







### III. General Company Description

#### Mission Statement

*To bring economic growth to our community through entertainment.*

Our company's goal is **to create a destination location** that will offer drag racing and other family oriented events. The overall objective is to have an annual profit for our shareholders of at least 10%.

#### Business Philosophy:

It is very important for our company to generate economic growth in our community. We will offer a variety of family entertainment events that will draw thousands of individuals from miles away. We will market our services to drag racers, fans and tourists as these are the core target markets of our business.

We have two target markets, drag racing and tourism.

The drag racing industry is a stable one. NHRA has been in business for over 60 years with 50,000 members. Some 3,000 of those members are located within a 4 hour drive of our location. Tourism is an industry of growth. Due to our economy and world events individuals tend to "staycation". Our location and entertainment options will be a perfect match for these type of people. The only obstacles we foresee negatively affecting these industries are the economy and seasonal travel. We have the opportunity to bring in thousands of visitors to our town every weekend. We plan on taking advantage of these two target markets by offering "bundled" events, i.e. drag races, concerts, craft shows, and trade shows to name a few. This will maximize our attendees and the use of their travel dollars.

Our incorporated company is strong and is led by a group of ten investors. All of those investors serve as financially-vested members on the Board of Directors. We feel strongly that our company will succeed due to our driven board of directors, our strong vision, and our public/private partnership. Our board is comprised of business men with strengths in management, accounting, advertising, racing, and event planning. We feel these traits will bring great strength to this new venture.

## IV. Products and Services

The Onawa Racing and Events Complex (OREC) sits on a 95 acre site. It will include a 9,000 sq. ft. building structure, in which indoor restrooms, concession area, full prep kitchen, Wi-Fi capability, and indoor and open air seating areas will be housed. The 3,400 foot long drag strip will be a 2 lane 1/4 mile concrete track, with a return road, up to date timing equipment and electronics, and surrounded by safety barriers. Approximately 6 acres of green space will be used as a vendor area, with ADA compliant bleacher seating for 880 people, and a sponsorship wall.

Our most competitive advantage is the actual length of the track itself. None of our competitors has the option to run a 1/4 mile race at this time nor do they have an all concrete track.

Another advantage we have is our location. OREC will be located on I-29 between 2 larger markets and bordering Nebraska. This will help us bring in tourist within a 300 miles radius of Onawa.

We will base our entry fees, concession fees and stall rentals to be competitive with the competition. It is very important to make sure we do not over price ourselves. We also will make sure that any payouts are competitive as well. The racers are more likely to come to our track if we pay at or above what the average track pays. These will be decided upon by the Board of Directors and carried out by the Management Staff.

## V. Marketing Plan

### Market Research:

There has been some independent research done on social media. This has shown a large interest in the idea of having a drag strip in this area. The drag racing industry has a rich history of diversity in racers and fans. Because of these unique demographics we can draw a larger number of tourists with many backgrounds. The “average” drag racing enthusiast earns over \$63,000 a year and has attended college (60%). They are avid consumers of products and services that fit their fast-paced lifestyle.

### Economics

- Our market area consist of a 300 miles radius. This includes, but is not limited to Iowa, Nebraska, South Dakota, Minnesota, Missouri and Kansas.
- There is a current demand in our market for a longer race track. The ability to run 3 different lengths of races is a big desire that only we can fill.
- The trends in our target market tend to be holding steady. This market has remained stable for 60 years in spite of the rise and fall of our economy. Auto racing, as a hobby, and tourism prove to be affordable. Many more local people are choosing to stay closer to home for their entertainment needs.
- Growth potential for a business like ours is wide open. We will have opportunity to build our company into a nationally known tourist destination.

### Barriers that we may face...

- Start up cash flow
- Acquiring knowledgeable staff
- Weather
- Economy
- We will overcome these barriers by seeking out investors with a love for racing and a strong desire to see economic growth.
- We will make sure we hire strongly qualified staff to maintain a quality track and facility.

- We will do our best to monitor the weather to make sure we do not put our consumers in harm's way.
- We will control our budget while we always keep an eye on the economy as a guide.

### **Product, Features and Benefits**

This drag racing and event complex will host a vendor area, concession sales area and a large interior space that will be available for rent.

Drag racing will bring in thousands of visitors and tourism dollars. The complex will also provide the community with a venue that can be used for many different events such as trade shows, concerts, car shows, winter games, model airplane air shows.

### **Customers**

- Age- 18-60
- Gender- Male & Female
- Location- 300 mile radius
- Income level- \$60,000 plus
- Social class and occupation- Middle to Upper class all occupations
- Education- High School and some College

### **Competition**

At this time we see our competition coming from three tracks:

- I-29 Speedway Pacific Junction, Ia: 1/8<sup>th</sup> mile drag strip used for racing only.
- Humboldt Speedway Humboldt, Ia: 1/8<sup>th</sup> mile drag strip used for racing only.
- Thunder Valley Dragway Marion, SD: 1/4<sup>th</sup> mile drag strip used for racing only.

These tracks will be competing with us for racers and fans. But, we will win them over with our facility. Our only indirect racing competitors at this point will be Blackbird Bend Raceway outside of Onawa, Ia. It is a circle dirt track. It's unknown how attendance at that facility will affect our attendance.

Table 1: Competitive Analysis 1= Critical; 5=not very important.

A=Above; S=Same; B=Below in comparison to OREC

FACTOR	OREC	Strength	Weakness	Pacific Junction	Thunder Valley	Importance to Customer
Products	Drag racing	X		S	S	1
Price	Stands \$5-\$10 Pits \$10-\$50	X		S	S	2
Quality	Better than average	X		B	B	2
Selection	Only track around	X		B	B	3
Service	Customer Service will be #1	X		A	A	1
Reliability	Committed to 26 races a year.		X	A	A	1
Stability	New business Driven investors	X		A	A	3
Expertise	Novice		X	A	A	3
Company Reputation	New Company		X	A	A	3
Location	Off I-29 in Onawa, Ia	X		S	S	1
Appearance	New Facility	X		B	B	1
Advertising	Papers, Radio, Web, Social Media	X		A	A	1
Image	Fresh and Unified	X		S	S	2



**Niche**

Our track will dominate the competition because of the quality of our facility and customer service. We will have a new building with all of the modern amenities. Our knowledgeable staff will make the racing experience enjoyable for the racer and the attendee. We will offer a better racing surface than other tracks that will be maintained to the standard racers want. Our passion, drive, and determination will be the compelling forces to make sure all of these things happen.

**Strategy**

We will be marketing ourselves to racers and fans alike for miles around. We will utilize print, television, radio and social media to accomplish this. We will use any and all free forms of promotion such as Travel Iowa resources, Facebook, and Twitter. We will promote OREC at events that attract car enthusiasts in Iowa, South Dakota, Minnesota, Nebraska, Kansas and Missouri. We own the rights to a logo design that is clean and to the point. We will use this logo as a tool so that people will identify the OREC name with quality racing.

Our advertising budget is set at \$70,000 a year. This number will fluctuate based on need.

**Pricing**

We will price our services and payouts based on our competition. This is important to maintain our customer base and to not price ourselves out of the market.

**Proposed Location**

Onawa Racing Inc. will operate on 95 acres of property from the City of Onawa, Monona County, Iowa located on the south end of Section 8, Franklin Township. This site is the former Onawa Municipal Airport. The property also included a few acres of farm land that will be cash rented for agricultural purposes. This location affords us ease of access to the facility and a vast area available for development. We have reached an agreement with the City of Onawa on the lease of this property. This lease will consist of (3) three, (5) five year terms. All maintenance to the track will be done by the OREC employees, thus to guarantee our down time is kept to a minimum.



## **VI. Operation Plan**

### **Production**

We will employ a General Manager, an Events Coordinator and a Food Service Manager. They will work as a team at scheduled events. It will be up to them to make sure these events are held to a standard that is better than our competition. They will be in charge of all quality control factors in daily operations. The entire staff will be expected to provide the highest standard of customer service. We will accomplish this by hiring qualified staff, and provide on the job training and regular pep sessions. Our services will be developed by the entire management staff. This will then follow the chain of command all the way to our Board of Directors.

### **Site Overview**

- 95 acre site
- 9,000 sq. ft. pole building built using local contractors.
- Utilization of LED lighting and other power saving products in our effort for environmental preservation.
- Our landscaping will utilize fast growing Aussie trees as a noise barrier on the north end of the track.
- Over 5 acres of green space.
- Power and other utilities are provided by WIPCO and Onawa Municipal Utilities.
- Internet and telecommunications provided by Longlines.

### **Access**

Our location is just off Interstate 29. We are located south of Onawa on Highway K45. This location offers easy access and will help created a smooth flow of traffic whether you're traveling from the north or the south. We will have parking for 300 vehicles in our general parking area. There will be pit parking for all racers with a separate access road located just north the general parking area.

## **Cost**

- Rent: 10% of the Net Profit with a minimum of \$5,000
- Maintenance: \$18,000
- Trash removal \$3,000
- Supplies \$5,000
- Track compound maintenance \$10,000
- Utilities: \$8,000
- Insurance: \$20,000
- Initial remodeling: \$150,000

## **Legal Environment**

- Licensing and bonding requirements will be required for the use of TIF Funds.
- Building permits will be required.
- Food service and a State of Iowa Liquor License will be required.
- General liability, Umbrella policy, Building and Dram Shop insurance policies will be needed.

## **Personnel**

- Number of employees- 3 FT, 15-17 PT
- These will be made up of professionals and skilled employees.
- Our pay structure will be salaried for full time and hourly for part time employees.
- We will have training methods in place for all employees. Most of them will have OJT (on the job training).
- Each area manager will have defined job duties.
- There will be training and employment procedures in place.
- We will use IWD for resources in creating job descriptions.

## **Inventory**

- We will keep supplies and food service items needed for each race. There is no need to carry back stock.
- Average value in stock-\$10,000 ( \$5,000 each for concession items and paper goods)
- We will plan on a 30 day lead time for acquiring supplies.

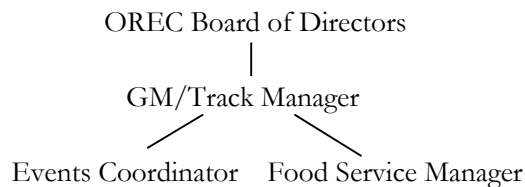
## **Suppliers**

- Sam's Club, Sysco, Chesterman, Dee Dee Beverage, L & L Distributors
- These suppliers will provide inventory such as food, beverage and other supplies.
- Credit and delivery policies are usually pay on delivery. Some of these will be billed monthly.
- We will have more than one supplier for critical items as a backup.
- Supply costs will be fluctuating. They will be addressed based on cash flow.

## VII. Management and Organization

The General Manager will be in charge of the day to day business at the facility. We will hire a GM based on past experience and employment history. This individual will have strong leadership skills with a history of racing knowledge. If this person were to ever leave this position they will be replaced with someone of like skills. The Events Coordinator's job will be to schedule all events. They will be on hand for all set up and take down. The Food Service Manager will be in charge of the quality control within the concession area. They will be trained on all current food safety issues and they will make sure all employees abide by them.

### Management Flow Chart



### Professional and Advisory Support

- Board of directors – Brett Ewing, Phil Schroder, Tim Blatchford, William Wonder, Jeff Bean, Fran Tramp, Hank Mason, Doug Rush, Chad Carrier and Steve Hiller
- Attorney- Melissa Grant, Goosman Law
- Accountant- Maddie Brown, Loess Hills Accounting
- Insurance agent- Beau Hupke, The Hoffman Agency
- Banker- United Bank of Iowa & Iowa Nebraska State Bank
- Consultant or consultants- NHRA

## VIII. Personal Financial Statement

Our Board of Director are all financially vested in the Corporation.

Brett Ewing	22
Tim Blatchford	14
Doug Rush	12
Phil Schroder	10
Fran Tramp	6
Hank Mason	6
WIPCO	6
Chad Carrier	4
Steve Hiller	2
William Wonder	2
	84

## IX. Startup Expenses and Capitalization

### Stage One

Electric & Other utilities	\$	50,000.00	
Insurance	\$	20,000.00	
Dirt work	\$	10,000.00	
Barricades	\$	80,000.00	
Minimal Fencing	\$	40,000.00	
Grass parking area	\$	-	
Bleachers for 880	\$	50,000.00	
Basic equipment for concessions	\$	20,000.00	\$ 270,000.00

### Stage Two

Timing tower	\$	25,000.00	
Build return road	\$	100,000.00	
Basic PA, Timing lights, Wiring	\$	50,000.00	
Update concession equipment	\$	10,000.00	
Finish Building	\$	50,000.00	
Add to fencing	\$	40,000.00	
Outside maintenance equipment	\$	50,000.00	
Add outside/inside seating for concessions	\$	10,000.00	
Add wiring	\$	25,000.00	
Employee Wages	\$	100,000.00	
Advertising	\$	25,000.00	\$ 485,000.00

### Stage Three

Add outside lighting	\$	20,000.00	
Build ticket booth	\$	5,000.00	
AD Wall	\$	10,000.00	
Add wiring	\$	25,000.00	
Landscaping	\$	10,000.00	<u>\$ 70,000.00</u>
			\$ 825,000.00

Funds above the maximum offering amount are required to:

Add a Playground	\$	50,000.00
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**X. Sales Forecast – First Season Projections**

See Attached Exhibit A