



## **The Economic Impact of Recreation Resort Development in Adams County**



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**Assessing the Short-Term and Long-Term Impacts of  
Northern Bay Golf Resort & Marina and Chula Vista Theme Resort  
on the Economy of Adams County, Wisconsin**

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Jason Valerius  
Chuck Sulik  
MSA Professional Services



# The Economic Impact of Recreation Resort Development in Adams County, Wisconsin

## EXECUTIVE SUMMARY

Adams County, though bordered by two of Wisconsin’s largest lakes and the City of Wisconsin Dells, does not have a well-developed tourism industry. This is changing, however, thanks to combined investments of nearly \$350 million by Northern Bay Golf Resort and Marina and Chula Vista Theme Resort.

Northern Bay, located in the Town of Strongs Prairie along the shores of Castle Rock Lake, will feature 309 condominium units, a 280-room hotel, an 18-hole golf course, a 50-slip marina, convention/banquet space, an indoor waterpark, a spa, a restaurant, and a convenience store. Chula Vista, a fixture in the southwest corner of the County for 50 years, is building an expansion that will include 337 condominium units, an indoor waterpark, a convention center, restaurant and retail space, and improvements to an existing golf course. Together, the two resorts represent a significant influx of new money into the Adams County economy.

This study estimates the impacts of both construction and operation of these developments on the economy of Adams County. Economic impact multipliers were used to estimate indirect and induced economic activity. This report does not examine the cost of increased public services that either resort may require.

## SHORT-TERM CONSTRUCTION IMPACTS, 2003-2008

Northern Bay is spending \$160 million on “hard” construction activities between 2003 and 2006, and about 75% of this will be paid to employees and suppliers based in Adams County. This works out to \$30 million per year in direct spending and an additional \$11 million per year in indirect and induced spending of that money during the years 2003-2006. The *total annual impact of \$41 million* includes about *\$15.3 million in earnings*, income that supports an *estimated 470 jobs in Adams County* (some full-time, some part-time).

Chula Vista is spending \$165 million on hard construction activities between 2005 and 2008, and an estimated 10% of this budget will be paid to employees and suppliers based in Adams County. This amounts to \$4.1 million per year in direct spending and \$1.5 million per year indirect and induced spending of that money during the years 2005-2008. The *total annual impact of \$5.7 million* includes about *\$2.1 million in earnings*, income that supports an *estimated 65 jobs in Adams County* (some full-time, some part-time).

### Total Economic Impact in Adams County of Planned Construction Activities (2003-2008)

	Direct Economic Impact	Indirect Economic Impact	Total Economic Impact
Northern Bay	\$120,000,000 (\$30M/year)	\$44,484,000 (\$11M/year)	\$164,484,000 (\$41M/year)
Chula Vista	\$ 16,500,000 (\$4.1M/year)	\$ 6,116,550 (\$1.5M/year)	\$ 22,616,550 (\$5.7M/year)
<b>Total</b>	<b>\$136,500,000</b>	<b>\$50,600,550</b>	<b>\$187,100,550</b>

## LONG-TERM OPERATION IMPACTS

Northern Bay will produce revenue in multiple ways, including condo rentals, hotel room rentals, waterpark ticket sales, golf course fees, marina fees, and income from the

restaurant, spa, and convenience store. Total annual revenues, based on Northern Bay projections, are estimated to be about \$28.4 million, including nearly \$21 million in room revenue. Indirect and induced spending amounts to an estimated \$8.6 million per year, and the *total annual impact of \$37 million* includes about *\$11 million in earnings and 719 jobs* (some full-time, some part-time).

Chula Vista will also feature a variety of revenue-generating activities, including hotel and condo rentals, waterpark tickets, golf fees, and restaurants. Total annual revenues are estimated to be about \$26.2 million, including over \$21 million in room revenue. Indirect and induced spending amounts to an estimated \$7.8 million per year, and the *total annual impact of \$34 million* includes about *\$10.1 million in earnings and 658 jobs* (some full-time, some part-time).

**Total Economic Impact in Adams County of Projected Operations Activities**

	<b>Direct Economic Impact</b>	<b>Indirect Economic Impact</b>	<b>Total Economic Impact</b>
Northern Bay	\$28,400,000 per year	\$ 8,600,000 per year	\$37,000,000 per year
Chula Vista	\$26,250,000 per year	\$ 7,800,000 per year	\$34,050,000 per year
<b>Total</b>	<b>\$54,650,000 per year</b>	<b>\$16,400,000 per year</b>	<b>\$71,050,000 per year</b>

**TAX REVENUES**

Northern Bay will produce sales tax revenue for the County and the State during construction and during long-term operation. This is expected to amount to about \$110,000 annually to the County during the years 2003-2006, and \$152,000 per year thereafter (2005 dollars). The 5.5% room tax expected to be adopted by the Town of Strongs Prairie will generate an estimated \$1.15 million per year. *Property taxes to be paid by Northern Bay are expected to generate over \$3.6 million each year for local government, including \$1.4 million to the County and \$1.8 million to the Adams Friendship School District.* This does not include any increased revenues due to property value increases around Northern Bay. *If 2004 tax rates continue to apply, Northern Bay will increase tax revenues to the County by 11%, the school district by 20%, and the Town of Strongs Prairie by 175%.*

**Total Annual Tax Revenues Returned to Local Governments by Northern Bay**

0.5% County Sales Tax	Construction (2003-2006)	\$109,590 per year
0.5% County Sales Tax	Operations (2007+)	\$152,097 per year
5.5% Room Tax	Operations (2007+)	\$1,150,600 per year
Property Tax	Operations (2007+)	\$3,637,183 per year

Chula Vista will also produce sales tax revenue for the County and the State during construction and during long-term operation. This is expected to amount to about \$13,000 annually to the County during the years 2003-2006, and \$150,000 per year thereafter (2005 dollars). The 5% room tax collected by the City of Wisconsin Dells will generate an estimated \$1.06 million per year. Property taxes will go toward retirement of the TID until about 2020, and can be expected to impact County revenues dramatically after the TID closes.

**Summary of Annual Tax Revenues Returned to Local Governments by Chula Vista**

0.5% County Sales Tax	Construction (2005-2008)	\$ 13,006 per year
0.5% County Sales Tax	Operations (2008+)	\$ 149,691 per year
5% Room Tax	Operations (2008+)	\$ 1,055,000 per year

# **The Economic Impact of Recreation Resort Development in Adams County, Wisconsin**

Assessing the Short-Term and Long-Term Impacts of Northern Bay Golf Resort & Marina and Chula Vista Theme Resort on the Economy of Adams County

## **INTRODUCTION**

Adams County, Wisconsin, just 60 minutes from Madison at its southern edge and less than four hours from Chicago, is poised for rapid growth as a tourist destination. Though adjacent to tourist mecca Wisconsin Dells and bordered by Wisconsin's 2<sup>nd</sup> and 4<sup>th</sup> largest inland lakes, economic development and tourism growth in the County have been slow. The \$103 million spent in the County by travelers in 2004 ranked Adams County 31<sup>st</sup> among Wisconsin's 72 counties.<sup>1</sup> This ranking will change, however, due to the transformational effects of two similar destination resort developments. Northern Bay Golf Resort and Marina is a new \$170 million golf and recreation resort taking shape along the shores of Castle Rock Lake. Chula Vista Theme Resort, operating in the County for five decades, is now investing \$175 million in condominiums, a waterpark, a convention center, a golf course, and other improvements.

These resorts will dramatically affect the local economy by creating jobs and inducing more development and activity around them. They will also generate increased sales tax revenue to the County; increased property tax revenue for local and county entities; and new room tax revenue. This report estimates the scale and scope of these economic impacts to help local leaders prepare for the changes to come. These estimates include both the direct impacts of the new development and the indirect impacts that the new development is likely to induce as new retail and service businesses are created to meet the purchasing demand of increased tourist traffic.

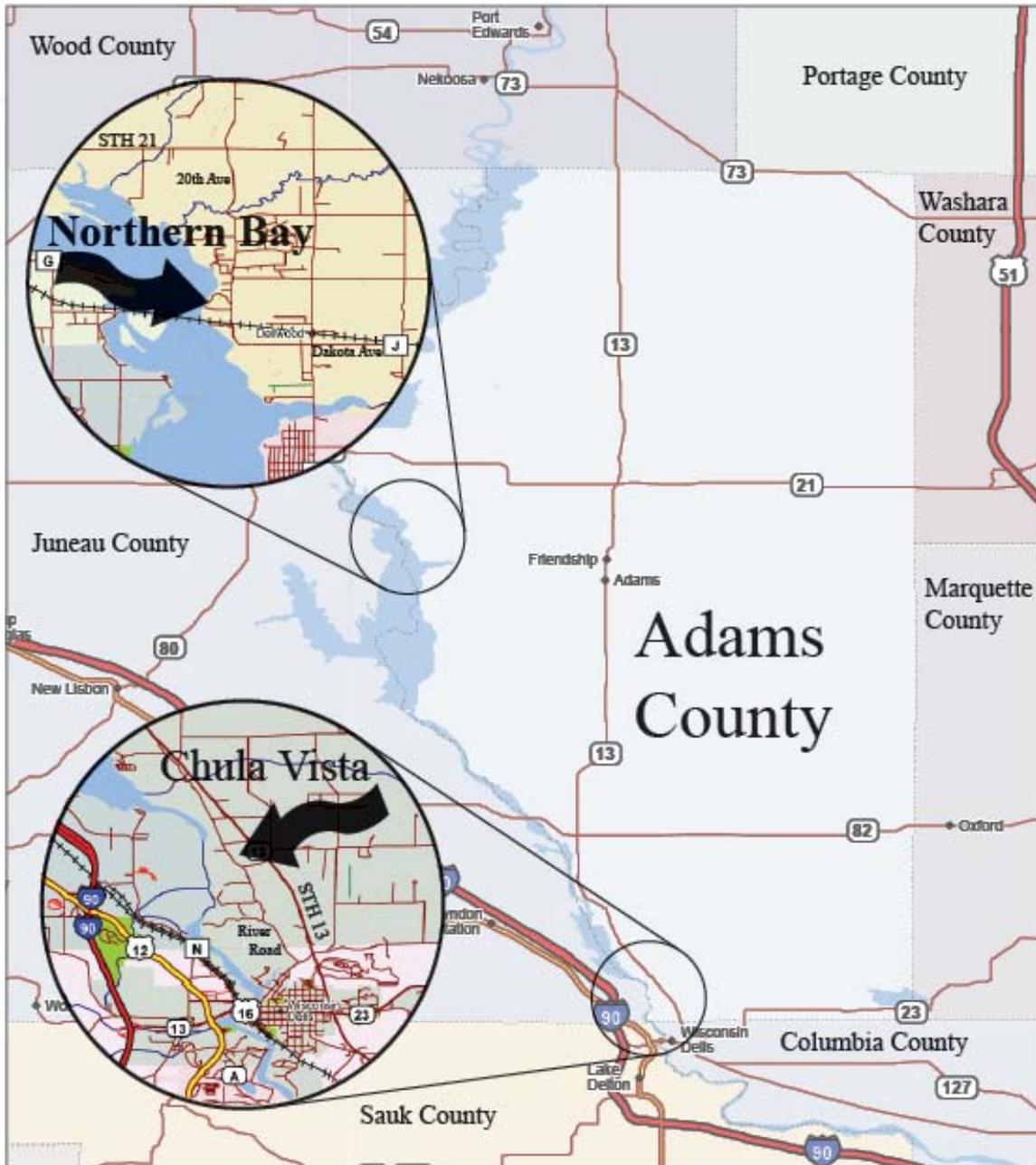
Indirect and induced economic activity can be estimated using economic impact input-output multipliers. This study utilizes Regional Input-Output Modeling System (RIMS II) multipliers generated by the U.S. Bureau of Economic Analysis (BEA). These multipliers are derived through a comprehensive analysis of the local economy to determine the relative size of the various components of the Adams County economy. We can then use these multipliers to estimate the degree to which a dollar spent in the County for a given activity will be spent again within the County thus continuing to fuel the local economy. A large economy with local suppliers that can meet all consumers' needs will, in theory, retain more local spending and have a higher multiplier than a smaller economy that cannot meet consumers' needs in total. Adams County has a relatively small economy that tends to leak spending to larger economic centers.

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<sup>1</sup> *The Economic Impact of Expenditures by Travelers on Wisconsin 2004*, Davidson Peterson & Associates

## LOCATOR MAP

The map below illustrates the locations of Northern Bay Golf Resort & Marina and Chula Vista Theme Resort within Adams County. Northern Bay's site near the heart of the County ensures a greater economic impact because visitors travel through more of the county to reach the resort and are more likely to spend elsewhere in the County. Chula Vista's location in the corner of the County near Wisconsin Dells will likely produce fewer secondary economic impacts because most visitors will arrive and depart through that city.



# **Northern Bay Golf Resort and Marina**

## **OVERVIEW**

Northern Bay Golf Resort and Marina is a high quality destination resort in the Town of Strongs Prairie on Castle Rock Lake, directly west of the City of Adams. The resort is a creation of the Mootz brothers, Frank, Nick and Matt and their business partners Bill Ranguette and Paul Gilbertson. When completed in 2006 the resort will include 309 condominium units in 39 buildings and a 280-room hotel. Amenities on the 300-acre site will include an 18-hole golf course that features replica holes from famous courses, a 50-slip marina, 20,000 sq. ft. of convention/banquet space, an indoor waterpark, a spa, a restaurant, and a convenience store.

The economic impacts of this development on Adams County can be broken down into two phases: short-term (construction) and long-term (operations). The short-term impacts are expressed in terms of employment and induced economic activity. The long-term impacts include anticipated annual revenue streams for each activity, on-site employment projections, and induced economic activity. Both the short-term and long-term phases will generate sales tax revenue, but property and room tax revenue are only considered as a long-term gain.

This report does not examine the cost of increased public services that Northern Bay will require. A cursory review suggests that additional costs to local government will be low. There will be few new children added to the local school system, as the 48 single-family lots are more likely to appeal to retirees or be purchased as vacation homes rather than by full-time residents with school-age children. There will be some added patrol needs for the Adams County Sheriffs Department, though this increase will be partially mitigated by Northern Bay's two full-time security personnel, and there will be an increased demand for fire protection and EMS services. The development has added 1.1 miles of new public roads that have been turned over to the town for maintenance and repair.

## **NORTHERN BAY - PART ONE SHORT-TERM CONSTRUCTION IMPACTS, 2003-2006**

Taken as a whole, Northern Bay represents an investment in the Town of Strongs Prairie of \$170 million<sup>2</sup>. This includes the cost to purchase the land; legal, architectural and engineering fees; and construction (including materials and labor). From an economic impact perspective, some of those costs have limited impact in Adams County. Design, consulting, and project administration work completed by firms not based in the County will not feed the local economy. Construction work, however, is an inherently local activity.

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<sup>2</sup> All direct expenditure and projected revenue estimates were provided by Northern Bay LLC.

**Direct Impact**

Excepting “soft costs” for design, engineering, legal fees, etc., the Northern Bay developers are spending \$160 million for on-site construction activities. These efforts are utilizing predominantly local sources for labor and materials – Northern Bay estimates that 75% of the subcontractors working on their project are based in Adams County and 75% of the supplies have been purchased in the County. This means that local businesses will see added revenue of \$120 million over the four years 2003-2006, on average about \$30 million per year.

The 25% of subcontractors and suppliers not based in Adams County are also contributing to the local economy to the extent that their workers or truck drivers patronize local retail businesses while in the County. This amounts to an estimated \$30,000 to \$45,000 per year in revenue for local restaurants, gas stations, etc; however, the true impact in Adams County comes from the other 75% - the \$120 million in construction output going directly to local businesses. And it is this number to which we apply economic impact multipliers to estimate additional economic activity.

**Indirect and Induced Impact**

The overall RIMS II multiplier for construction activity in Adams County is 1.37. This means that for every dollar spent on construction in Adams County, there is a total of about \$1.37 in economic activity in the County—a dollar’s worth of construction activity, including labor and materials, and 37 cents in other activity. This 37 cents includes all types of additional spending as that money paid to construction workers and material suppliers is re-circulated within the community: groceries, vehicle repair, health care, home furnishings, etc. Of course, we’re not just talking about one dollar, we’re talking about 120 million dollars. The indirect and induced activity generated by this money amounts to another \$44.5 million in local spending. Table 1 below indicates which sectors of the local economy benefit from this spending. “Retail trade” and “real estate and rental and leasing” top the list.

**Table 1****Additional Economic Activity Generated by Northern Bay Construction, 2003-2006**

<b>Industry</b>	<b>Total Spending</b>	<b>Annual Spending</b>
Retail trade *	\$ 11,868,000	\$ 2,967,000
Real estate and rental and leasing	\$ 7,212,000	\$ 1,803,000
Health care and social assistance	\$ 5,340,000	\$ 1,335,000
Wholesale trade	\$ 3,276,000	\$ 819,000
Accommodation and food services *	\$ 3,180,000	\$ 795,000
Other services	\$ 2,148,000	\$ 537,000
Professional, scientific, and technical services	\$ 1,860,000	\$ 465,000
Transportation and warehousing	\$ 1,788,000	\$ 447,000
Utilities	\$ 1,572,000	\$ 393,000
Finance and insurance	\$ 1,500,000	\$ 375,000
Information	\$ 1,188,000	\$ 297,000
Administrative and waste management services	\$ 1,056,000	\$ 264,000
Manufacturing	\$ 816,000	\$ 204,000
Arts, entertainment, and recreation *	\$ 624,000	\$ 156,000
Construction	\$ 592,000	\$ 148,000
Educational services	\$ 264,000	\$ 66,000
Agriculture, forestry, fishing, and hunting	\$ 204,000	\$ 51,000
Management of companies and enterprises	\$ 144,000	\$ 36,000
<b>Total Indirect and Induced Economic Activity</b>	<b>\$ 44,484,000</b>	<b>\$ 11,121,000</b>

\* Activity subject to sales tax

It is important to note that economic impact multipliers produce estimates, not exact calculations. The numbers presented above are meant to convey the scale of impact rather than the exact amount of money spent. It is also important to note that the \$170 million is being spent over 4 years, and this \$44.5 million impact must also be spread out over the four years of construction. **We therefore estimate average indirect and induced economic activity in Adams County generated by the Northern Bay construction project to be about \$11 million per year, and the average direct impact to be \$30 million per year, for a total construction impact of \$41 million per year, 2003-2006.** For simplicity, these are presented as 2005 dollars.

**Table 2****Total Economic Impact of Northern Bay Construction in Adams County**

<b>Direct Economic Impact</b>	<b>Indirect Economic Impact</b>	<b>Total Economic Impact</b>
\$120,000,000 (\$30M/year)	\$44,484,000 (\$11M/year)	\$164,484,000 (\$41M/year)

**Employment**

Employment by Northern Bay stands at 74 employees as of June 1, 2005 and payroll was at \$125,000 per month. This includes both full-time and part-time workers employed by the resort. This does not include, however, the many more construction and design employees employed by firms doing work for Northern Bay. Though counts of such employment were not readily available, it is possible to estimate the overall employment generated in Adams County by Northern Bay construction using RIMS II multipliers.

**Assuming average annual construction output of \$30 million, Northern Bay construction spending is supporting approximately 470 jobs and \$15.3 million in earnings<sup>3</sup> each year, 2003-2006.** This includes Northern Bay employment, contractor and subcontractor workers, and jobs at other businesses throughout the County that are benefiting from the spending and re-spending of this construction budget. The earnings divided by the 470 suggests an average annual income of \$32,600.

**NORTHERN BAY - PART TWO  
LONG-TERM OPERATION IMPACTS, 2007 AND BEYOND**

As significant construction activities give way to resort operations in the next two years, Northern Bay will begin impacting the local economy in new ways. Though some of the Northern Bay condominiums are already built and in use in 2005, we calculate the long-term economic activity assuming full operations at build out, scheduled to occur by the end of 2006.

**Direct Impacts**

There are nine distinct revenue-generating components to Northern Bay: hotel rooms, condo rentals, restaurant, convenience store, spa, indoor water park, convention space, marina, and golf course. Of these nine, three are either not expected to generate significant revenue (convenience store) or their future usage is too difficult to project at this time (convention space, spa).<sup>4</sup> The annual revenues of the remaining six uses, as projected by Northern Bay, are presented in Table 3 below.

**Table 3  
Northern Bay Projected Annual Operating Revenues, by Use**

<b>Use</b>	<b>Assumptions</b>	<b>Gross Annual Revenue</b>
Condominium rentals	309 units, \$199-\$279/night, 80% of units available for rent, 50% occupancy	\$ 10,393,448.00
Hotel rooms	280 rooms, \$206 per night average cost, 50% occupancy	\$ 10,526,600.00
Waterpark	\$25 per person per day, 96,214 total room nights per year, 4 users per room, 50% usage among all visitors	\$ 4,810,700.00
Golf Course	24,000 rounds per year, \$75 per round	\$ 1,800,000.00
Restaurant	Northern Bay estimate	\$ 800,000.00
Marina	50 slips, \$1,200 rent per season	\$ 60,000.00
<b>Total</b>		<b>\$ 28,390,748.00</b>

<sup>3</sup> The \$15.3 million in earnings are part of, not in addition to, the total \$41 million annual local impact

<sup>4</sup> The convention space and spa will have revenues, but their scale is not known at this time. The overall long-term impact is therefore somewhat conservative in that it does not account for these revenues.

The annual projected revenue of \$28.4 million represents a significant stream of money, most of which is expected to come from outside Adams County. Much of this money will find its way into the local economy in the form of indirect and induced spending, and as property and sales taxes (tax revenues will be addressed in Part Three).

### **Indirect and Induced Impact**

The indirect and induced spending is calculated using several different sets of multipliers as appropriate for the different types of economic output. For simplicity we discuss them here in two groups.

- **Restaurant and Recreation** - Restaurant and recreation operations at Northern Bay are expected to bring in about \$7.5 million in gross revenue each year. This is the direct economic impact of these uses. The indirect and induced impacts are estimated to be about \$2.7 million per year. This estimate is broken down by industry in Table 4 on the following page.
- **Accommodations** - The most significant revenue generator will be the rental of condos and hotel rooms. These are expected to bring in about \$20.9 million per year in direct impact gross revenue. The indirect and induced impacts, presented in Table 5 on the following page, are estimated at \$5.9 million per year.

**Table 4**  
**Secondary Economic Activity Generated by Northern Bay**  
***Restaurant and Recreation Operations***

<b>Industry</b>	<b>Total Spending</b>
Real estate and rental and leasing	\$ 502,724
Retail trade *	\$ 301,087
Utilities	\$ 220,890
Health care and social assistance	\$ 219,195
Accommodation and food services *	\$ 152,913
Wholesale trade	\$ 120,022
Construction	\$ 119,799
Information	\$ 114,690
Other services	\$ 103,323
Transportation and warehousing	\$ 94,095
Finance and insurance	\$ 77,652
Administrative and waste management services	\$ 70,718
Arts, entertainment, and recreation *	\$ 44,348
Professional, scientific, and technical services	\$ 38,416
Management of companies and enterprises	\$ 25,289
Manufacturing	\$ 23,697
Agriculture, forestry, fishing, and hunting	\$ 15,488
Educational services	\$ 10,988
<b>Total Indirect and Induced Economic Activity</b>	<b>\$ \$2,729,256</b>

\* Activity subject to sales tax

**Table 5**  
**Secondary Economic Activity Generated by Northern Bay**  
**Accommodations Revenue**

<b>Industry</b>	<b>Total Activity</b>
Real estate and rental and leasing	\$ 1,073,198
Retail trade*	\$ 891,194
Health care and social assistance	\$ 692,454
Utilities	\$ 531,369
Accommodation and food services*	\$ 453,965
Wholesale trade	\$ 326,353
Construction	\$ 284,513
Finance and insurance	\$ 282,421
Other services	\$ 280,329
Information	\$ 269,869
Transportation and warehousing	\$ 225,937
Administrative and waste management services	\$ 200,832
Professional, scientific, and technical services	\$ 110,876
Arts, entertainment, and recreation*	\$ 81,588
Manufacturing	\$ 58,576
Management of companies and enterprises	\$ 56,484
Agriculture, forestry, fishing, and hunting	\$ 39,748
Educational services	\$ 35,564
<b>Total Indirect and Induced Economic Activity</b>	<b>\$ 5,895,270</b>

\* Activity subject to sales tax

**Taken together, the multiple revenue-generating uses of Northern Bay Resort will bring in as much as \$28.4 million each year (direct impact), and this money will generate another \$8.6 million each year (indirect/induced impact) within Adams County. The total long-term direct and indirect economic impact, presented in Table 6 below, will be \$37 million per year (2005 dollars).**

**Table 6**  
**Total Economic Impact of Northern Bay Operations in Adams County**

<b>Direct Economic Impact</b>	<b>Indirect Economic Impact</b>	<b>Total Economic Impact</b>
\$28,400,000 per year	\$8,600,000 per year	\$37,000,000 per year

### **Employment**

While construction continues, Northern Bay currently employs about 75 people. Once construction is complete and the resort is 100% operational, current estimates are for 350 employees, including about 100 full-time positions (with benefits) and another 150 employees (without benefits) whose hours add up to an estimated 75 full time equivalents (FTEs).

It is also possible to estimate future employment and earnings using RIMS II multipliers. These multipliers estimate jobs and total personal income generated by spending in a particular industry in Adams County, and they include both the direct and indirect impacts. That is, they estimate changes in employment and earnings both at Northern Bay and elsewhere in the County due to the indirect impact spending.

The multipliers for “accommodation” provides an estimate of 511 jobs and \$7.9 million in earnings created by the \$20.9 million in room revenue. The employment multipliers for Recreation and for Food Service estimate total employment at 208 new jobs and \$3 million in earnings created by the \$7.5 million of recreation and restaurant revenues.

**Taken together, the \$28.4 million in annual revenue (2005 dollars) is likely to support about 719 new jobs and \$11 million in earnings<sup>5</sup> in the County.** These jobs will be at Northern Bay, they will be with companies that provide services to Northern Bay, and they will be with companies throughout the County that benefit from secondary spending of money that starts at Northern Bay.

These 719 jobs are not all full-time jobs. Spread among 719 people, the \$11 million in earnings provides about \$15,300 per person. This indicates that some of those jobs are part-time, not full-time, though we are not able to estimate either the number of full-time jobs or the typical wages paid by these new jobs.

## **NORTHERN BAY - PART THREE TAX REVENUES**

### **Sales Tax Revenues - Construction**

Adams County collects a 0.5% sales tax. This tax, like the 5% state sales tax, applies to most goods and many services, including lodging, recreation, restaurants, and boat docking. The tax applies to all of the construction materials purchased in the County and will apply to almost all of the resort’s operating revenues. Northern Bay estimates that 75% of its construction materials have been purchased locally. Assuming that \$160 million of the overall project budget goes to construction, and 40% of the construction cost is labor, the remaining 60% of the project budget, \$96 million, is spent on materials, and \$72 million of this is purchased in Adams County. This \$72 million in local goods purchases includes \$360,000 in sales tax revenue for the County, or about \$90,000 per year, on average, over the four years of construction.

In addition to this tax revenue from direct construction spending, there is also tax revenue coming in from the indirect and induced economic activity detailed in Table 1. We earlier estimated that the locally-spent construction budget of \$120 million generates additional activity totaling about \$44.5 million. Of this, \$15,672,000 (35%) is likely eligible for the sales tax, generating another \$78,360 over four years, or \$19,590 per year. **Total County sales tax from direct and indirect spending associated with Northern Bay construction is estimated to be about \$438,360, or about \$109,590 per year, 2003-2006.**

Though the focus of this study is on economic impacts within Adams County, there are also significant State sales tax revenues worth mentioning here. Assuming that 100% of the \$96 million for construction materials is spent in Wisconsin, this spending results in \$4.8 million in State sales tax revenue over four years. Indirect and induced spending

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<sup>5</sup> The \$11 million in earnings are part of, not in addition to, the total \$37 million local impact

also generate sales tax revenue, though it is more difficult to calculate such impacts for the statewide economy.

### **Sales Tax Revenues - Operations**

All of the Northern Bay operating revenues are eligible for the sales tax, including the lodging income, the marina, the golf course, the restaurant and the water park. When fully operational, Northern Bay expects to gross about \$28.4 million each year. This will generate about \$142,000 in County sales tax each year and \$1.4 million in State sales tax.

Indirect and induced economic activity in Adams County will also generate sales tax. Of the estimated \$8.6 million in additional spending in the County, at least \$2,029,000 is also eligible for sales tax. This will generate an additional \$10,144 for the County each year. **Total annual County sales tax from direct and indirect spending associated with Northern Bay operations is estimated to be about \$152,097.**

### **Room Tax Revenue**

Adams County does not collect a room tax at this time, however towns may elect to establish a room tax. The Town of Dell Prairie, formerly home to the Chula Vista Resort, is currently the only town in the County that has a room tax. The Town of Strongs Prairie is now considering a room tax to capitalize on Northern Bay lodging revenue. **The 5.5% room tax under consideration would apply to the \$20.9 million in annual room revenue, generating \$1,150,600 for the Town each year.** Per state statute (66.0615) the Town would be required to spend 70% of these funds on “tourism promotion and development.”

### **Property Tax Revenue**

Property tax revenues will increase dramatically in Adams County due to the investment at Northern Bay. There are four basic elements that make up the Northern Bay Resort: condominiums (309 units in 39 buildings), single family homes (48 lots), the hotel, and the golf course. The condominiums are currently selling at a price of \$3.2 million per 8-unit building and the single-family lots are currently selling for \$90,000. Homes under construction on the single-family lots range from \$400,000 to \$800,000 according to the developer, though we have used an average value of \$400,000, lending a conservative approach to the analysis. For the golf course and hotel we have simply used estimated construction costs to suggest future value, as shown in Table 7 below.

**Table 7**  
**Northern Bay Projected Property Values**

<b>Use</b>	<b>Assumptions</b>	<b>Projected Value at Build-Out</b>
Condominiums	39 buildings, \$3.2 million per furnished 8-unit building, \$3.08 million taxable value	\$ 120,120,000
Single Family lots	48 lots, \$89,900 per ½ acre lot, \$400,000 estimated average home construction cost	\$ 23,515,200
Hotel	\$45 million to build	\$ 45,000,000
Golf Course	\$5 million to build	\$ 5,000,000
<b>Total</b>		<b>\$ 193,635,200</b>

The estimated taxable value of Northern Bay Resort, at build-out, is nearly \$194 million. Using the 2004 tax rate for the Town of Strongs Prairie of \$18.78 per \$1,000, and assuming completion of all currently planned development, Northern Bay properties will generate \$3,637,183 in property taxes each year. This tax revenue is distributed to a variety of taxing entities, detailed in Table 8. The largest portions of this tax revenue will go to Adams County (38%) and the Adams Friendship School District (49%). Actual local tax payments in 2004 were reduced from \$18.78 per \$1,000 of value to \$17.63 per \$1,000 of value by State aid and credits. Though these credits help taxpayers, they do not impact the total tax revenue received by the County.

**Table 8**  
**Northern Bay Property Tax Revenues (2004 Rates)**

<b>Taxing Entity</b>	<b>Tax Rate</b>	<b>Amount</b>
Town of Strongs Prairie	0.000696345	\$134,837
Adams County	0.007202076	\$1,394,575
Adams Friendship School District	0.009141264	\$1,770,070
Mid-State Technical College	0.001547899	\$299,728
State of Wisconsin	0.000196103	\$37,972
<b>Total Tax</b>	<b>0.018783687</b>	<b>\$3,637,183</b>

To put this revenue in perspective, consider the total property tax income of the local taxing entities that will be splitting this \$3.6 million. As illustrated in Table 9, Northern Bay will cause local revenues to jump dramatically as its various components come onto the tax rolls. The Town of Strongs Prairie will be most affected, as its total assessed property value will increase from about \$112 million to over \$300 million, and tax receipts will increase from \$77,000 to over \$211,000. The Adams Friendship School District will also see a substantial increase in revenue, as much as 20% by the time Northern Bay is fully built out. This influx of taxable property value will allow these local taxing entities to either provide more services for local residents or reduce tax rates.

**Table 9**  
**Northern Bay Impact on Local Property Tax Income**

<b>Taxing Entity</b>	<b>Total 2004 Tax Revenue</b>	<b>Projected Increase due to Northern Bay</b>
Town of Strongs Prairie	\$76,946	175.2%
Adams County	\$12,755,544	10.9%
Adams Friendship School District	\$9,043,615	19.6%
Mid-State Technical College	\$2,382,494	12.6%

One impact of the Northern Bay development that cannot accurately be predicted is the inflationary effect on property values in the surrounding area. The increase in traffic and attention brought to this part of Adams County by Northern Bay will almost certainly increase demand for other property in the area. Prices will increase with demand, and assessed values – and property taxes – can be expected to increase more dramatically over time than they otherwise would.

## **Chula Vista Theme Resort**

### **OVERVIEW**

Chula Vista Theme Resort is a high quality destination resort in the southwest corner of Adams County, now part of the City of Wisconsin Dells. The resort, which has been in operation along this east shore of the Wisconsin River since 1950, is owned and operated by the Kaminski family. At present the resort features 250 hotel rooms, 40,000 square feet of convention space, a restaurant, a spa, a 120,000 sq. ft. outdoor waterpark, and an 18-hole golf course. When completed in 2008 the resort will also include 182 riverside condominiums, 155 townhome-style "Fairway Villa" condominiums along the golf course, an 80,000 sq. ft. indoor waterpark, 33,000 sq. ft. of additional meeting space, and several new restaurant and retail spaces. The expansion is similar in scope to the Northern Bay development, and each project ranks among the largest condominium developments in Wisconsin history. As a tourism-oriented development, Chula Vista's \$175 million investment will be smaller than only two other Wisconsin projects: Brown County's Lambeau Field and Milwaukee County's Miller Park. This is a very large investment in Adams County.

The economic impacts of this development on Adams County can be broken down into two phases: short-term (construction) and long-term (operations). The short-term impacts are expressed in terms of employment and induced economic activity. The long-term impacts include approximated annual revenues, on-site employment projections, and induced economic activity. Both the short-term and long-term phases will generate sales tax revenue, but property and room tax revenue are only considered as a long-term gain.

This report does not examine the cost of increased public services that Chula Vista will require. A cursory review suggests that additional costs to local government will be relatively low and additional costs to Adams County very low. There will be some added patrol needs for the Wisconsin Dells Police Department, and there will be an increased demand for fire protection and EMS services. However, there will be few new children added to the local school system, as the condominiums are more likely to be purchased as second homes than as primary residences. The development has added about one mile of new public roadway, which will be maintained by the City of Wisconsin Dells.

### **CHULA VISTA - PART ONE SHORT-TERM CONSTRUCTION IMPACTS, 2005-2008**

The expansion of Chula Vista Theme Resort is a \$175 million investment in Adams County. This includes the cost to purchase the land; legal, architectural and engineering fees; and construction (including materials and labor). From an economic impact perspective, some of those costs have limited impact in Adams County. Design, consulting, and project administration work completed by firms not based in the County will not feed the local economy. The construction work, by virtue of occurring in the county, will employ at least a few county residents and provide business to nearby

restaurants and convenience stores. The full impact of this \$175 million is distributed throughout the wider region, home to all of the contractors and suppliers working on the Chula Vista project.

### **Direct Impact**

Estimating the impact of this project on the Adams County economy is a challenge because of Chula Vista's location in the corner of the county. By virtue of its annexation and proximity to the Sauk County community of Wisconsin Dells, Chula Vista is more strongly connected to that economy. Many of its employees live outside Adams County and ancillary spending by Chula Vista guests is more likely to occur in Sauk County than in the few businesses around the resort in Adams County. We must therefore think about the Adams County economic impact as a subset of the broader regional impact.

Chula Vista estimates that construction expenditures will be approximately \$165 million, including \$100 million to be spent in 2005. Roughly estimated by resort officials, about 50% of the construction budget is being spent on labor and 50% on materials. The economic benefits of labor costs are distributed throughout the area – Chula Vista makes an effort to work with local contractors and is using Kraemer Brothers Construction, headquartered in the small Sauk County community of Plain, for much of the construction work.

To analyze the impact on Adams County alone, it is necessary to know just how much of this budget is ending up with employees who live in the county or suppliers based in the county. Though Chula Vista was not able to provide such an estimate, it is reasonable to assume that 10% of the total construction budget, or about \$16.5 million, will flow directly into the Adams County economy in the form of construction materials purchased and personal income by the time the project is complete in 2008. This estimate is grounded in an analysis of construction-related employment and supplies sales in the four-county area around Chula Vista. Based on the 2000 Census, Adams County can claim 9% of supplies sales and 11% of construction employees in the Adams-Juneau-Sauk-Columbia region<sup>6</sup>.

### **Indirect and Induced Impact**

The Chula Vista expansion project is having a direct economic impact on South Central Wisconsin of \$165 million, and a direct impact on Adams County estimated at \$16.5 million. This money has secondary "indirect" economic impacts when it is spent again by employees and suppliers. These secondary impacts are estimated with input-output multipliers. The overall RIMS II multiplier for construction activity in Adams County is 1.37. This means that for every construction dollar spent directly into the Adams County economy, there is a total of about \$1.37 in economic activity in the County—a dollar's worth of construction activity, including labor and materials, and 37 cents in other activity. This 37 cents includes all types of additional spending as that money paid to construction workers and material suppliers is re-circulated within the

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<sup>6</sup> Employment figures based on the total number of workers age 16 and older employed in the Construction Industry in each of the four counties; supplies sales determined using total annual sales for "Building material & garden equipment & supplies dealers" in each of the four counties.

community: groceries, vehicle repair, health care, home furnishings, etc. The indirect and induced activity generated by the \$16.5 million spent in Adams County amounts to another \$6.1 million in local spending. Table 10 below indicates which sectors of the local economy benefit from this spending. “Retail trade” and “real estate and rental and leasing” top the list.

**Table 10  
Additional Economic Activity Generated by Chula Vista Construction, 2005-2008**

<b>Industry</b>	<b>Total Spending</b>
Retail trade *	\$ 1,631,850
Real estate and rental and leasing	\$ 991,650
Health care and social assistance	\$ 734,250
Wholesale trade	\$ 450,450
Accommodation and food services *	\$ 437,250
Other services	\$ 295,350
Professional, scientific, and technical services	\$ 255,750
Transportation and warehousing	\$ 245,850
Utilities	\$ 216,150
Finance and insurance	\$ 206,250
Information	\$ 163,350
Administrative and waste management services	\$ 145,200
Manufacturing	\$ 112,200
Arts, entertainment, and recreation *	\$ 85,800
Construction	\$ 61,050
Educational services	\$ 36,300
Agriculture, forestry, fishing, and hunting	\$ 28,050
Management of companies and enterprises	\$ 19,800
<b>Total Indirect and Induced Economic Activity</b>	<b>\$ 6,116,550</b>

\* Activity subject to sales tax

It is important to note that economic impact multipliers produce estimates, not exact calculations. The numbers presented above are meant to convey the scale of impact rather than the exact amount of money spent. Also worth noting is the fact that the project will last 4 years, and while much of the work will occur in 2005, it will take three more years for Chula Vista to complete its expenditures on this project. **With that in mind, we estimate total direct construction impact on Adams County of \$16.5 million, total indirect impact of \$6.1 million, and total economic impact of \$22.6 million.** For simplicity, these are presented as 2005 dollars.

**Table 11  
Total Economic Impact of Chula Vista Construction in Adams County**

<b>Direct Economic Impact</b>	<b>Indirect Economic Impact</b>	<b>Total Economic Impact</b>
\$16,500,000	\$6,120,000	\$22,620,000

Though the focus of this study is Adams County, the impact of this project on the wider region also warrants mention. When considered as a whole, South Central Wisconsin would have a larger economic impact multiplier than Adams County. This is because

money can be spent and re-spent many more times in a larger region with more diverse business resources. Though not researched for this study, the total impact multiplier for a 20-county region that includes Madison, Tomah, and Stevens Point would likely be higher than 2. In other words, every dollar spent on construction at Chula Vista would be spent at least two more times before it leaks away and is spent elsewhere. This means that the \$165 million in direct construction impact would have an indirect impact on south central Wisconsin of \$330 million and a total impact of nearly \$500 million.

**Table 12**  
**Approximated Total Economic Impact of Chula Vista Construction in South Central Wisconsin (75 mile radius around Chula Vista)**

<b>Direct Economic Impact</b>	<b>Indirect Economic Impact</b>	<b>Total Economic Impact</b>
\$165,000,000	\$330,000,000	\$495,000,000

### **Employment**

Construction employment at Chula Vista fluctuates week to week, but ranges as high as 250 people. This is in addition to the many full-time and part-time hospitality and maintenance workers already employed by the resort. There are also more off-site jobs supported indirectly by this project, such as contractors’ administrative staff, employees at companies that supply materials, wait staff at restaurants that feed the construction workers, and many more. The BEA calculates multipliers to estimate the total employment that a project like this can support. **Assuming average annual construction output of \$41.25 million (\$165 million over 4 years), Chula Vista construction spending is supporting approximately 646 jobs and \$21.1 million in earnings<sup>7</sup> each year, 2005-2008.** This includes Chula Vista construction-related employment, contractor and subcontractor workers, and jobs at other businesses throughout the region that are benefiting from the spending and re-spending of this construction budget. The earnings divided by the 646 jobs suggests an average annual income of \$32,600. Some of this employment can be considered a direct benefit to Adams County. Since just over 10% of the employed residents of the four-county region live in Adams County, it is reasonable to assume that 10% of the jobs supported by the Chula Vista construction project, 65 jobs, will be located in Adams County.

## **CHULA VISTA - PART TWO**

### **LONG-TERM OPERATION IMPACTS, 2008 AND BEYOND**

As significant construction activities draw to a close in 2008, Chula Vista’s impact on the economy will shift. Construction jobs will be replaced by new hospitality jobs, including custodial staff, wait staff, lifeguards, grounds crews, desk staff, etc. Sales taxes and room taxes will jump as the new rooms come into use. And eventually, following closure of the TID that is funding some of these improvements, property tax revenues will jump dramatically.

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<sup>7</sup> The \$21.1 million in earnings are part of, not in addition to, the total \$41 million annual local impact

## Direct Impacts

There will be at least seven distinct revenue-generating components to Chula Vista following this expansion: hotel rooms, condo rentals, on-site restaurants, independent shops and restaurants, the indoor water park, convention space, and the golf course. Two of these, the independent shops and restaurants and the convention center, are not included in this estimate due to a lack of adequate data. We have made a few assumptions about usage and fees that allow us to estimate revenues for the rest<sup>8</sup>. These estimates are presented below in Table 13.

**Table 13**  
**Chula Vista Projected Annual Operating Revenues, by Use**

<b>Use</b>	<b>Assumptions</b>	<b>Gross Annual Revenue</b>
Condominium Rentals	450 rentable units, \$250/night average rate, 99% of units available for rent, 40% occupancy	\$ 16,279,000
Hotel Rooms	221 rooms, \$150 per night average cost, 40% occupancy	\$ 4,839,900
Indoor Waterpark	\$20 per person per day, 114,000 total room nights per year, 4 occupants per room, 35% usage among all visitors	\$ 3,192,000
Golf Course	24,000 rounds per year, \$60 per round	\$ 1,440,000
Affiliated Restaurants	100 diners per day, \$12 average expenditure per diner	\$ 500,000
<b>Total</b>		<b>\$ 26,250,900</b>

The annual projected revenue of \$26.3 million represents a significant stream of money, most of which is expected to come from outside Adams County. Much of this money will find its way into the local economies in the form of indirect and induced spending, as sales taxes, and eventually as property tax (tax revenues will be addressed in Part Three).

## Indirect and Induced Impact

The indirect and induced spending is calculated using several different sets of multipliers as appropriate for the different types of economic output. For simplicity we discuss them here in two groups.

- **Restaurant and Recreation** - It is estimated that restaurant and recreation operations at Chula Vista will bring in about \$5.1 million in gross revenue each year. This is the direct economic impact of these uses. The indirect and induced impacts are estimated to be about \$1.9 million per year. This estimate is broken down by industry in Table 14.
- **Lodging** - The most significant revenue generator will be the rental of condos and hotel rooms. These are expected to bring in about \$21.1 million per year in direct impact gross revenue. The indirect and induced impacts, presented in Table 15, are estimated at \$5.9 million per year.

<sup>8</sup> The resort plans to lease some spaces and sites for use by independent restaurants and retailers not affiliated with Chula Vista. However, since too little is known at this stage about the number or type of such businesses, we have not estimated their contribution to the impact of this project.

**Table 14****Secondary Economic Activity Generated by Chula Vista Restaurant and Recreation Operations**

<b>Industry</b>	<b>Total Activity</b>
Real estate and rental and leasing	\$ 421,030
Retail trade *	\$ 249,855
Utilities	\$ 184,344
Health care and social assistance	\$ 182,402
Accommodation and food services *	\$ 126,597
Wholesale trade	\$ 100,982
Construction	\$ 96,834
Information	\$ 95,771
Other services	\$ 86,270
Transportation and warehousing	\$ 78,233
Finance and insurance	\$ 64,803
Administrative and waste management services	\$ 59,334
Arts, entertainment, and recreation *	\$ 37,303
Professional, scientific, and technical services	\$ 32,208
Management of companies and enterprises	\$ 21,607
Manufacturing	\$ 19,099
Agriculture, forestry, fishing, and hunting	\$ 11,824
Educational services	\$ 9,138
<b>Total Indirect and Induced Economic Activity</b>	<b>\$ 1,877,635</b>

\* Activity subject to sales tax

**Table 15**

**Secondary Economic Activity Generated by Chula Vista Accommodations Revenue**

<b>Industry</b>	<b>Total Activity</b>
Real estate and rental and leasing	\$ 1,082,463
Retail trade*	\$ 898,888
Health care and social assistance	\$ 698,432
Utilities	\$ 535,957
Accommodation and food services*	\$ 457,884
Wholesale trade	\$ 329,170
Construction	\$ 286,969
Finance and insurance	\$ 284,859
Other services	\$ 282,749
Information	\$ 272,198
Transportation and warehousing	\$ 227,887
Administrative and waste management services	\$ 202,566
Professional, scientific, and technical services	\$ 111,833
Arts, entertainment, and recreation*	\$ 82,293
Manufacturing	\$ 59,082
Management of companies and enterprises	\$ 56,972
Agriculture, forestry, fishing, and hunting	\$ 40,091
Educational services	\$ 35,871
<b>Total Indirect and Induced Economic Activity</b>	<b>\$ 5,946,163</b>

\* Activity subject to sales tax

**Taken together, the multiple revenue-generating uses of Chula Vista Theme Resort will bring in as much as \$26.3 million each year (direct impact), and this money will generate another \$7.8 million each year (indirect/induced impact).<sup>9</sup> The total long-term direct and indirect economic impact will be \$34.1 million per year.**

**Table 16**

**Total Economic Impact of Chula Vista Operations in Adams County**

<b>Direct Economic Impact</b>	<b>Indirect Economic Impact</b>	<b>Total Economic Impact</b>
\$26,250,000 per year	\$7,800,000 per year	\$34,050,000 per year

**Employment**

Once construction is complete and the resort is 100% operational, Chula Vista expects to employ approximately 700 employees. This includes full-time year-round positions and full-time seasonal positions. At least 350 of these jobs are expected to be full-time year-round, including 3-4 upper management positions and about 20 middle management

<sup>9</sup> Chula Vista's location in the corner of Adams County may make its secondary economic activity more susceptible to leakage out to other economies. For the purposes of this study we have elected to use the multipliers as calculated by the Bureau of Economic Analysis rather than adjust them by some arbitrary amount to account for possible leakage.

positions. Job types include horticulture, lifeguards, food service, housekeepers, desk clerks, meeting facility hosts, and sales and marketing. To ensure the availability of affordable local lodging for its employees, the current expansion includes an employee village that will house 250 workers within walking distance of the resort. This is significant for Adams County in that it increases the likelihood that these employees will spend their earnings in the County.

In addition to Chula Vista's on-site employment opportunities, the secondary spending of the resort's revenue will generate more jobs in the region. RIMS II multipliers estimate the total employment that revenue in each industry will support in Adams County. The multipliers for "accommodation" provides an estimate of 515 jobs and \$8 million in earnings created by the \$21.1 million in room revenue. The employment multipliers for Recreation and for Food Service estimate total employment at 142 new jobs and \$2.1 million in earnings created by the \$5.1 million of recreation and restaurant revenues. **Taken together, the \$26.3 million in annual revenue (2005 dollars) is projected to support about 658 new jobs<sup>10</sup> and \$10.1 million in earnings<sup>11</sup> in the County.** These jobs will be at Chula Vista, they will be with companies that provide services to Chula Vista, and they will be with companies throughout the County that benefit from secondary spending of money that starts at Chula Vista.

These 658 jobs are not all full-time jobs. Spread among 658 people, the \$10.1 million in earnings provides about \$15,400 per person. This indicates that some of those jobs are part-time, not full-time, though we are not able to estimate either the number of full-time jobs or the typical wages paid by these new jobs.

### **PART THREE TAX REVENUES**

#### **Sales Tax Revenues - Construction**

Adams County collects a 0.5% sales tax. This tax, like the 5% state sales tax, applies to most goods and many services, including lodging, recreation, restaurants and boat docking. The tax applies to all of the construction materials purchased in the County and will apply to almost all of the resort's operating revenues. Assuming that 50% of the \$165 million construction budget is for materials, and 10% of those materials are purchased in Adams County, Chula Vista will spend about \$8.25 million on taxable goods in the County. These purchases will generate a total of about \$41,250 for the county over the four years of construction.

In addition to this tax revenue from direct construction spending, there is also tax revenue coming in from the indirect and induced economic activity detailed in Table 10 (page

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<sup>10</sup> This projected total for all employment, on-site and off, is lower than Chula Vista's own projection of 700 employees on-site. If Chula Vista does indeed employ 700 people on-site after the expansion is completed in 2008, it can be expected that total employment attributable to the resort will be greater than 700.

<sup>11</sup> The \$10.1 million in earnings is part of, not in addition to, the total \$34.1 million local impact

16). We earlier estimated that the locally-spent construction budget of \$16.5 million generates additional activity totaling about \$6.1 million. Of this, \$2,154,900 (35%) is likely eligible for the sales tax, generating another \$10,775 over four years. **Total County sales tax from direct and indirect spending associated with Chula Vista construction is estimated to be about \$52,025 over four years, 2005-2008.**

Though the focus of this study is on economic impacts within Adams County, there are also significant State sales tax revenues worth mentioning here. Assuming that 100% of the \$82.5 million for construction materials is spent in Wisconsin, this spending results in \$4.1 million in State sales tax revenue over four years. Indirect and induced spending also generate sales tax revenue, though it is more difficult to calculate such impacts for the statewide economy.

### **Sales Tax Revenues - Operations**

All of the Chula Vista's operating revenues are eligible for the sales tax, including the lodging income, the restaurants, the golf course, the water parks, and the meeting facilities. When fully operational, Chula Vista is likely to gross about \$26.3 million each year. This will generate about \$140,427 in County sales tax each year and \$1.4 million in State sales tax.

Indirect and induced economic activity in Adams County will also generate sales tax. Of the estimated \$7.8 million in additional spending in the County, at least \$1,852,820 is also eligible for sales tax. This will generate an additional \$9,264 for the County each year. **Total annual County sales tax from direct and indirect spending associated with Chula Vista operations is estimated to be about \$149,691.**

### **Room Tax Revenue**

The City of Wisconsin Dells collects a room tax of 5%. Assuming \$21.1 million in annual room revenue, this tax will generate just over \$1 million per year when the expansion is complete. By agreement with the Town of Dell Prairie, \$75,000 of this revenue is retained by the Town, an amount that will decrease incrementally to \$0 by 2011. Per state statute (66.0615) both the City and the town are required to spend 70% of these funds on "tourism promotion and development."

### **Property Tax Revenue**

The \$165 million investment by Chula Vista will directly and dramatically affect the value of taxable property in the county. Due to the use of Tax Incremental Financing to help make the expansion possible, increased property tax revenues will not be realized by the County until the debt incurred by the City of Wisconsin Dells is retired. That is currently projected to occur in 2020.

There are five basic elements that make up the Chula Vista expansion: Chula Condominiums (182 units in one building), Coldwater Condos (155 townhome style units), the indoor waterpark, and the conference center/banquet room. The Chula condominiums are currently selling at an average price of \$410,000, including furnishings, with a taxable value of approximately \$385,000. The Coldwater Condos,

though not yet for sale, are expected to cost about \$45 million to build, or about \$290,000 per unit. It is reasonable to assume that the average assessed value will be at least \$300,000. The waterpark and conference and banquet center can be expected to be worth at least their construction costs. Added together with the value of the existing resort and golf course, the Chula Vista complex will amount to about \$175 million in total property value by 2008, as illustrated below in Table 17.

**Table 17**  
**Chula Vista Projected Property Values**

<b>Use</b>	<b>Assumptions</b>	<b>Projected Value at Build-Out</b>
Chula Condominiums	182 units, \$385,000 per unit	\$ 70,070,000
Coldwater Condominiums	155 units, \$300,000 per unit	\$ 46,500,000
Indoor Waterpark	\$30 million to build	\$ 30,038,000
Conference and Banquet Center	\$14.9 million to build	\$ 14,903,000
Existing Hotel Facilities	\$10.4 million assessed value	\$ 10,374,200
Land and Infrastructure Costs (includes golf course)	\$3.4 million	\$ 3,375,000
<b>Total</b>		<b>\$ 175,260,200</b>

Using the 2004 tax rate for the Adams county portion of the City of Wisconsin Dells of \$30.66 per \$1,000, and assuming completion of all currently planned development, Chula Vista properties will generate \$5,373,478 in property taxes each year. Most of this tax revenue will go to pay off the TID, except taxes collected on the existing hotel facilities (not part of the TID), and taxes collected on the base value of the district (locked in at \$2,338,912). So, until approximately 2020, Adams County and other taxing entities will continue to collect tax on about \$13 million in property value associated with Chula Vista. Table 18 illustrates the individual tax rates for 2004. These numbers will change by the time the TID is retired due to increases in property values and possible changes in the tax rates, but the approximate scale of this future income is worth noting. At present rates and values, the Chula Vista expansion would increase the County's property tax revenue by more than 10%.

**Table 18**  
**Chula Vista Property Tax Revenues (2004 Rates)**

<b>Taxing Entity</b>	<b>Rate</b>	<b>Amount</b>
City of Wisconsin Dells	0.00984	\$1,724,560
Adams County*	0.00906	\$1,587,857
Wisconsin Dells School District*	0.00990	\$1,735,076
Adult Education*	0.00161	\$282,169
State of Wisconsin*	0.00025	\$43,815
<b>Total tax before state credits</b>	<b>0.03066</b>	<b>\$5,373,478</b>
<b>Total tax after state credits</b>	<b>0.02935</b>	<b>\$5,143,887</b>

\* These entities will not receive tax revenue until after retirement of the TID

## SUMMARY

Both Northern Bay and Chula Vista are already having a dramatic impact on the economic vitality of Adams County. Since Northern Bay construction started in 2003, as much as \$30 million has been spent each year in the County, and this money has generated another \$11 million in spending before leaking out of the local economy. Realistically, actual expenditures have been more “lumpy” than this, but while spending may vary year to year, the total spending in the County attributable to Northern Bay construction during the four years 2003-2006 will be about \$164 million. As summarized in Table 19 below, this spending will help support as many as 470 new jobs and \$15.3 million in new earnings.

As construction transitions to operations, and this transition began at Northern Bay in early 2005, Northern Bay will draw significant sums of money into the heart of Adams County in the form of condo and hotel rentals, water park tickets, golf fees, etc. Northern Bay estimates put this revenue at \$28.4 million each year (2005 dollars). Then, as this money is used to pay employees and suppliers and services, it will generate another \$8.6 million each year. Taken together, the \$37 million will support over 700 jobs and \$11 million in earnings, based on estimates using BEA multipliers. Due to the tendency of recreation and resort activity to produce more seasonal and part-time jobs, the \$11 million in earnings supported by Northern Bay operations will be spread out among more workers than the \$15.3 million in earnings during the construction phase. On-site employment estimates generated by Northern Bay developers are more conservative than the multiplier-derived estimates: about 100 full-time and 250 part-time employees.

**Table 19**  
**Summary of Annual Economic Impacts for Northern Bay Golf Resort and Marina**

Period	Direct Impact	Indirect & Induced Impact	Total Impact	Total Jobs	Total Earnings*
Construction 2003-2006	\$30 million	\$11.1 million	\$41.1 million	470	\$15.3 million
Operations 2007+	\$28.4 million	\$8.6 million	\$37 million	658	\$11 million

\*Earnings are included in, not in addition to, Total Impact

Chula Vista’s \$165 million construction project is well under way as of August 2005, and the resort expects to have spent \$100 million of this budget by the end of 2005. While generating a total impact throughout the region of nearly \$500 million, total spending in Adams County attributable to this project is estimated to be about \$22.6 million between 2005 and 2008. Table 20 indicates the employment this spending supports: 65 jobs and \$2.1 million in earnings.

Construction spending will begin to be replaced by operation revenues in 2006, and Chula Vista’s current revenue stream will grow dramatically. The condos and indoor water park and convention center will combine with existing facilities to generate an estimated \$26.3 million per year. Secondary spending of this money by employers and suppliers will add up to another \$7.8 million per year, and the total economic activity

created or induced by Chula Vista, \$34.1 million, will support an estimated 650 jobs and \$10 million in earnings. Chula Vista estimates for on-site employment are higher: a total of 700 employees.

**Table 20**  
**Summary of Annual Economic Impacts in Adams County for Chula Vista Theme Resort**

Period	Direct Impact	Indirect & Induced Impact	Total Impact	Total Jobs	Total Earnings*
Construction 2005-2008	\$4.1 million	\$1.5 million	\$5.7 million	65	\$2.1 million
Operations 2008+	\$26.3 million	\$7.8 million	\$34.1 million	658	\$10.1 million

\*Earnings are included in, not in addition to, Total Impact

Together, Northern Bay and Chula Vista will generate, directly or indirectly, about \$71 million in economic activity (2005 dollars). To put this in perspective, the 1997 Economic Census tabulated total receipts of \$117 million in Adams County that year. Adjusted for inflation, and assuming 5% annual business growth since 1997, the Adams County economy currently sees about \$204 million in economic activity. These two resorts therefore represent a significant increase in local sales and receipts, as much as a 35% increase. Resorts such as these, with higher-priced luxury offerings, have an unusually large impact on an economy because they draw in money from a very wide area. While some buyers and renters may be county residents, the vast majority are not. This means that dollars spent by these visitors are new to the economy, a net gain.

In addition to the general benefit of new economic activity, both resorts will also generate new revenues that flow directly to local government. As summarized below in Table 21, Northern Bay will generate new sales tax, new room tax, and new property tax revenue, totaling about \$5 million per year. This includes over \$1 million in room tax revenue to the Town of Strongs Prairie for tourism promotion, and over \$2 million in property tax revenue to local school districts.

**Table 21**  
**Summary of Annual Tax Receipts Generated by Northern Bay Golf Resort and Marina**

Tax	Period	Revenue
0.5% County Sales Tax	Construction (2003-2006)	\$139,590 per year
0.5% County Sales Tax	Operations (2007+)	\$152,097 per year
5.5% Room Tax	Operations (2007+)	\$1,150,600 per year
Property Tax	Operations (2007+)	\$3,686,200 per year

Tax revenue generated by Chula Vista for Adams County entities will total about \$150,000 (2005 dollars) for the next 15 years or so. When the TID is retired, the County will begin collecting its share of property tax revenues as well (which would be about \$1.5 million per year for the County at current values and rates). The City of Wisconsin Dells will see an immediate increase in room tax revenue as the condos enter the rental market in the next few years.

**Table 22**  
**Summary of Annual Tax Revenues Returned to Local Governments**  
**by Chula Vista Theme Resort**

Tax	Period	Revenue
0.5% County Sales Tax	Construction (2005-2008)	\$ 13,006 per year
0.5% County Sales Tax	Operations (2008+)	\$149,691 per year
5.0% Room Tax	Operations (2008+)	\$ 1,055,000 per year