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Economic Impact Analysis

Sunset Amphitheater Event Venue

Colorado Springs, El Paso County, CO

Prepared for:

Notes Live, Inc.

PREPARED BY:



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Notes Live Entertainment Venue – Sunset Amphitheater Economic Impact Analysis

Introduction

Notes Live engaged Younger Associates to conduct an economic impact analysis of the construction and ongoing operations of a proposed entertainment venue located in the City of Colorado Springs, El Paso County, Colorado.

The purpose of this study is to provide the development team as well as local and state officials with a better understanding of the job, wage, and local tax impact generated by the construction of the venue and its ongoing operations on the local economy.

This study projects the potential new tax revenue generated by the Notes Live Entertainment Venue with multiple impact generators including ticket sales, food and beverage, fees, and impact from visitor spending.

This analysis measures the economic impact in terms of jobs, wages, local taxes, and total impact on the local economy.

Methodology

The economic impact calculations in this study were generated using an economic model of the local economy based on regional input-output multipliers (RIMS II) from the U.S. Bureau of Economic Analysis. The U.S. Bureau of Economic Analysis (BEA) developed the RIMS II system based on historical economic activity at the county level for 372 industry sectors. The RIMS II multipliers account for inter-industry relationships within regions comprised of one or more counties, in both the public and private sectors. The multipliers were originally developed to estimate the regional impacts of public projects such as military base closings and airport construction. The multipliers eliminate the need for surveys, which can introduce bias into the data.

To effectively use RIMS II multipliers for economic impact analyses, detailed geographical and industrial information on the initial changes in output, earnings, or employment is utilized. This data, which includes construction costs and operational data such as jobs and wages, was provided by the developers. The model also utilizes local wage rates, local tax rates, historical local tax collection ratios, local property values, and historical regional consumer spending patterns.

Younger Associates has used this impact calculation methodology in hundreds of projects across the United States over the past 30 years. The methodology is recognized by the International Economic Development Council and utilized in courses by the Economic Development Institute.

The Younger Associates model for impact analyses are highly accurate, yet slightly conservative by design, in projecting tax revenue generation.

The primary data regarding capital investment, employment and projected visitors was supplied by the development team.

Secondary data was collected by Younger Associates for this analysis from the U.S. Bureau of Economic Analysis, U.S. Census Bureau and U.S. Department of Labor - Bureau of Labor Statistics. In addition, proprietary licensed data from Nielsen Claritas and ESRI was utilized. Some of the local input data including tax rates and visitor spending were supplied by the Colorado Springs Chamber and EDC.

Impact Definitions

Economic Impact – the total dollar value of change in output from all industries within the local economy, which results from \$1 of change in output from operations. Simply put, the economic impact is the total dollars that flow through the local economy during the construction period and annually due to the ongoing operations of the amphitheater.

Direct Jobs – the number of jobs directly employed by the entertainment venue.

Indirect Jobs – the number of jobs across all industries in the local economy that are supported initially by the construction of the development as well as annually by ongoing operations. This could include jobs (or hours of work, which comprise portions of a job) of vendors, business services, retail, personal services, transportation, and all other industry sectors.

Local Taxes – the dollar amount of taxes collected by the local government entities including sales tax and indirect property tax paid by employees of the operations in the development. Other local, state, or federal taxes are not included, nor is local revenue sharing from state and federal tax revenues.

One-Time Impact

A total of \$44.5 million will be invested in construction and equipment for the Notes Live Entertainment Venue. This investment is projected to have a one-time economic impact of \$79 million during the construction and set-up period.

Additionally, 436 jobs will be supported during the development period. For example, should the construction period be two years, an average of 218 jobs would be supported annually. Total wages paid to jobs supported during the construction and set-up period are projected to be \$25.8 million.

Direct sales tax from taxable goods and services for the construction of the venue and indirect sales tax generated by the spending of wages paid to jobs supported are estimated to total \$1.7 million during the development period.

Economic Impact

The annual economic impact generated from the operations of the Notes Live Entertainment Venue is \$102.3 million. This is a measure of total dollars flowing through the El Paso County economy because of amphitheater operations. Over the 10-year period studied, the economic impact is projected to be over \$1 billion.

Jobs and Wages

The ongoing operations of the amphitheater will support 86 jobs directly paying \$3.5 million in wages. In total, venue operations and visitor spending will support 500 jobs directly and indirectly and will pay \$19 million in wages. Spending of those wages is projected to generate \$3.3 million in new local direct and indirect local taxes annually.

Property Tax

Notes Live Entertainment Venue is projected to pay \$861,455 in property taxes to the City of Colorado Springs and El Paso County annually when the project is complete. During the 10-year period studied, the total property taxes paid to Colorado Springs and El Paso County are projected to be approximately \$8.6 million.

Table 1 highlights the key impact measures from the construction and ongoing operation of the Notes Live Entertainment Venue.

Table 1: Summary of Economic Impact

Impact from Operations			
Metric	One-Time Impact from Construction	Annual Impact (at full operation)	10-Year Impact
Economic Impact	\$ 78,970,050	\$ 102,340,638	\$ 1,023,406,381
Direct/Indirect Jobs	436	500	500
Wages (Direct & Indirect)	\$ 25,821,884	\$ 19,015,325	\$ 190,153,248
Local Sales Tax (Direct & Indirect)	\$ 1,716,636	\$ 4,616,542	\$ 41,615,418
Direct Property Tax (City/County)	N/A	\$ 861,455	\$ 8,614,554

The tables on the following pages contain detailed calculations supporting the numbers cited in this report.



City of Colorado Spings, El Paso County, CO
Notes Live - Sunset Amphitheater
Economic Impact Analysis - Summary - 10 Years of Operation

One-Time Impact from Construction							
Development	Economic Impact	Direct/ Indirect Jobs Supported During the Development Period	Wages (Direct & Indirect)	Local Sales Tax (Direct)	Local Sales Tax (Indirect)	Direct Property Tax	Total Local Taxes (Direct & Indirect)
Entertainment Campus	\$ 78,970,050	436	\$ 25,821,884	\$ 943,400	\$ 773,236	N/A	\$ 1,716,636

Annual Impact from Operations (at full operation)							
Development Activity	Economic Impact	Direct/ Indirect Jobs (FTE)	Wages (Direct & Indirect)	Local Sales Tax (Direct - Includes Hotel Taxes)	Local Sales Tax (Indirect)	Annual Average Direct Property Tax	Total Local Taxes (Direct & Indirect)
Ticketed Events	\$ 75,319,493	234	\$ 8,706,728	\$ 2,011,748	\$ 260,723	Combined Taxes for All Facilities Included in the Total	\$ 2,272,470
Visitor Spending	\$ 27,021,146	265	\$ 10,308,597	\$ 718,925	\$ 308,691		\$ 1,027,616
Total	\$ 102,340,638	500	\$ 19,015,325	\$ 2,730,673	\$ 569,414		\$ 861,455

10-Year Impact from Operations							
Development Activity	Economic Impact	Direct/ Indirect Jobs	Wages (Direct & Indirect)	Local Sales Tax (Direct)	Local Sales Tax (Indirect)	10-Year Total Direct Property Tax	Total Local Taxes (Direct & Indirect)
Ticketed Events	\$ 753,194,925	234	\$ 87,067,282	\$ 20,117,475	\$ 2,607,230	Combined Taxes for All Facilities Included in the Total	\$ 22,724,705
Visitor Spending	\$ 270,211,456	265	\$ 103,085,966	\$ 7,189,250	\$ 3,086,909		\$ 10,276,159
Total	\$ 1,023,406,381	500	\$ 190,153,248	\$ 27,306,725	\$ 5,694,139		\$ 8,614,554



City of Colorado Springs, El Paso County, CO
Notes Live - Sunset Amphitheater
Economic Impact and Benefit/Cost Analysis

One-Time Expansion Impact	
Total Capital Investment*	\$ 44,500,000
Real Property: Site Development/Construction*	\$ 41,500,000
Final Demand Output Multiplier ¹	1.7811
Economic Impact	\$ 73,915,650
Personal Property: Equipment Purchase/Set-up*	\$ 3,000,000
Final Demand Output Multiplier ²	1.6848
Economic Impact	\$ 5,054,400
Total Economic Impact	\$ 78,970,050
Direct Local Sales Tax on Materials & Equipment**	\$ 943,400
Final Demand Employment Multiplier ³	10.4951
Jobs Supported During the Construction/Set-Up Period***	436
El Paso County Annual Average Wage ⁴	\$ 59,286
Wages Paid to Jobs Supported During Construction/Set-Up	\$ 25,821,884
Local Indirect Sales Tax Revenue ⁵	\$ 773,236
Total Tax Revenue	\$ 1,716,636

*Projected construction estimates provided by developer.

** Assumes 40% of construction purchases will be subject to local sales tax.

***Represents the total number of jobs supported during the construction period. If the construction period is 2 years the annual average employment would be 218 per year. These jobs are considered transient and, in theory, would disappear after the construction and set-up period is complete.



City of Colorado Springs, El Paso County, CO
Notes Live - Sunset Amphitheater
Economic Impact Analysis

Annual Impact of Operations - Ticketed Events	The Sunset Amphitheater			Total
	Food & Beverage	Ticket Sales	Fees	
Projected Revenue from Ticketed Events	\$ 10,500,000	\$ 26,250,000	\$ 5,425,000	\$ 42,175,000
Final Demand Output Multiplier ⁶	1.7601	1.8071	1.7331	
Total Economic Impact	\$ 18,481,050	\$ 47,436,375	\$ 9,402,068	\$ 75,319,493
Projected Sales Taxable Revenue*	\$ 9,450,000	\$ 23,625,000	\$ 4,882,500	
Direct Local Sales Tax Revenue	\$ 500,850	\$ 1,252,125	\$ 258,773	\$ 2,011,748
Direct Jobs (Estimated FTE)				86
Direct Effect Employment Multiplier ⁷	1.3544	1.4299	2.4317	1.7387
Indirect Jobs Supported	-	-	-	149
Total Employment - Direct & Indirect	-	-	-	234
Wages and Benefits, Direct				\$ 3,489,800
El Paso County Annual Average wage - Specified Industry ⁸	\$ 24,166	\$ 23,273	\$ 57,843	\$ 35,094
Wages, Indirect	\$ -	\$ -	\$ -	\$ 5,216,928
Total Wages	\$ -	\$ -	\$ -	\$ 8,706,728
Local Indirect Sales Tax Revenue ⁵	\$ -	\$ -	\$ -	\$ 260,723
Total Local Tax Revenue (Direct & Indirect)	\$ 500,850	\$ 1,252,125	\$ 258,773	\$ 2,272,470

*Assumes that 90% of annual revenue from ticket sales will be subject to local sales tax.



City of Colorado Springs, El Paso County, CO
Notes Live - Sunset Amphitheater
Impact from Visitor Spending

Total Ticketed Visitors	400,000
% of Attendees from El Paso County	50.0%
Number of El Paso County Attendees	200,000
Number of Attendees from Outside El Paso County	200,000

LODGING	
Estimated Percentage of Attendees Staying Overnight	10%
Number of Overnight Attendees Lodging in El Paso County*	20,000
Average Hotel Rate ⁹	\$ 151.00
Annual Spending for Lodging	\$ 3,020,000
Final Demand Output Multiplier ¹⁰	1.6595
Impact from Lodging	\$ 5,011,690
Final Demand Employment Multiplier ¹¹	11.1204
Total Jobs Supported from Overnight Guests	56
Local Hotel/Motel Lodging Tax (2% - City of Colorado Springs)	\$ 60,400
Local Direct Sales Tax on Hotel Room Rental	\$ 160,060
Local Tax Generated from Hotel Room Rental	\$ 220,460

RETAIL SPENDING	
Total Visitor Days From Guests *	220,000
Estimated Spending per Visitor per Day ¹²	\$ 57.00
Total Guest Spending	\$ 12,540,000
Final Demand Output Multiplier ¹³	1.7551
Impact from Visitor Spending	\$ 22,009,456
Local Direct Sales Tax	\$ 498,465
Final Demand Employment Multiplier ¹⁴	16.7264
Jobs Supported by Visitor Spending	210

JOBS & WAGES	
Total Jobs Supported	265
Annual Average Wage for Retail Trade for El Paso County ¹⁵	\$ 38,830
Total Wages from Jobs Supported	\$ 10,308,597
Total Local Taxes from Wages	\$ 308,691

TOTALS	
Total Impact From Visitor Spending	\$ 27,021,146
Total Jobs Supported from Visitor Spending	265
Total Wages Paid to Jobs Supported from Visitor Spending	\$ 10,308,597
Local Hotel/Motel Lodging Tax	\$ 60,400
Local Sales Tax (Direct and Indirect from Wages Paid)	\$ 967,216
Total Local Taxes Generated from Visitor Spending	\$ 1,027,616

*Estimates Provided by NotesLive



City of Colorado Springs, El Paso County, CO Notes Live Entertainment Campus

Real Property Tax Entities	City of Colorado Springs	EPC-Colorado Springs Road & Bridge Share	El Paso County	EPC Road & Bridge Share	Academy School #20	Pikes Peak Library	Southeastern Colo Water Conservancy	Copper Ridge Metropolitan
Millage Rate	City of Colorado Springs Millage Rate: 3.929	EPC-Colorado Springs Road & Bridge Share Millage Rate: .165	El Paso County Millage Rate: 7.12	EPC Road & Bridge Share Millage Rate: .165	School Millage Rate: 56.507	Pikes Peak Library Millage Rate: 3.49	Southeastern Colo Water Conservancy Millage Rate: .839	Copper Ridge Metropolitan Millage Rate: 25.50
Value*	\$ 30,400,000	\$ 30,400,000	\$ 30,400,000	\$ 30,400,000	\$ 30,400,000	\$ 30,400,000	\$ 30,400,000	\$ 30,400,000
Assessed Value	\$ 8,816,000	\$ 8,816,000	\$ 8,816,000	\$ 8,816,000	\$ 8,816,000	\$ 8,816,000	\$ 8,816,000	\$ 8,816,000
Year 1	\$ 34,638	\$ 1,455	\$ 62,770	\$ 1,455	\$ 498,166	\$ 30,768	\$ 7,397	\$ 224,808
Year 2	\$ 34,638	\$ 1,455	\$ 62,770	\$ 1,455	\$ 498,166	\$ 30,768	\$ 7,397	\$ 224,808
Year 3	\$ 34,638	\$ 1,455	\$ 62,770	\$ 1,455	\$ 498,166	\$ 30,768	\$ 7,397	\$ 224,808
Year 4	\$ 34,638	\$ 1,455	\$ 62,770	\$ 1,455	\$ 498,166	\$ 30,768	\$ 7,397	\$ 224,808
Year 5	\$ 34,638	\$ 1,455	\$ 62,770	\$ 1,455	\$ 498,166	\$ 30,768	\$ 7,397	\$ 224,808
Year 6	\$ 34,638	\$ 1,455	\$ 62,770	\$ 1,455	\$ 498,166	\$ 30,768	\$ 7,397	\$ 224,808
Year 7	\$ 34,638	\$ 1,455	\$ 62,770	\$ 1,455	\$ 498,166	\$ 30,768	\$ 7,397	\$ 224,808
Year 8	\$ 34,638	\$ 1,455	\$ 62,770	\$ 1,455	\$ 498,166	\$ 30,768	\$ 7,397	\$ 224,808
Year 9	\$ 34,638	\$ 1,455	\$ 62,770	\$ 1,455	\$ 498,166	\$ 30,768	\$ 7,397	\$ 224,808
Year 10	\$ 34,638	\$ 1,455	\$ 62,770	\$ 1,455	\$ 498,166	\$ 30,768	\$ 7,397	\$ 224,808
Total	\$ 346,381	\$ 14,546	\$ 627,699	\$ 14,546	\$ 4,981,657	\$ 307,678	\$ 73,966	\$ 2,248,080

Annual Property Tax

\$ 861,455

Total Real Property Tax

\$ 8,614,554

*Assumes that appraised value of the venues will be 80% of the total construction cost plus the current appraised value of the land.




Notes for Notes Live Entertainment Campus Economic Impact Analysis

1. U.S. Bureau of Economic Analysis, 2012/2020 RIMS II aggregate final demand output multiplier for construction for El Paso County, Colorado. This multiplier represents the total change in output that occurs in all industries from each dollar of output delivered by the specified industry.
2. U.S. Bureau of Economic Analysis, 2012/2020 RIMS II aggregate final demand multiplier for wholesale trade for El Paso County, Colorado.
3. U.S. Bureau of Economic Analysis, 2012/2020 RIMS II aggregate final demand employment multiplier for construction for El Paso County, Colorado. This multiplier represents the total change in number of jobs that occurs in all industries from each \$1 million of output delivered by the specified industry.
4. Projection based upon data from Colorado Department of Labor; Annual Average Wage/Salary for all industry sectors in El Paso County, 2021. Assumes an average wage increase of 1.5% for 2022.
5. U.S. Department of Labor, *Consumer Expenditure Survey*, Western U.S. 2021 factor applied to determine the rate of indirect or “downstream” expenditures on sales taxable goods and services at the local option (city and county) tax rate of 5.3%
6. U.S. Bureau of Economic Analysis, 2012/2020 RIMS II aggregate final demand output multiplier for the average of food service and drinking places, performing arts, spectator sports, museums, and related activities, and facilities support services for El Paso County, Colorado.
7. U.S. Bureau of Economic Analysis, 2012/2020 RIMS II aggregate direct effect employment multiplier for the average of food service and drinking places, performing arts, spectator sports, museums, and related activities, and facilities support services for El Paso County, Colorado. This multiplier represents the total change in the number of jobs that occurs in all industries from each direct job created by the specified industry.
8. Projection based upon data from Colorado Department of Labor; Annual Average Wage/Salary for the average of food service and drinking places, performing arts, spectator sports, museums, and related activities, and facilities support services industry sectors in El Paso County, 2020. Assumes an average wage increase of 1.5% for 2022.
9. Average daily hotel rental rate in Colorado Springs for August 2022 per the Colorado Springs Chamber and EDC.
10. U.S. Bureau of Economic Analysis, 2012/2020 RIMS II aggregate final demand output multiplier for accommodations for El Paso County, Colorado.
11. U.S. Bureau of Economic Analysis, 2012/2020 RIMS II aggregate direct effect employment multiplier for accommodations for El Paso County, Colorado.
12. Based on the 2021 average day tripper spending in Colorado Springs as reported by the Colorado Springs Chamber and EDC.



13. U.S. Bureau of Economic Analysis, 2012/2020 RIMS II aggregate final demand output multiplier for the average of general merchandise stores, other retail, food service and drinking places, performing arts, spectator sports, museums, and related activities, and amusement activities for El Paso County, Colorado.
14. U.S. Bureau of Economic Analysis, 2012/2020 RIMS II aggregate final demand employment multiplier for the average of general merchandise stores, other retail, food service and drinking places, performing arts, spectator sports, museums, and related activities, and amusement activities for El Paso County, Colorado
15. Projection based upon data from Colorado Department of Labor; Annual Average Wage/Salary for the average of general merchandise stores, other retail, food service and drinking places, performing arts, spectator sports, museums, and related activities, and amusement industry sectors in El Paso County, 2021. Assumes an average wage increase of 1.5% for 2022.

*All calculations are in constant 2022 dollars. No changes in tax rates are assumed.



The Sunset Amphitheater project is located in the Copper Ridge Urban Renewal Area of Colorado Springs. All of the property tax increment for all taxing entities, and the City's 2% general fund sales tax, are allocated to the URA until approximately 2026.