

Triple A Baseball:

An Important Economic Engine for Northeastern Pennsylvania



Presently, Triple A baseball infuses \$6.6 million into the regional economy and has an estimated annual economic impact of \$32.8 million. After completion of the stadium project, Triple A baseball will infuse \$9.4 million into the regional economy and have an estimated annual economic impact of \$47 million.

To determine economic impact, economic development experts use a “multiplier effect” formula. The “multiplier effect” occurs when one person’s spending becomes someone else’s income and some of the second person’s income is subsequently spent, becoming the income of a third person, and so on. Economic development experts customarily utilize a multiplier effect of five (5) when valuing the economic impact in a region, according to stadium authority consultant, Dan Lispi.

This economic impact estimate does not include the impact that professional baseball has on improving the quality of life for residents and job creation and retention initiatives outside of baseball. In addition to the annual economic impact, the construction phase of the stadium project will generate approximately \$23.5 million in one-time local revenue for local businesses and working families.

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ANNUAL ECONOMIC IMPACT - A SNAPSHOT BY THE NUMBERS

Current Economic Impact	Projected Economic Impact	Description
\$ 2,148,302.00	\$ 2,750,077.00	Employment
\$ 3,094,000.00	\$ 4,458,000.00	Goods and Services
\$ 904,000.00	\$ 1,789,000.00	Taxes, Fees & Stadium Rental
\$ 405,000.00	\$ 405,000.00	Ancillary Revenue
\$ 6,551,302.00	\$ 9,402,077.00	Total (in Actual Dollars)
<i>5</i>	<i>5</i>	<i>Multiplier Effect</i>
\$ 32,756,510.00	\$ 47,010,385.00	Total (with Multiplier)

CONSTRUCTION PHASE - A SNAPSHOT BY THE NUMBERS

Local Investment	Description
\$ 17,500,000.00	Employment
\$ 6,000,000.00	Cost of Materials
\$ 23,500,000.00	Total One-Time Revenue

Construction Phase

CONSTRUCTION JOB CREATION - 350 - \$17.5 MILLION

The stadium project is subject to a project labor agreement with the local building trades council. This agreement ensures that Northeastern Pennsylvania's working families benefit from the construction phase of the project. The Northeast Building Trades Council and Greater Scranton Building Trades Council and its members are partners in this project. During the construction phase of the stadium project, the project will generate approximately 350 good paying construction jobs for local working families.

The average construction worker's annual salary and benefits over a one-year period total \$50,000. Without construction projects of this magnitude, local working families would go without paychecks. This stadium project means that the stadium project will

support \$17.5 million in salary and benefits for Northeastern Pennsylvania's working families.

CONSTRUCTION ECONOMIC IMPACT - \$6 MILLION

The stadium project construction management firm estimates a total construction budget for materials to be between \$12 million and \$14 million. Half of those construction materials can be found and will be purchased locally. The materials purchased locally will total at least \$6 million. This investment will stimulate local businesses.

Annual Economic Impact

PERMANENT JOB CREATION - 10 - \$2,750,077

The stadium project will create an additional ten (10) full-time jobs in Triple A baseball, bringing the total full-time employment to thirty (30), and increase wages by \$601,775. Therefore, permanent wages will total \$2,750,077.

ANNUAL SPENDING ON GOODS AND SERVICES - \$4,458,000

Presently, the Triple A franchise makes local purchases of goods and services totaling \$3,094,000. This amount is expected to increase by 44% or \$1,364,000. Therefore, annual spending by Triple A baseball on local goods and services will increase to \$4,458,000.

TAXES, FEES AND OTHER REVENUE TO GOVERNMENT - \$1,789,000

As previously indicated, the estimated payroll of the Triple A franchise is \$2,750,077. Taxes are estimated to be \$932,000 on \$2,750,077 including federal taxes. Present annual sales tax revenue totals \$95,000. The Triple A franchise estimates that concession revenue will increase by \$200,000, increasing total sales tax revenue to \$107,000. Government will also benefit from the additional taxes generated from existing businesses working with the team. In addition, the team will go from paying annual rent on the stadium of \$125,000 to \$750,000. These funds will be utilized to offset the debt service payments associated with the construction phase of the stadium project, eliminating a potential taxpayer burden. Therefore annual taxes, fees and other revenue to government will total \$1,789,000.

ANCILLARY REVENUE TO REGION - \$405,000

Travel, supplies and overnight hotel stays by the visiting teams, scouts, team personnel and umpires for 71 games totals \$350,000 in annual revenue to the region. In addition, players receive a per diem of \$25 per game (24 players multiplied by 71 games) and staff receive a per diem of \$30 per game (6 staff multiplied by 71 games). Visiting teams

eat at least two meals per day for 71 games. This added revenue totals \$55,000 per season. Therefore, ancillary annual revenue to the region will total \$405,000.

ECONOMIC REVITALIZATION IN NORTHEASTERN PENNSYLVANIA

The stadium project will assist in an economic revitalization of Northeastern Pennsylvania. In addition, the number of fans visiting the stadium will increase, thereby enhancing the business prospects of current retail stores, encourage new retail operations and increasing revenue for local businesses and the Triple A franchise, which will provide for more employment opportunities in the future. The better the Triple A franchise does, the better the region does.

FINANCIAL COMMITMENT BY COMMONWEALTH OF PA & SWB YANKEES LLC

With the receipt of \$22 million in state assistance and SWB Yankees LLC's commitment to fund all construction project overruns, local taxpayers were spared the construction expenses associated with the stadium project. In addition, SWB Yankees LLC is investing at least \$38 million into the stadium project over the next 30 years.

Furthermore, SWB Yankees LLC is also paying all future capital maintenance expenses over \$15 million. Project architect, Ewing Cole, has estimated future capital maintenance expense to total \$30 million over the next 30 years. By limiting its exposure for future capital improvements to \$15 million, local government has mitigated its long-term capital expenditure risk. In addition, the decision by local government to cover the \$15 million in future expense with a bond issuance paid through existing funds, has eliminated the need for new local tax dollars to support Triple A baseball.

***Triple A baseball is an important economic engine
for Northeastern Pennsylvania.***
