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AMPHITHEATER ECONOMIC IMPACT STUDY

May 2021





DRAFT

May 10, 2021

Mr. Bryan Carter
City Manager, City of St. Joseph
bcarter@stjoemo.org

Dear Mr. Carter:

Stone Planning LLC has completed its economic impact analysis of a potential new amphitheater in St. Joseph. The attached report presents the results of our research, analysis, findings, and conclusions and recommendations, and is intended to assist the City in evaluating the viability of the facility.

The analyses presented in this report are based on estimates, assumptions, and other information developed from industry research, as well as information contained within our amphitheater feasibility study and data provided by the City and others. The sources of information and the basis of assumptions, estimates, and forecasts are stated in this report. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, actual results achieved will vary from those described and the variations may be material.

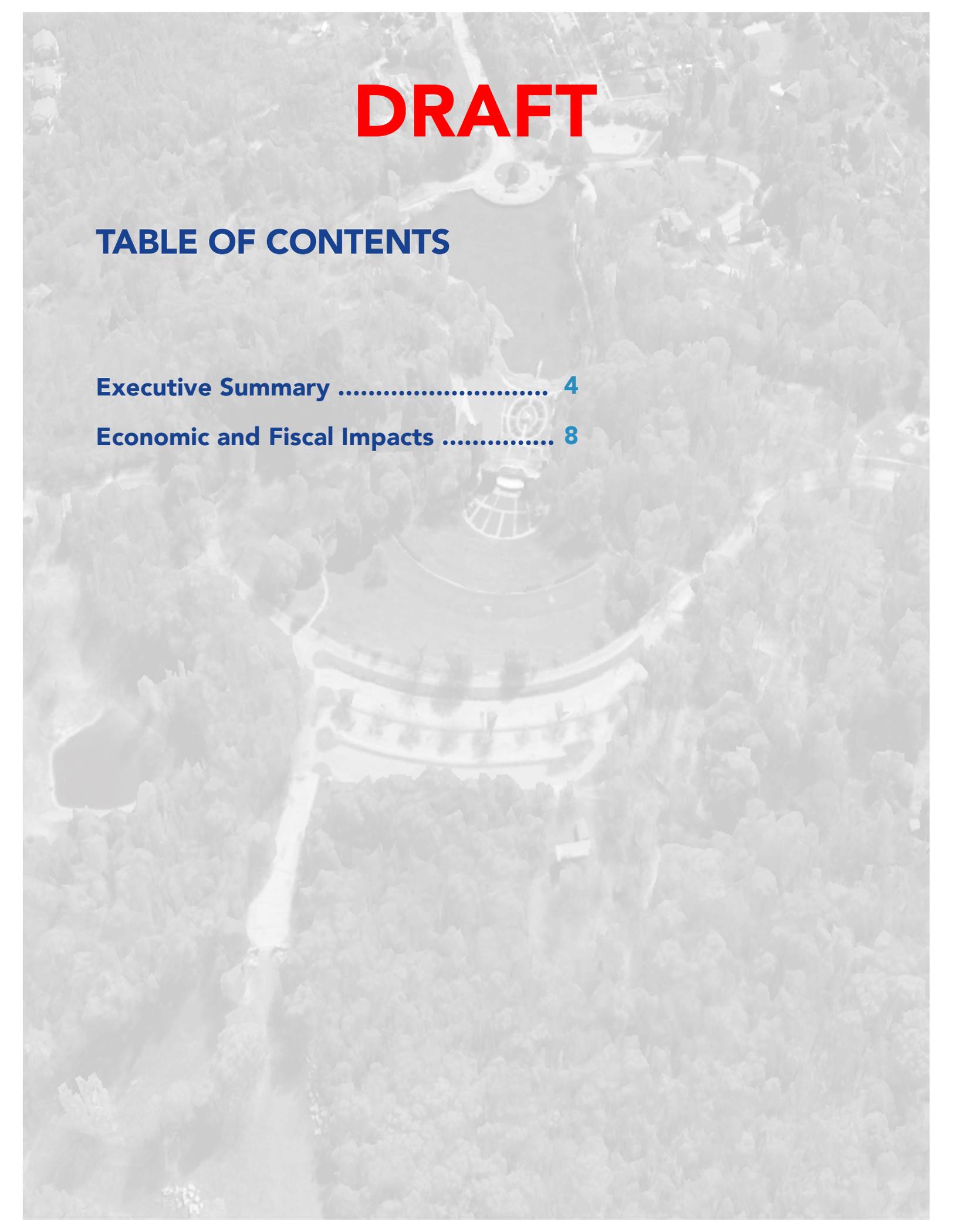
The findings presented are based on analysis of present and near-term conditions in the St. Joseph area, as well as existing interest levels by potential users for a new facility. Any significant changes in the characteristics of the local community, such as change in population, corporate inventory, and/or competitive facilities, could materially impact conclusions and recommendations developed in this study. As in all studies of this type, the estimated results are based on competent and efficient management of the potential facility and assume that no significant changes in the event markets or assumed immediate and local area market conditions will occur beyond those set forth in this report. Furthermore, all information provided to us by others was not audited or verified and was assumed to be correct. Neither Stone Planning LLC, its managers, members, officers, employees, agents nor representatives makes any representation or warranty, expressed or implied, as to the accuracy or completeness of this report or any of its contents, and no legal liability is assumed or is to be implied against any of the aforementioned with respect thereto. This report does not purport to contain all of the information that may be required to evaluate all of the factors which would be relevant.

This report has been prepared for use by the City and its stakeholders. The report has been structured to provide the City and other stakeholders with research, conclusions and recommendations, and forecasts to provide the City with information to strategically plan for potential new development. Stone Planning LLC does not expect to, and assumes no obligation to update or otherwise revise this report or any information contained herein.

We very much appreciate the assistance and cooperation that has been provided in the completion of this report, and have enjoyed working with you. Should you need anything else, please let us know.

Sincerely,


Stone Planning LLC



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City of
St. Joseph
Missouri

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Stone Planning LLC was engaged to complete an economic impact study for a new amphitheater at Krug Park in St. Joseph. (We have separately also completed a feasibility study for the facility, which informs this economic impact study.) Stone Planning is a consulting firm that specializes in the planning and operations of entertainment, sports, and other public-assembly venues and events. The Rooney Sports and Entertainment Group, which has experience in the planning, development, and operations of amphitheaters and their events, also informed the study. In general, this independent analysis is aimed at understanding the spending, employment, income, and tax benefits to St. Joseph from the operation of a new amphitheater, as well as funding opportunities.

In preparing this analysis, we completed the following major tasks:

- Utilized conclusions, recommendations, and forecasts from the feasibility study as inputs to the economic impact analysis.
- Made assumptions regarding the characteristics of potential future facility attendees and analyzed historic tourism data for St. Joseph.
- Estimated the potential future impacts to be captured within the city and by its residents.
- Analyzed potential funding opportunities for the recommended facility, based on identified methods.

This executive summary provides an overview of the analyses that appear in the full report.

Summary of Future Economic and Fiscal Impacts

Based on the amphitheater’s projected future operations, assumed characteristics of event attendees, and other assumptions, the following table summarizes the estimated economic and fiscal impacts to be captured within the City of St. Joseph.

Table 1. Summary of Economic and Fiscal Impacts

	Gross Direct	Net Total
Operations (Recurring)		
Total Spending	\$3,007,000	\$2,738,000
Total Jobs (Full-Time Equivalent)	14	17
Total Earnings	\$698,000	\$902,000
Room Nights	820	820
New Tax Revenues to the City	\$101,000	\$76,000

Source: Stone Planning

Gross direct impacts, which are generated from the spending by all facility attendees and other facility revenues, include \$3 million in spending within the city, 14 jobs to city residents with approximately \$700,000 in income, 820 hotel room nights, and more than \$100,000 in new tax revenues.

Net total impacts, which are generated from the spending by non-city residents and include indirect spending estimated by economic multipliers, include \$2.7 in spending, 17 jobs and \$900,000 in associated income, 820 hotel room nights, and \$76,000 in new city tax revenues.

These impacts from facility operations will recur on an annual basis, but vary from year to year based on facility usage. The facility’s construction project could also generate economic impacts to the city, to the extent that local residents and contractors participate in the construction project (no taxes would be generated from construction, as the city would not be liable for sales taxes).

Potential Funding Opportunities

We have also identified methods that can potentially fund the amphitheater, and amounts available from existing and new taxes and fees.

Three types of special districts can be formed by the city and impose new sales taxes, and can include Krug Park only or a larger area. A Community Improvement District and Transportation Development District can add a 1% sales tax, and a Theater and Cultural Arts District can add a 0.5% sales tax. These taxes would apply to spending within the district and can generally be used for improvements within the district or benefitting the district. In addition, more than one district (including multiple districts of the same type) can be formed on the same area.

The city can also form a Tax-Increment Financing district, which would capture 50% of incremental city and county sales taxes, as well as 50% of special district taxes.

One other method for generating facility funding is through a fee placed on the sale of every ticket, which is currently assumed to be part of the facility’s operating revenues but could also be used as a funding source.

Based on estimates of spending within the facility that would be subject to sales taxes, the following table summarizes amounts potentially available for funding and estimated amounts of debt that the taxes can support.

Table 2. Summary of Potential Funding Methods and Amounts, and Supportable Debt (\$000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total (20 Years)	Estimated Debt Supported
Total Relevant Onsite Spending (\$000s)	\$1,512	\$1,542	\$2,047	\$2,088	\$2,646	\$2,699	\$2,753	\$2,808	\$2,864	\$2,922	\$56,512	--
Taxes to be Captured (\$000s)*												
1 CID	\$15.1	\$15.4	\$20.5	\$20.9	\$26.5	\$27.0	\$27.5	\$28.1	\$28.6	\$29.2	\$565.1	\$460.0
1 TDD	\$15.1	\$15.4	\$20.5	\$20.9	\$26.5	\$27.0	\$27.5	\$28.1	\$28.6	\$29.2	\$565.1	\$460.0
1 Theater and Culutral Arts District	\$7.6	\$7.7	\$10.2	\$10.4	\$13.2	\$13.5	\$13.8	\$14.0	\$14.3	\$14.6	\$282.6	\$230.0
TIF District - w/o City Capital Improvement and Public Safety Sales Tax	\$24.4	\$24.9	\$33.0	\$33.7	\$42.7	\$43.5	\$44.4	\$45.3	\$46.2	\$47.1	\$911.3	\$745.0
TIF District - w/ City Capital Improvement and Public Safety Sales Tax	\$31.9	\$32.6	\$43.2	\$44.1	\$55.9	\$57.0	\$58.2	\$59.3	\$60.5	\$61.7	\$1,193.8	\$975.0
Facility Fees	\$135.0	\$135.0	\$172.0	\$172.0	\$215.0	\$215.0	\$215.0	\$215.0	\$215.0	\$215.0	\$4,529.0	\$3,700.0

*Assuming no sharing of special district taxes with a TIF district.
Source: Stone Planning

Based on an estimated \$1.5 million to \$2.9 million in taxable onsite spending in the first ten years, one CID or TDD (though a 1% sales tax) could potentially generate approximately \$15,000 to \$29,000 per



year. One Theater and Cultural Arts district, with a 0.5% sales tax, could potentially generate approximately \$15,000 to \$29,000 per year.

One TIF district could capture approximately \$24,000 to \$47,000 per year, without the city's capital improvement or public safety sales taxes. Including these components of the sales tax, a TIF district could capture approximately \$32,000 to \$62,000 per year. (These estimates do not include the 50% of special district taxes that a TIF district is legally entitled to, which would simply represent a transfer from one fund to another.)

Facility fees (assuming the ticket fee utilized in the feasibility study) could generate \$135,000 to \$215,000 per year in the first ten years. Revenues from this fee are currently assumed to be part of the facility's operating revenues but could instead be used for construction.

Based on average annual revenues generated over 20 years, one special district is estimated to be able to support approximately \$230,000 to \$460,000 in debt. One TIF district could support approximately \$745,000 to \$975,000. (These estimates assume that a TIF district does not capture special district taxes.) Facility fees could support approximately \$3.7 million.

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ECONOMIC AND FISCAL IMPACTS



This section estimates the economic and fiscal impacts that would be captured in St. Joseph based on the operations of the assumed amphitheater. The impact analysis focuses on one future year of impacts, which would recur on an annual basis but vary based on actual facility demand.

THE CONCEPT OF ECONOMIC AND FISCAL IMPACTS

In general, economic impacts estimate the incremental spending, as well as the resulting jobs, income, and tax revenues, that are captured by a geographic area as a result of an event. In this case, “event” can refer to anything ranging from a weather event to the presence of an institution, industry, or facility, to an event such as a concert. For the purposes of this analysis, the event is the construction and ongoing operations of the assumed amphitheater in St. Joseph.

For an entertainment venue, economic impacts to an area (such as St. Joseph) are generally considered to be based on the spending of non-local residents that come to the area primarily for the purpose of attending a facility event. As an example, the spending by a St. Joseph resident who attends a concert at the venue is considered to be part of the economic activity created by the facility, but not the economic impacts. A Kansas City resident who travels to St. Joseph for an event would generate economic impacts from her visit. However, although local residents’ spending at the facility is not considered to be part of the economic impacts, some of this spending could technically be considered an impact, as the amphitheater will bring some shows (and the associated spending) to St. Joseph that have previously gone to facilities outside of the city.

Economic impacts that can be estimated include the following:

- **Spending** – for a new facility, this includes the actual spending by event attendees for purchases of tickets, food and drinks, merchandise, and other items, both within the facility and throughout the city. The spending that is captured locally (which would not include ticket sales that are retained by a non-local artist but does include spending at a local restaurant) is part of a facility’s economic impacts.

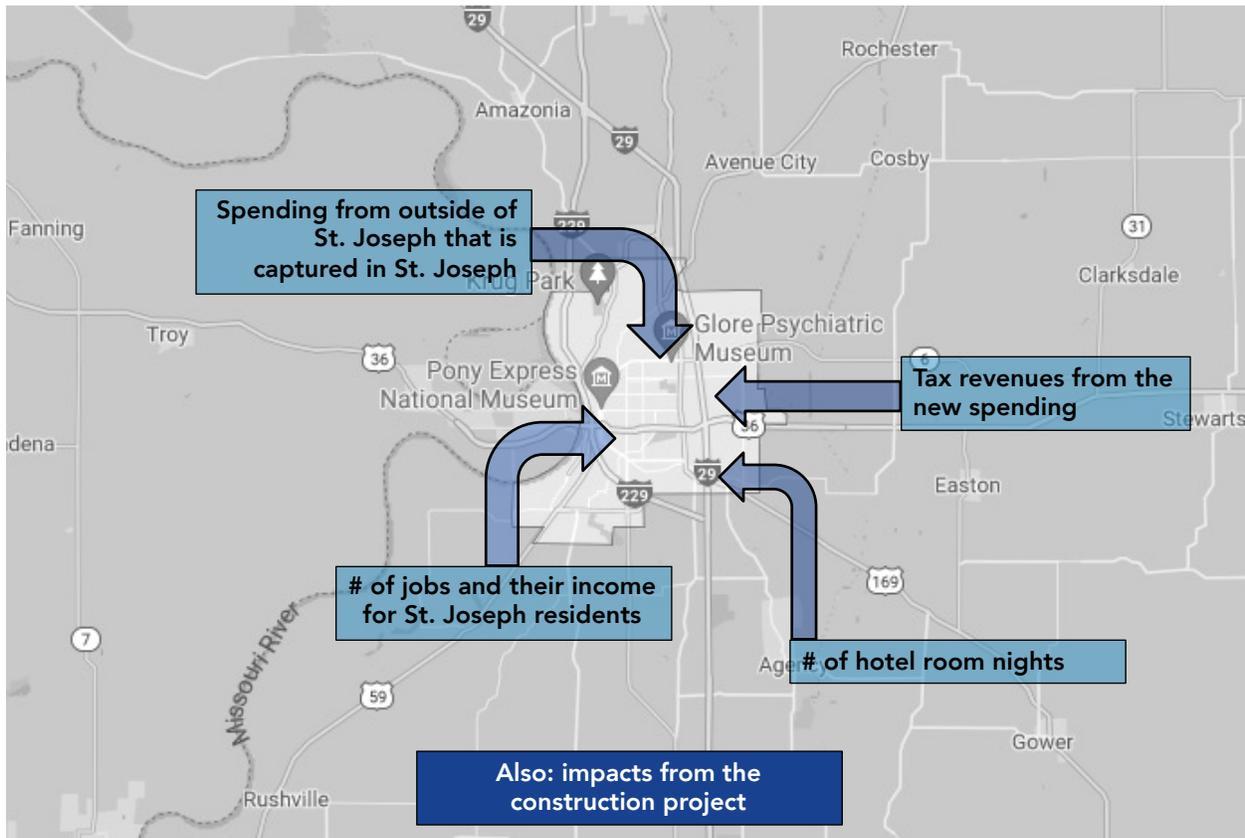
This spending can be separated into gross and net impacts. Gross impacts include the spending by local residents, as described above, and can be considered the full economic activity associated with a facility. This spending by local residents is considered to be “transfer spending” that would have otherwise been spent locally (for example, at a theater), although some would likely leave the area for entertainment in other markets. Net impacts, which are a subset of gross impacts, only include the spending by non-local residents.

- **Jobs and Income** – these impacts estimate new employment and the associated income earned by local residents as a result of the new spending described above. For example, spending captured at local restaurants will support that industry’s employment base and will lead to income for its employees.
- **Fiscal impacts** – represent new tax revenues that are created by the spending impacts. Tax revenues, particularly at the local level, can include sales taxes from ticket sales and hotel taxes from hotel stays.

To the extent that local firms and individuals participate in the construction project, there will also be economic impacts from construction of the facility (but no fiscal impacts, as the city would not pay taxes). Construction-related impacts are not quantified in this report but would be based on the facility's cost and the share of spending on labor and materials that is captured by local residents and businesses.

In addition to the direct spending impacts, economic multipliers are applied to estimate later rounds of spending before the initial spending leaves the local economy. For example, some of the spending captured by a local restaurant is then spent on various items to support the restaurant's operations, and these multipliers estimate the amount that is spent locally based on the presence of suppliers and other industry partners within a geographic area. This later spending – or indirect impacts – are added to the direct impacts to estimate total impacts.

We estimate the economic impacts generated by projected future facility operations as described on the following pages.



ECONOMIC AND FISCAL IMPACTS FROM OPERATIONS

Forecasts of a facility’s future operations underlie estimates of its economic and fiscal impacts; our feasibility study for the potential amphitheater includes forecasts of its future operations. As indicated in the study, we estimate that the facility can host approximately 45 to 65 events and 69,000 to 95,000 attendees per year.

We have estimated the economic and fiscal impacts from the facility’s fifth year of operations, which is considered to be its stabilized year when it reaches 65 events and 95,000 attendees. Additional details regarding events, attendance, and operating revenues and expenses for all ten years appear in the feasibility study.

Facility Revenues and Attendee Spending Inside the Amphitheater

The revenues captured by the facility can represent a significant part of the overall economic activity that it creates. This facility revenue includes attendees’ spending on items such as concessions and others. Ticket sales from touring concerts are not included, as these revenues flow directly to a promoter (and ultimately an artist) and do not benefit the local St. Joseph economy. However, ticket sales from other performances are considered impacts, as the revenues are assumed to be captured by local organizations.

The following table shows the gross revenues generated by facility operations, with the exception of ticket revenues.

Table 3. Gross Facility Revenues (\$000s)

Ticket Sales	\$1,774
Rent	228
Promoter Rebate	(135)
Net Service Revenue	(43)
Gross Food and Beverage Sales	840
Gross Merchandise Sales	113
Naming Rights	97
Other Advertising and Sponsorships	49
Facility/Ticketing Fees	426
Parking	108
Premium Seating	15
TOTAL	<u><u>\$3,472</u></u>

Source: Stone Planning

As shown above, we consider \$3.5 million in facility revenues to be the gross impacts from its operations.

Attendee Spending Outside of the Amphitheater

The other component of the economic activity generated by a facility’s operation is the money spent locally by event attendees on items such as lodging, meals, and entertainment outside of the facility (and

in St. Joseph) but as a result of their trip to the facility.

We have made assumptions regarding the geographic origin of attendees, whether they stay in St. Joseph overnight, and their spending characteristics in St. Joseph outside of the facility (spending within the facility is included as facility revenue above).

Attendees' Geographic Origin

Because impacts are being considered for St. Joseph, we differentiate between facility attendees who are City residents and those who live outside of St. Joseph. Spending by all attendees is calculated as the gross spending impact; however, only those who are non-City residents are considered in the calculations of net economic impacts to the City.

For ticketed events, we estimate that 70% to 85% of attendees live outside of St. Joseph (with a higher share of local residents attending "other ticketed entertainment" events). For community events and private/social events, we assume that 75% of attendees will be city residents.

Types of Travelers

Event attendees are further divided into two other categories: daytrippers or overnight travelers. Assumptions regarding hotel use and length of stay are also summarized below.

- The majority of attendees will be daytrippers, including all St. Joseph residents.
- However, a share of attendees will stay overnight before, during, and/or after an event. The assumed percent of overnight attendees varies by event type, and ranges from none (community events) to 5% (concerts). Based on historical hotel usage in the city from March through September, the city's hotel inventory has room availability to accommodate these assumed overnight visitors.
- For all overnight attendees in hotels, we assume an average of two people per hotel room across all event types.
- In addition, while leisure travelers typically have longer stays in a market, because most amphitheater events will take place on one day/night, we assume a shorter average stay that is consistent with the event length. For all events, we assume that overnight visitors spend one night in St. Joseph.

Out-of-Facility Spending Assumptions

Assumptions related to out-of-facility spending by event attendees are relatively conservative, due to the lack of many opportunities for dining and entertainment immediately surrounding the park and the distance to downtown St. Joseph.

Daily spending has been separated into four categories: food and beverage, retail and entertainment, lodging, and transportation/other spending. Overnight attendees are generally assumed to spend more than daytrippers, as they will spend more time in the city and (unlike daytrippers) have lodging expenditures. Estimates of daily spending are applied to attendees of all event types, and with the exception of lodging, apply to all daytrippers and overnight travelers.

Based on historical hotel rates in St. Joseph from March through September (and inflated for the future year of impacts), we assume that overnight visitors spend an average of approximately \$100 per room, per night. Other, non-hotel spending by overnight visitors is estimated to range from approximately \$15 to \$25 per day, and daytrippers are assumed to spend an average of approximately \$5 to \$10 per day, depending on the event type.

Gross Direct Spending

Based on the assumptions described above, as well as the facility’s events, attendance, and revenues, the following table summarizes the total gross direct spending generated by the presence and operation of the amphitheater for its fifth year of operations. The first line (spending generated by the facility) has previously been described, and the spending captured throughout St. Joseph by all event attendees and participants is also summarized, based on the assumptions described above.

Table 4. Gross Direct Spending

	Total
Gross Facility Revenue	\$2,205,000
Spending Outside the Facility	
Lodging	\$85,000
Food and Beverage	\$374,000
Retail and Entertainment	\$148,000
Transportation and Other	\$195,000
Total Spending Outside the Facility	\$802,000
Total Gross Direct Spending - Inside and Outside of the Facility	\$3,007,000
# of Room Nights	820

Source: Stone Planning

Gross vs. Net Impacts

The total economic activity summarized above does not represent actual economic impacts; it merely shows the activity generated by facility operations, including transfer spending by local residents. In this section, transfer spending is deducted from total spending to arrive at the estimated economic impacts to St. Joseph. In other words, for the purposes of calculating economic impacts to the City, all spending by residents of the City is subtracted.

Spending impacts to the City related to out-of-facility spending as well as spending within the facility are based on assumptions of attendee origin and their spending characteristics, as previously described.

However, other revenues captured by the facility itself are analyzed separately. In general, all facility revenues from other sources, such as naming rights and other sponsorships, facility expenses that are reimbursed by events, and others are entirely considered to be net impacts to the City. Because of the unique nature of the amphitheater and the lack of other similar facilities in St. Joseph, we assume that

any money spent at the amphitheater for these items could not be easily transferred to other venues in St. Joseph (such as the Civic Arena or Missouri Theater) and would therefore likely leave the area but for the presence of the facility.

Below, we have estimated the net economic impacts to St. Joseph from the amphitheater.

Table 5. Net Economic Impacts

	Gross	Net to St. Joseph
In-Facility	\$2,205,000	\$1,663,000
Outside the Facility		
Lodging	\$85,000	\$85,000
Food and Beverage	\$374,000	\$209,000
Retail and Entertainment	\$148,000	\$82,000
Transportation and Other	\$195,000	\$93,000
Total - Outside the Facility	\$802,000	\$469,000
Total Direct Spending	\$3,007,000	\$2,132,000
Room Nights	820	820

Source: Stone Planning

Because a share of the facility’s attendees are assumed to live in St. Joseph, the net impacts are less than the gross impacts (\$2.1 million compared to \$3 million).

Multiplier Effect and Indirect Spending

As the spending from the direct economic activity takes place in the city and state’s economy, it will trigger other, indirect, levels of economic activity. For example, the operating businesses that are affected by facility use (including the facility itself and hotels and restaurants, retail stores, and others) will purchase various goods and services from local and regional vendors (e.g., utilities, inventory, supplies, labor, and the like). As this occurs, these workers and vendors receive income and, in turn, make purchases of goods and services themselves. Within each round, some spending occurs in the local economy and some flows outside of that economy (referred to as “leakage”). The total amount of spending that stays within the local economy includes both the first round (“direct”) and all subsequent rounds of economic activity (“indirect”).

These total impacts are estimated through the use of multipliers that are applied to the estimates of direct impacts. The multipliers are calculated by the US Department of Commerce’s Bureau of Economic Analysis and its Regional Input-Output Modeling System (RIMS II) and are unique to each geographic area. Multipliers differ from area to area because of geography; proximity to other business centers and the size of an area will affect the length of time that direct spending is retained within an economy before fully leaking out. In addition, different sectors of an economy have unique multipliers, based on their own proximity to other industry-specific economies, vendors and suppliers, and the like.

(These multipliers are designed to estimate changes in demand in an economy, not changes in supply. The effects of COVID-19, at least in the short term, could impact the reliability of using historical

multipliers for the future; for example, it is possible that local suppliers have gone out of business and have been replaced by others that are based elsewhere. It is also possible that the reverse is true, and later rounds of spending stay in the local economy longer than they otherwise would have. Also, any short-term changes in the supply chain could revert back to ‘normal’ by the time a construction project is completed. All of this said, the most recent multipliers that are available are for 2019 and are used for the future year of facility operations.)

For this analysis, unique multipliers for different industries are used, as every type of spending that comprises the direct impacts (“Category”) has a multiplier, based on a corresponding “Industry Sector.” As the table below shows, the multipliers for various industries generally range from approximately 1.2 to 1.4. In other words, a multiplier of 1.2 indicates that total impacts are estimated to be 1.2 times (or 120% of) the direct impacts; this includes the direct impacts (at 1.0) and the indirect impacts (at 0.2). Multipliers typically increase as the size of a geographic area increases, as it takes more time for later rounds of spending to leave a larger area (for example, Missouri compared to St. Joseph).

Table 6. Multipliers by Revenue/Spending Type

Category	Industry Sector	Multipliers
Facility Revenues		
Ticket Sales	Perf. Arts, Spectator Sports, Museums, Zoos, Parks, Related Activities	1.2957
Rent	Perf. Arts, Spectator Sports, Museums, Zoos, Parks, Related Activities	1.2957
Promoter Rebate	Perf. Arts, Spectator Sports, Museums, Zoos, Parks, Related Activities	1.2957
Net Service Revenue	Perf. Arts, Spectator Sports, Museums, Zoos, Parks, Related Activities	1.2957
Food and Beverage Sales	Food Services and Drinking Places	1.3449
Merchandise Sales	Retail Trade	1.3474
Naming Rights	Broadcasting/Telecommunications	1.2647
Other Advertising and Sponsorships	Broadcasting/Telecommunications	1.4389
Facility/Ticketing Fees	Perf. Arts, Spectator Sports, Museums, Zoos, Parks, Related Activities	1.2957
Parking	Transit and Ground Passenger Trans.	1.5439
Premium Seating	Perf. Arts, Spectator Sports, Museums, Zoos, Parks, Related Activities	1.2957
Spending Outside the Facility		
Food and Beverage	Food Services and Drinking Places	1.3449
Retail and Entertainment	Retail Trade; Perf. Arts, Spectator Sports, etc.	1.3216
Lodging	Accommodation	1.3068
Transportation and Other	Transit and Ground Passenger Trans.	1.5439

Source: US Department of Commerce, Stone Planning

Based on these multipliers, total (direct and indirect) net spending is summarized below.

Table 7. Total Net Spending

	Net to St. Joseph
Total Net Direct Spending	\$2,132,000
Net Indirect Spending	
In-Facility	\$431,000
Outside of Facility	
Lodging	\$26,000
Food and Beverage	\$72,000
Retail and Entertainment	\$26,000
Transportation and Other	\$51,000
Total Indirect Spending	\$606,000
Total Spending - Direct and Indirect	\$2,738,000

Source: Stone Planning

As the table shows, including both direct and indirect spending, total spending impacts are estimated to be approximately \$2.7 million to St. Joseph.

Jobs and Payroll

The operation of the amphitheater and attendees’ spending creates jobs both within the facility and throughout the city, at hotels, restaurants, retail stores, and the like (from both direct and indirect spending). Employment and income impacts to the city refer to jobs and income that are captured by residents of the city.

Estimates of direct employment of facility staff, as well as their earnings, is based on the operations of similar facilities, and we have assumed that 90% of all jobs created and supported will be captured by city residents. For jobs and income related to employment outside of the amphitheater and supported by attendees’ spending, we rely on average hourly and annual wage information for various types of occupations as provided by the US Department of Labor’s Bureau of Labor Statistics, based on current data compiled for the St. Joseph metropolitan metro area.

Similar to spending, multipliers are used to estimate indirect employment and earnings, based on the direct impacts. The following table summarizes employment and income multipliers used in the calculation of indirect jobs and earnings.

Table 8. Total Employment and Earnings Multipliers

Category	Employment Multipliers	Earnings Multipliers
Facility Operations	1.1976	1.2768
Concessions, Food and Beverage	1.1494	1.3282
Retail and Entertainment	1.1877	1.3031
Lodging	1.2261	1.3328
Transportation and Other	1.1079	1.3770

Source: US Department of Commerce, Stone Planning

The table below shows the total (including direct and indirect) net jobs and payroll generated within the city by the facility. Jobs are shown as full-time equivalents (FTE); approximately 2,000 hours worked by multiple people is considered to be one full-time equivalent job.

Table 9. Total Jobs and Earnings

	To St. Joseph
EMPLOYMENT	
<u>Facility</u>	
Full-Time Equiv. Facility Operations Staff	10.8
<u>Outside of the Facility</u>	
Lodging	0.4
Food and Beverage	3.3
Retail and Entertainment	0.9
Transportation and Other	1.2
Total Jobs (Full-Time Equivalent)	16.5
EARNINGS	
Facility Operations - all FT and PT	\$661,000
Lodging	\$26,000
Food and Beverage	\$112,000
Retail and Entertainment	\$43,000
Transportation and Other	\$61,000
Total Earnings	\$902,000

Source: Stone Planning

As the table shows, the amphitheater is estimated to support approximately 17 jobs (FTE) and \$900,000 in wages to St. Joseph residents.

Fiscal Impacts

As previously described, fiscal impacts represent new public-sector tax revenues that are generated based on the presence and use of the facility. The following summarizes applicable City-level taxes and the spending they apply to, as well as their rates. We assume that sales taxes, but not property taxes, will be imposed in the park, and relevant offsite spending will generate both sales and lodging taxes. (A separate analysis, at the end of this section, estimates taxes that could potentially be used to fund the facility.)

Table 10. City Taxes and Rates

	Rate	Taxable Spending
Sales Tax		Tickets, F&B, Retail, Hotels
General	1.500%	
Capital Improvements	0.500%	
Public Safety	0.500%	
Mass Transit	0.375%	
Lodging Tax	6.000%	Hotels

Source: City of St. Joseph, Stone Planning

The city’s capital improvements tax is set to expire in mid-2024 but we assume that it will be renewed.

Estimated spending that generates tax revenues is based on our previously-described calculations.

The new tax revenues attributable to facility operations and captured by the City are summarized in the following table. We show the taxes generated by both the gross direct spending (which includes City residents) as well as by the net spending (which only includes non-St. Joseph residents).

Table 11. Estimated Fiscal Impacts

	Gross	Net
Sales Tax		
General	\$50,000	\$37,200
Capital Improvements	\$16,700	\$12,400
Public Safety	\$16,700	\$12,400
Mass Transit	\$12,500	\$9,300
Total Sales Tax	\$95,900	\$71,300
Lodging Tax	\$5,100	\$5,100
TOTAL	\$101,000	\$76,400

Source: Stone Planning

As the table shows, fiscal impacts from gross spending (which includes spending by St. Joseph residents) are approximately \$101,000, primarily from sales taxes. Net impacts, based on spending by non-city residents, is estimated to be approximately \$76,000.

Funding Analysis

Above, we estimated the tax revenues that can be generated by the facility’s usage, including its off-site impacts. Some of these taxes can potentially be used to fund the facility’s construction and operations, although portions of the city’s sales tax cannot be used for an amphitheater. New taxes can also be imposed to help pay for the facility. This section addresses methods that can be employed and the associated taxes that can be generated and utilized for funding, and the amount of debt that is potentially supportable. In general, we assume that any relationship between the city and a facility operator will allow for the imposition of sales taxes onsite, but not property taxes.

(In addition to the potential funding sources identified below, certain operating revenues could typically also be pledged towards debt service rather than to fund operations. Long-term, contractually-obligated revenues from naming rights and other sponsorships are sometimes used for this purpose.)

Special Districts

Three types of special districts are available to the city to form at Krug Park, and the city currently has multiple special districts at other locations. The footprint of these districts can include Krug Park itself and/or additional land, but for the purposes of this analysis, we assume that any districts that are created only include the park (which currently generates no taxes).

- Community Improvement District – each CID can impose a 1% sales tax.
- Transportation Development District – each TDD can impose a 1% sales tax. The resulting taxes can only be used for roads, parking, transit, and other similar improvements, both within a TDD and outside of a district if it benefits the district.
- Theater and Cultural Arts District – can impose a 0.5% sales tax.

More than one district, including multiple versions of the same district type, can be formed on the same land area to impose taxes. Two CIDs, for example, would add 2% in sales taxes (1% for each district). Taxes generated by CIDs and TDDs can be used for both construction and operations, and TCAD taxes can also be used for marketing.

TIF Districts

The city can also form a Tax-Increment Financing (TIF) district, with or without one or more of the special districts. A TIF would capture 50% of incremental city and county sales taxes, as well as 50% of any special district taxes, and can be used for any purpose within the TIF or benefitting the TIF. (A TIF would also capture 100% of incremental property taxes but we assume the city-owned park will not generate these taxes in the future.) In contrast to special district taxes, which would be added on top of the existing sales tax, a TIF would not add a new tax but rather capture part of the existing sales tax revenue that was estimated above in the fiscal impact analysis, as well as half of any new special district taxes.

Facility Fees

A facility fee can also be imposed on ticket sales to help fund construction. As described in the feasibility study, we have assumed a \$5-per ticket fee for larger touring concerts and \$4 for other ticketed entertainment that is currently included in the amphitheater's operating revenues. However, revenues from such a fee could instead be used for facility funding.

Estimated Taxes Generated and Supportable Debt

The following table estimates the taxes and fees that could potentially be generated by these options. While a TIF district would retain 50% of taxes generated by a special district, for the purposes of this analysis, the special district taxes remain with the districts.

The table shows the estimated spending and tax revenues for each of the first ten years, as well as a 20-year total (after ten years, amounts are inflated by 2% per year, with the exception of facility fees, which increase by \$1 after ten years).

Table 12. Estimated Funding Amounts (\$000s)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total (20 Years)
Total Relevant Onsite Spending (\$000s)	\$1,512	\$1,542	\$2,047	\$2,088	\$2,646	\$2,699	\$2,753	\$2,808	\$2,864	\$2,922	\$56,512
Taxes to be Captured (\$000s)*											
1 CID	\$15.1	\$15.4	\$20.5	\$20.9	\$26.5	\$27.0	\$27.5	\$28.1	\$28.6	\$29.2	\$565.1
1 TDD	\$15.1	\$15.4	\$20.5	\$20.9	\$26.5	\$27.0	\$27.5	\$28.1	\$28.6	\$29.2	\$565.1
1 Theater and Cultural Arts District	\$7.6	\$7.7	\$10.2	\$10.4	\$13.2	\$13.5	\$13.8	\$14.0	\$14.3	\$14.6	\$282.6
TIF District - w/o City Capital Improvement and Public Safety Sales Tax	\$24.4	\$24.9	\$33.0	\$33.7	\$42.7	\$43.5	\$44.4	\$45.3	\$46.2	\$47.1	\$911.3
TIF District - w/ City Capital Improvement and Public Safety Sales Tax	\$31.9	\$32.6	\$43.2	\$44.1	\$55.9	\$57.0	\$58.2	\$59.3	\$60.5	\$61.7	\$1,193.8
Facility Fees	\$135.0	\$135.0	\$172.0	\$172.0	\$215.0	\$215.0	\$215.0	\$215.0	\$215.0	\$215.0	\$4,529.0

*Assuming no sharing of special district taxes with a TIF district.
Source: Stone Planning

- In the first ten years, total of approximately \$1.5 million to \$2.9 million in applicable onsite spending is estimated per year, from tickets, F&B, and merchandise.
- One CID or one TDD, both of which can impose a 1% sales tax on top of the existing sales tax, could generate approximately \$15,000 to \$29,000 per year, without accounting for sharing 50% of its revenues with a potential TIF district.
- One Theater and Cultural Arts district, which can impose a 0.5% sales tax on top of the existing sales tax, could generate approximately \$8,000 to \$15,000 per year, without accounting for sharing 50% of its revenues with a potential TIF district.
- One TIF district could capture approximately \$24,000 to \$47,000 per year, without the city's capital improvement or public safety sales taxes. Including these components of the sales tax, a TIF district could capture approximately \$32,000 to \$62,000 per year. These estimates do not include the 50% of special district taxes that a TIF district is legally entitled to, which would simply represent a transfer from one fund to another.
- Facility fees (assuming the ticket fees utilized in the feasibility study) could generate \$135,000 to \$215,000 per year in the first ten years. Revenues from this fee are currently assumed to be part of the facility's operating revenues but could potentially instead be used for construction.

As previously described, more than one special district and TIF can be formed. The table above summarizes the estimated amounts that could potentially be generated by one of each of the funding districts as well as the facility fee. Total amounts available for funding will be impacted by the number and type of districts to be formed.

Should the city finance development of a new facility with bonds, it is anticipated that general-obligation bonds would be issued. Assuming a 2% interest rate and a 20-year repayment term (which is the maximum length for GO bonds under Missouri law), the following table summarizes the estimated amount of debt that can be supported by each of the funding sources described above, based on their average annual revenues.



Table 13. Estimated Debt Supported by Funding Sources

1 CID	\$460,000
1 TDD	\$460,000
1 Theater and Cultrual Arts District	\$230,000
TIF District - w/o City Capital Improvement and Public Safety Sales Tax	\$745,000
TIF District - w/ City Capital Improvement and Public Safety Sales Tax	\$975,000
Facility Fees	\$3,700,000

Source: Stone Planning