

THE ANNUAL ECONOMIC IMPACT OF WESTWORLD FOR MARICOPA COUNTY



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Using tools that support sophisticated statistical modeling and planning, supplemented by an extensive understanding of the local, state and national economies, Seidman today offers a host of economic research and consulting services, including economic impact analyses, forecasting, survey research, attitudinal and qualitative studies, and strategic analyses of economic development opportunities.

Working on behalf of government agencies, regulatory bodies, public or privately-owned firms, academic institutions, and non-profit organizations, Seidman specializes in studies at the city, county or state-wide level. Clients include:

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- *Chicanos por la Causa*
- *The City of Phoenix*
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- *The City of Scottsdale*
- *Copperpoint Insurance*
- *David and Gladys Wright House Foundation*
- *Desert Caballeros Western Museum*
- *Dignity Health*
- *The Downtown Tempe Authority*
- *Environmental Defense Fund (EDF)*
- *Envision Healthcare*
- *EPCOR Water*
- *Epic Rides*
- *Excelsior Mining*
- *Fiesta Bowl*
- *Freedom Financial*
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- *NCAA Final Four*
- *Pakis Foundation*
- *Phoenix Convention Center*
- *Phoenix Philanthropy Group*
- *Phoenix Sky Harbor International Airport*
- *Public Service New Mexico (PNM)*
- *Raytheon*
- *Republic Services, Inc.*
- *Rosemont Copper Mine*
- *Salt River Project (SRP)*
- *Science Foundation Arizona (SFAZ)*
- *Tenet Healthcare*
- *Turf Paradise & Delaware North*
- *Twisted Adventures, Inc.*
- *Valley METRO Light Rail*
- *Waste Management Inc.*

EXECUTIVE SUMMARY

The total economic impact of Westworld's August 2018 – July 2019 operations and events for Maricopa County (including the City of Scottsdale) is estimated at:

- \$183.6 million GDP by State (current \$).
- 2,670 jobs.
- \$109.7 million labor income (current \$).

This is based on:

- The employment footprint and operations of WestWorld.
- The local operational expenditure of event organizers with Maricopa County-based vendors for all signature, equestrian, and non-equestrian events held at the facility.
- The influx of event participant and day/overnight visitor dollars into the local economy from people that primarily reside **outside** Maricopa County.

The total economic impact estimates exclude any expenditure by Maricopa County residents visiting or participating at WestWorld's events, as their money is already available in the local economy and would in all probability still be spent locally elsewhere in the absence of WestWorld.

Seidman also estimates that Maricopa County directly collects \$2.3 million in transaction privilege tax and transient (bedroom) tax as a result of WestWorld's 12-month calendar of events, direct operations, and the Shared Revenue allocation of the State's Transaction Privilege Tax.

1. INTRODUCTION

Located in the heart of Scottsdale, WestWorld is a premier multi-use event facility, consisting of over 300,000 square feet of exhibition space on 386 acres of desert. An onsite Equidome offers seating for 3,400 at equestrian events held at the facility each year. WestWorld also hosts the Barrett Jackson Collector Car Auction, the Scottsdale Arabian Horse Show, International Motorcycle Show, and the International Sportsmen's Expo as part of an extensive annual events calendar.

First opened in 1987, WestWorld received a \$50 million two-year upgrade in 2013. Economic impact studies for the facility's signature events - the Barrett Jackson Car Auction and Arabian Horse Show - have previously been implemented by event organizers; but WestWorld's contribution to the Maricopa County economy reaches far beyond these two events. This is demonstrated in part by annual attendance figures at the facility. In FY2018, an estimated 907,000 tickets were sold at WestWorld, including 600,000 for the Barrett Jackson and Arabian Horse Show events. This means that over 300,000 people also paid to visit the facility for other types of equestrian and non-equestrian event.

The purpose of this study is to estimate the total annual impact of WestWorld's events for Maricopa County. The data inputs for this modeling consist of local expenditures by event organizers, exhibitors or participants, and visitors/attendees. Any expenditure by local residents is excluded.

Section 2 briefly introduces the concept of economic impact.

Section 3 estimates the total economic contribution of WestWorld's inhouse operations and events for Maricopa County over a 12-month time horizon. It includes a breakdown of total impacts for inhouse operations, equestrian events, non-equestrian events, and signature events. An estimate of direct taxes is also provided.

2. ECONOMIC IMPACT ANALYSIS: DEFINITION, METHOD, AND DATA INPUTS

Economic impact analysis traces the full impact - direct, indirect and induced - of an economic activity on jobs and incomes in a local economy. WestWorld directly impacts the local economy through the people it employs, its local supplier purchases, and local taxes. Indirect effects take place when Westworld's suppliers place upstream demands on their own suppliers. Induced effects when Westworld's workers, and the employees of its suppliers, spend a portion of their incomes in the local economy, and when governments spend new tax revenues.

The calendar of events hosted by Westworld attract an influx of new dollars into the local economy from at least two sources:

- People living outside Maricopa County attending or participating in each event.
- Each event's organizers.

The events directly affect the local economy through the temporary employment of event staff and the direct spending of visitors. Indirect effects occur when the recipients of the visitor or event organizer dollars place upstream demands on their own suppliers. Induced effects when the workers based at the recipients of event organizer or visitor expenditure spend a portion of their incomes in the local economy, and when governments spend new tax revenues.

Seidman uses an IMPLAN model to separately estimate economic impacts for Maricopa County. IMPLAN is a commercially licensed input-output model originally developed by the University of Minnesota. The IMPLAN model organizes the economy into 528 separate industries, and has comprehensive data on every area of the United States. It is widely used by economists to assess impacts of economic activities on a local economy. Seidman uses IMPLAN to estimate four measures of economic impact. These are:

- **Gross Domestic Product (GDP) by State:** this is synonymous with value added. It represents the dollar value of all goods and services produced for final demand in a state. It excludes the value of intermediate goods and services purchased as inputs to final production. It is also defined as the sum of employee compensation (wages, salaries and benefits, including employer contributions to health insurance and retirement pensions), proprietor income, property income, and indirect business taxes.

- **Employment:** this is a count of full- and part-time jobs. It includes both wage and salary workers, and the self-employed.
- **Labor Income:** this includes all forms of employment income, including employee compensation (wages and benefits) and proprietor income.
- **Output:** this is principally a measure of an industry's sales or receipts, which include sales to final users in the economy (GDP by State) or sales to other industries (intermediate inputs).¹

Direct state and local government fiscal (tax) revenues are also estimated separate to the IMPLAN model

The IMPLAN model offers results at a county or state level. Estimates of impact are therefore provided for Maricopa County.

Seidman draws from three data sources to estimate annual economic and fiscal impact. These are:

- An expenditure survey of participants and visitors at 12 equestrian and non-equestrian events hosted at WestWorld between August 2018 and July 2019.
- Organizational expenditure from event organizers.
- Visitor expenditure from the Barrett Jackson Car Auction and Arabian Horse Show .

A team of student researchers conducted a face-to-face survey at 12 events over 24 days to estimate the expenditure of participants and visitors. Responses were collected on iPads using a Qualtrics app. In total, Seidman collected 2,823 usable responses. Table 1 summarizes the distribution of survey responses by event.

Organizational expenditure was provided via event organizers post-event using an online survey.

Estimates of visitor expenditure for Barrett Jackson and the Arabian Horse Show are sourced from third party studies commissioned by the respective event organizers. The Barrett Jackson expenditure

¹ Output or "gross receipts" is useful as a facilitating variable in the mathematical solution of regional input-output models. However, it is also acknowledged to be upward biased as an estimate of the effect of an economic activity on local area income. Value added (equivalent to GDP by State) in IMPLAN is a conceptually more precise estimate of income. The economic impact tables in this report display output to ensure consistency with the Barrett Jackson Car Auction study, but no comment about output is provided by Seidman due to its inherent upward bias.

estimates are for 2016, but visitor numbers to the 9-day auction have not changed since that time, so the 2016 expenditure data serves as a reasonable proxy. The Arabian Horse Show data is for 2019.

Table 1: Distribution of Surveys by WestWorld Event

	Total Survey Sample	Survey Respondents Primary Residence		
		City of Scottsdale	Maricopa County	Other
Equestrian Events				
Arizona Fall Championships	92	13	35	57
Arizona Reining Horse Association Summer Slide	82	29	54	28
Mother’s Day Slide	81	29	48	33
Region 7 Horse Show	249	69	146	103
Sun Country Horse Show	211	22	73	138
Non-Equestrian Events				
Arizona Pinner’s Conference & Expo	233	11	151	82
Cynosport Dog Agility Show	218	26	99	119
Good Guys Collector Car Show	244	22	131	113
International Off-Road & UTV Expo	360	18	231	129
International Sportsmen’s Expo	403	43	266	137
Maricopa County Home Show	312	46	248	64
Vintage Market Fall	338	41	269	69
Total	2,823	369	1,751	1,072

Source: Authors’ Survey

WestWorld also provided its own breakdown of direct employment and operational expenditure.

All monetary estimates of impact are expressed in current dollars.

3. ECONOMIC IMPACT OF WESTWORLD’S EVENTS FOR MARICOPA COUNTY

Table 2 estimates the direct, indirect, and induced economic impact of Westworld’s August 2018 – July 2019 operations and events for the Maricopa County economy (including the City of Scottsdale). This is based on:

- The employment footprint and operations of WestWorld.
- The local operational expenditure of event organizers for all signature, equestrian, and non-equestrian events held at the facility.
- The influx of event participant and visitor dollars into the Maricopa County economy from people that primarily reside *outside* the county. These consist of both day and overnight visitors.

Table 2: Total Economic Impact of WestWorld for Maricopa County²

	GDP BY STATE (Millions \$) ³	EMPLOYMENT (Job Years) ⁴	LABOR INCOME (Millions \$) ⁵	GROSS OUTPUT (Millions \$) ⁶
Participant & Visitor Expenditures				
Direct	\$70.2	1,402	\$41.2	\$112.5
Indirect/Induced	\$76.7	858	\$46.7	\$128.1
Sub-Total	\$146.9	2,260	\$87.9	\$240.6
Event Organizer Expenditures				
Direct	\$16.1	163	\$8.5	\$24.6
Indirect/Induced	\$15.8	179	\$9.6	\$26.4
Sub-Total	\$31.9	342	\$18.1	\$51.0
WestWorld Employment/Operations				
Direct	\$2.4	42	\$2.2	\$8.2
Indirect/Induced	\$2.4	26	\$1.4	\$4.1
Sub-Total	\$4.8	68	\$3.7	\$12.3
Total Economic Impact	\$183.6	2,670	\$109.8	\$303.8

Source: Authors’ Calculations

² Columns may not tally exactly to totals due to rounding.

³ GDP by State represents the dollar value of all goods and services produced for final demand in Maricopa County.

⁴ A job year is equivalent to one person having a job for 12 months.

⁵ Labor income equals employee compensation plus proprietor (self-employed) income.

⁶ Gross Output (or gross receipts) is useful as a facilitating variable in the mathematical solution of regional input-output models. However, it is also acknowledged by the U.S. Bureau of Economic Analysis (BEA) to be an upward biased estimate of the effect of an economic activity on local area income. Value Added or GDP by State is a conceptually more precise estimate of income in IMPLAN. No comment about Gross Output is provided by Seidman due to its inherent upward bias.

The total economic impact estimates exclude any expenditure by Maricopa County residents visiting or participating at WestWorld's events, as their money is already available in the local economy and would in all probability still be spent locally elsewhere in the absence of WestWorld.

Table 2 estimates that the infusion of participant and visitor dollars from people residing outside Maricopa County is responsible for 2,260 jobs, paying \$88.0 million labor income across the 12-month time horizon. The total GDP by State contribution of event participants and visitors for the Maricopa County economy is \$146.9 million.

Table 2 also estimates that the local expenditure of event organizers is responsible for 342 jobs, paying \$18.1 million labor income across the 12-month time horizon in Maricopa County. The total GDP by State contribution of event organizers for the Maricopa County economy is \$31.9 million.

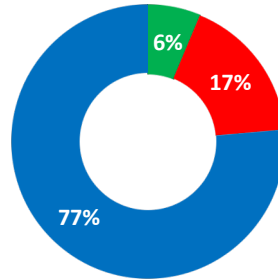
The total impacts of WestWorld's inhouse employment footprint and facility operations is estimated at 68 direct, indirect and induced jobs, paying \$3.7 million labor income across the 12-month time horizon in Maricopa County. The total GDP by State contribution of the facility for the Maricopa County economy is \$4.8 million.

The total impact of WestWorld's August 2018 - July 2019 operations and events on the Maricopa County economy, taking into account both direct and indirect/induced effects, is therefore estimated at \$183.6 million GDP by State, 2,670 jobs, and \$109.7 million labor income. These impacts are for Maricopa County alone (including the City of Scottsdale).

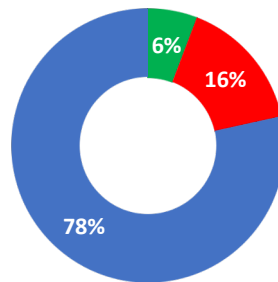
Figure 1 divides the participant/visitor and event organizer estimates of economic impact in Maricopa County by type of event. That is, the figure excludes any impacts associated with WestWorld's own annual employment and operations. The figure illustrates that the two signature events account approximately 77%-78% of the estimated total annual economic impacts. Non-equestrian events account for 16%-17% of the estimated total annual economic impacts. Equestrian events account for approximately 6% of the estimated total annual economic impacts.

Figure 1: Distribution of Annual Economic Impacts in Maricopa County by Type of Event⁷

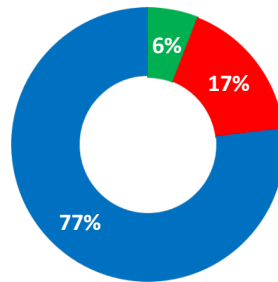
GDP BY STATE (MILLIONS \$)



EMPLOYMENT (JOB YEARS)



LABOR INCOME (MILLIONS \$)



Key:

■ Equestrian Events

■ Non-Equestrian Events

■ Signature Events

Source: Authors' Calculations

⁷ Figure 2 excludes any economic impacts associated with WestWorld's annual employment and operations.

The estimates of economic impact presented in Table 2 exclude any Maricopa County tax impacts. Table 3 therefore estimates the fiscal (tax) impacts of the 12-month calendar of events directly collected by Maricopa County. An estimated \$2.3 million is collected by Maricopa County directly because of WestWorld. This consists of 0.7% transaction privilege tax and a 1.77% transient tax applied to any lodging for 29 days or less. Maricopa County also receives \$18,000 in direct in direct taxes from WestWorld’s own operations, and a State Shared Revenue allocation from Arizona’s annual transaction privilege tax collections. These direct annual fiscal payments are all included in the \$2.3 million total shown in Table 3.

Table 3: Direct Fiscal Impact of WestWorld’s Annual Events for Maricopa County

	Direct Tax Collections (Millions \$)⁸
Equestrian Events	\$0.1
Non-Equestrian Events	\$0.2
Signature Events	\$1.2
WestWorld Direct Operations and State Shared Revenue	\$0.7
Total Direct Taxes	\$2.3

Source: Authors’ Calculations

⁸ Column does not tally exactly to total due to rounding.



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