



## **Key Questions Raised by the Soccer Stadium Response & Economic Impact Analysis**

### OPPORTUNITY COSTS

- 1. What are the opportunity costs related to accepting Precourt Sports Ventures (PSV)'s stadium proposal?**

The staff memorandum provides a high-level discussion of the opportunity costs associated with providing a soccer stadium instead of a mixed-use project. If possible, please provide more information related to these opportunity costs, including estimates of the following (for a mixed-use development):

- Construction period economic impacts;
- Recurring economic impacts; and
- Tax revenue (property, sales, mixed beverage, and hotel occupancy).

- 2. Why did B&D Venues not analyze the opportunity costs related to PSV's proposal?**

The staff memorandum indicates that the city hired a consultant (B&D Venues) to "conduct an economic impact analysis on the potential community benefits, opportunity costs and substitution effects for a major league soccer stadium on this property." However, the B&D Venues analysis does not provide information on opportunity costs. Why?

### INFRASTRUCTURE COSTS

- 3. Do the infrastructure costs included in the staff memo on page 13 completely estimate, in their entirety, the "off-site infrastructure" costs the city would have to cover under the PSV proposal?**
- 4. Why does the staff memo indicate on page 13 that roads and sidewalks improvements would not need to be provided if the site were to be developed as a stadium?**

**5. What are the city's infrastructure costs over the lifetime of the PSV proposal?**

The city repairs and maintains infrastructure that it installs through programs such as street preventive maintenance, street reconstruction, utility repairs, utility street cut repairs, etc. With this in mind, what is the cost of maintaining the infrastructure that the city would construct under the PSV plan, for the lifetime of the stadium deal (at 20, 40, 60, and 80 years)?

**6. Would the city need to cover the electrical infrastructure improvement costs referenced on page 14? And, if so, how much would those improvements cost?**

**7. Would the city be required to cover Transportation Impact Analysis (TIA)-identified improvement costs in their entirety under the PSV proposal? And can staff estimate the magnitude of these costs?**

**OTHER COSTS**

**8. What would it cost the city to provide the following (per PSV's proposal):**

- "Pay for...all site preparation, remediation;"
- "Waive and/or discount the imposition of all construction-related taxes, fees, and charges customarily imposed on private developers, to the fullest extent permitted by law;"
- "Maintain any and all insurance policies, warranties, and other similar policies as may be appropriate for the Stadium and its components, including casualty insurance;"
- Provide "customary police, traffic control, fire prevention, emergency medical, street cleaning/street trash removal, and other similar City-based services, outside of the Stadium, for all Stadium events;" and
- Lost parking revenue due to PSV having "exclusive right to market, sell, and retain all parking revenue from the Stadium Site."

**9. What are the risks and associated costs of the Columbus Crew leaving Austin prior to the end of their lease?**

The Columbus Crew has a 25-year lease on their current stadium in Ohio, which opened in 1999. Under PSV's proposal, they would leave Columbus roughly 85 percent of the way through the term of their lease. Please describe the risks and (if possible) estimate any associated costs under a scenario in which the City of Austin accepts PSV's current proposal and the Columbus Crew decide to move to another city roughly 85 percent of the way through their lease with the City of Austin.

## ECONOMIC IMPACT ANALYSIS

**10. Did B&D Venues commit prior to providing their analysis that they would not participate in any activities related to an Austin soccer stadium if this proposal moves forward?**

B&D Venues indicates that they are a "specialized practice group... that focuses exclusively on the planning and development of sports facilities." Has B&D Venues committed that they would not participate in any activities related to an Austin soccer stadium, in order to avoid the appearance of a conflict of interest related to their economic impact analysis?

**11. How did B&D Venues arrive at its estimate that 10 percent of stadium patrons will be overnight visitors who have traveled to Austin for a soccer game? How many overnight patrons does the Columbus Crew currently host per game, on average?**

B&D estimates that there will be 42,615 overnight patrons traveling to stadium events annually. At 33 events per year, that is roughly 1,290 patrons per event.

That estimate seems potentially high considering that some news reports have indicated that the number of individuals who travel to away Major League Soccer games may be significantly lower than the 1,290 overnight patrons per game estimated here.

Changes to the number of overnight patrons estimated would significantly alter the patron spending totals because out-of-town patrons tend to spend more than in-town patrons. For instance, a Guardian article on MLS attendance from 2016 mentions refers to several estimates of attendance levels for traveling patrons, including 750, 300, and 100.<sup>1</sup> Table 1 below demonstrates how gross spending figures change drastically based on the estimated number of overnight patrons.

**Table 1. Changes to Overnight Patron Estimates Based on Different Assumptions**

Cost Assumptions	Cost per Game	Average Spending			
		Under Different Estimates of Overnight Patrons			
		@1,291 per Game	@750 per Game	@300 per Game	@100 per Game
Lodging	\$93.33	\$120,523	\$69,998	\$27,999	\$9,333
Food & Beverage	\$38	\$49,072	\$28,500	\$11,400	\$3,800
Retail	\$8	\$10,331	\$6,000	\$2,400	\$800
Transportation	\$5	\$6,457	\$3,750	\$1,500	\$500
<b>Gross Spending per Game</b>		<b>\$186,383</b>	<b>\$108,248</b>	<b>\$43,299</b>	<b>\$14,433</b>

<sup>1</sup> Callaghan, Joe. "In MLS, away from home is really different, really difficult," The Guardian (17 April 2016).

Given these questions, staff should clarify how B&D Venues arrived at its assumption that 10 percent of stadium patrons will be overnight patrons. Staff should also, if possible, determine how many overnight patrons the Columbus Crew currently hosts per game in order to compare those figures to B&D's assumption.

**12. What multiplier did B&D Venues use for wages and employment?**

B&D Venues indicates that it used the multipliers in Figure 3 (on page 4) to calculate economic impacts. However, it does not indicate which of these multipliers they have used to calculate the economic impacts to wages and jobs.

Solely on the basis of the information presented in Figure 7 (on page 7), it appears that B&D Venues used a multiplier of 1.75 for wages and 1.9 for jobs. These are significantly different than the multipliers provided for earnings and employment in Figure 3. What multipliers did B&D Venues use to estimate the impact on wages and jobs and why?

**13. How did B&D Venues estimate (on page 6) that 30 percent of materials-related construction costs would constitute local spending? Is this consistent with the experience of other developments in Austin?**

**14. Why did B&D Venues not adjust for any spending displacement among local residents in Williamson, Hays, Caldwell, and Bastrop Counties?**

The Austin-Round Rock Metropolitan Statistical Area (MSA) consists of five counties: Travis, Williamson, Hays, Caldwell, and Bastrop. The Census Bureau includes a county in an MSA based on whether it has "a high degree of social and economic integration with the core as measured through commuting ties." Given that a portion of MSA residents regularly spend money in Austin and Travis County, please describe B&D Venues' reasoning for assuming that the money that patrons from Williamson, Hays, Caldwell, and Bastrop Counties may spend at the stadium represents entirely new spending for the city rather than being at least a partial displacement of existing spending patterns.

**15. How did B&D Venues choose a 20 percent leakage rate for patron spending on page 8?**

**16. How many of the 200 FTEs identified on page 8 for office, operations, and game-day labor will provide stable job opportunities (ie. 40-hour workweek) as opposed to more limited work (ie. game-day labor)?**

**17. When considering all personnel directly related to stadium operations (including team ownership, players, operations and maintenance, game-day labor, etc.), how many individuals are projected to earn income in the following brackets annually:**

- Up to \$24,999 per year
- \$25,000 to \$44,999 per year
- \$45,000 to \$74,999 per year
- \$75,000 to \$119,999 per year
- Over \$120,000 per year