

City for Champions (C4C) Summary 2022 Performance Report

for
The State of Colorado
Office of Economic Development & International Trade



Prepared for:

Colorado Springs Urban Renewal
Authority

Prepared by:

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December 2023

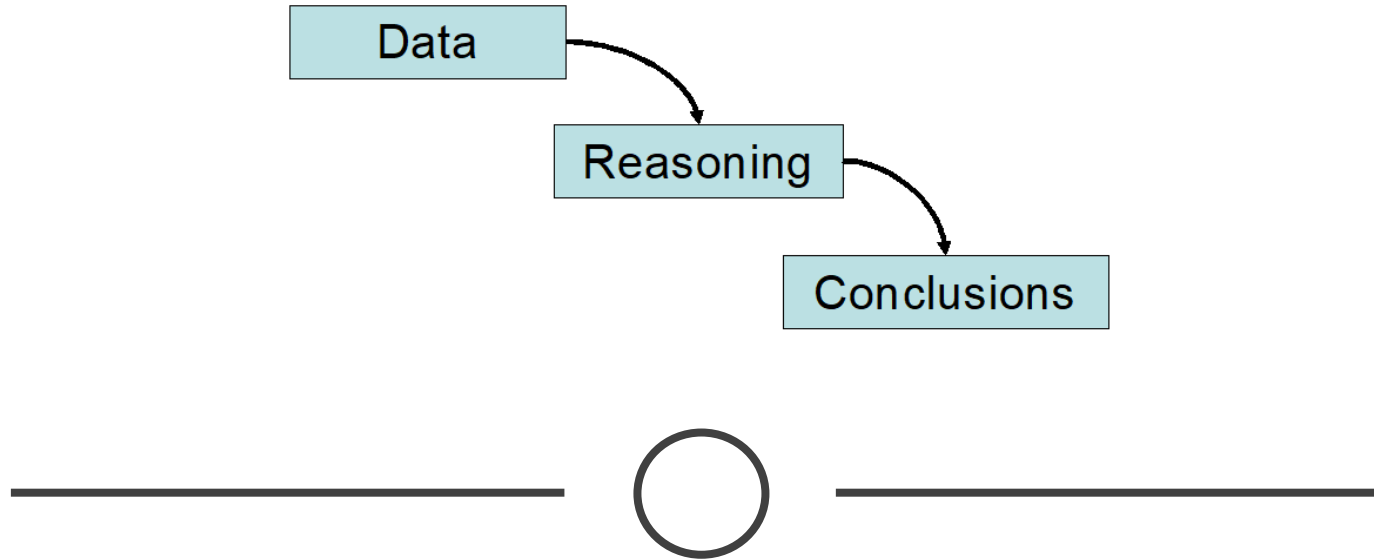
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[Summit Economics](#), LLC provides research and consulting services in applied socio-economics, public policy, market research, economic and fiscal impact analysis, sustainable development and adaptation, real estate research, urban economics, and strategy planning. Our most frequent engagements support decision-making, quantify visioning and planning, develop performance metrics, or assist with risk management.

Study Purpose

This study is intended to meet the requirements of Colorado's Regional Tourism Act (RTA) as implemented and monitored by the Office of Economic Development and International Trade (OEDIT). In 2013 the City of Colorado Springs was granted \$120 million over 30 years in tax increment financing (TIF) to support the development of multiple venues throughout the City under its City for Champions (C4C) project. The Colorado Springs Urban Renewal Authority (CSURA) is the intermediary recipient of the funding which is then funneled to the projects.

The objective of this study is meet annual reporting requirements as established by OEDIT and outlined in Resolution 3 dated December 16, 2013. As this report is the second year of reporting, we note ambiguity contained in Resolution 3 and take liberties with documentation approaches which, if acceptable to OEDIT, can be used in subsequent years as all five C4C are developed. In essence, the objective is to develop a reasonably efficient and effective set of annual metrics for the C4C portion of the RTA.

Currently four C4C venues have completed construction and are operating. These include the US Olympic and Paralympic Museum (The Museum or USOPM), William J Hybl Sports Medicine and Performance Center (Hybl Center), Ed Robson Arena (Robson) and Weidner Field (Weidner). The fifth venue, the new United State Air Force Academy Visitor's Center, is currently under development with planned completion in 2024 and is not considered in this report.



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Summary Findings

Key Indicators

Net New Direct Jobs Created from

Venue Operations	240
Tourism	255
Construction of Venue	-
Catalytic 2022	90
Total	585

Out-of-State Tourists 71,164

Net New Out-of-State Tourists 49,604

Fiscal Impacts to Local Governments

Sales Tax Venue Related	\$ 1,560,684
Other Taxes Venue Related	\$ 1,099,503
Catalytic All Taxes	\$ 2,805,289
Total Taxes	\$ 5,465,476

Net New ROI to State from:

State TIF Investment Thru 2022	\$ 13,613,856
2022 Taxes Tourism Related	1.5%
2022 Non-Tourism Venue Related Taxes	1.3%
2022 Catalytic Activity Taxes	2.0%
Total 2022 Taxes	4.8%
Prior Year Taxes from 2021 Report	40.8%
Cumulative ROI Thru 2022	45.6%

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Four of the five venues were fully operational in all of 2022. Total results of the four venues combined are shown in the table. Overall, the tourism related returns to the State of Colorado under the Regional Tourism Act demonstrate reasonable returns relative to public sector cost of capital with growth potential based upon all projects being in the early phase of operations and all tourism relevant market segments of C4C projects forecasting good long-term growth potential.

Contrary to original applications which focused on returns from net new state tourism, a substantial portion of the early returns are from catalytic projects stimulated by C4C. Two percent of the total 4.8% 2022 returns come from catalytic projects. The catalytic impacts most notable in Downtown Colorado Springs as the market anticipated substantial public/private investment in tourism and recreation. Catalytic impacts are also evident with the Hybl Center as competition apparently pre-empted the Hybl Center in the sports medicine and orthopedic market. Catalytic impacts are expected to continue for some time with continued Downtown development, a new orthopedic hospital by Centura Health (a Hybl Center partner), new apartments by Weidner Homes next to the stadium, and Colorado College repurposing Honnen Ice Arena for 3D art. The catalytic impacts also show up in Fiscal Impacts to Local Governments in the form of recurring property taxes from catalytic projects.

Overall the four venues have directly created 240 jobs at the venues. This excludes day labor when major events are hosted at the venues. In addition, tourism related to the venues has created an additional 255 jobs.

Study Overview



Objective and Purpose

To document key effectiveness indicators in a qualitative and quantitative fashion. The indicators are submitted by the Colorado Office of Economic Development and International Trade (OEDIT) for monitoring the State's investment in the City for Champions through the Regional Tourism Act (RTA) over a 30-year period.



Key Effectiveness Indicators

- (1) Number of net new jobs directly created by the project
- (2) Market impacts;
- (3) Regional and in-state competition;
- (4) Attraction of out-of-state tourists;
- (5) Fiscal impact to local governments within and adjacent to the Regional Tourism Zone;
- (6) Return to the state on its investment.



Methodology

Data and information in this report was gathered from the Boards and operational managers through interviews and a long-form data request.

Additional interpretations and assessments were made by Summit Economics based on local area and project knowledge. Data was modeled to generate levels of tourism, local fiscal impacts, and State ROI.

Direct Job Creation from Venues and Tourism

Direct jobs include fixed staffing for the venues. The staffing includes full and part-time jobs, but not variable event related daily jobs.

Direct Tourism Jobs are derived from IMPLAN adjusted with RIMS II modeling based upon tourism spending in El Paso County attributed to the venues in 2022. Total tourism spending is much higher for tourist visiting the Museum; however, only 24% (1 day per tourist) is attributed to the Museum. Robson Arena shows six tourism jobs as the venue is just ramping up non-Colorado College and non-local events. The Switchbacks are included as the soccer organization at Weidner Field would not have selected to locate their franchise in Colorado Springs were it not for the C4C award in 2013.

The change in direct venue jobs from 2021 is also shown. In total, all venues actually reduced full and part-time jobs in 2022 due to operational changes as the Museum and the Hybl Center.

Direct Job Impacts

	Total	Museum	Hybl	Robson	Weidner
New Venue Jobs in 2022	-26	-29	-21	24	0
Total Jobs at Venue (full and part-time)*	240	71	69	45	55
Venues Annual Fixed Payroll & Benefits* \$	9,506,227 \$	1,565,500 \$	5,340,000 \$	600,727 \$	2,000,000
Estimated Direct Tourism Jobs	255	124	25	6	100

* Excludes day staffing for special events

Summit Economics from data supplied by Venues, IMPLAN and RIMS modeling

Construction Jobs

There were no venue construction activities in 2022

Catalytic Jobs

90 catalytic jobs were attributed to the Hybl Center from Grandview Hospital and 81 jobs were attributed to the Museum from Downtown construction.

Other Jobs Created

Catalytic jobs were lower compared to 2021 due to less construction and lower attribution to C4C venues.

Grandview Hospital, along with subsequent medical office development, opening close to the Hybl Center was partially attributed to Hybl in 2021. This attribution continues at a declining rate. Grandview is a 57 bed micro hospital associated with UCHHealth. It offers "advanced orthopedic" care and therefore is a direct competitor to the Hybl Center in the orthopedic and sports medicine market.

Construction continues in Downtown Colorado Springs as part of focused Downtown leadership and several trends, including the C4C announcement in 2013.

Sporting Events Market

Robson Arena & Weidner Field

Pre-pandemic forecasts of the North American sports market projected an annual average increase of 3.3% per annum through 2023 (Statista). The market segments based upon revenue sources include gate receipts (27%), media rights (28%), team sponsorships (24%) and merchandising (22%). The media rights segment has been the fastest growing since 2006. Since 2018, 18 states, including Colorado, have legalized full-service state-regulated sports betting. This will increase industry demand for media and streaming rights as well as tournament sponsorships. New sports such as e-sports and pickleball are rapidly emerging. . Of the established field sports, soccer is the second fastest growing behind lacrosse. Concert events are forecasted to grow at 4.8%.

National Museum Market

U.S. Olympic & Paralympic Museum

Based upon Department of Commerce and Future Market Insights, museum tourism is 1% of economic activity from tourism and travel in the U.S. Based on this ratio and other research conducted by Summit Economics, we estimate the regional museum tourism market potential to be \$45 million. Nationally the market is forecasted to grow by 13% per annum through 2035. History museums along with online booking are most preferred.

Clearly museum tourism is a function of destination tourism as a form of entertainment. However, tourism is only one element of museums. The most successful museums tend to also focus on education, including an online presence, and ceremonies and events.

C4C represents three distinct market segments all capable of impacting the local tourism market. All venues have the potential to expand destination tourism while the Museum brings a second national museum to the market to enhance tourism expenditures and extend stays.

Sports Medicine and Performance Market

Hybl Center

According to Allied Market Research, the sports medicine market is expected to grow by 5.1% CAGR from 2021 to 2030. The market is closely aligned with orthopedics due to the most common sports medicine being related to body repair and reconstruction. The growth areas are expected to come from body support, recovery, monitoring and evaluation in the coming decade. Market demand is being driven by innovation in the field including medical instruments, adoption of more extreme sports activities, and rise of sports related injuries as fitness and sports become more prevalent.

Market Impact

Annual data from the Colorado Office of Tourism for El Paso County shows a 2.4% increase in out-of-state (OOS) trips and a 12.7% increase in OOS Visitor Days in 2022 over 2021. The number of unique OOS Visitors was down 11.5% indicating fewer unique visitors making more trips and staying longer per trip. The share of in-state versus OOS trips has remained constant at 50%/50% since 2019.

According to the Colorado Springs Convention and Visitors Bureau, Colorado Springs and Pikes Peak region hosted 24 million visitors in 2022 – up 1.6% over 2021. Of those, 10.4 million were overnight visitors and 13.3 million were day visitors. Almost 2/3rds of overnight visitors reported being satisfied, especially with sightseeing and attractions as well as local friendliness. Over a 1/3rd of visitors (35%) has someone with a disability traveling with them. This compares to 20% nationally and is an attractive niche for the US Olympic and Paralympic Museum.

The length of stay for out-of-state guests for 2021 averaged 4.3 nights where the U.S. Norm is at 3.9. These guests spent \$184 per day per person -- a 5.1% increase in visitor spending verses 2021.

Additional lodging properties for Colorado Springs increased from 2021 to 2022 by 9 for a current total of 134 properties. Including Teller County, Fountain, and Manitou Springs there are a total of 164 properties in the region. Downtown saw an 18% increase in hotel rooms from two properties in 2022 bringing the total Downtown properties built since the 2013 C4C announcement to 45%

Regional & In-State Competition

US Olympic & Paralympic Museum, Robson Arena, and Weidner Field

The main competition created by C4C is in the event hosting market. This is primarily a local market with some global brands. It serves both the community and tourists. To the degree the Museum, Robson Arena, and Weidner Field, compete with additional local venues, they also are growing the event market on the tourism side. Both Robson and Weidner compete with other state-wide venues and sponsor teams by offering comparable entertainment in the Pikes Peak Region. The Museum collaborates with the only other national museum (the National Museum of WWII Aviation) even while competing with it on a fundamental basis. Together they can grow museum market share in the regional tourism market. The same is true with more outdoor oriented tourist venues. While technically competing, the Museum's goal is to grow the overall tourism market with another quality indoor venue.

	Museum	Hybl	Robson	Weidner
Primary Competing Market Segments	Museums, Tourism, and Indoor Events	Sports Medicine & Performance Assessment, Research and Education, Orthopedic	Sporting Events & Indoor Arena	Sporting Events and Large Outdoor Field , Indoor Events
Summit Economics				

The **Hybl Center** competes state-wide with the CU Sports Medicine and Performance Center in Boulder and the Steadman Clinic and Steadman Philippon Research Institute. Based in Vail, Steadman has an international reputation and is expanding with clinics around the state. The addition of UCCS/Centura and CU Health in the Pikes Peak region appears to creating a strong sports medicine, performance, research, and education cluster in Colorado which could have the market draw to increase medical tourism in this market segment. Since the pandemic, two new sports performance national franchises have opened in northern Colorado Springs. These include D1 and Redline Athletics Center. These franchises are expanding rapidly reflecting the substantial growth occurring in this market segment.

Out-of-State Tourists

In total, the four venues hosted 71,164 out-of-state visitors. While those visitors were in the Pikes Peak region for an estimated 258,526 visitor days, only 91,930 of the days were attributable to the venues resulting in \$18.3 million in OOS visitor expenditures. These total are down on average approximately 31% from 2021 due to declines in OOS visitors related to the Museum and Weidner Field.

Net New OOS visitors, visitor days, and expenditures are based on either the original C4C application (for the Museum) or estimates based upon OOS user profiles relative to the venues and/or events attended. On a Net New basis, the C4C venues attracted 49,604 net new OOS visitors spending 70,450 days in the region and spending \$13.7 million.

Out-of-State Tourism

	Total	Museum	Hybl	Robson	Weidner
Total					
Out-of-State Visitors	71,164	53,700	943	382	16,139
% of Total Venue Visitors		62.0%	NA*	0.3%	7.4%
Tourists Attracting Events		29	NA*	4	32
% of Total Venue Events		17%	NA*		28%
Out-of-State Visitor Days	258,526	220,296	1,566	2,750	33,914
Attributed to Venue					
Out-of-State Visitors	71,164	53,700	943	382	16,139
Out-of-State Visitor Days	91,930	53,700	1,566	2,750	33,914
Out-of-State Expenditures	\$ 18,314,401	\$ 10,262,556	\$ 1,258,419	\$ 442,816	\$ 6,350,610
Net New					
Out-of-State Visitors	49,604	32,220	863	382	16,139
Out-of-State Visitor Days	70,450	32,220	1,566	2,750	33,914
Out-of-State Expenditures	\$ 13,728,907	\$ 6,157,534	\$ 777,948	\$ 442,816	\$ 6,350,610
Summit Economics					

The **Museum's** total visitors and out-of-state (OOS) tourists are increased slightly to account for differences between official attendance and geolocation data showing more visitors. For modeling 10% was added to official attendance. However, only 24% of visitor days are attributed to the museum (1 day of a local industry average of 4.2 days). For confidentiality reasons, not all data is shown for the **Hybl Center**. Only half of out-of-state students in UCCS's sports medicine and performance program are included in Net New. Only non-medical spending by visitors and off campus spending for students is included. **Robson Arena** hosted The Five Nations Hockey Tournament in August and the Western Regional Hockey Camp in July. **Weidner Field's** out-of-state tourists are all attributable to the venue. Net New is based upon a review of each event at Robson and Weidner.

Model of Local and State Fiscal Impacts

VENUE
 Operations
 Tourism
 Initial Construction

→ **Sales tax** from total Jobs earnings. Materials sales tax for-profit only. **State Incomes Tax** from jobs.

→ **Sales tax** from tourist spending. Local taxes include all non-local visitors. State includes out-of-state only. Tourism jobs spending shown separately in sales tax calculations.

→ **Sales tax** from total jobs created household spending. **State income tax** from jobs.

Other local taxes, mainly property tax, included at local level only -- based on IMPLAN modeling

CATALYTIC
 Operations
 Initial Construction
 Impacts decline to zero over 10 years

→ **Sales tax** from total non-tourism jobs created household spending. **State income tax** from non-tourism jobs. All impacts discounted to an assumed level of C4C attribution.

→ **Sales tax** from total Jobs earnings. Materials sales tax for-profit only. **State incomes tax** from jobs. All impacts discounted to an assumed level of C4C attribution. Construction results in subsequent years local property tax

See Appendix A for full impact table and outline of Attribution vs Net New

Fiscal Impacts to Local Governments

Venue related taxes (sales and other) comprised the 48% of local tax impacts. Catalytic project taxes represented the balance. This is substantially due to property taxes on catalytic development that occurred prior to 2022. Neither Weidner nor Robson had catalytic impacts in 2022, but that will change in the coming years for Weidner.

Venue related sales tax is largely derived from tourist expenditures attributed to venues as well venue construction. Venue Related Other Taxes are based on IMPLAN estimates.

IMPLAN and RIMS impact models were run based upon venue operations, tourism expenditures attributed to venues, and catalytic impacts. IMPLAN outputs include total local taxes. Summit Economics calculated sales taxes and used IMPLAN local taxes for El Paso County less sales tax estimates to derive other local taxes. Given the non-profit or special district status of all the venues, other taxes were adjusted downward to adjust for properties being exempt. In the case of the Museum, prior year catalytic construction impacts were used to estimate 2021 property taxes which are included under catalytic impacts.

Local Fiscal Impacts						
	Total	Museum	Hybl	Robson	Weidner	
Venue Related Sales Tax						
Tourist Expenditures	\$ 1,143,526	\$ 536,102	\$ 118,182	\$ 26,943	\$ 462,299	
Venue Employment	\$ 192,352	\$ 31,722	\$ 77,109	\$ 10,251	\$ 73,270	
Tourism Employment	\$ 153,371	\$ 78,856	\$ 6,994	\$ 3,581	\$ 63,940	
Venue Construction	\$ -					
Sub-Total	\$ 1,489,249	\$ 646,680	\$ 202,286	\$ 40,774	\$ 599,509	
Venue Related Other Taxes	\$ 1,099,503	\$ 579,192	\$ 264,527	\$ 31,574	\$ 224,211	
Catalytic Related Total Tax	\$ 2,805,289	\$ 2,647,456	\$ 157,833	\$ -	\$ -	
Total Local Taxes 2022	\$ 5,394,042	\$ 3,873,328	\$ 624,646	\$ 72,348	\$ 823,720	

State Return on Investment

The adjacent table details and summarizes the percentage returns to the State of Colorado's investment through the Regional Tourism Act (RTA). The returns are shown on a Net New basis for the C4C projects. The total 2022 return was 4.8%.

Both Venue and Catalytic Impacts are included broken out by State sales tax and income tax receipts. Catalytic jobs earnings and household spending are returns from Grandview Hospital in 2022 as well as Downtown construction. The taxes generating the returns are estimated by Summit Economics based upon a 2.9% sales tax rate, 1% effective average income tax rate, and IMPLAN and RIMS model estimates.

Sales tax receipts as a percent of public Tax Increment Financing (TIF) investment in the venues totaled 3.2% for C4C and were consistent among three of the four venues. Robson's sales tax return was approximately half the other venues. Due to more wages paid at Hybl and Weidner, those venues had higher income tax returns. Including prior year returns, especially related to construction, C4C has generated a cumulative net new return on TIF investment of 41.3%

Net New Return on State Investment Estimates

	Total	USOPM	Hybl	Robson	Weidner
Regional Tourism Act Investment thru 2021 (in 000s)	\$ 19,855	\$ 13,614	\$ 2,292	\$ 1,315	\$ 2,634
State Sales Tax					
Venue Related					
Tourism Spending	1.0%	0.9%	0.5%		1.8%
Venue Jobs Household Spending	0.5%	0.1%	1.8%	0.4%	1.5%
Tourism Jobs Household Spending	0.2%	0.2%	0.0%		0.6%
Construction Jobs Household Spending					
Construction Materials					
Catalytic					
Jobs Household Spending	0.1%		1.2%		
Construction Jobs Household Spending	0.3%	0.4%			
Construction Materials	1.0%	1.5%			
Total 2022 Sales Tax	3.2%	3.1%	3.6%	1.4%	3.9%
State Income Tax					
Venue Related					
Tourism Jobs Earnings	0.3%	0.3%	0.2%	0.2%	0.8%
Venue Jobs Earnings	0.8%	0.2%	2.8%	0.6%	2.2%
Construction Jobs Earnings					
Catalytic					
Jobs Earnings	0.2%		1.3%		
Construction Jobs Earnings	0.4%	0.6%			
Total 2022 Income Tax	1.7%	1.1%	4.4%	0.8%	3.0%
Total 2022 Tax Receipts	4.8%	4.2%	8.0%	2.2%	6.9%
Prior Year Returns	36.5%	24.2%	67.4%	57.0%	62.9%
Cumulative Return on Investment	41.3%	28.4%	75.4%	59.2%	69.8%

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Appendix A

	Venue			Catalytic		
	Annual Tourism	Annual Operate	Construct	Annual Non-Tourism Op	Annual Tourism Ops	Construct
Local Taxes (El Paso County)						
Local Sales Tax						
Jobs Households Taxable Expend [5]	XA	X	X	XAD		XA
Materials Sales & Use Tax			X4			XA4
Tourism Sales Tax	XA				1	
LART	XA					
Local Other [3]	XA	X	X	XAD		XA
Local Property Tax Attributed					XA2	
State Tax (Used for ROI)						
State Sales Tax						
Jobs Households Taxable Expend [5]		X	X	XADN		XA
Materials Sales & Use Tax			X4			XA4
Tourism Sales Tax from Out-of-State	XAN					
State Income Tax Jobs Households [5]	XA	X	X	XAD		XAD

Legend

X	Included in Report
A	Only percent attributed to venue is included
D	Declining balance on attributed impact. 10% of original attribution reduced over 10 years
N	Net new
1	Catalytic tourism jobs are not included in tax impacts since included in Venue tourism impacts. Tourism job household sales taxes shown separately to increase total sales tax and reduce other tax from IMPLAN runs
2	Once a catalytic facility is constructed its property tax is included on a declining attribution basis. Must be calculated separately as not included in IMPLAN runs
3	IMPLAN calculates total local taxes. Deducted calculated Sales tax to get Other Local Taxes ther which includes property tax
4	Only if construction was for profit entity
5	All fiscal impacts realted to jobs and resulting household taxable expenditures are from total impacts (Direct, Indirect & Induced). All other fiscal impacts are direct spending only.

Attribution & Net New

Impacts modeling is only based on impacts ATTRIBUTED to the NEW VENUE.

- ❖ All construction and operations employment related to the NEW VENUE are included.
- ❖ Only some tourism is ATTRIBUTED to NEW VENUE based upon unique aspects of visitors and NEW VENUE programming.
- ❖ Only some level of CATALYTIC PROJECT impacts are ATTRIBUTED based on an assumed impetus of the NEW VENUE announcement or development.
- ❖ CATALYTIC ATTRIBUTED impacts decline over 10 years from NEW VENUE completion to zero attribution.

NET NEW impacts are only applied to the State of Colorado Return on Investment (ROI) analysis. NET NEW requires market expansion from new out-of-state spending, reduced leakage of dollars, or pent-up demand where substitute spending for other goods and services did not occur.

