

Economic and Jobs Impact of
metrodome **next**
Multipurpose Facility

Presented to the:

Metropolitan Sports
Facilities Commission

Presented by:



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1.0 Introduction and Executive Summary

The Metropolitan Sports Facilities Commission (“MSFC”) was formed in 1977 to oversee the construction and operations of the Metrodome in downtown Minneapolis. In recent years, as the State of Minnesota has evaluated a variety of proposals to provide long-term solutions to the facility needs of local professional and collegiate sports organizations, the MSFC has conducted research and commissioned studies to provide decision makers with the data needed to make informed decisions regarding future facility development.



The Metrodome has served as the home of the Vikings since 1982.

The Minnesota Vikings (“the Vikings” or “the Team”) joined the National Football League (“NFL”) as an expansion franchise for the 1961 season. From the team’s inception through the 1981 season, the Vikings played their home games at Metropolitan Stadium in Bloomington. Since 1982, the Vikings have made their home at the Metrodome.

Currently, the MSFC and the Vikings are exploring the feasibility of developing Metrodome Next, a multi-purpose stadium that would assist the Team in remaining competitive among NFL franchises and would allow the State of Minnesota and the Twin Cities area to retain and attract a wide variety of indoor sports, entertainment and other events. The Metrodome Next proposal includes the development of a reconstructed stadium on the existing Metrodome site in downtown Minneapolis, as well as a variety of ancillary development surrounding the stadium. It is envisioned that a mix of private and public funding would be used for the stadium reconstruction project.

As the State of Minnesota (“the State”) and local municipalities evaluate the potential investment of public funds to assist in the development of Metrodome Next, a key consideration is the level of economic impact that could be generated by the construction and operations of the facility. The MSFC commissioned a study by Conventions, Sports and Leisure, International (“CSLI”) to develop an independent estimate of the quantifiable impacts that could be generated to the State by the presence of a reconstructed stadium in Minneapolis that would serve as the home of the Vikings and various other sporting and entertainment events.



Metrodome Next is envisioned as a new multi-purpose stadium and mixed-use development on the site of the existing Metrodome.

The quantified impacts estimated in this report include direct spending, indirect spending, jobs, personal earnings and tax revenues resulting from the presence of the reconstructed stadium and the Vikings franchise. The report is comprised of the following sections:

- 1.0 Introduction and Executive Summary
- 2.0 Economic and Fiscal Impact Overview
- 3.0 Construction Period Impacts
- 4.0 Key Operating Assumptions
- 5.0 Direct Economic Activity
- 6.0 Direct and Indirect Impact
- 7.0 Fiscal Impacts
- 8.0 Report Conditions
 - Appendix A: Impacts Attributable to Vikings-Related Activities
 - Appendix B: Intangible Benefits

Summary of Economic Impacts

The estimates of spending and related impacts presented in this report are based on the estimated operations of the Vikings franchise at a reconstructed stadium in Minneapolis as well as other events at the facility. These operating estimates are based on a variety of data, including information provided by the MSFC, the Vikings and other NFL teams and stadium operators, experience with comparable facilities and franchises in similar markets, the results of surveys of Vikings season ticket holders and other such information. It should be noted that CSL has not conducted an independent market study for the reconstructed stadium. These assumptions provided a basis on which to estimate the total direct spending generated by the reconstructed stadium and the Vikings. By applying economic impact multipliers to these direct spending levels, the impact of the stadium and Team was estimated in terms of total output created, earnings generated and jobs supported.

It should be noted that the impacts discussed in this report do not include additional impacts that are likely to be generated by ancillary development surrounding the stadium. For purposes of this analysis, the economic impacts of the reconstructed stadium and the Vikings have been presented in terms of adjusted impacts, which represent the impacts to the State's economy after accounting for the unique nature of player salaries and the manner in which they impact the economy as well as other expenditures that are not expected to impact the State's economy.

The initial economic impacts generated by the project will occur during the construction phase. The following table summarizes the estimated construction-related impacts. The analysis is based on an estimated \$954 million in project costs. Based on information provided by construction industry representatives related to recent Twin Cities stadium construction projects, when adjusting for the portion of hard and soft construction costs that are not assumed to take place in Minnesota, it is estimated that approximately \$734 million of the total construction expenditures (or direct spending) would impact the State of Minnesota.

Metrodome Next is estimated to support 13,400 jobs in the State of Minnesota during the construction period

Estimated Economic, Fiscal and Jobs Impact During Construction Period

Direct Spending	\$734,000,000
Total Output	\$1,351,000,000
Personal Earnings	\$577,000,000
Employment ⁽¹⁾	13,400
Tax Revenues:	
Personal Income	\$20,800,000
State Sales ⁽²⁾	11,810,000
Other Sales ⁽²⁾	580,000
Total Tax Revenues	\$33,190,000

(1) Includes full and part-time jobs supported by the economic activity generated by the project.

(2) Includes sales taxes on indirect spending generated by construction. Does not include sales taxes on direct construction expenditures, which are assumed to be tax-exempt.

As shown, the \$734 million of construction spending taking place in the State of Minnesota is estimated to generate approximately \$1.4 billion in total output during the construction period. This level of economic activity is estimated to support 13,400 jobs with total personal earnings of approximately \$577 million. These jobs and related earnings represent construction jobs as well as jobs supported in other industries as a result of construction-related spending. A total of \$33.2 million in personal income taxes and State and local sales taxes are estimated to be generated by the construction project. This estimate does not include sales taxes on direct construction expenditures, which are assumed to be tax-exempt.

To provide an additional understanding of the potential jobs impact during the construction phase, an estimate of the number of on-site construction jobs that would be created by the stadium reconstruction project was developed by representatives of Mortenson Construction. The estimate was prepared specifically for the proposed Metrodome Next project based on the firm's previous experience with major stadium construction projects, including Target Field and TCF Bank Stadium. Mortenson estimates that approximately 8,000 tradespeople would be utilized during the construction phase.

In addition to the economic impacts generated during the construction period, the operations of the reconstructed stadium and the Vikings will continue to impact Minnesota's economy over the life of the facility. The following chart provides a summary of the spending and resulting impacts associated with on-going operations of the facility and the Vikings. Unlike the construction-related impacts, which are one-time impacts taking place only during the construction period, the operations-related impacts recur on an annual basis.

**Estimated Annual Economic and
Jobs Impact Generated in Minnesota
by On-Going Operations**

	Year 1	30-Year NPV ⁽¹⁾
Direct Spending	\$145,100,000	\$3,664,000,000
Total Output	\$274,500,000	\$6,933,000,000
Personal Earnings	\$105,700,000	\$2,687,000,000
Employment ⁽²⁾	3,400	n/a

(1) NPV of estimated impacts over the first 30 years of stadium operations assuming a 5 percent discount rate.

(2) Includes full and part-time jobs supported by the economic activity generated by Team and stadium operations.

***Annual Economic
Impacts:***

*Total Output:
\$275 million*

*Personal Earnings:
\$106 million*

*Jobs:
3,400*

The adjusted direct spending occurring in the State of Minnesota attributable to the on-going operations of the stadium and the Vikings totals approximately \$145 million annually, which in turn generates approximately \$275 million of total annual output and \$106 million in annual personal earnings and supports approximately 3,400 jobs.

Upwards of 90 percent of these impacts are estimated to be attributable to Vikings-related activities, with the remainder resulting from other events and activities assumed to be held at the stadium. Specifically, approximately \$247 million of the \$275 million in annual output and 3,000 of the 3,400 jobs supported are estimated to result from Vikings-related activities. Additional information regarding the portion of economic impacts attributable specifically to the Vikings can be found in Appendix A following this report.

In addition to these economic impacts, the reconstructed stadium and the Vikings would create fiscal impacts by generating tax revenues for the State, as well as local taxing jurisdictions. The table on the following page summarizes annual tax revenues estimated to result from stadium and team operations.

Estimated Fiscal Impacts

Tax Type	Year 1	30-Year NPV ⁽¹⁾
State Taxes		
Sales ⁽²⁾	\$10,067,000	\$254,300,000
Personal Income	12,380,000	327,700,000
Liquor	253,000	6,100,000
Total State Tax Revenues	\$22,700,000	\$588,100,000
5-County Transit Sales Tax	\$325,000	\$8,200,000
Hennepin County Sales Tax	\$165,000	\$4,200,000
City Taxes ⁽³⁾		
Sales	\$531,000	\$13,400,000
Restaurant	375,000	9,200,000
Hotel	321,000	7,900,000
Entertainment	1,716,000	44,000,000
Liquor	255,000	6,200,000
Total City Tax Revenues	\$3,198,000	\$80,700,000
Total Tax Revenues	\$26,388,000	\$681,200,000
Admissions Tax	\$5,813,000	\$149,300,000
Total Including Admissions Tax	\$32,201,000	\$830,500,000

(1) NPV of estimated tax revenues over the first 30 years of stadium operations assuming a 5 percent discount rate.

(2) Includes the 0.375 percent sale tax increase effective July 1, 2009 due to the passage of the Clean Water, Wildlife, Cultural Heritage and Natural Areas Amendment.

(3) Represents a combination of taxes assessed by cities in which stadium-related spending is assumed to take place.

Approximately \$32.2 million in state and local tax revenues are estimated to be generated by the operations of the stadium and the Vikings on an annual basis.

The level of adjusted direct spending and resulting economic activity related to the presence of the reconstructed stadium and the Vikings is estimated to generate approximately \$32.2 million annually in tax revenues to the State and local jurisdictions. The net present values of these tax streams over the first 30 years of stadium and Team operations are estimated to approximate \$831 million. Approximately \$29.4 million in tax revenues, or 91 percent of total tax revenues, are estimated to be attributable to Vikings-related activities, with the remainder generated by other events assumed to be held at the stadium. Additional information regarding the portion of tax revenues attributable specifically to the Vikings can be found in Appendix A following this report.

In addition to the economic benefits attributable to the presence of the stadium and the Vikings, these entities provide a variety of intangible benefits to the State of Minnesota. The reconstructed stadium would provide the State with a state-of-the-art venue for a variety of sports, entertainment and community events and recreational opportunities. In addition, various community groups and non-profit organizations have benefited and will continue to benefit from the presence of the Vikings and the NFL. Additional information regarding these intangible benefits is provided in Appendix B following this report.

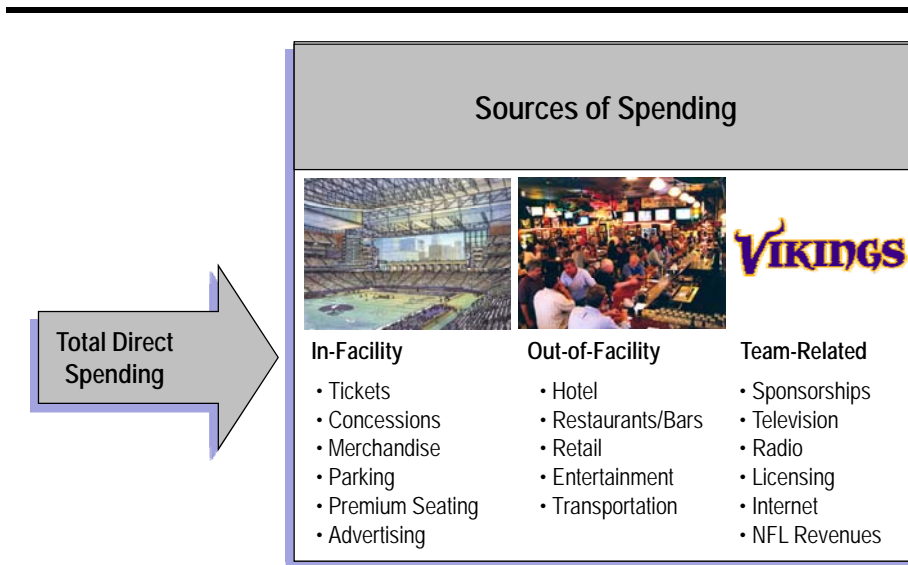
2.0 Economic and Fiscal Impact Overview

Measurement of the effects that a particular development or business operation has on a specific economy are typically characterized in terms of *economic impacts* and *fiscal impacts*. *Economic impacts* measure direct spending, total output, personal earnings and employment. *Fiscal impacts* measure tax revenues including sales, hotel/motel, income and other similar state and local taxes.

The impacts generated by Metrodome Next and the Vikings will most visibly begin with fan spending at the facility.

The operations of a multi-purpose stadium and an NFL franchise can create significant impacts on a community in a variety of ways. As a part of ongoing team operations, economic impacts are generated by the franchise, the League, stadium operations and fan spending. The impacts generated by an NFL facility and team most visibly begin with fan and corporate spending on tickets, concessions, parking, merchandise, premium seating and advertising at the stadium. League and other team revenues also comprise a significant portion of the initial round of spending. Other spending sources that further comprise the initial round of spending include visiting team expenditures and spending by fans at local establishments before and after games. The following flow chart provides a summary of the initial round of spending that impacts the local economy due to the presence of the reconstructed stadium and the Vikings.

Direct Spending



The impacts resulting from the construction and operations of the stadium and the on-going operations of the Vikings franchise have been estimated using the following economic measurements:

- **Direct spending** represents the first round of quantifiable spending and includes construction period spending, team revenues, spending by fans before and after events and visiting team expenditures.
- **Total output** represents the total direct, indirect and induced spending effects generated by the construction and operations of the stadium and the operations of the Vikings.
- **Personal earnings** represent the wages and salaries earned as a result of the economic activity generated by the construction and operations of the stadium and the operations of the Vikings.
- **Employment** represents the number of full and part-time jobs generated by the stadium and the Vikings from the direct and indirect spending.
- **Fiscal impacts** represent State and local taxes generated as a result of direct, indirect and induced spending resulting from the operations of the stadium and the Vikings.

The resulting impacts include total economic output, personal earnings, jobs and tax revenues

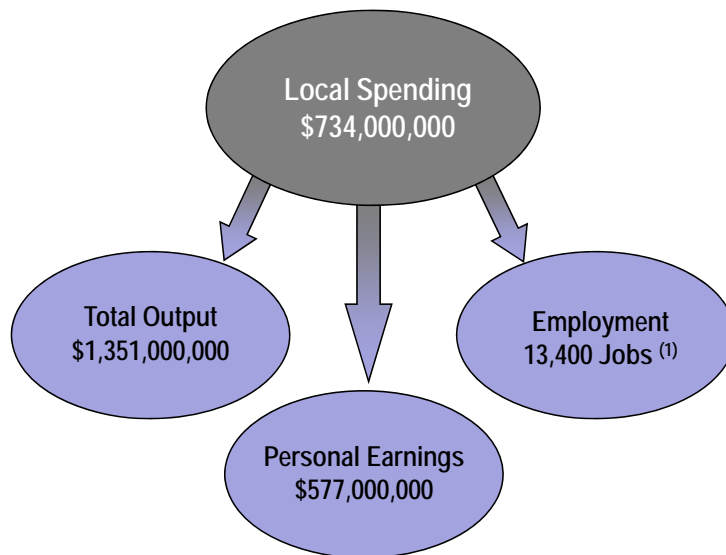
3.0 Construction Period Impacts

The impact of the construction phase of a project is determined by the volume and nature of construction and other development-related expenditures as well as the region in which they take place. Based on the preliminary project costs estimates, the total project cost for the stadium is assumed to be approximately \$954 million.

The economic impacts resulting from this construction expenditure depend on the nature of the spending and the extent to which the spending takes place within the State. Based on information provided by construction industry representatives related to recent Twin Cities stadium construction projects, when adjusting for the portion of hard and soft construction costs that are not assumed to take place in Minnesota, it is estimated that approximately \$734 million of the total construction expenditures would impact the State of Minnesota. The economic impacts resulting from this level of in-State spending were estimated by applying multipliers that specifically reflect the unique characteristics of the local construction industry, as summarized in the following exhibit.

Metrodome Next is estimated to support 13,400 jobs in the State of Minnesota during the construction period.

Estimated Economic and Jobs Impact During the Construction Period



(1) Includes full and part-time jobs.

As shown, \$734 million of construction spending is estimated to take place in the State of Minnesota, generating approximately \$1.35 billion in total output during the construction period. This level of economic activity is estimated to support 13,400 jobs with total personal earnings of approximately \$577 million. These jobs and related earnings represent construction jobs as well as jobs supported in other industries as a result of construction-related spending.

In addition to the estimated impact estimates presented in the previous exhibit, the construction project would generate fiscal impacts in the form of State personal income taxes and State and local sales taxes. The following table summarizes the estimated fiscal impacts generated during the construction phase.

**Estimated Fiscal Impact
During Construction Period**

State Personal Income Tax	\$20,800,000
Sales ⁽¹⁾	
State	11,810,000
Other	580,000
Total Sales Taxes	12,390,000
Total Tax Revenues	\$33,190,000

(1) Includes sales taxes on indirect spending generated by construction.
Does not include sales taxes on direct construction expenditures, which are assumed to be tax-exempt.

A total of \$33.2 million in personal income taxes and State and local sales taxes are estimated to be generated by the construction project. This estimate does not include sales taxes on direct construction expenditures, which are assumed to be tax-exempt.

To provide an additional understanding of the potential jobs impact during the construction phase, an estimate of the number of on-site construction jobs that would be created by the stadium project was developed by representatives of Mortenson Construction. The estimate was prepared specifically for the proposed Metrodome Next project based on the firm's previous experience with major stadium construction projects, including Target Field and TCF Bank Stadium. Mortenson estimates that approximately 8,000 tradespeople would be utilized during the construction phase.

It should be noted that unlike the other economic impact figures presented in this report, the impacts related to stadium construction are not measured annually. The construction related impacts presented herein represent the *total* impacts taking place over the entire construction period.

4.0 Key Operating Assumptions

The initial step in estimating the economic impacts generated by the ongoing operations of a multi-purpose facility and tenant sports franchise is to develop assumptions pertaining to annual events and attendance as well as per capita spending levels of stadium patrons. For purposes of this analysis, assumptions have been developed for three types of stadium events: Vikings games, recurring stadium events and non-recurring events.

The stadium is estimated to host more than 1.0 million patrons annually.

Stadium and Team Assumptions

The key assumptions related to Vikings games, including attendance, ticket pricing, per capita spending, premium seating inventory and pricing and other such operating assumptions, are based on information provided by the Team, the MSFC and other industry data. These assumptions form the basis for the estimates of in-stadium spending and team revenues.

The analysis includes assumptions for Vikings games as well as various other recurring and non-recurring events that are envisioned to utilize the new stadium. The following table summarizes assumptions related to annually recurring events at the stadium. These assumptions are based on historical Metrodome event and attendance levels, information provided by the MSFC, data compiled from operators of several existing venues and feedback from other NFL teams.

Assumptions for Recurring Stadium Events

Event	Annual Events	Average Attendance	Total Annual Attendance
Vikings	10	63,000	630,000
Concerts	2	30,000	60,000
High School Football	4	20,000	80,000
High School Soccer	3	5,000	15,000
Flat Floor	10	3,000	30,000
HS/Amateur Baseball	75	250	18,750
College Football	4	2,000	8,000
Motorsports	3	40,000	120,000
Amateur Football/Soccer	25	250	6,250
Other Ticketed Events	3	12,000	36,000
Other Events	50	250	12,500
Concourse	100	175	17,500
Total	289		1,034,000

As shown, the stadium is estimated to host 289 recurring events annually, with total annual attendance exceeding 1.0 million patrons.

Along with the Vikings and other recurring events discussed previously, it is assumed that the stadium will host other major events on a non-recurring basis. Specifically, the stadium is assumed to host NCAA men's basketball first and second-round games or regionals every four years and an NCAA men's basketball Final Four every ten years.

The economic impact estimates presented herein do *not* include a number of additional special events that could be held at the stadium on a non-recurring basis, such as:

- Super Bowls;
- World Cup games;
- Olympic events;
- Papal visits; and,
- Various other one-time events.

In addition to the event-related assumptions discussed above, various other aspects of the Vikings' operations were included in the economic impact analysis. Specifically, it is important to note that many of the revenues generated by the Vikings are derived not from direct fan spending at the stadium, but from outside sources such as NFL revenue sharing and national broadcast contracts. These sources represent a significant portion of the Team's total revenues. Assumptions and estimates related to these revenues are based on information provided by the Vikings and other NFL teams.

Out-of-Facility Spending Assumptions

While purchases made at the stadium represent the most visible source of spending related to the Vikings and other stadium events, spending taking place outside of the stadium by patrons in conjunction with their attendance at events can also have significant impacts on the local economy. In order to assist in estimating the amount of out-of-facility spending that could take place outside of a reconstructed stadium, a survey of Vikings season ticket holders was conducted in January, 2009. Invitations to participate in the internet-based surveys were emailed to the Team's season ticket holders. More than 1,200 surveys were completed, providing insight as to the origin and spending habits of Vikings game attendees.

The amount of spending fans make in conjunction with their stadium visit often depends on the patron's origin. Fans who travel from outside of the local area to attend games may be more likely to spend money on hotels, restaurants, travel expenses and other such expenditures during their visits. Based on information provided by the Vikings, upwards of 40 percent of season ticket holders originate from outside of the Twin Cities metropolitan area, including over 20 percent who live outside of Minnesota.

Over 20 percent of Vikings season ticket holders live outside of the State of Minnesota

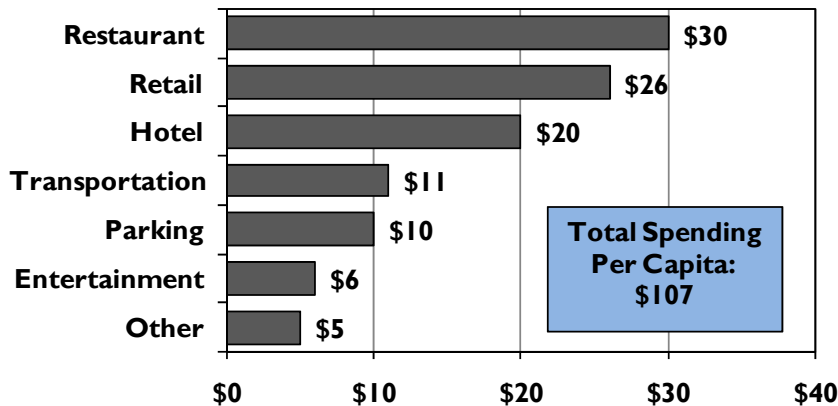


Approximately 97 percent of the survey respondents who originate from outside of the metropolitan area indicated that attending a Vikings game is typically their sole reason for visiting the Twin Cities on gameday weekends. Approximately 50 percent of these non-metropolitan area residents indicated that they stay in a hotel before and/or after Viking games, with an average stay of 1.6 nights.

Survey respondents were also asked to estimate the amount they spend on each of several types of expenditures in relation to their attendance at Vikings games. The following chart summarizes the average spending per person for each spending type. It should be noted that the averages for out-of-stadium spending include respondents who indicated that they spend no money outside of the stadium.

The average Vikings fan is estimated to make \$107 in out-of-stadium expenditures during his or her stay before and after each game attended.

Estimated Out-of-Facility Spending Per Capita at Vikings Games



Note: Total spending may not equal the sum of individual categories due to rounding.

As shown, the average Vikings fan is estimated to make \$107 in out-of-stadium expenditures during his or her stay before and after each game attended, with non-residents spending significantly more than metropolitan area residents on a per capita basis.

The operating assumptions detailed above form the basis for the economic impact estimates discussed throughout the remainder of this report.

5.0 Direct Economic Activity

The direct impact discussed in this report includes stadium and Team revenues as well as spending by stadium patrons before and after events taking place outside of the stadium at local establishments such as restaurants, hotels, retail shops and other such places. The Vikings' estimated operating revenues were used to calculate the majority of the initial round of spending related to the Team. The assumptions related to attendance and spending levels at non-Vikings events were used to estimate direct spending related to the stadium that are not directly attributable to the Team.

Adjusted Spending represents the portion of gross direct spending that is assumed to impact the local economy.

Estimates related to out-of-stadium spending are based primarily on the results of surveys of Vikings season ticket holders conducted in January, 2009, as described in the previous section. This data, along with similar information gathered as a part of previous analyses for NFL teams was used to develop an understanding of fan spending before and after Vikings games. Spending estimates for other events were developed based on industry averages, historical Metrodome event levels, and conversations with MSFC and Vikings representatives. The estimated spending per person reflects a weighted average that accounts for individuals who do not spend any money as well as for individuals who do spend money before and after home games.

In addition to fan spending before and after home games, other areas of economic activity that have been used to calculate the impact associated with the Vikings include team revenues and visiting team/media spending.

Adjusted Spending

Adjustments to the gross direct spending related to Vikings games have been made to reflect the fact that spending patterns of professional sports teams vary significantly from those in other more typical industries, as a portion of the initial spending immediately leaves the local economy. Traditionally, multipliers that are used in economic impact studies are designed to reflect such leakage. As such, many economists argue that it is not necessary to adjust the initial round of spending since the multipliers take this into account. However, because the largest expense of a professional sports franchise, players' salaries, does not necessarily fully impact the local area (many players do not reside in Minnesota year-round), the initial round of spending has been adjusted downward in this analysis.

The initial adjustment to gross direct spending involves the portion of Vikings revenues allocated to player salaries, and the percentage of that player spending that is assumed to be re-spent within the State. During the season, it is assumed that all Vikings' players live in Minnesota, and that players spend a portion of the income they receive during that time in the State. Players who do not live locally are assumed to spend significantly less of their income

within the State. However, the offseason spending assumptions reflect the fact that players typically participate in a 14-week voluntary off-season workout program at the Vikings' practice facility in Eden Prairie, resulting in additional local spending by players in the State. Overall, it is estimated that approximately 27 percent of total players' salaries would be spent in the State.

In addition to the player salary adjustment, it is also necessary to adjust other team revenues to reflect that fact that team expenditures do not all occur in the State. In total, gross direct spending has been reduced by 64 percent in estimating the adjusted economic impacts to the State.

Displacement

With the operations of any sports and entertainment project, the phenomena of displacement will take place to some degree. Specifically, this refers to the fact that some portion of the spending generated by the project may have otherwise taken place on some other entertainment activity in the State if the stadium and Team were not located there.

A significant portion of the direct spending originates from outside of the local area.

In order to account for the phenomenon of displacement, consideration was given to the portion of each type of spending that would be likely to occur in the State regardless of the presence of the stadium and Team. Certain Team-related revenues, such as national broadcast revenues, were not adjusted, as none of this revenue would be generated if not for the Team. However, in-stadium spending on items such as tickets, concessions and merchandise, as well as out-of-stadium expenditures, were adjusted based on the percentage of that spending that is estimated to be derived from State residents, and the extent to which those dollars might have otherwise been spent on other entertainment options in the State.

When considering the impact of displacement, it is important to note that:

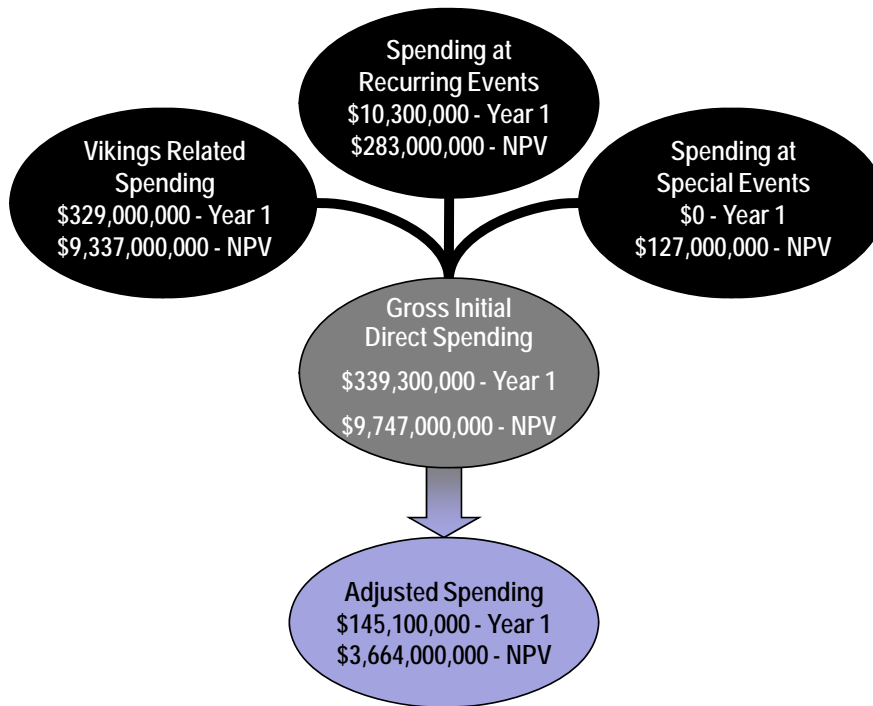
- The entertainment spending that may take place without the existence of the stadium or the Vikings may occur outside the State.
- Spending that results instead of the spending at Vikings games or other stadium events may be on goods and services that are not taxed or are taxed at a lower rate.
- A significant percentage of Vikings fans originate from outside of the State, and survey results indicate that attending a Vikings game is the sole or primary reason for nearly all of their visits to the Twin Cities area on Vikings gameday weekends.
- Upwards of 60 percent of Vikings revenues come from sources other than fan spending, including revenue from the NFL's national broadcast contracts, NFL Enterprises and the Team's share of gate receipts from road games. None of these revenues would be generated in Minnesota without the presence of the Vikings.

To account for potential displacement, adjustments were made to locally-generated revenues depending on the origin and nature of each revenue type. Overall, local revenues were reduced by approximately 30 percent to account for displaced spending.

Direct Spending Summary

Based on the assumptions discussed herein, estimates of the gross and adjusted spending related to the Vikings and the stadium have been developed and are presented in the following exhibit.

Estimated Gross and Adjusted Direct Spending

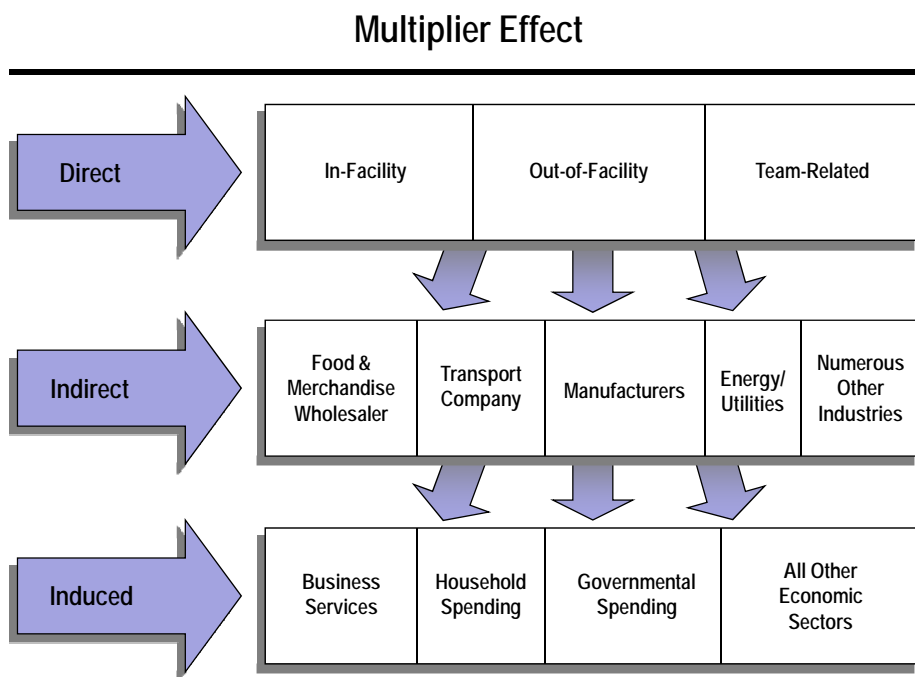


As shown, the initial *annual* direct spending related to Vikings games, recurring and non-recurring stadium events is estimated to total approximately \$339 million. After accounting for Vikings-related revenues that are not assumed to be re-spent within the State, the adjusted direct spending is reduced to approximately \$145 million per year, which represents a 57 percent reduction. The following section will discuss the impacts of these direct spending levels as they flow through the local economy.

6.0 Direct and Indirect Impact

The initial spending of new dollars in an economy begins a series of spending in which the dollars are cycled and recycled through the economy. The indirect spending represents the impact that the various rounds of re-spending of the direct expenditures has on the defined economies.

As money leaves the economy due to exportation or leakage, the input-output model adjusts each successive round of spending, recognizing only the impact that the spending has on the defined economy. The re-spending of the dollars is estimated by utilizing economic multipliers and applying them to the amount of direct, or initial spending.

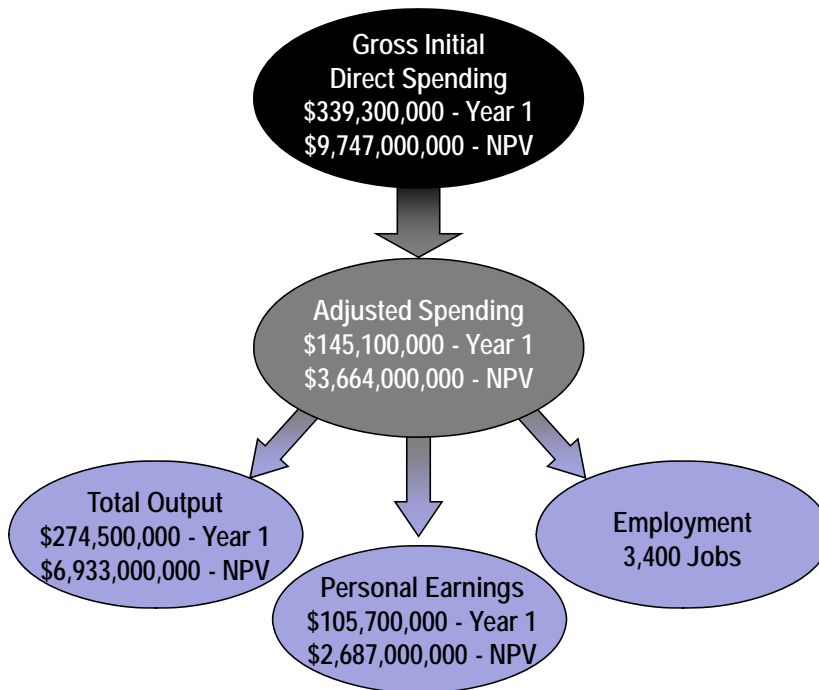


This multiplier effect is estimated in this analysis using a regional economic forecasting model provided by the Minnesota IMPLAN Group, Inc., a private economic modeling company. The model analyzes economic data on a regional basis by individual industry categories. The multipliers derived for this report are Type SAM multipliers for 39 aggregated sectors, and are based on IMPLAN data sets and BEA methodology for creation of Type SAM multipliers. The IMPLAN system is currently used by hundreds of universities and government entities throughout the country.

Adjusted Impacts

The following chart highlights the initial round of adjusted direct spending and resulting economic impacts associated with the operation of the stadium and the Vikings. The resulting total output, earnings and employment were estimated through the application of the aforementioned multipliers.

Annual Economic Impacts



Annual Economic Impacts:

*Total Output:
\$275 million*

*Personal Earnings:
\$106 million*

*Jobs:
3,400*

As shown, the levels of adjusted direct spending discussed in the previous section are estimated to generate approximately \$275 million in total output in the State. This level of economic activity is estimated to support 3,400 full- and part-time jobs in the State, resulting in personal earnings of approximately \$106 million.

Upwards of 90 percent of these impacts are estimated to be attributable to Vikings-related activities, with the remainder resulting from other events and activities assumed to be held at the stadium. Specifically, approximately \$247 million of the \$275 million in annual output and 3,000 of the 3,400 jobs supported are estimated to result from Vikings' operations. Additional information regarding the portion of economic impacts attributable specifically to the Vikings can be found in Appendix A following this report.

7.0 Fiscal Impacts

As a result of the direct and indirect economic impacts generated by the reconstructed stadium and the Vikings throughout the State, the public sector (the State of Minnesota, Hennepin County, the City of Minneapolis and other relevant taxing jurisdictions) realizes increased tax collections. In 2008, the Vikings paid more than \$18 million to State and local governments through sales taxes, admissions taxes and personal income taxes alone.

Based on the estimates of direct spending, the tax collections resulting from Vikings-related activities and other events assumed to be held at the stadium have been calculated for the State and local jurisdictions. The following are the specific taxes included in the analysis:

State Taxes:

- 6.875 percent sales tax
- 2.5 percent liquor tax
- Personal income tax
- 10.0 percent admissions tax

City Taxes:

- 0.5 percent sales tax (Mpls. and St. Paul)
- 3.0 percent liquor tax (Minneapolis)
- 3.0 percent entertainment tax (Minneapolis)
- 3.0 percent restaurant tax (Minneapolis)
- 3.0 percent hotel tax (Minneapolis)
- 6.0 percent hotel tax (St. Paul)

Hennepin County Taxes:

- 0.15 percent sales tax

Other Taxes:

- 0.25 percent five-county transit sales tax

Sales, liquor, admissions, entertainment, restaurant and hotel taxes have been calculated based upon the existing tax rates applied to applicable direct ticket, concessions, merchandise, parking, restaurant and hotel spending. Sales taxes resulting from indirect spending have also been included in the analysis. The percentage of indirect spending that is assumed to be subject to sales taxes has been estimated based on historical gross sales and taxable sales data from the State of Minnesota. Based on this historical information, it is estimated that approximately 28 percent of indirect spending would represent taxable sales.

In addition to sales taxes, the fiscal impact analysis presented herein includes estimated revenue generated by State personal income taxes. Personal income tax revenues were estimated by multiplying estimated annual personal earnings generated by the stadium and Team by an effective income tax rate, which was estimated based on historical statewide personal earnings and State income tax collections data.

It should be noted that property taxes have been excluded from this analysis. It is assumed that the stadium would be owned by the public sector, and therefore would not be subject to property taxes. While the proposed ancillary development surrounding the stadium could generate significant property taxes, those tax revenues have not been estimated herein.

The estimated tax collections related to economic activity within the State of Minnesota, and local taxing jurisdictions are presented in the following exhibit:

Estimated Fiscal Impacts

Tax Type	Year 1	30-Year NPV ⁽¹⁾
State Taxes		
Sales ⁽²⁾	\$10,067,000	\$254,300,000
Personal Income	12,380,000	327,700,000
Liquor	253,000	6,100,000
Total State Tax Revenues	\$22,700,000	\$588,100,000
5-County Transit Sales Tax	\$325,000	\$8,200,000
Hennepin County Sales Tax	\$165,000	\$4,200,000
City Taxes ⁽³⁾		
Sales	\$531,000	\$13,400,000
Restaurant	375,000	9,200,000
Hotel	321,000	7,900,000
Entertainment	1,716,000	44,000,000
Liquor	255,000	6,200,000
Total City Tax Revenues	\$3,198,000	\$80,700,000
Total Tax Revenues	\$26,388,000	\$681,200,000
Admissions Tax	\$5,813,000	\$149,300,000
Total Including Admissions Tax	\$32,201,000	\$830,500,000

(1) NPV of estimated tax revenues over the first 30 years of stadium operations assuming a 5 percent discount rate.

(2) Includes the 0.375 percent sale tax increase effective July 1, 2009 due to the passage of the Clean Water, Wildlife, Cultural Heritage and Natural Areas Amendment.

(3) Represents a combination of taxes assessed by cities in which stadium-related spending is assumed to take place.

Economic activity related to the stadium and the Vikings is estimated to generate approximately \$32.2 million in annual State and local tax revenues.

The level of adjusted direct spending and resulting economic activity related to the presence of the reconstructed stadium and the Vikings is estimated to generate approximately \$32.2 million in tax revenues to the State and local jurisdictions. The net present values of these tax streams over the first 30 years of stadium and Team operations are estimated to approximate \$831 million.

Approximately \$29.4 million in tax revenues, or 91 percent of total tax revenues, are estimated to be attributable to Vikings-related activities, with the remainder generated by other events assumed to be held at the stadium. Additional information regarding the portion of tax revenues attributable specifically to the Vikings can be found in Appendix A following this report.

8.0 Report Conditions

It is important to note specific issues concerning the development of project assumptions and the methodology used to quantify the direct spending and the resulting economic impacts. Significant issues include the following:

- CSL has *not* conducted an independent market study for the reconstructed stadium. The assumptions underlying the estimates of economic and fiscal impacts are based on:
 - Information provided by the Minnesota Vikings, the State of Minnesota and the MSFC,
 - Historical and projected Vikings-related spending data,
 - Surveys of Vikings season ticket holders,
 - Experience with comparable facilities and franchises in similar markets, and
 - Other industry data.
- The estimates presented in this report are based on the assumption that the current economic downturn will not persist in the long term, and that economic conditions will normalize over the life cycle of the facility. Further, it is assumed that the reconstructed stadium will operate in a manner that is reflective of historical operating patterns experienced at comparable facilities. If current economic conditions are prolonged over a significant portion of the facility's life cycle, actual operating results and the associated economic and fiscal impacts could differ from the estimates presented herein, and these differences may be material.
- The multipliers used in this analysis were generated based on data for the State of Minnesota.
- CSL International does not make any representations or warranties as to the accuracy or completeness of the information provided to us. Information provided to us has not been audited or verified and has been assumed to be correct.
- Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the analysis period may vary from those described in the report, and the variations may be material.
- The report has been prepared to assist the MSFC in the assessment of the economic impacts and community benefits associated with a reconstructed stadium and the Vikings, and should not be relied upon for any other purpose, or by any other person or entity.

Appendix A: Impacts Attributable to Vikings-Related Activities

The economic and fiscal impact estimates presented in the preceding report include impacts generated by the operations of the Vikings, as well as impacts generated with other events that are assumed to be held at the reconstructed stadium. An analysis was conducted to estimate the portion of the total impacts that are attributable specifically to Vikings operations, excluding the impacts generated by non-Vikings events. The following table summarizes the results of this analysis.

Upwards of 90 percent of the total economic and fiscal impacts presented in the preceding report are estimated to be derived specifically from Vikings-related activities.

Portion of Total Impacts Attributable to Vikings-Related Activities

	<u>Total Annual Impact</u>	<u>Attributable to Vikings-Related Activities</u>
Direct Spending	\$145,100,000	\$130,100,000
Total Output	\$274,500,000	\$246,700,000
Personal Earnings	\$105,700,000	\$95,400,000
Employment ⁽¹⁾	3,400	3,000

(1) Includes full and part-time jobs supported by the economic activity generated by Team and stadium operations.

As shown, approximately 90 percent of the direct spending and resulting economic impacts as presented in the preceding report are estimated to be attributable to Vikings-related activities. Specifically, Vikings-related activities are estimated to generate approximately \$130 million in direct spending and \$247 million in total output and support approximately 3,000 jobs with annual personal earnings of approximately \$95 million.

The following table summarizes the portion of estimated fiscal impacts that are attributable specifically to Vikings-related operations.

**Portion of Total Fiscal Impacts Attributable
to Vikings-Related Operations**

Tax Type	Total Annual Impact	Attributable to Vikings-Related Activities
State Taxes		
Sales	\$10,067,000	\$8,767,000
Personal Income	12,380,000	12,011,000
Liquor	253,000	214,000
Total State Tax Revenues	\$22,700,000	\$20,992,000
5-County Transit Sales Tax	\$325,000	\$282,000
Hennepin County Sales Tax	\$165,000	\$142,000
City Taxes ⁽¹⁾		
Sales	\$531,000	\$456,000
Restaurant	375,000	346,000
Hotel	321,000	299,000
Entertainment	1,716,000	1,492,000
Liquor	255,000	212,000
Total City Tax Revenues	\$3,198,000	\$2,805,000
Total Tax Revenues	\$26,388,000	\$24,221,000
Admissions Tax	\$5,813,000	\$5,135,000
Total Including Admissions Tax	\$32,201,000	\$29,356,000

(1) Represents a combination of taxes assessed by cities in which stadium-related spending is assumed to take place.

As shown, approximately \$29.4 million, or 91 percent of the total fiscal impacts presented in the preceding report, are estimated to result from Vikings-related activities

Appendix B: Intangible Impacts

Metrodome Next and the Minnesota Vikings would create direct and indirect economic, fiscal and jobs impacts in Minnesota, as detailed in the preceding report. Beyond these direct impacts, there are significant benefits to Minnesota of having a state-of-the-art multi-purpose stadium and an NFL team that are more difficult to quantify. These benefits should be considered in a comprehensive review of the economic benefits derived from Metrodome Next.

The development of a reconstructed stadium would ensure that the State of Minnesota offers a state-of-the-art venue for a wide variety of sports, entertainment, recreation and other events. While the stadium would be the home of the Vikings, the majority of its calendar would likely be filled with events such as high school and college baseball and football games, soccer, motor sports and trade shows. The facility would also provide a venue for various community events such as band practices, marching band competitions, Hmong American New Year's celebrations, baseball and football clinics, graduation ceremonies and other such events. In addition to events utilizing the entire facility, the concourses would serve recreational users, providing a venue for year-round in-line skating, running and jogging. While these events may not generate significant revenues or economic impacts, they would allow the reconstructed facility to become a true community asset.

Along with these facility-related intangible benefits, the impacts generated by the Vikings go beyond the economic, fiscal and jobs impacts discussed in the preceding report. The Team's impacts are experienced throughout the State and region. For example, the Team invests more than \$1 million annually in coordinating its pre-season Training Camp in Mankato. The impact on the hospitality industry and this business sector statewide has not been quantified, but is significant. There is also an impact on local radio and television broadcast ratings and advertising revenues generated by having an NFL team in the State.

Further, geographic regions supporting NFL franchises are believed to derive significant benefit from the national and international focus and media attention created by the team. Through this exposure, Twin Cities and the State of Minnesota are exposed to millions of people through appearances in several media forums. Professional sports influence a community's identity and cohesion, resulting in some of the more intangible elements that comprise an area's quality of life.

In addition to the economic benefits attributable to the presence of the Vikings, various Twin Cities and Greater Minnesota community groups and non-profit organizations have been directly impacted by the presence of the Team and the NFL. Each year, Vikings players, coaches and staff volunteer countless hours to a wide range of non-profit organizations. In conjunction with the time commitment, the Vikings have also made significant financial contributions to numerous charitable causes throughout the state.

The qualitative impacts of a reconstructed stadium and the Minnesota Vikings should be considered in a comprehensive review of the economic benefits derived from Metrodome Next
