

Draft Final Report

**LEBANON VALLEY
EXPOSITION CENTER**

Economic Impact Analysis

**SUBMITTED TO
County of Lebanon Pennsylvania**

**SUBMITTED BY
Owens Economics, LLC**

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LEBANON VALLEY CENTER ECONOMIC IMPACT ANALYSIS

INTRODUCTION

The Lebanon Valley Exposition Center (LVEC or Center) is a multi-use meeting and event facility located in Lebanon County, Pennsylvania. It is a key component of the county's tourism industry.

As part of a larger effort to look at tourism in Lebanon County, the county commissioners determined that it was important to have a better understanding of the contribution of the LVEC to the county's economy. To this end, the county went through a competitive bid process to select a consultant to conduct an economic impact analysis. Owens Economics, LLC - a firm specializing in the economics of exposition centers and fairgrounds - was selected to undertake the study.

This report presents the findings of Owens Economics' evaluation of the LVEC's economic impacts on Lebanon County. It is organized as follows: after this introduction and the summary of key findings, an evaluation of current LVEC operations is presented. This section looks at the events, visitation and financial performance of the Center. The next section translates visitation numbers into expenditures, and the final section looks at the direct, indirect and induced (multiplier) economic impacts. The impact section also uses direct expenditures to estimate the fiscal impacts of the Center.

SUMMARY OF KEY FINDINGS

- The Lebanon Valley Exposition Center is a highly successful venue that hosts a variety of community events, and events that draw attendees and participants from the Central Pennsylvania region, and for some events, from across the State of Pennsylvania and beyond.
- In 2013, the LVEC hosted 83 events which covered 132 event days. Giving consideration to set up and take down days, annual utilization of LVEC facilities totaled 231 use days. In the exposition center business, this level of utilization represents a strong level of performance.
- In 2013, events at the LVEC attracted almost 120,000 visitors which included some 108,000 attendees, 9,000 participants (exhibitors, competitors and vendors), and 3,000 event staff. Of the total number of visitors, some 62,000 were local visitors, almost 42,000 were visitors from the region, and almost 16,000 were overnight visitors. Giving consideration to the length of stay in Lebanon County, individual visitor numbers translated to 148,500 visitor days of activity. This total included 71,400 local visitor days, 46,400 regional day trip visitor days and 30,700 overnight visitor, visitor days. The Lebanon Valley Exposition Center is the strongest, marketed destination in the county.
- The LVEC operates at a breakeven level of operations, with annual revenues and expenses each totaling approximately \$500,000. The breakeven operations is a strong level of performance for a facility of this type, especially given the fact that the LVEC receives no direct financial support from local government.
- Total direct expenditures by LVEC visitors were estimated to be \$7.4 million. This total included \$1.4 million spent at the LVEC (on-site expenditures) by event attendees, participants and promoters, including visitors to the Lebanon Area Fair, and almost \$6.0 million spent off site. Off-site spending totals included \$2.6 million for food and beverage, \$1.9 million for overnight accommodations, and \$1.4 million for other items such as gasoline, retail merchandise and other goods and services. Overnight visitor spent the greatest amount at roughly \$6.0 million.
- The LVEC generated approximately 20 percent of Lebanon County's room night demand. Without the Center, it is highly likely that the county would lose at least one of its hotel properties, and perhaps more.
- The numbers above represent total spending by LVEC visitors. Due largely to a limited number of motels in Lebanon County which causes some visitors to LVEC's larger events to stay outside the county, the actual amount of visitor spending in Lebanon County was estimated to be approximately \$6.0 million. Put another way, some 20 percent of the spending associated with LVEC events, or \$1.4 million, was captured outside the county.

- The economic impacts associated with the operations of the Lebanon Valley Exposition Center were calculated using multipliers provided through the Bureau of Economic Analysis's RIMS II system (Regional Industrial Multiplier System). Multipliers quantify the value of direct expenditures as they are re-spent in a defined local or regional economy. Type I multipliers include direct and indirect expenditures, and describe the impact of money being spent by supporting industries. Type II multipliers add the induced impacts associated with spending by workers who benefit from the direct and indirect impacts.
- The economic impact geography for this study has been defined as Lebanon County. This limited definition (as compared to a regional definition) resulted in relatively low multiplier values that reflect that significant support for Lebanon County businesses coming from businesses outside the county.
- Type I and Type II impacts of LVEC events were estimated to be \$7.9 million and \$9.4 million respectively. Given the leakage of 20 percent of direct expenditures, Lebanon County Type I impacts were estimated to be \$6.5 million; Type II expenditures were estimated to be \$7.7 million.
- The Lebanon Valley Exposition Center was responsible for generating some \$43,000 in hotel occupancy tax revenue for Lebanon County. Again, 20 percent of tax receipt potential was lost to other counties due to the limited hotel inventory in Lebanon County.