

# Economic Impact Analysis

## Rail Track Corridor

Prepared by the Mid-Region Council of Governments  
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### Introduction

At the request of the City of Albuquerque, the Mid-Region Council of Governments (MRCOG) has performed an economic assessment of the Rail Track Corridor project. The project would construct a multi-use pathway along the railroad tracks in downtown Albuquerque from Central Ave. to Lomas Blvd. and also include the installation of 'smart city' infrastructure. This analysis estimates the economic impact of the construction of the pathway and infrastructure as well as the investment, development and hiring commitments from four companies along the corridor. MRCOG employs the Regional Economic Models, Inc (REMI) model to produce the numbers presented in this report.

### Model Inputs

The Rail Track Corridor project consists of 1.5 million dollars invested by the City of Albuquerque and 4.5 million dollars of federal investment to build the pathway and to install the 'smart city' infrastructure<sup>1</sup>. Along the corridor, four companies have committed to investing a total of 121.2 million dollars<sup>2</sup> in equipment and the construction or redevelopment of buildings. Three of those companies have also committed to hiring a combined 230 new workers.

Table 1

REMI Model Inputs	Millions 2020 \$'s
<b>Total Private Investment:</b>	<b>121.2</b>
Improvement or Construction of Non-Residential Structures	101.2
Purchases of Non-Residential Equipment	20
<b>Total Public Investment:</b>	<b>6</b>
City Investment in Pathway Construction	1.5
Federal Investment in Pathway Construction and 'Smart City' Infrastructure	4.5
<b>Total New Permanent Jobs</b>	<b>230</b>
Machinery manufacturing	150
Professional, scientific, and technical services	50
Performing arts, spectator sports, and related industries	30

<sup>1</sup> 'Smart city' infrastructure investment was input to the REMI model as 'construction of power and communications structures'.

<sup>2</sup> All dollar amounts are 2020 inflation adjusted dollars.

## Results

The commitments from three companies to grow their combined workforces by 230 jobs as they expand or move into the Rail Track Corridor as well as the construction impacts of developing the corridor will create an estimated 335 additional indirect jobs in Albuquerque in 2030 for a total of 565 additional jobs. This will in turn increase the population of Albuquerque by 467 as workers and their families move to fill the positions.

Table 2

<b>Economic Impact of Rail Track Investment on Albuquerque in 2030</b>	
Total Increase in Employment	565
Increase in Direct Employment	230
Increase in Indirect Employment	335
State and Local Government	55
Retail trade	37
Health care and social assistance	32
Accommodation and food services	31
Professional, scientific, and technical services	27
All other sectors	153
Increase in Population	467

The estimated cumulative economic impact of the public and private Rail Track Corridor investment is 422.5 million dollars<sup>3</sup> in increased Gross Regional Product (GRP) in Albuquerque. Compared to the REMI baseline forecast, there are 533 more jobs, on average, throughout the nine-year analysis period simulation, 64 of which are in the construction sector.

Table 3

<b>Cumulative Economic Impact of Rail Tack Investment on Albuquerque 2021-2030 (millions of 2020 \$'s)</b>	
Increase in Gross Regional Product	422.5
Increase in Personal Income	194.4
Increase in Wages and Salaries	228.4
Increase Personal Consumption	126.4
Average Additional Employment	533
Average Additional Construction Employment	64
Peak-Year <sup>4</sup> Increase in Construction Employment	89

<sup>3</sup> All dollar amounts are 2020 inflation adjusted dollars.

<sup>4</sup> The peak-year of construction spending is the first year, 2021. The construction accounts for an increase of 89 construction jobs in that year, above the baseline forecast.

## Methodology

The REMI model is updated annually by REMI staff and is calibrated specifically to the MRCOG region (which includes the extent of Bernalillo, Sandoval, Tarrant, and Valencia Counties, and a small portion of southern Santa Fe County). REMI allows users to quantify the economic impacts associated with a specific policy or investment, or the role a business or industry plays within the local economy.

MRCOG has operated REMI since 1999 for the purpose of long-range employment forecasting and for analyzing economic activity in central New Mexico. The REMI models are well respected and used by organizations throughout the world for economic impact analyses. REMI accepts inputs regarding projects of economic interest. These inputs are used to calculate, or to simulate, resulting economic impacts. At its core, REMI is an input-output computational general equilibrium model. The model uses information specific to the region collected from various agencies including the Bureau of Labor Statistics and the U.S. Department of Commerce. Inputs are then used to create a simulation which can be compared to the regional control and estimate economic impacts of the public and private investment.

There are a few key points that should be considered when reviewing the data contained in this analysis.

- The REMI baseline was updated in May 2020 to account for COVID-19 related economic impacts. This analysis uses that updated baseline.
- This analysis assumes construction of the multi-use path and 'smart city' infrastructure will begin in 2021 and take three years to complete. Construction of the new buildings and redevelopment will also begin in 2021 and be completed after nine years, in 2030. The 230 new direct jobs were entered into REMI gradually, 1/3 at a time, with the full amount hired by 2023. The private investment in non-residential structures and equipment was divided evenly over the nine-year analysis period.
- This analysis assumes that the 230 new direct jobs represent employment related to exogenous non-export sources of demand and their growth will not crowd-out or come at a cost to other companies in Albuquerque.
- The construction investment was entered into REMI as construction of commercial structures. Although two of the developments contain residential components, they are mixed-use and are assumed to be built to commercial construction standards, meaning the impact will be most similar to commercial construction.

## **Economic Indicators**

When estimating the total impact on the larger economy, several indicators are of particular interest.

Employment: Total employment is made up of direct employment and indirect employment. Direct employment is the 230 new jobs that three companies along the corridor have committed to hiring. Indirect employment includes the jobs created that would not have existed without the direct employment. Indirect jobs are explained through what is known as the multiplier effect.

Gross Regional Product (GRP): GRP is the total value of consumption, investment, and government spending in the region. Investments and government spending not only impact GRP directly, but also help create jobs and spur further consumption. GRP can also be seen as the total value of final goods and services produced within the regional economy.

Wage and Salary Disbursements: Wage and Salary Disbursements are the monetary remuneration of employees, including the compensation of corporate officers; commissions, tips, and bonuses; voluntary employer contributions to certain deferred compensation plans, such as 401(k) plans; and receipts in kind that constitute income.

Personal Income: Personal Income is comprised of wages and salary disbursements plus income from investments, proprietor's income and government transfer payments.

Personal Consumption: Personal Consumption is the dollar amount of income spent on goods and services by individuals. Higher wages lead to higher income and generally higher levels of consumption.