

CenturyLink Center Omaha: An Engine Of Omaha's Economic Progress, 2002-2013

Produced for:
The Metropolitan Entertainment
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MECA
OMAHA



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Preface

CenturyLink Center Omaha : An Engine Of Omaha's Economic Progress, 2002-2013

In the summer of 2013, the Metropolitan Entertainment & Convention Authority (hereafter MECA) commissioned this study. The goal of the study was to estimate the impact of construction and operation of CenturyLink Center Omaha (hereafter CLC Omaha) on the City of Omaha from 2002 to 2013, focusing particularly on the facility's contribution to the economy and to the quality-of-life of residents of the city. This project, while funded by MECA, was developed independently of this organization. Any conclusions, findings, errors or misstatements are solely the responsibility of Goss & Associates, Economic Solutions.

The Goss & Associates research team thanks the staff of MECA, the Omaha Convention and Visitor's Bureau and the Greater Omaha Chamber of Commerce for their assistance in facilitating the completion of this study.

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¹ Goss & Associates is a veteran-owned business.

²This study was completed independent of Creighton University. As such, Creighton University bears no responsibility for findings or statements by Ernest Goss, or Goss & Associates, Economic Solutions.

Cover page photo source: MECA Communications

Specific goals of the study are:

- Measure the business volume, employment, and government revenue impact of CLC Omaha's yearly operations and capital spending.
- Measure the economic impact of CLC Omaha visitors who attend conferences, meetings, and concerts as well as cultural events and trade shows.
- Quantify the economic and social impacts of CLC Omaha.
- Quantify the economic impact of CLC Omaha on the Omaha non-sports, entertainment and convention industry.
- Quantify the spillover effects of the availability of a sports, entertainment and convention venue on new business venture formation, enterprise growth, employment, and city and state tax collections.
- Estimate the rate-of-return for taxpayer-provided financial support for CLC Omaha.

About MECA

CenturyLink Center Omaha is owned by the City of Omaha and leased to the Metropolitan Entertainment & Convention Authority (MECA) to manage. MECA is also responsible for the operation of the Omaha Civic Auditorium and TD Ameritrade Park Omaha which opened in 2011 and is the home to the NCAA Division I Men's College World Series, and Creighton Bluejays baseball.

Executive Summary

CenturyLink Center Omaha: An Engine Of Omaha's Economic Progress, 2002-2013

In the subsequent pages of this study, the impacts of CenturyLink Center Omaha (hereafter CLC Omaha) are identified and estimated.³ For fiscal 2013 for the City of Omaha, it is estimated that CLC Omaha produced \$375.6 million in overall impacts, \$117.3 million in wages and salaries, \$7.8 million in self-employment income, and \$21.1 million in local tax collections.

For Omaha taxpayer-provided funding, CLC Omaha produced an annual rate-of-return of 2.5 percent in 2013 dollars and 8.7 percent in non-inflation adjusted dollars.

Additionally, it is estimated that CLC Omaha supported 4,281 jobs directly and indirectly for 2013. In terms of the rate-of-return, each \$1.00 in Omaha taxpayer support over the period 2002 to 2027 returned \$1.09 in Omaha city taxes and other benefits.

For Omaha taxpayer-provided funding, CLC Omaha produced an annual rate-of-return of 2.5 percent in 2013 dollars and 8.7 percent in non-inflation adjusted dollars.

General Impacts

- CLC Omaha has anchored the Omaha entertainment, recreation and accommodation sector over the past decade.
- CLC Omaha was a major impetus for the cleanup of the ASARCO site and surrounding land.
- The addition of CLC Omaha expanded the entertainment portfolio of Omaha and allowed the city to attract events such as the U.S. Olympic Swim Trials, the NCAA Volleyball Championships and the NCAA Regional Basketball playoffs.
- Prior to the opening of CLC, Omaha was unable to host concert headliners such as Elton John and Bruce Springsteen. Omaha concert goers were required to head to Ames, Iowa, Chicago, and Kansas City to attend such events.
- Average attendance at Creighton men's basketball games rose 68.1 percent in the three years after beginning play in CLC Omaha compared to the prior three years at the Omaha Civic Auditorium.
- Over the last 10 years, CLC Omaha has attracted 4.2 million convention center attendees and 8.1 million visitors for arena events.
- Over the past 10 years, the Omaha Civic Auditorium has attracted 2.9 million attendees. Data indicate that CLC Omaha did not cannibalize significantly from the Civic Auditorium.

³Impacts estimated in this study do not include the media relations benefits stemming from events and conventions hosted by CLC Omaha.

Executive Summary

Impact on the overall economy fiscal years 2002-2013⁴

CLC Omaha generated almost \$4.8 billion in sales or business volume for the local economy. Approximately \$2.5 billion of this impact represented spillover impacts.⁵

Between 2002-2013 CLC Omaha generated almost \$4.8 billion in sales or business volume for the local economy.

Impact on state and local tax collections 2002-2013

- For fiscal 2013 alone, it is estimated that CLC Omaha accounted for more than \$36.4 million in state and local tax collections. Approximately \$21.1 million of this total was local taxes.
- Of total state and local taxes created for 2013, 32.8 percent were sales taxes, 7.0 percent were individual income taxes, 1.6 percent were corporate taxes, 34.8 were property taxes, 10.7 percent were occupational taxes, and the remaining 13.2 percent came from other or miscellaneous taxes.⁶
- Between fiscal years 2002 and 2013, CLC Omaha generated a total of \$86.4 million in tax collections for the City of Omaha and approximately \$389.6 million in combined state and local taxes.

For fiscal 2013 alone, it is estimated that CLC Omaha accounted for more than \$36.4 million in state and local tax collections.

⁴ This study was completed using the Implan Input-Output methodology explained in Appendices A and B. The economic impact in future years will be higher or lower based on the inflation rates, the number of CLC Omaha attendees and capital spending.

⁵ \$4.8 billion (total impact) minus \$2.3 billion (direct impact). Spillover impacts represent 'ripple' impacts in related businesses as entertainment and event dollars are re-spent in the community. For example, vendors of the facility will spend a portion of their earnings in the retail sector. This spending creates sales, earnings and jobs, termed spillover impacts, for business in the retail trade sector.

⁶Property taxes take into account tax increment financing (TIF).

Executive Summary

Impact on the Douglas County labor force for 2002-2013

- Both directly and indirectly, CLC Omaha operations and construction activity supported an average of 4,833 jobs with a total payroll of more than \$1.7 billion.⁷
- Average salaries and wages for each direct and indirect job supported was approximately \$28,972.

Both directly and indirectly, CLC Omaha operations and construction activity supported an average of 4,833 jobs with a total payroll of more than \$1.7 billion.

Impact on the related industries (spillovers) for fiscal 2013

- Approximately 266 of Omaha's 431 industries experienced impacts from CLC Omaha operations. For example, for the local area's retail gasoline stations and stores, CLC Omaha operations supported \$26.7 million in wages and salaries and \$60.3 million in net revenue or business volume.

Impact on state and local long-term economic growth

- The presence of CLC Omaha increases the attractiveness of the community and encourages the startup and/or relocation of other businesses in the state.
- Based on surveys of attendees at events, approximately 63.5 percent of attendees came from outside of Omaha. Non-Omaha dollars are important for the city's long-term growth.

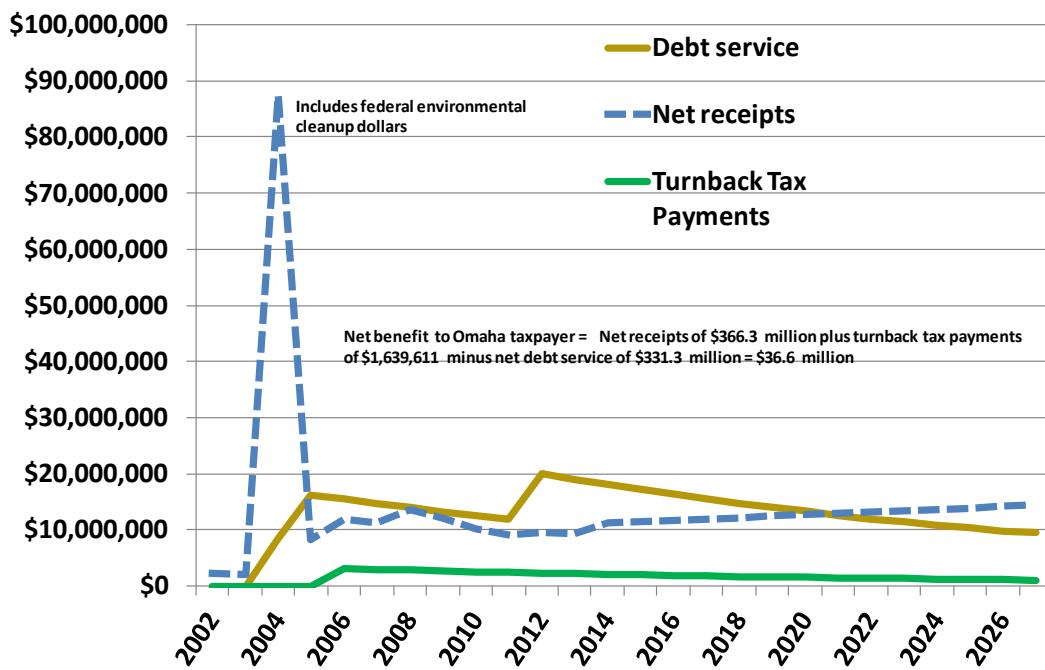
Figure EX1 summarizes the impact for the Omaha taxpayer.

Based on surveys of attendees at events, approximately 63.5 percent of attendees came from outside of Omaha.

⁷Jobs by industry are produced in table 2.6. Jobs by occupation are not supplied by estimation methodology

Executive Summary

Figure EX1: Costs and benefits to Omaha taxpayer, 2002-27 (2013 dollars)



Source: Debt service, City of Omaha; turnback tax payments, City of Omaha; net receipts, Goss & Associates



CenturyLink Center Omaha. Source: MECA Communications.

Chapter 1

CenturyLink Center Omaha - Overview

Introduction

In his State of the City address in January 1997, then Mayor Hal Daub declared that in order for Omaha to meet the needs of a dynamic city and stimulate economic growth, the city needed both a new convention center and a new sports arena located downtown. In a May 1997 study, the *Greater Omaha Chamber of Commerce* called for the construction of a \$200 million arena-convention center as well as a special authority to manage the planning and construction of the facility and related city-owned venues. Two years later, Mayor Daub won the approval of the city council. The city recommended a \$198 million bond issue to finance the convention center portion of the plan.

In May 2000, Omaha voters supported the bond issue. They also approved the formation of the Metropolitan Entertainment & Convention Authority (MECA) to oversee construction and management of a new facility that would dramatically change the landscape of downtown Omaha.⁸ Financed through \$216 million in bond funds, an additional \$75 million in private donations, and a multi-year operating subvention from the city of Omaha⁹, the structure would contain an arena, exhibition halls and meeting space. Constructed by Kiewit Construction Company, the complex would total more than one million square feet.¹⁰

Today, CLC Omaha accommodates up to 18,300 attendees in its arena and offers seven locker rooms, five dressing rooms, media interview room and broadcast facilities. Its convention center features more than 194,000 square feet of exhibit space and has accommodated everything from an Olympic sized swimming pool to a fighter jet.¹¹

CLC Omaha hosted 374 event days in the past year including concerts, conventions, trade shows, sporting events and more. Figure 1.1 lists attendance for CLC Omaha from the beginning of operations in 2003 to 2013. Attendance has exceeded one million for every year of operations, with the highest number of visitors in years 2007-2008 and 2008-2009 with totals of 1.48 million and 1.43 million, respectively. Figures dropped in 2009-2010 and 2011-2012 as the number of concerts was reduced significantly as promoters delayed bookings due to the national economic downturn.¹²

A timeline of major CLC Omaha milestones is presented on the following page.

"This visionary and very broad-based effort was the transformative centerpiece which energized Omaha to reach for the stars. As the largest public works project in Nebraska's history,¹³ utilizing \$500 million of taxpayer dollars, leveraged by the equivalent of \$250 million in private sector contributions, it spawned more than an additional \$1 billion in development, rebirthing the riverfront-airport corridor and downtown Omaha."

Former Omaha Mayor
Hal Daub, 2013

⁸ <http://www.omahameca.com/About/WhoWeAre.aspx>.

⁹ Financial statements for the year ended December 31, 2001, and the period from August 25, 2007, supplemental schedule and independent auditors report.

¹⁰ <http://www.kiewit.com/projects/building/sports-entertainment/centurylink-convention-center-and-arena/>

¹¹ MECA Communications.

¹² Financial statements for the year ended June 30, 2010 and 2009.

¹³ The largest public works project at the time CLC Omaha and related development was undertaken.

CenturyLink Center

Omaha Major Milestones

2000

May 2000 - Omaha citizens approve formation of the Metropolitan Entertainment & Convention Authority (MECA) to construct and operate facility

August 25, 2000 - MECA signs 99 year Lease and Development Agreement with the City of Omaha

2001

March 1, 2001- Facility groundbreaking

2003

August 2003 - Qwest Communications International Inc. secures naming rights to facility

September 9, 2003 - Building opened; ribbon cutting

September 20, 2003 - First event- River City Roundup

October 3, 2003 - First concert- Cher

November 7, 2003 - First UNO Hockey game

November 9, 2003 - First Creighton Basketball game

2005

2005 - Ranked 8th in the World for arena concert ticket sales

2006

May 8, 2006 - Construction begins to add 1,500 seats to the arena, increasing capacity from 17,000 to 18,300

December 14, 2006 - Qwest Center Omaha hosts NCAA Volleyball Championship

2008

March 20, 2008 - Qwest Center Omaha hosts NCAA Division I Men's Basketball Championships 2nd and 3rd Rounds

April 2008 - MECA stops receiving city subvention payments five years early saving taxpayers more than \$10 million

June 30-July 7, 2008 - Qwest Center Omaha hosts U.S. Olympic Team Trials- Swimming

December 18, 2008 - NCAA National Championship Volleyball match drew 17,430 fans, the most people ever to attend an NCAA Volleyball match at that time

2009

February 2009 - Qwest Center Omaha receives Outstanding Achievement Award from Downtown Omaha, Inc.

2010

March 18-20, 2010 - Qwest Center Omaha hosts NCAA Division I Men's Wrestling Championships

2011

July 15, 2011- Name changed to CenturyLink Center Omaha

2012

March 16, 2012 - CLC Omaha hosts NCAA Division I Men's Basketball Championships 2nd and 3rd Rounds

June 25-July 2, 2012 - CLC Omaha hosts 2nd U.S. Olympic Team Trials – Swimming

2013

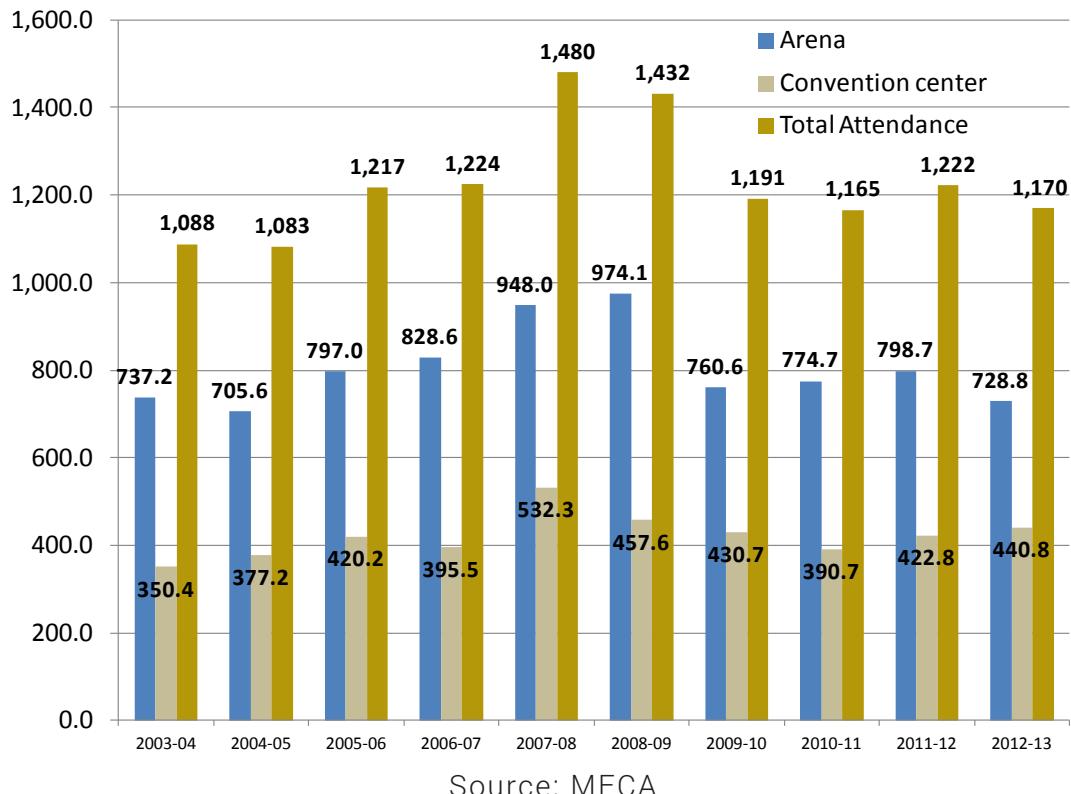
January 19-27, 2013 - CLC Omaha hosts 2013 U.S. Figure Skating Championships

Source: MECA Communications



Chapter 1: CenturyLink Center Omaha - Overview

Figure 1.1: CLC Omaha Attendance, (in thousands) 2003-13



Source: MECA



2012 Olympic Team Trials - Swimming. Source: MECA Communications.

Chapter 1: CenturyLink Center Omaha - Overview

Between fiscal 2007 and 2013, almost 6.5 million individuals attended conferences and events at CLC Omaha. Based on zip code data for 2012-13 and previous surveys by Goss and Associates, a large share of these individuals came from outside of Omaha. Even for concerts, non-Omaha residents made up a large percentage of attendees. Table 1.1 compares a sample of concerts for fiscal 2013 indicating that on average, only 34.7 percent of attendees were residents of Omaha. Attendees from outside of Omaha bring "new" dollars to the city and represent a powerful economic stimulus.

Table 1.1: Residence of concert attendees for sample of concerts 2012 - 2013

Concert	Percent Omaha	Percent Nebraska (outside Omaha)	Percent outside Nebraska
Jeff Dunham	35.2%	48.0%	16.8%
Zac Brown Band	35.5%	42.2%	22.4%
Maroon 5	35.4%	44.5%	20.1%
Taylor Swift	37.6%	42.0%	20.4%
Taylor Swift (second show)	31.5%	45.2%	23.3%
Kid Rock	28.1%	41.5%	30.3%
Bon Jovi	42.7%	41.3%	16.1%
Jason Aldean	26.3%	43.3%	30.4%
Carrie Underwood	35.6%	46.8%	17.6%
Justin Bieber	36.6%	35.7%	27.7%
Lil Wayne	40.4%	37.1%	22.4%
Keith Urban	31.7%	50.0%	18.3%
Avenged Sevenfold	27.3%	40.2%	32.4%
Macklemore & Ryan Lewis	41.3%	41.3%	17.4%
All concerts (average)	34.7%	41.8%	22.3%
All concerts (median)	35.4%	42.0%	22.3%

Source: Goss & Associates calculations based on MECA data

Note: Zip code data based on Internet and phone ticket sales.

Chapter 1: CenturyLink Center Omaha - Overview

CLC Omaha has been a major factor stimulating attendance growth for area teams and events. For example, Creighton University's men's basketball team ranked a best-ever sixth nationally in 2012-13 with an average of 17,155 fans per home game. Certainly the success of the team was an important force, but CLC Omaha itself was a contributor to Creighton's ability to attract fans to the games.

The three years prior to playing in CLC Omaha, Creighton men's basketball games averaged 6,775 in attendance, with an average national attendance ranking of 77. The three years after playing in CLC Omaha, the team's average home attendance soared to an average of 10,490, with a national attendance ranking of 38.

According to Bruce Rasmussen, Creighton University Athletic Director, CLC Omaha was a driving force in the Creighton Basketball program's move to the Big East Conference.

"The CenturyLink Center is one of the best basketball facilities in the country and has much to do with Creighton being in the top 10 in men's basketball attendance in the country the past few years, averaging over 17,000 fans per game. If the CenturyLink Center did not exist, Creighton would not be moving our athletics programs to the Big East."

Bruce Rasmussen,
Creighton University
Athletic Director,
1994 - Present



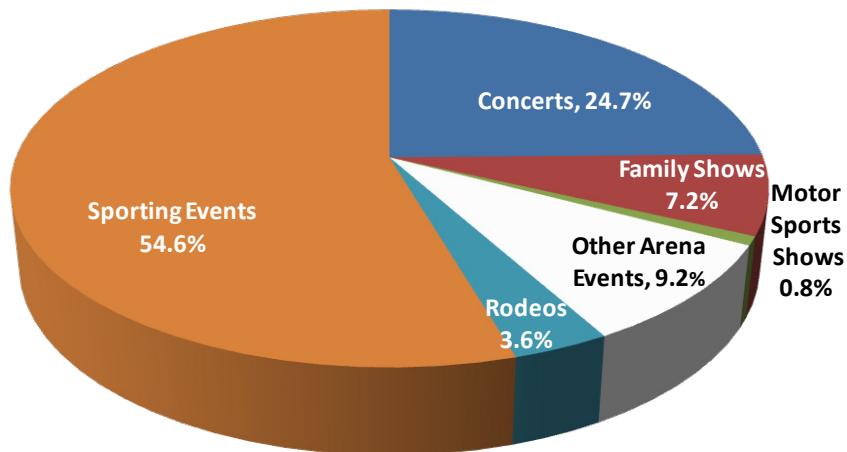
Creighton's Gregory Echenique tips in the ball during overtime to a packed house.
Source: MECA Communications.

Chapter 1: The CenturyLink Center - Overview

Certainly sporting events have been a mainstay for CLC Omaha, but other types of events have found their home at CLC Omaha as well. Figure 1.2 shows attendance by type of event for the arena. As indicated, sporting events accounted for 54.6 percent of total arena attendance between 2003 and 2013 while concerts accounted for 24.7 percent, family shows 7.2 percent, rodeos at 3.6 percent, motor sport shows 0.8 percent, and other miscellaneous events at 9.2 percent. Figure 1.3 indicates that attendance for the convention center was supported by consumer shows at 32.7 percent and citywide conventions at 30.0 percent.

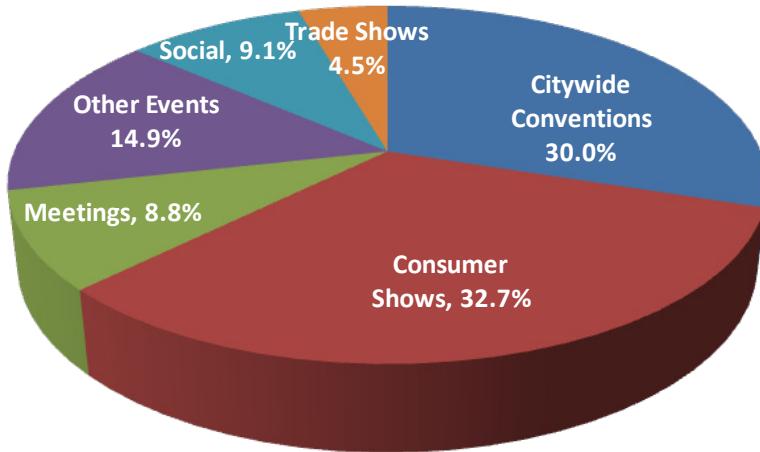
While CLC Omaha clearly benefits concertgoers and sports enthusiasts, the goal of this study is to gauge the significant role the facility plays on the City of Omaha, Douglas County and Nebraska economies. By becoming a part of the Omaha business community, CLC Omaha has provided a significant positive impact on the local and state economies in the form of sales, wages and salaries, jobs, and tax revenues.

Figure 1.2: Share of Arena attendance by type, 2003-13



Source: MECA

Figure 1.3: Share of Convention Center attendance by type 2003-13



Source: MECA

Chapter 1: CenturyLink Center Omaha - Overview

Signature Events and their Impact on the City

CLC Omaha enabled the city to compete for events and conventions that previously could not be hosted in Omaha. During fiscal years 2008-2012, the NCAA Men's Basketball Tournament 2nd and 3rd rounds, and the U.S. Olympic Swim Trials boosted attendance numbers, and despite an extremely competitive bidding process involving 53 cities, CLC Omaha was selected to host the NCAA Men's Basketball Tournament 2nd and 3rd rounds in 2015, as well as the U.S. Olympic Swim Trials in 2016. The Berkshire Hathaway 2013 Annual Shareholders meeting held at CLC Omaha drew approximately 35,000 visitors and resulted in \$3.4 million in tax revenues¹⁴. Table 1.2 lists attendance at four signature events, while Table 1.3 lists estimated impacts for three of the four signature events.

Table 1.2: Attendance at four signature events at CenturyLink Center Omaha

Residence of Attendees	U.S. Olympic Swim Trials 2008	March Madness 2008	NCAA Volleyball 2008	Berkshire Hathaway 2013 Annual Share- holder Meeting	Total	Percent of Total
Nebraska (Omaha & Lincoln)	59,633	20,644	5,237	n.a.	85,514	36.5%
Nebraska non-metro	4,908	5,735	18,720	n.a	29,363	12.5%
Outside Nebraska	95,462	21,521	2,681	n.a	119,664	51.0%
Total attendance	160,003	47,900	26,638	35,000	269,541	100.0%

Source: Goss & Associates surveys April 28, 2009 Report; Berkshire Hathaway impacts estimated by Omaha Convention & Visitors Bureau



2008 U.S. Olympic Swim Trials at CLC Omaha. Source: MECA Communications.

¹⁴Omaha Convention and Visitor's Bureau

Chapter 1: CenturyLink Center Omaha - Overview

Table 1.3: Impact of three signature events at CenturyLink Center Omaha

	Estimated Impacts (direct and spillover)			
	U.S. Olympic Swim Trials 2008	NCAA Regional Basketball Tournament 2008	NCAA Volleyball Final Four 2008	Total
Output or sales	\$22,693,456	\$3,900,000	\$2,750,000	\$29,343,456
Wages & salaries	\$7,923,779	\$1,200,000	\$1,020,000	\$10,143,779
Self-employment income	\$890,060	\$114,000	\$120,000	\$1,124,060
Jobs (year-round equivalent)	386	63	61	170 (average)
State taxes	\$909,000	\$205,000	\$153,000	\$1,267,000
Local taxes	\$395,000	\$51,000	\$300,000	\$746,000
Media impact (Universal Information services)	\$24,000,000	n.a.	n.a.	\$24,000,000

Source: Previous studies by Goss & Associates

Note: Output or sales includes wages & salaries, self-employment income and state and local taxes. Impact dollars are for the year of the event. Jobs include part-time and full-time.



2012 NCAA Tournament - Jayhawks and Purdue. Source: MECA Communications.

Chapter 1: CenturyLink Center Omaha - Overview

CLC Omaha Finances¹⁵

The first fiscal year for CLC Omaha, 2002-2003, consisted of construction and organization activities, with revenues obtained primarily from subvention funding by the City of Omaha¹⁶. However, fiscal year 2003-2004, the first year of operations, yielded nearly \$3.5 million in taxes and parking fees to the city and state, and almost 1.1 million visitors attended events in the arena and convention center.

During the second year of operations, 2004-2005, despite expectation of a deficit, CLC Omaha realized a profit of \$3.7 million. This enabled MECA to fully fund the following year's expanded arena seating, adding an additional 1,518 seats. The expansion allowed CLC Omaha to host national and regional sporting events, an accomplishment that would soon bring significant value to the center and to Omaha. In 2005-2006, the third year of operations, the center realized a profit of more than \$5 million, an increase of 33 percent over the prior year.

By 2004, MECA was able to reduce the annual subvention dollars provided by the city as a reimbursement for a portion of the construction costs. Due to continued operating profits, it was determined that the annual subvention funding provided by the city of Omaha, originally planned to remain in place until 2013, would be completely eliminated by the beginning of 2009. The last subvention payment was made in April 2008, resulting in a savings to Omaha taxpayers of nearly \$10.7 million.

Additional benefits accrued to the city in fiscal year 2007 as a result of the passage of Legislative Bill 426, *Convention Center Facility Financing Assistance Act*. This legislation allowed 70 percent of tax revenues generated at CLC Omaha to be returned to the City of Omaha with 90 percent to be used to reduce the city's bond debt resulting from CLC Omaha construction costs. For fiscal year 2007, MECA provided \$2,671,928 of this "turnback tax" to the City of Omaha. By June 2008, CLC Omaha had paid a total of \$14.9 million to Omaha and the State of

Nebraska in the form of sales and seat taxes and parking revenues. The 2008 payments were approximately 16 percent higher than those for the previous year.

In addition, in 2008 CLC Omaha was able to provide nearly \$2.5 million in sales taxes, facility fees and parking revenues to the City of Omaha, the most revenue that had ever been returned to the city in a single year. By the end of fiscal 2009, CLC Omaha had contributed more than \$47 million in taxes and payments to Omaha and Nebraska.

Also encouraging were the 2010 NCAA Division I Wrestling Championships. The event broke records for single-session and all-session ticket sales. Additionally, the Berkshire Hathaway Annual Shareholders meeting broke attendance records with a 10 percent increase over the previous year. Despite the national economic slowdown, for fiscal 2010 CLC Omaha supported the City of Omaha with more than \$2 million in sales tax, seat tax and parking revenue, as well as generating nearly \$2.4 million in state turnback taxes for the city.

As a result of very successful operations, CLC Omaha has produced significant revenue in addition to indirect support for the city. Figure 1.4 compares CLC Omaha net profits from operations and operating income over the period 2004 to 2012.

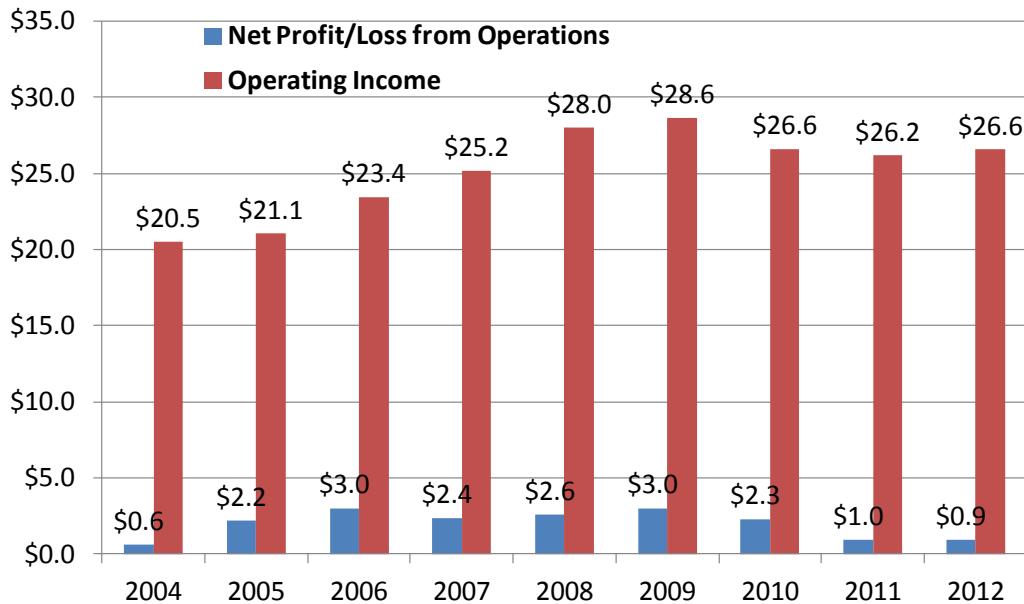
Early elimination
of subvention
payments saved
Omaha taxpayers
nearly \$10.7 million.

¹⁵MECA financial statements for the years ended June 30, 2005 and 2004; 2007 and 2006; 2008 and 2007; and 2008 and 2009, and independent auditor's reports.

¹⁶Subvention is the yearly payment by the City of Omaha paid until 2008 for MECA operations.

Chapter 1: CenturyLink Center Omaha - Overview

Figure 1.4: CLC Omaha net profit/loss from operations & operating income (in millions), 2004-12



Source: MECA

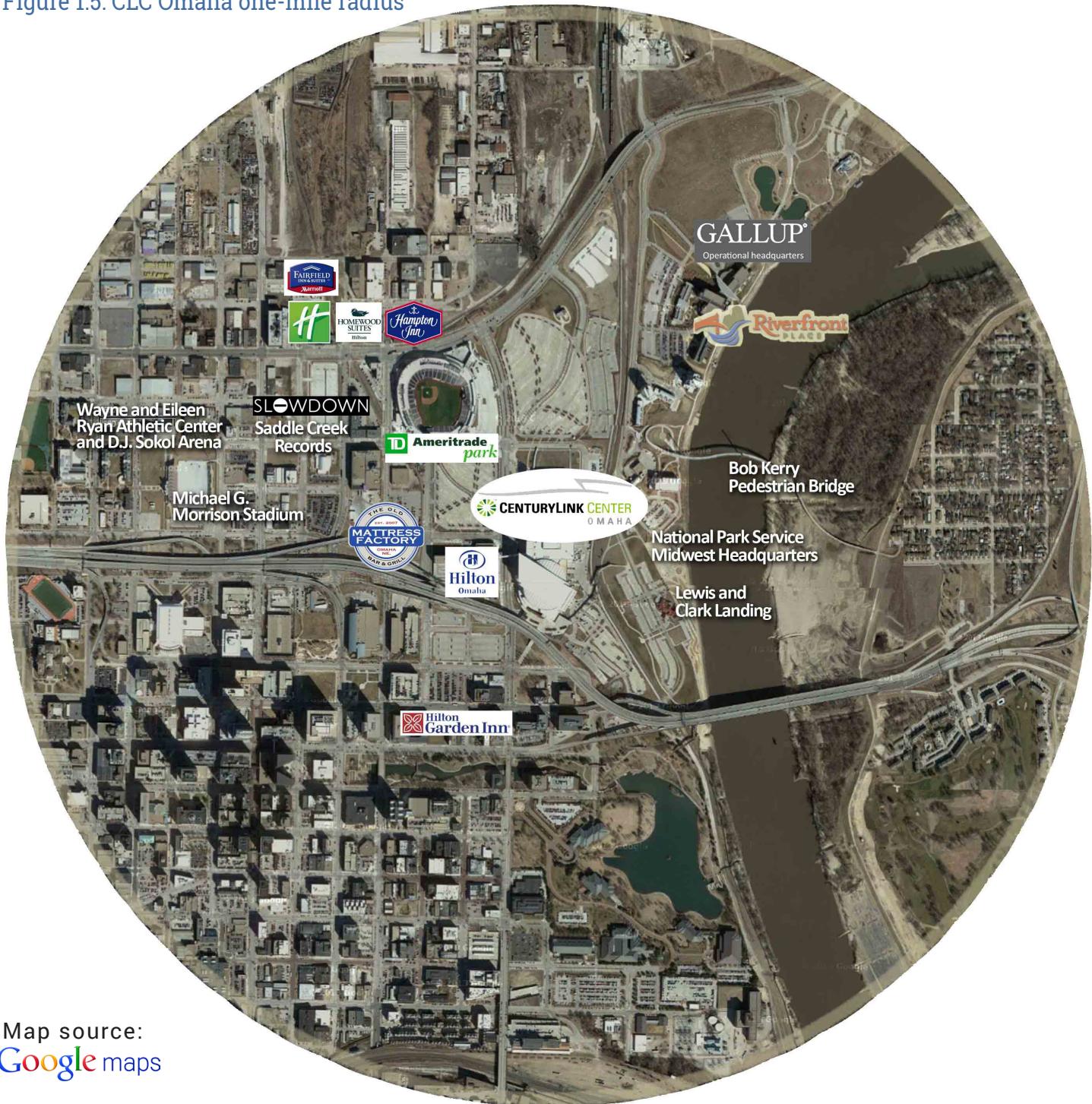


Green Day performance in the CenturyLink Center Omaha Arena. Source: MECA Communications.

Chapter 1: CenturyLink Center Omaha - Overview

The preceding financial data show that CLC Omaha is one of the most successful entertainment, sports and convention venues in the nation. Designed by the Omaha-founded DLR Group, the complex borders the Old Market entertainment district and is situated within a stone's throw of TD Ameritrade Park Omaha, home to the NCAA College World Series. Figure 1.5 shows development within a one-mile radius surrounding CLC Omaha that has taken place since the facility opened. All of the labeled development was, to a large extent, the result of the successful operations of CLC Omaha.

Figure 1.5: CLC Omaha one-mile radius



Map source:
[Google maps](#)

Chapter 1: CenturyLink Center Omaha - Overview

Below is a westward view of the reclaimed area that would eventually be turned over to Omaha and become the site for CLC Omaha. An award-winning demolition and cleanup of this former lead refinery was the result of an effort by the city and led by Omaha-founded HDR, a global employee-owned firm providing architecture, engineering, consulting, and construction.



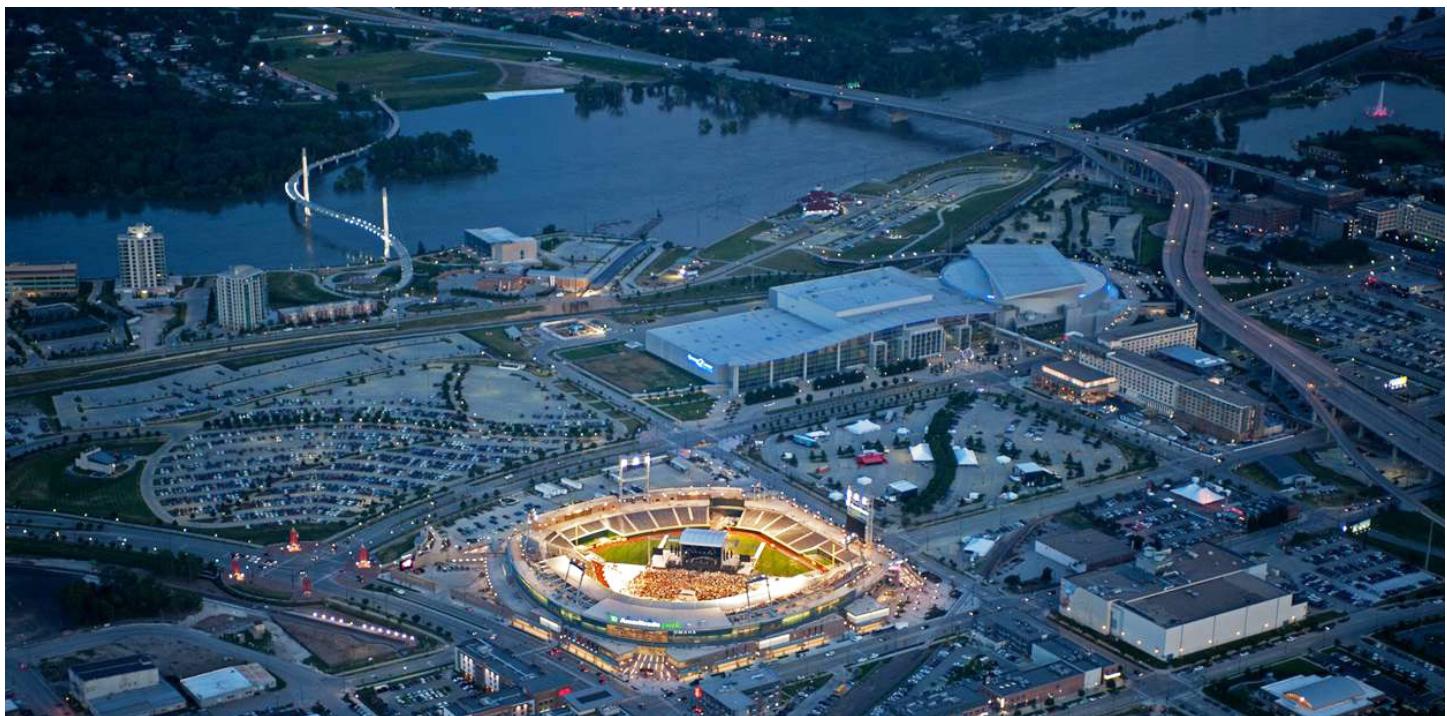
ASARCO plant site remediation before CLC Omaha. Photo courtesy of HDR, Inc. and Tom Kessler Photography.

More than a decade later, CLC Omaha sits in the foreground with TD Ameritrade Park Omaha pictured to the northwest. The Bob Kerrey Pedestrian Bridge curves across the Missouri River as surrounding shops, restaurants and hotels are frequented by visitors to the Riverfront and Omaha's downtown Old Market area. The striking difference between before and after CLC Omaha demonstrates how much of a stimulus CLC Omaha has been to other commercial development.



Aerial view of CLC Omaha, TD Ameritrade Park Omaha and vicinity. Photo courtesy of U.S. Corps of Engineers.

Chapter 1: CenturyLink Center Omaha - Overview



CLC Omaha with TD Ameritrade Park in the foreground. Source: MECA Communications.

The next chapter of this study quantifies the development impacts of the CLC Omaha in addition to monetizing the operational impacts of CLC Omaha.

"The environmental remediation of hundreds of acres of contaminated land, the cooperation of federal, state and local governments that permitted creative, adaptive reuse of this large tract of land, and the explosion of private, property tax-paying, sales tax-generating, job-creating development has delivered Omaha a new and lively modern image.

We now attract young people to stay in Nebraska and businesses and industry to trust and prosper in this cosmopolitan place as the quantifiable rewards of this magnificent undertaking. A great city is always under construction, and these results of the past fifteen years are the foundation of an even more attractive Omaha of the future."

Former Omaha Mayor Hal Daub, 2013

Chapter 2

Estimated Economic Impacts

Introduction

CLC Omaha expenditures provide a source of jobs and income for residents of the city of Omaha. This spending for locally-supplied goods and services consists of construction outlays, equipment and supply purchases, and spending by CLC Omaha employees. This initial spending leads to further spending by residents with a resultant impact that is a multiple of "first round" spending. Thus, the impact of CLC Omaha continues after the initial money is spent for goods and services.

The facility and its operations support many enterprises and individuals that are indirectly linked to CLC Omaha. The largest ongoing impact of CLC Omaha comes from visitors and attendees at events and conferences. A high proportion of this spending is either from non-Omaha residents or spending by Omaha residents that would have taken place outside of the city if CLC Omaha did not exist. For example, concert devotees traveled to venues in Kansas City, Iowa and Chicago to see entertainers such as Taylor Swift or Bruce Springsteen who demand a venue significantly larger than that available in Omaha prior to construction of CLC Omaha.

In other words,
CLC Omaha did not
cannibalize conventions,
meetings, and
conferences at other
Omaha venues but were
net additions.

Additionally, an analysis between CLC Omaha attendance and Civic Auditorium attendance finds almost no association between the two. The correlation coefficient between attendance at the two facilities between 2003 and 2012 was only -0.09.¹⁷

In fact, after five years of CLC Omaha operations, Civic Auditorium attendance had expanded by 3.0 percent.

In fact, after five years of CLC Omaha operations, Civic Auditorium attendance had expanded by 3.0 percent. Only after the Creighton Women's Basketball team moved from the Civic Auditorium to the Wayne and Eileen Ryan Athletic Center on Creighton's campus in 2009-10 did Civic Auditorium attendance suffer significant losses. Between 2004 and 2011 the number of event days at the Civic Auditorium advanced by 5.4 percent and the number of attendees rose by 13.5 percent. In other words, CLC Omaha did not cannibalize conventions, meetings, and conferences at other Omaha venues.

Before impacts can be estimated, the number of attendees at CLC Omaha who would have alternatively attended other Omaha venues must be determined. In the estimates that follow, it is assumed that approximately one-third of arena attendees are Omaha residents.¹⁸ The spending of these local residents is thus assumed to have no impact.

¹⁷A correlation coefficient from -0.10 and +0.10 indicates almost no association between CLC Omaha attendance and Omaha Civic Auditorium attendance.

¹⁸In three surveys of events at the CLC Omaha, it was found that 36.5 percent of attendees were Omaha or Lincoln residents. In order to produce a more conservative estimate, it is assumed that there is no impact from Lincoln residents.

Chapter 2: Estimated Economic Impacts

The impact of CLC Omaha spending on the City of Omaha is greater than, or a multiple of, the initial round of outlays. Using input-output multipliers, the study provides sales, earnings and job impacts in addition to estimating the impact of the initial spending on state and local tax collections. Input-output multipliers show how spending initiated in one industry, sports, entertainment and convention spending in this case, is filtered throughout the economy. For each dollar generated by CLC Omaha, there are direct effects for the initial spending plus the spillover impacts into the rest of the economy.

Input-output multiplier models are the most frequently-used type of analysis tool for economic impact assessment. Input-output analysis assumes that each sector purchases products and services from other sectors and then sells its output to other sectors and/or final consumers.

For each dollar generated by CLC Omaha there are direct effects for the initial spending plus spillover impacts into the rest of the economy.



Creighton Bluejays vs. Oregon. Source: MECA Communications.

The multiplier system that was used is IMPLAN.¹⁹ This is a widely-used and accepted methodology and is described in more detail in the Appendices.

In tailoring the IMPLAN model for CLC Omaha spending, Goss & Associates used conservative assumptions. Impacts were calculated for five categories that reflect the contribution of CLC Omaha to the state and local economy. These are:

1. Output-contribution to overall economic activity.
2. Employment-contribution to the job base.
3. Wages and salaries-contribution to wages and salaries.
4. Self-employment income-contribution to the income of self-employed individuals.
5. Taxes-contribution to state and local tax collections.

¹⁹ IMPLAN (Impact Analyses and Planning) is computer software consisting of procedures for estimating local input-output models. It is one of the most widely-used and accepted tools for impact assessment. The U.S. Forestry Service, in cooperation with the Federal Emergency Management Agency and the U.S. Department of the Interior's Bureau of Land Management originally developed IMPLAN to assist in land and resource management planning. Since 1993, the Minnesota IMPLAN Group Inc. in Stillwater, Minnesota, with exclusive licensing and distribution rights, has continued development and maintenance of the IMPLAN system. Goss & Associates is a licensed user of IMPLAN.

Chapter 2: Estimated Economic Impacts

Total Impact on Omaha Economic Activity

The first step in measuring impacts was to input CLC Omaha direct spending into the IMPLAN Multiplier System. Table B.1 in Appendix B lists direct spending for fiscal 2013. Table 2.1 lists impacts from this direct spending. Estimates in Table 2.1 are direct plus indirect and induced.

As indicated, for fiscal 2013 for the city of Omaha, the initial spending generated a total of \$375.6 million in sales²⁰, \$117.3 million in wages and salaries, \$7.8 million in self-employment income²¹, and supported approximately 4,281 jobs.

Table 2.2 below includes the total impacts of CLC Omaha on Douglas County over the first twelve fiscal years. As shown in Table 2.2, between 2002 and 2013, CLC Omaha produced nearly \$4.8 billion in sales impacts, more than \$1.7 billion in wages and salaries and just under \$141.9 million in self-employment income. Additionally, CLC Omaha supported an average of 4,833 direct and spillover jobs for the period.

Table 2.1: Estimated impacts on Omaha & Douglas County – fiscal 2013
(in 2013 dollars)

	Douglas County	City of Omaha
Sales or business volume	\$406,363,404	\$375,599,698
Wages and salaries	\$147,873,887	\$117,341,053
Self-employment income	\$8,440,602	\$7,801,607
Average year-round jobs	5,395	4,281

Source: Implan Multiplier System

Table 2.2: Estimated impacts on Douglas County fiscal 2002 – 2013 total (in 2013 dollars)

	2002	2003	2004	2005	2006	2007	2008
Sales or business volume	\$444,791,165	\$434,786,336	\$284,385,284	\$319,378,750	\$337,680,616	\$365,873,555	\$443,348,152
Wages and salaries	\$147,623,849	\$144,303,293	\$102,626,720	\$115,303,020	\$121,895,514	\$132,412,239	\$160,532,960
Self-employment income	\$30,210,171	\$29,530,627	\$5,864,538	\$6,571,517	\$8,356,181	\$7,526,029	\$9,110,642
Average year-round jobs	3,171	3,100	3,763	4,231	4,319	4,856	5,886
	2009	2010	2011	2012	2013	2002-2013 Total	
Sales or business volume	\$509,304,444	\$431,839,056	\$377,894,840	\$439,606,962	\$406,363,404	\$4,795,252,564	
Wages and salaries	\$184,528,285	\$156,631,245	\$137,214,420	\$159,796,351	\$147,873,887	\$1,710,741,784	
Self-employment income	\$10,453,372	\$8,890,146	\$7,802,923	\$9,104,196	\$8,440,602	\$141,860,944	
Average year-round jobs	6,747	5,724	5,012	5,834	5,395	4,833	

Source: IMPLAN Multiplier System

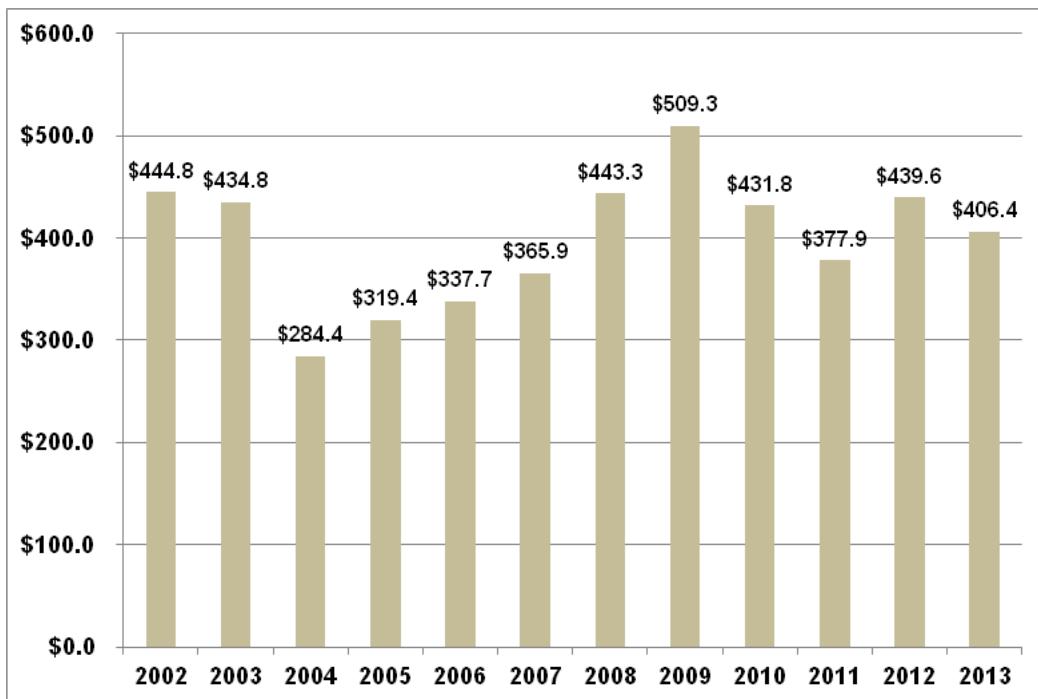
²⁰Output or total impacts include wages & salaries, self-employment income, and state and local taxes.

²¹Self-employment income includes earnings for self-employed individuals such as attorneys, accountants and consultants.

Chapter 2: Estimated Economic Impacts

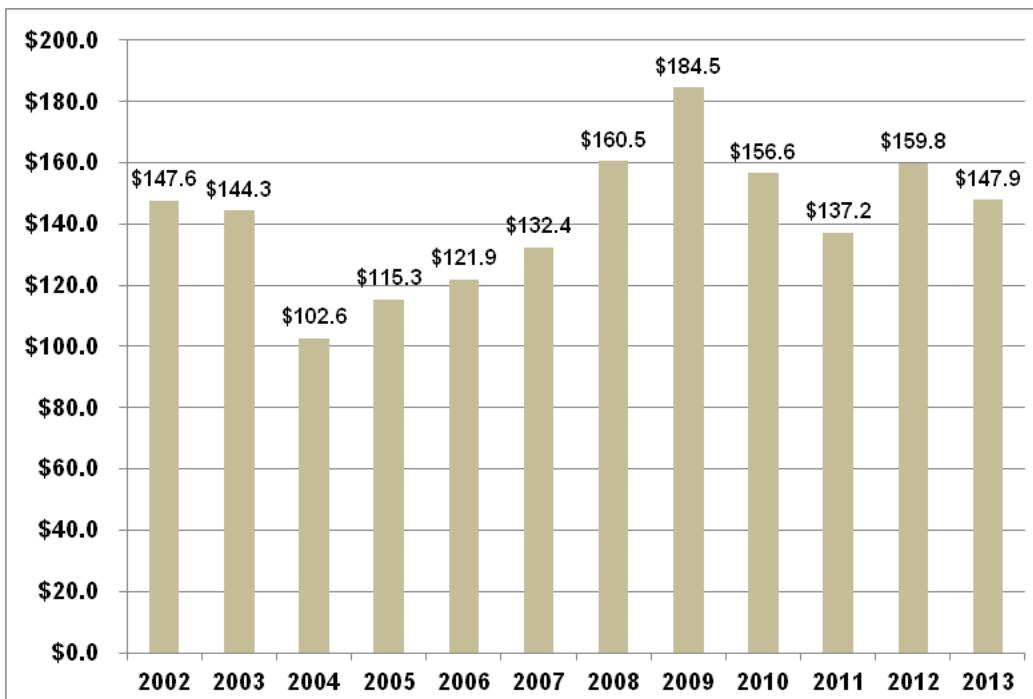
Figures 2.1, 2.2, 2.3, and 2.4 below graphically depict impacts of CLC Omaha on Douglas County by year from 2002 to 2012 on output or sales, wages and salaries, self-employment income, and jobs, respectively.

Figure 2.1: CLC Omaha's impact on Douglas County sales, fiscal years 2002-2013 (in millions)



Source: IMPLAN multiplier system

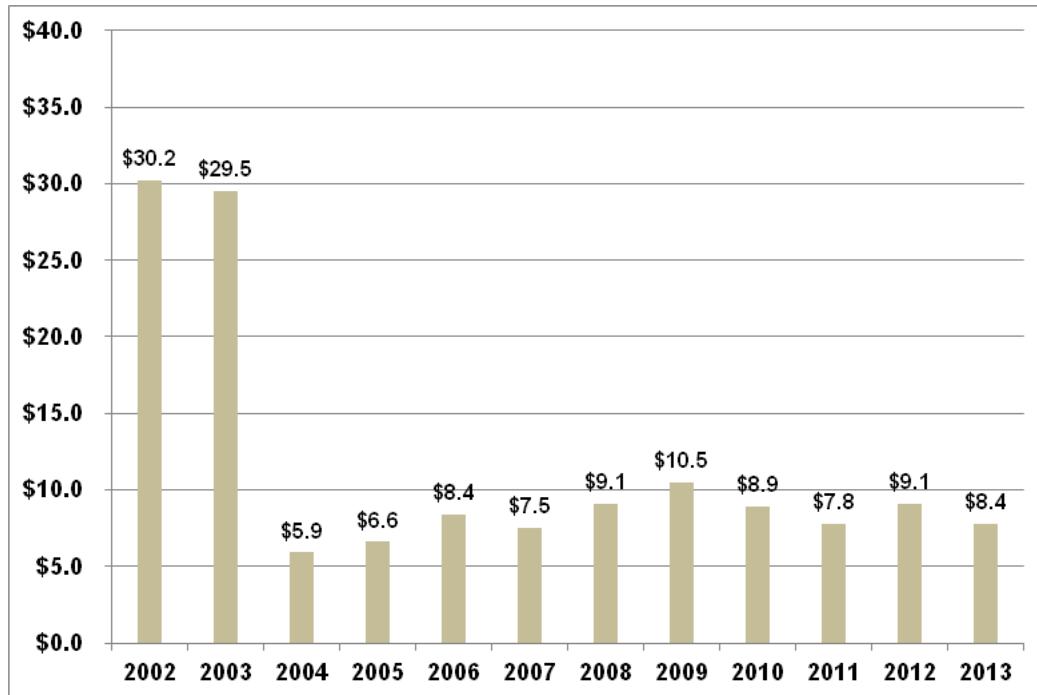
Figure 2.2: CLC Omaha's impact on Douglas County wages and salaries, fiscal years 2002-2013 (in millions)



Source: IMPLAN multiplier system

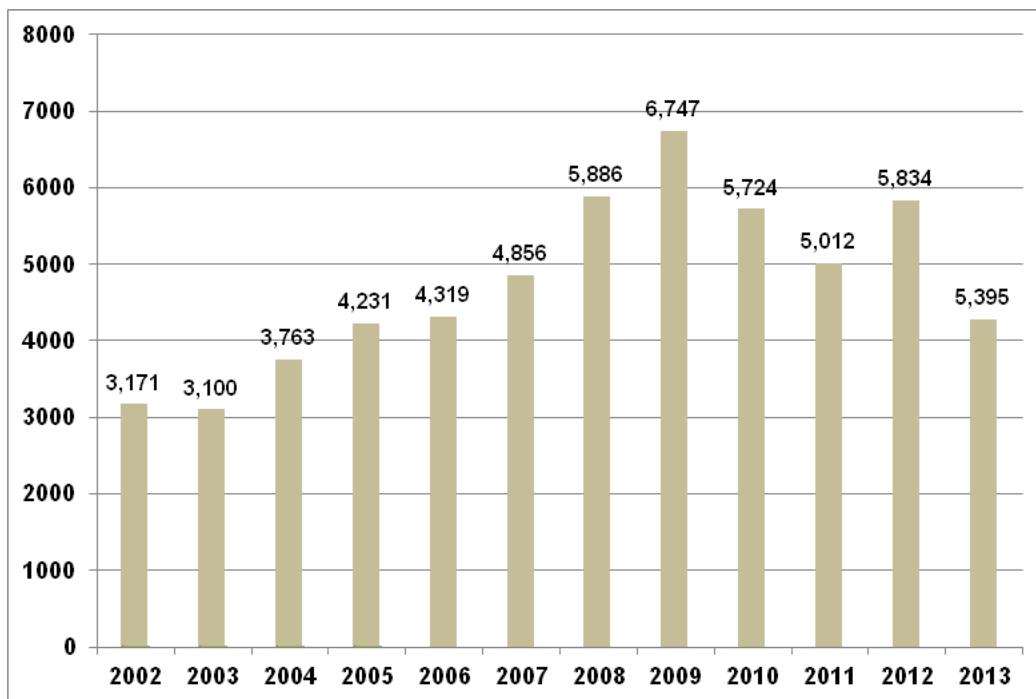
Chapter 2: Estimated Economic Impacts

Figure 2.3: CLC Omaha's impact on Douglas County self-employment income, fiscal years 2002-2013 (in millions)



Source: IMPLAN multiplier system

Figure 2.4: CLC Omaha's impact on Douglas County employment, fiscal years 2002-2013 (in millions)



Source: IMPLAN multiplier system

Chapter 2: Estimated Economic Impacts

Impact on State and Local Tax Collections

While MECA is a non-profit, tax-exempt organization, its employees, residents, and visitors do pay state and local taxes. Through the spending related to CLC Omaha construction and operations, state and local tax collections are created. Table 2.3 provides detailed estimates of the impact on state and local taxes for fiscal 2013. As indicated, the outcome is \$15,328,652 in state taxes and \$21,117,080 in Douglas County tax collections.

Table 2.3: Impact on state and local tax collections 2013 (in 2013 dollars)

Type of tax	State	Local	Total	Percent of Total Sales
Property	\$0	\$12,679,036	\$12,679,036	34.8%
Sales	\$9,381,846	\$2,558,685	\$11,940,531	32.8%
Income	\$2,535,878	\$0	\$2,535,878	7.0%
Corporate	\$583,457	\$0	\$583,457	1.6%
Other taxes & fees	\$2,228,403	\$2,584,484	\$4,812,887	13.2%
Occupational tax	\$599,068	\$3,294,874	\$3,893,942	10.7%
Total	\$15,328,652	\$21,117,079	\$36,445,731	100.0%

Source: IMPLAN Multiplier System

Note: Includes exempted property and sales taxes

As presented in Table 2.4, over the past 12 years a total of \$389.6 million was accrued to local governments in Douglas County, including the City of Omaha, net of tax exemptions.²²

Table 2.4: Estimated impact of CLC Omaha on state and local tax collections (2013 dollars)

	State	Local	Minus Tax Exempt	Total
2002	\$12,162,836	\$9,500,606	\$4,470,377	\$17,193,065
2003	\$11,296,233	\$8,823,828	\$4,247,389	\$15,872,672
2004	\$16,409,055	\$21,661,696	\$8,071,049	\$29,999,702
2005	\$16,062,736	\$21,526,428	\$7,668,455	\$29,920,709
2006	\$17,628,768	\$23,506,456	\$7,428,657	\$33,706,567
2007	\$18,291,247	\$24,418,622	\$7,058,107	\$35,651,762
2008	\$21,127,860	\$28,357,043	\$6,706,040	\$42,778,863
2009	\$23,157,691	\$31,300,832	\$6,371,534	\$48,086,989
2010	\$18,738,155	\$25,443,738	\$6,053,714	\$38,128,179
2011	\$15,648,882	\$21,349,098	\$5,751,747	\$31,246,232
2012	\$17,374,203	\$23,817,313	\$5,464,843	\$35,726,673
2013	\$15,328,652	\$21,117,080	\$5,192,250	\$31,253,481
2002-13	\$203,226,318	\$260,822,740	\$74,484,163	\$389,564,895

Source: IMPLAN Multiplier System

²²Tax exemptions include property taxes on city-owned CLC Omaha property plus sales tax exemptions.

Chapter 2: Estimated Economic Impacts

Table 2.5: Estimated impact of CLC Omaha on Omaha tax collections (2013 dollars)

	Property taxes	Sales taxes	Other taxes	Total taxes
2002	\$325,547	\$1,267,317	\$683,326	\$2,276,190
2003	\$286,544	\$1,177,018	\$634,637	\$2,098,199
2004	\$2,201,170	\$4,281,952	\$1,679,888	\$8,163,010
2005	\$2,241,534	\$4,250,126	\$1,667,859	\$8,159,519
2006	\$2,494,738	\$4,508,153	\$1,773,339	\$8,776,230
2007	\$2,308,467	\$4,209,014	\$1,650,703	\$8,168,184
2008	\$3,303,740	\$5,343,966	\$2,092,378	\$10,740,084
2009	\$2,869,841	\$4,751,620	\$1,859,778	\$9,481,239
2010	\$2,242,170	\$3,927,869	\$1,537,492	\$7,707,531
2011	\$1,892,365	\$3,443,429	\$1,351,011	\$6,686,805
2012	\$2,084,931	\$3,619,267	\$1,418,616	\$7,122,814
2013	\$2,119,852	\$3,549,315	\$1,383,070	\$7,052,237
2002-13	\$24,370,898	\$44,329,047	\$17,732,098	\$86,432,042

Source: Goss & Associates calculations based on IMPLAN output



CLC Omaha Convention Center Grand Ballroom. Source: MECA Communications.

Chapter 2: Estimated Economic Impacts

Impacts by Industry

Table 2.6 lists impacts by industry. As indicated, the top industries to experience spillover sales or output impacts were retail gasoline stations/stores with \$60.3 million, hotels and motels with approximately \$59.9 million, and food services and drinking places with \$51.5 million in total impacts. For the year, 266 of Douglas County's 431 industries experienced impacts from CLC Omaha.²³

Table 2.6: Impacts to Douglas County by industry - fiscal 2013 (top 10 industries)

Industry	Total Output	Salaries and Wages	Self-employment Income	Jobs	Salaries & Wages Per Job
Retail Stores - Gasoline stations	\$60,264,785	\$26,726,836	\$1,157,445	987	\$27,079
Hotels and motels	\$59,906,803	\$18,046,868	\$234,972	764	\$23,622
Food services and drinking places	\$51,515,715	\$16,930,728	\$978,252	1,010	\$16,763
Other amusement and recreation industries	\$27,900,670	\$9,943,625	-\$1,253,790	601	\$16,545
Retail Stores - General merchandise	\$26,759,736	\$13,825,265	\$5,893	547	\$25,275
Retail Stores - Food and beverage	\$13,011,304	\$6,830,833	\$285,392	286	\$23,884
Real estate establishments	\$11,527,118	\$1,403,615	\$408,076	113	\$12,421
Private hospitals	\$6,211,008	\$2,890,768	\$5,561	49	\$58,995
Services to buildings and dwellings	\$3,542,622	\$1,379,225	\$73,235	59	\$23,377
Employment services	\$1,918,076	\$1,407,071	\$113,113	44	\$31,979
All other industries	\$143,805,567	\$48,489,053	\$6,432,453	935	\$51,860
Total	\$406,363,404	\$147,873,887	\$8,440,602	5,395	\$27,409

Source: IMPLAN Multiplier System

²³ Salaries & wages per job is equal to total wages and salaries divided by jobs supported. Jobs include full-time and part-time.

Chapter 2: Estimated Economic Impacts

Rate-of-Return for Taxpayer Provided Support

Table 2.7 summarizes the net Omaha taxpayer benefits and costs between 2002 and 2027. As indicated, CLC Omaha generates a total net benefit of \$8,243,437 in 2013 dollars for the full period. Thus, CLC Omaha provides a rate-of-return in constant 2013 dollars of 2.5 percent for Omaha taxpayer invested funds over the period 2002-2027.²⁴ In current or non-inflation adjusted dollars, CLC Omaha generated a rate-of-return of 8.7 percent. Returns depend on turnback tax collections of \$42,629,877 over the period and a payment of \$79,244,466 by ASARCO.²⁵ Returns also include \$27,050,627 in parking fees and \$43,913,905 in donations and interest paid to the city.

Thus CLC Omaha provides a rate-of-return in constant 2013 dollars of 2.5 percent for Omaha taxpayer- invested funds over the period 2002-2027.

Turnback legislation allows state taxes collected as a result of operations of CLC Omaha to be returned to the City of Omaha. As of the date of this study, the City of Omaha has received \$17.1 million in turnback tax collections or \$21,196,815 in 2013 dollars.

Turnback Tax. A Nebraska political subdivision could have applied for state financial assistance to help acquire, construct, improve, equip, or finance a temperature-controlled convention center, meeting center, or sports arena, through December 31, 2012. Because no further applications for state assistance can be received, the only political subdivisions receiving state assistance, or turnback, under this Act are the City of Omaha for CenturyLink Center Omaha and the City of Lincoln for Pinnacle Bank Arena. The turnback is equal to 70% of state sales tax collected by retailers located within the convention center, meeting center, or sports arena, on ticket sales for events in these facilities, and by hotels located within 200 yards of CenturyLink Center Omaha or 450 yards of the Pinnacle Bank Arena.²⁶

In current or non-inflation adjusted dollars, CLC Omaha generated a rate-of-return of 8.7 percent.

²⁴Taxpayer-invested funds of \$331,327,759 in debt service and \$17,096,249 of subvention payments

²⁵"ASARCO wasn't happy with me the first three months after being Mayor, but I was determined." Mayor Daub came to them with a plan. He had a plan for remediation and for adaptive reuse. There was a positive purpose behind Mayor Daub's vision for the 800 acre brownfield. "It was about what the city and the riverfront would look like, and how clean and pleasant and how much more safe it would be, and how much more value all the neighborhoods would have." The final result was that ASARCO closed their plant and paid \$50 million dollars to clean up the land they had contaminated. <http://shapleigh.org/news/print/210-striking-a-balance-the-lead-issue-in-omaha>.

²⁶<http://www.revenue.ne.gov/government/government.html#summary>

Chapter 2: Estimated Economic Impacts

Table 2.7: Impact of CLC Omaha on yearly payments and receipts 2002-2027 (2013 dollars)

	All 2013 dollars Debt service	Omaha Support Subvention + funding	ARSCO payment	Turnback tax Payments	Parking fees to City of Omaha	Donations and Interest paid to city	Omaha tax Collections	Net (cost) benefit
2002	\$0	\$1,391,214	\$0	\$0	\$0	\$42,895	\$2,276,190	\$927,872
2003	\$0	\$2,780,160	\$0	\$0	\$0	\$1,503,882	\$2,098,199	\$821,922
2004	\$8,565,089	\$4,157,876	\$79,244,466	\$0	\$1,970,196	\$1,899,612	\$8,163,011	\$78,554,320
2005	\$16,275,703	\$2,202,830	\$0	\$0	\$1,776,755	\$3,179,440	\$8,159,519	(\$5,362,819)
2006	\$15,463,851	\$2,080,091	\$0	\$3,147,585	\$1,682,719	\$3,415,823	\$8,776,230	(\$521,585)
2007	\$14,692,495	\$1,973,489	\$0	\$2,990,579	\$1,641,938	\$3,771,542	\$8,168,184	(\$93,740)
2008	\$13,959,615	\$2,289,024	\$0	\$2,841,405	\$1,680,320	\$2,243,348	\$10,740,084	\$1,256,518
2009	\$13,263,292	\$0	\$0	\$2,699,673	\$1,545,772	\$1,928,402	\$9,481,239	\$2,391,794
2010	\$12,601,703	\$0	\$0	\$2,565,010	\$1,273,128	\$2,133,753	\$7,707,531	\$1,077,719
2011	\$11,973,114	\$221,566	\$0	\$2,437,064	\$1,504,704	\$2,224,700	\$6,686,805	\$658,593
2012	\$20,015,550	\$0	\$0	\$2,315,500	\$1,220,800	\$2,105,392	\$7,122,814	(\$7,251,044)
2013	\$19,017,631	\$0	\$0	\$2,200,000	\$1,161,365	\$2,170,397	\$7,052,237	(\$6,433,632)
2014	\$18,069,899	\$0	\$0	\$2,090,261	\$1,142,168	\$1,817,290	\$6,818,614	(\$6,201,566)
2015	\$17,168,624	\$0	\$0	\$1,985,996	\$1,083,259	\$1,704,775	\$6,592,731	(\$5,801,863)
2016	\$16,310,441	\$0	\$0	\$1,886,933	\$1,027,385	\$1,598,962	\$6,374,331	(\$5,422,830)
2017	\$15,496,286	\$0	\$0	\$1,792,810	\$974,390	\$1,499,465	\$6,163,165	(\$5,066,456)
2018	\$14,722,625	\$0	\$0	\$1,703,382	\$924,125	\$1,405,915	\$5,958,996	(\$4,730,207)
2019	\$13,989,874	\$0	\$0	\$1,618,416	\$876,451	\$1,317,967	\$5,761,589	(\$4,415,452)
2020	\$13,291,076	\$0	\$0	\$1,537,687	\$831,233	\$1,235,294	\$5,570,723	(\$4,116,139)
2021	\$12,626,980	\$0	\$0	\$1,460,985	\$788,346	\$1,157,590	\$5,386,179	(\$3,833,880)
2022	\$11,997,786	\$0	\$0	\$1,388,110	\$747,669	\$1,084,565	\$5,207,748	(\$3,569,695)
2023	\$11,400,318	\$0	\$0	\$1,318,869	\$709,088	\$1,015,944	\$5,035,229	(\$3,321,188)
2024	\$10,831,763	\$0	\$0	\$1,253,082	\$672,497	\$951,471	\$4,868,425	(\$3,086,289)
2025	\$10,289,628	\$0	\$0	\$1,190,577	\$637,791	\$890,901	\$4,707,146	(\$2,863,213)
2026	\$9,776,716	\$0	\$0	\$1,131,189	\$604,874	\$834,007	\$4,551,211	(\$2,655,435)
2027	\$9,527,700	\$0	\$0	\$1,074,764	\$573,654	\$780,572	\$4,400,441	(\$2,698,268)
Total	\$331,327,759	\$17,096,249	\$79,244,466	\$42,629,877	\$27,050,627	\$43,913,905	\$163,828,570	\$8,243,437

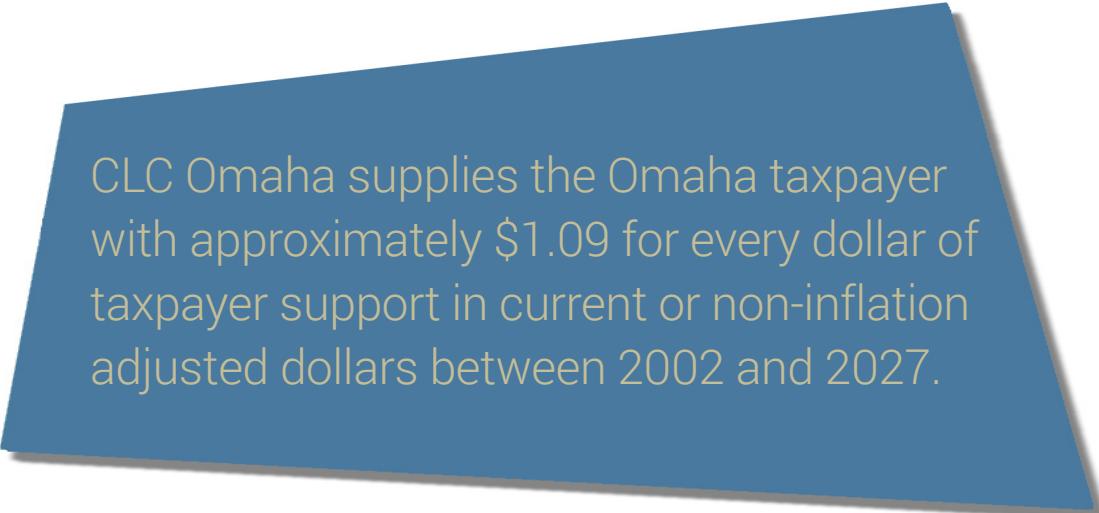
Source: Goss and Associates

Chapter 2: Estimated Economic Impacts

Conclusion

The preceding analysis shows clearly that over the past decade, CLC Omaha has been one of the most successful arena/convention centers in the U.S. Not only has CLC Omaha generated significant revenue, it has produced important monetary and non-monetary impacts for the City of Omaha, Douglas County and Nebraska

that go well beyond the direct impacts from visitors to the arena and convention center. Including only tax collections and fees provided to the City of Omaha, CLC Omaha supplies the Omaha taxpayer with approximately \$1.09 for every dollar of taxpayer support in current or non-inflation adjusted dollars between 2002 and 2027.



CLC Omaha supplies the Omaha taxpayer with approximately \$1.09 for every dollar of taxpayer support in current or non-inflation adjusted dollars between 2002 and 2027.

Appendices

Appendix A:

The Importance of CLC Omaha Spending on the Economy

Revenues from outside the city are more powerful than revenues of firms that deal in intra-city commerce in terms of job and income creation since a high proportion of these revenues are "new" to the area and are not offset by reduced spending in other area industries. This is the case with a significant share of CLC Omaha revenues.

Economic impacts identified in this study are short-run in nature and represent annual, recurring events. Indicators are discussed for long-run, more intangible impacts on the regional economy such as workforce development are recognized, but assignment of dollar values is outside the scope of this study. In regard to long-term, but less measurable impacts, the presence of CLC Omaha increases the attractiveness

of the community and encourages the startup and/or relocation of other businesses to the city. By contributing to the area's attractiveness via access to sports and entertainment events, meetings and conventions, CLC Omaha influences community growth in non-sports and entertainment and convention industries. Moreover, by making the nation more aware of Omaha, CLC Omaha, via its high-profile sports and entertainment events and large meetings and conventions, contributes to the overall growth of state and local economic activity.

Table A.1 provides an overview of the influences of CLC Omaha spending on community and economic development.

Table A.1: Impact of CLC Omaha on the City of Omaha community and economic development

Issue	Measurement	Community Impact
Direct payments	Wages paid to employees	Increases sense of collective identity; builds social capital; learning opportunities; creates "quality jobs."; encourages the in-migration of educated workers
Purchase inputs/equipment/supplies	Payments to Omaha equipment and supply-vendors	Encourages the startup and/or relocation of businesses to Omaha to supply products & services
Funds from outside the state to host events such as Olympic Swim Trials	Community and state recognition; grants and contracts to institutions	Creates recognition of the city's cultural, arts and athletic provisions; builds community pride; personal interaction of diverse individuals
Philanthropic and government support	Donated services	Businesses and community leaders provide valuable "free" services and donated assets to the community
"Brain gain"	Educated high human capital individuals	CLC Omaha and related activity attracts to the city highly educated, highly-paid individuals

Source: Goss & Associates

Appendix B:

Types of Economic Impacts

Figure B.1 on the following page depicts examples of the flow of funds into and out of CLC Omaha. As indicated, the total impact is the sum of direct (green arrows), indirect (blue arrows) and induced (red arrows) impacts minus leakages (gray arrows). Leakages represent CLC Omaha spending outside of the area. Input-output multiplier systems are used to estimate indirect and induced impacts from direct CLC Omaha impacts.

Direct Economic Impacts. Spending by CLC Omaha has direct economic effects on the local economy through expenditures for goods and services and employee salaries. The most obvious direct expenditures are payment of wages to workers employed by CLC Omaha. In addition, expenditures by visitors to CLC Omaha produce direct impacts on the region, affecting the hotel and motel industry, among others. For example, the 2008 and 2012 Olympic Swim Trials held at CLC Omaha resulted in thousands of visitors. Between June 29 and July 6, 2008 alone, 160,003 individuals attended the trials. More than 95,000 of these fans, families, media, coaches, and athletes came from outside of Nebraska.

Direct economic impacts are color coded green in Figure B.1. In Table B.1 is contained estimated direct spending for 2013 by CLC Omaha.

Indirect Economic Impacts. CLC Omaha spending also produces indirect economic effects on the area economy. For example, spending generates indirect effects by increasing sales by Omaha wholesalers. Indirect economic impacts are color coded blue in Figure B.1.

Induced Economic Impacts. Induced impacts in the region occur as the initial spending feeds back to industries in the region when workers in the area purchase additional output from local firms in a second round of spending. That is, CLC Omaha spending increases overall income and population, which produces another round of increased spending adding to sales, earnings and jobs for the area. Examples of induced economic impacts are color coded red in Figure B.1.



CLC Omaha Convention Center, Grand Hall. Source: MECA Communications.

Appendix B: Types of Economic Impacts

Figure B.1: Direct, indirect and induced impacts of CLC Omaha

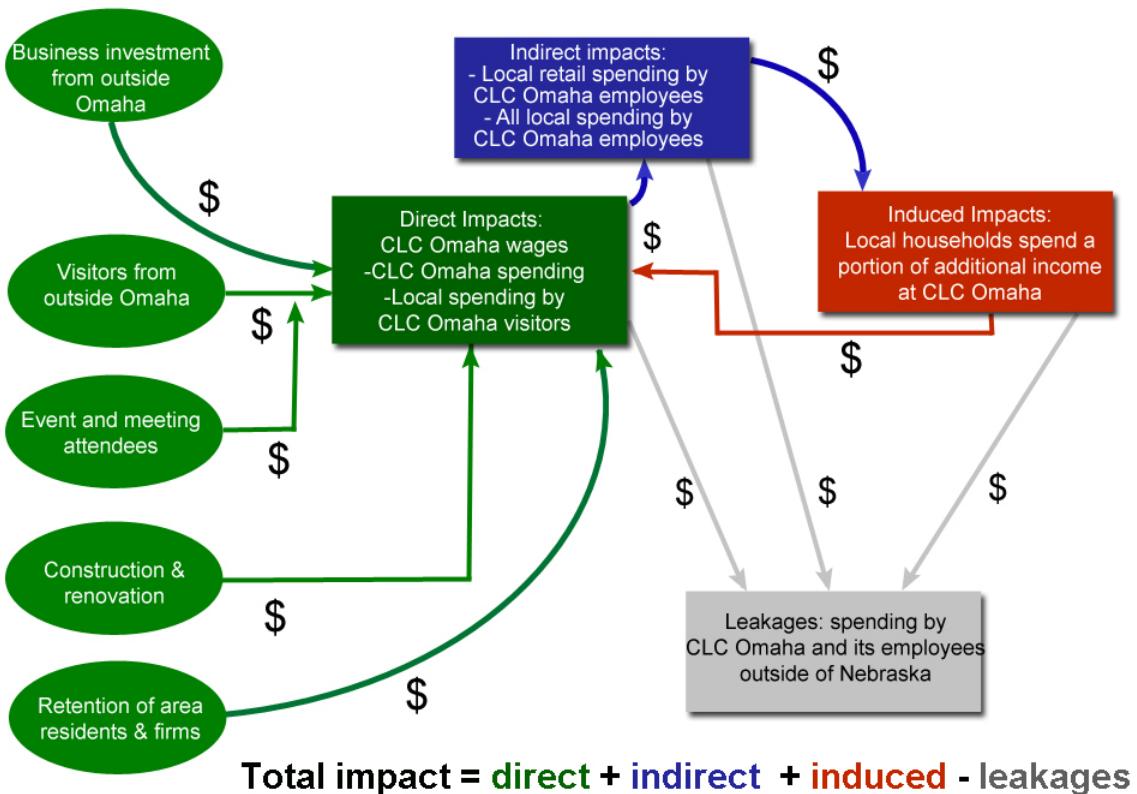


Table B.1: Total CLC Omaha direct spending - 2013

Retail Stores - Gasoline stations	\$59,841,637
Hotels and motels	\$59,841,637
Food services and drinking places	\$43,730,427
Other amusement and recreation industries	\$27,619,217
Retail Stores - General merchandise	\$25,317,616
Retail Stores - Food and beverage	\$11,508,007
Transport by air	\$2,301,601
Total	\$230,160,141

Source: Goss & Associates

Appendix B: Types of Economic Impacts

Table B.2 lists major assumptions used in this study to produce estimated impacts.

Table B.2: Major assumptions	
Spending per dollar of visitors (NE Dept. of Economic Development)	
Retail	\$0.11
Entertainment (includes event)	\$0.12
Gasoline & service stations	\$0.26
Air transport	\$0.01
Eating and drinking places	\$0.19
Grocery stores-convenience	\$0.05
Accommodations	\$0.26
Average length of stay for convention attendee (source: Tradeshow Executive)	2.6 days
Average spending per day of convention attendee (source: Trade Show survey)	\$308.02
Average spending per day of arena attendee from outside Omaha	\$113.12
Discount rate (Omaha's cost of borrowed capital)	5.25%
Source: Goss & Associates	

Table B.3 lists estimated impacts for each additional \$1,000,000 in CLC Omaha spending. It is assumed that the additional revenue is not produced by reduced spending at other establishments in the area. In terms of spillover, or indirect plus induced impacts, data indicate that for Omaha, each \$1,000,000 in CLC Omaha visitor spending generates another \$765,568 in revenue or sales across other industries. Additionally, each \$1,000,000 in CLC Omaha visitor spending revenue produces \$679,155 in salaries and wages and self-employment income with 23.4 jobs each year.

Table B.3: Direct, indirect and induced Impacts of \$1,000,000 in CLC Omaha spending				
Impact Type	Direct Effect	Indirect Effect	Induced Effect	Total Effect
Output	\$1,000,000	\$344,478	\$421,090	\$1,765,568
Salary, wages & self-employment income	\$390,916	\$131,395	\$156,844	\$679,155
Value added (GDP)	\$631,449	\$209,306	\$263,909	\$1,104,664
Average year-round jobs	17.3	2.5	3.6	23.4
Source: IMPLAN Multiplier System				

Appendix C:

The Multiplier Effect

When employees of MECA spend their salaries within the community, that spending filters through the local economy, causing increased overall spending greater than the initial spending. The impact of this re-spending is known as the multiplier effect. Economic impacts that take place outside the local economy, for example CLC Omaha employee expenditures in Des Moines or Tulsa, are called leakages and reduce the multiplier and overall impacts. They are excluded when estimating regional economic impacts.

While the direct effects of institutional spending can be measured by a straightforward methodology, the indirect and induced effects of spending must be estimated using regional multipliers. Community characteristics that affect leakages, and consequently the multiplier, include:

Location. Distance to suppliers affects the willingness to purchase locally. For example, if Omaha firms are unable to provide supplies at competitive prices, and there are alternative suppliers in Tulsa that are more price-competitive, then MECA will be more likely to spend outside the community. This results in greater leakages, lower multipliers and smaller impacts.

Population size. A larger population provides more opportunities for companies and workers to purchase locally. Larger population areas are associated with fewer leakages and larger multipliers. Thus, in general, sports and entertainment and convention dollars flowing into Omaha will have larger impacts than the same level of dollars flowing into less densely-populated areas of Nebraska.

Clustering. A community will gain more if the inputs required by local industries for production match local resources and are purchased locally. Thus, over time, as new firms are created to match the requirements of CLC Omaha, leakages will be fewer, resulting in larger multipliers and impacts. This issue is at the heart of economic development, amplifying the impacts of the clustering of entertainment and sports-related venues.

As MECA and CLC Omaha gain more and more sports and entertainment and convention-related venues, institutions become more proficient and focused on meeting the needs of the industry. Furthermore, suppliers unique to the sports and entertainment and convention industry are more likely to locate in close proximity to CLC Omaha. This not only expands income and jobs in Omaha, it increases the size of multipliers related to the sports and entertainment and convention industry.

Appendix D:

Amortization table for repayment of CLC Omaha bond issue

Table D.1: Amortization table for repayment of CLC Omaha bond issue

Coupon date	Principal payments	Interest Payment (5.25%)	Taxpayer outlay (2013 dollars)	Outstanding Debt
October-04		\$5,404,219	\$8,565,089	\$205,875,000
April-05		\$5,404,219		\$205,875,000
October-05		\$5,404,219	\$16,275,703	\$205,875,000
April-06		\$5,404,219		\$205,875,000
October-06		\$5,404,219	\$15,463,851	\$205,875,000
April-07		\$5,404,219		\$205,875,000
October-07		\$5,404,219	\$14,692,495	\$205,875,000
April-08		\$5,404,219		\$205,875,000
October-08		\$5,404,219	\$13,959,615	\$205,875,000
April-09		\$5,404,219		\$205,875,000
October-09		\$5,404,219	\$13,263,292	\$205,875,000
April-10		\$5,404,219		\$205,875,000
October-10		\$5,404,219	\$12,601,703	\$205,875,000
April-11		\$5,404,219		\$205,875,000
October-11		\$5,404,219	\$11,973,114	\$205,875,000
April-12	\$8,430,000	\$5,404,219		\$197,445,000
October-12		\$5,182,931	\$20,015,550	\$197,445,000
April-13	\$8,885,000	\$5,182,931		\$188,560,000
October-13		\$4,949,700	\$19,017,631	\$188,560,000
April-14	\$9,365,000	\$4,949,700		\$179,195,000
October-14		\$4,703,869	\$18,069,899	\$179,195,000
April-15	\$9,870,000	\$4,703,869		\$169,325,000
October-15		\$4,444,782	\$17,168,624	\$169,325,000
April-16	\$10,400,000	\$4,444,782		\$158,925,000
October-16		\$4,171,781	\$16,310,441	\$158,925,000
April-17	\$10,960,000	\$4,171,781		\$147,965,000
October-17		\$3,884,081	\$15,496,286	\$147,965,000
April-18	\$11,550,000	\$3,884,081		\$136,415,000
October-18		\$3,580,894	\$14,722,625	\$136,415,000
April-19	\$12,175,000	\$3,580,894		\$124,240,000
October-19		\$3,261,300	\$13,989,874	\$124,240,000
April-20	\$12,830,000	\$3,261,300		\$111,410,000
October-20		\$2,924,513	\$13,291,076	\$111,410,000
April-21	\$13,520,000	\$2,924,513		\$97,890,000
October-21		\$2,569,613	\$12,626,980	\$97,890,000
April-22	\$14,250,000	\$2,569,613		\$83,640,000
October-22		\$2,195,550	\$11,997,786	\$83,640,000
April-23	\$15,020,000	\$2,195,550		\$68,620,000
October-23		\$1,801,275	\$11,400,318	\$68,620,000
April-24	\$15,830,000	\$1,801,275		\$52,790,000
October-24		\$1,385,738	\$10,831,763	\$52,790,000
April-25	\$16,680,000	\$1,385,738		\$36,110,000
October-25		\$947,888	\$10,289,628	\$36,110,000
April-26	\$17,580,000	\$947,888		\$18,530,000
October-26		\$486,413	\$9,776,716	\$18,530,000
April-27	\$18,530,000	\$486,413	\$9,527,700	\$0
Totals	\$205,875,000	\$179,448,151	\$331,327,757	

Source: Goss & Associates calculations based on data provided by the City of Omaha

Appendix E:

Researcher's Biography



Ernie Goss is currently the Jack MacAllister Chair in Regional Economics at Creighton University and principal of the Goss Institute in Denver, Colorado. He received his Ph.D. in Economics from The University of Tennessee in 1983 and is a former faculty research fellow at NASA's

Marshall Space Flight Center. He was a visiting scholar with the Congressional Budget Office for 2003-04, and he has testified before the U.S. Congress, the Kansas Legislature, and the Nebraska Legislature. In the fall of 2005, the Nebraska Attorney General appointed Goss to head a task force examining gasoline pricing in the state.

He has published more than 100 research studies focusing primarily on economic forecasting and on the statistical analysis of business and economic data. His book [Changing Attitudes Toward Economic Reform During the Yeltsin Era](#) was published by Praeger Press in 2003, and his book [Governing Fortune: Casino Gambling in America](#) was published by the University of Michigan Press in March 2007.

He is editor of *Economic Trends*, an economics newsletter published monthly with more than 9,000 subscribers. He is the past-president of the Omaha Association of Business Economics, and past-president of the Nebraska Purchasing Management Association.

Goss produces a monthly business conditions index for the nine-state Mid-American region and conducts a survey of bank CEOs in ten U.S. states. Survey and index results are cited each month in approximately 100 newspapers. Newspaper citations have included the New York Times, Wall Street Journal, Investors Business Daily, The Christian Science Monitor, Chicago Sun Times and other national and regional newspapers and magazines. Each month 75-100 radio stations carry his *Regional Economic Report*.

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