Economic Impact Analysis of the Proposed Lloyd Crossing Mixed Use Development – Phase 1

The Apalachee Regional Planning Council has been requested to perform an economic analysis of the proposed sports development and associated commercial developments to be located in the southwest corner of the Interstate 10 and State Road 59 intersection in Lloyd, Florida. The analysis was performed on the latest edition REMI economic analysis modeling software by Regional Economic Models, Inc. Amherst, MA.

The analysis is limited to the impacts induced by additional employment at the sports park and the new commercial activities. Ad valorem or other taxable value changes on these or adjacent properties are not included in this report.

Assumptions in the Model

Values for employment for the sports components and the proposed Marriott Fairfield Inn & Suites were provided by the development team. Employment data for the proposed retail, fuel service, and restaurant sites are from the website, BuildingJournal.com which provides regionally weighted average values for employees per square feet and includes data on retail and restaurant facilities. Timing is a factor for a multi-use facility and conservative estimates are used for timing of completed facilities. Some facilities may come on sooner, but the eventual impacts can be noted. The CDBG process and the need to prepare adequate construction plans as well as the proposed FDEP Brownfields work that will demolish the exiting travel center to permit replacement construction come to bear on start of construction. Assuming a late summer start for construction, first actual employment for some of the facilities is anticipated for occupation in 2017 with additional components coming online in the next two years. Using employment data provided in the most recent presentation for the sports complex, Phase 1 employment levels are considered to flatten out by 2022. New additions may increase local levels. With sound planning and permitting results as well as good responses from as yet uncommitted commercial tenants, these dates might be accelerated.

Figure 1 – Construction Sequencing as Modeled[1]

Type	Employment	2017	2018	2019	2020	2021	2022
Food & Accom	Marriott[2]	15	25	25	25	25	25
Food & Accom	Travel Center[2]	20	40	40	40	40	40
Food & Accom	Fast Food[3]	10	20	20	20	20	20
Food & Accom	Restaurant[3]		10	20	20	20	20
Food & Accom. Tot		45	95	105	105	105	105
Recreation	Sports Building[2]	10	28	34	42	46	51
Recreation	Ent. Village[2]	8	8	10	12	13	15
Recreation Tot		18	36	44	54	59	66
Retail	Retail 10K[3]	8	16	16	16	16	16
Retail	Retail 20K[3]		12	24	24	24	24
Retail Tot		8	28	40	40	40	40
		71	159	189	199	204	211

[1] Actual sequence and buildouts may vary slightly.
[2] Employment values provided by developer
[3] http://www.buildingjournal.com/construction-estimating.html

Shading indicates partial employment in first year

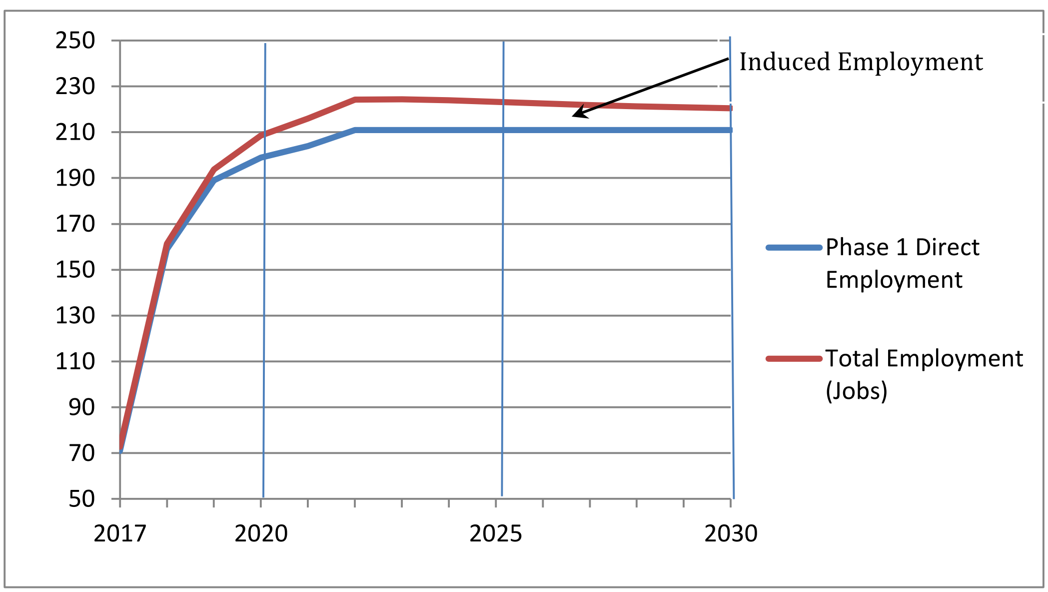
The REMI©, model developed by Regional Economic Modeling, Inc. uses standard industry metrics to compute the economic impacts of changes in a local economy within its regional context. Much of the data is from standard government sources such as the Bureau of Labor Statistics, U.S. Census and others as well as state-of-the-art data on the interrelationships of commercial and industrial demand models. The model computes demands, imports, exports, material needs and products for any new commercial activity. New employees in a restaurant or hotel, as an example, represent commercial activity which has typical industry specific commercial service demands. These demands result in reflected or induced additional commercial activity. Restaurants demand food products and paper or plastic products, as obvious examples, but all business activities draw on the surrounding area for additional goods and services. Some of these demands will require additional employment, consumption and services. New employees have new payrolls to spend throughout the local economy.

Demographic Impacts

As construction in the region is dominated by Leon County based firms, construction impacts would be minimal and temporary, although some labor may be locally obtained to supplement crews. Construction impacts of around $40M were not modeled.

Using the employment data in Figure 1 above, the model predicted the Total Employment line shown below. The difference between Phase 1 Direct and Total Employment is an induced demand in Jefferson County only.

Figure 2 – Direct and Total New Employment (Chart)



The REMI model predicts about a 5-6% additional employment will be induced in Jefferson County due to the proposed project's external demands. The model also predicts a drop in total employment in Leon County, reflecting, it is hoped, a recapture of employees who currently migrate from Jefferson to Leon on a daily basis for work.

Figure 3 – Direct and Total New Employment (data)

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Phase 1 Direct Employment	71	159	189	199	204	211	211	211	211
Total Employment (Jobs)	73	161	194	209	216	224	224	224	223
Induced	2	2	5	10	12	13	13	13	12

Economic Impacts

In addition to the above increase in direct and induced employment, there are substantive impacts on the economy due to the additional payroll, costs of goods demanded, and other reflected impacts throughout the local economy. Figure 4 presents these data to 2025 after which, effects tend to flatten out and second phases will have had additional impacts. Definitions for each impacted variable follow.

Figure 4 – Economic Impacts Induced As a Result of Projected Employment

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Value Added	2.11	4.99	6.31	6.94	7.35	7.76	7.94	8.09	8.22
Personal Income	1.35	3.59	5.33	6.80	8.08	9.35	10.38	11.32	12.29
Output	3.47	8.13	10.20	11.18	11.81	12.43	12.72	12.97	13.18
Gross Domestic Product	2.10	4.98	6.29	6.92	7.32	7.73	7.91	8.06	8.20
Disposable Personal Inc.	1.13	3.02	4.50	5.77	6.89	7.99	8.91	9.74	10.60

All values are in 2016 Millions of dollars

Indicators:

Total Value Added: The sum of value added for private non-farm industries, state and local government, federal civilian, federal military, and farm sectors. By 2020 the additional economic impact of salaries, supplies and materials supplied by Jefferson County is almost $7 million and it is anticipated to increase to over $8.2 million by 2025.

Personal Income: Income received by persons from all sources. It includes income received from participation in production as well as from government and business transfer payments. It is the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. The project is expected to increase total personal income in Jefferson County by $9.4 million by 2020 and by $12.3 million in 2025.

Total Output: The sum of output for private non-farm industries, state and local government, federal civilian, federal military, and farm sectors. The REMI model predicts an increase in total output of $11.2 million in 2020 increasing to $13.2 million by 2025. For reference, the 2020 predicted output for Jefferson County without the project is $458 million, or a 2.4% increase over expected levels without the project.

Gross Domestic Product (GDP): The market value of goods and services produced by labor and property. The proposed project is anticipated to increase Jefferson County's GDP by $6.9 million in 2020 for a positive change of 2.5% over baseline.

These various indicators provide a glimpse of how the addition of employees, and their associated businesses, in the proposed commercial sectors might affect the overall economy of Jefferson County. It is anticipated that some of the employment, around 25, might come from Leon County and about 2 might come from Madison County. The reduction in labor force from Leon, might certainly be from Jefferson employees currently working out of the county. The developer may increase this effect by imposing local hiring policies. But simple economics may provide the incentive. Almost certainly, many of the employees traveling to Leon on a daily basis could fill these positions.

This employment capture effect has a bonus for Jefferson County in that the new Jefferson County payrolls are more likely to be captured by the local market. The REMI model is not sufficiently refined to capture the effects of a local food store in the project that would relieve an existing food desert or the variations in fuel pricing and driver behavior. There will always be some trips to the larger market opportunities in the Tallahassee/Leon County market. However, there is a near certainty that additional goods and services will be procured locally by workers who are no longer required to make that additional mileage trip on a daily basis.

Although the model will run projections out to 2050 and beyond, runs were only performed through 2035 and these truncated for reporting purposes to 2025. Economies vary for a wide variety of reasons. It unreasonable to expect a steady state background effect within the larger context of national and international trends. Therefore, and particularly in the light of anticipated Phase II developments that will add to these impacts, the data are only reported through the 2025 horizon.