

Uniondale Hub Redevelopment Project Economic Impact Analysis Addendum

July 2011

Prepared For:

Nassau County IDA

Prepared By:



2392 Route 9
Malta, NY 12118
518.899.2608
www.camoinassociates.com

ADDENDUM EXECUTIVE SUMMARY

The purpose of this Addendum to our report entitled *Uniondale Hub Redevelopment Project Economic Impact Analysis* (the “Original Report”) is to isolate the subset of originally-reported impacts that are due solely to the Coliseum closing (the “Closure”), and therefore, ignoring any increase in economic activity above the baseline of the current Coliseum that the Arena might afford Nassau County.

We find that the Closure would have the following effects starting in 2015:

- 2,660 fewer jobs would exist in the County;
- The loss of those jobs means that County residents would lose annual earnings of \$104 million;
- The loss of spending means that County government would lose sales tax, hotel tax and entertainment tax revenues of \$7.8 million; and
- Taken over the same 30-year time period used in the Original Report, and without any inflation adjustments beyond the year 2015 figures below, this amounts to a cumulative revenue loss of \$233 million for the County.

Summary of Economic and Fiscal Impacts from Closure	
Job and Earnings Losses (Earnings expressed in 2010 \$)	
Annual Jobs	2,660
Direct Jobs	1,942
Annual Earnings	\$ 103,735,000
Direct Earnings	\$ 64,431,677
Loss of Tax Revenue (2015)	
Lost Sales Tax Revenue	\$ 5,943,653
Lost Hotel Tax Revenue	\$ 209,101
Lost Entertainment Tax Revenue	\$ 1,621,221
Loss of Tax Revenue (2015)	\$ 7,773,975

Source: Camoin Associates

Please note that the Closure impacts are not cumulative to the Arena impacts reported in the Original Report. Instead, they represent a subset of the Arena impacts with the balance of the Arena impacts due to increases in the number of events, attendance levels and ticket prices.

ADDENDUM INTRODUCTION

The purpose of this Addendum to our report entitled *Uniondale Hub Redevelopment Project Economic Impact Analysis* is to isolate the subset of originally-reported impacts that are due solely to the Coliseum closing, and therefore, ignoring any increase in economic activity above the baseline of the current Coliseum that the Arena might afford Nassau County.

Therefore, this Addendum to the Original Report includes both (a) the economic impact of the Coliseum closing in 2015, including the associated onsite and offsite job losses, and (b) the corresponding fiscal impacts in terms of lost tax revenue from diminished sales tax, hotel tax and entertainment tax.

Our Addendum follows much of the methodology and assumptions described in the Original Report, with the following modifications:

Methodology Comparison		
	Original Report	Addendum
Central Question	What is the difference to the County's economy between the future with the Arena and the future without the Arena?	What is the impact to the County following the closing of the Coliseum in 2015?
Attendance Projections	Based on projections provided by the Owner and a CS&L Report, modified by Camoin Associates	Based on historic and projected attendance figures, adjusted by Camoin Associates
One-Time Impacts	Arena construction	None
Case One	Arena is operational, Events occur	Coliseum is operational, Events occur
Case Two	No Arena, some Events occur in the County at other venues, some relocated outside the County	Coliseum closes in 2015, some events occur in the County at other venues, some relocate outside the County
Ongoing Impacts	Net new visitation spending to County (Case One minus Case Two)	Lost visitation spending to County (Case Two minus Case One)
Fiscal Impacts	Ongoing Impacts create sales, hotel and entertainment tax; revenue sharing agreement, debt service	No revenue sharing or debt service. Loss of sales, hotel and entertainment tax from loss of visitation

As noted above, the Owner provided historical information on the events held at the Coliseum over a twelve month period including the number and types of events, the average paid attendance at those events, and the average ticket price. The numbers also included revenues associated with premium seating (club, executive, luxury), and the various miscellaneous revenues of concessions, novelties, catering, parking, etc. To account for inflation, we adjusted those revenue figures upwards by 3% per year until 2015. It is important to note, however, that we did not escalate the number of events or the average attendance figures.

ADDENDUM ECONOMIC IMPACTS

To evaluate the economic impacts of the Closure of the Coliseum on Nassau County, two cases are presented. Case One is the operation of the Coliseum as it stands today, with its associated use by the Islanders and other sporting/entertainment Events. Case Two is the subset of Events from Case One that would occur in the County irrespective of the Closure. The direct economic impacts of the Closure will be calculated as the effects of Case Two minus Case One, which results in a negative figure that describes the loss of those Events and associated visitor spending that would “leave” the County after the Closure. The negative direct effects are the input to the EMSI model that calculates the additional indirect negative impacts of the Closure.

Lost Visitation Counts Resulting from the Closure

As described in the previous section, Case One is the sum of Events that occur in Nassau County at the Coliseum during a typical year of operation. We reviewed records provided by the Owner on the number of Islander games and average attendance in the most recent season (2010-2011) and projections for next season (2011-2012)¹ as well as other Events that occurred or are scheduled to occur at the Coliseum through the end of 2011. Case Two are those Events from Case One that could occur in Nassau County irrespective of the Closure. A detailed description of the basis for our Case Two figures can be found in the Original Report under the subsection titled *Events & Visitation Retained by Other Nassau County Venues*.

Loss of Visitation Due to Closure								
Event Type	Case One: With Coliseum			Case Two: Without Coliseum			Loss (Case Two minus Case One)	
	Average Attendance	# of Events	Annual Attendance	Average Attendance**	# of Events	Annual Attendance	# of Events	Annual Attendance
NY Islander Hockey Regular Season	11,000	41	451,000	-	0	-	41	451,000
NY Islander Hockey Pre Season	11,597	1	11,597	-	0	-	1	11,597
NY Islander Hockey Playoff	-	0	-	-	0	-	0	-
Other Sporting Events	11,000	5	55,000	10,000	2	20,000	3	35,000
Family Shows	4,950	51	252,450	4,500	5	22,500	46	229,950
Concert Events	10,000	31	310,000	12,470	5	62,350	26	247,650
Entertainment	7,013	9	63,117	-	0	-	9	63,117
Total		138	1,143,164		12	104,850	126	1,038,314

*Regular season counts based on actuals from 2010-11 season (10,500) plus luxury suites and club seats (500).

**Camoin Associates adjusted average attendance figures in Case Two to account for facility constraints. See Original Report for details.

Sources: Owner, Camoin Associates

As shown in the table above, Closure of the Coliseum in 2015 would cause 126 of the Events currently held at the Coliseum to leave the County. Conversely, 12 of the 138 events would continue to occur in

¹ For a conservative estimate, where there were discrepancies between the actuals for the 10-11 season and the projections for 11-12 season, we used the lower of the figures provided to us.

the County at other event venues such as the Jones Beach Theater and the Mack Sports Complex. Therefore, in total we estimate a loss of annual visitation of 1,038,314 starting in 2015.

Estimates of Lost Visitation Spending

In order to estimate the impact of the loss of annual visitation starting in 2015, we used average spending per person estimates to establish the total amount of spending that would be lost from the County following the Closure. The following table lists the average per person spending habits associated with attending events at the Coliseum and all auxiliary Nassau County spending. A detailed description of the basis for these per person spending figures can be found in the Original Report under the subsection titled *New Visitation Spending Estimates*.

Average Spending Per Person					
	Lodging	Food and Drink	Transportation	Recreation*	Retail
Day Visitor	\$ -	\$ 20.56	\$ 18.43	\$ 55.70	\$ 11.34
Overnight Visitor	\$ 44.75	\$ 73.88	\$ 66.23	\$ 70.41	\$ 40.76
Blended Rate**	\$ 6.71	\$ 28.55	\$ 25.60	\$ 57.91	\$ 15.75

* Includes average Event ticket price of \$50.00

** Assumes 85% day visitors and 15% overnight visitors

Sources: Nassau County Tourism Bureau, Camoin Associates

Using the blended rates as established above for the various spending categories, the following table calculates the total lost visitation spending. In 2010 dollars, the total lost visitation spending equals \$152 million.

Lost Visitation Spending			
Category	Spending Per Person	Lost Visitation	Total
Lodging	\$ 6.71	1,038,314	\$ 6,970,042
Food and Drink	\$ 28.55	1,038,314	\$ 29,648,826
Transportation	\$ 25.60	1,038,314	\$ 26,581,706
Recreation*	\$ 57.91	1,038,314	\$ 60,125,287
Retail	\$ 15.75	1,038,314	\$ 16,357,973
Other**	N/A	N/A	\$ 12,444,400
Total			\$ 152,128,234

* Includes average Arena ticket price of \$50.00

** Includes radio revenue, club/luxury seat premiums, publications and sponsorships

Sources: Nassau County Tourism Bureau, Camoin Associates, Owner

Economic Impact of Closure

Using \$152 million in lost Nassau County sales as the input, Camoin Associates employed the economic impact modeling tool EMSI to determine the total economic impact of the Closure (in 2010 dollars). Camoin Associates categorized the lost sales into the appropriate NAICS codes as defined in the Original Report under the subsection titled *Direct Effects of Visitation Spending*; the impact of this loss is described in the table below.

Economic Impact			
	Direct	Indirect	Total
Jobs Lost	1,942	718	2,660
Sales Lost	\$ 152,128,234	\$ 91,276,940	\$ 243,405,174
Earnings Lost	\$ 64,431,677	\$ 39,303,323	\$ 103,735,000

Source: Camoin Associates, EMSI

In total, 2,660 jobs would be lost in Nassau County, accounting for a total loss of \$104 million in earnings and \$243 million in sales. For more information about economic impact modeling, please see the Original Report *Attachment A*.

ADDENDUM LIMITED FISCAL IMPACT STUDY

Due to the loss of visitation spending outlined above, the fiscal impacts of the Closure on Nassau County include the loss of sales tax, hotel tax and entertainment tax. Each of the impacts is covered below, followed by a summary of the total revenue loss.

Lost Sales Tax Revenue

Beginning in 2015, the County would lose sales tax revenues from two sources: 1) lost total direct sales related to the Coliseum, and 2) lost sales from spending related to lost jobs and earnings. Of the total lost visitation spending calculated in the *Economic Impact of Closure* section above (\$152 million), only \$110 million is subject to the sales tax.²

In addition, of the total lost earnings established in the section above (\$104 million) we assume 70% is spent within Nassau County and of that 25% is taxable, yielding an additional \$18 million in lost taxable sales for the County. Therefore, the total lost taxable sales equals \$128 million in 2010 dollars. Inflated 3% for the next five years, total lost taxable sales equals approximately \$149 million. With the County's 4% interest rate, these lost sales would cost the County \$5,943,653 annually in sales tax revenue.

Loss of Sales Tax in Nassau County from Closure (2015)	
Lost Visitation Spending (2010 figures)	\$ 152,128,234
Non-Taxable Ticket Sales	\$ 29,661,273
Non-Taxable Other Sales	\$ 12,444,400
Lost Taxable Sales from Lost Visitation Spending (2010)	\$ 110,022,560
Lost Earnings (2010)	\$ 103,735,000
Amount Spent in County	70%
Amount Taxable	25%
Lost Taxable Sales from Lost Earnings (2010)	\$ 18,153,625
Total Lost Taxable Sales (2010)	\$ 128,176,186
Inflator	3%
Number of Years to Closure	5
Lost Taxable Sales (2015 figures)	\$ 148,591,329
County Sales Tax Rate	4.00%
Lost County Sales Tax Revenue (2015)	\$ 5,943,653

Source: Camoin Associates, Owner, Nassau County

Lost Hotel Tax Revenue

In addition to the sales tax revenue, Nassau County would also lose any hotel tax revenue associated with lost visitation and overnight stays. With a 3% hotel tax, Nassau County would lose \$209,101 in revenue starting in year 2015.

² Note that ticket sales for family shows, concerts and entertainment events and all Other sales (radio revenue, club/luxury seat premiums, etc.) are not taxable.

Lost County Hotel Tax Revenue (2015)	
Lost Lodging Sales (2010)	\$ 6,970,042
Inflator	3%
Number of Years to Closure	5
Lost Lodging Sales (2015)	\$ 8,080,189
Hotel Tax	3%
Lost Hotel Tax Revenue (2015)	\$ 209,101

Source: Camoin Associates

Lost Entertainment Tax Revenue

In Nassau County, an entertainment tax (Local Law 28-2000) is added to ticket prices in the amount of \$1.50 per ticket. Based on the number of tickets sold subject to the entertainment tax, Nassau County would lose \$1.6 million if the Coliseum were to close in 2015.

Lost Entertainment Tax Revenue (2015)	
Total Annual Tickets Sold	1,143,164
Case Two Tickets Subject to the Entertainment Tax	62,350
Loss of Tickets Sold Subject to Entertainment Tax	1,080,814
Entertainment Tax per Ticket	\$ 1.50
Lost Entertainment Tax Revenue (2015)	\$ 1,621,221

Note: Entertainment tax is charged on event spaces in Nassau County with permanent seating capacity over 2,500, excluding universities. We net out those tickets in Case Two held at venues that are subject to the tax.

Source: Camoin Associates

Summary of Lost County Revenue

Based on the figures calculated in the above sections, if the Coliseum were to close in 2015, Nassau County would face a revenue loss of over \$7.8 million annually.

Summary of Lost County Revenue (2015)	
Lost Sales Tax Revenue	\$ 5,943,653
Lost Hotel Tax Revenue	\$ 209,101
Lost Entertainment Tax Revenue	\$ 1,621,221
Total	\$ 7,773,975

Source: Camoin Associates