

U.S. Olympic & Paralympic Museum 2021 Effectiveness Report

for

The State of Colorado

Office of Economic Development & International Trade



Prepared for:

The Colorado Springs Urban
Renewal Authority

Prepared by:

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December 2022

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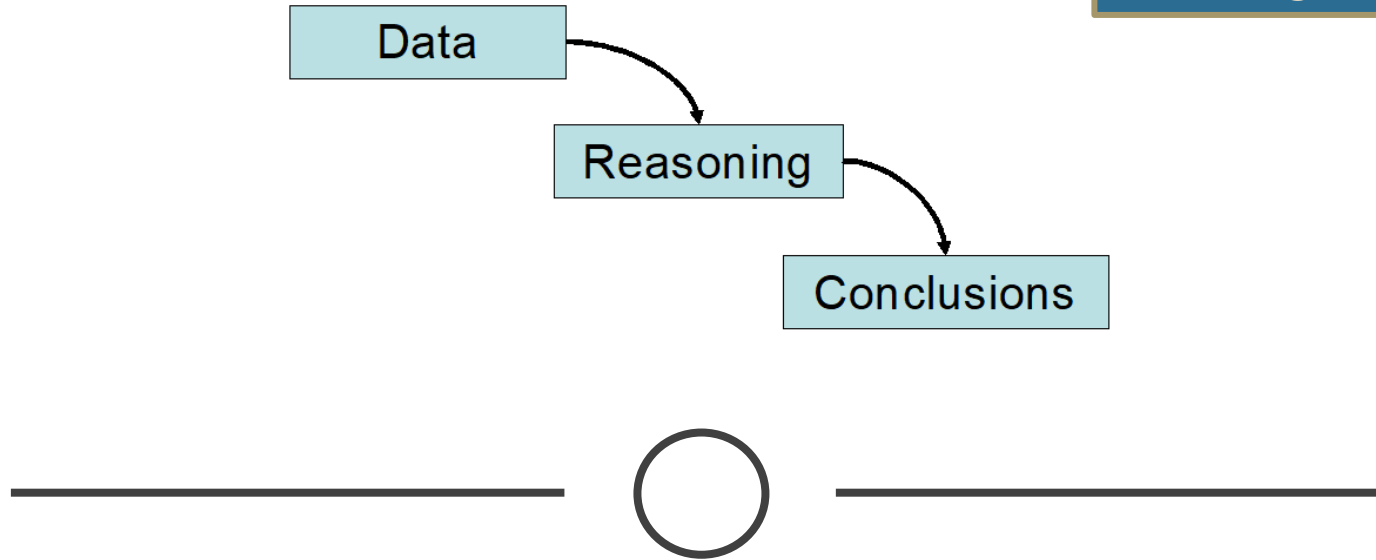


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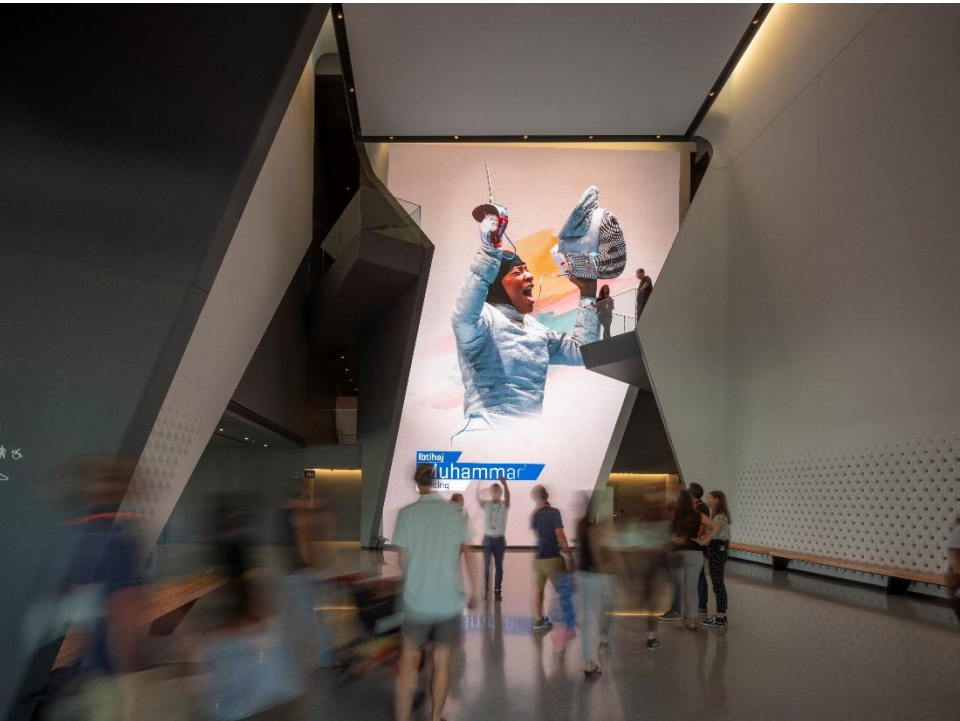
Operating at the intersection of commerce and community, we provide empirical research and rigorous analysis to facilitate objective and nonpartisan support for sound decision making and collaborative efforts.



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.

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Summary of Findings for 2021

Key Indicators	
Net New Direct Jobs Created from	
Venue Operations	66
Tourism	165
Construction of Venue	
Catalytic 2021	275
Total	505
Out-of-State Tourists	
	66,459
Fiscal Impacts to Local Governments	
Sales Tax Venue & Tourism Related	\$ 753,987
Other Taxes Venue Related	\$ 845,121
Catalytic All Taxes	\$ 1,100,066
Total Taxes	\$ 2,699,174
Net New ROI to State from:*	
State TIF Investment Thru 2021	\$ 11,544,052
2021 Taxes Tourism Related	1.8%
2021 Non-Tourism Venue Related Taxes	0.6%
2021 Catalytic Activity Taxes	4.9%
Total 2021 Taxes	7.3%
Prior Year Taxes from 2020 Report	21.1%
Cumulative ROI Thru 2021	28.5%
* Net new reduction of tourism to 60% of total based on original application	
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Marketing Successes

The Museum has generated nearly 2,000 stories in 2021, including national placements in the Associated Press, ESPN, New York Times and Washington Post. Local marketing activations included attendance at a number of community events such as Weidner Field (Art unveiling and all home games); El Pomar Youth Sports Park (all major sports weekends); Cheyenne Mountain Zoo; Beards, Bonnets and Brews Festival; Broadmoor Open (Figure Skating Competition); Pikes Peak International Hill Climb.

The U.S. Olympic & Paralympic Museum is a featured attraction on multiple OTA sites, including Get Your Guide, Groupon, Tiquets and Travelzoo.

The Museum's website (USOPM.org) continues to see strong visitation with 236,348 users and 431,492 new users in 2021 totaling 559,239 sessions and 1.3 million page views. The average session length of 1:24 and 2.3 pages per session.



The 60,000-square foot Museum is dedicated to U.S. Olympic and Paralympic athletes and their compelling stories, with the artifacts, media and technology behind the athletes who make the United States proud. The Museum focuses on the core values of the Olympic and Paralympic movements: friendship, respect and excellence; determination, equality, inspiration and courage.

The U.S. Olympic and Paralympic Museum (referred to as USOPM and Museum in this report) officially sanctioned by the U.S. Olympic Committee & Committee (USOPC) located in Colorado Springs since 1984 and sponsored by a non-profit organization specifically created for the museum. Due to investment in the USOPC headquarters facility, the City of Colorado Springs is entitled to utilize the tagline of “Olympic City USA”. The unique relationship between the City of Colorado Springs and the U.S. Olympic & Paralympic Committee was leveraged with the creation of the U.S. Olympic & Paralympic Museum.

This report for 2021 addresses the first full year of USOPM operations which are still considered in the start-up phase. The Museum opened in the summer of 2020 during the worst pandemic in over a century. The major impact of the Museum in 2020 centered on the Museum’s construction (2018-20) and catalytic spinoff development in hotel, apartments, as well as public and non-profit investments. A major catalytic addition in 2021 was the 250-foot pedestrian bridge crossing the BSNF railroad to connect the Museum with America the Beautiful Park.

Study Overview



Objective and Purpose

To document key effectiveness indicators in a qualitative and quantitative fashion. The indicators were 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) the number of net new jobs directly created by the project in several categories.
- (2) the market impact;
- (3) regional and in-state competition;
- (4) attraction of out-of-state tourists;
- (5) the fiscal impact to local governments within and adjacent to the Regional Tourism Zone;
- (6) the 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. The report has been reviewed by the Musuem.

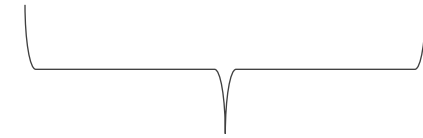
Direct Jobs Created



45 New Jobs in
2021



100 Total Jobs at
Museum
31 Fulltime
69 Part-time
66 FTEs



Total Fixed Payroll &
Benefits
\$2,064,000

Direct Tourism Jobs created by
Tourists who visited the
Museum
165



Construction Impacts

All Museum Construction Jobs were included in 2020 Report.

Catalytic Impacts

Downtown development continued creating an estimated 275 direct construction jobs from Sept 2020 thru Dec 2021

Other Direct Jobs Created

Construction of the Museum was completed in 2020 and did not create jobs in 2021.

Catalytic impacts represent construction of lodging, apartments, commercial, and public space that are estimated to have been completed in 2021. The main catalytic project completed in 2021 was the pedestrian bridge between the Museum and America the Beautiful Park.

All impacts prior to September 2020 were reported in the 2020 Report. The value of construction creates higher property value in subsequent years and are used to calculate property taxes, but not jobs. Catalytic impacts are based on data collected by Downtown Partnership.

Regional Tourism

Market Impact

TripAdvisor ranked Colorado Springs #7 in the world in its 2021 Travelers' Choice Best of the Best Awards for emerging tourism destinations. The peak summer tourism season showed enplaned passengers up 40% over July 2019. Hotel occupancy was the third highest in the nation at 84.4%.

According to the Colorado Springs Convention and Visitors Bureau Colorado Springs and Pikes Peak region we had over 23.7 million visitors in 2021. Of those, 10.4 million were overnight visitors and 13.3 million were day visitors. Travel to the Pikes Peak region increased in 2021 over 2019 by 5.3% (12.3% over the 2020 pandemic year). The bigger increase since 2019 came from day visits (9%) as opposed to overnight stays (1%).

The length of stay for out-of-state guests for 2021 averaged 4.2 nights where the U.S. Norm is at 3.9. That is a decrease of 10.6% compared to 2020. This could be due to more options to travel, visitors having made a choice to visit more than one area on a trip, or less business travel due to virtual substitutes. Repeat visitation in the Pikes Peak Region increased in 2020 by 4% for visitors who had traveled to the region at least once in the prior 12 months.

Overnight guests spent an average of \$175 per day per person while visiting. That is a 6% increase versus 2020.

The regional supply of hotel rooms increased by 2.4% in 2021 with Downtown Colorado Springs experiencing a 9.2% increase. The regional growth is consistent with a 2% national growth rate which is almost twice the long-term growth rate of 1.2% nationally.

National Museum Market

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.

The market impact of the Museum started in 2013 immediately after the OEDIT approved the C4C Application. The Museum's announcement and the prospect of sports venues in Downtown Colorado Springs accelerated and accentuated market momentum that was developing under a national downtown renaissance. The Museum was catalytic in this regard.

The initial impacts were on the supply side with new hotels planned and since constructed. The renaissance also led to apartment and commercial development.

Based on the type and location of Downtown Development, 29% of major development is attributed to the Museum and C4C. This percentage will decline over time.

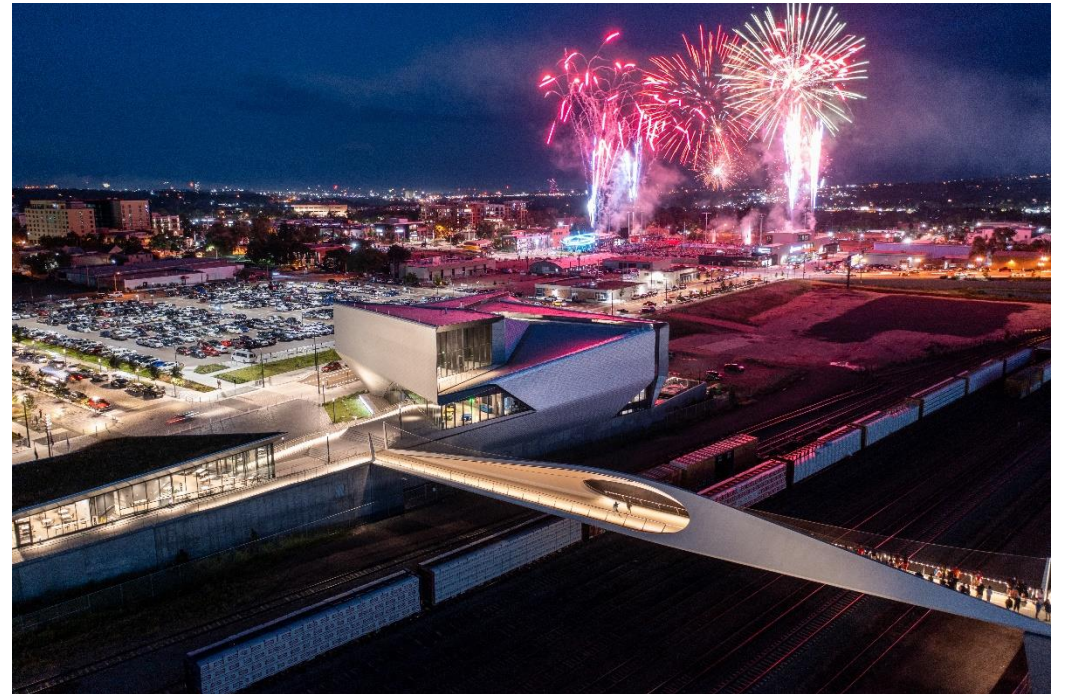
The Museum is a unique venue in the United States. It does not directly compete with other museums nationally or within the Pikes Peak Region (PPR). The only other national museum in the area is the National Museum of WWII Aviation located at the Colorado Springs Airport which is achieving attendance targets and collaborating with U.S. Olympic and Paralympic Museum. The two national museums are comparatively priced at approximately \$20 for adults.

The Museum does compete for tourism dollars within the PPR, especially expenditures that might go to other indoor tourist venues such as the Garden of God Visitor's Center, the future Air Force Academy Visitor's Center, the Pro Rodeo Hall of Fame, the Pioneers Museum, and the Olympic Training Center. With the exception of the Olympic Training Center, all of these facilities compete only to the degree tourists are constrained by time and dollar budgets and make choices between one venue or the other.

The Museum also competes locally with hotel and other venues for banquet space. This is especially the case with both indoor and outdoor venues as well as area hotels. However, the U.S. Olympic and Paralympic Museum is an attraction to many groups deciding where to hold conventions, conferences, and seminars and is a net gain to the region's tourism industry.

Regional & In-State Competition

The Colorado Springs Airport reported enplanements up 12% over 2019. While this was partially due to Southwest Airline beginning operations from the Airport, it's worth noting DIA was down 15% and total U.S. airline passenger enplanements in 2021 were 27% below pre-pandemic 2019. The Museum may have played a small part in the level of increased enplanements and regional tourism benefitted.



In total 139 events were held at the Museum in 2021

Attraction of Out-of-State Tourists

The first full year of Museum operations realized total attendance of 116,000 individuals. Based on RFID data collected at the museum and Placer AI geolocation data, 51.5% of the visitors were from out-of-state. This equates to an estimated 59,740. Total out-of-state visitors attributed to the museum was 66,500 with 93,500 being geolocated either in or within very close proximity of the Museum.

There were **40 out-of-state events** hosted at the Museum in 2021 representing 29% of the total events.

Based upon attendance to other area venues, recruitment of leadership for the Museum, and the Pikes Peak Region's emerging reputation as a national destination market, it's apparent that the Museum has not achieved its full potential in attracting Out-of-State visitors.



June 2022 Olympic Hall of Fame Induction Ceremony

Fiscal Impacts to Local Governments



Colorado Springs tax rates used. Includes LART and El Paso County sales tax. Assumes 24% of total tourism expenditures (approximately 1 day per non-local visitor) are attributable to the Museum. Catalytic construction based on projects completed from September 2020 thru 2021

Total local taxes from the IMPLAN model includes property taxes

Based on catalytic construction calculated in 2020 report with 29% attributed to the Museum. Does not adjust for local TIF incentives through Urban Renewal Areas.

Total Local Taxes in El Paso County		
Sales Tax [1]		
From Tourists Expenditures	\$ 618,082	
From Museum Employment	\$ 54,319	
From Tourism Employment	\$ 81,585	
From Catalytic Construction		
Employment	\$ 326,688	
Materials	\$ 242,123	
Total Sales Tax		\$ 1,322,798
Other Local Taxes [2]		\$ 845,121
Prior Year Catalytic Property Tax [3]		\$ 531,255
Total Local Taxes 2021		\$ 2,699,174
[1] Based on direct tourism expenditures, total employment, 2021 completed construction. [2] Total local taxes from IMPLAN less cacluated sales taxes. [3] Property taxes on pre-2021 completed construction for 2021 only without local URA TIF considerations		
Summit Economics, IMPLAN		

Sales taxes received by all El Paso County entities are estimated to total \$1.32 million in 2021 dollars. This includes the Lodging and Rental Car Tax (LART) and local taxable expenditures from total new direct, indirect, and induced jobs related to the Museum, tourism, and construction. Sales tax calculations are compared to IMPLAN modeling results which include all local taxes including property taxes paid by households and businesses related to the Museum, tourism, and construction jobs. Museum construction was included in the 2020 report and is not included here. Property taxes are assumed to begin a year after construction impacts are calculated using an average mill levy of 97.52 and a blended commercial/residential assessment rate. Pledged tax receipts to urban renewal projects or other private sector incentives are not shown here.

Returns on Investment (ROI) to State of Colorado

Based upon the State's RTA investment through 2021 in the Museum and estimated personal income and sales tax receipts by the State in 2021, we calculate an overall 8.6% annual return on the investment. The investment is from Table 5-4 of the 12/9/13 C4C response to the EDC. The Net New ROI is discounted slightly to account net new out-of-state tourist expenditures and tourism jobs using the 60% estimate in the 2013 RTA application. After discounting, the Net New ROI is 7.3%. The prior year returns calculated using a similar methodology as outlined in the 2020 Effectiveness Report were 21.1% yielding a cumulative Net New Return of 28.5%. At this time, the bulk of the ROI comes from construction of the Museum and catalytic projects stimulated by the Museum and pace of Downtown redevelopment.

Estimated Return on RTA Investment Through 2021			
	Estimated	% ROI	Net New ROI
Regional Tourism Act Investment	\$ 11,544,052		
Sales Tax			
From Tourists Spending [1]	\$ 246,889	2.1%	1.3%
From Museum Employment	\$ 29,444	0.3%	0.3%
Tourism Jobs Household Spending [1]	\$ 44,224	0.4%	0.2%
From Catalytic Construction			
Employment	\$ 177,083	1.5%	1.5%
Materials	\$ 131,244	1.1%	1.1%
Total Sales Tax	\$ 628,884	5.4%	4.4%
Income Taxes			
Tourism Worker Earnings [1]	\$ 63,540	0.6%	0.3%
Museum Worker Earnings	\$ 42,304	0.4%	0.4%
Catalytic Construction Worker Earnings	\$ 254,430	2.2%	2.2%
Total Income Taxes	\$ 360,274	3.1%	2.9%
Total Tax Receipts	\$ 989,159	8.6%	7.3%
Prior Year Net New Returns	\$ 2,439,893	21.1%	21.1%
Cumulative Return on Investment	\$ 3,429,052	29.7%	28.5%
[1] Net New ROI adjusted down by 60% in tourism categories based on approved application.			