

OLF8 Impact Analysis

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A private firm engaged the Haas Center to assess several economic impact scenarios for the county-owned property known as Outlying Field 8 (OLF8). First, the client sought to understand the potential economic impact of commercial expansion for various targeted industries in Escambia County. Center staff selected industries based on two criteria: existing jobs; and alignment with regional and state targeted industries (see page 3). To project the impacts of the commercial expansion within these industries, staff examined 4 employment intervals: 1,000, 2,000, 3,000 and 4,000 jobs. The results included the total sum of direct, indirect and induced jobs, the total labor income, and the total output (pages 5 and 6).

Furthermore, the client requested a comparison of two construction plans that differed in terms of investment as well as the pace at which the investment was expended in the county. The client provided estimated costs for construction. They valued the total investment for the construction of Plan A at \$669,341,800. Construction spending was anticipated to occur at different increments across a 20-year timeframe: phase one investment represents 10 percent of the total; phase two equals 20 percent; phase 3 represents 30 percent; and phase 4 equals 40 percent of the total investment. By comparison, the total construction costs for Plan B were estimated to be \$969,783,400. Like Plan A, the spending in Plan B was anticipated to occur at 4 intervals across a 20-year timeframe, however the construction spending in Plan B is anticipated to outpace the spending, relative to the first construction scenario. Plan B is projected to spend more quickly in the first phase at 25 percent of the total and continue at the same percentage rate of across the remaining 3 intervals (pages 8 and 9).

Lastly, the client required guidance on the projected economic and fiscal impact of retail sales for OLF8 as it begins to take shape as a campus for high-tech, high-wage jobs. Staff modeled this over a period of 10 years, beginning in 2023. The assumptions are found on page 7.

Haas Center staff ran an impact scenario for each of the considered plans through an econometric simulation that forecasts the outcome of new construction spending and jobs in targeted industries. The model incorporates a 536-sector scheme—based on NAICS sectors—which groups firms that share similar spending patterns. The analysis provides a way to compare an array of options. Results for each impact model and output of the newly created jobs, are provided in the following tables.

Industries Selected for OLF8 Jobs Impact Analysis¹

| | | Number of Targeted Jobs | |
|--|---|-------------------------|------------------|
| 1,000 Jobs in Targeted Industries | | Year 2028 | Year 2033 |
| 1 | Custom computer programming services | 75 | 75 |
| 2 | Turbine generator parts manufacturing | 100 | 100 |
| 3 | Scientific research and development services | 80 | 80 |
| 4 | Medical and diagnostic labs | 15 | 15 |
| 5 | Computer systems design services | 70 | 70 |
| 6 | Metal window and door manufacturing | 50 | 50 |
| 7 | Propulsion units & parts for space vehicles & guided missiles manufacturing | 20 | 20 |
| 8 | Warehousing and storage | 50 | 50 |
| 9 | Management consulting services | 40 | 40 |
| | | 1000 | 500 |
| | | 500 | 500 |
| 2000 Jobs in Targeted Industries | | Year 2028 | Year 2033 |
| 1 | Custom computer programming services | 145 | 145 |
| 2 | Turbine and turbine generator set units manufacturing | 200 | 200 |
| 3 | Scientific research and development services | 170 | 170 |
| 4 | Medical and diagnostic labs | 50 | 50 |
| 5 | Computer systems design services | 120 | 120 |
| 6 | Metal window and door manufacturing | 100 | 100 |
| 7 | Propulsion units & parts for space vehicles & guided missiles manufacturing | 40 | 40 |
| 8 | Warehousing and storage | 45 | 45 |
| 9 | Management consulting services | 55 | 55 |
| 10 | Financial investment activities | 50 | 50 |
| 11 | Educational services | 25 | 25 |
| | | 2000 | 1000 |
| | | 1000 | 1000 |

¹ UWF Haas Center staff selected targeted industries based on existing jobs and alignment with regional and state targeted industries.

| Industries Selected for OLF8 Impact Analysis (continued) | | Number of Targeted Jobs | |
|--|---|-------------------------|------------------|
| | | Year 2028 | Year 2033 |
| 3000 Jobs in Targeted Industries | | | |
| 1 | Custom computer programming services | 180 | 180 |
| 2 | Turbine and turbine generator set units mfg. | 200 | 200 |
| 3 | Scientific research and development services | 210 | 210 |
| 4 | Medical and diagnostic labs | 80 | 80 |
| 5 | Computer systems design services | 225 | 225 |
| 6 | Metal window and door manufacturing | 150 | 150 |
| 7 | Propulsion units & parts for space vehicles & guided missiles manufacturing | 60 | 60 |
| 8 | Warehousing and storage | 90 | 90 |
| 9 | Management consulting services | 130 | 130 |
| 10 | Financial investment activities | 75 | 75 |
| 11 | Internet Publishing and Broadcasting and Web Search Portals | 50 | 50 |
| 12 | Audio and Video Equipment Manufacturing | 10 | 10 |
| 13 | Educational services | 40 | 40 |
| | | 3000 | 1500 |
| 4000 Jobs in Targeted Industries | | | |
| | | Year 2028 | Year 2033 |
| 1 | Custom computer programming services | 250 | 250 |
| 2 | Turbine and turbine generator set units mfg. | 200 | 200 |
| 3 | Scientific research and development services | 250 | 250 |
| 4 | Medical and diagnostic labs | 125 | 125 |
| 5 | Computer systems design services | 325 | 325 |
| 6 | Metal window and door manufacturing | 150 | 150 |
| 7 | Propulsion units & parts for space vehicles & guided missiles manufacturing | 100 | 100 |
| 8 | Warehousing and storage | 120 | 120 |
| 9 | Management consulting services | 145 | 145 |
| 10 | Financial investment activities | 120 | 120 |
| 11 | Internet Publishing and Broadcasting and Web Search Portals | 110 | 110 |
| 12 | Audio and Video Equipment Manufacturing | 30 | 30 |
| 13 | Educational services | 75 | 75 |
| | | ²4000 | 2000 |

² UWF Haas Center staff selected targeted industries based on existing jobs and alignment with regional and state targeted industries.

RESULTS: OLF8 Jobs Analysis

1,000 Jobs in Targeted Industries

| Impact | Employment | <u>Labor Income</u> | <u>Value Added</u> | | <u>Output</u> | <u>Avg. Labor Income/Job</u> |
|--------------|------------|---------------------|--------------------|----|----------------|------------------------------|
| 1 - Direct | 1,000 | \$ 62,278,451.74 | \$ 74,312,192.99 | \$ | 200,740,683.21 | \$ 62,278.45 |
| 2 - Indirect | 350 | \$ 16,033,439.12 | \$ 25,243,088.33 | \$ | 50,743,175.11 | \$ 45,804.97 |
| 3 - Induced | 306 | \$ 13,188,564.23 | \$ 24,336,275.02 | \$ | 41,982,568.91 | \$ 43,045.45 |
| | 1,656 | \$ 91,500,455.09 | \$123,891,556.34 | \$ | 293,466,427.23 | \$ 55,239.75 |

2,000 Jobs in Targeted Industries

| Impact | Employment | <u>Labor Income</u> | <u>Value Added</u> | | <u>Output</u> | <u>Avg. Labor Income/Job</u> |
|--------------|------------|---------------------|--------------------|----|----------------|------------------------------|
| 1 - Direct | 2,000 | \$127,139,097.52 | \$154,825,216.41 | \$ | 417,798,752.71 | \$ 63,569.55 |
| 2 - Indirect | 752 | \$ 34,868,896.00 | \$ 54,223,138.73 | \$ | 110,153,492.63 | \$ 46,397.72 |
| 3 - Induced | 633 | \$ 27,259,230.82 | \$ 50,300,431.86 | \$ | 86,773,410.02 | \$ 43,045.59 |
| | 3,385 | \$189,267,224.34 | \$259,348,787.01 | \$ | 614,725,655.36 | \$ 55,917.05 |

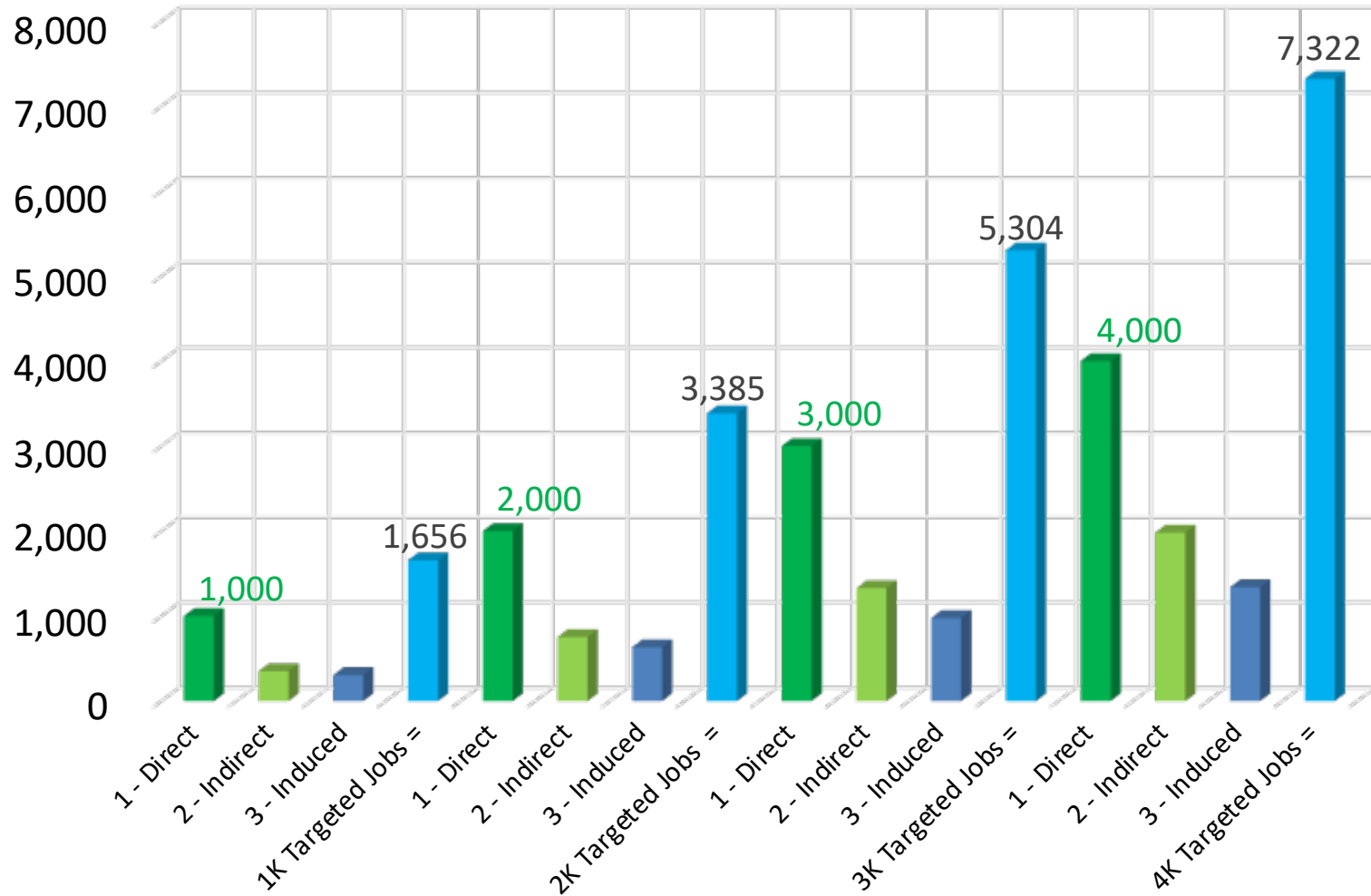
3,000 Jobs in Targeted Industries

| Impact | Employment | <u>Labor Income</u> | <u>Value Added</u> | | <u>Output</u> | <u>Avg. Labor Income/Job</u> |
|--------------|------------|---------------------|--------------------|----|----------------|------------------------------|
| 1 - Direct | 3,000 | \$189,171,389.31 | \$233,409,325.62 | \$ | 646,028,899.62 | \$ 63,057.13 |
| 2 - Indirect | 1,328 | \$ 59,751,272.33 | \$ 92,742,673.12 | \$ | 190,796,837.17 | \$ 44,990.13 |
| 3 - Induced | 976 | \$ 42,021,361.72 | \$ 77,539,591.02 | \$ | 133,763,712.08 | \$ 43,045.14 |
| | 5,304 | \$290,944,023.37 | \$403,691,589.76 | \$ | 970,589,448.87 | \$ 54,850.46 |

4,000 Jobs in Targeted Industries

| Impact | Employment | <u>Labor Income</u> | <u>Value Added</u> | | <u>Output</u> | <u>Avg. Labor Income/Job</u> |
|--------------|------------|---------------------|--------------------|----|------------------|------------------------------|
| 1 - Direct | 4,000 | \$252,368,836.70 | \$315,932,531.82 | \$ | 897,321,411.37 | \$ 63,092.21 |
| 2 - Indirect | 1,982 | \$ 88,391,776.60 | \$136,832,878.48 | \$ | 283,325,825.93 | \$ 44,594.60 |
| 3 - Induced | 1,339 | \$ 57,655,793.85 | \$106,388,399.70 | \$ | 183,530,825.13 | \$ 43,044.94 |
| | 7,322 | \$398,416,407.15 | \$559,153,810.00 | \$ | 1,364,178,062.43 | \$ 54,416.94 |

Employment Projections Based on Targeted Jobs in Escambia County, FL



Retail Sales Impact Analysis³

INPUTS: Model assumes that Escambia County adds the following retail sales values each year as the OLF8 project develops:

| | |
|------|--------------|
| 2023 | \$ 9,006,320 |
| 2024 | \$11,257,900 |
| 2025 | \$13,509,480 |
| 2026 | \$18,012,640 |
| 2027 | \$22,515,800 |
| 2028 | \$27,018,960 |
| 2029 | \$31,522,120 |
| 2030 | \$36,025,280 |
| 2031 | \$40,528,440 |
| 2032 | \$45,031,600 |
| 2033 | \$45,031,600 |

Retail Sales Impact Results

| Impact | Employment | Labor Income | Value Added | Output | Avg. Labor Income/Job |
|--------------|--------------|------------------------|------------------------|--------------------------|-----------------------|
| 1 - Direct | 1,140 | \$34,780,969.79 | \$54,006,912.13 | \$ 88,078,742.47 | \$ 30,514.88 |
| 2 - Indirect | 153 | \$ 6,053,566.53 | \$ 9,783,995.99 | \$ 21,811,941.57 | \$ 39,590.70 |
| 3 - Induced | 157 | \$ 6,760,187.53 | \$12,475,187.50 | \$ 21,521,024.33 | \$ 43,048.52 |
| | 1,450 | \$47,594,723.85 | \$76,266,095.62 | \$ 131,411,708.37 | \$ 32,829.75 |

Retail Sales Tax Projections

| Impact | Sub County General | Sub County Special Districts | County | State | Federal | Total |
|--------------|----------------------|------------------------------|------------------------|-----------------------|-------------------------|-------------------------|
| 1 - Direct | \$ 646,825.42 | \$ 2,037,634.04 | \$ 3,113,769.47 | \$7,776,132.41 | \$ 8,553,760.42 | \$ 22,128,121.75 |
| 2 - Indirect | \$ 35,801.07 | \$ 112,906.83 | \$ 172,424.12 | \$ 457,929.41 | \$ 1,379,818.63 | \$ 2,158,880.06 |
| 3 - Induced | \$ 61,273.28 | \$ 193,128.89 | \$ 295,032.24 | \$ 774,715.47 | \$ 1,618,051.97 | \$ 2,942,201.86 |
| | \$ 743,899.76 | \$ 2,343,669.76 | \$ 3,581,225.83 | \$9,008,777.28 | \$ 11,551,631.02 | \$ 27,229,203.67 |

³ Client provided total sales projections.

Construction Impact Assumptions⁴

Construction Plan A

2022 Phase 1 Construction 10%

| | | |
|---------------------------|----|------------|
| Multi-family residential | \$ | 4,500,000 |
| Single family residential | \$ | - |
| Retail | \$ | 4,503,160 |
| Commerce/Industrial | \$ | 57,931,020 |

2028 Phase 2 Construction 20%

| | | |
|---------------------------|----|-------------|
| Multi-family residential | \$ | 9,000,000 |
| Single family residential | \$ | - |
| Retail | \$ | 9,006,320 |
| Commerce/Industrial | \$ | 115,862,040 |

2033 Phase 3 Construction 30%

| | | |
|---------------------------|----|-------------|
| Multi-family residential | \$ | 13,500,000 |
| Single family residential | \$ | - |
| Retail | \$ | 13,509,480 |
| Commerce/Industrial | \$ | 173,793,060 |

2038 Phase 4 Construction 40%

| | | |
|---------------------------|----|-------------|
| Multi-family residential | \$ | 18,000,000 |
| Single family residential | \$ | - |
| Retail | \$ | 18,012,640 |
| Commerce/Industrial | \$ | 231,724,080 |

2043

Construction completed \$ **669,341,800**

Construction Plan B

2022 Phase 1 Construction 25%

| | | |
|---------------------------|----|-------------|
| Multi-family residential | \$ | 61,875,000 |
| Single family residential | \$ | 112,826,250 |
| Retail | \$ | 11,257,900 |
| Commerce/Industrial | \$ | 56,486,700 |

2028 Phase 2 Construction 25%

| | | |
|---------------------------|----|-------------|
| Multi-family residential | \$ | 61,875,000 |
| Single family residential | \$ | 112,826,250 |
| Retail | \$ | 11,257,900 |
| Commerce/Industrial | \$ | 56,486,700 |

2033 Phase 3 Construction 25%

| | | |
|---------------------------|----|-------------|
| Multi-family residential | \$ | 61,875,000 |
| Single family residential | \$ | 112,826,250 |
| Retail | \$ | 11,257,900 |
| Commerce/Industrial | \$ | 56,486,700 |

2038 Phase 4 Construction 25%

| | | |
|---------------------------|----|-------------|
| Multi-family residential | \$ | 61,875,000 |
| Single family residential | \$ | 112,826,250 |
| Retail | \$ | 11,257,900 |
| Commerce/Industrial | \$ | 56,486,700 |

2043

Construction completed \$ **969,783,400**

⁴ Client provided input values for sales and construction phases.

RESULTS: Construction Impact Analysis

These reports provide a way to **compare** an array of options. Leaders should not anticipate these specific tax collections. Results will be higher or lower as market conditions fluctuate year to year. These reports **do not include** inflation-adjusted values.

Construction Impact Analysis Plan A

| Impact | Employment | Labor Income | Value Added | Output | Avg. Labor Income/Job |
|--------------|------------|-------------------|-------------------|-------------------|-----------------------|
| 1 - Direct | 5,287 | \$ 255,312,600.20 | \$ 266,374,011.47 | \$ 552,790,347.05 | \$ 48,293.05 |
| 2 - Indirect | 717 | \$ 35,836,204.58 | \$ 65,610,713.68 | \$ 126,628,721.51 | \$ 49,959.41 |
| 3 - Induced | 1,154 | \$ 49,677,896.46 | \$ 91,659,869.20 | \$ 158,122,217.16 | \$ 43,041.52 |
| | 7,158 | \$ 340,826,701.24 | \$ 423,644,594.35 | \$ 837,541,285.72 | \$ 47,613.28 |

Tax Impact Results

| Impact | Sub County General | Sub County Special Districts | County | State | Federal | Total |
|--------------|--------------------|------------------------------|-----------------|------------------|------------------|------------------|
| 1 - Direct | \$ 148,182.82 | \$ 474,283.89 | \$ 718,112.28 | \$ 2,027,110.83 | \$ 50,897,227.19 | \$ 54,264,917.02 |
| 2 - Indirect | \$ 428,520.98 | \$ 1,350,334.82 | \$ 2,063,126.56 | \$ 5,316,627.41 | \$ 8,699,944.41 | \$ 17,858,554.17 |
| 3 - Induced | \$ 449,653.62 | \$ 1,417,277.35 | \$ 2,165,093.82 | \$ 5,685,680.19 | \$ 11,889,094.13 | \$ 21,606,799.11 |
| | \$ 1,026,357.43 | \$ 3,241,896.05 | \$ 4,946,332.65 | \$ 13,029,418.43 | \$ 71,486,265.74 | \$ 93,730,270.30 |

Construction Impact Report Plan B

| Impact | Employment | Labor Income | Value Added | Output | Avg. Labor Income/Job |
|--------------|------------|-------------------|-------------------|---------------------|-----------------------|
| 1 - Direct | 8,797 | \$ 417,622,193.48 | \$ 480,126,350.11 | \$ 839,264,523.13 | \$ 47,471.08 |
| 2 - Indirect | 1,278 | \$ 57,429,097.55 | \$ 105,294,110.22 | \$ 193,569,183.20 | \$ 44,944.53 |
| 3 - Induced | 1,886 | \$ 81,189,057.07 | \$ 149,799,819.72 | \$ 258,419,263.71 | \$ 43,041.31 |
| | 11,961 | \$ 556,240,348.10 | \$ 735,220,280.05 | \$ 1,291,252,970.04 | |

Tax Impact Results

| Impact | Sub County General | Sub County Special Districts | County | State | Federal | Total |
|--------------|--------------------|------------------------------|-----------------|------------------|-------------------|-------------------|
| 1 - Direct | \$ 349,015.94 | \$ 1,111,573.36 | \$ 1,687,858.19 | \$ 4,966,193.72 | \$ 84,744,030.74 | \$ 92,858,671.94 |
| 2 - Indirect | \$ 800,648.07 | \$ 2,522,664.14 | \$ 3,854,551.80 | \$ 9,855,721.17 | \$ 14,130,985.01 | \$ 31,164,570.18 |
| 3 - Induced | \$ 734,841.81 | \$ 2,316,171.03 | \$ 3,538,282.37 | \$ 9,291,786.44 | \$ 19,430,392.43 | \$ 35,311,474.07 |
| | \$ 1,884,505.81 | \$ 5,950,408.53 | \$ 9,080,692.36 | \$ 24,113,701.33 | \$ 118,305,408.17 | \$ 159,334,716.20 |

Glossary of terms

Employment is an industry-specific mix of full-time, part-time, and seasonal employment. It is an annual average that accounts for seasonality and follows the same definition used by the BLS and BEA. Employment is not equal to full time equivalents. It includes wage and salary employment and proprietors.

Indirect represents the economic effects stemming from business to business purchases within the supply chain.

Indirect employment represents the number of jobs that are supported by business to business transactions as a result of the economic activity generated by a positive or negative change in the economy

Induced Employment represents the number of jobs that could potentially be supported by household spending as a result of the economic activity generated by the Event.

Labor Income is the sum of Employee Compensation (wages and benefits) and Proprietor Income. Labor Income represents the total value of all forms of employment income paid throughout a defined economy during a specified period of time. It reflects the combined cost of total payroll paid to employees (e.g. wages and salaries, benefits, payroll taxes) and payments received by self-employed individuals and/or unincorporated business owners (e.g. capital consumption allowance) across the defined economy.

Output represents the value of industry production. In this model these are annual production estimates for the year of the data set and are in producer prices. For manufacturers this would be sales plus/minus change in inventory. For service sectors production equals sales. For Retail and Wholesale trade, Output equals gross margin (or Marginal Revenue) and not gross sales (Total Revenue), which includes the value of the goods sold.

Value Added represents the difference between Output and the cost of Intermediate Inputs throughout a defined economy during a specified period of time. It equals gross Output minus Intermediate Inputs (consumption of goods and services purchased from other industries or imported). Value Added is a measure of the contribution to GDP made by an individual producer, Industry, or Sector.