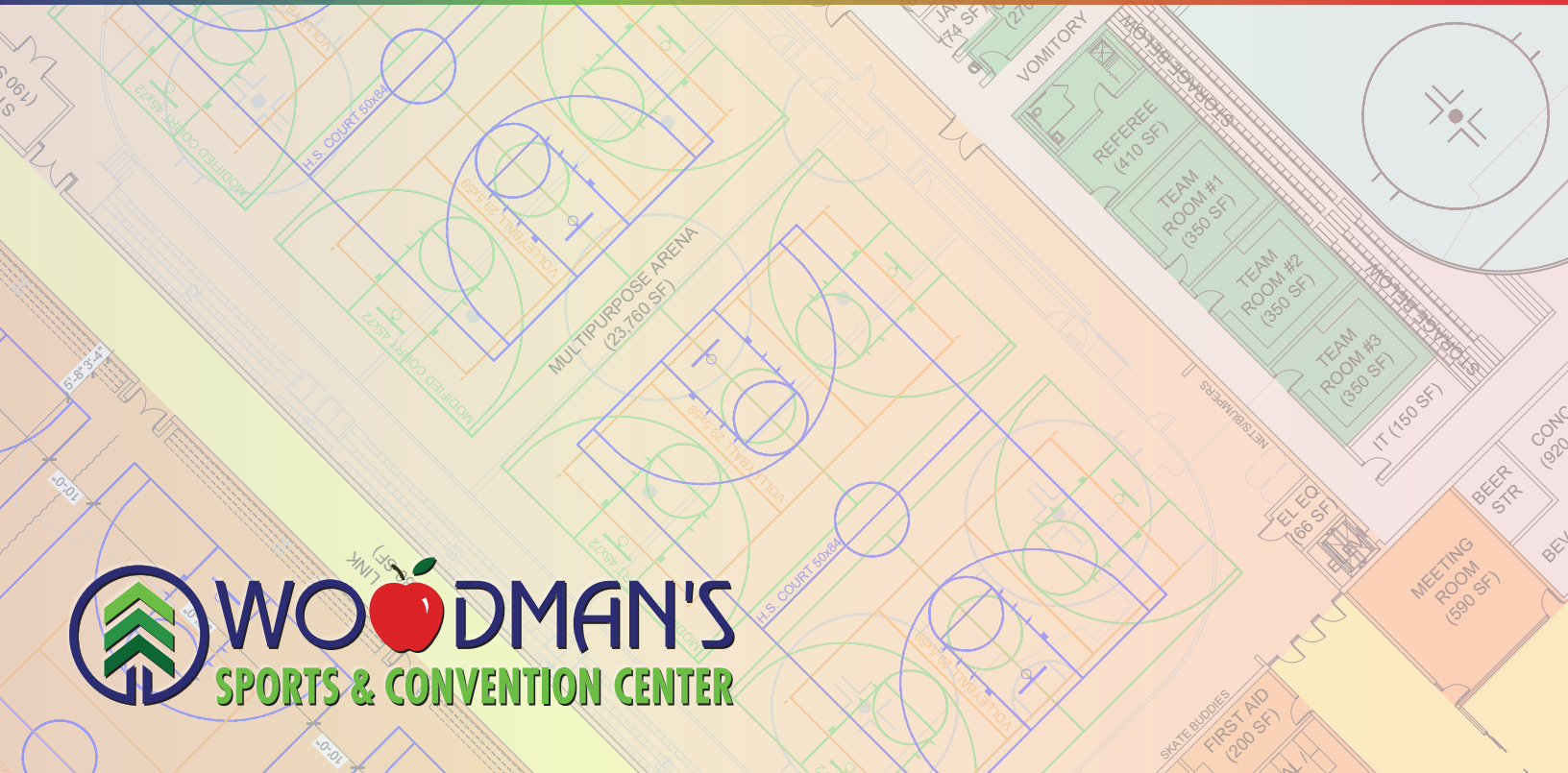
Woodman's Sports & Convention Center

ECONOMIC AND FISCAL IMPACT ANALYSIS

University of Wisconsin Whitewater
Fiscal and Economic Research Center



This report aims to capture the annual and proposed economic impact of the WSCC which our study shows is $23,050,000 in annual economic impact.

We go over various aspects of WSCC operations that directly and indirectly add value to the community of Janesville and Rock County including fan spend, tournaments and local leagues, team operations, conventions, and proposed construction

The following data was modeled using an advanced economic analysis software called IMPLAN.

WOODMAN'S
SPORTS & CONVENTION CENTER

The purpose of this study was to assess the economic impact of a **Woodman's Sports & Convention Center** proposed for Janesville, Wisconsin. Over the past few years, the City has conducted extensive research into the feasibility and potential for such facilities. This research has included Economic Impact Analysis. This study brings together this research and offers an opportunity to identify the impacts of the components of this proposed project. This analysis uses data from JANESVILLE INDOOR SPORTS COMPLEX BUSINESS PLAN by Johnson Consulting. It also incorporates data provided by Conventions, Sports and Leisure International. Additional data was derived from Business Travel News 2022 Business Travel Index and HVS Convention, Sports & Entertainment Facilities Consulting. The Fiscal and Economic

Research Center at the University of Wisconsin Whitewater employed additional data created through the Center in independent analysis of tourism events.

The model(s) produce an economic multipliers and quantitative measures of economic impact that recognize that all levels of the economy are an interconnected networks of interdependent activities. In other words, events and changes in one part of the economy influences the rest of the economy. This will typically result in a greater total impact than was caused by the original injection of activities into the economy. This report will review the components of the project, separating them into event areas. It also aggregates the one time impacts and the ongoing impacts.

TOTAL ANNUAL ECONOMIC IMPACT

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	OUTPUT (SALES)
Direct Effect	160	$4,000,000	$12,900,000
Indirect Effect	36	$1,650,000	$5,850,000
Induced Effect	32	$1,550,000	$4,300,000
Total Effect	228	$7,200,000	$23,050,000

TOURNAMENTS AND LOCAL LEAGUE

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	OUTPUT (SALES)
Direct Effect	70	$1,900,000	$5,500,000
Indirect Effect	15	$750,000	$2,500,000
Induced Effect	15	$750,000	$2,500,000
Total Effect	100	$3,400,000	$10,500,000

JANESVILLE JETS FANS

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	OUTPUT (SALES)
Direct Effect	11	$300,000	$900,000
Indirect Effect	2	$125,000	$400,000
Induced Effect	2	$125,000	$400,000
Total Effect	15	$550,000	$1,700,000

OPERATIONS

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	OUTPUT (SALES)
Direct Effect	35	$600,000	$2,800,000
Indirect Effect	9	$275,000	$1,350,000
Induced Effect	5	$175,000	$900,000
Total Effect	49	$1,050,000	$5,050,000

CONVENTION CENTER

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	OUTPUT (SALES)
Direct Effect	44	$1,200,000	$3,700,000
Indirect Effect	10	$500,000	$1,600,000
Induced Effect	10	$500,000	$500,000
Total Effect	64	$2,200,000	$5,800,000

IMPLAN Analysis

For this study, the FERC utilized IMPLAN to give a quantitative assessment of the economic impacts of the WSCC for Wisconsin as a whole. IMPLAN is an input-output method of measuring the economic impact. IMPLAN estimates are grouped into three categories that affect the local economy. These categories are the:

Direct effect – The direct effect refers to the production change associated with a change in demand for the good itself. In other words, the direct effect is the initial impact to the economy, which is exogenous to the model. Both during the construction phase and the operational phase, spending associated with the project represent the initial change in final demand. This could be wages for retail and restaurant workers and/or expenses incurred within the WSCC in operating the facilities. In addition, Output is the value of production by industry in a calendar year. It can also be described as annual revenues plus net inventory change.

Indirect effect – The indirect effect refers to the secondary impact caused by changing input needs of directly affected industries (e.g., additional input purchases to produce additional output). It concerns inter-industry transactions, as companies that witness increased business create a demand for locally sourced materials that are needed to produce said companies' products or services. Output represents all of the Output generated because of the Direct business to business spending. The project indirectly affects the local and state economies because the firms that provide direct services to project must also purchase materials and supplies. For instance, a local contractor hired to install flooring will have to purchase carpet or lease portable lighting when operating at night. The carpet wholesaler will also have to purchase goods and services necessary to operate. In addition, this could be the hospitality industries spending on supplies for their business. These types of spending generate indirect impacts.

Induced effect – The induced effect is caused by the changes in the household spending due to the additional employment generated by direct and indirect effects. The direct and indirect effects on employment and income affect overall purchasing power within the economy, thereby inducing further consumption spending. For instance, the restaurant workers use their income to buy groceries or take their families to the movies generate economic impacts for workers and businesses in those sectors. These individuals will, in turn, spend their incomes much like the restaurant workers. This cycle continues until the spending eventually leaks out of the economy as a result of taxes, savings, or purchases of non-locally produced goodsand services (imports).

Construction Data

The construction of this complex would generate a one-time economic impact of $74,800,000 created during the construction phase. Note that the estimated cost may be larger– this would result in higher short term economic impacts.

CONSTRUCTION

IMPACT TYPE	EMPLOYMENT	LABOR INCOME	OUTPUT (SALES)
Direct Effect	300	$19,500,000	$41,000,000
Indirect Effect	50	$3,300,000	$11,500,000
Induced Effect	130	$6,500,000	$22,300,000
Total Effect	480	$29,300,000	$74,800,000

Conclusion

The economic impact of the construction and operation of the WSCC creates a number of economic benefits and streams of revenue including $23,050,000 in annual economic impact and a one-time $74,800,000 construction economic impact.

The Local, Regional and State governments will receive tax revenues from the operations of these facilities, including both county and state sales tax, individual and corporate income tax, enhanced real estate taxes and additional fees and taxes.

The Implan estimates of tax revenue are based on the State of Wisconsin and local taxes. State income tax is estimated using employee compensation generated by IMPLAN. The labor income estimated during the construction phase is comprised of architectural, engineering, and related services and construction jobs. To estimate sales tax revenues, we use the model's estimated incremental output for the various retail sectors and make adjustments to arrive at estimates of taxable sales. For retail sectors, IMPLAN reports as output only the retail gross margin, not the total sales at retail, so these estimates are grossed up using average gross margin rates from IMPLAN for each retail sector to arrive at estimated sales to which the tax would be applied

The construction of the complex would generate a one-time State and Local Tax impact of $2.5 million. Of this amount, Rock County would receive $75,000 in sales tax receipts. The annual operations of the complex would result in almost $1.5 million in tax receipts of which Rock County would receive $48,000 in sales tax receipts.

About the Fiscal and Economic Research Center

The University of Wisconsin-Whitewater Fiscal and Economic Research Center provides research services for area businesses, not-for-profits organizations and government entities, including:

- Economic analysis
- Land-use planning
- Geographic Information Systems (GIS) analysis
- Market research, marketing strategy and planning
- Statistical analysis
- Simulation analysis
- Ecological and biological analysis
- Government and public policy analysis
- Entrepreneurship

This analysis was drafted utilizing data from Johnson Consulting, Conventions, Sports & Leisure International, and the Fiscal and Economic Research Center at the University of Wisconsin-Whitewater. This study was commissioned by the Friends of the Indoor Sports & Conference Center (FISCC) Published 2022.

About the Authors

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For More Information: A full version of the Woodman's Sports & Convention Center Economic Impact Report completed by the University of Wisconsin-Whitewater Fiscal and Economic Research Center is available at **www.janesvillefisc.com**

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