

Douglas County Board of County Commissioners

AGENDA ACTION SHEET

Title: For presentation only. Presentation by the Tahoe Douglas Visitor's Authority with Economic & Planning Systems, Inc. regarding an analysis of the fiscal and economic impacts of a South Tahoe Event Center. (Lawrence Werner, Lew Feldman on behalf of the Visitor's Authority, and David Zehnder, Managing Principal, Economic & Planning Systems, Inc.).

Recommended Motion: For presentation only.

Financial Impact: None

Prepared by: Jenifer Davidson, Assistant County Manager

Meeting Date: July 19, 2018 **Time Required:** 30 Minutes

Agenda: Administrative

Background Information: As part of its due diligence in the continued development of the South Tahoe Event Center, the Tahoe Douglas Visitors Authority (TDVA) initiated a Fiscal and Economic Impact Analysis on the project. The analysis includes:

- A review of the project's background and relevant previous studies
- Interviews with key local officials and others with visitor market knowledge
- Using CS&L Event Center market analysis attendee estimates and several other data sources, projected new visitors and their spending
- Estimated Douglas County tax revenues due to new visitor spending
- Estimated public service costs due to operations and visitors
- Conducted economic multiplier analysis for both construction and operations of the Event Center

A copy of the presentation is included for Board information.

Agenda Item #

South Tahoe Event Center

Fiscal and Economic Impacts

The Economics of Land Use



Oakland
Sacramento
Denver
Los Angeles

presented to

Douglas Board of County Commissioners

presented by

Economic & Planning Systems, Inc. (EPS)

July 19, 2018

Economic & Planning Systems, Inc. (EPS)
400 Capitol Mall, 28th Floor, Sacramento, CA 95814
916.649.8010 • 916.649.2070 fax • www.epsys.com

Introduction

EPS is a nationally-recognized land use economics consulting firm with significant experience in the Tahoe area

- Founded in 1987
- Approximately 50 employees in Sacramento, Oakland, Los Angeles, and Denver
- Clients split between public and private sector and across wide spectrum
- Tahoe area clients have included:
 - Placer County
 - Tahoe Transportation District
 - California Tahoe Conservancy
- Tahoe area projects have included:
 - Economic and Redevelopment Strategy for Tahoe City and Kings Beach
 - South Lake Tahoe Community Development Strategy (Highway 50 realignment)
 - Tahoe Basin Town Center Development Incentives



Overview

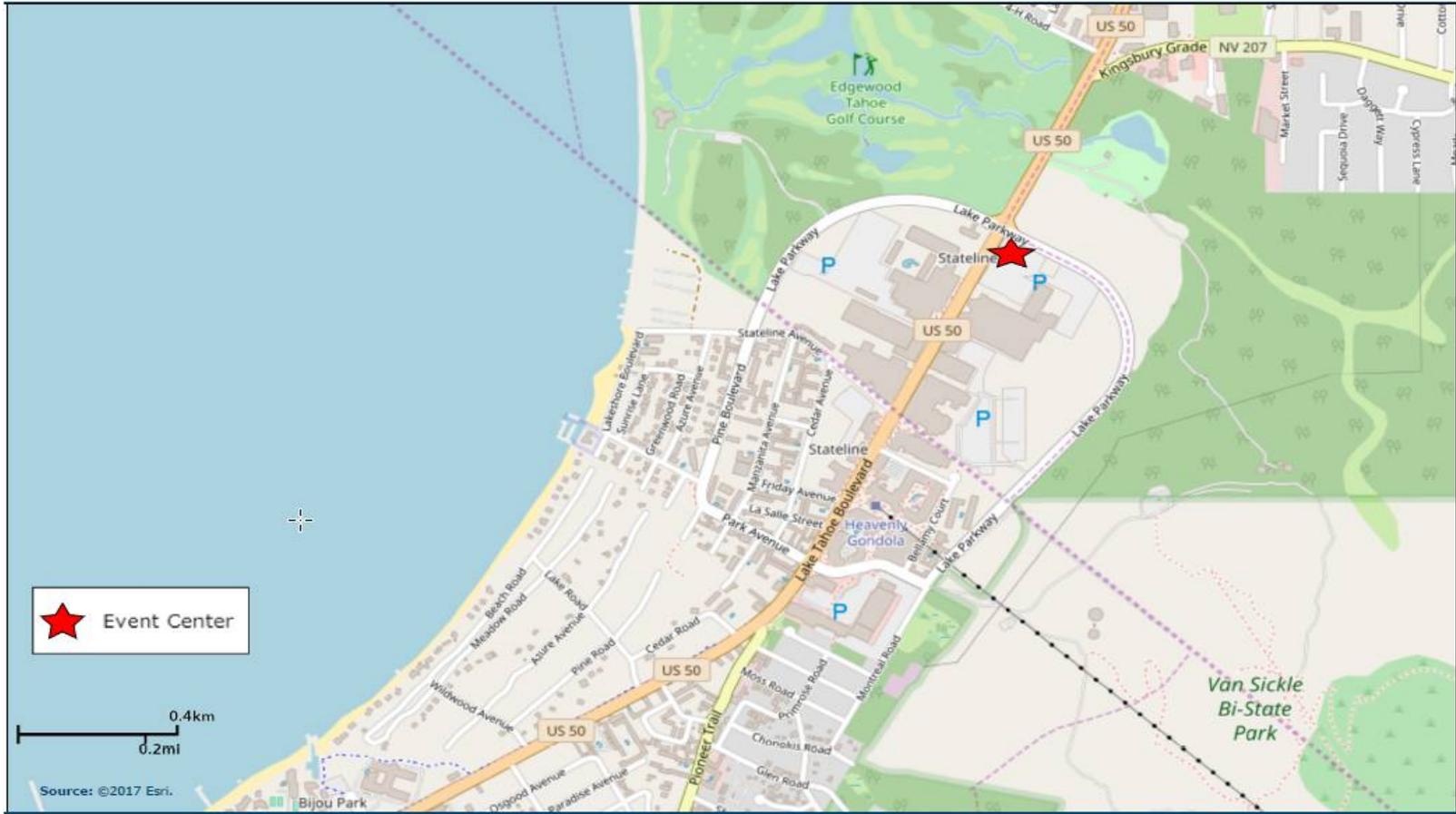
Fiscal & Economic Impact Analysis

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Location

SE corner Lake Parkway & Lincoln Highway / Montbleu Parking Lot



US 50 Realignment

Event Center ties-in with US 50 Realignment and Revitalization Project



Facility

Intended to Enhance the Mountain Resort Character of South Shore



Capacity

6,000-person maximum capacity, sub-dividable space

Summary of Potential Multi-Use Venue Event Activity

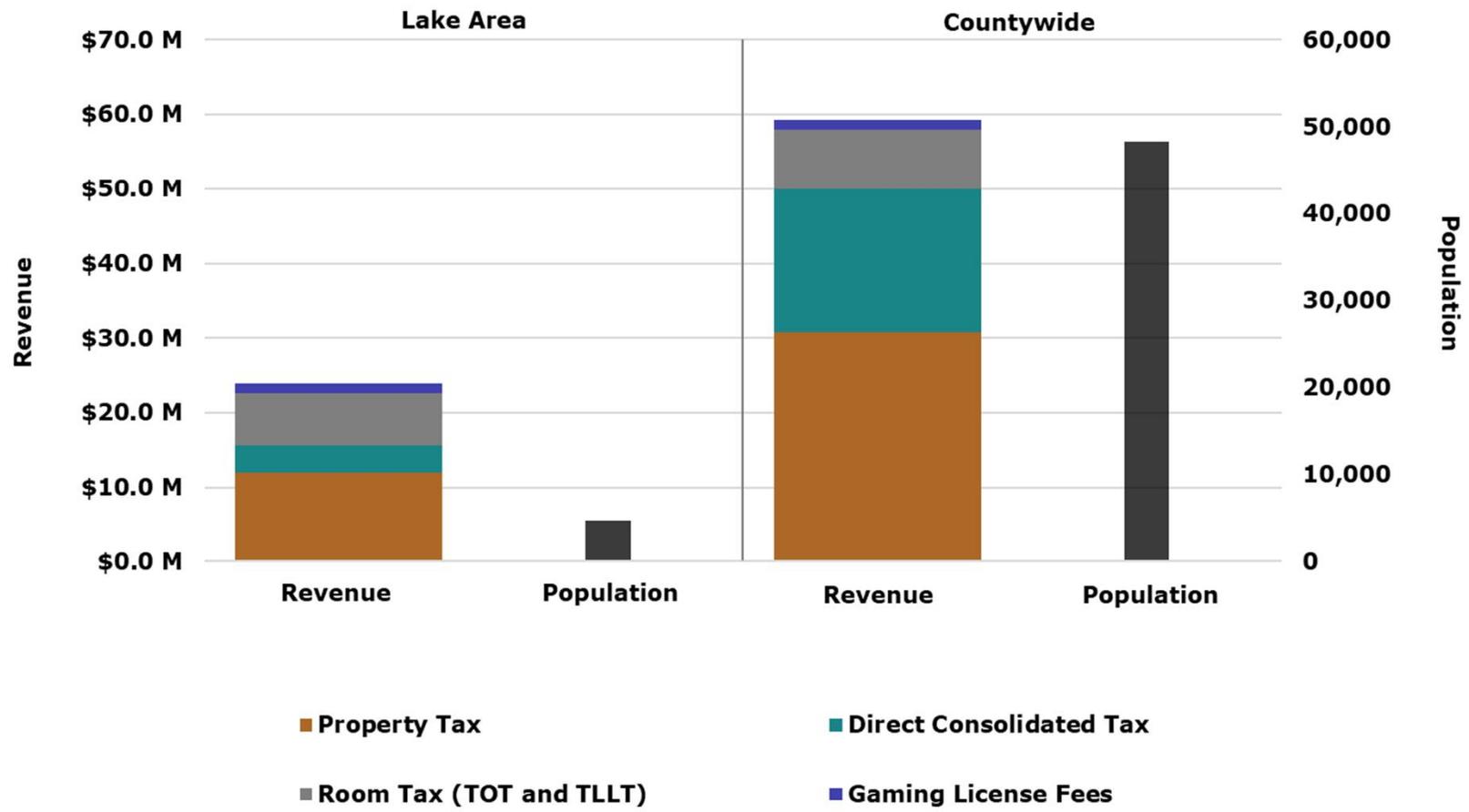
| Item | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|----------------------------------|-----------|------------|------------|------------|------------|
| Concerts & Entertainment | 25 | 28 | 28 | 30 | 30 |
| Conventions & Conferences | 3 | 4 | 4 | 5 | 5 |
| Public/Consumer Shows | 2 | 3 | 4 | 5 | 5 |
| Corporate & Association Meetings | 30 | 35 | 40 | 45 | 45 |
| Sporting Events | 1 | 2 | 3 | 4 | 5 |
| Banquets/Receptions/Other Events | 30 | 30 | 35 | 40 | 40 |
| Total | 91 | 102 | 114 | 129 | 130 |

Source: Convention, Sports & Leisure International.



Lake Contribution

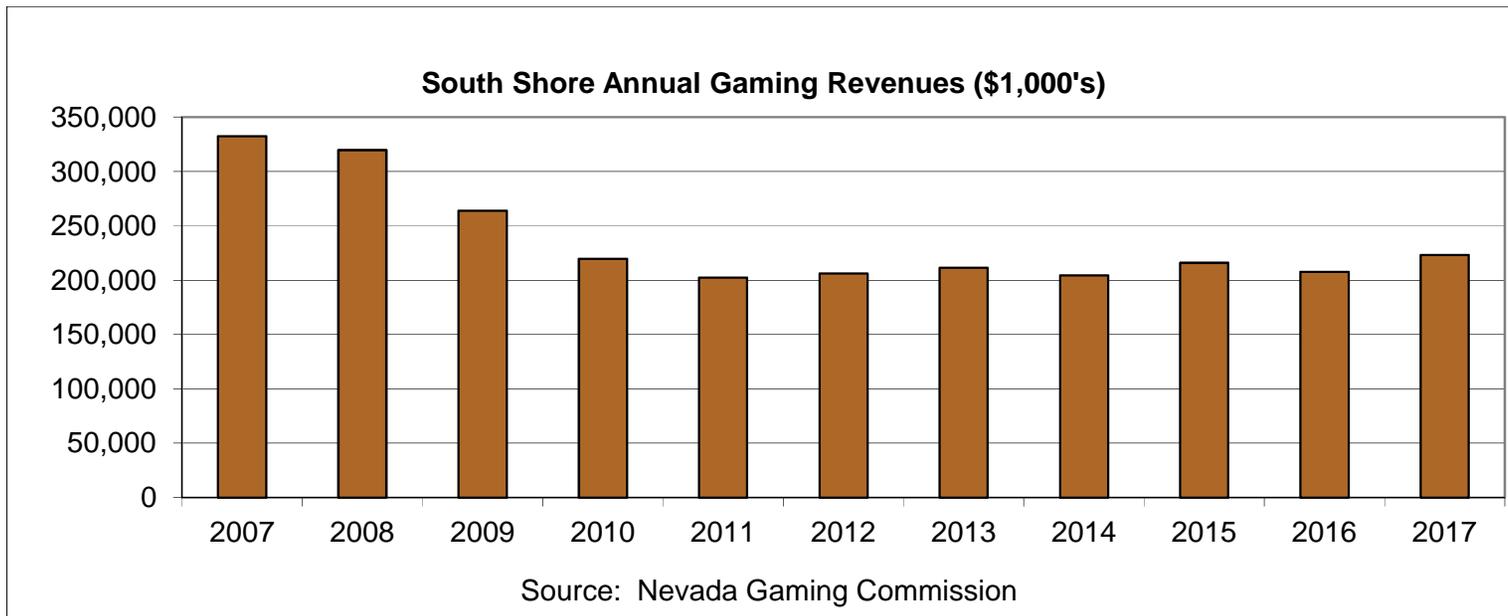
Direct Revenue Generation FY 2017-18 and Population: Lake and Countywide



South Shore Gaming Revenues

Gaming Revenue Decline

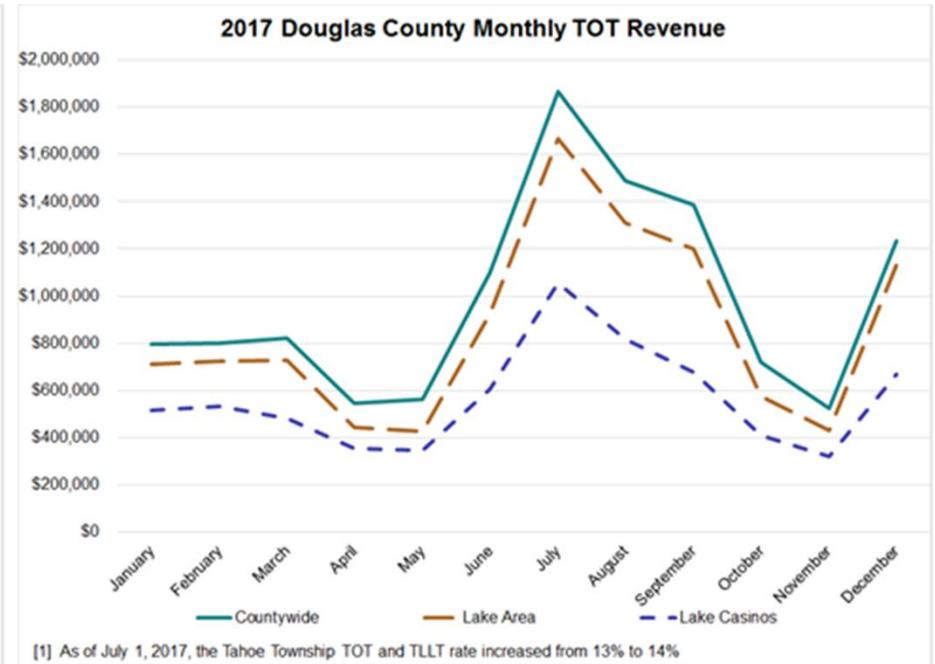
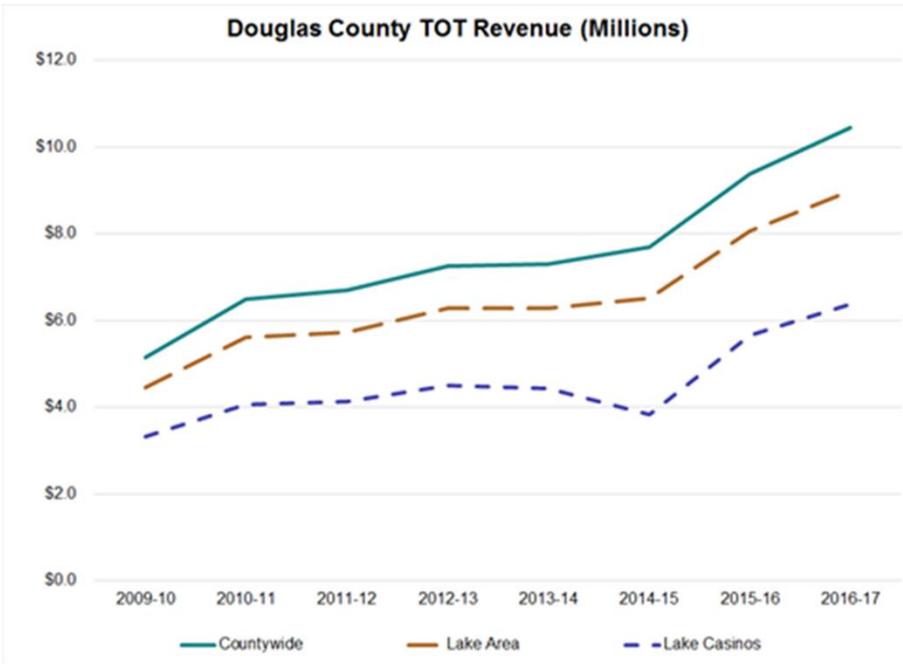
- Gaming revenues have declined in recent years for a variety of factors and are not anticipated to increase significantly



County Room Taxes

Annual Growth and Seasonal Swings

- Economic recovery, plus new rooms, summer concerts, SLT improvements have increased TOT revenue, but seasonality remains an issue.



New Visitor Spending

The Event Center would bring new visitor spending from attendees throughout the year.

| Visitor Spending | New Visitor Spending in Douglas County | |
|--------------------------|--|---------------------|
| | Baseline Estimate | Induced Estimate |
| Spending Category | | |
| Lodging | \$5,828,000 | \$8,589,000 |
| Food and Beverage | \$8,263,000 | \$12,661,000 |
| Entertainment | \$3,541,000 | \$5,426,000 |
| Retail Sales | \$7,083,000 | \$10,852,000 |
| Gaming | \$10,318,000 | \$15,428,000 |
| Recreation | \$2,476,000 | \$3,703,000 |
| Other | \$6,610,000 | \$10,129,000 |
| Total | \$44,119,000 | \$66,787,000 |

Source: SMG Consulting; Tahoe Douglas Visitors Authority; Urban Land Institute; EPS.



Public Safety Costs

Public safety costs would be the primary fiscal burden

- Additional Sheriff Department staffing will also serve growth occurring in the rest of the County
- The share of the cost for additional Deputies allocated to the Event Center was based on the casino area's share of calls for service and the projected increase visitation due to the Event Center
- Tahoe Douglas Fire Protection District, not funded by General Fund, has agreed to coordinate with TDVA (or other operator) for per diem charges to offset costs



Summary of Fiscal Impact

| Item | Estimated Annual Fiscal Impact | |
|--|--------------------------------|---------------------|
| | Baseline Estimate | Induced Estimate |
| County Funds | | |
| County General Fund | | |
| Annual Revenues | \$4,900 | \$4,900 |
| Annual Expenditures | \$217,300 | \$217,300 |
| Annual Surplus/(Deficit) | (\$212,400) | (\$212,400) |
| Room Tax Fund | | |
| Annual Revenues | \$810,600 | \$1,200,500 |
| Annual Expenditures | \$4,300 | \$4,300 |
| Annual Surplus/(Deficit) | \$806,300 | \$1,196,200 |
| Tahoe-Douglas Transportation District Fund | | |
| Annual Revenues | \$116,600 | \$171,800 |
| Annual Expenditures | \$500 | \$500 |
| Annual Surplus/(Deficit) | \$116,100 | \$171,300 |
| Total All County Funds | | |
| Annual Revenues | \$932,100 | \$1,377,200 |
| Annual Expenditures | \$222,100 | \$222,100 |
| Annual Surplus/(Deficit) | \$710,000 | \$1,155,100 |
| Cumulative Surplus/(Deficit) over 30 years at 2.5% growth | \$31,171,000 | \$50,712,000 |

sum

Source: EPS.



Summary of Economic Impact

| Impact Category | One-time Economic Impacts [1] | Estimated Ongoing Economic Impacts [1] | |
|--|-------------------------------|--|------------------|
| | | Baseline Estimate | Induced Estimate |
| Ongoing Annual Impacts [2] | | | |
| Industry Output | | \$43,761,645 | \$65,828,860 |
| Employee Compensation | | \$12,043,478 | \$18,128,679 |
| Employees [3] | | 357 | 537 |
| One-Time Construction Impacts [4] | | | |
| Industry Output | \$110,513,612 | | |
| Employee Compensation | \$43,379,030 | | |
| Employees [5] | 815 | | |

eia

Source: Minnesota Implan Group, Inc.; EPS.

[1] Includes direct, indirect, and induced economic impacts.

[2] Reflects the ongoing impacts of all estimated visitor spending occurring in Douglas County.

[3] Includes all full and part time jobs.

[4] Reflects the one-time economic impacts generated during the construction of the Project.

[5] Represent total job years over the project. For instance, 1 employee for 2 years during construction represents 2 job years.



Conclusion

Summary of potential impacts:

- Anchors the Stateline end of the revitalizing corridor
- Broadens the seasonal base
- Includes a diverse spectrum of programming (targeting a variety of visitors)
- Funds essential public safety
- Generates a major fiscal surplus for the County, supporting countywide programs and services

