

Downtown Spokane Stadium

Economic Impact Study

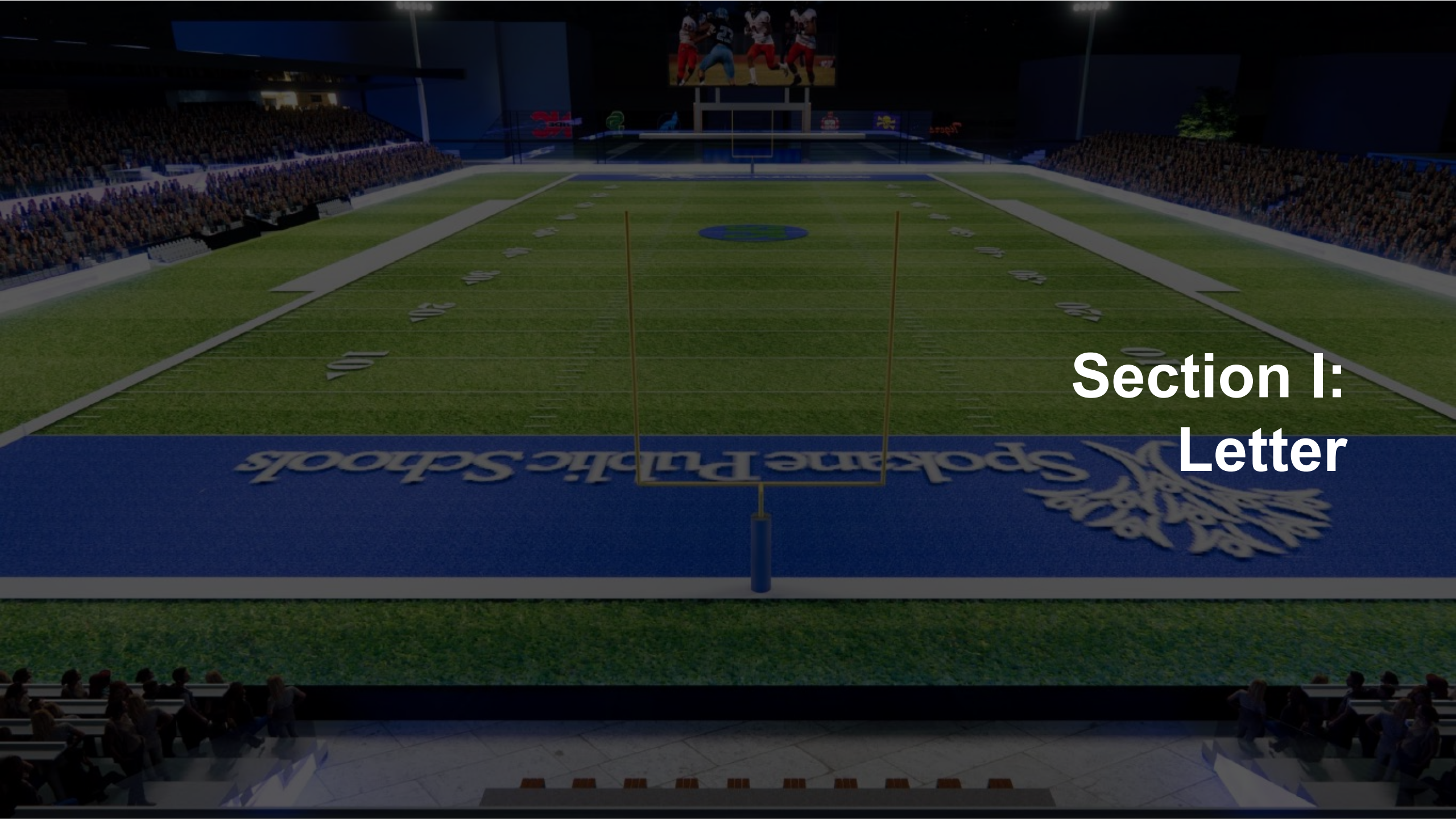
February 2021



**JOHNSON
CONSULTING**

Table of Contents

| | |
|--|-----------|
| Section I: Letter | 3 |
| Section II: Introduction | 5 |
| Section III: Market Overview | 7 |
| Section IV: United Soccer League Overview | 13 |
| Section V: Market Penetration & Demand | 16 |
| Section VI: Economic & Fiscal Impacts | 22 |



Section I: Letter

February 23rd, 2021

Mr. Mark Richard
President & CEO – Downtown Spokane Partnership
10 N. Post Street #400
Spokane, WA 99201

Re: Economic Impact Study for a New Stadium in Downtown Spokane

Dear Mr. Richard,

Johnson Consulting is pleased to submit this revised DRAFT report to the Downtown Spokane Partnership (“Client”) detailing our economic impact analysis for the proposed 5,000 seat multipurpose stadium development in downtown Spokane to host high school football and USL soccer, among other sports, entertainment and community events. By performing background research on the general market and gathering data around United Soccer League trends in relation to the number of events at existing USL stadiums as well as performed a market penetration analysis to project potential attendance and demand for events at the proposed multipurpose downtown stadium to determined the economic impact the venue would bring to Spokane and the greater community.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. As the scale of the global COVID-19 pandemic impact is still uncertain, our report outlines our assumptions based on experience from previous economic disruptions, but the actual impact will not be known for the foreseeable future. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable, but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between projected results and actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the Clients’ internal use and cannot be used for project underwriting purposes without Johnson Consulting’s written consent.

Sincerely yours,

DRAFT

C.H. JOHNSON CONSULTING, INC.



Section II: Introduction

Section II – Introduction

The Downtown Spokane Partnership (“Client”) engaged Johnson Consulting to conduct an economic impact study for a new 5,000 seat multipurpose stadium in Spokane, WA. The report that follows will present findings from the study. To perform this study, we analyzed the demographic characteristics of the Spokane marketplace in comparison to other similar markets of the United Soccer League (USL), performed comparable market and peer facility analysis, and provided a trend review of similar downtown stadiums in the USL. Johnson Consulting also undertook a market penetration analysis, which included demand projections, economic and fiscal impact projections to assess what a new downtown stadium may mean for the community and its residents.

OBJECTIVES OF THE STUDY

Johnson Consulting has undertaken a program of services designed to accomplish the following major objectives:

- To provide a market analysis for a multipurpose stadium in Spokane.
- To project the potential demand at a new multipurpose stadium.
- To project the economic and fiscal impact a new multipurpose stadium in downtown Spokane may have on the community.



Section III: Market Overview

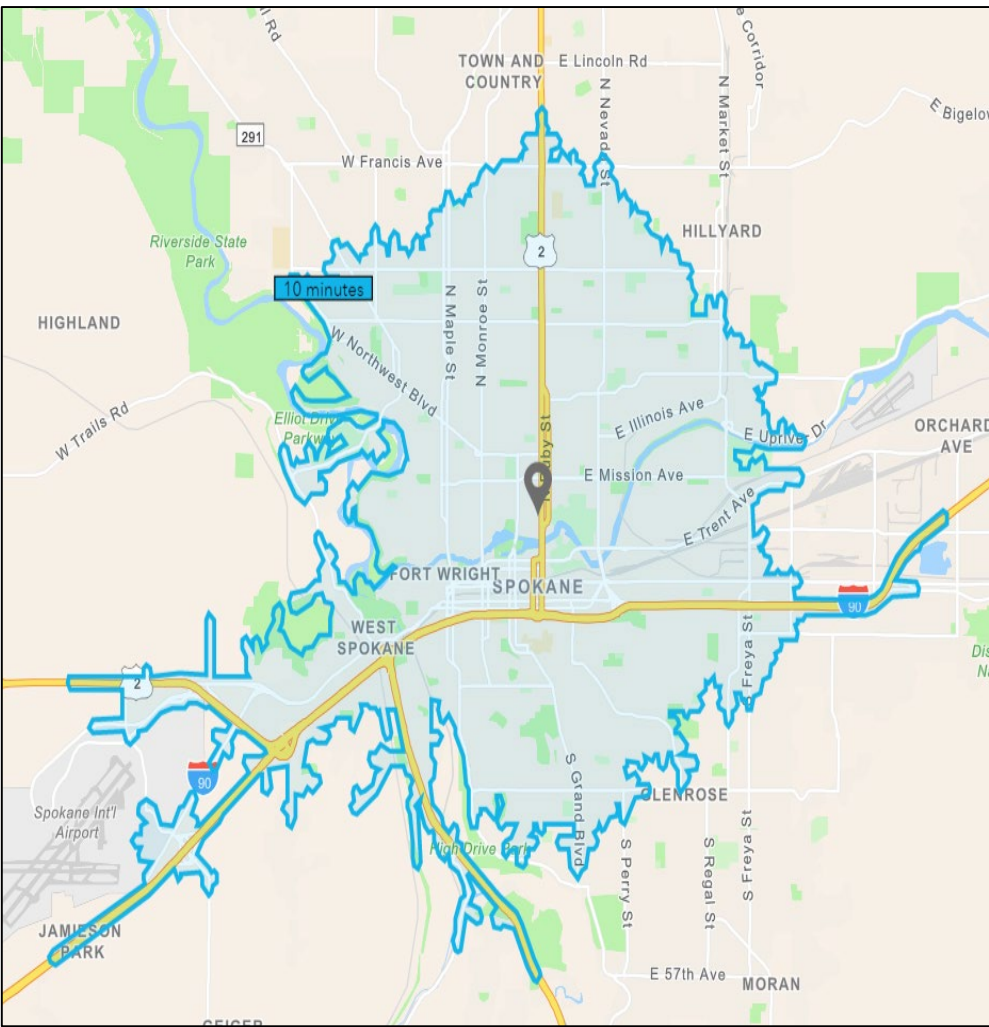
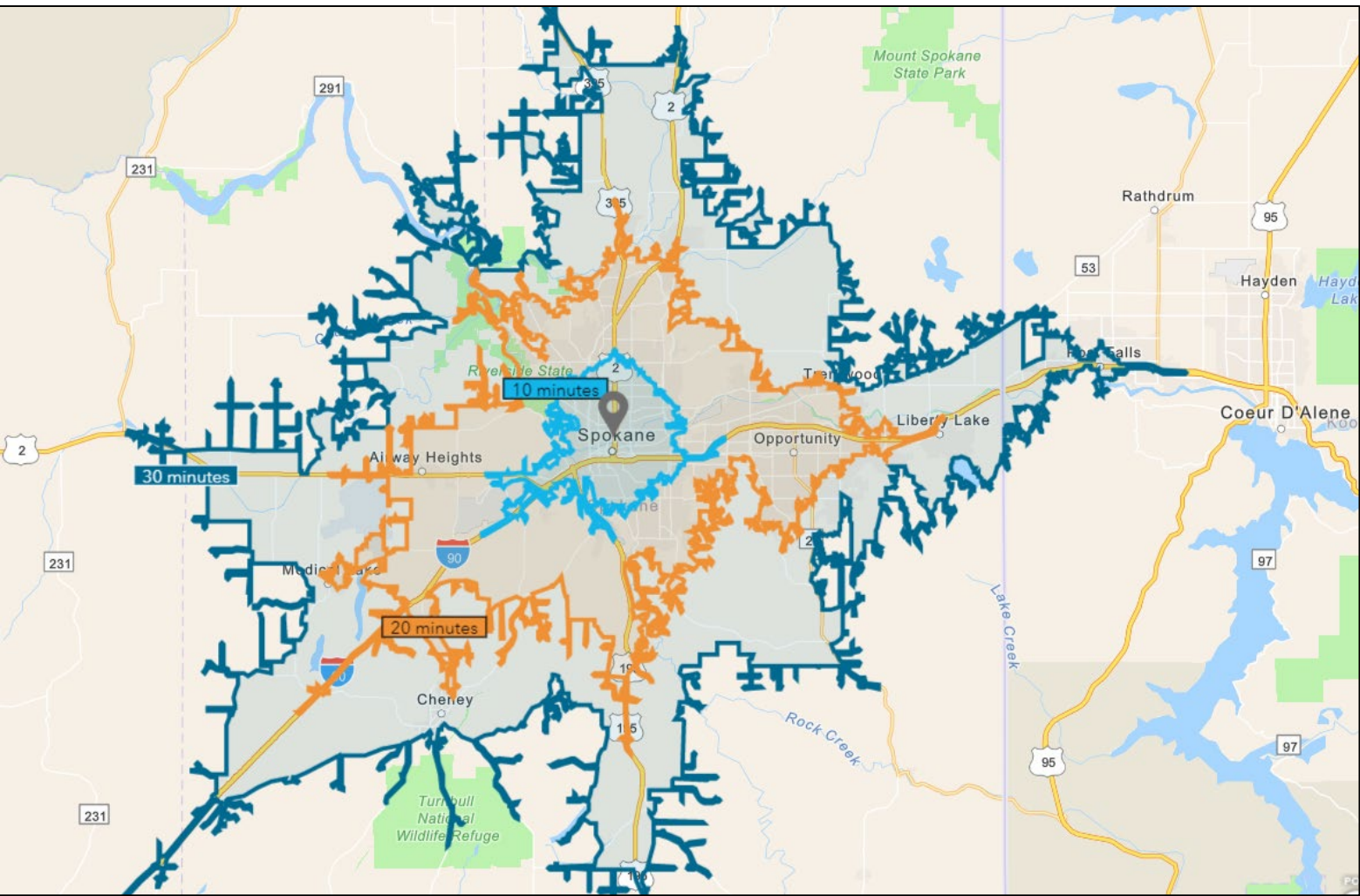
Section III – Market Analysis

To analyze the market opportunity for the proposed multi-use stadium in Downtown Spokane, Washington, Johnson Consulting undertook a detailed analysis of market conditions in Spokane and the surrounding areas relative to state and national averages. While characteristics such as population, employment, and income are not strict predictors of performance for a stadium, these variables provide insight into the capacity and ability of a market to provide ongoing support for venues and activities. In addition, the size and role of a marketplace, its civic leadership, corporate presence, proximity to other metropolitan areas, transportation concentrations, and the location of competing or complementary attractions directly influence the scale and quality of new venues that can be supported within a particular market.

The objective of this analysis is to assess the strength of the Spokane market and its ability to support a multiuse stadium for both high-school football and USL soccer as well as other sporting events such as lacrosse and rugby. While this stadium is expected to be primarily sports focused, it can also be used for other events such as concerts, festivals, and community events. The subject site is located in downtown Spokane, and sits on an approximate 1-acre of land, which is bordered by Boone avenue to the north, Howard street to the west, Dean avenue to the south, and Washington street to the east. The site is located directly adjacent to both the Spokane Arena as well as the Spokane Regional Sportsplex, which is set to open in 2021 and will include 10 basketball courts and 17 volleyball courts. This stadium has the potential to work well with both of these facilities and create a truly unique downtown stadium experience for residents and visitors that is not found in many markets around the United States today.

The following page presents a map of the primary users and spectators of a potential downtown stadium in Spokane, which we determined to be within a 10, 20, and 30-minute drive time. Within this primary user and spectator group, there is a population of over 500,000 people. Spokane is also located in north-east Washington and within driving distance of many major metropolitan markets, including Seattle, Tacoma, Portland, Tri-Cities, Coeur d'Alene, and Missoula, among many others. Within a 4-hour drive time, this stadium has access to approximately 6.5 million people. This makes Spokane an attractive market from both a local and regional perspective, which is critical in supporting a stadium such as the one proposed.

Section III – Local Economics and Demographics



Section III – Historic, Current, and Future Trends

In general, a strong local population base is important as local residents, within a 30-minute drive time, will be the primary users and spectators for events at a stadium. Looking at the city of Spokane, they have a current population of 231,598 people, which represents a growth of 10.4% over the last 10-years. Looking forward, this population is expected to grow at 4.8% by 2025. This rate is higher than the national average of 3.6%.

Income characteristics of the local market are a key indicator of the ability to support sports facilities. In general, higher income levels lead to greater amounts of disposable income that can be spent on non-essential items, such as recreation, sports and entertainment. Spokane currently has a median household income of \$51,504. This is lower than the average MHI of both the United States (\$62,203) and the state of Washington (\$76,403). Looking to 2025, the primary target market for attendance within 10-minute drive from the proposed site is project to have a MHI growth of .34% annually, which is inline with the projected MHI growth for the state.

Spokane’s median age is younger than the national average. This is a positive for a stadium as younger people are more likely to attend events there. This also corresponds to household growth. By 2025, Spokane is expected to have 101,600 total households, which is a growth of almost 5% from currently.

| Spokane USL | | | | | | |
|---------------------------------------|-----------------|-------------|-------------|-------------|-------|-------------------|
| Key Economic & Demographic Statistics | | | | | | |
| | | 2010 | 2020 | 2025 | CAGR | +National Average |
| Population | United States | 308,745,538 | 333,793,107 | 346,021,282 | 0.46% | |
| | Washington | 6,724,540 | 7,741,427 | 8,258,228 | 0.83% | ✓ |
| | Spokane | 209,762 | 231,598 | 242,802 | 0.59% | ✓ |
| | 10-minute drive | 126,174 | 137,235 | 143,256 | 0.51% | ✓ |
| | 20-minute drive | 342,507 | 387,257 | 410,071 | 0.72% | ✓ |
| | 30-minute drive | 445,329 | 510,019 | 542,786 | 0.79% | ✓ |
| Median Income | United States | - | \$62,203 | \$67,325 | 0.32% | |
| | Washington | - | \$76,403 | \$83,271 | 0.34% | ✓ |
| | Spokane | - | \$51,504 | \$54,811 | 0.25% | |
| | 10-minute drive | - | \$45,369 | \$49,432 | 0.34% | ✓ |
| | 20-minute drive | - | \$54,144 | \$57,774 | 0.26% | |
| | 30-minute drive | - | \$57,486 | \$62,177 | 0.31% | |
| Median Age | United States | 37.1 | 38.5 | 39.3 | 0.23% | |
| | Washington | 37.2 | 38.7 | 39.3 | 0.22% | |
| | Spokane | 35.0 | 37.2 | 38.1 | 0.34% | ✓ |
| | 10-minute drive | 33.8 | 36.2 | 37.2 | 0.38% | ✓ |
| | 20-minute drive | 35.7 | 37.5 | 38.4 | 0.29% | ✓ |
| | 30-minute drive | 36.2 | 37.9 | 38.9 | 0.29% | ✓ |
| Households | United States | 116,716,292 | 126,083,849 | 130,658,485 | 0.45% | |
| | Washington | 2,620,076 | 3,002,804 | 3,202,559 | 0.81% | ✓ |
| | Spokane | 87,607 | 96,789 | 101,600 | 0.59% | ✓ |
| | 10-minute drive | 53,048 | 57,862 | 60,547 | 0.53% | ✓ |
| | 20-minute drive | 140,185 | 158,375 | 167,850 | 0.72% | ✓ |
| | 30-minute drive | 177,520 | 203,166 | 216,302 | 0.79% | ✓ |

Sources: Esri, Johnson Consulting

Section III – Support Infrastructure

In order for sports tourism facilities to be successful – and to get visitors to come back more than once – there must be tourism infrastructure and assets in place. For instance, an adequate hotel supply is critical, but so is the type of hotel (limited services are preferred by sports tourists), the average daily rate (on average \$100 or less), the location of the hotels relative to the sports facility (less than 15-minute drive is preferred), and last but not least the ability to secure room blocks and book well enough in advance. Occupancy rates of hotels, as well as their seasonality is important in terms of when communities can host large events.

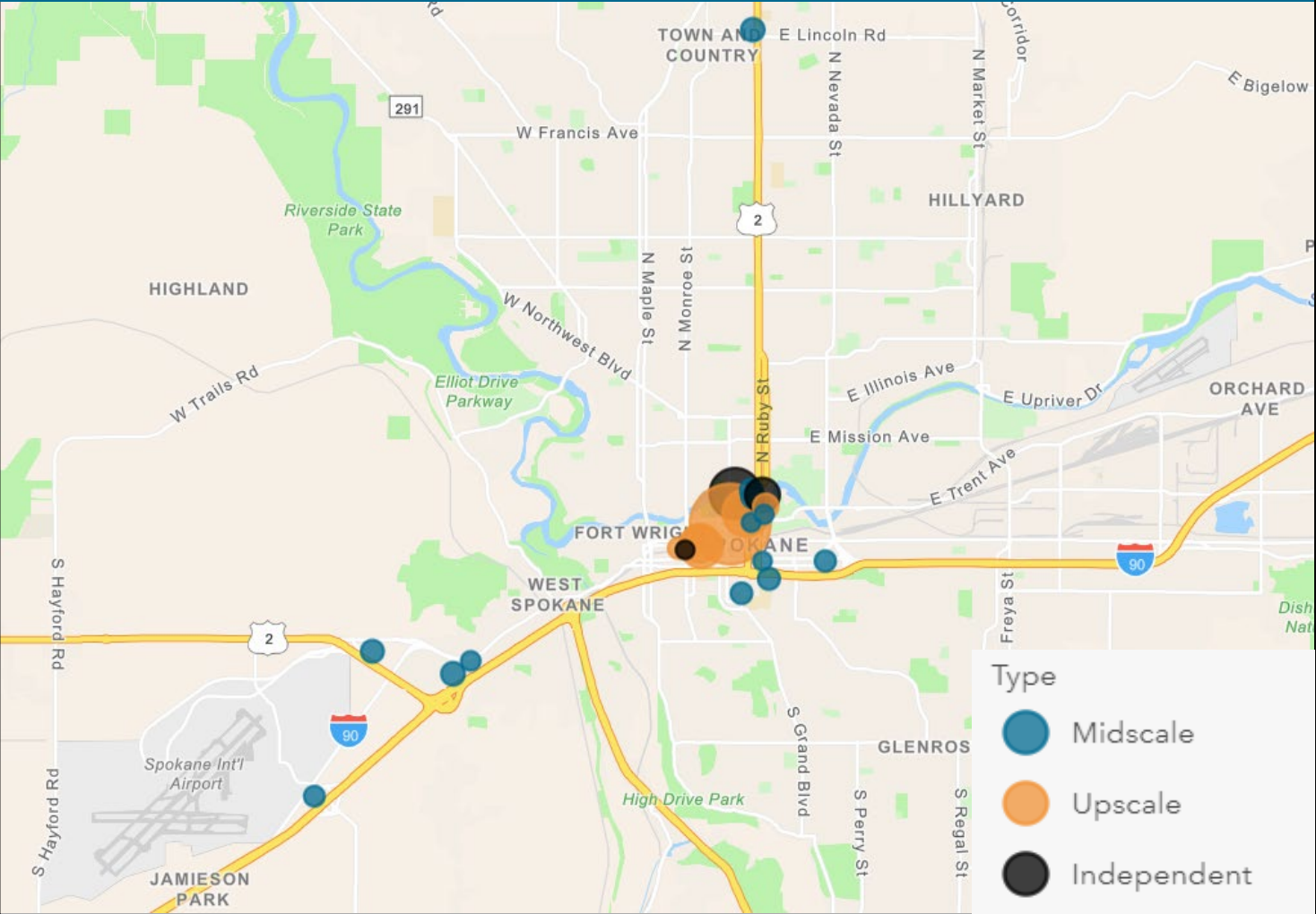
In total, within a 5-mile radius of the downtown stadium site, there are 4,079 hotel rooms spread across 22 hotels that would qualify as tourism centered hotels. A majority of the hotels that were examined were mid to upscale hotels with large room counts, which is what visitors to a potential stadium event would prefer. It is also a positive that the largest hotel is also the closest, with the Centennial Hotel having 411 rooms and only being located .4 miles from the site. The following page provides a map of the hotels within a 5-mile radius as well as a snapshot of the downtown hotel cluster.

| Hotel Inventory (75+ Rooms) (5-Mile Radius) | | | |
|--|--------------|-------------|--------------------|
| Hotel | # of Rooms | Type | Distance from Site |
| The Centennial Hotel Spokane | 411 | Independent | 0.4 |
| The Davenport Grand | 716 | Upscale | 0.5 |
| DoubleTree by Hilton Spokane City Center | 375 | Upscale | 0.5 |
| Oxford Suites Spokane | 125 | Midscale | 0.5 |
| Holiday Inn Express Downtown Spokane | 119 | Midscale | 0.6 |
| The Historic Davenport | 284 | Upscale | 0.6 |
| Ruby River Hotel | 245 | Independent | 0.6 |
| Davenport Tower | 328 | Upscale | 0.6 |
| Best Western Plus City Center Spokane | 81 | Midscale | 0.6 |
| Courtyard Spokane Downtown Convention Center | 149 | Upscale | 0.7 |
| Hotel Indigo Spokane | 108 | Upscale | 0.7 |
| Fairfield Inn and Suites Spokane Downtown | 84 | Midscale | 0.7 |
| La Quinta Inn and Suites Spokane Downtown | 79 | Midscale | 1 |
| Hampton by Hilton Inn and Suites Downtown | 109 | Midscale | 1.2 |
| Quality Inn Downtown | 114 | Midscale | 1.2 |
| Ramada Downtown | 105 | Midscale | 1.5 |
| The Madison Inn | 79 | Independent | 1.5 |
| Quality Inn and Suites Airport | 88 | Midscale | 2.9 |
| Hampton Inn Spokane | 130 | Midscale | 3.2 |
| Holiday Inn Spokane Airport | 122 | Midscale | 3.7 |
| Quality Inn Oakwood Spokane | 128 | Midscale | 4.5 |
| Best Western Plus Peppertree Airport | 100 | Midscale | 4.9 |
| TOTAL | 4,079 | | 32.60 |
| AVERAGE | 185 | | 1.48 |

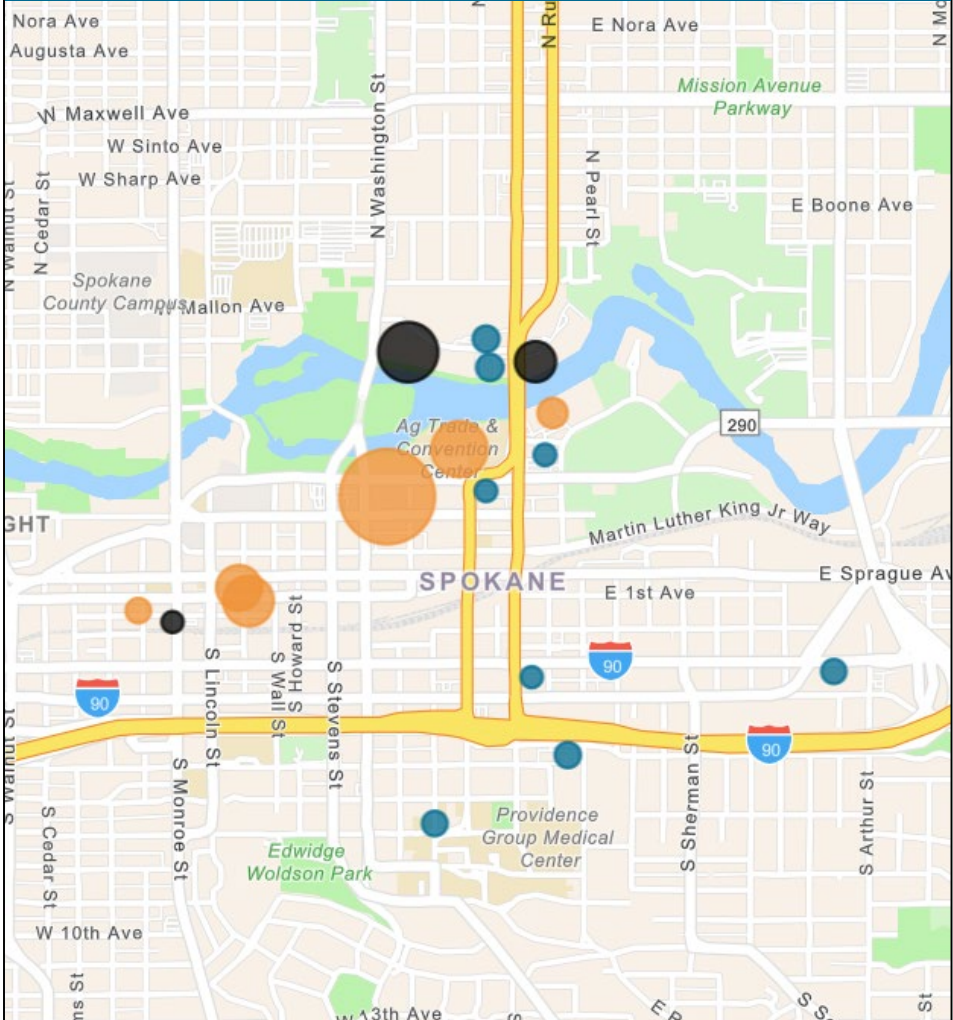
Source: STR, Johnson Consulting

Section III – Hotel Inventory

All Hotels – Spokane (5-Mile Radius)



Downtown Cluster





Section IV: USL Overview

Section IV – USL Overview



Occupies Division II of Pro Soccer

35 Clubs in 2020

More than doubled in size since 2014

Featuring Market Populations from 500k to 4M+

Representation in 27 of the top 50 MSAs

Season Runs from March to November

34 regular season matches + playoffs

Occupies Division III of Pro Soccer

12 Clubs in 2020

Expected to grow to 25-30 teams within 5 years

Featuring Market Populations from 150k to 1M+

Bringing pro soccer to mid-sized markets across the U.S.

Season Runs from March to October

28 regular season matches + playoffs

Section IV – Downtown Stadium Development Trends

Under construction/approved



Attendance:

3.1M in 2019  **180%** increase since 2015

Proposed



5+ announcements coming soon

Stadium-Anchored Developments:

> \$1B





Section V: Market Penetration and Demand

Section V – Market Penetration Analysis

Johnson Consulting completed a market penetration analysis in order to formulate assumptions for total demand relative to the market size. The findings from this analysis break down the Spokane market within a 10-minute, 20-minute, and 30-minute drive time from the stadium site, which was used because it was determined to be the target market for a new soccer specific stadium. Because Spokane is projected to increase at approximately 14 percent over the next five years, this analysis projects current demand as well as 2025 demand for the percentage of people that attend sporting events.

Identifying the size and type of target market for Spokane is crucial. This helps to determine the total possible fans that a proposed USL franchise could draw as well as how many fans attend Spokane Public School events. Our analysis determined the total potential market, or people within the age range 5-64, was 107,876 within a 10-minute drive, 298,186 within a 20-minute drive, and 393,798 within a 30-minute drive. It is important to recognize that not everyone ages 5-64 will attend a sporting event. That is why these numbers were multiplied by the percentage of the population that has attended sporting events over the past year, which was determined to be 14%, 15.3%, and 16.3% for a 10, 20, and 30-minute drive time. This was determined to be 15,103 people within 10-minutes, 45,622 people within 20-minutes, and 64,189 within 30-minutes.

The following page presents the calculations of how Johnson Consulting arrived at the total potential market penetration for a stadium with a 10, 20, and 30-minute drive time. It is important to note, that although this market penetration allows for greater understanding into the potential demand, proper management and marketing of the proposed stadium are both critical factors to the proposed stadium's overall success in attracting attendance.

Section V – Market Penetration Analysis

| Target Market Demand | | | | | | | | | | |
|----------------------|--|----------|-----------|-----------|-----------|-----------|-----------|------------------------|--|--------------|
| 10-Minute | Target Primary Market Area Demand: Ages 5 - 64 | | | | | | | | | |
| | Year | Age 5-14 | Age 15-24 | Age 25-34 | Age 35-44 | Age 45-54 | Age 55-64 | Total Potential Market | % Of Population that attends sporting events | Total Market |
| | 2020 | 15,726 | 20,755 | 21,327 | 18,140 | 15,454 | 16,474 | 107,876 | 14.0% | 15,103 |
| | 2025 | 16,035 | 21,946 | 20,834 | 18,980 | 16,158 | 15,922 | 109,875 | 14.0% | 15,383 |
| 20-Minute | Target Primary Market Area Demand: Ages 5 - 64 | | | | | | | | | |
| | Year | Age 5-14 | Age 15-24 | Age 25-34 | Age 35-44 | Age 45-54 | Age 55-64 | Total Potential Market | % Of Population that attends sporting events | Total Market |
| | 2020 | 46,226 | 52,950 | 57,728 | 49,385 | 44,230 | 47,667 | 298,186 | 15.3% | 45,622 |
| | 2025 | 47,885 | 56,008 | 57,898 | 53,883 | 46,170 | 46,275 | 308,119 | 15.3% | 47,142 |
| 30-Minute | Target Primary Market Area Demand: Ages 5 - 64 | | | | | | | | | |
| | Year | Age 5-14 | Age 15-24 | Age 25-34 | Age 35-44 | Age 45-54 | Age 55-64 | Total Potential Market | % Of Population that attends sporting events | Total Market |
| | 2020 | 61,897 | 70,696 | 72,456 | 63,262 | 59,837 | 65,650 | 393,798 | 16.3% | 64,189 |
| | 2025 | 64,494 | 73,552 | 73,649 | 70,056 | 61,692 | 64,173 | 407,616 | 16.3% | 66,441 |

Source: Esri BAO, Johnson Consulting

Section V – Market Penetration Analysis

Johnson Consulting used the target market demand analysis to project the total penetration that a stadium could realistically have within a 10, 20, and 30-minute drive time – the likely distance of a majority of USL spectators. The estimated market penetration was 5%, which is inline with the historical penetration percentage for existing USL venues. These penetration rates were determined using a number of factors, with the largest one being that this will be the only outdoor stadium in Spokane capable of hosting Spokane Public School events and USL games.

With that, the total penetration was determined to be 3,209 people – 755 within 10-minutes, 1,526 within 20-minutes, and 928 within 30-minutes.

| Final Demand Analysis - CHJC Final Projected Penetration | | | | | |
|--|--|--------------|----------------------|------------------------------|-------------------|
| 10-Minute | Target Primary Market Area Demand: Ages 5 - 64 | | | | |
| | Year | Total Market | Total NET Population | Estimated Market Penetration | Total Penetration |
| | 2019 | 15,103 | 15,103 | 5% | 755 |
| | 2024 | 15,383 | 15,383 | 5% | 769 |
| 20-Minute | Target Primary Market Area Demand: Ages 5 - 64 | | | | |
| | Year | Total Market | Total NET Population | Estimated Market Penetration | Total Penetration |
| | 2019 | 45,622 | 30,520 | 5% | 1,526 |
| | 2024 | 47,142 | 31,760 | 5% | 1,588 |
| 30-Minute | Target Primary Market Area Demand: Ages 5 - 64 | | | | |
| | Year | Total Market | Total NET Population | Estimated Market Penetration | Total Penetration |
| | 2019 | 64,189 | 18,567 | 5.0% | 928 |
| | 2024 | 66,441 | 19,299 | 5.0% | 965 |
| Total Penetration (NET) | | | | | 3,209 |

Source: Esri BAO, Johnson Consulting

Section V – Demand Projections

The demand projections presented below rely upon historical events and attendance at benchmark USL franchises as well as Spokane Public Schools. In some cases, where data could not be provided to us on a historical level, Johnson Consulting relied upon assumptions based on comparable facilities and/or industry best practices. Important to note, per PFD’s discussions with a third party national promoter it was suggested that the number of concert events was significantly lower than demand indicated. Johnson Consulting has modified number of concert events throughout, however in an effort to remain conservative a reduced number has been projected. The projections focus on revenue generating events and do not include non-revenue generators such as practices or team training. Please note, however, that our event projections take such events into account when considering the overall availability of the stadium for outside events.

The projected total number of events at the new stadium is expected to reach 86 in Year 1, increasing to 92 events in Year 5 (stabilization year). This is in-line with comparable venues for revenue generating events in a calendar year, with the exception of the proposed 45 SPS events. The largest consumer of events days at the stadium will be Spokane Public School events and USL games, including 17 regular & post season and 2 exhibition games.

| Spokane Downtown Stadium Projected Schedule of Events by Category and Year | | | | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| USL Events | | | | | | | | | | |
| Home Soccer Games | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Home Exhibition Games | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Spokane Public Schools | | | | | | | | | | |
| Spokane School Events | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Community Special Events | | | | | | | | | | |
| Concerts | 7 | 8 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |
| Community Festivals | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Miscellaneous Special Events | 12 | 12 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 |
| Total | 86 | 87 | 89 | 90 | 92 | 92 | 92 | 92 | 92 | 92 |

Source: Johnson Consulting

Section V – Demand Projections

Our attendance projections are based off historical USL attendance, as new stadiums will typically experience an uptick in attendance in its first few years of operations before stabilizing around Year 4 or Year 5. The adjacent figure provides a breakdown of the projected annual paid attendance at the new stadium. We project total paid attendance at the stadium to be approximately 156,250 in Year 1, increasing to approximately 196,732 in Year 5. Most of this demand, as expected, will come from USL, Concerts, and Spokane Public School events.

In order to project accurate spending at stadium events, we also assume a percentage of no-shows per event as well as comped tickets to USL games. The adjacent figure provides the total annual turnstile attendance for the new stadium, or the total figures for the actual number of attendees to events. We project total turnstile attendance at the stadium to be approximately 158,445 in Year 1, increasing to approximately 191,105 in Year 5. This number accounts for ticket comps as well as fans that bought tickets, but could not make it to the game. This number will give a better interpretation of other spending considerations including concession and merchandise sales.

| Spokane Downtown Stadium Projected Paid Attendance by Category and Year | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| USL Events | | | | | | | | | | |
| Home Soccer Games | 51,000 | 52,000 | 53,100 | 54,100 | 55,200 | 56,300 | 57,400 | 58,600 | 59,800 | 60,900 |
| Home Exhibition Games | 4,000 | 4,100 | 4,200 | 4,200 | 4,300 | 4,400 | 4,500 | 4,600 | 4,700 | 4,800 |
| Spokane Public Schools | | | | | | | | | | |
| Spokane School Events | 33,750 | 34,425 | 35,114 | 35,816 | 36,532 | 37,263 | 38,008 | 38,768 | 39,544 | 40,334 |
| Community Special Events | | | | | | | | | | |
| Concerts | 52,500 | 61,200 | 70,200 | 71,600 | 81,200 | 82,800 | 84,500 | 86,200 | 87,900 | 89,600 |
| Community Festivals | 3,000 | 3,100 | 3,100 | 4,200 | 4,300 | 4,400 | 4,500 | 4,600 | 4,700 | 4,800 |
| Miscellaneous Special Events | 12,000 | 12,200 | 13,500 | 13,800 | 15,200 | 15,500 | 15,800 | 16,100 | 16,400 | 16,700 |
| Total | 156,250 | 167,025 | 179,214 | 183,716 | 196,732 | 200,663 | 204,708 | 208,868 | 213,044 | 217,134 |

Source: Johnson Consulting

| Spokane Downtown Stadium Total Annual Turnstile Attendance | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Turnstile | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
| USL Events | | | | | | | | | | |
| Home Soccer Games | 57,375 | 60,244 | 63,256 | 57,375 | 58,523 | 58,523 | 58,523 | 58,523 | 58,523 | 58,523 |
| Home Exhibition Games | 4,950 | 4,950 | 4,950 | 4,950 | 4,950 | 4,950 | 4,950 | 4,950 | 4,950 | 4,950 |
| Spokane Public Schools | | | | | | | | | | |
| Spokane School Events | 30,375 | 30,375 | 30,375 | 30,375 | 30,375 | 30,375 | 30,375 | 30,375 | 30,375 | 30,375 |
| Community Special Events | | | | | | | | | | |
| Concerts | 51,975 | 60,588 | 69,525 | 70,915 | 80,371 | 80,371 | 80,371 | 80,371 | 80,371 | 80,371 |
| Community Festivals | 2,970 | 3,029 | 3,090 | 4,202 | 4,286 | 4,286 | 4,286 | 4,286 | 4,286 | 4,286 |
| Miscellaneous Special Events | 10,800 | 10,800 | 11,700 | 11,700 | 12,600 | 12,600 | 12,600 | 12,600 | 12,600 | 12,600 |
| Total | 158,445 | 169,986 | 182,896 | 179,518 | 191,105 | 191,105 | 191,105 | 191,105 | 191,105 | 191,105 |

Source: Johnson Consulting



Section VI: Economic Impact

Section VII –Economic & Fiscal Impact Analysis

Economic impact is defined as added spending in an economy that is the direct result of certain activities, facilities, or events. This report analyzes the total economic and fiscal benefit that is being generated by the proposed Downtown Stadium in Spokane, Washington. There are all kinds of economic, social, economic development, and image benefits that happen as the result of the presence and operation of such sports facilities. This analysis quantifies the effect of the spending of visitors to these attractions, as well as the business operation of the facilities, based on the projected usage and visitation to the stadium.

While these are mathematical calculations, which are based on experience seen in numerous other settings, perhaps the most important thing to visualize is what will happen to Spokane as a community. It will have a major influence on the economy of Spokane and it will enhance the regional role of the City and influence adjacent development opportunities. This analysis shows how the proposed sports complex could help the economy and community in general.

Johnson Consulting entered direct spending into the nationally recognized input-output model “Impact Analysis for Planning” (IMPLAN) to estimate economic impacts. The model produces estimates of:

- **Economic spending**, which is defined as the total value of industry production that results from an activity. It includes both gross domestic product and spending to produce intermediate goods.
- **Employee compensation**, which is defined as the total payroll cost paid by an employer, including wages, all benefits, and employer paid payroll taxes.
- **Jobs**, which are defined differently for one-time construction and ongoing activities. One-time construction jobs represent the amount of work completed by one person in one year. Ongoing jobs represent full-time equivalent employees on an annual basis.

Section VII – Economic & Fiscal Impact Definitions

The levels of impact are described as follows:

- **Direct Spending** – is an expression of the spending that occurs as a direct result of the games and events that occur at sports complexes. For example, a tournament game attendee's expenditure on hotel rooms, shopping, and meals are direct spending.
- **Indirect Spending** – consists of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending in the sports complex. For example, a sports complex participant's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as indirect spending.
- **Induced Spending** – represents changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the sports tournament attendee's visit. The amount of the increased income the waiter spends in the local economy is called induced spending.
- **Increased Earnings** – measures increased employee and worker compensation related to the project being analyzed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expresses how the employees of local businesses share in the increased outputs.
- **Employment** – measures the number of jobs supported in the study area related to the spending generated as a result of the game and events occurring in the sports complex. Employment impact is stated in a number of full-time equivalent jobs.

Section VII – Economic Impact Multipliers & Avg. Daily Spend

Multipliers are an important factor to consider when determining economic and fiscal impacts for a certain place. Multipliers are used as a percentage of direct spending – 30% for indirect spending, 40% for induced spending, and 34% for increased earnings. It is also important to note that for every \$1 million of direct spending in the Spokane economy, it will create over 15 full time employment opportunities.

The figure below presents the average daily spend for visitors to Spokane, broken down by lodging, meals, and entertainment per person. In total, the average daily spend per day by a visitor in Spokane is approximately \$166 including lodging. The full breakdown is presented in the adjacent tables.

| Spokane Stadium Economic Impact Multipliers | |
|---|-------------|
| | Multiplier* |
| Direct Spending | |
| Indirect Spending | 0.300 |
| Induced Spending | 0.400 |
| Increased Earnings | 0.340 |
| Employment (FTE Jobs) | 15.140 |
| *Reflects the impact for each \$1 million of direct spending. Source: Johnson Consulting | |

| Spokane Stadium Average Daily Spending | | | |
|---|------------------|-----------------|-----------------------|
| | Most Visitors | SPS Visitors | Overnight Visitors |
| 1 Lodging | \$0 | | \$105 |
| 2 Meals, Retail and Incidental Expenses | 25 | 10 | 61 |
| Total | \$25 | \$10 | \$166 |
| Lines 1 and 2 - Based on GSA Per Diem rate for Spokane. Source: U.S. General Services Administration, Johnson Consulting | | | |

Section VII – Economic Impact Demand Summary

The following table presents the total number of person days, overnight visitors, and number of projected room nights projected at a downtown stadium in Spokane. In total, a downtown stadium in Spokane is projected to generate total of 6,290 room nights for Spokane hotels, the impacts of which are presented on the following page.

| Spokane Stadium Estimated Day and Overnight Attendees | | | | | | | | |
|--|------------------|--------------------------------|----------------|----------------------|--------------------------------|------------------|--------------------------------|--------------|
| | # of Person-Days | | | % Overnight Visitors | | # of Room Nights | | |
| | Of Attendees | Of Visiting Players & Coaches* | Total | Of Attendees | Of Visiting Players & Coaches* | Of Attendees | Of Visiting Players & Coaches* | Total |
| Year 5 | | | | | | | | |
| USL Events | 63,473 | 684 | 64,157 | 5% | 100% | 3,170 | 680 | 3,850 |
| Spokane Public Schools | 30,375 | 2,700 | 33,075 | 0% | 0% | 0 | 0 | 0 |
| Concerts | 80,371 | 0 | 80,371 | 3% | 75% | 2,010 | 0 | 2,010 |
| Community Festivals | 4,286 | 0 | 4,286 | 3% | 100% | 110 | 0 | 110 |
| Miscellaneous Special Events | 12,600 | 0 | 12,600 | 3% | 5% | 320 | 0 | 320 |
| Total | 191,105 | 3,384 | 194,489 | | | 5,610 | 680 | 6,290 |

Notes:

% Overnight Visitors indicate out-of-town visitors who stay overnight in hotels and thus are generating room nights.

*Accounts for production staff for concert events

Source: Johnson Consulting

Section VII – Economic Impact Spending

Total spend at a downtown stadium in Spokane is projected to be approximately \$11.4 million - \$6.7 million from direct spend, \$2.01 million from indirect spend, and \$2.69 million from induced spend. A stadium is also projected to generate \$2.2 million in increased earnings and will create approximately 71 full time jobs for the Spokane economy.

Fiscal impacts are tax revenues that result from the spending and income related to the activities at the proposed Downtown Stadium. This analysis estimates fiscal impacts for the governmental units that levy taxes in the jurisdiction. The fiscal impacts are the public sector’s return on investment. The overall economic impacts, including the fiscal impacts, may provide a rationale for public participation in a project. Total fiscal impacts projected in Year 5 (stabilization) are \$562,000.

| Spokane Stadium Estimated Direct Spending from Attendees (Year 5) | | | | | |
|--|-------------------|-------------|----------------------------|-------------------|------------------|
| | | | | Calculations | Estimated Amount |
| Economic Impact - Total Spend | | | | | |
| On Lodging | \$105 | x | 6,290 | room nights | = \$660,450 |
| Meals, Retail and Incidental Expenses | \$25 | x | 161,414 | total person-days | = 4,035,338 |
| Meals, Retail and Incidental Expenses (SPS Events) | \$10 | x | 33,075 | total person-days | = 330,750 |
| Sub-Total | | | | | \$5,026,538 |
| Stadium Operations* | Annual Operations | | | | \$1,703,750 |
| Total Direct Spending | | | | \$6,730,288 | |
| Indirect Spending | 0.30 | | | | \$2,019,086 |
| Induced Spending | 0.40 | | | | \$2,692,115 |
| Total Spend | | | | \$11,441,490 | |
| Increased Earnings | 0.34 | | | | \$2,288,298 |
| Employment (FTE Jobs) | 15.14 | | | | 71 |
| Fiscal Impact | | | | | |
| Sales Tax | 8.90% | \$6,069,838 | of total spending (minus l | | \$540,000 |
| Hotel/Motel Tax | 3.30% | \$660,450 | of spending on lodging | | \$22,000 |
| Total | | | | \$562,000 | |
| * As quantified in the Spokane Stadium ProForma | | | | | |
| Source: Johnson Consulting | | | | | |

Section VII – Economic & Fiscal Impact – Joe Albi Renovation

The adjacent figure shows the total spend, economic, and fiscal impacts for a renovated Joe Albi Stadium without the USL presence.

Total spend without a USL franchise would be approximately \$1.3 million - \$780,251 from direct spending, \$234,075 from indirect spending, and \$312,100 from induced spending. Given its location, a renovated Joe Albi would not be able to secure the number of entertainments events, concerts and regional/national sports championships as a downtown location would with the surrounding infrastructure (i.e. Hotels, restaurants. Etc.) needed to attract such events. Additionally, the Joe Albi location would not be able to leverage an adjacent Podium for opening and closing ceremonies for other sporting events as well as . Thus, the stadium would also generate \$265,285 in increased earnings and 12 full time jobs.

In total, a renovated Joe Albi Stadium, would generate approximately 11.5 percent of the total economic impact a downtown stadium would bring. A summary graphic of the two different venues is provided on the following page.

| Spokane Stadium | | | | |
|--|-------|-----------|----------------------------|--------------------|
| Estimated Direct Spending from Attendees (NO USL) (Year 5) | | | | |
| Calculations | | | | Estimated Amount |
| Economic Impact - Total Spend | | | | |
| On Lodging | \$105 | x | 410 room nights | = \$43,050 |
| Meals, Retail and Incidental Expenses | \$10 | x | 48,720 total person-days | = 487,201 |
| Sub-Total | | | | \$530,251 |
| Stadium Operations | | | Annual Operations | \$250,000 |
| Total Direct Spending | | | | \$780,251 |
| Indirect Spending | 0.30 | | | \$234,075 |
| Induced Spending | 0.40 | | | \$312,100 |
| Total Spend | | | | \$1,326,427 |
| Increased Earnings | 0.34 | | | \$265,285 |
| Employment (FTE Jobs) | 15.14 | | | 12 |
| Fiscal Impact | | | | |
| Sales Tax | 8.90% | \$737,201 | of total spending (minus l | \$66,000 |
| Hotel/Motel Tax | 3.30% | \$43,050 | of spending on lodging | \$1,000 |
| Total | | | | \$67,000 |

Source: Johnson Consulting

Joe Albi vs. Downtown Site

