

# The 2015 Economic and Fiscal Impacts of the Boise Centre Meetings and Conventions

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# **The 2015 Economic Impact of the Boise Centre on Ada and Canyon Counties**

## **Executive Summary**

During the 2015 fiscal year, December 2014 through November 2015, the Boise Centre hosted 219 events that involved 108,946 attendees and encompassed 136,541 attendee days. These events included conventions and professional meetings, local events such as the St. Alphonsus Festival of Trees, trade shows, and company meetings.

The Boise Centre events are divided into two groups; 174 events were classified as local with 100% of attendees coming from the local area and 45 events that included both local and non-local attendees. A total of 5,015 attendees were considered non local and 103,931 were from the local community. Estimates for the amounts these two groups spent locally on lodging, food, fuel, parking, and miscellaneous retail is a major component for assessing the economic impact of the Boise Centre.

## **Economic Impact**

We estimate that in 2015 the visitors and the Centre spent approximately \$13.0 million on lodging, food, fuel, and parking for the visitors, and maintenance and repairs, travel, and consulting for the Centre. Spending for 2015, broken down by spending category, form the input into IMPLAN, the premier software for estimating local area economic multipliers. The IMPLAN results define estimates

for the economic impact of the Boise Centre on the local economy. These estimates are as follows:

- 297 jobs, both part-time and full-time, were created
- \$10.1 million in labor income and benefits
- \$13.3 million in all forms of income in the form of wages and salaries, interest, rent, and profit
- Increase in total local production of good and services of \$22.7 million

### **The Employment Multipliers**

Spending in the local economy by the visitors and the Centre that was sufficient to support one job, triggered an addition in total local spending sufficient to support:

- 1.38 jobs
- Labor Income of \$46,642
- All Forms of Income of \$61,627
- Output and Sales of Locally Produced Goods: \$105,401

### **The Spending Multipliers**

Another way of interpreting the results is that each \$1 million spent by the Boise Centre and the visitors supports:

- 22.9 jobs
- Labor Income: \$.775 million
- All Forms of Income: \$1.03 million
- Output and Sales of Locally Produced Goods: \$1.75 million

## **The Economic Impact of the Boise Centre - 2015**

The economic impact of the Boise Centre derives from two sources: (1) spending in the community by attendees of the events held at the Boise Centre; and (2) the spending by the Boise Centre itself required to operate the facility and host events. Only local spending has an impact on the Treasure Valley's economy. When a Boise Centre attendee buys a meal in a Boise restaurant, there is a positive impact on Boise employment, the income of Boise workers is increased, and production/output in Boise is increased (i.e. someone in Boise has produced a restaurant meal). However, if the Boise Centre buys equipment from a firm in Seattle, there is no increase in local employment, income, or production. On the other hand, if that same piece of equipment is purchased from a Boise company, local employment, income, and output are positively affected.

### **Estimating the Centre's Economic Impact**

The economic impact of the Boise Centre is measured by the increases in employment, income, and output that can be attributed to the local spending of the Boise Centre and those who attend its activities. To assess the economic impact of the Boise Centre on the local economy we start with estimating how much the Boise Centre and those attending the Boise Centre events spend locally.

#### **I. Spending by the Boise Centre**

The Boise Centre staff provided a detailed accounting of its purchases for their 2015 fiscal year. It was possible to identify the purchases

from local firms and to ignore purchases from firms outside the area. Local purchases included a wide variety of goods and services, as shown in Table 1.

Table 1

<b>Boise Centre Expenses from Check History for Fiscal Year 2015</b>					
Accounting Services	\$	2,992.25	Magazines	\$	99.00
Advertising	\$	58,237.02	Marketing	\$	580,067.51
Attorneys	\$	6,513.00	Membership	\$	6,835.00
AV Equipment	\$	1,399.58	Miscellaneous Expenses	\$	3,430.56
Banking Fees	\$	59.15	Music	\$	1,633.63
Beverages	\$	16,713.55	Office Equipment Repair	\$	1,583.68
Building Maintenance and Repair:	\$	132,643.66	Operating Supplies	\$	39,184.01
Capital Assets	\$	108,161.07	Parking costs	\$	38,018.00
Cleaning	\$	112.55	Phone	\$	3,705.41
Consulting	\$	8,330.50	Photos for Website	\$	1,000.00
Custodial Supplies	\$	16,497.42	Postage	\$	3,452.16
Decorations	\$	205.22	Publications	\$	598.00
Digital Signage	\$	3,844.26	Repairs	\$	1,515.35
Donation	\$	2,650.00	Restaurant Equipment	\$	141,011.67
Dues	\$	250.00	Security	\$	4,466.00
Equipment	\$	1,092.78	Shipping	\$	3,941.15
Equipment Rental	\$	255,337.74	Signage	\$	2,113.00
Fees	\$	12,560.17	Software Software Support	\$	54,675.46
Medical	\$	1,535.00	Sponsorship of Rooms	\$	4,335.00
Food	\$	690,484.53	Trade Show	\$	28,930.00
Insurance	\$	34,995.00	Travel	\$	200,773.61
IT Services	\$	42,426.83	Tuition	\$	700.00
Kitchen Supplies	\$	9,549.64	Uniforms	\$	1,456.25
Licensing	\$	1,255.00	Utilities	\$	149,436.94
Linen Rental	\$	62,991.86	Total Payroll and Benefits	\$	2,638,763.00

## II. Spending by Those Attending Boise Centre Events

The Boise Centre has no way of knowing precisely how much money attendees spend in connection with their attendance at a Boise Centre hosted event, nor is sample information collected directly from its attendees available to provide a primary data estimate of the mean spending. Thus, attendee spending

must be estimated based on secondary sources.<sup>1</sup> As a basis for this estimation, we must know:

- The duration of the event
- The nature of the event. For some events, like conventions, it is assumed that attendees spend the full day at the Centre. For trade shows lasting several days, attendees might attend for a few hours a day for one or two days of the show. Community events like Women’s Fitness and The Festival of Trees also last for several days but attendees spend only a few hours at the event.
- The number of people who attend are split between non-local and local attendees
- An estimate of the amounts spent by non-local and local attendees on lodging, food, retail, fuel, and parking.

### **III. Assumptions**

#### Non-Local Attendees

1. Mode of Transportation - Citing research by the U.S.

Department of Transportation: “... the majority of long-distance business trips in the United States are taken to destinations within 250 miles of home and are by automobile. Nearly three-fourths (74%) are less than 250 miles

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<sup>1</sup> We recommend that the Boise Centre develop, and implement, a process to survey event attendees to collect data about event attendance, spending, and other pertinent information. These data can be used in subsequent economic impact studies to provide more focused inputs to the IMPLAN model.

from the point of departure and most of those are within 100 miles.<sup>2</sup> This is consistent with the experience of the Boise Centre. The majority of the events attended by non-local residents draw from an in-state clientele. For example, these include the Idaho Department of Transportation, Idaho School Administrators, and Idaho businesses like the J.R.Simplot Company, Hewlett-Packard, and Power Engineers.

2. Size of the Traveling Party – Based on data from the U.S. Department of Transportation, for the purposes of this project, the average size of the travel party is 1.9 including the attendee.<sup>3</sup>

3. Non Local Attendee spending - The values used in this study are:<sup>4</sup>

- Lodging: \$113
- Meals: \$59.45
  - Breakfast: \$12.45
  - Lunch: \$17.36
  - Dinner: \$29.64)
- Incidental or Miscellaneous: \$5/day
- Non-local Fuel (\$30) and Parking (\$10/day)<sup>5</sup>

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<sup>2</sup> U.S. Department of Transportation, Bureau of Transportation Statistics, “America on the Go ...: Findings of the National Household Travel Survey”, October 2003.

<sup>3</sup> U.S. Department of Transportation, Bureau of Transportation Statistics, American Travel Survey: Travel Profile: Long-distance leisure travel in the United States”, page 11.

<sup>4</sup> Data supplied by Boise Centre staff based on average meal costs at the Centre and average per night lodging in area hotels in 2015. Fuel and parking costs are based on Centre staff experience

<sup>5</sup> It is assumed that the non-local attendee will spend a one-time amount of \$30 on fuel and \$10 per day for parking. (These values apply as a total for all individuals in the traveling party.)

#### 4. Local Attendee Spending

- Local attendees spend nothing on lodging.
- Average of \$5 for fuel traveling to and from the Boise Centre
- Average of \$7.50 on parking.
- Meals :
  - Breakfast only event: \$12.45
  - Lunch only event \$17.36
  - All Day event \$59.45

#### Other assumptions

1. Non-local attendees spend a number of nights in local hotels equal to the number of days of the convention or meeting.
2. For trade shows the assumption is two people per group and for the community events (e.g Festival of Trees and Women's Fitness), four per group. The fuel and parking expenses per attendee are adjusted accordingly.
3. Some events are for the staff of the Boise Centre or the directors of the Auditorium District. For these events there is no parking or fuel expense.
4. For events sponsored by the Boise Chamber of Commerce, it is assumed that many attendees would walk to the Boise Centre so fuel and parking expenses for these events are reduced by 50%,

#### IV. Spending Calculations

After considering the above spending assumptions and data from Boise Centre events, Table 2 provides the calculated estimates of the total local and non-local attendee spending broken down by spending category.

Table 2: Local and Non-Local Attendee Spending

	Attendee Spending		
	Non-Local	Local	Total
Lodging	\$ 1,823,255		\$ 1,823,255
Food	\$ 2,345,148	\$ 1,715,938	\$ 4,061,087
Fuel	\$ 145,670	\$ 414,900	\$ 560,570
Parking	\$ 161,350	\$ 581,569	\$ 742,919
Miscellaneous	\$ 147,605	\$ 240,812	\$ 388,417
<b>Total</b>	<b>\$ 4,623,028</b>	<b>\$ 2,953,219</b>	<b>\$ 7,576,247</b>

Table 3 shows the spending made by the Boise Centre itself for event support and for general operations and salaries.

Table 3: Boise Centre Spending

<b>Boise Centre Spending By Category</b>	
<b>Direct Event Support</b>	\$1,529,504
<b>Non-Event Operations</b>	\$1,652,850
<b>Permanent Staff Payroll</b>	\$2,222,932
<b>Total Spending</b>	<b>\$5,405,286</b>

## V. The Economic Impact

The data in Tables 1 and 2 were entered into the software program called IMPLAN, the premier software for estimating economic impact.<sup>6</sup> The software was acquired from IMPLAN Group, LLC.

Three specific economic effects are outputted by the IMPLAN model.

1. Direct Effect: Attendee spending immediately causes local output, employment, and income to increase, largely for hotels, restaurants, and retail.
2. Indirect Effect: The local firms, i.e. the hotels, restaurants, and retailers, selling these products and services, increase purchases from their suppliers, some of which are local. This too causes local output, employment, and income to increase.
3. Induced Effect: The local households that receive income from employers who provide the increased production of goods and services also increase their spending in the community. This further increases local output, employment, and income.

The succeeding rounds of spending result in a multiplier effect which creates a total economic impact greater than the increase in direct spending. The economic impact from Boise Centre activity is estimated for the following categories:

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<sup>6</sup> The data were categorized into appropriate categories including Lodging, Restaurant Meals, Miscellaneous Retail, Parking, Retail Fuel, Consulting Services, Utilities (electricity, natural gas, water, and waste disposal), Equipment Rental, Maintenance and Repair, and other miscellaneous categories.

1. Event Spending: The impact of spending closely associated with the events. This includes the impact of attendee spending plus the Boise Centre spending most directly related to the events, e.g. food and beverages, equipment rental, and part-time labor.
2. Boise Centre Spending not related to events: The Centre spending that cannot be easily identified with an event. This includes salaries and benefits of the 28 full-time Centre employees and general operating expenses.
3. Total Spending: The summation of Event Spending and Non-Event Spending.

Economic impact has four different measurements: The number of jobs created or supported, labor income, all income (wages and salaries, interest, rent, and profit), and total output of locally produced goods and services. Tables 4-7 summarize the Boise Centre economic impacts based on spending by attendees only, spending by attendees and the Centre to support events, the Centre operations spending not directly associated with events, and the total of all Centre and attendee related spending.

Table 4 summarizes the economic impact results for all visitor and Boise Centre spending.

Table 4

<b>Total Spending: 2015</b>				
<b>Economic Impact</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
	<b>Effects</b>	<b>Effects</b>	<b>Effects</b>	<b>Effects</b>
<b>Employment</b>	215.80	27.59	53.45	296.84
<b>Labor Income (\$millions)</b>	\$6.69	\$1.21	\$2.17	\$10.07
<b>Total Income -All Sources (\$millions)</b>	\$7.57	\$2.03	\$3.74	\$13.34
<b>Output (Sales) (\$millions)</b>	\$12.10	\$3.89	\$6.75	\$22.74
<b>The Multipliers: Employment, Labor Income, and Economic Output (Sales) per \$1.0 Million Spent by Attendees and Boise Center for All Purposes</b>				
<b>Employment</b>	22.86			
<b>Labor Income</b>	\$775,200			
<b>Total Income - All Sources</b>	\$1,027,600			
<b>Output (Sales)</b>	\$1,751,800			

Table 5 summarizes the results for attendee spending concentrated in lodging, meals, fuel, parking and miscellaneous retail

Table 5

<b>Attendee Spending: 2015</b>				
<b>Economic Impact</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
	<b>Effects</b>	<b>Effects</b>	<b>Effects</b>	<b>Effects</b>
<b>Employment</b>	146.6	18.32	26.51	191.43
<b>Labor Income (\$millions)</b>	\$3.13	\$0.79	\$1.07	4.99
<b>Total Income -All Sources (\$millions)</b>	\$3.58	\$1.36	\$1.85	6.79
<b>Output (Sales) (\$millions)</b>	\$6.80	\$2.65	\$3.35	12.80
<b>The Multipliers: Employment, Labor Income, and Economic Output (Sales) per \$1.0 Million Spent by Attendees</b>				
<b>Employment</b>	25.27			
<b>Labor Income</b>	\$659,600			
<b>Total Income - All Sources</b>	\$887,600			
<b>Output (Sales)</b>	\$1,689,000			

Table 6 presents the summary economic impact results from spending by visitors at events and the Boise Centre in direct support of the events.

Table 6

<b>Event Spending: 2015</b>				
<b>Economic Impact</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
	<b>Effects</b>	<b>Effects</b>	<b>Effects</b>	<b>Effects</b>
<b>Employment</b>	175.90	22.05	32.26	230.21
<b>Labor Income (\$millions)</b>	\$3.80	\$0.97	\$1.31	\$6.08
<b>Total Income -All Sources (\$millions)</b>	\$4.57	\$1.67	\$2.26	\$8.50
<b>Output (Sales) (\$millions)</b>	\$8.35	\$3.20	\$4.07	\$15.62
<b>The Multipliers: Employment, Labor Income, and Economic Output (Sales)</b>				
<b>per \$1.0 Million Spent by Attendees and Boise Centre on Events</b>				
<b>Employment</b>	24.99			
<b>Labor Income</b>	\$659,600			
<b>Total Income - All Sources</b>	\$921,800			
<b>Output (Sales)</b>	\$1,694,500			

Table 7 provides the impact results for Centre spending not directly related to the Centre's events. This includes spending on maintenance, repairs and full-time Centre staff salaries.

Table 7

<b>Boise Centre Nonevent Spending: 2015</b>				
<b>Economic Impact</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
	<b>Effects</b>	<b>Effects</b>	<b>Effects</b>	<b>Effects</b>
<b>Employment</b>	39.80	5.54	21.19	66.53
<b>Labor Income (\$millions)</b>	\$2.89	\$0.23	\$0.86	\$3.98
<b>Total Income -All Sources (\$millions)</b>	\$3.00	\$0.36	\$1.48	\$4.84
<b>Output (Sales) (\$millions)</b>	\$3.76	\$0.69	\$2.68	\$7.13
<b>The Multipliers: Employment, Labor Income, and Economic Output (Sales)</b>				
<b>per \$1.0 Million Spent by Boise Centre not Directly Related to Events</b>				
<b>Employment</b>	17.67			
<b>Labor Income</b>	\$1,058,000			
<b>Total Income - All Sources</b>	\$1,286,500			
<b>Output (Sales)</b>	\$1,891,900			

## **Summary of Boise Centre Operations Economic 2015 Impact**

The spending associated with the Boise Centre meetings, conventions, trade shows, community events and the operation of the Centre itself during the 2015 fiscal year, directly supports 216 jobs which equates to a company approximately the size of Power Engineers and exceeds the size of 99 percent of all companies in Idaho.. (With the economic multiplier effect, these 216 jobs expand to 297 jobs in the Treasure Valley.) The estimated labor income attributed to the Boise Centre was \$10.1 million, the estimated total income from all sources (labor, rents, etc.) is \$13.3 million. The total value of the output of local goods and services from the Centre's activities was \$22.7 million. Thus, the Boise Centre is an economic entity of significance in the Treasure Valley.

These estimates are based on a series of assumptions and data sources discussed earlier in the report. The extent to which these assumptions and data accurately portray the Boise Centre's situation determines the accuracy of the economic impact figures. The true number of jobs supported, the total labor income, and the total output of goods and services that can be attributed to the 2015 Boise Centre operations will differ from our estimates. However, based on our research and calculations, we believe that the above economic impact figures are reasonable estimates of the true values.<sup>7</sup> If future economic impact studies like this are considered, we recommend the Boise Centre take steps to enhance the available data by surveying attendees to more precisely measure spending by both local and non-local attendees at each of the Centre's events.

### **Addendum: Impact on Idaho Tax Revenues**

State taxes rise with income and the preceding estimates of the economic impact of the Boise Centre yield the following results. For the 2015 fiscal year the operation of the Centre and all its events is estimated to have contributed \$1.07 million to state government revenues in the form of Individual Income Tax, Sales Tax, Cigarette Tax, Tobacco Tax, Beer Tax, Wine Tax, and gasoline tax. By including the Corporate Income Tax, the contribution to state government revenues is estimated to be \$1.14 million. There is also a small contribution

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<sup>7</sup> The economic impact figures presented in this study are lower than the estimates presented in the Fiscal Year 2011 study primarily due to revised (downward) estimates on per person, per day, spending for local attendees and some modifications in the spending estimates for non-local attendees. In addition, in 2015, the number of non-local attendee days was 8% less than the number reported in 2011 accounting for additional lower attendee spending estimates in 2015.

made by the travel and convention tax. The State levies a 2% tax on hotel/motel rooms that amounts to \$37,000 additional tax revenues to the State.

## **Addendum: Impact of the Boise Centre Expansion Construction Spending**

In 2014 through 2016, the Boise Centre undertook an expansion and renovation project that contributed to Centre’s economic impact in the Treasure Valley. The economic impact of each year’s construction spending is limited to the year in which it occurred. Table 8 outlines the expansion spending by the Centre during 2014 -2016 broken down by spending categories.

Table 8

<b>Construction Spending: 2014-16</b>				
	2014	2015	2016	
<b>Construction</b>	\$2,284,881	\$11,511,265	\$12,307,828	
<b>Architecture</b>	\$15,215	\$36,571	\$50,528	
<b>Legal</b>	\$601,113	\$549,938	\$1,115,670	
<b>Financial</b>	\$3,770	\$23,770	\$16,500	
<b>Consulting</b>		\$44,400	\$2,563	
<b>Signage</b>		\$280	\$11,241	
<b>Computer Eqpt</b>			\$11,916	
<b>Other</b>	\$2,290		\$30,372	
<b>Total</b>	\$2,907,269	\$12,166,225	\$13,546,618	

The spending on the Boise Centre expansion shown in Table 8 is estimated to produce an economic impact in terms of jobs, labor income, total income from all sources, and total output of locally produced goods and services as shown in Table 9.

Table 9

<b>Multiplier Effects for Construction Spending 2014-2016</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>
Employment	39.1	157.8	171.8
Labor Income	\$1,172,400	\$7,159,900	\$7,992,700
All Income	\$1,508,700	\$10,003,500	\$11,223,800
Local Production	\$5,409,400	\$20,743,400	\$23,111,800

Over the three-year period, the Centre's expansion spending is estimated to be sufficient to support an average of 123 jobs annually, generate \$16.3 million in labor income, \$22.7 million in income from all sources, and resulted in \$49.3 million in increased output of goods and services to the Treasure Valley.