

Economic Impact Rebuttal

Jeff Cohen

Jeff Cohen Bio

Economist with over 30 years experience and an Evanston resident not being compensated by any party

- Clients include Apple, Microsoft, Oracle, Allstate Insurance, Johnson & Johnson, United Airlines,, Mitsubishi, and Anheuser-Busch
- Testified in arbitration and federal courts as an economic expert
- Finance Committee for Chicago's Olympic Bid
- BA and MBA from the University of Chicago
- Author of *Intangible Assets: Valuation and Economic Benefit*
- Guest lecturer at both the University of Chicago and Northwestern University

- I reviewed the Tripp-Umbach study prepared on behalf of Northwestern University.
- I reviewed the Johnson Consulting study prepared on behalf of the City of Evanston.
- My job on the finance committee for the Chicago2020 Olympic bid was to assess economic impact studies.

Opinion

- These studies cannot be relied upon to make a determination about the economic impact of the proposed new Ryan Field
- Doing so would be inappropriate and irresponsible
- 2 main reasons

First: Whatever economic impact these studies do show, it is wildly inaccurate

These studies do not measure lots of things:

- Evanston-specific benefit
- Existing business versus new, inside-the-stadium business
- Effect on property values
- Cost of congestion
- Wear and tear on infrastructure
- Actual demand for concerts

How can this be?

- IMPLAN is just one tool. It's a more or less a theoretical one, not tethered to the economics of our specific city.
- Assumptions without rigor. Multipliers applied loosely.
- Even if we accept the limitations, both studies include something called "induced effects".
- In the JC study, which posits either 3 or 6 concerts, those amounts = \$23-27 mi.
- (T-U study assumes 10 events)

Tutorial: What's an induced effect?

- There are direct, indirect, and induced effects.
- Direct is the cost to maintain the new stadium grounds. That might mean hiring some new people.
- Indirect could be the coffee sold to those new employees on their lunch break.
- Induced is the new coffee shop employee hired because of greater demand from the new stadium employee's demand for coffee.

Second: Total fiscal benefit is only \$200,000/year

- \$200,000 is the difference between 2018 actual and a 6-concert forecast. For 3 concerts, fiscal benefit is actually less than 2018.
- These are Johnson Consulting's own numbers.
- Yes, there will be approx. \$10 mil in building permit fees. But that is one time. And, I expect will be consumed by a number of costs that an IMPLAN model does not consider.

Conclusion

Whatever you conclude about the costs and benefits of expanding Ryan Field, please understand that these studies are unfortunately woefully inadequate.

We cannot conclude that there is an economic pot of gold here for Evanston's residents.