

LOWLANDS
RACING
SPEEDWAY

Jasper County, Iowa



CITY OF



June 12, 2001

**To: The members of the Vision Iowa Board
and the Iowa Department of Economic Development**

It is with great pleasure and anticipation that Jasper County and the City of Newton submit the **Iowa Motor Speedway** project application for Vision Iowa funding consideration.

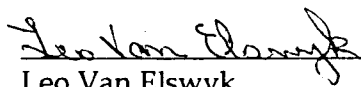
The **Iowa Motor Speedway** is unique among those seeking Vision Iowa funding because the project:

- Has proven economic feasibility
- Provides a perfect match to the Vision Iowa program mission and guidelines
- Will be located in **rural** Jasper County, Iowa
- Provides \$22 million in private funding and \$10 million in local match to leverage a \$20 million Vision Iowa grant
- Will bring both investment dollars and annual tourism revenue into Iowa from outside the state
- Is supported widely by organizations and individuals throughout Iowa and in surrounding states
- Will produce a huge economic impact for Jasper County, central Iowa, and the region

The **Iowa Motor Speedway** is a rare opportunity for Iowa to create a regional or national tourism attraction. We are pleased to submit this application for your approval.

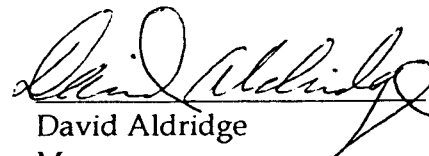
Very truly yours,

Jasper County



Leo Van Elswyk
Chairman
Jasper County Board of Supervisors

City of Newton



David Aldridge
Mayor
City of Newton

APPLICATION COVER SHEET

Return Completed Application to:
Vision Iowa Program Coordinator
Iowa Department of Economic Development
200 East Grand Avenue, Des Moines, Iowa 50309

Date Submitted: June 12, 2001

Applicant Information (attach additional sheet for co-applicants)

Name: County of Jasper

Address: 101 1st Street, PO Box 944

City: Newton State: IA Zip Code: 50208

Contact Person: Leo VanElswyk Title: Chairman of the Board of Supervisors

Address: 1700 North 4th Avenue West, Newton IA 50208-1926

Telephone: 641.792.6622 FAX: 641.792.0670

E-mail jasprbos@pcpartner.net Federal Identification Number 42-6005040

Subrecipient Information (If Applicable) (Subrecipient means a private organization or other entity operating under an agreement or contract with a recipient to carry out a funded Vision Iowa activity – attach additional sheet for co-subrecipients):

Name: Iowa Motor Speedway

Address: 2501 Grand Avenue, Des Moines, IA 50312

Contact Person: Kim Statler Title: Project Manager

Address: 114 East Francis Avenue, Pittsburgh PA 15227

Telephone: 412.207.8665 FAX: 412.207.7817

E-mail statler@proz.org Federal Identification Number (pending)

Funding Information

Total Project Budget \$51,447,000 Amt. Requested from Program \$ 20,000,000

Specify the form and amount of assistance requested in the box below:

(Note: Amount should not exceed 50% of the total project cost.)

Form of Assistance Requested	Amount
Grant	\$20,000,000
Loan	
Forgivable Loan	
Loan Guarantee	

APPLICATION COVER SHEET

**Return Completed Application to:
Vision Iowa Program Coordinator
Iowa Department of Economic Development
200 East Grand Avenue, Des Moines, Iowa 50309**

Date Submitted: June 12, 2001

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Applicant 2 Information

Name: City of Newton

Address: 1700 North 4th Avenue West

City: Newton State: IA Zip Code: 50208-1926

Contact Person: Jon Ewing Title: Newton Community Development

Address: 1700 North 4th Avenue West, Newton IA 50208-1926

Telephone: 641.792.6622 FAX: 641.792.0670

E-mail jone@newtongov.org Federal Identification Number 42-6005040

ACKNOWLEDGMENT, RELEASE OF INFORMATION AND CERTIFICATION

I acknowledge that I have read and understand the application materials and administrative rules including the provisions relating to security and contracts as noted above. Further, I give permission to the Vision Iowa board or the Iowa Department of Economic Development (IDED) to perform due diligence, perform credit checks, contact the organization's financial institutions, and perform other related activities necessary for reasonable evaluation of this proposal. I understand that all information submitted relating to this application is a public record. I certify that all representations, warranties, or statements made or furnished in connection with this application are true and correct in all material respects. I understand that it is a criminal violation under Iowa law to engage in deception and knowingly make, or cause to be made, directly or indirectly, a false statement in writing for the purpose of procuring economic development assistance from a state agency or subdivision.

Signature of applicant certifying officer or individual:

Leo Van Elburg Date: 6-12-01

Signature of co-applicant or subrecipient certifying officer or individual:

[Signature] Date: 6-12-01

FINANCIAL FORMS

CONSTRUCTION/VERTICAL INFRASTRUCTURE COST ESTIMATES (attach additional sheets as necessary):

1. Construction Cost Detail

Item Description		Estimated Cost
Land Acquisition	Land Costs/Road Improvements	\$7,440,000
Site Preparation	Track, Site improvements	\$17,175,000
Building Acquisition/Construction	Site Bldgs. Pit and Support Areas (Garages)	\$5,960,000
Building Remodeling	Admin Offices, Maint. Storage, Kitchen	\$750,000
Fixtures	Suites, Race OPS, Media, Hospitality	\$2,200,000
Other	Grandstands, Ticket Windows, Restrooms, Airport Improvements	\$11,072,000
Subtotal (A)		\$44,597,000

2. Professional Fees and Permits

	Estimated Cost
Architectural Design (Combine number for the two first lines)	\$2,150,000
Engineering Design	\$
Construction Administration	\$1,300,000
Permits	\$65,000
Legal and Bonding Fees	\$450,000
Developer Fees (Included Above)	\$0
Offsite Circulation/Transportation	\$850,000
Misc. Consultant Fees	\$
	\$
Subtotal (B)	\$4,815,000

3. Related Construction Costs

	Estimated Cost
Real Property/Easements/Acquisition	\$
Contingencies	\$1,500,000
Other (specify):	\$
Subtotal (C)	\$1,500,000

4. Total Vertical Infrastructure Cost Estimates: \$50,912,000

Subtotal (A) + Subtotal (B) + Subtotal (C) \$ 50,912,000
 (Include total on line "1" of following page)

SOURCES AND USES OF FUNDING

1. Project Activity (USES) (attach additional sheets as necessary):

	Activity	Vision Iowa Amt. A	Other Funds B	TOTAL C
	1. Construction Costs (Prior Page)	\$20,000,000	\$30,912,000	\$50,912,000
	2. Vision Iowa Proposal-Writing Fees	\$ XXXXXXXXXXXX	\$35,000	\$35,000
	3. Furniture and Office Equipment	\$ XXXXXXXXXXXX	\$(in prior pg figures)	\$
	4. Operating Expense	\$ XXXXXXXXXXXX	\$300,000	\$300,000
	5. Maintenance Expense	\$ XXXXXXXXXXXX	\$	\$
	6. Fundraising Fees	\$ XXXXXXXXXXXX	\$	\$
	7. Consultant Expenses	\$ XXXXXXXXXXXX	\$200,000	200,000
	8. Public Art and Landscaping	\$	\$	\$
	9. Other (specify)	\$	\$	\$
	10.	\$	\$	\$
	TOTAL (Columns A and C appear on application cover page; B should match total below)	\$20,000,000	\$31,447,000	\$51,447,000

2. Sources of Funds

Source(s) of Other Funds	
SOURCE	AMOUNT
A. Jasper County	\$5,850,000
B. City of Newton	\$3,297,000
C. Iowa Motor Speedway Corporation	\$22,300,000
D.	
E.	
F.	
G.	
H.	
I.	
J.	
K.	
TOTAL (Should match Column B Above):	\$31,447,000

IOWA MOTOR SPEEDWAY ECONOMIC DEVELOPMENT

The Iowa Motor Speedway project is being brought to the Vision Iowa Board as the first rural Iowa project with a clearly identified public private partnership. Jasper County and the City of Newton have utilized their ability as a community to showcase Iowa and the many economic opportunities and entice a private development team to consider Iowa as the next location for a major speedway.

The concept of a motor speedway in Iowa is not a new one. Several years earlier a similar speedway was proposed in Eastern Iowa and due to the aggressive economic development programs within the State of Illinois, the project was moved to a new location. Following that event, the Governor and the Iowa General Assembly enacted first the Community Attraction and Tourism Development Fund followed by the Vision Iowa Program. The programs have assisted with bringing Iowa to a more level playing field with surrounding states for major tourism attractions.

The goal of this application is to add to the list of Iowa successes and bring another private partner into the State to generate new opportunities and economic wealth.

There is no question that without the Vision Iowa program as an economic development tool, this project would not be before you for consideration. The private developer considered Iowa as a possible location because of the Vision Iowa program. The Vision Iowa program is a tremendous economic development tool that is being utilized in this project just as the Community Economic Betterment Account (CEBA), New Jobs and Income Program (NJIP), and job-training funds are packaged and presented to potential new Iowa companies. Utilization of IDED programs by a private entity in partnership with local communities is quite common in Iowa. This type partnership has brought to Iowa such companies as Barilla, Bunge, AE Staley, and IPSCO.

The Iowa Motor Speedway project is unique in that it brings tremendous local and private participation to the project. This rural Iowa community has aggressively pursued this

project and provided an incentive package that exceeds many urban areas. Jasper County and the City of Newton are providing nearly 18% of the project matching funds with their contribution of land, buildings, and infrastructure improvements. The private development team is bringing “new money” or non-Iowa funds, to the equation providing an additional \$22 million dollars or 43% of the project funds. **This public private partnership brings to the equation approximately 61% of the project funding.** It should also be noted that the Iowa Motor Speedway is an *immediate opportunity*. If Vision Iowa funds are awarded, the project will begin upon execution of the contract. The local and private commitments are immediately available and are not part of any bond or referendum package.

The Iowa Motor Speedway team addressed many of the requested components of this application by retaining two outside firms to perform project analysis. CH Johnson Consulting performed a feasibility study including market analysis, and IMAP data Inc. conducted the economic impact study. The Johnson firm performed detailed analysis under a conservative growth situation, as requested, and found the speedway concept to be a viable

Motor sport events are critically different in terms of local economic impact because so many of the spectators—always more than 50 percent and often more than 66 percent—are non-local.

economic development project. **IMAP data conducted economic analysis to determine the potential impact of the Iowa Motor Speedway and determined the yearly economic impact to total \$67 million dollars.** The average racing fan spends nearly \$188/day while the average Iowa tourist spends approximately \$50/day.

The Iowa Motor Speedway will inject new money into the Iowa economy in various forms of tax receipts. It is projected in the IMAP analysis, **the Iowa Motor Speedway will increase Iowa Tax Receipts \$3 million per year. This new revenue will essentially return the State’s Vision Iowa investment in less than 7 years.** This project can clearly demonstrate a “return on investment” situation for the State of Iowa.

With the proper Iowa code change, the Vision Iowa program could create a direct repayment stream of approximately \$1 million per year in sales tax collected from the facility alone. This concept would replenish the Vision Iowa fund and allow additional projects to be funded within the State.

We urge the members of the Vision Iowa board and staff to consider the tremendous economic opportunity that is before us. The Iowa Motor Speedway project will bring a large tourism venue to our state that will not only add to the menu of amenities for Iowa youth and increase the quality of life, but also bring new dollars into the economy.

Major Points of Interest

Project Description

The Iowa Motor Speedway project includes the creation of a one-mile oval speedway. Preliminary plans call for a capacity of 40,000 seats, including 30 executive suites and other premium seating options, such as club seating and personal seat licenses. In addition, plans call for administrative offices for track management and sanctioning bodies, ticket offices, a control tower, pit and garage areas, locker facilities for racing drivers and crews, a hospitality area, and ample on-site parking.

The Speedway is estimated to have a \$52 million budget. The developer, by partnering with Jasper County and the City of Newton, is applying for partial project funding through Vision Iowa, a state program that provides financing for the development of destination attractions in the state.

Tab II - Local Support

There is tremendous support for the Iowa Motor Speedway project locally, regionally, and nationally. As you will see in the attached letters, post cards, petitions, and resolutions, the breadth of support ranges far beyond the Iowa borders. Letters of support have been received from contiguous states, as well as from Texas, New Mexico, Oklahoma, South Dakota, and Arizona, many of which are from former Iowa residents who are very excited about the creation of another major tourism destination.

Tab E - Horizontal Infrastructure

The Vision Iowa Program mission statement clearly indicates the desire of the program to encourage and support creative projects in cities, towns, and counties of all sizes, and to *attract* funds for these projects from other sources to leverage state dollars.

The total local government and developer match for this project totals approximately \$32 million dollars, or 61% of the total project budget.

The local government participation for this project nears \$10 million dollars, which equates to nearly 20% of the total project budget. In addition to the local government matching funds, the private development team is contributing additional financial local match for building and construction purposes totaling \$22 million. The total local

government and developer match for this project totals approximately \$32 million dollars, or 61% of the total project budget.

Tab C - Vertical Infrastructure

The Iowa Motor Speedway project is primarily a vertical infrastructure project. The project includes:

- A one-mile oval track that is suitable for sanctioned open-wheel, stock car, and sports car racing,
- A one-mile or more road course within and using the oval, 40,000 permanent grandstand seats, including 5,000 premium seats paired with personal seat licenses (PSLs),
- Pit areas, garage facilities, and locker facilities for racing drivers and crews,
- The grandstand structure will include a press box area, luxury suites, and concessions areas, Approximately 30 suites for corporate and personal use, and administrative offices for track management and sanctioning body personnel,

- V.I.P. parking areas,
- Ticket offices,
- A control tower,
- An area for placement of temporary hospitality tents,
- Parking areas capable of handling approximately 13,500 cars.

Tab D - Medical Insurance Benefits

The Iowa Motor Speedway Corporation will provide a minimum of 50 percent of health care benefits to all full-time employees of the Iowa Motor Speedway Corporation.

Tab E - Alignment with Other Projects

The Newton Development Council has developed an aggressive Strategic Objectives and Strategies plan which is complimented by the development of the Iowa Motor Speedway.

The Strategic Economic Development plan will receive an extra boost from the Iowa Motor Speedway. Building permits will be generated not only from the construction of the track itself, but also from peripheral development. A recent study by the Minneapolis-based McComb Group Ltd. suggests that potential exists to expand the Newton retail trade area and capture almost \$80 million in additional sales, which is an increase of more than 50 percent, especially with the recent construction of a 150,000-square foot Wal-Mart Super Center and other retail development. It is fully anticipated that economic growth and expansion will be spurred by the completion of the Iowa Motor Speedway – the local development office has received several business inquiries since the Iowa Motor Speedway project has become known.

Table E - Feasibility Analysis

C. H. Johnson Consulting Inc., experts in convention, sport and real estate consulting out of Chicago, completed a market feasibility study for the Iowa Motor Speedway project. The study demonstrates that the economic and demographic trends in the motorsports industry favor the development of the Speedway. The Midwest is a region historically favorable to racing and has seen development of several major speedways in the last few years (in Kentucky, Chicago, and Kansas City). The site is located in a market that does not currently offer a major speedway, which is a market strength.

Table E - Feasibility

- The Iowa Motor Speedway is distinguished from other recently developed speedways like those in Nashville, Kansas City, and northern Kentucky, and is justification for the capital budget to be in the \$40- to \$50-million range, as opposed to the \$100+ million range.
- The economic and demographic trends in the motorsports industry favor the development of the Speedway.
- The site is located in a market that does not currently offer a major speedway, which is a market strength.
- The regional and local markets are likely to support the Iowa Speedway and central proximity to Des Moines, the Quad Cities, Omaha, Minneapolis, and other major population centers is also a market strength.
- The proposed facility is consistent with the needs of several major racing series, especially the IRL, Busch Grand National, and Craftsman Truck series.
- Potential expansion of certain racing series and relocation of some existing racing events are likely and the Speedway may benefit from these expansions and relocations.

- The demographics of race fans are highly attractive to sponsors, sanctioning bodies, promoters, tracks, and markets that host races. On average, race fans are younger, more affluent, more highly educated, and more family-oriented than the U.S. population as a whole.
- As it is currently constituted, the management and development team is involved with and experienced in the racing industry, and has the ability to potentially negotiate agreements with sanctioning bodies for race dates.

Tab H – Economic Impact

Major findings of the economic impact study show:

- Total Iowa Economic Impact for Construction and First Year Operations at \$99 million (168 million with multiplier), with the Initial Construction Phase having a \$32 million (\$64 million w/ multiplier) total impact on Iowa.
- Annual Operations are demonstrated as having a Total Dollar Impact to Iowa of \$67 million (\$104 million w/ multiplier).
- Total Iowa Job Impact — the ones that depend on race week business — will affect almost 118,008 workers in almost 6,327 firms annually.
- Local businesses, such as hotels, can anticipate more than 100 percent volume revenues/sales during race weekends to offset those periods during the year when capacity levels fall below the annual average.

Tab I – Leveraged Activity

Site Activity

- The development of the Iowa Motor Speedway site will spur tremendous economic development in Iowa. The project will serve as the anchor for several additional projects in the Jasper County area.

Housing Activity

- In addition to development on the speedway site, additional housing projects are planned for the area, if the speedway project moves forward. Central Iowa Homes, of Urbandale Iowa, is the owner and developer of Country Ridge Estates located on South 24th Ave East in Newton, 1.5 miles from the site of the Iowa Motor Speedway. At the present time phase one of the community, including one hundred home sites has been completed. Construction of phases two and three are anticipated shortly after construction begins on the Iowa Motor Speedway. Development costs of phases two and three will be in excess of \$4,000,000 and create 220 additional manufactured housing sites. The value of the homes set on the sites will be in excess of \$12,500,000.
- Perry and Associates, Inc are proposing additional housing development in the Jasper County area. The developer clearly states in the *attached letter* that the creation of the Iowa Motor Speedway plays a significant role in their decision to build the 9 duplexes. These duplex units would be valued at over \$1 million dollars in the Newton market.

Tourism Activity

- Leveraged activity can also be noted in the local tourism industry. Three specific cultural and educational attractions, the Promised Land Retreat, the Jasper County Historical Museum and the International Wrestling Institute and Museum will expand their operations and exhibits to attract some of the more than 100,000 people who will visit the Iowa Motor Speedway during its first year of operation.
- The Alliance intends to construct a \$270,000, 10,000-square foot building on land owned by Jasper County. This building will be expandable to 30,000 square feet. Another 10,000-square foot spec building is being planned on the privately owned Metro East Business Park, which is adjacent to the Iowa Motor Speedway site.

City Activity

The City of Newton has also identified major improvements that will occur as a result of the speedway. The City has proposed a three-phased project to improve the Beltline Road from its connection with Interstate 80 to North 4th Avenue East. Improvements consist of construction of a 4-lane divided roadway with center median and left turn lanes to access adjacent property. Preliminary design has been completed to establish costs estimates, and phase one was completed in 1999. However, phase two and three are contingent upon additional funding and development of area parcels.

In addition to the beltline improvements, the City of Newton is discussing the relocation of North 19th Avenue. The relocation would provide alternative access from Interstate 80 to Highway 14 and improve traffic flow around the City. The beltline improvements are proposed to cost \$5.5 million.

Job Matching Funds

Jasper County elected officials are presenting in this application local matching contribution funds in the form of 420 acres of property, onsite buildings for project renovation, road improvements, and property tax relief totaling \$5.8 million in value. In addition to county's participation, the City of Newton is providing local matching funds in the form of sewer/water improvements, and airport modifications totaling \$3.3 million in value.

The local government participation for this project nears \$10 million dollars, which equates to nearly 20% of the total project budget. In addition to the local government matching funds, the private development team is contributing additional financial local match for building and construction purposes totaling \$22 million. (See attached letter of financial commitments) *The total local government and developer match for this project totals approximately \$32 million dollars, or 61% of the total project budget.*

Item 1 - Planning Issues

Planning in Jasper County and the City of Newton has long recognized the importance of balanced development. Each type of land use, from residential to industrial, from agricultural to commercial, is necessary for a fully functioning community. However, unplanned development can lead to incompatible land uses being located near each other and to inefficient use of infrastructure. Jasper County and the City of Newton have taken steps to ensure that all types of land use have the opportunity to grow in a compatible fashion.

The Iowa Motor Speedway fits well with the overall planning scheme for the Central Jasper County area.

Item 2 - Technology and Values

- Family oriented fun is the main premise behind the operations of the Iowa Motor Speedway. In the spirit of professional sports, clean fun and family values, motor sports has become one of the fastest-growing family entertainment commodities in the US. Fans of all ages – and all walks of life – enjoy motor sports.
- Auto racing has become more family-oriented in recent years. According to a recent survey conducted by the IRL, 72 percent of its fans are homeowners, and 43 percent have children under 17 living at home.
- According to NASCAR, 64 percent of its fans are married and 72 percent are homeowners.
- The landscaping of the track will be designed whereby plants will enhance the physical layout of the property and provide natural sound barriers during races.
- In its efforts to provide fans with not only action-packed race days, the Iowa Motor Speedway will also provide visitors with historical information on the sport itself, incorporating technology where possible.
- The Iowa Motor Speedway will work with Engineered Rubber Products, Inc. (ERP) a specialty manufacturer of high-quality recycled rubber and plastic products, in order to recycle tires. of industries.

- As well, the Iowa Motor Speedway will recycle oil and other machinery lubricants in order to be more efficient with its commodities.
- The Iowa Motor Speedway will provide services to challenged individuals, including extensive handicapped accessibility and seating. The track will include a design whereby handicapped fans will have seating sections with easy access and clear lines of vision. Services to deaf and hard of hearing visitors needing special assistance will include TDD/TTY equipment, as well as a section for the hearing impaired with interpreters available on race days. The Iowa Motor Speedway will also provide family sections – i.e., non-smoking and drinking.
- The Iowa Motor Speedway is situated on 420 acres of beautiful Iowa land. Walking and biking paths can be incorporated into the overall design scheme of the landscape to encourage additional use of the property. The landscaping design itself will provide a serene area for hikers and bikers.
- The Iowa Motor Speedway will also have opportunities within the conference center for various displays of Iowa artists. Discussions have been held with autistic race fans regarding exhibiting artwork. In fact, Taylor Crowe, an artist with autism, illustrated Iowa Motor Speedway's logo.