

FIVE YEAR ECONOMIC AND FISCAL IMPACTS STUDY FOR THE

Rhode Island Convention Center, Dunkin' Donuts Center & the Veterans Memorial Auditorium

April 22, 2015





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Mr. James McCarvill
Executive Director
Rhode Island Convention Center Authority
One LaSalle Square
Providence, RI 02903

Dear Mr. McCarvill:

Conventions, Sports & Leisure International (CSL) is pleased to present this draft report regarding the economic and fiscal impacts generated by the operation of various public assembly facilities in the Providence market. The study focuses on the Rhode Island Convention Center (RICC), Dunkin' Donuts Center (DDC) and the Veterans Memorial Auditorium (The VETs). The impacts of Authority-controlled parking inventory are incorporated into the facility impact estimates. For example, per-capita spending for a consumer show at the RICC would include spending for parking. The attached draft report summarizes our research, analyses and findings.

The information contained in this report considers various sources including historical facility operations, existing data as to potential attendee spending levels and other information developed from research of the market, knowledge of the industry and certain information provided by the Authority.

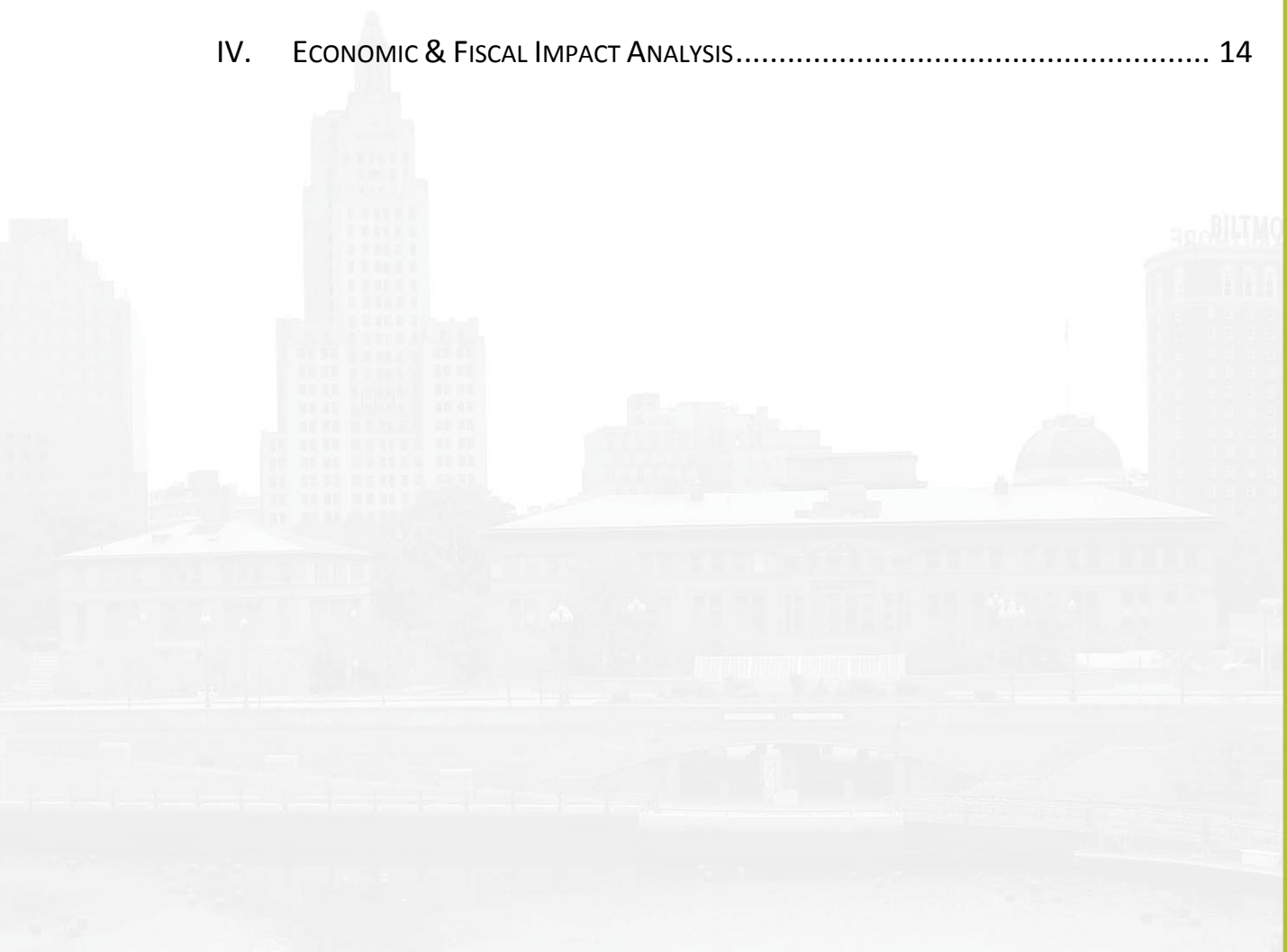
We sincerely appreciate the opportunity to assist you with this project, and would be pleased to be of further assistance in the interpretation and application of the study's findings.

Very truly yours,

CSL International
CSL International

Table of Contents

I.	INTRODUCTION	1
II.	STUDY METHODOLOGY.....	4
III.	KEY STUDY ASSUMPTIONS	9
IV.	ECONOMIC & FISCAL IMPACT ANALYSIS.....	14



I. Introduction

Conventions, Sports, & Leisure International (CSL) was retained by the Rhode Island Convention Center Authority (Authority) to develop an independent estimate of the quantifiable benefits of various public assembly facilities in the Providence market. The impact study considers the past five years of facility operations.

Typically, and for purposes of this report, quantifiable effects are characterized in terms of *economic impacts* and *fiscal impacts*. Economic impacts are conveyed through measures of direct spending, total output, personal earnings, and employment. Fiscal impacts denote changes in tax revenues.

The assumptions underlying the estimates of economic and fiscal impacts are based on the historical operations of the facilities over the five-year period (2009 through 2013), industry data developed from similar studies, local market conditions, the use of IMPLAN multipliers, and CSL's extensive experience in quantifying the economic and fiscal impacts of similar facilities.

The following types of data have been integrated into the analysis and development of impact findings.

- Event levels by category.
- Length of event data (event days).
- Attendance data (by event where applicable) including overnight and daily visits.
- Estimate of percentage of attendees from outside the area.
- Per-delegate spending data.
- Facility operational budgets by category.

This study is designed to assist the Authority, the City of Providence, the State of Rhode Island and other stakeholders in understanding the positive impacts that the Rhode Island Convention Center (RICC), Dunkin' Donuts Center (DDC) and Veterans Memorial Auditorium (The VETs) have had on the community, and should not be used for any other purposes. This report should be read in its entirety to obtain the background, methods and assumptions underlying the findings.

I. Introduction

A brief summary of the facilities analyzed as part of this study is provided below.

Rhode Island Convention Center

The Rhode Island Convention Center (RICC) opened in 1992, and currently offers 100,000 square feet of exhibit space, a 20,000 square foot ballroom and 23 meeting rooms. The 564 room Omni Providence Hotel is attached to the RICC, as is The Dunkin' Donuts Center and the Providence Place Mall.

The RICC has accommodated between 490 and 623 utilization days each of the past five fiscal years, with total event attendance ranging between 258,700 and 318,700. The five-year average total event level approximates 220. The recent recession has had a negative impact on facility event and attendance activity, however future bookings indicate a rebound. Major events held at the RICC have included the American Psychopathological Society, American Physical Society, American String Teachers Association, the New England Regional Turfgrass Conference & Expo, the Auto Show and the Spring Flower & Garden Show.



The Dunkin' Donuts Center

The Dunkin' Donuts Center (DDC) opened in 1971 as the Providence Civic Center, and a substantial renovation was completed in 2008. Today, the Center provides 14,000 seats with 31,000 square feet of arena space and 20 suites. Primary tenants include the AHL Providence Bruins and the Providence College Men's Basketball team.



The Center has hosted an annual average of just over 105 events annually over the past five years. Average annual attendance is just over 605,000. Major events held at the Center have included concerts such as The Who, Elton John, Carrie Underwood and Usher, as well as wide variety of other entertainment events including Disney on Ice, Cirque du Soliel,

I. Introduction

American Idol and WWE.

Veterans Memorial Auditorium

Veterans Memorial Auditorium (The VETs) originally opened in 1950, though construction initially began as early as 1927. A 2011 renovation of The VETs included added meeting space and lounge area, new restrooms, carpet, sound lighting and other enhancements that significantly improved the atmosphere and functionality of the facility.

The VETs has a seating capacity of approximately 1,900 seats, and has hosted an average of 104 events annually over the past five years. The VETs is home to the Rhode Island Philharmonic Orchestra, which hosts between 18 and 20 performances each year. Major events held at the VETs have included Bryan Adams, Kenny G and Willie Nelson.



Summary

Together, these venues have attracted an average of nearly 500 events on an annual basis over the past five years, generating attendance or attendee days in the downtown area averaging 1.3 million people per year. These statistics help form a basis for the economic impact estimates presented herein.

Throughout this analysis, consideration has been given to the origination of event attendees, and the level of spending that impacts the area economy. Attendees that are from the local area generate spending that may have taken place in the community even without the event, and in the case of promoters and acts, spending will immediately leave the community and has been excluded from the analysis. A broad summary of key study methods and assumptions is presented in the following sections of this report.

II. Study Methodology

The facilities studied as part of this project provide significant quantifiable benefits to the City of Providence and the State of Rhode Island. Typically, and for purposes of this report, quantifiable effects are characterized in terms of economic impacts and fiscal impacts. Economic impacts are conveyed through measures of direct spending, total output, personal earnings, and employment. Fiscal impacts denote changes in tax revenues. Note that we have not audited information provided to us by third parties.

Direct Spending

In assessing the economic impact associated with the facilities, the first important step involves defining and quantifying the existing sources of direct spending. When analyzing the direct spending generated by facility operations and events, three major areas of spending will be measured, as follows:

In-Facility Spending – Spending by event patrons within the facility. This spending category (tickets, concessions, merchandise, etc.).

Out-of-Facility Spending – Spending by facility patrons at other local businesses taking place in conjunction with attendance at the event including transactions at area restaurants, bars, hotels, retail centers, parking, service stations and other businesses.

Other Facility Spending – Spending that takes place within the facilities or as part of general facility operations that isn't captured in the *In-Facility* category, such as naming rights, sponsorships, certain premium seating charges, ticket fees and other various event and non-event revenue.

Gross direct spending represents the aggregate of the three streams of revenue defined above. Spending flows to various economic entities, including the facilities, restaurants, hotel operators, retail businesses and other such entities. The analysis presented later in this report segments the spending into purchases made by local residents, regional attendees (drive-in but with a potential to stay overnight) and non-local attendees.

Multiplier Effects

Economic impacts are further generated through re-spending of the *direct spending*. The total impact is estimated by applying an economic multiplier to initial direct spending to account for the total economic impact. The total output multiplier is used to estimate the aggregate total spending that takes place beginning with *direct spending* and continuing through each successive round of re-spending. These successive rounds

II. Study Methodology

are generally discussed in terms of their indirect and induced effects on the area economy. Each is discussed in more detail as follows:

Indirect effects consist of the re-spending of the initial or direct expenditures. These indirect impacts extend further as the dollars constituting the direct expenditures continue to change hands. This process, in principle, could continue indefinitely. However, recipients of these expenditures may spend all or part of it on goods and services outside the market area, put part of these earnings into savings, or pay taxes. This spending halts the process of subsequent expenditure flows and does not generate additional spending or impact within the community after a period of time.

Indirect impacts occur in a number of areas including the following:

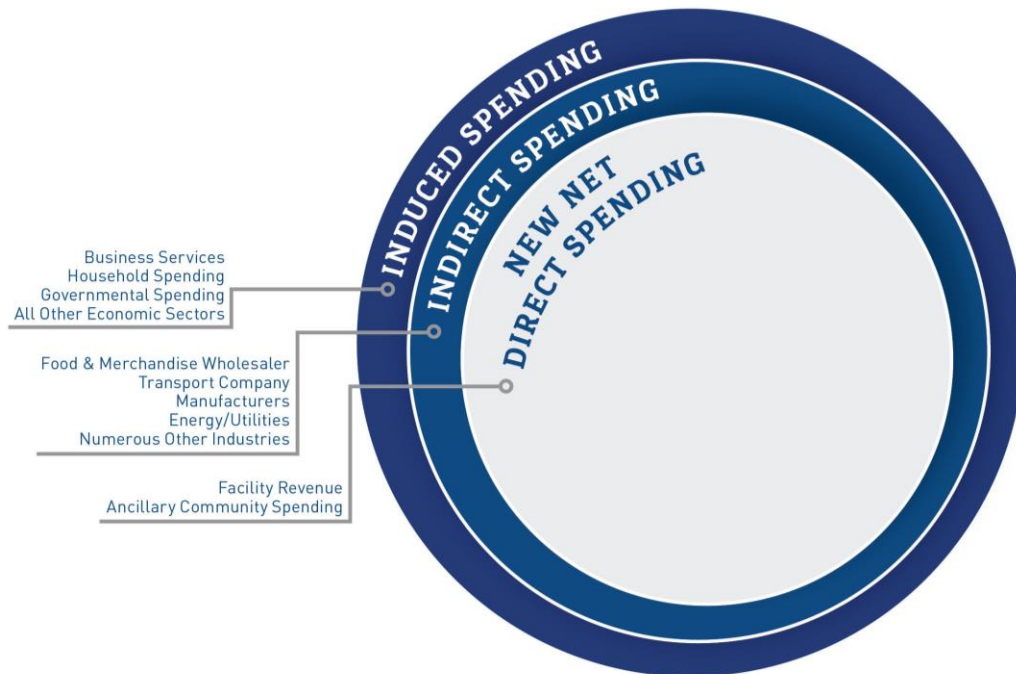
- wholesale industry as purchases of food and merchandise products are made;
- transportation industry as the products are shipped from purchaser to buyer;
- manufacturing industry as products used to service complex vendors and others are produced;
- utility industry as the power to produce goods and services is consumed; and,
- other such industries.

Induced effects consist of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with or directly resulting from the facility and facility events. Specifically, as the economic impact process continues, wages and salaries are earned, increased employment and population are generated, and spending occurs in virtually all business, household and governmental sectors. This represents the induced spending impacts generated by direct expenditures.

Indirect and induced effects are calculated by applying the appropriate multipliers to the direct spending estimates. The appropriate multipliers to be used are dependent on certain regional characteristics and also the nature of the expenditure. Generally, an area which is capable of producing a wide range of goods and services within its borders will have high multipliers, a positive correlation existing between the self-sufficiency of an area's economy and the higher probability of re-spending occurring within the region. If a high proportion of the expenditures must be imported from another geographical region, lower multipliers will result.

II. Study Methodology

The following graphic illustrates the flow of direct spending through the successive rounds of re-spending including indirect and induced effects.



The multiplier estimates used in this analysis are based on the IMPLAN system. IMPLAN is a computer software package that consists of procedures for developing local input-output models and associated databases. Input-output models are a technique for quantifying interactions between firms, industries and social institutions within a local economy.

The economic data for IMPLAN is supplied by the system of national accounts for the United States, based on data collected by the U. S. Department of Commerce, the U.S. Bureau of Labor Statistics, and other federal and state government agencies. Data are collected for 440 distinct producing industry sectors of the national economy corresponding to the Standard Industrial Categories (SICs).

Industry sectors are classified on the basis of the primary commodity or service produced. Corresponding data sets are also produced for each county and zip code in the United States, allowing analyses at both the city and county level and for geographic aggregations such as clusters of contiguous cities, counties, individual states, or groups of states. For purposes of this analysis, economic multipliers specific to Providence County were used.

II. Study Methodology

Data provided for each industry sector include outputs and inputs from other sectors; value added, employment, wages and business taxes paid; imports and exports; final demand by households and government; capital investment; business inventories; marketing margins and inflation factors (deflators). These data are provided both for the 440 producing sectors at the national level and for the corresponding sectors at the local level. Data on the technological mix of inputs and levels of transactions between producing sectors are taken from detailed input-output tables of the national economy. National and local level data are the basis for IMPLAN calculations of input-output tables and multipliers for geographic areas. The IMPLAN software package allows the estimation of the multiplier effects of direct spending (also termed “changes in final demand”) for one industry on all other industries within a local economic area.

The multiplier effects estimated in this analysis include:

- **Total Output** represents the total direct, indirect, and induced spending effects generated by facility operations. Total output is calculated by multiplying the appropriate total output multiplier by the estimated direct spending within each industry.
- **Personal Earnings** represent the wages and salaries earned by employees of businesses impacted by facility operations. Personal earnings are calculated by multiplying the appropriate personal earnings multiplier by the estimated direct spending within each industry.
- **Employment** is expressed in terms jobs supported by the different levels of spending that occur as a result of facility operations. Employment is calculated by dividing the appropriate employment multiplier by one million, and then multiplying by the estimated direct spending within each industry.

Fiscal Impacts

In addition to the economic impacts generated by the facility operations and patron spending, the public sector benefits from increased tax revenues. In preparing estimates of fiscal impacts, total tax revenues attributable to the *direct spending* are estimated, as well as estimates of the effect of total output and earnings on the tax collections. Tax revenues estimated herein include those generated based on various state and local tax rates.



II. Study Methodology

Primary Data Collection

In order to quantify initial direct facility spending that has occurred over the past five years, CSL obtained and carefully analyzed detailed facility operational data from the Authority for each of the three subject venues, including event levels by event type; attendance by event type; average ticket price/revenue by event type; in-arena spending for food, beverage and merchandise by event type; and facility financial operating information showing additional revenue streams.

Additionally, we have used data generated from thousands of intercept surveys conducted by CSL for other projects nationally. Although no intercept interviews were conducted of attendees of events at the RICC, DDC or The VETs, the broader national industry research conducted by CSL provides a basis for generating various primary study assumptions. A summary of these assumptions is presented in the following report section.

III. Key Study Assumptions

The development of a comprehensive economic impact study requires the availability of significant historical operating data, combined with numerous assumptions related to per-capita spending data, attendee origin, flow of facility operating revenue and other such assumptions. A description of key assumptions is presented below.

Event-Levels and Attendance Assumptions

The following is a description of key data and assumptions obtained from the Authority and used in generating facility economic impact estimates. These assumptions are used throughout the following section to estimate the economic and fiscal benefits generated by RICC, DDC and The VETs operations.

Events

Event categories, for purposes of this study and encompassing all Center activity, were based on historical data provided by the Authority. Data for the RICC does not include pre and post event meetings, off-site catering contracts, internal Authority meetings, vendor meetings or other such activity. Note that the timing of RICC and VETs events reflects fiscal years. The following three charts provide an event breakdown for each facility by year.

Event Levels – RICC

	2009	2010	2011	2012	2013
Conventions & Tradeshows	33	35	35	24	23
Food & Beverage Functions	62	70	75	78	91
Meetings	134	114	124	88	89
Public/Consumer Shows	<u>52</u>	<u>44</u>	<u>56</u>	<u>59</u>	<u>55</u>
Total	281	263	290	249	258

Event Levels – DDC

	2009	2010	2011	2012	2013
Concerts + Cirque	15	12	21	9	8
Family Shows	40	32	33	29	29
Providence Bruins	40	40	40	48	45
Providence College	19	20	18	19	17
Sports + Auto	8	3	3	10	5
Other Events (1)	<u>9</u>	<u>3</u>	<u>3</u>	<u>11</u>	<u>32</u>
Total	131	110	118	126	136

(1) Consists primarily of graduations and a limited number of cheer and other events

III. Key Study Assumptions

Event Levels – The VETs

	2009	2010	2011	2012	2013
Ballets & Plays	10	7	2	10	13
Concerts & Comedy	13	10	11	9	12
Non-ticketed Events	40	58	53	74	80
Orchestra (RIPO)	17	18	17	20	18
Other Events	<u>2</u>	<u>5</u>	<u>10</u>	<u>3</u>	<u>10</u>
Total	82	98	93	116	133

Attendance

Attendance data are summarized by facility below. Note that for the RICC, most events are multi-day, and therefore attendee days have been presented. For example, an event with 1,000 registered attendees over a three day period is counted as 3,000 attendee days. This is the appropriate measure to later apply to per-day spending estimates.

RICC Attendee Days	2009	2010	2011	2012	2013
Conventions & Tradeshows	130,178	175,272	129,512	117,899	130,788
Food & Beverage Functions	19,688	21,107	27,300	27,378	27,664
Meetings	68,940	78,487	80,893	93,935	70,447
Public/Consumer Shows	<u>443,772</u>	<u>451,472</u>	<u>476,889</u>	<u>436,227</u>	<u>325,820</u>
Total	662,578	726,338	714,594	675,439	554,719

DDC Attendance

Concerts + Cirque	85,180	76,575	102,821	49,636	40,446
Family Shows	127,968	126,006	139,803	122,652	114,610
Providence Bruins	189,286	212,847	226,037	256,983	243,540
Providence College	116,805	107,576	102,341	122,770	102,509
Sports + Auto	47,226	18,171	13,077	29,888	36,139
Other Events	<u>55,566</u>	<u>28,898</u>	<u>28,108</u>	<u>38,739</u>	<u>64,558</u>
Total	622,031	570,073	612,187	620,668	601,802

The VETs Attendance

Ballets & Plays	8,118	3,456	977	6,405	11,685
Concerts & Comedy	12,101	9,223	13,109	9,521	9,521
Non-ticketed Events	33,757	38,758	41,364	49,375	53,880
Orchestra (RIPO)	15,312	15,273	14,305	16,174	19,715
Other Events	<u>2,657</u>	<u>4,051</u>	<u>5,745</u>	<u>1,495</u>	<u>8,322</u>
Total	71,945	70,761	75,500	82,970	103,123

III. Key Study Assumptions

Attendee Origination Assumptions

It is important to consider the origination of event attendees at events held in the various facilities. It is appropriate to assume that much of the spending from attendees that are from the local area is “displaced”, or would have taken place somewhere in the local economy if the event had not been held. Conversely, attendees that are from outside the area may not have made purchases in the community had the event not been held.

Based on our review of past facility studies in mid-sized markets, and on information provided by the Authority, we use the following assumptions regarding origination of attendees. Note that attendee origination for the RICC is segmented into local and non-local. For the DDC and The VETs, we add a Regional category to reflect the potential for a large drive-in audience.

Origin of Attendee – RICC

	Local	Non-Local
Conventions & Tradeshows	25%	75%
Food & Beverage Functions	90%	10%
Meetings	90%	10%
Public/Consumer Shows	90%	10%

Origin of Attendee – DDC

	Local	Regional (1)	Non-Local
Concerts + Cirque	75%	15%	10%
Family Shows	75%	15%	10%
Providence Bruins	75%	15%	10%
Providence College	75%	15%	10%
Sports + Auto	70%	20%	10%
Other Events	82%	12%	6%

Origin of Attendee – The VETs

	Local	Regional (1)	Non-Local
Ballets & Plays	79%	19%	2%
Concerts & Comedy	65%	32%	3%
Non-ticketed Events	95%	5%	0%
Orchestra (RIPO)	85%	14%	1%
Other Events	90%	8%	2%

(1) a drive in attendee from distances that suggest a potential for an overnight stay.

III. Key Study Assumptions

Attendee Spending Assumptions

Based on survey research conducted in other mid-sized markets, adjustments for local cost of living levels, and other industry data, we have prepared the following 2014 per-attendee spending assumptions. Note that the lodging spending per-capitas reflect the fact that not all visitors stay in hotels. For the RICC, all non-local attendees are assumed to have similar spending patterns.

Attendee Per-Day Spending – RICC

	Non-Local	Local
Hotel	\$160.00	\$0.00
Restaurant	\$100.00	\$4.00
Entertainment	\$15.00	\$1.00
Retail	\$35.00	\$3.00
Auto Rental	\$12.00	\$0.00
Other Local Transit	\$20.21	\$2.50
Other Industries	\$50.00	\$3.00

Attendee Per-Day Spending – DDC

	Concerts Cirque	Family Shows	Providence Bruins	Providence College	Sports & Auto	Other Events
<u>Local Attendees</u>						
Lodging	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Food and Beverage	\$9.00	\$5.10	\$15.00	\$12.00	\$16.00	\$15.00
Shopping	\$0.00	\$0.20	\$1.50	\$1.23	\$2.00	\$2.00
Entertainment	\$0.20	\$0.30	\$1.00	\$0.79	\$1.10	\$1.10
Transportation	\$1.00	\$0.50	\$1.20	\$1.00	\$1.50	\$1.00
Other	\$2.70	\$1.40	\$1.00	\$0.78	\$1.10	\$1.10
<u>Regional Attendees</u>						
Lodging	\$37.50	\$36.00	\$33.00	\$30.00	\$37.50	\$37.50
Food and Beverage	\$14.00	\$11.00	\$16.00	\$12.00	\$16.00	\$15.00
Shopping	\$1.40	\$0.30	\$5.00	\$4.12	\$6.00	\$6.00
Entertainment	\$0.20	\$0.80	\$1.00	\$0.80	\$1.10	\$1.10
Transportation	\$2.00	\$0.50	\$2.50	\$2.00	\$2.50	\$2.50
Other	\$2.00	\$1.80	\$1.50	\$1.10	\$1.50	\$1.50
<u>Non Local Attendees</u>						
Lodging	\$75.00	\$72.00	\$66.00	\$60.00	\$75.00	\$75.00
Food and Beverage	\$13.00	\$12.00	\$16.00	\$12.00	\$17.00	\$15.00
Shopping	\$1.60	\$0.50	\$6.00	\$4.50	\$6.50	\$6.00
Entertainment	\$0.20	\$0.80	\$1.50	\$1.00	\$1.20	\$1.10
Transportation	\$2.00	\$0.50	\$2.50	\$2.00	\$2.50	\$2.50
Other	\$2.00	\$1.80	\$1.00	\$1.20	\$1.80	\$1.50

III. Key Study Assumptions

Attendee Per-Day Spending – The VETs

	Ballet/ Plays	Concerts/ Comedy	Non-Ticket Events	Orchestra	Other
<u>Local Attendees</u>					
Lodging	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Food and Beverage	\$9.74	\$9.74	\$1.50	\$9.74	\$1.50
Shopping	\$0.00	\$0.25	\$0.10	\$0.05	\$0.05
Entertainment	\$0.35	\$0.35	\$0.05	\$0.35	\$0.05
Transportation	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Other	\$2.49	\$2.49	\$0.25	\$2.49	\$0.25
<u>Regional Attendees</u>					
Lodging	\$35.23	\$35.23	\$30.00	\$35.23	\$30.00
Food and Beverage	\$12.50	\$12.50	\$5.00	\$12.50	\$5.00
Shopping	\$0.75	\$0.75	\$0.25	\$0.75	\$0.25
Entertainment	\$0.70	\$0.80	\$0.05	\$0.40	\$0.05
Transportation	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Other	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25
<u>Non Local Attendees</u>					
Lodging	\$70.46	\$70.46	\$60.00	\$118.03	\$60.00
Food and Beverage	\$15.01	\$15.01	\$12.00	\$15.01	\$12.00
Shopping	\$1.27	\$1.27	\$0.75	\$1.27	\$0.75
Entertainment	\$0.50	\$0.40	\$0.05	\$0.50	\$3.00
Transportation	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
Other	\$1.90	\$1.90	\$2.25	\$1.90	\$2.25

The estimates of economic impact, based in part on assumptions described above, are presented in the following section.

IV. Economic & Fiscal Impact Analysis

The initial step in estimating facility economic impacts is to calculate the direct spending that occurs as a result of facility operations. Direct spending occurs in two primary areas – purchases made within the facility, and those made throughout the community in hotels, restaurants, retail and other sectors. Spending estimates for each of these areas, specific to the RICC, DDC and The VETs are defined below.

In-Facility Spending:

Event attendees often make purchases within the facility. This is particularly true for DDC and The VETs patrons.

In order to arrive at an annual total for this level of spending, actual revenue data from each facility is needed. CSL worked with facility management to gather the necessary information.

In-Facility Spending – RICC

National per-attendee spending for convention and trade events includes both in-facility and out-of-facility spending (including rent, food/beverage, utilities and other costs). We have therefore not broken out RICC in-facility revenues as a separate category of spending.

In-Facility Spending – DDC

Note that the ticket, food and beverage, and merchandise revenue include revenue going to the facility, as well as estimates of the portion of revenue going to other parties (promoters and acts) that are assumed to stay local. Revenue going to other parties that is assumed to immediately leave the economy (payment to a promoter or act, for example) is not included in the analysis.

	2009	2010	2011	2012	2013
Ticket	\$5,983,448	\$7,435,627	\$7,834,811	\$9,416,750	\$8,591,818
F&B	2,719,361	3,981,917	3,700,926	4,634,264	4,248,264
Merchandise	59,637	148,758	98,975	122,427	113,538
Fees	740,730	987,903	995,963	1,098,759	1,015,287
Premium seating	1,017,900	924,191	1,015,832	452,589	879,011
Advertising/Naming	921,361	882,492	887,385	813,029	855,214
Other	394,302	407,831	425,815	487,658	495,910
Subtotal	\$11,836,739	\$14,768,719	\$14,959,707	\$17,025,476	\$16,199,042
Parking - Non-event/Contract	\$4,232,705	\$3,878,519	\$3,930,183	\$4,333,571	\$4,151,771
Total	\$16,069,444	\$18,647,238	\$18,889,890	\$21,359,047	\$20,350,813

As presented, total in-facility spending for the DDC has ranged from \$16.1 million to \$21.4 million annually over the past five years. It is important to note that these

IV. Economic & Fiscal Impact Analysis

figures include approximately \$3.9 million to \$4.3 million in non-event parking revenue. Going forward, this spending is considered to be 100 percent local in nature.

Based on origination of patron data previously discussed, we assume that 73 percent of the ticket, food and beverage, merchandise and fee revenue is generated by local residents. Similarly, 16 percent is assumed to originate from regional attendees, and 11 percent from non-local attendees.

In-Facility Spending – The VETs

As with the DDC, the following spending estimates reflect the revenue that flows through the facility, in addition to local spending made by third parties involved in event production. Spending that immediately leaves the market is excluded.

	2009	2010	2011	2012	2013
Ticket	\$360,205	\$385,664	\$388,620	\$384,339	\$422,639
F&B	44,458	38,059	45,603	81,439	142,145
Merchandise	7,185	15,865	26,780	27,375	45,449
Chargebacks	333,380	399,752	407,881	458,758	380,325
Fees	58,470	59,311	54,025	67,348	151,707
Subtotal	803,698	898,652	922,908	1,019,258	1,142,265
Other	9,313	12,050	7,800	7,800	11,575
Subtotal	9,313	12,050	7,800	7,800	11,575
Total	\$813,011	\$910,702	\$930,708	\$1,019,295	\$1,142,302

Out-of-Facility Spending:

Out-of-facility spending consists of spending by event patrons at local businesses that takes place in conjunction with attendance at facility events. This spending is generally separated into six categories, including lodging, food & beverage, shopping, entertainment, transportation and other.

To estimate gross out-of-arena spending, per-capita assumptions previously presented were applied to facility event attendance figures. The following charts present total out-of-facility direct spending by spending category generated by all attendees at each facility over the past five years.

The distinction is made between spending made by non-local attendees, and local or regional attendees. As previously noted, spending made by non-local attendees tends to represent net new impacts within an economy. Spending by local

IV. Economic & Fiscal Impact Analysis

attendees may largely be displaced, or would have taken place in the market in some other way had the event not been held.

Out of Facility Spending - RICC

	2009	2010	2011	2012	2013
<u>Non-local Attendees</u>					
Hotel	\$24,139,748	\$29,850,000	\$24,903,000	\$23,068,000	\$22,478,000
Restaurant	15,087,342	18,656,000	15,564,000	14,418,000	14,048,000
Entertainment	2,263,101	2,798,000	2,335,000	2,163,000	2,107,000
Retail	5,280,570	6,530,000	5,447,000	5,046,000	4,917,000
Auto Rental	1,810,481	2,239,000	1,868,000	1,730,000	1,686,000
Other Local Transit	3,048,737	3,770,000	3,145,000	2,913,000	2,839,000
Other Industries	7,543,671	9,328,000	7,782,000	7,209,000	7,024,000
TOTAL	\$59,173,651	\$73,171,000	\$61,044,000	\$56,547,000	\$55,099,000
<u>Local Attendees</u>					
Hotel	\$0	\$0	\$0	\$0	\$0
Restaurant	\$1,765,602	\$1,918,340	2,046,080	2,003,057	1,608,678
Entertainment	441,401	479,585	511,520	500,764	402,170
Retail	1,324,202	1,438,755	1,534,560	1,502,292	1,206,509
Auto Rental	-	-	-	-	-
Other Local Transit	1,103,502	1,198,962	1,278,800	1,251,910	1,005,424
Other Industries	1,324,202	1,438,755	1,534,560	1,502,292	1,206,509
TOTAL	\$5,958,908	\$6,474,396	\$6,905,519	\$6,760,316	\$5,429,289
Total - All Attendees	\$65,132,559	\$79,645,396	\$67,949,519	\$63,307,316	\$60,528,289

Out of Facility Spending – DDC

Out of facility spending over the past five years for the DDC is segmented into local, regional and non-local spending, and is summarized in the following chart.

	2009	2010	2011	2012	2013
<u>Local Attendees</u>					
Lodging	\$0	\$0	\$0	\$0	\$0
Food and Beverage	4,897,873	4,534,715	4,919,119	5,426,561	5,472,897
Shopping	448,283	398,188	413,454	508,024	528,971
Entertainment	304,615	279,511	296,518	346,042	353,626
Transportation	416,394	386,204	422,998	454,623	453,616
Other	539,695	505,448	586,377	533,923	523,400
TOTAL	\$6,606,861	\$6,104,065	\$6,638,466	\$7,269,173	\$7,332,510
<u>Regional Attendees</u>					
Lodging	\$2,772,228	\$2,628,129	\$2,917,451	\$3,188,477	\$3,188,275
Food and Beverage	1,118,580	1,067,066	1,177,187	1,318,024	1,320,307
Shopping	280,627	259,538	273,258	356,808	367,723
Entertainment	66,282	62,942	67,284	82,199	83,585
Transportation	154,303	145,854	159,259	186,241	187,814
Other	125,737	120,436	135,433	142,587	141,839
TOTAL	\$4,517,757	\$4,283,965	\$4,729,872	\$5,274,336	\$5,289,542
<u>Non-local Attendees</u>					
Lodging	\$3,618,788	\$3,396,485	\$3,792,882	\$3,842,369	\$4,184,114
Food and Beverage	736,816	695,472	769,689	805,920	876,646
Shopping	207,492	192,133	204,534	239,389	272,915
Entertainment	53,966	52,266	56,148	63,963	69,341
Transportation	100,285	93,646	102,938	110,529	122,978
Other	76,130	69,851	78,999	76,430	83,121
TOTAL	\$4,793,476	\$4,499,854	\$5,005,190	\$5,138,600	\$5,609,115
Total - All Attendees	\$15,918,094	\$14,887,884	\$16,373,529	\$17,682,109	\$18,231,167

IV. Economic & Fiscal Impact Analysis

Out of Facility Spending – The VETs

	2009	2010	2011	2012	2013
<u>Local Attendees</u>					
Lodging	\$0	\$0	\$0	\$0	\$0
Food and Beverage	282,209	249,103	259,888	306,728	401,534
Shopping	5,281	5,502	6,529	6,789	7,878
Entertainment	9,939	8,739	9,107	10,757	14,091
Transportation	54,868	56,897	62,134	71,115	90,853
Other	68,026	58,712	60,817	72,128	94,775
TOTAL	\$420,323	\$378,954	\$398,475	\$467,516	\$609,130
<u>Regional Attendees</u>					
Lodging	\$287,230	\$247,351	\$283,440	\$298,660	\$383,567
Food and Beverage	92,387	76,083	87,123	91,788	117,136
Shopping	5,459	4,461	5,108	5,382	6,860
Entertainment	4,558	3,468	4,160	4,198	5,264
Transportation	16,808	14,657	16,799	17,702	22,773
Other	18,909	16,489	18,899	19,914	25,620
TOTAL	\$425,351	\$362,510	\$415,530	\$437,645	\$561,220
<u>Non-local Attendees</u>					
Lodging	\$51,779	\$43,242	\$49,828	\$48,576	\$69,845
Food and Beverage	9,613	7,736	9,162	8,732	12,748
Shopping	800	634	746	730	1,034
Entertainment	411	425	550	339	829
Transportation	1,300	1,061	1,265	1,175	1,766
Other	1,250	1,033	1,238	1,126	1,734
TOTAL	\$65,153	\$54,131	\$62,788	\$60,678	\$87,956
Total - All Attendees	\$910,827	\$795,595	\$876,792	\$965,839	\$1,258,307

Total Direct Spending

Based on the assumptions and calculations presented above, we have developed estimates of the combined direct spending generated by the facilities, inclusive of spending attributed to local and non-local or regional attendees.

Total direct spending is simply the aggregate of in-facility and out-of-facility spending generated as a result of facility operations and event activity. The following chart presents direct spending over the past five years for each of the facilities reviewed, highlighting total direct spending and the portion generated by local residents, residents from the regional area, and non-local event attendees.

IV. Economic & Fiscal Impact Analysis

Total Estimated Direct Spending (2009 - 2013)

	2009	2010	2011	2012	2013
RICC:					
Total	65,132,559	\$79,645,396	\$67,949,519	\$63,307,316	60,528,289
Local Attendees	5,958,908	6,474,396	6,905,519	6,760,316	5,429,289
Non-Local Attendees	59,173,651	73,171,000	61,044,000	56,547,000	55,099,000
DDC:					
Total	\$31,987,539	\$33,535,122	\$35,263,418	\$39,041,156	\$38,581,980
Local Attendees	19,816,042	21,147,884	21,875,481	24,364,914	23,527,613
Regional Attendees	6,247,197	6,470,405	6,941,726	7,924,751	7,797,379
Non-Local Attendees	5,924,300	5,916,833	6,446,212	6,751,491	7,256,988
The VETs:					
Total	1,714,525	\$1,694,246	\$2,148,796	\$1,985,097	2,400,572
Local Attendees	1,063,313	1,120,711	1,462,966	1,273,384	1,526,551
Regional Attendees	573,885	507,034	608,402	631,237	763,683
Non-Local Attendees	77,328	66,501	77,427	80,476	110,337
All Venues:					
Total	\$98,834,622.70	\$114,874,765	\$105,361,733	\$104,333,569	\$101,510,841
Local Attendees	26,838,263	28,742,992	30,243,966	32,398,614	30,483,453
Regional Attendees	6,821,081	6,977,439	7,550,128	8,555,988	8,561,062
Non-Local Attendees	65,175,278	79,154,335	67,567,639	63,378,967	62,466,326

As noted above, the combined annual direct spending for the three venues has ranged from nearly \$99 million to nearly \$115 million over the past five years. Combined, this represents a five-year total direct spending of nearly \$525 million.

The share of this impact generated by non-local attendees has ranged from \$62.5 million to \$79.2 million, with a combined five-year impact of over \$337 million. The spending generated by non-local attendees has a greater propensity to be “net new”, or would be lost to the market without the existence of the facility and associated events.

Economic Impacts

As the direct spending flows throughout the local and state economy, additional rounds of spending, employment and earnings are generated. The total impact generated is estimated by applying specific industry multipliers to the initial expenditure to account for the total economic impact of the re-spending activity, as described in the Methodology section of this report.

IV. Economic & Fiscal Impact Analysis

The multipliers used in this economic impact analysis as generated by the IMPLAN economic analysis system specifically for Providence County area are presented below.

Economic Impact Multipliers for Providence County

Industry	Total Output	Earnings	Employment
Venue Operations	1.373	0.481	9.291
Lodging	1.362	0.384	9.966
Food and Beverage	1.458	0.555	20.251
Shopping	1.432	0.676	20.718
Entertainment	1.432	0.621	21.121
Transportation	1.443	0.371	7.774
Other	1.442	0.477	17.175

The total estimated direct spending generates effects on the economy that extend beyond the initial expenditures. The chart below summarizes the overall total output associated with each facility over the past five years. Total impacts, as well as those impacts generated through non-local direct spending, are presented.

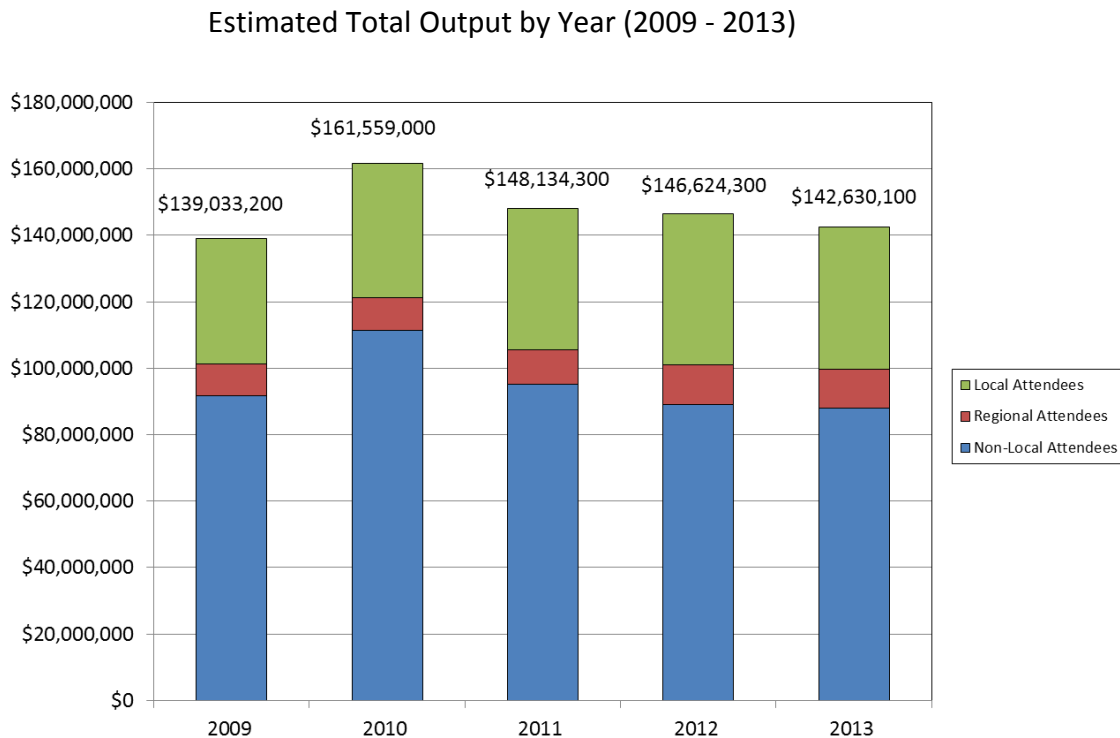
Estimated Total Output by Facility (2009 - 2013)

	2009	2010	2011	2012	2013
RICC:					
Total	\$92,033,316	\$112,515,424	\$96,034,668	\$89,483,741	\$85,524,051
Local Attendees	8,584,850	9,327,501	9,948,609	9,739,418	7,821,841
Non-Local Attendees	83,448,466	103,187,923	86,086,059	79,744,323	77,702,210
DDC:					
Total	44,603,982	\$46,680,384	\$49,109,868	\$54,369,613	53,751,040
Local Attendees	27,735,697	29,524,220	30,566,126	34,034,377	32,889,676
Regional Attendees	8,682,792	8,983,979	9,640,423	11,007,360	10,833,469
Non-Local Attendees	8,185,493	8,172,185	8,903,319	9,327,877	10,027,895
The VETs:					
Total	2,395,908	2,363,153	\$2,989,775	\$2,770,899	3,355,036
Local Attendees	1,493,432	1,568,840	2,040,244	1,785,495	2,144,393
Regional Attendees	795,795	702,606	842,730	874,468	1,058,464
Non-Local Attendees	106,680	91,707	106,801	110,936	152,179
All Venues:					
Total	\$139,033,205	\$161,558,961	\$148,134,310	\$146,624,254	\$142,630,127
Local Attendees	37,813,978.91	40,420,561	42,554,979	45,559,290	42,855,910
Regional Attendees	9,478,587	9,686,585	10,483,152	11,881,828	11,891,933
Non-Local Attendees	91,740,639	111,451,815	95,096,179	89,183,136	87,882,284

IV. Economic & Fiscal Impact Analysis

As outlined in the exhibit, it is estimated that the facilities generated total output of between \$139.0 million and \$161.6 million annually over the past five years (a combined five-year impact of nearly \$738 million). Output generated by non-local attendees has ranged between \$87.9 million and \$111.5 million over the past five years (a combined five-year impact of \$475.4 million).

The following graph presents a summary of annual direct spending among all three venues and is segmented by origin of the spending (local, regional and non-local).



IV. Economic & Fiscal Impact Analysis

Direct spending also supports earnings and employment within the market. The following exhibits summarize these impacts.

Total Estimated Earnings (2009 - 2013)

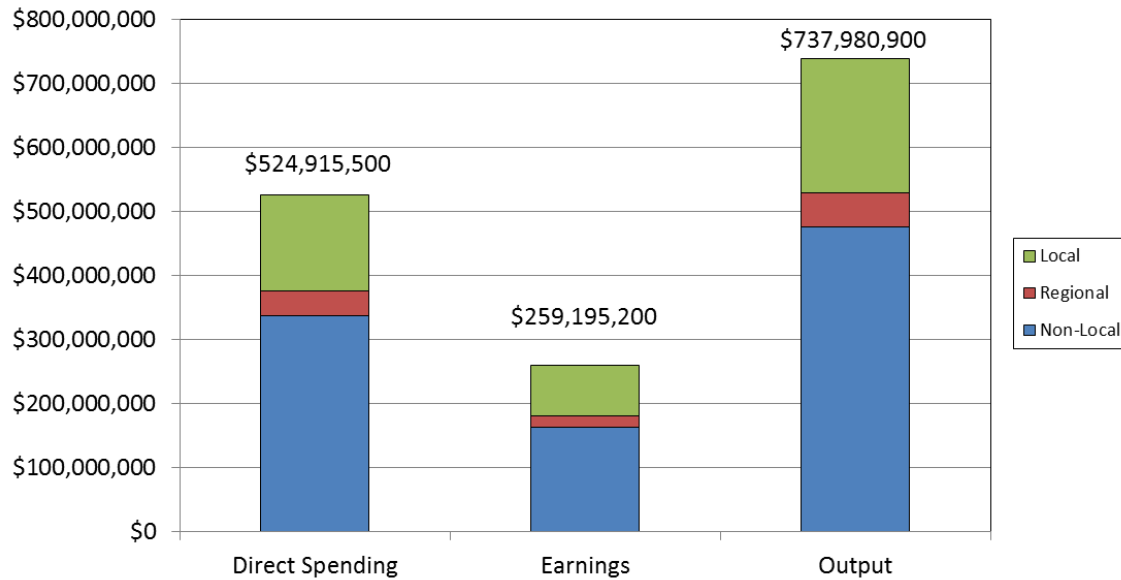
	2009	2010	2011	2012	2013
RICC:					
Total	\$32,568,438	\$39,739,729	\$34,049,460	\$31,757,777	\$30,254,646
Local Attendees	3,550,058	3,857,164	4,114,008	4,027,502	3,234,534
Non-Local Attendees	29,018,380	35,882,565	29,935,452	27,730,275	27,020,112
DDC:					
Total	15,439,094	\$16,170,396	\$16,982,112	\$18,864,516	18,632,376
Local Attendees	9,981,125	10,585,873	10,965,287	12,223,165	11,828,770
Regional Attendees	2,866,743	2,980,800	3,189,414	3,662,051	3,603,070
Non-Local Attendees	2,591,225	2,603,724	2,827,411	2,979,300	3,200,536
The VETs:					
Total	816,562	\$807,335	\$1,023,386	\$946,138	\$1,143,265
Local Attendees	528,675	553,576	718,805	630,210	757,447
Regional Attendees	254,920	225,315	271,397	281,208	338,434
Non-Local Attendees	32,967	28,444	33,184	34,720	47,384
All Venues:					
Total	\$48,824,094	\$56,717,459	\$52,054,957	\$51,568,432	\$50,030,287
Local Attendees	14,059,859.08	14,996,612	15,798,100	16,880,877	15,820,751.22
Regional Attendees	3,121,663	3,206,115	3,460,811	3,943,260	3,941,504
Non-Local Attendees	31,642,571.92	38,514,732	32,796,046.96	30,744,295	30,268,031

Total earnings supported by the three facilities has ranged from \$48.8 million to \$56.7 million annually over the past five years, with a combined total earnings of \$259.2 million. Earnings generated from non-local attendee spending has totaled approximately \$164.0 million over the past five years.

IV. Economic & Fiscal Impact Analysis

The following exhibit presents a summary of cumulative economic impacts of the three RICCA event venues for the five-year period spanning 2009 through 2013.

Summary of Cumulative Economic Impacts (2009 – 2013)



As shown, total direct spending associated with event activity at the RICC, DDC and The VETs between 2009 and 2013 approximated \$525 million. This spending generated nearly \$738 million in total output, while supporting an estimated \$259 million in earnings.

IV. Economic & Fiscal Impact Analysis

Total full and part-time employment supported by the operations of RICCA facilities is

Total Estimated Employment (2009 - 2013)

	2009	2010	2011	2012	2013
RICC:					
Total	1,025	1,250	1,072	1,001	952
Local Attendees	117	127	136	133	107
Non-Local Attendees	908	1,123	937	868	845
DDC:					
Total	396	404	428	473	472
Local Attendees	250	257	269	299	292
Regional Attendees	77	78	84	96	95
Non-Local Attendees	69	68	74	78	84
The VETs:					
Total	21	20	25	24	30
Local Attendees	14	14	17	16	19
Regional Attendees	7	6	7	7	9
Non-Local Attendees	1	1	1	1	1
All Venues:					
Total	1,442	1,674	1,525	1,498	1,453
Local Attendees	381	399	422	448	419
Regional Attendees	84	84	91	103	104
Non-Local Attendees	978	1,191	1,012	947	931

Full/part time employment impacts have ranged between 1,442 and 1,674 over the past five years. Employment support has ranged between 931 and 1,191 when considering only spending generated from non-local attendees.

In general, the RICC attracts a relatively significant number of non-local attendees, with high per-capita spending levels associated with the convention and tradeshow industry. The DDC also attracts a significant number of non-local attendees, and is also responsible for attracting first class entertainment events to the market, providing an unquantifiable quality-of-life benefit for residents. The VETs, which attracts some events with a non-local attendee base, should primarily be viewed as a critically important arts, cultural, entertainment and local event asset for the community.

IV. Economic & Fiscal Impact Analysis

Fiscal Impacts

Beyond spending, output, earnings and employment data, operations of the RICC, DDC and The VETs generate incremental tax revenues for the state, county and city. Tax rates used for the analysis reflect 7.0 percent state sales tax, 6.0 percent hotel occupancy tax, 1.0 percent meals and beverage tax and an 8.0 percent auto rental surcharge. Based on state data regarding wages and income tax collections, an effective 4.0 percent state tax on taxable income is assumed. Further, we assume that 70 percent of gross earnings are taxable as income.

Based on the assumptions above and the application of state and local tax rates to the spending associated with facility operations over the past five years, the following tax estimates have been calculated.

Summary of Tax Collections Generated by Facility Operations

	2009	2010	2011	2012	2013
State Sales Tax - 7.00%					
RICC	\$4,003,351	\$4,899,440	\$4,173,045	\$3,886,315	\$3,720,889
DDC	1,839,520	1,978,734	2,087,664	2,316,047	2,291,825
The VETs	<u>112,151</u>	<u>112,151</u>	<u>112,151</u>	<u>112,151</u>	<u>112,151</u>
TOTAL	\$5,955,022	\$6,990,325	\$6,372,860	\$6,314,513	\$6,124,865
State & Local Hotel Occupancy Tax (1) - 6.00%					
RICC	\$1,375,966	\$1,701,450	\$1,419,471	\$1,314,876	\$1,281,246
DDC	364,288	343,403	382,489	400,758	420,226
The VETs	<u>19,324</u>	<u>16,564</u>	<u>18,996</u>	<u>19,792</u>	<u>25,844</u>
TOTAL	\$1,759,577	\$2,061,417	\$1,820,956	\$1,735,427	\$1,727,317
State Meals & Beverage Tax - 1.00%					
RICC	\$160,103	\$195,456	\$167,296	\$156,000	\$148,738
DDC	91,350	99,643	102,236	118,072	115,346
The VETs	<u>135,555</u>	<u>130,740</u>	<u>139,397</u>	<u>154,457</u>	<u>186,720</u>
TOTAL	\$387,008	\$425,839	\$408,929	\$428,530	\$450,805
State Auto Rental Tax (2) - 3.20%					
RICC	\$37,658	\$46,571	\$38,854	\$35,984	\$35,069
State Income Tax - 4.00%					
RICC	\$911,916	\$1,112,712	\$953,385	\$889,218	\$847,130
DDC	432,295	452,771	475,499	528,206	521,707
The VETs	<u>22,864</u>	<u>22,605</u>	<u>28,655</u>	<u>26,492</u>	<u>32,011</u>
TOTAL	\$1,367,075	\$1,588,089	\$1,457,539	\$1,443,916	\$1,400,848
Total Tax Revenue - Indirect & Induced Spending					
State Sales Tax - 7.00%					
RICC	\$445,846	\$544,779	\$465,476	\$433,841	\$414,273
DDC	209,102	217,866	229,488	254,050	251,408
The VETs	<u>11,293</u>	<u>11,086</u>	<u>13,938</u>	<u>13,024</u>	<u>15,819</u>
TOTAL	\$666,241	\$773,732	\$708,902	\$700,915	\$681,501
Total Tax Revenue - By Venue					
RICC	\$6,934,840	\$8,500,409	\$7,217,527	\$6,716,234	\$6,447,346
DDC	2,936,554	3,092,417	3,277,376	3,617,134	3,600,512
The VETs	<u>301,186</u>	<u>293,146</u>	<u>313,137</u>	<u>325,916</u>	<u>372,546</u>
TOTAL	\$10,172,580	\$11,885,972	\$10,808,040	\$10,659,285	\$10,420,404

(1) The 6.0 percent rate is comprised of a 5.0 percent state tax and a 1.0 percent local tax.

(2) The state imposes a surcharge of 8.0 percent of gross receipts per vehicle. Sixty percent of the surcharge is retained by the rental company and 40 percent of the surcharge is remitted to the state for deposit in the general fund. As such, the effective rate collected by the state is 3.2 percent.

IV. Economic & Fiscal Impact Analysis

As shown, the estimated annual total tax revenue generated by the operations of the three facilities has ranged from approximately \$10.2 million to nearly \$11.9 million, totaling more than \$53.9 million over the five year period. Of this total, approximately 69 percent, or \$37.1 million, is generated by spending among non-local attendees. Attracting a variety of nationally-rotating convention and tradeshow events, the RICC is responsible for approximately 66 percent of all taxes generated by RICCA facilities.

The State of Rhode Island is the primary beneficiary of the taxes generated by spending associated with RICCA venues, having collected over \$42.5 million over the past five years (of which \$39.2 million can be attributed to non-local attendees).

It should be noted that these figures do not include property taxes generated by businesses supported by the operations of the three RICCA facilities. In addition, the full impact of businesses that may not be viable without the spending associated with these event venues has not been considered.

