

**METRAPARK
MONTANA'S ENTERTAINMENT AND TRADE
CENTER
AN ECONOMIC IMPACT ANALYSIS**

PRESENTED TO: Yellowstone County Commissioners

MetraPark

Big Sky Economic Development



THIS ANALYSIS IS FUNDED BY NORTHWESTERN ENERGY

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BACKGROUND

MetraPark is Montana's largest entertainment/tradeshow venue. It is located adjacent to one of the highest vehicular volume intersections in the state of Montana (6th Avenue North/Bench Blvd & Main Street, Billings, MT).

MetraPark is a multi-use complex that serves entertainment, trade, retail, athletic, education, and agricultural needs throughout the region. In 2017, more than 780,000 guests attended a tradeshow, sporting event, and/or entertainment performances.

Because the complex has five separate buildings, last year MetraPark saw 455 "event days" with multiple events occupying MetraPark on the same day, this venue is recognized as an economic driver to Yellowstone County and the greater region.

MetraPark is a publicly funded asset that generates more than \$18 million in annual operating revenues but the facility hosts many sales-generating activities and its total annual impact from operations, visitor spending and event vendor revenues exceeds \$150 million. From high-school state tournaments, college graduation ceremonies, agricultural presentations, and even Presidential campaign stops, MetraPark serves Yellowstone County and the State of Montana.

In an attempt to accurately illustrate MetraPark's benefit to Yellowstone County and the region, and concisely link its indirect/direct economic impact to local business, MetraPark and Big Sky Economic Development reached out to NorthWestern Energy (NWE) for a grant to fund an economic impact analysis. At the request of NWE, this report was prepared by Circle Analytics, Inc. July 2018.

DESCRIPTION OF REPORTS

Typically an economic analysis uses input/output modeling to generate an impact report but there is a growing realization that some local community assets serve as significant economic ‘engines’ and there is a need for new, innovative solutions to value their contributions. “Place Makers’ is the term that currently describes the economic opportunity generated by fairgrounds, event centers and other community-supported facilities that produce a broad mix of civic and economic benefits. This study used software technology and proprietary processes that supplemented the resources of a traditional impact analysis.

The economic analysis is divided into six reports as described below. The Gross Economic Output report reflects the project’s total economic benefit including all direct and indirect benefits. The total includes benefits that occur within and without of the project area.

The Gross County Product represents the economic benefit that is retained in the local area. Total Labor Income, Capital Income and Indirect Business Taxes are subsets of the Gross County Product. When added together, labor income, capital income and indirect taxes roughly equal the Gross County Product.

The Total Employment report simply restates Total Labor Income as the number of jobs but is not included as a subset of the Gross County Product.

1. Gross Economic Output: The aggregated market value of goods and services produced by businesses and government enterprises in the economy. It is essentially equal to the revenue collected by businesses (including indirect taxes) within the County or impact area.
2. Gross County Product: The total value-added created by the production of goods and services in the economy. It represents the sum of labor compensation, capital type

income and indirect business taxes. Gross County Product is best described as new money added because of the combined activities of this project.

3. Total Labor Income: The compensation to employees and self-employed proprietors including both wages and indirect payments such as retirement benefits, health insurance and other similar fringe benefits.
4. Total Employment: The number of jobs generated within the impact area including full-time and part-time positions, salaried workers and sole proprietors.
5. Capital Income: The sum of income such as business profits, interest and rental income. Capital Income is best described as non-labor benefits.
6. Indirect Business Tax: Taxes and fees not based in the businesses' income. It may represent sales taxes (if any) levied by the state and county and property taxes levied against businesses as well as federal, state and local fees.

REPORT METHODOLOGY AND ASSUMPTIONS

Several of the inputs used in this analysis were provided by MetraPark. They include:

- Annual revenues
- Visitor counts
- Vendor booth rentals
- Capital improvement estimates

The annual revenues and estimates for capital improvements are shown as reported by MetraPark. The visitor counts and the vendor booth rentals were used to estimate MetraPark's broader economic impacts.

One of the largest economic benefits is derived from the thousands of vendors that use MetraPark facilities to sell their products and services. MetraPark lacks detailed information on vendor sales and the challenge was to apply best-practice methods to project these revenues. Booth rental data was available on 32 events and when combined their revenues total \$2.6 million. It was determined that booth rentals offered a reliable tool to project vendor revenues. This analysis is based on the assumption that booth rents represent 10% of vendor gross sales. Although \$2.6 million in booth rentals represents only a portion of the annual total, the rent revenues were extrapolated to show \$26 million in gross vendor sales (calculation: \$2.6 million in rentals, assume rents equal 10% of gross sales, equals \$26 million in gross sales).

In 2017, MetraPark activities drew 782,000 attendees. MetraPark visitors originate from Yellowstone County, the State of Montana, neighboring states and communities across America. The analysis seeks to isolate those visitors that arrive from outside the local area and who presumably would not come to the region if the recreation/facility opportunities were not available.

The report recognizes that visitors arrive to attend specific events and others may extend their stay to attend activities. Either way their collective expenditures represent a major benefit to local hotels, restaurants, retail outlets, gas stations, rental services, etc.

While there is good supporting documentation to measure the 782,000 visitors there is little data to know what percentage of the visitors arrived from outside the area, the length of their stays or to know how they spent money in the local economy.

Using data from a 12 month period MetraPark staff, with the assistance of Visit Billings, conducted a thoughtful individual review of hundreds of events to conclude that 37.8% of 2017 visitors were from out of the area and the average stay was 1.1 days. The team also used available data to conclude that \$180 is the average per-person daily expenditure that should be applied to this analysis; note that no expenditure estimates were made for local attendees. The study then used findings from the Institute of Tourism and Recreation Research, [2017 Nonresident Visitation, Expenditures & Economic Impact Estimates](#), Kara Grau, which helped to estimate how the visitor expenditures might be distributed in the economy.

HOW TO READ THIS ANALYSIS

The report has several headings, including direct impact, indirect and induced impact and total impact. Definitions for these headings are posted in Wikipedia at [http://en.wikipedia.org/wiki/MIG, Inc.](http://en.wikipedia.org/wiki/MIG,_Inc) A summary of the website follows:

The Multiplier Model is derived mathematically using the input-output model and Social Accounting formats. The Social Accounting System provides the framework for the predictive Multiplier Model used in economic impact studies. Purchases for final use drive the model. Industries that produce goods and services for consumer consumption must purchase products, raw materials, and services from other companies to create their product. These vendors must also procure goods and services. This cycle continues until all the money is leaked from the region's economy. There are three types of effects measured with a multiplier: the direct, the indirect, and the induced effects. The direct effect is the known or predicted change in the local economy that is to be studied. The indirect effect is the business to business transactions required to satisfy the direct effect. Finally, the induced effect is derived from local spending on goods and services by people working to satisfy the direct and indirect effects.

1. **Direct effects** take place only in the industry immediately affected: if DEMCO (example name for this hypothetical company) adds 39 employees, the manufacturing industry gains 39 employees.
2. **Indirect effects** concern inter-industry transactions: because DEMCO is expanding, they have an increased demand for locally produced materials needed to produce their product. This will affect all of their suppliers, possibly resulting in a few more jobs. Supplier employment gain would be the indirect effects.
3. **Induced effects** measure the effects of the changes in household income: employees hired by DEMCO and suppliers may add expenditures in restaurants and shops. These changes affect the related industries.^[1]
4. **Impacts** the total changes to the original economy as the result of a defined event. i.e. Direct effects + Indirect effects + Induced effects = Impacts
5. **Frequency** (not included in the Wikipedia definition) identifies whether the event provides a one-time benefit or if the benefit is annually reoccurring. Events are reported in this analysis as either 'one-time' or 'on-going'.

Summary of Economic Impacts

THE FOLLOWING SUMMARIZES THE ECONOMIC IMPACT REPORT AND ITS FINDINGS AS SHOWN ON PAGES 11 – 16

Gross Economic Output: The analysis shows that MetraPark generates a total of \$150.9 million in annual gross economic output. Gross Economic Output includes direct and indirect/induced impacts. There are several elements that comprise MetraPark's direct economic impact.

Direct Impacts: The total of \$107,648,556 in direct impact is made up of MetraPark's annual operating budget; its forecasted capital improvement expenses; the estimated benefits from vendor revenues and the estimated values for visitor spending. Direct dollars, plus the indirect and induced benefits total the gross economic output. Direct benefits multiply as expenditures from MetraPark operations, visitor spending and vendor revenues course through the local area. The \$107.6 million of initial direct dollars are increased by indirect and induced impacts.

Indirect and Induced Impacts. There were \$43,296,437 in indirect and induced impacts. Visitor spending is divided into two types of secondary effects - indirect and induced. Indirect effects are the changes in sales, income or jobs in sectors within the region that supply goods and services to the tourism sectors, (for example, the increased sales in linen supply firms resulting from more motel sales is an indirect effect of visitor spending). Induced effects result from increased household spending from local earnings in the tourism and supporting sectors.

Gross County Product: of the total \$150 million in benefits the Gross County Product, or the benefit retained in the local county, is estimated at \$87.8 million. This analysis uses three additional studies to further define the Gross County Product and its local benefits. When the totals of these three studies are added together they roughly equal the Gross County Product:

- 1) Total Labor Income - \$52.2 million. Labor income is defined as the amount of benefit that goes to wages and compensation. The report also includes a study for Total Employment. The study restates Labor Income as the number of jobs benefited. The MetraPark analysis shows that the combined impacts of MetraPark operations, vendor revenues and visitor spending benefits 2,023 jobs. Job benefits include full time, part-time and seasonal workers. MetraPark's direct expenditures influence local jobs but by

far the largest job benefits come from the facility's ability to foster increased visitor dollars and vendor revenues.

2) Capital Income - \$24.7 million. Capital Income is also described as non-labor benefits it includes profits, interest income, rents etc.

3) Indirect Business Tax - \$10.8 million. Indirect business taxes are derived from both direct and indirect sources but in this analysis they are mostly the result of vendor revenues and visitor spending as millions of new dollars flow through Yellowstone County.

The Economic Impact Report (attached below) details the impacts. The report has been divided into its respective expenditure and revenue elements to add clarity on how benefits are derived. The study's reporting categories are described above in the "Report Methodology and Assumptions" section.

Summary:

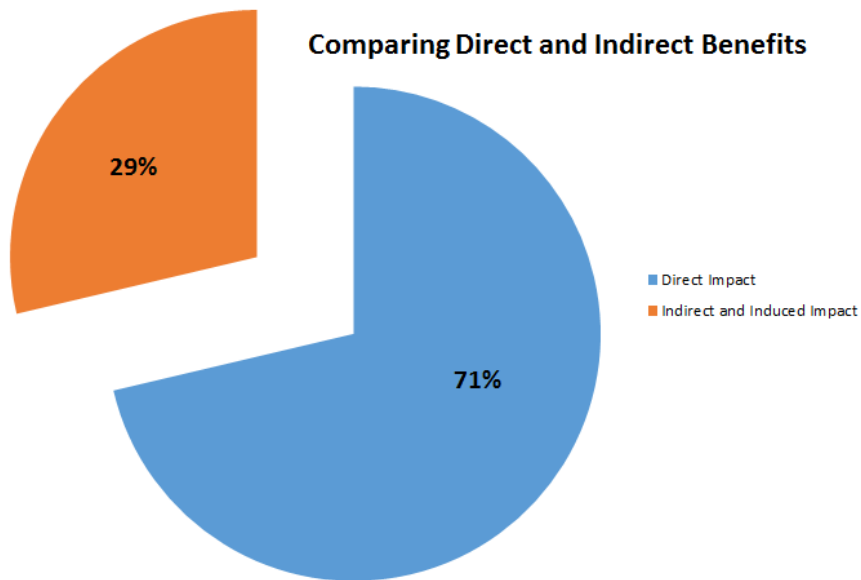
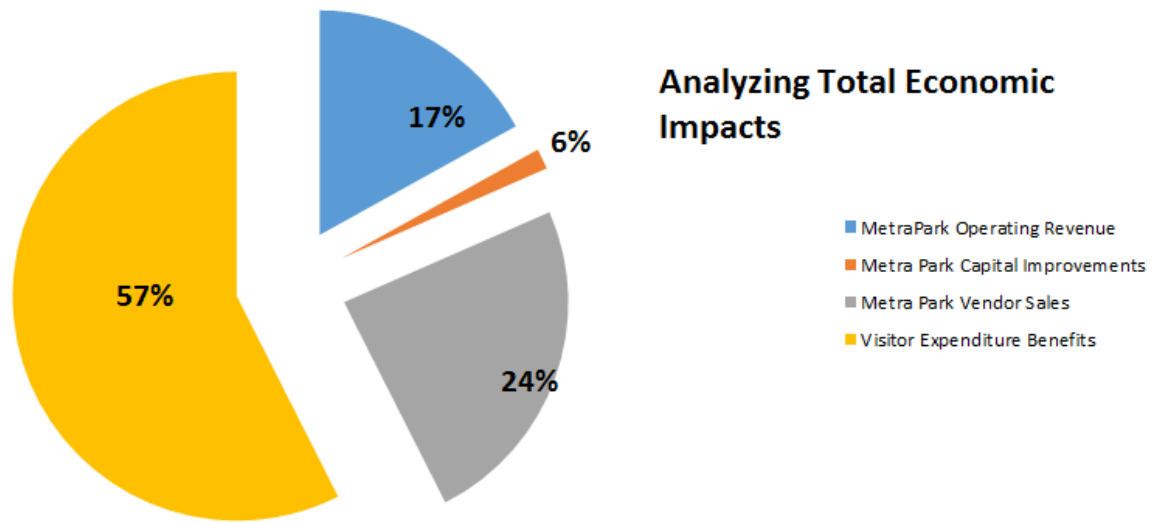
- ***\$150.9 million in Gross Economic Output***
- ***\$87.8 million in Gross County Product.***
- ***\$52.2 million in Total Labor Income***
- ***2,023 total jobs (full and part-time).***
- ***\$24.7 million in Capital Income.***
- ***\$10.8 million in Indirect Business Taxes and Fees.***

METRAPARK - 2018 ECONOMIC IMPACT REPORT

GROSS ECONOMIC OUTPUT

The aggregated market value of goods and services produced by firms and government enterprises in the County's economy. It is essentially equal to the revenue collected by businesses (including indirect taxes) within the County.

Applicable Industry	Frequency	Direct Impact	Indirect and Induced Impact	Total Impact
MetraPark Operating Revenue	On Going	\$18,132,764	\$7,461,493	\$25,594,257
MetraPark - Capital Improvements	On Going	\$1,447,520	\$779,078	\$2,226,598
MetraPark - Vendor Sales Attributable	On Going	\$26,000,000	\$10,387,104	\$36,387,104
Visitor Related Benefits				
Visitor - Miscellaneous Services and Licenses	On Going	\$14,523,038	\$6,993,495	\$21,516,533
Visitor - Automotive / Transportation	On Going	\$3,280,966	\$1,210,721	\$4,491,687
Visitor - Food and beverage stores	On Going	\$3,440,365	\$1,394,847	\$4,835,212
Visitor - Food services and drinking places	On Going	\$12,703,230	\$5,282,258	\$17,985,488
Visitor - Gasoline stations	On Going	\$11,374,903	\$3,456,536	\$14,831,439
Visitor - Hotels and motels, including casino hotels	On Going	\$11,485,597	\$4,229,444	\$15,715,041
Visitor - Miscellaneous store retailers	On Going	\$5,260,173	\$2,101,460	\$7,361,633
Totals:		\$107,648,556	\$43,296,437	\$150,994,993



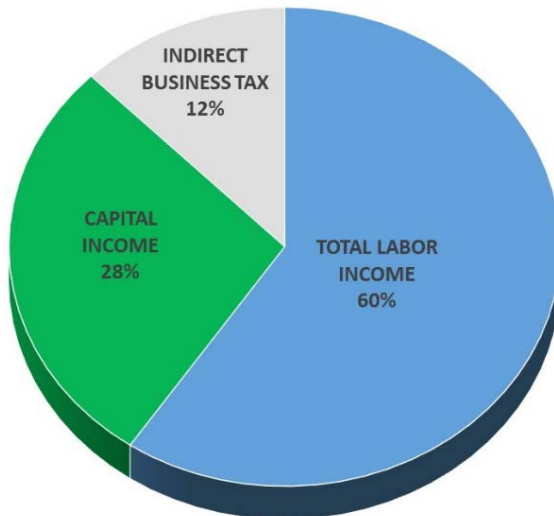
GROSS COUNTY PRODUCT

THE TABLES THAT FOLLOW FURTHER DESCRIBE GROSS COUNTY PRODUCT

The total value added created by the production of goods and services in the local economy. It is analogous to the concept of Gross Domestic Product at the national level. It represents the sum of labor compensation, capital type income (profits, interests and rents), and indirect business taxes (which are mainly sales taxes, but also include property taxes and government mandated fees).

Applicable Industry	Frequency	Initial Purchase	Total Impact
MetraPark Operating Revenue	On Going	\$18,132,764	\$15,005,956
MetraPark - Capital Improvements	On Going	\$1,447,520	\$1,186,609
MetraPark - Vendor Sales Attributable	On Going	\$26,000,000	\$25,167,511
Visitor Related Benefits			
Visitor - Miscellaneous Services and Licenses	On Going	\$14,523,038	\$8,280,229
Visitor - Automotive / Transportation	On Going	\$3,280,966	\$2,431,997
Visitor - Food and beverage stores	On Going	\$3,440,365	\$2,927,148
Visitor - Food services and drinking places	On Going	\$12,703,230	\$8,697,923
Visitor - Gasoline stations	On Going	\$11,374,903	\$9,645,723
Visitor - Hotels and motels, including casino hotels	On Going	\$11,485,597	\$9,367,768
Visitor - Miscellaneous store retailers	On Going	\$5,260,173	\$5,091,749
Totals:		\$107,648,556	\$87,802,614

Total Gross County Product - \$87, 8002,584



TOTAL LABOR INCOME
A COMPONENT OF GROSS COUNTY PRODUCT

The compensation to employees and self-employed proprietors including both wages and indirect payments such as retirement benefits, health insurance and other similar fringe benefits.

Applicable Industry	Frequency	Initial Purchase	Total Impact
MetraPark Operating Revenue	On Going	\$18,132,764	\$8,920,669
MetraPark - Capital Improvements	On Going	\$1,447,520	\$925,947
MetraPark - Vendor Sales Attributable	On Going	\$26,000,000	\$16,708,897
Visitor Related Benefits			
Visitor - Miscellaneous Services and Licenses	On Going	\$14,523,038	\$3,361,937
Visitor - Automotive / Transportation	On Going	\$3,280,966	\$1,687,136
Visitor - Food and beverage stores	On Going	\$3,440,365	\$1,878,226
Visitor - Food services and drinking places	On Going	\$12,703,230	\$5,535,485
Visitor - Gasoline stations	On Going	\$11,374,903	\$4,558,658
Visitor - Hotels and motels, including casino hotels	On Going	\$11,485,597	\$5,254,148
Visitor - Miscellaneous store retailers	On Going	\$5,260,173	\$3,380,450
Totals:		\$107,648,556	\$52,211,553

TOTAL EMPLOYMENT
RESTATES TOTAL LABOR INCOME AS JOB BENEFITS

The number of jobs generated within the County, and includes: * full-time and part-time positions * salary workers *sole proprietors.

Applicable Industry	Frequency	Initial Purchase	Total Impact
MetraPark Operating Revenue	On Going	\$18,132,764	172
MetraPark - Capital Improvements	On Going	\$1,447,520	23
MetraPark - Vendor Sales Attributable	On Going	\$26,000,000	739
Visitor Related Benefits			
Visitor - Miscellaneous Services and Licenses	On Going	\$14,523,038	114
Visitor - Automotive / Transportation	On Going	\$3,280,966	47
Visitor - Food and beverage stores	On Going	\$3,440,365	70
Visitor - Food services and drinking places	On Going	\$12,703,230	308
Visitor - Gasoline stations	On Going	\$11,374,903	160
Visitor - Hotels and motels, including casino hotels	On Going	\$11,485,597	241
Visitor - Miscellaneous store retailers	On Going	\$5,260,173	149
Totals:		\$107,648,556	2.023

CAPITAL INCOME
A COMPONENT OF GROSS COUNTY PRODUCT

The sum of all property type income (such as business profits, interest income and rental income) generated within the County.

Applicable Industry	Frequency	Initial Purchase	Total Impact
MetraPark Operating Revenue	On Going	\$18,132,764	\$5,484,204
MetraPark - Capital Improvements	On Going	\$1,447,520	\$213,104
MetraPark - Vendor Sales Attributable	On Going	\$26,000,000	\$4,248,615
Visitor Related Benefits			
Visitor - Miscellaneous Services and Licenses	On Going	\$14,523,038	\$4,474,660
Visitor - Automotive / Transportation	On Going	\$3,280,966	\$395,840
Visitor - Food and beverage stores	On Going	\$3,440,365	\$596,248
Visitor - Food services and drinking places	On Going	\$12,703,230	\$2,235,843
Visitor - Gasoline stations	On Going	\$11,374,903	\$3,313,511
Visitor - Hotels and motels, including casino hotels	On Going	\$11,485,597	\$2,892,788
Visitor - Miscellaneous store retailers	On Going	\$5,260,173	\$859,556
Totals:		\$107,648,556	\$24,714,367

INDIRECT BUSINESS TAX
A COMPONENT OF GROSS COUNTY PRODUCT

Are taxes and fees that are not based in the businesses' income. For the most part they represent sales taxes levied by the State and the county, but also include property taxes levied against businesses as well as fees imposed by federal, state and local governments.

Applicable Industry	Frequency	Initial Purchase	Total Impact
MetraPark Operating Revenue	On Going	\$18,132,764	\$601,083
MetraPark - Capital Improvements	On Going	\$1,447,520	\$47,559
MetraPark - Vendor Sales Attributable	On Going	\$26,000,000	\$4,209,999
Visitor Related Benefits			
Visitor - Miscellaneous Services and Licenses	On Going	\$14,523,038	\$443,633
Visitor - Automotive / Transportation	On Going	\$3,280,966	\$348,991
Visitor - Food and beverage stores	On Going	\$3,440,365	\$452,674
Visitor - Food services and drinking places	On Going	\$12,703,230	\$926,596
Visitor - Gasoline stations	On Going	\$11,374,903	\$1,773,553
Visitor - Hotels and motels, including casino hotels	On Going	\$11,485,597	\$1,220,832
Visitor - Miscellaneous store retailers	On Going	\$5,260,173	\$851,743
Totals:		\$107,648,556	\$10,876,664