

Economic Impact Analysis of Project Ice Plant

Introduction

This report estimates the economic impact of Project Ice Plant, a redevelopment project for retail space and a restaurant proposed in Edenton, NC. The company proposes to invest \$2,400,000 and create 20 full-time jobs. Investment in facility redevelopment is estimated to be \$2,390,000 and \$10,000 is proposed to be invested in machinery and equipment.

The analysis was performed using 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, business 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.

Project Ice Plant Overview

Proposed Project Location	Edenton, Chowan County, NC
IMPLAN Sector (New Employment)	IMPLAN Sector 404: Retail – Sporting goods, hobby, musical instrument and book stores
IMPLAN Sector (Construction)	IMPLAN Sector 62: Maintenance and repair construction of nonresidential structures
Investment in Construction	\$2,390,000
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 facility as well as its ongoing 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 the facility is in operations.

Investment Summary

Investment Year	Real Property Construction and/or Improvements	Tangible Personal Property (M&E)	Total
2015	\$2,390,000	\$10,000	\$2,400,000

Estimated Construction Impact

Construction Employment Impact

Construction impact will create 27 one-time jobs with 15 directly needed to complete facility renovations. It is important to recognize the jobs associated with construction are not permanent and continuous jobs, rather when the project is completed the employment demands created by the project will cease.

Construction Financial Impact

Construction activities are estimated to positively impact Edenton and Chowan County's economy by approximately \$1.3 million and increase output by nearly \$3.6 million.

Total Economic Impacts from Construction: Edenton and Chowan County

Impact Type	Employment	Value Added	Output
Direct Effect	15	\$663,372	\$2,390,000
Indirect Effect	8	\$393,566	\$793,360
Induced Effect	4	\$243,964	\$424,117
Total Effect	27	\$1,300,902	\$3,607,477

Estimated Operations Impact

Operations Employment Impact

In Edenton and Chowan County, approximately 23 jobs will result from operations at the facility by 2016 (full facility employment), with 20 directly needed for facility operations. The jobs associated with this project are permanent and continuous jobs, therefore these impacts will continue on an annual basis.

Operations Financial Impact

Facility operations are estimated to positively impact the city and county by \$520,158 and increase output by \$1,119,729.

Financial Impact: Edenton and Chowan County

Impact Type	Employment	Value Added	Output
Direct Effect	20	\$310,215	\$748,151
Indirect Effect	2	\$156,014	\$277,822
Induced Effect	1	\$53,929	\$93,756
Total Effect	23	\$520,158	\$1,119,729

Total Economic Impact

To derive at total economic impact, we added construction and operations impacts. The total impact of Project Ice Plant to Edenton and Chowan County is approximately 50 jobs and \$4,727,205 in output.

Total Economic Impact: Edenton and Chowan County

Impact Type	Employment	Value Added	Output
Direct Effect	35	\$973,587	\$3,138,151
Indirect Effect	10	\$549,580	\$1,071,181
Induced Effect	5	\$297,894	\$517,873
Total Effect	50	\$1,821,060	\$4,727,205

Local Tax Revenue

Edenton's property tax rate is \$0.3785 per \$100 valuation for fiscal year 2014-15. Chowan County's tax rate is \$0.725 per \$100 valuation. The proposed \$2,400,000 in new investment will yield approximately \$45,000 in new taxes over the next five years in the town and almost \$87,000 in the county, with revenues continuing beyond this time frame.

Edenton

	Depreciation	Equipment	Real Property	Total	Annual Taxes
Year 1	90%	\$9,000	\$2,390,000	\$2,399,000	\$9,080
Year 2	81%	\$8,100	\$2,390,000	\$2,398,100	\$9,077
Year 3	74%	\$7,400	\$2,390,000	\$2,397,400	\$9,074
Year 4	65%	\$6,500	\$2,390,000	\$2,396,500	\$9,071
Year 5	56%	\$5,600	\$2,390,000	\$2,395,600	\$9,067
					\$45,369

Chowan County

	Depreciation	Equipment	Real Property	Total	Annual Taxes
Year 1	90%	\$9,000	\$2,390,000	\$2,399,000	\$17,393
Year 2	81%	\$8,100	\$2,390,000	\$2,398,100	\$17,386
Year 3	74%	\$7,400	\$2,390,000	\$2,397,400	\$17,381
Year 4	65%	\$6,500	\$2,390,000	\$2,396,500	\$17,375
Year 5	56%	\$5,600	\$2,390,000	\$2,395,600	\$17,368
					\$86,903

Retail Sales

The average household in Chowan County spends approximately \$19,212 in retail goods including food and drink (US Census & ESRI). With 20 new paychecks in the local economy, retail sales could be bolstered by as much as \$384,000 per year.

IMPLAN

This project consists of two analysis components: 1) impacts associated with constructing the facility and 2) impacts associated with operations at the facility. Ten percent of the facility up-fit is expected to occur with existing suppliers in North Carolina, and all (100%) of the construction is expected to occur in the state. All impacts are presented as statewide impacts with monetary figures presented in 2015 dollars.

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; to sales plus the change in inventory for manufacturing; and to gross margin for retail and wholesaler trade.
- ⊙ 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.

Disclaimer: Economic modeling provides general impact estimates for economic development projects. However, future results will be affected by political, social, and economic conditions. Economic modeling is most informative when used in conjunction with other forms of analysis, such as cost-benefit analysis and fiscal impact analysis, to estimate the overall impact of a project. The completion of this analysis by NCSE is neither an endorsement for or against this project. Additionally, the analysis is based on information provided by the company. If that information were to change for any reason, it would change the results of the analysis.