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Assessing the Annual Economic Impact of the Grand Rapids IRA Civic Center

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February 10, 2015

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SUMMARY

Grand Rapids city officials desired an understanding of the economic impact to the local economy from the annual operations of its IRA Civic Center. Volunteer surveyors were trained to administer a short survey throughout a 12-month period to people who traveled more than 50 miles to attend ice and dry-floor events at the Civic Center. Visitor characteristics were recorded, including estimates of daily spending. These spending profiles, along with attendance estimates from city staff of non-local visitors, provided the estimation of economic impact to Itasca County.

Researchers used the IMPLAN model to estimate for gross output, employment, and value added economic impacts from hockey and weddings, as well as annual civic center operation throughout the year.

Total estimated economic impacts to the Itasca County economy that occur on an annual basis from IRA Civic Center operations and visitors (both on day trips and overnight) include:

- \$3.4 million in gross output
- Approximately 38 jobs (full and part-time)
- \$1.6 million in value-added

The gross output impact of \$3.4 million annually is the sum of \$2.2 million associated with visitor spending in the area while on day and overnight trips and \$1.2 million associated with the annual operation of the civic center facility and its effects in the local economy. Job impacts are a similar combination of 31 jobs from event impacts and seven from operations; total value added is the sum of \$1.2 million from events and nearly \$400,000 from annual operation of the IRA Civic Center.

INTRODUCTION

The City of Grand Rapids has more than 200 acres of parks and open-space lands, as well as nearly 50 miles of city trails for recreation. The city also offers many indoor recreational activities for residents and visitors, one of which is the IRA Civic Center. The venue holds up to 4,000 people with 50,000 square feet of space available for ice hockey and figure skating, as well as concerts, trade shows, wedding receptions, and banquets.

As the city considers future upgrades to the facility, local leaders sought a better understanding of the economic contribution of the civic center to the surrounding community. To achieve this goal, Grand Rapids partnered with the University of Minnesota's Tourism Center to assess the annual economic impact the IRA Civic Center has had on Itasca County. This report summarizes the project's findings.

ECONOMIC IMPACTS DEFINED

Total regional economic impacts are typically described as the sum of direct, indirect, and induced impacts. Direct impacts are immediate, first-round expenditures generated as firms expand production to meet the increased demand for products or services. Indirect impacts involve spending by the business or industry for inputs it uses for production of goods and services. An example for the civic center might include the purchase of food supplies or the hiring of external repair services. Finally, induced impacts occur primarily as a result of spending in the local economy by the households of civic center employees.

The impact measures of most interest typically quantify the following:

- Gross industry output—total industry production (shipments and net additions to inventory)
- Employment—annual average of full and part-time jobs
- Total value added—the summation of all enhancements to intermediate goods and services; total combining employee compensation, self-employment income, property income, and other indirect business taxes

MODEL AND METHODS

Determination of the three impact components—gross output, employment, and total value added—was carried out using the IMPLAN¹ forecasting model. IMPLAN is based on an input-output method of economic impact estimation that traces commodity flows from producers to intermediate and final consumers. Its level of detail reaches the county level (or aggregations of counties as appropriate) and is based on conventions for input-output analysis from the U.S. Department of Commerce’s Bureau of Economic Analysis.

The model of Itasca County was constructed with IMPLAN using the most recent data set for Minnesota (2013) and served as the basis for estimating the annual impact to the local economy from non-local visitors/attendees to IRA Civic Center events.

In addition to an estimate of non-local visitors, one was needed for the daily spending by these visitors to allow for an impact assessment. Because this information was not available, the project team collected primary data using intercept surveys of non-local event attendees. The survey work spanned a 12-month period from December 2013 to December 2014 focusing on the civic center’s busiest times.

Due to limited resources, Grand Rapids chose to avoid the higher cost associated with paid surveyors and to depend instead on volunteers from the city staff and the local hockey community. Prior to the start of the survey, University staff trained the participants in survey best practices and reviewed the survey document (See appendix). Volunteer surveyors were then trained to administer a qualifying interview with respondents at civic center events. Respondents were asked several questions during the interview to determine whether or not they met the definition of a “tourist”—someone who has traveled more than 50 miles from their home community—was over 18 years of age, and was willing to participate. If the person met these qualifications, then he or she was given a questionnaire to fill out onsite.

The goal of survey was to reach 100 completed responses for each three-month quarter of the year, for a total of 400 during the 12-month period. Based on the actual usage of the facility and who attended the events (local residents vs. tourists), these quarterly targets were not met and are discussed in further detail below.

EVENT FINDINGS: HOCKEY

Hockey events are scheduled throughout the year but most frequently occur between November and March. Games at which sampling occurred included both boys and girls events, high school games and tournaments, and many youth hockey classifications (e.g., bantam, pee wee). A total of 175

¹ IMPLAN (Impact Analysis for PLANning) was originally developed for the USDA Forest Service for land and resource management planning. It has become a widely used, sophisticated yet flexible tool that uses federal and state data sources to determine economic impact assessment and analyses. It is now managed and supported internationally by the IMPLAN Group LLC (Huntersville, NC).

surveys were collected during this period. As respondents did not answer some questions, the total count for each question varied.

Visitor profile summary

Of the people traveling to the IRA Civic Center for hockey:

- Most visitors cited Grand Rapids was the primary destination (98 percent).
- Youth hockey was the main purpose of the trip (83 percent), while high school hockey was the second main purpose (17 percent).
- Most visitors (92%) spent at least one night in the area; 6 percent stayed for only the day. The mean stay was 1.98 nights per visitor.
- Eighty-five percent of respondents were from two-parent families with children under 18, followed by single-parent families with children under 18 at nearly 7% (Figure 1).

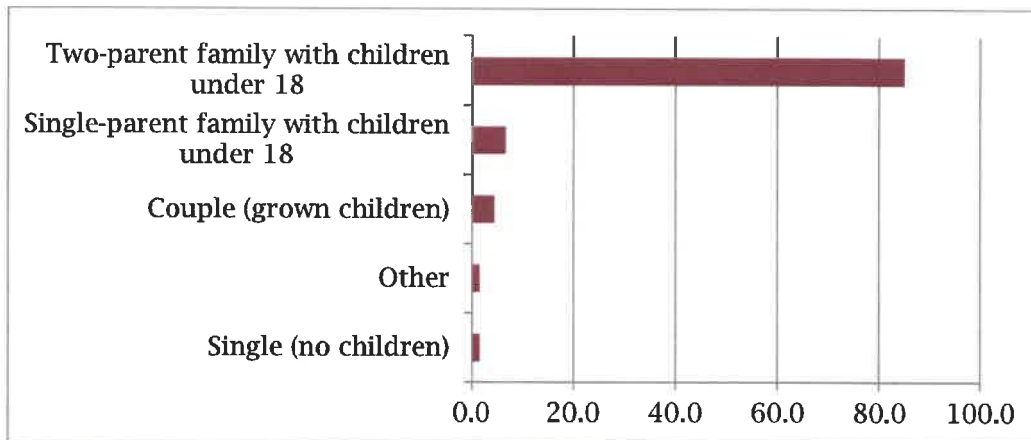


Fig. 1: Household type of non-local visitors to hockey events at the Grand Rapids IRA Civic Center.

Non-local hockey travelers were primarily female (Figure 2) and an educated group, with nearly 59% having completed four years or more of college (Figure 3).

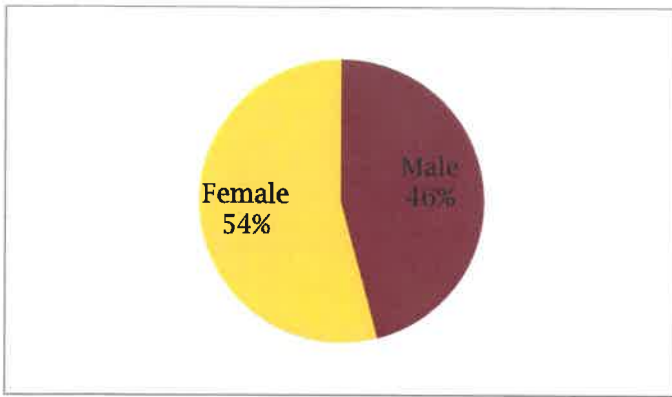


Fig. 2: Gender of non-local visitors to hockey events at the Grand Rapids IRA Civic Center.

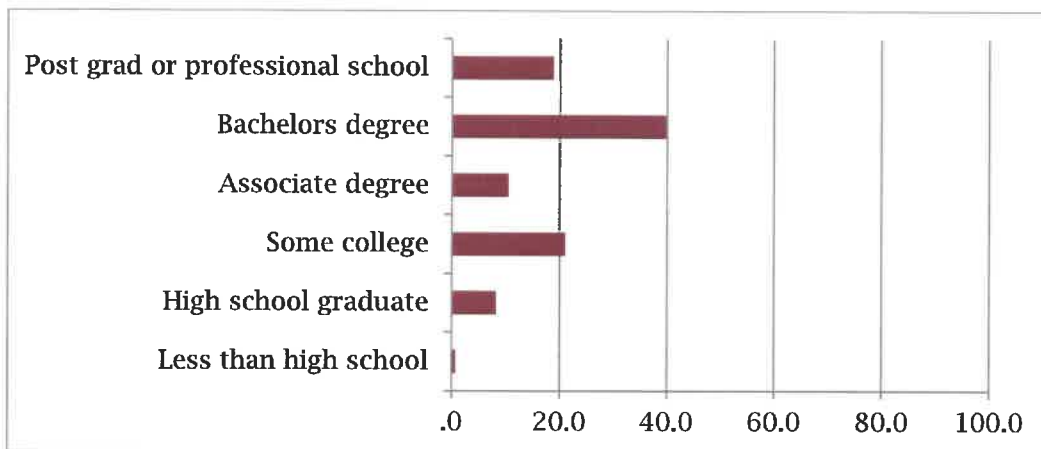


Fig. 3: Education levels of non-local visitors to hockey events at the Grand Rapids IRA Civic Center.

Corresponding to this level of education, more than 68% of travelers earned incomes of more than \$90,000 per year (Figure 4). While visiting Grand Rapids, the average hockey visitor spent the most on lodging, followed by eating and drinking, transportation, and shopping (Table 1).

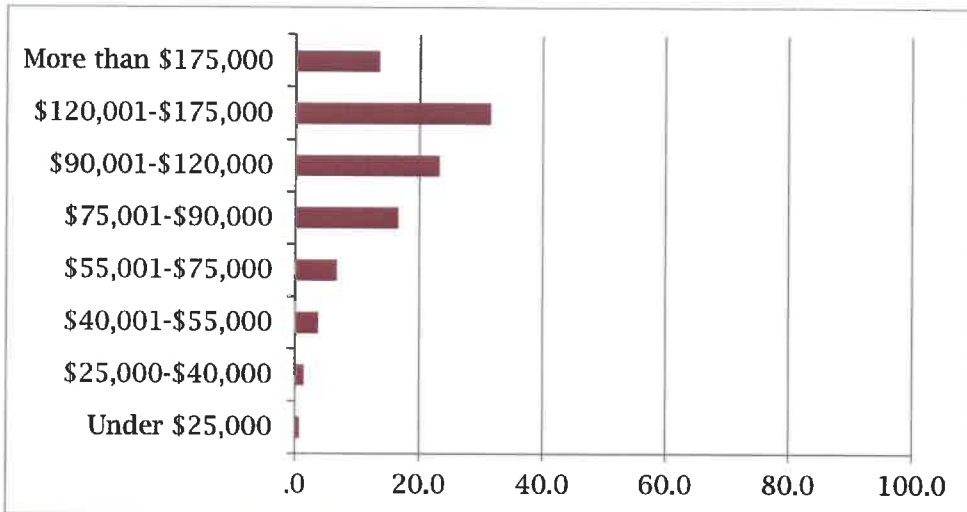


Fig. 4: Income levels of non-local visitors to hockey events at the Grand Rapids IRA Civic Center.

Table 1: Average daily spending per-person by non-local hockey visitors (rounded to nearest \$).

Spending Category	Value (2014 \$)
Transportation	\$16.00
Grocery	\$4.00
Eating & Drinking	\$33.00
Shopping	\$10.00
Recreation	\$1.00
Misc. Spending	\$5.00
Lodging	\$56.00
TOTAL	\$126.00

Economic impact of hockey visitors

City staff provided estimates of the total number of non-local attendees across all hockey events scheduled for the study period, based on first-hand knowledge and experience. Their estimate of the total number of non-local attendees, based on each tournament scheduled and its length, yielded 14,515 people-days of visitation (# non-local attendees × # tournament/overnights = people-days). This value provided the basis for the impact assessment using the per-person spending pattern presented in Table 1. The impact results are shown in Table 2.

Table 2: Economic impacts of 14,515 annual non-local hockey visitors staying overnight (rounded).

Impact Type	Gross Output	Jobs	Value-added
<i>Direct</i>	\$1,417,000	23	\$755,000
<i>Indirect</i>	\$ 311,000	3	\$164,000
<i>Induced</i>	\$ 297,000	3	\$164,000
TOTAL	\$2,015,000	29	\$1,083,000

EVENT FINDINGS: WEDDINGS

Primarily held spring through fall, the dry-floor event survey work yielded perhaps the largest surprise of the project. As builders' shows are among the most attended events, there was a high expectation regarding what the numbers would reveal for out-of-town visitors, but surveyors did not intercept any non-local visitors during the largest builder's show in mid-March. While it is likely there were visitors who traveled further than the prerequisite 50-mile distance, none were intercepted by surveyors, suggesting their numbers are small—at least for the 2014 survey year. For all other dry-floor events (with the exception of weddings), surveyors did not conduct intercept work because they were known to serve only a local market.



Weddings, on the other hand, were known to draw a significant number of out-of-town guests who spend money in the community. City staff estimated that, on average, they book six wedding events each year, involving an estimated 152 non-local guests at each wedding who stay an average of 1.7 nights in the community, based on survey results. The sample size is small for this segment of users (42 valid questionnaires). That said, it does provide some insight to visitor characteristics and a spending profile to use in estimating economic impact.

Wedding visitor profile summary

For people traveling to the IRA Civic Center for weddings:

- Grand Rapids was the primary destination (98%)
- More than three-quarters of visitors (76%) stayed overnight for at least one night, and 24% made day-trips
- The household type was more diverse than that of the hockey visitors; the largest group was couples with no children at 26% (Figure 6)

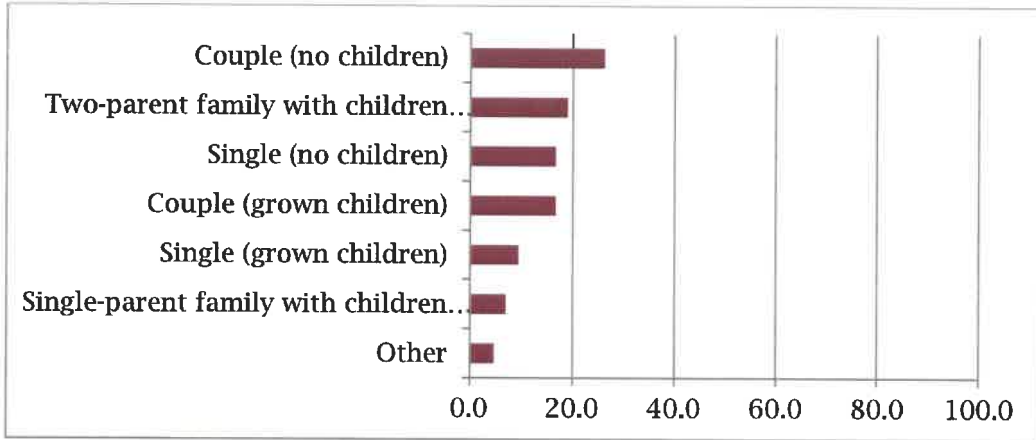


Fig. 6: Household type of non-local visitors to weddings at the Grand Rapids IRA Civic Center.

Non-local wedding travelers were primarily female (Figure 7) and varied in their education levels (Figure 8).

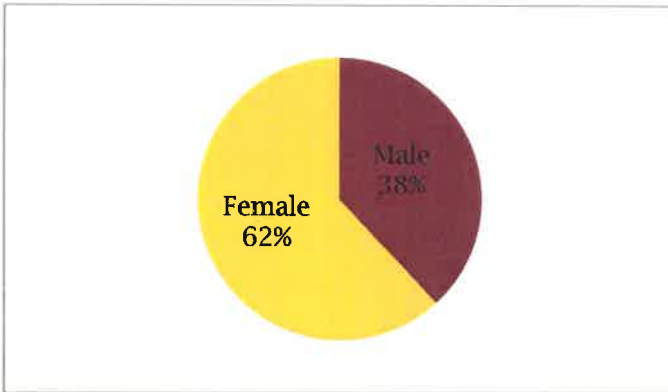


Fig. 7: Gender of non-local visitors to weddings at the Grand Rapids IRA Civic Center.

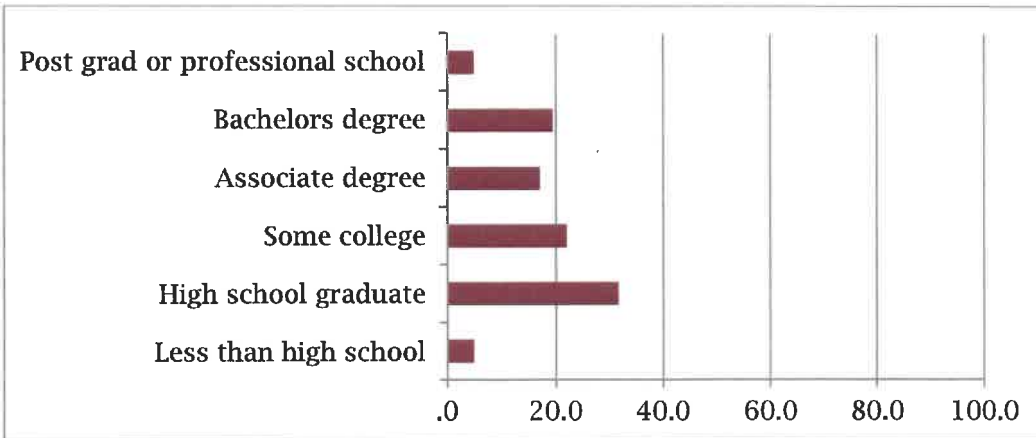


Fig. 8: Education levels of non-local visitors to weddings at the Grand Rapids IRA Civic Center.

The average annual income of wedding visitors fell within the \$40,001-\$55,000 range and is represented in Figure 9. Table 3 shows visitor spending while in the community, the highest being in transportation and lodging, followed by eating and drinking.

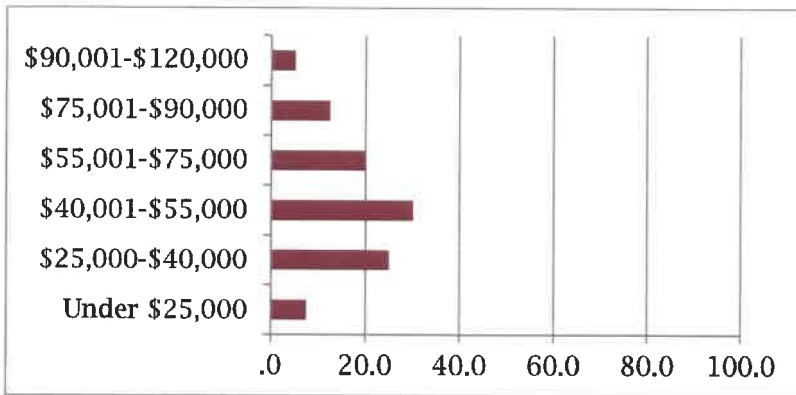


Fig. 9: Income levels of non-local visitors to weddings at the Grand Rapids IRA Civic Center.

Table 3: Average per-person spending of non-local wedding visitors at the Grand Rapids IRA Civic Center (rounded to nearest \$).

Spending Category	Value (2014 \$)
Transportation	\$59.00
Grocery	<\$1.00
Eating & Drinking	\$28.00
Shopping	\$2.00
Recreation	\$2.00
Misc. Spending	\$1.00
Lodging	\$59.00
TOTAL	\$152.00

Economic impact of wedding visitors

City staff provided estimates for both the average number of wedding events hosted at the IRA Civic Center per year, as well as the number of non-local attendees. Their estimate of six events averaging 152 non-local guests multiplied by the survey estimate of an average of 1.7 overnight stays per event yielded 1,550 people-days annually for weddings. This value provided the basis for the impact assessment using the per-person spending pattern portrayed in Table 3. The impact results are shown in Table 4.

Table 4: Estimated economic impacts from 1,550 annual non-local wedding visitors staying overnight.

Impact Type	Gross Output	Jobs	Value-added
<i>Direct</i>	\$150,000	2	\$80,000
<i>Indirect</i>	\$33,000	<1	\$18,000
<i>Induced</i>	\$30,000	<1	\$17,000
TOTAL	\$213,000	3	\$115,000

OPERATIONS

The average annual operation budget of the IRA Civic Center is \$700,000, generating local economic activity from staffing, purchasing of goods and services for operating and maintaining the facility. The economic impact from operations is displayed in Table 5.

Table 5: Economic impacts from annual IRA Civic Center operations.

Impact Type	Gross Output	Jobs	Value-added
<i>Direct</i>	\$700,000	3	\$150,000
<i>Indirect</i>	\$367,000	3	\$152,000
<i>Induced</i>	\$123,000	1	\$70,000
TOTAL	\$1,190,000	7	\$373,000

APPENDIX

Date _____

University of Minnesota Tourism Center GRAND RAPIDS IRA CIVIC CENTER VISITOR QUESTIONNAIRE

1. What is the ZIPCODE of your primary residence? _____
ZIP/postal code
2. Is the IRA Civic Center your primary destination for this trip? Yes
 No, final destination is _____
3. What is the **primary** reason that you made this trip to the IRA Civic Center?
- Trade show Community event Reception/party
 Business/convention/meeting Entertainment Youth hockey
 High school hockey
4. How many people (including you) are in your travel party on this trip? _____
- 4a. How many of your travel party are:
- _____ under 12 _____ 12 - 17 _____ 18 - 25 _____ 26 - 39
_____ 40 - 55 _____ 56 - 70 _____ over 70
5. How many total nights do you plan to spend away from home on this trip? _____ nights day trip only
6. How many of these nights will be in the Grand Rapids Area? _____ nights day trip to area only
- 6a. If you are staying in the Grand Rapids Area, how many nights are you staying in each the following types of accommodations?
- Not staying overnight in area
- _____ Hotel/motel _____ Resort/commercial cabin _____ RV _____ Your own vacation home
_____ Tent _____ Vacation home of friend/relative _____ Bed & Breakfast _____ Home of friend/relative
7. Please estimate your travel group's spending in the Grand Rapids Area for the **last 24 hours** of your stay.
- Lodging \$ _____ Restaurants/Bars \$ _____ Transportation (includes gas) \$ _____ Misc. \$ _____
Groceries \$ _____ Shopping \$ _____ Recreation/attractions (include guides/outfitting) \$ _____ **Total** \$ _____
- 7a. How many people are included in spending estimate? _____
8. Which of the following best describes your household?
- Two-parent family with children under 18 Couple (no children) Single (no children) Other
 Single-parent family with children under 18 Couple (grown children) Single (grown children)
9. What is the highest grade or year of school that you have completed?
- Less than High School Some college BA or BS degree
 High school graduate (or GED) Associate college degree Post graduate or professional school
10. You are: Male Female
11. In what year were you born? 19 _____
12. Please give us an estimate of your annual household income:
- under \$25,000 \$40,001 - \$55,000 \$75,001 - \$90,000 \$120,000 - \$175,000
 \$25,000 - \$40,000 \$55,001 - \$75,000 \$90,001 - \$120,000 Over \$175,000

Thank You!



IRA Civic Center Improvement Project

The IRA Civic Center was originally constructed in 1962 by the Itasca Recreation Association, hence the “IRA” in IRA Civic Center. This facility has been a regional asset for over fifty-seven years hosting trade shows, classic car events, high school graduations, weddings, amateur ice sports, and many other types of events. In addition, it serves as an election polling facility and an emergency shelter.

Recognizing the age of the facility, over fifty-seven years, it has need for critical infrastructure upgrades. In particular, the west venue roof and refrigeration are in need of replacement. Because of two truss failures, most recently in November of 2017, the City had two structural engineering firms review and structurally analyze the West Venue truss system. Detail follows:

- Volunteers constructed the original wood truss system in 1962.
- It was donated to the City in 1968.
- It was designed to carry 20 pounds per square foot (psf), current building code is 46 psf.
- Two truss members have failed with the most recent in November of 2017.
- The truss/roof system has been modeled/analyzed by Jon Aamodt, a registered structural engineer in the State of Minnesota. Highlights of his opinions and recommendations follow:
 - *“In our professional opinion, the severe under-capacity of the 1962 roof trusses is a **dangerous condition** and **should be corrected.**”*
 - *“**Signage** should be considered to **warn the public and employees** of the significant under-capacity of the roof structure for snow loading.”*
 - *“In our professional opinion the **West facility should not be used** in the winter months unless/until the building official, building ownership and other parties agree on temporary measures to protect the public and adjacent structures.”*
 - *“The **venue should be closed during a significant snow event**, with the understanding that a partial failure has occurred with less than 6 inches of snow on the roof.”*
- To address these recommendations/opinions the City has instituted the following:
 - Signs have been placed at entry doors warning the public of the dangerous situation.
 - All snowfall events are immediately removed from the roof.
 - Events are cancelled when heavy snowfall is occurring.

Other needs at the Civic Center include:

- The refrigeration system is starting to fail and utilizes R-22 coolant which can no longer be produced or imported to the United States.
- The HVAC systems are over 40 years in age, have exceeded their life, and require replacement.
- The locker rooms have shared bathrooms creating conflict when scheduling girls and boys events.
- Accessibility does not meet current ADA laws requiring the installation of an elevator.

IRA Civic Center Steering Committee

To develop the needed improvements at the Civic Center, the Grand Rapids City Council established a 19-person steering committee. The purpose of the committee was to:

- Recommend what type of roof structure should be utilized to replace the existing West Venue.
- Determine if the roof between the West and East Venue should, be raised creating a heated viewing area.
- Analyze and recommend modifications to address locker configurations for the East Venue.
- Develop a recommendation on how to pay for the needed improvements.

The committee consisted of the following people:

Member	Representing		Member	Representing
Chuck Beck	Member at Large		Jim Hoolihan	Member at Large
Spencer Igo	Member at Large		Shantel Dow	Member at Large
Mark Gothard	Member at Large		Liz Miskovich	Member at Large
Peter Miskovich	Member at Large		Mindy Nuhring	GR Area Chamber
Melissa Swenson	GR Area Chamber		Megan Christianson	Visit Grand Rapids
Wayne Roskos	Visit Grand Rapids		Sam Johnson	GRA Hockey
Jeremy Carlson	GRA Hockey		Shannon Wourms	Star of North Skating
Brad Hyduke	ISD 318		Anne Campbell	ISD 318
Tasha Connelly	City Representative		Dale Anderson	City Representative
Kelly Hain	Member at Large			

Starting in July of 2019, the committee met seven times for a minimum of 90 minutes each time. Subject professionals with backgrounds in architectural, structural engineering, construction methods, building codes and public finance, supported the committee.

The Committee unanimously recommended the following direction to the City Council:

- The West Venue roof/truss system should be replaced with a similar wood system that replicates the original look.
- Although not one of the City Council questions, the committee recommends replacing the West Venue refrigeration system and interconnecting it to the East Venue refrigeration system.
- East Venue locker rooms must have separate toilet and shower areas without multiple entry points to separate girls and boys teams. Information on bonding from the State is necessary before the committee can make a final recommendation on locker rooms.
- A 1% Local Sales and Use Tax should be implemented as long as it expires within six years.

Final recommendations, based on State funding, will be presented to the City Council, once the State Legislative session is complete in May of 2020.

Common Questions

Why has the City not taken care of the Civic Center?

The City has invested over \$1 million (\$1,000,000) over the past ten years.

Why does the City not have a reserve fund to pay for the replacement of the roof on the Civic Center?

The City does not collect and hold tax payer money for future projects.

Why don't user fees pay for the improvements?

User fees do cover the annual operating and maintenance expenses. It would be unaffordable to cover major capital improvements through user fees.

Shouldn't City property taxes pay for the project?

The IRA Civic Center is a regional facility that serves diverse public needs with over 60% of the users being non-residents.

Isn't this just a hockey arena serving a small portion of our community?

In addition to serving as a voter polling place for two precincts and an emergency shelter, the Civic Center, on an annual basis hosts the following events:

Event	Non-City Participants	Event	Non-City Participants
Sandstrom's Food Buyer's Show	52 Vendors 96% Non-Residents	NMBA Builder's Show	71 Vendors were 42% Non-Residents
Jaycee's Home, Sport, and Travel Show	56 Vendors 59% Non-Residents	Tour of Minnesota Bike Event	187 Participants 100% Non-Residents
Northern Cruisers Car Club Banquet	400 Participants More than 90% were Non-Residents	Northern MN Craft & Vendor Show	54 Vendors 87% Non-Residents
MN Street Rod Association Fall Camp-Out	425 Participants More than 90% were Non-Residents	Student Angler Bass Tournament Rules Meeting and Headquarters	186 Participants More than 90% were Non-Residents
Classic Bass Tournament Rules Meeting	48 Participants + Media 100% Non-Residents	GRAHA Walleye Shootout Tournament Headquarters	More than 90% were Non-Residents
HWY 38 Sales	N/A	Lakewoods Chrysler Car Sale	N/A
Private Wedding Receptions	85% Non-Residents	ISD #318 Kindergarten Round-Up	60% Non-Residents
Itasca Father / Daughter Ball	70% Non-Residents	Children's Mental Health 5K	N/A
Children First Expo	60% Non-Residents	GRHS Graduation	60% Non-Residents
GRHS Prom & Post-Prom Party	60% Non-Residents	GRHS College Fair	80% Non-Residents
MS Walk	N/A	Election Precinct	100% City Residents
Community Connect	N/A	H.S. Field Sports	60% Non-Residents
GRPD Car Seat Safety	100% Non-Residents		

Can the existing trusses be repaired?

Yes, but it would be considerably more expensive than complete replacement.

Is there a benefit to keeping the IRA Civic Center open?

Yes. The University of Minnesota prepared an Economic Impact Study for the Civic Center. The study showed an annual economic impact of \$3.3 million, supporting 48 full and part-time jobs, and creates \$1.7 million in value added to the region.

Who uses the Civic Center?

Over 60% are non-City residents.

Who would pay the 1% local sales and use tax?

The University of Minnesota has estimated that between 50% and 55% of the tax would be paid by non-City of Grand Rapids residents. This number correlates well with the number of non-residents who use the Civic Center.

Can the City choose to do nothing?

Yes. But an unplanned roof failure will close the facility for over two years resulting in the loss of significant economic benefits to the region.