

This section reviews the estimated impacts to the Lawrence economy and the development and operation of the proposed new venues. This section assesses the economic impact of constructing and opening these venues.

Economic impacts occur during the construction period and also during operations. The construction phase impacts are short-term effects, whereas the operational phase impacts long-term effects. The results of the economic impact analysis includes a breakdown of the direct and indirect impact in terms of employment, output (gross receipts), and personal earnings, providing the Lawrence community with an understanding of their relationship to the Lawrence economy. The three potential facilities analyzed in this economic impact assessment include:

1. A 40,656 square foot indoor ice arena
2. A 100,266 square foot indoor fieldhouse and
3. School District sports complex.

These facilities are described in more detail in other parts of this study.

Economic impacts are conveyed through measures of direct spending, total output, personal earnings, and employment. Therefore, the following key issues have been addressed in this section:

- Overview of Economic Impacts;
- Construction Related Impacts;
- Operations Related Impacts;
- Fiscal Impacts; and,
- Non-Quantifiable Economic Benefits.

The economic and fiscal impacts presented in this section represent the estimated net new impacts associated with a potential ice arena, an indoor fieldhouse and a school district sports complex. The results of this analysis are presented for the construction period, the first stabilized year of each facility's operation and 20 years of operations. All estimates are presented in 2007 dollars.

### Overview of Economic Impacts

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Economic impacts are typically conveyed through measures of direct expenditures, total output, personal earnings and employment. Changes in local tax revenues measure the fiscal impact. The measures of economic impact are defined below:

- Annual expenditures represent spending generated by the facilities including construction related spending on labor and materials as well as spending during the operations of each facility providing quantifiable benefits to Lawrence.

- Personal earnings represent the wages and salaries earned by persons constructing the facilities and operating and maintaining each facility upon completion.
- Employment is based on the number of persons associated with constructing the facility expressed in person years, or one year of full-time or part-time employment (2,080 annual hours) and associated with the on-going operation and maintenance of each facility.
- Local tax collections represent the receipts remitted to the City of Lawrence and Douglas County from retail sales expenditures generated by out-of-town (non-Lawrence) users and guest taxes remitted to the City of Lawrence from overnight lodging of these users while in Lawrence.

In order to estimate the incremental economic and fiscal impact benefits generated to the Lawrence economy, certain adjustments must be made to initial direct spending to reflect the fact that some spending is made by existing local residents and, therefore, merely a shift by residents of their discretionary expenditures and is not likely to impact the local economy. Therefore, this analysis is adjusted to reflect the net new direct spending impact on the local economy.

There is also an induced impact to the Lawrence and Douglas County economy resulting from the use of a multiplier as money flows through successive respending of the net new direct purchases by businesses and households in the local economy. Where calculated, the multiplier effect reflects money used over and over again for such things as wholesale industry purchases of food and beverages, utilities, and other expenditures indirectly benefiting local people and businesses. The multipliers used are dependent upon regional characteristics and the nature of the expenditures. This multiplier effect is not included in this analysis, but the amount routinely exceeds the new direct economic impact of a new facility or project.

**The net present value, in 2007 dollars, of the economic and fiscal impact from operations of the three facilities could approximate \$44.9 million in direct spending, supporting the equivalent of direct 22 full time jobs which could generate \$766,000 annually in personal earnings.**

Upon completion, it is estimated that these projects will produce a combined total of approximately \$710,000 in annual fiscal revenues for the City of Lawrence and Douglas County. **Over a 20-year period, the projected fiscal revenues will total approximately \$14.2 million.** These direct on-site annual fiscal revenues will comprise of sales tax and guest taxes. The following Table A summarized the net new direct impact on the Lawrence and Douglas County economy of the construction of each of the three facilities, their annual operation by the city and/or school district and the tourism activities and events at each facility.

**Table A**  
Summary of Economic Impact

Facility	Indoor Ice Arena	Fieldhouse	District Sports Complex
<b><u>Projected Attendance:</u></b>			
Lawrence	182,646	62,108	63,132
Non-Lawrence visitors	<u>100,674</u>	<u>228,280</u>	<u>267,769</u>
Total Annual Attendance	283,320	290,398	330,901
Net Annual Expenditures: (Non-Lawrence attendees)	\$5,420,050	\$17,998,272	\$20,998,026
<b><u>Local Tax Collections:</u></b>			
Annual Local Sales	\$90,075	\$205,065	\$237,932
Annual Guest Taxes	<u>\$77,165</u>	<u>\$391,045</u>	<u>\$455,070</u>
Total Annual Collections	<u>\$167,240</u>	<u>\$596,110</u>	<u>\$693,003</u>
<b><u>Personal Earnings:</u></b>			
Construction Wages	\$4,315,000	\$8,688,000	\$7,645,000
Annual Wages (on-going)	\$ 352,000	\$ 229,000	\$ 185,000
<b><u>Employment:</u></b>			
Construction (1 year only)	122.0	244.0	214.0
Direct Annual Operations	10.3+	6.4+	5.3+
<b><u>20 Year Totals:</u></b>			
<b><u>Expenditures</u></b>	\$108,401,000	\$359,965,440	\$419,960,500
<b><u>Local Tax Collections</u></b>	\$ 3,100,000	\$ 11,922,260	\$ 13,859,900
<b><u>Personal Earnings</u></b>	<u>\$ 11,287,000</u>	<u>\$ 11,834,000</u>	<u>\$ 7,019,000</u>
<b>TOTAL DIRECT IMPACT</b>	<b>\$122,788,000</b>	<b>\$383,721,700</b>	<b>\$440,839,400</b>
<b><u>Combined Totals:</u></b>			
Out-of-town Visitors	573,669 annual visitors		
Direct Impact: <u>20 years</u>	\$947,349,100.		
Direct Annual Employment	22+ jobs		
Annual Earnings	\$766,000.		
Construction Employment (limited time frame)	580 jobs		

## Construction Related Impacts

The impact of the construction phase is determined by the volume and nature of the construction expenditures. For purposes of this analysis, total identified project costs associated with the cost of construction of three proposed facilities are as identified in this study and below:

- Indoor Ice Arena: \$10,601,569.
- Indoor Fieldhouse: \$21,331,347.
- District Sports Complex: \$18,779,368.

A timetable for construction has not been determined. However, the impact of construction will be felt in Lawrence and Douglas County over the entire duration of the construction period. The following Table B summarizes the net economic impact estimated to occur during the construction period. These impacts will not recur on an on-going basis.

The direct economic impact of the facilities is the cost of construction, which is estimated to be a combined \$50.7 million. It is estimated that in total these three projects will generate approximately 580 construction jobs over the construction period. This figure was derived by dividing the cost of construction of each facility by the ratio of output per general construction worker in Douglas County. Table B summarizes the net new economic impact estimated to occur from the construction period and will not recur on an on-going basis.

**Table B**

### Net One-Time Economic Impacts

Venue	Indoor Ice Arena	Indoor Fieldhouse	District Sports Complex
Direct Spending	\$10,433,219	\$21,331,347	\$18,779,368
Direct Jobs	122	244	214
Personal Earnings (Construction wages)	\$4,315,000	\$8,688,200	\$7,645,000

Tax revenues generated during construction are expected to comprise primarily income tax receipts to the state. State income tax and state sales tax receipts are not included in these calculations. It is assumed that all of the materials purchased for construction of each facility will secure a local sales tax exemption. To the extent this does not occur, additional retail sales will be collected.

### Operations Related Impacts

The on-going operation of the facilities will impact the Lawrence and Douglas County economy in two ways - through the daily operation of each facility by the city and/or school district and through the influx of athletes, spectators and news media from outside Lawrence attending meets, tournaments, camps, practices and other special events. This section of this analysis deals with the on-going operation while the following section deals with the impact of associated tourism.

The direct annual impact of the operation of each facility ranges from \$185,000 to \$352,000. These figures include both full time and part time jobs as a result of constructing each facility. Through wages paid at each facility, each employee, in turn, will induce economic impact on the community through their expenditures.

**Table C**

#### Annual Operations Impacts

Venue	Indoor Ice Arena	Indoor Fieldhouse	District Sports Complex
Direct Employment	10.3 jobs	6.4 jobs	5.3 jobs
Annual Wages (on-going)	\$352,000	\$229,000	\$185,000

### Fiscal Impacts

The greatest potential impact resulting from the facilities is their impact on the community's visitor industry. To varying degrees, each facility would become a destination in Lawrence. Each facility would offer a combination of tournaments, leagues, camps, clinics and related events attracting several hundred thousand additional competitors and spectators.

According to data supplied by the Lawrence Convention & Visitors Bureau, during 2005 spending by visitors totaled approximately \$42 million generated by an estimated 752,446 visitors. Of these visitors, 56 percent were overnight guests and 44 percent were day trip visitors. Average spending per visitor was estimated at \$74.62 by overnight visitors and \$31.91 by day-trippers. Day-tripper direct spending includes food, beverages and other retail sales generating sales tax receipts to the City of Lawrence and Douglas County, while overnight visitors also contribute guest taxes to the City of Lawrence that make up 44 percent of the average daily expenditure.

Attendance for each facility includes individuals and teams engaged in tournaments, league games, camps, practices as well as public skating at the potential indoor ice arena. The following Table D "Estimated Event Attendance Levels" presents a summary of the event levels, total attendance and demand for the facilities in a stabilized year of operations.

Table D

## Estimated Event Attendance Levels

Venue	Events	Total Use Days	Average Attendance / Day	Total Attendance	Total Non-Lawrence
<b>Indoor Ice Arena</b>					
Public Skate	n/a	180	56	10,080	1,008
Tournaments	2	8	1,280	10,240	9,216
League Games	25	50	600	30,000	27,000
Camps/Clinics	10	20	400	8,000	7,200
Practices	150	150	1,500	225,000	56,250
<b>Total Indoor Ice Arena</b>	<b>187</b>		<b>3,836</b>	<b>283,320</b>	<b>100,674</b>
<b>Fieldhouse</b>					
<b>Basketball:</b>					
Tournaments	18	72	864	62,208	49,766
League Games	24	48	576	27,648	22,118
Camps	6	18	1,440	25,920	20,736
Practices	60	60	144	8,640	2,160
<b>Gymnastics:</b>					
Competitions	4	16	2,560	40,960	36,864
League Games	12	24	2,880	69,120	62,208
Camps	3	9	450	4,050	3,645
Practices	24	24	58	1,382	346
<b>Volleyball:</b>					
Tournaments	10	30	300	9,000	8,100
League Games	20	40	400	16,000	14,400
Camps	3	9	270	2,430	2,187
Practices	48	48	480	23,040	5,760
<b>Total Fieldhouse</b>	<b>232</b>		<b>10,422</b>	<b>290,398</b>	<b>228,290</b>

<b>Sports Complex</b>					
<b>Soccer:</b>					
Tournaments	3	12	1,920	23,040	18,432
League Games	10	20	2,800	56,000	44,800
Camps	3	9	27	243	194
Practices	36	80	192	15,360	3,072
<b>Baseball:</b>					
Tournaments	4	12	2,880	34,560	31,104
League Games	10	20	2,800	56,000	50,400
Camps	3	9	27	243	219
Practices	52	60	144	8,640	2,851
<b>Softball:</b>					
Tournaments	5	15	3,600	54,000	48,600
<b>Venue</b>	<b>Events</b>	<b>Total Use Days</b>	<b>Average Attendance / Day</b>	<b>Total Attendance</b>	<b>Total Non-Lawrence</b>
League Games	10	20	2,800	56,000	50,400
Camps	3	9	27	243	219
Practices	52	60	144	8,640	2,851
<b>Tennis:</b>					
Tournaments	3	12	1,200	14,400	12,960
League Games	1	2	200	400	360
Camps	6	18	54	972	875
Practices	30	30	72	2,160	432
<b>Total Sports Complex</b>	<b>231</b>		<b>18,887</b>	<b>330,901</b>	<b>267,769</b>

The sports complex would also house football games and practices. However, these attendees are already visiting Lawrence and are not included in these attendance levels since these persons would not be net new increase to Lawrence.

These total attendance figures include Lawrence residents. Therefore, in order to assess the net economic impact, attendance by Lawrence residents must be removed from the economic calculations. Table E “Estimated Non-Lawrence Annual Expenditures by Activity” projects the annual expenditures for non-Lawrence persons by use at each facility.



**Table E**

**Estimated Non-Lawrence Annual Expenditure By Activity**

FACILITY; Activity	ANNUAL EXPENDITURES
<u>Indoor Ice Arena</u>	\$ 5,420,052
<u>Fieldhouse</u>	
Basketball:	\$ 7,582,464
Gymnastics:	\$ 8,245,008
<u>Volleyball:</u>	<u>\$ 2,170,800</u>
<b>Total Fieldhouse</b>	<b>\$ 17,998,272</b>
<u>Sports Complex</u>	
Soccer:	\$ 5,178,560
Baseball:	\$ 6,634,757
Softball:	\$ 8,034,437
<u>Tennis:</u>	<u>\$ 1,150,272</u>
	\$
<b>Total Sports Complex</b>	<b>20,998,026</b>

The economic impact generated by each facility benefits the city and county governments from increased tax revenues. To prepare estimates of fiscal impacts, total tax revenues attributable to the direct spending generated by the development were estimated. Tax revenues are based on the current applicable tax rates. Future changes in these rates would have an impact on the resulting tax collections.

The sources of local tax revenue focused on in this report are outlined as follows:

- Sales taxes are assessed at a rate of 7.3 percent. Of this total, 5.3 percent is allocated to the state; 1.0 percent is allocated to Douglas County; and 1.0 percent is allocated to the City of Lawrence.
- Guest taxes are assessed at a rate of 5.0 percent, all of which is allocated to the City of Lawrence.

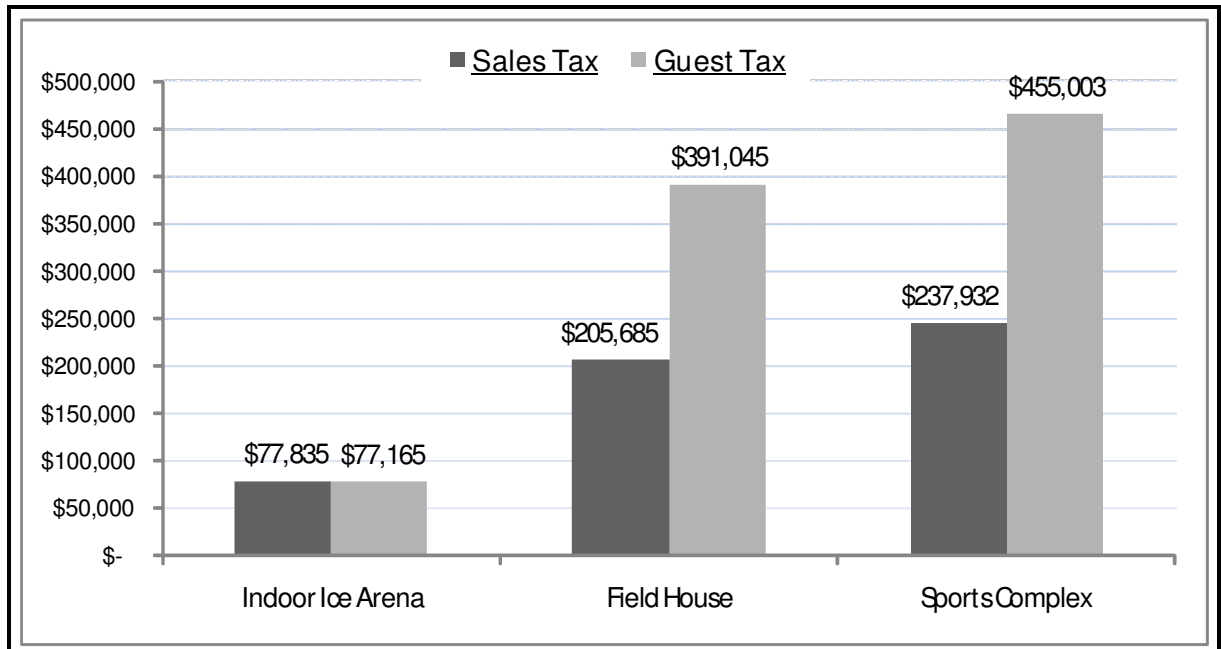
Since the facilities would be owned by the public and located on publicly owned land, the facilities would be exempt from property taxes. **The net present value, in 2007 dollars, of the fiscal impact from non-Lawrence visitors at the facilities ranges from \$5.4 million annually at the indoor ice arena to \$21 million annually at the district sports complex.**

Table F summarizes the new local fiscal impacts estimated to occur each year as a result of the on-going use of each facility. These revenues do not include user and admission fees paid at each facility reflected in the operations and maintenance budgets found elsewhere in this study.

**Table F**  
Annual Local Tax Revenues

Venue	Local Sales Taxes	Guest Taxes	Annual Total
Indoor Ice Arena	\$77,835	\$77,165	\$155,000
Indoor Fieldhouse	\$205,065	\$391,110	\$596,110
District Sports Complex	\$237,932	\$455,070	\$693,003

**Annual Fiscal Impact**



**Non-Quantifiable Economic Benefits**

Finally, the estimated impact of each facility does not include benefits that may be generated from other private sector developments surrounding each facility, such as restaurants, entertainment establishments and other retail. Additional tax revenues that may accrue to the public sector from such developments can be meaningful, but are difficult to predict given the private sector nature of such projects. Should such development take place, tax impact could include property taxes and other local taxes associated with private sector development.

In addition to the more quantifiable benefits, potential benefits for Lawrence could include:

- Enhanced economic growth and ancillary private sector development spurred by the operation of the facilities;
- Synergy with other entertainment facilities in Lawrence leading to increased tourism activity;
- Diversified, affordable entertainment alternatives for families in the community; and,
- Enhanced statewide and regional exposure.

In summary, the presence of one or more of these facilities would enhance Lawrence's reputation as a sports and tourism destination.