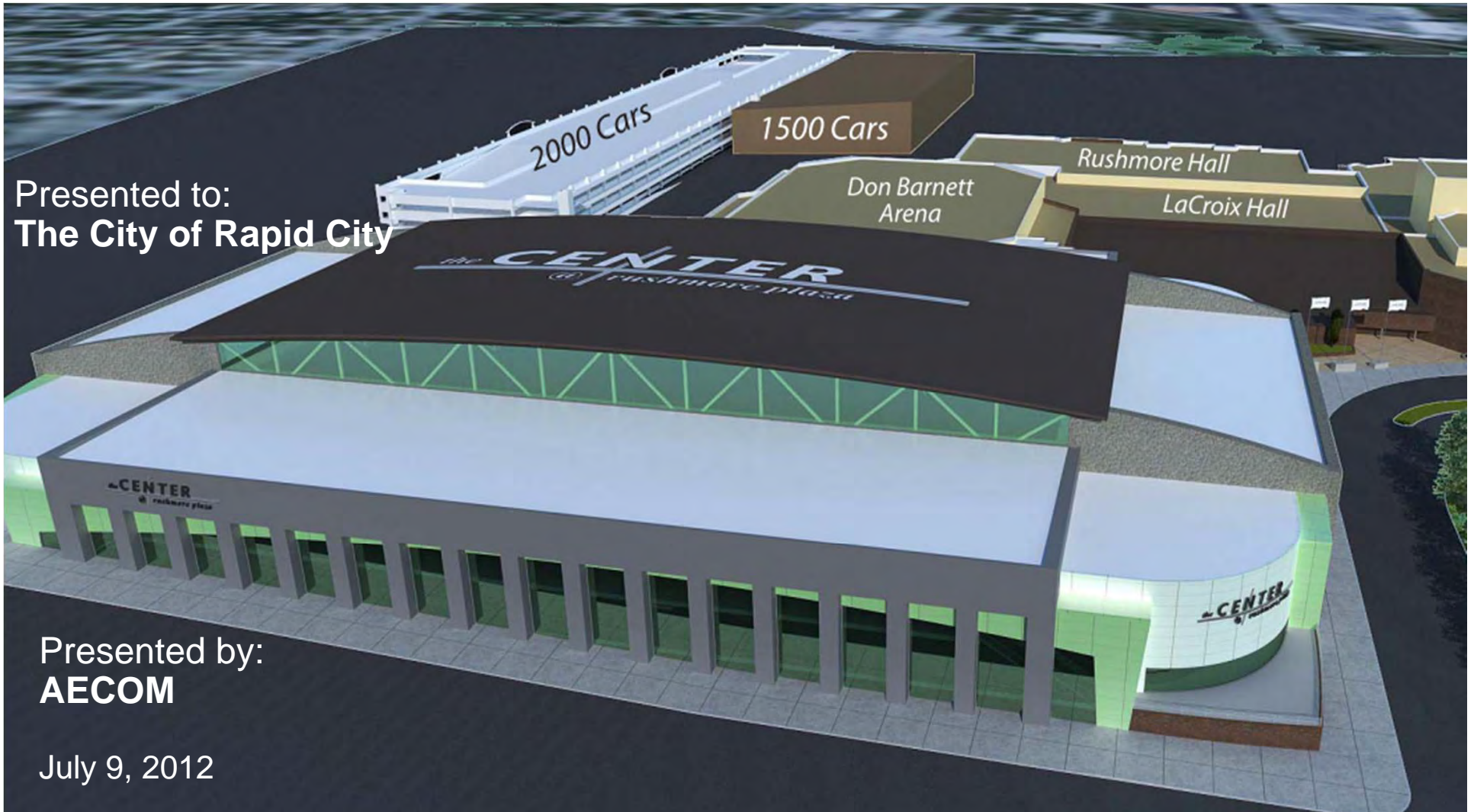


New Arena Economic and Fiscal Impact Analysis



Presented to:
The City of Rapid City

Presented by:
AECOM

July 9, 2012



AECOM Economics



Sioux Falls Events Center

Sioux Falls, SD



KFC Yum! Center

Louisville, KY



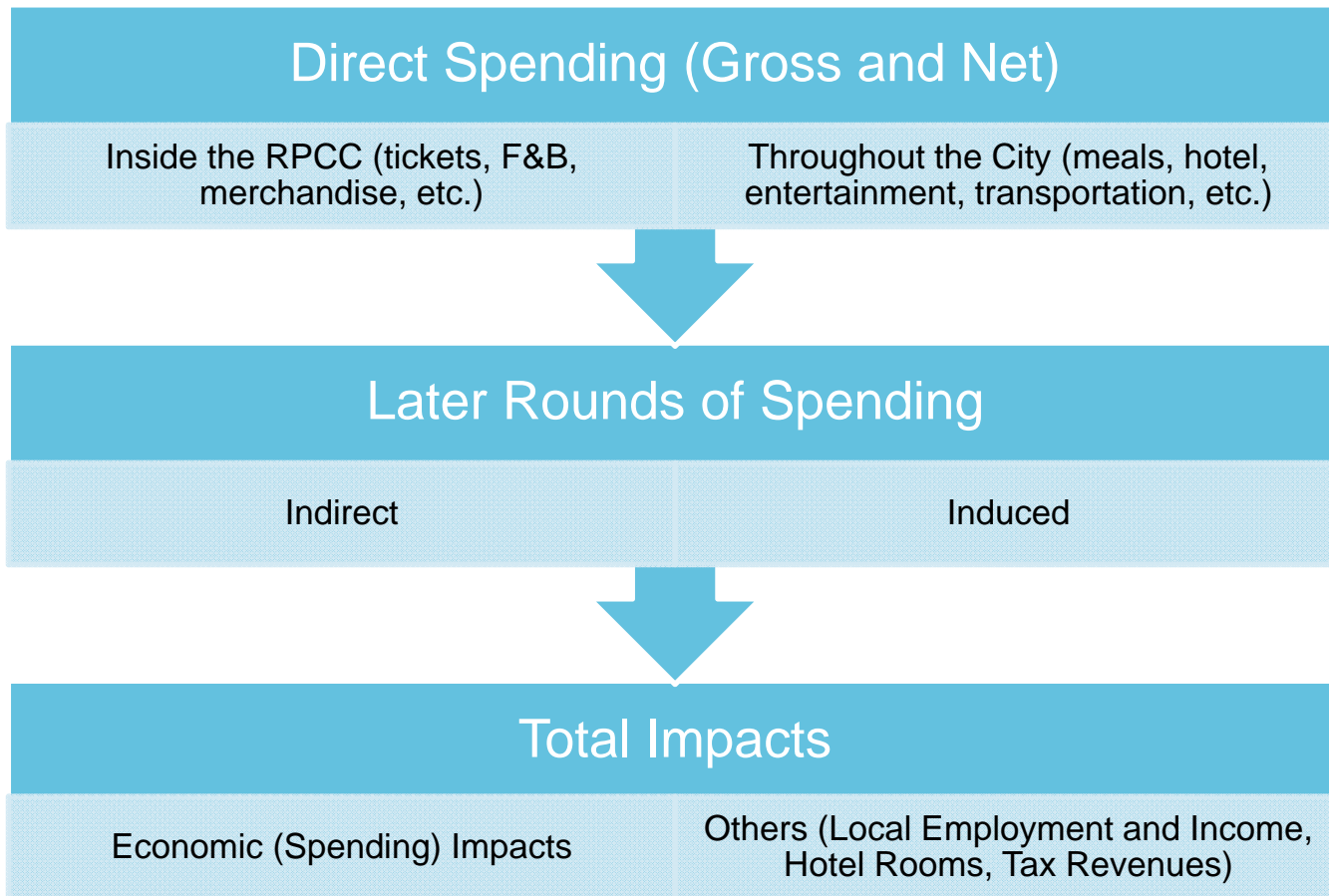
- **Completed more than 18,000 studies for:**
 - Governments
 - Private and Public Companies
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 - Arenas and Stadiums
 - Convention/Conference Centers
 - Tourism
 - Museums and Other Attractions
 - Hotels
 - Commercial/Entertainment Retail
 - Urban Mixed-Use
 - Downtown/District Planning

Presentation Outline

- **Introduction to Economic and Fiscal Impacts and Overview of Study Goals**
- **Past Rushmore Plaza Civic Center Operations**
- **Estimated Impacts from Two Future Scenarios**
- **Comparison of Impacts from Both Scenarios**



Economic and Fiscal Impacts from Operations and Construction



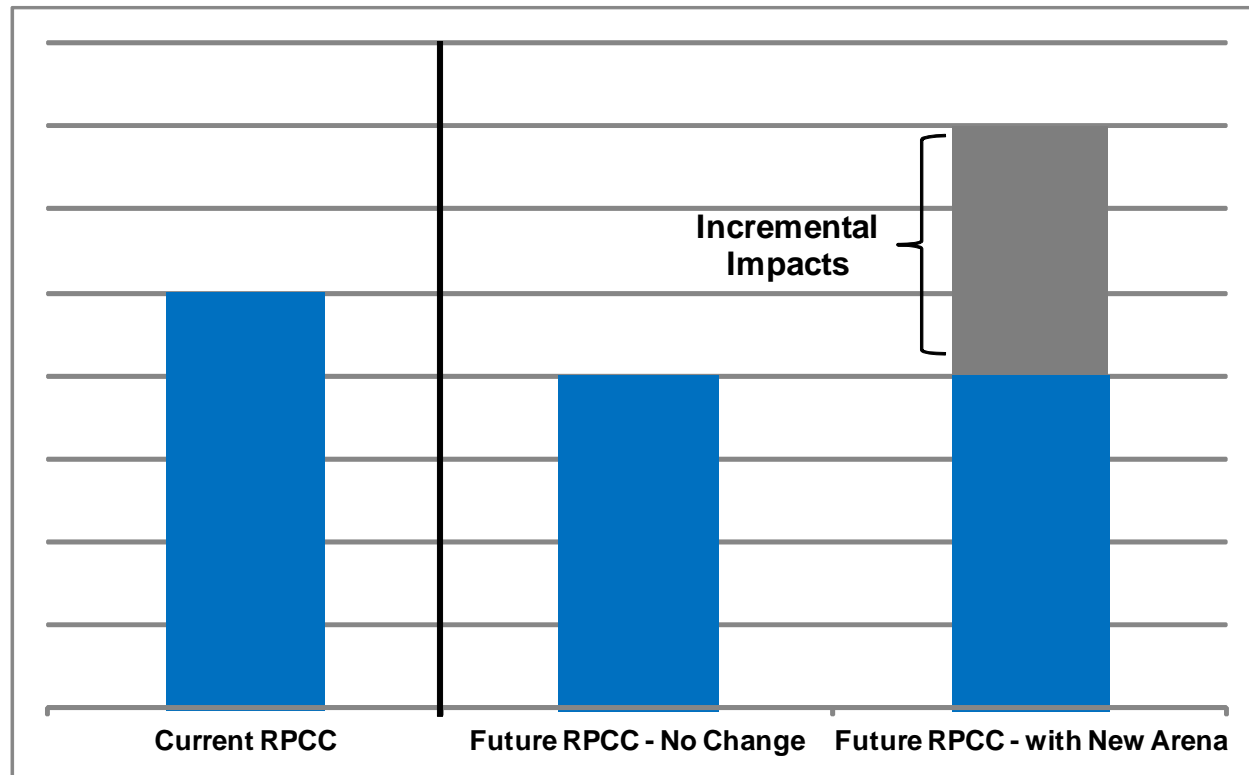
Economic and Fiscal Impacts from Operations and Construction

- Assumptions of attendee characteristics
 - Rapid City vs. non-Rapid City residents
 - Daytrippers vs. overnight visitors and length of stay
 - Average daily spending by category: food and beverage, retail/entertainment, transportation, lodging
- Based on factors such as:
 - Ticket sales of past RPCC events, and comparable facilities
 - Local and statewide tourism research
 - Typical characteristics of leisure and business travelers and associated events



Overview of Study Goal

- To quantify incremental impacts associated with development of a new arena



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Past RPCC Operations – Events and Attendance (2009-11 Averages)

	# of Events	Total Attendance	Average Attendance
Convention/Trade Shows	50	325,673	6,164
Sporting Events	91	338,645	3,701
Concerts	19	58,182	3,078
Entertainment Events	48	85,641	1,787
Public Events	192	308,066	1,570
Other Events	723	68,993	93
Total/Average	1,123	1,185,200	1,063
Total/Average - Not Including Other Events	400	1,116,207	2,791

Source: RPCC, AECOM



Past RPCC Operations – Ticket Sales by Geography

	% from Rapid City	% Non-Rapid City	Other
Rush Hockey, 2011-12	52%	48%	Sales from 37 states, Canada, and Puerto Rico
Concerts			
Blake Shelton, 2012	44%	56%	Sales from 30 states and Canada
Carrie Underwood, 2010	56%	44%	Sales from 31 states
Elton John, 2009	59%	41%	Sales from 24 states and Canada
Jeff Dunham, 2009	47%	53%	Sales from 20 states
Lorie Line, 2010	64%	36%	Sales from 6 states
Mannheim Steamroller, 2010	55%	45%	Sales from 18 states (incl. Wash. DC) and Canada
Miranda Lambert, 2011	36%	64%	Sales from 27 states
Rascal Flatts, 2011	48%	52%	Sales from 32 states and Canada
Sheryl Crow, 2011	59%	41%	Sales from 14 states
Taylor Swift, 2009	37%	63%	Sales from 35 states and Canada
Tonic Sol-Fa, 2009	77%	23%	Sales from 5 states
Willie Nelson, 2009	50%	50%	Sales from 23 states and Canada
Other Entertainment Events			
Broadway Series, 2010	55%	45%	Sales from 18 states
Disney on Ice, 2012	46%	54%	Sales from 25 states (incl. Wash. DC)
Playhouse Disney Live, 2009	48%	52%	Sales from 11 states
Extreme Enduro, 2010	70%	30%	Sales from 3 states
Monster Trucks, 2011	46%	54%	Sales from 7 states
Stock Show & Rodeo, 2011	31%	69%	Sales from 22 states and Canada
Spamalot, 2011	63%	37%	Sales from 7 states

Source: RPCC, AECOM

- The vast majority took place in non-tourism season



Past RPCC Operations – RPCC Revenues

	2009	2010	2011	Average
REVENUES				
TOTAL BUILDING RENTALS	1,135,379	1,068,891	1,065,381	\$1,089,884
EQUIPMENT RENTALS	148,702	149,852	150,256	149,603
TOTAL OTHER REVENUES	1,104,140	1,192,459	1,174,526	1,157,042
EVENT PROMOTION	56,089	71,190	84,159	70,479
TOTAL NON-OPERATING REVENUE	3,113,339	3,155,846	3,296,959	3,188,715
TOTAL REVENUE FROM CONCESSIONS	2,718,478	2,936,939	2,977,603	2,877,673
TOTAL REVENUES	\$8,276,126	\$8,575,177	\$8,748,884	\$8,533,396

Source: RPCC

- Not including ticket sales



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Two Future Scenarios

- #1 – “As-Is” Scenario
 - No significant changes to the current complex
- #2 – “New Arena” Scenario
 - Addition of new facility with 15,000 seats and 25 luxury suites
 - Multipurpose: could host sports (including football and soccer), entertainment, conventions/meetings, and other events
 - Includes a 2,000-space parking deck
 - Assumes new hotel development: 150 to 200 more rooms than the “as-is” scenario



Projected Demand for Future Scenarios

	2011 Actual			As-Is Scenario (2020)			New Arena Scenario (2020)		
	# of Events	Avg. Atten.	Total Atten.	# of Events	Avg. Atten.	Total Atten.	# of Events	Avg. Atten.	Total Atten.
Entertainment Events	46	1,422	65,412	40	1,422	56,880	58	2,742	159,012
Concerts	16	2,048	32,768	12	2,048	24,576	25	6,351	158,768
Sporting Events	99	3,839	380,061	85	3,839	326,315	161	3,708	597,061
Conventions/ Trade Shows	59	6,976	411,584	53	6,976	369,728	74	7,994	591,584
Public Events	177	1,152	203,904	168	1,152	193,536	203	1,273	258,504
TOTAL	397	2,755	1,093,729	358	2,712	971,035	521	3,388	1,764,929

Source: RPCC, AECOM



Projected Revenues for Future Scenarios

	2011 Actual		As-Is Scenario (\$ 2020)		New Arena Scenario (\$ 2020)	
	Gross Revenues	Net Revenues	Gross Revenues	Net Revenues	Gross Revenues	Net Revenues
Gross Ticket Sales	\$7,016,000	--	\$7,167,000	--	\$21,022,000	--
Rentals	1,366,000	1,366,000	691,000	691,000	2,393,000	2,393,000
Gross F&B/Novelties Sales	2,978,000	1,054,000	3,101,000	1,085,000	7,078,000	2,477,000
Event Promotion	84,000	84,000	122,000	122,000	122,000	122,000
Facility Advertising and Sponsorships	0	0	542,000	542,000	749,000	749,000
Reimbursements	590,000	590,000	415,000	415,000	1,436,000	1,436,000
Premium Seating	245,000	245,000	299,000	299,000	1,151,000	1,151,000
Parking	0	0	0	0	986,000	493,000
Other	6,000	6,000	5,000	5,000	14,000	14,000
	0	0	0	0	0	0
TOTAL	\$12,285,000	\$3,345,000	\$12,342,000	\$3,159,000	\$34,951,000	\$8,836,000

Source: RPCC, AECOM



Economic and Fiscal Impacts from Two Future Scenarios

- Direct spending from operations – Gross

	As-Is Scenario	New Arena Scenario
Gross Complex Revenue	\$12,342,000	\$34,951,000
Spending Outside the Complex & in Rapid City		
Lodging	\$6,897,000	\$11,207,000
Food and Beverage	\$33,951,000	\$58,219,000
Retail and Entertainment	\$21,528,000	\$37,373,000
Transportation and Other	\$13,184,000	\$22,251,000
Total Spending Outside the Complex	\$75,560,000	\$129,050,000
Total Gross Direct Spending - Inside and Outside of the Complex	\$87,902,000	\$164,001,000
# of Room Nights	84,967	138,062

Source: AECOM



Economic and Fiscal Impacts from Two Future Scenarios

- Direct spending from operations – Net

	Net to Rapid City	
	As-Is Scenario	New Arena Scenario
Inside the Complex	\$5,558,000	\$17,243,000
Outside the Complex		
Lodging	\$6,208,000	\$10,087,000
Food and Beverage	\$15,362,000	\$26,162,000
Retail and Entertainment	\$9,471,000	\$16,343,000
Transportation and Other	\$6,176,000	\$10,351,000
Total - Outside the Complex	\$37,217,000	\$62,943,000
Total Direct Spending	\$42,774,000	\$80,186,000
# of Room Nights	76,470	124,256

Source: AECOM



Economic and Fiscal Impacts from Two Future Scenarios

- Direct and indirect spending from operations – Net

	As-Is Scenario	New Arena Scenario
Total Net Direct Spending	\$42,774,000	\$80,186,000
Net Indirect Spending		
Inside the Complex	\$2,355,000	\$7,271,000
Outside the Complex		
Lodging	\$2,530,000	\$4,111,000
Food and Beverage	\$6,391,000	\$10,885,000
Retail and Entertainment	\$3,742,000	\$6,457,000
Transportation and Other	\$2,671,000	\$4,477,000
Total Indirect Spending	\$17,690,000	\$33,201,000
Total Spending - Direct and Indirect	\$60,464,000	\$113,387,000

Source: AECOM

- Rapid City multipliers are generally ~1.4



Economic and Fiscal Impacts from Two Future Scenarios

- Employment and income from operations – Net

	As-Is Scenario	New Arena Scenario
EMPLOYMENT		
<u>RPCC</u>		
Full-Time Equiv. Complex Operations Staff	122	134
<u>Outside of the RPCC</u>		
Lodging	39	63
Food and Beverage	261	447
Retail and Entertainment	131	228
Transportation and Other	67	113
Total Jobs (Full-Time Equivalent)	620	986
EARNINGS		
RPCC Operations - all FT and PT	\$4,382,000	\$4,820,000
Lodging	\$2,044,000	\$3,322,000
Food and Beverage	\$9,392,000	\$16,106,000
Retail and Entertainment	\$5,945,000	\$10,321,000
Transportation and Other	\$3,369,000	\$5,685,000
Total Earnings	\$25,132,000	\$40,254,000

Source: AECOM



Economic and Fiscal Impacts from Two Future Scenarios

- Fiscal impacts from operations – Net

	Taxable Sales	As-Is Scenario	New Arena Scenario	Recipient
City of Rapid City Sales Tax (2%)	Hotels, Retail, Tickets, F&B, Facility Labor and Equip. Rentals	\$991,000	\$1,856,000	City of Rapid City
BBB Sales Tax (1%)		\$496,000	\$928,000	75% to RPCC, 25% to CVB
State Tourism Sales Tax (1.5%)		\$743,000	\$1,392,000	SD Dept. of Tourism
State Sales Tax (4%)		\$1,982,000	\$3,712,000	State of South Dakota
CVB BID Tax (\$2/room night)	Overnight Accommodations (\$2/Room Night)	\$153,000	\$249,000	Rapid City CVB
Total		\$4,366,000	\$8,136,000	--

Source: AECOM



Economic and Fiscal Impacts from Two Future Scenarios

- Economic /Fiscal Impacts from Arena Construction – Net (“New Arena” Scenario Only)
- Assumes total cost of \$125 million

	New Arena Scenario
Labor Expenditures	\$36,476,000
Sales of Materials and Services	\$20,559,000
Employment	926
Fiscal Impacts - State Excise Tax Revenues	\$730,000

Source: AECOM



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	As-Is Scenario	New Arena Scenario	Incremental Impacts
Total Net Economic Impacts	\$60,464,000	\$113,387,000	\$52,923,000
Net Room Nights	76,470	124,256	47,786
Net Employment	620	986	366
Net Earnings	\$25,132,000	\$40,254,000	\$15,122,000
Total Net Fiscal Impacts	\$4,366,000	\$8,136,000	\$3,771,000
Net Construction Impacts			
Labor	\$0	\$36,476,000	\$36,476,000
Materials and Services	\$0	\$20,559,000	\$20,559,000
Employment	0	926	926
Fiscal Impacts - State Excise Tax Revenues	\$0	\$730,000	\$730,000

Source: AECOM

