

ECONOMIC IMPACT ANALYSIS OF BAHIA CABANA PARKING DEDICATION

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Executive Summary

Randolph Equity Partners has proposed a land swap with the City of Fort Lauderdale to assemble a larger parcel for large scale redevelopment purposes. To facilitate the land swap, Randolph proposes to rebuild a City Fire station on land being conveyed to the City and to donate 150 parking spaces to the City from the 950+/- parking space garage to be built as part of the larger redevelopment plan on the newly assembled site. The standalone value of the parking spaces to be dedicated to the City is estimated to reach \$9,000,000.

The direct project construction costs associated with fire station reconstruction and construction of 150 parking spaces is at \$8,250,000 million, of which \$6,600,000 million will be spent locally remaining in the local economy. The construction period is expected to last up to 1 year. Local economic impacts of construction plus the multiplier effect of this work will reach \$10,000,000. Construction and related service employment plus induced and indirect employment will support 65 jobs over the construction period. Construction jobs are non-permanent and will end when this portion of the construction is complete.

Permanent economic impacts of the project include estimated parking revenues of \$1,800,000, 28 permanent jobs and \$3,100,000 in ongoing local economic activity including direct, indirect and induced economic activity.

The data within the report and the executive summary indicates the following economic impacts:

Economic Impacts – Construction

- Economic Activity - \$10 million during construction
- Earnings - \$3.6 million
- Employment – 65 persons employed during construction

Economic Impacts of Parking Operations

- Direct Parking Revenue - \$1.8 million annually
- Total Economic Activity - \$3.1 million annually
- Total Earnings - \$1.3 million annually
- Total Permanent Employment – 28 jobs
- Asset Value of Parking - \$9.0 million

The Net Present Value of construction plus ongoing total permanent economic impact is \$20,780,968 over a twenty year horizon.

1.0 Introduction

Randolph Equity Partners has proposed a land swap with the City of Fort Lauderdale to assemble a larger parcel for large scale redevelopment purposes. To facilitate the land swap, Randolph proposes to rebuild a City Fire station on land being conveyed to the City and to donate 150 parking spaces to the City from the 950+/- parking space garage to be built as part of the larger redevelopment plan.

This analysis examines the economic impact of construction of the 150 parking spaces the fire station and the ongoing operations of the dedicated new City owned parking spaces. Economic impacts detail the income, employment and multiplier effects of these activities.

2.0 Economic Impact Analysis

2.1 Economic Impact Analysis Overview

The Consultant conducted the analysis to determine the economic impacts of the construction and operation of parking facilities and fire station. Since the fire station is replacing an existing facility, there is no net new economic impact from the fire station operation. Fire station impacts occur only from the effect of new construction. The parking facility represents 150 new spaces to be built resulting in construction impacts, plus revenue impacts from the ongoing operation and collection of public parking fees. This study relies on data gathered from the following sources:

- Primary Data for construction and operation as provided by Randolph Equity Partners and Fishkind & Associates, Inc.
- Economic Impact Modeling using IMPLAN

A systematic analysis of local level economic impacts is essential for effective planning in the public- and private-sectors. The Consultant has used IMPLAN multipliers for this analysis, for the Broward County economy.

2.2 **Construction Impacts**

As part of the land swap, on lands being provided to the City of Fort Lauderdale, a nearby fire station will be relocated and rebuilt at a cost of an estimated \$4.5 million. In addition, as part of the land swap, 150 parking spaces will be dedicated to the City, for the City to own and operate. The parking spaces will be located in a larger 950+/- space multi story parking structure, to be built as part of the future Bahia Cabana redevelopment. The construction cost of the parking spaces to be dedicated is estimated to be \$25,000 per space, with a total construction cost of \$3.75 million, for the City's 150 spaces. Combined construction cost of the fire station and parking is \$8.25 million, of which an estimated \$6.6 million will be spent in the local economy. The total economic impacts including the multiplier effect of this new construction will reach \$9.96 million.

There are economic impacts benefiting the community from this local construction activity. The economic impacts of construction take place during the construction period only. These impacts will cease after the construction period estimated to be no more than 1 year in duration.

The Consultant estimates the average annual number of direct construction and related employees will reach 39 jobs over the construction period. The Consultant estimated the annual number of construction workers that will be required to complete the construction and renovation portion of the project using the IMPLAN modeling system to determine employment and economic impacts.

Table 1 shows the direct locally spent construction budget associated with the project. The table estimates the number of employees associated with construction. It is anticipated construction will require no more than 1 year to complete.

Table 1. Construction Employment Estimates

	Construction Budget	Avg. Ann. Employment
Firehouse and Parking	\$6.6 million	39

Source: Copyright 2015 Minnesota IMPLAN Group, Inc.; Fishkind & Associates, Inc.

As shown in Table 5, during the construction period, the Consultant has projected 39 direct employees annually during the construction period. These estimates reflect the activity stemming from the new construction plans.

The direct economic output of the construction, combined with the indirect and induced impacts which ripple throughout the local economy will result in an estimated \$9.96 million in total economic output. This includes \$5.3 million in wage earnings, and total employment of 65 employees (including the 39 direct construction employees). The total economic output was calculated using the IMPLAN impact model and includes the output, earnings, and employment associated with fire station and parking space construction.

Table 2 shows the results of the economic output analysis of construction activity. The economic benefits resulting from construction activity will occur during the construction period. Table 6 shows average employment over the period and Labor Income and Output over the construction timeframe.

Table 2. Economic Output for Construction

<u>Impact Type</u>	<u>Employment</u>	<u>Wages</u>	<u>Output</u>
Direct Effect	39	\$2,307,035	\$6,600,000
Indirect Effect	12	\$690,390	\$1,631,548
<u>Induced Effect</u>	<u>14</u>	<u>\$623,111</u>	<u>\$1,726,171</u>
Total Effect	65	\$3,620,537	\$9,957,719

Source: Copyright 2015 Minnesota IMPLAN Group, Inc.; Fishkind & Associates, Inc.

2.3 Economic Impacts of New Construction on Key Industries

The new construction impacts can be described among different key construction related industries and areas of business. Table 3 illustrates the most prominent industries in the local economy which benefit from new commercial and public safety construction.

Table 3. New Construction Impact - Selected Key Sectors

<u>Description</u>	<u>Employment</u>	<u>Wages</u>	<u>Output</u>
Constr. of new non-resi. comm. structures	39	\$2,307,035	\$6,600,000
Architectural, engineering, and related svcs	3	\$221,519	\$388,997
Food services and drinking places	2	\$62,701	\$156,042
Real estate establishments	1	\$24,691	\$208,124
Employment services	1	\$35,260	\$44,861
Offices of physicians, dentists, other health	1	\$78,587	\$126,607
Wholesale trade businesses	1	\$75,883	\$186,828
Legal services	1	\$57,962	\$102,338
Services to buildings and dwellings	1	\$16,798	\$38,734
Civic, social, professional organizations	<u>1</u>	<u>\$31,028</u>	<u>\$42,833</u>
Top Sectors of Economic Output	51	\$2,911,463	\$7,895,366
Total Effect	65	\$3,620,537	\$9,957,719

Source: Copyright 2015 Minnesota IMPLAN Group, Inc.; Fishkind & Associates, Inc.

The impact of the fire station and parking construction is felt throughout the local economy, benefitting a variety of industries and supporting economic diversity. Key industries benefitted by the new facility include construction firms, engineering and architectural services, real estate services and retailing in food and beverage, medical service and wholesale services.

3.0 Parking Operations – Permanent Economic Impacts

Permanent impacts of the new construction activity stems from the revenue generation and operation of the parking spaces. There is no new net economic impact from the fire station as it is a replacement for an existing facility.

Parking revenue from the 150 dedicated City owned spaces is estimated to reach \$1,758,159, based on 76.5% annual occupancy. Annual occupancy is estimated by Fishkind based on 24 hour per day operations for both peak season and off season times, using City of Fort Lauderdale beach parking rates of \$1.75 per hour. Parking revenues generated support 16 permanent direct jobs and a total of 28 jobs, including the indirect and induced employment multiplier effects. The estimated total employment payroll will reach \$1,267,182 annually. The total economic impact of the dedicated parking will reach \$3,112,809 annually upon completion. Table 4 shows the annual ongoing permanent economic output.

Table 4. Annual Economic Impacts – Parking Revenue

<u>Impact Type</u>	<u>Employment</u>	<u>Wages</u>	<u>Output</u>
Direct Effect	16	\$731,044	\$1,758,159
Indirect Effect	7	\$320,584	\$757,955
<u>Induced Effect</u>	<u>5</u>	<u>\$215,554</u>	<u>\$596,695</u>
Total Effect	28	\$1,267,182	\$3,112,809

Source: Copyright 2015 Minnesota IMPLAN Group, Inc.; Fishkind & Associates, Inc.

3.1 Parking - Permanent Economic Impacts Among Key Industries

The impacts of the parking revenue can be described and illustrated among different industries and areas of business in the local economy.

Table 5 illustrates the most prominent industries in the local economy which will benefit from the parking operations and revenues, the spending amounts and employment impacts.

Table 5. Community Economic Impacts for Selected Key Sectors

<u>Description</u>	<u>Employment</u>	<u>Wages</u>	<u>Output</u>
Personal services	16	\$732,718	\$1,762,184
Employment services	2	\$71,135	\$90,505
Food services and drinking places	1	\$22,724	\$56,554
Real estate establishments	1	\$16,295	\$137,352
Services to buildings and dwellings	1	\$12,942	\$29,843
Dry-cleaning and laundry services	0.3	\$13,710	\$16,881
Offices of physicians, dentists, other health	0.3	\$26,992	\$43,485
Independent artists, writers, and performers	0.3	\$8,820	\$29,475
Accounting, tax prep, bookkeeping	0.3	\$17,006	\$32,525
<u>Legal services</u>	<u>0.2</u>	<u>\$17,910</u>	<u>\$31,622</u>
Top Sectors Economic Output	22	\$940,252	\$2,230,426
Total Permanent Effect	28	\$1,267,182	\$3,112,809

Source: Copyright 2015 Minnesota IMPLAN Group, Inc.; Fishkind & Associates, Inc.

The positive permanent impact of the 150 space parking dedication is felt throughout the local economy, benefitting a variety of businesses, industries and supporting economic diversity. Key businesses benefitted by the new facility and associated development include personal (parking) services, employment services and food and beverage establishments.

4.0 Summary of Economic Impacts

The dedicated new City owned parking facility provides a significant contribution to the local economic community. Once dedicated, the standalone asset value to the City is estimated to reach \$9,000,000. The permanent total economic impact of operations is an estimated \$3,112,809 million annually. This figure is a function of parking fee revenue generation and the multiplier effects. The parking revenue stream supports 28 permanent new jobs, including direct, indirect and induced effects of area spending and earned incomes. Accompanying wages will reach \$1,267,182 annually.

Construction impacts will add \$9,957,719 million to the local economy and employ 65 persons in construction and related personnel, during the year of construction. Because the newly constructed fire station replaces an existing operating facility it will generate no ongoing net new economic impact, beyond the construction effects.

The proposed land swap will bring significant needed jobs and millions of dollars annually in economic benefits to the City of Fort Lauderdale. Additionally, there are benefits through improved public safety with a new fire station and enhanced quality of life as residents are better able to access and enjoy the beach amenities, with the provision of increased public parking.

5.0 **Economic Impact Methodology - IMPLAN**

The economic impact methodology utilized to determine the multiplier effects is IMPLAN (IMpact Analysis for PLANning).

IMPLAN's Social Accounting Matrices (SAMs) capture the actual dollar amounts of all business transactions taking place in a regional economy as reported each year by businesses and governmental agencies. SAM accounts are a better measure of economic flow than traditional input-output accounts because they include "non-market" transactions. Examples of these transactions would be taxes and unemployment benefits.

Multipliers

Social Accounting Matrices can be constructed to show the effects of a given change on the economy of interest. These are called Multiplier Models. Multiplier Models study the impacts of a user-specified change in the chosen economy for 440 different industries. Because the Multiplier Models are built directly from the region specific Social Accounting Matrices, they will reflect the region's unique structure and trade situation.

Multiplier Models are the framework for building impact analysis questions. Derived mathematically, these models estimate the magnitude and distribution of economic impacts, and measure three types of effects which are displayed in the final report. These are the direct, indirect, and induced changes within the economy. Direct effects are determined by the Event as defined by the user (i.e. a \$10 million dollar order is a \$10 million dollar direct effect). The indirect effects are determined by the amount of the direct effect spent within the study region on supplies, services, labor and taxes. Finally the induced effect measures the money that is re-spent in the study area as a result of spending from the indirect effect. Each of these steps recognizes an important leakage from the economic study region spent on purchases outside of the defined area. Eventually these leakages will stop the cycle.