

## Memorandum

---

**To:** Mr. Peter Clark, President  
Tampa Bay Watch, Inc.  
**From:** Lambert Advisory, LLC  
**Date:** January 7<sup>th</sup>, 2019  
**Subject:** Tampa Bay Watch Discovery Center – Economic Impact Assessment

---

### *Introduction and Summary of Key Findings*

Lambert Advisory has completed an economic impact assessment associated with the Tampa Bay Watch Discovery Center development (Discovery Center), an education and exhibition hall that will be located at the new St. Pete Pier, in the City St. Petersburg. The assessment herein is being completed in the effort to support Tampa Bay Watch’s application submission for the Pinellas County CVB 2019-2020 Capital Projects Funding Application.

The Discovery Center represents a cultural venue that will display the economic and ecological value of the Tampa Bay estuary to residents and visitors, and a classroom to expand the educational outreach programs to Tampa Bay area schools. Importantly, it is the second venue for Tampa Bay Watch that is being built as a result of achieving maximum capacity at its current venue located to the south in Tierra Verde. Moreover, it will serve as a destination venue at the new St. Pete Pier, and is anticipated to represent a key element to the Pier’s attendance and overall success.

The analysis estimates select tangible direct and indirect economic impacts to Pinellas County that will be derived from the construction and operation of the Discovery Center and based upon the inputs and assumptions set forth herein. The methodology, assumptions, and analysis governing this document are detailed in the *Methodology, Analysis and Results* section below, with a summary of economic benefit headlines as follows:

- The Discovery Center is estimated to cost a total **\$4.66 million**, and represents a collective contribution from both the City of St. Petersburg and Tampa Bay Watch. There will be an estimated **54 short term construction jobs created during construction**, which will create approximately **\$2.7 million** in short term construction wages and expenditure;
- The Discovery Center is projecting gross **annual revenue (visitor expenditures)** upon stabilized operations of approximately **\$600,000**, which will be utilized to support staffing, programming and facility maintenance. These funds will be

utilized to support more than **16 direct and indirect/induced full time jobs annually**, with total wages of **\$570,000** per year;

- Based upon a collaborative analysis with Tampa Bay Watch, the Discovery Center’s forecast annual attendance of 100,000 visitors can potentially create demand for:
  - 6,000 room nights annually within Pinellas County. The net new hotel room demand from Discovery Center will generate approximately \$55,000 in annual bed tax revenue to Pinellas County (in 2019 \$’s) – or, a net present value (NPV) of **\$450,000 in total Bed Tax Revenue** to Pinellas County over a 10 year period; and,
  - approximately \$19,000 in annual sale tax revenue from overnight visitors; or, an NPV of **\$155,000** in net new sales tax revenue to Pinellas County during the next ten years period.

As a result of the net new bed tax revenue and sales tax revenue, the total NPV of these **governmental fees and taxes** is estimated to be more than **\$600,000** from Discovery Center operations over the next ten-year period.

- The new St. Pete Pier is projected to attract 1.7 million visitors once fully operational. The Discovery Center will serve as a key amenity to the Pier, providing a state-of-the art facility with a highly unique educational experience. The Discovery Center is forecasting annual attendance of approximately 100,000, which can provide measurable supporting revenue to the Pier overall activity. However, based upon the current pricing structure, the Discovery Center is maintaining an average entrance fee of \$4 to \$5 in the effort to encourage accessibility to the broader Pinellas County community. Comparatively, numerous other cultural facilities in the surrounding area charge between \$10 and \$20 per attendee. Therefore, the Discovery Center’s mission itself serves as a positive public benefit to the Pinellas County community.

### *Methodology, Analysis and Results*

The Discovery Center represents a 2,900 square foot facility, with notable features including but not limited to: an exhibition hall enclosed by glass on three sides for special events supporting both public and private entities; areas designated for classroom setting; a 2,000 gallon estuary tank; and, unique artistic features around the tank. The Discover Center, which will be owned and operated by Tampa Bay Watch (a non-profit agency established in 1993), will have a positive impact on the surrounding community in terms of jobs, expenditure and general investment generated, and will represent a key component to the St. Pete Pier environment.

We have completed our analysis on the basis of generalized development costs and operating performance assumptions provided by Tampa Bay Watch. Lambert has not independently verified this data and cannot attest to the accuracy of those estimates herein. Given the level of variability in development and visitor performance details at this point in time, the analysis herein is being prepared on an *order-of-magnitude* basis.

Construction of the Discover Center is anticipated to be completed within the next twelve months – although certain program elements may commence earlier in concert with the Pier’s construction. Upon completion, the Discover Center will begin operations and, in turn, provide the recurring economic impacts from its operations. The economic impacts as stated herein from construction and operation of the Discover Center are presented in current (2019) dollars. Any change in development, phasing and/or operating performance from those utilized as part of this analysis can have a material impact on the direct and indirect economic indicators stated herein.

Based upon the information provided, construction and subsequent operations of the Discover Center will generate considerable benefits to the surrounding area, the City of St. Petersburg, and the broader Pinellas County community. There are two key areas in which the project will provide positive economic impacts:

1. Short-term construction employment and expenditure
2. Long-term employment and operating expenditure

For both short-term and long-term impacts, which are detailed in the following analysis, the economic benefit to the area is the result of projected increases in revenue from primary sources, including employment, wages, and expenditures. Economic impacts are calculated as measures of direct spending, total output, personal earnings and employment. For applicable short-term and long-term (recurring) benefits evaluated herein, we used an input-output model developed by IMPLAN.

### **Overview of Select Short-Term Economic Impacts**

As prefaced above, the Discover Center development is anticipated to be completed in approximately 12 months (or year-end 2019).

According to Tampa Bay Watch, the total development costs (in current \$’s) associated with the facility is estimated to total \$4.7 million, with key cost components summarized as follows:

**Figure 1: Discovery Center – Development Cost Summary<sup>1</sup>**

Component	Amount
Construction/Infrastructure Cost (Hard Cost)	\$2,000,000
Tenant Improvements (Hard Cost)	\$850,000
Exhibits, Supplies, & Equipment	\$750,000
Educational & Eco Tourism Vessel	\$350,000
<b>Total Hard Costs</b>	<b>\$3,950,000</b>
<i>Plus: Estimated Soft Costs (@ 18% of Hard Costs)</i>	<u>\$710,000</u>
<b>Total Estimated Development Cost</b>	<b>\$4,660,000</b>

The following table provides a summary of the total employment and related labor income, along with the average annual economic output resulting from the short-term capital improvements:

**Figure 2: Discover Center –Short-term Impacts from Employment, Wages, Total Output**

(Source: Tampa Bay Watch, IMPLAN)

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	35	\$1,777,274	\$2,490,541	\$4,660,000
Indirect Effect	5	\$315,862	\$523,893	\$949,057
Induced Effect	13	\$573,243	\$1,073,302	\$1,845,583
<b>Total Effect</b>	<b>54</b>	<b>\$2,666,380</b>	<b>\$4,087,736</b>	<b>\$7,454,639</b>

As shown in the table above, construction associated with Discovery Center will create 54 direct and indirect/induced construction (and related) jobs, which generates \$2.7 million in direct and indirect/induced labor income during construction period. This expenditure will flow to the local and regional economy.

### Overview of Select Long-Term (Recurring) Economic Impacts

The new St. Pete Pier is forecast to attract approximately 1.7 million annual attendees upon stabilized operations. The Discovery Center will serve as a key component to the Pier and is projecting more than 100,000 visitors annually. This attendance level is on par with many other major arts and cultural venues such as Moraeen Arts/Chihuly and Museum of Fine Arts.

The venue is education-based facility and, therefore, its proposed admission pricing structure of \$4 to \$5 per attendee is intended to encourage accessibility to the broader Pinellas County community. Comparatively, numerous other facilities in the surrounding area charge between

<sup>1</sup> Hard Costs provided by Tampa Bay Watch; Soft Costs estimated by Lambert Advisory at 18% of Total Hard Cost

\$10 and \$20 per attendee; therefore, the Discovery Center itself effectively serves as a positive public benefit to the community.

Nonetheless, the Discovery Center is projecting gross annual revenue (visitor expenditure) upon stabilized operations of approximately \$600,000, which will primarily be utilized to support staffing, programming and facility maintenance. Specifically, the Discovery Center will employ a total of 12 full-time and part-time employees upon stabilized operations; or, 10 full-time equivalent (FTE) jobs for the purposes of this analysis. Considering this, and summarized in the table below, the Discovery Center will generate a total 16 direct, indirect and induced jobs annually with total wages of \$570,000 per year.

**Figure 3: Discover Center - Direct, Indirect & Induced Wages Upon Stabilized Operations**

(Source: Tampa Bay Watch, IMPLAN)

ImpactType	Employment	Labor Income	Total Value Added	Output
Direct Effect	10	\$305,846	\$336,346	\$793,073
Indirect Effect	3	\$140,554	\$300,259	\$499,715
Induced Effect	3	\$122,676	\$229,612	\$395,026
<b>Total Effect</b>	<b>16</b>	<b>\$569,076</b>	<b>\$866,217</b>	<b>\$1,687,814</b>

The prospective educational, research and event activities associated with the Discovery Center presents an opportunity to generate incremental overnight stays within the region. Importantly, it is extremely difficult to effectively determine this level of overnight demand without in-depth visitor and/or consumer research to measure the propensity for Discovery Center visitors to require an overnight stay; particularly, since part of the demand base is an experience within the Pier’s visitation (and, further noting that survey activity was not conducted as part of this analysis). Nonetheless, in a collaborative effort with Tampa Bay Watch, an estimate of overnight demand from the Discovery Center visitors considers three key factors: 1.) according to the City of St. Petersburg,<sup>2</sup> approximately 42 percent of all visitors to the Pier represent overnight visitors; 2.) according to VSPC, approximately 57 percent of these overnight visitors stay in a hotel/motel facility; and, 3.) naturally, not all overnight visitors to the Discovery Center is driven solely by this destination; however, given the type of educational activity and corresponding length of visit at the Discovery Center, combined with a visit to the Pier and its amenities, it is generally estimated that at least 50 percent of overnight visits will be associated with the Discovery Center; or, a total 12,000± annual room nights.

Considering a presumed average of 2 persons per room, there will be an estimated 6,000 net new annual overnight stays. The following table provides a summary overview of the estimated net new annual bed tax revenue that can be derived from these overnight stays.

<sup>2</sup> St. Petersburg Pier – Economic and Fiscal Impact Analysis (2017)

**Figure 4: Discovery Center - Estimated Net New Annual Bed Tax Revenue**

Source: VSPC; Tampa Bay Watch; Lambert Advisory

	Annual
Total Discovery Center Annual Visitors	100,000
<i>(X) % Pier/Discovery Center Overnight Visitors</i>	<u>42%</u>
Discover Center – Overnight Visitors	42,000
<i>(X) % Incremental Overnight Demand Resulting from Discovery Center</i>	<u>50%</u>
New Hotel/Motel Rooms Nights Demanded Annually	21,000
<i>(X) % Staying in Hotel/Motel (source: VSPC)</i>	57%
<b>Total Potential Net New Overnight Visitor Stays</b>	<b>12,000</b>
<i>(÷) Avg. Persons/room</i>	<u>2.0</u>
<b>Total Potential Net New Annual Room Nights</b>	<b>6,000</b>
<i>(X) Average Daily Room Rate (ADR) (source: VSPC)</i>	<u>\$150.96</u>
Total Potential Overnight Visitor Lodging Expenditure (Annual)	\$910,000
<i>(X) Current VSPC Bed Tax Rate</i>	<u>6.0%</u>
<b>Net New Annual Bed Tax Revenue from Discover Center</b>	<b>\$55,000</b>
<b>Net Present Value (NPV) of Bed Tax Revenue from Discovery Center</b>	<b>\$450,000</b>

As summarized above, the net present value (NPV) of the net new annual bed tax revenue to Pinellas County over a 10 year period, assuming a 3.0 percent average annual increase in bed tax revenue and a 6.0 percent discount rate, is estimated to **\$450,000**.

Additionally, the 12,000 net new annual overnight visitors to Discovery Center will expend approximately \$1.8 million in annual lodging, food/entertainment and retail purchases during the day the day that is associated with their visit, which will generate approximately \$19,000 in annual sale tax revenue<sup>3</sup>; or, an NPV of **\$155,000** in net new sales tax revenue to Pinellas County during the next ten years using the same methodology as noted above – and summarized as follows:

**Figure 5: Discovery Center – Estimated Sales Tax Revenue from Overnight Visitors**

Source: VSPC, Tampa Bay Watch, Lambert Advisory

	Annual
Annual Discovery Center Overnight Visitors	12,000
<i>(X) Annual Lodging, Food/Entertain, Retail Expenditure (per day)</i>	<u>\$156</u>
Discover Center – Overnight Visitors	\$1,870,000
<i>(X) Pinellas County Sales Tax allocation</i>	<u>1.0%</u>
Annual Sales Tax Collection – Discovery Center Overnight Visitors	18,700
<b>Net Present Value (NPV) of Sales Tax Revenue from Discovery Center</b>	<b>\$155,000</b>

<sup>3</sup> Based upon 1.0 percentage point of the State's total 7 percent sales tax collection