.

Table F-3. Premium^a Allotments to Fair Associations in Michigan by the Department of Agriculture under Regulation 811 of the Michigan Administrative Code: 1966/67 to 1975/76 (in dollars)

1. FISCAL YEAR	1975/76	1974/75	1973/74	1972/73	1971/72	1970/71	1969/70	1968/69	1967/68	1966/67
2. TOTAL FOR MICH.(,000)	1,028.8	749.6	613.6	482.5	447.6	386.1	351.0	271.0	259.3	243.2
3. TOTAL-REGION 10(,000)	23.8	17.1	14.9	12.3	12.4	11.8	11.3	10.3	9.5	8.7
4. Emmet	6,010	3,884	3,527	3,080	3,017	2,932	2,700	2,363	2,128	2,111
5. North-Western	9,860	7,794	6,728	5,779	5,868	5,480	5,285	4,808	4,854	4,122
6. Kalkaska	655	42	0	0	0	0	0	0	0	0
7. Manistee	2,323	1,437	894	725	1,151	1,012	902	918	940	902
8. Northern Dist.	3,444	2,513	2,201	1,772	1,321	1,676	1,657	1,406	897	1,081
9. Missaukee	1,556	1,398	1,522	899*	1,011	717	740	793	692	479
FOR 15 SELECTED COUNTIES										
10. Jackson	39,802	31,242	33,514	27,030	26,075	20,932	18,303	17,359	17,015	15,923
11. Saginaw	35,068	27,743	25,708	21,176	21,051	20,532	19,762	20,842	18,959	18,640
12. St. Joseph	36,457	25,798	21,276	18,155	15,988	14,901	13,905	13,136	13,081	10,804
13. Ingham	27,456	20,740	19,348	14,093	14,409	12,668	11,645	10,875	7,966	7,222
14. Ionia	38,294	24,903	20,377	14,631	10,523	8,943	8,624	7,716	7,967	7,827
15. Allegan	45,457	32,499*	23,989	18,844	15,430	13,672	11,714	11,071	9,483	8,634
16. Berrien	28,980	21,975	17,878*	13,022	16,260	7,513	7,080	6,403	5,815	5,578
17. Calhoun	25,020	16,250	14,367	10,352*	10,948	9,932	10,132	6,551	7,455	7,634
18. Hillsdale	31,510	21,552	16,018	13,119	10,594	10,604	9,084	7,804	7,899	7,584
19. Monroe	26,902*	16,169	11,535	9,091	7,409	6,944	5,621	4,880	4,893	4,655
20. Eaton	22,917	14,912	10,790	5,646	4,680	4,499	4,400	4,553	4,018	4,188
21. Branch	23,867	16,661	8,258	6,168	5,580	5,031	4,513	3,737	3,772	3,482
22. Kalamazoo	30,419*	22,603	19,572	15,844	15,030	12,754	8,780	8,993	9,011	9,787
23. Lenawee	20,958	14,913	12,661	10,844	8,639	9,456	8,130	8,069	6,193	5,612
24. Livingston	18,669	10,913	9,297	7,687	6,845	5,385	5,640	5,354	4,947	4,905

^aPremiums have been defined as "prizes awarded for exhibits and includes money, ribbons, trophies and similar items.

* A penalty had been imposed by the Department on that particular Fair Association during that year.

Appendix F-4. Purse Monies Paid by the Department of Agriculture for Standardbred Harness Horse Racing at Fairs in Michigan Under Regulation 285 of the Michigan Administrative Code: 1966/67 to 1975/76^a (in dollars)

1. FISCAL YEAR	1975/76	1974/75	1973/74	1972/73	1971/72	1970/71	1969/70	1968/69	1967/68	1966/67
2. TOTAL FOR MICH.(,000)	1,391.1	1,140.2	1,061.5	759.6	769.8	709.2	657.8	634.2	515.4	477.0
3. TOTAL-REGION 10(,000)	64.9	53.2	49.3	42.7	47.8	48.2	28.7	40.3	28.5	26.6
4. Emmet	9,150	8,250	9,150	7,238	8,025	8,775	8,250	10,500	7,875	7,500
5. North-Western	47,650	27,600	27,600	20,025	21,900	21,950	4,875	14,063	9,375	7,875
6. Kalkaska	0	0	0	0	0	0	0	0	0	0
7. Manistee	0	9,100	7,300	6,850	7,788	7,413	7,125	8,250	4,875	5,250
8. Northern Dist.	8,100	8,250	8,250	8,588	10,088	10,073	8,438	7,500	6,375	6,000
9. Missaukee	0	0	0	0	0	0	0	0	0	0
FOR 15 SELECTED COUNTIES										
10. Jackson	0	0	0	0	0	0	0	0	0	0
11. Saginaw	0	0	0	0	0	0	0	0	0	0
12. St. Joseph	58,750	53,350	53,350	36,250	40,750	41,875	32,438	32,350	25,125	28,313
13. Ingham	11,600	7,300	33,650	23,356	18,763	12,763	12,938	15,563	15,750	10,875
14. Ionia	30,396	27,600	27,600	14,775	17,588	14,400	13,500	15,000	13,875	12,000
15. Allegan	68,800	62,400	108,000	82,028	31,988	38,972	35,063	31,125	28,125	26,813
16. Berrien	0	0	0	0	0	0	0	0	0	0
17. Calhoun	39,500	34,900	32,200	19,563	14,450	14,263	24,188	24,000	24,938	24,375
18. Hillsdale	67,300	58,800	54,250	34,988	36,113	38,738	33,375	29,813	25,125	24,188
19. Monroe	0	0	0	0	0	0	0	0	0	0
20. Eaton	29,350	26,650	0	0	0	0	18,875	14,438	15,188	14,625
21. Branch	0	0	0	0	0	0	0	0	0	0
22. Kalamazoo	35,450	31,250	28,550	19,700	20,825	25,325	19,500	11,250	15,000	15,356
23. Lenawee	105,450	101,750	28,500	16,025	15,900	19,088	14,250	47,667	6,750	11,625
24. Livingston	32,950	30,350	28,450	20,263	59,143	55,036	58,455	17,250	15,750	15,000

^aIncludes 50 percent of total photo-finish expenditures during the period 1970/71 to 1975/76.

APPENDIX G

**USES OF AND RENTAL INCOME FROM THE 4-H CENTER IN THE
EMMET COUNTY FAIRGROUND COMPLEX
DURING THE YEAR 1976**

**Appendix G. Uses of the Rental Income From the 4-H Center in the
Emmet County Fairground Complex During the Year 1976**

Month	Uses (In Addition to Regular Use For 4-H Activity and Church Work	Rental Income (\$)
Jan	Weddings	510
Feb	Snowmobiling, Boy Scouts	165
Mar	Wedding, Blood Bank	255
Apr	Weddings	315
May	Weddings, Union Meetings	425
Jun	Weddings, Blood Bank	175
Jul	Wedding, Antique Show, Indian Mtg.	300
Aug	Horse Show, Rock Show, Radio Club	120
Sep	Weddings	200
Oct	Wedding, Salvation Army	200
Nov	Weddings, Boy Scouts	215
Dec	Wedding, X'mas Party, Union Mtgs.	315
	TOTAL RENTAL INCOME FOR YEAR	3,195

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