

2014

INTERMOUNTAIN OPERA ASSOCIATION OF BOZEMAN, MONTANA



AN ECONOMIC IMPACT ANALYSIS



Northern Rocky Mountain
ECONOMIC DEVELOPMENT DISTRICT

Prepared by:

The Northern Rocky Mountain EDD

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NorthWestern
Energy

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General Project Description

This study analyzes the economic impacts of the Intermountain Opera Association of Bozeman. Performances take place in the historic Willson Auditorium located at 404 W. Main Street in Downtown Bozeman; the same place where Gary Cooper went to high school. The venue has seating for 1100 people and typically includes fully staged productions with hand-painted drops from Italy (rented from Stivanello Costume Co. in NYC).

The Association benefits from a strong board and more than 3,900 volunteer hours covering a variety of professional services. In addition to serving thousands of attendees, a major objective is the introduction of opera to the community's young people. To that end, the Opera association is currently planning year-round classroom presentations featuring local singers.

The study is based on information provided by the Intermountain Opera management and seeks to value both the economic benefits of its operations, out of town visitors and many volunteer hours.

NorthWestern Energy has contributed funds to subsidize the cost of producing impact reports that benefit local nonprofit organizations.

Definitions and Methods¹

The Project's analysis reports on the following six categories:

1. **Gross Economic Output:** The aggregated market value of goods and services produced by businesses and government enterprises in the economy. It is essentially equal to the revenue collected by businesses (including indirect taxes) within the County or impact area.
2. **Gross County Product:** The total of value added created by the production of goods and services in the economy. It represents the sum of labor compensation, capital type income and indirect business taxes. Gross County Product is best described as new money added as a result of the combined activities of this project.
3. **Total Labor Income:** The compensation to employees and self-employed proprietors including both wages and indirect payments such as retirement benefits, health insurance and other similar fringe benefits.
4. **Total Employment:** The number of jobs generated within the impact area including full-time and part-time positions, salaried workers and sole proprietors.
5. **Capital Income:** The sum of income such as business profits, interest and rental income. Capital Income is best described as non-labor benefits.
6. **Indirect Business Tax:** Taxes and fees not based in the businesses' income. It may represent sales taxes (if any) levied by the state and county and also property taxes levied against businesses as well as federal, state and local fees.

¹ The data sets used in this report are provided by Minnesota IMPLAN Group, Inc (MIG, Inc), the developers of the IMPLAN® economic impact modeling system. IMPLAN® is used to create complete, extremely detailed Social Accounting Matrices and multiplier models of local economies. Implan enables users to make in-depth examinations of state, multi-county, county or sub-county and metropolitan regional economies. Implan is used by more than 1,000 public and private institutions. MIG, Inc. has been developing complex localized databases and serving public and private organizations since 1993.

Background and Methodology:

The analysis seeks to measure the economic impact of the Intermountain Opera Association of Bozeman. The analysis includes operations, volunteer hours and considerations for out-of-area visitors. In preparing this analysis, the organization's 2013 annual Form 990 was reviewed. The Association maintains good records for its volunteer contributions; however no value is included in the Form 990. The Association conservatively estimates that it would need to pay the following wage rates to pay for the contributed services:

\$15/hr for Board work

\$16/hr for production help

\$10/hr for administrative support

\$18/hr for fundraising support.

Based on these estimates and to account for 3,970 volunteer hours, the actual Form 990 annual expenditure budget of \$377,863 was increased by \$59,860 to a total \$437,723.

Estimated number of annual visitors². The Opera is also a local visitor attraction. No firm records are maintained to detail visitor attendance but Opera management estimated that 100 visitors annually stay over at least one night to attend events. The following describes the estimated annual visitor benefits related to the Opera³.

Assumptions: It is not possible to accurately value hotel rooms, car rentals, and restaurant expenditures that Opera visitors contributed to the local economy and assumptions have been made to account for these benefits. The assumption is that 2.3 visitors comprise a visitor unit, or 100 visitors represent 43 visitor units. The following is a summary of assumptions related to visitors that have been used in this analysis:

- 2.3 visitors comprise a visitor unit.
- The average hotel cost per visitor unit is \$85.99.
- Hotel costs represent 12% of daily expenditures.
- Misc retail and service costs represent 24% of daily expenditures.
- Auto repair and rentals represent 4% of daily expenditures
- Restaurant and food expenses represent 26% of daily expenditures.
- Gasoline and fuel expenses represent 34% of daily expenditures.

² Estimates for annual visitors provided by the Opera Association.

³ The percentages for this analysis were drawn from information provided in the [Economic Review of the Travel Industry in Montana](#), Jan 2013, The Institute for Tourism and Recreation Research (ITRR), Kara Grau, M.S., Norma Nickerson, Ph.D., Jacob Jorgenson

The report that follows represents a broader view than the direct expenditures or employment. For example the analysis measures the economic “footprint” as dollars multiply inside and outside of the market area and includes both direct and indirect impacts. This analysis seeks to quantify the economic benefits to the project area. The results of this report are based on datasets that are historically-representative of the economic impacts.

About the Northern Rocky Mountain Economic Development District:

The principals of the Northern Rocky Mountain Economic Development District have prepared hundreds of economic impact reports for state agencies, cities, counties, economic development districts and private corporations. Each report is based on IMPLAN datasets specific to the project's location and unique industry sectors. Robert Gilmore, the Executive Director, is the recipient of the Ford Foundation's Award for Innovations in American Government and the Council of State Government's Award for Innovation.

Summary of Economic Impacts

The Intermountain Opera provides over \$800 thousand in total economic impacts. Of these impacts, the majority of \$462 thousand are retained in the local county. The Economic Impact Report (shown below) details the economic impacts. The impact categories are described above in the "Definitions and Methods" section.

The following total economic benefits are identified and more fully described in the attached economic impact report:

- *\$809,000 in Gross Economic Output*
- *\$462,000 in Gross County Product.*
- *\$427,000 in Total Labor Income*
- *14 total jobs (full and part-time).*
- *\$9,000 in Capital Income.*
- *\$25,000 in Indirect Business Taxes and Fees.*

Economic Impact Report

Intermountain Opera of Bozeman An Economic Impact Report prepared by the Northern Rocky Mountain Economic Development District

Gross Economic Output

The aggregated market value of goods and services produced by firms and government enterprises in the County's economy. It is essentially equal to the revenue collected by businesses (including indirect taxes) within the County.

Implan Industry	Frequency	Direct Impact	Indirect and Induced Impact	Total Impact
Visitor auto expenditures	One Time	\$1,232	\$535	\$1,767
Visitor food service expenditures	One Time	\$8,010	\$3,720	\$11,730
Visitor gasoline expenditures	One Time	\$10,474	\$4,037	\$14,511
Visitor hotels and motel expenditures	One Time	\$3,697	\$1,615	\$5,312
Visitor miscellaneous stores	One Time	\$7,394	\$3,672	\$11,066
Intermountain Opera Annual Operations and Volunteer contributions	On Going	\$437,723	\$327,218	\$764,941
Totals:		\$468,530	\$340,798	\$809,328

Gross County Product

The total value added created by the production of goods and services in the local economy. It is analogous to the concept of Gross Domestic Product at the national level. It represents the sum of labor compensation, capital type income (profits, interests and rents), and indirect business taxes (which are mainly sales taxes, but also include property taxes and government mandated fees).

Implan Industry	Frequency	Initial Purchase	Total Impact
Visitor auto expenditures	One Time	\$1,232	\$811
Visitor food service expenditures	One Time	\$8,010	\$5,438
Visitor gasoline expenditures	One Time	\$10,474	\$9,180
Visitor hotels and motel expenditures	One Time	\$3,697	\$3,126
Visitor miscellaneous stores	One Time	\$7,394	\$7,412
Intermountain Opera Annual Operations and Volunteer contributions	On Going	\$437,723	\$436,930
Totals:		\$468,530	\$462,896

Total Labor Income

The compensation to employees and self-employed proprietors including both wages and indirect payments such as retirement benefits, health insurance and other similar fringe benefits.

Implan Industry	Frequency	Initial Purchase	Total Impact
Visitor auto expenditures	One Time	\$1,232	\$551
Visitor food service expenditures	One Time	\$8,010	\$3,454
Visitor gasoline expenditures	One Time	\$10,474	\$4,420
Visitor hotels and motel expenditures	One Time	\$3,697	\$1,760
Visitor miscellaneous stores	One Time	\$7,394	\$4,903
Intermountain Opera Annual Operations and Volunteer contributions	On Going	\$437,723	\$412,852
Totals:		\$468,530	\$427,940

Total Employment

The number of jobs generated within the County, and includes: * full-time and part-time positions * salary workers *sole proprietors.

Implan Industry	Frequency	Initial Purchase	Total Impact
Visitor auto expenditures	One Time	\$1,232	
Visitor food service expenditures	One Time	\$8,010	
Visitor gasoline expenditures	One Time	\$10,474	
Visitor hotels and motel expenditures	One Time	\$3,697	
Visitor miscellaneous stores	One Time	\$7,394	
Intermountain Opera Annual Operations and Volunteer contributions	On Going	\$437,723	14
Totals:		\$468,530	14

Capital Income

The sum of all property type income (such as business profits, interest income and rental income) generated within the County.

Implan Industry	Frequency	Initial Purchase	Total Impact
Visitor auto expenditures	One Time	\$1,232	\$145
Visitor food service expenditures	One Time	\$8,010	\$1,402
Visitor gasoline expenditures	One Time	\$10,474	\$3,114
Visitor hotels and motel expenditures	One Time	\$3,697	\$962
Visitor miscellaneous stores	One Time	\$7,394	\$1,286
Intermountain Opera Annual Operations and Volunteer contributions	On Going	\$437,723	\$2,098
Totals:		\$468,530	\$9,007

Indirect Business Tax

Are taxes and fees that are not based in the businesses' income. For the most part they represent sales taxes levied by the State and the county, but also include property taxes levied against businesses as well as fees imposed by federal, state and local governments.

Implan Industry	Frequency	Initial Purchase	Total Impact
Visitor auto expenditures	One Time	\$1,232	\$116
Visitor food service expenditures	One Time	\$8,010	\$582
Visitor gasoline expenditures	One Time	\$10,474	\$1,646
Visitor hotels and motel expenditures	One Time	\$3,697	\$404
Visitor miscellaneous stores	One Time	\$7,394	\$1,223
Intermountain Opera Annual Operations and Volunteer contributions	On Going	\$437,723	\$21,984
	Totals:	\$468,530	\$25,954