



Presentation to House Local Government Division



February 23, 2009

Introduction

- In operation since 1982
- Spring marks 27th anniversary
- Over 80 million visitors
- Host over 300 event days per year

History of MSFC

Established by legislation in 1977

- Site neutral
- Metro-wide liquor tax

History of MSFC

Site selected; legislation amended 1979

- Site = Minneapolis
- Minneapolis liquor and lodging tax assessed
- Met Council bonds: \$55 million
- Private development corporation assisted in acquiring property
- Multi-purpose stadium

History of MSFC

Membership

- Prior to selection of site:
all appointed by Governor
- With new Minneapolis site (liquor and lodging tax used to back-up bonds)
legislation amended to allow City to appoint 6 of the 7 members

Preserving Our Professional Teams in Minnesota

We are committed to preserving professional sports in Minnesota.

We have worked closely with the teams over the years to try to maximize their opportunities for success.

Next Generation of Facilities

MN Twins and U of M Gophers

- Legislature has addressed new homes for the Twins and the Gophers

Twins: 2010

Gophers: 2009

Next Generation of Facilities

MN Vikings

- Vikings Football Use Agreement expires 2011

Next Generation of Facilities

MN Vikings

- State faces economic challenges
- Need a long term solution for the Vikings
- Need to guarantee their presence in Minnesota for a minimum of 30 years.
 - Very urgent issue
 - 30 games left until Use Agreement expires
 - 36 months to complete a re-constructed Metrodome
 - With every delay, the price increases



Next Generation of Facilities

MN Vikings

- Team wants to maintain its home in downtown Minneapolis
 - Metrodome site offers significant public infrastructure, already in place

Next Generation of Facilities

- Why should we reconstruct the Metrodome
 - Professional sports have been a good investment for Minnesota
 - Public investment in the Metrodome to date is \$33.4 million.
 - Incremental tax revenues generated by professional sports at the Metrodome are \$245.6 million (\$234 million alone to State)

Next Generation of Facilities

Commission Planning Efforts

- As the owner of a public asset, the Commission has an obligation to explore the options related to the future use of the Metrodome site

Next Generation of Facilities

Commission Planning Efforts

○ Listening Tour

- Conducted from November 2007 through January 2008
- Visits to:
Rochester, Mankato, Moorhead, St. Cloud,
Virginia, Duluth, Marshall, Minneapolis,
Woodbury

Next Generation of Facilities

Commission Planning Efforts

○ Listening Tour

Conclusions: We communicated with over 1,000 Minnesotans

- 5 out of 6 people surveyed believe that Minnesota needs to move forward and build a venue with a roof, i.e., a year-round climate controlled facility.
- 92% of those surveyed want to keep the Vikings in Minnesota for the next generation
- More than three-quarters of survey participants have personally attended and/or participated in events at the Metrodome

Note: this was not a scientific survey.



Next Generation of Facilities

Commission Planning Efforts

- Planning Process
 - Discussion
 - Solicitation of proposals to assess the true costs of a reconstructed stadium and its potential impact

Next Generation of Facilities

Commission Planning Efforts

- We have engaged:
 - a planning firm to examine potential future uses of the Metrodome (ROMA Design Group/ Hoisington-Koegler Group)
 - an architect to develop a concept design (HKS)
 - a cost-estimator to develop solid costing information (Mortenson)
 - a consultant to develop a jobs and direct impact study (CSL)

Next Generation of Facilities

Commission Planning Efforts

- Working with the Vikings to prepare a schedule and a proposal
- All stakeholders involved: Vikings, Legislature, Governor, business and labor leaders, general public
- Will report back to you when planning process is complete

Next Generation of Facilities

Economic and Employment Impact of Reconstructed Metrodome

- RSM McGladrey and CSL

Tax Study Overview

- RSM McGladrey was retained by the Metropolitan Sports Facilities Commission
- Analyzed the estimated historical tax revenue benefit to state and local governmental agencies from activities associated with major professional sports in Minnesota
- Study included analysis of the public investment in and tax revenues generated by the Metrodome, including all sporting and non-sporting events held at the facility

Metrodome-Related Tax Revenues and Public Investments

Estimated tax revenue collected in Minnesota as a result of Metrodome operations:

State of Minnesota:	\$234,200,000
Hennepin County:	0
City of Minneapolis:	<u>11,400,000</u>
TOTAL:	<u>\$245,600,000</u>

Public investments in the Metrodome

State of Minnesota:	\$0
Hennepin County:	0
City of Minneapolis:	25,400,000
7-County Liquor Tax:	<u>8,000,000</u>
TOTAL:	<u>\$33,400,000</u>



Metrodome-Related Tax Revenues and Public Investments

- The source of the greatest estimated tax revenue at the Metrodome was from the operations of the Minnesota Vikings (\$126.2 million)
- Over one-half (55%), or \$136 million, of the total estimated tax revenue generated from the Metrodome is attributable to the personal income tax on professional sports organizations' payrolls
- State and local sales, liquor, restaurant and gross receipts taxes derived from events held at the Metrodome are estimated to have totaled \$109.6 million

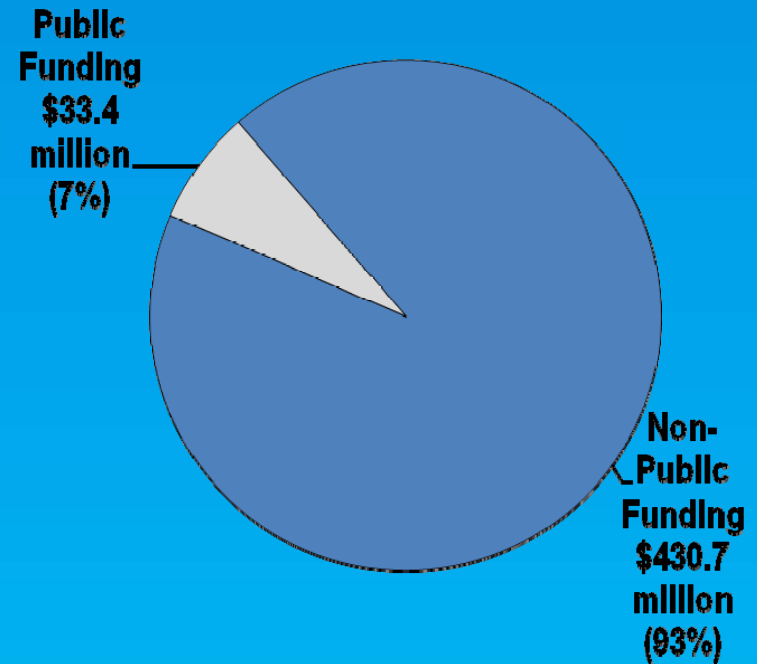


Metrodome-Related Tax Revenues and Public Investments

- Of the total cost of construction and operation of the Metrodome through 2006 (\$464.1 million), public investment accounted for 7% (\$33.4 million) and the remaining 93% (\$430.7 million) was derived from Metrodome events, tenants and other non-public sources

Total cost of operating the Metrodome through 2006:

Construction funding/ debt service:	\$186,200,000
Capital expenditures:	69,400,000
Other:	5,700,000
Operating expenses:	<u>202,700,000</u>
TOTAL:	\$464,100,000



Economic Impact Overview

- CSL retained by the Metropolitan Sports Facilities Commission
- Primary focus was to evaluate potential economic impacts related to construction and operations of Metrodome Next
- Various impacts evaluated including:
 - Direct spending, total economic activity (output), jobs, personal earnings, taxes

Methodology

- **Direct Spending** represents the first round of quantifiable spending
- **Total Output** represents the total direct, indirect and induced spending effects
- **Personal Earnings** represent the wages and salaries earned as a result of the economic activity generated by the operations of Metrodome Next and the Vikings
- **Employment** represents the number of full- and part-time jobs generated from direct and indirect spending
- **Fiscal Impacts** represent State and local taxes generated as a result of direct, indirect and induced spending

Methodology

Direct Spending Adjustments

Gross Project Spending				
Materials	Tickets	Parking	Transportation	Advertising
Supplies	Rent	Lodging	Entertainment	Naming Rights
Labor	Concessions	Restaurants/Bars	Suites	League Revenues
Prof. Fees	Merchandise	Retail	Club Seats	Media

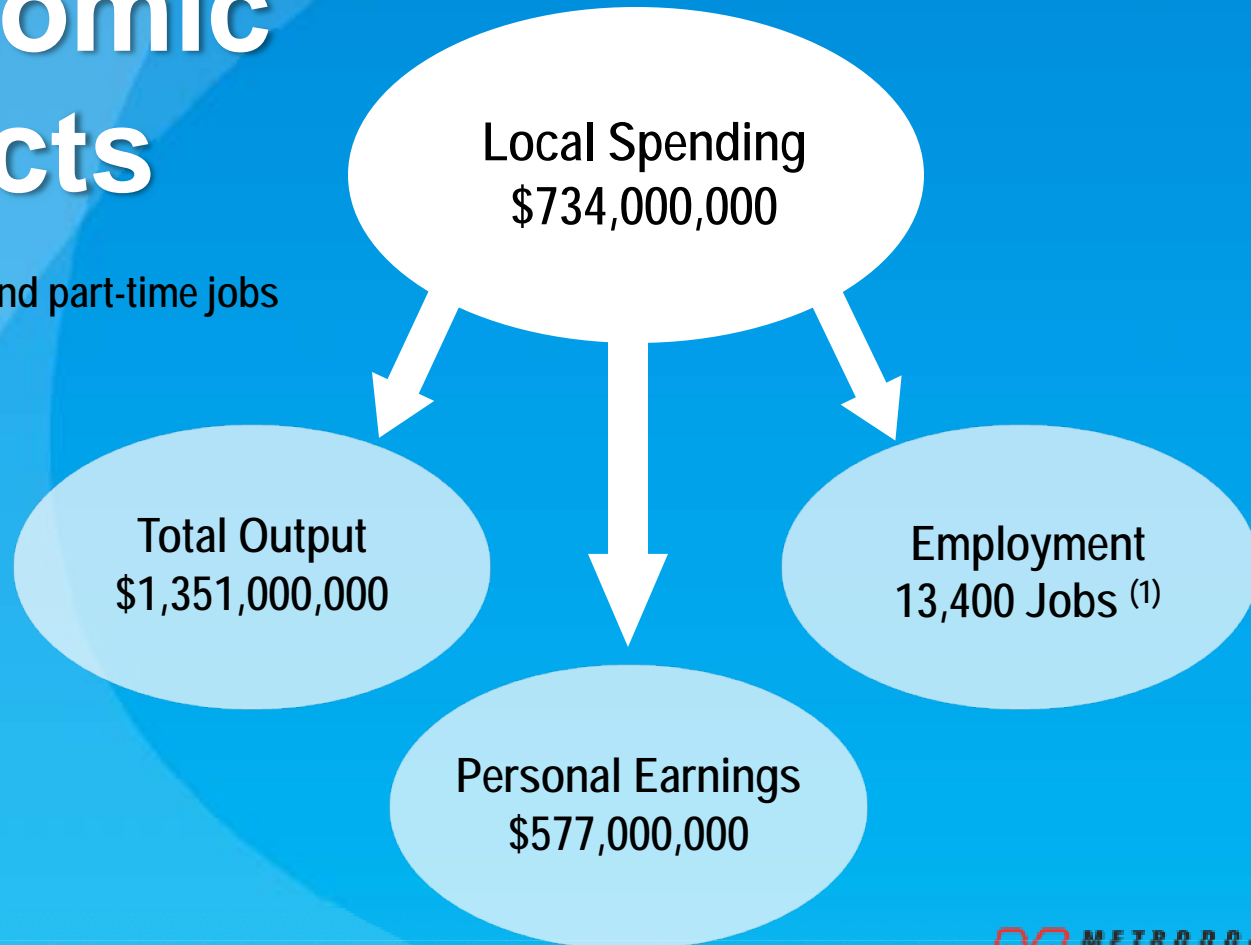
Adjustments

Initial Direct Spending Adjustment
Adjustments are made to exclude spending that occurs outside of Minnesota or does not impact the State's economy

Direct Spending
Represents portion of gross spending occurring in Minnesota that impacts the State's economy

Construction Period Economic Impacts

(1) Includes full and part-time jobs



Construction Period Fiscal Impacts

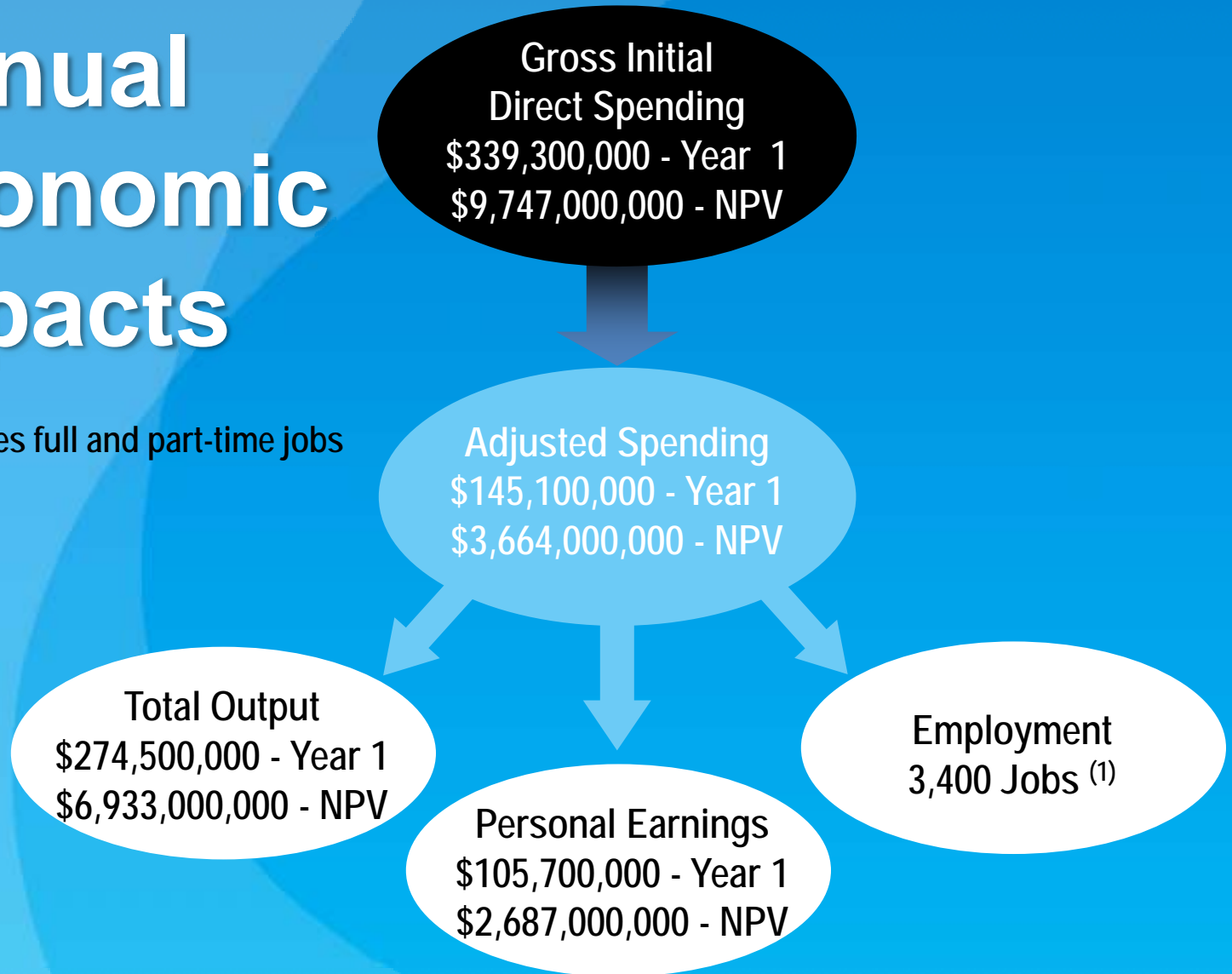
Tax Revenues ⁽¹⁾

Personal Income Tax	\$21,000,000
Indirect Sales Tax	<u>12,000,000</u>
Total Tax Revenues	\$33,000,000

(1) Does not include sales taxes on direct construction expenditures, which are assumed to be tax-exempt

Annual Economic Impacts

(1) Includes full and part-time jobs



Annual Fiscal Impacts

	<u>Year 1</u>	<u>30 Year NPV</u>
State Taxes		
Sales	\$10,067,000	\$254,300,000
Personal Income	12,380,000	327,700,000
Liquor	253,000	6,100,000
Total State Taxes	\$22,700,000	\$588,100,000
5-County Transit Sales Tax	325,000	8,200,000
County Sales Tax	165,000	4,200,000
City Taxes ⁽¹⁾	3,198,000	80,700,000
Total Taxes	\$26,388,000	\$681,200,000
Admissions Tax	5,813,000	149,300,000
Total Taxes with Admissions	\$32,201,000	\$830,500,000

(1) Represents a combination of taxes assessed by cities in which stadium-related spending is assumed to take place

Questions?