



MEMORANDUM

To: Sandy Larson, Rotary Club of Woodland
From: Eric Hovee
Subject: Woodland Sports Field Economic Impact Analysis
Date: January 2, 2016

In April 2015, E. D. Hovee & Company, LLC prepared a *Woodland Sports Field Market Analysis* in conjunction with a proposed Scott Hill Park sports field complex on behalf of the Rotary Club of Woodland. As follow-up, our firm has been requested to also evaluate the community economic impacts of the planned sports field development.

This memorandum addresses one-time **construction** and on-going **operating** impacts including:

- **Direct** economic impacts by teams and spectators from planned sports field utilization
- **Economic multiplier effects** including indirect business and induced consumer spending
- **Other benefits** not as readily quantified but important to the Woodland community

SUMMARY OF FINDINGS

Major observations and finding of this economic impact report are summarized as follows:

- Nearly \$17.6 million in **construction-related spending** will involve 111 jobs at an average wage of nearly \$60,000 including direct and economic multiplier effects.
- **On-going operations** are anticipated to involve \$8 million in direct, indirect and induced spending, over 90 jobs and total payroll of \$2.6 million in the year of facility opening.
- These impacts can be expected to **nearly double** by year 10 (not counting inflation).
- **Other community benefits** likely include added tax revenues, recreation and health benefits, a new visitor amenity, and improved quality of life for Woodland residents.

The remainder of this report is organized to cover topics of project background and concept, economic impact analysis approach, direct economic effects, economic multiplier effects and other community benefits.

PROJECT BACKGROUND & CONCEPT

In 2011, the City of Woodland purchased approximately 40 acres of land on the top of Scott Hill. This land has been designated for public park and sports field development and use. The Rotary Club of Woodland is partnering with the City to build the Scott Hill Park and Sports Complex by creating the vision for the park and sports complex, raising funds needed to build the park, overseeing park construction, and planning for sustainable operations and management of the park. Pursuant to an agreement between the City and Rotary Club, the City will retain land ownership and be responsible for maintenance. The Rotary will be responsible for fundraising and park development.

As depicted by the concept plan to the right, sports fields are planned to include six baseball and softball fields together with three (and potentially up to six) soccer fields. Included with development will be batting cages, bleachers, concessions stand, and announcer booth plus on-site parking.

Provided will be fully lighted, tournament-quality playing fields for youth and adult baseball, softball and soccer with spectator seating – also suitable for uses of pee-wee football, lacrosse, rugby and other field events. The complex will comprise 16.1 acres of turf and grass multi-use athletic fields with netting and fencing.

Market analysis conducted in April 2015 concluded that strong market potential existed for the Scott Hill Park concept plan. Provision of high quality fields with extended hours of play and winter use will generate interest for local team practice, league, and also tournament play.

This economic impact analysis is intended to address a related question: *What will be the economic impacts to the Woodland community of this planned investment?*

Scott Hill Park Concept Plan



Source: Rotary Club of Woodland.

ECONOMIC IMPACT ANALYSIS APPROACH

At the outset, it is useful to outline the approach taken to the preparation of this economic impact analysis – including the analysis purpose and data sources utilized.

Analysis Purpose. The purpose of an economic impact analysis is to identify and, where possible, quantify the prospective impacts to a defined community or geographic area of a capital investment and subsequent on-going operations over the project’s useful life. Economic impacts which can be most readily measured include spending, jobs and payroll.¹

- As noted, **direct** economic impacts are those which can be attributed to spending by sports field users whether as team participants or spectators. This includes spending directly on-site the Scotts Hill Sports Field complex as for facility rent plus ancillary revenues received from sources including donations, concessions, banners and advertising. With this analysis, direct impacts are also defined as including expenditures by teams and participants off-site as for meals, lodging, retail spending, and fuel.
- **Economic multiplier** effects include indirect business and induced consumer spending. Indirect spending occurs when a business that receives income from team participants, then purchases supplies from yet other businesses in the community. Induced spending occurs when the employee of a business that serves sports field participants then re-spends that added income at other businesses in the Woodland area.

Much though not all of the direct economic impact of sports field activity will be realized at the site of the sports complex or at businesses in Woodland. However, some direct spending can be expected to occur in nearby communities, extending along the I-5 corridor from about Kalama south to Ridgefield (or possibly the 134th Street area in northern Clark County). The **geographic area** for which economic multipliers are estimated includes both Cowlitz and Clark Counties.

For both direct and economic multiplier effects, separate estimates are made for one-time impacts associated with **construction** (anticipated to last no more than one year) and then for **operations** (over the economic life of the development, estimated on a per year average basis).

Other community benefits not as readily quantified but potentially important based on the experience of other similar communities are outlined with the last section to this report.

Data Sources. Information for this analysis is derived from sources that include:

- Base data for projected capital costs and revenues by source are from financial pro formas prepared by the Rotary Club of Woodland as referenced by the market report.
- Spending data is from a statewide economic analysis of outdoor recreation in Washington state, together with state-wide and county-level travel impacts data.²
- Economic multipliers are from IMPLAN, a national firm providing locality-specific data.³

Added notes regarding data sources are provided with summary tables throughout this report.⁴

DIRECT ECONOMIC IMPACTS

As described with the above description of analysis approach, the economic impact analysis is aimed to address the economic benefits associated both with:

- One-time construction of the sports fields; and
- Subsequent on-going sports field operations (as estimated on an annualized basis)

One-Time Construction Impacts. The direct economic impact is reflected in the capital budget for the project – indicated at \$11.87 million based on estimates previously estimated as part of the project financial pro forma for the Rotary Club of Woodland.

Scott Hill Park Sports Complex Construction Impact Estimates (One-Time)

	Spending	Jobs	Annual Payroll	Average Wage
Construction Impact by Type				
Direct Impact	\$11,870,000	72	\$4,680,000	\$65,000
Direct & Indirect Effect	\$5,700,000	39	\$1,970,000	\$50,513
Total Impact	\$17,570,000	111	\$6,650,000	\$59,910
Regional Economic Multiplier	1.48	1.54	1.42	

Notes: Average wage is illustrated on an annualized basis. Spending estimates are preliminary.

Sources: Rotary Club of Woodland, IMPLAN and E. D. Hovee & Company, LLC.

Key components of economic impact from facility construction are summarized as including:

- Total added construction-related local and regional **spending** of about \$17.57 million, including direct and economic multiplier effects (of indirect plus induced spending).
- Employment impact of an estimated **111 jobs** over the duration of construction, including 72 jobs on-site and 39 jobs created elsewhere in the Woodland community and regionally as a result of added business-to-business and household spending.
- Total added **payroll** of \$6.65 million over the duration of construction – with \$4.68 million associated with on-site construction and \$1.97 million off-site from added local and regional economic multiplier effects.
- **Average wage** approaching \$60,000 per job overall – estimated at \$65,000 per job for construction workers on-site and \$50,500 for indirect and induced employment off-site.

The extent to which spending occurs in Woodland or elsewhere regionally will be influenced by such factors as the business location of the contractor (and sub-contractors) selected, mix of local and non-local workers, and spending by contractor firms and employees locally versus elsewhere in the SW Washington region.

Subsequent On-Going Sports Field Operations. As noted, economic impacts directly benefiting the Woodland area over the years of on-ongoing sports field events will be experienced both from spending directly on-site and elsewhere in the area by team participants (including players, coaches and umpires) together with spectators (including family and others). With this economic impact analysis, spending impacts are differentiated between:

- **Participants and fans who live in the Woodland area** – who utilize the sports fields for practices and league games. Added spending by area residents ranges from spending at fast food and dining establishments before or after practice and games to purchase of needed sports equipment as needed. This type of day use represents the dominant share of facility use but is associated with relatively low levels of net added spending in the community per participant and spectator.
- **Team participants and fans traveling from well outside Woodland** – typically for tournament play and often requiring some form of overnight accommodations. In addition to spending for lodging, non-locals typically can be expected to spend more per visit for food service, fuel, and for a range of other retail goods and services while in Woodland. Tournament play is anticipated by the Rotary Club to account for a minority (less than 5% share) of facility use but account for over one-quarter (26%) of direct added community spending impact.

As detailed by the following chart, gross direct spending impacts (consistent with the facility’s operating pro forma) may be expected to increase from close to \$5.5 million in Year 1 to more than \$10.0 million by Year 10 (all estimated in 2015 dollars).

Sports Field Related Direct Spending (Year 1 & 10 Impacts)

	Year 1 Impacts			Year 10 Impacts		
	Day Use	Overnight	Total Use	Day Use	Overnight	Total Use
Spending by Commodity Purchased						
Accommodations	NA	\$212,750	\$212,750	NA	\$391,010	\$391,010
Food Service	\$1,073,055	\$411,320	\$1,484,375	\$1,972,860	\$755,960	\$2,728,820
Food Stores	\$484,605	\$184,385	\$668,990	\$890,970	\$338,880	\$1,229,850
Local Transportation & Gas	\$553,835	\$198,570	\$752,405	\$1,018,250	\$364,945	\$1,383,195
Arts, Entertainment, Recreation	\$484,600	\$184,380	\$668,980	\$890,970	\$338,880	\$1,229,850
Retail Sales	\$865,365	\$226,935	\$1,092,300	\$1,591,015	\$417,080	\$2,008,095
Facility Usage Fees (w/o Concessions)	\$406,910	\$166,730	\$573,640	\$748,165	\$306,455	\$1,054,620
Total Destination Spending	\$3,868,370	\$1,585,070	\$5,453,440	\$7,112,230	\$2,913,210	\$10,025,440

Source: E. D. Hovee & Company, LLC per Dean Runyan Associates, *Travel Impacts*, March 2013. See Appendix for detailed calculations of Year 1 impacts, separated between practice, league and tournament use.

Facility spending on-site (primarily usage fees) represents only about 10% of the total spending impact. The other nearly 90% share of expenditures is captured by other lodging, retail and service business throughout the Woodland community and region.

The increase in spending effects over time is related primarily to increasing sports field utilization as the facility becomes better known and in conjunction with area population growth. Two added caveats are of note with these impact estimates:

- These impacts represent a net economic gain to the community to the extent that the spending is from added sports field utilization locally – rather than relocation of practice or play from existing Woodland facilities to a new facility at Scott Hill Park. To the extent that some activity does shift location, backfill of use at existing facilities will be important for this full net economic gain to be realized.
- While a significant share of the spending can be expected to take place in Woodland, some activity will undoubtedly occur at other nearby locations on the I-5 corridor, especially from Kalama (or possibly Kelso) south to Ridgefield (or possibly 134th Street). The extent to which Woodland businesses capture the added business available will depend on factors such as availability of desired lodging, food and related retail services, together with active marketing to sports families and teams including group pricing and quality of services provided.

ECONOMIC MULTIPLIER EFFECTS

This analysis now proceeds beyond consideration of direct effects to also include economic multiplier impacts. As noted, economic multipliers represent the sum of direct plus indirect and induced effects to the local economy:

- Indirect benefits include spending by directly benefited businesses with vendors elsewhere in the community
- Induced effects involve added rounds of spending by households (or workers) locally or regionally

Recognizing that direct effects likely are not fully confined to Woodland, economic multipliers utilized also extend to include Southwest Washington – primarily Cowlitz and Clark Counties. A significant and likely majority share of the economic multiplier benefit is likely to be experienced in Woodland – assuming conditions of active marketing and service from businesses in the immediate Woodland community.

The chart on the following page details anticipated direct and economic multiplier effects in terms not only of spending but also for area employment and payrolls. As with the spending analysis, projections are made both for the first year of operations and for the 10th year as the facility has hit full stride and market penetration.

As shown, the total economic spending impact of is anticipated to exceed \$8 million in added economic activity in the opening year, increasing to over \$15 million by the 10th year of operation. These direct plus economic multiplier estimates are in 2015 dollars, not adjusted for future inflation.

Sports Field Direct & Economic Multiplier Effects (Year 1 & 10 Operating Impacts)

	Spending	Jobs	Payroll	Average Wage
Year 1 Annual Operating Impact				
Direct Impact	\$5,453,440	70	\$1,757,000	\$25,100
Direct & Indirect Effect	\$2,726,560	22	\$860,900	\$39,100
Total Impact	\$8,180,000	92	\$2,617,900	\$28,460
Year 10 Annual Operating Impact				
Direct Impact	\$10,025,440	125	\$3,137,500	\$25,100
Direct & Indirect Effect	\$5,012,760	39	\$1,537,400	\$39,400
Total Impact	\$15,038,200	164	\$4,674,900	\$28,510
Regional Economic Multiplier				
	1.50	1.31	1.49	

Note: Spending and payroll estimates are in 2015 dollars, not adjusted for inflation.

Source: E. D. Hovee & Company, LLC using IMPLAN regional economic multiplier estimates.

Key components of total economic impact (including direct and economic multiplier effects) from facility operations are summarized as including:

- Added local and regional spending increasing from over \$8 - \$15 million in 10 years – including an estimated \$0.50 in added indirect and induced spending for every dollar of direct team and fan expenditure.
- Potential to support more than 90 jobs locally and regionally in the first year of sports field operations, increasing to over 160 by the 10th year of operations – most of which will be with businesses on-site and throughout the Woodland community.⁵
- Added payroll of \$2.6 million in the first year – increasing to nearly \$4.7 million by the 10th year of operations.
- Average annual wage of about \$28,500 per year (in 2015 dollars) – including a wide range of employment opportunities for youth and part-time as well as full-time workers locally.

OTHER COMMUNITY BENEFITS

Benefits to the Woodland community and region can be expected to extend beyond the most readily measurable impacts of spending, jobs and payroll. Based on experience of other similar communities regionally and nationally, other benefits of potential significance can be expected to include:

- Added tax revenues to the City of Woodland, school district and other local taxing jurisdictions – expected primarily from off-site spending to the extent that direct and economic multiplier benefits are captured locally.
- Recreation and associated health benefits for area youth and adults – both for team participants and spectators including potential for use of other on-site Scott Hill park facilities.
- An amenity and attraction for area visitors – who might extend their stay to visit and experience other recreation, shopping and dining attractions in Woodland and the Southwest Washington region.
- Improved quality of life for Woodland area residents – of importance to attracting and retaining new families and businesses.

As with the measurable economic impacts, the opportunity to realize these added community benefits will be enhanced with cooperative community marketing, business and residential development – as a family-friendly place for healthy living.

APPENDIX – DIRECT IMPACT DETAIL

Drawing on information provided from the pro forma, project participants with the Rotary Club of Woodland together with available sports-recreation and tourism data, E. D. Hovee & Company, LLC has prepared a detailed worksheet analysis detailing Year 1 and Year 10 potential direct impacts (as provided on the following page). The worksheet provided on the next page of this appendix details data and assumptions related to the differentiation of practice, league and tournament play, for key variables including:

- **Scott Hill Park Facility Utilization** – including factors of facility use distribution, annual hours of use, average length of game/match, and teams on field per use.
- **Average Participants per Team** – including coaches, players, and spectators.
- **Calculations of Annual Participation & Spending** – based on typical patterns of spending per participant (depending on type of participation).

This economic impact analysis *best case* conditions where most or all of direct sports field generated spending represents net new sports field activity not already occurring in Woodland.

With this analysis, it is also possible to illustrate the distribution of economic impacts by type of spending (or commodity purchased). Categories match those of the annually released estimates of *Washington State Travel Impacts & Visitor Volume*, currently prepared for the Washington Tourism Alliance by Dean Runyan Associates. As is pivotal for estimation of tourism related spending, the chart below differentiates between local day use and overnight spending. Overnight spending reflects tournament draw (from out-of-area participants and spectators).

Distribution of Sports Field Spending

	Spending % of Total	
	w/o Lodging	w/Lodging
Spending by Commodity Purchased		
Accommodations	NA	15%
Food Service	31%	29%
Food Stores	14%	13%
Local Transportation & Gas	16%	14%
Arts, Entertainment, Recreation	14%	13%
Retail Sales	25%	16%
Facility Usage Fees (w/o Concessions)	NA	NA
Total Destination Spending	100%	100%

Source: E. D. Hovee & Company, LLC per Dean Runyan Associates, *Travel Impacts*, March 2013.

Direct Impact Worksheet – Scott Hill Park Sports Complex

	Year 1 Impacts				Year 10 Impacts				
	Practice	League Play	Tourney	Total Use	Practice	League Play	Tourney	Total Use	
Scott Hill Park Facility Utilization									
% of Facility Use	71.55%	23.85%	4.60%	100.00%	71.55%	23.85%	4.60%	100.00%	
Split of Practice / League Play	75.00%	25.00%	--	100.00%	75.00%	25.00%	--	100.00%	
Annual Hours of Use	5,973	1,991	384	8,348	10,982	3,661	706	15,348	
Average Length per Game / Match	1.75	2.00	1.50	1.79	1.75	2.00	1.50	1.79	
# of Annual Uses of Fields (for team events)	3,413	996	256	4,665	6,275	1,830	471	8,576	
Teams on Field per Use (average)	1.35	2.00	2.00	1.52	1.35	2.00	2.00	1.52	
Annual # of Team Uses of Fields	4,608	1,991	512	7,111	8,472	3,661	941	13,074	
Average Participants per Team									
Coaches (assume 4-5)	4.00	5.00	5.00	4.28	4.00	5.00	5.00	4.28	
Players (assume 15-18)	15.00	18.00	18.00	15.85	15.00	18.00	18.00	15.85	
Spectators (assume 2-4 per player)	0.00	36.00	72.00	11.90	0.00	36.00	72.00	11.90	
Total Participants per Team Use	19.00	59.00	95.00	32.04	19.00	59.00	95.00	32.04	
Annual Participation & Spending (2015 \$)									
Annual Participants	87,552	117,469	48,640	253,661	160,968	215,999	89,395	466,362	
Local / Non-Local Teams	NA	NA	40% 60%	NA	NA	NA	40% 60%	NA	
Added Daily Local Spending per Participant	\$14.25 (local)	\$14.25 (local)	\$27.75 (local)	\$48.60 (non-local)	\$19.24	\$14.25 (local)	\$14.25 (local)	\$27.75 (local)	\$48.60 (non-local)
Total Added Local Participant Spending per Year	\$1,247,620	\$1,673,930	\$1,958,250	\$4,879,800	\$2,293,790	\$3,077,990	\$3,599,040	\$8,970,820	
Facility Usage Fees (excluding Concessions)	\$403,230	\$134,410	\$36,000	\$573,640	\$741,330	\$247,110	\$66,180	\$1,054,620	
Total Direct Spending	\$1,650,850	\$1,808,340	\$1,994,250	\$5,453,440	\$3,035,120	\$3,325,100	\$3,665,220	\$10,025,440	

Sources: E. D. Hovee & Company, LLC from utilization and revenue information as provided by the Rotary Club of Woodland. Per participant spending estimates are per: a) the *Economic Analysis of Outdoor Recreation in Washington State* as prepared by Earth Economics for the Washington State Recreation and Conservation Office, January 2015; and b) *Washington State Travel Impacts & Visitor Volume, 1991-2014p* (statewide) and for 1991-2012p (county-level), as prepared for the Washington Tourism Alliance by Dean Runyan Associates.

END NOTES

- ¹ Direct tax benefits are often of significance with economic impact analyses but are not considered with this report as it appears that the Scott Hill sports complex will be operated as a tax-exempt non-profit activity.
- ² The report *Economic Analysis of Outdoor Recreation in Washington State* was prepared for the Washington State Recreation and Conservation Office by Earth Economics, January 2015. Tourism data is from Dean Runyan Associates, *Washington State County Travel Impacts and Visitor Volume 1991-2012p*, March 2013 as prepared for Washington State Destination Marketing Organizations. Note that subsequent county-level Runyan data is no longer readily available publicly as prior contracts through the Washington State Department of Commerce (and previous agencies) are no longer in place. 2015 estimates reflect changes in statewide Runyan tourism post-2013, adjusted for the historical relationship between Cowlitz County and Washington state travel trends.
- ³ IMPLAN is a nationally recognized economic model providing data specific to 536 sectors of the local economy. Data is available for purchase with proprietary software at zip code, county and state levels of geography. Recognizing that direct impacts may extend beyond Woodland to other portions of Cowlitz and Clark Counties, the multipliers applied are for the greater SW Washington region which comprises Clark, Cowlitz, Lewis, Pacific, Skamania and Wahkiakum Counties. Economic multipliers are as estimated by E. D. Hovee & Company, LLC by region of the state for the Washington State Departments of Ecology and Commerce, 2009. Due to their relative stability over time, these multipliers correlate well with more recent estimates of separate county-specific economic multipliers for Cowlitz and Clark Counties.
- ⁴ Information for this market analysis report has been obtained from sources generally deemed to be reliable. However, the accuracy of information obtained is not guaranteed and is subject to change. The observations and findings in this report are those of the authors and should not be construed as representing the opinion of any other party prior to express approval, whether in whole or part.
- ⁵ Based on the pro-forma, it appears that the Scott Hill Park sports field budget could support a full-time administrator and perhaps three part-time employees.

This Woodland Sports Field Economic Impact Analysis has been prepared for the Rotary Club of Woodland by the economic and development consulting firm **E. D. Hovee & Company, LLC**. Based in Vancouver, Washington, the firm has provided market/feasibility and economic impact analysis together with strategic business planning and economic development services to public sector, non-profit and private clients since 1984 – both in and outside the Pacific Northwest.

In addition to the 2015 market analysis for a Woodland sports field complex, E. D. Hovee has experience for related project assignments including: a youth sports field needs assessment for Vancouver-Clark Parks & Recreation, more recent evaluation of a possible indoor/outdoor sports complex in the Longview/Kelso area, Blue Lake feasibility study and facility improvement concept for Metro's regional park facility in Troutdale and market/feasibility analysis for potential private athletic facility development in Battle Ground and Washougal.

Sports facility economic impact analysis has most recently conducted for the IAAF World Indoor Track and Field Championships and USA National Championships to be hosted in Portland in 2016. The firm is also completing economic impact analysis for recreation-oriented tourism facilities in Kittitas County.

Related market, financial and economic impact evaluations have been conducted for public event venues including the Clark County Fairgrounds (and amphitheater), Vancouver Hilton Conference Center, Portland Expo Center, Washington State Convention Center and Spokane Convention Center expansions, Kittitas Fairgrounds master plan, and Wenatchee Town Toyota Center strategic marketing.