
VIRGINIA ASSOCIATION OF CONVENTION & VISITORS BUREAUS

SPRING MEETING 2016

MAY 18, 2016



WELCOME

- Orange County Tourism Economic Impact
- Agriculture and Agritourism Opportunities for Montpelier
- Montpelier's Yearling Barn Farm Brewery
- DRIVE Tourism Micro Grant – “Rails-with-Trails” from Town of Orange to Montpelier

Presenters:

R. Bryan David, County Administrator, Orange County

Dr. Sean O'Brien, Chief Operating Officer, The Montpelier Foundation

Leigh Mawyer, Tourism Manager, Orange County



TOURISM ECONOMIC IMPACT STUDY

INTRODUCTION

Completed by Mangum Economics in early 2015, this report assessed the economic contribution that the tourism industry makes to Orange County, Virginia.

The Economic Contribution that Tourism makes
TO ORANGE COUNTY



APRIL 2015

MANGUM
economics

TOURISM ECONOMIC IMPACT STUDY

PRINCIPAL FINDINGS

Orange County's economy is doing well, but is vulnerable:



- Local economy of Orange County is much more dependent on the *Manufacturing* sector than is typical for the State of Virginia.
- In addition, almost three (3) out of every five (5) unemployed individuals in Orange County possess only a high school education or less.

TOURISM ECONOMIC IMPACT STUDY

PRINCIPAL FINDINGS

Tourism can be particularly beneficial to rural localities such as Orange County:

- Rural communities face unique economic challenges:
 - Dependence on manufacturing;
 - Lower educational attainment levels;
 - Out-migration of young adults; and
 - Limited economic opportunities.
- Tourism creates competitive advantages through:
 - Job creation and retention, particularly entry-level positions.
 - Greater economic diversity.
 - Leveraging existing rural and agricultural assets.
 - Generating opportunities for local businesses through the tourism supply chain.
 - Providing an on-ramp for youth to gain valuable “soft skills.”
 - Giving entrepreneurs the chance to create and sustain a viable business.



TOURISM ECONOMIC IMPACT STUDY

SURVEY RESULTS

Business Survey:

- 177 local businesses
- Survey period from January 18, 2015 through February 13, 2015
- 54 respondents = 30.5% response rate



Barboursville Vineyards

- Results organized into three (3) general areas:
 - Background information on business
 - Business' connection to tourism
 - Recommendation on how to grow Orange County's tourism industry
- Confidential business financial information on employment, wage, and annual sales data



The Market at Grelen

TOURISM ECONOMIC IMPACT STUDY

SURVEY RESULTS

Business Category	Number of Respondents
Accommodations (e.g., hotels, B&Bs)	8
Amusement/Recreation (e.g., agritourism, recreational sports)	7
Food Service (e.g., coffee shops, catering, restaurants)	11
Museum/Historical Site	4
Nonprofit Organizations (e.g., Historical Society)	4
Retail (e.g., antique store, art gallery, gift shop)	15
Winery	3
Other (e.g., aerial tours)	2
All	54

Business Category	Average Proportion of Annual Sales Attributable to:	
	Leisure Travelers	Weddings
Accommodations	81%	44%
Amusement/Recreation	73%	15%
Food Service	23%	15%
Museum/Historical Site	80%	2%
Nonprofit Organizations	40%	0%
Retail	47%	5%
Winery	70%	13%
Other	25%	1%
All	53%	14%

TOURISM ECONOMIC IMPACT STUDY

PRINCIPAL FINDINGS

Tourism already makes a significant contribution to Orange County's economy:

- In 2013, the tourism industry directly contributed 616 jobs, \$17.5 million in labor income, and \$56.1 million in local economic output.
- Multiplier effect grows the impact to 796 full-time-equivalent jobs, \$24.1 million in labor income, and \$81.5 million in economic output.
- Placed in context, tourism was, in 2013, directly or indirectly responsible for generating approximately 12% of the overall private-sector employment.
- Tourism as an economic activity generates \$5.9 million in additional state and local tax revenue and \$6.7 million in additional federal tax revenue, for a total of \$12.6 million in overall tax revenue. Orange County's share was approximately \$2.8 million.

TOURISM ECONOMIC IMPACT STUDY

RECOMMENDATIONS

Recommendations of survey respondents to grow Orange County tourism:



Civil War Museum at the Exchange Hotel



- Work with local government to make it easier to open a business.
- Better promote Orange County as a weekend destination for culinary, recreational, historic, and scenic tourism.
- Invest in tourism-related infrastructure such as road signs, a county shuttle bus, more free parking, and a rail connection to the DC metro area.
- Educate residents about the economic benefits of tourism.
- Foster greater collaboration and coordination in the County's tourism sector.

ASSESSING OPPORTUNITIES FOR AGRICULTURE AND TOURISM-RELATED DEVELOPMENT AT MONTPELIER

Opportunity VA brewery Brewing Barrels region local breweries
camping acres regional
Madison industry farm production Assessing visitors
glamping hotel Agritourism craft
growing activities site Montpelier lodging guests
market Food Operating
farms land Agriculture Virginia Foundation
revenue restaurant Opportunities hops Orange beer tourism
campgrounds Crop events large available
Word

2015

Assessing Opportunities for Agriculture and Agritourism at Montpelier

PREPARED BY: THE VIRGINIA TECH OFFICE OF ECONOMIC
DEVELOPMENT

ASSESSING OPPORTUNITIES FOR MONTPELIER *WORKING GROUP MEMBERS*

- S. Teel Goodwin, Board of Supervisors
- R. Mark Johnson, Board of Supervisors
- Sean O'Brien, The Montpelier Foundation
- Sarah Sanders, The Montpelier Foundation
- Jay Billie, Inn at Westwood Farm
- R. Bryan David, Orange County
- Michelle Edwards, Rappahannock Rapidan Regional Commission
- Ches Goodall, Virginia Forestry & Wildlife Group, LLC
- Craig Hartman, BBQ Exchange
- Betty Hoge, Central Virginia Small Business Development Center
- Steve Hopkins, Virginia Cooperative Extension
- Peter Hujik, Piedmont Environmental Council
- Hayes Humphreys, Devils Backbone Brewing Company
- Deanne Marshall, Chamber of Commerce
- Leigh Mawyer, Orange County
- Steve McLean, The Montpelier Foundation
- Tommy Miller, Orange County
- Anne Nelson, National Trust for Historic Preservation
- Valerie Palamountain, Piedmont Virginia Community College
- Luca Paschina, Barboursville Vineyards
- Cindy Reusche, The Montpelier Foundation
- Ben Sherman, Germanna Community College
- Mitch Willey, Clifton Inn

Methods & Approach

Working Group develops a preliminary list of opportunities and discusses criteria for evaluation.

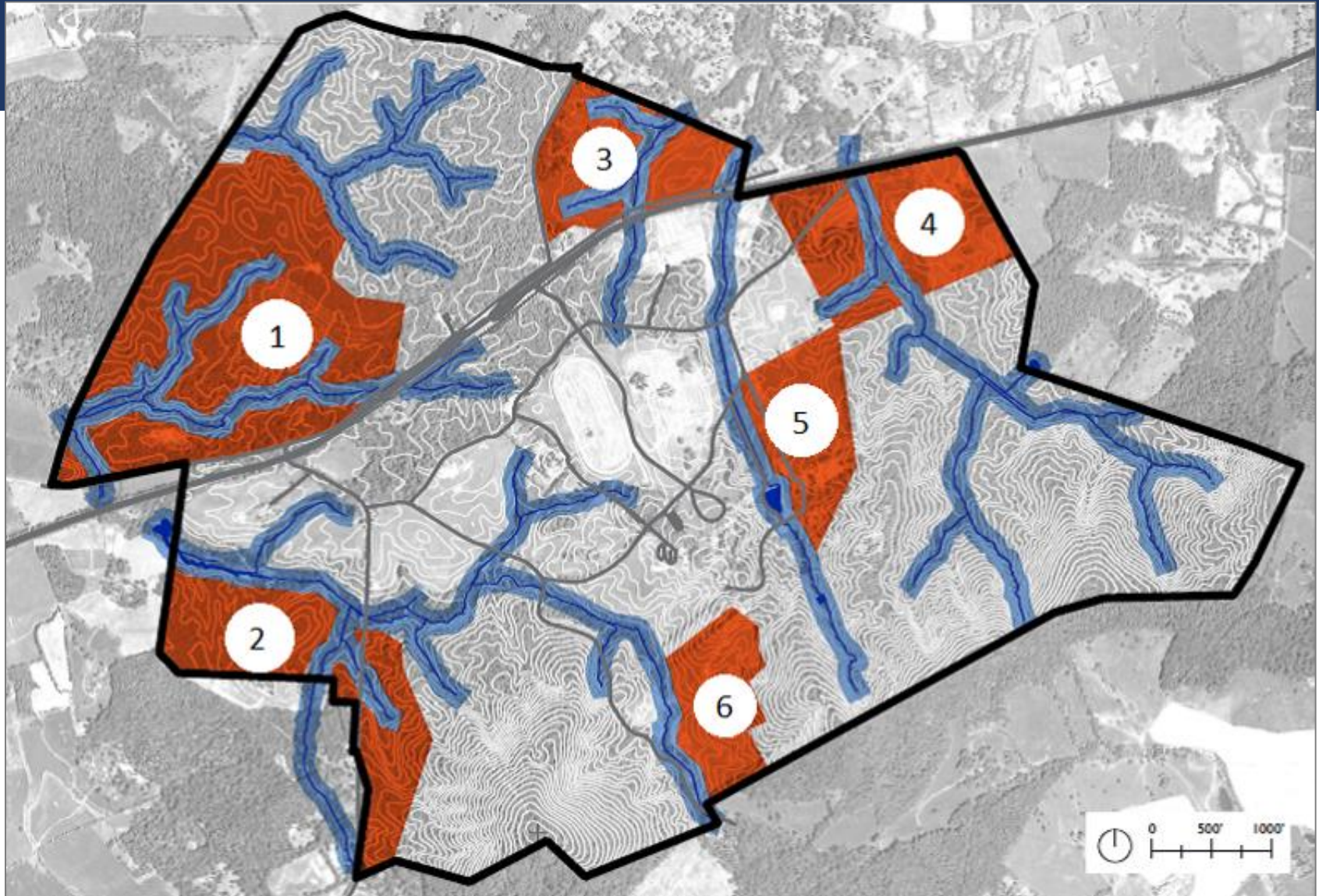
VTOED conducts regional analysis, researches best practice models, and pursues key informant interviews and focus groups.

Working group and VTOED begin narrowing down opportunities based on collected data.

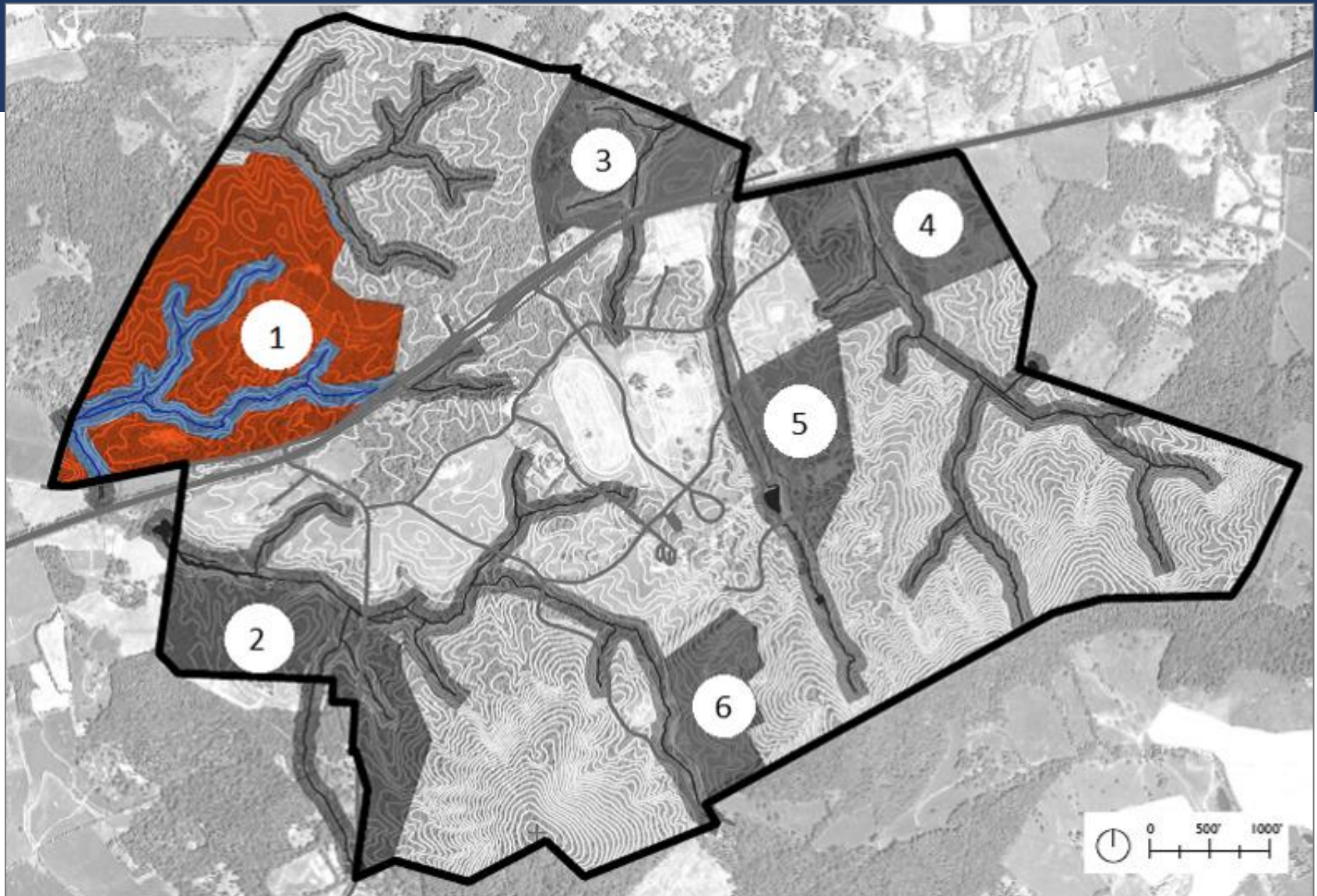
VTOED conducts in-depth, parcel-specific analysis of a select few opportunities.

Working Group gives feedback on final report and recommendations.

MAP WITH RECOMMENDED MONTPELIER PARCELS



I. THE NORTHWOODS AREA



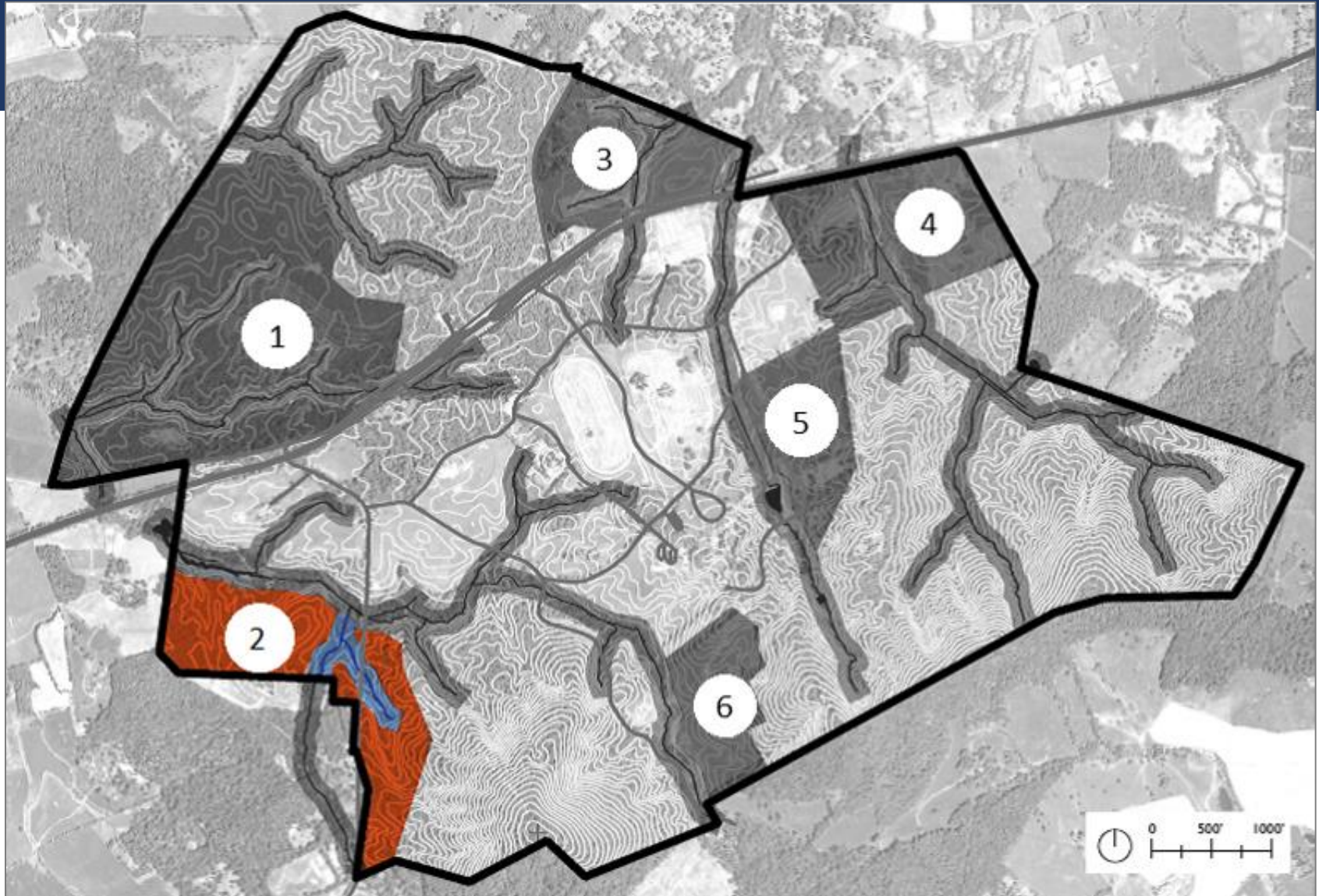
ASSESSING OPPORTUNITIES FOR MONTPELIER *RECOMMENDATIONS*

The Northwoods Area – 110 acres, mostly forested. It does include one structure, Building 56: “Dr. Madison House,” which is currently used for staff housing (archaeology).

RECOMMENDATIONS

- Possible camping and outdoor recreational activities.
- Private investor to capitalize, operate, and manage.
- Continue active forest management.

2. CHICKEN MOUNTAIN



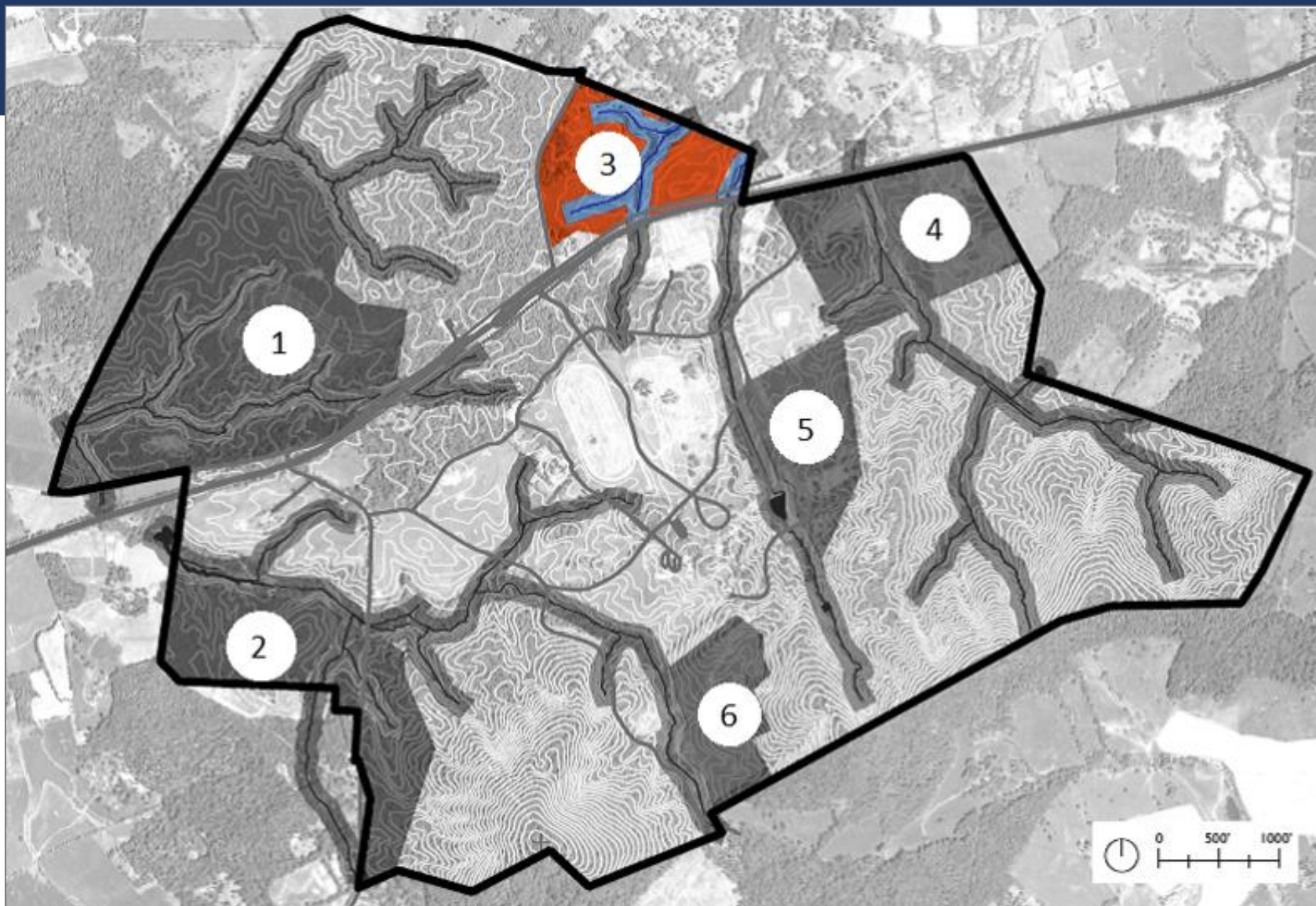
ASSESSING OPPORTUNITIES FOR MONTPELIER *RECOMMENDATIONS*

Chicken Mountain – 52 acres, forested and mountainside. This land does include one structure, Building 62: “House 62,” which is currently used for rental housing.

RECOMMENDATIONS

- Continue active forest management.
- Remote vacation cabins may be possible.

3. MONTPELIER VILLAGE



ASSESSING OPPORTUNITIES FOR MONTPELIER

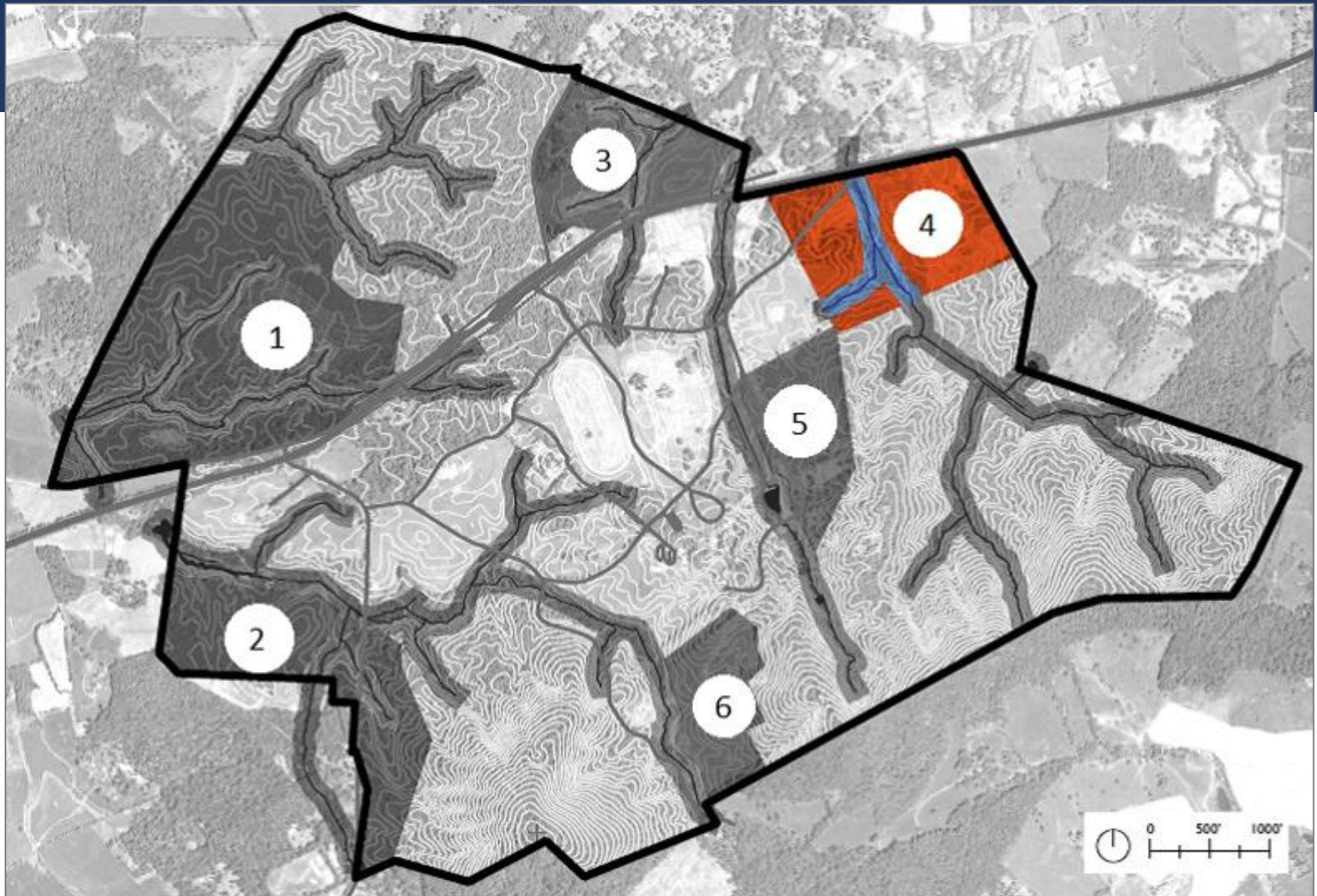
RECOMMENDATIONS

Montpelier Village – 35 acres, across the street, with good visibility, visitor accessibility, and relatively open and flat land. Occasionally used for festivals and event parking. Includes three small structures, two of which currently used for housing rental and one for agriculture rental.

RECOMMENDATIONS

- Targeted development opportunities for partner with a longer-term view, such as boutique-style hotel with restaurant.
- Consider the old ESSO building for renovation/leasing to entrepreneur for “general-store,” higher end retail, arts and crafts, or outdoor recreation equipment.

4. EASTGATE



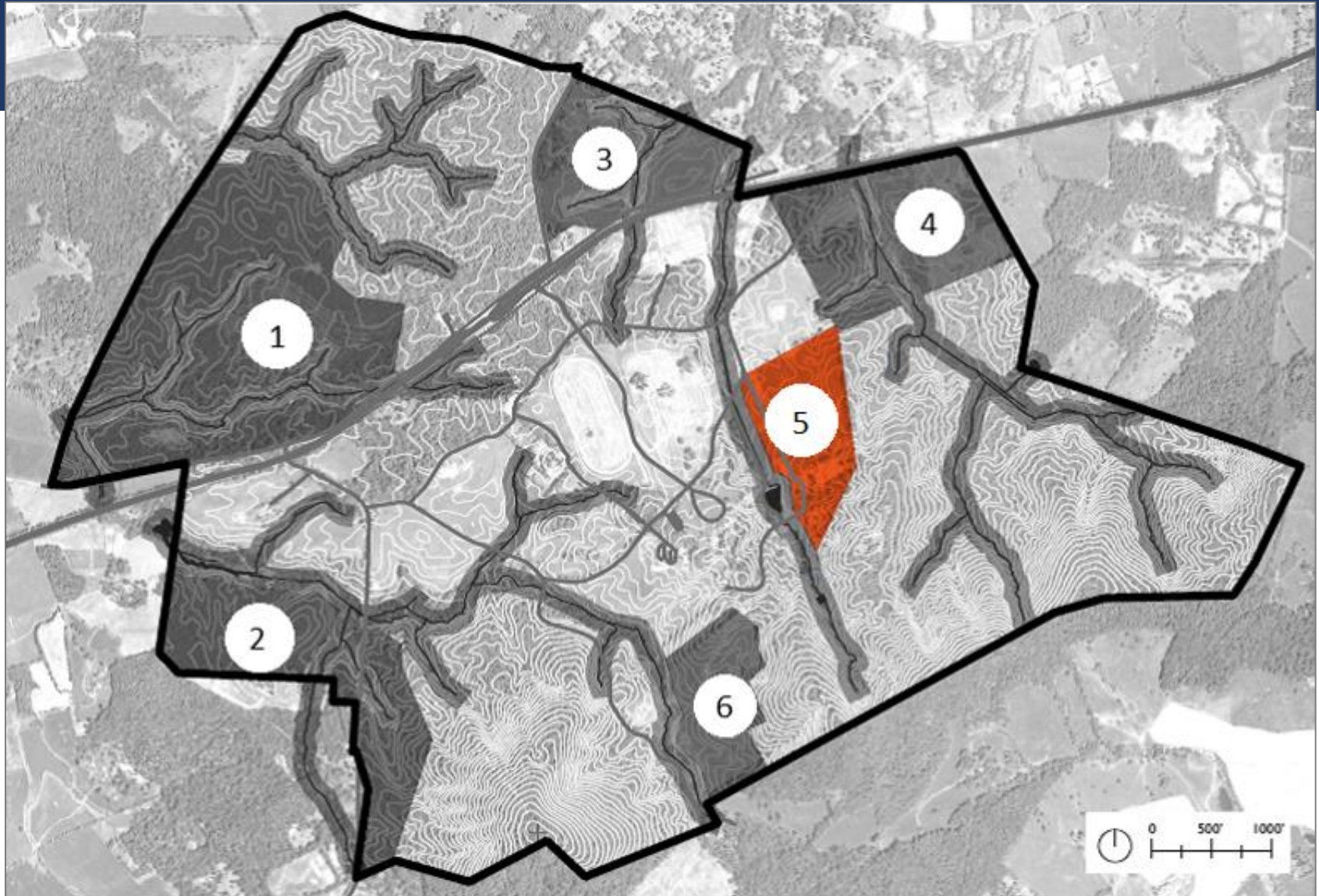
ASSESSING OPPORTUNITIES FOR MONTPELIER *RECOMMENDATIONS*

Eastgate – 42 acres, flatter parcel bordering the Constitutional Village, mostly pasture and used for equestrian activities. The great majority of this parcel is used by the Thoroughbred Retirement Foundation. The parcel includes Building 45: “Bassett House,” which is used for staff housing for the President of the Montpelier Foundation. The parcel also includes an unused outbuilding and a barn used for agriculture rental.

RECOMMENDATIONS

- No specific option dominates for this parcel.

5. CONSTITUTIONAL VILLAGE



ASSESSING OPPORTUNITIES FOR MONTPELIER *RECOMMENDATIONS*

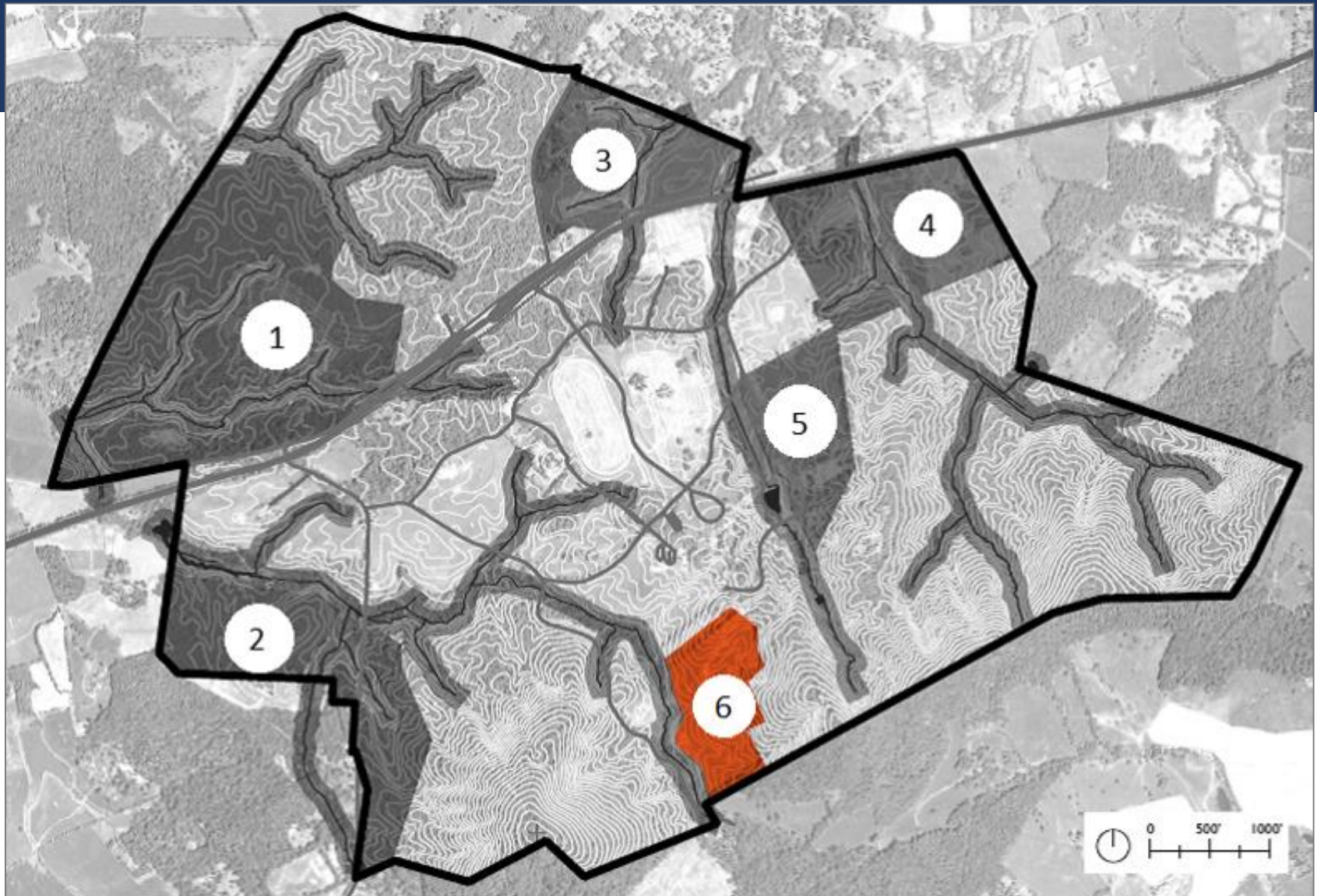
Constitutional Village – 30 acres, within the historic core and near the historic home, which constrains range of desired uses – includes fifteen structures, most of historic significance.

Properties include four houses used for housing participants in Montpelier programming, two buildings used for staff offices, and a number of other structures. Notably, there are 2-3 clustered unused structures which includes the “Upper Sears Barn” facility.

RECOMMENDATIONS

- Maintain and develop nominally for overnight tourist accommodations to target higher-end visitors.
- “Upper Sears Barn” cluster represents an opportunity for unique event venue at a larger scale with significant capital investment.

6. YEARLING BARN



ASSESSING OPPORTUNITIES FOR MONTPELIER

RECOMMENDATIONS

Yearling Barn – 21 acres – mostly rolling pasture and one structure, the yearling barn. The parcel is near the constitutional village and the main house, but separated by landscape and topography and its location oriented to the rear of the property. There is possible access from a rear gravel road which could be improved.

RECOMMENDATIONS

- Renovating the structure for a small brewpub/tasting room/event space with a possible and adjacent, new-build structure for a farm brewery.
- Location is less suitable for large-scale hops production, the land near the Yearling Barn is workable for small-scale, “charismatic” hops and grain production.



Montpelier Foundation Community Consultants of Darden

Yearling Barn Farm Brewery

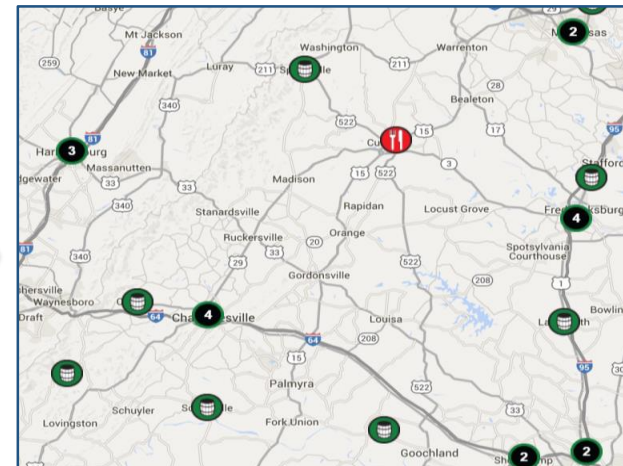
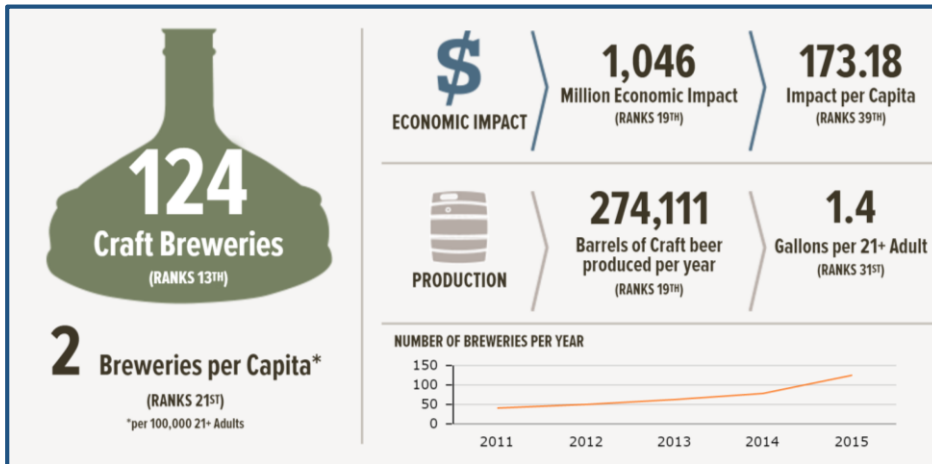
Winston Phillips, Katherine Somerdyk, Helen Marks, Karthik Subramanian, and Suramya Munshi

Business Opportunity at Montpelier

- In an effort to increase visitation and length of stay, the Montpelier Foundation is exploring the development of the Yearling Barn
- The goal is for the Yearling Barn Farm Brewery to become self-sustaining and contribute financially to the Montpelier Foundation
- The Yearling Barn includes 21 acres of rolling pasture and one structure; there is possible access from a rear gravel road



Craft Breweries in Virginia (1/2)

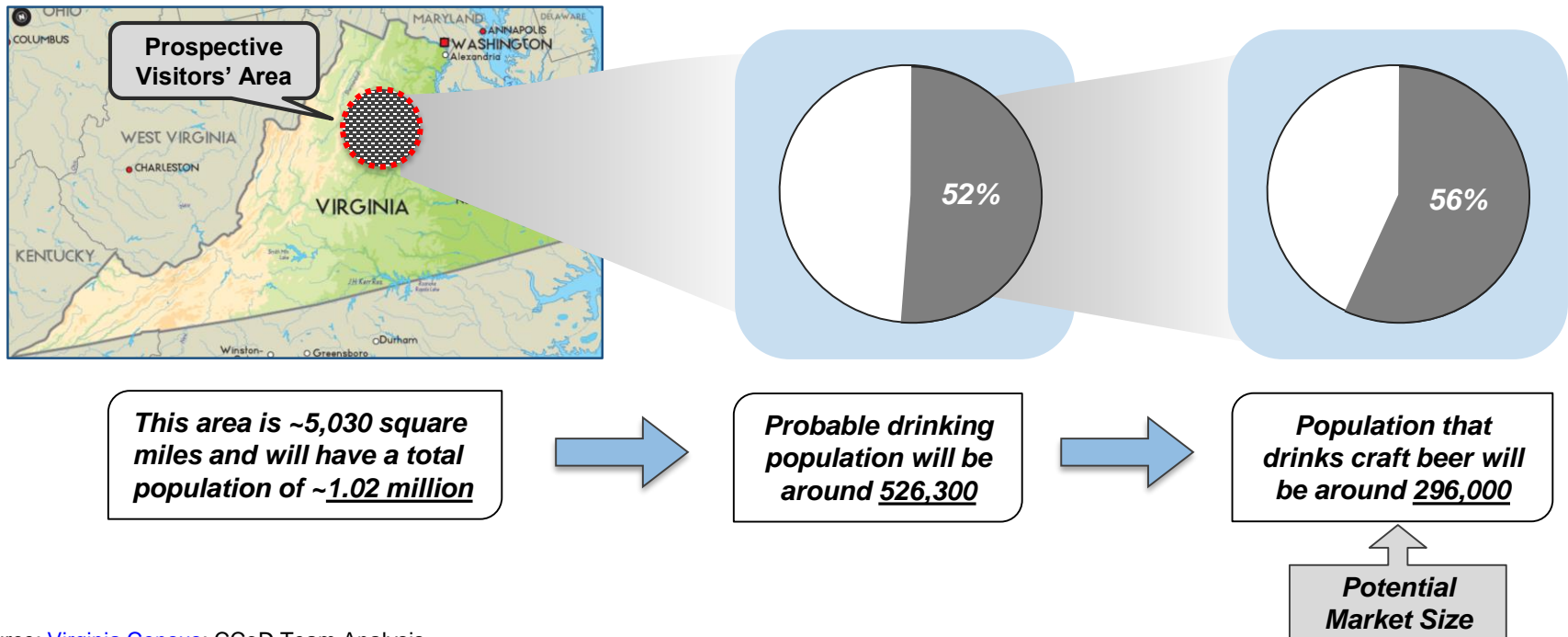


In terms of production and economic impact of craft breweries, Virginia still ranks relatively lower as compared to the other states, indicating growth potential

A brewery at Montpelier would typically attract people within a 1-hour driving distance (40 miles)

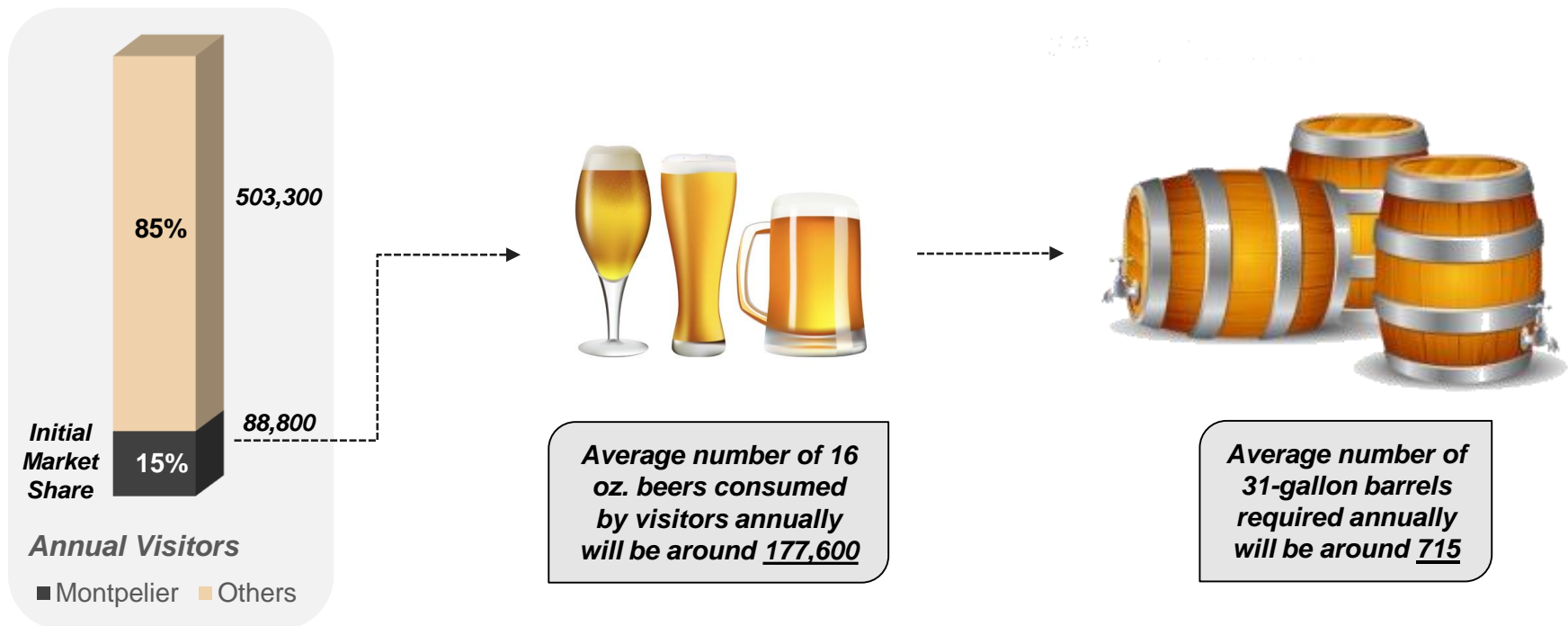
Source: [Brewers' Association](#); [Virginia Breweries](#)

Demand Estimate – Montpelier Brewery (1/2)



Source: [Virginia Census](#); CCoD Team Analysis

Demand Estimate – Montpelier Brewery (2/2)



Source: CCoD Team Analysis

Recommendation from interviews: Open Farm Brewery

Four of the five experts recommended a 7-barrel brewpub based on Montpelier's location, specifications, and consumer demand

A successful brewery should have a theme: Montpelier will be second, following only the White House, president's home to brew beer

A brewpub will be more profitable than a tasting room – margins on the beer will be significantly higher

The passion necessary to enter this business has been clearly demonstrated by the Montpelier team

Interview Insight: Consumer Demand

- What it takes: Good beer, a good view, a great interior, and food
- Making good beer: A great brewmaster, good infrastructure, creativity, and the support of management
- Montpelier and the brewpub will reinforce each other in drawing a family crowd



Interview Insight: Marketing

- Devote staffing and financial resources to marketing
- Need an effective brand strategy
 - Create a consistent strategy, with press and ads
 - Integrate the brewery into tours
 - Use concerts or movie series to draw crowds in the off-season
 - Merchandize to help build the brand
 - Use social media



Interview Insight: Theme & Branding

- Theme centered around James Madison and American history will emphasize Montpelier as the only presidential house outside the White House to make its own beer
- Make use of the agricultural setting and natural atmosphere
- After consideration, avoid going with a meadery or cidery



Interview Insight: Setup By the Numbers

50

Seat Number: Utilizing the outdoor space of the barn will enable Montpelier to do about 400 covers a day, roughly equating to 1000 beers per weekend at about \$6000 revenue per weekend

18

Months before opening: A year and a half would be a fast turnaround from construction to open but is possible with an incredibly dedicated staff

240,000

Initial Equipment Investment: While equipment could be purchased for less on the second-hand market, there is a significant monetary investment in equipment alone

2

Years before \$\$: A brewpub will be cash-flow positive by it's second year in operation

7

Barrel-System Size: Allow Montpelier the ability to brew enough beer to cover projected demand without unnecessary inventory

90

Potential % Margins: Beer brewed in house is more lucrative than beer at a tasting room that requires a distribution network

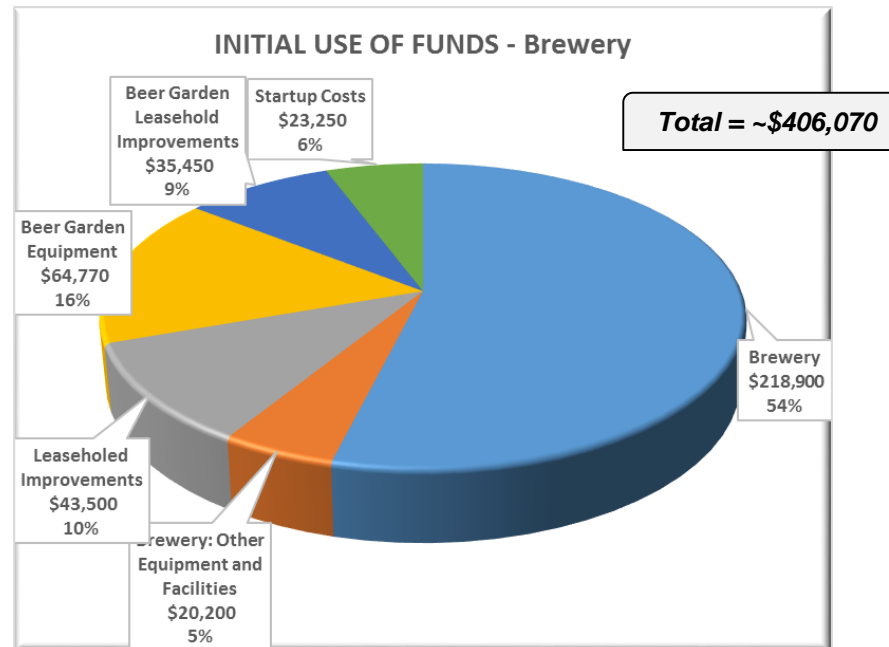
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Initial Food Setup: A kitchen may be a good idea in the future but the capital investment is large and margins on goods sold are smaller than beer

3

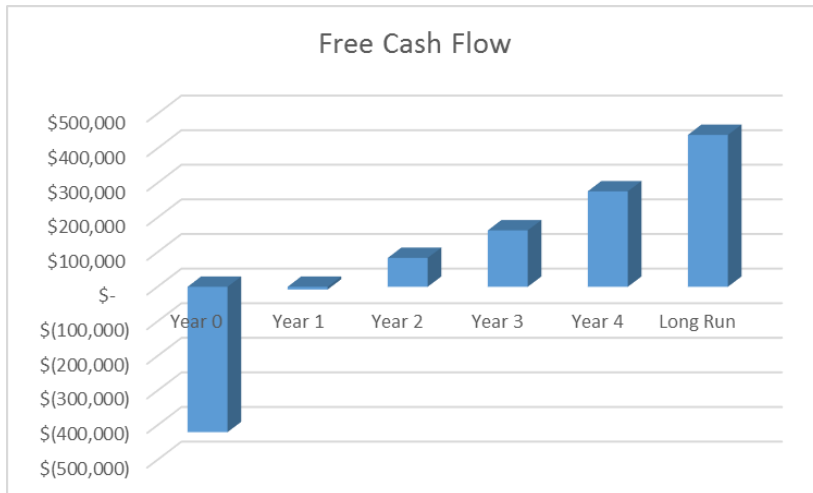
Years to Breakeven: With significant capital investment and start-up construction costs, it will be about 36 months until losses are recouped

Startup Costs: Brewery

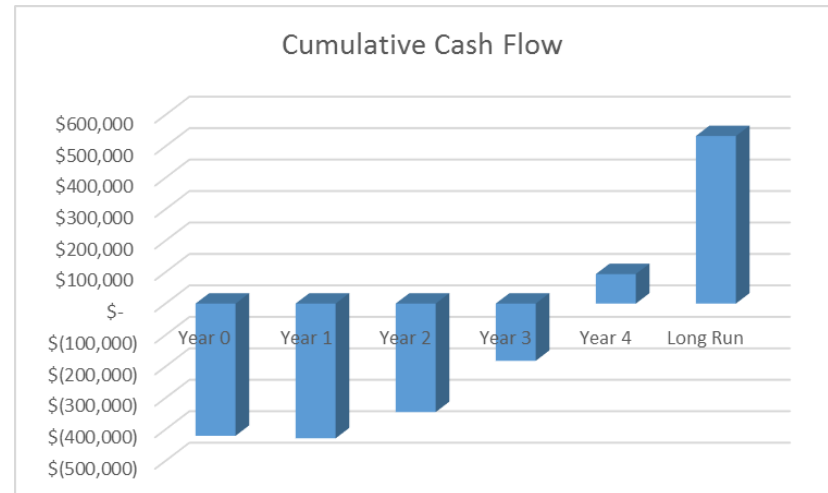


- * We are not considering full costs of overhauling the Yearling Barn or building a new structure
- * Starting a small "Bar" at first could be a good first step, would save in over 240k in improvements and equipment

Free Cash Flow & Cumulative Cash for Brewery Scenario



The brewery will become cash positive around year 2



The payback period will occur around year 4

- * Montpelier will need to have funds available to sustain operations from around year 0 to year 4

Our Recommendation

Throughout the interviews, there was a resounding sentiment that the idea of opening a farm brewery at Montpelier is a strong one. Because of that, we recommend that Montpelier move forward with the creation of a small scale 7-bbl brewpub in the Yearling barn.



DRIVE TOURISM MICRO GRANT APPLICATION

INTRODUCTION



Locality	Orange County Tourism		
Authorized Contact and Title	Leigh Mawyer		
Mailing Address	146 Madison Road, Suite 205		
Physical Address	146 Madison Road, Suite 205		
	City Orange	State VA	Zip 22960
Phone	540-661-5328		
Email	lmawyer@orangecountyva.gov		
FEI #	54-6001486		

Briefly update VTC on the following:

1. Tell us what you have accomplished since Workshop C. Include narrative about further include additional Trigger Points for each of the product areas. Also, indicate how you and your partners will continue to meet to move your DRIVE Tourism efforts forward in the future.
2. Describe for what the VTC DRIVE Tourism Grant will be used (Planning costs; Meeting costs; Feasibility Studies; Facilitator Costs, etc.)
3. Give a brief timeline for the next steps in your DRIVE Tourism project.
4. Outline the anticipated costs of your next steps, including other potential funding sources.

Please submit your application no later than March 31, 2016.

I authorize this application for the DRIVE Tourism micro grant program, and agree to the stated Terms & Conditions:

Signature of Authorized Person

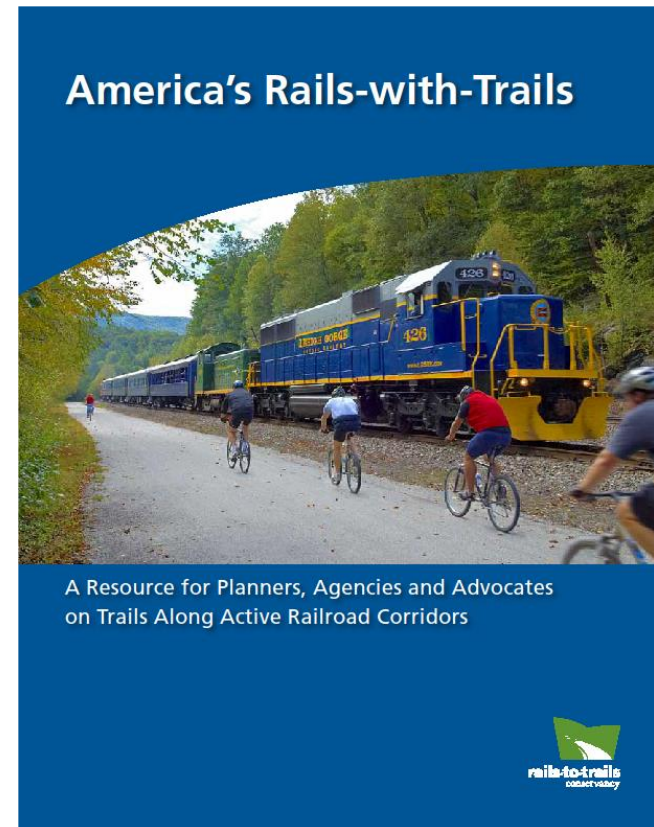
Name Leigh Mawyer
Title Tourism Manager
Date 3/28/16



Orange

ORANGE-MONTPELIER “RAILS-WITH-TRAILS”

- *Rails-To-Trails Conservancy* documented many of these trails located adjacent to active freight and passenger lines.
- Virginia examples: Burke Virginia Railway Express Trail and the Virginia Capital Trail.



ORANGE-MONTPELIER “RAILS-WITH-TRAILS”

- Proposed trail generally follows Norfolk Southern Corporation’s railroad right-of-way for approximately 1.9 miles from a trailhead location in the Town of Orange to Montpelier’s easternmost property line.
- The Montpelier Foundation plans to develop a property-wide network of public use pedestrian/bike trails.
- Partial use of the grant for preliminary engineering assessment to demonstrate to Norfolk Southern Corporation how a multi-use trail along the active railroad right-of-way would be safe, a community cultural and recreational asset, and not interfere with railroad operations.
- Orange County and the Montpelier Foundation to approach appropriate corporate representatives of the Norfolk Southern Corporation.

DRIVE TOURISM MICRO GRANT APPLICATION

LETTERS OF SUPPORT



March 29, 2016

To Whom It May Concern:

The Montpelier Foundation, the historic home of James Madison, is fully supportive of and excited about Orange County's application for a DRIVE Tourism micro grant from the Virginia Tourism Corporation to explore a "Trails with Rails" plan for Orange.

Montpelier has an extensive, and growing, trail network on our 2,650 acre site and has developed connections to trails on neighboring properties. We would be very happy to have a trail link to the Town of Orange to expand recreational opportunities in Orange and more tourism in the region. Montpelier currently attracts approximately 125,000 visitors every year. We believe that an enhanced trail network would significantly increase visitation to our site and to other destinations in Orange County.

Sincerely,

Sean T. O'Brien, Ph.D.
Executive Vice President and Chief Operating Officer



Town of Orange
Mayor's Office

119 Bellevue Avenue, Orange, Virginia 22960-1401
Phone: (540) 672-5005 Fax: (540) 672-4435

March 22, 2016

Ms. Leigh Mawyer
Tourism Manager
146 Madison Road
Suite 205
Orange, VA 22960

RE: DRIVE Tourism Micro Grant Application

Dear Leigh,

The Town of Orange wishes to convey our support for the DRIVE Tourism Grant Application. Tourism is an integral part of the economic make-up of the county. To explore the possibility to provide a trail from the Town of Orange to Montpelier would be beneficial to the Town and historic Montpelier. We believe that should the Montpelier-Orange Greenway project be achieved it would add jobs and further enhance the economic well-being of Orange County, Montpelier and the Town of Orange.

Even without the economic benefit, trails also provide for personal well-being, both physically and mentally. The area being discussed is of an historic as well as natural beauty, particularly the areas that have been preserved.

We thank you for your efforts and sincerely hope the effort is successful.

Respectfully,

TOWN OF ORANGE

Martha B. Roby
Vice-Mayor

MBR/wjc

GENERAL PROJECT CORRIDOR





QUESTIONS AND OBSERVATIONS?

R. BRYAN DAVID, COUNTY ADMINISTRATOR, ORANGE COUNTY

DR. SEAN O'BRIEN, CHIEF OPERATING OFFICER, THE MONTPELIER FOUNDATION

LEIGH MAWYER, TOURISM MANAGER, ORANGE COUNTY