



Greater Des Moines Water Trails & Greenways Economic Impact Study

SUBMITTED TO
Capital Crossroads

SUBMITTED BY
Johnson Consulting

November 26, 2018

FINAL



**JOHNSON
CONSULTING**

Experts in Convention, Hospitality,
Sport and Real Estate Consulting.

TABLE OF CONTENTS

SECTION I

COVER LETTER

SECTION II

INTRODUCTION & PROJECT OVERVIEW

1

SECTION III

ECONOMIC AND FISCAL IMPACT ANALYSIS

5



SECTION I
COVER LETTER



November 26, 2018

Ms. Nikki Syverson
Director
Capital Crossroads
via email: nsyverson@dsmpartnership.com

Re: Greater Des Moines Water Trails & Greenways Economic Impact Study

Dear Ms. Syverson,

Johnson Consulting is pleased to submit this report to Capital Crossroads detailing our economic impact assessment of the three proposed downtown river dam projects, specifically: Center Street Dam, Fleur Avenue Dam, and Scott Avenue Dam.

Johnson Consulting has no responsibility to update this report for events and circumstances occurring after the date of this report. The findings presented herein reflect analyses of primary and secondary sources of information. Johnson Consulting used sources deemed to be reliable, but cannot guarantee their accuracy. Moreover, some of the estimates and analyses presented in this study are based on trends and assumptions which can result in differences between the projected results and the actual results. Because events and circumstances frequently do not occur as expected, those differences may be material. This report is intended for the client's internal use and cannot be used for project underwriting purposes without Johnson Consulting's written consent.

Sincerely yours,

C.H. Johnson Consulting, Inc.

C.H. JOHNSON CONSULTING, INC.

SECTION II
INTRODUCTION & PROJECT OVERVIEW



INTRODUCTION

Capital Crossroads, the incubator for the Greater Des Moines Water Trails Project, (the Client”) engaged Johnson Consulting to assist with creating a regional network of water trails and greenways that will reconnect residents of Central Iowa to their river roots in an effort to remain competitive with other regions for workforce, and to provide first-class quality of life for its citizens. Johnson Consulting was specifically engaged to perform an economic impact analysis for the operations at three dams across downtown Des Moines – the Center Street Dam, the Fleur Dam, and the Scott Avenue Dam. With over 150 miles of water trails, these can be leveraged to increase the overall economic impact and tourism in Des Moines.

METHODOLOGY

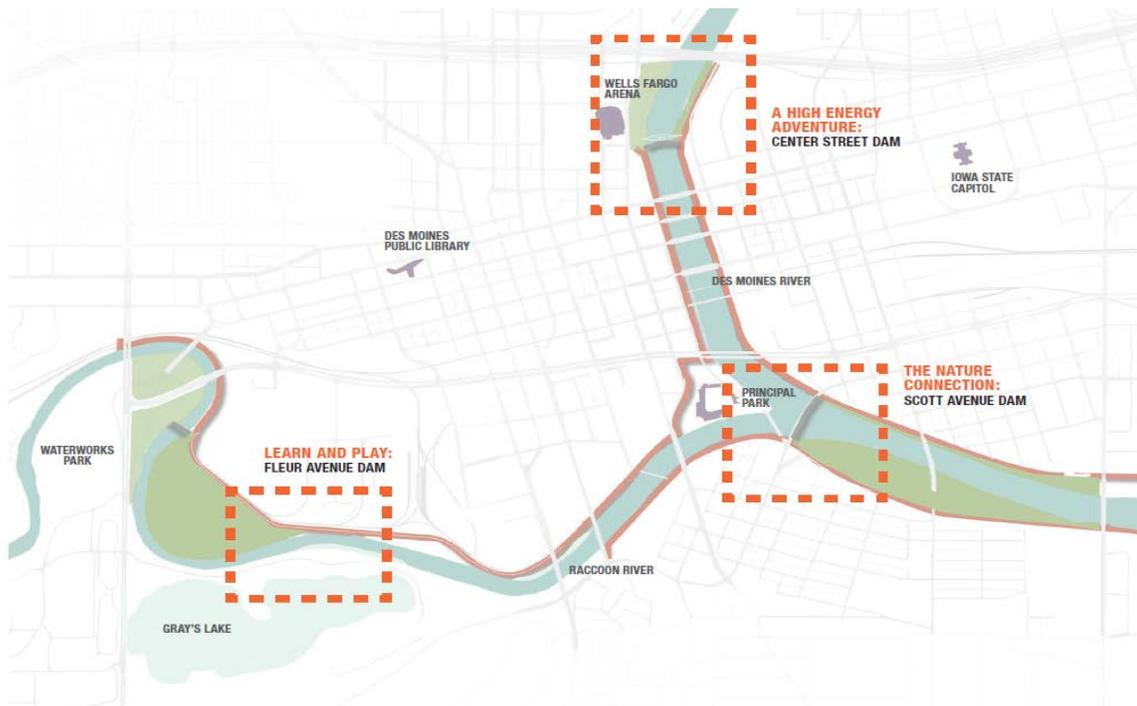
In order to accomplish these objectives, the program of analysis conducted by Johnson Consulting has undertaken the following research tasks:

- Met with the client and interviewed stakeholders to gather information, obtain work performed to date, and understand the expectations and objectives of this development.
- Reviewed proposed business plans to analyze all of the previous work done for each of the proposed downtown river dam projects.
- Projected demand based on data given to Johnson Consulting from Capital Crossroads – number of visitors to the convention center and the adjacent adventure park.
- Projected the economic and fiscal impacts that will accrue in the market as a result of the operations at the three river dam developments.
- Baseline assumptions, direct spending estimates, indirect and induced spending and employment estimates, and fiscal impact analysis on all three downtown river dam projects

PROJECT OVERVIEW

The goal of this project is to give greater access to large stretches of the Des Moines riverfront, which is currently underutilized. With a projected total cost of \$107 million it will be important for Des Moines to generate the highest possible return and best leverage themselves for the future. Given the different projected uses of these three sites, they will all produce a different economic return. The figure below identifies the three dam development sites.

Figure 2-1



CENTER STREET DAM

The Center Street Dam, which is located in the center of Downtown Des Moines, will provide plenty of entertainment options for the adventurous. This project will cost approximately \$57 million and aims at providing both in-water and out-of-water experiences for citizens and tourists. Activities in the water include whitewater rafting and kayaking. While out of the water, people can skateboard, zipline, or rock-climb. While safety is important, this water trail is aimed at providing people a place they can feel adventurous without having to leave the city.

Figure 2-2

The Center Street Dam has the potential to generate economic impact for Des Moines by attracting the high-energy people throughout the region through the promise of kayaking, whitewater rafting, ziplining, and rock climbing. In the Midwest, these activities are more of a rarity in comparison to some other regions in the United States, which makes the Center Street Dam project more attractive.

SCOTT AVENUE DAM

While the Center Street Dam is aimed at providing excitement to the people of Des Moines, the Scott Avenue Dam, which is called ‘the nature connection,’ will help to enhance local wildlife and fishing in the area. Located at the convergence of the Des Moines and Racoon Rivers, this site shows the best potential for restoring the natural habitat on the river. At a cost of \$22 million, cleanliness is the main theme of this project, which will have fish cleaning stations, fish habitats and fish passages. Just as it is with the Center Street Dam, this dam makes its users feel as if they can take advantage of nature while not having to leave an urban setting. If everything goes to plan, officials expect fishing at the convergence of these two rivers to increase, which can attract fishermen from all over the region.

Figure 2-3



FLEUR AVENUE DAM

The last dam, the Fleur Avenue Dam, is almost a hybrid of the first two. On one side of it, children and adults will be able to learn to surf and kayak at their own pace while not having to face the more intense waters of the Center Street Dam. On the other end, children and adults will be able to swim, relax, and learn to swim in the water. This project will cost \$28 million and will provide adults and children a safe-space to use the water how they best please.

Figure 2-4



SECTION III
ECONOMIC AND FISCAL IMPACTS



ECONOMIC AND FISCAL IMPACT ANALYSIS

This report section projects total economic and fiscal benefit that could be generated by Greater Des Moines Water Trails developments in Des Moines, Iowa. This analysis projects the effect of the spending of visitors to these attractions, as well as the business operation of the facilities, based on the projected usage and visitation to the water trails.

While these are mathematical calculations, which are based on experience seen in numerous other settings, perhaps the most important thing to visualize is what will happen to Des Moines as a community. The proposed Greater Des Moines Water Trails developments will allow the City to keep offering river-based recreational activities in the local area as well as spur economic growth via ancillary private sector developments. By developing the facilities, investments are made that will continue to attract people from outside the region to Des Moines, increasing the identity of the market by promoting to those visitors. Such attractions will continue to play host to tens of thousands of residents and visitors in the region annually.

ECONOMIC IMPACT

This subsection provides an estimate of economic benefits generated by the proposed Greater Des Moines Water Trails developments. They include initial direct spending by the visitors, at and outside the facilities, which then ripples out through the economy and generates indirect spending, induced spending, increased earnings, and employment.

DEFINITIONS

Economic impact is defined as incremental new spending in an economy that is the direct result of certain activities or facilities. For the purpose of this analysis, impact totals are discussed in terms of the Des Moines economy. The levels of impacts are described as follows:

- **Direct Spending** – is an expression of the spending that occurs as a direct result of the activities that occur in the subject facility. For example, a visitor's expenditures on hotel rooms, shopping, and meals are direct spending.
- **Indirect Spending** – consists of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending in the subject facility. For example, a visitor's direct expenditure on a restaurant meal causes the restaurant to purchase food and other items from suppliers. The portion of these restaurant purchases that are within the local, regional, or state economies is counted as indirect spending.
- **Induced Spending** – represent changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may have more personal income as a result of the visitor's visit. The amount of the increased income the waiter spends in the local economy is called an induced spending.



- **Total Spending** – is the sum of direct spending, indirect spending, and induced spending.
- **Increased Earnings** – measures increased employee and worker compensation related to the project being analyzed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expresses how the employees of local businesses share in the increased outputs.
- **Employment** – measures the number of jobs supported in the study area related to the spending generated as a result of the events occurring at the new developments. Employment impact is stated in a number of full-time equivalent jobs.

Indirect and Induced Spending, Increased Earnings, and Employment are estimated using a set of multiplier rates shown in Figure 3-1 below. The multipliers were derived from impact calculations utilizing an IMPLAN input-output model specific to Polk County, Iowa to estimate the impacts. IMPLAN is a nationally recognized model commonly used to estimate economic impacts. An input-output model analyzes the commodities and income that normally flow through the various sectors of the economy. The indirect and induced spending as well as increased earnings and employment effects represent the estimated changes in the flow of income and goods caused by the direct spending associated with the new developments.

Figure 3-1

Des Moines Water Trails Downtown Developments Economic Impact Multipliers		
Impact	Multiplier	Base
Indirect Spending	0.212	of direct spending
Induced Spending	0.453	of direct spending
Increased Earnings	0.498	of direct spending
Increased Employment (FTE Jobs)	8.975	per \$1 million of direct spending

Source: Implan, Johnson Consulting

The multiplier rates mean that for every \$1.00 spent by people in Des Moines, it results in an additional \$1.163 of value to the economy. Also, for every \$1 million spent result in 8.975 jobs in the market.

USAGE AND VISITATION ANNUAL VOLUME

Impact analysis is based on the projected usage and visitation to the Water Trails, which are grouped into three categories: (i) users/ active participants, (ii) general visitors, and (iii) additional visitors from Iowa Event Center attendance.



USERS/ ACTIVE PARTICIPANTS

They include those to actively participate in the river-based recreational facilities, such as rafting, surfboarding, et cetera. The projected usage and visitation to these facilities are based on the demand projections by Capital Crossroads, as summarized in Figure 3-2, showing that they total to 78,068 visitors annually (assumed to be in Year 1).

Figure 3-2

Des Moines Water Trails Downtown Developments Usage Projections					
	Participation Rate	Primary Service Market	Secondary Service Market	Extended Service Market	Total User Market
Market Size		895,144	734,946	8,974,151	
Participation Market					
General Users	48.80%	436,830	358,654	4,379,386	795,484
Non-whitewater Paddlers	5.90%	52,813	43,362	529,475	96,175
Rafting	1.70%	15,217	12,494	152,561	27,711
Surfing/ Stand-up Paddling	3.20%	28,645	23,518	287,173	52,163
Whitewater Paddlers	1.30%	11,637	9,554	116,664	21,191
Total	60.90%	545,142	447,582	5,465,259	992,724
Capture Rate		Primary Service Market	Secondary Service Market	Extended Service Market	
General Users		5.0%	1.0%	0.1%	
Non-whitewater Paddlers		5.0%	1.0%	0.5%	
Rafting		5.0%	1.0%	0.1%	
Surfing/ Stand-up Paddling		60.0%	0.5%	0.3%	
Whitewater Paddlers		60.0%	50.0%	10.0%	
Market Capture		Primary Service Market	Secondary Service Market	Extended Service Market	Total User Market
General Users		21,842	3,587	4,379	29,807
Non-whitewater Paddlers		2,641	434	2,647	5,722
Rafting		761	125	153	1,038
Surfing/ Stand-up Paddling		17,187	125	763	18,075
Whitewater Paddlers		6,982	4,777	11,666	23,426
Total		49,412	9,047	19,609	78,068

Source: Capital Crossroads

Capital Crossroads also provided multi-year projections of usage and visitation in some of the River Programs and Adventure Park, which are part of the developments. They are summarized in Figure 3-3, as-is (“na” means that no projected figures were provided).



Figure 3-3

Des Moines Water Trails Downtown Developments Projected Visitation Volume for Users/ Active Participants					
	Year 1	Year 2	Year 3	Year 4	Year 5
River Programs	34,250	36,138	39,751	na	na
Adventure Park	15,000	22,500	27,500	35,000	45,000
Other Users*	28,818	na	na	na	na
Total	78,068	na	na	na	na

**Estimated as the difference between the projected visitation to River Programs and Adventure Park combined, with the total visitors shown in Table 4-2.*

Source: Capital Crossroads, Johnson Consulting

GENERAL VISITORS

General Visitors include those who visit the Water Trails but may not actively participate in the river-based activities. The projected number of these visitors is also based on the projections by Capital Crossroads, as summarized in Figure 3-4 showing that they total to 80,000 visitors annually (assumed to be in Year 1).

Figure 3-4

Des Moines Water Trails Downtown Developments Visitation Projections			
	Capture Rate	Visitor Market	Market Capture
Overnight Adults - VFR*	1.0%	2,100,000	21,000
Overnight Adults - B&L**	2.0%	100,000	2,000
Overnight Adults - Marketable	2.0%	1,300,000	26,000
Day-visit Adults - Marketable	1.0%	3,100,000	31,000
Total			80,000

**VFR = Visiting Friends/ Relatives*

***B&L = Business and Leisure*

Source: Capital Crossroads

MARKET CAPTURE FROM IOWA EVENT CENTER ATTENDANCE

Upon completion, the Water Trails have the potential to capture a portion of the attendees to the Iowa Event Center. Figure 3-5 shows our projections of such capture, which total to 15,404 visitors annually (assumed to be in Year 1).



Figure 3-5

Des Moines Water Trails Downtown Developments Estimated Market Capture from Iowa Event Center Attendance						
	IEC Historical Attendance			3-Year Average	Assumed Capture Rate	# of iEC Participants
	2016	2017	2018			
Convention Center						
Consumer Shows	114,000	95,665	95,238	101,634	1%	1,016
Tradeshow	38,000	43,484	43,651	41,712	1%	417
Conventions	52,250	34,787	27,778	38,272	10%	3,827
Special Events	147,249	147,846	119,048	138,048	1%	1,380
Meetings	85,500	91,316	79,365	85,394	1%	854
Banquets	38,000	21,742	31,746	30,496	1%	305
Total	474,998	434,840	396,826	435,555		7,800
Arena						
Family Shows	80,265	86,389	70,928	79,194	1%	792
Concert	184,610	235,605	134,762	184,992	1%	1,850
Special Events	40,133	54,975	78,020	57,709	1%	577
Sports	481,591	408,382	425,566	438,513	1%	4,385
Total	802,651	785,350	709,276	765,759		7,604
Total additional Water Trail Visitors						15,404

Source: Johnson Consulting

COMBINED USAGE AND VISITATION

Figure 3-6 combines all three groups of visitors, resulting in 173,472 visitors annually (assumed to be in Year 1).

Figure 3-6

Des Moines Water Trails Downtown Developments Total Annual Usage and Visitation	
Users/ Participants	78,068
(Non-user) Visitors	80,000
Additional Visitors from Iowa Events Center Attendance	15,404
Total	173,472

Source: Capital Crossroads, Johnson Consulting

USAGE AND VISITATION PROJECTIONS

Based on the estimates shown in Figure 3-2 through Figure 3-6, we developed 10-year projections of usage and visitation to the Des Moines Water Trails, as shown in Figure 3-7.



Figure 3-7

Des Moines Water Trails Downtown Developments Projected Visitation Volume*										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Users/ Active Participants										
River Programs	34,250	36,138	39,751	40,550	41,360	42,190	43,030	43,890	44,770	45,670
Adventure Park	15,000	22,500	27,500	35,000	45,000	45,900	46,820	47,760	48,720	49,690
Other Users	28,818	29,390	29,980	30,580	31,190	31,810	32,450	33,100	33,760	34,440
Subtotal	78,068	88,028	97,231	106,130	117,550	119,900	122,300	124,750	127,250	129,800
(Non-user) Visitors										
Overnight Visitors	49,000	49,980	50,980	52,000	53,040	54,100	55,180	56,280	57,410	58,560
Day-trip Visitors	31,000	31,620	32,250	32,900	33,560	34,230	34,910	35,610	36,320	37,050
Subtotal	80,000	81,600	83,230	84,900	86,600	88,330	90,090	91,890	93,730	95,610
Additional Visitors from Iowa Events Center Attendance										
Overnight Visitors**	11,553	11,780	12,020	12,260	12,510	12,760	13,020	13,280	13,550	13,820
Day-trip Visitors***	3,851	3,930	4,010	4,090	4,170	4,250	4,340	4,430	4,520	4,610
Subtotal	15,404	15,710	16,030	16,350	16,680	17,010	17,360	17,710	18,070	18,430
Total	173,472	185,338	196,491	207,380	220,830	225,240	229,750	234,350	239,050	243,840

*Long-term, growth is assumed at 2% annually.

**Assumed to be 75% of total additional visitors from IEC.

***Assumed to be 25% of total additional visitors from IEC.

Source: Capital Crossroads, Johnson Consulting

As shown, the Water Trails developments are expected to generate 173,472 visitors in Year 1; 220,830 visitors in Year 5; and 243,840 visitors in Year 10.

AVERAGE DAILY SPENDING

Figure 3-8 shows the assumed average daily spending for these visitors.

Figure 3-8

Des Moines Water Trails Downtown Developments Average Spending			
	Users/ Participants	Other Visitors	
		Overnight	Day Trip
Lodging	na	\$50	na
Food and Beverage	\$25	32	\$18
Retail Purchases	22	21	23
Transportation	12	15	8
Recreation/ Sightseeing/ Entertainment	11	13	10
or Kayak Rentals*	21	na	na
or Adventure Park**	80	na	na
Total	\$70-\$139	\$130	\$59

*Specifically for users/ participants in River Programs.

**Specifically for Adventure Park customers.

Source: Longwoods International, Capital Crossroads, Johnson Consulting



The amounts of average spending for other visitors are derived from the Des Moines 2015 & 2016 Visitor Research by Longwoods International, adjusted to reflect today’s dollars. The amounts of average spending for users/ participants are the midpoint between the spending amounts for overnight visitors and day-trip visitors. Specifically, on the spending for kayak rentals and Adventure Park, the amounts are derived from study by Capital Crossroads, as shown in Figure 3-9 and Figure 3-10.

Figure 3-9

Des Moines Water Trails Downtown Developments Year 1 Operational Models - River Program						
Watercraft/ Boat Rental	Location	Duration (hrs)	Fee	Rentals	Usage	Revenues
1-person kayak	Downtown	2	\$20	3,500	3,500	\$70,000
	Birdland	3	\$30	2,500	2,500	75,000
	Fleur	2	\$20	2,500	2,500	50,000
2-person kayak	Downtown	2	\$30	3,000	6,000	90,000
	Birdland	3	\$40	2,500	5,000	100,000
	Fleur	2	\$30	2,500	2,500	75,000
5-person kayak	Downtown	2	\$65	1,000	4,000	65,000
	Birdland	3	\$75	1,000	4,000	75,000
	Fleur	2	\$65	750	750	48,750
Surfboard/ Bodyboard rentals	Downtown	2	\$20	3,500	3,500	70,000
Total				22,750	34,250	\$718,750
						\$21 per user

Source: Capital Crossroads

Figure 3-10

Des Moines Water Trails Downtown Developments Operational Models - Adventure Park					
	Year 1	Year 2	Year 3	Year 4	Year 5
# of Customers (High)	15,000	22,500	27,500	35,000	45,000
Potential Gross Revenues (High)	\$1,200,000	\$1,800,000	\$2,420,000	\$3,080,000	\$4,185,000
Revenue/ Customer	\$80.00	\$80.00	\$88.00	\$88.00	\$93.00

Source: Capital Crossroads

ESTIMATED DIRECT SPENDING

Direct spending by users and visitors are estimated by multiplying the usage and visitation volume with the relevant average spending amounts. Figure 3-11 through Figure 3-13 shows the calculation for Users/ Participants, Overnight Visitors, and Day-Trip Visitors.



Figure 3-11

Des Moines Water Trails Downtown Developments Estimated Direct Spending by Users/ Active Participants										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Users/ Active Participants										
River Programs	34,250	36,138	39,751	40,550	41,360	42,190	43,030	43,890	44,770	45,670
Adventure Park	15,000	22,500	27,500	35,000	45,000	45,900	46,820	47,760	48,720	49,690
Other Users	28,818	29,390	29,980	30,580	31,190	31,810	32,450	33,100	33,760	34,440
Total	78,068	88,028	97,231	106,130	117,550	119,900	122,300	124,750	127,250	129,800
Average Spending on										
Food and Beverage	\$25	\$26	\$26	\$27	\$28	\$29	\$30	\$31	\$32	\$33
Retail Purchases	22	23	24	24	25	26	27	27	28	29
Transportation	12	12	12	13	13	14	14	14	15	15
Recreation/ Sightseeing/ Entertainment	11	11	12	12	13	13	13	14	14	15
<i>or Kayak Rentals*</i>	21	22	22	23	24	24	25	26	27	27
<i>or Adventure Park**</i>	80	82	85	87	90	93	96	98	101	104
Total	\$70-\$139	\$72-\$143	\$74-\$147	\$77-\$152	\$79-\$156	\$81-\$161	\$84-\$166	\$86-\$171	\$89-\$176	\$91-\$181
Direct Spending (\$000) on										
Food and Beverage	\$1,946	\$2,260	\$2,572	\$2,891	\$3,298	\$3,465	\$3,641	\$3,825	\$4,019	\$4,222
Retail Purchases	1,739	2,020	2,298	2,584	2,948	3,097	3,253	3,418	3,591	3,773
Transportation	911	1,058	1,204	1,353	1,544	1,622	1,704	1,790	1,881	1,976
Recreation/ Sightseeing/ Entertainment	321	337	354	372	391	411	432	453	476	501
<i>or Kayak Rentals*</i>	719	781	885	930	977	1,026	1,078	1,133	1,190	1,250
<i>or Adventure Park**</i>	1,200	1,854	2,334	3,060	4,052	4,257	4,472	4,699	4,937	5,187
Total	\$6,836	\$8,311	\$9,647	\$11,190	\$13,210	\$13,878	\$14,581	\$15,319	\$16,095	\$16,910

*Specifically for users/ participants in River Programs.

**Specifically for Adventure Park customers.

Source: Capital Crossroads, Johnson Consulting

Figure 3-12

Des Moines Water Trails Downtown Developments Estimated Direct Spending by Other Visitors (Overnight)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Overnight Visitors										
(Non-user) Visitors	49,000	49,980	50,980	52,000	53,040	54,100	55,180	56,280	57,410	58,560
Additional Visitors from IEC Attendance	11,553	11,780	12,020	12,260	12,510	12,760	13,020	13,280	13,550	13,820
Total	60,553	61,760	63,000	64,260	65,550	66,860	68,200	69,560	70,960	72,380
Average Spending on										
Lodging	\$50	\$51	\$53	\$54	\$56	\$58	\$60	\$61	\$63	\$65
Food and Beverage	32	33	34	35	36	37	38	39	40	42
Retail Purchases	21	22	23	23	24	25	25	26	27	28
Transportation	15	15	16	16	17	17	18	18	19	19
Recreation/ Sightseeing/ Entertainment	13	13	14	14	14	15	15	16	16	17
Total	\$130	\$134	\$138	\$143	\$147	\$151	\$156	\$160	\$165	\$170
Direct Spending (\$000) on										
Lodging	\$3,019	\$3,172	\$3,333	\$3,501	\$3,679	\$3,865	\$4,061	\$4,266	\$4,482	\$4,709
Food and Beverage	1,927	2,025	2,127	2,235	2,348	2,467	2,592	2,723	2,861	3,006
Retail Purchases	1,285	1,350	1,418	1,490	1,565	1,645	1,728	1,815	1,907	2,004
Transportation	899	945	993	1,043	1,096	1,151	1,210	1,271	1,335	1,403
Recreation/ Sightseeing/ Entertainment	771	810	851	894	939	987	1,037	1,089	1,144	1,202
Total	\$7,902	\$8,301	\$8,722	\$9,163	\$9,627	\$10,114	\$10,626	\$11,163	\$11,730	\$12,323

Source: Capital Crossroads, Johnson Consulting



Figure 3-13

Des Moines Water Trails Downtown Developments Estimated Direct Spending by Other Visitors (Day Trip)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Day Trip Visitors										
(Non-user) Visitors	31,000	31,620	32,250	32,900	33,560	34,230	34,910	35,610	36,320	37,050
Additional Visitors from IEC Attendance	3,851	3,930	4,010	4,090	4,170	4,250	4,340	4,430	4,520	4,610
Total	34,851	35,550	36,260	36,990	37,730	38,480	39,250	40,040	40,840	41,660
Average Spending on										
Food and Beverage	\$18	\$19	\$19	\$20	\$20	\$21	\$22	\$22	\$23	\$24
Retail Purchases	23	24	25	26	26	27	28	29	30	30
Transportation	8	9	9	9	10	10	10	10	11	11
Recreation/ Sightseeing/ Entertainment	10	10	10	10	11	11	11	12	12	12
Total	\$59	\$61	\$63	\$65	\$67	\$69	\$71	\$73	\$75	\$78
Direct Spending (\$000) on										
Food and Beverage	\$629	\$660	\$694	\$729	\$766	\$805	\$845	\$888	\$933	\$980
Retail Purchases	813	855	898	943	991	1,041	1,094	1,149	1,207	1,269
Transportation	296	311	326	343	360	379	398	418	439	461
Recreation/ Sightseeing/ Entertainment	333	350	367	386	405	426	447	470	494	519
Total	\$2,071	\$2,175	\$2,285	\$2,401	\$2,523	\$2,650	\$2,784	\$2,926	\$3,074	\$3,229

Source: Capital Crossroads, Johnson Consulting

Figure 3-14 shows the estimated direct spending from the three groups, combined.

Figure 3-14

Des Moines Water Trails Downtown Developments Estimated Direct Spending by All Users and Visitors (\$000)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Direct Spending on										
Lodging	\$3,019	\$3,172	\$3,333	\$3,501	\$3,679	\$3,865	\$4,061	\$4,266	\$4,482	\$4,709
Food and Beverage	4,502	4,945	5,393	5,855	6,412	6,737	7,078	7,436	7,813	8,208
Retail Purchases	3,837	4,224	4,614	5,017	5,504	5,782	6,075	6,383	6,706	7,046
Transportation	2,106	2,314	2,523	2,739	3,000	3,152	3,311	3,479	3,655	3,840
Recreation/ Sightseeing/ Entertainment	3,343	4,132	4,791	5,642	6,764	7,107	7,467	7,845	8,242	8,659
Total	\$16,809	\$18,787	\$20,654	\$22,754	\$25,360	\$26,643	\$27,991	\$29,408	\$30,899	\$32,463

Source: Capital Crossroads, Johnson Consulting

As shown, all users and visitors to the Water Trails developments are estimated to generate approximately \$16.8 million, \$25.4 million, and \$32.5 million in direct spending in Year 1, Year 5, and Year 10, respectively.

Applying the multiplier rates previously shown in Figure 3-1 to the direct spending amounts, Figure 3-15 shows the estimated economic impact of the Water Trails.



Figure 3-15

Des Moines Water Trails Downtown Developments Estimated Economic Impact of Water Trails Usage and Visitation (\$000)											
	Multiplier	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Direct Spending											
Lodging		\$3,019	\$3,172	\$3,333	\$3,501	\$3,679	\$3,865	\$4,061	\$4,266	\$4,482	\$4,709
Food and Beverage		4,502	4,945	5,393	5,855	6,412	6,737	7,078	7,436	7,813	8,208
Retail Purchases		3,837	4,224	4,614	5,017	5,504	5,782	6,075	6,383	6,706	7,046
Transportation		2,106	2,314	2,523	2,739	3,000	3,152	3,311	3,479	3,655	3,840
Recreation/ Sightseeing/ Entertainment		3,343	4,132	4,791	5,642	6,764	7,107	7,467	7,845	8,242	8,659
Total		\$16,809	\$18,787	\$20,654	\$22,754	\$25,360	\$26,643	\$27,991	\$29,408	\$30,899	\$32,463
Indirect Spending	0.212	\$3,560	\$3,979	\$4,375	\$4,820	\$5,371	\$5,643	\$5,929	\$6,229	\$6,545	\$6,876
Induced Spending	0.453	7,622	8,519	9,366	10,318	11,499	12,081	12,693	13,335	14,011	14,720
Total Spending		\$27,991	\$31,285	\$34,394	\$37,892	\$42,231	\$44,367	\$46,613	\$48,972	\$51,454	\$54,058
Increased Earnings	0.498	\$8,367	\$9,351	\$10,281	\$11,326	\$12,623	\$13,261	\$13,933	\$14,638	\$15,380	\$16,158
Increased Employment (FTE Jobs)	8.975	151	164	175	187	202	206	210	215	219	223

Source: Capital Crossroads, Johnson Consulting

As shown on the table, the estimated economic impact of the Water Trails developments includes \$28 million in total spending, \$8.4 million in increased earnings, and 151 full-time equivalent jobs supported in Year 1. In Year 5, such impact is estimated to include \$42.2 million in total spending, \$12.6 million in increased earnings, and 202 full-time equivalent jobs supported. In Year 10, such impact is estimated to include \$54.1 million in total spending, \$16.2 million in increased earnings, and 223 full-time equivalent jobs supported.

Over the **first five years** of operations the **cumulative Total Direct Spending** is approximately **\$104.4 million**.

FISCAL IMPACT ANALYSIS

This subsection provide estimates of tax revenues resulting from direct spending by hotel guests, in and outside of the hotel, from the following taxes:

- Sales tax at 6 percent on food and beverage, parking, and other revenues, but NOT on rooms,
- Local Hotel/ Motel Tax at 7 percent on rooms, and
- Excise Tax at 5 percent on rooms.

Figure 3-16 shows the calculation for Year 1 through Year 10.



Figure 3-16

Des Moines Water Trails Downtown Developments Estimated Fiscal Impact of Water Trails Usage and Visitation (\$000)											
	Tax Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Direct Spending											
Lodging		\$3,019	\$3,172	\$3,333	\$3,501	\$3,679	\$3,865	\$4,061	\$4,266	\$4,482	\$4,709
Food and Beverage		4,502	4,945	5,393	5,855	6,412	6,737	7,078	7,436	7,813	8,208
Retail Purchases		3,837	4,224	4,614	5,017	5,504	5,782	6,075	6,383	6,706	7,046
Transportation		2,106	2,314	2,523	2,739	3,000	3,152	3,311	3,479	3,655	3,840
Recreation/ Sightseeing/ Entertainment		3,343	4,132	4,791	5,642	6,764	7,107	7,467	7,845	8,242	8,659
Total Direct Spending		\$16,809	\$18,787	\$20,654	\$22,754	\$25,360	\$26,643	\$27,991	\$29,408	\$30,899	\$32,463
Tax Revenues											
Sales Tax	6.0%	\$827	\$937	\$1,039	\$1,155	\$1,301	\$1,367	\$1,436	\$1,509	\$1,585	\$1,665
Hotel/ Motel Tax	7.0%	211	222	233	245	258	271	284	299	314	330
Excise Tax	5.0%	151	159	167	175	184	193	203	213	224	235
Total Tax Revenues		\$1,190	\$1,318	\$1,439	\$1,575	\$1,742	\$1,830	\$1,923	\$2,020	\$2,123	\$2,230

Source: Capital Crossroads, Johnson Consulting

As shown on the table, in Year 1, direct spending by the Water Trails users and visitors is estimated to generate approximately \$1.2 million from sales, hotel/ motel, and excise tax, combined. In Year 5, such revenue is expected to grow to \$1.7 million. In Year 10, such revenue is expected to grow to \$2.2 million.

Over the **first five years** of operations the **cumulative Total Tax Revenues** is approximately **\$7.3 million**.