

Economic Impact Analysis
Portland Trail Blazers & the Rose Quarter Campus –
FY 2022-23



Final Report

Submitted to:

City of Portland - Office of Management and Finance

Submitted by:



August 30, 2023

Mr. Karl Lisle, External Partnerships and Programs Manager
City of Portland - Office of Management and Finance
1120 SW 5th Ave #1250
Portland, OR 97204

Dear Mr. Lisle:

Crossroads Consulting Services, LLC has completed its analysis for the City of Portland that estimates the economic impact generated from operations of the Portland Trail Blazers and the Rose Quarter Campus for FY 2022-23. The report presented herein includes the summary of our analysis.

The information contained in the report reflects analysis of primary and secondary sources including information provided by the City of Portland, the Portland Trail Blazers and Rip City Management. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. All information provided to us by others was not audited or verified and was assumed to be correct. We have no obligation, unless subsequently engaged, to update this report or revise this analysis as presented due to events or conditions occurring after the date of this report.

In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by the City of Portland and may not be relied upon by any party for any purpose including financing. Notwithstanding these limitations, it is understood that this document may be subject to public information laws and as such can be made available to the public upon request.

Although you have authorized reports to be sent electronically for your convenience, only the final hard copy report should be viewed as our work product.

We have enjoyed working on this engagement and our on-going relationship with the City and look forward to the opportunity to provide you with continued service.

Sincerely,

Crossroads Consulting Services, LLC

TABLE OF CONTENTS

Executive Summary	1
General Methodology	4
Economic and Fiscal Impact Analysis	9



Executive Summary

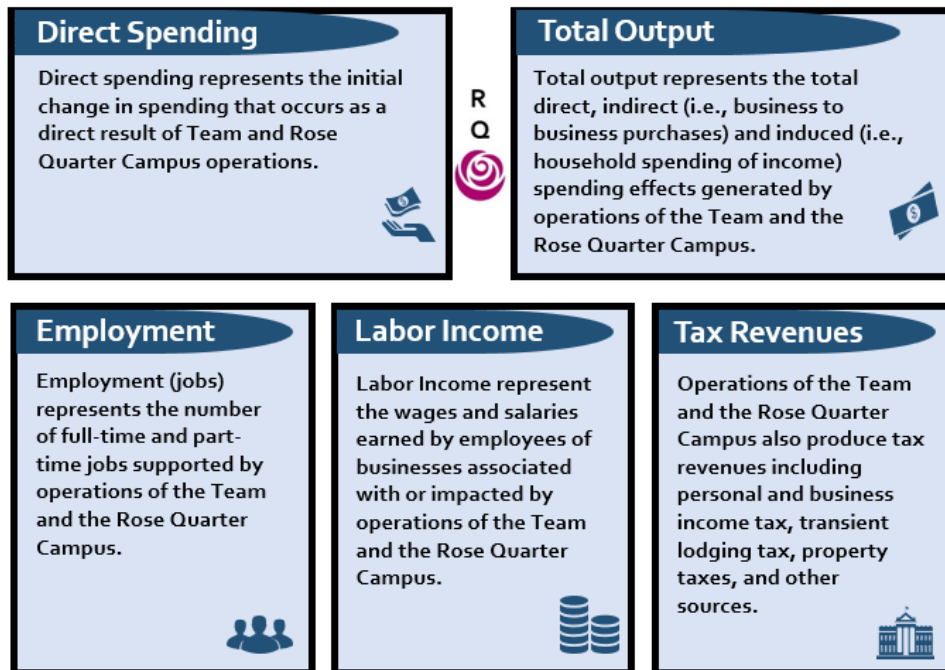
The Rose Quarter Campus is a sports and entertainment destination, located just east of downtown Portland which encompasses the Moda Center, Veterans Memorial Coliseum (VMC), and two parking garages. Both arenas are operated by Rip City Management, which is affiliated with Trail Blazers, Inc.

The \$267 million Moda Center is a multi-purpose arena with seating of up to 20,500 people and originally opened in 1995 as the Rose Garden. The arena is home to the NBA’s Portland Trail Blazers (“Trail Blazers” or “Team”). According to Forbes, the Trail Blazers were valued at \$2.1 billion in 2022. The Team brings significant value to the community in terms of civic pride, media exposure, and economic impact.

Additionally, the Moda Center hosts a wide array of other events including concerts, theatrical performances, family shows, and other sporting events. Veterans Memorial Coliseum, which opened in 1960, is a 12,000-seat arena that is home to the WHL’s Portland Winterhawks along with other sports and entertainment events such as concerts and family shows. In FY 2022 – 23, the Rose Quarter Campus hosted 264 events that generated turnstile attendance of 1.7 million.

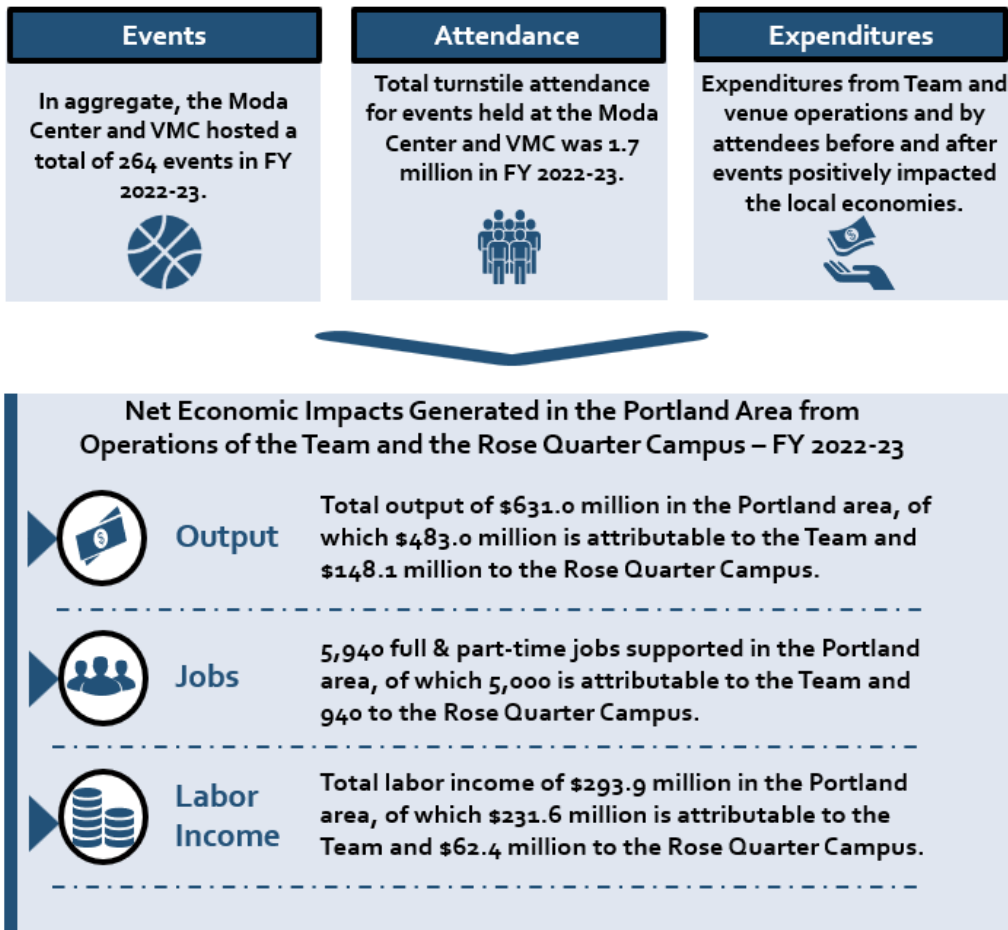
The City of Portland (“City”) retained Crossroads Consulting Services LLC to estimate the net economic impacts generated in the Portland area from operations of the Trail Blazers (i.e., players and front office personnel costs, other team operating expenses and games hosted at the Moda Center) and the Rose Quarter Campus (i.e., management and operating costs of the arenas and parking garages, non-Trail Blazers games at the Moda Center, all events held at VMC) for FY 2022-23.

For purposes of this analysis, the Portland area is defined as Multnomah, Clackamas and Washington counties, which combined are commonly referred to as the Tri-County area. The estimated economic impacts include direct spending, total output, employment (jobs) and labor income as well as tax revenues which are summarized below.



Because all gross spending associated with operations of the Trail Blazers and the Rose Quarter Campus does not occur in the Portland area, adjustments are made to team expenditures, facility operating expenditures and spending by attendees before and after events outside the venues to reflect net new direct spending occurring in the local economy. For instance, if a local resident attends an event at the Moda Center and eats dinner at a restaurant in Portland afterwards, that spending is not considered a net new economic impact because it likely would have occurred regardless of the event.

As shown in the following graphic, operations of the Team and the Rose Quarter Campus during FY 2022-23 were estimated to generate \$631.0 million in total output which supported 5,940 total jobs and approximately \$293.9 million in labor income in the Portland area.



For informational purposes, the net economic impacts generated from Team and Rose Quarter Campus operations in the City were also estimated. Operations of the Team and the Rose Quarter Campus during FY 2022-23 were estimated to generate \$392.9 million in total output which supported 2,730 total jobs and approximately \$169.7 million in labor income in the City of Portland. Team operations were estimated to account for nearly 70% of total output, jobs and labor income.

More detailed information regarding the data and assumptions used to develop these estimates can be found beginning on page 4.

In addition to these economic and fiscal benefits, the Rose Quarter Campus and Team benefit the local economy through a variety of other tangible and intangible benefits.

- Increasing the overall quality of life and livability of the area
- Leading in sustainability efforts
- Providing an attractive venue to residents and visitors
- Offering affordable, family-friendly entertainment
- Enhancing the City's image as a sports and entertainment destination
- Drawing visitors to help support area businesses
- Receiving significant media exposure associated with hosting an NBA team
- Serving as a catalyst for economic development in the surrounding area



Further, for more than 50 years, the Trail Blazers have given back to the local community, becoming involved in various area programs and initiatives. Since 2009, charitable activities by the Trail Blazers Foundation (TBF) have donated more than \$9 million to local communities. Throughout the year, the Team is dedicated to philanthropic efforts that improve the lives of individuals from communities that have historically been underserved with a focus on where youth live, learn, and play. The following highlights a few of the programs and initiatives of the TBF that positively impacted the community in FY 2022-23.



- *Racial Equity Project* – Focused on advocating for racial equity through dedicating needed financial support to local nonprofit organizations working in this space.
- *Live Greener Grant* – General operating support and program funding for organizations connecting youth with the environment for education, preservation, and employment.
- *Learn Grant* – Funding non-profit organizations supporting and engaging youth on their journey through school.
- *Play Grant* – Funding non-profit organizations that provide opportunities for underserved youth to participate in sports and physical activity.
- *Legends Scholarship* – Post-secondary academic funding to assist students who persevere in the face of challenges and generously donate their time to improve the lives of those around them.



The information presented in the executive summary is extracted from the more detailed report. It is important for the reader to read the report in its entirety to gain a better understanding of the research, methodology and assumptions used in this analysis.

General Methodology

An assessment of the net economic impacts can be approached in several ways. This analysis utilizes estimated expenditures related to operations of the Team and the Rose Quarter Campus as well as attendee spending outside the arenas as an initial measure of total economic activity in the Portland area. Once the amount for net new direct spending is estimated, a calculated multiplier provided by IMPLAN is applied to each spending category to generate the indirect and induced effects. The sum of direct, indirect, and induced effects equals total economic impact which is expressed in terms of total output, employment (jobs), and labor income. This analysis also estimates tax revenues generated at the local and State level including personal and business income tax, transient lodging tax, and others.

Methodology – Economic Impact Analysis

Regional input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate.

Direct Spending

Estimating direct spending is the first step in calculating economic impact. Direct spending represents the initial change in spending that occurs as a direct result of Team and Rose Quarter Campus operations during FY 2022-23.

Sources of direct spending used in this analysis include the following:

Team Operating Expenses	Rose Quarter Campus Operating Expenses	Attendee Spending Outside the Facilities
- Players' Salaries	- Salaries	- Lodging
- Front Office Salaries	- Event Labor	- Restaurants/Bars
- Other Team Operating Expenses	- Utilities	- Retail
	- Repairs & Maintenance	- Entertainment
	- Materials & Supplies	- Transportation
	- Insurance	
	- General & Administrative Costs	

Not all direct spending directly impacts the area economy. To estimate the net new economic impact to the Portland area, adjustments were made to gross direct spending to account for leakage (i.e., spending that occurs outside the area) and displacement (i.e., spending that would have occurred elsewhere in the local economy without the presence of the Team or the Rose Quarter Campus Operations).

Team and Rose Quarter Campus Expenditures

Not all Team and Rose Quarter Campus expenditures are captured within the Portland area. For example, a unique nuance related to professional sports players is the fact that they generally have multiple residences and often reside in-market during the season and outside of the area during the offseason. To reflect net direct spending, adjustments were made to player salaries and other Team and facility operating expenses based on confidential information provided by the Trail Blazers and Rip City Management as well as our industry experience. Further, this analysis accounts for retail margins (i.e., the difference between retail purchaser price and the producer price) and the percentage of goods purchased within the local economy.

Attendee Spending

Adjustments were also made to account for the fact that spending by attendees originating within the Portland area is displaced or would have occurred elsewhere in the economy without the presence of the Team or Rose Quarter Campus.

Based on data from the Trail Blazers and RIP City Management, turnstile attendance totaled approximately 1.7 million people in FY 2022-23, of which 1.4 million people attended events at the Moda Center and approximately 300,000 at VMC.

Attendee spending outside the arenas is generated from 1) local attendees 2) day trippers who likely originated from outside the Portland area who travel to and from the Rose Quarter Campus for events and 3) attendees who originated outside the Portland area and stayed overnight. Event ticket report information was used to estimate the origin of attendees.

No intercept surveys with attendees were conducted as part of this study. As such, assumptions were made regarding per person spending amounts for each type of attendee based on available tourism research data from secondary industry research from sources such as Dean Runyan Associates, Smith Travel Research, Travel Portland and Forbes. Although these sources are deemed to be reliable, accuracy cannot be guaranteed.

Spending amounts were then allocated among various categories including lodging, food & beverage, retail, entertainment and transportation. To estimate net attendee spending, spending by local attendees was excluded and adjustments were made to account for the fact that not all spending occurs in the Portland area.

In reality, while it is likely that a portion of attendee spending is displaced or would have occurred somewhere in the area economy if the event had not been held, it is also reasonable to assume that attendees may not have made the same level of purchases in the local economy if the event had not occurred and may actually have spent money attending sports and entertainment events outside the area economy. As such, the estimates associated with attendee spending outside the facilities reflect a conservative approach.



Multiplier Effect

Additional economic impacts are produced through the re-spending of direct spending. To quantify the inputs needed to produce the total output, economists have developed multiplier models. The estimation of multipliers relies on input-output models, a technique for quantifying interactions between firms, industries, and social institutions within a local economy. This analysis uses IMPLAN software and databases which are developed under exclusive rights by the IMPLAN Group, LLC. IMPLAN, which stands for Impact Analysis for Planning, is a computer software package that consists of procedures for estimating local input-output models and associated databases. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a defined economic area. Currently, there are hundreds of licensed users in the U.S. including universities, government and private companies. The economic data for IMPLAN comes from the system of national accounts for the U.S. based on data collected by the U.S. Department of Commerce, the U.S. Bureau of Labor Statistics, and other federal and state government agencies. Data is collected for over 500 distinct producing industry sectors of the national economy corresponding to the Standard Industrial Classifications (SICs).

As such, the advantages of this model are that it is sensitive to both location and type of spending and can provide indirect and induced effects, employment and earnings information by specific industry category while considering the leakages associated with the purchase of certain goods and services outside the economy under consideration.

Once the direct spending amounts are assigned to an appropriate industry category, the IMPLAN model estimates the economic multiplier effects for each type of direct spending attracted to or retained in the local economy resulting from operations of the Team and the Rose Quarter Campus during FY 2022-23.

Indirect and Induced Effects

Indirect impacts reflect the re-spending of the initial or direct expenditures, or the business-to-business transactions required to satisfy the direct effect (e.g., impacts from non-wage expenditures). For example, an attendee's direct expenditure at a restaurant requires the restaurant owner to purchase food and items from suppliers. The portion of these restaurant purchases that are spent within the area economy are indirect impacts.

Induced impacts reflect changes in local spending by households on goods and services that result from income changes in the directly and indirectly affected industry sectors (e.g., impacts from wage expenditures). For instance, a server at a restaurant could have more personal income due to an attendee's visit to the restaurant. The amount of increased income that the employee spends in the community is an induced impact.

The model generates estimates of these impacts through a series of relationships using average wages, prices and transportation data, considering commute patterns and the relative interdependence of the economy on outside regions for goods and services.

Indirect and induced impacts are commonly referred to as multiplier effects.

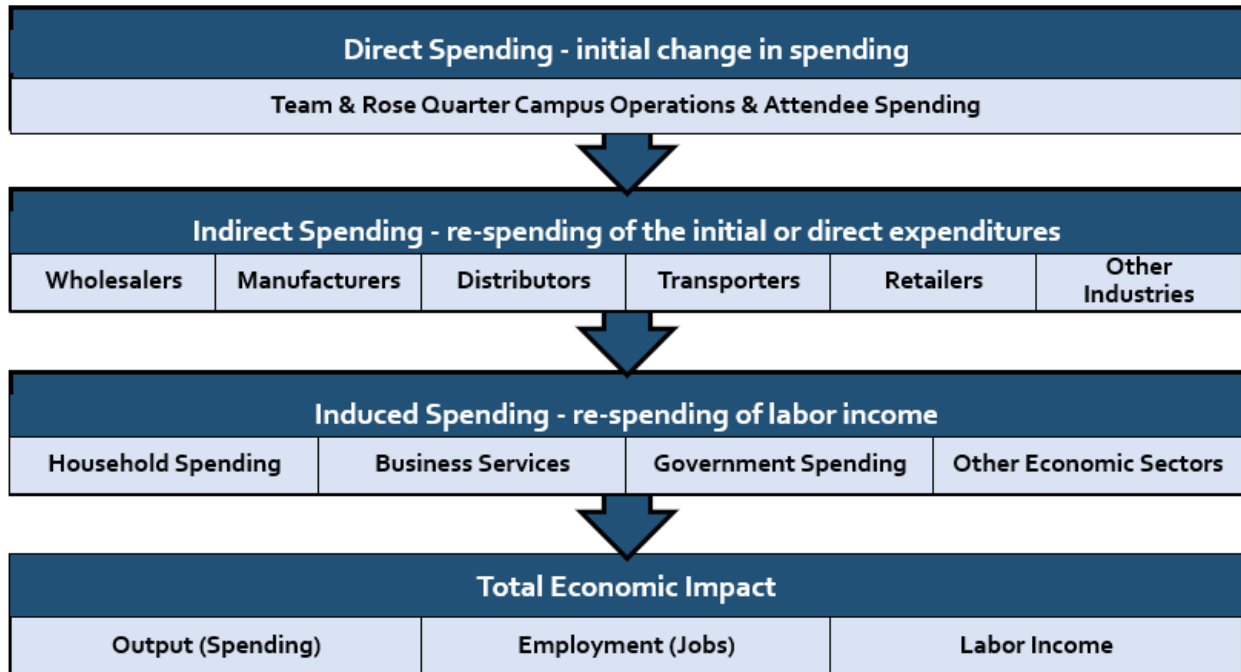
Total Economic Impact

The calculated multiplier effect is then added to the direct impact to quantify the total economic impact in terms of output, employment and labor income which are defined below:

- *Total Output* is a measure of the total estimated value of the production of goods and services supported by operations of the Team and the Rose Quarter Campus. Total output is the sum of all intermediate sales (business to business) and final demand (sales to consumers and exports). This calculation measures the total dollar change in spending (output) that occurs in the local economy for each dollar of output delivered to final demand.
- *Employment (Jobs)* represents the number of full-time and part-time jobs that are supported by operations of the Team and the Rose Quarter Campus. The employment multiplier measures the total change in the number of jobs supported in the local economy for each additional \$1.0 million of output delivered to final demand.
- *Labor Income* represent the wages and salaries earned by employees of businesses associated with or impacted by operations of the Team and the Rose Quarter Campus. In other words, the multiplier measures the total dollar change in earnings of households employed by the affected industries for each additional dollar of output delivered to final demand.



The following graphic illustrates the multiplier effects for calculating total economic impact.



Methodology - Fiscal Impact Analysis

The estimated spending generated from operations of the Team and the Rose Quarter Campus also produces tax revenues for the local and State economies. Experience in other markets suggests that while a significant portion of the direct spending likely occurs near the Rose Quarter Campus, additional spending occurs in other surrounding economies. Major tax sources include transient lodging tax, personal income tax, corporate excise and income tax, business income tax, and property taxes. This analysis utilizes the outputs of IMPLAN to estimate the tax revenues to the local and State economies.



Economic and Fiscal Impact Analysis

This section summarizes the estimated net economic impacts generated in the Portland area and the City of Portland from Team and Rose Quarter operations during FY 2022-23. In FY 2022 – 23, the Rose Quarter Campus hosted 264 events that generated turnstile attendance of 1.7 million.

Economic Impacts – Portland Area

The table below summarizes the estimated net economic impacts generated in the Portland area from operations of the Team and the Rose Quarter Campus during FY 2022-23.

Net Economic Impacts Generated in the Portland Area From Operations of the Portland Trail Blazers & Rose Quarter Campus in FY 2022-23			
Metric	Portland Trail Blazers	Rose Quarter Campus	Grand Total
Output			
Direct Spending	\$238,840,000	\$83,230,000	\$322,070,000
Indirect & Induced Spending	\$244,130,000	\$64,830,000	\$308,960,000
Total Output	\$482,970,000	\$148,060,000	\$631,030,000
Total Jobs (Full-Time and Part-Time)	5,000	940	5,940
Total Labor Income	\$231,560,000	\$62,350,000	\$293,910,000

Direct Spending

Net direct spending in the Portland area related to operations of the Trail Blazers and the Rose Quarter Campus during FY 2022-23 was estimated to be \$322.1 million of which \$238.8 million was attributable to the Trail Blazers and \$83.2 million to the Rose Quarter Campus.

Indirect & Induced Spending

Based on the IMPLAN model, indirect and induced spending effects were estimated to be approximately \$309.0 million, of which \$244.1 million was attributable to the Trail Blazers and \$64.8 million to the Rose Quarter Campus.

Total Output

Total output (i.e., direct, indirect and induced spending) generated from operations of the Rose Quarter Campus was estimated to be \$631.0 million, of which \$483.0 million was attributable to the Trail Blazers and \$148.1 million to the Rose Quarter Campus.

Total Jobs

Based on the IMPLAN model, the economic activity associated with operations of the Team and the Rose Quarter Campus during FY 2022-23 was estimated to support 5,940 total full-time and part-time jobs in the Portland area, of which 5,000 were attributable to the Trail Blazers and 940 to the Rose Quarter Campus. These jobs were created in many sectors of the economy, which both directly and indirectly supported the increased level of business activity in the area.

Total Labor Income

Outputs from the IMPLAN model indicate that operations of the Trail Blazers and the Rose Quarter Campus during FY2022-23 were estimated to support \$293.9 million in labor income, of which \$231.6 million was attributable to the Trail Blazers and \$62.4 million to the Rose Quarter Campus.

Economic Impacts – City of Portland

For informational purposes, the net economic impacts generated from Team and Rose Quarter Campus operations in the City of Portland were also estimated. Consistent with the methodology used to estimate net economic impacts to the Portland area, spending by City of Portland residents was excluded.

Operations of the Team and the Rose Quarter Campus during FY 2022-23 were estimated to generate \$392.9 million in total output which supported 2,730 total jobs and approximately \$169.7 million in labor income in the City of Portland. Team operations were estimated to account for nearly 70% of total output, jobs and labor income.

In addition, data provided by the City indicates it received approximately \$11.23 million in FY 2022-23 from Rose Quarter-generated fees such as user fees, suite fees, parking and revenue related to events.

Estimate of Local and State Tax Revenues

Based on outputs from the IMPLAN model, the economic activity generated from operations of the Team and the Rose Quarter Campus also produced approximately \$17.9 million in total tax revenues to local and State economies, of which \$11.3 million was attributable to the Trail Blazers and \$6.6 million to the Rose Quarter Campus. Depending on the specific tax source, these revenues can augment a government entity's general fund, provide financial support to local and State tourism partners such as Travel Portland and Travel Oregon, and fund arena improvements.

