



Keyser Marston Associates (KMA) Evaluation of the Convention Sports & Leisure Economic & Fiscal Benefits Study



Background

- Convention Sports & Leisure (CS&L)
Prepared Economic and Fiscal Benefits
Study of 49ers Team and Proposed
Stadium (April 4, 2007)
 - Commissioned by San Francisco 49ers
 - Includes Benefits to City, County and State
- KMA Evaluation Completed June 1, 2007



KMA Assignment

- Evaluate Convention Sports & Leisure (CS&L) Study
- Focus on City of Santa Clara Benefits



Summary of Evaluation

- Generally Concur with CS&L Estimates
- Half of the Economic Benefits Estimated by CS&L are Existing Benefits of the Training Facility and Team Headquarters



Findings: Annual Benefits of Operation to City (\$2007s)

	<u>CS&L</u>	<u>KMA</u>
Economic Benefits		
Economic Activity	\$85 Million	Generally Concur
Employment (Full Time)	830 Employees	Generally Concur
Personal Earnings	\$38 Million	Generally Concur
General Fund Revenue	\$700,000	\$650,000

Note: Includes Direct, Indirect, and Induced benefits
Source: CS&L



Annual City of Santa Clara Benefits from Training Facility and Stadium (\$2007s)

	Total Per <u>CS&L</u>	Training Facility <u>(Existing)</u>	Stadium <u>(New)</u>	
Economic Activity	\$85	\$44	\$41	Million
Employment (FT)	830	315	515	Employees
Personal Earnings	\$38	\$21	\$17	Million
GF Revenue	\$0.7	Not Estimated	\$0.7	Million

Note: Amounts include direct, indirect, and induced impacts

Source: KMA with general concurrence by CS&L on methodology



What We Did

- Review CS&L study
- Review Confidential Backup Materials and Calculations from CS&L
- Follow up Meetings and Discussions with CS&L and the 49ers
- Consult Sports Economics Literature



Key Terminology

- *Economic Activity* – equivalent to gross revenues of a firm, also called “Output”
- *Personal earnings* - gross wage and salary income
- *Employment* – full and part time jobs
- *Types of Impacts*
 - *Direct* – team, stadium, concessionaires, hotels and retailers directly serving those attending events at the stadium.
 - *Indirect* – industries down the supply chain from those experiencing the direct impact.
 - *Induced* – household expenditure impacts of direct and indirect employees



Important Assumptions of Analysis

- Ability to Attract Non-49er Events (17 projected)
[1/2 of new economic benefits, 1/3 of GF revenue]
- Ability to Capture Out-of-Stadium Spending
(20% capture rate)
[1/3 of new economic benefits; 1/2 of GF revenue]
- Accuracy of IMPLAN model – less accurate for areas with significant in / out commuting. Potential to overstate household spending effects.



General Fund Revenue

Adjustments to CS&L Estimates (\$2007s)

CS&L Estimate (sales tax, hotel tax)	\$700,000
Remove Sales Tax on non-taxable items	(-) \$105,000
Reduce Optimistic Hotel Tax Estimate	(-) \$30,000
Add Property Tax In-Lieu of Vehicle License Fee (VLF)	(+) \$85,000
Adjusted Estimate (sales tax, hotel tax, VLF)	\$650,000



CS&L Findings Compared to Existing City Economy and General Fund Budget

	<u>Total</u>	Training Facility <u>(Existing)</u>	<u>Stadium</u>	
Economic Activity	0.2%	0.1%	0.1%	of existing
Employment	0.7%	0.3%	0.4%	of existing
Personal Earnings	0.3%	0.2%	0.1%	of existing
General Fund Rev.	0.5%	N/A	0.5%	of existing

Note: includes direct, indirect, and induced impacts

Sources: CS&L, KMA, Minnesota IMPLAN Group, Claritas, City of Santa Clara



CS&L Findings: One-Time Construction Benefits (\$2007s)

One-Time Economic Benefits *

Economic Activity	\$9 Million
Employment (Full Time)	80 Employees
Personal Earnings	\$4 Million

One-Time General Fund Revenue \$70,000

* Includes only those benefits which are associated with contractors and suppliers based in the City of Santa Clara.

Note: Estimates include direct, indirect, and induced impacts

Source: CS&L



Evaluation of Construction Impacts

1. CS&L Estimates Appear Reasonable
2. Only contractors / suppliers based in Santa Clara are included in the estimate
3. Sales tax estimate is probably conservative
 - Only off-site taxable sales are included.
 - Additional sales tax may also be generated on-site and would be available to the City (unless used to finance the stadium).



Sports Economics Literature

Key Findings / Critiques

	<i>Finding / Critique</i>	<i>Discussion</i>
1.	Deduct expenditures which immediately leak from local economy	CS&L has addressed
2.	Evaluate benefits compared to alternative uses of public resources	KMA has estimated benefits achievable with an office use
3.	Stadium construction is not a benefit if construction industry is at full capacity; just crowds out other projects	CS&L assumes not at full capacity, cannot be verified due to timing a few years out
4.	Statistically Insignificant/Negative Impacts at Regional Scale	Not Applicable to City benefits
5.	Include only net new spending	Vast majority is net new to the City



Annual Benefits Per CS&L Compared to Class A Office Building on Stadium Site

City of Santa Clara Benefits (\$2007s)	Team / Stadium* (Per CS&L)	Class A Office Building** (KMA est.)	Stadium as a % of Office
Economic Activity	\$85 M	\$360 M	24%
Employment (FT&PT)	920***	2,600	35%
Personal Earnings	\$38 M	\$160 M	24%
Fiscal Benefits	\$0.7 M	\$3.3 M	21%

*CS&L estimates include direct, indirect, and induced impacts

**Includes direct impacts only

***Full and part time employees. Equivalent to approximately 830 full time employees.

Sources: CS&L, City of Santa Clara, KMA, 2002 Economic Census



Questions?

