MSBA 8125
Weekend in Residence Business Case
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Malitha Devinda Bandara Salpadoru Thuppahi,
Neil Strugnell, Rachel Decker,
Ruksha Rayamajhi, Melissa Sweeney

Note: We worked on the business case as a group.

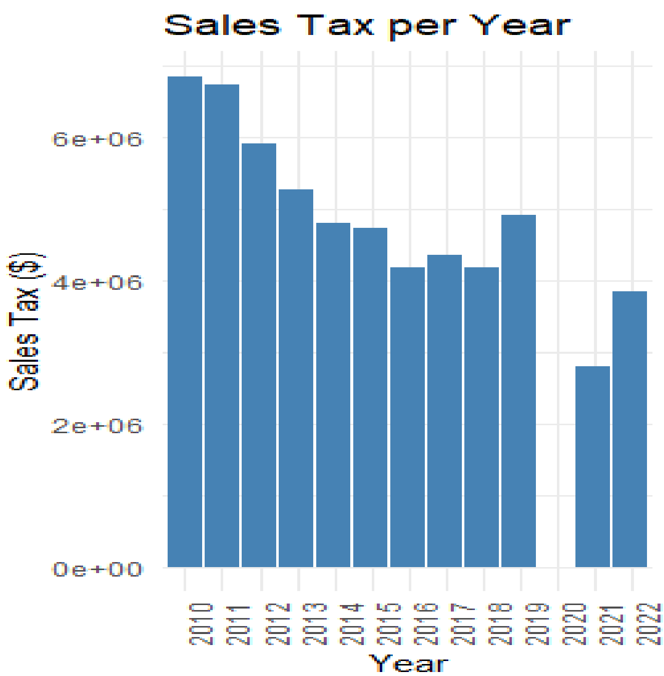
Business Case: Was Target Field worth it?

Objective:

The business case study analyzes the question on whether the construction of Target Field was a successful investment for the City of Minneapolis and Hennepin County.

Background:

Target Field opened in 2010, replacing the Hubert H. Humphrey Metrodome that was built in 1982. Historical data from 1901 to 2022 shows variations in attendance, with recent years showing both growth and decline. After its completion, Target Field had a notable attendance peak with over 3 million attendees to Twins games in 2010 and 2011. Due to the pandemic, the year 2020 saw an attendance record of 0.



Assumptions:

We made the following assumptions during our analysis:

- **Sales Tax:** The analysis focuses on sales tax revenue from baseball games between 2010 and 2022.
- **Visitor Impact:** We did not take into account the incremental sales tax from out-of-town guests staying in hotels and dining out. 15% of attendees come from outside the metro area.
- **Job and Property Tax Impact:** We did not account for added jobs and increased property tax revenue created by the stadium.
- **Stadium Lifespan:** We assumed a lifespan of 35 years for Target Field. On average, the useful lifespan of a stadium is 30-40 years.
- **Construction Cost:** The cost to build the stadium was $435 million dollars. According to Wikipedia the city and County's share was $260 million.
- **Operating Expenses:** Fixed operating expenses for the stadium were not factored into our analysis.

Analysis:

For our analysis we calculated the sales tax revenue per Twins season and averaged that number over 12 years, the result was an average of $4.8 million in sales tax revenue. The data set included 13 years of records and we chose to eliminate a year (2020) when calculating the average because this year was an outlier. We used the average, $4.8 million per Twins season to forecast the sales tax revenue for the 35 year lifespan of the stadium to reach the anticipated sales tax revenue of $180 million.

Conclusion:

Though Twins sales tax fell short by $80 million when considering additional events, visitor spending, and higher property taxes, we believe the stadium more than likely paid for itself and justified the city and county's investment due to the economic activity that events at the stadium will bring to the city. We did not incorporate the visitor impact from the 15% of attendees coming to games from outside the metro area, but many of these individuals are likely to visit restaurants, purchase lodgings for the day of the game or longer, and enjoy other activities while spending time in the city, all of which benefits local businesses and brings in more sales tax revenue to the city and county.