

Ann Clark

From: Cathy Barr
Sent: Tuesday, May 12, 2020 8:18 AM
To: Ann Clark
Cc: Adam Stumb; Barbara McCoy
Subject: Creative EDC PowerPoint - May 18th Meeting
Attachments: Ashe County Ec Impact Final Binder.pdf; Ashe County Economic Impact 05.18.20.pptx

Hi Ann,

I have attached the Crystal Morphis's PowerPoint presentation for the May 18th Commissioner meeting. Thank you asking Todd to load it on a laptop.

I will need give a brief intro prior to Crystal's presentation.

Thanks,
Cathy

From: Crystal Morphis [mailto:cmorphis@creativeedc.com]
Sent: Tuesday, May 12, 2020 7:56 AM
To: Cathy Barr
Subject: Revised PowerPoint and Report

Cathy,

Attached is a revised PowerPoint. I also put the total acreage in the report, revised copy attached. I'll touch base with you later this week on last minute details.

Crystal

Crystal Morphis, CEcD
Founder and CEO

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O: 336-526-1332

M: 336-374-8334

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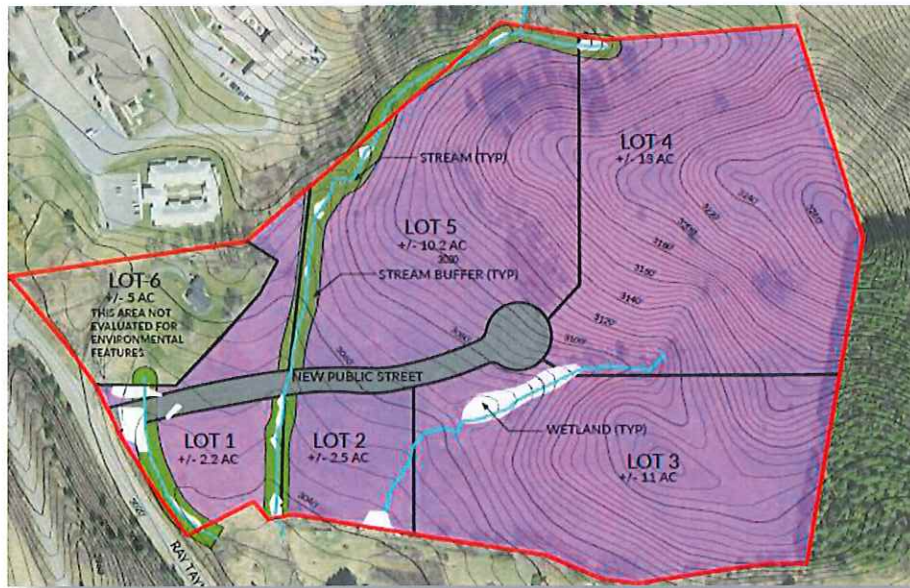
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Economic Impact Analysis of a Proposed New Business Park Development in Ashe County, NC

Summary and Key Points

Ashe County Economic Development proposes to develop a new business park to attract companies that will create new jobs and invest in the community. Creative EDC was engaged to model new businesses locating in the park to show potential future economic impact.



- ⊙ Proposed size of business park - 39 acres in site plan, 41.8 acre total
- ⊙ Number of lots and proposed buildings - 5
- ⊙ Buildings ranging from 22,000 SF to 130,000 SF
- ⊙ Estimated construction cost - \$36.8 million
- ⊙ Economic impact of construction – 398 one-time construction jobs and \$49 million one-time economic impact
- ⊙ Target business sectors: medical supplies, advanced textiles, ambulance/vehicles, and electronics manufacturing
- ⊙ Estimated direct job creation at five new companies - 322
- ⊙ Estimated direct, indirect, and induced job creation at five new companies – 973
- ⊙ Economic impact of operations of five new companies - \$202 million

Introduction

This report estimates the economic impact of a proposed new business park development in Ashe County, NC. The economic impact analysis makes assumptions based on a conceptual development plan for five (5) industrial buildings ranging from 22,000 square feet to 130,000 square feet and situated on approximately 39 acres of land in Ashe County. (see Attachment A)

- ⊙ Building square footage is based on 10,000 square feet per acre. This allows for undeveloped land, parking, access, and expandability.
- ⊙ The business sectors used in modeling are based on sectors already in or a part of the supply chain in Ashe County – medical supplies, advanced textiles, ambulance/vehicles, and electronics manufacturing.
- ⊙ Construction costs for the five buildings is estimated by industry standards at **\$36.8 million**.
- ⊙ Using industry standard assumptions, direct employment in the five facilities is estimated to be **322 jobs**.

Creative Economic Development Consulting uses IMPLAN software for economic impact modeling. IMPLAN develops local level input-output models to estimate the economic impact of new companies moving into an area, plant closures, and other economic activities. This model is widely used by local, state and federal government agencies as well as private industry and universities. The following table summarizes data and assumptions used in developing the economic impact model for this project.

Industrial Development Project Overview

Proposed Project Location	Ashe County, NC
IMPLAN Sector (Construction)	IMPLAN Sector 51 – Construction of new manufacturing structures
IMPLAN Sectors (Operations)	IMPLAN Sector 377 Surgical appliance and supplies manufacturing IMPLAN Sector 121 Other Textile Products IMPLAN Sector 339 All other miscellaneous electrical equipment and component manufacturing IMPLAN Sector 348 Motor vehicle electrical and electronic equipment manufacturing IMPLAN Sector 305 Printed circuit assembly manufacturing
Local Purchase Percent	Construction: All (100%) construction inputs are expected to be purchased in the state.

The following analysis considers the economic impacts of constructing the manufacturing facilities as well as the ongoing job impacts of their operations. The construction and up-fit values are modeled separately from the facility operations. Once construction and up-fit is complete, the economic impacts of these activities will cease. Facility operations will continue to provide economic impacts as long as they are in operation. For simplicity of this analysis, all of the construction was assumed to occur in the same year. In actuality, it will take several years to build out such an industrial development.

Hypothetical Development Summary

The hypothetical industry sectors were chosen based on existing concentration in Ashe County and the supply chain of existing manufacturers.

Industrial Activity	Estimated Employment	Building Size	Business Park Lot Number	Construction Cost Estimate
<i>Surgical Device Mfg.</i>	18	22,000	1	\$2,090,000
<i>Advanced Textile Mfg.</i>	21	25,000	2	\$2,375,000
<i>Motor Vehicle Related Mfg.</i>	92	110,000	3	\$10,450,000
<i>Automotive Parts Mfg.</i>	108	130,000	4	\$12,350,000
<i>Electrical Equipment Mfg.</i>	83	100,000	5	\$9,500,000
Totals	322	387,000		\$36,765,000

Estimated Construction Impact

The total employment needed for the construction of all five proposed industrial buildings is **398** jobs. Of these, **297** are directly involved in the construction of the facilities. Another **50** are attributed to the supply chain and business relationships of the businesses directly involved in the construction. There are **51** more jobs in the county related to the personal expenditures and income that the direct construction businesses stimulate. It is important to recognize that the jobs associated with the construction of this project are not permanent and continuous jobs; rather, when the construction is completed the employment demands created by the project will cease.

Construction activities are estimated to positively impact the economy of the county by approximately **\$21 million** and increase output by more than **\$49 million**. Again, these are one-time impacts associated with the construction of the buildings in the business park.

One-Time Economic Impacts: Construction of New Business Park Development in Ashe County

Impact Type	Employment	Value Added	Output
Direct Effect	297	\$15,044,775	\$36,765,000
Indirect Effect	50	\$2,699,348	\$6,495,218
Induced Effect	51	\$3,114,276	\$5,964,920
Total Effect	398	\$20,858,399	\$49,225,139

Estimated Operations Impact

When there are five industrial operations in the business park, there will be approximately **575** jobs in Ashe County related to the facility operations of this development. For the purposes of this analysis, we assumed manufacturing activities in the five buildings. Based on this type of operations, there will be **322** direct jobs in the business park. There will be an additional **163** jobs throughout Ashe County in the supply chain and business relationships of these companies. Another **90** jobs will be stimulated in the county to support the personal expenditures associated with the wages in the facilities. The jobs associated with the manufacturers in the development will be permanent jobs, therefore these impacts will continue on an annual basis.

Assuming five manufacturing operations in the new development at completion, Ashe County could see an additional **\$48.9 million** in the county economy, and more than **\$153 million** in additional output by county businesses.

Annual Economic Impacts: Five New Industrial Operations in Ashe County

Impact Type	Employment	Value Added	Output
Direct Effect	322	\$33,258,151	\$119,786,211
Indirect Effect	163	\$10,155,927	\$22,838,288
Induced Effect	90	\$5,454,361	\$10,453,370
Total Effect	575	\$48,868,439	\$153,077,869

Total Economic Impact of Potential Industrial Development

To derive the total economic impact, we added one-time construction costs to the ongoing operations impacts. The total impact of the development to Ashe County is approximately **973 jobs** and **\$70 million** in the county economy. Total output from businesses in the county would increase by **\$202 million**.

Total Economic Impact of New Business Park Development in Ashe County

Impact Type	Employment	Value Added	Output
Direct Effect	619	\$48,302,926	\$156,551,211
Indirect Effect	213	\$12,855,274	\$29,333,506
Induced Effect	141	\$8,568,637	\$16,418,291
Total Effect	973	\$69,726,838	\$202,303,008

Local Property Tax Revenue

In addition to economic impacts, there will be local property tax impacts associated with a new business park development. The total real property value of \$36,765,000 will yield **\$162,868.95 in new property taxes annually**. This does not include personal property tax revenue from machinery and equipment, which often surpasses the real property value.

There will also be new sales tax revenue associated with 322 new jobs in Ashe County. The per capita income in Ashe County is \$25,049 and retail sales per household is \$25,446.89 (ESRI). Some portion of disposable income from the 322 new paychecks will be spent in Ashe County generating new retail sales tax revenue.

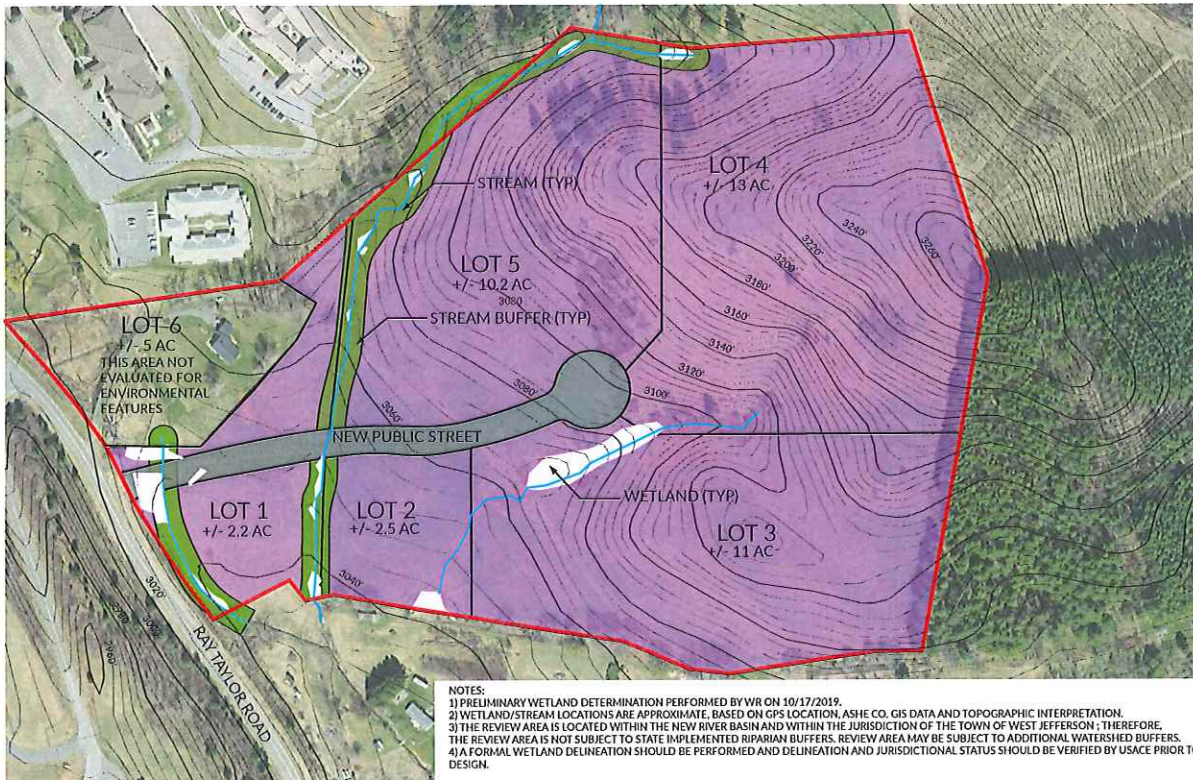
IMPLAN

This project consists of two analysis components: 1) impacts associated with constructing the facilities in the proposed industrial park and 2) impacts associated with operations at the facilities. All (100%) of the construction is expected to occur in the state.

Key Economic Impact Definitions

Source: www.implan.com

- ⦿ Direct Impacts: The known or predicted change in the economy that is being studied.
- ⦿ Indirect Impact: Secondary impact caused to industries in the supply chain of the direct impact.
- ⦿ Induced Impact: Direct and indirect employment (and increases in labor income) creates additional household spending on goods and services.
- ⦿ Employment: The number of full-time and part-time jobs; measured by place of employment. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not.
- ⦿ Job-Years: IMPLAN measures employment impacts in job-years with each unit of employment equivalent to one job for one year. This is important when IMPLAN is used to measure construction or other non-permanent operations. For example, IMPLAN does not distinguish between ten units of employment (workers) employed over five years, and fifty workers employed in one year. Therefore, one construction worker may account for multiple units of employment if that person is employed over multiple years. Unlike construction impacts, operation employment and economic activity are illustrated as yearly impact estimates. That is, the impacts shown can be expected to occur in every year.
- ⦿ Output: The amount of production, including all intermediate goods purchased, as well as value added (compensation and profit). Output is equal to sales in service industries and equal to sales plus the change in inventory for manufacturers.
- ⦿ Value Added: Value added is the difference between total output and the cost of intermediate inputs. Value added is a measure of an individual producer, industry, or sector's contribution to the state's gross domestic product.



SCALE: 1" = 200'

200' 400'



ASHE COUNTY ECON. DEV. SITE: SCHEMATIC SUBDIVISION PLAN



137 S Wilmington Street | Suite 200 | Raleigh, NC 27601 | t. 919.469.3340 | license #: C-0332 | withersravenel.com

Ray Taylor Road, Ashe County
project #190292
2020.01.02

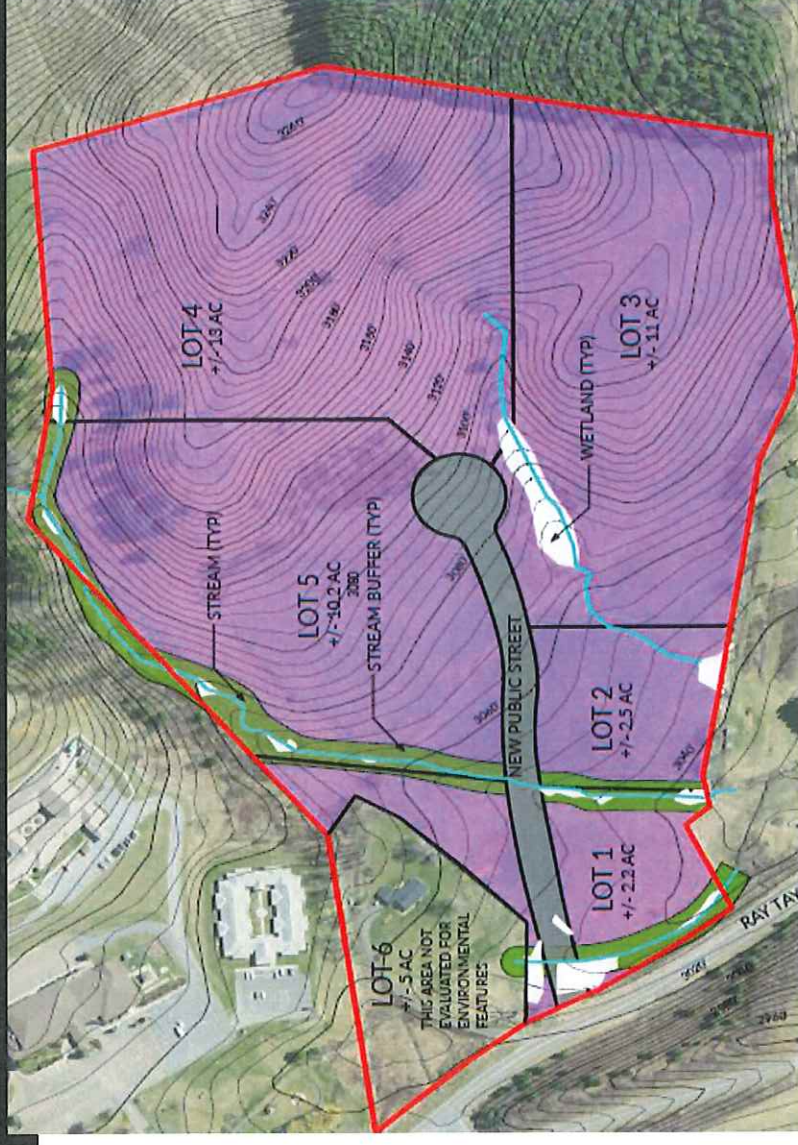


Economic Impact Analysis of a Proposed New Business Park Development

May 18, 2020

Proposed Business Park Development

- 41.8 acres total
- 39 acres in site plan
- 5 lots and buildings
- Buildings range 22,000 SF – 130,000 SF



Economic Impact Assumptions

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Construction Impact

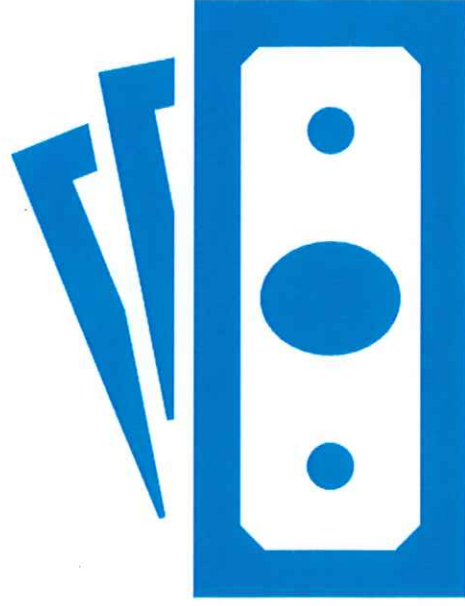
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Operations Impact

Impact Type	Employment	Value Added	Output
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Indirect Effect	163	\$10,155,927	\$22,838,288
Induced Effect	90	\$5,454,361	\$10,453,370
Total Effect	575	\$48,868,439	\$153,077,869

Total Economic Impact

Impact Type	Employment	Value Added	Output
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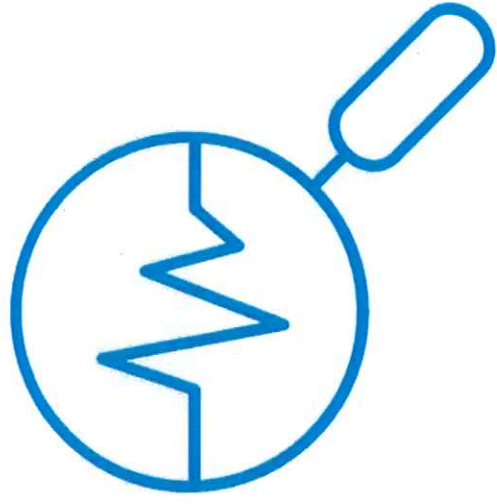
Local Property Tax Revenue

- \$36,765,000 in new taxable investment = \$162,868.95 in annual new property tax revenue



Other Impacts Not Captured

- Retail sales tax from 322 new paychecks
- Additional property tax revenue from new homes/residents



Using the Analysis

- Return on Investment
- Communicate Long-Term Economic Benefit
- Future Planning



Crystal Morphis

Penny Whiteheart

www.creativeedc.com

www.creativesiteassessment.com

www.creativecec.com

www.certifiedindustrialbuilding.com

reative

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