

*MARKET ANALYSIS of the PROPOSED  
CAESAR CREEK MARINA*

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## **I. INTRODUCTION**

In July 2012, *SmithgroupJJR* (“*JJR*”) retained *TAI Realty Advisors* (“*TAI*”) to provide assistance to the Ohio Department of Natural Resources, Division of Watercraft (“*ODNR*”), in assessing the economic and financial potential of a marina that is being planned for construction at Caesar Creek Lake, in southeast Ohio. *TAI* was asked to address two principal issues.

First, *TAI* reviewed, and updated, analysis presented within a report prepared in February 2008 by *Economic Research Associates* (“*ERA*”) entitled “Caesar Creek State Park Marina Feasibility Study” (referenced herein as the “*ERA Study*”). *TAI* identifies characteristics of the market area and describes the level of market support, and likely operating performance, of the proposed Marina.

Second, *TAI* prepared prospective financial analyses of the likely operation of the proposed Marina, subject to assumptions that are based on current market conditions. These analyses are intended to guide *ODNR* regarding the State’s plans to solicit a partner (concessionaire, or developer) who might (partially) fund, and operate, the Marina subject to a long-term lease agreement.

This Report addresses the first of these two issues. A subsequent report addresses the financial analysis.

## **II. THE CAESAR CREEK MARINA PROJECT**

### Caesar Creek Park and Lake

Caesar Creek Lake is located in Warren, Clinton and Greene counties in southwestern Ohio. The Caesar Creek dam is located three miles above the mouth of Caesar Creek, a tributary of the Little Miami River. Entrance to the park is located approximately five miles east of Waynesville. The park is leased by the State of Ohio from the U.S. Army Corps of Engineers (“*USACE*”), which, during the 1970s, constructed a dam on Caesars Creek, and thereby created a 2,830-acre lake. According to the *USACE*, “Caesar Creek exists as a cooperative management effort among the Corps of Engineers and the Ohio Department of Natural Resources - Divisions of Parks and Recreation, Wildlife, and Natural Areas and Preserves.”

The total park area, including the lake, contains approximately 7,941-acre. The park has 43 miles of hiking trails and 31 miles of bridle trails. It also includes these notable amenities:

- Caesar's Creek Pioneer Village – The Village is a collection of over 15 log cabins and other structures that are open during special events. It is maintained and operated by a private non-profit organization. The buildings include Quaker meetinghouse, a broom shed, a pioneer school house, blacksmith shop, carpenter shop, toll house and many family houses.
- Caesar Creek Nature Center – A nature center is located adjacent to the Pioneer Village, and features exhibits on the area's cultural and natural history. Nature education programs are offered year-round, including campouts, hikes and a maple syrup program.
- A Visitors Center – The center offers a theater, interpretative galleries and special programs.

## The Proposed Caesar Creek Marina

The proposed Marina at Caesar Creek will represent, potentially, a \$10-\$15 million investment. The project is unique, within Ohio, in many ways. First, it will provide excellent water access for boaters at what is already a highly-visited water-destination, and it may offer perhaps 300 slips within a protected harbor-environment. Second, an array of appealing boating amenities are envisioned, some of which (significant marine infrastructure; houseboat rentals; and, other recreational amenities) do not currently exist within the State. Third, ODNR proposes to structure a public-private arrangement which will leverage public funds with private investment, subject to what might be a long-term lease agreement. This would represent an unprecedented undertaking by ODNR.

### **III. THE MARKET AREA**

For purposes of this study, a “market area” is defined as the geographic area containing the principal visitors, or users of, the proposed Marina. The *ERA Study* referenced a market area that included: (i) Clinton, Greene and Warren Counties; and, alternatively, (ii) a “primary market area” covering a 100-mile radius surrounding the Marina. The *ERA Study* provided no explanation as to why these two geographic areas were selected. This analysis defines the “market area” in a very different way.

Most boats brought to the Marina will arrive on trailers. This conclusion is supported by the fact that the average sized boat within six nearby counties is less than 16-feet, and boaters who have designated Caesar Creek as their primary destination report to have very few boats that are over 26’. Many of these trips will be day-visits; some visitors will certainly extend their stays. *TAI* believes that a 100-mile-radius represents an unreasonable distance for many of these day-visitors. However, the market area should not be restricted to Clinton, Green and Warren Counties. *TAI* also believes that the market area should include Montgomery County, and (as our analysis shows) exclude Hamilton and Clermont Counties.

For instance, *Mapquest* estimates that the distance from Wilmington (the county seat of Clinton County) is 14 miles (and represents approximately an 18-minute drive) to Caesar Creek Lake (represented as the mid-point between Harveyburg and Waynesville). Lebanon, the county seat of Greene County, is 13.1-miles from Caesar Creek Lake and a 17.5-minute drive. Xenia, the county seat of Warren County, is 17-mile, 23-minute drive to Caesar Creek Lake.

Dayton is the county seat and most populous city in Montgomery County. It is only 27.1 miles from Caesar Creek Lake, or approximately a 35-minute drive. More importantly, Kettering is its largest suburb. Kettering, and other county jurisdictions located south and east of Dayton, are as close to Caesar Creek as are many parts of Clinton, Greene and Warren counties. As a result, *TAI* defines a “market area” to include all of these four counties. Selected demographic characteristics of this market area are presented in Appendix-Tables 1 and 2.

The 4-county market area has demonstrated stable growth, despite a declining population for Montgomery County (principally, a loss of over 40,000 people within the city of Dayton between 1990 and 2010). **Appendix-Table 1** shows that the population within the three-counties increased by 130,200 persons between 1990 and 2010. Growth in Warren County during this period accounted for most (76 percent) of this increase. As Appendix-Table 1 illustrates, this population growth continued into 2011.

These four counties comprise 8.3 percent of the estimated, 2011 state-wide population. Notably, this share of the state's population increased from 8.0 percent in 2000.

The market area is also relatively affluent compared to average state-wide household ("HH") incomes. **Appendix-Table 2** illustrates that the four counties represent an average, 2010-HH income (\$51,543) that is nearly 9 percent above the state average of \$47,358. Warren County had an average HH income of \$71,274; Greene County's average HH income was \$56,679. These figures were 50 percent and 20 percent, respectively, above the state average. These higher incomes translate into greater leisure expenditures and, likely, higher boating participation.

#### **IV. BOATING WITHIN SOUTHEAST OHIO**

##### National Boating Statistics

The National Marine Manufacturers Association (NMMA) reported in early-2012 that U.S. retail sales for boats, accessories and marine services increased by six percent during 2011 over the prior year, although new boat sales were up by only 1.8 percent over 2010. This was the first, recorded annual increase since 2006. A five-year declining market (2006-2010), characterized by slow boat sales and by high slip-vacancy rates at many marinas located throughout the country, is showing initial signs of recovery.

In 2011, boating participation (estimated at 83 million boaters) was reported to be at its highest level in nearly fifteen years. The NMMA president, Mr. Thom Dammrich, recently said that "Pent-up demand for boats following years of diminished willingness to spend by consumers, improved credit availability for buyers and boating businesses, positive shifts in consumer confidence and an overall interest in the benefits of the boating lifestyle are steering the industry toward recovery." A continuation of this trend will almost certainly result in higher boating-participation in Ohio.

The U.S. Coast Guard ("USCG") estimated that 12.7 million boats were registered in the United States in 2009. The USCG further estimates that by the year 2020, there will be 60.4 million motor-boaters; 21.1 million users of personal water crafts ("PWC"); 23.3 million canoers; 20.9 million rafters; 19.1 million water skiers; 13.5 million kayakers; and, 11.4 million persons involved in sailing.

##### Relevant Surveys on Recreational Boating

ODNR provided us with two documents to review and to identify relevant information.

- The USCG has conducted numerous boating surveys over the past fifty years. Recent surveys were conducted to collect and categorize boater experiences for the years 1973, 1976, 1989, and 2002. Methodologies changed over the years. The 1973-survey was national in scope, and was based on a sample of 24,137 households. In 1976, a much smaller (5,507 households) survey was undertaken. Both of these were based on continental boating experiences. In 1989, a more comprehensive survey was undertaken by the American Red Cross, but was based on a sample of only 3,700 recreational boating participants. Then, in 2002, a survey that based on a sample of 25,000 boat operators was conducted, but its focus on only boat-operators excluded the interests of other boating participants.

In 2009, the USCG commissioned two National Boating Surveys, for 2011 and 2013. Dr. Philippe Gwet, Mathematical Statistician with the U.S. Coast Guard (Office of Auxiliary and Boating Safety), indicated that a survey involving 30,000 telephone calls has been completed. Results of the 2011 Survey are unavailable until August or September of 2012. These results will provide only national and regional statistics, although, Dr. Gwet believes that selected state-data can be extrapolated. Survey results will be available from three distinct data-collection efforts: (i) a boat survey; (ii) a trip survey; and, (iii) a participation survey. The following 2013 survey is designed to provide state-data.

- The Ohio Sea Grant College Program (“OSGCP”) at Ohio State University published a report in May 2010 entitled “2010 Survey of Recreational Boater Safety and Participation in Ohio” (the “2010 Survey”). It updates surveys of the same name carried out in 2007, 2004 and 2001, and is based upon a population size of 814 responses to a state-wide mailing of 2,500 questionnaires.

The survey results are interesting, and anecdotal, and contain much information regarding boat safety. These results, however, provide little information relevant to potential use of the proposed Caesar Creek Marina. The results address boating on many different types of bodies of water (Lake Erie; the Ohio River; inland rivers and streams, and of course, inland lakes like Caesar Creek), and many different boat-types.

As a result, “averages” based upon this study must be scrutinized carefully. The 2010 Survey calculated annual “boater exposure” (in hours), and concludes that while state-wide exposure (measured in annual-hours) declined by 3.7 percent between 2004 and 2007, it then recovered strongly (by 4.1 percent) between 2007 and 2010. Clearly, boating activity within the state of Ohio is increasing.

The 2010 Survey indicates that the Caesar Creek Reservoir is a popular (“most often used”) destination among respondent-boaters. When asked (Question 10.c) to identify “most used body of water” (and the second, and third, most used bodies of water), Caesar Creek was the 4<sup>th</sup> most frequently mentioned. The ten most frequently-named destinations are listed in **Appendix-Table III**. Among the 592 respondents to this question, Lake Erie was overwhelmingly the most popular, followed by Indian Lake and the Ohio River.

Question 9.d. of the OSGCP Survey is also of interest to this analysis. It asks respondents to estimate the “number of people usually on board” while a boat “was on the water”. This information is essential to calculating “boater exposure”. Not surprisingly, the response to the “number of people usually on board” varied greatly by type of boat, and “average party size” will be defined by the mix of types of boats used to calculate that average. **Exhibit 1**, on the following page, summarizes the data found in the appendix (page 15 of the 188-page document) of the 2010 Survey.

Exhibit 1  
Average Number of People on Board, by Type of Craft,  
State of Ohio, 2010

| type of water craft | days of use<br>per season | hours of use<br>per day | persons<br>on board |
|---------------------|---------------------------|-------------------------|---------------------|
| open motor boat     | 33.4                      | 5.4                     | 3.2                 |
| cabin motor boat    | 32.1                      | 6.7                     | 3.5                 |
| private water craft | 17.0                      | 3.6                     | 1.8                 |
| houseboat           | 10.6                      | 18.8                    | 8.0                 |
| pontoon             | 25.3                      | 4.0                     | 4.5                 |
| sail                | 15.1                      | 2.6                     | 2.0                 |
| sail (with power)   | 33.9                      | 6.1                     | 2.5                 |
| canoe               | 11.2                      | 3.9                     | 2.0                 |
| kayak               | 13.8                      | 2.9                     | 1.2                 |
| rowboat             | 5.1                       | 3.8                     | 1.8                 |
| boat (inflatable)   | 20.9                      | 2.8                     | 1.8                 |
| boat (other)        | 36.3                      | 4.5                     | 2.8                 |

Source: “2010 Survey of Recreational Boater Safety and Participation in Ohio”,

OSGCP and *TAI Realty Advisors*

Were a marina populated by one of each of these twelve types of watercrafts, the fleet would be used, on average, 21.2 days per season. The fleet would experience, on average, 5.4 hours of daily use; and, there would be, on average, 2.9 persons on board for each use. However, a different mix of watercrafts can materially impact this average.

### Boating in Ohio

Ohio is ranked 9<sup>th</sup> nationally in the total number of registered boats. In its “2011 Annual Report”, the ODNR Division of Watercraft states there were 426,674 registered boats in Ohio in 2011. ODNR describes this as a “record number” of registered boats. These boats populate Lake Erie, state-bound rivers, over 600 inland lakes, and the Ohio River which forms a 451-mile long boundary for the state.

Annual, state-wide registration has fluctuated much during the past decade. The number of registered boats declined in four of the five years, and by nearly 5,900 registrations, between 2000 and 2005. Between 2006 and 2011, however, the number of registered boats increased by nearly 14,000, although most of that growth occurred during 2011. **Appendix-Table 4** summarizes annual boat registrations for the period 2000-to-2011, and illustrates that the experience in Ohio boat-registration has mirrored the modest recovery shown by national boater registration-figures.

A recent ODNR publication, entitled “Recreational Boating in Ohio” (published in February 2012) estimates that one-in-four Ohioans go boating each year. It further estimates that the average Ohio boat owner is 54 years of age; has 29 years of boating experience; and, has an average, annual household

income of nearly \$82,000. In other words, boaters in Ohio are reasonably affluent, and many are older and enjoy much leisure time.

### Boater Registration within the Market Area

Since the year 2000, boater registration figures within the four-county market area have remained relatively constant. No annual (percent) change between 2000 and 2008 exceeded 0.9 percent, and at the end of 2009, the number of boats registered within these four counties was nearly identical to the total for the year 2000. Modest increases occurred annually, from 2009-to-2011.

**Exhibit 2**, below, shows that the four-county market area has maintained, or increased, resident-boat-registrations at a somewhat better rate than did the entire State (as shown in Table-Appendix 4). This may be explained by a rate of population-growth (and likely, household-growth) that has exceeded that of the state, but it also illustrates a relatively affluent market area-population, and an accompanying stable and continued demand for boats and boating-related service.

Exhibit 2  
Ohio Boat Registration Within the  
Four County Market Area, 2000 - 2011

| year | Clinton County | Greene County | Warren County | Montgomery County | 4-county total | annual change | percent change |
|------|----------------|---------------|---------------|-------------------|----------------|---------------|----------------|
| 2000 | 1,769          | 5,436         | 6,581         | 17,461            | 31,247         |               |                |
| 2001 | 1,809          | 5,514         | 6,769         | 16,905            | 30,997         | (250)         | -0.8%          |
| 2002 | 1,823          | 5,531         | 6,680         | 16,697            | 30,731         | (266)         | -0.9%          |
| 2003 | 1,856          | 5,564         | 7,038         | 16,538            | 30,996         | 265           | 0.9%           |
| 2004 | 1,862          | 5,626         | 7,344         | 16,034            | 30,866         | (130)         | -0.4%          |
| 2005 | 1,878          | 5,575         | 7,662         | 15,739            | 30,854         | (12)          | 0.0%           |
| 2006 | 1,863          | 5,592         | 7,831         | 15,725            | 31,011         | 157           | 0.5%           |
| 2007 | 1,854          | 5,589         | 8,147         | 15,512            | 31,102         | 91            | 0.3%           |
| 2008 | 1,860          | 5,483         | 8,287         | 15,267            | 30,897         | (205)         | -0.7%          |
| 2009 | 1,925          | 5,570         | 8,646         | 15,239            | 31,380         | 483           | 1.6%           |
| 2010 | 1,941          | 5,729         | 8,938         | 15,203            | 31,811         | 431           | 1.4%           |
| 2011 | 1,932          | 5,743         | 9,076         | 15,188            | 31,939         | 128           | 0.4%           |

Source: ODNR Division of Watercraft, and *TAI Realty Advisors*

### The ODNR Division of Watercraft Boat Registration Database

The ODNR Division of Watercraft maintains a database that provides descriptive information on all registered boats within the State. Excerpts of that database were provided to *TAI* during this analysis. Data was reviewed for all registered boats that are recorded as domiciled in Clinton, Greene, Warren and Montgomery Counties. *TAI* also reviewed data for boats registered in Hamilton and Clermont Counties.

The conclusions presented within this report rely, to a considerable extent, on the veracity of this data. Although some very minor inconsistencies were evident during our analysis, *TAI* assumes that the data is credible and accurate. Sometimes, though, elements of the data are incomplete.

For instance, essential to this analysis is the category “Primary Water of Use” that a boater declares when registering a boat. ODNR defines that as “The primary body of water where the vessel is used as reported by the owner”. Unfortunately, many boat owners provide non-useful responses to this question.

Information provided by ODNR Division of Watercraft illustrates that nearly 5,700 registered boats, from throughout the state, designated Caesar Creek as their” primary destination”. **Appendix-Table 5** shows that over 70 percent of these (4,029 boats) are powerboats, and all but a small number are less than 26’ in length. Canoes and PWCs are also popular, and represent approximately 25 percent of total boats.

There are over 59,000 boats registered within the six counties. Available data show that more than 5 percent of these boat owners provided no information. More than 58 percent of registered boat owners responded that their primary water of use was “all other waters”. As a result, there is meaningful data on the primary boating destination for only 36 percent of the boat owners (or, for 21,421 boats) within this six-county-area. Figures for these counties are presented in **Exhibit 3**, below.

Exhibit 3  
Summary of Responses of Boat Owners Regarding  
“Principal Body of Water”, Six Selected Counties, 2012

| county              | registered boats | "no info given" | "all other waters" | a designated "water of use" |
|---------------------|------------------|-----------------|--------------------|-----------------------------|
| Clinton             | 1,932            | 631             | 781                | 520                         |
| Greene              | 5,743            | 351             | 3,103              | 2,289                       |
| Warren              | 9,076            | 792             | 5,367              | 2,917                       |
| Montgomery          | 15,188           | 742             | 9,644              | 4,802                       |
| Hamilton & Clermont | <u>27,193</u>    | <u>701</u>      | <u>15,599</u>      | <u>10,893</u>               |
| totals              | 59,132           | 3,217           | 34,494             | 21,421                      |
| distribution        | 100.0%           | 5.4%            | 58.3%              | 36.2%                       |

Source: ODNR Division of Watercraft, and *TAI Realty Advisors*

### Boats Registered Outside of Market Area to Residents of the Market Area

*TAI* evaluated boat-registration data for an additional group of boats -- those registered outside of the market area to residents of Clinton, Green, Warren or Montgomery County. In 2011, there were 1,597 of these boats. Rocky Fork was the most frequently designated primary water for this population of boats, but only 101 of these had Caesar Creek designated as their primary boating destination. This small population is included in subsequent analysis of registered boats within the market area.

## Registered Boats Within the Market Area

Analysis of the ODNR Division of Watercraft-data confirms the inclusion of Montgomery County within the primary market area that will use, or recreate at, “Caesar Creek Lake” (Code 06S). **Appendix-Table 6** illustrates the distribution, among the four counties, of a designated “primary water(s) of use”. That Appendix-Table also describes registration data for boats registered outside of the market area, but owned by residents of the market area.

Appendix-Table 6 shows that 67 percent of registered boats have no useful, designated “primary water of use” (i.e., codes “000” or “99L”). However, it is notable that among the remaining 33 percent, nearly 40 percent designated Caesar Creek as their “primary water”. “Indian Lake” (Code 20S) was the second-most frequently designated “primary water of use” (11 percent), but it is located more than 100 miles away and boats in Montgomery County accounted for nearly two-thirds of these respondents. Three percent of the responses designated “Cowen Lake” (Code 08S), located nearby, as the “primary water”.

These results differ among the four counties within the Market Area. **Exhibit 4**, below, shows that more than 39 percent of the 11,014 registered boats in the four counties designated Caesar Creek as a “primary water of use”. In Warren County, 57 percent of registered boaters designated Caesar Creek, and in Montgomery County, 32 percent did. Nearly 75 percent of the registered boats in the market area that designated Caesar Creek as their “primary water” reside in these two counties.

Exhibit 4  
Distribution of Boats within the Market Area  
Designation Caesar Creek Lake as the “Primary Water”, 2011

|                            | Clinton | Greene | Warren | Montgomery | other 1/ | total  |
|----------------------------|---------|--------|--------|------------|----------|--------|
| number designating:        |         |        |        |            |          |        |
| "a primary water"          | 520     | 2,289  | 2,917  | 4,802      | 486      | 11,014 |
| Caesar Creek               | 128     | 914    | 1,663  | 1,520      | 101      | 4,326  |
| % designating Caesar Creek | 25%     | 40%    | 57%    | 32%        | 21%      | 39%    |
| distribution of boaters    |         |        |        |            |          |        |
| designating Caesar Creek   | 3%      | 21%    | 38%    | 35%        | 2%       | 100%   |

Note 1/ Market area residents who register boats outside of the four counties.

Source: ODNR Division of Watercraft, Appendix-Table 6, and *TAI Realty Advisors*

## Registered Boats Within Hamilton and Clermont Counties

*TAI* similarly evaluated ODNR Division of Watercraft data for boats registered within the combined area, Hamilton and Clermont Counties, in order to determine whether these counties, too, might be considered a part of a primary “market area”. Both of these counties are located along the Ohio River, and it was

expected that most boaters in these counties would frequent the River. The results of that evaluation are shown in **Appendix-Table 7**. Approximately 27,200 boats were registered within these counties in 2011. Nearly 60 percent of these, (16,300 boats) were registered with insufficient information, or designated “all other waters” as their “primary location”.<sup>1</sup>

Unsurprisingly, the great majority of these boats (over 30 percent) designated “Ohio River/Other” (Code 36R), “Ohio River Markland” (Code 60R) or “Ohio River Meldahl” (Code 61R) as their “primary water of use”. Twenty-seven percent of the boat-registrations reported that “East Fork Reservoir” (Code 13R) was their “primary water”. Only 289 boat-registrations within the two counties, or approximately three percent of those that declared a “primary water”, designated their “primary water” as Caesar Creek Lake.

### Size of Registered Boats Within the Market Area

Using the ODNR Division of Watercraft-data base, *TAI* evaluated the number of boats, by size, to assess how many large boats (i.e., those 24’, or greater) within the market area might wish to secure a seasonal slip at the proposed Marina. The results of that assessment are presented in **Exhibit 5**, below. It shows that there are very few registered, larger boats within the market area. More than 80 percent of the 31,939 boats are less than 20’ in length. Within the four counties, there are 6,356 boats that are 20’, or longer, and nearly half, or 3,000 of these, are registered in Montgomery County.

Exhibit 5  
Average Length, and Number of Larger Boats,  
Registered by County within the Market Area, 2011

| county         | registered boats | average length (ft) | length is 20'-plus | length is 24'-plus | length is 28'-plus | length is 32'-plus |
|----------------|------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| Clinton        | 1,932            | 15.5                | 334                | 110                | 22                 | 5                  |
| Greene         | 5,743            | 15.7                | 1,049              | 305                | 91                 | 50                 |
| Warren         | 9,076            | 15.7                | 1,973              | 583                | 143                | 76                 |
| Montgomery     | 15,188           | 15.4                | 3,000              | 924                | 201                | 115                |
| 4-county total | 31,939           | 15.5                | 6,356              | 1,922              | 457                | 246                |
| % of total     |                  |                     | 19.9%              | 6.0%               | 1.4%               | 0.8%               |

Source: ODNR Division of Watercraft, and *TAI Realty Advisors*

Six percent (or 1,922) of all registered boats within these four counties are (by our definition of 24’, or greater) large boats. These generally are considered too large to tow daily by trailer, and these represent potential candidates for seasonal slips at the Caesar Creek Marina. Although there are only 457 boats within the four counties that are 28’, or longer, almost all of these will require a seasonal slip.

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<sup>11</sup> Registration data for some of these boats were coded as “99”. *TAI* assumes that these data should have been “99L” and included these as boats designated for “all other waters”.

### V. COMPARABLE MARINA FACILITIES

Chapter IV of the *ERA Study* (“Comparable State Park Analysis”) provided a great deal of data describing seven State Parks offering marina-, and other recreational-, facilities. *ERA* identified these as somewhat similar to Caesar Creek. Much of the descriptive information contained in the *ERA Study* remains current, and this report does not replicate that information. As a result, *TAI* updated relevant information and conducted telephone interviews with managers of marina operations at the following marinas.

- Cowan Lake is a relatively small (700 acre) lake within Cowan State Park. It is located near Wilmington, in Clinton County, approximately 20 miles from Caesar Creek. The Park offers a range of recreational amenities, including cottages that are available for rent (for daily or weekly rental; from \$95 daily to \$745 per week).

Cowan Lake was designated a “primary water” by 380 registered boats within the market area. It offers approximately 77 slips at the Cowan Lake Marina. Each of these slips rent for \$650 for the season; management indicates that the marina is 98 percent occupied. Some slips are withheld from the market so that they can be offered for “for-sale” boats. There is a waiting list, although it is shorter than in recent years. Management believes that the Lake’s 10 HP-limit makes the lake less popular among some boaters. Most boats occupying slips are 20’-to-22’ in length. Boats (14’), pontoons (20’ and 24’), kayaks and canoes are offered for rent, and demand for these is relatively strong. The marina offers winter storage for \$195 for the October – April season.

Management said that boat owners come from counties throughout SW Ohio (and, actually few from Clinton County). Management also expressed the belief that a marina at Caesar Creek would attract some of the boats that now dock at Cowan Lake. This would principally be due to the enhanced boating experience, and the absence of a HP-limit, at Caesar Creek.

- The C.J. Brown Reservoir (Buck Creek Lake) is a 2,120-acre lake at Buck Creek State Park. It is located approximately 42 miles from Caesar Creek, near Springfield, in Clark County, about 25 miles NE of Dayton. The park offers cottages, swimming-, fishing-, camping-, and recreational opportunities. A four-lane boat-launch ramp that was renovated during this past decade.

The Lake was designated a “primary water” by 308 boats from within the market area. Buck Creek marina contains 186 slips, and can accommodate boats up to 26’. Seasonal slips range from \$464 for a 16’-slip; \$580 for a 20’-slip, and \$696 for a 24’-slip 16’-to-24’. These rents approximate \$29 per linear-foot; this is reportedly, an increase from \$27 per linear-foot in 2008 (as reported in the *ERA Report*). This is an unlimited-HP lake that offers four boat ramps. Marina amenities include a convenience store, snack bar, bait shop, and a fuel dock. Managements reports that the marina has been at full occupancy for years.

- Deer Creek Lake is a 1,277-acre lake located at Deer Creek State Park. It is approximately 54 miles from Caesar Creek, near Mt. Sterling, Ohio, in Madison County. The location is a bit remote and away from Interstate-71. As a result, there is no nearby, populous urban area, and only 22 boaters within the market area designated Deer Creek as the “primary water of use”. The State Park offers many amenities, including cottages, campgrounds, an 18-hole golf course, and a

110-room Lodge and Conference Center (with rooms that range from \$105 - \$189 per night), and the *Rafters Restaurant*.

The marina is managed by *Cross Enterprises*. It includes 160 slips, which range in length from 16'-to-24'. There are five finger-piers, two of which (A and B) provide slips for 16' boats; pier C provides slips for 20' boats; and, pier D for 24' boats. Rental boats are kept at a 5<sup>th</sup> finger-pier.

Management indicates that the marina is currently 100 percent occupied, although much greater demand exists for the 24'-slips. Seasonal rents are as follows: the 16'-slips rent for \$352 (Pier A) or \$368 (Pier B, which is a wider pier); the 20'-slips rent for \$500; and, the 24'-slips rent for \$600. Occupancy at Deer Creek Marina was lower in earlier years, but management says that it now more aggressively markets the shorter, 16'-slips.

The marina offers a wide assortment of hourly (1 – 8 hours) and week-day boat rentals. Some of the components of the rental fleet includes: pedal boats (from \$20 for 2 hours); row boats (\$25); Bass fishing boats (\$80); and pontoons (18-foot rents for \$110 for 2 hours; and the 24' rents for \$140 for 2 hours). Management reports that boating rentals account for the marina's profit, and that these rental boats are very popular, and lease well during weekends.

- Paint Creek Lake is a 1,190-acre lake located in Paint Creek State Park. It is approximately 53 miles from Caesar Creek, near Bainbridge, Ohio, in Highland, County. The State Park offers camping, a fishing pier, hiking and hunting opportunities, as well as sledding and cross-country skiing during the winter. This is an unlimited-HP lake, although there are areas reserved for fishing. There are three boat launch ramps.

Paint Creek Lake was designated a "primary body of water" by only 36 registered boaters within the market area. The relatively small marina has 90 slips, provides a fuel dock, and offers boat rentals. In 2010, a \$1.2 million renovation program was completed. Capital improvements included the replacement of floating docks and gangways, the construction of a new boat fueling and sewage pump-out systems, and security fence and a new floating concession building.

There are 90 slips at the marina, and management indicates that 72 slips are available for seasonal rental. These slips accommodate boats up to 28', although there are few boats of this size that dock at the marina. Despite the capital improvement program, seasonal slip rents were not changed, and remain at \$190 (\$171 for *Golden Buckeye* members). Despite these very low seasonal rents, 32 slips are reportedly now vacant. This represents a 64-percent occupancy rate.

Vacant slips are used for transient and day-rentals. These daily rents are \$5 on weekdays and \$10 on (3-day) weekends. A boat rental program includes 20' and 24' pontoon boats. Weekend boat rentals are reported to be very popular; weekday use is less so.

- Rocky Fork Lake is a 2,080-acre lake in Rocky Fork State Park. It is located very near to Paint Creek Lake, approximately 53 miles from Caesar Creek, in Highland, County. The State Park offers 2 large swimming beaches, hiking and camping opportunities. Rocky Fork Lake is an unlimited-HP lake, and there are six boat launch ramps located around the Lake.

Rocky Fork Lake was designated a “primary water of use” by 399 registered boaters from within the market area. There is no single, Rocky Fork Marina. Instead, there are marinas at four state park locations, and numerous cluster docks that are reserved for the approximately 450 property owners with lots or homes on Rocky Fork Lake. The marina sites, number of, and vacant, slips, and the annual seasonal rent for these slips, are shown below in **Exhibit 6**.

Exhibit 6  
 Characteristics of Slips at Rocky Fork Lake  
 2012

| location            | total slips | vacant slips | seasonal slip-rent |
|---------------------|-------------|--------------|--------------------|
| cluster slips       | 136         | restricted   | \$ 415             |
| <u>marina sites</u> |             |              |                    |
| camp grounds        | 39          | 17           | 282                |
| North Beach         | 246         | 89           | 330                |
| East Shore          | 315         | 144          | 330                |
| Fisherman's Wharf   | <u>89</u>   | <u>63</u>    | 330                |
| marina slips        | 689         | 313          |                    |
| marina slip vacancy |             | 45%          |                    |

Note: Vacancy rate excludes cluster slips.

Source: ODNR Division of Watercraft, and *TAI Realty Advisors*

The vacancy rate has increased in recent years, and occupancy had exceeded 90% as recently as 2007. The decline in occupancy was described as attributable to a combination of factors, including: (i) a weak local (Clinton County) economy; (ii) a relatively remote location; and, (iii) the absence of marina security which has resulted in occasional, petty crime.

- Alum Creek Lake is a 3,387-acre lake in Alum Creek State Park. It is one of the ten largest lakes in Ohio, and is located near Delaware, in Delaware County, and approximately 102 miles from Caesar Creek. Alum Creek State Park offers a very broad array of recreational opportunities, including campsites, cabin rentals, hiking and bridle trails, fishing, hunting, and a 3,000’ beach (the “largest inland beach in Ohio’s State Park system”). The southern portion of the lake has no HP-limits, and there are four launch ramps.

Alum Creek Marina offers 208 slips and approximately 25 mooring-buoys. Rents for the current season are \$34 per linear-foot, or \$680 for the 20’-slips; \$748 for the 22’-slips, and \$816 for the 24’-slips. The marina has no vacancies, has had none for many years. There is an extensive waiting list, and reportedly, some names have been unsuccessful in securing a slip at Alum Creek for 20 years.

ODNR establishes seasonal slip rents, subject to the state park dock lottery system. Management (*Cross Enterprises*) offers many rental boats at Alum Creek, and describes this as a very successful venture. Rents are very similar to those at Deer Creek Lake, and weekend-day-rentals for pontoon boats are as much as \$480 for a 24'-or-28'-boat; and \$440 for a 20'-or-22' boat.

Nearby and on the lake is the *Alum Creek Sailing Association*. It is a privately-owned marina, not subject to the state dock lottery system. It was established in 2004, has 146 slips, and has always been 100 occupied. There is currently a waiting list with 46 names, and the 2012-seasonal slip rate is \$925.

- Delaware Lake is a long, narrow 1,330-acre lake located in Delaware State Park. It is located ten miles north of Alum State Park, and approximately 102 miles from Caesar Creek. The State Park offers a limited set of recreational opportunities, including camp sites, simple “getaway rentals” in “rent-a-yurt” units for \$50 per night, hiking, fishing and hunting. There is an 800-foot public beach, and no HP-limit on boats.

There are two marina facilities at Delaware Lake. A recent renovation program constructed new docks at the Main Marina, as well as a new fuel dock and a convenience store. The original, Southwest Marina, has 32 16'-slips that rent for \$305 for the season. The renovated, Main Marina has 132 slips, including 76, 24'-slips and 56, 28'-slips. For the 2012-season, these slips rent for \$660, and \$770, respectively. Since completion of the renovation program, occupancy at Delaware Lake has increased, and is now estimated at 90 percent. Vacant slips are predominantly the 16'-slips and some of the 28'-slips.

**Exhibit 7**, on the following page, summarizes selected characteristics of these seven marinas. These marinas include nearly 1,600 slips (excluding the *Alum Creek Sailing Association*) and represent a collective occupancy rate of 77 percent. Excluding Rocky Fork Lake (which contains approximately 86 percent of the total vacant slips), the area has an aggregate, 94 percent, occupancy this season.

The exhibit illustrates a great diversity in seasonal, slip rental rates. Using the rent for a 24'-slip as a common index, these rents range from approximately \$8 per linear boat-foot (“lf”) at Paint Creek to \$34 per lf at Alum Creek. Both Paint Creek and Rocky Fork Lakes are somewhat isolated from concentrated urban areas. They have, unsurprisingly, the highest vacancy rates and the lowest seasonal slip rates. Excluding these two marinas, seasonal rates for a 24'-boat range from \$25-to-\$34 per lf. The location and appeal of a marina at Caesar Creek would support slip rents at the very high end of this range.

### Marinas Proposed or Under Construction

Discussions with marina management or operators identified no marinas that are currently under construction. Because most lake properties are controlled by the State or the USACE, there are few opportunities to develop private marinas. TAI has been told that a proposal has been presented to ODNR by a group representing the *Alum Creek Power Boat Club* (reportedly in association with *Hoty Marine*, which manages Venetian Marina and Son Rise Marinas in Sandusky, and East Harbor State Park Marina) to develop a marina subject to a long-term lease on Alum Creek.

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The power boat club has approximately 200 members (most from approximately within sixty miles of Alum Creek Lake, and some of whom either dock at Alum Creek Marina or have a boat at the *Alum Creek Sailing Association*), and reportedly has been attempting, for nearly ten years, to secure a concession to construct and operate a marina at Alum Creek.

Exhibit 7  
Selected Characteristics of Marinas at Lakes Comparable to Caesar Creek  
2012

| State Park                 | distance to<br>Caesar Creek<br>(approx. miles) | size of<br>lake<br>(acres) | launch<br>ramps | boat<br>rentals | boat<br>slips | 20'<br>seasonal<br>rent | 24'<br>seasonal<br>rent | 24'-boat<br>rent per<br>linear-foot | reported<br>vacant<br>slips | reported<br>occupancy |
|----------------------------|--|----------------------------|-----------------|-----------------|---------------|-------------------------|-------------------------|-------------------------------------|-----------------------------|-----------------------|
| Cowan Lake                 | 20   | 700                        | 4               | yes             | 77            | \$ 650                  | \$ 650                  | \$ 27.08                            | 2                           | 98%                   |
| Buck Creek                 | 42   | 2,120                      | 1               | no              | 184           | 580                     | 696                     | 29.00                               | -                           | 100%                  |
| Deer Creek                 | 54   | 1,277                      | 2               | yes             | 160           | 500                     | 600                     | 25.00                               | -                           | 100%                  |
| Paint Creek                | 53   | 1,190                      | 3               | yes             | 90            | 190                     | 190                     | 7.92                                | 32                          | 64%                   |
| Rocky Fork Lake            | 53   | 2,080                      | 5               | yes             | 689           | 330                     | 330                     | 13.75                               | 313                         | 62%                   |
| Alum Creek                 | 90   | 3,387                      | 3               | yes             | 233           | 680                     | 816                     | 34.00                               | -                           | 100%                  |
| Delaware Lake              | 102  | 1,330                      | 5               | yes             | 164           | n/a                     | 660                     | 27.50                               | 17                          | 90%                   |
| totals                     |  |                            |                 |                 | 1,597         |                         |                         |                                     | 364                         | 77%                   |
| totals w/o Rocky Fork Lake |  |                            |                 |                 | 908           |                         |                         |                                     | 51                          | 94%                   |

Source: *TAI Realty Advisors*

## VI. ESTIMATES and CHARACTERISTICS of DEMAND

### The ERA Study Estimate

The *ERA Study* provided a wealth of data, but much that is inconsequential to *ERA's* conclusion that demand exists for from 300-to-320 marina slips. This conclusion was based upon a “top-down”-method of economic analysis that is summarized in Table 52 (page 50) of that Study. The construction of that analysis went through five steps; the *ERA Study*: (1) estimated annual “boating occasions” at Caesar Creek; (2) estimated an average boat “party size” to estimate annual boat-visits; (3) estimated annual boating trips per household to calculate the number of boats making multiple trips; (4) estimated the percent of boats that would be stored in marinas; and, (5) utilizing a “conservative capture” rate, estimated that Caesar Creek would “capture” 25 percent of these. This methodology (or, algorithm) resulted in a conclusion of “demand” for 320 marina slips.

This method of analysis can be updated with more current information. **Exhibit 8**, on the following page, provides a side-by-side comparison of the assumptions that are critical to *ERA's* derivation of estimated demand (for marina slips), and assumptions now based on more current information. The Exhibit illustrates that *TAI* would conclude a very different estimate of demand from this analysis. The assumptions supporting this analysis are detailed in **Appendix-Table 9**, and represent a critical part of this analysis.

Exhibit 8  
Derived Estimate of Demand for Marina Slips  
Caesar Creek Marina

|   | <i>ERA Study</i> | <i>TAI Analysis</i> |
|---|------------------|---------------------|
| 1 boating occasions (2001 - 2005 average) | 353,560          |                     |
| 2 boating occasions (2009 - 2011 average) |                  | 632,000             |
| 3 average party size                      | <u>2.82</u>      | <u>2.78</u>         |
| 4 estimated number of boating-visits      | 125,376          | 227,598             |
| 5 annual boating trips per boat           | 15.6             | 27.9                |
| 6 number of boats making multiple trips   | 8,037            | 8,161               |
| 7 percent of boats stored in marinas      | 16%              | 10%                 |
| 8 estimated demand for marina slips       | 1,286            | 816                 |
| 9 conservative capture for Caesar Creek   | 25%              | 25%                 |
| 10 estimated demand for marina slips      | 321              | 204                 |
| 11 rounded to:                            | 320              | 200                 |

Source: The *ERA Report* (Table 52; page 50), and *TAI Realty Advisors*

An Alternative Method of Demand Analysis

Earlier, the *ERA* method of demand analysis was described as a “top-down”-approach. *TAI* believes that their approach relies on much old date (some as old as 1999), and on very broad (state-wide) estimates that may not apply accurately to the market area, to Caesar Creek, or to this particular proposed Marina. The *ERA* analysis is also mysteriously silent on the impact that the new marina will have on changing current boater preferences and practices.

*TAI* has structured a very different approach to evaluating demand for slips at the proposed Caesar Creek Marina. This analysis concludes that demand by four distinct groups of boat owners (by estimated size of boat) will represent demand for 390 marina slips. The steps of this analysis are presented in **Exhibit 9**, on the following page. The assumptions supporting this analysis are discussed in **Appendix-Table 10**. The description, there in, of those assumptions represents a critical part of this analysis.

Exhibit 9  
 Estimate of Demand for Slips at the Caesar Creek Marina  
 Year 1 of Operations, estimated to be 2015

|   | rate  | capture | boats   | slip-demand |
|---|-------|---------|---------|-------------|
| 1. boats within market area that have designated Caesar Creek Lake 1/ |       |         | 4,326   |             |
| 2. sample as a % of total 1/  | 32.8% |         |         |             |
| 3. market potential (rounded)   |       |         | 13,000  |             |
| 4. adjustment to market potential                                     |       | -40.0%  | (5,200) |             |
| 5. adjusted market potential (rounded)                                |       |         | 7,800   |             |
| 6. percent of boats exceeding 28' 2/                                  | 1.4%  |         | 110     |             |
| 7. Caesar Creek Marina capture rate                                   |       | 60.0%   |         | 66          |
| 8. percent of boats that are 24' up to 28' 2/                         | 4.6%  |         | 360     |             |
| 9. Caesar Creek Marina capture rate                                   |       | 25.0%   |         | 90          |
| 10. percent of boats that are 20' up to 24' 2/                        | 13.9% |         | 1,080   |             |
| 11. Caesar Creek Marina capture rate                                  |       | 10.0%   |         | 108         |
| 12. other boats + boats less than 20' (rounded)                       |       |         | 6,300   |             |
| 13. Caesar Creek Marina capture rate                                  |       | 1.0%    |         | 63          |
| 14. current potential market size                                     |       |         |         | 327         |
| 15. increase in "after built" market demand                           |       | 20%     |         | 65          |
| 16. "after-built" market potential (rounded)                          |       |         |         | 390         |

1/ Appendix-Table 6.

2/ Exhibit 5.

Source: *TAI Realty Advisors*

*TAI* believes that the expectation of potential demand for 390 slips is very realistic, and is based upon assumptions reflective of current market information. In summary, demand is supported by these considerations: (i) Caesar Creek will offer slips to a large population of boaters who now designate it as their “primary water of use”; (ii) Caesar Creek will attract “transfer” boaters who currently docked at Cowen Lake, Paint Creek, Rocky Fork Creek, and other lakes; (iii) the availability of slips at Caesar Creek will motivate many owners of small boats to “move up” to larger boats that will require seasonal docks; and, (iv) Caesar Creek, with its proximity to a large population-base, will attract an increased population of new boaters.

Sensitivity Analysis

*TAI* calculated the impact upon slip-demand of a narrow range of alternative assumptions. The scenarios illustrated in **Exhibit 10**, on the following page, show the impact (upon Table 9, above) of alternative adjustments “to market potential”, of revised “capture rates”, or of different percentage “increases in after-built demand”.

Exhibit 10  
 Scenarios Illustrating the Impact of Alternative  
 Assumptions on Slip Demand at Caesar Creek Marina

|                                   | Base<br>Scenario 1/ | "less market potential"<br>Scenario 2 | Scenario 3 | "market growth"<br>Scenario 4 |
|-----------------------------------|---------------------|---------------------------------------|------------|-------------------------------|
| adjustment to<br>market potential | -40%                | -50%                                  | -50%       | 40%                           |
| estimated capture rates:          |                     |                                       |            |                               |
| boats 28' and up                  | 60%                 | 50%                                   | 50%        | 60%                           |
| 24' to 28' boats                  | 25%                 | 20%                                   | 20%        | 25%                           |
| 20' to 24' boats                  | 10%                 | 8%                                    | 8%         | 10%                           |
| boats less than 20' + other       | 1%                  | 0%                                    | 0%         | 2%                            |
| increase in "after-built" demand  | 20%                 | 20%                                   | 10%        | 25%                           |
| "after-built" slip demand         | 390                 | 230                                   | 210        | 490                           |

1/ As shown in Exhibit 9.

Source: *TAI Realty Advisors*

There are, of course, numerous sets of possible assumptions, but it is useful to consider the impact of selected combinations. Exhibit 10 illustrates (in Scenarios 2 and 3) that if the market-area potential of registered boats declined by 50 percent (instead of by the 40 percent assumed in Table 9), and if “capture rates” at the Marina declined, then slip demand would decline from 390 slips to 230 slips. If market potential declined by 50 percent, and if the increase in “after-built” demand was only 10 percent, then demand would be calculated at only 210 slips.

Scenario 4 illustrates that if the capture rate for boats “less than 20’ and for “other” boats increased to 2 percent, and if the increase in “after-built”-demand grew by 25 percent, then demand would materialize for 490 slips. The marinas described in Chapter V (“Comparable Marina Facilities”) lease many slips to boats that are less than 20’. These, and pontoon and/or houseboats, could represent a segment of market demand that is underrepresented in the estimate (Base Scenario 1) of demand for 390 slips.

## VII. CONCLUSIONS and RECOMMENDATIONS

### Industry Considerations

The marina industry experienced a broad, moderate recession during the second half of the last decade. This translated into declining boat marina-related sales, increasing vacancies among many public and private marinas, and declines in recreational participation.

- Nationally, boating related indices have experienced an up-swing following a decline during the end of the past decade. NMMA reports that marina-related retail sales increased by 6 percent in 2011. Much of this increase was attributable in gains in marine equipment and accessories, and actual new boat sales were reportedly up by only 1.8 percent. Nonetheless, this was the first annual increase since 2006.
- On a state-wide basis, Ohio reported its highest level of registered boats in 2011.

### Market Area Demographic Factors and Boat Registration Data

Caesar Creek lies within parts of Clinton, Greene and Warren Counties, and is reasonably close to the Dayton metropolitan area in Montgomery County. The demographics of a market area defined by these four counties show moderate, but stable, population and household growth between 1990 and 2010.

- According to U.S. Census figures, the average household-income for the four-county market area exceeded the 2010 state-wide average by 9 percent. The average HH-income for Warren County was 60 percent greater than the state average.
- Visitors to the Caesar Creek State Park boating facilities have experienced significant increases since the completion of a capital-improvement program in 2009. Boating-related visitor-occasions increased by 50 percent between 2006 and 2011. The number of registered boats in the market area has grown at a slightly higher pace than have state-wide, boat-registration figures.
- As a group, boat owners spend a high proportion of their disposable income on boating. They generally want to spend as much time as possible on their boats, and as little time as necessary driving to, and from, their dock. Caesar Creek provides a large population of boaters with an attractive, and accessible, marina-destination.

### Market Area Demand

Information contained within the ODNR Division of Watercraft-database is very persuasive in demonstrating interest in, and support for, a major marina facility at Caesar Creek. Some of the conclusions of the *TAI* analysis are as follows:

- The market area that will primarily utilize the proposed Caesar Creek Marina includes Clinton, Greene, Warren and Montgomery Counties. Although boats registered in Hamilton and Clermont will only nominally frequent the Marina, there are an additional (approximate) 1,700 boats registered outside of the market area to residents from within the market area.

- More than 4,300 registered boats within the market area designate Caesar Creek as their “principal body of water”, and three-quarters of these are registered in Warren and Montgomery Counties. This figure is based on a sample of less than one-third of all registered boats. If these are representative of the entire population of registered boats, the approximately 13,000 boats within the market area could frequently use Caesar Creek.
- Seven state park marinas that serve boaters in the market area represent nearly 1,600 slips. During the current 2012 season, these marinas are, on average, 74 percent occupied. However, three of the seven are 100 percent-occupied, and two others enjoy (on average) a 92-percent occupancy. Two marinas (at Paint Creek and Rocky Fork Lake State Parks) are somewhat geographically isolated and face operational issues that most other marinas do not share.
- There are 1,922 registered boats within these four counties that are 24’, or greater, in length. These represent a very viable, local boat population that may be interested in seasonal slips at Caesar Creek. This analysis leads us to conclude that these larger boats within the market area will support approximately 160 slips at Caesar Creek.
- Within the market area, there could be more than 1,000 boats that are from 20’-to-24’ in length. *TAI* believe that the Caesar Creek marina can attract approximately 10 percent of these; this represents demand for 108 slips.
- *TAI* estimates that there may be another 6,300 boats within the market area that are less than 20’ in length, or categorized as smaller sailboats, pontoon boats, houseboats or PWCs. This population of boats is estimated to represent demand for approximately 63 boat slips.
- The completion of the Caesar Creek marina will greatly impact the decisions of boaters regarding the size of boat that they own and where they will dock. *TAI* believes that there is a large, under-served, existing population of boaters. Some owners will relocate to Caesar Creek from other, existing marinas. Some will choose to buy bigger boats. Others who are not now boat owners will purchase boats. *TAI* estimates that the completion of the Caesar Creek marina will stimulate the size of the market by 20 percent. In fact, this figure could be very conservative.
- Current market conditions illustrate that there exists demand for boat slips at accessible, well-located marinas, on larger lakes and at State Parks that offer an array of attractive amenities. The proposed Caesar Creek marina is in an excellent position to meet this demand.
- *TAI* estimates that current market conditions strongly support the absorption of from 300-to-390 slips at the Caesar Creek Marina, to occupancy levels of from 90-to-95 percent, within three-to-four years of opening.

An accompanying report entitled “*Financial Analysis of the proposed Caesar Creek Marina*” explores the fiscal and operating implications of the marina.

Appendix-Table 1  
Population of the Market Area Surrounding Caesar Creek Lake  
1990-to-2010, and 2011 Estimates

| county           | 1990           | 2000           | 2010           | 2011 (est.)    | 1990-2010<br>change | 1990-2010<br>% change |
|------------------|----------------|----------------|----------------|----------------|---------------------|-----------------------|
| Clinton          | 35,415         | 40,543         | 42,040         | 41,927         | 6,625               | 19%                   |
| Greene           | 136,731        | 147,886        | 161,573        | 162,846        | 24,842              | 18%                   |
| Warren           | <u>113,909</u> | <u>158,383</u> | <u>212,693</u> | <u>214,910</u> | <u>98,784</u>       | 87%                   |
| sub-total        | 286,055        | 346,812        | 416,306        | 419,683        | 130,251             | 46%                   |
| % of State total | 2.6%           | 3.1%           | 3.6%           | 3.6%           |                     |                       |
| Montgomery       | <u>573,809</u> | <u>559,062</u> | <u>535,153</u> | <u>537,602</u> | <u>(38,656)</u>     | -7%                   |
| Total            | 859,864        | 905,874        | 951,459        | 957,285        | 91,595              | 11%                   |
| % of State total | 7.9%           | 8.0%           | 8.2%           | 8.3%           |                     |                       |
| Ohio total       | 10,847,115     | 11,353,140     | 11,536,504     | 11,544,951     | 689,389             | 6%                    |

Source: U.S. Bureau of Census, and *TAI Realty Advisors*

Appendix-Table 2  
Selected Demographic Characteristics of the Market Area Surrounding  
Caesar Creek Lake, 2010

| County           | number of<br>households | median<br>HH income |
|------------------|-------------------------|---------------------|
| Clinton          | 16,323                  | \$ 46,262           |
| Greene           | 61,962                  | \$ 56,679           |
| Warren           | 74,144                  | \$ 71,274           |
| sub-total        | 152,429                 | \$ 62,663           |
| % of State total | 3.3%                    |                     |
| Montgomery       | <u>223,660</u>          | \$ 43,965           |
| Total            | 376,089                 | \$ 51,543           |
| % of State total | 8.3%                    |                     |
| Ohio total       | 4,552,270               | \$ 47,358           |

Source: U.S. Bureau of Census, and *TAI Realty Advisors*

Appendix-Table 3  
 Most Often Used Bodies of Water within Ohio,  
 As Described in Responses to Boater Survey, 2010

| body of water            | most used | 2nd most used | 3rd most used |
|--------------------------|-----------|---------------|---------------|
| 1 Lake Erie              | 154       | 44            | 20            |
| 2 Indian Lake            | 36        | 13            | 1             |
| 3 Ohio River             | 31        | 17            | 6             |
| 4 Caesar Creek Reservoir | 21        | 8             | 5             |
| 5 Maumee River           | 17        | 5             | 2             |
| 6 Buckeye Lake           | 14        | 8             | 3             |
| 7 Grand Lake St. Mary's  | 14        | 2             | 0             |
| 8 Alum Creek             | 13        | 4             | 8             |
| 9 Portage Lakes          | 13        | 6             | 3             |
| 10 Lake Milton           | 10        | 1             | 0             |
| other                    | 279       | 160           | 92            |
| total                    | 592       | 267           | 140           |
| top ten                  | 55%       | 40%           | 34%           |

Source: “2010 Survey of Recreational Boater Safety and Participation in Ohio”, OSGCP, May 2010, and *TAI Realty Advisors*

Appendix-Table 4  
 Statewide Ohio Boater Registration 1/  
 2000 to 2011

| year | registered boats | annual change | percent change |
|------|------------------|---------------|----------------|
| 2000 | 418,701          |               |                |
| 2001 | 417,204          | (1,497)       | -0.4%          |
| 2002 | 413,714          | (3,490)       | -0.8%          |
| 2003 | 418,300          | 4,586         | 1.1%           |
| 2004 | 414,938          | (3,362)       | -0.8%          |
| 2005 | 412,804          | (2,134)       | -0.5%          |
| 2006 | 412,578          | (226)         | -0.1%          |
| 2007 | 415,562          | 2,984         | 0.7%           |
| 2008 | 411,366          | (4,196)       | -1.0%          |
| 2009 | 419,364          | 7,998         | 1.9%           |
| 2010 | 414,700          | (4,664)       | -1.1%          |
| 2011 | 426,674          | 11,974        | 2.9%           |

1. Excludes boats classified as livery.

Source: ODNR Division of Watercraft, and *TAI Realty Advisors*

Appendix-Table 5  
 State-wide, Registered Boats That Have Designated  
 Caesar Creek as Their “Primary Destination”

| type of boat       | sub-totals | totals       | distribution  |
|--------------------|------------|--------------|---------------|
| powerboats         |            |              |               |
| under 16'          | 897        |              | 15.8%         |
| 16' to < 26'       | 3,067      |              | 53.9%         |
| 26' to < 40'       | <u>65</u>  |              | 1.1%          |
| 40' to < 65'       |            |              |               |
| over 65'           |            |              |               |
| all powerboats     |            | 4,029        | 70.9%         |
| auxiliary sail     |            |              |               |
| under 16'          |            |              |               |
| 16' to < 26'       | 8          |              | 0.1%          |
| 26' to < 40'       | <u>7</u>   |              | 0.1%          |
| 40' to < 65'       |            |              |               |
| over 65'           |            |              |               |
| all auxiliary sail |            | 15           | 0.3%          |
| rowboats           |            | 88           | 1.5%          |
| sailboats          |            | 112          | 2.0%          |
| canoes / kayaks    |            | 676          | 11.9%         |
| PWCs 1/            |            | 764          | 13.4%         |
| other boats        |            | 1            | 0.0%          |
| commercial vessels |            | 1            | 0.0%          |
| <b>totals</b>      |            | <b>5,686</b> | <b>100.0%</b> |

Source: ODNR Division of Watercraft, and *TAI Realty Advisors*

Appendix-Table 6  
 Distribution of Boaters Who Designate a "Primary Water of Use" for Boats Registered in  
 The Four-County Market Area, and to Residents There-In, 2011

| location / destination  | code | Clinton<br>County | Greene<br>County | Warren<br>County | Montgomery<br>County | non-<br>resident<br>registrations | total<br>market<br>area | % of all<br>regis-<br>trations | % of<br>designated<br>responses |
|-------------------------|------|-------------------|------------------|------------------|----------------------|-----------------------------------|-------------------------|--------------------------------|---------------------------------|
| total registered boats  |      | 1,932             | 5,743            | 9,076            | 15,188               | 1,597                             | 33,536                  | 100%                           |                                 |
| "no info given"         | 000  | 631               | 351              | 792              | 742                  | 428                               | 2,944                   | 9%                             |                                 |
| "all other waters"      | 99L  | 781               | 3,103            | 5,367            | 9,644                | 683                               | 19,578                  | 58%                            |                                 |
| a "designated water"    |      | 520               | 2,289            | 2,917            | 4,802                | 486                               | 11,014                  | 33%                            | 100%                            |
| Caesar Creek Lake       | 06S  | 128               | 914              | 1,663            | 1,520                | 101                               | 4,326                   |                                | 39%                             |
| Cowen Lake              | 08S  | 76                | 76               | 83               | 92                   | 53                                | 380                     |                                | 3%                              |
| Paint Creek Lake        | 31S  | 14                | 10               | 4                | 8                    |                                   | 36                      |                                | 0%                              |
| Deer Creek Reservoir    | 09S  | 10                | 8                | 1                | 3                    |                                   | 22                      |                                | 0%                              |
| Buck Creek Lake         | 07S  | 2                 | 147              | 20               | 139                  |                                   | 308                     |                                | 3%                              |
| Auglaize River          | 02R  | 2                 | 24               | 8                | 140                  |                                   | 174                     |                                | 2%                              |
| Lake Erie / Pt. Clinton | 12L  | 3                 | 30               | 22               | 77                   |                                   | 132                     |                                | 1%                              |
| Great Miami River       | 13R  | 1                 | 6                | 20               | 83                   |                                   | 110                     |                                | 1%                              |
| East Fork Reservoir     | 13S  | 18                | 4                | 79               | 11                   |                                   | 112                     |                                | 1%                              |
| Lake Erie / Other       | 00L  | 57                | 61               | 179              | 143                  |                                   | 440                     |                                | 4%                              |
| Grand Lakes St. Marys   | 16S  | 9                 | 116              | 51               | 473                  |                                   | 649                     |                                | 6%                              |
| Little Miami River      | 19R  | 12                | 248              | 196              | 164                  |                                   | 620                     |                                | 6%                              |
| Mad River               | 20R  | -                 | 25               | 1                | 64                   |                                   | 90                      |                                | 1%                              |
| Indian Lake             | 20S  | 8                 | 296              | 100              | 755                  | 20                                | 1,179                   |                                | 11%                             |
| Eastwood Lake           | 23M  | -                 | 19               | 1                | 289                  |                                   | 309                     |                                | 3%                              |
| Lake Loramie            | 25S  | 1                 | 11               | 9                | 46                   |                                   | 67                      |                                | 1%                              |
| Stillwater River        | 30R  | 1                 | 4                | 9                | 82                   |                                   | 96                      |                                | 1%                              |
| Rocky Fork Lake         | 35S  | 77                | 53               | 55               | 89                   | 125                               | 399                     |                                | 4%                              |
| Ohio River / Other      | 36R  | 46                | 50               | 156              | 113                  | 29                                | 394                     |                                | 4%                              |
| Stonelick Lake          | 37S  | 15                | -                | 34               | 2                    |                                   | 51                      |                                | 0%                              |
| other                   | n/a  | 40                | 187              | 226              | 509                  | 158                               | 1,120                   |                                | 10%                             |
| totals                  |      | 520               | 2,289            | 2,917            | 4,802                | 486                               | 11,014                  | 100%                           | 100%                            |

Source: ODNR Division of Watercraft, and *TAI Realty Advisors*

Appendix-Table 7  
 Distribution of Boaters Who Designate a "Primary Water of Use" for Boats  
 Registered in Hamilton and Clermont Counties, 2011

| location / destination  | code | Hamilton +<br>Clermont<br>Counties | percent of<br>all regis-<br>trations | percent of<br>designated<br>responses |
|---|------|------------------------------------|--------------------------------------|---------------------------------------|
| total registered boats  |      | 27,193                             | 100%                                 |                                       |
| "no info given"  | 000  | 701                                | 3%                                   |                                       |
| "all other waters"  | 99L  | 15,599                             | 57%                                  |                                       |
| a "designated water"  |      | 10,893                             | 40%                                  | 100%                                  |
| Caesar Creek Lake   | 06S  | 289                                |                                      | 3%                                    |
| Lake Erie, Other  | 00L  | 1,440                              |                                      | 13%                                   |
| Cowen Lake  | 08S  | 194                                |                                      | 2%                                    |
| Great Miami River   | 13R  | 76                                 |                                      | 1%                                    |
| East Fork Reservoir   | 13S  | 2,902                              |                                      | 27%                                   |
| Little Miami River  | 19R  | 942                                |                                      | 9%                                    |
| Indian Lake   | 20S  | 183                                |                                      | 2%                                    |
| Rocky Fork Lake   | 35S  | 162                                |                                      | 1%                                    |
| Ohio River / Other  | 36R  | 2,401                              |                                      | 22%                                   |
| Ohio River Markland   | 60R  | 823                                |                                      | 8%                                    |
| Ohio River Meldahl  | 61R  | 155                                |                                      | 1%                                    |
| Stonelick Lake  | 37S  | 303                                |                                      | 3%                                    |
| other   | n/a  | 1,023                              |                                      | 9%                                    |
| totals  |      | 10,893                             | 100.0%                               | 100.0%                                |

Source: ODNR Division of Watercraft, and *TAI Realty Advisors*

Appendix-Table 8  
Estimated, Boating-Related, Day-Use Visitor Occasions  
At Caesar Creek State Park

| year | boating-related<br>"visitor occasions" | annual<br>change | percent<br>change |
|------|--|------------------|-------------------|
| 2001 | 331,060                                |                  |                   |
| 2002 | 347,026                                | 15,966           | 4.8%              |
| 2003 | 353,008                                | 5,982            | 1.7%              |
| 2004 | 336,386                                | (16,622)         | -4.7%             |
| 2005 | 400,308                                | 63,922           | 19.0%             |
| 2006 | 443,586                                | 43,278           | 10.8%             |
| 2007 | 505,688                                | 62,102           | 14.0%             |
| 2008 | 513,346                                | 7,658            | 1.5%              |
| 2009 | 517,453                                | 4,107            | 0.8%              |
| 2010 | 712,304                                | 194,851          | 37.7%             |
| 2011 | 666,082                                | (46,222)         | -6.5%             |

Note: Attendance increased substantially during 2010 following capital-improvements at the North Pool Boat Launch Ramp that provided ramp renovations, new restrooms and improvements to the parking lot. The decline during 2011 was attributable to pervasive, inclement weather.

Source: Public Information Section, Ohio State Parks, and *TAI Realty Advisors*

Appendix-Table 9  
Assumptions Supporting Exhibit 8  
Comparison of *ERA*'s and *TAI*'s Derived Estimate of Demand for Marina Slips  
Caesar Creek Marina

- Lines 1 and 2 shows the number of annual “boating occasions” a Caesar Creek Lake. It was based on an average over the 2001-to-2005-period, which approximated 353,560. Utilization by boaters at Caesar Creek has increased dramatically during the past six years. **Appendix-Table 8** illustrates that between 2005 and 2011, the number of annual boating occasions increased to over 666,000, or by 58 percent. Over the past three years, there have been, on average, 632,000 “boating occasions” annually. This figure might be quite conservative if the experience of 2010 (when there were 712,000 visits) prevails.
- Line 3 describes the “average party size”. *ERA* estimated this figure to be 2.82 persons, and cited a reference to the 1999 OSGCP Survey. *TAI* cannot confirm how this figure was derived, but it may be comparable to the “average persons on board” of 2.92, that represents a numeric average for all types of water craft. *TAI* structured a distributional-matrix of “average persons on board” by type of watercraft (from Exhibit 1), and distribution of registered boats that designated Caesar Creek as their “primary destination” (Appendix-Table 5). This calculation provided an only slightly-different estimate of 2.78 as the average of “persons on board”.
- Line 4 calculates the “estimated number of boating visits” per season. It is simply calculated by dividing line 1 (or line 2) by line 3. *TAI* estimates that the number of these visits will be 80 percent greater than the number of visits estimated by *ERA*.
- Line 5 illustrates The *ERA Study* estimates that there will be 15.6 “annual boating trips” at Caesar Creek. Again, this source of this figure is the 1999 OSGCP Survey. It is unclear how that figure was derived, but it may be comparable to the “days of use per season”-figure that is referenced in Table 1. Based on a similar distributional-matrix (as described in the above paragraph), *TAI* estimates that boats in the market area will average nearly 28 boat-trips per season. This higher figure is based on the very high proportion of power boats (see Appendix-Table 5) within the market area that designate Caesar Creek as their “primary destination”.
- Line 6 calculates the estimated number of boats making multiple trips (by dividing line 4 by line 5). The estimates by *ERA* and *TAI* are surprisingly close – within 2 percent of one another.
- Line 7 estimates the percentage, or share, of boats stored in marinas. This figure represents the most critical element in the *ERA* analysis. Without adequate reference, *ERA* writes that “31 percent (of Ohio boaters) store their boats at a marina or club (16%) or at a private dock (15%).” Perhaps this is accurate on a state-wide basis, but this is a very high percentage for a population of boats that include as many small boats (less than 26’), rowboats, canoes or kayaks, and PWCs, as have designated Caesar Creek as their “primary destination” (Appendix-Table 5). *TAI* believes that 10 percent is a far more realistic capture rate for this market area’s boating population.
- Line 8 calculates demand for marina slips (line 6 x line 7). The *ERA Study* estimated demand for 1,286 slips; *TAI* estimates that demand, by this methodology, would approximate 816 slips.
- Line 9 represents the share (or, “capture rate”) of the estimated demand calculated in line 8, that Caesar would realize. *ERA* estimates this at 25 percent. *TAI* believes that this is a reasonable.

- Line 10 and Line 11 estimate realized demand for marina slips at Caesar Creek. The *ERA* analysis concludes that demand will approximate 320 slips. By this same analysis, *TAI* concludes that demand would materialize for only 200 slips.

Appendix-Table 10  
Assumptions Supporting Exhibit 9  
TAI Estimate of Demand for Marina Slips  
Caesar Creek Marina

- Line 1 identifies the number of boats (4,326) within the market area that have designated Caesar Creek as their “primary water of use”. The figure is presented in Appendix-Table 6, and includes the number of registered boats within the four-county market area, plus the 101 boats owned by market-area residents but registered outside of the market area. This population of boats will represent the primary source of demand for slips at the proposed Caesar Creek marina.
- Line 2 represents the percentage of boats whose owners expressed a “primary water of use”. Within the defined market area, there were 33,536 registered boats in 2011, and less than 33 percent actually specified a primary destination for their boat.
- Line 3 identifies the estimated number of registered boats within the market area that would designate Caesar Creek as their “primary water of use” if all boats reported a primary water of use. TAI estimate that there are 13,000 boats within the market area that could designate Caesar Creek.
- Line 4 represents a “reality adjustment” that recognizes that many of those 13,000 boats within the market area had a legitimate reason to not designate Caesar Creek as their “primary water of use”. TAI estimates that 40 percent of the 13,000 registered boats are not likely candidates for slips at the proposed Caesar Creek Marina. This figure is based on professional judgment, on a familiarity with the market area, and on discussions with managers of nearby marinas. However, it can be substantiated with no actual market data.
- Line 5 then represents an “adjusted market potential” of 7,800 registered boats within the market area that would designate Caesar Creek as their primary destination.
- Line 6 identifies the percent of boats (1.4 percent) within the market area that are longer than 28’. TAI estimates that there are 110 of these boats.
- Line 7 illustrates TAI’s estimate that 60 percent of these larger boats, or 66 boats, will lease slips at Caesar Creek. This, and other capture rates used in this analysis, appears reasonable given the 94 percent occupancy rate among other state park marinas (excluding Rocky Fork Lake).
- Line 8 identifies the percent of boats (4.6 percent) within the market area that are longer than 24’ but shorter than 28’. TAI estimates that there are 360 of these boats.
- Line 9 illustrates TAI’s estimate that 25 percent of these boats will lease slips at Caesar Creek. This represents slip-demand for 90 slips.
- Line 10 identifies the percent of boats (13.9 percent) within the market area that are between 20’ and 24’, in length. TAI estimates that there are 1,080 of these boats.
- Line 11 illustrates TAI’s estimate that 10 percent of these boats between 20’- and-24’ will lease slips at Caesar Creek. This group represents slip-demand for 108 slips.

- Line 12 identifies that there are approximately 6,300 boats that are either less than 20' in length, or are classified as "other" boats. These include sailboats, rowboats, kayak, canoes, PWCs, and more importantly, houseboats or pontoon boats. Available information makes it impossible to ascertain how many of these might be boats that would wish to secure a seasonal slip.
- Line 13 illustrates *TAI's* estimate that at least one percent of these boats will lease slips at Caesar Creek. There are an estimated 63 of these boats. These will likely be pontoon boats or houseboats, but they could also be 18'-to-20' power boats, or sail boats whose owners wish to berth their boats rather than transport them to, and from, Caesar Creek.
- Line 14 illustrates total demand, as defined by: (i) the number of registered boats within the market area; (ii) the adjustment for boats within this area that are unlikely to dock at Caesar Creek; (iii) the current distribution of boats, by type and length; and, (iv) capture-ratios that *TAI* believes are reasonable. *TAI* estimates that the current, potential market size (or, estimate slip-demand) represents 327 boats.
- Line 15 represents *TAI's* estimate that the availability of the proposed Caesar Creek Marina will change boater preferences, and either increase, or relocate to Caesar Creek, demand by twenty percent. This could be a very conservative figure, because there appears to be a large, under-served, existing population of boaters. ODNR has seen that boater-related "visitor occasions" increased by over 37 percent at Caesar Creek State Park in 2010 (see Appendix-Table 8) following the completion of a very successful capital improvement program. A 20 percent increase represents additional demand for 65 slips.
- Line 16 shows that, based upon the above-referenced assumptions, and upon a continuation of current market conditions, demand will exist for 390 slips at the proposed marina.