

Economic Impact Analysis

City of Gainesville
**Downtown Hotel/Restaurant/
Information Technology Complex**

Prepared by
North Central Florida Regional Planning Council

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Project Description:

The economic impact analysis of a hotel/restaurant/information technology complex in the City.

Assumptions:

North Central Florida Regional Planning Council staff conducted this study using the Regional Economic Models, Inc. Policy Insight Plus* (REMI*) econometric modeling program. It assumes that 250 jobs are added to the City between 2016 and 2018. More specifically, new (direct) jobs would be added in the following job classifications:

150 Accommodations and Food Service jobs
100 Information jobs

The 250 direct jobs are anticipated to be added within the City between the years 2016 and 2018. It is anticipated that 100 direct Accommodations and Food Service jobs will occur in 2016, an additional 25 direct Accommodations and Food Service jobs will occur in 2017 and a further 25 direct Accommodations and Food Service jobs will occur in 2018. It is further anticipated that 50 direct Information jobs will be added during 2017, while 50 additional direct Information jobs will be added during 2018.

Average Annual Salary:

County average salary by industry for these job classifications were used in performing the analysis.

Average Annual Value of Benefits:

County average value of benefits by industry for these job classifications were used in performing the analysis.

Total Capital Invest:

No direct inputs were made. Capital investments used in the analysis were determined by REMI*.

Time Horizon of Analysis:

20 years (2016 to 2035)

Analysis:

North Central Florida Regional Planning Council staff conducted this study using the REMI* econometric modeling program. Information on direct employment by industry was provided by the City. For the purposes of this analysis, the County is the geographic area measured.

The lowest geographic unit of aggregation used by REMI* is the County. Therefore, impacts to individual cities are not directly calculated by the model. A gravity model was used to distribute impacts to cities within the County. The gravity model distributes impacts based on an equal weighting of the population of municipalities within the County as well as their distance from the City. Impacts to unincorporated areas of the County are also distributed in this manner. As seen in Table 1, the gravity model indicates that 75.0 percent of the indirect impacts are anticipated to occur within the City.

**Table 1
Alachua County Gravity Distribution**

Jurisdiction	Miles to Gainesville	Travel Time to Gainesville (Minutes)	2014 Population	Percent of Total
City of Alachua	16.0	24.0	9,479	1.9%
City of Archer	15.3	28.0	1,137	0.2%
City of Gainesville	0.0	0.0	125,661	75.0%
City of Hawthorne	16.1	21.0	1,356	0.3%
City of High Springs	22.2	26.0	5,533	1.1%
Town of LaCrosse	15.0	23.0	373	0.1%
Town of Micanopy	12.1	17.0	594	0.1%
City of Newberry	17.3	35.0	5,264	1.1%
City of Waldo	14.3	20.0	953	0.2%
Unincorp. Alachua County	5.0	15.0	100,380	20.0%
Total	133.3	209.00	250,730	100.0%

Travel Time Based on Google Maps driving time to the City, expressed as minutes, as of February 23, 2015, 4:28 p.m.

Population Source: Estimates of Population, Bureau of Economic and Business Research, University of Florida, October 15, 2014.

Outputs from REMI* presented in Tables 2 and 3 represent increases or decreases to the baseline projections of the model resulting from the influence of the proposed project by geographic area (Alachua County and the City of Gainesville).

A summary of the output is as follows.

Total Employment:

Total Employment (project employment plus indirect and induced employment) in the County resulting from this project is forecast to increase by 71 in 2016, to a high of 518 in 2035. Within the City, total employment is forecasted to increase by 53 jobs in 2016 to a high of 389 jobs in 2035.

Gross Domestic Product:

The Gross Domestic Product of the County is forecast to increase between \$3.2 Million to \$74.6 Million between 2016 and 2035 as a result of this project. This is due primarily to the infusion of new salaries from the new firms as the income of the employees is spent and re-spent in the County. Within the City, Gross Domestic Product is forecast to increase between \$2.4 Million to \$56.0 Million between 2016 and 2035.

Real Disposable Personal Income:

Total Real Disposable Income in the County is forecast to increase between \$1.2 Million to \$26.2 Million across the 20-year analysis period as a result of the project. Within the City, Real Disposable Personal Income is forecast to increase between \$0.9 Million to \$19.6 Million between 2016 and 2035.

Population:

Total County population is forecast to increase by 429 new residents by 2035 as a result of the impacts of the project. The population increase is due to the increased direct and indirect employment opportunities resulting from the project. The forecasted County population increase represents 89 fewer residents than the forecasted total County employment increase. This is because some of the new jobs will be filled by existing residents, while some will be filled by employees residing outside of the County.

In the City, population is forecasted to increase by 322 new residents by 2035 as a result of the project. The forecasted population increase results in 67 fewer new residents than new jobs by 2035. Similar to the County, some of the new jobs located within the City will be filled by existing residents and persons residing outside of the City.

Table 2
Alachua County Impacts
REMI* Model Outputs: Countywide

Category	Units	2016	2017	2018	2019	2020	2025	2030	2035
Total Employment	Jobs	71	256	448	459	464	474	493	518
Gross Domestic Product	Fixed (2009) Dollars	\$3,151,000	\$21,592,000	\$41,775,000	\$43,872,000	\$45,712,000	\$53,930,000	\$64,086,000	\$74,587,000
Real Disposable Personal Income	Fixed (2009) Dollars	\$1,218,000	\$7,069,000	\$13,669,000	\$14,900,000	\$15,946,000	\$19,537,000	\$22,925,000	\$26,163,000
Population	Persons	15	51	105	151	191	323	392	429

Table 3
City of Gainesville Impacts
REMI* Model Outputs: Gravity Model Distribution of Countywide Impacts

Category	Units	2016	2017	2018	2019	2020	2025	2030	2035
Total Employment	Jobs	53	192	336	344	348	356	370	389
Gross Domestic Product	Fixed (2009) Dollars	\$2,364,463	\$16,202,310	\$31,347,328	\$32,920,885	\$34,301,593	\$40,468,256	\$48,089,164	\$55,968,956
Real Disposable Personal Income	Fixed (2009) Dollars	\$913,969	\$5,304,471	\$10,257,011	\$11,180,734	\$11,965,637	\$14,660,269	\$17,202,573	\$19,632,319
Population	Persons	11	39	79	114	144	242	294	322

* REMI is an econometric model that incorporates aspects of four major modeling approaches: Input-Output; General Equilibrium; Econometric; and Economic Geography. Each of these methodologies has distinct advantages and limitations when used alone. The REMI integrated modeling approach builds on the strengths of each of these approaches. REMI models the entirety of the local and regional economies and therefore is a more robust and sensitive model than standard Input-Output models that rely on standard multipliers to forecast economic output.