ECONOMIC IMPACTS OF THE PROPOSED ST. LOUIS BALLPARK STADIUM & VILLAGE

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In February 2002, Missouri Governor Bob Holden announced he would support the use of state aid for a ballpark stadium and village in downtown St. Louis.

- Third attempt in as many legislative sessions.
- Included state and local public financing.
- Bill divided rural and urban legislators.
- Worst state budget deficit in over ten years.
POLICY CONTEXT

MERIC was asked by both executive and legislative leaders to evaluate the economic impact of this bill because:

- expertise in impact assessments
- reputation for quality economic information
- independent research center

RESEARCH TEAM

David Peters - Principal Investigator
Kevin Highfill - St. Louis Economic Overview
Marty Romitti - Policy Context
PROJECT OVERVIEW

Ballpark stadium to replace existing Busch Stadium, which was built in the early 1960s, and is home to the St. Louis Cardinals.

Ballpark village would be a mixed-use development surrounding the ballpark, which would include office, retail and restaurant space, parking and entertainment attractions.
Public financing for the project would come from a consortium of the State of Missouri, St. Louis County and the City of St. Louis - totaling more than $450 million over 30 years.

 Guarantees for the public partners included:

- Naming rights fund to offset lower-than-expected tax revenues.
- Penalties if construction was not completed according to the agreement.
- Share of profits if the St. Louis Cardinals were sold before the end of the agreement in 2034.
REMI MISSOURI MULTI-REGIONAL MODEL

- REMI is used to estimate employment, wage, demographic and fiscal impacts across Missouri.
- REMI includes 17 economic regions in Missouri.
• REMI assumes that households maximize utility and producers maximize profits.

• REMI assumes economic migration if the likelihood of being employed increases in the region.
Impacts are ascertained by examining differences between:

1. baseline projection (no change in the economy)
2. scenario projection (construction and operation of the ballpark stadium and village)

The differential indicates the impact relative to what would have been expected given no change in the economy.
State of Missouri
- $7 million per annum between 2005 and 2034.

St. Louis County
- $2 million per annum between 2003 and 2033.
- Compounded interest of 3% per annum.

City of St. Louis
- $4.2 million per annum between 2005 and 2034.
Construction Impacts
• $346 million between APR 2002 and DEC 2005 in StLC.
• Assumes local and non-local contractors.

Stadium Operational Impacts
• Assumes increased spending of $15.62 per visitor with 3.2 million visitors per year, of which 61.5% are MO residents and 38.5% are non-MO residents.
• Gain of $51.57 million p.a. in amusement and recreation sales between 2006-2034 in StLC.
• Loss of $31.70 million p.a. across Missouri due to reallocation of consumer spending.
Construction Impacts
• $100 million between APR 2006 and SEP 2011 in StLC.
• Assumes local and non-local contractors.

Retail Operational Impacts
• Assumes retail sales of $366 per sq.ft., of which 61.5% are made by MO residents and 38.5% by non-MO residents.
• Gain of $13.41 million p.a. in retail sales between 2011-2013 in StLC.
• Loss of $8.24 million p.a. across Missouri due to reallocation of consumer spending.
Parking Operational Impacts

- Assumes parking fee of $7 per day for 1,850 spaces operating at 80% capacity year-round.
- Gain of $3.78 million p.a. in parking sales between 2011-2013 in StLC.

Museum Operational Impacts

- Assumes 15,200 visitors annually paying $6 per visit, of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of $91,200 p.a. in amusement and recreation sales between 2011-2013 in StLC.
- Loss of $56,088 p.a. across Missouri due to reallocation of consumer spending.
METHODOLOGY & ASSUMPTIONS

BALLPARK VILLAGE - PHASE ONE

Entertainment Operational Impacts

- Assumes 166,666 visitors annually paying $6 per visit, of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of $1 million p.a. in amusement and recreation sales between 2011-2013 in StLC.
- Loss of $615,000 p.a. across Missouri due to reallocation of consumer spending.

Office Operational Impacts

- Employment based on workers per sq.ft. Assumes 70% business services, 18% medical, 10% professional services and 2% finance.
- Assumes 50% are new to MO, 38% from St. Louis Metro and 12% shifted within StLC.
- Gain of 745 jobs p.a. between 2011-2013 in StLC.
- Loss of 323 jobs p.a. in St. Louis Metro due to shifts.
METHODOLOGY & ASSUMPTIONS

BALLPARK VILLAGE - PHASE TWO

Construction Impacts

- $200 million between APR 2009 and SEP 2014 in StLC.
- Assumes local and non-local contractors.

Retail Operational Impacts

- Assumes retail sales of $366 per sq.ft., of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of $40.22 million p.a. in retail sales between 2014-2034 in StLC.
- Loss of $24.73 million p.a. across Missouri due to reallocation of consumer spending.
Parking Operational Impacts

- Assumes parking fee of $7 per day for 1,850 spaces operating at 80% capacity year-round.
- Gain of $3.78 million p.a. in parking sales between 2014-2034 in StLC.

Museum Operational Impacts

- Assumes 45,600 visitors annually paying $6 per visit, of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of $273,600 p.a. in amusement and recreation sales between 2014-2034 in StLC.
- Loss of $168,264 p.a. across Missouri due to reallocation of consumer spending.
Entertainment Operational Impacts

- Assumes 500,000 visitors annually paying $6 per visit, of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of $3 million p.a. in amusement and recreation sales between 2014-2034 in StLC.
- Loss of $1.85 million p.a. across Missouri due to reallocation of consumer spending.

Office Operational Impacts

- Employment based on workers per sq.ft. Assumes 70% business services, 18% medical, 10% professional services and 2% finance.
- Assumes 50% are new to MO, 38% from St. Louis Metro and 12% shifted within StLC.
- Gain of 2,238 jobs between 2014-2034 in StLC.
- Loss of 971 jobs in St. Louis Metro due to shifts.
GROSS STATE PRODUCT

- By 2005, near-complete construction would result in a 0.02% gain in GSP ($35.64 mil).
- By 2008, there is a drop in GSP due to phase-out of massive construction.
- By 2011, construction and operation of Phase One would result in a 0.04% gain in GSP ($90.14 mil).
- By 2014, full operation of the ballpark village would result in a 0.06% gain in GSP ($153.77 mil).
- By 2034 the economic impact levels off, with the gain of 0.04% in GSP ($134.78 mil).
EMPLOYMENT AND WAGES

• By 2005, near-complete construction would result in 765 new jobs and $38.84 mil in wages.

• By 2008, there is a drop in employment due to phase-out of massive construction.

• By 2011, construction and operation of Phase One would result in 2,195 new jobs and $116.49 mil in wages.

• By 2014, full operation of the ballpark village would result in 3,549 new jobs and $204.28 mil in wages.

• By 2034 the economic impact levels off, resulting in 3,092 new jobs and $201.73 mil in wages.
EMPLOYMENT AND WAGES

- St. Louis City experiences the largest economic benefits - due to ballpark project.

- St. Louis Metro Region experiences the largest economic costs - due to job and spending shifts to St. Louis City.

- In general, the eastern half of Missouri experiences small economic costs - due to spending shifts to St. Louis City.

- Kansas City and the western half of the state experience small economic benefits - due to input purchases and minimal spending shifts.
EMPLOYMENT AND WAGES

Employment Impact
- Greater than 50
- 10 to 50
- Less than 10
- Negative

Maps showing employment and wage changes from 2005 to 2014 for different regions of Missouri.
STATE OF MISSOURI TAX IMPACTS

• Between 2005-2010 the State of Missouri would experience a net tax cost due to bond payments.

• By 2011 the State of Missouri would experience a net tax benefit due to partial ballpark operation.

• At full operation between 2014-2034, the State of Missouri would experience a net tax benefit of $12.99 million per annum.

The ballpark project would generate a net tax benefit of $61.68 million NPV between 2002-2034.
SUMMARY AND IMPLICATIONS

• By the time the original bill went to the floor, funding was added for renovation of other stadia in St. Louis, Kansas City, Springfield and Branson.

• This increased state funding from $210 million to $644 million over 30 years.

• The bill passed the Senate but stalled in the House where the bill died without going to a vote.

• Report was instrumental in getting the bill through a Republican-controlled Fiscal Review Committee.

• Report was used in legislative debates by both sides and quoted extensively by the media.
LESSONS LEARNED

METHODS
• Use well-established economic impact models.
• Industry and geographic detail important.

ASSUMPTIONS
• Support assumptions using academic literature, secondary data or benchmarks from similar venues.
• Use sound economic theory and reasoning.
• Make assumptions clear and straightforward.
• Base the assumptions on a consistent argument.

CONTEXT
• Provide narratives on the development of the project.
• Provide synopses of complex legislation or issues.
• Provide relevant socio-economic information.
Questions or comments:

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