



# FIVE YEAR ECONOMIC AND FISCAL IMPACTS STUDY FOR THE **RHODE ISLAND CONVENTION CENTER, DUNKIN' DONUTS CENTER & THE VETERANS MEMORIAL AUDITORIUM**

February 14, 2018







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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 report to the Rhode Island Convention Center Authority (Authority) summarizing the economic and fiscal impacts generated by the operation of public assembly facilities in the Providence market. The study focuses on the impacts of the Rhode Island Convention Center, Dunkin' Donuts Center, Veterans Memorial Auditorium and Authority-controlled parking between fiscal years 2013 and 2017. The attached report summarizes our research, analysis and findings.

The information contained in this report considers various sources including historical facility operations (in terms of event levels, attendance, financial performance, etc.), 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 of the study's findings.

Very truly yours,

*CSL International*  
CSL International

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# I. Introduction

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Conventions, Sports, & Leisure International (CSL) was retained by the Rhode Island Convention Center Authority (Authority) to update a previously conducted independent estimate of the quantifiable benefits of various public assembly facilities in Providence. 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 also incorporated into these facility impact estimates. For example, per-capita spending for a consumer show at the RICC would include spending for parking.

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 (spanning fiscal years 2013 through 2017), 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 event facilities throughout the United States.

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 type) 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, Dunkin' Donuts Center and Veterans Memorial Auditorium 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

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

### Rhode Island Convention Center

The Rhode Island Convention Center opened in 1992, and currently offers 100,000 square feet of contiguous 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 hosted an average of more than 250 annual events in recent years, while generating between 555,000 and 765,000 total attendee days. Examples of large events recently held at the RICC have included the Organization of American Historians, American Biological Safety Association, World Maritime Technology Conference, National Association of Biology Teachers, American Association of Veterinary Laboratory Diagnosticians, and USA Gymnastics Championships.

### The Dunkin' Donuts Center



The Dunkin' Donuts Center opened in 1971 and provides 14,000 seats, 31,000 square feet of flat floor arena space and 20 suites. Primary tenants include the AHL's Providence Bruins and Providence College's Men's Basketball team.

Over the past five years, the Center has hosted an average of 136 events each year, while generating annual attendance levels of nearly 630,000 people. Major events held at the Center have included concerts such as Fleetwood Mac, Chicago/Earth Wind & Fire and Trans Siberian Orchestra. The DDC is also home to a wide variety of other entertainment events including NCAA men's basketball and hockey tournaments, Monster Jam, Harlem Globetrotters, Disney on Ice, Cirque du Soleil, USA Gymnastics and WWE.

# I. Introduction

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## Veterans Memorial Auditorium

Veterans Memorial Auditorium opened in 1950 and has a capacity of approximately 1,900 seats. A \$16 million, three-phased renovation of The VETs was completed in 2015. Enhancements included added meeting space and lounge area, new restrooms, loading docks, HVAC, carpeting, sound system, lighting and other enhancements that significantly improved the atmosphere and functionality of the facility.



The VETs has hosted an average of nearly 125 events/performances annually over the past five years. The Auditorium is home to the Rhode Island Philharmonic Orchestra, which hosts between 18 and 23 performances at the facility each year. Other events recently taking place at the VETs have included Festival Ballet productions, Billy Gilman, Norah Jones, Disney Live, and a wide variety of non-ticketed community and other events.

## Summary

Together, these event venues have attracted an average of more than 500 events on an annual basis over the past five years, generating attendance or attendee days in the downtown area of more than 1.4 million people per year. This understanding helps to 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 touring entertainment 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

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The facilities included in this analysis provide significant quantifiable benefits to the City of Providence and the State of Rhode Island. Typically, and for purposes of this study, quantifiable effects are characterized in terms of economic 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 includes items such as 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*

## II. Study Methodology

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and continuing through each successive round of re-spending. These successive rounds 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.

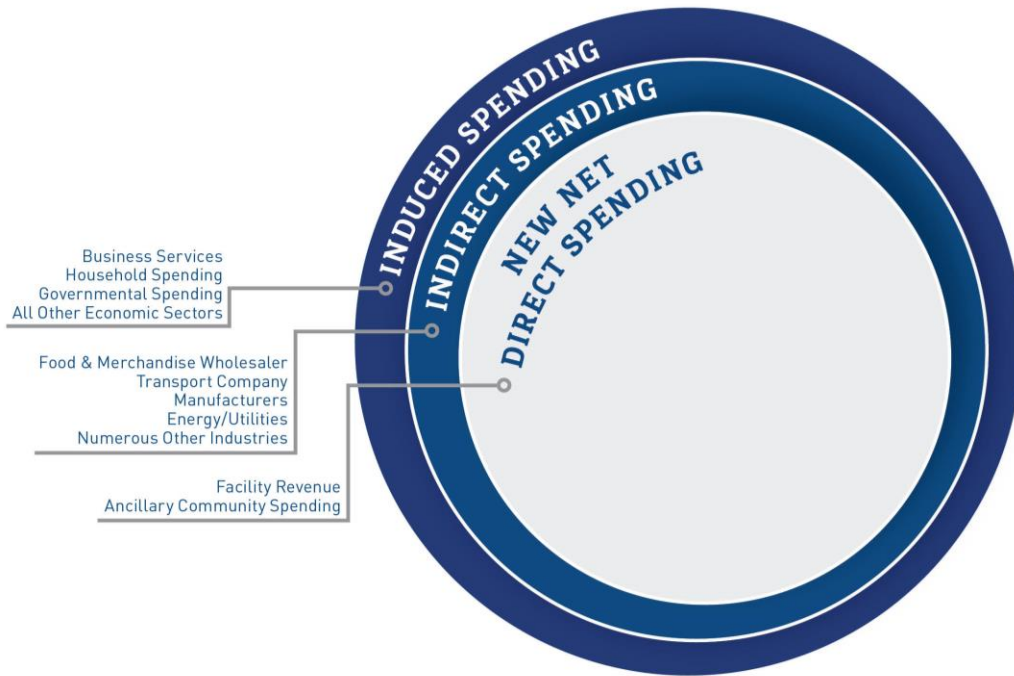
**Induced effects** consist of the positive changes in spending, employment, earnings and tax collections generated by personal income associated with or directly resulting from the facility and facility events. Specifically, as the economic impact process continues, wages and salaries are earned, increased 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

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### 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 facility 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 event attendee 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

We begin with a summary of the number of events/performances taking place each year at each of the three venues. Event categories 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 events for all venues reflects fiscal years. The following three charts provide an event breakdown for each facility for the five-year period spanning fiscal years 2013 through 2017.

##### Event Levels – RICC

	2013	2014	2015	2016	2017
Conventions & Tradeshows	23	33	31	29	35
Food & Beverage Functions	91	60	59	51	53
Meetings	89	110	131	137	124
Public/Consumer Shows	<u>55</u>	<u>47</u>	<u>39</u>	<u>39</u>	<u>30</u>
Total	258	250	260	256	242

##### Event Levels – DDC

	2013	2014	2015	2016	2017
Concerts + Cirque	9	8	15	11	16
Family Shows	29	29	34	36	36
Providence Bruins	48	45	41	40	45
Providence College	19	17	18	18	19
Sports + Auto	10	6	14	16	10
Other Events (1)	<u>11</u>	<u>32</u>	<u>18</u>	<u>14</u>	<u>16</u>
Total	126	137	140	135	142

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

### III. Key Study Assumptions

#### Event Levels – The VETs

	2013	2014	2015	2016	2017
Ballets & Plays	10	13	5	16	12
Concerts & Comedy	9	12	16	17	17
Non-ticketed Events	74	80	44	57	57
Orchestra (RIPO)	20	18	28	23	19
Other Events	<u>3</u>	<u>10</u>	<u>14</u>	<u>17</u>	<u>30</u>
Total	116	133	107	130	135

#### Attendance

Attendance data for each venue over the past five years are summarized 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.

	2013	2014	2015	2016	2017
<b>RICC Attendee Days</b>					
Conventions & Tradeshows	130,788	161,287	175,978	166,249	145,621
Food & Beverage Functions	27,664	23,580	22,007	19,176	20,511
Meetings	70,447	47,762	49,080	54,153	64,166
Public/Consumer Shows	<u>325,820</u>	<u>533,296</u>	<u>470,778</u>	<u>447,464</u>	<u>474,569</u>
Total	554,719	765,925	717,843	687,042	704,867

#### DDC Attendance

Concerts + Cirque	49,636	40,446	57,346	47,115	85,229
Family Shows	122,652	114,610	135,677	128,879	145,847
Providence Bruins	256,983	243,540	227,306	220,396	221,345
Providence College	122,770	102,509	117,348	130,287	118,076
Sports + Auto	29,888	37,139	44,003	70,244	32,097
Other Events (1)	<u>38,739</u>	<u>64,558</u>	<u>53,071</u>	<u>36,650</u>	<u>51,979</u>
Total	620,668	602,802	634,751	633,571	654,573

#### The Vets Attendance

Ballets & Plays	6,405	11,685	4,901	12,834	10,529
Concerts & Comedy	9,521	9,521	13,166	16,180	16,646
Non-ticketed Events	49,375	53,880	42,826	48,930	50,741
Orchestra (RIPO)	16,174	19,715	29,121	25,336	20,562
Other Events	<u>1,495</u>	<u>8,322</u>	<u>11,791</u>	<u>11,284</u>	<u>19,448</u>
Total	82,970	103,123	101,805	114,564	117,926

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

### III. Key Study Assumptions

#### Attendee Origination Assumptions

It is important to consider the origination of event attendees at events held in the various facilities. We have assumed 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 previous analysis of RICCA venues, our review of past facility studies in similar, mid-sized markets and on information provided by the Authority, we have utilized the following assumptions regarding origination of event 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 & Tradeshow	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 (1)	82%	13%	5%

#### 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 our analysis of the historical operations of RICCA venues, survey research conducted in similar mid-sized markets, adjustments for local cost of living levels, and other industry data, we have prepared the following per-attendee spending assumptions. Spending estimates reflect a three percent annual inflation rate and are presented below in 2017 dollars. Note that the lodging spending per-capita 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	\$175.31	\$0.00
Restaurant	\$109.57	\$4.38
Entertainment	\$16.44	\$1.10
Retail	\$38.35	\$3.29
Auto Rental	\$13.15	\$0.00
Other Local Transit	\$22.14	\$2.74
Other Industries	\$54.78	\$3.29

#### 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	\$9.83	\$5.57	\$16.39	\$13.11	\$17.48	\$16.39
Shopping	\$0.00	\$0.22	\$1.64	\$1.34	\$2.19	\$2.19
Entertainment	\$0.22	\$0.33	\$1.09	\$0.86	\$1.20	\$1.20
Transportation	\$1.09	\$0.55	\$1.31	\$1.09	\$1.64	\$1.09
Other	\$2.95	\$1.53	\$1.09	\$0.85	\$1.20	\$1.20
<u>Regional Attendees</u>						
Lodging	\$40.98	\$39.34	\$36.06	\$32.78	\$40.98	\$40.98
Food and Beverage	\$15.30	\$12.02	\$17.48	\$13.11	\$17.48	\$16.39
Shopping	\$1.53	\$0.33	\$5.46	\$4.51	\$6.56	\$6.56
Entertainment	\$0.22	\$0.87	\$1.09	\$0.87	\$1.20	\$1.20
Transportation	\$2.19	\$0.55	\$2.73	\$2.19	\$2.73	\$2.73
Other	\$2.19	\$1.97	\$1.64	\$1.21	\$1.64	\$1.64
<u>Non Local Attendees</u>						
Lodging	\$81.95	\$78.68	\$72.12	\$65.56	\$81.95	\$81.95
Food and Beverage	\$14.21	\$13.11	\$17.48	\$13.11	\$18.58	\$16.39
Shopping	\$1.75	\$0.55	\$6.56	\$4.92	\$7.10	\$6.56
Entertainment	\$0.22	\$0.87	\$1.64	\$1.09	\$1.31	\$1.20
Transportation	\$2.19	\$0.55	\$2.73	\$2.19	\$2.73	\$2.73
Other	\$2.19	\$1.97	\$1.09	\$1.31	\$1.97	\$1.64

### III. Key Study Assumptions

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#### 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	\$10.68	\$10.68	\$1.64	\$10.68	\$1.64
Shopping	\$0.00	\$0.27	\$0.11	\$0.05	\$0.05
Entertainment	\$0.38	\$0.38	\$0.05	\$0.38	\$0.05
Transportation	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10
Other	\$2.73	\$2.73	\$0.27	\$2.73	\$0.27
<u>Regional Attendees</u>					
Lodging	\$38.60	\$38.60	\$32.87	\$38.60	\$32.87
Food and Beverage	\$13.70	\$13.70	\$5.48	\$13.70	\$5.48
Shopping	\$0.82	\$0.82	\$0.27	\$0.82	\$0.27
Entertainment	\$0.77	\$0.88	\$0.05	\$0.44	\$0.05
Transportation	\$2.19	\$2.19	\$2.19	\$2.19	\$2.19
Other	\$2.47	\$2.47	\$2.47	\$2.47	\$2.47
<u>Non Local Attendees</u>					
Lodging	\$77.20	\$77.20	\$65.74	\$129.32	\$65.74
Food and Beverage	\$16.44	\$16.44	\$13.15	\$16.44	\$13.15
Shopping	\$1.39	\$1.39	\$0.82	\$1.39	\$0.82
Entertainment	\$0.55	\$0.44	\$0.05	\$0.55	\$3.29
Transportation	\$2.19	\$2.19	\$2.19	\$2.19	\$2.19
Other	\$2.08	\$2.08	\$2.47	\$2.08	\$2.47

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

## IV. Economic & Fiscal Impact Analysis

An 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 (i.e., merchandise, concessions, etc.). 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**

With regard to in facility DDC spending, we 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. It should be noted that values for Premium Seating, Advertising/Naming Rights and Other revenue are presented on a fiscal year basis.

	2013	2014	2015	2016	2017
Ticket	\$9,416,750	\$8,591,818	\$10,158,713	\$9,742,319	\$9,848,330
F&B	4,634,264	4,248,264	4,279,348	4,774,727	5,685,274
Merchandise	122,427	113,538	53,376	89,550	109,650
Fees	1,098,759	1,015,287	1,064,717	1,003,560	1,131,653
Premium seating	940,684	915,771	739,410	775,277	685,708
Advertising/Naming	744,243	615,000	675,000	676,063	694,216
Other	369,902	271,995	374,478	579,281	584,254
Subtotal	\$17,327,029	\$15,771,673	\$17,345,042	\$17,640,777	\$18,739,085
Parking - Non-event/Contract	\$4,333,571	\$4,151,771	\$4,285,414	\$3,759,754	\$3,994,622
Total	\$21,660,600	\$19,923,444	\$21,630,456	\$21,400,531	\$22,733,707



## IV. Economic & Fiscal Impact Analysis

As presented, total in facility spending for the DDC has ranged from \$19.9 million to \$22.7 million annually over the past five years. It is important to note that these figures include approximately \$3.8 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.

	2013	2014	2015	2016	2017
Ticket	\$260,198	\$252,794	\$252,150	\$309,450	\$306,163
F&B	81,439	142,145	114,292	185,476	182,313
Merchandise	27,375	45,449	42,714	95,592	112,290
Chargebacks	458,758	380,325	615,233	799,367	786,841
Fees	67,348	151,707	139,087	162,317	176,559
Subtotal	\$895,118	\$972,420	\$1,163,476	\$1,552,202	\$1,564,165
Other	\$7,800	\$11,575	\$26,876	\$26,758	\$107,300
Subtotal	\$7,800	\$11,575	\$26,876	\$26,758	\$107,300
Total	\$902,918	\$983,995	\$1,190,352	\$1,578,960	\$1,671,465

Note: VETs started managing a new parking lot in FY17 and just over \$80,000 in revenue was added into "Other" Income. The facility also added the Encore Lounge in FY17, which added approximately \$7,000 to "Other" Income.

### 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.

## IV. Economic & Fiscal Impact Analysis

To estimate gross out of facility 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 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

Out of facility spending over the past five years for the RICC is segmented into local and non-local spending, as summarized in the following table.

	2013	2014	2015	2016	2017
<u>Non-local Attendees</u>					
Hotel	\$21,823,000	\$29,029,000	\$30,708,000	\$30,059,000	\$28,951,000
Restaurant	13,639,000	18,143,000	19,193,000	18,787,000	18,094,000
Entertainment	2,046,000	2,721,000	2,879,000	2,818,000	2,714,000
Retail	4,774,000	6,350,000	6,717,000	6,575,000	6,333,000
Auto Rental	1,637,000	2,177,000	2,303,000	2,254,000	2,171,000
Other Local Transit	2,756,000	3,666,000	3,878,000	3,796,000	3,656,000
Other Industries	<u>6,820,000</u>	<u>9,071,000</u>	<u>9,596,000</u>	<u>9,393,000</u>	<u>9,047,000</u>
TOTAL	\$53,495,000	\$71,157,000	\$75,274,000	\$73,682,000	\$70,966,000
<u>Local Attendees</u>					
Hotel	\$0	\$0	\$0	\$0	\$0
Restaurant	\$1,608,678	\$2,337,983	2,192,466	2,169,312	2,365,477
Entertainment	402,170	584,496	548,117	542,328	591,369
Retail	1,206,509	1,753,487	1,644,350	1,626,984	1,774,107
Auto Rental	-	-	-	-	-
Other Local Transit	1,005,424	1,461,239	1,370,292	1,355,820	1,478,423
Other Industries	<u>1,206,509</u>	<u>1,753,487</u>	<u>1,644,350</u>	<u>1,626,984</u>	<u>1,774,107</u>
TOTAL	\$5,429,289	\$7,890,693	\$7,399,574	\$7,321,428	\$7,983,483
Total - All Attendees	\$58,924,289	\$79,047,693	\$82,673,574	\$81,003,428	\$78,949,483

## IV. Economic & Fiscal Impact Analysis

### 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.

	2013	2014	2015	2016	2017
<u>Local Attendees</u>					
Lodging	\$0	\$0	\$0	\$0	\$0
Food and Beverage	5,426,561	5,484,097	5,794,519	6,108,889	6,282,966
Shopping	508,024	530,371	543,635	587,397	566,832
Entertainment	346,042	354,396	368,323	391,969	390,666
Transportation	454,623	454,666	487,788	517,073	532,202
Other	533,923	524,170	593,638	597,659	695,995
TOTAL	\$7,269,173	\$7,347,700	\$7,787,903	\$8,202,987	\$8,468,660
<u>Regional Attendees</u>					
Lodging	\$3,188,477	\$3,195,775	\$3,414,003	\$3,444,069	\$3,574,680
Food and Beverage	1,318,024	1,323,507	1,392,867	1,413,507	1,443,223
Shopping	356,808	368,923	368,937	380,740	353,916
Entertainment	82,199	83,805	86,459	88,470	85,757
Transportation	186,241	188,314	193,878	197,410	196,791
Other	142,587	142,139	153,101	153,199	163,233
TOTAL	\$5,274,336	\$5,302,462	\$5,609,244	\$5,677,394	\$5,817,600
<u>Non-local Attendees</u>					
Lodging	\$3,842,369	\$4,191,614	\$4,430,813	\$4,337,279	\$4,592,562
Food and Beverage	805,920	878,346	915,430	905,018	936,375
Shopping	239,389	273,565	270,466	269,485	257,895
Entertainment	63,963	69,461	70,451	70,458	69,662
Transportation	110,529	123,228	125,212	123,113	125,404
Other	76,430	83,301	90,468	88,920	95,558
TOTAL	\$5,138,600	\$5,619,515	\$5,902,839	\$5,794,273	\$6,077,457
Total - All Attendees	\$17,682,109	\$18,269,677	\$19,299,987	\$19,674,655	\$20,363,716



## IV. Economic & Fiscal Impact Analysis

### Out of Facility Spending – The VETs

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

	2013	2014	2015	2016	2017
<u>Local Attendees</u>					
Lodging	\$0	\$0	\$0	\$0	\$0
Food and Beverage	306,728	401,534	452,815	527,206	498,888
Shopping	6,789	7,878	8,223	9,419	10,162
Entertainment	10,757	14,091	15,935	18,558	17,510
Transportation	71,115	90,853	91,216	105,038	112,113
Other	72,128	94,775	108,649	126,682	117,874
TOTAL	\$467,516	\$609,130	\$676,838	\$786,903	\$756,547
<u>Regional Attendees</u>					
Lodging	\$298,660	\$383,567	\$430,292	\$524,743	\$528,470
Food and Beverage	91,788	117,136	134,730	166,101	162,203
Shopping	5,382	6,860	7,925	9,788	9,508
Entertainment	4,198	5,264	5,987	7,902	7,689
Transportation	17,702	22,773	25,373	30,848	31,334
Other	19,914	25,620	28,544	34,704	35,251
TOTAL	\$437,645	\$561,220	\$632,852	\$774,086	\$774,455
<u>Non-local Attendees</u>					
Lodging	\$48,576	\$69,845	\$85,829	\$101,741	\$106,968
Food and Beverage	8,732	12,748	15,049	18,753	20,167
Shopping	730	1,034	1,208	1,522	1,592
Entertainment	339	829	1,093	1,197	1,725
Transportation	1,175	1,766	2,103	2,596	2,859
Other	1,126	1,734	2,082	2,548	2,863
TOTAL	\$60,678	\$87,956	\$107,363	\$128,357	\$136,175
Total - All Attendees	\$965,839	\$1,258,307	\$1,417,053	\$1,689,345	\$1,667,177

## IV. Economic & Fiscal Impact Analysis

### Total Direct Spending

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

Total Estimated Direct Spending (2013 - 2017)

	2013	2014	2015	2016	2017
<b>RICC:</b>					
<b>Total</b>	<b>\$58,924,289</b>	<b>\$79,047,693</b>	<b>\$82,673,574</b>	<b>\$81,003,428</b>	<b>\$78,949,483</b>
Local Attendees	5,429,289	7,890,693	7,399,574	7,321,428	7,983,483
Non-Local Attendees	53,495,000	71,157,000	75,274,000	73,682,000	70,966,000
<b>DDC:</b>					
<b>Total</b>	<b>\$39,342,709</b>	<b>\$38,193,121</b>	<b>\$40,930,443</b>	<b>\$41,075,186</b>	<b>\$43,097,424</b>
Local Attendees	24,590,956	23,223,934	25,052,018	25,273,995	26,699,870
Regional Attendees	7,971,695	7,745,319	8,254,770	8,328,609	8,555,499
Non-Local Attendees	6,780,058	7,223,868	7,623,655	7,472,582	7,842,055
<b>The VETs:</b>					
<b>Total</b>	<b>\$1,860,957</b>	<b>\$2,230,727</b>	<b>\$2,580,529</b>	<b>\$3,118,142</b>	<b>\$3,231,343</b>
Local Attendees	1,196,917	1,413,563	1,614,554	1,913,458	2,048,659
Regional Attendees	590,206	714,801	837,965	1,048,869	1,021,174
Non-Local Attendees	73,834	102,363	128,010	155,815	161,510
<b>All Venues:</b>					
<b>Total</b>	<b>\$100,127,955</b>	<b>\$119,471,541</b>	<b>\$126,184,547</b>	<b>\$125,196,755</b>	<b>\$125,278,250</b>
Local Attendees	31,217,162	32,528,190	34,066,146	34,508,880	36,732,013
Regional Attendees	8,561,901	8,460,120	9,092,736	9,377,478	9,576,673
Non-Local Attendees	60,348,892	78,483,231	83,025,665	81,310,397	78,969,564

As noted above, over the past five years, the combined annual direct spending for the three venues has ranged from a low just over \$100 million (in 2013) to a high of more than \$126 million (in 2015). Combined, five-year direct spending has totalled than \$596 million.

## IV. Economic & Fiscal Impact Analysis

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The share of this impact generated by non-local attendees has ranged from approximately \$60 million to \$83 million per year, with a combined five-year impact of over \$382 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 economic impacts generated can be estimated by applying specific industry multipliers supplied by the IMPLAN economic analysis system (as described in the Study Methodology section of this report) to the direct spending estimates presented on the previous page.

The multipliers used in this economic impact analysis are specific to Providence County and 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

## IV. Economic & Fiscal Impact Analysis

The total estimated direct spending generates effects on the economy that extend beyond the initial expenditures. The chart below summarizes the 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 (2013 - 2017)

	2013	2014	2015	2016	2017
<b>RICC:</b>					
<b>Total</b>	<b>\$83,262,097</b>	<b>\$111,715,629</b>	<b>\$116,814,056</b>	<b>\$114,456,361</b>	<b>\$111,579,969</b>
Local Attendees	7,821,841	11,367,924	10,660,382	10,547,798	11,501,605
Non-Local Attendees	75,440,255	100,347,705	106,153,675	103,908,563	100,078,364
<b>DDC:</b>					
<b>Total</b>	<b>\$54,783,621</b>	<b>\$53,218,855</b>	<b>\$57,018,285</b>	<b>\$57,252,505</b>	<b>\$60,050,249</b>
Local Attendees	34,344,713	32,473,963	35,019,065	35,357,010	37,336,108
Regional Attendees	11,071,810	10,762,327	11,466,662	11,570,548	11,882,103
Non-Local Attendees	9,367,097	9,982,564	10,532,557	10,324,948	10,832,039
<b>The VETs:</b>					
<b>Total</b>	<b>\$2,600,465</b>	<b>\$3,121,853</b>	<b>\$3,609,201</b>	<b>\$4,359,044</b>	<b>\$4,511,711</b>
Local Attendees	1,680,511	1,989,269	2,270,718	2,689,895	2,872,956
Regional Attendees	818,136	991,352	1,161,941	1,454,197	1,415,844
Non-Local Attendees	101,817	141,231	176,542	214,952	222,911
<b>All Venues:</b>					
<b>Total</b>	<b>\$140,646,182</b>	<b>\$168,056,337</b>	<b>\$177,441,542</b>	<b>\$176,067,910</b>	<b>\$176,141,929</b>
Local Attendees	43,847,066	45,831,156	47,950,165	48,594,702	51,710,669
Regional Attendees	11,889,946	11,753,680	12,628,603	13,024,745	13,297,947
Non-Local Attendees	84,909,170	110,471,501	116,862,773	114,448,463	111,133,313

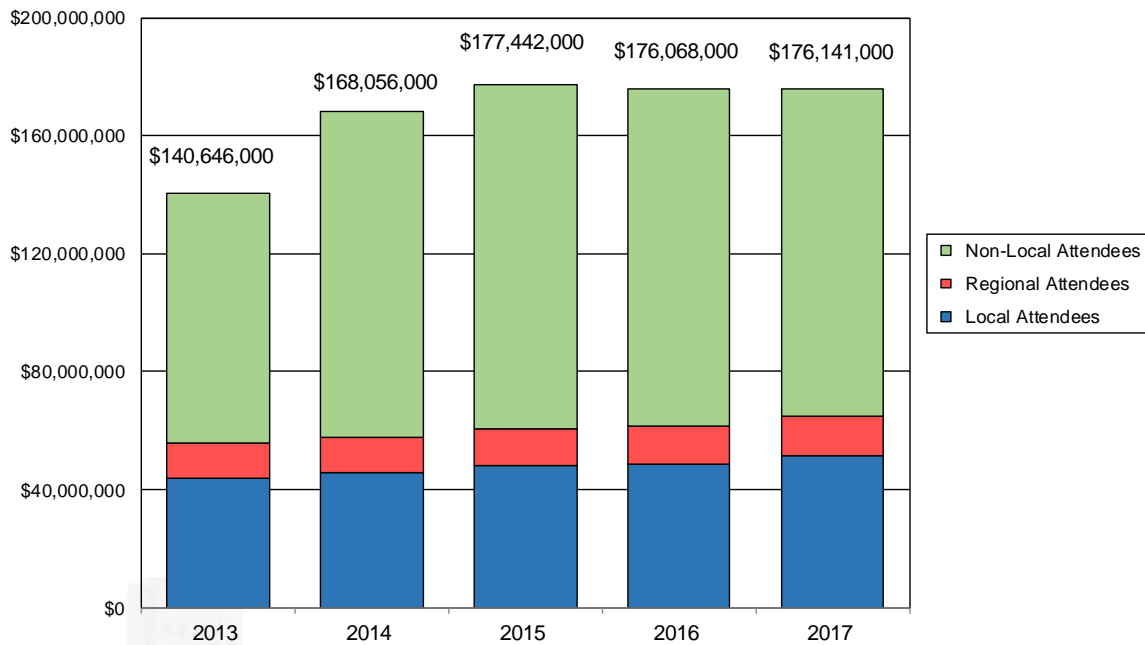
As outlined in the exhibit, it is estimated that the three facilities generated total output of between \$140 million and \$177 million annually over the past five years (for a combined five-year impact of nearly \$838 million). Output generated by non-local attendees has ranged from nearly \$85 million to approximately \$117 million over the past five years (for a combined five-year impact of \$538 million).



## IV. Economic & Fiscal Impact Analysis

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

Estimated Total Output by Attendee Origin (2013 - 2017)



Over the past five years, a total of more than \$838 million was generated by the operations of all three RICCA event facilities. Approximately 71 percent of total output is generated by non-local or regional event attendees, while the remaining 29 percent is derived from spending among local residents.

## IV. Economic & Fiscal Impact Analysis

Direct spending related to event facility operations also supports earnings and employment within the market. The following exhibit summarizes these impacts for the past five years.

### Total Estimated Earnings (2013 - 2017)

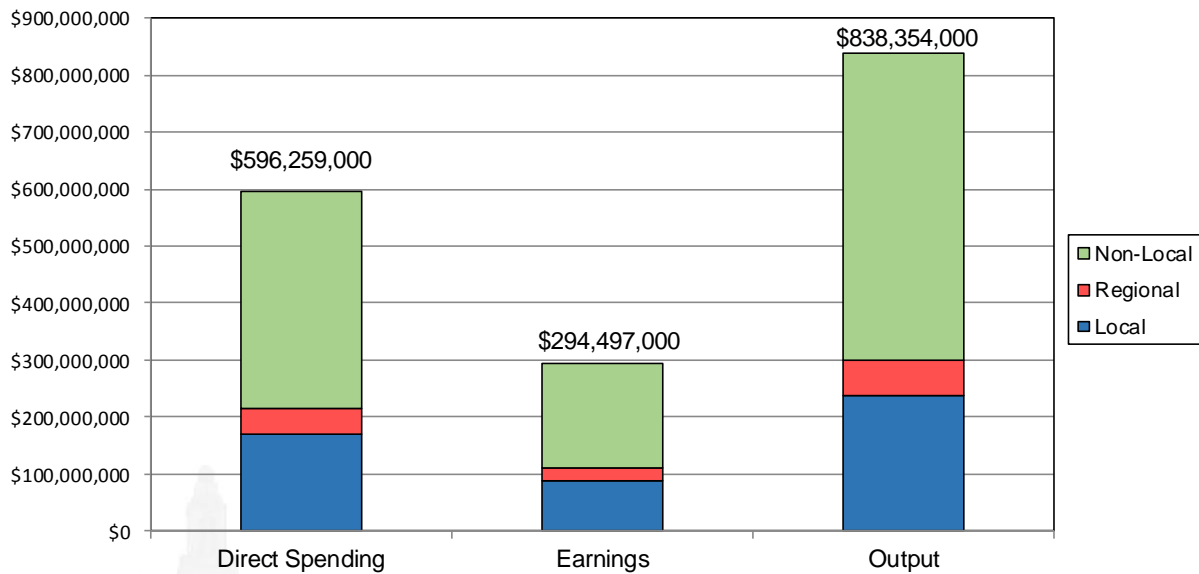
	2013	2014	2015	2016	2017
<b>RICC:</b>					
<b>Total</b>	<b>\$29,468,103</b>	<b>\$39,595,764</b>	<b>\$41,322,170</b>	<b>\$40,494,891</b>	<b>\$39,557,398</b>
Local Attendees	3,234,534	4,700,931	4,408,344	4,361,788	4,756,212
Non-Local Attendees	26,233,568	34,894,833	36,913,826	36,133,103	34,801,186
<b>DDC:</b>					
<b>Total</b>	<b>\$19,009,694</b>	<b>\$18,445,476</b>	<b>\$19,749,004</b>	<b>\$19,859,517</b>	<b>\$20,798,271</b>
Local Attendees	12,331,989	11,683,653	12,587,086	12,725,623	13,418,527
Regional Attendees	3,684,652	3,577,721	3,806,583	3,842,919	3,936,051
Non-Local Attendees	2,993,053	3,184,102	3,355,334	3,290,975	3,443,693
<b>The VETs:</b>					
<b>Total</b>	<b>\$886,373</b>	<b>\$1,061,496</b>	<b>\$1,229,292</b>	<b>\$1,484,436</b>	<b>\$1,534,983</b>
Local Attendees	593,396	703,051	803,796	952,149	1,014,423
Regional Attendees	261,454	314,901	370,956	465,616	451,494
Non-Local Attendees	31,522	43,545	54,540	66,672	69,066
<b>All Venues:</b>					
<b>Total</b>	<b>\$49,364,169</b>	<b>\$59,102,737</b>	<b>\$62,300,466</b>	<b>\$61,838,844</b>	<b>\$61,890,652</b>
Local Attendees	16,159,920	17,087,635	17,799,226	18,039,560	19,189,162
Regional Attendees	3,946,106	3,892,622	4,177,539	4,308,535	4,387,545
Non-Local Attendees	29,258,143	38,122,480	40,323,700	39,490,749	38,313,946

Total earnings supported by the three facilities has ranged from \$49 million to \$62 million annually over the past five years, with a combined total earnings amount of nearly \$250 million. Combined earnings generated from non-local and regional attendee spending has totaled more than \$206 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 2013 through 2017.

Summary of Cumulative Economic Impacts (2013 – 2017)



As shown, total direct spending associated with event activity at the RICC, DDC and The VETs between 2013 and 2017 approximated \$596 million. This spending generated nearly \$295 million in in employee earnings, while resulting in more than \$838 million in total output.

## IV. Economic & Fiscal Impact Analysis

Estimates of total full and part-time employment supported by the operations of the three RICCA facilities over the past five years is presented below.

Total Estimated Employment (2013 - 2017)

	2013	2014	2015	2016	2017
<b>RICC:</b>					
<b>Total</b>	<b>928</b>	<b>1,247</b>	<b>1,300</b>	<b>1,275</b>	<b>1,246</b>
Local Attendees	107	155	146	144	157
Non-Local Attendees	821	1,092	1,155	1,130	1,089
<b>DDC:</b>					
<b>Total</b>	<b>476</b>	<b>468</b>	<b>499</b>	<b>505</b>	<b>527</b>
Local Attendees	301	290	311	317	333
Regional Attendees	97	95	100	102	104
Non-Local Attendees	78	84	88	87	91
<b>The VETs:</b>					
<b>Total</b>	<b>23</b>	<b>28</b>	<b>32</b>	<b>39</b>	<b>39</b>
Local Attendees	15	18	21	25	26
Regional Attendees	7	8	10	12	12
Non-Local Attendees	1	1	1	2	2
<b>All Venues:</b>					
<b>Total</b>	<b>1,427</b>	<b>1,743</b>	<b>1,832</b>	<b>1,819</b>	<b>1,812</b>
Local Attendees	423	463	477	486	515
Regional Attendees	103	103	110	114	116
Non-Local Attendees	900	1,177	1,245	1,219	1,181

Full and part-time employment impacts have ranged between 1,427 and 1,832 positions over the past five years. Employment support has ranged between 900 and 1,245 positions 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 unquantifiable quality-of life benefits for residents. The VETs, which attracts some events with a non-local attendee base, should 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 (2013 – 2017)

	2013	2014	2015	2016	2017
<b>State Sales Tax - 7.00%</b>					
RICC	3,621,559	4,406,304	4,661,251	4,562,674	4,394,478
DDC	\$2,280,495	\$2,214,959	\$2,389,348	\$2,430,554	\$2,548,225
The VETs	<u>121,333</u>	<u>142,832</u>	<u>168,693</u>	<u>209,646</u>	<u>213,820</u>
TOTAL	\$6,023,387	\$6,764,094	\$7,219,293	\$7,202,874	\$7,156,523
<b>State &amp; Local Hotel Occupancy Tax (1) - 6.00%</b>					
RICC	1,243,911	1,654,653	1,750,356	1,713,363	1,650,207
DDC	\$400,758	\$421,081	\$447,154	\$443,537	\$465,533
The VETs	<u>19,792</u>	<u>25,844</u>	<u>29,419</u>	<u>35,710</u>	<u>36,220</u>
TOTAL	\$1,664,462	\$2,101,579	\$2,226,929	\$2,192,609	\$2,151,960
<b>State Meals &amp; Beverage Tax - 1.00%</b>					
RICC	144,853	172,359	182,334	178,477	171,893
DDC	\$115,755	\$113,375	\$117,631	\$125,420	\$136,304
The VETs	<u>4,643</u>	<u>6,155</u>	<u>6,810</u>	<u>8,527</u>	<u>8,204</u>
TOTAL	\$265,251	\$291,888	\$306,774	\$312,423	\$316,401
<b>State Auto Rental Tax (2) - 3.20%</b>					
RICC	\$34,050	\$45,282	\$47,902	\$46,883	\$45,157
<b>State Income Tax - 4.00%</b>					
RICC	825,107	977,055	1,033,587	1,011,727	974,433
DDC	\$532,271	\$516,473	\$552,972	\$556,066	\$582,352
The VETs	<u>24,818</u>	<u>29,722</u>	<u>34,420</u>	<u>41,564</u>	<u>42,980</u>
TOTAL	\$1,382,197	\$1,523,251	\$1,620,979	\$1,609,358	\$1,599,764
<b>Total Tax Revenue - Indirect &amp; Induced Spending</b>					
State Sales Tax - 7.00%					
RICC	412,566	494,831	523,462	512,391	493,503
DDC	\$261,749	\$254,711	\$272,716	\$274,233	\$287,379
The VETs	<u>12,536</u>	<u>15,106</u>	<u>17,438</u>	<u>21,035</u>	<u>21,704</u>
TOTAL	\$686,851	\$764,648	\$813,615	\$807,658	\$802,586
<b>Total Tax Revenue - By Venue</b>					
RICC	\$6,282,046	\$7,750,483	\$8,198,892	\$8,025,514	\$7,729,671
DDC	3,591,029	3,520,599	3,779,821	3,829,810	4,019,793
The VETs	<u>183,122</u>	<u>219,659</u>	<u>256,781</u>	<u>316,482</u>	<u>322,928</u>
TOTAL	\$10,056,197	\$11,490,741	\$12,235,494	\$12,171,806	\$12,072,391

(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**

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As shown, the estimated annual total tax revenue generated by the operations of the three facilities has ranged from approximately \$10.1 million to nearly \$12.2 million, totaling more than \$58 million over the five-year period. Attracting a variety of nationally-rotating convention and tradeshow events, the RICC is responsible for approximately 64 percent of all taxes generated by RICCA facilities.

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.

