

Memorandum

To: Carlos Rogers
From: Econsult Solutions, Inc.
Date: November 14, 2023
RE: Potential Economic Impact of Manayunk Bike Race

Overview

The Philadelphia International Cycling Classic (PICC), also known as The Manayunk Bike Race, was last conducted in 2016 and stood as one of the premier one-day bicycle races in the United States. In 2016, 40 teams participated, and 85,000 spectators watched the race.

This analysis examines the economic impact of a proposed revival of the race in 2025. The assumptions of the operation and scale of the proposed 2025 race are based on 2016 participation and attendance, adjusted for inflation. The highlights of the economic impact analysis include:

- The annual economic impact of the Manayunk Bike Race, based on work needed to organize the race and spending from participants and spectators, is \$13.8 million in direct, indirect, and induced effects within Philadelphia, as well as \$16.8 million within the Commonwealth of Pennsylvania.
 - Operation of the race: With an estimated direct spending of \$1.5 million on organizing the event, the operation of the bike race will generate \$2.4 million total economic impact in Philadelphia and \$2.8 million in Pennsylvania.
 - Spending from Participants and Spectators: Riders, local and out-of-town spectators attracted to the City by the race will spend approximately \$8.8 million, creating \$11.4 million total economic impact in Philadelphia and \$14.0 million in Pennsylvania.
- The event will generate approximately \$240,000 in taxes for the City and \$250,000 for the Commonwealth. These revenues include business, sales and wage/personal income tax.

RE: Potential Economic Impact of Manayunk Bike Race

Date: November 14, 2023

Figure 1: Total Economic Impact of the Manayunk Bike Race

	Philadelphia	Pennsylvania
Direct Output (\$M)	\$8.5	\$8.5
Indirect and Induced Output (\$M)	\$5.3	\$8.3
Total Output (\$M)	\$13.8	\$16.8
Total Employment (FTE) ¹	100	110
Employee Compensation (\$M)	\$5.7	\$6.5

Source: IMPLAN (2021), ESI (2023)

Economic Impact from Race Operation

The Manayunk Bike Race will involve direct spending of approximately \$1.5 million (Figure 2). This direct economic activity generates multiple waves of spillover impacts by spending on goods and services, as well as by spending of labor income by employees. Please see the Appendix for more information on this type of calculation. Including the spillover effect in the local economy, the operation of the Manayunk Bike Race will generate \$2.4 million in economic impact in Philadelphia and \$2.8 million in the Commonwealth of Pennsylvania. (Figure 3)

Figure 2: Estimated Operation Expense of Manayunk Bike Race (in 2023 dollar)

Expenditure Category	
Advertising and Public Relations	\$60,000
Accommodation	\$210,000
Motion Picture and Video Production	\$110,000
Marketing Research	\$330,000
Commercial Sports	\$310,000
Facilities support services	\$490,000
Total	\$1,510,000

Source: PICC (2016), BLS CPI (2023)

Figure 3: Economic Impact of the Operation of Manayunk Bike Race

	Philadelphia	Pennsylvania
Direct Output (\$M)	\$1.5	\$1.5
Indirect and Induced Output (\$M)	\$0.9	\$1.3
Total Output (\$M)	\$2.4	\$2.8

Source: IMPLAN (2021), ESI (2023)

¹ Although the race is one day each year, we expect the additional spending circulating in Philadelphia to support permanent jobs in the City. The total employment number here includes full-time, part-time and temporary positions attributable to the spending from Manayunk Bike Race being held each year.

RE: Potential Economic Impact of Manayunk Bike Race
 Date: November 14, 2023

Economic Impact from Ancillary Spending

Participants and spectators will spend approximately \$8.8 million at local business (Figure 4 and Figure 5), or an average of \$103 per person, generating \$11.4 million in economic impact in Philadelphia and \$14.0 million in the Commonwealth of Pennsylvania (Figure 6).

- **Participants:** According to the 2016 PICC report, 20 men’s teams and 20 women’s teams participated in the race. The event lodged 350 international riders and staff who stayed three nights in Philadelphia. Approximately 175 domestic riders and their staff typically spent one to two nights in the city.
- **Spectators:** According to the 2016 PICC report, the race attracted 85,000 spectators. Approximately 95 percent of the spectators travel locally or from nearby regions, and the remaining 5 percent are non-local, and are expected to stay overnight, with an average stay of two days in Philadelphia.

Figure 4: Participant and Spectator Spending Assumptions

Category	Participants		Spectators		Total
	International	(Domestic)	Local / Daytrip	Non-Local / Overnight	
Snacks	\$15	\$13	\$5	\$10	
Restaurant	\$147	\$123	\$49	\$98	
Local Transit	\$48	\$40	\$16	\$32	
Beverage	\$7	\$6	\$2	\$4	
General Merchandise	\$20	\$20	\$20	\$20	
Accommodation	\$0	\$179	\$0	\$119	
Total	\$236	\$379	\$92	\$283	
Count	350	175	80,750	4,250	85,525
Total Spending (\$M)	\$0.1	\$0.1	\$7.4	\$1.2	\$8.8

Source: PICC (2016), Maryland Cycling Classic (2023), Budget Your Trip (2023)

Figure 5. Estimated Total Participant and Spectator Spending During Manayunk Bike Race

Visitors	
Total Participants and Spectators	85,525
Per Person Spending	\$103
Total Spending (\$M)	\$8.8

Source: PICC (2016), Maryland Cycling Classic (2023), Budget Your Trip (2023)

RE: Potential Economic Impact of Manayunk Bike Race
 Date: November 14, 2023

Figure 6: Economic Impact of the Ancillary Spending of Manayunk Bike Race

	Philadelphia	Pennsylvania
Direct Output (\$M)	\$7.0	\$7.0
Indirect and Induced Output (\$M)	\$4.4	\$7.0
Total Output (\$M)	\$11.4	\$14.0

Source: IMPLAN (2021), ESI (2023)

Potential Fiscal Impact of Manayunk Bike Race

The direct, indirect and induced spending attributable to the Manayunk Bike Race will generate tax revenues to the City and the Commonwealth. When accounting for wage/personal income tax, sales tax and business tax, it is estimated that the potential annual tax impact is approximately \$240,000 to the City, and \$250,000 to the Commonwealth. (Figure 7)

Figure 7: Potential Annual Tax Impact of the Manayunk Bike Race

	Philadelphia	Pennsylvania
Wage/Income Tax (\$M)	\$160,000	\$110,000
Sales Tax (\$M)	\$30,000	\$110,000
Business Tax (\$M)	\$50,000	\$40,000
Total	\$240,000	\$250,000

Source: ESI (2023), IMPLAN (2021), City of Philadelphia CAFR (2020), Commonwealth of Pennsylvania CAFR (2020)

RE: Potential Economic Impact of Manayunk Bike Race

Date: November 14, 2023

Appendix: Input Output Theory

To model the impacts resulting from the Manayunk Bike Race's expenditures, Econsult Solutions, Inc. developed a customized economic impact model using the IMPLAN input/output modeling system. IMPLAN represents an industry standard approach to assess the economic impacts of economic development projects, the creation of new businesses, and public policy changes in a given area.

In an inter-connected economy, every dollar spent generates two spillover impacts:

First, some amount of the proportion of that expenditure that goes to the purchase of goods and services gets circulated back into an economy when those goods and services are purchased from local vendors. This represents what is called the "**indirect effect**," and reflects the fact that local purchases of goods and services support local vendors, who in turn require additional purchasing with their own set of vendors.

Second, some amount of the proportion of that expenditure that goes to labor income gets circulated back into an economy when those employees spend some of their earnings on various goods and services. This represents what is called the "**induced effect**," and reflects the fact that some of those goods and services will be purchased from local vendors, further stimulating a local economy.

The role of input-output models is to determine the linkages across industries in order to model out the magnitude and composition of spillover impact to all industries of a dollar spent in any one industry. Thus, the total economic impact is the sum of its own direct economic footprint plus the indirect and induced effects generated by that direct footprint.