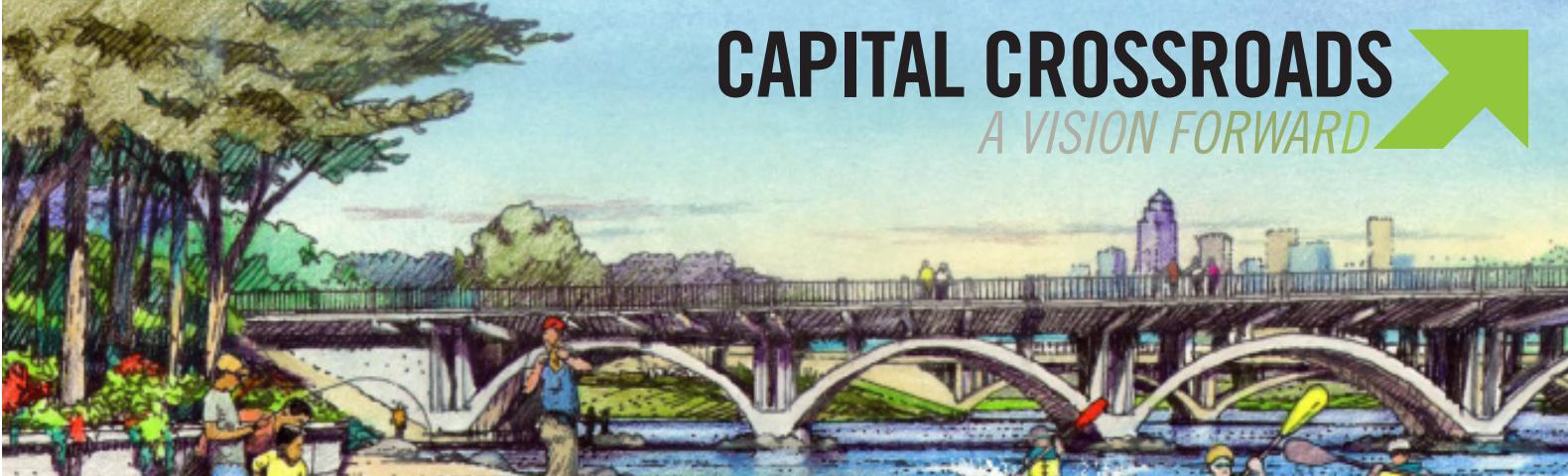


CAPITAL CROSSROADS

A VISION FORWARD



Economic Impact Study: Greater Des Moines Water Trails will bring tens of millions of dollars to region annually

FOR IMMEDIATE RELEASE

Wednesday, December 12, 2018

Media Contact: Gunnar Olson

515-334-0075 | golson@dmampo.org

Greater Des Moines Water Trails will annually pour tens of millions of dollars into the regional economy, a new analysis shows.

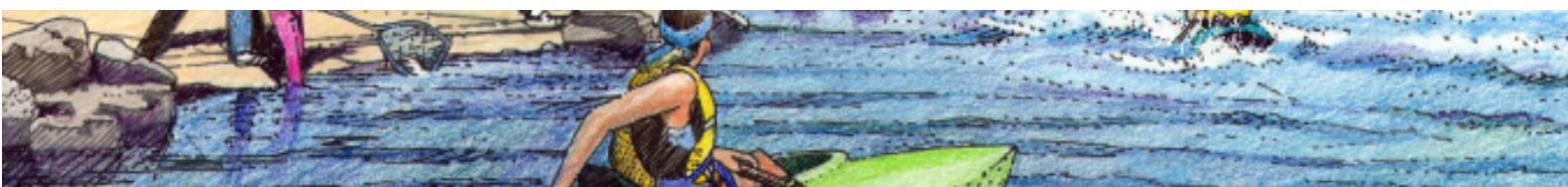
Among the findings of the Greater Des Moines Water Trails Economic Impact Study: Within the first five years of opening, the planned Adventure Park and whitewater venues in Downtown Des Moines are conservatively projected to generate \$104.4 million in direct spending across the region, which includes lodging, food and beverage, retail purchases, transportation, sightseeing and entertainment. The downtown projects will require an approximately \$106 million investment up-front to build the infrastructure. By the fifth year of operation, direct spending into the economy is projected at \$26 million to \$32 million annually.

"We knew water trails would boost tourism and economic development, and the economic analysis confirms it," said Greg Edwards, CEO of Catch Des Moines. "This study gives us confidence that water trails will be a major contributor to the regional economy."

The Greater Des Moines Water Trails Economic Impact Study was commissioned by Capital Crossroads on behalf of implementation partners Catch Des Moines, Community Foundation of Greater Des Moines, Greater Des Moines Partnership, Great Outdoors Foundation, and Des Moines Area Metropolitan Planning Organization. The Economic Impact Study encompasses the projects in Downtown specifically. A summary is included below, including information on jobs and tax revenues related to the project.

"The addition of an adventure park and whitewater features in Downtown Des Moines will contribute to the efforts happening throughout the region, and its impact will be felt region-wide," said Kristi Knous, President of the Community Foundation of Greater Des Moines and a Tri-Chair of Capital Crossroads. "This economic impact study shows significant momentum toward fulfilling the regional water trails vision."

A funding feasibility study is underway for the Greater Des Moines Water Trails, which will enhance people's experience in and along 150 miles of waterways throughout the region. For more information on the Downtown project and projects throughout the region, please visit dmampo.org/water-trails-engineering-study/.



150 miles of waterways > 86 project sites > 14 cities and counties
Greater Des Moines Water Trails and Greenways

MEMO: Key takeaways from the Greater Des Moines Water Trails Economic Impact Study, conducted by Johnson Consulting.

A Funding Feasibility Study is underway for the Greater Des Moines Water Trails. An Economic Impact Study was completed to answer key questions for stakeholders, especially funders in the public and private sectors, as it relates to the Adventure Park and whitewater venue in downtown Des Moines. The following memo summarizes the key takeaways.

SCOPE: The study provides information on the three downtown dam projects, not the broader network of regional water trails projects. The study takes the usage projections of the Water Trails Business Plan and applies an economic multiplier that is specific to Polk County. The multiplier was provided by IMPLAN, a nationally respected economic data firm.

PASS-THROUGH TO LOCAL ECONOMY: The investment in the three downtown dam-mitigation projects passes through to the regional economy. The downtown whitewater venue will cost approximately \$106 million to build. Within the first five years of opening, it is conservatively projected to generate \$104.4 million in direct spending, which includes lodging, food and beverage, retail purchases, transportation, sightseeing and entertainment. Direct spending is projected at \$26-32 million annually once the venue matures.

LARGER TOTAL ECONOMIC IMPACT: The total economic impact is larger if “indirect” and “induced” spending are included. “Indirect spending” consists of re-spending of the initial economic impact, such as restaurants purchasing additional food due to increased sales. “Induced spending” represents changes in local consumption due to the personal spending by employees whose incomes are affected by direct spending. The total economic impact – including direct, indirect, and induced – reaches \$173.8 million in the first five years of opening.

JOBS: Employment in multiple sectors will increase by a projected 151 full-time equivalent positions in Year 1, earning \$8.3 million in wages. Employment is projected to grow to 202 full-time equivalent jobs by Year 5, earning \$12.6 million.

TAX REVENUE: \$7.3 million in tax revenue will be generated in the first five years of operation, reaching more than \$1.7 million annually by Year 5. Tax revenues include sales tax, hotel/motel tax, and excise tax.

CONSERVATIVE NUMBERS: The Economic Impact Study relies on conservative usage projections provided by Merrick & Company. The actual economic impact could be more significant.



Greater Des Moines Water Trails & Greenways Economic Impact Study

SUBMITTED TO
Capital Crossroads

SUBMITTED BY
Johnson Consulting

November 26, 2018

FINAL



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



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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

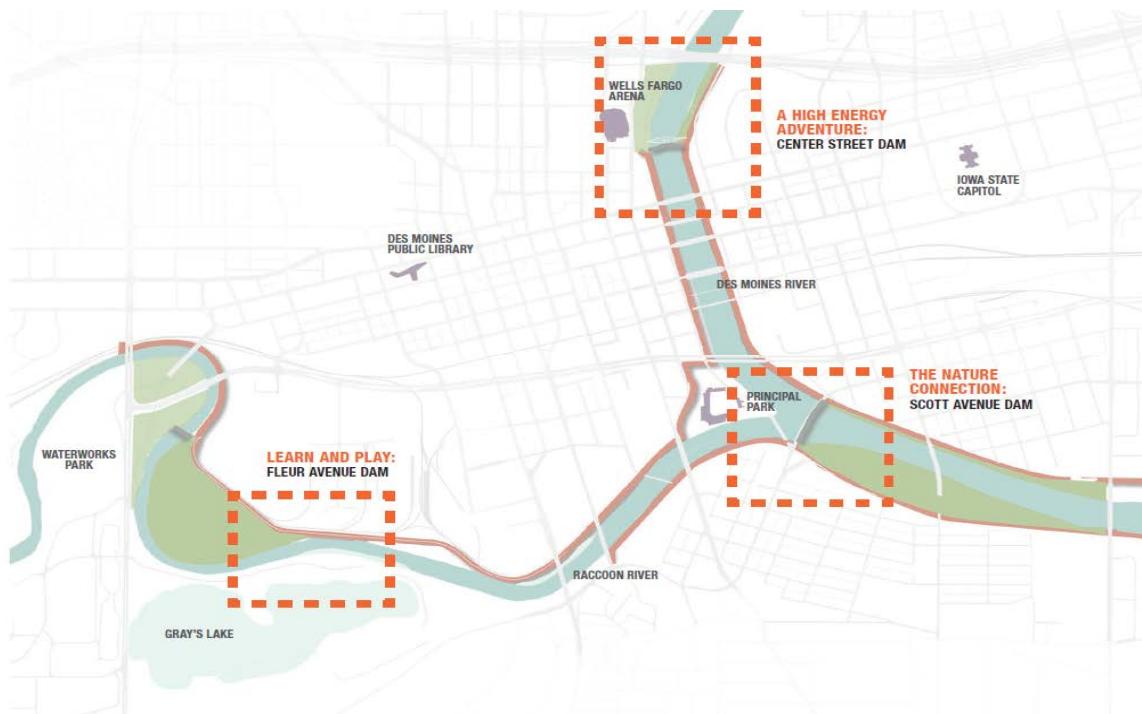
In order to accomplish these objectives, the program of analysis conducted by Johnson Consulting has undertaken the following research tasks:

- 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.

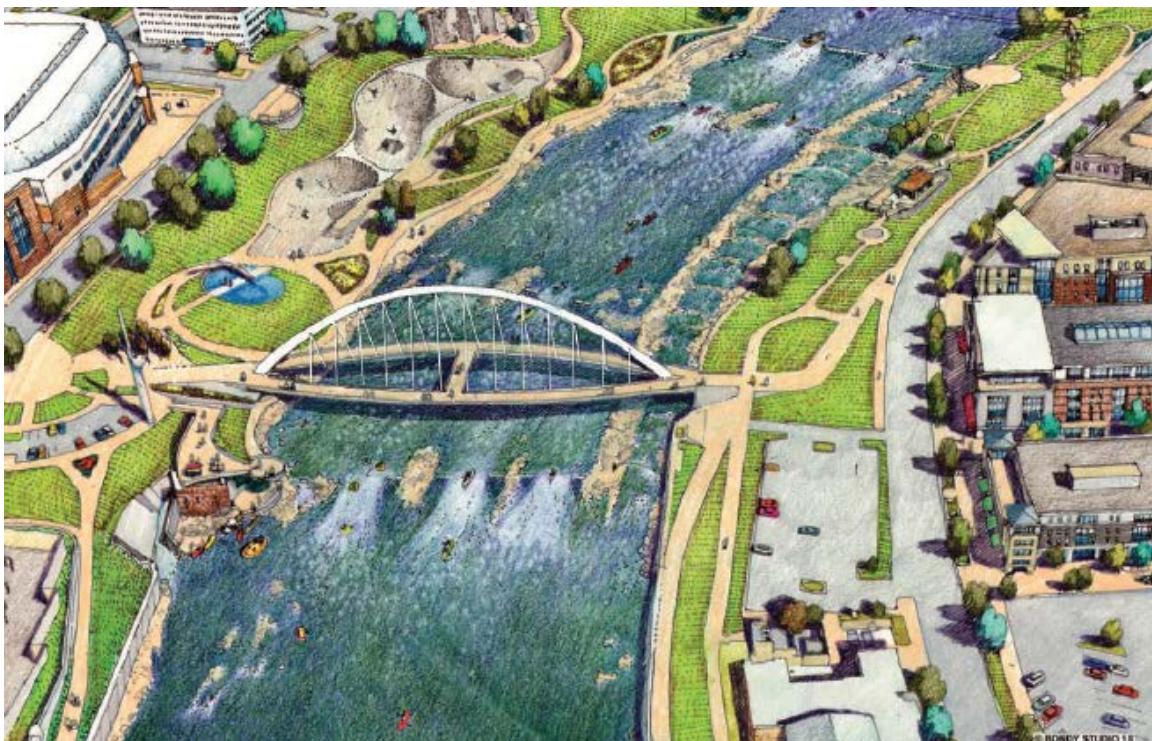
Figure 2-1



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

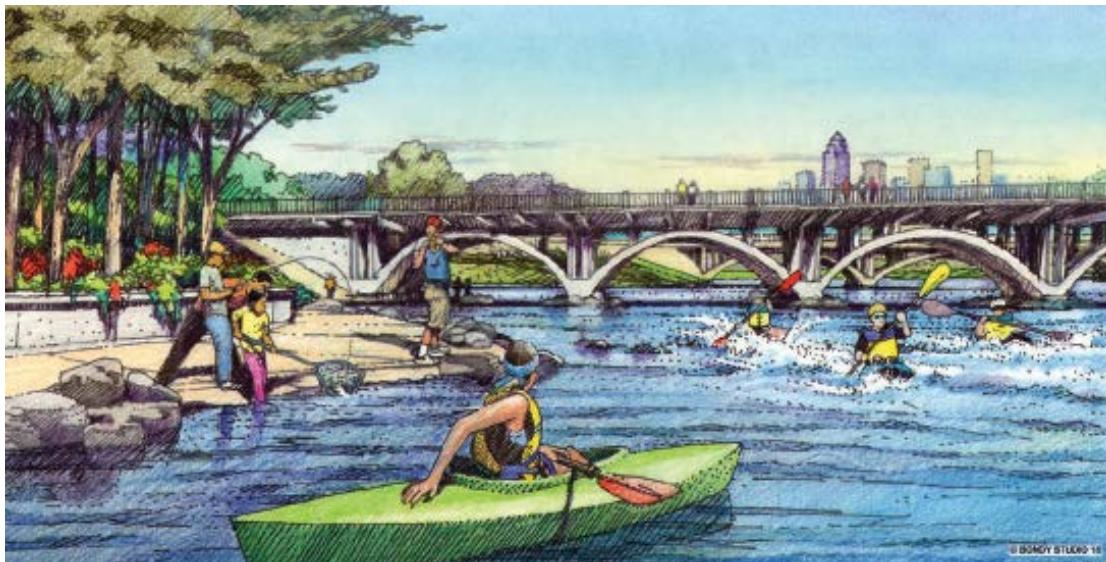


The Center Street Dam has the potential to generate economic impact for Des Moines by attracting the high-energy people throughout the region through the promise of kayaking, whitewater rafting, ziplining, and rock climbing. In the Midwest, these activities are more of a rarity in comparison to some 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 Raccoon 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, surfing, etc. 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 | | | | | | | | | | |
| Ovenight 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 | | | | | | | | | | |
| Ovenight 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 |
| Food and Beverage | | \$25 | 32 |
| Retail Purchases | | 22 | 21 |
| Transportation | | 12 | 15 |
| Recreation/ Sightseeing/ Entertainment or Kayak Rentals* | 11 | 13 | 10 |
| or Adventure Park** | 21 | na | na |
| | 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 Uses | 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 or Kayak Rentals* | 11 | 11 | 12 | 12 | 13 | 13 | 13 | 14 | 14 | 15 |
| or Adventure Park** | 21 | 22 | 22 | 23 | 24 | 24 | 25 | 26 | 27 | 27 |
| | 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 or Kayak Rentals* | 321 | 337 | 354 | 372 | 391 | 411 | 432 | 453 | 476 | 501 |
| or Adventure Park** | 719 | 781 | 885 | 930 | 977 | 1,026 | 1,078 | 1,133 | 1,190 | 1,250 |
| | 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**.