



Gateway Center, Collinsville, Illinois
Economic and Fiscal Impact Analysis

SUBMITTED TO
Gateway Center

SUBMITTED BY
C.H. Johnson Consulting, Inc.

February 2017



**JOHNSON
CONSULTING**

Experts in Convention, Hospitality,
Sport and Real Estate Consulting.

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SECTION I
TRANSMITTAL LETTER

February 3, 2017

Ms. Cindy Warke
Executive Director
Gateway Center
One Gateway Drive
Collinsville, Illinois 62234

Re: Economic Impact Analysis for the Gateway Center in Collinsville, Illinois

Dear Ms. Warke:

C.H. Johnson Consulting, Inc. (Johnson Consulting) is pleased to submit this report to you regarding an economic and fiscal impact analysis of the existing Gateway Center in Collinsville, Illinois. This study accurately reflects the impacts of all events that occurred at the Gateway Center based on the event activity and visitation volume at the facility in the most recent three fiscal years (Fiscal Year Ending (FYE) 2014 through FYE 2016).

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable, but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions, which can result in differences between the projected results and the actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the clients' internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

We have enjoyed serving you on this engagement and look forward to providing you with continuing service.

Sincerely,

C.H. Johnson Consulting, Inc.

C.H. Johnson Consulting, Inc.

SECTION II

INTRODUCTION AND EXECUTIVE SUMMARY



INTRODUCTION AND EXECUTIVE SUMMARY

Johnson Consulting was retained by the Gateway Center in Collinsville, Illinois to perform an economic and fiscal impact analysis of the facility. It is expected that the data developed by management at the Center may understate the true value of the venue. This report represents an independent analysis regarding the true value of the venue and its contribution to the local economy. This analysis will set the stage for the strategy analysis that will follow.

OBJECTIVE OF STUDY

Our analysis focuses on estimating the economic and fiscal impact of the existing Gateway Center.

PERFORMED TASKS

To achieve the objectives of this undertaking, the following tasks have been performed and are documented in this report:

- Toured the site and surrounding local area, and met with the existing Gateway Center team to understand issues and opportunities, and reviewed current management and operations,
- Review of historical event demand, attendance, utilization, as well as operating revenue and expenses of the Gateway Center, including the amounts of tax subsidies received, and
- Performed economic and fiscal impact analysis of the facility.

REPORT OUTLINE

Section 1 – Transmittal Letter

Section 2 – Introduction and Executive Summary

Section 3 – Overview of Existing Facility

Section 4 – Economic and Fiscal Impact Analysis

EXECUTIVE SUMMARY

Based on the event activity and visitation volume at the facility in the most recent three fiscal years (Fiscal Year Ending (FYE) 2014 through FYE 2016), the facility is estimated to have generated significant economic and fiscal benefits to Collinsville’s economy. Below is a summary of the estimated economic and fiscal impact that resulted from all events and associated attendees’ activities.*



<u>Total Economic Impact</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>
Direct Spending	\$20,700,000	\$21,900,000	\$20,000,000
Indirect and Induced Spending	16,500,000	17,400,000	15,900,000
Total Spending	\$37,200,000	\$39,300,000	\$36,000,000
Increased Earnings	\$12,100,000	\$12,800,000	\$11,700,000
Employment (in Full-Time Equivalent Jobs)	268	283	260

<u>Total Fiscal Impact</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>
Sales Tax	\$1,600,000	\$1,700,000	\$1,500,000
Hotel/ Motel Tax	1,000,000	1,100,000	1,000,000
Food and Beverage Tax - District	100,000	100,000	100,000
Total Tax Revenue	\$2,700,000	\$2,800,000	\$2,600,000

A subset of the total economic and fiscal impact is NET NEW economic and fiscal impact, which represents the portion of direct, indirect and induced spending, increased earnings, jobs, and tax revenues that results from out-of-town visitors only. Below is a summary of such net new impact.*

<u>Net New Economic Impact</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>
Direct Spending	\$9,600,000	\$10,100,000	\$9,300,000
Indirect and Induced Spending	7,600,000	8,000,000	7,400,000
Total Spending	\$17,200,000	\$18,200,000	\$16,600,000
Increased Earnings	\$5,600,000	\$5,900,000	\$5,400,000
Employment (in Full-Time Equivalent Jobs)	124	131	120

<u>Net New Fiscal Impact</u>	<u>FYE 2014</u>	<u>FYE 2015</u>	<u>FYE 2016</u>
Sales Tax	\$800,000	\$800,000	\$740,000
Hotel/ Motel Tax	1,000,000	1,100,000	1,000,000
Food and Beverage Tax - District	30,000	30,000	20,000
Total Tax Revenue	\$1,830,000	\$1,930,000	\$1,760,000

* Dollar amounts are rounded to the nearest \$100,000.

SECTION III
OVERVIEW OF THE EXISTING OPERATION

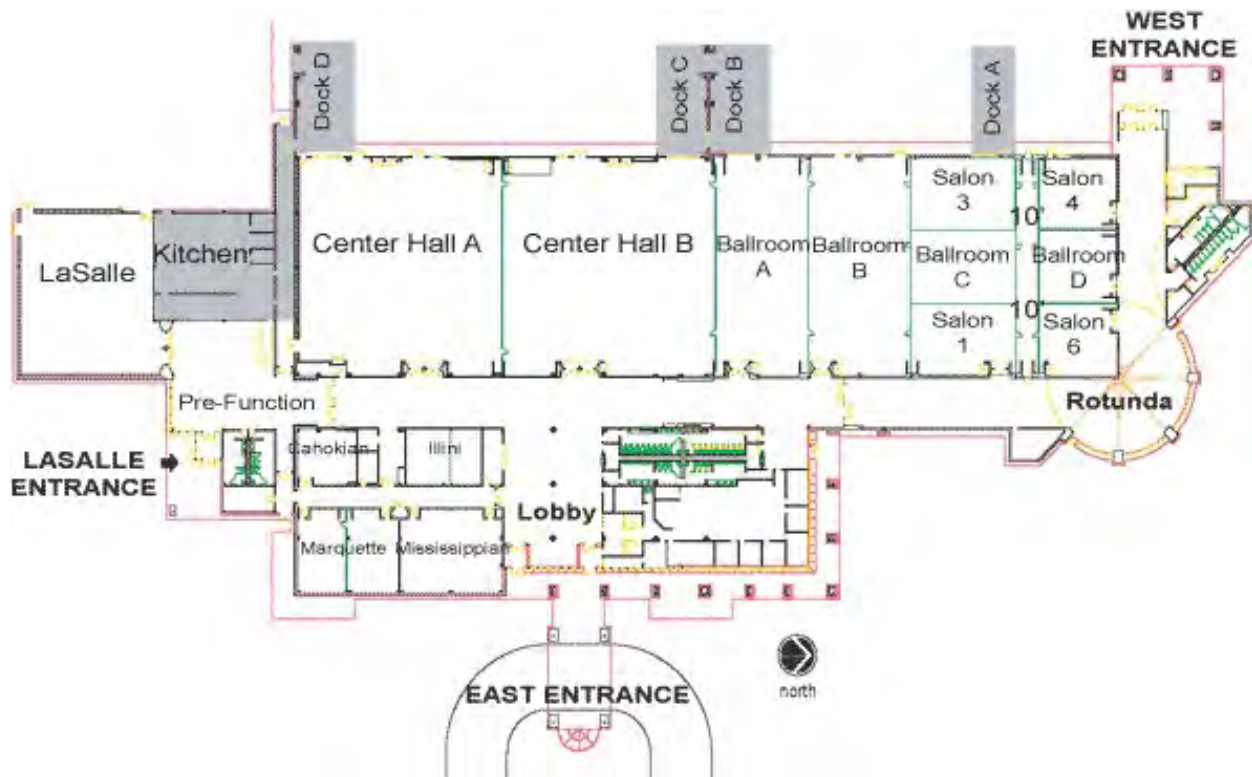
OVERVIEW OF THE EXISTING OPERATION

This section provides an overview of the Gateway Center today, its volume of activities, operating revenue and expenses, as well as the tax subsidies the facility receives. The facility’s current operation serves as the basis for the economic and fiscal impact analysis in the subsequent section.

OVERVIEW OF THE FACILITY

Gateway Center opened in 1990 as a 60,000 square foot facility. It was expanded twice, in 1997 to a 72,500 square feet facility and in 2006 to its current total footprint of 105,000 square feet. The facility today offers 49,631 square feet of function space, which includes a 20,400 square foot Center Hall (divisible into two sections), a 19,700 square foot Great Rivers Ballroom (divisible into four sections and six salons), and 9,531 square feet of meeting rooms. Further, as shown in the floor plan below, the Center Hall and Great Rivers Ballroom can be combined, resulting in 40,100 square feet of contiguous space.

Figure 3-1



The Gateway Center is owned and operated by the Collinsville Metropolitan Exposition Auditorium and Office Building Authority, a multi-quasi unit of government with a nine-member Board of Directors, appointed by the Mayor. Additionally, the City of Collinsville acts as a conduit for the collection of the

convention center's tax resources, and the City and Gateway Center are connected directly for bonding authority.

Currently, the Gateway Center receives the following tax revenue:

- Five-percent (5%) Hotel/ Motel Tax (City-wide),
- One-percent (1%) Food and Beverage Tax (not City-wide but of a carved-out geographic area around the convention center), and
- Tax Increment Financing (TIF) Funds, a flat amount of approximately \$500,000 annually through 2022.

The City of Collinsville recently approved moving forward with the creation of a new TIF and Business District. However, Gateway Center is not included in either of these areas. Gateway Center is situated within a newly created Enterprise Zone.

ACTIVITIES AT THE FACILITY

Table 3-1 summarizes the number of events and attendance at the Gateway Center from Fiscal Year Ending (FYE) 2014 through FYE 2016. (Fiscal Year runs from May 1st through April 30th of the following year.)

Table 3-1

Gateway Center, Collinsville, Illinois Historical Event Demand and Attendance			
# of Events	FYE 2014	FYE 2015	FYE 2016
Conventions/ Trade Shows	15	12	10
Consumer Shows	27	27	29
Public Shows	4	3	3
Athletic Events	5	9	10
Banquets/ Wedding Receptions	116	109	84
Meetings/ Conferences	186	200	161
Total	353	360	297
Attendance	FYE 2014	FYE 2015	FYE 2016
Conventions/ Trade Shows	21,700	13,848	10,767
Consumer Shows	53,061	65,149	64,237
Public Shows	5,800	4,100	1,700
Athletic Events	8,300	12,200	16,930
Banquets/ Wedding Receptions	21,522	19,067	14,390
Meetings/ Conferences	28,733	32,325	26,432
Total	139,116	146,689	134,456

Source: Gateway Center

As shown in the table, event activities at the Gateway Center fluctuated in the past three fiscal years. In FYE 2016, the facility accommodates 297 events, generating 134,456 attendees.

Definition of event types is presented below:

- **Convention** – An assembly of people meeting for a common purpose. Conventions are multiple day events that stimulate the economy by generating 300 total hotel room nights (overnight stays) in Collinsville hotels as well as bringing business to Collinsville restaurants, attractions and retail stores. Conventions are often a mix of meetings, banquets and consumer or trade shows because they will have a general session meeting, break out sessions, meals, receptions, banquets and exhibitor rooms.
- **Trade Show** – An exhibition that is a total entity unto itself. Most trade shows aim to facilitate direct contact between the manufacturers and distribution channel members (wholesalers, retailers, value added resellers) but some are aimed at the end user. Trade shows involve the exhibiting of products that are similar markets, such as sporting goods, shoe show or landscaping show. Trade shows are usually by invitation only and not open to the general public. Trade shows are often organized by an industry’s trade association. Examples include: Food Shows, ABC Supply, and Siemer Distributors.
- **Consumer Show** – An exhibition of goods in which a consumer can view goods or purchase goods. The events are open to the general public and there is often an admission charge for entry to the show. Examples include: Craft Shows, Computer Shows, Gem & Jewelry Show, Let’s Go Fishing Show, Train Expo.
- **Public Show** – Normally, a one-day event, public shows are open to the public for an admission fee. Tickets are often pre-sold as well as sold the day of the event. Examples include: musical concerts, motivational speakers, boxing/wrestling events.
- **Athletic Event** – An event that has an athletic activity, display, or competition.
- **Banquet** – A meal function for numerous people where the food and beverage is the primary activity of the event.
- **Wedding Reception** – An event where a bride and groom’s families and friends join to celebrate a recent marriage.
- **Meeting** – An assembly or gathering of people, as for a business, social, or religious purpose. A meeting is often referred to by the planner as a conference, seminar or convention. If a convention type of event does not generate 300 total room nights, the event is qualified as a meeting. Sometimes events are classified as a meeting due to the process of elimination because they do not fit the other

event type descriptions. Examples include: University of Illinois Tax School, Enjoy Church, small beauty competition, small cons like DieCon, Premiere Designs Jewelry and Ameren.

Table 3-2 summarizes the financial statements, showing revenue and expenses from FYE 2014 through FYE 2016, including the amounts of tax subsidies received by the facility. The figures are per the Collinsville Metropolitan Exposition Auditorium and Office Building Authority Management's Discussion and Analysis for those fiscal years.

Table 3-2

Gateway Center, Collinsville, Illinois Statement of Revenue and Expenses			
	FYE 2014	FYE 2015	FYE 2016
Operating Revenue			
Building Rent	\$684,796	\$685,984	\$646,334
Catering	146,632	132,173	135,231
Reimbursables	270,348	284,744	377,761
Let's Go Fishing Show	88,718	98,615	97,417
Bridal Show	78,331	84,637	78,451
Miscellaneous	4,112	6,082	1,003
Hotel/Motel Tax	653,357	711,483	804,657
Food & Beverage Tax	485,508	472,407	501,881
Total Operating Revenue	\$2,411,802	\$2,476,125	\$2,642,735
Operating Expense			
Personnel Services	\$1,064,179	\$1,059,500	\$1,015,012
Contractual Services	952,920	992,975	1,001,229
Supplies & Materials	52,046	43,807	42,686
Depreciation	643,167	630,812	650,575
Total Operating Expense	\$2,712,312	\$2,727,094	\$2,709,502
Operating Income (Deficit)	(\$300,510)	(\$250,969)	(\$66,767)
Non-Operating Revenue (Expense)			
Investment Interest	\$4,168	\$5,013	\$4,525
TIF Contribution	583,797	349,049	511,800
Hotel Redevelopment Agreement	(25,157)	(59,491)	(59,942)
2003/2004 Revenue Bond Payment*	(758,948)	(775,577)	(772,501)
Gain (Loss) on Sale of Assets	(75,463)	(18,899)	-
Contract Termination Costs	(118,334)	-	-
Depreciation (non-cash transaction)	643,167	630,812	650,575
Total Non-Operating Revenue (Expense)	\$253,230	\$130,907	\$334,457
Net Income	(\$47,280)	(\$120,062)	\$267,690

*Long-Term Debt: The annual principal reduction is identified in Note 6 of the Annual Audit.

Source: Gateway Center Management

Total operating revenues in FYE 2016 was \$2.6 million, up from \$2.5 million in FYE 2015, and \$2.4 million in FYE 2014. Total expenses remained stable at \$2.7 million for the three-year period. In FYE 2016, the

facility reported an operating deficit of \$66,767; or a net income of \$267,690 after non-operating revenue and expenses, including \$511,800 in TIF contribution.

Table 3-3 shows the annual tax contributions combined, which amounted to \$1.7 million in FYE 2014, \$1.5 million in FYE 2015, and \$1.8 million in 2016.

Table 3-3

Gateway Center, Collinsville, Illinois Historical Annual Tax Subsidies			
	FYE 2014	FYE 2015	FYE 2016
Hotel/ Motel Tax	\$653,357	\$711,483	\$804,657
Food & Beverage Tax	485,508	472,407	501,881
TIF Contribution	583,797	349,049	511,800
Total	\$1,722,662	\$1,532,939	\$1,818,338

Source: Gateway Center Management

The following section explores the economic and fiscal benefits of having a Gateway Center in Collinsville.

SECTION IV
ECONOMIC AND FISCAL IMPACT ANALYSIS

ECONOMIC AND FISCAL IMPACT ANALYSIS

This section analyzes the projected economic and fiscal impacts that are generated by event activities at the Gateway Center in Collinsville, Illinois. Economic impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events. Fiscal impacts are tax revenues that would be generated from that spending. The projections are based on Johnson Consulting’s prior development of economic analyses for other exposition and convention centers, sporting facilities, and events, primary research, and specific knowledge of the local marketplace.

The analysis is based on event demand, attendance, and activities in the Gateway Center as described in Section 3 of this report. The events’ economic impact is measured by the estimated local spending by non-local residents whose main purpose of visitation is to attend the events that are being analyzed. “Transfer” spending by local residents, which is defined later in this section, is not considered an economic impact, but is quantified in this report and shown separately from net new economic impacts in order to demonstrate the City’s full opportunity loss if the events were to leave Collinsville.

In the analysis, these levels of economic impact are measured:

- **Direct Impacts** – are an expression of the spending that occurs as a direct result of the events and activities that occur in the facility being analyzed. For example, a trade show attendee’s expenditures on hotel rooms and meals are a direct economic impact.
- **Indirect Impacts** – consist of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending in the facility. For example, an attendee’s direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as an indirect economic impact.
- **Induced Impacts** – represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the trade show attendee’s visit. The amount of the increased income the waiter spends in the local economy is considered an induced impact.
- **Increased Earnings/ Personal Income** – measures increased employee and worker compensation related to the events and activities at the facility being analyzed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expressed how the employees of local businesses share in the increased outputs.

- **Employment Impact** – measures the number of jobs supported in the study area related to the spending generated as a result of the events occurring in the convention center. Employment impact is stated in a number of full-time equivalent jobs.

This analysis differentiates impacts from spending by people coming from out-of-town and by local residents, as defined below:

- **Net New Spending** – is spending by out-of-town attendees, buyers, exhibitors, guests, and other visitors who come to events at the Gateway Center from throughout the nearby region, the balance of the US, and the world. Their spending represents the amount of "new dollars" that flow into the City economies.
- **Transfer Spending** – In strict economic terms, spending by local residents, or those who live in the market area, represents "transfer" spending. For example, a resident of Collinsville who attends a consumer show at the Gateway Center would transfer income from one sector of the City's economy to another, and therefore is not bringing new dollars into the City economy. Nevertheless, they are part of the economic activities attributable to the Gateway Center.

In this report, economic and fiscal impacts are presented in two manners. First, total spending – by visitors as well as by local residents – is shown in order to demonstrate the total impact of event activities at the Gateway Center. This is because all of this event-related spending would be lost from Collinsville should the events relocate to another market. Secondly, out-of-town visitors' and local residents' spending is then separated out, to demonstrate the level of "net new" and "transfer" economic and fiscal impacts.

The reason for the above distinction is for credibility. Economists generally limit actual economic and fiscal impact to spending by out-of-town visitors, or "net new" only. Local residents' spending is considered "transfer," or substitute spending that would have theoretically taken place locally on some other activity. While we use this strict economist definition, we also present spending from all parties, as we do not believe that industry representatives would substitute another activity in lieu of attending a trade show or other type of event. More likely, if trade show space is not provided in Collinsville, they would travel to where the show is being held, possibly outside of Collinsville. This loss expenditure would represent a true loss of economic activity from the marketplace. For the purpose of this analysis, the "local" market is considered to be the City of Collinsville and all other event attendees are considered out-of-town visitors.

ECONOMIC IMPACT

The economic and fiscal impact is based on the market and financial overview of the existing Gateway Center as described in Section 3. The analysis uses Fiscal Year Ending (FYE) 2016 event activities and attendance to show the detailed impact calculation.

In FYE 2016, the Gateway Center hosted a total of 297 events, generating approximately 134,456 attendees. Table 4-1 summarizes the event demand by type of events.

Table 4-1

Gateway Center, Collinsville, Illinois Events and Attendance - FYE 2016		
	# of Events	# of Attendees
Conventions/ Trade Shows	10	10,767
Consumer Shows	29	64,237
Public Shows	3	1,700
Athletic Events	10	16,930
Banquets/ Wedding Receptions	84	14,390
Meetings/ Conferences	161	26,432
Total	297	134,456

Source: Johnson Consulting

The number of days that an attendee spends in the market (person-days) serves as the basis of the economic impact estimate. Based on the attendance figures presented above, Johnson Consulting estimated the number of person-days (both local and non-local) and room nights that resulted from the activities hosted at the facilities. Table 4-2 shows the calculation and assumptions utilized, derived from actual venue data (when available) and from experience in similar facilities in similar markets, adjusted to reflect the Collinsville market.

Table 4-2

Gateway Center, Collinsville, Illinois Calculation of Projected Attendee-Days and Room Nights - FYE 2016										
	# of Attendees	Event Length (Days)	Spouse Ratio	Attendees' Length of Stay in Collinsville	Total Attendee Days	% Local	# of Local Attendee- Days	# of Non- Local Attendee- Days	% Require Lodging	# of Room Nights
Conventions/ Trade Shows	10,767	2.6	25%	2.6	35,000	5.0%	1,750	33,250	85%	26,080
Consumer Shows	64,237	1.0	0%	1.0	64,200	75%	48,150	16,050	15%	2,410
Public Shows	1,700	1.0	0%	1.0	1,700	75%	1,275	425	15%	60
Athletic Events	16,930	2.0	10%	1.7	31,700	95%	30,115	1,585	60%	1,020
Banquets/ Wedding Receptions	14,390	1.0	0%	1.0	14,400	95%	13,680	720	15%	110
Meetings/ Conferences	26,432	1.0	20%	1.0	31,700	95%	30,115	1,585	15%	200
Total	134,456	→	→	→	178,700	→	125,085	53,615	→	29,880

Source: Johnson Consulting

As shown in the table, the Gateway Center events in FYE 2016 are estimated to have generated approximately 178,700 attendee-days, including over 125,085 local and 53,615 non-local. These non-local attendee-days are estimated to generate 29,880 room nights.

In addition to the event attendees, there will be exhibitors, or booth personnel, attending the exhibition events (conventions, trade shows, and consumer shows). The estimated number of exhibitors are based on Top 250 U.S. Trade Shows statistics, as compiled by Trade Show News Network (TSNN). As a result, based on the attendance volume at the Gateway Center, the number of exhibitors are estimated to have been 11,500, as shown in Table 4-3 below. Table 4-3 also shows the calculation and assumptions for the estimates of exhibitor-days and exhibitor-related room nights.

Table 4-3

Gateway Center, Collinsville, Illinois Calculation of Projected Exhibitor-Days and Room Nights - FYE 2016										
	Total Exhibitors	Event Length (Days)	Spouse Ratio	Exhibitors' Length of Stay in Collinsville	Total Exhibitor-Days	% Local	# of Local Exhibitor-Days	# of Non-Local Exhibitor-Days	% Require Lodging	# of Room Nights
Conventions/ Trade Shows	3,800	2.6	0%	2.6	9,900	65%	6,435	3,465	100%	2,660
Consumer Shows	7,500	1.0	0%	1.6	12,000	80%	9,600	2,400	100%	1,500
Public Shows	200	1.0	0%	1.6	300	65%	195	105	100%	70
Total	11,500	→	→	→	22,200	→	16,230	5,970	→	4,230

Source: Johnson Consulting

As shown in the table, the estimated 11,500 exhibitors at the Gateway Center events are estimated to generate approximately 22,200 exhibitor-days, including over 16,230 local and 5,970 non-local. These non-local exhibitor-days are estimated to generate 4,230 room nights.

As the basis for direct spending estimates for the economic impact analysis, Johnson Consulting used the average daily spending per attendee and per exhibitor as shown in Table 4-4. Also shown is daily spending by associations that the attendees belong to, presented in a per-attendee basis, as derived from spending statistics compiled by Destination Marketing Association International (DMAI, formerly International Association of Convention and Visitors Bureaus (IACVB)) and U.S. General Services Administration.

Table 4-4

Gateway Center, Collinsville, Illinois Assumptions of Daily Spending			
	Attendees	Associations*	Exhibitors
Lodging and Incidentals	\$125.00	\$0.00	\$125.00
Eating and Drinking	38.79	4.44	18.20
Recreation and Entertainment	3.83	0.00	0.00
Sporting Events	0.39	0.00	0.00
General Retail	14.70	0.00	0.00
Local Transit	9.72	0.19	3.34
Car Rental	3.54	0.00	0.00
Booth Rental and Event Services	0.00	11.66	43.62
Total Daily Spending per Person	\$195.98	\$16.29	\$190.17

*Represents association spending per delegate/ attendee.

Source: DMAI, US General Services Administration, Johnson Consulting

Estimated spending on lodging and incidentals is derived from Per Diem expenditures for Collinsville, as compiled by U.S. General Services Administration. Estimated spending on all other categories is derived from a Convention Expenditure and Impact Study (ExPact Study) by DMAI, inflated to reflect 2016 dollars.

Multiplying the number of attendee-days, exhibitor-days, and room nights calculated in Table 4-2 and Table 4-3 to the appropriate daily spending shown in Table 4-4 above will result in the total amount of direct spending, both “transfer” (incurred by locals) and “net new” (incurred by non-locals). The calculation is shown in Table 4-5, showing the result of \$20 million in direct spending.

Table 4-5

Gateway Center, Collinsville, Illinois Estimates of Spending by Attendees, Associations, and Exhibitors by Category of Events - FYE 2016 (\$000)												
	Attendees Spending			Associations Spending			Exhibitors Spending			Total Attendees, Associations, Exhibitors Spending		
	Local	Non-Local	Total	Local	Non-Local	Total	Local	Non-Local	Total	Local	Non-Local	Total
Conventions/ Trade Shows												
Lodging and Incidentals	\$0	\$3,260	\$3,260	\$0	\$0	\$0	\$0	\$333	\$333	\$0	\$3,593	\$3,593
Eating and Drinking	68	1,290	1,358	8	148	155	117	63	180	193	1,500	1,693
Recreation and Entertainment	7	127	134	0	0	0	0	0	0	7	127	134
Sporting Events	1	13	14	0	0	0	0	0	0	1	13	14
General Retail	26	489	514	0	0	0	0	0	0	26	489	514
Local Transit	17	323	340	0	6	7	21	12	33	39	341	380
Car Rental	6	118	124	0	0	0	0	0	0	6	118	124
Booth Rental and Event Services	0	0	0	20	388	408	281	151	432	301	539	840
Total	\$124	\$5,620	\$5,744	\$29	\$542	\$570	\$419	\$558	\$978	\$572	\$6,720	\$7,292
Consumer Shows and Public Shows												
Lodging and Incidentals	\$0	\$309	\$309	\$0	\$0	\$0	\$0	\$196	\$196	\$0	\$505	\$505
Eating and Drinking	1,917	639	2,556	219	73	293	178	46	224	2,315	758	3,073
Recreation and Entertainment	189	63	252	0	0	0	0	0	0	189	63	252
Sporting Events	19	6	26	0	0	0	0	0	0	19	6	26
General Retail	727	242	969	0	0	0	0	0	0	727	242	969
Local Transit	481	160	641	9	3	13	33	8	41	523	172	694
Car Rental	175	58	233	0	0	0	0	0	0	175	58	233
Booth Rental and Event Services	0	0	0	576	192	768	427	109	537	1,003	301	1,305
Total	\$3,508	\$1,478	\$4,986	\$805	\$268	\$1,073	\$638	\$359	\$998	\$4,951	\$2,106	\$7,057
Athletic Events, Banquets/ Wedding Receptions, and Meetings/ Conferences												
Lodging and Incidentals	\$0	\$166	\$166	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$166	\$166
Eating and Drinking	2,867	151	3,018	0	0	0	0	0	0	2,867	151	3,018
Recreation and Entertainment	283	15	298	0	0	0	0	0	0	283	15	298
Sporting Events	29	2	31	0	0	0	0	0	0	29	2	31
General Retail	1,086	57	1,144	0	0	0	0	0	0	1,086	57	1,144
Local Transit	719	38	757	0	0	0	0	0	0	719	38	757
Car Rental	262	14	275	0	0	0	0	0	0	262	14	275
Booth Rental and Event Services	0	0	0	0	0	0	0	0	0	0	0	0
Total	\$5,246	\$442	\$5,688	\$0	\$0	\$0	\$0	\$0	\$0	\$5,246	\$442	\$5,688
Total All Events	\$8,878	\$7,541	\$16,419	\$834	\$810	\$1,643	\$1,058	\$918	\$1,975	\$10,770	\$9,268	\$20,038

Source: Johnson Consulting

The impacts from this direct spending is subsequently calculated by applying a set of economic multipliers, as supplied by the Bureau of Economic Analysis, as shown in Table 4-6. Applying the multipliers to the direct spending will result in estimates of potential indirect and induced spending, wages and salaries, and employment generated by the Gateway Center events and activities.

Table 4-6

Gateway Center, Collinsville, Illinois Economic Impact Multipliers		
	Multiplier	Base
Indirect and Induced Spending	0.796	of direct spending
Increased Earnings	0.586	of direct spending
Employment (in Full-Time Equiv. Jobs)	12.946	per \$1 million of direct spending

Source: Bureau of Economic Analysis

The multipliers mean that for every \$1 million of direct spending, there will be \$796,000 of indirect and induced spending, \$586,000 in increased earnings, and 12.95 full-time equivalent (FTE) jobs supported in the economy.

Based on the calculations and assumptions described thus far, Table 4-7 summarizes the total estimated economic impacts of the Gateway Center in FYE 2016, including transfer impacts and net new impacts.

Table 4-7

Gateway Center, Collinsville, Illinois			
Summary of <u>Annual</u> Economic Impacts - FYE 2016 (in \$Millions)			
	Transfer Impacts	Net New Impacts	Total
	(From Locals)	(From Non-Locals)	
Direct Spending	\$10.8	\$9.3	\$20.0
Indirect and Induced Spending	8.6	7.4	15.9
Total Spending	\$19.3	\$16.6	\$36.0
Increased Earnings	\$6.3	\$5.4	\$11.7
Employment (Full-Time Equiv. Jobs)	140	120	260

Source: Johnson Consulting

As shown in the table above, the Gateway Center is estimated to have generated \$36 million in total spending, \$11.7 million in increased earnings, and 260 FTE jobs in FYE 2016. Transfer impacts are estimated to include \$19.3 million in total spending, \$6.3 million in increased earnings, and 140 FTE jobs. Net new impacts are estimated to include \$16.6 million in total spending, \$5.4 million in increased earnings, and 120 jobs.

FISCAL IMPACTS

For the purpose of determining fiscal impacts, Johnson Consulting projected general sales tax, hotel/ motel tax, and food and beverage tax revenues from relevant spending. In the City, an 8.1-percent sales tax rate is applied to all categories of spending except local transit; hotel/ motel tax amounts to 13 percent of spending on lodging; and food and beverage tax is 1.0 percent on spending on meals and drinks.

The fiscal impacts represent only a fraction of the overall spending impact to the economy, as they are only the public sector's increase in tax revenue resulting from the overall increased spending in the economy. Table 4-8 summarizes the estimates of fiscal impact in FYE 2016.

Table 4-8

Gateway Center, Collinsville, Illinois				
Estimated Annual Fiscal Impacts - FYE 2016 (in \$Millions)				
	Tax Rate	Transfer Impacts (From Locals)	Net New Impacts (From Non-Locals)	Total
Sales Tax				
State Sales Tax	6.25%	\$0.62	\$0.57	\$1.19
County Sales Tax	0.35%	0.03	0.03	0.07
City Sales Tax	1.50%	0.15	0.14	0.28
Total	8.10%	\$0.80	\$0.74	\$1.54
Hotel/ Motel Tax				
State of Illinois	6.00%	\$0.00	\$0.46	\$0.46
Convention Center	5.00%	0.00	0.38	0.38
City of Collinsville	2.00%	0.00	0.15	0.15
Total	13.00%	\$0.00	\$1.00	\$1.00
Food and Beverage Tax - District	1.00%	\$0.05	\$0.02	\$0.08
Total		\$0.85	\$1.76	\$2.61
Fiscal Impact to City (from Sales and Hotel/ Motel Tax)		\$0.15	\$0.29	\$0.44

Source: Gateway Center, Johnson Consulting

In FYE 2016, total sales tax revenues generated by the Gateway Center event activities are estimated to have amounted to \$1.5 million. Hotel/ motel tax revenues due to the Gateway Center event activities are estimated to have amounted to \$1 million, which is entirely attributable to out-of-town visitors. Food and beverage tax revenues are estimated to have amounted to \$80,000. As the table shows, a significant portion of fiscal impacts is generated from attendees and exhibitors who travel to Collinsville from out of town. The total fiscal impact attributable to net new spending is \$1.7 million. Fiscal impact to the Collinsville, from the City sales tax and the City hotel/ motel tax, is estimated to have amounted to \$440,000, including \$290,000 attributable to net new spending by out-of-town visitors.

It is argued that the Total Impact figure should be the one considered. If the Gateway Center were not in Collinsville, people from Collinsville would have to travel to other cities for these events, taking their money with them.

THREE-YEAR ECONOMIC AND FISCAL IMPACT

Economic and fiscal impact of the Gateway Center event activities in FYE 2014 and FYE 2015 are estimated using the same methodology and assumptions.

Table 4-9 summarizes the estimated economic and fiscal impact of the Gateway Center from FYE 2014 through FYE 2016.

Table 4-9

Gateway Center, Collinsville, Illinois Economic and Fiscal Impact (in \$Millions)			
Economic Impact	FYE 2014	FYE 2015	FYE 2016
Direct Spending	\$20.7	\$21.9	\$20.0
Indirect and Induced Spending	16.5	17.4	15.9
Total Spending	\$37.2	\$39.3	\$36.0
Increased Earnings	\$12.1	\$12.8	\$11.7
Employment (Full-Time Equiv. Jobs)	268	283	260
Fiscal Impact	FYE 2014	FYE 2015	FYE 2016
Sales Tax	\$1.6	\$1.7	\$1.5
Hotel/ Motel Tax	1.0	1.1	1.0
Food and Beverage Tax - District	0.1	0.1	0.1
Total Tax Revenue	\$2.7	\$2.8	\$2.6

Source: Gateway Center, Johnson Consulting

As shown in the table, the estimated direct, indirect, and induced spending, as well as increased earnings and employment have been substantial, exceeding \$36 million in total spending, \$11.7 million in increased earnings, 260 FTE jobs, and \$2.6 million in tax revenues in each of the fiscal years from FYE 2014 through 2016.

Table 4-10 summarizes the estimated economic and fiscal impact of the Gateway Center from FYE 2014 through FYE 2016 from out-of-town visitors only.

Table 4-10

Gateway Center, Collinsville, Illinois Net New Economic and Fiscal Impact (from Out-of-Town Visitors Only) (in \$Millions)			
Economic Impact	FYE 2014	FYE 2015	FYE 2016
Direct Spending	\$9.6	\$10.1	\$9.3
Indirect and Induced Spending	7.6	8.0	7.4
Total Spending	\$17.2	\$18.2	\$16.6
Increased Earnings	\$5.6	\$5.9	\$5.4
Employment (Full-Time Equiv. Jobs)	124	131	120
Fiscal Impact	FYE 2014	FYE 2015	FYE 2016
Sales Tax	\$0.8	\$0.8	\$0.74
Hotel/ Motel Tax	1.0	1.1	1.00
Food and Beverage Tax - District	0.03	0.03	0.02
Total Tax Revenue	\$1.8	\$1.9	\$1.76

Source: Gateway Center, Johnson Consulting

As shown in the table, the estimated net new direct, indirect, and induced spending, as well as increased earnings and employment, resulting from out-of-town visitors alone, have been significant. They have exceeded \$16.6 million in total spending, \$5.4 million in increased earnings, 120 FTE jobs, and \$1.76 million in tax revenues in each of the fiscal year from FYE 2014 through 2016.

Not calculated in the analysis is the major impact the Gateway Center has in helping create the nucleus of hotels around the intersection where the Center is located. The Gateway Center is responsible for much of the marginal business that these hotels enjoy. If the Center were not there, the hotels would perform worse or would not have been built. This in turn would negatively affect the ability of Collinsville to capture overflow business from St. Louis, attract large non-convention center based events like sporting tournaments and events held at the Speedway, etc.