



Assessing the Annual Economic Impact of the Grand Rapids IRA Civic Center

Authored by Daniel L. Erkkila and Xinyi Qian



Assessing the Annual Economic Impact of the Grand Rapids IRA Civic Center

February 10, 2015

Authored by Daniel L. Erkkila and Xinyi Qian

Editor:

Elyse Paxton, Senior Editor, University of Minnesota Extension Center for Community Vitality

Report Reviewers:

Matt Kane
William Gartner

Partners/Sponsors:

City of Grand Rapids, MN

University of Minnesota Tourism Center is a collaboration of University of Minnesota Extension and the College of Food, Agricultural and Natural Resource Sciences.

© 2015 Regents of the University of Minnesota. All rights reserved. University of Minnesota Extension is an equal opportunity educator and employer. In accordance with the Americans with Disabilities Act, this material is available in alternative formats upon request. Direct requests to 612-624-4947.

♻️ Printed on recycled and recyclable paper with at least 10 percent postconsumer waste material.

Table of Contents

- 1. STUDY SUMMARY** **3**
- 2. INTRODUCTION** **3**
- 3. ECONOMIC IMPACTS DEFINED** **3**
- 4. MODEL AND METHODS** **4**
- 5. EVENT FINDINGS: HOCKEY** **4**
 - Visitor Profile Summary 5
 - Economic Impact of Hockey Visitors 7
- 6. EVENT FINDINGS: WEDDINGS** **8**
 - Visitor Profile Summary 8
 - Economic Impact of Wedding Visitors 10
- 7. OPERATIONS** **11**
- 8. APPENDIX** **12**

SUMMARY

Grand Rapids city officials desired an understanding of the economic impact to the local economy from the annual operations of its IRA Civic Center. Volunteer surveyors were trained to administer a short survey throughout a 12-month period to people who traveled more than 50 miles to attend ice and dry-floor events at the Civic Center. Visitor characteristics were recorded, including estimates of daily spending. These spending profiles, along with attendance estimates from city staff of non-local visitors, provided the estimation of economic impact to Itasca County.

Researchers used the IMPLAN model to estimate for gross output, employment, and value added economic impacts from hockey and weddings, as well as annual civic center operation throughout the year.

Total estimated economic impacts to the Itasca County economy that occur on an annual basis from IRA Civic Center operations and visitors (both on day trips and overnight) include:

- \$3.4 million in gross output
- Approximately 38 jobs (full and part-time)
- \$1.6 million in value-added

The gross output impact of \$3.4 million annually is the sum of \$2.2 million associated with visitor spending in the area while on day and overnight trips and \$1.2 million associated with the annual operation of the civic center facility and its effects in the local economy. Job impacts are a similar combination of 31 jobs from event impacts and seven from operations; total value added is the sum of \$1.2 million from events and nearly \$400,000 from annual operation of the IRA Civic Center.

INTRODUCTION

The City of Grand Rapids has more than 200 acres of parks and open-space lands, as well as nearly 50 miles of city trails for recreation. The city also offers many indoor recreational activities for residents and visitors, one of which is the IRA Civic Center. The venue holds up to 4,000 people with 50,000 square feet of space available for ice hockey and figure skating, as well as concerts, trade shows, wedding receptions, and banquets.

As the city considers future upgrades to the facility, local leaders sought a better understanding of the economic contribution of the civic center to the surrounding community. To achieve this goal, Grand Rapids partnered with the University of Minnesota's Tourism Center to assess the annual economic impact the IRA Civic Center has had on Itasca County. This report summarizes the project's findings.

ECONOMIC IMPACTS DEFINED

Total regional economic impacts are typically described as the sum of direct, indirect, and induced impacts. Direct impacts are immediate, first-round expenditures generated as firms expand production to meet the increased demand for products or services. Indirect impacts involve spending by the business or industry for inputs it uses for production of goods and services. An example for the civic center might include the purchase of food supplies or the hiring of external repair services. Finally, induced impacts occur primarily as a result of spending in the local economy by the households of civic center employees.

The impact measures of most interest typically quantify the following:

- Gross industry output—total industry production (shipments and net additions to inventory)
- Employment—annual average of full and part-time jobs
- Total value added—the summation of all enhancements to intermediate goods and services; total combining employee compensation, self-employment income, property income, and other indirect business taxes

MODEL AND METHODS

Determination of the three impact components—gross output, employment, and total value added—was carried out using the IMPLAN¹ forecasting model. IMPLAN is based on an input-output method of economic impact estimation that traces commodity flows from producers to intermediate and final consumers. Its level of detail reaches the county level (or aggregations of counties as appropriate) and is based on conventions for input-output analysis from the U.S. Department of Commerce’s Bureau of Economic Analysis.

The model of Itasca County was constructed with IMPLAN using the most recent data set for Minnesota (2013) and served as the basis for estimating the annual impact to the local economy from non-local visitors/attendees to IRA Civic Center events.

In addition to an estimate of non-local visitors, one was needed for the daily spending by these visitors to allow for an impact assessment. Because this information was not available, the project team collected primary data using intercept surveys of non-local event attendees. The survey work spanned a 12-month period from December 2013 to December 2014 focusing on the civic center’s busiest times.

Due to limited resources, Grand Rapids chose to avoid the higher cost associated with paid surveyors and to depend instead on volunteers from the city staff and the local hockey community. Prior to the start of the survey, University staff trained the participants in survey best practices and reviewed the survey document (See appendix). Volunteer surveyors were then trained to administer a qualifying interview with respondents at civic center events. Respondents were asked several questions during the interview to determine whether or not they met the definition of a “tourist”—someone who has traveled more than 50 miles from their home community—was over 18 years of age, and was willing to participate. If the person met these qualifications, then he or she was given a questionnaire to fill out onsite.

The goal of survey was to reach 100 completed responses for each three-month quarter of the year, for a total of 400 during the 12-month period. Based on the actual usage of the facility and who attended the events (local residents vs. tourists), these quarterly targets were not met and are discussed in further detail below.

EVENT FINDINGS: HOCKEY

Hockey events are scheduled throughout the year but most frequently occur between November and March. Games at which sampling occurred included both boys and girls events, high school games and tournaments, and many youth hockey classifications (e.g., bantam, pee wee). A total of 175

¹ IMPLAN (IMpact Analysis for PLANning) was originally developed for the USDA Forest Service for land and resource management planning. It has become a widely used, sophisticated yet flexible tool that uses federal and state data sources to determine economic impact assessment and analyses. It is now managed and supported internationally by the IMPLAN Group LLC (Huntersville, NC).

surveys were collected during this period. As respondents did not answer some questions, the total count for each question varied.

Visitor profile summary

Of the people traveling to the IRA Civic Center for hockey:

- Most visitors cited Grand Rapids was the primary destination (98 percent).
- Youth hockey was the main purpose of the trip (83 percent), while high school hockey was the second main purpose (17 percent).
- Most visitors (92%) spent at least one night in the area; 6 percent stayed for only the day. The mean stay was 1.98 nights per visitor.
- Eighty-five percent of respondents were from two-parent families with children under 18, followed by single-parent families with children under 18 at nearly 7% (Figure 1).

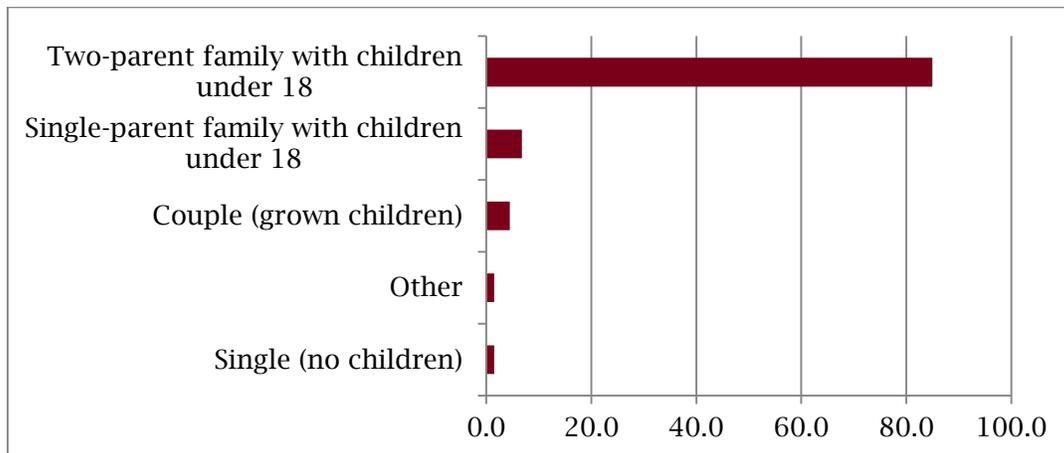


Fig. 1: Household type of non-local visitors to hockey events at the Grand Rapids IRA Civic Center.

Non-local hockey travelers were primarily female (Figure 2) and an educated group, with nearly 59% having completed four years or more of college (Figure 3).

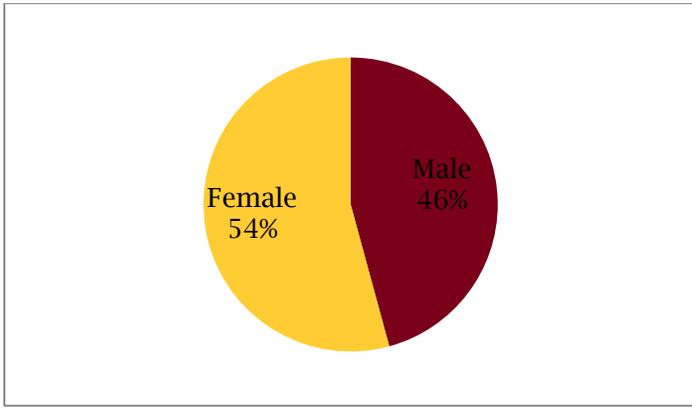


Fig. 2: Gender of non-local visitors to hockey events at the Grand Rapids IRA Civic Center.

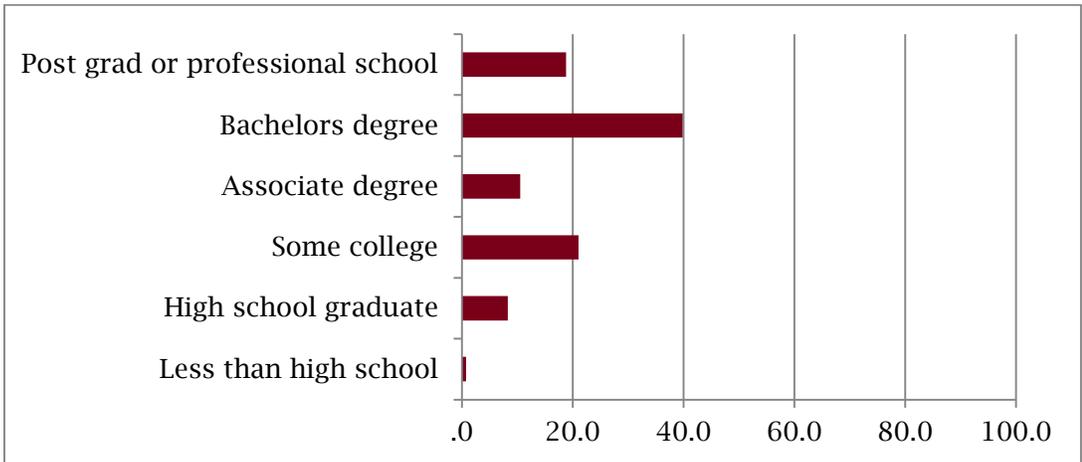


Fig. 3: Education levels of non-local visitors to hockey events at the Grand Rapids IRA Civic Center.

Corresponding to this level of education, more than 68% of travelers earned incomes of more than \$90,000 per year (Figure 4). While visiting Grand Rapids, the average hockey visitor spent the most on lodging, followed by eating and drinking, transportation, and shopping (Table 1).

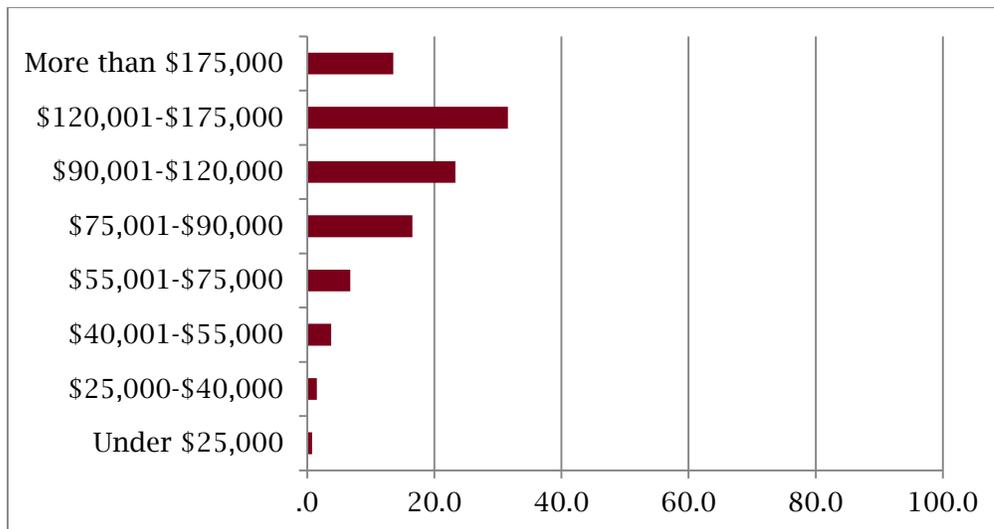


Fig. 4: Income levels of non-local visitors to hockey events at the Grand Rapids IRA Civic Center.

Table 1: Average daily spending per-person by non-local hockey visitors (rounded to nearest \$).

Spending Category	Value (2014 \$)
Transportation	\$16.00
Grocery	\$4.00
Eating & Drinking	\$33.00
Shopping	\$10.00
Recreation	\$1.00
Misc. Spending	\$5.00
Lodging	\$56.00
TOTAL	\$126.00

Economic impact of hockey visitors

City staff provided estimates of the total number of non-local attendees across all hockey events scheduled for the study period, based on first-hand knowledge and experience. Their estimate of the total number of non-local attendees, based on each tournament scheduled and its length, yielded 14,515 people-days of visitation (# non-local attendees × # tournament/overnights = people-days). This value provided the basis for the impact assessment using the per-person spending pattern presented in Table 1. The impact results are shown in Table 2.

Table 2: Economic impacts of 14,515 annual non-local hockey visitors staying overnight (rounded).

Impact Type	Gross Output	Jobs	Value-added
<i>Direct</i>	\$1,417,000	23	\$755,000
<i>Indirect</i>	\$ 311,000	3	\$164,000
<i>Induced</i>	\$ 297,000	3	\$164,000
TOTAL	\$2,015,000	29	\$1,083,000

EVENT FINDINGS: WEDDINGS

Primarily held spring through fall, the dry-floor event survey work yielded perhaps the largest surprise of the project. As builders' shows are among the most attended events, there was a high expectation regarding what the numbers would reveal for out-of-town visitors, but surveyors did not intercept any non-local visitors during the largest builder's show in mid-March. While it is likely there were visitors who traveled further than the prerequisite 50-mile distance, none were intercepted by surveyors, suggesting their numbers are small—at least for the 2014 survey year. For all other dry-floor events (with the exception of weddings), surveyors did not conduct intercept work because they were known to serve only a local market.



Weddings, on the other hand, were known to draw a significant number of out-of-town guests who spend money in the community. City staff estimated that, on average, they book six wedding events each year, involving an estimated 152 non-local guests at each wedding who stay an average of 1.7 nights in the community, based on survey results. The sample size is small for this segment of users (42 valid questionnaires). That said, it does provide some insight to visitor characteristics and a spending profile to use in estimating economic impact.

Wedding visitor profile summary

For people traveling to the IRA Civic Center for weddings:

- Grand Rapids was the primary destination (98%)
- More than three-quarters of visitors (76%) stayed overnight for at least one night, and 24% made day-trips
- The household type was more diverse than that of the hockey visitors; the largest group was couples with no children at 26% (Figure 6)

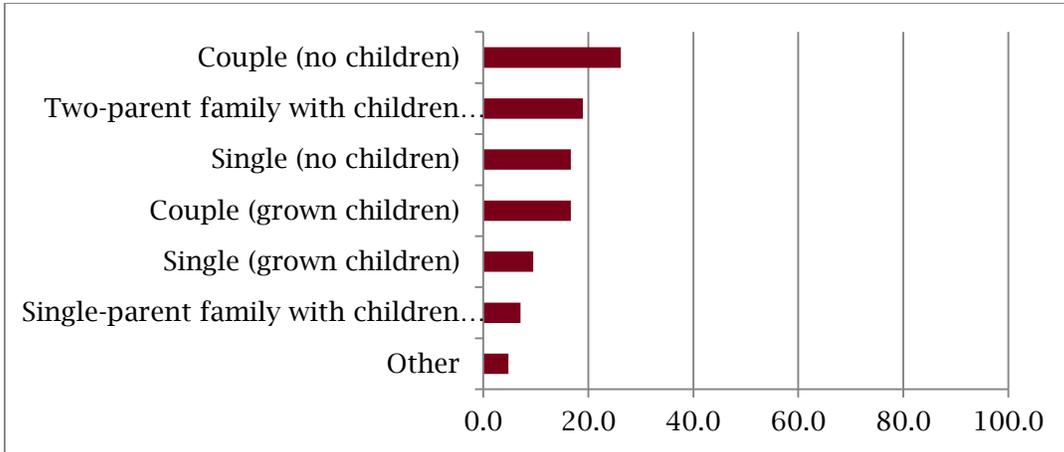


Fig. 6: Household type of non-local visitors to weddings at the Grand Rapids IRA Civic Center.

Non-local wedding travelers were primarily female (Figure 7) and varied in their education levels (Figure 8).

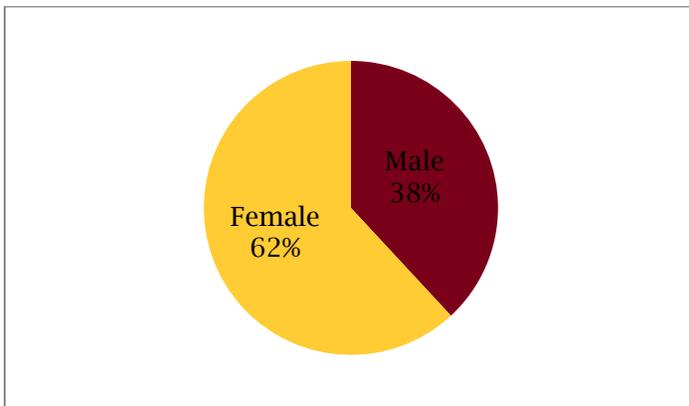


Fig. 7: Gender of non-local visitors to weddings at the Grand Rapids IRA Civic Center.

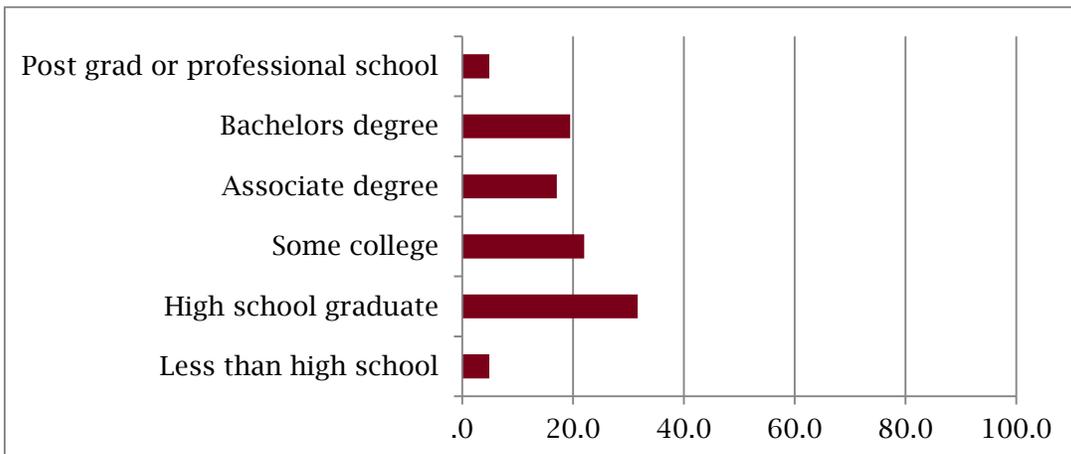


Fig. 8: Education levels of non-local visitors to weddings at the Grand Rapids IRA Civic Center.

The average annual income of wedding visitors fell within the \$40,001-\$55,000 range and is represented in Figure 9. Table 3 shows visitor spending while in the community, the highest being in transportation and lodging, followed by eating and drinking.

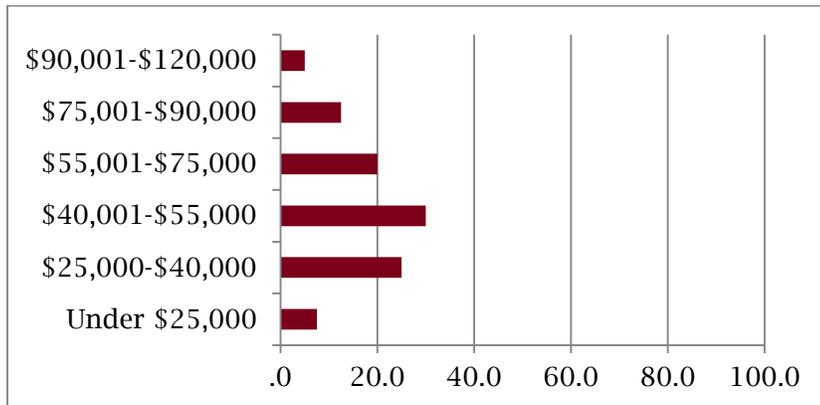


Fig. 9: Income levels of non-local visitors to weddings at the Grand Rapids IRA Civic Center.

Table 3: Average per-person spending of non-local wedding visitors at the Grand Rapids IRA Civic Center (rounded to nearest \$).

Spending Category	Value (2014 \$)
Transportation	\$59.00
Grocery	<\$1.00
Eating & Drinking	\$28.00
Shopping	\$2.00
Recreation	\$2.00
Misc. Spending	\$1.00
Lodging	\$59.00
TOTAL	\$152.00

Economic impact of wedding visitors

City staff provided estimates for both the average number of wedding events hosted at the IRA Civic Center per year, as well as the number of non-local attendees. Their estimate of six events averaging 152 non-local guests multiplied by the survey estimate of an average of 1.7 overnight stays per event yielded 1,550 people-days annually for weddings. This value provided the basis for the impact assessment using the per-person spending pattern portrayed in Table 3. The impact results are shown in Table 4.

Table 4: Estimated economic impacts from 1,550 annual non-local wedding visitors staying overnight.

Impact Type	Gross Output	Jobs	Value-added
<i>Direct</i>	\$150,000	2	\$80,000
<i>Indirect</i>	\$33,000	<1	\$18,000
<i>Induced</i>	\$30,000	<1	\$17,000
<i>TOTAL</i>	\$213,000	3	\$115,000

OPERATIONS

The average annual operation budget of the IRA Civic Center is \$700,000, generating local economic activity from staffing, purchasing of goods and services for operating and maintaining the facility. The economic impact from operations is displayed in Table 5.

Table 5: Economic impacts from annual IRA Civic Center operations.

Impact Type	Gross Output	Jobs	Value-added
<i>Direct</i>	\$700,000	3	\$150,000
<i>Indirect</i>	\$367,000	3	\$152,000
<i>Induced</i>	\$123,000	1	\$70,000
<i>TOTAL</i>	\$1,190,000	7	\$373,000

APPENDIX

Date _____

University of Minnesota Tourism Center GRAND RAPIDS IRA CIVIC CENTER VISITOR QUESTIONNAIRE

1. What is the ZIPCODE of your primary residence? _____
ZIP/postal code
2. Is the IRA Civic Center your primary destination for this trip? Yes
 No, final destination is _____
3. What is the **primary** reason that you made this trip to the IRA Civic Center?
- Trade show Community event Reception/party
 Business/convention/meeting Entertainment Youth hockey
 High school hockey
4. How many people (including you) are in your travel party on this trip? _____
- 4a. How many of your travel party are:
- _____ under 12 _____ 12 - 17 _____ 18 - 25 _____ 26 - 39
_____ 40 - 55 _____ 56 - 70 _____ over 70
5. How many total nights do you plan to spend away from home on this trip? _____ nights day trip only
6. How many of these nights will be in the Grand Rapids Area? _____ nights day trip to area only
- 6a. If you are staying in the Grand Rapids Area, how many nights are you staying in each the following types of accommodations?
- Not staying overnight in area
- _____ Hotel/motel _____ Resort/commercial cabin _____ RV _____ Your own vacation home
_____ Tent _____ Vacation home of friend/relative _____ Bed & Breakfast _____ Home of friend/relative
7. Please estimate your travel group's spending in the Grand Rapids Area for the **last 24 hours** of your stay.
- Lodging \$ _____ Restaurants/Bars \$ _____ Transportation (includes gas) \$ _____ Misc. \$ _____
Groceries \$ _____ Shopping \$ _____ Recreation/attractions (include guides/outfitting) \$ _____ **Total \$ _____**
- 7a. How many people are included in spending estimate? _____
8. Which of the following best describes your household?
- Two-parent family with children under 18 Couple (no children) Single (no children) Other
 Single-parent family with children under 18 Couple (grown children) Single (grown children)
9. What is the highest grade or year of school that you have completed?
- Less than High School Some college BA or BS degree
 High school graduate (or GED) Associate college degree Post graduate or professional school
10. You are: Male Female
11. In what year were you born? 19 _____
12. Please give us an estimate of your annual household income:
- under \$25,000 \$40,001 - \$55,000 \$75,001 - \$90,000 \$120,000 - \$175,000
 \$25,000 - \$40,000 \$55,001 - \$75,000 \$90,001 - \$120,000 Over \$175,000

Thank You!