

**APPLIED ECONOMICS**

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**ECONOMIC AND REVENUE IMPACTS OF DREAMPORT  
VILLAGES ON THE CITY OF CASA GRANDE**

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## 1.0 INTRODUCTION

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Applied Economics has been retained by the City of Casa Grande to prepare an economic impact of the proposed Dreamport Villages development. The analysis includes the impacts of the various recreational attractions and accommodations associated with the project. The project is expected to develop in two phases over a six year period. We understand that the results of this analysis are being incorporated into a development agreement for a sales tax reimbursement. The analysis quantifies the revenue impacts of the development on the city relative to the amount of sales tax reimbursement that will be offered. It also provides a framework for understanding the economic impacts that this large-scale tourist attraction could have in Casa Grande.

*All of the assumptions about the development pro-forma presented in this analysis were provided by The Block Sports. It is likely that the timing and scale of the development could change, potentially significantly, depending on market conditions and feasibility.*

The project will be located on a 1,500-acre site near the junction of Interstates 8 and 10. Phase I of Dreamport Villages is anticipated to include the following components:

- A 100,000 square foot indoor waterpark with 40,000 square feet of restaurant, meeting and entertainment area and a 300-room hotel (*Minimum Improvements*)
- A Welcome Center
- A Wildlife Experience park with an associated 300-room hotel
- An Extreme Motor Sports Park and Adventure Zone arcade
- A 210,000 square foot retail and office mixed-use zone
- A 300-space RV park
- 250,000 square feet of 3rd party retail and a 200-room extended stay hotel
- 10 full-service restaurant PADs

Phase II would include the following additional components:

- A 600-unit timeshare condominium development
- An outdoor waterpark and an additional 300-room hotel
- An expansion of the Wildlife Experience park and an additional 300-room hotel
- 750,000 square feet of retail space
- A 300,000 square foot office tower
- A movie studio
- A family coaster park
- A Ski-Snow Park
- An event center with bowling, a movie theater, interactive sports zone, food court, restaurant and convention space
- 30 full-service restaurant PADs
- A 200-room extended stay hotel and 1,200 additional full service hotel rooms
- 200 single family homes (not included in this analysis)

The primary economic and revenue impacts of Dreamport Villages will be from visitors. According to Strategic Element Inc., who conducted a feasibility analysis of the proposed project, all the attractions in Phase I combined could attract an estimated 3.6 million visitors per year, both local and non-local. Of this total, 34 percent are expected to visit multiple attractions, so there would be an estimated 2.4 million unique visitors. An additional 2.1 million visitors would be associated with the hotels, retail, welcome center and RV Park in Phase I. The attractions in Phase II would result in an estimated 9.0 million additional unique visitors. The non-local visitors, which are anticipated to make up 57 percent of the total, would generate significant economic impacts on the Casa Grande economy, including substantial local tax revenues.

In addition to visitor impacts, the development will generate economic impacts through local vendor purchases and local spending by employees. All of the attractions and accommodations in Phases I and II combined would employ about 15,100 people with a payroll of \$417.1 million per year. These employees would spend a portion of their payroll locally, thereby supporting significant expenditures outside the development.

This analysis is not intended to be used as a feasibility study for Dreamport Villages. It is simply an estimate of the economic and revenue impacts based on current development plans, assuming that the proposed development is feasible from a market demand perspective. The information and observations contained in this report are based on our present knowledge of the components of development, and of the current physical, socioeconomic and fiscal conditions of the affected areas. Estimates made in this analysis are based on hypothetical assumptions and the current economic structure of the region. However, even if the assumptions outlined in this report were to occur, there will usually be differences between the estimates and the actual results because events and circumstances frequently do not occur as expected. In no way will Applied Economics be held responsible or have any liability or be subject to damages as a result of this analysis.

## 2.0 SUMMARY OF IMPACTS

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Based on the assumptions used in this analysis, Dreamport Villages would create approximately 15,120 jobs within the next six years. In addition to jobs, the developer would invest \$40 million in land, \$749 million in real property improvements and \$252 million in equipment and soft costs over the next two years in Phase I, followed by \$749 million in real property improvements and \$871 million in equipment and soft costs in Phase II over the subsequent three years. Significant additional transportation infrastructure investments will also be required to support the development. Phase I is expected to open in October of 2019 and Phase II is expected to open in 2022.

- **Construction Impacts.** Over 19,400 direct construction jobs and 2,600 additional indirect jobs are anticipated to be created in Pinal County during the construction period, resulting from the \$2.26 billion in infrastructure and building construction expenditures required to complete the attractions and accommodations in Phases I and II combined. This construction activity could create a total economic impact of \$2.57 billion on the county.
- **Operations Impacts.** Dreamport Villages are expected to have a total on-going economic impact of over \$11.57 billion on the local economy in the first ten years of operations, including both Phases I and II. It is estimated that the project would directly and indirectly support 17,800 jobs at build out and \$487.2 million in annual payroll.
- **Jobs and Income.** Dreamport Villages and the associated on-site attractions, accommodations and restaurants would directly employ about 15,100 people at build out of Phase II, including management, with a payroll of \$417.1 million annually. This employment level is anticipated by 2025.
- **Direct Revenue Impacts.** Direct visitor spending associated with Dreamport Villages could generate \$838.8 million in local sales and transient lodging tax revenues to the City of Casa Grande in the first twenty years of operations, based on projected visitor levels provided by the developer. Additional hotel expenditures outside of the development could generate an estimated \$1.8 million in city revenues over the same time period. There would likely be additional retail and food & beverage spending in the region (outside of the development) that is not included here.
- **Employee Revenue Impacts.** In addition to direct revenues, employees of Dreamport Villages, and supported employees at other local businesses from whom purchases are made, would generate indirect property and sales tax revenues through household spending and property ownership. Employee revenues are estimated at about \$3.3 million per year at stabilized annual levels, or \$56.9 million over twenty years, based on the level of economic impacts and the total number of direct, indirect and induced employees that are projected to be supported by Dreamport Villages.

- **Value of Incentives.** Over the twenty-year period, the company is projected to generate \$838.8 million in direct sales and lodging tax revenues to the City of Casa Grande from Phases I and II, before any reimbursements or other incentives. The proposed package of sales tax reimbursements offered by the city would total a maximum of \$124.0 million over the twenty year term. The reimbursement includes 27.5 percent of city construction sales tax and 49 percent of the unrestricted portion of retail sales tax up to the lesser of the actual cost of design and construction for public improvements or \$124.0 million. Based on the sales projections provided by The Block Sports, it is estimated that the maximum reimbursement could be reached in 2028. Note that the reimbursement applies to only 1.8 percent of the retail sales tax, which is the unrestricted portion. The sales tax reimbursement does not apply to the value of any public improvements financed through a Community Facilities District, Municipal Improvement District or Revitalization District. The details of the sales tax reimbursement are described in Section 4.4.

**FIGURE 1**  
**SUMMARY OF ASSUMPTIONS AND KEY FINDINGS FOR PHASE I**  
**(Millions of Dollars)**

<b>Dreamport Villages Phase I</b>	
Employees	4,531
Annual Payroll	\$133.2
Average Annual Visitors to Attractions*	2.4 million
Percent Overnight	57%
Hotel Rooms	800
Annual Taxable Sales**	\$702.2
<b>Dreamport Villages Phase II</b>	
Employees	10,589
Annual Payroll	\$283.9
Average Annual Visitors to Attractions*	9.0 million
Percent Overnight	57%
Hotel Rooms	2,000
Annual Taxable Sales**	\$1,332.9
<b>Economic Impacts of Operations (10 Year Total)</b>	
Total Output	\$5,645.5
Total Personal Income	\$1,830.5
Total Jobs	17,777
<b>Construction Impacts</b>	
Direct Construction Expenditures	\$2,261.9
Total Economic Impacts of Construction	
Output	\$2,571.8
Personal Income	\$652.3
Jobs	22,000
<b>Revenue Impacts before Reimbursements (20 Year Total)</b>	
Dreamport Villages Phase I and II	\$838.8
Construction Sales Tax	\$53.5
Off-Site Hotel Spending	\$1.8
Employee Revenues	\$56.9
<b>Maximum Reimbursement</b>	<b>(\$124.0)</b>

Source: Applied Economics, 2017.

\* Includes adjustment for 34 percent of visitors who will visit two or more attractions. Does not include additional visitors at hotels, restaurants, welcome center and RV Park.

\*\*Reflects 2026 stabilized levels.

### **3.0 ECONOMIC IMPACTS**

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The economic impacts resulting from Dreamport Villages in Casa Grande would include both the one-time construction impacts and on-going operations impacts. Economic impacts measure the effects of economic stimuli, or expenditures, in the local economy. These impacts include direct and indirect jobs, personal income, economic activity or output that are generated by the attractions as well as those generated by the retail, office, hotel and other visitor accommodations on the site. Indirect impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and their employees in the region that benefit from visitors to this development.

#### **3.1 Construction Impacts**

The building and infrastructure construction costs for Dreamport Villages for Phases I and II combined are estimated at \$2.26 billion, excluding land, equipment, soft costs and theme licensing. Construction for Phase I is expected to begin in third quarter 2018 and be completed in fourth quarter 2019. Construction for Phase II is expected to begin in 2019 with new hotels, restaurants and attractions coming on line in 2021 through 2024. Although construction represents a non-recurring source of economic impacts, this level of expenditures does create a significant impact during the construction period.

The multiplier effect of this spending on the city and county would result in a total increase in economic activity of \$2.57 billion over approximately six years (Figure 2). The estimated 22,000 direct and indirect jobs created by this construction project is anticipated to result in about \$652.3 million in total personal income in Casa Grande and Pinal County over the construction period.



**FIGURE 2**  
**ECONOMIC IMPACTS OF CONSTRUCTION**  
**(Millions of Dollars)**

	Direct			Total		
	Construction Expenditures	Jobs	Personal Income	Output	Jobs	Personal Income
<b>Site Development</b>	\$280.00	1,930	\$49.60	\$321.22	2,257	\$57.85
<b>Phase I</b>						
The Wild Park & Hotel	\$116.70	1,062	\$33.73	\$131.68	1,180	\$36.77
Water Park & Hotel	\$132.37	1,204	\$38.26	\$149.36	1,338	\$41.70
Welcome Center	\$6.60	60	\$1.91	\$7.45	67	\$2.08
Extreme Motor Sports & Adventure Zone	\$62.50	569	\$18.06	\$70.52	632	\$19.69
RV Park	\$4.40	40	\$1.27	\$4.96	44	\$1.39
Retail Zone (210,000 SF)	\$53.24	484	\$15.39	\$60.08	538	\$16.77
Extended Stay Hotel	\$50.70	461	\$14.65	\$57.21	513	\$15.97
Restaurant PADS	\$42.00	382	\$12.14	\$47.39	425	\$13.23
<b>Phase II</b>						
Timeshare Condominiums	\$300.00	2,212	\$51.42	\$352.76	2,768	\$64.56
Event Center	\$67.10	610	\$19.39	\$75.71	678	\$21.14
Office Park (300K SF)	\$58.73	534	\$16.97	\$66.26	594	\$18.50
SkiSnow Park	\$65.78	598	\$19.01	\$74.23	665	\$20.72
Movie Studio	\$103.00	937	\$29.77	\$116.22	1,041	\$32.45
Coaster/Family Park	\$106.00	964	\$30.64	\$119.61	1,072	\$33.40
The Wild Park Expansion	\$4.75	43	\$1.37	\$5.36	48	\$1.50
Outdoor Water Park	\$70.66	643	\$20.42	\$79.73	714	\$22.26
Retail Zone (750,000 SF)	\$206.20	1,876	\$59.60	\$232.68	2,085	\$64.96
Extended Stay Hotel	\$50.70	461	\$14.65	\$57.21	513	\$15.97
Other Full-Service Hotels	\$371.25	3,377	\$107.30	\$418.91	3,754	\$116.96
Restaurant PADS	\$109.20	993	\$31.56	\$123.22	1,104	\$34.40
<b>Total Construction Impact</b>	<b>\$2,261.87</b>	<b>19,443</b>	<b>\$587.13</b>	<b>\$2,571.78</b>	<b>22,029</b>	<b>\$652.29</b>

### 3.2 Operations Impacts

The operations impact results presented here are grouped into direct impacts and total impacts. Direct impacts include employees, payroll and sales within Dreamport Villages. Indirect and induced impacts include local vendor purchases by the hotels and attractions, off-site visitor spending and employee spending. The total impacts include both the direct impacts of the development and the indirect and induced impacts created by other local businesses and their employees.

Phase I of Dreamport Villages is projected to open with about 3,400 employees and \$95.0 million in annual personal income or payroll late 2019 or early 2020. Phase II is projected to reach full operational levels by 2026 with an estimated 4,530 employees and \$133.2 million in annual personal income. This includes both the attractions, hotels and other facilities operated

by Dreamport as well as retail and office tenants in the Retail Zone and Village Marketplace and the third party extended stay hotel.

Through their local vendor purchases, as well as employee spending, Dreamport Villages is anticipated to create an annual economic impact of \$516.6 million by 2026 from Phase I of their operations. The company is estimated to indirectly support 900 additional jobs and \$32.5 million in annual personal income at other local businesses in Casa Grande and Pinal County on an on-going basis.

The multiplier effect of the visitor attractions in Phase I on the region is projected to result in a total economic impact of \$4.73 billion over the next ten years, based on direct employment of 4,531 jobs by 2026 and annual personal income of \$133.2 million. Should the number of jobs or the amount of personal income increase or decrease, the economic impacts would change proportionally.

Phase II is projected to open with about 6,900 jobs and \$168.5 million in employee income in 2022, increasing to 10,600 jobs and \$283.9 million in personal income by 2028 when the restaurant PADs are built out. Through their local vendor purchases, as well as employee spending, Dreamport Villages is anticipated to create an annual economic impact of \$920.4 million by 2028 from Phase II of their operations, indirectly supporting an estimated 1,800 jobs and \$37.6 million in personal income at other businesses in Casa Grande and Pinal County.

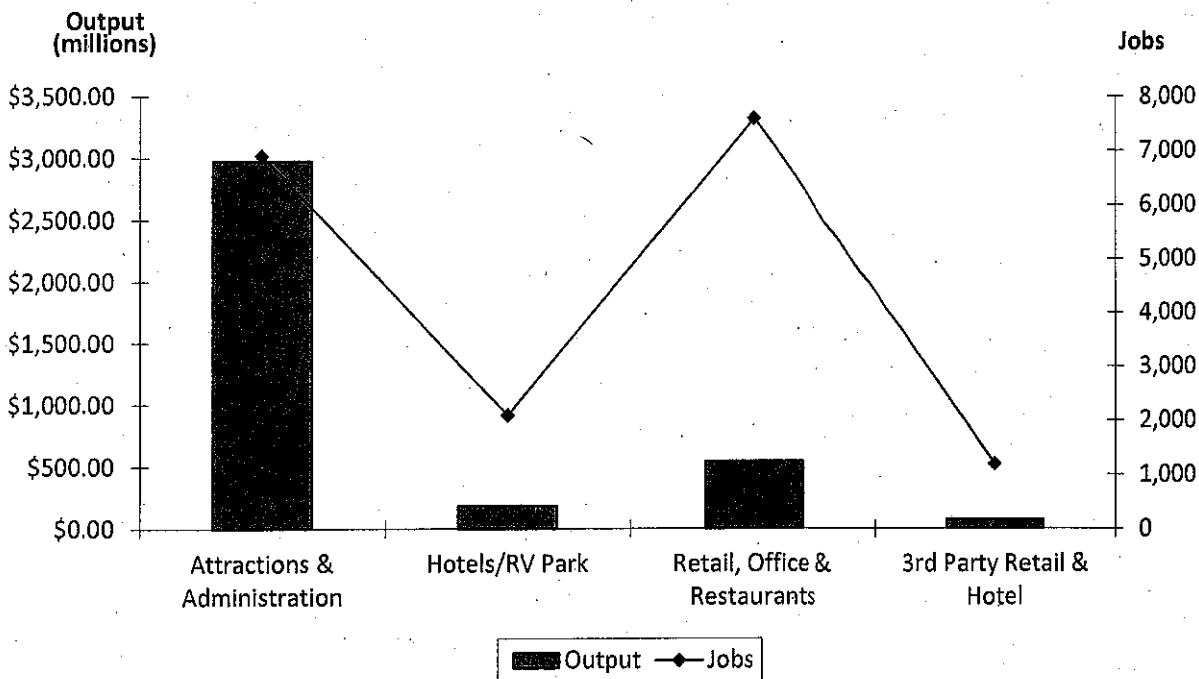
The indirect impacts described here are called multiplier effects. Multiplier effects are a way of representing the larger economic effects on the local economy. The multiplier effects translate an increase in output (loosely defined as wages plus supply costs plus profits) into a corresponding increase in jobs and personal income. In essence, the multiplier effect represents the recycling of local spending. This recycling process creates new business opportunities.

The new jobs generated directly and indirectly by Dreamport Villages are projected to support a total local population of approximately 29,000 people in Casa Grande at stabilized operational levels, and an estimated 11,000 additional people living elsewhere in Pinal County. This includes families of direct employees, as well as families of employees at supplier and consumer businesses supported through the multiplier effect. The supported population estimate assumes that about 60 percent of the employees will work and live in Casa Grande, and an additional 23 percent will live elsewhere in Pinal County.

### 3.2.1 Attractions and Administration

The largest share of the impact is from the visitors to the Dreamport Villages attractions including the Indoor Water Park, the Wild Park, the Extreme Motor Sports Park, the Adventure Zone and the Welcome Center in Phase I plus the Movie Studio, SnoSki Park, Wild Park expansion, Outdoor Waterpark, Coaster Park and Event Center in Phase II (Figure 3). In order to estimate the economic impacts of this commercial development, it is necessary to make assumptions about the amount of employment it could support, as well as average wages for those employees. Based on information provided by The Block Sports, the attractions and administration are anticipated to directly and indirectly support about 6,900 employees by 2028 and \$282.5 million in annual payroll. The attractions could create an annual economic impact of \$638.5 million at stabilized operational levels, based on the assumptions using in this analysis.

**FIGURE 3  
ANNUAL ECONOMIC IMPACTS FOR PHASE I AND II COMBINED**



### 3.2.2 Hotels and RV Park

Phase I is anticipated to include two hotels associated with the Water Park and the Wild Park totaling 600 rooms. There is also expected to be a 300-space RV park in Phase I. Phase II includes additional 300-room hotels associated with the Water Park and Wild Park, a 300-room hotel associated with the SnoSki Park, a 200-room extended stay hotel and three additional

300-room full service hotels for a total of 2,000 rooms. These facilities combined could employ an estimated 1,800 full-time equivalent workers with an annual payroll of \$47.7 million. The hotels and RV park are projected to reach stabilized operational levels by 2028, creating an annual economic impact of \$183.9 million. The development is also anticipated to include 600 timeshare condominium units, but these do not directly generate jobs or create on-going impacts.

### **3.2.3 Retail Zone Mixed Use and Restaurant PADs**

The Retail Zone in Phase I is anticipated to include 60,000 square feet of office space and 150,000 square feet of retail space. The office space could support about 210 jobs at 80 percent occupancy, while the retail space could support about 570 jobs at 95 percent occupancy. There is an additional 750,000 square feet of retail space planned for Phase II that could support about 2,900 jobs at 95 percent occupancy. The development pro-forma also includes 40 restaurant PAD sites (16 in Phase I and 24 in Phase II) that could employ a total of 960 people.

The operations of the businesses in the mixed-use Retail Zone, Phase II retail space and the 40 restaurants could create an annual economic impact of \$331.4 million and supporting about 5,800 direct and indirect jobs and \$101.0 million in annual payroll.

### **3.2.4 The Village Marketplace and Extended Stay Hotel**

The final component of the total impacts of the proposed development would be from a 200-room extended stay hotel and 250,000 square feet of retail space that are part of Phase I and that would be owned and operated by a third party. The retail and hotel are projected to directly employ an estimated 1,050 people by 2024. A 95 percent long term occupancy rate is assumed for the retail space. This third-party development could create an annual economic impact of \$72.4 million, directly and indirectly supporting 1,180 jobs.

Overall, the output multiplier for Dreamport Villages is 1.22. This means that for every \$1 million in sales at the establishments in Phases I and II combined, an additional \$220,000 in revenues is created for other businesses in Casa Grande and Pinal County. Additionally, for every one job in the development, an additional 0.18 jobs are supported at other local businesses, based on a jobs multiplier of 1.18. In general, multiplier effects tend to be somewhat lower for retail and entertainment uses than for manufacturing, due to the service-oriented nature of these businesses and the lower average wages. Details on annual economic impacts by component and by Phase are shown in Figures 4 and 5.

**FIGURE 4**  
**ECONOMIC IMPACTS OF DREAMPORT VILLAGES PHASE I**  
**(Millions of Dollars)**

	Direct			Indirect and Induced			Total		
	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income
<b>The Wild Park, Water Park, AESP, Adventure Zone, Welcome Center,</b>									
<b>Administration</b>	<b>\$2,049.61</b>	<b>1,595</b>	<b>\$594.31</b>	<b>\$434.52</b>	<b>498</b>	<b>\$198.97</b>	<b>\$2,484.13</b>	<b>2,093</b>	<b>\$793.27</b>
2020	\$129.80	888	\$37.64	\$27.18	270	\$11.70	\$156.98	1,159	\$49.34
2021	\$160.34	1,097	\$46.49	\$33.64	335	\$14.63	\$193.98	1,432	\$61.12
2022	\$182.74	1,251	\$52.99	\$37.92	377	\$16.04	\$220.66	1,627	\$69.03
2023	\$199.30	1,364	\$57.79	\$41.57	413	\$18.04	\$240.87	1,777	\$75.83
2024	\$219.28	1,501	\$63.58	\$46.03	457	\$20.56	\$265.30	1,958	\$84.14
2025	\$225.99	1,547	\$65.53	\$47.99	477	\$22.21	\$273.98	2,024	\$87.74
2026	\$233.04	1,595	\$67.57	\$50.05	498	\$23.95	\$283.09	2,093	\$91.52
2027	\$233.04	1,595	\$67.57	\$50.05	498	\$23.95	\$283.09	2,093	\$91.52
2028	\$233.04	1,595	\$67.57	\$50.05	498	\$23.95	\$283.09	2,093	\$91.52
2029	\$233.04	1,595	\$67.57	\$50.05	498	\$23.95	\$283.09	2,093	\$91.52
<b>Hotels (600 rooms), RV Park</b>									
2020	\$38.01	432	\$17.17	\$7.12	71	\$1.69	\$45.12	502	\$18.86
2021	\$40.59	461	\$18.33	\$7.58	75	\$1.80	\$48.17	536	\$20.14
2022	\$34.69	394	\$15.67	\$6.54	65	\$1.55	\$41.24	459	\$17.22
2023	\$35.41	402	\$15.99	\$6.69	66	\$1.59	\$42.10	468	\$17.58
2024	\$36.59	415	\$16.53	\$6.91	68	\$1.64	\$43.49	484	\$18.16
2025	\$38.50	437	\$17.39	\$7.25	72	\$1.72	\$45.74	509	\$19.11
2026	\$40.42	459	\$18.26	\$7.59	75	\$1.80	\$48.02	534	\$20.06
2027	\$40.42	459	\$18.26	\$7.59	75	\$1.80	\$48.02	534	\$20.06
2028	\$40.42	459	\$18.26	\$7.59	75	\$1.80	\$48.02	534	\$20.06
2029	\$40.42	459	\$18.26	\$7.59	75	\$1.80	\$48.02	534	\$20.06
<b>Retail Zone Mixed Use and Restaurant PADs</b>									
2020	\$910.31	1,423	\$310.44	\$195.37	204	\$40.49	\$1,105.68	1,627	\$350.93
2021	\$81.17	1,247	\$28.03	\$17.31	176	\$3.60	\$98.48	1,423	\$31.62
2022	\$88.76	1,333	\$30.39	\$19.02	194	\$3.95	\$107.78	1,528	\$34.34
2023	\$90.21	1,363	\$30.81	\$19.35	198	\$4.02	\$109.55	1,561	\$34.83
2024	\$91.65	1,393	\$31.24	\$19.68	201	\$4.08	\$111.32	1,594	\$35.32
2025	\$93.09	1,423	\$31.66	\$20.00	204	\$4.14	\$113.09	1,627	\$35.80
2026	\$93.09	1,423	\$31.66	\$20.00	204	\$4.14	\$113.09	1,627	\$35.80
2027	\$93.09	1,423	\$31.66	\$20.00	204	\$4.14	\$113.09	1,627	\$35.80
2028	\$93.09	1,423	\$31.66	\$20.00	204	\$4.14	\$113.09	1,627	\$35.80
2029	\$93.09	1,423	\$31.66	\$20.00	204	\$4.14	\$113.09	1,627	\$35.80
<b>The Village Marketplace &amp; Extended Stay Hotel</b>									
2020	\$556.46	1,054	\$149.41	\$120.88	127	\$24.03	\$677.33	1,181	\$173.44
2021	\$42.69	804	\$12.18	\$9.30	92	\$1.84	\$51.99	896	\$14.02
2022	\$48.58	904	\$13.60	\$10.60	104	\$2.10	\$59.17	1,008	\$15.69
2023	\$52.44	954	\$14.30	\$11.41	112	\$2.26	\$63.85	1,066	\$16.57
2024	\$55.78	1,004	\$15.01	\$12.12	119	\$2.41	\$67.90	1,123	\$17.42
2025	\$59.50	1,054	\$15.72	\$12.91	127	\$2.57	\$72.40	1,181	\$18.29
2026	\$59.50	1,054	\$15.72	\$12.91	127	\$2.57	\$72.40	1,181	\$18.29
2027	\$59.50	1,054	\$15.72	\$12.91	127	\$2.57	\$72.40	1,181	\$18.29
2028	\$59.50	1,054	\$15.72	\$12.91	127	\$2.57	\$72.40	1,181	\$18.29
2029	\$59.50	1,054	\$15.72	\$12.91	127	\$2.57	\$72.40	1,181	\$18.29
<b>10 Year Grand Total Phase I</b>	<b>\$3,901.85</b>	<b>4,531</b>	<b>\$1,228.28</b>	<b>\$823.24</b>	<b>904</b>	<b>\$280.69</b>	<b>\$4,725.09</b>	<b>5,436</b>	<b>\$1,508.97</b>

Source: Applied Economics, 2017.

**FIGURE 4**  
**ECONOMIC IMPACTS OF DREAMPORT VILLAGES PHASE II**  
**(Millions of Dollars)**

	Direct			Indirect and Induced			Total		
	Output	Jobs	Personal Income	Output	Jobs	Personal Income	Output	Jobs	Personal Income
<b>The Wild Park Expansion, SnoSki Park, Movie Studio, Outdoor Water Park, Coaster Park, Event Center, Administration</b>	<b>\$2,239.17</b>	<b>4,222</b>	<b>\$1,356.43</b>	<b>\$453.90</b>	<b>588</b>	<b>\$85.47</b>	<b>\$2,693.06</b>	<b>4,810</b>	<b>\$1,441.91</b>
2020	\$1.09	8	\$1.32	\$0.31	2	\$0.04	\$1.40	10	\$1.36
2021	\$1.09	8	\$1.32	\$0.31	2	\$0.04	\$1.40	10	\$1.36
2022	\$180.51	2,578	\$104.60	\$36.58	359	\$6.89	\$217.09	2,937	\$111.49
2023	\$283.10	4,044	\$171.00	\$57.36	563	\$10.81	\$340.46	4,607	\$181.80
2024	\$295.56	4,222	\$179.70	\$59.89	588	\$11.28	\$355.45	4,810	\$190.98
2025	\$295.56	4,222	\$179.70	\$59.89	588	\$11.28	\$355.45	4,810	\$190.98
2026	\$295.56	4,222	\$179.70	\$59.89	588	\$11.28	\$355.45	4,810	\$190.98
2027	\$295.56	4,222	\$179.70	\$59.89	588	\$11.28	\$355.45	4,810	\$190.98
2028	\$295.56	4,222	\$179.70	\$59.89	588	\$11.28	\$355.45	4,810	\$190.98
2029	\$295.56	4,222	\$179.70	\$59.89	588	\$11.28	\$355.45	4,810	\$190.98
<b>Hotels (2000 Rooms)</b>	<b>\$732.66</b>	<b>1,355</b>	<b>\$166.56</b>	<b>\$131.42</b>	<b>206</b>	<b>\$31.79</b>	<b>\$864.09</b>	<b>1,561</b>	<b>\$198.35</b>
2020	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00
2021	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00
2022	\$35.28	207	\$4.51	\$6.33	63	\$1.53	\$41.61	270	\$6.04
2023	\$54.17	430	\$9.37	\$9.72	97	\$2.35	\$63.89	527	\$11.72
2024	\$89.91	676	\$14.71	\$16.13	161	\$3.90	\$106.04	836	\$18.61
2025	\$100.22	979	\$21.30	\$17.98	179	\$4.35	\$118.19	1,158	\$25.65
2026	\$109.31	1,314	\$28.58	\$19.61	195	\$4.74	\$128.91	1,509	\$33.32
2027	\$113.33	1,339	\$29.14	\$20.33	202	\$4.92	\$133.66	1,541	\$34.05
2028	\$115.22	1,355	\$29.48	\$20.67	206	\$5.00	\$135.89	1,561	\$34.48
2029	\$115.22	1,355	\$29.48	\$20.67	206	\$5.00	\$135.89	1,561	\$34.48
<b>Retail Zone and Restaurant PADs</b>	<b>\$1,397.18</b>	<b>3,812</b>	<b>\$447.10</b>	<b>\$307.81</b>	<b>380</b>	<b>\$58.89</b>	<b>\$1,704.99</b>	<b>4,192</b>	<b>\$505.99</b>
2020	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00
2021	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00
2022	\$151.02	3,172	\$46.16	\$33.96	331	\$6.45	\$184.98	3,503	\$52.61
2023	\$172.02	3,652	\$54.81	\$37.97	368	\$7.26	\$210.00	4,020	\$62.07
2024	\$179.02	3,812	\$57.69	\$39.31	380	\$7.53	\$218.34	4,192	\$65.22
2025	\$179.02	3,812	\$57.69	\$39.31	380	\$7.53	\$218.34	4,192	\$65.22
2026	\$179.02	3,812	\$57.69	\$39.31	380	\$7.53	\$218.34	4,192	\$65.22
2027	\$179.02	3,812	\$57.69	\$39.31	380	\$7.53	\$218.34	4,192	\$65.22
2028	\$179.02	3,812	\$57.69	\$39.31	380	\$7.53	\$218.34	4,192	\$65.22
2029	\$179.02	3,812	\$57.69	\$39.31	380	\$7.53	\$218.34	4,192	\$65.22
<b>Office Tech Park</b>	<b>\$1,226.48</b>	<b>1,200</b>	<b>\$127.49</b>	<b>\$353.98</b>	<b>579</b>	<b>\$103.53</b>	<b>\$1,580.46</b>	<b>1,779</b>	<b>\$231.02</b>
2020	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00
2021	\$0.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	0	\$0.00
2022	\$127.19	933	\$13.22	\$36.71	450	\$10.74	\$163.90	1,384	\$23.96
2023	\$136.28	1,000	\$14.17	\$39.33	482	\$11.50	\$175.61	1,482	\$25.67
2024	\$145.36	1,067	\$15.11	\$41.95	515	\$12.27	\$187.31	1,581	\$27.38
2025	\$163.53	1,200	\$17.00	\$47.20	579	\$13.80	\$210.73	1,779	\$30.80
2026	\$163.53	1,200	\$17.00	\$47.20	579	\$13.80	\$210.73	1,779	\$30.80
2027	\$163.53	1,200	\$17.00	\$47.20	579	\$13.80	\$210.73	1,779	\$30.80
2028	\$163.53	1,200	\$17.00	\$47.20	579	\$13.80	\$210.73	1,779	\$30.80
2029	\$163.53	1,200	\$17.00	\$47.20	579	\$13.80	\$210.73	1,779	\$30.80
<b>10 Year Grand Total Phase II</b>	<b>\$5,595.50</b>	<b>10,589</b>	<b>\$2,097.59</b>	<b>\$1,247.11</b>	<b>1,752</b>	<b>\$279.68</b>	<b>\$6,842.61</b>	<b>12,341</b>	<b>\$2,377.27</b>

Source: Applied Economics, 2017.

## **4.0 REVENUE IMPACTS**

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In addition to supporting jobs and output at related businesses in the region through multiplier effects, visitors to Dreamport Villages will also generate significant local tax revenues. All total, the development could create an average annual impact of approximately \$44.9 million in local taxes, including both direct and employee revenues, for a total of \$897.5 million over 20 years, before incentives. These revenue impacts are in addition to the other economic impacts created by Dreamport Villages. Note that the level of taxable sales used to estimate these revenue impacts is based on a feasibility study prepared for The Block Sports by Strategic Element, Inc. If the development plans or timing changes, or if the anticipated level of visitors is not achieved, the level of sales tax generated to the city would be less, as would the reimbursement.

The revenue impacts shown here are for a 20 year period from 2019 to 2038, which is the term of the reimbursement agreement. They include direct revenues from Dreamport Villages, which form the basis for a sales tax reimbursement, estimated revenues from off-site hotel spending by visitors and revenues generated by employees. All total, Dreamport Villages and its employees could generate \$897.5 million in tax revenues to the City of Casa Grande over the next 20 years.

### **4.1 Direct Tax Revenues**

The attractions at Dreamport Villages would generate revenues on ticket sales, merchandise sales, food and beverages and hotel room sales. Ticket sales, food and beverages and hotel room sales and resort fees are taxed at a rate of 1.8 percent in Casa Grande, and merchandise sales are taxed at 2 percent. There is an additional 2 percent lodging tax on hotel room revenues and resort fees. The tenants in the Retail Zones and Village Marketplace would also generate taxable retail sales, plus the leases on both the retail and office space are taxable. Sales and lodging tax revenues to the city from Phases I and II combined are estimated at \$785.3 million over 20 years (Figure 5). In addition, there would be construction sales tax generated in 2018-2023 which is estimated at \$53.5 million using a tax rate of 4 percent. This development would also generate property tax revenues to the city, but it is not possible to accurately estimate the assessed value given the unique nature of the project components and the level of information available at this time.



**FIGURE 5  
DIRECT TAX REVENUES TO CITY OF CASA GRANDE FROM DREAMPORT VILLAGES  
BEFORE INCENTIVES AND REIMBURSEMENTS**

	Construction Sales	Retail Sales	Transient Lodging	Total
<b>Total</b>	<b>\$53,465,393</b>	<b>\$684,038,917</b>	<b>\$101,308,891</b>	<b>\$838,813,201</b>
2019	\$17,053,546	\$0	\$0	\$17,053,546
2020	\$15,020,598	\$8,003,608	\$1,165,004	\$24,189,210
2021	\$15,020,598	\$9,912,330	\$1,267,058	\$26,199,986
2022	\$3,185,325	\$23,249,095	\$3,012,007	\$29,446,427
2023	\$3,185,325	\$28,705,131	\$3,977,267	\$35,867,723
2024	\$0	\$33,421,578	\$5,177,415	\$38,598,993
2025	\$0	\$35,340,086	\$5,360,492	\$40,700,579
2026	\$0	\$37,389,552	\$5,621,027	\$43,010,579
2027	\$0	\$37,509,383	\$5,622,269	\$43,131,652
2028	\$0	\$37,632,808	\$5,623,549	\$43,256,357
2029	\$0	\$37,759,936	\$5,624,868	\$43,384,803
2030	\$0	\$38,892,734	\$5,793,614	\$44,686,347
2031	\$0	\$40,059,516	\$5,967,422	\$46,026,938
2032	\$0	\$41,261,301	\$6,146,445	\$47,407,746
2033	\$0	\$42,499,140	\$6,330,838	\$48,829,978
2034	\$0	\$43,774,115	\$6,520,763	\$50,294,878
2035	\$0	\$45,087,338	\$6,716,386	\$51,803,724
2036	\$0	\$46,439,958	\$6,917,878	\$53,357,836
2037	\$0	\$47,833,157	\$7,125,414	\$54,958,571
2038	\$0	\$49,268,152	\$7,339,176	\$56,607,328

**4.2 Off-Site Hotel Spending**

In addition to the hotels, RV Park and timeshare condos that are part of Dreamport Villages, it is anticipated that there could be a small amount of additional hotel expenditures at other hotel properties in the city, particularly during Phase I. As the additional hotel rooms are added in Phase II, this off-site hotel spending will significantly diminish. Based on initial estimates provided by The Block Sports, with adjustments for reduced off-site demand in later years, sales and lodging taxes from these off-site hotel expenditures are estimated at \$1.8 million over 20 years (Figure 6).

**FIGURE 6  
TAX REVENUES TO CITY OF CASA GRANDE  
FROM OFF-SITE HOTEL SPENDING**

	Sales	Transient Lodging	Total
<b>Total</b>	<b>\$871,819</b>	<b>\$968,688</b>	<b>\$1,840,507</b>
2019	\$0	\$0	\$0
2020	\$80,190	\$89,100	\$169,290
2021	\$104,247	\$115,830	\$220,077
2022	\$125,096	\$138,996	\$264,092
2023	\$131,351	\$145,946	\$277,297
2024	\$105,081	\$116,757	\$221,838
2025	\$78,811	\$87,567	\$166,378
2026	\$52,540	\$58,378	\$110,919
2027	\$26,270	\$29,189	\$55,459
2028	\$13,135	\$14,595	\$27,730
2029	\$13,529	\$15,032	\$28,562
2030	\$13,935	\$15,483	\$29,418
2031	\$14,353	\$15,948	\$30,301
2032	\$14,784	\$16,426	\$31,210
2033	\$15,227	\$16,919	\$32,146
2034	\$15,684	\$17,427	\$33,111
2035	\$16,155	\$17,949	\$34,104
2036	\$16,639	\$18,488	\$35,127
2037	\$17,138	\$19,043	\$36,181
2038	\$17,653	\$19,614	\$37,266

#### **4.3 Employee Tax Revenues**

In addition to taxes generated by visitors, the employees at businesses within the development and those that are supported by the additional economic activity also generate tax revenues. Direct and indirect employees pay sales taxes on a portion of their local purchases and property taxes on their residences. Using the results from the economic impact analysis, it is possible to estimate employee-based tax impacts. Local sales and property taxes to the City of Casa Grande generated by employees in Phases I and II combined are estimated at \$56.9 million over twenty years (Figure 7). Note that these revenues estimates only include the estimated 60 percent of employees that would live in the City of Casa Grande.

**FIGURE 7  
EMPLOYEE REVENUE IMPACT TO CITY OF CASA GRANDE  
FROM DIRECT AND INDIRECT EMPLOYEES**

	Property	Sales	Total
<b>Total</b>	<b>\$25,889,616</b>	<b>\$30,961,897</b>	<b>\$56,851,513</b>
2019	\$0	\$0	\$0
2020	\$342,125	\$431,301	\$773,425
2021	\$387,136	\$496,594	\$883,730
2022	\$1,098,430	\$1,241,906	\$2,340,336
2023	\$1,337,761	\$1,599,995	\$2,937,755
2024	\$1,429,576	\$1,716,736	\$3,146,312
2025	\$1,481,870	\$1,772,911	\$3,254,780
2026	\$1,520,066	\$1,819,386	\$3,339,452
2027	\$1,522,870	\$1,822,118	\$3,344,988
2028	\$1,524,526	\$1,823,723	\$3,348,249
2029	\$1,524,526	\$1,823,723	\$3,348,249
2030	\$1,524,526	\$1,823,723	\$3,348,249
2031	\$1,524,526	\$1,823,723	\$3,348,249
2032	\$1,524,526	\$1,823,723	\$3,348,249
2033	\$1,524,526	\$1,823,723	\$3,348,249
2034	\$1,524,526	\$1,823,723	\$3,348,249
2035	\$1,524,526	\$1,823,723	\$3,348,249
2036	\$1,524,526	\$1,823,723	\$3,348,249
2037	\$1,524,526	\$1,823,723	\$3,348,249
2038	\$1,524,526	\$1,823,723	\$3,348,249

#### 4.4 Sales Tax Reimbursement

The development agreement includes provisions for a sales tax reimbursement equal to 27.5 percent of sales tax revenues from construction materials and 49 percent of unrestricted retail sales tax revenues generated within Dreamport Villages for 20 years after the completion of the minimum improvements. The minimum improvements include the 100,000 square foot indoor water park, 40,000 square feet of meeting, restaurant and entertainment space and a 300-room hotel. The City would agree to reimburse the developer for actual cost of designing and constructing public infrastructure improvements, primarily associated with Resort Parkway, up to a maximum of \$124.0 million.

Figure 8 summarizes the value of sales tax reimbursements to the developer under the terms of the development agreement. Based on the projected sales levels provided by the developer, the maximum reimbursement could be reached in 2028. However, if visitor and sales levels fall short of projections, the timeline for the reimbursement would be longer, potentially up to 20 years, or the maximum may not be reached during that time period.

**FIGURE 8  
SUMMARY OF SALES TAX REIMBURSEMENTS**

	Construction Sales	Retail Sales	Cumulative Total
<b>Total</b>	<b>\$14,702,983</b>	<b>\$109,297,017</b>	<b>\$124,000,000</b>
2019	\$0	\$0	\$0
2020	\$8,820,390	\$3,789,979	\$12,610,369
2021	\$4,130,664	\$4,704,386	\$21,445,419
2022	\$875,964	\$11,116,185	\$33,437,569
2023	\$875,964	\$13,753,325	\$48,066,859
2024	\$0	\$16,033,389	\$64,100,248
2025	\$0	\$16,959,760	\$81,060,008
2026	\$0	\$17,949,268	\$99,009,277
2027	\$0	\$18,007,925	\$117,017,202
2028	\$0	\$6,982,798	\$124,000,000
2029	\$0	\$0	\$0
2030	\$0	\$0	\$0
2031	\$0	\$0	\$0
2032	\$0	\$0	\$0
2033	\$0	\$0	\$0
2034	\$0	\$0	\$0
2035	\$0	\$0	\$0
2036	\$0	\$0	\$0
2037	\$0	\$0	\$0
2038	\$0	\$0	\$0

Per A.R.S. 9-500.11, it is required that any proposed tax incentive is anticipated to raise more revenues than the amount of the incentive within the duration of the agreement. We have reviewed all relevant assumptions regarding projected taxable activities for this property and prepared an analysis of the future revenue stream to the city over the next 20 years. Based on our review, we believe that the project would generate a greater flow of sales tax revenues than the total amount of the reimbursement paid during that period based on the development assumptions presented here since the reimbursement is for less than 50 percent of the unrestricted portion of city sales taxes. *Net direct sales and lodging tax revenues to the city are estimated at \$714.8 million after the \$124 million maximum reimbursement.*

The second component of A.R.S. 9-500.11 requires that this development would not have occurred in the same time, place or manner in the absence of a tax incentive. Based on our knowledge of current and projected development in the area, and conversations with the developer, it is clear that this type of development would not have occurred in the same place or manner without the incentive. The cost of transportation improvements to connect this

parcel to the existing local street network is substantial and, while the site is well-located relative to interstates and airports, the city's participation in extending the street network is a key factor in the feasibility of the selected site.

A.R.S. 42-6010 limits the amount of the sales tax reimbursement to the cost of public infrastructure improvements and applies to cities and towns within metropolitan areas having a population of 2 million or more. Based on the terms of the development agreement, the reimbursement could only be applied to the cost of specified public improvement projects. These public infrastructure projects would be designed and constructed by the developer and then dedicated to, accepted and controlled by the city for on-going maintenance.

Based on this analysis, the sales tax reimbursement outlined in the development agreement meets the statutory requirements specified in A.R.S. 9.500.11 and A.R.S. 42-6010.

#### **4.5 Summary**

The proposed Dreamport Villages development could dramatically change the landscape and economy of the City of Casa Grande. Although the city is located within the Phoenix metro area, it is not currently a primary tourism destination. The scale of the proposed development will attract large numbers of visitors to this and other attractions in the region, and create significant economic benefits to local businesses that support the hospitality industry. It will also create demand for additional retail, restaurant and hotel development in Casa Grande and the surrounding area. Visitors to Dreamport Villages would directly and indirectly generate substantial new local sales and lodging tax revenues through their spending that would benefit the community as a whole.