

Economic and Fiscal Impact Analysis of the Proposed Milwaukee Brewers Spring Training Facility & Mixed-Use Village Gilbert, Arizona



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Table of Contents

Executive Summary	i
1.0 Introduction	1
1.1 Purpose of Study	1
1.2 Economic & Fiscal Impact Definition	2
1.3 Limiting Conditions	2
2.0 Methodology & Assumptions	4
2.1 Project Description	4
2.2 Approach to Study	4
2.3 Analysis Assumptions	5
2.4 Economic Impact Methodology	6
2.5 Fiscal Impact Methodology	7
3.0 Impact of Construction	10
3.1 Economic Impact of Construction	10
3.2 Fiscal Impact of Construction	11
4.0 Impact of Operations	13
4.1 Impact of Stadium Operations	13
4.2 Impact of Mixed-Use Village Operations	15
5.0 Impact of Visitor Spending	19
5.1 Assumptions Used in the Tourism Analysis	19
5.2 Economic impact of Visitor Spending	22
5.3 Fiscal Impact of Visitor Spending	23
6.0 Summary of Impacts	24
6.1 Economic Impact Summary	24
6.2 Fiscal Impact Summary	25
7.0 Additional Considerations	26
7.1 Value of the Proposed Stadium and Practice Fields	26
7.2 Qualitative Impacts	27
Appendix – Town of Gilbert Bed Tax Analysis	30



Executive Summary

This report estimates the economic and fiscal impact of the proposed Milwaukee Brewers Spring Training Facility and Mixed-Use Village to be located at the northeast corner of Lindsay and Germann in Gilbert, Arizona. We understand the stadium and associated sports fields would be built and operated by the Brewers at an annual cost to the Town of Gilbert of \$3.5 million. The facilities would be dedicated to the Town. The development is expected to generate significant benefits to the Town of Gilbert in the form of new job creation, increased tourism, and substantial tax revenues.

Beyond the traditional economic and fiscal impacts, a spring training facility represents a unique community asset that would add value to the Town in a variety of different ways. Some of these benefits are quantifiable and are addressed in this report. Other impacts are intangible from a monetary perspective but rather would enhance the quality of life of Gilbert residents. For example, the Spring Training facility will increase the number of sports fields available to Town residents and traveling amateur sports leagues. The quantifiable benefit will come in the form of savings on the capital cost to acquire land, develop fields, parking, and other facilities, and ongoing maintenance.

The majority of this report focuses on the traditional economic and fiscal or tax benefits of the proposed Milwaukee Brewers Spring Training Facility and Mixed-Use Village project. However, because the opportunity to host a major league baseball team does not present itself often, a number of qualitative and intangible benefits are also outlined in this report for consideration during the Town's deliberations.

Economic Impacts

The construction of the Brewers' Spring Training Stadium and adjacent mixed-use village (including hotels, office space, retail, and restaurants) will generate a total of 1,917 person years of employment, \$101.2 million in wages and \$267.0 million in economic output.

Once construction is complete and the stadium and mixed-use commercial center are operating at stabilized levels, a total of 2,472 people will be employed each year. This includes the impact of commercial operations at the stadium and mixed-use village as well as jobs created by visitor spending. Total wages for these jobs would be approximately \$111.6 million annually and economic output would total an estimated \$278.1 million.

Economic impacts are regional in nature and are best illustrated when not assigned to a specific city or locality. Thus, the economic impacts represent the ripple effects throughout Greater Phoenix, although clearly the primary impact of job creation would be on the Town of Gilbert, where the project is located.



Spring Training Facility & Mixed-Use Village Economic Impact Summary (2017 Dollars)			
	Jobs	Wages (\$ mil)	Output (\$ mil)
During Construction			
Direct	1,127	\$59.9	\$145.0
Indirect	231	\$14.9	\$42.7
Induced	559	\$26.5	\$79.3
Total	1,917	\$101.2	\$267.0
On-going Annually			
Direct	1,432	\$61.1	\$132.2
Indirect	428	\$21.3	\$58.7
Induced	611	\$29.1	\$87.2
Total	2,472	\$111.6	\$278.1

Source: LGE Design Group; Milwaukee Brewers; IMPLAN

Fiscal Impacts

The Town of Gilbert would receive \$1.8 million in revenues during the construction period. This includes \$1.6 million in construction sales tax and use tax collections as well as an estimated \$207,600 from employee generated taxes with Town limits.

Once construction is complete, the Town would realize an estimated \$1.5 million each year on an ongoing annual basis. This includes \$1.2 million from primary operations of the stadium, commercial operations at the mixed-use village, and tax collections from visitor spending in the Town on items such as lodging, food and beverage, retail, entertainment, and transportation. Major tax categories include sales taxes, bed taxes, lease tax, property tax, utility taxes, and state shared revenue.

Secondary revenues from the spending of employees working in the project on an annual basis will add an additional \$261,800 in Town of Gilbert tax collections. This figure takes into account that only 21.9% of employees are projected to live and spend their incomes in the Town based on current Census-reported commuting patterns.



Gilbert/Brewers Spring Training Facility & Mixed-Use Village Fiscal Impact Summary Town of Gilbert (2017 Dollars)		
	One-Time Construction Impact	On-Going Annual Total
Total Primary Operations Impact	\$1,612,200	\$1,219,500
Sales Tax	\$1,612,200	\$583,200
Bed Tax	N/A	\$445,600
Lease Tax	N/A	\$52,300
Utility Tax	N/A	\$65,700
Property Tax	N/A	\$62,300
State shared revenue	N/A	\$21,700
Total Secondary impact from employees	\$207,600	\$261,800
Total Impact	\$1,819,800	\$1,481,300
NOTES: All figures are intended only as a general guideline as to how the Town could be impacted by the project(s). The above figures are based on the current economic structure and tax rates of the Town. Source: Elliott D. Pollack & Company; LGE Design Group; Milwaukee Brewers; ATRA		

In addition to the economic and fiscal impacts outlined above, the proposed Spring Training facility would provide additional baseball fields that would be open for use to Town residents. The availability of these fields would fulfill the future demand for baseball fields at other parks and recreation facilities in the Town. A Sports Fields Needs Assessment report prepared for the Town in 2015 found there was a need for seven youth baseball fields by 2035. The Brewers' practice facilities could fulfill part of this demand and reduce the Town's future capital improvement demands. The value of four baseball fields, including parking, restrooms and land purchase, is estimated at \$7.1 million.

Additional Benefits

The potential value and impact of the proposed Milwaukee Brewers Spring Training complex to the Town of Gilbert extends well beyond just the economic and fiscal impacts outlined in this report. Additional qualitative and intangible benefits also result including expanding the Town's tourism potential and its economic development profile.

A spring training facility represents a unique community asset that can add significant value to the Town of Gilbert in a variety of different ways. Some of these benefits, though they represent significant potential for future tax revenue, may not be quantifiable at this stage. For example, many municipalities with a Spring Training stadium have indicated that it is a valuable economic development tool in attracting and retaining businesses. If used successfully in this manner, new benefits tied to attracting or retaining businesses could certainly be calculated but would only be speculative this early in the project. In addition, there is real marketing value in being associated with a major league baseball team. While it would be speculative to



estimate the “marketing” value of a Spring Training facility in real dollars, the relationship with a MLB team could certainly boost the Town’s profile without direct marketing dollars being spent.

In addition, as other Valley cities have already experienced, Spring Training stadiums can become community gathering places that enhance the quality of life for residents. Events which could include fitness classes, movie nights, and cultural gatherings do not necessarily generate tax revenue to the Town. However, they certainly create a sense of place and could induce other indirect benefits that assist with economic development and tourism marketing.

Lastly, the proposed Spring Training facility would seriously enhance the Town’s efforts to expand its tourist trade and hotel market. Tourism is one of Arizona primary industries and Gilbert is only beginning to realize the potential for future growth. The Brewers’ Spring Training complex would help to promote the Town’s “Discover Gilbert” campaign, solidify the Town’s brand and further support its burgeoning restaurant industry.

Bed Tax Analysis

While we understand the Town recently reduced its bed tax from 3.0% to 2.8%, an increase in the tax rate could provide additional revenue to offset the annual cost to Gilbert of the Spring Training facility. In fiscal year 2016, the Town reported \$569,390 in bed tax revenue at a rate of 3%. This equates to nearly \$19.0 million in taxable room revenue.

With the addition of the 220 hotel rooms planned in the mixed-use village, total room revenue is expected to increase to just over \$25.9 million. An increase in the bed tax by 1% (bed tax = 3.8%) would increase the Town’s bed tax collections by \$259,055. An increase of 2% (bed tax = 4.8%) would allow Gilbert to collect an additional \$518,111. An increase of 2.5% (bed tax = 5.3%), which would be comparable to rates found in Mesa and Tempe, would generate an estimated \$647,639 above and beyond current collections.



1.0 Introduction

1.1 Purpose of Study

Elliott D. Pollack & Company was retained to perform an economic and fiscal impact analysis of a proposed Milwaukee Brewers' Spring Training facility and Mixed-Use Village to be located on the northeast corner of Lindsay and Germann roads in Gilbert, Arizona. We understand the stadium and associated sports fields would be built and operated by the Brewers with the Town making an annual contribution of \$3.5 million. The facilities would be dedicated to the Town. This economic and fiscal impact study includes the direct, indirect and induced ripple effects of the construction and operations (including tourism) of the site on Greater Phoenix and, specifically, the Town of Gilbert.

The stadium would not only serve as the home to the Milwaukee Brewers spring training, but would also host additional events throughout the year. Major League Baseball teams have lengthy events such as extended spring training, instructional leagues, summer leagues and winter session, all of which draw visitors from outside the area to spend money in the local economy. In addition, the stadium would host other baseball and non-baseball events such as corporate events, fantasy camps, festivals and concerts throughout the year.

The mixed-use village proposed for the site adjacent to the stadium would include two hotels with a total of 220 rooms, 85,000 square feet of office space, 25,000 square feet of retail, and 25,000 square feet of restaurant space.

This analysis captures the impact of the project and quantifies the future impacts that will be generated including the following:

1. **Construction Impacts** – the jobs, wages, economic output and fiscal revenues generated during the construction of the stadium and mixed-use village.
2. **Operations impacts** – the jobs, wages and economic output, as well as revenues generated for the Town from the operations of the following:
 - a. Stadium Operations
 - b. Mixed-Use Village Operations
3. **Visitor Impacts** – the impact generated by the spending of the following groups:
 - a. Spring Training Impacts
 - b. MLB Team spending throughout the year
 - c. Year-round stadium events
 - d. Hotel generated tourism impacts
4. **Qualitative Impacts** – benefits of the Spring Training facility that cannot be quantified in monetary terms, but which will benefit the quality of life of Gilbert residents.



In addition, the Appendix of this report contains an analysis of the impact of increasing the Town's bed tax rate that could be used to offset the potential cost of the Spring Training facility to the Town.

A portion of the impacts described above would generate overlapping impacts. In order to avoid double counting, the impacts generated by the operations of the stadium and mixed-use village are excluded from visitor impacts.

The analysis was designed to estimate the impact on the economy and governmental revenues generated from each of the above categories. The results are meant to reflect a typical year based on averages. While dollar figures are expressed in current dollars, the results from year to year will vary based on events held at the stadium and tourism generated throughout the year.

1.2 Economic & Fiscal Impact Definition

Economic impact analysis examines the regional implications of an activity in terms of three basic measures: output, earnings and job creation. Fiscal impact analysis, on the other hand, evaluates the public revenues and costs created by a particular activity. In fiscal impact analysis, the primary revenue sources of a city, county or state government are analyzed to determine how the activity may financially affect them.

1.3 Limiting Conditions

This study prepared by Elliott D. Pollack & Company is subject to the following considerations and limiting conditions.

- It is our understanding that this study is for the client's due diligence and other planning purposes. Neither our report, nor its contents, nor any of our work were intended to be included and, therefore, may not be referred to or quoted in whole or in part, in any registration statement, prospectus, public filing, private offering memorandum, or loan agreement without our prior written approval.
- The reported recommendation(s) represent the considered judgment of Elliott D. Pollack & Company based on the facts, analyses and methodologies described in the report.
- Except as specifically stated to the contrary, this study will not give consideration to the following matters to the extent they exist: (i) matters of a legal nature, including issues of legal title and compliance with federal, state and local laws and ordinances; and (ii) environmental and engineering issues and the costs associated with their correction. The user of this study will be responsible for making his/her own determination about the impact, if any, of these matters.



- This study is intended to be read and used as a whole and not in parts.
- This study has not evaluated the feasibility or marketability of any site for planned uses.
- All estimates regarding operating data and stadium events were provided by the Milwaukee Brewers and LGE Design Group. Data has been reviewed and verified to determine its reasonableness and applicability to the study.
- This economic and fiscal impact study evaluated the “gross impacts” of operations activities. The term “gross impacts” as used in this study refers to the total revenue, jobs and economic output that have been generated by operations and tourism. The study does not take into account the possible reduction in spending for other retail goods or entertainment events due to the impact of development on the economy. In addition, the study does not consider the costs to local governments associated with providing services to the stadium. Such analysis is beyond the scope of this study. .
- The results of the tourism impact have included only the spending of out-of-region visitors. Tourism dollars are “new” dollars injected into the economy and create jobs and economic output that otherwise would not have been created in the economy.
- The analysis is based on the current tax structure and rates imposed by the Town. Changes in those rates would alter the findings of this study.
- All dollar amounts are stated in current dollars and, unless indicated, do not take into account the effects of inflation. The results of this study are meant to reflect a typical year based on projected operations. While dollar figures are expressed in current dollars, the results from year to year will vary based on events held at the stadium and tourism generated throughout the year.
- Our analysis is based on currently available information and estimates and assumptions. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved going forward. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary materially from the forecasted results. The assumptions disclosed in this study are those that are believed to be significant to the estimates of results.



2.0 Methodology & Assumptions

2.1 Project Description

The new stadium and mixed-use village would be located at the northeast corner of Lindsay and Germann roads, on the south side of the Loop 202 in Gilbert, Arizona. The proposed site plan includes a 7,500-seat stadium, a 55,000 square-foot clubhouse, 10,000 square feet of front office space, 135,000 square feet of surrounding commercial space and two hotels totaling 220 rooms.

The preliminary plan for the Spring Training facility includes the construction and operation of the stadium by the Milwaukee Brewers with the Town making an annual contribution of \$3.5 million. The Spring Training facilities would be dedicated to the Town.

Brewers Spring Training Facility and Mixed-Use Village Site Plan



2.2 Approach to Study

The new stadium would attract tourists that inject dollars from outside the region into the local economy and surrounding businesses. In addition, the stadium would be operated year-round and be host to not only the Major League Baseball teams, but also extended spring training,



instructional leagues, summer leagues, winter leagues and other stadium events. These events generate an impact in terms of operations of the stadium, the visitation of baseball players to the Town, as well as by the spending captured by visitors. This study quantifies the benefits in terms of jobs, wages and output (economic impact) along with the resulting government revenues (fiscal impact). The benefits are calculated for the following categories:

- a) Construction Impacts – the jobs, wages, economic output and fiscal revenues generated during the construction of the stadium and mixed-use village.
- b) Operations impacts – the ongoing annual impacts of the jobs that exist because of the day-to-day operations of the stadium and mixed-use village.
- c) Tourism impacts – the impact of the spending of all tourists that is generated by the stadium including spring training, Major League Baseball (MLB) teams, additional events held throughout the year and from the additional hotel space being constructed in the mixed-use village.

2.3 Analysis Assumptions

The inputs of this analysis were based primarily on information provided by the Milwaukee Brewers and LGE Design Group along with survey results from the 2015 Cactus League impact report produced by FMR Associates, Inc. The length of the events and spending per person per day were used to estimate total spending. For MLB team spending, survey results provided actual spending for lodging, meals and car rentals. Further estimates were made for spending on entertainment and retail goods and services. A study published by Applied Economics for the Town of Gilbert was also reviewed in the preparation of this analysis.

In order to then calculate the economic and fiscal impact, total spending was categorized into lodging, food & beverage, entertainment, in-town transportation and retail spending. Results were used to run through the respective multiplier category.

In addition, the analysis uses basic economic fundamentals regarding economic impact analysis such as using the Consumer Expenditure Survey to determine spending patterns of employees based on their respective wages and Census survey results used for calculating the percentage of employees that live within the county or city/town in which they work. All values are expressed in current dollars. Unless otherwise indicated, an inflation factor has not been included in this analysis.

Detailed assumptions are provided within each section of this report in terms of operations, team spending and event impacts.



2.4 Economic Impact Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings and employment. For this study, the analysis focused on three separate impacts:

1. Construction on the site.
2. Operations of the stadium and mixed-use village.
3. Tourism generated by the spring training, MLB team (year-round), additional events at the stadium and additional hotel rooms available in the Mixed-Use Village.

The different types of economic impacts are known as direct, indirect and induced, according to the manner in which the impacts are generated. For instance, direct employment consists of permanent jobs held by employees either in the construction industry, at the stadium or in the tourism industry. Indirect employment is those jobs created by businesses that provide goods and services essential to the operation of the stadium or tourism industry. These businesses range from manufacturers (who make goods) to wholesalers (who deliver goods) to janitorial firms (who clean the buildings). Finally, the spending of the wages and salaries of the direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy, throughout the metropolitan area. These secondary effects are captured in the analysis conducted in this study.

Construction jobs are expressed as “person years of employment” in this report. Person years of employment are the aggregate of each construction job that is recreated year after year throughout the construction time period. To derive the respective annual averages, employment, wages, and economic output can be divided by the expected number of years it may take to complete the development.

Multipliers have been developed to estimate the indirect and induced impacts of various direct economic activities. The Minnesota IMPLAN Group developed the multipliers used in this study. The economic impact is categorized into three types of impacts:

- (1) **Employment Impact** – the total wage and salary and self-employed jobs in a region. Jobs include both part time and full-time workers.
- (2) **Earnings Impact** – the personal income, earnings or wages, of the direct, indirect and induced employees. Earnings include total wage and salary payments as well as benefits of health and life insurance, retirement payments and any other non-cash compensation.
- (3) **Economic Output** – also referred to economic activity, relates to the gross receipts for goods or services generated by the company’s operations.



Economic impacts are by their nature regional in character. Such impacts are best illustrated when not assigned to a specific city or locality, although clearly the primary impact of job creation would be on the city or town where the activity is located. For this report, further analysis was conducted to estimate the more detailed impact on the Town.

2.5 Fiscal Impact Methodology

Fiscal impact analysis studies the public revenues associated with a particular economic activity. The primary revenue sources of local, county and state governments (i.e., taxes) are analyzed to determine how an activity may affect the various jurisdictions. This study will evaluate the impact on the Town of Gilbert government revenues including revenues received from state revenue sharing.

The fiscal impact figures cited in this report have been generated from information provided by a variety of sources including the U.S. Bureau of the Census; the U.S. Department of Labor; the Internal Revenue Service; the State of Arizona; the Arizona Tax Research Association; and the U.S. Consumer Expenditure Survey. Elliott D. Pollack & Company has relied upon the estimates of operating revenues and event attendance provided by the Milwaukee Brewers and LGE Design Group. In addition, survey results for spring training were taken from the 2015 Cactus League report by FMR Associates, Inc. Unless otherwise stated, all dollar values are expressed in current dollars.

Fiscal impacts are categorized by type in this study, similar to economic impact analysis. The major sources of revenue generation for governmental entities are related to the construction, ongoing operations and tourism spending.

In terms of ongoing operations, the operations of the stadium create beneficial fiscal effects. Ticket, concession and merchandise sales generate a direct sales tax impact as well as direct taxable supply purchases by the organization. To avoid double counting with the impact of out-of-state visitor spending, only the direct sales generated by local residents are calculated in this section of the report. In addition, employees will spend part of their salaries on local goods and services and pay taxes on the homes they occupy. This spending will contribute to revenues collected by the Town and by the State that are ultimately shared with local governments.

The ongoing operations of the mixed-use village will generate direct fiscal impact from commercial operations in terms of property tax, sales tax, bed tax, lease tax. The employees that live in the Town of Gilbert will also generate a fiscal impact for the Town.

The tourists visiting for events held at the stadium as well as those staying in the two new hotels will generate “primary” revenues from spending on retail, restaurants, hotels and entertainment. The employees supported by the tourism would spend part of their salaries on local goods and services. These employees would also contribute to revenues collected by the State and that are ultimately shared with local counties and cities and towns.



The following is a description of the applicable revenue sources that will be considered for this analysis. These taxes are the major revenue sources and exclude certain taxes (such as the luxury tax) that would create additional impact. Thus, revenue estimates can be considered conservative.

- Construction Sales Tax

The state, counties and cities in Arizona levy a sales tax on materials used in the construction and development of land improvements. That tax is calculated by state law under the assumption that 65% of the construction cost of the facility and its land improvements are related to construction materials with the remaining 35% devoted to labor. The sales tax rate is then applied to the 65% materials figure.

- Sales Tax

The State (5.6%), Maricopa County (0.7%), and Town of Gilbert (1.5%) charge transaction privilege tax on goods such as retail items, utility use and rental property. For this report, these tax rates are applied to taxable supplies, taxable spending as well as to the spending of direct, indirect and induced employees. Based on data from the U.S. Consumer Expenditure Survey, the projected extent of retail spending and resulting sales tax receipts was calculated.

- Bed Tax

The State, counties and Town of Gilbert charge sales tax on hotel and motel revenues. This tax is levied on the room revenue estimates generated by the visitors to Greater Phoenix. Taxes levied on room revenues include the bed tax and sales tax rate for a total of 4.3% for the Town of Gilbert.

- Property Taxes

Real property taxes will be paid on the stadium and commercial properties. In addition, employees supported by the construction, operations and tourism will pay property taxes on the homes they occupy. In order to estimate property taxes, the assessed value full cash value of a typical housing unit has been calculated.

- State Shared Revenues

Each city and town in Arizona receives a portion of State revenues from four different sources - State sales tax (see description above), State income tax, vehicle license tax and highway user tax. The formulas for allocating these revenues are primarily based on population. Counties also share in the revenue sources of the State, with the exception of income tax.

State Income Tax

The State of Arizona collects taxes on personal income. The tax rate used in the analysis averages about 1.6% for earnings. These percentages are based on the most recently available income tax data from the State and the projected wage



levels of jobs created by the operations and tourism impact. This tax is applied to the wages and earnings of direct and indirect employment. Portions of this tax are redistributed through revenue sharing to cities throughout Arizona based on population.

HURF Taxes

The State of Arizona collects specific taxes for the Highway User Revenue Fund (HURF). Both the registration fees and the motor vehicle fuel tax (gas tax) are considered in this analysis. The motor vehicle fuel tax is \$0.18 per gallon and is calculated based on a vehicle traveling 12,000 miles per year at 20 miles per gallon. These factors are applied to the projected direct and indirect employee count. Portions of these taxes are distributed to cities and counties throughout Arizona based on a formula that includes population and the origin of gasoline sales.

Vehicle License Tax

The vehicle license tax is a personal property tax placed on vehicles at the time of annual registration. This factor is applied to the projected direct, indirect and induced employee count. The average tax used in this analysis is \$150 and portions of the total collections are distributed to the Highway User Revenue Fund. The remaining funds are shared between cities and counties in accordance with population-based formulas.

The above tax categories represent the largest sources of revenues that would be generated to Town, County and State governments. This analysis considers gross tax collections and does not differentiate among dedicated purposes or uses of such gross tax collections.



3.0 Impact of Construction

This section of the report outlines the economic and fiscal impact of the construction of the stadium along with the surrounding mixed-use development. Construction phase impacts are generally short-term effects related to onsite and offsite construction employment and other supporting industries. The long-term consequences of a project are the operational phase impacts and tourism impacts that are described in sections 4.0 and 5.0.

The total construction value of the project is estimated at \$145.0 million. This includes \$75.0 million for the stadium itself along with \$70.0 million for the commercial space and hotels at the Mixed-Use Village. Furniture, fixtures and equipment total an estimated \$12.0 million for a project of this scope and generate use taxes for the Town of Gilbert.

Project Site Plan Assumptions Gilbert/Brewers Stadium & Mixed-Use Village (2017 Dollars)				
Land Use	Units	Square Feet	Construction Cost	FF&E
Stadium			\$75,000,000	
Mixed-Use Village				
Hotels	220	132,000	\$45,000,000	\$5,500,000
Retail		25,000	\$2,778,000	\$1,250,000
Restaurant		25,000	\$6,482,000	\$1,875,000
Office		85,000	\$15,741,000	\$3,400,000
Sub-total	220	267,000	\$70,001,000	\$12,025,000
Total	220	267,000	\$145,001,000	\$12,025,000

Note: Total may not equal the sum of the impacts due to rounding.
Source: LGE Design Group; Elliott D. Pollack & Company; ULI; SIOR; Marshall & Swift

3.1 Economic Impact of Construction

The economic impact of the construction is outlined in the following table. The stadium is projected to cost \$75 million. This would generate 583 direct person years of employment during the construction phase. An estimated \$31.0 million in direct wages would be generated based on the total construction activity. Another 409 indirect and induced person years of employment would be created in the local economy during arena construction. Wages for these indirect and induced employees would total about \$21.4 million. Altogether, the stadium would create approximately 992 jobs during the construction timeframe, \$52.4 million in wages and nearly \$138.1 million in economic activity.



The project also includes hotel, office and retail space and related parking. The construction costs for this portion of the development are estimated at \$70.0 million which would generate 544 direct person years of employment. Including the indirect and induced impacts, the total impact would 926 person years of employment with \$48.9 million in wages and \$128.9 million in economic output.

Overall, the stadium, hotel, and retail development would generate 1,917 person years of employment with \$101.2 million in wages and \$267.0 million in economic activity.

Economic Impact of Construction Gilbert/Brewers Stadium & Mixed-Use Village Greater Phoenix (2017 Dollars)			
Impact Type	Person Years of Employment	Wages	Economic Output
Stadium			
Direct	583	\$30,974,000	\$75,000,000
Indirect	120	\$7,703,000	\$22,104,000
Induced	289	\$13,687,000	\$40,995,000
Total	992	\$52,364,000	\$138,099,000
Mixed-Use Village			
Direct	544	\$28,909,000	\$70,001,000
Indirect	112	\$7,190,000	\$20,631,000
Induced	270	\$12,775,000	\$38,262,000
Total	926	\$48,874,000	\$128,894,000
Total			
Direct	1,127	\$59,883,000	\$145,001,000
Indirect	231	\$14,893,000	\$42,735,000
Induced	559	\$26,462,000	\$79,257,000
Total	1,917	\$101,238,000	\$266,993,000
1/ The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures.			
Source: LGE Design Group; Elliott D. Pollack & Company; IMPLAN			

3.2 Fiscal Impact of Construction

The construction of the stadium and adjacent mixed-use project would create significant tax revenues for the Town as shown on the following table. Revenues have been defined in this analysis as either primary or secondary, depending on their source and how the dollars flow through the economy into tax accounts. For instance, some revenues, such as construction



sales taxes, are straightforward calculations based on the cost of construction. These revenues are described in this study as primary revenues and include sales taxes, use taxes, bed taxes, utility taxes and taxes on lease payments.

Secondary revenues, on the other hand, flow from the wages of those direct, indirect and induced employees who are supported by the project. Revenue projections are based on typical wages of the employees working on the project, their spending patterns, and projections of where they might live.

Primary revenues generated to the Town from the construction sales tax would total an estimated \$1.4 million over the construction period along with \$198,400 in use taxes from furniture, fixtures & equipment. Sales tax collections from employee spending for the Town were estimated at an additional \$101,700 for the entire construction period. Other secondary revenues include property taxes and State shared revenues. In total, the Town would expect to collect an estimated \$1.8 million in tax revenue from construction and construction-related activity.

Fiscal Impact of Construction Gilbert/Brewers Stadium & Mixed-Use Village Town of Gilbert (2017 Dollars)						
Impact Type	Primary Revenues		Secondary Revenues			Total Revenues
	Construction Sales Tax	Use Tax	Employee Spending Sales Tax	Employee Property Tax	State Shared Revenues	
Direct	\$1,413,800	\$198,400	\$60,000	\$50,100	\$14,700	\$1,737,000
Indirect	N/A	N/A	\$13,500	\$10,300	\$1,900	\$25,700
Induced	N/A	N/A	\$28,200	\$24,900	\$4,000	\$57,100
Total	\$1,413,800	\$198,400	\$101,700	\$85,300	\$20,600	\$1,819,800
1/ The figures are intended only as a general guideline as to how the Town could be impacted by the project. The above figures are based on the current economic structure and tax rates of the Town. Source: LGE Design Group; Elliott D. Pollack & Co.; IMPLAN; AZ Dept. of Revenue; AZ Tax Research Association						



4.0 Impact of Annual Operations

This section will outline the impacts from both year-round stadium operations and the mixed-use village and will include both the economic impact and fiscal impact generated.

4.1 Impact of Stadium Operations

The stadium will be operated year-round and play host to numerous baseball and non-baseball events. The following tables provide the estimated economic and fiscal impact generated.

Stadium Operating Assumptions

The Milwaukee Brewers provided the number of full and part-time staff projected to be directly employed by the stadium, along with annual wages. The following table also includes the seasonal workers hired to support the Spring Training season. Part-time staff estimates are based on 235 part-time employees for 16 game days. In total, the stadium employs 53 full time equivalents, 43 of which are actual full-time positions.

The goods and services purchased annually by the stadium approximate \$200,000 each year plus an additional \$750,000 in estimated utility usage. Ticket, concession and parking revenue estimated for Spring Training only will total approximately \$3.7 million. This is based on ticket prices estimated to average \$22.00 each and concession sales and parking revenues at \$8.50 and \$2.15 per capita, respectively. Direct property taxes for the stadium are excluded.

Gilbert/Brewers Spring Training Facility Operating Assumptions (2017 Dollars)	
Jobs	
Full time	43.0
Part time (full time equivalent)	10.3
	53.3
Wages	\$2,360,000
Taxable purchases and revenue	
Local office supplies	\$50,000
Local field operating supplies	\$150,000
Utility usage	\$750,000
Ticket revenues	\$2,475,000
Concession revenues	\$956,300
Parking revenue	\$241,900
Source: EDPco; LGE Design Group; Milwaukee Brewers	



Economic Impact of Stadium Operations

The following table outlines the economic impact resulting from the stadium operations, including the number of jobs created, wages and economic output. The total number of full-time equivalent employees is estimated to be 53 with wages of \$2.4 million. This direct economic activity also creates ripple effects throughout the economy generating an additional 111 indirect and induced jobs that make a total of \$5.2 million in annual wages. Overall, the stadium operations would generate an estimated 165 jobs, \$7.6 million in wages and \$24.9 million in economic activity each year.

Gilbert/Brewers Spring Training Facility Economic Impact of Stadium Operations (2017 Dollars)			
	Jobs	Wages (\$ mil)	Output (\$ mil)
Direct	53	\$2.4	\$10.2
Indirect	74	\$3.2	\$8.9
Induced	37	\$2.0	\$5.9
Total	165	\$7.6	\$24.9

Source: LGE Design Group; Milwaukee Brewers; IMPLAN

Fiscal Impact of Stadium Operations

Primary revenues generated by annual operations of the stadium include material sales taxes, utility sales taxes collected from stadium utility use, and state shared revenues. The direct sales taxes from ticket sales, concessions and parking exclude spending by out-of-state visitors which are accounted for later in the report.

In a typical year, the Town of Gilbert is projected to collect \$37,000 in sales taxes, \$11,300 in utility taxes and \$1,500 in state shared revenues. The secondary revenues from employees are also included. The Town is projected to collect an estimated \$17,200 each year from project employees who live in the Town in Gilbert.



Gilbert/Brewers Spring Training Facility Fiscal Impact of Stadium Operations (2017 Dollars)	
Total Primary Operations Impact	
Sales Tax	\$37,000
Utility Tax	\$11,300
State shared revenue	\$1,500
Total Secondary impact from operations employees	
Employee spending sales tax	\$8,200
Residents property tax	\$6,700
State shared revenue	\$2,300
Total Local Government Revenues	\$67,000
Sources: LGE Design Group; ; IMPLAN; ATRA; EDPCo	

4.2 Impact of Mixed-Use Village Operations

Once construction is completed, the impact of the commercial operations and the hotels would begin to produce jobs and tax revenue. The additional impacts generated by tourists will be outlined in Section 5.0 of this report.

Mixed-Use Village Operating Assumptions

As initially conceived, the mixed-use village site plan will include 85,000 square feet of office space, 50,000 square feet of retail and restaurant and bar space and two hotels totaling 220 rooms. The hotels are projected to have an average daily rate of \$115 per night and an average annual occupancy of 75.0%. Taxable utilities are projected at \$100 per unit.

In terms of commercial operations assumptions, rents are expected to be \$24 per square foot for office space and \$20 per square foot for retail and restaurants. Job counts are estimated at 175 square feet per employee for office space, 500 square feet per employee for retail and 222 square feet per employee for restaurants. Sales volume is projected to be \$275 per square foot for retail. Similarly, the restaurant and bar space analysis is based on \$500 per square foot in restaurant revenues. Utilities for both retail and restaurant and bar are projected at \$2.15 per square foot while office space is projected at \$2.40 per square foot.



Operating Assumptions			
Gilbert/Brewers Mixed-Use Village			
(2017 Dollars)			
Hotel			
Rooms per employee		2.5	
Room rate		\$115	
Occupancy		75%	
Utilities per unit		\$100	
Commercial	Office	Retail	Restaurant
Square feet per employee	175	500	222
Sales per square foot	N/A	\$275	\$500
Rent per square foot	\$24	\$20	\$20
Utilities per square foot	\$2.40	\$2.15	\$2.15
Stabilized occupancy rate	90%	90%	90%

Source: LGE Design Group; ULI; SIOR; Marshall & Swift; AZ Office of Tourism

Economic Impact of Mixed-Use Operations

The hotels will have 88 employees based on the estimated of 2.5 rooms per employee. Including the direct, indirect and induced impacts, the hotels will generate 147 jobs, \$6.4 million in wages and \$18.5 million in economic output. The office buildings will accommodate an estimated 437 direct jobs with wages of \$30.8 million. Including the ripple effects, a total of 946 jobs will be generated from office space operations with wages of \$55.5 million and economic output of \$127.2 million. The retail and restaurant space will accommodate an estimated 215 jobs and generate a total annual economic impact of \$16.8 million.

The total impact from the operations of the Mixed-Use Village is estimated at \$162.5 million each year. This includes the impact from the estimated 1,308 total jobs and \$69.1 million in wages.



Annual Economic Impact of Operations (at Buildout) Gilbert/Brewers Mixed-Use Village Greater Phoenix (2017 Dollars)				
	Impact Type	Jobs	Wages	Economic Output
Hotel Operations	Direct	88	\$3,475,000	\$10,071,000
	Indirect	24	\$1,238,000	\$3,473,000
	Induced	35	\$1,671,000	\$5,004,000
	Total	147	\$6,384,000	\$18,548,000
Office Operations	Direct	437	\$30,761,000	\$57,500,000
	Indirect	202	\$10,234,000	\$26,275,000
	Induced	306	\$14,485,000	\$43,381,000
	Total	946	\$55,480,000	\$127,156,000
Retail / Restaurant	Direct	158	\$4,486,000	\$8,360,000
	Indirect	17	\$878,000	\$2,801,000
	Induced	40	\$1,893,000	\$5,670,000
	Total	215	\$7,257,000	\$16,831,000
Total	Direct	683	\$38,722,000	\$75,931,000
	Indirect	244	\$12,350,000	\$32,549,000
	Induced	381	\$18,049,000	\$54,055,000
	Total Impact^{1/}	1,308	\$69,121,000	\$162,535,000

^{1/}The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures.

Source: Elliott D. Pollack & Company; IMPLAN; LGE Design Group; Milwaukee Brewers

Fiscal Impact of Mixed-Use Village Operations

The Town will receive tax revenues from the operations of the hotels and commercial space. Direct revenues will be generated by direct retail and restaurant and bar sales, hotel revenues, property taxes, lease taxes and utility taxes.

Annual operations of the project at buildout will generate an estimated \$859,000 in tax revenues for the Town. Significant portions of this impact (\$711,700) would be generated from direct primary revenues such as sales taxes, bed taxes, property taxes, lease taxes and taxes paid on utilities. Revenue estimates account for all spending by visitors to the site. To avoid double counting of impacts, the expected spending on site is excluded from visitor impacts which are displayed in Section 5.0.

Additional revenues will be generated by the employees such as sales tax on their taxable spending within the Town (\$69,500), property taxes paid on homes in Gilbert (\$58,100) and state shared revenues (\$19,700). In total, employees supported by the project will produce an estimated \$147,300 for the Town of Gilbert each year.



Annual Fiscal Impact of Operations (at Stabilization) Gilbert/Brewers Mixed-Use Village Town of Gilbert (2017 Dollars)				
	Hotel	Office	Retail / R&B	TOTAL
Primary Revenue				
Property tax	\$26,000	\$19,300	\$17,000	\$62,300
Sales Tax	\$20,800	N/A	\$235,400	\$256,200
Lodging Tax	\$297,800	N/A	N/A	\$297,800
Lease Tax	N/A	\$27,500	\$13,500	\$41,000
Utility Tax	\$4,000	\$33,000	\$17,400	\$54,400
Sub-Total	\$348,600	\$79,800	\$283,300	\$711,700
Secondary Revenue				
Employee Spending Sales Tax	\$7,200	\$52,800	\$9,500	\$69,500
Employee Property Tax	\$6,600	\$42,000	\$9,500	\$58,100
State Shared Revenues	\$3,000	\$12,400	\$4,300	\$19,700
Sub-Total	\$16,800	\$107,200	\$23,300	\$147,300
Total Revenue				
GRAND TOTAL	\$365,400	\$187,000	\$306,600	\$859,000
<p>^{1/} The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures. All of the above figures are representative of the major revenue sources for the Town. The figures are intended only as a general guideline as to how the Town could be impacted by the project. The above figures are based on the current economic structure and tax rates of the Town.</p> <p>Source: LGE Design Group; Milwaukee Brewers; Elliott D. Pollack & Co.; ADOR; ATRA</p>				



5.0 Impact of Visitor Spending

The proposed spring training facility will play host to numerous events throughout the year that draw tourists to the area, including Spring Training. Beyond the tourists generated by attendance, the Milwaukee Brewers team would bring coaches, staff, scouts and other visitors to the region who will spend money in the local economy. In addition, the new hotels will add inventory to the Gilbert room census, essentially increasing the number of visitors that can stay (and spend their vacation dollars) in the Town. The impact of all tourism, including the team's spending and additional visitors to the hotel is captured in this section of the report.

In summary, the following visitor impacts will be calculated in the analysis:

- Spring training visitor spending by out-of-state visitors.
- MLB team spending throughout the year.
- Out-of-state visitors generated by year-round stadium events.
- Additional visitors to the Town from increased hotel inventory.

5.1 Assumptions Used in Tourism Analysis

In order to calculate the impact of tourism, the total number of visitors from out-of-state, their length of stay and total spending must first be determined for each category.

Spring Training

The total number of turnstile attendees is estimated at 112,500. This figure is then reduced by the percent of people from out-of-state (58%) and the percent whose visit to the Brewers' games was their primary or major reason for coming to the Valley (76.2%). The number of unique visitors is calculated by taking into account that each visitor attends an average of 2.6 games. Only 66% stay in a hotel (with 2.2 persons per room) and 60% of those are projected to stay in the Town. Spending per person per day during spring training is estimated at \$317 and visitors stay an average of 5.0 days.

Team Spending

According to information from the Milwaukee Brewers, an estimated 7,016 room nights are demanded each year. Many of these rooms demanded will occur on site throughout the year and, thus, are excluded from visitor spending (as their impact is accounted for in the hotel impacts). An estimated 3,011 rooms would be demanded off-site within the Town of Gilbert and total spending per person per day (including lodging) is projected at \$175.

Non-Spring Training Events

Stadium events will vary each year and, to be conservative, this analysis assumes only 8 non-sporting events per year. These events would range from corporate events with an average of 500 guests and an estimated 2% from out-of-state to concerts or festivals that host as many as 10,000 guests with 3% from out-of-state to marathons that could draw 12,000 with 5% from out-of-state. On average, an estimated 4.4% of the visitors would come from out-of-state. In addition, the stadium will likely play host to the Men's Senior Baseball League that runs for



three weeks. If the proposed stadium captures 5% of the games played, that would include 18 teams with an average length of stay of 21 days. Similarly, the NABA World Series could draw as many as 1,500 visitors, 90% of which are estimated to be from out-of-state.

Hotel Visitors

The inclusion of two hotels at the site would allow the Town of Gilbert to continue to accommodate increased tourist activity. The impacts are based on the 220 hotel rooms planned at an annual 75% occupancy rate with each room being occupied by an average of 2.0 visitors. This equates to providing lodging to 120,450 tourists each year at the project. Spending per person per day is estimated at \$113.95 (excluding lodging) with an estimated 50% being spent off-site but within the Town of Gilbert.

Based on the assumptions outlined above, an estimate for annual spending is calculated. The total spending is broken down by type of spending (lodging, food & beverage, entertainment, transportation and retail) to calculate the economic impact for each category.



Gilbert/Brewers Spring Training Facility Visitor Assumptions	
Spring Training	
Total turnstile attendance	112,500
Primary or major reason for visit	76.2%
Percent from out-of-state	58.0%
Number of games attended	2.6
Average length of stay (days)	5.0
Percent that stay in a hotel	66%
Persons per room	2.20
Percent that stay in Gilbert	60%
Spending per person per day (excluding lodging)	\$317
Average room rate	\$168
Team Spending (year-round)	
Total room nights demanded	7,016
Hotel room nights off-site (in Gilbert)	3,011
Persons per room	1.8
Additional visitor days to Gilbert	6,230
Average spending per person per day	\$175
Non-spring training annual events	
Number of non-sporting events	8
Total number of guests	43,700
Percent from out-of-state	4.4%
MSBL National and NABA World Series	
Total number of visitors	1,998
Average length of stay	16
Percent from out-of-state	87.3%
Spending per person per day	\$175
Hotel Visitors	
Persons per room	2.0
Total tourist days	120,450
Spending / person / day (ex room)	\$113.95
City retention of spending (outside of venue)	50%
Source: LGE Design Group ; Elliott D. Pollack & company; FMR Associates; MLB	



5.2 Economic Impact of Visitor Spending

The following table provides the economic impact of the visitor spending including resulting wages and economic output. The tables list the equivalent annual jobs and wages for the level of direct, indirect and induced economic activity. In reality, during Spring Training or any of the shorter events, the head count of jobs created would be much larger for the short period. IMPLAN does not have a way to take into account productivity changes, so the jobs required cannot simply be multiplied by 52 (number of weeks in the year) as that would likely overestimate the number of jobs. This is especially true in industries with a large percentage of part-time workers, such as retail and restaurants. These industries have flexibility to handle increased productivity and a temporary increase in hours by shifting part time workers to full time for the week. Thus, the jobs and wages are listed as the equivalent annual impact.

Tourism spending associated with the Spring Training facility generates 696 direct jobs in the local economy with wages of \$20.1 million. Indirect and induced impacts include an additional 304 jobs with total wages of \$14.8 million and economic output of \$44.6 million. This equates to a total impact of 1,000 jobs created with wages of \$34.9 million and total annual economic output of \$90.6 million.

Gilbert/Brewers Spring Training Facility & Mixed-Use Village Economic Impact of Visitor Spending (2017 Dollars)					
Impact Type	Spring Training	Cactus League Teams	Stadium Events	Hotel Visitors	TOTAL
Jobs					
Direct	442	11	61	182	696
Indirect	72	2	10	26	111
Induced	123	4	18	48	193
Total	638	17	89	256	1,000
Wages (\$ mil)					
Direct	\$12.7	\$0.4	\$1.9	\$5.1	\$20.1
Indirect	\$3.7	\$0.1	\$0.5	\$1.3	\$5.7
Induced	\$5.8	\$0.2	\$0.9	\$2.3	\$9.1
Total	\$22.2	\$0.6	\$3.3	\$8.8	\$34.9
Output (\$ mil)					
Direct	\$29.7	\$0.9	\$4.4	\$11.0	\$46.1
Indirect	\$11.2	\$0.3	\$1.6	\$4.1	\$17.3
Induced	\$17.4	\$0.5	\$2.6	\$6.8	\$27.3
Total	\$58.3	\$1.8	\$8.6	\$22.0	\$90.6
NOTES					
The total may not equal the sum of the impacts due to rounding.					
Source: Elliott D. Pollack & Company; LGE Design Group; ; IMPLAN					



5.3 Fiscal Impact of Visitor Spending

Primary revenues generated by spending of the out-of-state visitors to Gilbert include bed taxes, restaurant & bar taxes, sales tax revenues and state shared revenues. This spending would generate \$458,000 in tax revenue for the Town of Gilbert throughout the year.

The secondary revenues are generated from the direct, indirect and induced employees that work the events and the ripple effects of those jobs. For the Town of Gilbert, the employees generate \$97,300.

In total, the spending of the out-of-state visitors to the proposed spring training facility and mixed-use village would generate an estimated \$555,300 for the Town of Gilbert each year. Again, these figures represent the spending of out-of-state visitors throughout the local economy.

Gilbert/Brewers Spring Training Facility & Mixed-Use Village Hotel Fiscal Impact of Visitor Spending Town of Gilbert (2017 Dollars)					
	Spring Training Tourists	Cactus League Teams	Stadium Events	Hotel Visitors	Total
Total Primary Operations Impact	\$272,700	\$25,100	\$73,000	\$87,200	\$458,000
Sales Tax	\$184,800	\$3,100	\$20,600	\$81,500	\$290,000
Bed Tax	\$75,100	\$21,800	\$50,900	N/A	\$147,800
Utility Tax	N/A	N/A	N/A	N/A	\$0
Property Tax	N/A	N/A	N/A	N/A	\$0
State shared revenue	\$12,800	\$200	\$1,500	\$5,700	\$20,200
Secondary impact from DIRECT employees	\$41,200	\$1,100	\$5,700	\$16,900	\$64,900
Employee spending sales tax	\$18,200	\$500	\$2,500	\$7,400	\$28,600
Residents property tax	\$18,000	\$500	\$2,500	\$7,400	\$28,400
State shared revenue	\$5,000	\$100	\$700	\$2,100	\$7,900
Secondary impact from INDIRECT employees	\$7,800	\$200	\$1,200	\$2,900	\$12,100
Employee spending sales tax	\$3,800	\$100	\$600	\$1,400	\$5,900
Residents property tax	\$2,900	\$100	\$400	\$1,100	\$4,500
State shared revenue	\$1,100	\$0	\$200	\$400	\$1,700
Secondary impact from INDUCED employees	\$12,900	\$400	\$1,900	\$5,100	\$20,300
Employee spending sales tax	\$6,200	\$200	\$900	\$2,400	\$9,700
Residents property tax	\$5,000	\$100	\$700	\$2,000	\$7,800
State shared revenue	\$1,700	\$100	\$300	\$700	\$2,800
Total Secondary impact from employees	\$61,900	\$1,700	\$8,800	\$24,900	\$97,300
Employee spending sales tax	\$28,200	\$800	\$4,000	\$11,200	\$44,200
Residents property tax	\$25,900	\$700	\$3,600	\$10,500	\$40,700
State shared revenue	\$7,800	\$200	\$1,200	\$3,200	\$12,400
Total Impact from operations	\$334,600	\$26,800	\$81,800	\$112,100	\$555,300

NOTES:
 All figures are intended only as a general guideline as to how the Town could be impacted by the project(s).
 The above figures are based on the current economic structure and tax rates of the Town.
 Source: Elliott D. Pollack & Company; LGE Design Group; ; ATRA



6.0 Summary of Impacts

The proposed Spring Training facility will be operated year-round and will play host to not only the Major League Baseball teams, but also extended spring training, summer leagues, fall leagues and other stadium events. These events generate an impact in terms of operations of the stadium as well as by the spending captured by visitors. The mixed-use village will also be an asset to the Town of Gilbert with the inclusion of two new hotels, 85,000 square feet of office space and 50,000 square feet of retail/restaurant space. The following tables summarize the benefits in terms of jobs, wages and output (economic impact) along with the resulting government revenues (fiscal impact).

6.1 Economic Impact Summary

The construction of the stadium and mixed-use village will generate a total of 1,917 person years of employment, \$101.2 million in wages and \$267.0 million in economic output.

Once construction is complete and the stadium and commercial center are operating at stabilized levels, a total of 2,472 people will be employed each year due to year-round operations. This includes the impact of operations of the stadium commercial operations as well as jobs created by visitor spending. Total wages for these jobs would be approximately \$111.6 million and the direct economic output would be an estimated \$278.1 million.

Gilbert/Brewers Spring Training Facility & Mixed-Use Village Economic Impact Summary (2017 Dollars)					
Impact Type	One-Time Construction Impact	Stadium Operations	Commercial Operations	Visitor Spending	On-Going Annual Total
Jobs					
Direct	1,127	53	683	696	1,432
Indirect	231	74	244	111	428
Induced	559	37	381	193	611
Total	1,917	165	1,308	1,000	2,472
Wages (\$ mil)					
Direct	\$59.9	\$2.4	\$38.7	\$20.1	\$61.1
Indirect	\$14.9	\$3.2	\$12.4	\$5.7	\$21.3
Induced	\$26.5	\$2.0	\$18.0	\$9.1	\$29.1
Total	\$101.2	\$7.6	\$69.1	\$34.9	\$111.6
Output (\$ mil)					
Direct	\$145.0	\$10.2	\$75.9	\$46.1	\$132.2
Indirect	\$42.7	\$8.9	\$32.5	\$17.3	\$58.7
Induced	\$79.3	\$5.9	\$54.1	\$27.3	\$87.2
Total	\$267.0	\$24.9	\$162.5	\$90.6	\$278.1
NOTES					
The total may not equal the sum of the impacts due to rounding.					
Source: Elliott D. Pollack & Company; LGE Design Group; ; IMPLAN					



6.2 Fiscal Impact Summary

The Town of Gilbert would receive \$1.8 million in revenues during the construction period. This includes \$1.6 million in construction sales tax and use tax collections. Once construction is complete, the Town would realize an estimated \$1.5 million each year on an on-going annual basis. This includes \$49,800 in direct taxes from utilities and material purchased in the day-to-day operations of the stadium, \$711,700 in direct taxes from commercial operations such as sales taxes, bed taxes and property taxes, and \$458,000 in tax collections from visitors spending vacation dollars in the Town.

Secondary revenues on an annual basis will add another \$261,800 in Town of Gilbert tax collections. This figure takes into account that only 21.9% of employees would live and spend their incomes in the Town.

Gilbert/Brewers Spring Training Facility & Mixed-Use Village Fiscal Impact Summary Town of Gilbert (2017 Dollars)					
	One-Time Construction Impact	Stadium Operations	Commercial Operations	Visitor Spending	On-Going Annual Total
Total Primary Operations Impact	\$1,612,200	\$49,800	\$711,700	\$458,000	\$1,219,500
Sales Tax	\$1,612,200	\$37,000	\$256,200	\$290,000	\$583,200
Bed Tax	N/A	N/A	\$297,800	\$147,800	\$445,600
Lease Tax	N/A	\$11,300	\$41,000	N/A	\$52,300
Utility Tax	N/A	\$11,300	\$54,400	N/A	\$65,700
Property Tax	N/A	N/A	\$62,300	N/A	\$62,300
State shared revenue	N/A	\$1,500	N/A	\$20,200	\$21,700
Secondary impact from DIRECT employees	\$124,800	\$5,500	\$80,100	\$64,900	\$150,500
Employee spending sales tax	\$60,000	\$2,600	\$37,500	\$28,600	\$68,700
Residents property tax	\$50,100	\$2,200	\$30,300	\$28,400	\$60,900
State shared revenue	\$14,700	\$700	\$12,300	\$7,900	\$20,900
Secondary impact from INDIRECT employees	\$25,700	\$7,600	\$26,600	\$12,100	\$46,300
Employee spending sales tax	\$13,500	\$3,600	\$12,700	\$5,900	\$22,200
Residents property tax	\$10,300	\$3,000	\$10,900	\$4,500	\$18,400
State shared revenue	\$1,900	\$1,000	\$3,000	\$1,700	\$5,700
Secondary impact from INDUCED employees	\$57,100	\$4,100	\$40,700	\$20,300	\$65,100
Employee spending sales tax	\$28,200	\$2,000	\$19,300	\$9,700	\$31,000
Residents property tax	\$24,900	\$1,500	\$17,000	\$7,800	\$26,300
State shared revenue	\$4,000	\$600	\$4,400	\$2,800	\$7,800
Total Secondary impact from employees	\$207,600	\$17,200	\$147,300	\$97,300	\$261,800
Employee spending sales tax	\$101,700	\$8,200	\$69,500	\$44,200	\$121,900
Residents property tax	\$85,300	\$6,700	\$58,100	\$40,700	\$105,500
State shared revenue	\$20,600	\$2,300	\$19,700	\$12,400	\$34,400
Total Impact	\$1,819,800	\$67,000	\$859,000	\$555,300	\$1,481,300
NOTES:					
All figures are intended only as a general guideline as to how the Town could be impacted by the project(s).					
The above figures are based on the current economic structure and tax rates of the Town.					
Source: Elliott D. Pollack & Company; LGE Design Group; Milwaukee Brewers; A TRA					



7.0 Additional Considerations

The potential value and impact of the proposed Milwaukee Brewers Spring Training complex to the Town of Gilbert extends well beyond just the economic and fiscal impacts outlined in this report. Additional qualitative and intangible benefits also result including expanding the Town's tourism potential and its economic development profile.

7.1 Value of the Proposed Stadium and Practice Fields

Beyond the economic and fiscal impact generated by this analysis, the proposed stadium and adjacent sports fields would provide additional, much needed baseball fields for the Town of Gilbert. The report Town of Gilbert Sports Fields Needs Assessment produced in 2015 found that there was a current deficit or under-supply of baseball and softball fields in the Town. Based on the population of Gilbert and participation in the sports of baseball and softball, there was a need for one additional youth baseball field and three adult softball fields in 2015. Based on population growth projects, by 2035 the additional demand for sport fields was forecasted to increase to:

- 7 youth baseball fields
- 3 youth softball fields
- 5 adult softball fields.

The above demand estimates take into account the availability of fields at public school sites in addition to the Town's facilities. However, the public use of school fields is limited due to use by students during and after school.

A Parks and Recreation Survey conducted in 2012 as part of preparation of the Gilbert Parks, Recreation and Trails Master Plan found that 28% of households had a person that participated in youth baseball or softball, equal to the participation level of youth soccer. Only basketball had a higher participation rate (31%) among team sports.

Given the current and future demand for baseball and softball fields in Gilbert, the proposed Milwaukee Brewers Spring Training Facility would provide additional fields that could be used for youth baseball. **The capital cost of those fields is estimated at \$7.1 million** based on cost estimates outlined in the Gilbert Regional Park Master Concept Plan for the Chandler Heights Basin site. The cost estimate below includes four fields, parking, restrooms and land purchase.



Value of Milwaukee Brewers' 4 Baseball Fields			
Cost	Land Area	Per Field	4 Fields
Baseball field construction		\$875,000	\$3,500,000
Parking lot construction		\$100,000	\$400,000
Restroom construction			\$200,000
Land purchase			
Baseball fields (acres)	12		\$2,613,600
Parking lot (sf)	70,000		\$350,000
Total Cost			\$7,063,600
<p>Notes:</p> <p>Land cost estimated at \$5 per square foot.</p> <p>Parking calculated at 50 spaces per field, 350 sf per space, \$2000 per space construction cost.</p> <p>Sources: Gilbert Regional Park Master Concept Plan, 2016; Gilbert Sports Fields Needs Assessment, 2015</p>			

The use of the Brewers’ baseball facilities would allow the Town of Gilbert to forego the expenditure of upwards of \$7.0 million on baseball fields in the future.

7.2 Qualitative Impacts

A spring training facility represents a unique community asset that can add significant value to the Town of Gilbert in a variety of different ways. Some of these benefits, though they represent significant potential for future tax revenue, may not be quantifiable at this stage. For example, many municipalities with a Spring Training stadium have indicated that it is a valuable economic development tool in attracting and retaining businesses. If used successfully in this manner, new benefits tied to attracting or retaining businesses could certainly be calculated but would only be speculative this early in the project. In addition, there is real marketing value in being associated with a major league baseball team. While it would be speculative to estimate the “marketing” value of a Spring Training facility in real dollars, the relationship with a MLB team could certainly boost the Town’s profile without direct marketing dollars being spent.

In addition, as other Valley cities have already experienced, Spring Training stadiums can become community gathering places that enhance the quality of life for residents. Events which could include fitness classes, movie nights, and cultural gatherings do not necessarily generate tax revenue to the Town. However, they certainly create a sense of place and could induce other indirect benefits that assist with economic development and tourism marketing.

Lastly, the proposed Spring Training facility would seriously enhance the Town’s efforts to expand its tourist trade and hotel market. Tourism is one of Arizona’s primary industries and



Gilbert is only beginning to realize the potential for future growth. The Brewers' Spring Training complex would help to promote the Town's "Discover Gilbert" campaign, solidify the Town's brand and further support its burgeoning restaurant industry.

Municipalities in the region have shared insights in the past regarding their Spring Training facilities. Many have found ways to grow both commercial operations that bring sales and out-of-town visitors to the local region as well as create community events and festivals. The following are a few representative quotes from across the Valley:

Mesa Riverview (Chicago Cubs)

A recent Chicago Tribune article addressed the impact that the Chicago Cubs Spring Training stadium is having on the City of Mesa. The following excerpts illustrate how the city perceives the opportunities that the stadium brings:

"City Manager Chris Brady said Mesa uses the Cubs to pitch the city to businesses, investors and even bond rating companies. 'We have executives from Boeing, we have executives from our development community; that's how we get them to Mesa,' Brady said. "They'll come to a Cubs game, and we get the opportunity to network with them. It's the busiest economic development opportunity we have.'

'The Cubs are our greatest tourist attraction,' said Marc Garcia, president and CEO of Visit Mesa, the official tourism arm for the city.

The \$40 million Sheraton Mesa at Wrigleyville West, a 180-room hotel and conference center overlooking Sloan Park, opened in April 2015. Now entering its second spring training season, the hotel is running at 96 to 100 percent capacity, with rooms bringing between \$350 and \$400 per night, according to hotel executives."¹

Salt River Fields (Arizona Diamondbacks and Colorado Rockies)

"It has spawned redevelopment at the nearby Pavilions at Talking Stick shopping center and development of a butterfly pavilion northeast of the stadium that is the first element of a planned \$170 million entertainment complex."

Peoria (Seattle Mariners and San Diego Padres)

"Used-car sales, arts festivals, concerts, company picnics and weddings fill spaces across the campus year-round."

Goodyear (Cleveland Indians and Cincinnati Reds)

"Goodyear has found its niche in high-school graduations and youth and adult baseball tournaments.

¹ <http://www.chicagotribune.com/business/ct-cubs-mesa-economic-development-0319-biz-20170316-story.html>



Community Gatherings

“Cities use their ballparks for holiday gatherings and other special events. Goodyear’s Fourth of July fireworks show draws about 15,000 people. Salt River Fields hosts a Halloween hot-air-balloon festival. Such events and partnerships with community leagues and high-school teams may not bring in money, but they do add to the quality of life for residents”, Peoria’s Calcaterra said.

Surprise goes one step further, using its stadium as a recreation campus. Only about half of Surprise Stadium’s expenditures go toward professional-baseball operations, said Mark Coronado, director of Community and Recreation Services. About 65 percent of games, practices and other activities at the complex are community- and city-run. “You’re playing 190 games collectively on one Saturday morning, plus you are hosting practice opportunities for these teams all week long,” Coronado said. “If you ask residents, they’ll tell you that the Surprise recreation campus is their recreation-activity hub.”²

² Cactus League costs: Phoenix-area cities lose millions operating stadiums but say it's worth it. Allie Seligman & Peter Corbett. The Arizona Republic. March 5, 2013.



APPENDIX - Town of Gilbert Bed Tax Analysis

For reference, the following table was compiled to show a comparison of Gilbert’s sales and bed tax rates to 16 other municipalities across the Valley. The Town of Gilbert currently has the lowest combined bed and sales tax rate among all of the major municipalities in Maricopa County at 4.30%. Cities with similar rates include Chandler and Avondale.

For illustrative purposes, cities have been highlighted as comparable to Gilbert under different scenarios assuming Gilbert increases its bed tax rate. An increase of 1% (bed tax = 3.8%) would still place Gilbert in the bottom half of comparison cities and would be similar to rates found in Queen Creek and Phoenix. An increase of 2% (bed tax = 4.8%) would place Gilbert approximately in the middle of the range of comparison cities and would be similar to rates found in Paradise Valley and Buckeye. An increase of 2.5% (bed tax = 5.3%) would be similar to rates found in Surprise, Mesa and Tempe.

Greater Phoenix Bed Tax Comparison Combined Bed Tax & Sales tax Rate			
	Bed Tax	Sales Tax	Combined
Gilbert	2.80%	1.50%	4.30%
Chandler	2.90%	1.50%	4.40%
Avondale	2.00%	2.50%	4.50%
Apache Junction	2.40%	2.40%	4.80%
Goodyear	2.50%	2.50%	5.00%
Queen Creek ^{1/}	3.00%	2.25%	5.25%
Phoenix	3.00%	2.30%	5.30%
Peoria	3.80%	1.80%	5.60%
Paradise Valley	3.40%	2.50%	5.90%
Buckeye	3.00%	3.00%	6.00%
Fountain Hills	4.00%	2.60%	6.60%
Scottsdale	5.00%	1.65%	6.65%
Surprise	4.52%	2.20%	6.72%
Mesa	5.00%	1.75%	6.75%
Tempe	5.00%	1.80%	6.80%
Cave Creek	4.00%	3.00%	7.00%
Glendale	5.00%	2.90%	7.90%
Gilbert Rate PLUS 1.0%			
Gilbert Rate PLUS 2.0%			
Gilbert Rate PLUS 2.5%			
^{1/} Queen Creek includes a special taxing district in the town center. City lodging tax is 0.25% higher or 2.5%.			
Source: Arizona Office of Tourism - July 2017; Northern Arizona University; Elliott D. Pollack & Company			



These scenarios were compared to the bed tax revenue received by the Town in FY 2016 (currently the most recently available data). Smith Travel Research reports 704 hotel rooms within the Town of Gilbert. In fiscal year 2016, the Town reported \$569,390 in bed tax revenue at a rate of 3% (the rate has since been lowered to 2.8%). This equates to nearly \$19.0 million in taxable room revenue.

With the addition of the 220 hotel rooms planned in the mixed-use village, total room revenue is expected to increase to just over \$25.9 million. An increase in the bed tax by 1% (bed tax = 3.8%) would increase the Town’s bed tax collections by \$259,055. An increase of 2% (bed tax = 4.8%) would allow Gilbert to collect an additional \$518,111. An increase of 2.5% (bed tax = 5.3%), which would be comparable to rates found in Mesa and Tempe, would generate an estimated \$647,639 above and beyond current collections.

Bed Tax Collection Scenarios Town of Gilbert			
	Existing	Planned	TOTAL
Rooms	704	220	924
Occupancy	74%	75%	
Rate	\$100	\$115	
Total Hotel Room Revenue	\$18,979,667	\$6,925,875	\$25,905,542
Bed Tax Collections	\$569,390	\$193,925	\$725,355
Additional 1%	\$189,797	\$69,259	\$259,055
Additional 2%	\$379,593	\$138,518	\$518,111
Additional 2.5%	\$474,492	\$173,147	\$647,639
Source: Smith Travel Research; Town of Gilbert FY 2016 CAFR; Elliott D. Pollack & Company			

