

# The Economic Impact of the Valley Sports and Event Center on the Kings County Economy



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# Study Goals

- ◆ The goal of the study is to estimate the economic impact associated with construction and operation of the Valley Sports and Event Center.

# Economic Impact Analysis

- ◆ Economic impact analysis involves identify economic activity which would not occur in the absence of this facility - incremental economic activity.

# The Impact Process

Money is injected directly into a local economy due to construction and operational expenditures and facility related spending by visitors



Multiplier effect stimulates further spending and employment (indirect and induced impacts)



Local economic activity is increased

# The Economic Stimulus

- ◆ To assess the economic impact, all (non-local source) spending associated with facility construction, operation and visitation occurring in local area (Kings County) is considered.
- ◆ In addition multiplied effects of these expenditures are examined via a Kings County Input-Output model

# Facility Construction

- ◆ Total construction expenditures were \$1.5 million.
- ◆ The construction was done by a local company, equipment purchases were made through local suppliers and the business plan conducted a local firm.
- ◆ Adjusting for leakages such as taxes, Kings County government and sport organization contributions, incremental direct construction expenditures injected into the local economy were \$924K

# Facility Construction

- ◆ These expenditures circulate through the local economy creating income and more re-spending but also more leakages.
- ◆ The input-output model captures such re-spending, as well as additional leakages.
- ◆ The total (direct/indirect/induced) impacts on the Kings County economy are shown in Table 1

# Total Construction Impacts

<b>Table 1 Construction Total Incremental Impacts</b>	<b>\$2005</b>
Division A - Agricultural and related service industries	\$11,731
Division B - Fishing and trapping industries	\$133
Division C - Logging and forestry industries	\$10,114
Division D - Mining (including milling), quarrying and oil wells	\$4,602
Division E- Aggregate Manufacturing	\$10,543
Division F – Construction industries	\$1,128,510
Division G - Transportation and storage industries	\$15,447
Division H - Communication and other utility industries	\$23,742
Division I - Wholesale trade industries	\$56,025
Division J - Retail trade industries	\$55,897
Division KL - Finance, Insurance, Real Estate	\$93,159
Division M - Business service industries	\$31,767
Division O - Educational service industries	\$197
Division P - Health and social service industries	\$8,678
Division Q - Accommodation, food/beverage service industries	\$17,536
Division R - Other Services	\$22,150
Industry Sum	\$1,490,231
Household Income (wages/salaries/profits)	\$575,746

# Key Construction Impacts

- ◆ \$1.1 million in output local construction industry.
- ◆ 93K in finance/real estate/insurance.
- ◆ 56k in wholesale and retail trade.
- ◆ 31k in business services.
- ◆ \$600k in wages (at \$30 per job equals equivalent of 20 full time jobs created).

# Key Operating Expenses

- ◆ Annual operating cost of approx \$125k
- ◆ Wages \$32K
- ◆ Heat \$16k
- ◆ Electricity & Other Utilities \$14k
- ◆ Maintenance & Supplies \$10K
- ◆ Insurance \$8K

# Annual Operating Expenditures

<b>Table 2 Annual Operating Expenses</b>	<b>\$2005</b>
Bank Charges & Mortgage Interest	\$36,875
Maintenance and Supplies	\$6,069
Cost of Sales	\$831
Electricity	\$9,626
Garbage removal	\$353
Heat	\$16,596
Insurance	\$8,260
Management Fees	\$18,508
Office Supplies	\$880
Advertising & Promotion	\$821
Professional Fees	\$5,050
Snow Removal	\$3,571
Communications	\$1,880
Wages/Benefits	\$13,145
Water/Sewer	\$1,016
<b>Total</b>	<b>\$123,481</b>

# Incremental Operational Impacts

- ◆ Not all operational spending can be considered incremental, leakages such as GST and non-local production flow outside the county.
- ◆ Expenditures financed by local (Kings) residents/businesses not considered incremental.

# Incremental Operating Impacts

<b>Table Annual Operational Spending Financed by Visitor (Non-Kings Residents) Fees/Visitation and Local Player Retention Total Impacts</b>	<b>\$2005</b>
Division A - Agricultural and related service industries	\$857
Division B - Fishing and trapping industries	\$32
Division C - Logging and forestry industries	\$226
Division D - Mining (including milling), quarrying and oil wells	\$196
Division E- Aggregate Manufacturing	\$2,668
Division F – Construction industries	\$1,450
Division G - Transportation and storage industries	\$1,440
Division H - Communication and other utility industries	\$15,449
Division I - Wholesale trade industries	\$4,382
Division J - Retail trade industries	\$8,332
Division KL - Finance, Insurance, Real Estate	\$27,699
Division M - Business service industries	\$4,409
Division O - Educational service industries	\$21
Division P - Health and social service industries	\$909
Division Q - Accommodation, food/beverage service industries	\$41,548
Division R - Other Services	\$6,287
Industry Sum	\$115,905
Household Income	\$59,865

# Annual Revenues

<b>Table 3 Annual Revenues</b>	<b>\$2005</b>
Soccer Rental	\$114,314
Other Rental	\$2,745
Advertising	\$1,770
<b>Total</b>	<b>\$118,829</b>

# Primary Sources of Incremental Revenue for Kings County

- ◆ Non-Kings Valley Soccer participants inject over \$40k annually in fees.
- ◆ Non-Kings visitors (players/parents) inject \$30k annually in local economy via spending attending games/practices.
- ◆ \$20k is retained in Kings economy via local players not going to HRM for games/practices.

# Key Operational Spin-off Effects

- ◆ Total annual operating impact of \$115K on Kings County economy.
- ◆ 42K of spending in Food/Bev sector.
- ◆ 28% of impacts in Financial Sector.
- ◆ 15k of impacts in Utilities.
- ◆ 8k in retail sales.

# Examples of Operational Spin-off Effects

- ◆ A total of \$60K in income created across all industries.
- ◆ 1 full time and 4 part time jobs to operate/manage facility.
- ◆ 30 part time jobs to soccer officials totaling \$14,000.
- ◆ \$22K spent on equipment.
- ◆ \$7k spent on T-shirts.

# Summary Impacts on Kings County

- ◆ Construction created \$1.5k in spending and \$600K in income.
- ◆ Facility attracts \$90k in non-local funds via player fees and visitor spending.
- ◆ Multiplied annual operational impacts \$115K in expenditures and \$60,000 in income.
- ◆ 1 full time and 35 part jobs associated with facility operation and associated events.

# VALLEY SPORTS & EVENTS CENTRE



The End

