

Date: 10-16-2020
To: Deb Sielski, Deputy Director, Planning and Parks
From: Dan Anhalt
RE: Brownfield Impact Dashboard-Economic and Fiscal Analysis Project Summary

Utilizing Impact Dashboard provides our communities, business owners and developers with a comprehensive view of their project's economic and fiscal impact and an understanding of the ROI to the community. The Washington County Site Redevelopment Committee (SRC) retained EDWC to conduct Economic and Fiscal impact studies on a select group of 7 projects undertaken by the Washington County Site Redevelopment Program. In addition, 2 projects that model the potential impact of a machine tool and office development were requested. These two projects are not included in the attached total as they are potential rather than completed projects.

Enclosed is a graphical summary of the impact of the 7 selected projects on the economy of Washington County along with detailed reports and community impact summaries for each project.

The detailed and community reports contain:

- Graphical report summarizing economic and fiscal results and implications for the projects
- Annual net fiscal and economic impact of the projects over a 10-year period
- Permanent and spinoff jobs created
- Direct and spinoff wages created
- Taxable sales and purchases created
- Estimated workers who will relocate to Washington County
- New residential properties constructed in Washington County
- New students to attend local school district
- TIF revenues generated where applicable
- New sales taxes generated
- New property taxes generated
- Room tax generated where applicable
- Cost of government services related to the development
- Net public benefit

Projects completed:

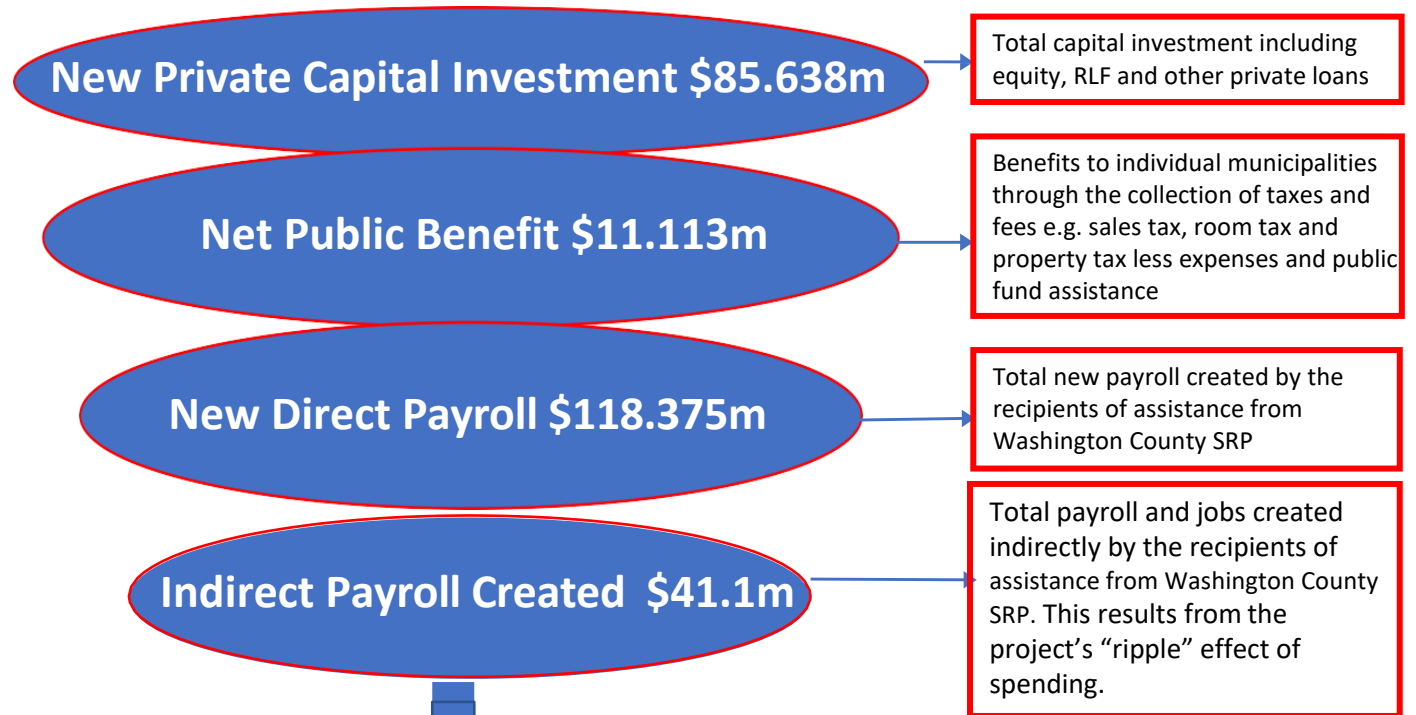
- Niphos-Slinger
- E.H Wolf-Slinger
- Saxony Village-Germantown
- Office Building project model-Germantown
- Rincon-Hartford
- Machine Tool project model-Hartford
- Downtown West Bend Office Associates-West Bend
- TownePlace Suites Hotel-West Bend
- Barton School Apartments-West Bend

Economic and Fiscal Impact Data Summary				
Project	New Private Capital Investment	Net Public Benefit Less Incentives over 10 years	New Direct Payroll Over 10 years	Indirect Payroll Created Over 10 years
Niphos-Slinger	\$ 455,400	\$ (3,345.00)	\$ -	\$ -
E.H Wolf-Slinger**	\$ 5,457,882	\$ 226,208	\$ 105,270,000	\$ 36,023,881
Saxony Village-Germantown	\$ 38,683,525	\$ 4,987,913	\$ 1,560,335	\$ 761,444
Rincon-Hartford	\$ 17,537,951	\$ 2,771,122	\$ 492,737	\$ 240,456
Downtown West Bend Office Associates-West Bend	\$ 3,042,723	\$ 508,797	\$ 1,574,843	\$ 913,409
TownePlace Suites Hotel-West Bend*	\$ 10,899,999	\$ 2,118,577	\$ 8,665,927	\$ 2,765,297
Barton School Apartments-West Bend	\$ 9,560,639	\$ 504,229	\$ 811,374	\$ 395,951
Total	\$ 85,638,119	\$ 11,113,501	\$ 118,375,216	\$ 41,100,438
Models created of potential projects				
Machine Tool project model-Hartford	\$ 2,052,300	\$ 287,488	\$ 5,561,517	\$ 2,736,822
Office Building project model-Germantown	\$ 1,500,000	\$ 188,583	\$ 6,007,630	\$ 3,484,425
*calculations over 12 years to reflect TIF incentives				
**calculations over 25 years to reflect TIF incentives				

Thank you for the opportunity to work with the SRC in providing the analysis on these incredibly valuable community projects.

Washington County Brownfield Site Redevelopment Program

Estimated Economic and Fiscal Impact Analysis of Selected Projects



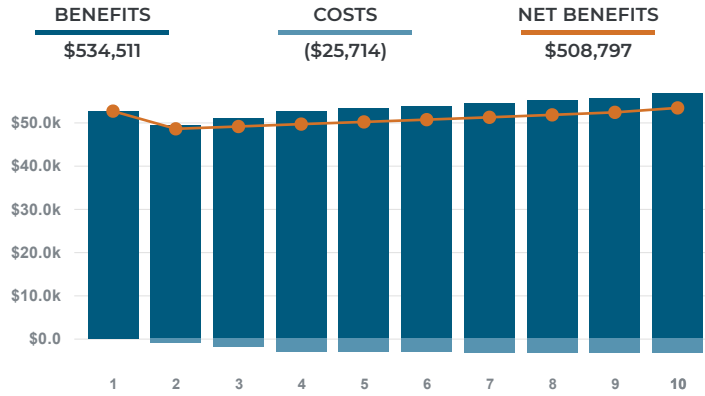
Assumptions:

- Based on financial data provided by owner or developer
- Projections of impact per project are for 10 years of impact unless otherwise noted. E.H Wolf 25 years and TownePlace Suites 12 years to reflect length of TIF support
- Estimates include all funding sources E.g. equity, RLF, other lenders
- Tax rates are at time of project inception
- 2% wage increase projected per year



IMPACT REPORT
WEST BEND OFFICE ASSOCIATES

Office Development-West Bend



JOBS



5.2 Total
3.0 Direct
2.2 Spin-off

SALARIES



\$54,284 Avg
\$60,008 Direct
\$46,618 Spin-off

CAPITAL INVEST.



\$3.0M
Buildings + FF&E

	Washington County	City of West Bend	West Bend School District	MPTC	Total
NET BENEFITS	\$69,031	\$203,088	\$219,730	\$16,948	\$508,797
Present Value	\$53,862	\$156,170	\$168,899	\$13,029	\$391,960
BENEFITS					
Sales Taxes	\$6,163	\$0	\$0	\$0	\$6,163
Real Property Taxes	\$59,924	\$194,171	\$208,373	\$16,123	\$478,591
FF&E Property Taxes	\$2,986	\$9,675	\$10,382	\$803	\$23,846
Other Benefits	\$4,309	\$13,820	\$7,760	\$22	\$25,911
Benefits Subtotal	\$73,382	\$217,666	\$226,515	\$16,948	\$534,511
COSTS					
Cost of Government Services	(\$4,351)	(\$5,804)	(\$6,785)	\$0	(\$16,940)
Other Costs	\$0	(\$8,774)	\$0	\$0	(\$8,774)
Costs Subtotal	(\$4,351)	(\$14,579)	(\$6,785)	\$0	(\$25,714)

Office Development-West Bend

Prepared By: EDWC

Purpose & Limitations

This report presents the results of an economic and fiscal analysis undertaken by EDWC using Impact DashBoard, a customized web application developed by Impact DataSource, LLC.

Impact DashBoard utilizes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in a custom user guide prepared for EDWC.

This report, generated by the Impact DashBoard application, has been prepared by EDWC to assist economic development stakeholders in making an evaluation of the economic and fiscal impact of business activity in the community. This report does not purport to contain all of the information that may be needed to conclude such an evaluation. This report is based on a variety of assumptions and contains forward-looking statements concerning the results of operations of the subject firm. EDWC made reasonable efforts to ensure that the project-specific data entered into Impact DashBoard reflects realistic estimates of future activity. Estimates of future activity involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in this report.

EDWC and Impact DataSource make no representation or warranty as to the accuracy or completeness of the information contained herein, and expressly disclaim any and all liability based on or relating to any information contained in, or errors or omissions from, this information or based on or relating to the use of this information.

Introduction

This report presents the results of an economic impact analysis performed using Impact DashBoard, a model developed by Impact DataSource. The report estimates the impact that a potential project will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

The 16,000sf office building will be constructed in downtown West Bend, Wisconsin at the Southwest Quadrant of the intersection of Water Street and South Forest Avenue. The proposed office project will be adjacent to the TownePlace Suites extended stay hotel. The project takes advantage of a brownfield development site, the retention of 20 professional positions and potential payroll growth

Economic Impact Overview

The table below summarizes the economic impact of the project over the first 10 years in terms of job creation, salaries paid to workers, and taxable sales.

SUMMARY OF ECONOMIC IMPACT OVER 10 YEARS IN WASHINGTON COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Jobs	3.0	2.2	5.2
Annual Salaries/Wages at Full Ops (Yr 4)	\$187,297	\$108,632	\$295,929
Salaries/Wages over 10 Years	\$1,574,843	\$913,409	\$2,488,252
Taxable Sales/Purchases in Washington County	\$1,118,388	\$114,176	\$1,232,564

Totals may not sum due to rounding

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

SUMMARY OF POPULATION IMPACT OVER 10 YEARS IN WASHINGTON COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Workers who will move to Washington County	0.4	0.3	0.6
New residents in Washington County	0.9	0.7	1.6
New residential properties constructed in Washington County	0.1	0.0	0.1
New students to attend local school district	0.2	0.1	0.3

Totals may not sum due to rounding

The new taxable property to be supported by the Project over the next 10 years is summarized in the following table.

SUMMARY OF TAXABLE PROPERTY OVER THE FIRST 10 YEARS IN WASHINGTON COUNTY						
YR.	NEW RESIDENTIAL PROPERTY	LAND	BUILDINGS...	FF&E	NON-RESIDENTIAL PROPERTY	TOTAL PROPERTY
2020	\$0	\$0	\$2,258,856	\$220,066	\$2,478,922	\$2,478,922
2021	\$7,044	\$0	\$2,304,033	\$198,059	\$2,502,092	\$2,509,137
2022	\$14,370	\$0	\$2,350,114	\$176,053	\$2,526,166	\$2,540,537
2023	\$21,986	\$0	\$2,397,116	\$154,046	\$2,551,162	\$2,573,148
2024	\$22,426	\$0	\$2,445,058	\$132,040	\$2,577,098	\$2,599,524
2025	\$22,874	\$0	\$2,493,959	\$110,033	\$2,603,992	\$2,626,867
2026	\$23,332	\$0	\$2,543,839	\$88,026	\$2,631,865	\$2,655,197
2027	\$23,799	\$0	\$2,594,715	\$66,020	\$2,660,735	\$2,684,534
2028	\$24,275	\$0	\$2,646,610	\$44,013	\$2,690,623	\$2,714,897
2029	\$24,760	\$0	\$2,699,542	\$44,013	\$2,743,555	\$2,768,315

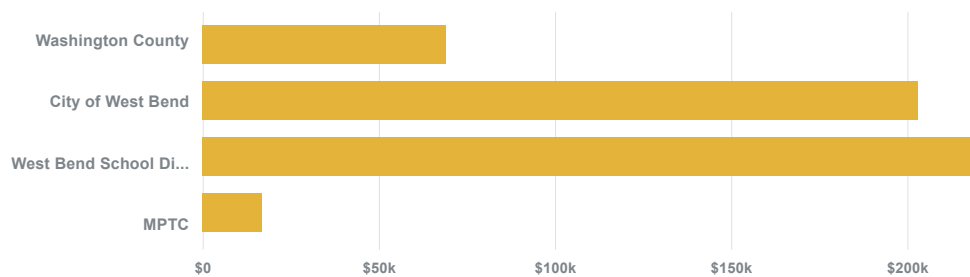
Fiscal Impact Overview

The Project will generate additional benefits and costs, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages.

FISCAL NET BENEFITS OVER THE NEXT 10 YEARS				
	BENEFITS	COSTS	NET BENEFITS	PRESENT VALUE*
Washington County	\$73,382	(\$4,351)	\$69,031	\$53,862
City of West Bend	\$217,666	(\$14,579)	\$203,088	\$156,170
West Bend School District	\$226,515	(\$6,785)	\$219,730	\$168,899
MPTC	\$16,948	\$0	\$16,948	\$13,029
Total	\$534,511	(\$25,714)	\$508,797	\$391,960

*The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5.0% to make the dollars comparable.

Net Benefits Over the Next 10 Years

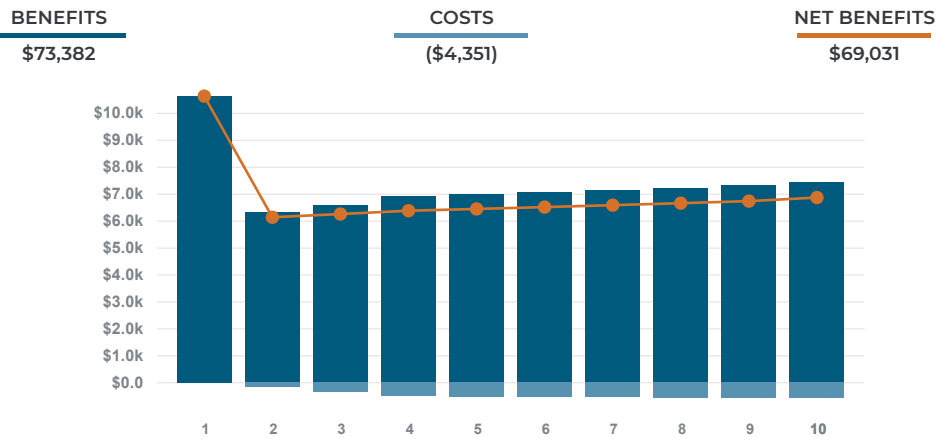


Washington County Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Washington County over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: WASHINGTON COUNTY			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Sales Taxes	\$4,608	\$1,555	\$6,163
Real Property Taxes	\$59,924	\$0	\$59,924
FF&E Property Taxes	\$2,986	\$0	\$2,986
New Residential Property Taxes	\$0	\$448	\$448
Miscellaneous Taxes and User Fees	\$2,543	\$1,318	\$3,862
Benefits Subtotal	\$70,061	\$3,322	\$73,382
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost of Government Services	(\$2,864)	(\$1,487)	(\$4,351)
Costs Subtotal	(\$2,864)	(\$1,487)	(\$4,351)
Net Benefits	\$67,197	\$1,835	\$69,031

Annual Fiscal Net Benefits for Washington County



City of West Bend Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by City of West Bend over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: CITY OF WEST BEND			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes	\$194,171	\$0	\$194,171
FF&E Property Taxes	\$9,675	\$0	\$9,675
New Residential Property Taxes	\$0	\$576	\$576
Room Taxes	\$0	\$0	\$0
Building Permits and Fees	\$0	\$0	\$0
Utility Revenue	\$6,987	\$1,927	\$8,914
Miscellaneous Taxes and User Fees	\$3,453	\$878	\$4,331
Benefits Subtotal	\$214,286	\$3,380	\$217,666
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost of Government Services	(\$4,631)	(\$1,173)	(\$5,804)
Cost of Utility Services	(\$6,880)	(\$1,895)	(\$8,774)
Costs Subtotal	(\$11,511)	(\$3,068)	(\$14,579)
Net Benefits	\$202,775	\$312	\$203,088

Annual Fiscal Net Benefits for City of West Bend



West Bend School District Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by West Bend School District over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: WEST BEND SCHOOL DISTRICT			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes	\$208,373	\$0	\$208,373
FF&E Property Taxes	\$10,382	\$0	\$10,382
New Residential Property Taxes	\$0	\$638	\$638
Addtl. State & Federal School Funding	\$0	\$7,121	\$7,121
Benefits Subtotal	\$218,755	\$7,760	\$226,515
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost to Educate New Students	\$0	(\$6,785)	(\$6,785)
Costs Subtotal	\$0	(\$6,785)	(\$6,785)
Net Benefits	\$218,755	\$975	\$219,730

Annual Fiscal Net Benefits for West Bend School District



MPTC Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by MPTC over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: MPTC			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Real Property Taxes	\$16,123	\$0	\$16,123
FF&E Property Taxes	\$803	\$0	\$803
New Residential Property Taxes	\$0	\$22	\$22
Benefits Subtotal	\$16,926	\$22	\$16,948
COSTS	PROJECT	HOUSEHOLDS	TOTAL
None Estimated	\$0	\$0	\$0
Costs Subtotal	\$0	\$0	\$0
Net Benefits	\$16,926	\$22	\$16,948

Annual Fiscal Net Benefits for MPTC



Overview of Methodology

The Impact DashBoard model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the spin-off or indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes adjusted county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

MULTIPLIER	WASHINGTON COUNTY	
Employment Multiplier	(Type II Direct Effect)	1.7466
Earnings Multiplier	(Type II Direct Effect)	1.58

Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach.

This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by local jurisdictions to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs.

This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

About Impact DataSource

Established in 1993, Impact DataSource is an Austin, Texas-based economic consulting firm. Impact DataSource provides high-quality economic research, specializing in economic and fiscal impact analyses. The company is highly focused on supporting economic development professionals and organizations through its consulting services and software. Impact DataSource has conducted thousands of economic impact analyses of new businesses, retention and expansion projects, developments, and activities in all industry groups throughout the U.S.

For more information on Impact DataSource, LLC and our product Impact DashBoard, please visit our website www.impactdatasource.com



Office Development-West Bend