



**REGULAR MEETING
ECONOMIC DEVELOPMENT COMMITTEE
Wednesday, October 9
7:00 PM
Burr Ridge Village Hall – Board Room**

The mission of the Economic Development Committee (EDC) is to grow a stronger business climate by being an active partner with businesses, investors, and residents. The EDC shall strengthen economic development in the Village by developing business retention, expansion, and attraction programs; the creation and implementation of economic development plans and policies; being business ambassadors to the community; coordinating with other governments on projects; and submitting an annual Economic Development Position Report to the Village Board at the beginning of the fiscal year.

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF MINUTES OF AUGUST 7, 2019 MEETING**
- 4. UPDATE ON SPORTS FEASIBILITY STUDY STATUS**
- 5. CONSIDERATION OF ECONOMIC DEVELOPMENT EVENTS**
- 6. CONSIDERATION OF BUSINESS LICENSE PROGRAM REGULATIONS**
- 7. CONSIDERATION AND APPROVAL OF RECOMMENDED RECREATIONAL CANNABIS REGULATIONS**
- 8. OTHER CONSIDERATIONS**
- 9. PUBLIC COMMENT**
- 10. ADJOURNMENT**

MINUTES
ECONOMIC DEVELOPMENT COMMITTEE MEETING
August 7, 2019

CALL TO ORDER: Chairperson Gary Grasso called the meeting to order at 7:00 p.m.

ROLL CALL: **Present:** Mayor Gary Grasso, Trustee Tony Schiappa, Bhagwan Sharma, Leslie Bowman, Sam Odeh, Michael Simmons, Mark Stangle, Paul Stettin

Absent: Kirsten Jepsen, Debbie Hamilton

Also Present: Assistant Village Administrator Evan Walter
Communications and Public Relations Coordinator Janet Kowal;
Management Analyst Andrez Beltran

MINUTES: A **MOTION** was made by Mr. Schiappa to approve the Minutes from the April 3, 2019 meeting. The **MOTION** was seconded by Mr. Stangle and approved by a vote of 8-0.

INTRODUCTION OF COMMITTEE MEMBERS

Mayor Grasso introduced himself and asked the Committee members to introduce themselves as the Committee has had a change in membership with many new members since last meeting. Trustee Tony Schiappa, Bhagwan Sharma, Leslie Bowman, Sam Odeh, Michael Simmons, Mark Stangle, Paul Stettin all spoke on their backgrounds in the Village of Burr Ridge and as business owners. Staff members Janet Kowal, Evan Walter, and Andrez Beltran also introduced themselves as the primary staff liaisons to the Committee. Mayor Grasso thanked everyone for attending and stated he looked forward to working with all of them.

REVIEW OF COMMITTEE SCHEDULE, PROCEDURES, FOIA, AND OMA

Mayor Grasso reviewed the meeting dates and times for the Committee. The Economic Development Committee had been previously scheduled at 9:00 am in the morning on the first Wednesday of the month in the Village Hall conference room. Mayor Grasso stated he thought a 7:00 pm meeting was better for the business owners to meet. However, he stated he was open to input from the Committee members. Mr. Sharma said that it may also be prudent to consider alternate days of the week to meet.

Mayor Grasso asked Mr. Walter to go over the Committee procedures as well as FOIA and OMA. Mr. Walter spoke on how the Committee will receive agendas and packets, as well as giving an overview of the Freedom of Information Act (FOIA) and the Open Meeting Act (OMA) and how they pertain to the business of the Committee.

CONSIDERATION OF CONTINUATION AND SCHEDULING OF ANNUAL BUSINESS BREAKFAST AND BIENNIAL REALTOR LUNCHEON

Mayor Grasso asked Mr. Walter to speak on what was done previously for the Business Breakfast and Realtor Luncheon. Mr. Walter explained it was a reception at a local hotel that offered light refreshments with the primary segment being a presentation by the Economic Development Committee Chairman.

Mayor Grasso stated that he would like to hear from the Committee about whether to continue to host the events, and if so, the formats. The Committee discussed the benefits and drawbacks of the

events, as they were held, but were unanimously in favor of continuing to hold them. Mayor Grasso asked for ideas on improving the events. The Committee discussed having the events elsewhere, such as the Village Center, and changing the format, such as a tour.

After more discussion, Mayor Grasso determined that the two events should be held this coming fall, and was going to direct three committee members to work with staff for each event. The realtor event would be a walking tour of the Village Center, and the business event would be a social held at Design Bar, as offered by Ms. Bowman. Mayor Grasso directed staff to start working on the events immediately.

UPDATE REGARDING SPORTS FACILITY FEASIBILITY STUDY

Mayor Grasso asked Mr. Walter to update the Committee on the status of the sports feasibility study. He stated in late May staff received the first result of SFA's analysis, which has since been reviewed and comments returned with the goal of further strengthening the facility's financial attractiveness to private investors. He continued that staff will continue to provide updates to the EDC as they become available. Mayor Grasso emphasized that focusing on private investment would be key to whether the project went forward.

CONSIDERATION OF PROPOSED BUSINESS LICENSE REGULATIONS

Mayor Grasso stated that in addition to adding a business license to help gather accurate data for the Village, he wanted to discuss types of businesses to be registered. Currently, contractors like lawn care do not need to register to the Village. In addition, marijuana will be legal for recreational use in Illinois on January 1, 2020. He wanted to hear the opinions of the Committee on both issues.

The Committee discussed the opportunities and challenges for regulating contractors. Staff was asked if registering contractors was common in Villages; Mr. Walter stated it was. The Committee discussed registering Home Occupations; staff stated that as currently written they were exempt. The Committee members agreed further discussion on registering contractors was needed.

OTHER CONSIDERATIONS

The Committee briefly discussed the recently-legalized recreational cannabis bill from the State, and stated their concerns and challenges with maintaining a Burr Ridge standard. The Committee acknowledged the potential revenue from sales, especially with nearby municipalities opting out. Mayor Grasso stated that he had asked the Village Board to begin considering the issue as well, but wanted to bring it to the Economic Development Committee as it was an economic development issue. He stated he would continue to listen to their opinions going forward as well. The Committee requested that a formal report on the matter be placed on their next available agenda.

PUBLIC COMMENT

There were no public comments.

ADJOURNMENT

Mayor Grasso asked for a MOTION to adjourn. Mr. Schiappa made the MOTION; Mr. Stangle seconded. With no objections, the meeting was adjourned at 8:40 p.m.

Respectfully submitted:

Andrez Beltran, Management Analyst

BURR RIDGE INDOOR SPORTS TOURISM FACILITY | BURR RIDGE, IL

Five-Year Operating Pro Forma

SEPTEMBER 2019



PREPARED FOR:

Village of Burr Ridge



Facility Program

Indoor Athletic Facility

Space	Indoor Programming Product/Service	Count	Dimensions L (') W (')		Approx. SF each	Total SF	% of Footprint
Courts	Court Area	1	-	-	66,560	66,560	46.4%
	Basketball Courts (actual courts 84' x 50')	8	84	50	Over Basketball Courts		0.0%
	Volleyball Courts	16	60	30	Over Basketball Courts		0.0%
	Total Court Sq. Ft.					66,560	46.4%
FEC	Play Climb/Ninja Warrior/Ropes Course	1	-	-	1,000	1,000	0.7%
	Arcade Area (50 Games)	1	-	-	2,550	2,550	1.8%
	Arcade Redemption Store	1	-	-	450	450	0.3%
	Laser Tag (24 Vests, 2 Levels)	1	-	-	3,500	3,500	2.4%
	VR Stations	1	-	-	400	400	0.3%
	E-Sports Terminal (20 Stations)	1	-	-	350	350	0.2%
	Total FEC/Adventure Sq. Ft.					8,250	5.8%
Flex Space	Lobby/Welcome Area	1	50	50	2,500	2,500	1.7%
	Control Room	1	15	10	150	150	0.1%
	Ticket Office	1	10	10	100	100	0.1%
	Manager's Office	4	15	10	150	600	0.4%
	Office Area	1	40	40	1,600	1,600	1.1%
	Catering Kitchen	1	40	30	1,200	1,200	0.8%
	Concession Seating Area	1	50	50	2,500	2,500	1.7%
	Secondary Concessions Area	2	30	20	600	1,200	0.8%
	Meeting Space	0	-	-	15,000	0	0.0%
	Flex/Team Rooms	3	60	25	1,500	4,500	3.1%
	Ref Rooms	2	15	10	150	300	0.2%
	Training Room	1	15	10	150	150	0.1%
	Restrooms	4	35	25	875	3,500	2.4%
	Leased Space - Basketball Museum	1	-	-	20,000	20,000	13.9%
	Total Flex Space Sq. Ft.					43,900	30.6%
	Required SF for Products and Services					118,710	82.8%
	Mechanical, Electrical, Storage, etc.				10% of P&S SF	9,871	6.9%
	Common Area, Stairs, Circulation, etc.				15% of P&S SF	14,807	10.3%
	Total Estimated Indoor Athletic Facility SF					143,388	100%
	Estimated Building Footprint					129,049	
	Total Building Acreage					3.0	

Outdoor Adventure Facilities

Space	Programming Product/Service	Count	Dimensions L (') W (')		Approx. SF each	Total SF	% of Footprint
Outdoor Adventure	Passive Park	0	-	-	100,000	0	#DIV/0!
	Dog Park	0	-	-	50,000	0	#DIV/0!
	Walking Path w/ Fitness Zones	0	-	-	Within Greenspace		#DIV/0!
	Total Outdoor Adventure Sq. Ft.					0	#DIV/0!
	Total Estimated Outdoor Adventure SF					0	#DIV/0!
	Total Outdoor Adventure Acreage					0.0	

Site Development

		Quantity	Dimensions L (') W (')		Approx. SF each	Total SF	% of Total
Parking Spaces Total	Parking Structure (20' x 20' Inc. aisles)	574	20	20	400	57,355	55.2%
	Setbacks, Green Space, etc.				25% of SF	46,601	44.8%
	Total Estimated Site Development SF					103,956	100%
Total Site Development Acreage					2.4		
Total Complex Acreage					5.3		

Capital Costs and Start-up Expenses - Indoor Facility

Details		Quantity	Unit	Cost/Unit	Budgeted Cost	% of Total
Building & Land Cost						
Real Estate Acquisition		5.35	Acre	\$500,000	\$2,674,526	6.0%
Land Cost Total					\$2,674,526	6.0%
Hard Costs						
Hard Structure Cost	Warm Shell (includes LED lighting solution)	143,388	SF	\$110	\$15,772,625	35.5%
Site Development	Paving, Grading, Utilities, Landscaping, Improvement	5.35	Acre	\$200,000	\$1,069,810	2.4%
Parking Structure	Allocation for Indoor Facility	574	Ea.	\$20,000	\$11,471,000	25.8%
Dog Park		0	LS	\$25,000	\$0	0.0%
Contingency				10.00%	\$2,831,344	6.4%
Hard Cost Total					\$31,144,779	70.1%
Field and Sport Equipment Cost						
Court Area						
Hardwood Flooring		66,560	SF	\$12.00	\$798,720	1.8%
Basketball Net & Stanchion System	Mechanical Roll-Down System	16	Ea.	\$10,000	\$160,000	0.4%
Volleyball Net System	Electronic System (Nets, Poles, Padding, Etc.)	16	Ea.	\$15,000	\$240,000	0.5%
Modular Stage		1	Ea.	\$85,000	\$85,000	0.2%
Scoreboards	With Controllers	16	Ea.	\$10,000	\$160,000	0.4%
Court Seats (Participants)		368	Ea.	\$125	\$46,000	0.1%
Bleachers (Spectators)	Tip and Roll	32	Ea.	\$3,000	\$96,000	0.2%
Curtains (Court)	Mechanical Roll-Down System	8	Ea.	\$35,000	\$280,000	0.6%
Event Floor Covering		66,560	SF	\$2	\$133,120	0.3%
Athletic Equipment	Sports Equipment (Cones, Balls, Etc.)	1	LS	\$25,000	\$25,000	0.1%
FEC						
Play Climb/Ninja Warrior	Area Build Out & Equipment	1	LS	\$300,000	\$300,000	0.7%
Laser Tag	Area Build Out & Equipment	1	LS	\$400,000	\$400,000	0.9%
Redemption Arcade Area	Area Build Out & Equipment (Includes Redemption Store)	1	LS	\$500,000	\$500,000	1.1%
VR Stations	Area Build Out & Equipment	1	LS	\$100,000	\$100,000	0.2%
E-Sports Terminal	Area Build Out & Equipment	1	LS	\$145,000	\$145,000	0.3%
POS - Play Card Systems		1	LS	\$70,000	\$70,000	0.2%
Shipping				5.00%	\$166,192	0.4%
Contingency				10.00%	\$370,503	0.8%
Field and Sport Equipment Cost Total					\$4,075,535	9.2%
Furniture, Fixtures and Equipment Cost						
FOOD & BEVERAGE						
Equipment - Secondary Concessions		2	Ea.	\$50,000	\$100,000	0.2%
Equipment - Kitchen		1	Ea.	\$350,000	\$350,000	0.8%
Finish Out		1	LS	\$100,000	\$100,000	0.2%
FURNISHINGS						
Furnishings		43,900	SF	\$3.00	\$131,700	0.3%
Hardware	IT systems, Computers, Etc.	143,388	SF	\$0.50	\$71,694	0.2%
Software		1	LS	\$40,000	\$40,000	0.1%
MISCELLANEOUS						
Marquee Signage	Exterior	1	LS	\$75,000	\$75,000	0.2%
Graphics Package		143,388	SF	\$1.00	\$143,388	0.3%
Audio/Video/Power		1	LS	\$500,000	\$500,000	1.1%
Maintenance Equipment		143,388	SF	\$1	\$143,388	0.3%
Shipping				5.00%	\$82,758	0.2%
Contingency				10.00%	\$173,793	0.4%
Furniture, Fixtures and Equipment Cost Total					\$1,911,720	4.3%
Soft Costs Construction						
Design-Build Fee	% of Structure and Site work			10.0%	\$3,114,478	7.0%
Finance Support Services and Issuance				2.5%	\$928,301	2.1%
Impact Fees					\$0	0.0%
Performance Bond				0.00%	\$0	0.0%
Permits/Inspections	% of Structure and Site work			0.50%	\$155,724	0.4%
Contingency				10.00%	\$419,850	0.9%
Soft Cost Total					\$4,618,353	10.4%
Total Construction Costs - Indoor Athletic Facility					\$44,424,913	100.0%
Cost Per Square Foot					\$309.82	

Capital Costs and Start-up Expenses - Soft Costs Operations

	Details	Cost/Unit	Budgeted Cost	% of Total
Soft Costs Operations				
Pre-Launch Professional Services	Legal, Accounting, Bank, Consulting		\$100,000	6.6%
Permits and Extensions			\$30,000	2.0%
Presentation Materials	Renderings, Etc.		\$20,000	1.3%
Interest on Construction Loan	100% Equity		\$0	0.0%
Marketing Allowance	Pre-Opening Marketing Budget		\$75,000	5.0%
Opening Support Services	Professional Management Support for Pre-Opening Operations Development		\$330,000	21.8%
Management Deposit			\$111,000	7.3%
Consultant Travel			\$13,500	0.9%
FF&E Procurement Services	Construction Management		TBD	0.0%
Tournament and Event Business Development			\$90,000	6.0%
Pre-Funded Operational Account			\$321,956	21.3%
Pre-Opening Staff Budget	Staffing Cost Pre-Grand Opening		\$275,043	18.2%
Pre-Opening Staff Recruitment			\$8,251	0.5%
Working Capital Reserve			TBD	0.0%
Contingency		10.00%	\$137,475	9.1%
Total Construction Costs - Soft Cost Operations			\$1,512,226	100.0%

Capital Costs and Start-up Expenses

SOURCES OF FUNDS		
Equity Contribution	0%	\$0
Bond Financing	100%	\$45,937,138
Total Sources of Funds		\$45,937,138

USES OF FUNDS	
Land Cost	\$2,674,526
Hard Cost	\$31,144,779
Field and Sport Equipment Cost	\$4,075,535
Furniture, Fixtures, and Equipment	\$1,911,720
Soft Costs Construction	\$4,618,353
Soft Costs Operations	\$1,512,226
Working Capital Reserve	TBD
Total Uses of Funds	\$45,937,138



IAF Loan Calculator - Debt

Enter Values				Loan Summary			
Loan Amount		\$45,937,138		Scheduled Payment		\$219,311	
Annual Interest Rate		4.00%		Scheduled Number of Payments		360	
Loan Period in Years		30.0		Actual Number of Payments		365	
Number of Payments Per Year		12		Total Early Payments		\$0	
Start Date of Loan		1/1/20		Total Interest		\$33,014,795	
Optional Extra Payments							

Payment #	Payment Date	Beg. Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	2/1/20	\$45,937,138	\$219,311	\$0	\$219,311	\$66,187	\$153,124	\$45,870,951
2	3/1/20	\$45,870,951	\$219,311	\$0	\$219,311	\$66,408	\$152,903	\$45,804,543
3	4/1/20	\$45,804,543	\$219,311	\$0	\$219,311	\$66,629	\$152,682	\$45,737,914
4	5/1/20	\$45,737,914	\$219,311	\$0	\$219,311	\$66,851	\$152,460	\$45,671,063
5	6/1/20	\$45,671,063	\$219,311	\$0	\$219,311	\$67,074	\$152,237	\$45,603,989
6	7/1/20	\$45,603,989	\$219,311	\$0	\$219,311	\$67,298	\$152,013	\$45,536,691
7	8/1/20	\$45,536,691	\$219,311	\$0	\$219,311	\$67,522	\$151,789	\$45,469,170
8	9/1/20	\$45,469,170	\$219,311	\$0	\$219,311	\$67,747	\$151,564	\$45,401,423
9	10/1/20	\$45,401,423	\$219,311	\$0	\$219,311	\$67,973	\$151,338	\$45,333,450
10	11/1/20	\$45,333,450	\$219,311	\$0	\$219,311	\$68,199	\$151,111	\$45,265,250
11	12/1/20	\$45,265,250	\$219,311	\$0	\$219,311	\$68,427	\$150,884	\$45,196,823
12	1/1/21	\$45,196,823	\$219,311	\$0	\$219,311	\$68,655	\$150,656	\$45,128,169
Year 1 Total					\$2,631,731	\$808,970	\$1,822,761	
13	2/1/21	\$45,128,169	\$219,311	\$0	\$219,311	\$68,884	\$150,427	\$45,059,285
14	3/1/21	\$45,059,285	\$219,311	\$0	\$219,311	\$69,113	\$150,198	\$44,990,172
15	4/1/21	\$44,990,172	\$219,311	\$0	\$219,311	\$69,344	\$149,967	\$44,920,828
16	5/1/21	\$44,920,828	\$219,311	\$0	\$219,311	\$69,575	\$149,736	\$44,851,253
17	6/1/21	\$44,851,253	\$219,311	\$0	\$219,311	\$69,807	\$149,504	\$44,781,446
18	7/1/21	\$44,781,446	\$219,311	\$0	\$219,311	\$70,039	\$149,271	\$44,711,407
19	8/1/21	\$44,711,407	\$219,311	\$0	\$219,311	\$70,273	\$149,038	\$44,641,134
20	9/1/21	\$44,641,134	\$219,311	\$0	\$219,311	\$70,507	\$148,804	\$44,570,627
21	10/1/21	\$44,570,627	\$219,311	\$0	\$219,311	\$70,742	\$148,569	\$44,499,885
22	11/1/21	\$44,499,885	\$219,311	\$0	\$219,311	\$70,978	\$148,333	\$44,428,907
23	12/1/21	\$44,428,907	\$219,311	\$0	\$219,311	\$71,215	\$148,096	\$44,357,692
24	1/1/22	\$44,357,692	\$219,311	\$0	\$219,311	\$71,452	\$147,859	\$44,286,240
Year 2 Total					\$2,631,731	\$841,928	\$1,789,803	
25	2/1/22	\$44,286,240	\$219,311	\$0	\$219,311	\$71,690	\$147,621	\$44,214,550
26	3/1/22	\$44,214,550	\$219,311	\$0	\$219,311	\$71,929	\$147,382	\$44,142,621
27	4/1/22	\$44,142,621	\$219,311	\$0	\$219,311	\$72,169	\$147,142	\$44,070,452
28	5/1/22	\$44,070,452	\$219,311	\$0	\$219,311	\$72,409	\$146,902	\$43,998,043
29	6/1/22	\$43,998,043	\$219,311	\$0	\$219,311	\$72,651	\$146,660	\$43,925,392
30	7/1/22	\$43,925,392	\$219,311	\$0	\$219,311	\$72,893	\$146,418	\$43,852,499
31	8/1/22	\$43,852,499	\$219,311	\$0	\$219,311	\$73,136	\$146,175	\$43,779,363
32	9/1/22	\$43,779,363	\$219,311	\$0	\$219,311	\$73,380	\$145,931	\$43,705,983
33	10/1/22	\$43,705,983	\$219,311	\$0	\$219,311	\$73,624	\$145,687	\$43,632,359
34	11/1/22	\$43,632,359	\$219,311	\$0	\$219,311	\$73,870	\$145,441	\$43,558,489
35	12/1/22	\$43,558,489	\$219,311	\$0	\$219,311	\$74,116	\$145,195	\$43,484,373
36	1/1/23	\$43,484,373	\$219,311	\$0	\$219,311	\$74,363	\$144,948	\$43,410,010
Year 3 Total					\$2,631,731	\$876,230	\$1,755,501	
37	2/1/23	\$43,410,010	\$219,311	\$0	\$219,311	\$74,611	\$144,700	\$43,335,399
38	3/1/23	\$43,335,399	\$219,311	\$0	\$219,311	\$74,860	\$144,451	\$43,260,540
39	4/1/23	\$43,260,540	\$219,311	\$0	\$219,311	\$75,109	\$144,202	\$43,185,431
40	5/1/23	\$43,185,431	\$219,311	\$0	\$219,311	\$75,359	\$143,951	\$43,110,071
41	6/1/23	\$43,110,071	\$219,311	\$0	\$219,311	\$75,611	\$143,700	\$43,034,461
42	7/1/23	\$43,034,461	\$219,311	\$0	\$219,311	\$75,863	\$143,448	\$42,958,598
43	8/1/23	\$42,958,598	\$219,311	\$0	\$219,311	\$76,116	\$143,195	\$42,882,482
44	9/1/23	\$42,882,482	\$219,311	\$0	\$219,311	\$76,369	\$142,942	\$42,806,113
45	10/1/23	\$42,806,113	\$219,311	\$0	\$219,311	\$76,624	\$142,687	\$42,729,489
46	11/1/23	\$42,729,489	\$219,311	\$0	\$219,311	\$76,879	\$142,432	\$42,652,610
47	12/1/23	\$42,652,610	\$219,311	\$0	\$219,311	\$77,136	\$142,175	\$42,575,474
48	1/1/24	\$42,575,474	\$219,311	\$0	\$219,311	\$77,393	\$141,918	\$42,498,081
Year 4 Total					\$2,631,731	\$911,929	\$1,719,802	
49	2/1/24	\$42,498,081	\$219,311	\$0	\$219,311	\$77,651	\$141,660	\$42,420,431
50	3/1/24	\$42,420,431	\$219,311	\$0	\$219,311	\$77,909	\$141,401	\$42,342,521
51	4/1/24	\$42,342,521	\$219,311	\$0	\$219,311	\$78,169	\$141,142	\$42,264,352
52	5/1/24	\$42,264,352	\$219,311	\$0	\$219,311	\$78,430	\$140,881	\$42,185,922
53	6/1/24	\$42,185,922	\$219,311	\$0	\$219,311	\$78,691	\$140,620	\$42,107,231
54	7/1/24	\$42,107,231	\$219,311	\$0	\$219,311	\$78,953	\$140,357	\$42,028,278
55	8/1/24	\$42,028,278	\$219,311	\$0	\$219,311	\$79,217	\$140,094	\$41,949,061
56	9/1/24	\$41,949,061	\$219,311	\$0	\$219,311	\$79,481	\$139,830	\$41,869,580
57	10/1/24	\$41,869,580	\$219,311	\$0	\$219,311	\$79,746	\$139,565	\$41,789,835
58	11/1/24	\$41,789,835	\$219,311	\$0	\$219,311	\$80,011	\$139,299	\$41,709,823
59	12/1/24	\$41,709,823	\$219,311	\$0	\$219,311	\$80,278	\$139,033	\$41,629,545
60	1/1/25	\$41,629,545	\$219,311	\$0	\$219,311	\$80,546	\$138,765	\$41,548,999
Year 5 Total					\$2,631,731	\$949,082	\$1,682,649	

Total Revenue & Expenses: 5-Year Detail

	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Basketball Tournaments	\$124,480	\$146,160	\$179,440	\$179,440	\$185,820
Rental Volleyball Tournaments	\$140,000	\$148,800	\$196,880	\$202,720	\$207,736
Mat/Other Sports Rental Events	\$35,050	\$35,050	\$37,850	\$37,850	\$39,390
Group Events & Rentals	\$106,800	\$156,000	\$215,460	\$215,460	\$226,233
Basketball	\$157,340	\$186,768	\$233,598	\$255,564	\$280,158
Volleyball	\$84,526	\$100,082	\$124,846	\$136,398	\$149,310
Court Rentals	\$83,960	\$86,479	\$93,527	\$96,333	\$104,184
FEC/Adventure Area	\$489,396	\$504,078	\$545,161	\$553,338	\$589,720
Birthday Parties	\$91,200	\$109,440	\$126,403	\$132,723	\$146,328
Youth Programming	\$129,000	\$141,900	\$163,895	\$172,089	\$189,728
Food & Beverage	\$297,304	\$367,843	\$453,861	\$459,202	\$459,884
Tournament & Event Parking	\$156,485	\$181,615	\$220,185	\$223,545	\$223,545
Retail	\$22,550	\$25,489	\$28,949	\$29,609	\$29,836
Tenant Revenue	\$114,459	\$113,319	\$115,963	\$117,269	\$118,972
Secondary Revenue	\$100,000	\$150,000	\$165,000	\$181,500	\$199,650
Total Revenue	\$2,132,550	\$2,453,024	\$2,901,017	\$2,993,039	\$3,150,494
Expenses					
Rental Basketball Tournaments	\$17,728	\$20,736	\$24,904	\$24,904	\$25,542
Rental Volleyball Tournaments	\$22,640	\$24,480	\$31,528	\$32,432	\$32,934
Mat/Other Sports Rental Events	\$3,505	\$3,505	\$3,785	\$3,785	\$3,939
Group Events & Rentals	\$37,380	\$54,600	\$75,411	\$75,411	\$79,182
Basketball	\$49,161	\$58,356	\$70,639	\$77,282	\$83,377
Volleyball	\$25,245	\$29,891	\$36,642	\$40,033	\$43,455
Court Rentals	\$4,198	\$4,324	\$4,676	\$4,817	\$5,209
FEC/Adventure Area	\$195,759	\$201,631	\$216,766	\$220,018	\$233,147
Birthday Parties	\$28,128	\$33,754	\$37,625	\$39,506	\$42,805
Youth Programming	\$40,625	\$44,688	\$51,466	\$54,040	\$59,497
Food & Beverage	\$163,517	\$202,314	\$249,624	\$252,561	\$252,936
Tournament & Event Parking	\$0	\$0	\$0	\$0	\$0
Retail	\$12,397	\$13,853	\$15,981	\$16,205	\$16,205
Tenant Expense	\$0	\$0	\$0	\$0	\$0
Secondary Revenue	\$30,000	\$45,000	\$49,500	\$54,450	\$59,895
Total Cost of Goods Sold	\$630,282	\$737,130	\$868,547	\$895,442	\$938,123
Gross Margin	\$1,502,268	\$1,715,893	\$2,032,470	\$2,097,598	\$2,212,371
<i>% of Revenue</i>	70%	70%	70%	70%	70%
Facility Expenses	\$325,775	\$328,012	\$332,932	\$337,926	\$342,995
Operating Expense	\$836,047	\$827,750	\$851,480	\$861,061	\$873,312
Management Payroll	\$632,000	\$657,280	\$723,571	\$752,514	\$782,615
Payroll Taxes/Benefits/Bonus	\$137,917	\$152,399	\$180,074	\$185,441	\$192,971
Total Operating Expenses	\$1,931,739	\$1,965,441	\$2,088,058	\$2,136,942	\$2,191,892
EBITDA	(\$429,471)	(\$249,548)	(\$55,588)	(\$39,344)	\$20,479
<i>% of Revenue</i>	-20%	-10%	-2%	-1%	1%
<i>Debt Service</i>	(\$2,631,731)	(\$2,631,731)	(\$2,631,731)	(\$2,631,731)	(\$2,631,731)
Total Net Income	(\$3,061,202)	(\$2,881,279)	(\$2,687,319)	(\$2,671,075)	(\$2,611,252)
Economic Impact					
Non-Local Days in Market - Tournaments (Overnight)	54,119	63,258	78,104	79,788	79,788
Non-Local Days in Market - Tournaments (Day Trip)	37,935	45,131	53,417	52,987	52,987
Non-Local Days in Market - Group Events & Rentals	540	990	1,440	1,440	1,440
Room Nights	15,855	18,717	22,872	23,371	23,371
Economic Impact	\$9,483,674	\$11,191,138	\$13,742,645	\$13,954,200	\$13,954,200

Economic Impact: 5-Year Outlook

Number of Events Per Year

	Year 1	Year 2	Year 3	Year 4	Year 5
Basketball Tournaments	18	20	22	22	22
Volleyball Tournaments	17	18	20	20	20
Mat Sports Events	4	4	4	4	4
Group Events & Rentals	8	11	14	14	14
Total Events Per Year	47	53	60	60	60

Per Person Spending By Category - Tournaments (Overnight)

	Amount	% of Total
Lodging/Accommodations	\$38.33	27.7%
Dining/Groceries	\$44.25	32.0%
Transportation	\$7.52	5.4%
Entertainment/Attractions	\$15.49	11.2%
Retail	\$20.80	15.0%
Miscellaneous	\$11.95	8.6%
Total	\$138.34	100%

Per Person Spending By Category - Tournaments (Day Trip)

	Amount	% of Total
Lodging/Accommodations	\$0.00	0.0%
Dining/Groceries	\$22.13	16.0%
Transportation	\$3.76	2.7%
Entertainment/Attractions	\$7.74	5.6%
Retail	\$10.40	7.5%
Miscellaneous	\$5.97	4.3%
Total	\$50.00	36%

Per Person Spending By Category - Group Events & Rentals

	Amount	% of Total
Lodging/Accommodations	\$92.00	66.5%
Dining/Groceries	\$37.61	27.2%
Transportation	\$7.52	5.4%
Entertainment/Attractions	\$15.49	11.2%
Retail	\$20.80	15.0%
Miscellaneous	\$11.95	8.6%
Total	\$185.37	134%

Economic Impact Drivers

	Year 1	Year 2	Year 3	Year 4	Year 5
Non-Local Days in Market - Tournaments (Overnight)	54,119	63,258	78,104	79,788	79,788
Non-Local Days in Market - Tournaments (Day Trip)	37,935	45,131	53,417	52,987	52,987
Non-Local Days in Market - Group Events & Rentals	540	990	1,440	1,440	1,440
Room Nights	15,855	18,717	22,872	23,371	23,371

Economic Impact

	Year 1	Year 2	Year 3	Year 4	Year 5
Total Direct Spending - Tournaments	\$9,383,575	\$11,007,624	\$13,475,715	\$13,687,271	\$13,687,271
Total Direct Spending - Group Events & Rentals	\$100,098	\$183,514	\$266,929	\$266,929	\$266,929
Total Economic Impact	\$9,483,674	\$11,191,138	\$13,742,645	\$13,954,200	\$13,954,200

Tax Revenue Generation

	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Tax (1% on All Spending)	\$94,837	\$111,911	\$137,426	\$139,542	\$139,542
Food & Beverage Tax (1% on Dining/Groceries)	\$32,544	\$38,349	\$46,921	\$47,571	\$47,571
Amusement Tax (5% on Entertainment/Attractions)	\$57,015	\$67,226	\$82,279	\$83,417	\$83,417
Hotel/Motel Tax (4% on Lodging/Accommodations)	\$72,933	\$86,098	\$105,209	\$107,506	\$107,506
Total Tax Revenue Generation	\$257,328	\$303,584	\$371,836	\$378,036	\$378,036

Rental Basketball Tournament Revenue & Expenses

Revenue	Mgmt. Assump.	Amount per Activity					Number of Events per Year					Ave.	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5	Participants					
Small Tournament - 4 Courts, 2 Days																	
Team Information	10 players per team						4	4	4	4	4	32					
Gate Fees - Tournament Pass	100% of fans (1.5 fans/player)	\$20	\$20	\$20	\$20	\$20	4	4	4	4	4	480	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400
Rental Fees	Daily Rental Rate	\$500	\$500	\$550	\$550	\$578	4	4	4	4	4	8	\$16,000	\$16,000	\$17,600	\$17,600	\$18,480
Small Tournament - 8 Courts, 1 Day																	
Team Information	10 players per team						8	8	8	8	8	32					
Gate Fees - Tournament Pass	100% of fans (1.5 fans/player)	\$10	\$10	\$10	\$10	\$10	8	8	8	8	8	480	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400
Rental Fees	Daily Rental Rate	\$500	\$500	\$550	\$550	\$578	8	8	8	8	8	8	\$32,000	\$32,000	\$35,200	\$35,200	\$36,960
Medium Tournament - 6 Courts, 2 Days																	
Team Information	10 players per team						4	5	6	6	6	48					
Gate Fees - Tournament Pass	100% of fans (1.5 fans/player)	\$20	\$20	\$20	\$20	\$20	4	5	6	6	6	720	\$57,600	\$72,000	\$86,400	\$86,400	\$86,400
Rental Fees	Daily Rental Rate	\$500	\$500	\$550	\$550	\$578	4	5	6	6	6	12	\$24,000	\$30,000	\$39,600	\$39,600	\$41,580
Large Tournament - 8 Courts, 2.5 Days																	
Team Information	10 players per team						2	3	4	4	4	64					
Gate Fees - Tournament Pass	100% of fans (1.5 fans/player)	\$25	\$25	\$25	\$25	\$25	2	3	4	4	4	960	\$48,000	\$72,000	\$96,000	\$96,000	\$96,000
Rental Fees	Daily Rental Rate	\$500	\$500	\$550	\$550	\$578	2	3	4	4	4	16	\$16,000	\$24,000	\$35,200	\$35,200	\$36,960
Gate Fee Reduction of Revenue	80% Reduction of Revenue												(\$145,920)	(\$176,640)	(\$207,360)	(\$207,360)	(\$207,360)
	Non-capacity growth rate		1.00	1.10	1.00	1.05	18	20	22	22	22						
	Capacity growth rate		1.10	1.10	1.10	1.10	18	20	22	22	22						
Area Revenue													\$124,480	\$146,160	\$179,440	\$179,440	\$185,820
Expense	Mgmt. Assump.												Year 1	Year 2	Year 3	Year 4	Year 5
Tournament Attendant Expenses	10% Gross Revenue												\$12,448	\$14,616	\$17,944	\$17,944	\$18,582
Parking Staff and Supplies	22.5% Parking Revenue												\$0	\$0	\$0	\$0	\$0
Gate Staff	\$0.25 Per Sale												\$2,640	\$3,060	\$3,480	\$3,480	\$3,480
Gate Ticket Cost	\$0.25 Per Ticket												\$2,640	\$3,060	\$3,480	\$3,480	\$3,480
Trainer Fees	Pass Through												\$0	\$0	\$0	\$0	\$0
Area Expense													\$17,728	\$20,736	\$24,904	\$24,904	\$25,542
Net Revenue													\$106,752	\$125,424	\$154,536	\$154,536	\$160,278

Rental Volleyball Tournaments Revenue & Expenses

Revenue	Mgmt. Assump.	Amount per Activity					Number of Events per Year					Ave.	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5	Participants					
Small Tournament - 8 Courts, 1 Day																	
Team Information	10 players per team						12	12	12	12	12	32					
Gate Fees - Tournament Pass	100% of fans (2 fans/player)	\$5	\$5	\$5	\$5	\$5	12	12	12	12	12	640	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400
Rental Fees	Daily Rental Rate	\$300	\$300	\$330	\$330	\$347	12	12	12	12	12	8	\$28,800	\$28,800	\$31,680	\$31,680	\$33,264
Medium Tournament - 8 Courts, 2 Days																	
Team Information	10 players per team						2	2	3	2	2	64					
Gate Fees - Tournament Pass	100% of fans (2 fans/player)	\$10	\$10	\$10	\$10	\$10	2	2	3	2	2	1280	\$25,600	\$25,600	\$38,400	\$25,600	\$25,600
Rental Fees	Daily Rental Rate	\$300	\$300	\$330	\$330	\$347	2	2	3	2	2	16	\$9,600	\$9,600	\$15,840	\$10,560	\$11,088
Large Tournament - 12 Courts, 2 Days																	
Team Information	10 players per team						2	3	3	4	4	96					
Gate Fees - Tournament Pass	100% of fans (2 fans/player)	\$10	\$10	\$10	\$10	\$10	2	3	3	4	4	1920	\$38,400	\$57,600	\$57,600	\$76,800	\$76,800
Rental Fees	Daily Rental Rate	\$300	\$300	\$330	\$330	\$347	2	3	3	4	4	24	\$14,400	\$21,600	\$23,760	\$31,680	\$33,264
Extra Large Large Tournament - 16 Courts, 2.5 Days																	
Team Information	10 players per team						1	1	2	2	2	128					
Gate Fees - Tournament Pass	100% of fans (2 fans/player)	\$15	\$10	\$10	\$10	\$10	1	1	2	2	2	3200	\$48,000	\$32,000	\$64,000	\$64,000	\$64,000
Rental Fees	Daily Rental Rate	\$300	\$300	\$330	\$330	\$347	1	1	2	2	2	40	\$12,000	\$12,000	\$26,400	\$26,400	\$27,720
Gate Fee Reduction of Revenue	50% Reduction of Revenue												(\$75,200)	(\$76,800)	(\$99,200)	(\$102,400)	(\$102,400)
	Non-capacity growth rate		1.00	1.10	1.00	1.05	17	18	20	20	20						
	Capacity growth rate		1.10	1.10	1.10	1.10	17	18	20	20	20						
Area Revenue													\$140,000	\$148,800	\$196,880	\$202,720	\$207,736
Expense	Mgmt. Assump.												Year 1	Year 2	Year 3	Year 4	Year 5
Tournament Attendant Expense	10% Gross Revenue												\$14,000	\$14,880	\$19,688	\$20,272	\$20,774
Parking Staff and Supplies	22.5% Parking Revenue												\$0	\$0	\$0	\$0	\$0
Gate Staff	\$0.25 Per Sale												\$4,320	\$4,800	\$5,920	\$6,080	\$6,080
Gate Ticket Cost	\$0.25 Per Ticket												\$4,320	\$4,800	\$5,920	\$6,080	\$6,080
Tournament Trainers	Pass Through												\$0	\$0	\$0	\$0	\$0
Area Expense													\$22,640	\$24,480	\$31,528	\$32,432	\$32,934
Net Revenue													\$117,360	\$124,320	\$165,352	\$170,288	\$174,802

Mat/Other Sports Event Revenue & Expenses

Revenue		Mgmt. Assump.	Amount per Activity					Number of Events per Year					Ave.	Year 1	Year 2	Year 3	Year 4	Year 5
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5	Participants					
Small Youth Team Event																		
Team Information		15 participants per team											25					
Gate Fees - Event Pass		100% of fans (1.5 fans/participant)	\$10	\$10	\$10	\$10	\$10	2	2	2	2	2	563	\$11,250	\$11,250	\$11,250	\$11,250	\$11,250
Rental Fees		Daily Rental Rate	\$500	\$500	\$550	\$550	\$578	2	2	2	2	2	12	\$12,000	\$12,000	\$13,200	\$13,200	\$13,860
Large Youth Team Event																		
Team Information		20 participants per team											40					
Gate Fees - Event Pass		100% of fans (1.5 fans/participant)	\$10	\$10	\$10	\$10	\$10	2	2	2	2	2	1200	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Rental Fees		Daily Rental Rate	\$500	\$500	\$550	\$550	\$578	2	2	2	2	2	16	\$16,000	\$16,000	\$17,600	\$17,600	\$18,480
Gate Fee Reduction of Revenue		80% Reduction of Revenue												(\$28,200)	(\$28,200)	(\$28,200)	(\$28,200)	(\$28,200)
		Non-capacity growth rate		1.00	1.10	1.00	1.05	4	4	4	4	4						
		Capacity growth rate		1.10	1.10	1.10	1.10											
Area Revenue														\$35,050	\$35,050	\$37,850	\$37,850	\$39,390
Expense		Mgmt. Assump.												Year 1	Year 2	Year 3	Year 4	Year 5
Tournament Hosting Expenses		10% Gross Revenue												\$3,505	\$3,505	\$3,785	\$3,785	\$3,939
Gate Staff		\$0.25 Per Sale												\$881	\$881	\$881	\$881	\$881
Gate Ticket Cost		\$0.25 Per Ticket												\$881	\$881	\$881	\$881	\$881
Tournament Trainers		Pass Through												\$0	\$0	\$0	\$0	\$0
Area Expense														\$3,505	\$3,505	\$3,785	\$3,785	\$3,939
Net Revenue														\$31,545	\$31,545	\$34,065	\$34,065	\$35,451

Group Events & Rentals Revenue & Expenses

Revenue	Price per Session					#/Day	Number per Session					Number of Days	Year 1	Year 2	Year 3	Year 4	Year 5
	Year 1	Year 2	Year 3	Year 4	Year 5		Year 1	Year 2	Year 3	Year 4	Year 5		Year 1	Year 2	Year 3	Year 4	Year 5
Corporate Meetings & Trainings	\$1,000	\$1,000	\$1,050	\$1,050	\$1,103	1						1.0	\$0	\$0	\$0	\$0	\$0
Social Events	\$1,000	\$1,000	\$1,050	\$1,050	\$1,103	1						1.0	\$0	\$0	\$0	\$0	\$0
Consumer Shows																	
Facility Rental Fees	\$8,000	\$8,000	\$8,400	\$8,400	\$8,820	1	2	3	4	4	4	2.5	\$40,000	\$60,000	\$84,000	\$84,000	\$88,200
Facility Fees	\$2	\$2	\$2	\$2	\$2	800	2	3	4	4	4	2.5	\$8,000	\$12,000	\$16,800	\$16,800	\$17,640
Parking Fees	\$0	\$0	\$0	\$0	\$0	125	2	3	4	4	4	2.5	\$0	\$0	\$0	\$0	\$0
Group Events (Graduations, Corporate, Banquet, Etc.)																	
Facility Rental Fees	\$8,000	\$8,000	\$8,400	\$8,400	\$8,820	1	5	6	7	7	7	1.0	\$40,000	\$48,000	\$58,800	\$58,800	\$61,740
Facility Fees	\$2	\$2	\$2	\$2	\$2	200	5	6	7	7	7	1.0	\$2,000	\$2,400	\$2,940	\$2,940	\$3,087
Parking Fees	\$0	\$0	\$0	\$0	\$0	50	5	6	7	7	7	1.0	\$0	\$0	\$0	\$0	\$0
Tradeshows and Association Shows																	
Facility Rental Fees	\$8,000	\$8,000	\$8,400	\$8,400	\$8,820	1	1	2	3	3	3	2.0	\$16,000	\$32,000	\$50,400	\$50,400	\$52,920
Facility Fees	\$2	\$2	\$2	\$2	\$2	200	1	2	3	3	3	2.0	\$800	\$1,600	\$2,520	\$2,520	\$2,646
Parking Fees	\$0	\$0	\$0	\$0	\$0	25	1	2	3	3	3	2.0	\$0	\$0	\$0	\$0	\$0
Non-capacity growth rate		1.00	1.05	1.00	1.05												
Capacity growth rate		1.10	1.20	1.10	1.10												
Area Revenue													\$106,800	\$156,000	\$215,460	\$215,460	\$226,233
Expense													Year 1	Year 2	Year 3	Year 4	Year 5
Event Staff & Security	25% Gross Revenue												\$26,700	\$39,000	\$53,865	\$53,865	\$56,558
Professional Services	5% Gross Revenue												\$5,340	\$7,800	\$10,773	\$10,773	\$11,312
Equipment & Supplies	5% Gross Revenue												\$5,340	\$7,800	\$10,773	\$10,773	\$11,312
Parking Expenses	22.5% Parking Revenue												\$0	\$0	\$0	\$0	\$0
Area Expense													\$37,380	\$54,600	\$75,411	\$75,411	\$79,182
Net Revenue													\$69,420	\$101,400	\$140,049	\$140,049	\$147,051

Basketball Revenue & Expenses

Revenue	Mgmt. Assump.	Price per Session					Number per Session					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5		Year 1	Year 2	Year 3	Year 4	Year 5
Instructional Clinics	\$/Session	\$200	\$200	\$220	\$220	\$231	14	17	19	21	22	5	\$14,256	\$16,922	\$21,165	\$23,156	\$25,384
Instructional Camps	\$/Week (full days)	\$250	\$250	\$275	\$275	\$289	22	26	29	32	33	5	\$27,000	\$32,050	\$40,086	\$43,855	\$48,076
Individual Instruction	\$/Hour	\$50	\$50	\$55	\$55	\$58	17	20	23	25	26	12	\$10,264	\$12,184	\$15,239	\$16,672	\$18,277
Drop-in/Other Income	\$/Session	\$5	\$5	\$6	\$6	\$6	72	85	97	106	111	12	\$4,320	\$5,128	\$6,414	\$7,017	\$7,692
Leagues																	
Sept. - Oct. League	\$/Team	\$700	\$700	\$770	\$770	\$809	14	17	19	21	22	1	\$9,800	\$11,633	\$14,550	\$15,918	\$17,450
Nov.- Dec. League	\$/Team	\$700	\$700	\$770	\$770	\$809	22	26	30	32	34	1	\$15,400	\$18,280	\$22,864	\$25,014	\$27,421
Jan. - Feb. League	\$/Team	\$700	\$700	\$770	\$770	\$809	29	34	39	43	45	1	\$20,300	\$24,097	\$30,139	\$32,973	\$36,146
Mar. - Apr. League	\$/Team	\$700	\$700	\$770	\$770	\$809	36	43	49	53	55	1	\$25,200	\$29,913	\$37,414	\$40,932	\$44,871
May - June League	\$/Team	\$700	\$700	\$770	\$770	\$809	22	26	30	32	34	1	\$15,400	\$18,280	\$22,864	\$25,014	\$27,421
July - Aug. League	\$/Team	\$700	\$700	\$770	\$770	\$809	22	26	30	32	34	1	\$15,400	\$18,280	\$22,864	\$25,014	\$27,421
Non-capacity growth rate		1.00	1.10	1.00	1.05		1.19	1.14	1.09	1.04							
Capacity growth rate		1.10	1.10	1.10	1.10		1.00	1.00	1.00	1.00							
Area Revenue													\$157,340	\$186,768	\$233,598	\$255,564	\$280,158
Expense													Year 1	Year 2	Year 3	Year 4	Year 5
Management Assumption																	
Basketball Director	Responsibility of Management Team												\$0	\$0	\$0	\$0	\$0
Basketball Staff	5% of Gross Revenue												\$7,867	\$9,338	\$11,680	\$12,778	\$14,008
Referee Fees	Avg. \$30/game												\$17,400	\$20,654	\$23,485	\$25,693	\$26,824
Instructor Fees	\$10-\$25/Instructor (25% Instruct. Rev)												\$12,880	\$15,289	\$19,123	\$20,921	\$22,934
Equipment and Supplies	5% of Gross Revenue												\$7,867	\$9,338	\$11,680	\$12,778	\$14,008
Awards	T-Shirts and Trophies (2% Gross Revenue)												\$3,147	\$3,735	\$4,672	\$5,111	\$5,603
Area Expense													\$49,161	\$58,356	\$70,639	\$77,282	\$83,377
Net Revenue													\$108,179	\$128,413	\$162,959	\$178,282	\$196,781

Volleyball Revenue & Expenses

Revenue	Mgmt. Assump.	Price per Session					Number per Session					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5		Year 1	Year 2	Year 3	Year 4	Year 5
Instructional Clinics	\$/Session	\$200	\$200	\$220	\$220	\$231	11	13	14	16	16	5	\$10,692	\$12,660	\$15,792	\$17,253	\$18,887
Instructional Camps	\$/Week (full days)	\$250	\$250	\$275	\$275	\$289	16	19	22	24	25	5	\$20,250	\$23,977	\$29,909	\$32,677	\$35,770
Individual Instruction	\$/Hour	\$50	\$50	\$55	\$55	\$58	17	20	23	25	26	12	\$10,264	\$12,153	\$15,160	\$16,563	\$18,131
Drop-in/Other Income	\$/Session	\$5	\$5	\$6	\$6	\$6	72	85	97	106	110	12	\$4,320	\$5,115	\$6,381	\$6,971	\$7,631
League																	
Sept. - Oct. League	\$/Team	\$650	\$650	\$715	\$715	\$751	12	14	16	18	18	1	\$7,800	\$9,235	\$11,521	\$12,587	\$13,778
Nov. - Dec. League	\$/Team	\$650	\$650	\$715	\$715	\$751	12	14	16	18	18	1	\$7,800	\$9,235	\$11,521	\$12,587	\$13,778
Jan. - Feb. League	\$/Team	\$650	\$650	\$715	\$715	\$751	18	21	24	26	28	1	\$11,700	\$13,853	\$17,281	\$18,880	\$20,667
Mar. - Apr. League	\$/Team	\$650	\$650	\$715	\$715	\$751	18	21	24	26	28	1	\$11,700	\$13,853	\$17,281	\$18,880	\$20,667
May - June League	\$/Team	\$650	\$650	\$715	\$715	\$751	0	-	-	-	-	1	\$0	\$0	\$0	\$0	\$0
July - Aug. League	\$/Team	\$650	\$650	\$715	\$715	\$751	0	-	-	-	-	1	\$0	\$0	\$0	\$0	\$0
Non-capacity growth rate			1.00	1.10	1.00	1.05		1.18	1.13	1.09	1.04						
Capacity growth rate			1.10	1.10	1.10	1.10		1.00	1.00	1.00	1.00						
Area Revenue													\$84,526	\$100,082	\$124,846	\$136,398	\$149,310
Expense	Management Assumption	Year 1	Year 2	Year 3	Year 4	Year 5											
Volleyball Director	Responsibility of Management Team	\$0	\$0	\$0	\$0	\$0											
Volleyball Staff	5% of Gross Revenue	\$4,226	\$5,004	\$6,242	\$6,820	\$7,465											
Referee Fees	Avg. \$20/game	\$4,800	\$5,683	\$6,445	\$7,042	\$7,341											
Instructor Fees	\$10-\$25/Instructor (25% Instruct. Rev)	\$10,302	\$12,197	\$15,216	\$16,623	\$18,197											
Equipment and Supplies	5% of Gross Revenue	\$4,226	\$5,004	\$6,242	\$6,820	\$7,465											
Area Expense													\$25,245	\$29,891	\$36,642	\$40,033	\$43,455
Net Revenue													\$59,282	\$70,191	\$88,204	\$96,366	\$105,855

Court Rental Revenue & Expenses

Revenue	Mgmt. Assump.	Price per Session					Number per Session					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5						
Small Court Rentals																	
Sept. - Oct.	\$/Hour	\$40	\$40	\$42	\$42	\$44	77	79	81	84	86	1	\$3,072	\$3,164	\$3,422	\$3,525	\$3,812
Nov.- Dec.	\$/Hour	\$40	\$40	\$42	\$42	\$44	77	79	81	84	86	1	\$3,072	\$3,164	\$3,422	\$3,525	\$3,812
Jan. - Feb.	\$/Hour	\$40	\$40	\$42	\$42	\$44	115	119	122	126	130	1	\$4,608	\$4,746	\$5,133	\$5,287	\$5,718
Mar. - Apr.	\$/Hour	\$40	\$40	\$42	\$42	\$44	115	119	122	126	130	1	\$4,608	\$4,746	\$5,133	\$5,287	\$5,718
May - June	\$/Hour	\$40	\$40	\$42	\$42	\$44	0	-	-	-	-	1	\$0	\$0	\$0	\$0	\$0
July - Aug	\$/Hour	\$40	\$40	\$42	\$42	\$44	0	-	-	-	-	1	\$0	\$0	\$0	\$0	\$0
Large Court Rentals																	
Sept. - Oct.	\$/Hour	\$70	\$70	\$74	\$74	\$77	112	115	119	122	126	1	\$7,840	\$8,075	\$8,733	\$8,995	\$9,728
Nov.- Dec.	\$/Hour	\$70	\$70	\$74	\$74	\$77	123	127	131	135	139	1	\$8,624	\$8,883	\$9,607	\$9,895	\$10,701
Jan. - Feb.	\$/Hour	\$70	\$70	\$74	\$74	\$77	162	167	172	177	183	1	\$11,368	\$11,709	\$12,663	\$13,043	\$14,106
Mar. - Apr.	\$/Hour	\$70	\$70	\$74	\$74	\$77	235	242	250	257	265	1	\$16,464	\$16,958	\$18,340	\$18,890	\$20,430
May - June	\$/Hour	\$70	\$70	\$74	\$74	\$77	174	179	184	190	195	1	\$12,152	\$12,517	\$13,537	\$13,943	\$15,079
July - Aug	\$/Hour	\$70	\$70	\$74	\$74	\$77	174	179	184	190	195	1	\$12,152	\$12,517	\$13,537	\$13,943	\$15,079
Non-capacity growth rate			1.00	1.05	1.00	1.05		1.03	1.03	1.03	1.03						
Capacity growth rate			1.10	1.10	1.10	1.10		1.00	1.00	1.00	1.00						
Area Revenue													\$83,960	\$86,479	\$93,527	\$96,333	\$104,184
Expense	Mgmt. Assump.												Year 1	Year 2	Year 3	Year 4	Year 5
Supervision/Maintenance Staff	5% of Revenue												\$4,198	\$4,324	\$4,676	\$4,817	\$5,209
Area Expense													\$4,198	\$4,324	\$4,676	\$4,817	\$5,209
Net Revenue													\$79,762	\$82,155	\$88,850	\$91,516	\$98,975

FEC/Adventure Area Revenue & Expenses

Revenue	Mgmt. Assump.	Price per Sale					Sales per Year					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5		Year 1	Year 2	Year 3	Year 4	Year 5
Play Climb/Ninja Warrior/Ropes Course																	
Per Cap Spend		\$6	\$6	\$6	\$6	\$7	24,470	25,204	25,960	26,349	26,745	1	\$146,819	\$151,223	\$163,548	\$166,001	\$176,916
Arcade																	
Per Cap Spend		\$9	\$9	\$9	\$9	\$10	24,470	25,204	25,960	26,349	26,745	1	\$220,228	\$226,835	\$245,322	\$249,002	\$265,374
Laser Tag																	
Per Cap Spend		\$2	\$2	\$2	\$2	\$2	24,470	25,204	25,960	26,349	26,745	1	\$48,940	\$50,408	\$54,516	\$55,334	\$58,972
E-Sports																	
Per Cap Spend		\$2	\$2	\$2	\$2	\$2	24,470	25,204	25,960	26,349	26,745	1	\$48,940	\$50,408	\$54,516	\$55,334	\$58,972
VR Area																	
Per Cap Spend		\$1	\$1	\$1	\$1	\$1	24,470	25,204	25,960	26,349	26,745	1	\$24,470	\$25,204	\$27,258	\$27,667	\$29,486
Non-capacity growth rate			1.00	1.05	1.00	1.05		1.03	1.03	1.02	1.02						
Capacity growth rate			1.10	1.10	1.10	1.10		1.00	1.00	1.00	1.00						
Area Revenue													\$489,396	\$504,078	\$545,161	\$553,338	\$589,720
Expense	Mgmt. Assump.												Year 1	Year 2	Year 3	Year 4	Year 5
FEC/Adventure Area Management	Responsibility of Management Team												\$0	\$0	\$0	\$0	\$0
FEC/Adventure Area Staff	15% Gross Revenue												\$73,409	\$75,612	\$81,774	\$83,001	\$88,458
Maintenance & Repairs	10% Gross Revenue												\$48,940	\$50,408	\$54,516	\$55,334	\$58,972
Equipment & Supplies	10% Gross Revenue												\$48,940	\$50,408	\$54,516	\$55,334	\$58,972
Area Expense													\$195,759	\$201,631	\$216,766	\$220,018	\$233,147
Net Revenue													\$293,638	\$302,447	\$328,394	\$333,320	\$356,573

Birthday Parties Revenue & Expenses

Revenue	Mgmt. Assump.	Price per Session					Number per Session					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5	
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5							
Sports Parties	\$/Party (avg 15 kids)	\$300	\$300	\$330	\$330	\$347	4	5	5	5	6	12	\$14,400	\$17,280	\$19,958	\$20,956	\$23,104	
FEC/Adventure Parties	\$/Party (avg 15 kids)	\$400	\$400	\$440	\$440	\$462	16	19	20	21	22	12	\$76,800	\$92,160	\$106,445	\$111,767	\$123,223	
	Non-capacity growth rate		1.00	1.10	1.00	1.05		1.20	1.05	1.05	1.05							
	Capacity growth rate		1.10	1.10	1.10	1.10		1.00	1.00	1.00	1.00							
Area Revenue													\$91,200	\$109,440	\$126,403	\$132,723	\$146,328	
Expense	Mgmt Assump.													Year 1	Year 2	Year 3	Year 4	Year 5
Birthday and Group Party Management	Responsibility of Management Team													\$0	\$0	\$0	\$0	\$0
Birthday and Group Party Staff	2 hrs./party plus set up and clean, 1 employee/party, \$15/hr./employee													\$10,800	\$12,960	\$13,608	\$14,288	\$15,003
Birthday and Group Party Supplies	4% COGS													\$3,648	\$4,378	\$5,056	\$5,309	\$5,853
Birthday and Group Party Food	15% COGS													\$13,680	\$16,416	\$18,960	\$19,909	\$21,949
Area Expense													\$28,128	\$33,754	\$37,625	\$39,506	\$42,805	
Net Revenue													\$63,072	\$75,686	\$88,779	\$93,218	\$103,522	

Youth Programming Revenue & Expenses

Revenue	Mgmt. Assump.	Price per Session					Number per Session					Sellable Sessions	Year 1	Year 2	Year 3	Year 4	Year 5
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5						
Half-Day Camp	\$/week	\$275	\$275	\$303	\$303	\$318	12	13	14	15	15	10	\$33,000	\$36,300	\$41,927	\$44,023	\$48,535
Full Day Camp	\$/week	\$350	\$350	\$385	\$385	\$404	20	22	23	24	25	10	\$70,000	\$77,000	\$88,935	\$93,382	\$102,953
Single Day Camps	\$/day	\$70	\$70	\$77	\$77	\$81	20	22	23	24	25	12	\$16,800	\$18,480	\$21,344	\$22,412	\$24,709
Camp Day-Care	\$/day	\$10	\$10	\$11	\$11	\$12	92	101	106	112	117	10	\$9,200	\$10,120	\$11,689	\$12,273	\$13,531
Non-capacity growth rate			1.00	1.10	1.00	1.05		1.10	1.05	1.05	1.05						
Capacity growth rate			1.10	1.10	1.10	1.10		1.00	1.00	1.00	1.00						
Area Revenue													\$129,000	\$141,900	\$163,895	\$172,089	\$189,728
Expense		Mgmt. Assump.											Year 1	Year 2	Year 3	Year 5	
Youth Programming Management	Responsibility of Management Team												\$0	\$0	\$0	\$0	\$0
Camp Instructors	25% of Gross Revenue												\$32,250	\$35,475	\$40,974	\$43,022	\$47,432
Equipment & Consumables	3% of Gross Revenue												\$3,870	\$4,257	\$4,917	\$5,163	\$5,692
Camp Lunch	2.5% of Gross Revenue												\$3,225	\$3,548	\$4,097	\$4,302	\$4,743
T-Shirts	\$4 per shirt												\$1,280	\$1,408	\$1,478	\$1,552	\$1,630
Area Expense													\$40,625	\$44,688	\$51,466	\$54,040	\$59,497
Net Revenue													\$88,375	\$97,213	\$112,428	\$118,050	\$130,231

Food & Beverage Revenue & Expenses

Revenue		Mgmt. Assump.	Year 1	Year 2	Year 3	Year 4	Year 5
Concessions Sales			\$297,304	\$367,843	\$453,861	\$459,202	\$459,884
Alcohol Sales			\$0	\$0	\$0	\$0	\$0
Area Revenue			\$297,304	\$367,843	\$453,861	\$459,202	\$459,884
Expense		Mgmt. Assump.	Year 1	Year 2	Year 3	Year 4	Year 5
Concessions Food	30% Concession Sales		\$89,191	\$110,353	\$136,158	\$137,760	\$137,965
Alcohol Cost	25% Alcohol Sales		\$0	\$0	\$0	\$0	\$0
Concessions Wages	25% Concession Sales		\$74,326	\$91,961	\$113,465	\$114,800	\$114,971
Area Expense			\$163,517	\$202,314	\$249,624	\$252,561	\$252,936
Net Revenue			\$133,787	\$165,529	\$204,238	\$206,641	\$206,948

Tournament & Event Parking Revenue & Expenses

Revenue	Event Days	Daily Paking Revenue Share	Year 1	Number of Events per Year				Daily Attendes	Daily Cars	Year 1	Year 2	Year 3	Year 4	Year 5
				Year 2	Year 3	Year 4	Year 5							
Rental Basketball - Small	2	\$7.00	4	4	4	4	4	800	200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200
Rental Basketball - Small (1 Day)	1	\$7.00	8	8	8	8	8	800	200	\$11,200	\$11,200	\$11,200	\$11,200	\$11,200
Rental Basketball - Medium	2	\$7.00	4	5	6	6	6	1200	300	\$16,800	\$21,000	\$25,200	\$25,200	\$25,200
Rental Basketball - Large	2.5	\$7.00	2	3	4	4	4	1600	400	\$14,000	\$21,000	\$28,000	\$28,000	\$28,000
Rental Volleyball - Small	1	\$7.00	12	12	12	12	12	960	240	\$20,160	\$20,160	\$20,160	\$20,160	\$20,160
Rental Volleyball - Medium	2	\$7.00	2	2	3	2	2	1920	480	\$13,440	\$13,440	\$20,160	\$13,440	\$13,440
Rental Volleyball - Large	2	\$7.00	2	3	3	4	4	2880	720	\$20,160	\$30,240	\$30,240	\$40,320	\$40,320
Rental Volleyball - Extra Large	2.5	\$7.00	1	1	2	2	2	3840	960	\$16,800	\$16,800	\$33,600	\$33,600	\$33,600
Small Youth Team Event	2	\$7.00	2	2	2	2	2	1125	281	\$7,875	\$7,875	\$7,875	\$7,875	\$7,875
Large Youth Team Event	2	\$7.00	2	2	2	2	2	2400	600	\$16,800	\$16,800	\$16,800	\$16,800	\$16,800
Consumer Shows	2	\$7.00	2	3	4	4	4	800	200	\$5,600	\$8,400	\$11,200	\$11,200	\$11,200
Group Events (Corporate, Banquet, Etc.)	1	\$7.00	5	6	7	7	7	200	50	\$1,750	\$2,100	\$2,450	\$2,450	\$2,450
Tradeshows & Association Shows	2	\$7.00	1	2	3	3	3	200	50	\$700	\$1,400	\$2,100	\$2,100	\$2,100
Area Revenue			47	53	60	60	60			\$156,485	\$181,615	\$220,185	\$223,545	\$223,545
Expense	Mgmt. Assump.									Year 1	Year 2	Year 3	Year 4	Year 5
Parking Attendants	Revenue Share									\$0	\$0	\$0	\$0	\$0
Parking Passes	Revenue Share									\$0	\$0	\$0	\$0	\$0
Area Expense										\$0	\$0	\$0	\$0	\$0
Net Revenue										\$156,485	\$181,615	\$220,185	\$223,545	\$223,545

Retail Revenue & Expenses

Revenue		Mgmt. Assump.	Year 1	Year 2	Year 3	Year 4	Year 5
Retail Sales			\$22,550	\$25,489	\$28,949	\$29,609	\$29,836
Area Revenue			\$22,550	\$25,489	\$28,949	\$29,609	\$29,836
Expense		Mgmt. Assump.	Year 1	Year 2	Year 3	Year 4	Year 5
Retail Product Cost	55% Gross Revenue		\$12,402	\$14,019	\$15,922	\$16,285	\$16,410
Retail Wages	15% Gross Revenue		\$3,382	\$3,823	\$4,342	\$4,441	\$4,475
Area Expense			\$15,785	\$17,843	\$20,264	\$20,726	\$20,885
Net Revenue			\$6,765	\$7,647	\$8,685	\$8,883	\$8,951

Tenant Revenue

Leased Space Revenue	Area (Sq./ft.)	Year 1	Year 2	Year 3	Year 4	Year 5
Tenant Lease Agreements						
Leased Space - Basketball Museum	20,000	\$114,459	\$113,319	\$115,963	\$117,269	\$118,972
Revenue		\$114,459	\$113,319	\$115,963	\$117,269	\$118,972
Expense		-	-	-	-	-
Net Income		\$114,459	\$113,319	\$115,963	\$117,269	\$118,972

Secondary Revenue Areas

Revenue		Mgmt. Assump.	Year 1	Year 2	Year 3	Year 4	Year 5
Advertisement/Sponsorship Income			\$100,000	\$150,000	\$165,000	\$181,500	\$199,650
Area Revenue			\$100,000	\$150,000	\$165,000	\$181,500	\$199,650
Expense		Mgmt. Assump.	Year 1	Year 2	Year 3	Year 4	Year 5
Advertisement Hard Cost	Printing of Ad/Sponsors (10% of Ad Inc.)		\$10,000	\$15,000	\$16,500	\$18,150	\$19,965
Sponsorship Commissions			\$20,000	\$30,000	\$33,000	\$36,300	\$39,930
Area Expense			\$30,000	\$45,000	\$49,500	\$54,450	\$59,895
Net Revenue			\$70,000	\$105,000	\$115,500	\$127,050	\$139,755

Facility Expenses

Indoor Building

Expense	Mgmt. Assump.	Year 1	Year 2	Year 3	Year 4	Year 5
Alarm System Maintenance		\$5,000	\$5,075	\$5,151	\$5,228	\$5,307
Janitorial Expenses		\$93,202	\$94,600	\$96,019	\$97,459	\$98,921
Safety Supplies		\$10,000	\$7,500	\$7,613	\$7,727	\$7,843
Grounds Maintenance - Indoor Facility		\$24,000	\$24,360	\$24,725	\$25,096	\$25,473
Grounds Maintenance - Passive Park and Dog Park	Covered by Park District	\$0	\$0	\$0	\$0	\$0
Maintenance & Repairs		\$50,186	\$50,938	\$51,702	\$52,478	\$53,265
Utility Expense		\$143,388	\$145,538	\$147,721	\$149,937	\$152,186
Total Indoor Facility Expense		\$325,775	\$328,012	\$332,932	\$337,926	\$342,995

Operating Expenses

Expense	Mgmt. Assump.	Year 1	Year 2	Year 3	Year 4	Year 5
Accounting Fees		\$10,000	\$10,150	\$10,302	\$10,457	\$10,614
ASCAP Fees		\$0	\$0	\$0	\$0	\$0
Bank Service Charges	Misc. Banking Fees	\$42,651	\$49,060	\$58,020	\$59,861	\$63,010
Communications	IT/Phone/Cable/Internet	\$14,339	\$14,554	\$14,772	\$14,994	\$15,219
Employee Uniforms		\$3,000	\$2,000	\$2,030	\$2,060	\$2,091
General Marketing		\$57,543	\$43,794	\$52,401	\$53,885	\$56,637
Tournament & Event Business Development		\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Insurance-Property		\$27,055	\$27,461	\$27,873	\$28,291	\$28,716
Insurance-Liability		\$38,362	\$38,937	\$39,521	\$40,114	\$40,716
Interest Expense		\$0	\$0	\$0	\$0	\$0
Legal Fees		\$10,000	\$10,150	\$10,302	\$10,457	\$10,614
Licenses, Permits	Food Licenses, Etc.	\$10,000	\$10,150	\$10,302	\$10,457	\$10,614
National Management & Marketing Service	Full-Time Management	\$222,000	\$222,000	\$222,000	\$222,000	\$222,000
National Management Travel		\$18,000	\$12,000	\$12,000	\$12,000	\$12,000
Office Supplies		\$17,207	\$17,465	\$17,727	\$17,992	\$18,262
Real Estate Tax	Estimate	\$242,890	\$246,534	\$250,232	\$253,985	\$257,795
Software		\$18,000	\$18,270	\$18,544	\$18,822	\$19,105
Travel and Education		\$15,000	\$15,225	\$15,453	\$15,685	\$15,920
Total Operating Expenses		\$836,047	\$827,750	\$851,480	\$861,061	\$873,312

Management Payroll Summary

Management Position	Mgmt. Assump.	Year 1	Year 2	Year 3	Year 4	Year 5
General Manager		\$120,000	\$124,800	\$129,792	\$134,984	\$140,383
Director of Operations		\$72,000	\$74,880	\$77,875	\$80,990	\$84,230
Marketing & Business Development Director		\$66,000	\$68,640	\$71,386	\$74,241	\$77,211
Tournament & Event Sales Manager		\$55,000	\$57,200	\$59,488	\$61,868	\$64,342
Food & Beverage Director		\$70,000	\$72,800	\$75,712	\$78,740	\$81,890
FEC/Adventure Manager		\$45,000	\$46,800	\$48,672	\$50,619	\$52,644
Senior Program Director		\$45,000	\$46,800	\$48,672	\$50,619	\$52,644
Program Coordinator 1		\$0	\$0	\$40,000	\$41,600	\$43,264
Facility Manager		\$45,000	\$46,800	\$48,672	\$50,619	\$52,644
Finance Manager		\$54,000	\$56,160	\$58,406	\$60,743	\$63,172
Admin Support	Part Time at Front Desk	\$60,000	\$62,400	\$64,896	\$67,492	\$70,192
		\$632,000	\$657,280	\$723,571	\$752,514	\$782,615

Payroll Summary

Total Payroll Summary		Mgmt. Assump.	Pre-Open	Year 1	Year 2	Year 3	Year 4	Year 5
Mgmt	General Manager	12 months prior	\$60,000	\$60,000	\$62,400	\$64,896	\$67,492	\$70,192
Mgmt	Director of Operations	10 months prior	\$30,000	\$36,000	\$37,440	\$38,938	\$40,495	\$42,115
Mgmt	Marketing & Business Development Director	12 months prior	\$33,000	\$33,000	\$34,320	\$35,693	\$37,121	\$38,605
Mgmt	Tournament & Event Sales Manager	6 months prior	\$13,750	\$27,500	\$28,600	\$29,744	\$30,934	\$32,171
Mgmt	Food & Beverage Director	6 months prior	\$17,500	\$35,000	\$36,400	\$37,856	\$39,370	\$40,945
Mgmt	FEC/Adventure Manager	6 months prior	\$11,250	\$22,500	\$23,400	\$24,336	\$25,309	\$26,322
Mgmt	Senior Program Director	6 months prior	\$11,250	\$22,500	\$23,400	\$24,336	\$25,309	\$26,322
Mgmt	Program Coordinator 1	Year 3	\$0	\$0	\$0	\$40,000	\$41,600	\$43,264
Mgmt	Facility Manager	3 months prior	\$5,625	\$22,500	\$23,400	\$24,336	\$25,309	\$26,322
Mgmt	Finance Manager	10 months prior	\$22,500	\$27,000	\$28,080	\$29,203	\$30,371	\$31,586
Support	Admin Support	1 month prior	\$2,500	\$30,000	\$31,200	\$32,448	\$33,746	\$35,096
Subtotal Management Payroll			\$207,375	\$316,000	\$328,640	\$381,786	\$397,057	\$412,939
Staff	Basketball Rental Tournament Staff	1 month prior	\$1,257	\$15,088	\$17,676	\$21,424	\$21,424	\$22,062
Staff	Volleyball Rental Tournament Staff	1 month prior	\$1,527	\$18,320	\$19,680	\$25,608	\$26,352	\$26,854
Staff	Mat/Other Sports Rental Events Staff	1 month prior	\$73	\$881	\$881	\$881	\$881	\$881
Staff	Group Event & Rental Staff	1 month prior	\$2,225	\$26,700	\$39,000	\$53,865	\$53,865	\$56,558
Staff	Basketball Staff	1 month prior	\$656	\$7,867	\$9,338	\$11,680	\$12,778	\$14,008
Staff	Volleyball Staff	1 month prior	\$352	\$4,226	\$5,004	\$6,242	\$6,820	\$7,465
Staff	Court Rental Staff	1 month prior	\$350	\$4,198	\$4,324	\$4,676	\$4,817	\$5,209
Staff	FEC/Adventure Area Staff	1 month prior	\$6,117	\$73,409	\$75,612	\$81,774	\$83,001	\$88,458
Staff	Birthday Party Staff	1 month prior	\$900	\$10,800	\$12,960	\$13,608	\$14,288	\$15,003
Staff	Food & Beverage Staff	1 month prior	\$6,194	\$74,326	\$91,961	\$113,465	\$114,800	\$114,971
Staff	Parking Staff	1 month prior	\$0	\$0	\$0	\$0	\$0	\$0
Staff	Retail Staff	1 month prior	\$282	\$3,382	\$3,823	\$4,342	\$4,441	\$4,475
Subtotal Sport Admin Staff			\$19,933	\$239,198	\$280,260	\$337,567	\$343,468	\$355,945
Instructors	Basketball Instructors	Per Diem		\$12,880	\$15,289	\$19,123	\$20,921	\$22,934
Instructors	Volleyball Instructors	Per Diem		\$10,302	\$12,197	\$15,216	\$16,623	\$18,197
Instructors	Youth Programming Instructors	Per Diem		\$32,250	\$35,475	\$40,974	\$43,022	\$47,432
Subtotal Instructors (COGS)				\$55,432	\$62,961	\$75,312	\$80,567	\$88,563
Referees	Basketball Officials	Per Diem		\$17,400	\$20,654	\$23,485	\$25,693	\$26,824
Referees	Volleyball Officials	Per Diem		\$4,800	\$5,683	\$6,445	\$7,042	\$7,341
Subtotal Referee/Trainers (COGS)				\$22,200	\$26,338	\$29,930	\$32,735	\$34,165
Payroll Subtotal			\$227,308	\$632,830	\$698,199	\$824,594	\$853,826	\$891,613
	Bonus Pool		\$0	\$21,326	\$24,530	\$29,010	\$29,930	\$31,505
	Payroll Services		\$6,819	\$16,656	\$18,267	\$21,581	\$22,216	\$23,067
	Payroll Taxes/Benefits	18% of Payroll	\$40,915	\$99,936	\$109,602	\$129,483	\$133,294	\$138,399
Payroll Taxes/Benefits/Bonus Totals			\$47,735	\$137,917	\$152,399	\$180,074	\$185,441	\$192,971
Total Payroll				\$770,747	\$850,598	\$1,004,668	\$1,039,267	\$1,084,583

Total Revenue & Expenses: 20-Year Outlook

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Revenue	\$2,132,550	\$2,453,024	\$2,901,017	\$2,993,039	\$3,150,494	\$3,213,504	\$3,277,774	\$3,343,329	\$3,410,196	\$3,478,400
Total Cost of Goods Sold	\$630,282	\$737,130	\$868,547	\$895,442	\$938,123	\$956,885	\$976,023	\$995,544	\$1,015,454	\$1,035,764
Gross Margin	\$1,502,268	\$1,715,893	\$2,032,470	\$2,097,598	\$2,212,371	\$2,256,618	\$2,301,751	\$2,347,786	\$2,394,741	\$2,442,636
Total Operating Expenses	\$1,931,739	\$1,965,441	\$2,088,058	\$2,136,942	\$2,191,892	\$2,224,770	\$2,258,142	\$2,292,014	\$2,326,394	\$2,361,290
EBITDA	(\$429,471)	(\$249,548)	(\$55,588)	(\$39,344)	\$20,479	\$31,848	\$43,609	\$55,772	\$68,347	\$81,346

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Total Revenue	\$3,541,011	\$3,604,749	\$3,669,634	\$3,735,688	\$3,802,930	\$3,863,777	\$3,925,598	\$3,988,407	\$4,052,222	\$4,117,057
Total Cost of Goods Sold	\$1,054,407	\$1,073,387	\$1,092,708	\$1,112,376	\$1,132,399	\$1,150,517	\$1,168,926	\$1,187,629	\$1,206,631	\$1,225,937
Gross Margin	\$2,486,604	\$2,531,362	\$2,576,927	\$2,623,312	\$2,670,531	\$2,713,260	\$2,756,672	\$2,800,779	\$2,845,591	\$2,891,121
Total Operating Expenses	\$2,396,709	\$2,432,660	\$2,469,150	\$2,506,187	\$2,543,780	\$2,581,937	\$2,620,666	\$2,659,976	\$2,699,875	\$2,740,373
EBITDA	\$89,894	\$98,702	\$107,777	\$117,124	\$126,751	\$131,323	\$136,006	\$140,803	\$145,716	\$150,747

Economic Impact: 20-Year Outlook

Economic Impact Drivers: Years 1-10

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-Year Total
Non-Local Days in Market - Tournaments (Overnight)	54,119	63,258	78,104	79,788	79,788	80,586	81,392	82,206	83,028	83,858	766,128
Non-Local Days in Market - Tournaments (Day Trip)	37,935	45,131	53,417	52,987	52,987	53,517	54,052	54,592	55,138	55,690	515,446
Non-Local Days in Market - Group Events & Rentals	540	990	1,440	1,440	1,440	1,454	1,469	1,484	1,498	1,513	13,269
Room Nights	15,855	18,717	22,872	23,371	23,371	23,605	23,841	24,079	24,320	24,563	224,592

Economic Impact: Years 1-10

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-Year Total
Per Person Spending By Category - Tournaments (Overnight)	\$138.34	\$138.34	\$138.34	\$138.34	\$138.34	\$140.41	\$142.52	\$144.66	\$146.83	\$149.03	
Per Person Spending By Category - Tournaments (Day Trip)	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.75	\$51.51	\$52.29	\$53.07	\$53.87	
Per Person Spending By Category - Group Events & Rentals	\$185.37	\$185.37	\$185.37	\$185.37	\$185.37	\$188.15	\$190.97	\$193.83	\$196.74	\$199.69	
Total Economic Impact	\$9,483,674	\$11,191,138	\$13,742,645	\$13,954,200	\$13,954,200	\$14,305,148	\$14,664,923	\$15,033,746	\$15,411,845	\$15,799,452	\$137,540,971

Economic Impact Drivers: Years 11-20

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	20-Year Total
Non-Local Days in Market - Tournaments (Overnight)	84,697	85,544	86,399	87,263	88,136	89,017	89,908	90,807	91,715	92,632	1,652,247
Non-Local Days in Market - Tournaments (Day Trip)	56,247	56,809	57,377	57,951	58,530	59,116	59,707	60,304	60,907	61,516	1,103,908
Non-Local Days in Market - Group Events & Rentals	1,529	1,544	1,559	1,575	1,591	1,607	1,623	1,639	1,655	1,672	29,261
Room Nights	24,809	25,057	25,307	25,560	25,816	26,074	26,335	26,598	26,864	27,133	484,144

Economic Impact: Years 11-20

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	20-Year Total
Per Person Spending By Category - Tournaments (Overnight)	\$151.27	\$153.53	\$155.84	\$158.17	\$160.55	\$162.96	\$165.40	\$167.88	\$170.40	\$172.96	
Per Person Spending By Category - Tournaments (Day Trip)	\$54.67	\$55.50	\$56.33	\$57.17	\$58.03	\$58.90	\$59.78	\$60.68	\$61.59	\$62.51	
Per Person Spending By Category - Group Events & Rentals	\$202.69	\$205.73	\$208.82	\$211.95	\$215.13	\$218.35	\$221.63	\$224.95	\$228.33	\$231.75	
Total Economic Impact	\$16,196,809	\$16,604,158	\$17,021,753	\$17,449,850	\$17,888,714	\$18,338,615	\$18,799,831	\$19,272,647	\$19,757,354	\$20,254,251	\$319,124,952

New Tax Revenue Generation: 20-Year Outlook

Total Tax Revenue Generation: Years 1-10

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	10-Year Total
Sales Tax (1% on All Spending)	\$94,837	\$111,911	\$137,426	\$139,542	\$139,542	\$143,051	\$146,649	\$150,337	\$154,118	\$157,995	\$1,375,410
Food & Beverage Tax (1% on Dining/Groceries)	\$32,544	\$38,349	\$46,921	\$47,571	\$47,571	\$49,281	\$50,521	\$51,791	\$53,094	\$54,429	\$472,072
Amusement Tax (5% on Entertainment/Attractions)	\$57,015	\$67,226	\$82,279	\$83,417	\$83,417	\$84,799	\$86,932	\$89,118	\$91,360	\$93,657	\$819,221
Hotel/Motel Tax (5% on Lodging/Accommodations)	\$72,933	\$86,098	\$105,209	\$107,506	\$107,506	\$110,209	\$112,981	\$115,823	\$118,736	\$121,722	\$1,058,723
Total Tax Revenue Generation	\$257,328	\$303,584	\$371,836	\$378,036	\$378,036	\$387,341	\$397,083	\$407,070	\$417,308	\$427,803	\$3,725,426

Incremental Tax Revenue Generation: Years 11-20

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	20-Year Total
Sales Tax (1% on All Spending)	\$161,968	\$166,042	\$170,218	\$174,499	\$178,887	\$183,386	\$187,998	\$192,726	\$197,574	\$202,543	\$3,191,250
Food & Beverage Tax (1% on Dining/Groceries)	\$55,798	\$57,201	\$58,640	\$60,115	\$61,627	\$63,176	\$64,765	\$66,394	\$68,064	\$69,776	\$1,097,629
Amusement Tax (5% on Entertainment/Attractions)	\$96,013	\$98,428	\$100,903	\$103,441	\$106,042	\$108,709	\$111,443	\$114,246	\$117,119	\$120,065	\$1,895,631
Hotel/Motel Tax (4% on Lodging/Accommodations)	\$124,783	\$127,921	\$131,139	\$134,437	\$137,818	\$141,284	\$144,837	\$148,480	\$152,214	\$156,042	\$2,457,679
Total Tax Revenue Generation	\$438,562	\$449,592	\$460,899	\$472,491	\$484,374	\$496,556	\$509,044	\$521,847	\$534,971	\$548,426	\$8,642,187



VILLAGE OF BURR RIDGE
MEMORANDUM

TO: Economic Development Committee (EDC)
Mayor Gary Grasso, Chairman

FROM: Evan Walter, Assistant Village Administrator
Andrez Beltran, Management Analyst

DATE: October 9, 2019

RE: Business License Program

This memo serves to follow up on the initial discussion of draft business license regulations at the August 7 EDC meeting. Among the highlights of the initial draft regulations are as follows:

- All businesses with a commercial address would be required to obtain an annual business license. Home-based businesses or those with a PO Box would not be required to obtain a business.
- All businesses meeting the above criteria would not be permitted to operate without a valid business license.
- One standard business license would be required for each business; different classes of licenses are not proposed. Businesses with food, liquor, etc. needs would remain required to get each of these additional licenses on top of their business license.
- The annual fee for a business license is \$100. All businesses would be charged an identical fee regardless of size or impact.
- Authorizes the Mayor to suspend or revoke a business license on the following grounds:
 - constitute a nuisance in fact and a clear and present danger to the public health, safety or general welfare;
 - where the holder of said license shall have refused to allow a lawfully-scheduled inspection of the licensed premises;
 - where the holder of said license has refused to furnish a sample of the business' goods for testing;
 - where any business or establishment open to the public is in violation of the Smoke Free Illinois Act, 410 Illinois Compiled Statutes 82/1 et seq.; or
 - otherwise violating the business license regulations.

At the August 7 EDC meeting, the Committee requested information about adding additional licenses to the Village's overall licensing portfolio, including but not limited to licensing contractors and businesses operating in but having no physical presence in the Village, such as landscapers. Staff conducted an additional follow up survey of comparable communities to determine which municipalities require certain licenses and what fees, if any, are levied on each license. Eight of the ten communities require a business license, with most levying a flat fee for said license. Two communities, Clarendon Hills and Lisle, have complex fee structures for different types of businesses. For example, a 4,999 square foot business in Clarendon Hills requires

a \$60 fee, but a 5,000 square foot business requires a \$130 fee. Of the ten communities surveyed, seven require contractors to register with the municipality before they may begin working in the community. Three communities require home occupations to receive some sort of business license.

Municipality	Business	Fee	Contractor	Fee	Home	Fee
Clarendon Hills	Yes	\$ 60	Yes	\$ 60	Yes	\$ 30
Darien	Yes	\$ 50	Yes	\$ 60	Yes	\$ 50
Hinsdale	Yes	\$ 75	Yes	\$250	No	
La Grange	Yes	\$ 50	Yes	\$100	No	
Lemont	Yes	\$100	Yes	\$200	Yes	\$100
Lisle	Yes	\$100	No		No	
Oak Brook	No		No		No	
Westmont	Yes	\$100	Yes	\$ 50	No	
Willowbrook	No		No		No	
Woodridge	Yes	\$ 50	Yes	\$ -	No	
TOTAL		\$ 73		\$103		\$ 60

Several communities require all businesses who “conduct, engage in, maintain, operate, carry on, or manage in any way any business or activity, or occupation, for any period of time and at any time” to obtain a business license. This would include businesses who operate within the community but have no dedicated physical presence, such as a landscaper, lawn fertilizer, or weed sprayer; the initial language presented by staff. Likewise, staff has found examples of specific landscaping licenses being required in communities outside of the comparable survey, such as Lake Forest. In the case of Lake Forest, 355 unique landscapers, arborists, and pesticide companies are currently registered with the community. At \$100 per annual renewal, this represents over \$35,000 in revenue for this business category alone to the City of Lake Forest.

Staff requests follow-up direction from the EDC as to what, if any, additional licenses wish to be recommended for implementation within the Village as well as what, if any, regulations should be attached to each type of license. The draft business license regulations from the previous meeting are included.

As an additional service opportunity to new businesses locating in Burr Ridge, staff has worked with Bannerville, a printing company in the community, to create a new business welcome sign program. Under this program, Bannerville would print a 2x5’ vinyl banner which would be erected on the property of the new business. Bannerville has agreed to sell the sign to the Village at the cost of materials for \$65, or donate the sign provided that Bannerville may provide an introductory email to the Village as well as insert an advertising flyer into the Village’s new business packet. The sign would be attached to a set of posts, which would either be removed by the business or staff within 30 days of its placement; the sign would be given to the business to keep for use as desired. A sample template for the proposed sign is shown. If the EDC recommends that the Village pay for these signs instead of entering into a donation arrangement, proceeds from the overall business license program would be used to fund the sign purchases. If 50 new businesses were to open in a single year, this would be a maximum \$3,250 investment out of a potential \$50,000+ combined revenue stream if the Village purchased all of the signs.





VILLAGE OF BURR RIDGE
MEMORANDUM

TO: Economic Development Committee (EDC)
Mayor Gary Grasso, Chairman

FROM: Evan Walter, Assistant Village Administrator

DATE: October 9, 2019

RE: Discussion Regarding Recreational Cannabis

At the request of the Board of Trustees, the EDC and Plan Commission were directed to prepare reports and forward recommendations to the Board regarding recreational cannabis uses in the Village. On June 25, 2019, Governor Pritzker signed HB 1438, the Cannabis Regulation and Tax Act, which legalized the sale, possession, and consumption of recreational cannabis by adults over 21, effective January 1, 2020. In response to the adoption of the Act, the Board of Trustees seeks recommendations from the EDC regarding the economic effects and impacts of recreational cannabis businesses potentially locating in Burr Ridge. This report is meant to provide information regarding recreational cannabis businesses as defined and regulated by the Act.

Questions for the EDC to consider include:

- If a dispensary were desired, what should the tax rate be set at?
- Would a Cannabis Business provide spillover effect (more or less people patronize other businesses in Burr Ridge due to its presence)?
- If a dispensary were desired, should the Village consider creating any incentives to attract such a use?

Legal Power	Local Authority
Legal possession of cannabis (with quantity restriction)	NO – Must Allow
Private consumption of cannabis (i.e. residences)	NO – Must Allow
Home grow of up to five plants by medical cardholders	NO – Must Allow
Cannabis consumption in public places (*exception listed below)	NO – State Prohibits
Delivery of cannabis products to the home	NO – State Prohibits
Consumption at schools, by minors, or in presence of minors	NO – State Prohibits
Limit the number of each Recreational Business	YES – Local Control
Create an Overlay District to allow for more specific land use control	YES – Local Control
Create custom separation requirements between sensitive uses	YES – Local Control
Outright ban on the establishment of businesses by ordinance	YES – Local Control
<i>If not banned</i> – enact zoning controls on businesses	YES – Local Control
<i>If not banned</i> – Tax cannabis at up to 3% beyond ordinary sales tax	YES – Local Control
<i>If not banned</i> – *Allow on-premises consumption of cannabis	YES – Local Control
Enact reasonable regulations of home grow by medical cardholders	YES – Local Control

A summary of legal powers available to the Village is listed in the previous table, with more detailed explanations as to the context of available and unavailable powers found throughout the staff report.

Background on Recreational Cannabis

Taxation and Revenue Mechanisms

Municipalities are empowered to levy a special local sales tax of up to 3.0% in addition to existing sales tax rates to the gross retail sales of recreational cannabis that occurs in their communities. For example, if a Recreational dispensary located in Burr Ridge generated \$1,000,000 in gross revenue, the Village would receive \$42,500 in sales tax (\$30,000 from the 3.0% special sales tax and \$12,500 from the local 1.25% sales tax, which presently exists). Local municipalities will not be restricted in how they are permitted to expend local sales tax revenues associated with the sale of recreational cannabis. Additionally, the Village will receive an annual payment from the State to assist in enforcing the Act regardless of whether a Recreational Business operates in the community. State and regional estimates typically assume that recreational marijuana sales will be higher in Illinois than other markets for recreational cannabis, such as Colorado, based on comparisons regarding population, income, tourism, and current patterns of usage. Staff has provided three for local sales tax generation based upon projections using data from Illinois, Colorado, and Washington State.

The first projection, performed by the DuPage Mayors and Managers Conference, assumes that the total demand in Illinois will “fit” into the limited number of dispensary licenses that will be granted by the State and forecasts **\$488,473** in local sales tax per dispensary.

The second projection uses the Illinois Economic Policy Institute’s (IEPI) estimation of a \$2 billion statewide recreational cannabis market by 2022. If all 240 retail licenses were issued and each establishment was operating at this time, this would equate to **\$354,167** in local sales tax per dispensary.

Finally, the State of Washington publishes detailed information regarding sales by individual suppliers and retailers. The State of Washington applies a 37 percent state excise tax and 5 percent local sales tax. Of the 387 active recreational dispensaries, the average dispensary generated \$2,750,000 in gross revenues, meaning that the average dispensary would generate **\$117,000** in tax revenue if it were located in Burr Ridge.

Types of Cannabis-Related Businesses

The six uses described below were specifically created for licensure by the Act. Any of the uses below may be prohibited or permitted and regulated by the Village as desired.

Dispensary. A facility that sells cannabis and cannabis-infused products, cannabis seeds, and paraphernalia to the general public and qualified medical cannabis patients. Recreational dispensaries are retail businesses similar to retail uses that are allowed in B-1 and B-2 Districts. Most retail businesses in the B-1 and B-2 Districts that are under 7,000 square feet in floor area are permitted uses. Based on experience from medical dispensaries and recreational dispensaries in other States, it is anticipated that dispensaries in Illinois will be less than 7,000 square feet.

The following uses are involved with the manufacture or processing of cannabis. Businesses involved in the manufacturing and processing of materials, products and goods and are restricted to the G-I General Industrial or the L-I Light Industrial Districts. Special uses in these districts are generally uses that include outdoor activity, retail sales or services, or have other unique attributes.

1. *Craft Grower*. Facilities which grow and package cannabis for sale at a dispensary. A craft grower may share a premises with a processor or dispensary and may sell or distribute cannabis to another cannabis-related business. A facility for a Craft Grower may not exceed 14,000 square feet in floor area.
2. *Cultivation Center*. Facilities which cultivate, process, transport, and perform other necessary activities to provide cannabis and cannabis-infused products to Recreational Businesses. This use is permitted to be up to 210,000 square feet in size per location.
3. *Infuser*. A facility that directly incorporates cannabis or cannabis concentrate into a product.
4. *Processor*. A facility that extracts constituent chemicals or compounds to produce cannabis concentrate or incorporates cannabis or cannabis concentrate into a product.
5. *Transporter*. Transports cannabis on behalf of a licensed Recreational Business. This use would likely have a cannabis storage component on their premises.

Phase	Potential Licensees	Application Open	Application Due	Grant Date	# of Licenses
1	Existing Medical Business	August 2019	March 2021	January 1, 2020	55
2	New Dispensaries^	October 2019	January 2020	May 1, 2020	75
Social Equity Study Period – Early 2021					
3	New Dispensaries	March 2021		December 2021	110
TOTAL RECREATIONAL LICENSES					240
^47 such licenses must locate in Chicago-Naperville-Elgin region as defined by the Bureau of Labor Statistics					

Zoning

Zoning and land use considerations are being concurrently considered by the Plan Commission. The Act states that municipalities may “enact ordinances to prohibit or significantly limit a [Recreational Business] location.” Several land use restrictions were created in the Act:

- Recreational cannabis uses are prohibited in residential zoning districts.
- Retail dispensaries and craft growers may not be located within 1,500 feet of another retail dispensary.
- No cannabis advertisements may contain any statement or illustration that is false or misleading; promotes the overconsumption of cannabis; displays cannabis or an image of a leaf or bud; shows a minor consuming cannabis; makes health or medicinal claims about cannabis; or includes any image that is likely to appeal to minors.

Public Safety

The Act establishes regulations regarding recreational dispensary operations, including:

- Dispensaries may only operate between 6 A.M. and 10 P.M. (the Village could further restrict these hours).

- Dispensaries may only operate and sell cannabis when video surveillance equipment, point of sale equipment, and State's electronic verification system is operative, and there are two or more people working at a given time.
- Dispensaries may not sell any product containing alcohol (except for tinctures).
- Home delivery of cannabis is prohibited.

Driving under the influence of cannabis will continue to be illegal. The Act allows for use of roadside chemical tests or standardized field sobriety tests when conducting investigations of drivers suspected of driving under the influence of cannabis. The Village of Lombard has provided staff with research regarding the number of calls for police service at Medical Businesses. Lombard contacted 11 communities, including Addison, Naperville, and Oak Park; no community indicated that any Medical Business requested more than three calls for police service since the inception of the Pilot.

Staff requests direction from the EDC regarding the taxation, recruitment, and effects of Recreational Businesses in the community. The Board will consider the EDC's recommendation as part of its overall policymaking process at a later date.



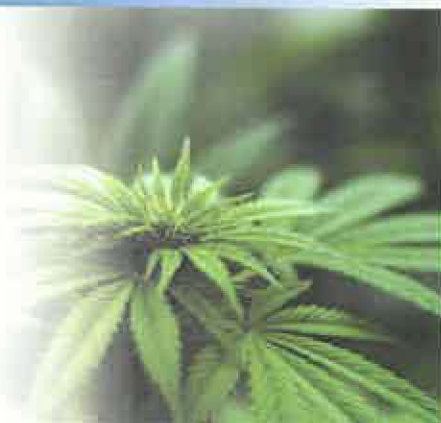
Adult-Use Cannabis Resources

7/16/19

FACT SHEET

Adult-Use Cannabis

Public Act 101-0027 creates the Cannabis Regulation and Tax Act and was signed into law by Governor JB Pritzker on June 25, 2019. Effective January 1, 2020, the Act legalizes the possession and private use of cannabis for Illinois residents over 21 years of age.



7/15/19

LOCAL REGULATION OF CONSUMPTION

Municipalities may not restrict the private consumption of cannabis that is authorized by the Act. However, the Act prohibits the use of cannabis in public places, schools and child care facilities among other locations. Municipalities may adopt and enforce local ordinances to regulate possession and public consumption of cannabis so long as the regulations and penalties are consistent with the Act.

HOME GROW LIMITED TO MEDICAL PROGRAM PARTICIPANTS

Home grow cannabis will be authorized only for medical cannabis program participants, and is limited to five plants in their residence and subject to specified restrictions. Home grow of recreational cannabis by non-medical participants is prohibited. [More information about the medical cannabis program is available via this link.](#)



ZONING

The Act preserves local zoning authority and directly authorizes municipalities to prohibit (opt out) or significantly limit the location of cannabis businesses by ordinance. Municipalities will have the authority to enact reasonable zoning regulations that are not in conflict with the act. This would include the authority to opt out of either commercial production or distribution (dispensaries) of adult-use cannabis within their jurisdiction. Municipalities also may enact zoning ordinances and regulations designating the time, place, manner and number of cannabis business operations, including minimum distances between locations through conditional use permits.

BUSINESS REGULATION

In addition to zoning authority, municipalities will have the authority to allow for on-premise use of cannabis at locations to be determined locally. The Act anticipates that local authorities will engage in inspections of cannabis-related businesses. Municipalities may establish and impose civil penalties for violations of the local ordinances and regulations.



LOCAL REVENUE

Municipalities, by ordinance, may impose a Municipal Cannabis Retailers' Occupation Tax on adult-use cannabis products of up to 3% of the purchase price, in .25% increments. Counties may impose up to 3.75% in unincorporated areas, in .25% increments. The taxes imposed under this Act shall be in addition to all other occupation, privilege or excise taxes imposed by the State of Illinois or by any unit of local government, such as sales tax.



SMOKE FREE ILLINOIS ACT

The Act applies the restrictions of the Smoke Free Illinois Act on smoking cannabis, and provides that property owners may prohibit the use of cannabis by any guest, lessee, customer or visitor. In addition, lessors may prohibit cultivation of cannabis by their lessees.

EMPLOYER PROVISIONS

The Act provides employer protections including that nothing in the enactment prohibits employers from adopting reasonable zero-tolerance or drug-free workplace employment policies concerning drug testing, smoking, consumption, storage or use of cannabis in the workplace or while on-call. These policies must be applied in a nondiscriminatory manner. Employers may prohibit the use of cannabis by employees in the workplace, and engage in discipline, including termination, for violations of those policies and workplace rules.

STATE LICENSING

The Act authorizes the production and distribution of cannabis and cannabis products through state-licensed cultivators, craft growers, infusers, transporters and dispensaries. Cannabis transporters will be separately licensed by the Act, as well. A market study due in March 2021 will inform future licensing. The state will issue licenses according to a graduated scale. By the end of the first year, there will be up to 295 dispensing organizations. The Act will allow up to 500 dispensing organizations by January 1, 2022. Cultivators will be capped at 50, and 100 craft growers will be allowed. By that same date, 100 infusers will also be authorized to be licensed.

GRANTS AND INVESTMENT

The Act establishes the Restore, Reinvest and Renew (R3) Program to invest in communities historically impacted by economic disinvestment and violence. The Illinois Criminal Justice Information Authority (ICJIA) will identify R3 areas that qualify for funding, and grants will be awarded by the R3 Board. A 22-member R3 Board will award grants throughout the state, subject to an application process and the Government Accountability and Transparency Act (GATA); the R3 Board shall be chaired by the Lt. Governor.

SOCIAL EQUITY

The Act provides for a social equity program to establish a legal cannabis industry that is accessible to those most adversely impacted by the enforcement of drug-related laws in this state, including cannabis-related laws. Qualifying social equity applicants may be awarded financial assistance and incentives if they are interested in establishing cannabis related businesses.

DECRIMINALIZATION AND EXPUNGEMENTS

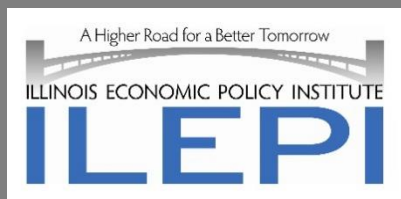
A significant portion of the Act addresses the decriminalization of cannabis through mandatory and discretionary expungements of criminal convictions relating to non-violent cannabis offenses.

STATE REVENUE

State revenues derived from the Cannabis Regulation and Tax Act will be deposited into the Cannabis Regulation Fund. The funds will be distributed to multiple state agencies for implementation of the Act. The legalization of adult cannabis also includes a new source of Local Government Distributive Fund (LGDF) dollars. A portion of the Cannabis Regulation Fund revenues (8% of deposits) will go to local governments, through LGDF, which will be used to fund crime prevention programs, training and interdiction efforts. The Cannabis Regulation Fund is derived from moneys collected from state taxes, license fees and other amounts required to be transferred into the Fund.

November 9, 2018

The Financial Impact of Legalizing Marijuana in Illinois



Frank Manzo IV, MPP
Jill Manzo
Robert Bruno, PhD



Executive Summary

There is significant public support for legalizing, regulating, and taxing recreational marijuana in Illinois. Fully 66 percent of registered voters in Illinois support legalizing marijuana, including a bipartisan majority of Democrats and Republicans. Furthermore, 10 states and the District of Columbia have already legalized recreational marijuana.

This report by the Illinois Economic Policy Institute (ILEPI) and the Project for Middle Class Renewal at the University of Illinois at Urbana-Champaign finds that high taxpayer costs for law enforcement and cannabis-related incarceration would be reduced by legalizing recreational marijuana. In total, Illinois taxpayers would save \$18.4 million annually in reduced incarceration costs, law enforcement spending, and legal fees from marijuana legalization. This revenue could be redirected to solve other crimes—such as homicides, robberies, and assaults.

The economy would also grow if Illinois were to legalize recreational marijuana. If marijuana were legalized, regulated, and taxed in Illinois, an estimated \$1.6 billion would be sold in the state, in part due to regional tourism. At a 26.25 percent state excise tax on retail marijuana in addition to the 6.25 percent general sales tax, Illinois would:

- generate \$525 million in new tax revenues, including \$505 million for the state and \$20 million for local governments— a move that credit rating agencies have called “credit positive;”
- create over 23,600 new jobs at more than 2,600 businesses in Illinois;
- boost the Illinois economy by \$1 billion annually; and
- allow the state to make additional pension payments and vital public investments in infrastructure, K-12 public schools, college tuition assistance programs, and drug treatment and prevention programs.

The benefits of legalization outweigh the social costs. While some legislators and constituents are concerned that legalizing recreational marijuana would increase consumption of other illicit drugs, increase motor vehicle crashes, and reduce workplace productivity, there is no evidence to support these claims. In fact, legalized cannabis has been found to reduce opioid use by as much as 33 percent, reduce traffic fatalities by as much as 11 percent, and have no effect on occupational accidents or rates of employee absenteeism. This is because marijuana consumption has not been found to increase after legalization.

Legalizing, regulating, and taxing recreational marijuana would reduce costs to taxpayers, spur economic activity, create jobs, and shrink the black market. While new tax revenues would be modest and would not solve Illinois’ fiscal issues, they would improve the state’s budget situation and credit rating outlook, fund investments in critical infrastructure and public education, and reduce criminal justice costs. Illinois *should* legalize, regulate, and tax recreational marijuana.

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Introduction

In 2012, Colorado and Washington became the first states to legalize marijuana for recreational purposes. The passage of Colorado Amendment 64 led to the state becoming the first to tax and legalize recreational marijuana, with commercial sales beginning in January 2014. Since marijuana is a relatively safe drug with no documented deaths from a marijuana overdose, support for legalization, regulation, and taxation of marijuana has only grown over time. Support for legalizing marijuana among American adults was just 12 percent in 1969, 48 percent by 2012, and 64 percent by 2017 ([McCarthy, 2017](#)).

Although marijuana remains illegal under federal law, 10 states and the District of Columbia have legalized recreational marijuana: Alaska, California, Colorado, Maine, Massachusetts, Michigan, Nevada, North Dakota, Oregon, Vermont, and Washington. Each state has their own guidelines, with different rates of taxation, age restrictions, packaging regulations, and possession limits. Additionally, 13 states have decriminalized the drug and 33 states– including Illinois– have legalized medical marijuana ([Chappell, 2018](#)). Of the states which have legalized recreational use, all except Vermont allow commercial sales by private for-profit businesses ([Lopez, 2017a](#)).

The legalization, regulation, and taxation of recreational marijuana has already generated hundreds of millions of dollars in tax revenues for state and local governments. During the campaign to legalize marijuana in Colorado, proponents claimed that marijuana taxes would increase state revenues by \$70 million per year. Today, tax revenues have exceeded these projections. In 2017, marijuana taxes, licenses, and fees collected in Colorado totaled \$247 million, with \$40 million of these revenues deposited into the Building Excellent Schools Today (BEST) program– which funds public school capital construction projects– every year. The additional \$207 million is allocated to the Marijuana Tax Cash Fund, which is largely used for health care, education, drug treatment, drug prevention, and law enforcement programs ([Lopez, 2017b](#)). Colorado has generated more than half a billion dollars in revenues since it legalized recreational marijuana ([Pedersen, 2018](#)).

In addition to generating tax revenues that fund public services and programs for social good, marijuana has been a job creator across the United States. In fact, the cannabis industry already employs 165,000 to 230,000 workers across the United States at retailers, wholesalers, testing labs, and related companies ([McVey, 2017](#)). In June 2018, Colorado officials approved \$447 million for 35 school construction projects using money that is partially funded by legal marijuana sales, creating thousands of blue-collar construction jobs ([Whaley, 2018](#)).¹

This Illinois Economic Policy Institute (ILEPI) and Project for Middle Class Renewal report does not discuss the moral implications of legalizing marijuana, but does present the effect on criminal justice and incarceration costs. The tax revenue and economic impacts of legalizing, regulating, and taxing recreational marijuana in Illinois are also evaluated. Evidence on the social costs of legalizing marijuana are considered. This report differs from previous studies assessing the impact of legalizing recreational

¹ In Illinois, every \$500 million in public construction project funding creates about 5,200 total jobs, including 3,000 direct construction jobs (e.g., see [Craighead & Manzo, 2017](#)).

marijuana in Illinois because it evaluates the market for legal recreational marijuana in Illinois using actual economic data and evidence from Colorado's experience, updates taxpayer savings estimates from reduced incarceration costs, illustrates potential public investments that could occur using new tax revenues, and forecasts impacts on private sector sales, business openings, and job creation.

Consumption of Marijuana and Support for Legalization in Illinois

Millions of dollars are already spent illegally in Illinois on the purchase of cannabis on the unregulated black market. According to the Marijuana Policy Project, a pro-legalization advocacy organization, an estimated 750,000 adults in Illinois reported consuming marijuana in the past month— representing nearly 6 percent of the total population in the state. Accordingly, proponents contend that the legalization of recreational marijuana would allow the State of Illinois to safely regulate the activity while collecting new tax revenues ([MPP, 2017](#)).

Marijuana is currently decriminalized for recreational use and legally permitted for medical use in Illinois. In 2016, legislators in Illinois decriminalized the possession of up to 10 grams of marijuana for individuals 21 years old or older ([Pedersen, 2018](#)). Illinois' Medical Cannabis Pilot Program, which began accepting applications in September 2014, now has more than 46,000 qualifying patients and 55 licensed medical cannabis dispensaries— about 837 patients per dispensary ([State of Illinois, 2018](#)). On March 22, 2017, state lawmakers proposed bills to legalize marijuana in Illinois ([McCoppin, 2017](#)).

The Illinois General Assembly did not pass legislation to legalize, regulate, and tax recreational marijuana during the 2017-2018 legislative session, despite a clear majority of Illinois voters supporting full legalization. A 2017 survey of 1,000 registered voters conducted by the Paul Simon Public Policy Institute at Southern Illinois University Carbondale found that two-thirds (66 percent) support legalizing, taxing, and regulating marijuana like alcohol in Illinois, including 76 percent of Democrats and 52 percent of Republicans ([Paul Simon Public Policy Institute, 2017](#)). In addition, in March 2018, Cook County residents were asked their opinion on legalizing the cultivation, manufacture, distribution, testing, and sale of recreational marijuana by adults 21 years old or older at the state-level. Fully 68 percent voted "Yes" in support of legalization ([Pedersen, 2018](#); [Ballotpedia, 2018](#)).

Savings for Taxpayers: Reduced Law Enforcement and Incarceration Costs

Historically, the costs of police, law enforcement, and corrections associated with marijuana possession have been very high in Illinois. A 2013 report by the American Civil Liberties Union found 12,406 marijuana possession arrests were made in the state in 2010, with African Americans 7.6 times more likely to be arrested than white residents. As a result, Illinois taxpayers spent \$127 million to police marijuana consumption, \$72 million in judicial and legal fees, and \$20 million to house individuals in local jails and county correctional facilities for possession of marijuana in 2010 ([ACLU, 2013](#)).

After decriminalization, police made fewer arrests and wrote fewer tickets. In 2012, the City of Chicago decriminalized the possession of 15 grams or less of marijuana for anyone 21 years old or older. In the year prior to decriminalization, Chicago police officers made 21,000 arrests. By 2016, there were just 129 arrests and the Chicago Police Department issued fewer than 300 tickets for possession of small amounts of cannabis. In 2016, the State of Illinois decriminalized possession of 10 grams or less of marijuana for anyone 21 years old or older— making possession of small amounts of weed a civil offense rather than a crime, with fines as the penalty instead of jail time ([Main, 2018](#)).

Full legalization and taxation of recreational marijuana will further reduce taxpayer costs. In June 2016, Illinois still had 445 people incarcerated in prison due to a cannabis-related possession, manufacturing, or trafficking offense ([IDOC, 2016](#)). According to the Illinois State Commission on Criminal Justice and Sentencing Reform in a January 2017 report, it costs Illinois more than \$22,000 per year to incarcerate a prisoner ([ICJIA, 2017](#)). Using this cost estimate and adjusting it for inflation to constant 2018 dollars, Illinois could conservatively save \$10.2 million annually in reduced incarceration costs alone due to the legalization of recreational marijuana (Figure 1).

Figure 1: Estimated Taxpayer Savings from Legalizing Recreational Marijuana in Illinois

Taxpayer Savings from Recreational Marijuana Legalization	Annual Estimate
Reduced Incarceration Costs	\$10.24 million
Reduced Judicial and Legal Fees*	\$2.95 million
Reduced Policing Costs*	\$5.21 million
Total Savings	\$18.40 million

* Estimates have been adjusted for inflation using the Consumer Price Index ([CPI, 2018](#)).

Source(s): 2013 American Civil Liberties Union ([ACLU, 2013](#)); Illinois State Commission on Criminal Justice and Sentencing Reform ([ICJIA, 2017](#)).

Figure 1 presents annual taxpayer savings from full legalization of recreational marijuana in Illinois. Estimates are based on findings from the American Civil Liberties Union and the Illinois State Commission on Criminal Justice and Sentencing Reform adjusted for 2017 data on cannabis-related incarceration in Illinois. The estimates are also adjusted for inflation to today's dollars. The analysis reveals that legalizing, taxing, and regulating recreational marijuana would reduce incarceration costs by \$10.2 million per year, decrease judicial and legal fees by about \$3.0 million per year, and lower policing costs by about \$5.2 million per year. In total, legalizing recreational marijuana would save Illinois taxpayers \$18.4 million annually (Figure 1). This is in addition to the hundreds of millions of dollars that were saved from marijuana decriminalization in 2016.

Tax Revenue Impacts of Illinois Legalizing Recreational Marijuana

Illinois is about twice as large as Colorado (Figure 2). There are 4.8 million households in Illinois compared to 2.1 million households in Colorado. Additionally, according to data from the Bureau of Economic Analysis at the U.S. Chamber of Commerce, the Illinois economy produced 2.4 times as much output as Colorado ([BEA, 2016](#)). However, Illinois collects more in state and local taxes than Colorado.

Figure 2 multiplies the total number of households by their average household income in both Colorado and Illinois and then adjusts total income for purchasing power after all state, federal, and local taxes. The result is that Illinois has 2.1 times as much purchasing power as Colorado. This means that recreational marijuana sales in Illinois could feasibly be about 2.1 times as much as in Colorado.

Figure 2: Purchasing Power of Resident Households, Colorado vs. Illinois, 2016 Data

2016 Economic Data	Colorado	Illinois
Total Households (2016)	2,108,992	4,822,046
Average Household Income (2016)	\$88,246	\$84,561
Total Household Income After All Taxes*	\$129.89 billion	\$275.20 billion
Illinois Purchasing Power as a Multiple of Colorado		2.12 x
*Based on data from 2015 <i>State and Local Government Finances</i> by the U.S. Census Bureau and average federal income tax rates (Census, 2015). Note that this estimate is not the same as total labor income, which would include benefits, and not the same as gross state product (GSP).		

Source(s): 2016 American Community Survey by the U.S. Census Bureau (Census, 2016); 2015 *State and Local Government Finances* by the U.S. Census Bureau (Census, 2015).

The Colorado Department of Revenue is required by law to report marijuana tax data to the public (Colorado Department of Revenue, 2018a). Colorado currently taxes recreational marijuana at a 32.9 percent effective tax rate. This includes a 2.9 percent state sales tax on both medical and retail marijuana, a 15 percent state retail marijuana excise tax, and a 15 percent state retail marijuana sales tax that was increased from 10 percent on July 1, 2017. Over the fiscal year from July 2017 through June 2018, the state collected \$251.0 million in total marijuana taxes— not including license and application fees paid by retailers and individuals to sell recreational marijuana. Based on the effective tax rate, this means that Colorado residents and visitors spent \$762.8 million legally on recreational marijuana in Colorado over 12 months (Figure 3).

Figure 3: Estimating the Market for Legalized Recreational Marijuana in Illinois, By 2020

The Markets for Recreational Marijuana in Colorado and Illinois	Data or Estimate
Total Marijuana Sales in Colorado Annually	\$762.81 million
Total Marijuana Tax Rate in Colorado*	32.9%
Total Marijuana Taxes Collected in Colorado Annually	\$250.97 million
Illinois Purchasing Power as a Multiple of Colorado	2.12 x
Total Estimated Annual Sales in Illinois (After Legalization)	\$1,616.20 million
*Total marijuana revenue in Colorado includes a 2.9 percent state sales tax on medical and retail marijuana, a 15 percent state retail marijuana sales tax, and a 15 percent state retail marijuana excise tax.	

Source(s): Authors' estimates based on Marijuana Tax Data from the Colorado Department of Revenue (Colorado Department of Revenue, 2018), using purchasing power estimates from Figure 2.

It is estimated that about \$1.62 billion of recreational marijuana would be sold in Illinois if the state were to legalize, regulate, and tax the substance at similar levels as Colorado (Figure 3).² This is based

² The \$1.62 billion recreational marijuana market may be a *conservative* estimate. For example, there were 46,018 qualifying patients in Illinois' Medical Cannabis Pilot Program who spent \$10.8 million per month at licensed medical cannabis dispensaries from January 2018 through September 2018— or \$235.40 per patient per month (State of Illinois,

on the total sales in Colorado adjusted for the purchasing power of Illinois households. Additionally, Illinois would benefit from being one of the only states in the region to legalize recreational marijuana. Like Colorado, tourism would be expected to increase modestly as consumers from neighboring states travel to Illinois for legalized cannabis, boosting business sales in Illinois.

Illinois taxes tobacco and alcohol at higher rates than clothes, food, and services. In addition to the 6.25 percent general sales tax, Illinois levies excise taxes of \$0.23 per gallon for beer, \$1.39 per gallon for wine, \$8.55 per gallon for liquor, and \$1.98 per pack of 20 cigarettes ([SalesTaxHandbook, 2018](#)). The legalization, regulation, and taxation of marijuana would be no different.

Figure 4 presents estimated tax revenues from the State of Illinois levying a proposed 26.25 percent state excise tax on retail marijuana. Combined with the 6.25 percent general sales tax, this would make the total effective tax rate on recreational marijuana 32.5 percent in Illinois— slightly lower than in Colorado (32.9 percent). In general, consumers tend to buy more of a product if it is taxed at a lower rate, but Figure 4 conservatively uses the total marijuana sales estimate of \$1.62 billion for Illinois, based on Colorado’s total effective tax rate.

If the state were to impose a 26.25 percent excise tax on recreational marijuana in addition to the 6.25 percent general sales tax, Illinois would generate an estimated \$525.3 million in new tax revenues (Figure 4). Fully \$505.1 million would go to the state government while local governments would receive \$20.2 million.³ This revenue estimate falls in the middle of the \$350 million to \$700 million range projected by some proponents of legalizing recreational marijuana in Illinois ([Driscoll, 2018](#)). It also exceeds the \$354 million in revenue projected by researchers at the conservative-learning Tax Foundation ([Bishop-Henchman & Scarboro, 2016](#)). Note, however, that the revenue estimate from Figure 4 does not include tax revenue from licenses and application fees paid by retailers and individuals to sell recreational marijuana.

Figure 4: Estimated Tax Revenues from Legalizing Recreational Marijuana in Illinois, By 2020

Estimated Sales, Proposed Tax Rate, and Expected Tax Revenues	Annual Estimate
Total Estimated Marijuana Sales in Illinois	\$1,616.20 million
Illinois State Marijuana Excise Tax (Proposed)	26.25%
Illinois Sales Tax: State Share	5.00%
Illinois Sales Tax: Local Share	1.25%
Total State Taxes Collected	\$505.06 million
Total Local Taxes Collected	\$20.20 million

Source(s): Authors’ estimates based on Marijuana Tax Data from the Colorado Department of Revenue ([Colorado Department of Revenue, 2018](#)), using purchasing power estimates from Figure 2.

2018). If 750,000 adults in Illinois consume marijuana at the same monthly quantities as qualified patients ([MPP, 2017](#)), estimated sales would be \$176.5 million per month, or a market size of \$2.12 billion.

³ In Illinois, the general sales tax is 6.25 percent. The state keeps 80 percent of the revenue from the sales tax (or 5 percentage points of the tax) in the General Fund and transfers 20 percent (or 1.25 percentage points of the tax) to local governments.

State lawmakers could stipulate how new tax revenues collected from legalized marijuana are spent. Figure 5 outlines potential public investments that could occur using the new tax revenue, assuming that half of the revenue is used to reduce pension debts by about \$250 million per year.

The remaining revenue could be distributed evenly at 10 percent to fund five government functions annually at about \$50 million each.

- Lawmakers could follow Colorado's lead and deposit 10 percent of recreational marijuana tax revenues in the **School Infrastructure Fund**. The additional state funding could potentially be used by local school districts to slightly reduce property tax burdens. Compared to actual revenue of \$72.1 million in fiscal year 2017, \$50 million would represent a *70 percent* increase in school construction funding provided by the state ([Illinois Comptroller, 2017](#)).
- Lawmakers could allocate 10 percent of recreational marijuana tax revenues to the **State Construction Account**. This money is used to fund road, bridge, transportation, and similar infrastructure projects. Compared to actual revenue of \$506.6 million in fiscal year 2017, \$50 million would represent a *10 percent* increase in funding ([Illinois Comptroller, 2017](#)).
- 10 percent of recreational marijuana tax revenues could be appropriated to the **Illinois State Board of Education** to support elementary education at Illinois' public schools. The additional state funding could also be used by local school districts to slightly reduce property tax burdens. Compared to an enacted budget of \$6.8 billion for evidence-based funding of schools, \$50 million would represent about a *1 percent* increase in total funding ([ISBE, 2018](#)).
- 10 percent of recreational marijuana tax revenues could be dedicated to the **Illinois Student Assistance Commission** to help students pay for college education through the Monetary Award Program (MAP) grants. In the 2019 fiscal year, MAP grant funding was \$401.3 million ([ISAC, 2018](#)). \$50 million in new revenue would represent a *12 percent* increase in higher education tuition assistance for students to attend Illinois' public universities and community colleges.
- 10 percent could be appropriated to the **Department of Human Services** to fund drug treatment and drug prevention programs, including to help combat the current opioid crisis. These programs were among the hardest hit by the 736-day budget impasse in Illinois. Compared to the \$230.7 million enacted for the Division of Addiction Treatment, \$50 million in new revenue would represent a *22 percent* increase in funding for substance abuse treatment and prevention programs ([Illinois OMB, 2018](#)).

Though not shown in Figure 5, the approximately \$20 million in recreational marijuana tax revenues that are transferred to local governments could be used either to fund law enforcement and hire additional officers or to pay down local police and fire pension debt obligations. The administration and regulation of legal marijuana could be funded entirely by license fees and application fees paid by retailers and individuals to sell recreational marijuana. These fees generated \$8.8 million for the State of Colorado from July 2017 through June 2018 ([Colorado Department of Revenue, 2018b](#)). Elected

officials and voters in Illinois could expect to double that revenue to pay for administering and regulating the legalized marijuana law.

Figure 5: Potential Public Investments Using New Tax Revenues from Legalized Marijuana

Potential Public Investments Based on New Tax Revenues	Annual Estimate
Total State Marijuana Taxes Collected	\$505.06 million
<u>Potential Public Investments for the Public Good</u>	
50 Percent to Pension Payments	\$252.53 million
10 Percent to School Infrastructure Fund	\$50.51 million
10 Percent to State Construction Account	\$50.51 million
10 Percent to K-12 Public Schools	\$50.51 million
10 Percent to Monetary Award Program (MAP)	\$50.51 million
10 Percent to Drug Treatment and Prevention Programs	\$50.51 million

Economic Effects of Illinois Legalizing Recreational Marijuana

Convenient access to dispensaries, consumption lounges, and licensed marijuana businesses is essential to a successful and safe market for legal marijuana. If consumers cannot easily purchase cannabis from the regulated legal market because local governments prevent dispensaries or retail stores from selling the substance, they will again turn to the unregulated black market. For example, Denver allows one cannabis retail establishment per 3,091 residents, which has caused the illegal market share to fall to 30 percent. Seattle, on the other hand, limited retail licenses to 21 firms, or one dispensary per 30,373 residents. Illegal activity was still estimated at 70 percent of the total cannabis market in Seattle due to the lack of access to the regulated market. Research finds that states need at least one legal cannabis retail storefront per 7,500 residents to limit the illicit black market ([Beals, 2018](#)).

This section uses IMPLAN to assess the economic effects of legalizing recreational marijuana in Illinois. IMPLAN is an input-output software that is considered the “gold standard” in economic impact analyses ([Vowels, 2012](#)). IMPLAN uses U.S. Census Bureau data to account for the interrelationship between businesses and households in a regional market, following a dollar as it cycles through the economy. The software uses multipliers to estimate how much a policy change— such as legalizing recreational marijuana— would affect the economy.

The results reveal that legalizing marijuana would boost the Illinois economy (Figure 6). If Illinois were to legalize cannabis at an effective tax rate of 32.5 percent, total recreational marijuana sales would be expected to be \$1.62 billion at over 2,600 businesses— approximately one cannabis dispensary, retailer, or manufacturer for every 4,900 residents in the state. This would be a higher density of points of sale per person than Seattle but a lower density than Denver ([Beals, 2018](#)).

Legalization would directly create nearly 19,500 jobs at marijuana dispensaries, retailers, and manufacturers. Additionally, the Illinois workers who are newly employed at marijuana-related businesses would earn incomes that they spend back in the economy. This additional consumer

demand would save or create another 4,100 jobs at restaurants, stores, and other local businesses. Overall, the Illinois economy would grow by an estimated \$1 billion annually due to the consumption of recreational marijuana by both residents and tourists (Figure 6).⁴

Figure 6: Estimated Annual Economic Impacts of Legalizing Marijuana in Illinois, By 2020

Impact on Sales, Businesses, Employment, and Gross State Product	Annual Estimate
Total Estimated Marijuana Sales in Illinois	\$1,616.20 million
Number of Establishments (Firms Created)	2,633 businesses
Total Employment (Jobs Created)	23,618 jobs
<ul style="list-style-type: none"> • Direct Jobs at Marijuana Dispensaries and Manufacturers • Induced Jobs from Higher Consumer Demand 	<ul style="list-style-type: none"> • 19,486 jobs • 4,132 jobs
Net Economic Impact (Annual Gross State Product)	\$1,000.17 million

Source(s): Authors' estimates from an economic simulation using IMPLAN (IMPLAN, 2018) based on legal recreational marijuana market estimates from Figure 4.

Finally, information from the 2016 *County Business Patterns* dataset by the U.S. Census Bureau is used to compare the estimated number of marijuana dispensaries and related establishments to the current number of smoke shops and alcoholic drinking places in Illinois (Figure 7). As of 2016, the state had nearly 500 tobacco stores primarily engaged in selling cigarettes, cigars, pipes, and other smokers' supplies that employed nearly 1,300 workers. Similarly, the state had nearly 2,700 drinking places serving alcoholic beverages— such as bars, distilleries, and wineries— where over 21,600 bartenders, cooks, servers, barbacks, and other individuals worked. Note that this does not include restaurants which primarily sell food but may also offer alcoholic beverages. The legalization, regulation, and taxation of recreational marijuana would create about the same number of jobs— at a similar rate of pay (about \$19,600 annually for mostly part-time workers)— in Illinois as there are at bars and other alcoholic drinking places.

Figure 7: Estimated Marijuana Stores Compared to Similar Establishments in Illinois, 2016 Data

Sector of the Economy (NAICS code)	Number of Establishments	Paid Employees	Annual Payroll	Payroll Per Employee
Estimated: Marijuana Dispensaries	2,633	19,486	\$383.57 million	\$19,588
NAICS 453991: Tobacco Stores	479	1,265	\$24.63 million	\$19,470
NAICS 7224: Alcoholic Drinking Places	2,668	21,623	\$365.97 million	\$16,925

Source(s): Authors' estimates from Figure 6; 2016 County Business Patterns from the U.S. Census Bureau (Census, 2016).

⁴ The net effect on the overall economy (\$1.00 billion) is less than total sales (\$1.62 billion) because annual gross state product is the difference between all sales and the production cost of all products. As an example, consider a toy bought by an Illinois consumer at a local store for \$10. Suppose that the toy was manufactured in New Mexico for \$4. The difference between the sales price (\$10) and the cost that the local store paid for the toy (\$4) is \$6. In this case, total sales are \$10 in Illinois, but the Illinois economy only grows by \$6 due to the local business activity. The New Mexico economy grows by the remaining \$4 from manufacturing the product. The same logic applies for recreational marijuana.

Addressing Concerns on Alcohol Consumption, Health, and Safety

Marijuana consumption rates do not rise following legalization. In Colorado, for example, “marijuana use [among Colorado residents] has not changed since legalization either in terms of the number of people using or the frequency of use among users” and marijuana consumption has remained lower than daily alcohol or tobacco use ([Colorado Department of Public Health & Environment, 2016](#)). While more research is needed, the evidence suggests that cannabis consumption does not change due to legalization.

Nevertheless, some legislators and constituents in Illinois are concerned about the unintended consequences of legalizing and taxing recreational marijuana. One concern is the relationship between marijuana use and the consumption of other drugs, including alcohol. Studies consistently show that marijuana is less addictive and less risky than alcohol. Alcohol is the leading risk factor for death among people aged 15-49 and is linked with violent behavior. Conversely, there have been no documented deaths from cannabis use and there is some evidence that marijuana users may actually be less likely to commit violence against a partner ([Brodwin, 2018](#)). The research is mixed as to whether legalizing recreational marijuana would increase or reduce alcohol consumption ([Kilmer & Smart, 2018](#)). Of 39 academic studies reviewed on the topic, 16 supported the idea that alcohol consumption would decrease (41 percent), 10 supported the claim that alcohol consumption would rise (26 percent), and 13 found no effect (33 percent) ([Subbaraman, 2016](#)).

Studies have found that legalized cannabis mitigates opioid use and abuse. Over the past two decades, an increasing number of fatal drug overdoses have been related to prescription opioid medications. In 2014, 40 percent of all opioid overdose deaths involved a prescription opioid, with 46 people dying every day from an opioid overdose ([CDC, 2018](#)). A recent study published by researchers at the University of Kentucky and Emory University found that opiate-related deaths decreased by about 33 percent in 13 states in the six years after medical marijuana was legalized ([Wen & Hockenberry, 2018](#)). Additionally, a report conducted by the Minnesota Department of Health found that 63 percent of patients taking opioid medication for pain reduced or eliminated their opioid use once treated with medical cannabis ([Singer, 2018](#)).

Would legalizing recreational marijuana increase the number of car accidents due to motorists driving under the influence of cannabis? Studies have failed to find a correlation between car accidents and marijuana usage in Colorado since legalization ([Ingraham, 2017](#)). In fact, traffic fatalities have been found to drop by between 8 percent and 11 percent on average in states that legalized medical marijuana, although the reason for this finding is unknown ([Cohen, 2016](#)). One explanation may be that marijuana consumption rates do not statistically increase following legalization.

Lastly, some groups say that that marijuana legalization would have negative economic impacts from higher workplace injury rates, increased absenteeism, and additional homelessness— costing the state hundreds of millions of dollars per year ([SAM, 2018](#)). However, the National Academies of Sciences, Engineering, and Medicine has concluded that there is no evidence to support the claim that cannabis use increases occupational accidents or injuries and academic studies do not corroborate the claim that employee absenteeism would worsen ([Miller, 2018](#)). Meanwhile, there is no evidence that legal

cannabis contributes to an increase in homelessness ([Zhang, 2018](#)). Because marijuana consumption does not rise following legalization, each of these social costs is not expected to be any higher than current levels in Illinois.

Conclusion

There is significant public support for legalizing, regulating, and taxing recreational marijuana in Illinois—where lawmakers have decriminalized possession of up to 10 grams of cannabis for individuals 21 years old and older. Fully 66 percent of registered voters in Illinois support legalizing marijuana. This includes 76 percent of Democrats and 52 percent of Republicans.

Historically, the costs of police, law enforcement, and corrections associated with marijuana possession have been very high in Illinois. After decriminalization, police made fewer arrests and wrote fewer tickets. However, Illinois still has people incarcerated in prison due to a cannabis-related possession, manufacturing, or trafficking offense. By fully legalizing recreational marijuana, Illinois taxpayers would save \$18.4 million annually in reduced incarceration costs, law enforcement spending, and legal fees.

The State of Illinois is also in dire need of revenue enhancements. Following a 736-day budget impasse from the summer of 2015 to the summer of 2017, Illinois still has a \$8.1 billion backlog of unpaid bills and \$130 billion in unfunded pension liabilities ([Illinois Comptroller, 2018](#); [CTBA, 2017](#)). One policy change that has been proposed to raise state tax revenues is to legalize and tax recreational marijuana. Moody's Investors Service, a credit rating agency, calls legalizing recreational marijuana a "credit positive" potential change in tax policy ([Moody's, 2018](#)). As of November 2018, eleven states and the District of Columbia have legalized recreational marijuana.

If Illinois were to legalize marijuana, an estimated \$1.6 billion of recreational marijuana would be sold in the state, in part due to regional tourism. At a 26.25 percent state excise tax on retail marijuana in addition to the 6.25 percent general sales tax, Illinois would generate \$525 million in new tax revenues, create over 23,600 new jobs at more than 2,600 businesses, boost the Illinois economy by \$1 billion annually, and reduce law enforcement and incarceration costs. With new tax revenues, Illinois could fund additional pension payments while making vital public investments in new school construction projects, road and transportation construction projects, K-12 public school education, the Monetary Award Program (MAP) grants for tuition assistance for college students, and drug treatment and prevention programs.

Legalizing, regulating, and taxing recreational marijuana would reduce costs to taxpayers, spur economic activity, create jobs, and shrink the black market. While new tax revenues would be modest and would not solve Illinois' fiscal issues, they would improve the state's budget situation and credit rating outlook. Illinois should legalize, regulate, and tax recreational marijuana.