

ECONOMIC DEVELOPMENT IMPACT ANALYSIS

Horizon has prepared estimates of the economic benefit associated by the construction and operation of the subject 200 room full service Embassy Suites hotel brand. The estimates of economic impact are for dollars spent, and people employed, within Alachua County. The following paragraphs summarize the methodology and assumptions used to prepare the estimates of economic impact.

Construction Impact

Methodology

The following methodology was used to prepare the estimates of economic impact generated by the construction of the subject hotel.

- ▯ **Construction Costs:** Using data from the *HVS 2009 Hotel Development Cost Survey*, we estimated the Building and Site Improvement Cost and Soft Costs associated with the construction of a 200 room full-service Embassy Suites hotel brand. Estimates were prepared in 2010 dollars, and inflated by .8% to reach 2016 dollars, the close of the construction period.
- ▯ **B.E.A. Multipliers:** Bureau of Economic Analysis (BEA) economic impact multipliers for construction expenditures in Alachua County were applied to the estimates of construction costs.

Economic Impact Measurements

Three measures of economic impact were estimated:

- ▯ **Output Impact:** Direct dollars spent with construction, architecture, design, and engineering firms to construct the hotel. In turn, this includes the purchases made by these firms to buy goods and services within Alachua County.
- ▯ **Earnings Impact:** Salaries and wages paid to employees of the construction, architecture, design, and engineering firms associated with the building of the subject hotel, as well as the employees of vendors providing goods and services to these firms.
- ▯ **Employment Impact:** Full-time equivalent jobs at the construction, architecture, design, and engineering firms associated with the building of the subject hotel, as well as the employees of vendors providing goods and services to these firms.

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Estimated Impact

The following table summarizes the estimated economic benefit (2016 dollars) to Alachua County associated with the construction of the subject hotel.

Economic Measure Estimated Impact

Measurement	2016	2010**
Output Impact	\$82,287,886	\$78,446,345
Earnings Impact	\$22,150,088	\$21,116,030
Employment Impact	587 FTE jobs	560 FTE jobs

**PKF Consultant's Report, 2010

Operational Impact

Methodology

Estimates of economic impact were prepared based on *PKF's* estimates of revenues and expenses for a representative year of operation for the Project. For this analysis, the representative year of operation was deemed to be the fifth year of operation, or 2020. A two percent (2%) inflation rate was used to increase the revenues and expenses up through year 2019.

The following four approaches were used to prepare the estimates of economic impact generated by the operation of the subject hotel:

- B.E.A. Final Demand: This method combines the total hotel revenue estimate developed by *Horizon* with economic impact multipliers from the Bureau of Economic Analysis.
- B.E.A. Changes in Bill of Goods: This method combines detail revenue and expense data from our *PKF's Trends in the Hotel Industry* database with economic impact multipliers from the Bureau of Economic Analysis.
- AH&LA Economic Multipliers: Economic impact multipliers for the Gainesville MSA from a 1986 study (latest data available) sponsored by the American Hotel and Lodging Association (AH&LA) were applied the total revenue estimate for the subject sample.
- Tax Impact: The current five percent (5%) county lodging tax, as well as the 6.75 percent state sales tax rate, were applied respectively to *Horizon's* estimates of room revenue and total revenue for the subject hotel.

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Economic Impact Measurements

Four measures of economic impact were estimated:

- ▯ **Output Impact:** Revenues received by businesses in Alachua County resulting from the operation of the subject hotel. This includes the revenues received by the subject hotel, monies spent by hotel management within Alachua County to purchase goods and services, and monies spent by employees of the hotel and employees at hotel vendor.
- ▯ **Earnings Impact:** Salaries and wages paid to employees at the subject hotel, and employees at hotel vendors within Alachua County.
- ▯ **Employment Impact:** Full-time equivalent jobs at the subject hotel and hotel vendors within Alachua County.
- ▯ **Tax Impact:** Alachua County lodging taxes and State of Florida sales taxes generated from the rooms revenues and total hotel revenue of the subject hotel.

Estimated Impact

The following table summarizes the estimated economic benefit to Alachua County (2019 dollars) associated with the operation of the Project.

Economic Measure Estimated Impact

Measurement	2019	2010**
Output Impact	\$28,356,666	\$26,394,314
Earnings Impact	\$ 7,528,672	\$ 7,007,669
Employment Impact	269 FTE jobs	234 FTE jobs
Tax Impact	2020	2015
Sales Tax (6.75% X \$8,070,676)	\$544,771	\$997,589
Lodging Tax (5% X \$7,387,600)	<u>+\$369,380</u>	<u>+\$478,939</u>
Total Taxes	\$914,151	\$1,476,528

**PKF Consultant's Report, 2010