



Kansas City Royals Relocation Impact Analysis

Independence, MO

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10/23/2023

Nature of the Assignment



Assessment of the economic and fiscal impacts of the Royals leaving Kauffman Stadium

1. Gather data on historical events and attendance
2. Analyze locational data to understand the geographic location of spending by visitors to Kauffman Stadium
3. Estimate...
 - a. Overnight and day trip visitation to Independence
 - b. Amount of spending per visitor by type of spending
 - c. Direct, indirect, and induced spending impacts
 - d. Fiscal or revenue impacts on Independence

Summary of Impact on Independence

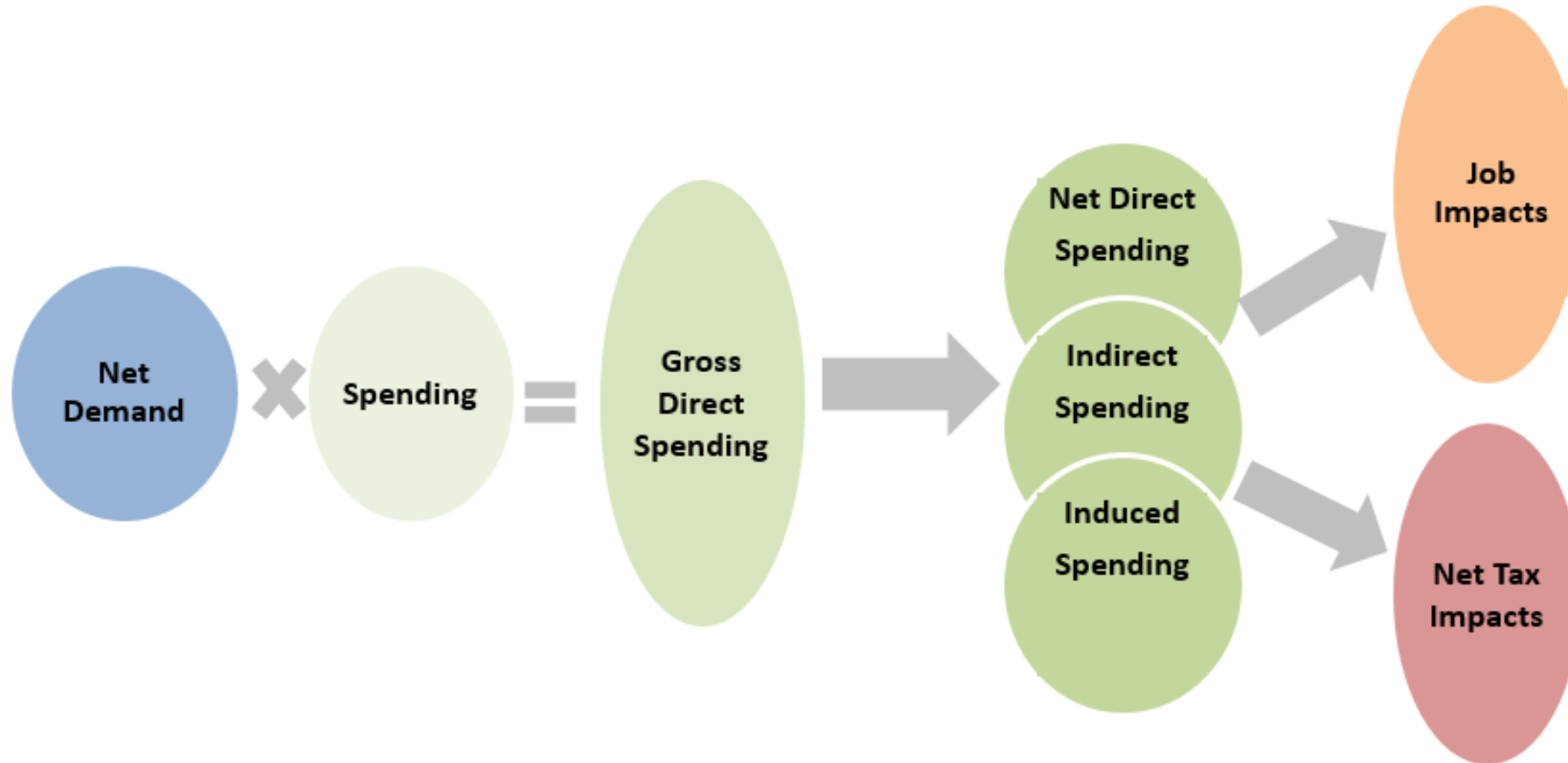


\$7.48 million in annual economic activity and \$284,000 in fiscal impact will be lost

Summary of Impacts	City of Independence
Economic Impact (millions)	\$7.48
Fiscal Impact (thousands)	\$284.9
Jobs	80

Economic and Fiscal Impact Methodology

HVS estimated the net spending lost in Independence and how that spreads through the local economy



Kauffman Stadium Demand



Kauffman Stadium hosts 81 regular season games with an average of 23,500 attendees per game

Season*	Home Games	Total	Average Attendance	Total Wins	Division Rank
2015	81	2,708,549	33,439	95	1
2016	81	2,557,712	31,577	81	3
2017	80	2,220,370	27,755	80	3
2018	81	1,665,107	20,557	58	5
2019	80	1,479,659	18,496	59	4
2022	80	1,277,986	15,975	65	5
2023 (Season in Progress)	54	888,976	16,463	32	5
<i>Average</i>			23,466		

**2020, 2021 omitted due to Covid-19*

Source: MLB

Geographic Location of Spending



11% of people stopping somewhere before or after a game do so in Independence

Location	Average Percentage of People Stopping*
Bars and Restaurants	51%
Hotel	22%
Retail	11%
Shops & Services	10%
Other	3%
Attractions	3%
Work Place	0.5%
School	0.3%
Home	0.2%
Travel	0.1%

**2019, 2022, 2023*

City	Percentage of Stops			
	2019	2022	2023	Average
Kansas City	49%	54%	51%	51%
Independence	10%	11%	12%	11%
Overland Park	11%	10%	8%	9%
Olathe	5%	3%	3%	4%

Source: Placer.ai

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Net Loss of Demand



When the Royals move, the spending of 200,000 people will be lost to Independence each year

Total Overnight Guests X (Percent in Independence – Percent Remaining in Independence) = Lost Overnight Stays







Total Day Trips X Percent in Independence = Lost Day Trips






Demand Type	Overnight Visitor Days	Day Trips
City of Independence		
MLB Regular Season Game	61,100	133,500
Concerts	1,600	3,700
Total	62,700	137,200

Spending Estimates



Overnight attendees spend \$74 per day and Daytrip attendees spend \$23 per day

Overnight Leisure Attendees		\$73.98
Hotel Average Daily Room Rate	50%	
Food & Beverage	30%	
Transportation at Destination (Taxi/Uber/Other)	8%	
Retail	7%	
Transportation at Destination (Rental)	4%	
Recreation	1%	
Total	100%	

Daytrip Leisure Attendees		\$22.69
Food & Beverage	47%	
Transportation at Destination (Taxi/Uber/Other)	27%	
Retail	13%	
Transportation at Destination (Gasoline)	13%	
Recreation	0%	
Total	100%	

Lost Spending in Independence



\$7.75 million in annual spending will be lost

Visitor Type	Number of New Visitors	Net Daily Spending	Total Spending (Millions)
<i>City of Independence</i>			
Overnight Visitor Spending =	62,700	x \$74.01	= \$4.64
Daytrip Visitor Spending =	137,200	x 22.69	= \$3.11
		Total Gross Direct Spending =	<u><u>\$7.75</u></u>

Lost Economic and Fiscal Impact in Independence



\$7.48 million in annual economic activity and \$284,000 in fiscal impact will be lost

Impact (\$ Millions)	City of Independence
Spending Estimates	
Net Direct	\$7.29
Indirect	\$0.15
Induced	\$0.04
Total	\$7.48

Tax Category	Tax Base	Effective Tax Rate	Estimated Tax Revenue
Sales Tax	\$5,146,458	2.63%	\$135,100
Hotel Motel Room Tax	\$2,305,214	6.50%	\$149,800
		Total	\$284,900

Assumptions and Limiting Conditions



1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature.
3. We have not considered the presence of potentially hazardous materials on the proposed site, such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyls, pesticides, or lead-based paints.
4. All information, financial operating statements, estimates, and opinions obtained from parties not employed by HVS are assumed to be true and correct. We can assume no liability resulting from misinformation.
5. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
6. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
7. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
8. We take no responsibility for any events or circumstances that take place after the date of our report.
9. The quality of a convention facility's on-site management has a direct effect on a facility's economic performance. The demand and financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
10. The impact analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease due to market volatility and economic forces outside the control of the facility's management.
11. We do not warrant that our estimates will be attained, but they have been developed based on information obtained during our market research and are intended to reflect reasonable expectations.
12. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.
13. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
14. Although this analysis employs various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
15. This report was prepared by HVS Convention, Sports & Entertainment Facilities Consulting. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of this organization, as employees, rather than as individuals.
16. This report is set forth as a market study of the subject facility; this is not an appraisal report.

Certifications



The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. HVS is not a municipal advisor and is not subject to the fiduciary duty set forth in section 15B(c)(1) of the Act (15 U.S.C. 78o-4(c)(1)) with respect to the municipal financial product or issuance of municipal securities;
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this analysis;

A handwritten signature in black ink that reads 'Thomas Hazinski'.

Thomas Hazinski
Managing Director

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