



MEMORANDUM

To: Beverage Alcohol Community Information Council (BACIC)

From: Richard Merritt
Elliott D. Pollack & Company

Date: April 2, 2012

Re: Economic and Fiscal Impact of Restaurant, Bar and Alcohol Sales in Downtown Scottsdale

Introduction

Elliott D. Pollack and Company was retained to perform an economic and fiscal impact study of restaurant, bar and alcohol sales within Downtown Scottsdale. For the purposes of this study, Downtown Scottsdale is defined as the area bounded by Miller Road, Osborn Road, Goldwater Boulevard, and Camelback Road.

This study focuses on the economic and fiscal impacts of the following:

- Overall restaurant and bar sales in Downtown Scottsdale.
- Alcohol-related sales in bars and restaurants, including those facilities within hotels and in liquor, grocery and convenience stores.

Methodology

Economic impact analysis examines the economic implications of an activity in terms of output, earnings, and employment. For this study, the analysis focuses on the jobs and corresponding output and wages created by restaurant, bar and alcohol sales in Downtown Scottsdale. The analysis also identified the direct, indirect, and induced impacts (the multiplier effect) of restaurant, bar and alcohol sales.

Fiscal impact analysis quantifies the public revenues associated with a particular economic activity. The primary revenue sources of local, county, and state governments (i.e. taxes) are analyzed to determine how an activity may affect the various jurisdictions. This report evaluates the impact of restaurant, bar and alcohol sales in Downtown Scottsdale on the City of Scottsdale.

Results

Total direct employment in Downtown Scottsdale restaurants and bars is estimated at 2,696 jobs, with wages of nearly \$62.0 million. Another 430 indirect jobs and 642 induced jobs are also supported by the restaurant and bar industry. The total economic impact of the industry in Downtown Scottsdale is 3,767 jobs, \$108.1 million in wages and \$306.0 million in total economic output as noted on the following table.



Economic Impact of Restaurant and Bar Sales Downtown Scottsdale State of Arizona (2011 Dollars)			
Impact Type	Jobs	Wages	Economic Output
Direct	2,696	\$61,974,000	\$164,343,000
Indirect	430	\$19,555,000	\$63,063,000
Induced	642	\$26,523,000	\$78,641,000
Total	3,767	\$108,052,000	\$306,047,000
<small>1/ The total may not equal the sum of the impacts due to rounding. All dollar figures are in constant dollars. Inflation has not been included in these figures.</small>			
<small>Source: Elliott D. Pollack & Company; IMPLAN</small>			

The economic impact of alcohol sales in Downtown Scottsdale is a subset or part of the total restaurant and bar industry. Approximately 39% of all jobs in Downtown Scottsdale restaurants and bars are attributable to the sale of alcohol. Alcohol sales alone generate 1,060 direct jobs and nearly \$24.5 million in wages. Another 169 indirect and 253 induced jobs are also supported by alcohol sales in Downtown Scottsdale annually. Total economic output in the state economy is \$120 million.

Economic Impact of Alcohol Sales Downtown Scottsdale State of Arizona (2011 Dollars)			
Impact Type	Jobs	Wages	Economic Output
Direct	1,060	\$24,447,000	\$64,670,000
Indirect	169	\$7,667,000	\$24,723,000
Induced	253	\$10,448,000	\$30,977,000
Total	1,481	\$42,562,000	\$120,370,000
<small>Sources: Elliott D. Pollack & Company; IMPLAN</small>			

The fiscal impact of Downtown Scottsdale restaurants and bars on the State of Arizona, Maricopa County, and the City of Scottsdale is estimated at \$20.8 million. Of this amount, the City of Scottsdale collected an estimated \$3.0 million in 2011 from direct sales tax on food and drinks as well as employee spending within the community.

Alcohol sales in Downtown Scottsdale, which are a subset of total restaurant and bar sales, generated an estimated \$9.5 million dollars in revenue to the State of Arizona, Maricopa County, and the City of Scottsdale in 2011. Included in this total revenue estimate is nearly \$1.2 million in tax receipts to the City of Scottsdale.

