

ECONOMIC IMPACT ANALYSIS POTENTIAL TEMPORARY CLOSURE OF KELLER AUDITORIUM

FINAL REPORT – MAY 2024



Report Letter

May 22, 2024

Mr. Karl Lisle, External Partnerships & Programs Manager
City of Portland – Office of Management and Finance
1120 SW Fifth Avenue, Room 901
Portland, OR 97204

Dear Mr. Lisle:

Crossroads Consulting Services, LLC has completed its economic impact analysis related to a potential temporary closure of Keller Auditorium. This report summarizes our findings and principal conclusions from the research and analysis.

The findings contained in the report reflect analysis of information provided by secondary sources including, but not limited to, data obtained from the City of Portland and Portland's 5 Centers for the Arts. We have utilized sources that are deemed to be reliable but cannot guarantee their accuracy. Estimates and analysis used regarding this project are based on trends and assumptions and, therefore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no obligation, unless subsequently engaged, to update this report or revise the information contained therein to reflect events and transactions occurring after the date of this report.

In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by the City of Portland and may not be relied upon by any other party for any purpose, including financing.

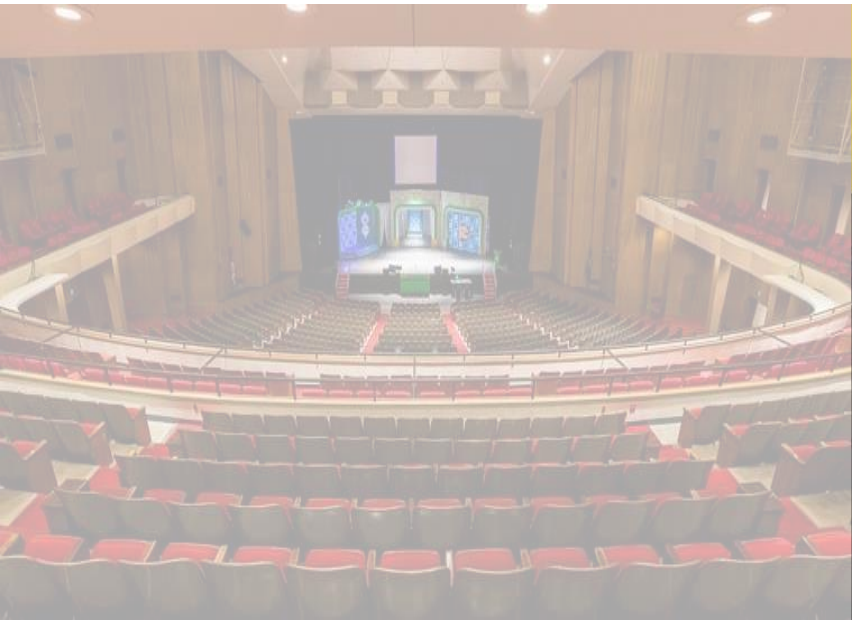
We have enjoyed serving you on this engagement and look forward to the opportunity to provide you with continued services.

Sincerely,

Crossroads Consulting Services, LLC

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1. Introduction



Introduction

Portland's Centers for the Arts (P5) consists of five venues including Keller Auditorium. The five venues are owned by the City of Portland ("City") and managed by Metro and the Metropolitan Exposition Recreation Commission ("MERC"), collectively referred to as the "Client".

Keller Auditorium hosts diverse events such as grand opera, rock, western and jazz concerts, ballet and modern dance performances and national tours of Broadway musicals and plays. The original building was constructed in 1917 and was completely renovated in 1968 with substantial technical improvements made in 1993. Keller Auditorium features seating for 2,992 people, a 105' x 48' stage, excellent acoustics and sight lines, orchestra pit for 42 musicians, dressing rooms and a rehearsal room. A 2020 study found that the facility requires a seismic upgrade and a number of accessibility improvements to bring it up to modern standards.

The City is currently investigating several options for the upgrade/replacement of Keller Auditorium. Two of the options under consideration call for a new auditorium to be built at a different site and the other option involves a significant renovation of the existing Keller Auditorium.

Crossroads Consulting Services, LLC ("Crossroads") was engaged to estimate the potential lost economic contribution to the Tri-County region (defined as Clackamas, Multnomah and Washington counties) associated with a temporary closure of Keller Auditorium for renovation. While the exact length of time for a temporary closure is unknown, a period of 24 months (fiscal years 2027 and 2028) is assumed for purposes of this analysis based on information provided by the City and its advisor, Venue Consultants. It should be noted that if Keller Auditorium were to close, the actual timing of the closure would impact the number of performances, attendance and associated economic contribution lost given the seasonality of touring acts.

The focus of this study effort is to provide research-based information to assist the Client in making informed decisions regarding the potential upgrade/replacement of Keller Auditorium.

Research tasks completed as part of this study effort included, but were not limited to, the following:

- Conducted a virtual project kickoff meeting with the Client.
- Analyzed historical facility operating data including usage, origin of attendees, and financial operations.
- Estimated the order-of-magnitude potential lost economic contribution associated with a temporary closure of Keller Auditorium in terms of output (spending), value added, employment and labor income.
- Identified other potential adverse impacts associated with a temporary closure of Keller Auditorium.
- Summarized the research and analysis in a written report.



Introduction (cont'd)

Arts and culture organizations and activities are vital to communities as they provide economic stimulation, foster social cohesion, and strengthen community identity and pride, among other benefits.

Americans for the Arts recently released the findings of their Arts and Economic Prosperity 6 study, which is an economic and social impact study of the nation's non-profit arts and culture industry. The study found that the industry generated \$151.7 billion of economic activity in 2022, which supported 2.6 million jobs and \$101 billion in labor income. In the City of Portland, more than \$723.8 million was generated in total output, which supported over 6,440 total jobs and \$309.2 million in resident income.

These impacts are generated by organizational and audience spending. Non-profit and culture organizations are businesses that employ people and purchase supplies and services locally. Industry events generate significant attendance, that supports local businesses including restaurants, hotels, etc. Having a vibrant arts and culture community helps retain resident spending in the local economy.

As part of the Arts and Economic Prosperity 6 study, an audience/community survey was conducted that gathered input from arts organizations and audiences in 130 cities. Information was collected from over 16,399 arts and culture organizations. More than 224,660 valid audience surveys responses were received.

Key findings from the surveys include the following.

All Audiences

- 51% of local attendees would have traveled to a different community to attend a similar arts or cultural activity if the event had not been available in their community. As a result, their spending would have left the local economy.
- 89% of attendees agreed that the activity of the venue they were attending was "a source of neighborhood pride for the community".
- 86% said they would "feel a sense of loss if that activity or venue was no longer available".
- 86% felt it is important that future generations be able to have that cultural experience.
- 86% of Americans said arts and culture are important to their community's quality of life and livability.
- 79% of Americans believe that the arts are important to their community's businesses, economy and jobs.
- 72% of Americans believe the arts provide shared experiences with people of different races, ethnicities, ages, beliefs and identities.
- 73% feel the arts help them better understand other cultures.

Portland Audience

- 83% of residents felt local arts/culture facilities are an important pillar for them within the community.
- 90% of residents would feel a great sense of loss if the activities or venues they attended were no longer available.
- Approximately 90% of residents felt the venues or facilities they attend inspire a sense of pride in the neighborhood or community.
- Approximately 86% of residents indicated their attendance is their way of ensuring that the activity or venue is preserved for future generations.

Introduction (cont'd)

Based on data from Pollstar, a trade publication for the concert and live music industry, gross ticket sales for the top 200 theaters worldwide have increased at a compound annual rate of 6.6% over the past 10 years to over \$2.1 billion in 2023. This growth has been driven by rises in average ticket prices at a compound annual rate of 4.3% during that same timeframe, which was more than double the growth rate in the number of tickets sold. These trends are shown in the adjacent chart.

The growth in ticket prices for the top 200 theaters worldwide has outpaced the annual growth rate of the Consumer Price Index over the same period, which based on data from the U.S. Bureau of Labor Statistics was approximately 2.8% from 2014 to 2023.

The top 200 theaters worldwide as reported by Pollstar are largely comprised of venues located in the U.S., representing roughly 80% of the reporting venues.



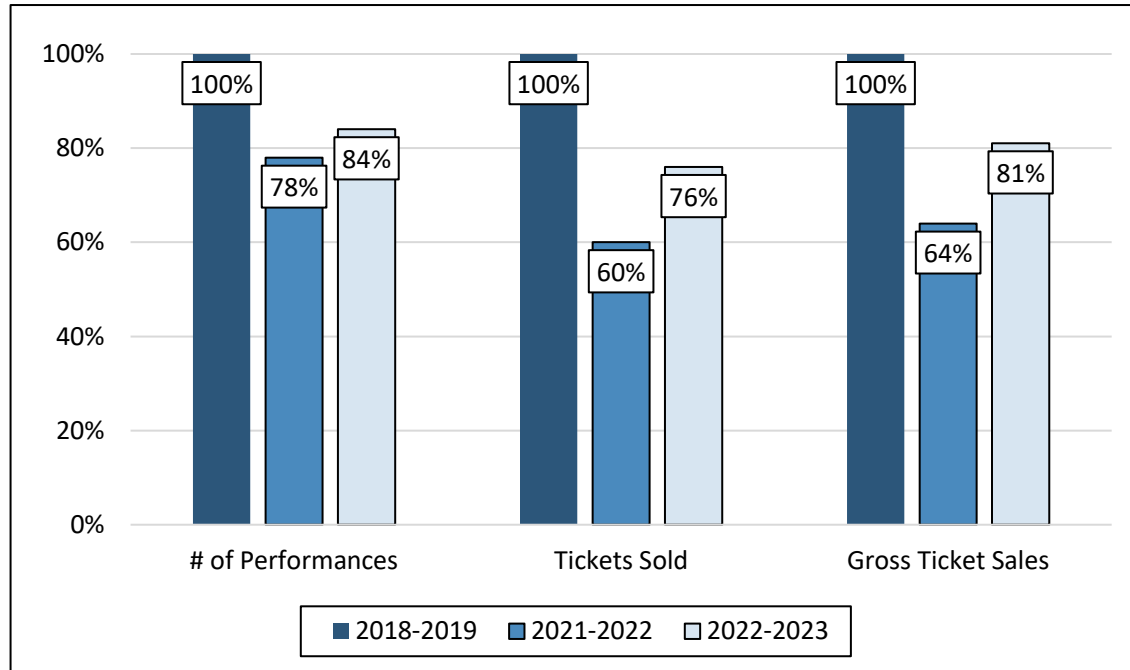
Ticketing Trends Top 200 Theaters Worldwide			
Year	Gross Ticket Sales	Number of Tickets Sold	Average Price per Ticket
2014	\$1,189,511,744	22,994,621	\$51.73
2015	\$1,251,214,073	23,413,437	\$53.44
2016	\$1,104,718,453	19,737,689	\$55.97
2017	\$1,443,612,899	25,198,340	\$57.29
2018	\$1,415,660,741	24,166,281	\$58.58
2019	\$1,841,438,743	27,582,965	\$66.76
2020	\$625,244,694	9,124,568	\$68.52
2021	\$381,384,673	4,993,385	\$76.38
2022	\$1,637,305,291	22,908,668	\$71.47
2023	\$2,108,395,232	27,828,826	\$75.76
10-Year Change	77.2%	21.0%	46.5%
CAGR 2014-2023	6.6%	2.1%	4.3%
CAGR 2019-2023	3.4%	0.2%	3.2%

Source: Pollstar.

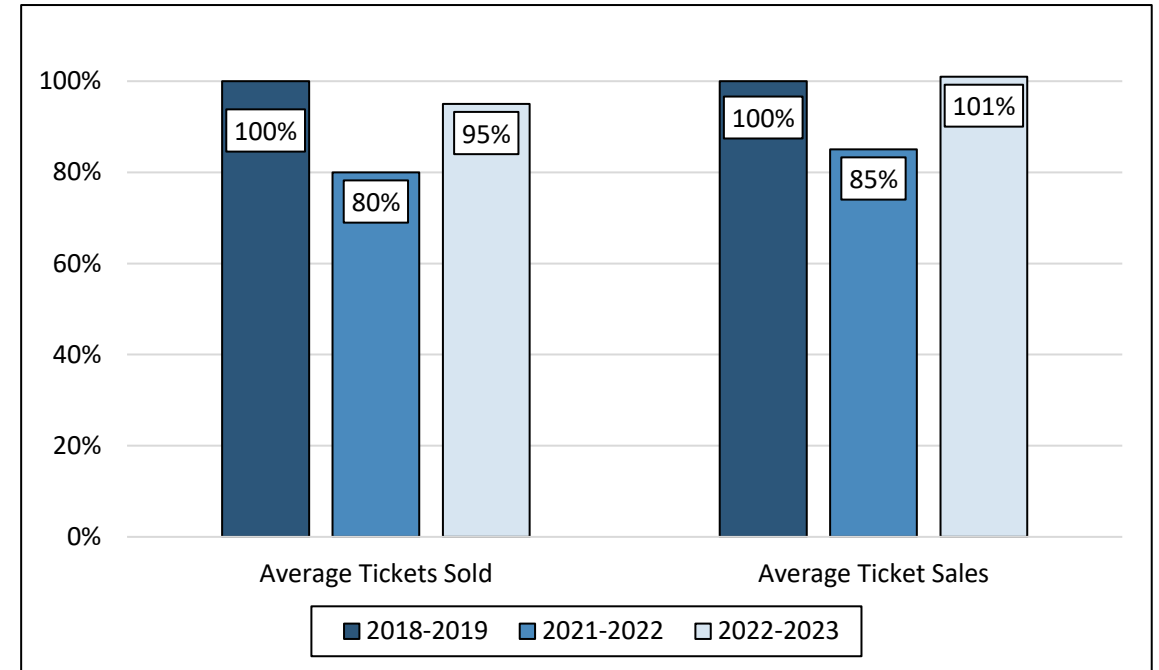
Introduction (cont'd)

JCA Arts Marketing, a non-profit research and consulting firm, released a 2023 study that provides insights into the post-pandemic performance and recovery of performing arts venues across the country. The scope of the study included data from 21 performing arts venues over the period of 2018 through 2023, representing over 11,000 performances and nearly eight million tickets sold. Venue names were not provided in the study to maintain anonymity. The overall number of performances, tickets sold and gross ticket sales for the venues analyzed as percentage of pre-pandemic levels (i.e., 2018-2019) have yet to fully recover but do show a clear upward trend. On a per performance basis however, the average tickets sold has begun to approach pre-pandemic levels while average ticket sales are slightly higher. These trends are illustrated in the charts below.

Overall Ticketing Trends
Select U.S. Performing Arts Venues



Ticketing Trends on a Per Performance Basis
Select U.S. Performing Arts Venues



Note: The charts above reflect 2021-22 and 2022-23 performances as a percentage of 2018-19.

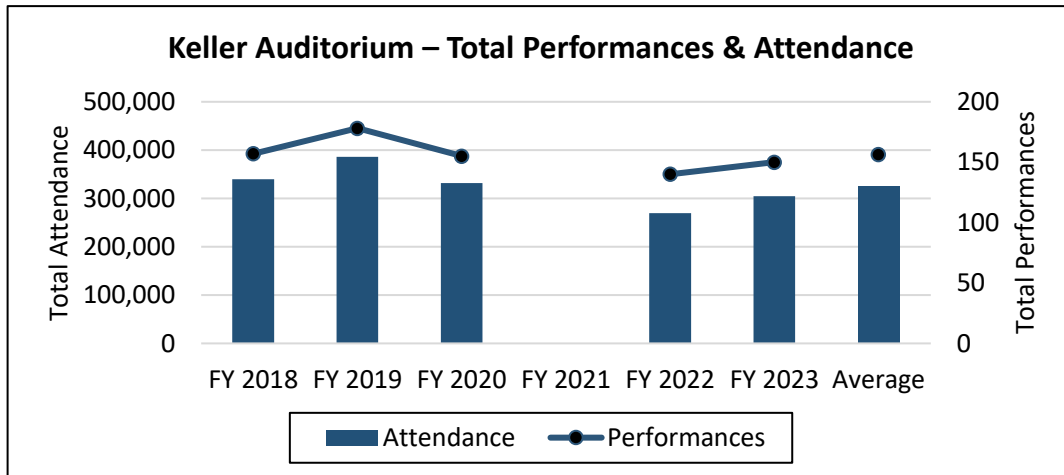
Source: JCA Arts Marketing.

Introduction (cont'd)

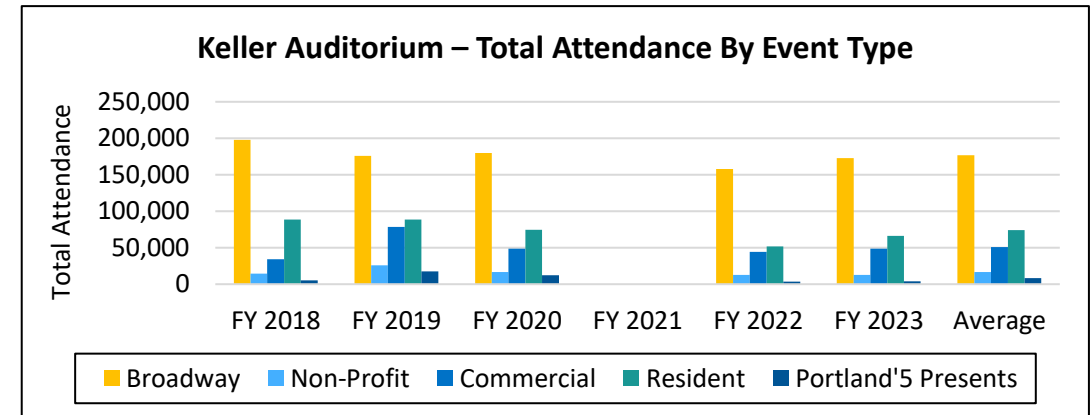
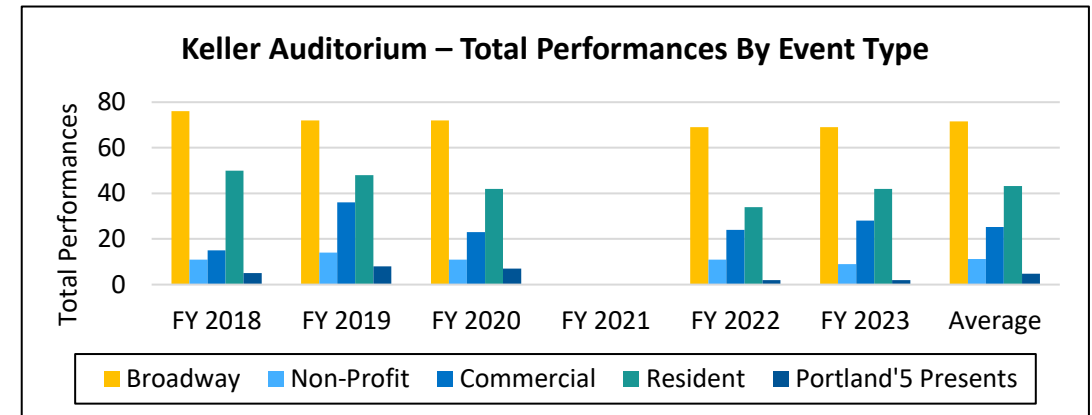
Keller Auditorium hosts events that draw significant attendance to the Portland region.

The following tables summarize Keller Auditorium usage in terms of performances and attendance from FY 2018 through FY 2023. Both usage and attendance were negatively impacted by COVID-19 in FY 2020 through FY 2022. In FY 2020, the facility was having a record year before closing for the last 3+ months, in which several major events were scheduled. The facility was closed the entirety of FY 2021. In FY 2022, the facility was closed for the first 2+ months.

As shown below, both performances and attendance were increasing before COVID-19. The facility hosted a total of 178 performances in FY 2019 that drew total attendance of approximately 386,100. While usage at Keller Auditorium increased from FY 2022 to FY 2023 (150 performances and total attendance of 304,332), it was still below pre-COVID levels suggesting full recovery from the pandemic had yet to occur.



The following charts summarize usage by event type. As shown, Broadway events have accounted for the majority of performances and attendance, followed by residents (primarily Oregon Ballet Theatre and Portland Opera) and commercial events.



Source: Facility management.

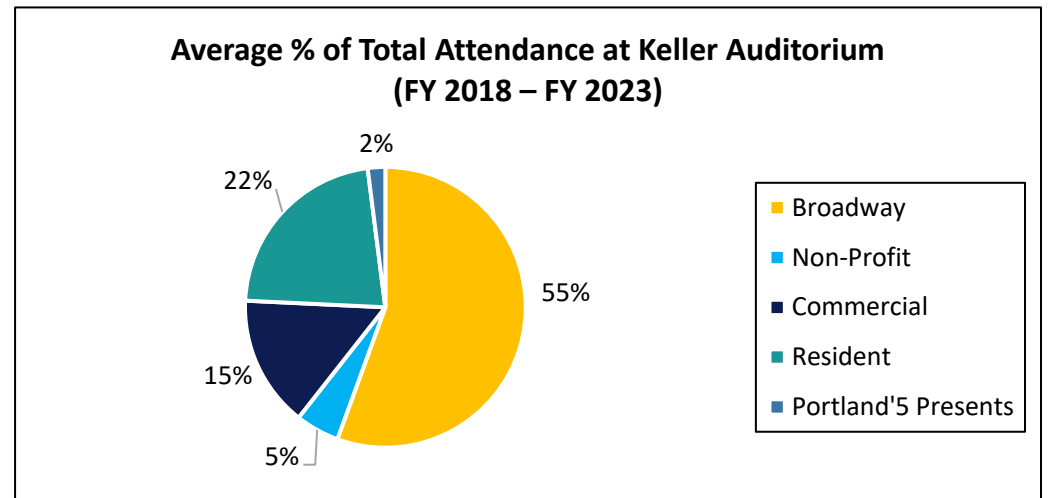
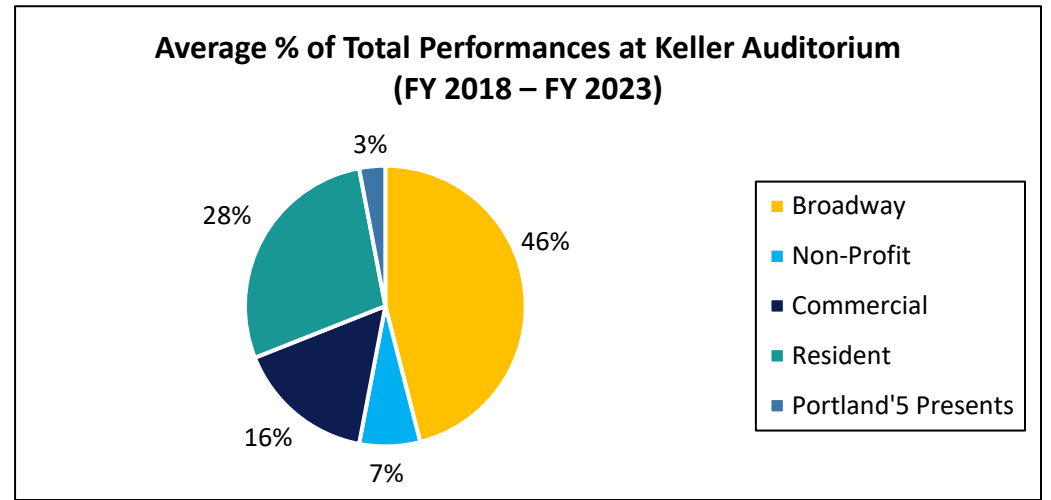
Introduction (cont'd)

During the profiled period, Broadway accounted for 46% of performances and 55% of total attendance. Resident companies accounted for 28% of total performances and 22% of total attendance and commercial events accounted for 16% of total performances and 15% of total attendance.

For over 30 years, Broadway in Portland has played a critical role in the overall sustainability of Keller Auditorium and Portland's resident companies. Broadway Across America brings touring shows to over 45 cities in North America. A season in Portland typically involves six to eight traveling shows with eight performances per week for up to 12 weeks annually. Over the profiled period, Broadway shows accounted for an average of approximately 177,000 in total annual attendance. According to Broadway Across America, more than 50% of these attendees come from the suburbs and beyond.

In recent communication between the City and Broadway Across America, Broadway Across America expressed concerns regarding the potential temporary closure of Keller Auditorium. According to representatives of the organization, there is fear that a temporary closure would have negative impacts longer than just the construction period. More than 70% of a performance audience is typically a season (or subscription) ticket holder, and these patrons are likely to leave for other entertainment/experiences in markets outside of Portland during the closure. Users may also leave for other existing venues and potentially not return. Other users may wait until construction is fully complete to book the Keller Auditorium due to a fear of construction delays, which would negatively impact usage even after re-opening.

Broadway Across America also expressed concern about the impact to local businesses supported by Keller Auditorium attendees and the potential loss of jobs for members of IATSE and other staff associated with the Keller Auditorium.



2. Executive Summary



Executive Summary

Keller Auditorium is a significant cultural and historic facility that plays a critical role in the City's artistic and community life. The venue is the only one in the market that can host its current base of business. As such, a temporary closure for construction could have adverse impacts to the cultural, economic and social fabric of the area.

This analysis estimates the potential lost economic contribution associated with a temporary closure of Keller Auditorium for 24 months (assumed to be FY 2027 and FY 2028 based on information provided by the City and Venue Consultants) during construction in terms of output, value added, employment and labor income, which are defined below. A more detailed definition of each of these measures can be found later in this report.

- *Total Output* is a measure of the total estimated value of the production of goods and services supported by operations of Keller Auditorium. *Total output* is the sum of all intermediate sales (business to business) and final demand (sales to consumers and exports).
- *Value Added* is a subset of output and only includes the value of a product or service over the cost of inputs used to create it. In other words, value added represents the difference between output and the cost of all intermediate inputs within a defined economy. At the national level, value added is comparable to Gross Domestic Product (GDP) and is a measure of a region's economic production.
- *Employment (Jobs)* represents the number of full-time and part-time jobs that are supported by operations of Keller Auditorium.
- *Labor Income* represents the wages and salaries earned by employees of businesses associated with or impacted by operations of Keller Auditorium.

The following tables estimate the economic contribution that could be lost from a temporary closure of Keller Auditorium. In FY 2027, estimated potential lost economic contribution includes \$46.8 million in output, 320 jobs, \$20.5 million in labor income and local and state tax revenues totaling \$2.5 million. In FY 2028, estimated potential lost economic contribution includes \$49.5 million in output, 336 jobs, \$21.8 million in labor income and local and state tax revenues totaling \$2.6 million. This analysis does not account for the ability of other existing local industries or venues to retain these impacts as the purpose of this analysis was to estimate the potential lost economic contribution.

It should be noted that employment impacts in FY 2027 and FY 2028 should not be added together as most of these jobs are supported, not created. For example, a job supported in 2027 continues to be supported in 2028. This represents one lost job across two years, not two jobs.

Estimated Potential Lost Economic Contribution Associated with a Temporary Closure of the Keller Auditorium in FY 2027 (2027 dollars)						
Impact	Employment (Jobs)	Labor Income	Value Added	Output	Local Tax Revenues	State Tax Revenues
Direct	218	\$13,325,000	\$17,828,000	\$26,184,000	\$607,000	\$822,000
Indirect & Induced	102	\$7,179,000	\$12,269,000	\$20,624,000	\$485,000	\$544,000
Total	320	\$20,504,000	\$30,097,000	\$46,808,000	\$1,092,000	\$1,366,000

Note: Employment, labor income, value added and output are interrelated and are not additive.

Sources: IMPLAN; Crossroads Consulting.

Estimated Potential Lost Economic Contribution Associated with a Temporary Closure of the Keller Auditorium in FY 2028 (2028 dollars)						
Impact	Employment (Jobs)	Labor Income	Value Added	Output	Local Tax Revenues	State Tax Revenues
Direct	229	\$14,219,000	\$18,941,000	\$27,703,000	\$627,000	\$869,000
Indirect & Induced	107	\$7,594,000	\$12,982,000	\$21,810,000	\$514,000	\$576,000
Total	336	\$21,813,000	\$31,923,000	\$49,513,000	\$1,141,000	\$1,445,000

Note: Employment, labor income, value added and output are interrelated and are not additive.

Sources: IMPLAN; Crossroads Consulting.

Executive Summary (cont'd)

In addition to the potential lost economic benefits in terms of spending, jobs, labor income and tax revenues, other potential adverse impacts related to a potential closure of Keller Auditorium for a period of 24 months for construction that should be considered include:

- Negatively impacting the sustainability of area businesses, which are supported by Keller Auditorium's attendees
- Negatively impacting the sustainability of resident companies including, but not limited to, the Oregon Ballet Theatre and Portland Opera
- Impacting multiple seasons of Broadway Across America, which drives significant attendance, facility revenue and spending to the Portland area
- Reducing revenues generated to Metro
- Driving users and attendees to other entertainment venues outside of the region
- Creating challenges related to regaining event business as some users may not return
- Creating challenges beyond the construction period related to regaining business as some users may not book events in advance due to construction delay concerns
- Creating challenges re-staffing the facility with quality personnel
- Limiting the area's exposure and educational opportunities related to global arts and culture
- Reducing the vibrancy, overall quality of life and livability of Portland
- Reducing the amount of high-quality, diverse, family-friendly entertainment available to both residents and visitors
- Negatively impacting the current sense of community pride associated with arts
- Reducing the population's opportunities to share experiences and learn from people of different races, ethnicities, ages, beliefs and identities

The information presented in this executive summary is extracted from the more detailed report. As such, it is important for the reader to review this report in its entirety to gain a better understanding of the research, methodology and assumptions used.



3. Economic Impact Analysis



Economic Impact Analysis

Estimating the quantitative economic benefits of a project can be approached in several ways. Economic impact is a general term that encompasses various types of analyses including those that estimate net new economic impacts and gross economic impacts, which are also referred to as economic contributions. Net economic impacts measure the effect of net new money entering the economy and the ripple effect on local businesses and households. In contrast, economic contribution measures both existing and new economic activity. While economic contribution measures some recirculation of spending in the local economy that could happen regardless of a facility or event, this type of analysis provides an overview of the total economic activity associated with a project.

When an analysis includes total facility expenses or revenues as well as spending by all visitors, including residents, it estimates the economic contribution of a project. Conversely, when an analysis excludes spending by residents and only includes new spending in the economy, it estimates net new economic impacts. For this analysis, it is logical to include resident spending as residents may attend events and spend their money outside of the region without the presence of Keller Auditorium.

The purpose of this analysis is to estimate the economic contribution that could be potentially lost from a temporary closure of Keller Auditorium for a period of 24 months (FY 2027 and FY 2028). As such, total spending associated with facility operations and both resident and non-resident attendee spending is included in this analysis.

The amount and type of activity, origin of attendees, facility expenditures, per capita spending estimates, distribution of spending, specific economy under consideration, multipliers and specific taxes quantified are variables that influence the economic and fiscal impact estimates.

The following pages describe the methodology used to estimate the potential lost economic contribution associated with a temporary closure of Keller Auditorium.



Economic Impact Analysis - Methodology

Regional input-output models are typically used by economists as a tool to understand the flow of goods and services among regions and measure the complex interactions among them given an initial spending estimate.

Direct Spending

Estimating direct spending is the first step in calculating economic impact. Direct spending represents the initial change in spending that occurs as a direct result of Keller Auditorium operations. An attendee eating at a local restaurant before an event is an example of direct spending. Direct spending can be estimated utilizing either facility operating revenues or expenses; however, IMPLAN generally recommends using expenses for projects of this type as they are more indicative of economic activity associated with operations.

Sources of direct spending used in this analysis include expected facility expenditures and spending by both resident and non-resident attendees including cast and crew outside of the Keller Auditorium before and after events at hotels, restaurants, bars, gas stations, retail stores, etc.

Estimated expenditures related to facility operations were based on FY 2023 financial data provided by facility management. These expenditures were inflated to 2027 and 2028 dollars, consistent with the expected closure period. Capital expenditures were not included as part of this analysis as they are highly variable year to year.

As it relates to spending by attendees including show producers and cast/crew, total attendance used in this analysis was assumed to be consistent with FY 2019 (approximately 386,100), which reflects operations prior to COVID-19. Estimates of cast and crew were based on data provided by management which indicated up to 70 cast/crew for touring Broadway shows, 30 for concerts/entertainment and 80 for the Shen Yun performance.

Based on review and analysis of the mix of event activity and a review of ticket sales zip code data provided by facility management, attendees were categorized as either day-trippers who traveled to and from Keller Auditorium for the event on the same day or overnight attendees (who generated hotel room nights). This analysis assumes that 89% of attendees are daytrippers and 11% are overnighters, which is consistent with ticket sale zip code data and findings from Arts and Economic Prosperity 6. No intercept surveys with attendees were conducted as part of this study. Each group was assigned a per capita spending amount based on data from various secondary sources such as Metro, Travel Portland, Travel Oregon, Dean Runyan Associates, Longwoods International and Arts and Economic Prosperity 6 as well as our experience in the industry. As a point of reference, Arts and Economic Prosperity 6 indicates the average Portland area resident spent approximately \$29 outside of the venue on items such as food & drink, retail, transportation, etc. in 2022. Per day spending by overnight attendees was estimated to be \$170, based on the previously mentioned sources as well as area hotel average daily rates. For overnighters, an average of two people per hotel room was assumed. Spending amounts were inflated to 2027 and 2028 dollars.

Not all direct spending directly impacts the economy under consideration. The IMPLAN model accounts for leakage (i.e., spending that occurs outside the economies under consideration) as well as retail margins (i.e., the difference between retail purchaser price and the producer price) and the percentage of goods purchased within each economy.

It should be noted that this analysis provides an order-of-magnitude estimate of the potential lost economic contribution associated with a temporary closure of Keller Auditorium. The actual lost economic contribution will be dependent on the the exact length and timing of closure given the seasonality of touring acts. As previously mentioned, a period of 24 months (two complete fiscal years) is assumed for purposes of this analysis based on the study purpose and information provided by Venue Consultants.

Economic Impact Analysis – Methodology (cont'd)

Multiplier Effect

Additional economic impacts are produced through the re-spending of net new direct spending. To quantify the inputs needed to produce the total output, economists have developed multiplier models. The estimation of multipliers relies on input-output models, a technique for quantifying interactions between firms, industries, and social institutions within a local economy. This analysis uses IMPLAN software and databases which are developed under exclusive rights by the IMPLAN Group, LLC.

IMPLAN, which stands for Impact Analysis for Planning, is a computer software package that consists of procedures for estimating local input-output models and associated databases. The IMPLAN software package allows the estimation of the multiplier effects of changes in final demand for one industry on all other industries within a defined economic area. Currently, there are hundreds of licensed users in the U.S. including universities, government entities and private companies.

The economic data for IMPLAN comes from the system of national accounts for the U.S. based on data collected by the U.S. Department of Commerce, the U.S. Bureau of Labor Statistics, and other federal and state government agencies. Data is collected for over 500 distinct producing industry sectors of the national economy corresponding to the Standard Industrial Classifications (SICs).

As such, the advantages of this model are that it is sensitive to both location and type of spending and can provide indirect and induced effects, employment and earnings information by specific industry category while considering the leakages associated with the purchase of certain goods and services outside the economy under consideration.

Once the direct spending amounts are assigned to an appropriate industry category, the IMPLAN model estimates the economic multiplier effects for each type of direct spending attracted to or retained in the economies under consideration resulting from Keller Auditorium-related operations.



Economic Impact Analysis – Methodology (cont'd)

Indirect and Induced Effects

Indirect impacts reflect the re-spending of the initial or direct expenditures, or the business-to-business transactions required to satisfy the direct effect (e.g., impacts from non-wage expenditures). For example, an attendee's direct expenditure at a restaurant requires the restaurant owner to purchase food and items from suppliers. The portion of these restaurant purchases that are spent within the area economy are indirect impacts.

Induced impacts reflect changes in local spending by households on goods and services that result from income changes in the directly and indirectly affected industry sectors (e.g., impacts from wage expenditures). For instance, a server at a restaurant could have more personal income due to an attendee's visit to the restaurant. The amount of increased income that the employee spends in the area economy is an induced impact.

The model generates estimates of these impacts through a series of relationships using average wages, prices and transportation data, considering commute patterns and the relative interdependence of the economy on outside regions for goods and services.

Indirect and induced impacts are commonly referred to as multiplier effects.

Economic Contribution

The calculated multiplier effect is then added to the direct impact to quantify the economic contribution in terms of output, value added, employment and labor income which are defined below:

Total Output is a measure of the total estimated value of the production of goods and services supported by operations of Keller Auditorium. Total output is the sum of all intermediate sales (business to business) and final demand (sales to consumers and exports). For example, ingredients purchased by a restaurant from a local supplier would be counted as a "sale". Once the restaurant sells a meal consisting of these ingredients, the sales value also includes the value of the ingredients used to make it. Therefore, the ingredient's sales value is counted twice. This calculation measures the total dollar change in spending (output) that occurs in the economy for each dollar of output delivered to final demand.

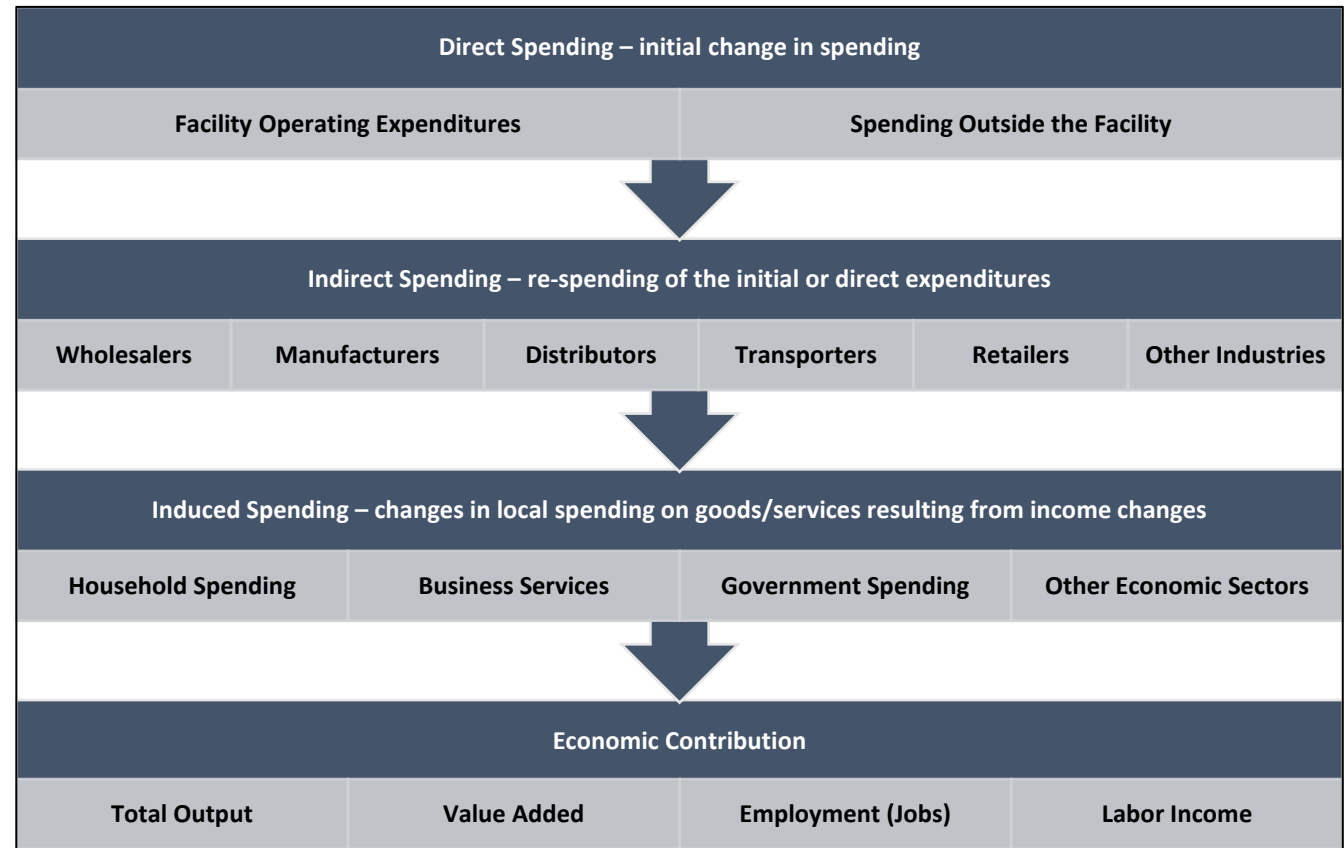
Value Added is a subset of output and only includes the value of a product or service over the cost of inputs used to create it. In other words, value added represents the difference between output and the cost of all intermediate inputs within a defined economy. At the national level, value added is comparable to Gross Domestic Product (GDP) and is a measure of a region's economic production. Using the example above, value added would represent the total sale of the meal, minus the cost of ingredients.

Economic Impact Analysis – Methodology (cont'd)

Employment (Jobs) represents the number of full-time and part-time jobs that are supported by operations of Keller Auditorium. The employment multiplier measures the total change in the number of jobs supported in the local economy for each additional \$1.0 million of output delivered to final demand. It should be noted that a person can hold more than one job, so the total number of jobs is not necessarily the same as the number of employed people. Further, the total number of jobs reflects jobs that are directly and indirectly supported in multiple sectors of the economy from ongoing operations of Keller Auditorium.

Labor Income represents the wages and salaries earned by employees of businesses associated with or impacted by operations of Keller Auditorium. In other words, the multiplier measures the total dollar change in earning of households employed by the affected industries for each additional dollar of output delivered to final demand.

The adjacent graphic illustrates the multiplier effects for calculating economic contribution.



Economic Impact Analysis – Methodology (cont'd)

Tax Revenues

The estimated spending generated from Keller Auditorium operations also produces tax revenues for the local and State economies. Experience in other markets suggests that while a significant portion of the direct spending likely occurs near Keller Auditorium, additional spending occurs in other surrounding economies.

IMPLAN was used to estimate the annual taxes generated from operations of Keller Auditorium. Tax revenues include those generated from sources such as transient lodging tax, personal income tax, corporate excise tax and income tax, business income tax and property taxes, among other assessments and fees.



Estimate of Economic Contribution

The following tables summarize the estimated economic contribution including tax revenues that could potentially be lost from a temporary closure of Keller Auditorium for 24 months during construction.

It is estimated that a temporary closure of Keller Auditorium for 24 months (FY 2027 and FY 2028) could result in a significant loss in economic contribution to the region.

In FY 2027, estimated potential lost economic contribution includes \$46.8 million in output, 320 jobs, \$20.5 million in labor income and local and state tax revenues totaling \$2.5 million. In FY 2028, estimated potential lost economic contribution includes \$49.5 million in output, 336 jobs, \$21.8 million in labor income and local and state tax revenues totaling \$2.6 million.

It should be noted that employment impacts in FY 2027 and FY 2028 should not be added together as most of these jobs are supported, not created. For example, a job supported in 2027 continues to be supported in 2028. This represents one job across two years, not two jobs.

The potential lost economic contribution could be reduced if local industries or venues are able to absorb a portion of the activities/impacts associated with closing Keller Auditorium. This analysis does not account for the ability of other existing local industries or venues to retain these impacts as the purpose of this analysis was to estimate the potential lost economic contribution.

Although not quantified in this analysis, construction costs associated with development of a new/upgraded Keller Auditorium would provide economic and fiscal impacts to the region during the construction period. These benefits would include the creation of jobs which produce earnings for area residents as well as increased tax revenues from the purchase of materials and supplies.

Estimated Potential Lost Economic Contribution Associated with a Temporary Closure of the Keller Auditorium in FY 2027 (2027 dollars)						
Impact	Employment (Jobs)	Labor Income	Value Added	Output	Local Tax Revenues	State Tax Revenues
Direct	218	\$13,325,000	\$17,828,000	\$26,184,000	\$607,000	\$822,000
Indirect & Induced	102	\$7,179,000	\$12,269,000	\$20,624,000	\$485,000	\$544,000
Total	320	\$20,504,000	\$30,097,000	\$46,808,000	\$1,092,000	\$1,366,000

Note: Employment, labor income, value added and output are interrelated and are not additive.

Sources: IMPLAN; Crossroads Consulting.

Estimated Potential Lost Economic Contribution Associated with a Temporary Closure of the Keller Auditorium in FY 2028 (2028 dollars)						
Impact	Employment (Jobs)	Labor Income	Value Added	Output	Local Tax Revenues	State Tax Revenues
Direct	229	\$14,219,000	\$18,941,000	\$27,703,000	\$627,000	\$869,000
Indirect & Induced	107	\$7,594,000	\$12,982,000	\$21,810,000	\$514,000	\$576,000
Total	336	\$21,813,000	\$31,923,000	\$49,513,000	\$1,141,000	\$1,445,000

Note: Employment, labor income, value added and output are interrelated and are not additive.

Sources: IMPLAN; Crossroads Consulting.



Other Potential Impacts for Consideration

In addition to the potential lost economic benefits in terms of spending, jobs, labor income and tax revenues, other potential adverse impacts related to a potential temporary closure of Keller Auditorium for a period of 24 months for construction that should be considered include:

- Negatively impacting the sustainability of area businesses, which are supported by Keller Auditorium's attendees
- Negatively impacting the sustainability of resident companies including, but not limited to, the Oregon Ballet Theatre and Portland Opera
- Impacting multiple seasons of Broadway Across America, which drives significant attendance, facility revenue and spending in the Portland area
- Reducing revenues generated to Metro
- Driving users and attendees to other entertainment venues outside of the region
- Creating challenges related to regaining event business as some users may not return
- Creating challenges beyond the construction period related to regaining business as some users may not book events in advance due to construction delay concerns
- Creating challenges re-staffing the facility with quality personnel
- Limiting the area's exposure and educational opportunities related to global arts and culture
- Reducing the vibrancy, overall quality of life and livability of Portland
- Reducing the amount of high-quality, diverse, family-friendly entertainment available to both residents and visitors
- Negatively impacting the current sense of community pride associated with arts
- Reducing the population's opportunities to share experiences and learn from people of different races, ethnicities, ages, beliefs and identities



4. Limiting Conditions and Assumptions



Limiting Conditions & Assumptions

This analysis is subject to our contractual terms as well as the following limiting conditions and assumptions:

- This analysis has been prepared for the Client their internal decision-making purposes associated with Keller Auditorium and should not be used for any other purposes without the prior written consent of Crossroads Consulting Services, LLC.
- This report should only be used for its intended purpose by the entities to whom it is addressed. Reproduction or publication by other parties is strictly prohibited.
- The findings and assumptions contained in the report reflect analysis of primary and secondary sources. We have utilized sources that are deemed to be accurate but cannot guarantee their accuracy. No information provided to us by others was audited or verified and was assumed to be correct.
- Although the analysis includes findings, all decisions relating to Keller Auditorium shall be the Client's responsibility.
- Estimates and analysis regarding Keller Auditorium are based on trends and assumptions and, therefore, there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
- Although this analysis utilizes various mathematical calculations, the final estimates are subjective and may be influenced by our experience and other factors not explicitly stated.
- We have no obligation, unless subsequently engaged, to update this report or revise this analysis as presented due to events or circumstances occurring after the date of this report.
- Multiple external factors influence current and anticipated market conditions. Although we have not knowingly withheld any pertinent facts, we do not guarantee that we have knowledge of all factors which might influence future operations of Keller Auditorium. Due to quick changes in the external factors, actual results may vary significantly from estimates presented in this report.
- The analysis performed was limited in nature and, as such, Crossroads Consulting Services, LLC does not express an opinion or any other form of assurance on the information presented in this report.
- The analysis is intended to be read and used in its entirety. Separation of any portion from the main body of the report is prohibited and negates the analysis.
- In accordance with the terms of our engagement letter, the accompanying report is restricted to internal use by the Client and may not be relied upon by any party for any purpose including any matter pertaining to financing.