



## **The Center at Rocky Meadows Economic Impact Assessment**

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## Economic Impacts

An economic impact analysis involves the estimation of the effects of a change in the economic environment within a community resulting from events such as the development of a new housing project, the opening of a new business, or the shutdown of an existing business, etc. The central feature of an economic impact analysis is to measure the “ripple” effects, or benefits, created by spending resulting from a project.

Economic benefits also have a **time component** to them such as a construction phase, an operating stage, and a planned future expansion stage. In each of these phases the spending characteristics will be different so therefore, the economic impacts will be different. For example, within the construction stage, benefits include the temporary employment of construction personnel, spending on construction materials and energy, and spending by construction personnel within the community. In the ongoing operating stage, benefits include permanent new jobs created and ongoing operating expenses within the community for services, utilities, and supplies.

Economic benefits will have an initial (direct) financial impact, a secondary (indirect) impact, as well as induced impacts. **Direct** impacts include the new jobs created by the project, which in turn create **indirect** employment from inter-industry purchases in response to the new demands of the directly affected industries. **Induced** impacts relate to household spending as income increases or decreases due to the economic changes.

An economic impact analysis begins with identifying the economic changes resulting from a project and converting those changes to a set of initial expenditures that will stimulate further economic activity. The actions and the economic activity they stimulate are the impact. In the case of the Center at Rocky Meadows, the estimated salaries of the 879 new jobs associated with the project and the expected 557 construction jobs serve as the initial expenditures that stimulate further economic activity. Based on the development components proposed for the project, we have calculated the estimated direct, indirect and induced impacts of the project utilizing input/output model developed by the Minnesota IMPLAN Group, Inc.<sup>1</sup> The results are presented in the following table.

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<sup>1</sup> Minnesota IMPLAN Group, Inc. (MIG) is an outgrowth of work done by Scott Lindall and Doug Olson at the University of Minnesota over a period of eight years. This developmental work closely involved the U.S. Forest Service's Land Management Planning Unit in Fort Collins, and Dr. Wilbur Maki at the University of Minnesota. There are over 1,300 active users of MIG databases and software in the United State as well as internationally. Their client base includes federal and state government, universities, as well as private sector consultants.



**Employment Impacts**

<b>The Center at Rocky Meadows</b>		
<b>Estimated Economic Impacts of Development - Cumberland County</b>		
	<b>Construction Phase <sup>(1)</sup></b>	<b>Operational Phase At Full Build-Out <sup>(2)</sup></b>
<b>Employment Impact</b>		
<b>Employment</b>		
Direct	557	879
Indirect & Induced	382	356
<b>Total Job Creation</b>	<b>939</b>	<b>1,235</b>
<b>Employee Compensation <sup>(3)</sup></b>		
Direct	\$ 18,755,884	\$ 20,986,274
Indirect & Induced	11,842,175	10,653,042
<b>Total Employee Compensation</b>	<b>\$ 30,598,059</b>	<b>\$ 31,639,316</b>

Source: MIG, Inc.

- (1) Impacts reflect temporary jobs created or supported during the construction phase and therefore, compensation and tax impacts are NOT annual.
- (2) Impacts reflect permanent jobs created or supported by development operations and therefore, compensation and tax impacts are annual.
- (3) Reflects 2005 dollars.

**Fiscal Impacts**

At full build-out, The Center at Rocky Meadows is expected to generate an estimated \$3.3 million annually in new state and local tax revenues. In addition, the project is expected to generate approximately \$600,000 in state and local real estate transfer tax related to property transfer transactions. The table on the following page presents the estimated new tax revenues that will be generated by the development.



The Center at Rocky Meadows

Estimated Increase in State/Local Tax Revenue from Operations at Full Build-Out <sup>(1)</sup>

State/Local Tax Impact	Commonwealth of Pennsylvania	Cumberland County	Carlisle Borough	Dickinson Twp.	South			Other	Total
					Middleton Twp.	Carlisle Area SD	Middleton SD		
Real Estate Tax	-	\$ 132,977	\$ 53,633	\$ 806	\$ 1,391	\$ 567,011	\$ 96,919	\$ -	\$ 852,738
Income Tax <sup>(2) (3)</sup>	371,104	-	20,534	5,373	14,785	56,995	32,527	63,196	\$ 501,318
Emergency & Municipal Services Tax <sup>(4)</sup>	-	-	22,226	16,880	-	-	1,266	-	\$ 40,373
Per Capita Tax <sup>(5)</sup>	-	-	-	78	215	377	215	574	\$ 885
Sales & Hotel Occupancy Tax	1,837,128	67,014	-	-	-	-	-	-	\$ 1,904,142
<b>Total State/Local Tax Impact</b>	<b>\$ 2,208,232</b>	<b>\$ 199,991</b>	<b>\$ 96,393</b>	<b>\$ 23,137</b>	<b>\$ 16,391</b>	<b>\$ 624,383</b>	<b>\$ 130,927</b>	<b>\$ 63,770</b>	<b>\$ 3,299,455</b>
Realty Transfer Tax <sup>(6)</sup>	\$ 318,187	\$ -	\$ 68,590	\$ 74,053	\$ 16,450	\$ 142,643	\$ 16,450	\$ -	\$ 636,374

(1) Reflects 2005 dollars.

(2) Assumes 100% of earned income is taxable and does not take into consideration tax deductibility, credits, or other reduction in tax liability. Also assumes 80% of income is new to state and municipality.

(3) Assumes distribution of employee municipal tax of residence in proportion to population of surrounding municipalities.

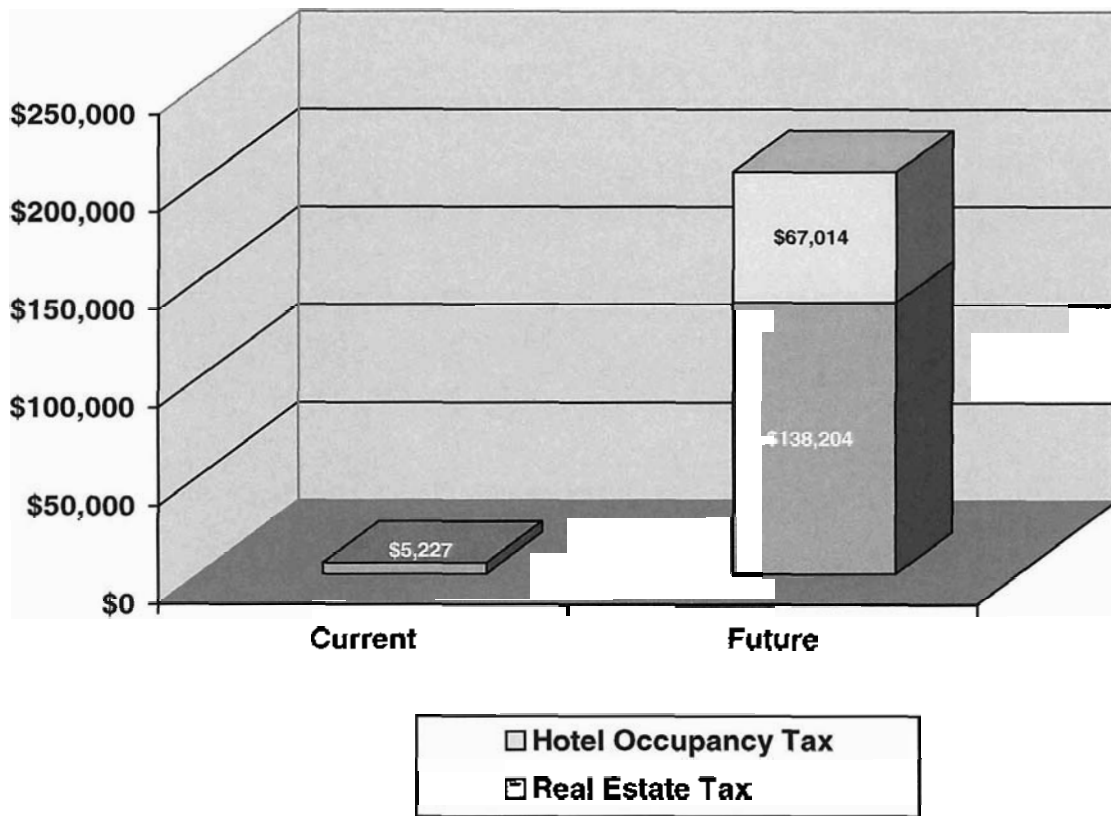
(4) Based on employer municipality

(5) Assumes 20% of direct employees generates new per capita tax revenue.

(6) While all other taxes are generated annually the realty transfer tax is a one-time tax generated upon sale of real estate.

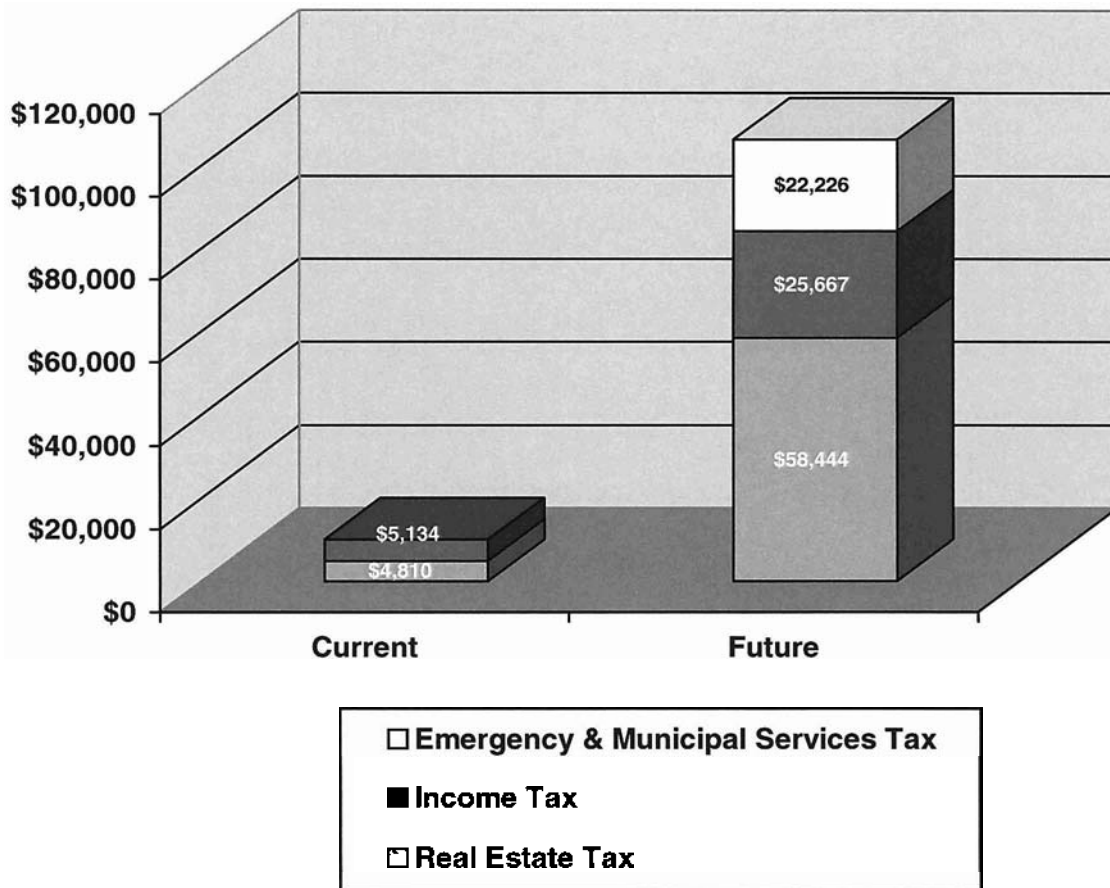
### Cumberland County Fiscal Impact Summary

Estimated Annual Tax Revenue at Build-out	\$205,218
Current Annual Tax Revenue	<u>5,227</u>
Estimated Increase in Tax Revenue	\$199,991



### Carlisle Borough Fiscal Impact Summary

Estimated Annual Tax Revenue at Build-out	\$106,337
Current Annual Tax Revenue	<u>9,944</u>
Estimated Increase in Tax Revenue	\$ 96,393

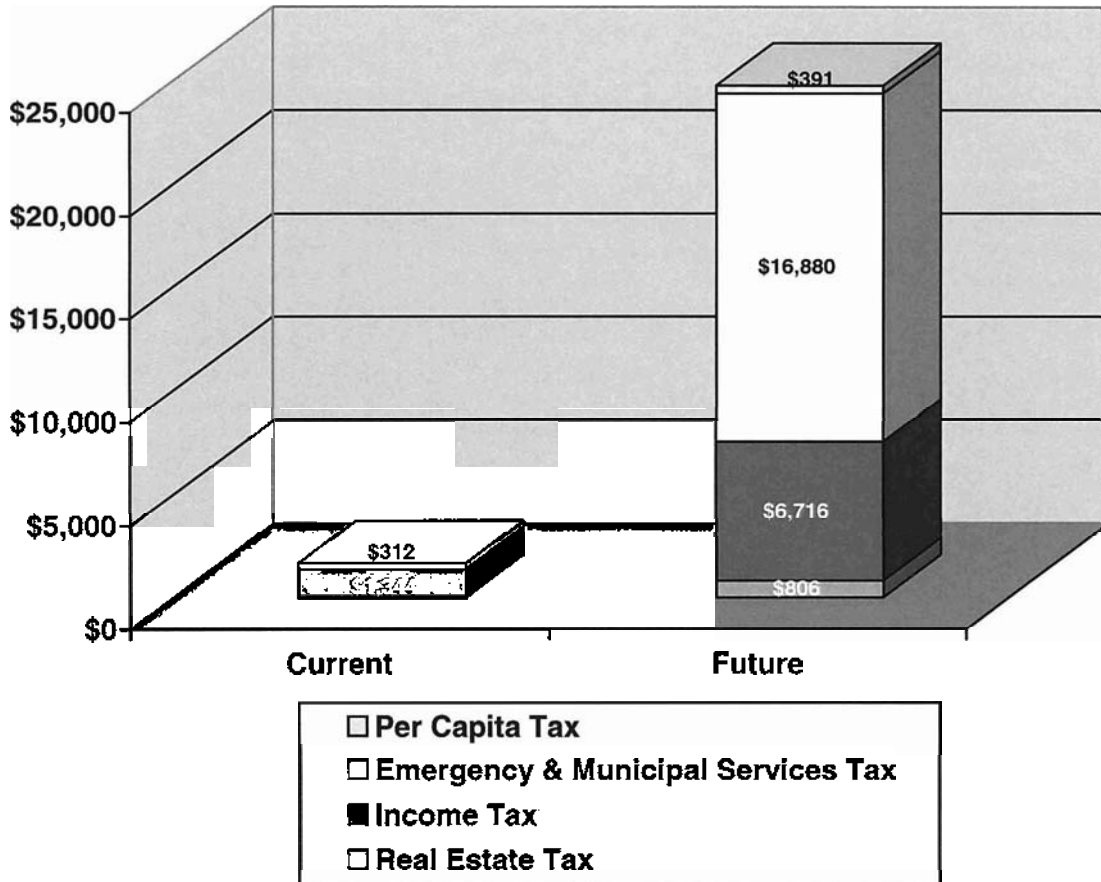


Note: Above does not include an estimated \$68,590 in estimated one-time realty transfer tax associated with real estate purchase and sale.



### Dickinson Township Fiscal Impact Summary

Estimated Annual Tax Revenue at Build-out	\$24,793
Current Annual Tax Revenue	<u>1,656</u>
Estimated Increase in Tax Revenue	\$23,137

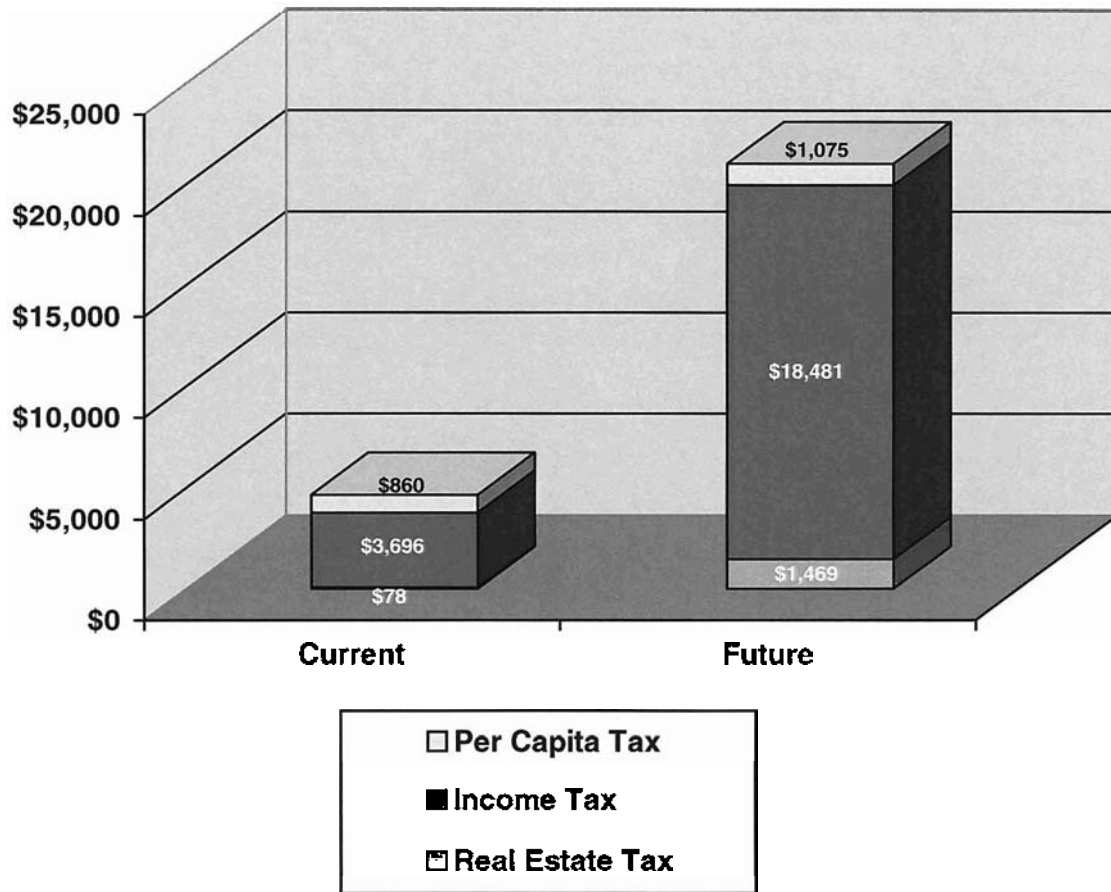


Note: Above does not include an estimated \$74,053 in estimated one-time realty transfer tax associated with real estate purchase and sale.



### South Middleton Township Fiscal Impact Summary

Estimated Annual Tax Revenue at Build-out	\$21,025
Current Annual Tax Revenue	<u>4,634</u>
Estimated Increase in Tax Revenue	\$16,391

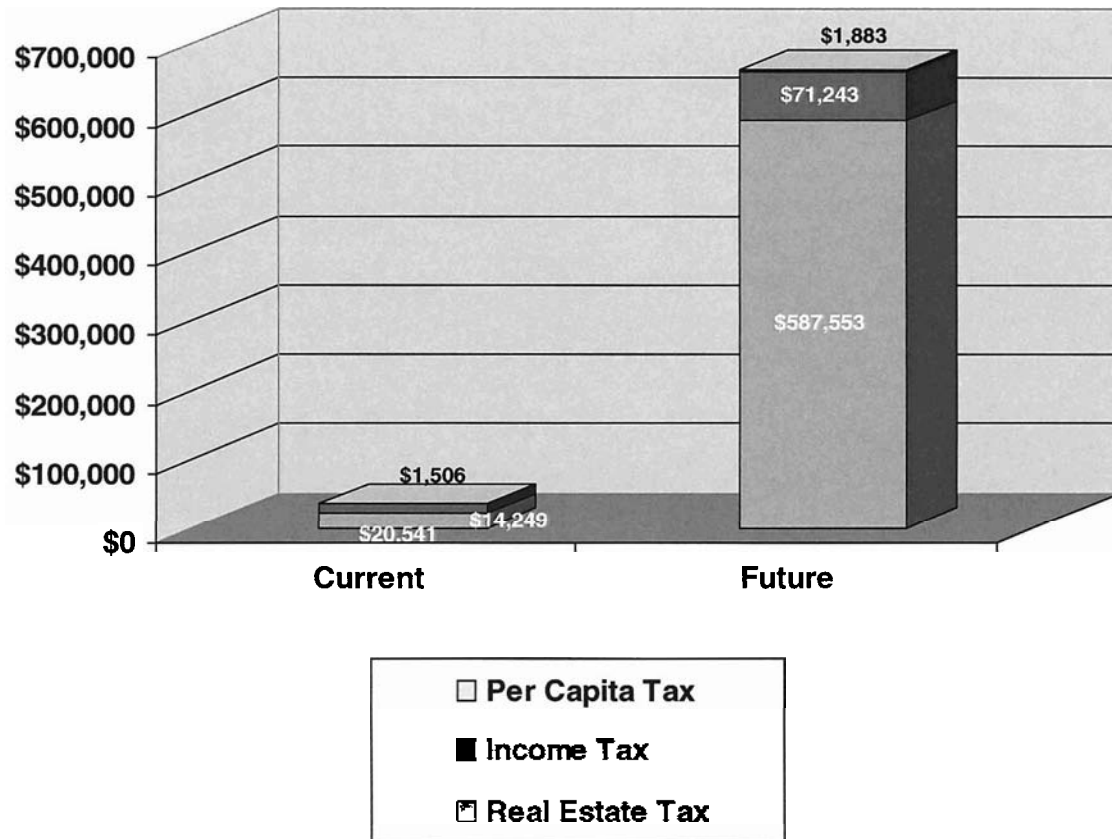


Note: Above does not include an estimated \$16,450 in estimated one-time realty transfer tax associated with real estate purchase and sale.



### Carlisle Area School District Fiscal Impact Summary

Estimated Annual Tax Revenue at Build-out	\$660,679
Current Annual Tax Revenue	<u>36,296</u>
Estimated Increase in Tax Revenue	\$624,383

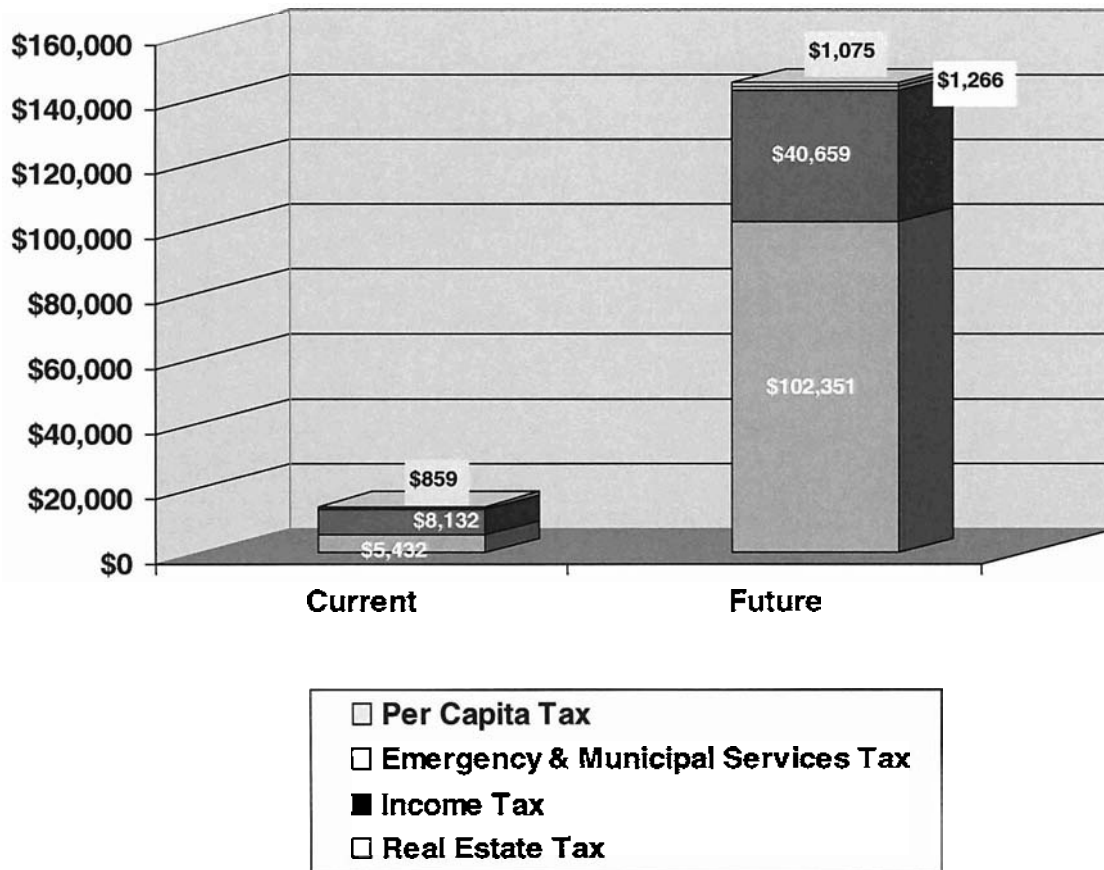


Note: Above does not include an estimated \$142,643 in estimated one-time realty transfer tax associated with real estate purchase and sale.



**South Middleton School District Impact Summary**

Estimated Annual Tax Revenue at Build-out	\$145,351
Current Annual Tax Revenue	<u>14,423</u>
Estimated Increase in Tax Revenue	<b>\$130,927</b>

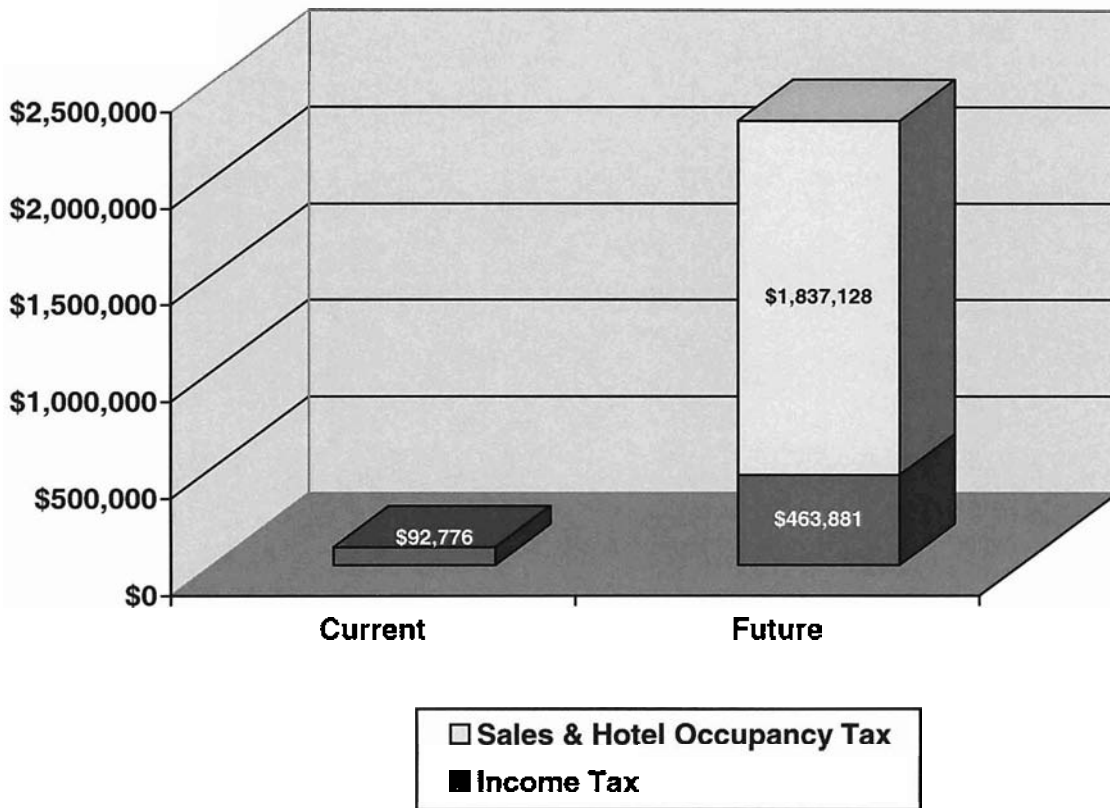


Note: Above does not include an estimated \$16,450 in estimated one-time realty transfer tax associated with real estate purchase and sale.



**Commonwealth of Pennsylvania Fiscal Impact Summary**

Estimated Annual Tax Revenue at Build-out	\$2,301,009
Current Annual Tax Revenue	<u>92,776</u>
Estimated Increase in Tax Revenue	\$2,208,232



Note: Above does not include an estimated \$318,187 in estimated one-time realty transfer tax associated with real estate purchase and sale.