

Economic Impact of the Port of Olympia



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Why Conduct Economic Impact Studies?

- Community - Public awareness
- Legislature - Funding requests
- Commissioners - Project justification
- Port Staff:
 - Strategic planning
 - Targeted marketing
 - Land use decisions
 - Sensitivity analysis

Study Purposes

- Measure the baseline economic impacts of the Port of Olympia by Business Unit:
 - Marine Terminal
 - Swantown Marina and Boatworks
 - Olympia Regional Airport and NewMarket Industrial Campus
 - Peninsula Properties

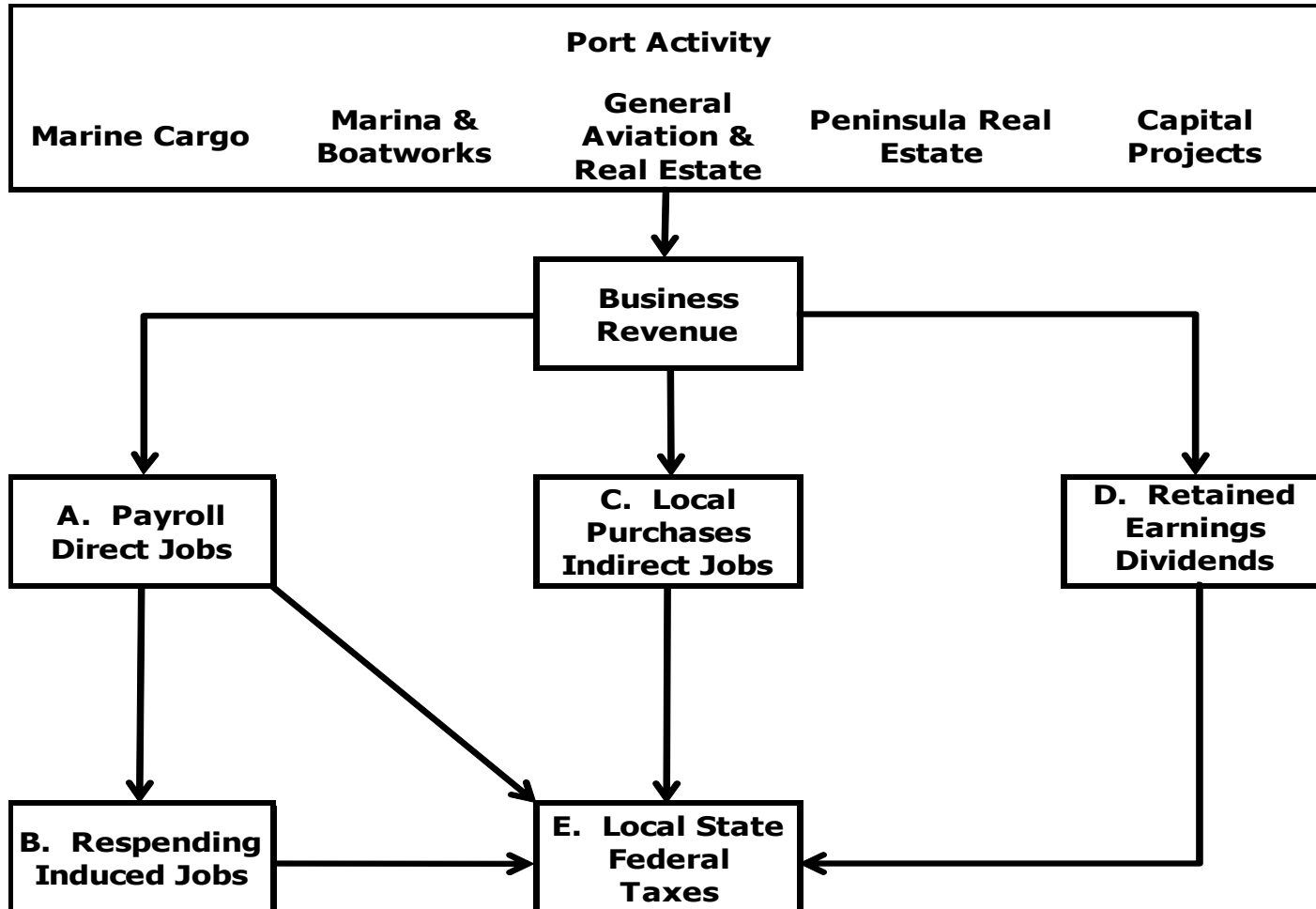
Study Purposes – Sensitivity Models

- Marine Terminal Model
 - Cargo levels, commodities/commodity types
 - Impact of new carrier service/loss of carriers
 - Labor productivity
 - Commodity origins/destinations
 - Terminal investment
 - Annual updates
- Swantown Marina and Boatworks Model
 - Number of boats moored
 - Mix of sail vs. power boats
 - Transient operations
 - Expenditures by boat owner

Sensitivity Models –Real Estate

- Assess new developments:
 - Type of development
 - Square footage
 - Direct employment
 - Salary
- Compare with other non-maritime or non-aviation uses of land parcel
- Rank alternative uses
- Develop market strategy for new uses
- Justify Port assistance in infrastructure development
- Compare with maritime uses of waterfront land
- Compare with financial performance

Flow of Economic Impacts



Impacts Created

- **Jobs**
 - **Direct**
 - **Induced**
 - **Indirect**
- **Wages and salaries**
 - **Direct**
 - **Re-spending**
 - **Indirect**
- **Business revenue**
- **Taxes**

Methodology

- 212 personal and telephone interviews
- Formulation of direct impact models from interviews
 - Marine Terminal
 - Swantown Marina and Boatworks
 - Olympia Regional Airport/NewMarket Industrial Complex
 - Peninsula Properties
- Induced model:
 - Local purchases by individuals
 - Consumer patterns in Olympia/Seattle - CES
 - Olympia-specific income multiplier
- Indirect model:
 - Local purchases from surveys/interviews
 - Combine with selected indirect coefficients -- RIMSII

Summary of Impacts

- 7,249 total jobs:
 - 3,043 Direct Jobs – Nearly 85% reside in Thurston County
 - 1,390 Induced Jobs
 - 2,816 Indirect Jobs
- \$350.7 million total personal income and consumption:
 - \$112.5 million direct wages/salaries
 - \$94.5 million re-spending and consumption
 - \$143.7 million indirect wages/salaries
- \$1.1 billion of business revenue
- \$439.7 million of local purchases
- \$31.2 million of state and local taxes
- \$94.3 million Federal taxes

Impact of Port of Olympia Capital Investments

- \$10.2 million investment in 2009
 - \$4.6 million in marine terminal investment
 - \$4.1 million in real estate development
 - \$1 million in marina investment
 - \$368,000 in airport improvements
 - \$132,000 miscellaneous investments
- 114 construction and support jobs
- \$4.6 million in total personal income
- \$6.6 million in local purchases
- \$1.3 million state and local taxes

Impacts by Line of Business

	MARITIME	SWANTOWN MARINA & BOATWORKS	OLYMPIA REGIONAL AIRPORT ¹	PENINSULA PROPERTIES	TOTALS
JOBS					
Direct	177	51	2,263	553	3,043
Induced	182	34	935	240	1,390
Indirect	<u>48</u>	<u>64</u>	<u>2,153</u>	<u>550</u>	<u>2,816</u>
TOTAL	406	149	5,351	1,343	7,249
PERSONAL INCOME (MILLIONS)					
Direct	\$9.4	\$2.5	\$78.5	\$22.1	\$112.5
Re-Spending/Local Consumption Expenditures	\$21.4	\$3.4	\$54.3	\$15.3	\$94.5
Indirect	<u>\$2.3</u>	<u>\$2.2</u>	<u>\$113.8</u>	<u>\$25.4</u>	<u>\$143.7</u>
TOTAL	\$33.2	\$8.1	\$246.6	\$62.8	\$350.7
BUSINESS REVENUE (MILLIONS)	\$194.7	\$2.8	\$809.6	\$55.1	\$1,062.2
LOCAL PURCHASES (MILLIONS)	\$6.2	\$10.5	\$337.7	\$85.2	\$439.7
STATE/LOCAL TAXES (MILLIONS)	\$3.0	\$0.7	\$21.9	\$5.6	\$31.2
FEDERAL TAXES (MILLIONS)	\$8.9	\$2.2	\$66.3	\$16.9	\$94.3

MARINE TERMINAL IMPACTS

Marine Cargo Methodology

- Interviews with tenants, terminal operators, service providers
- Develop operational models:
 - Surface transportation
 - Terminal operations
 - ILWU
 - Pilots/towing
- Develop induced model
 - Bureau of Labor Statistics, Consumer Expenditure Survey
 - Personal income multiplier from Bureau of Economic Analysis (BEA)

Marine Cargo Methodology

- Develop indirect model to convert expenditures into indirect jobs, income, and taxes – BEA RIMSII for Washington and Thurston County
- Estimate user impacts:
 - Value of cargo moving via marine terminal
 - Convert value into jobs, income, revenue and tax impacts
 - Estimate “net user impact”
 - Point in time impact
- Develop Sensitivity Model:
 - Cargo levels
 - Terminal productivity and operations
 - New projects – terminal, warehouse, cranes, etc
 - Carrier and terminal analysis
 - Inland modal distribution
 - Comparative analysis of alternative uses
 - Ranking of projects

Marine Terminal Impacts

MARITIME	
JOBS	
Direct	177
Induced	182
Indirect	<u>48</u>
TOTAL	406
PERSONAL INCOME (MILLIONS)	
Direct	\$9.4
Re-Spending/Local Consumption Expenditures	\$21.4
Indirect	<u>\$2.3</u>
TOTAL	\$33.2
BUSINESS REVENUE (MILLIONS)	\$194.7
LOCAL PURCHASES (MILLIONS)	\$6.2
STATE/LOCAL TAXES (MILLIONS)	\$3.0
FEDERAL TAXES (MILLIONS)	\$8.9
RELATED IMPACTS	
Jobs	2,530
Output (MILLIONS)	\$86.4
Personal Income (MILLIONS)	\$61.1
State and Local Taxes (MILLIONS)	\$5.5
Federal Taxes (MILLIONS)	\$16.4

Marine Terminal Direct Job Impacts by Category

IMPACT CATEGORIES	DIRECT JOBS
SURFACE TRANSPORTATION	
RAIL	NA
TRUCK	<u>59</u>
SUBTOTAL	59
MARITIME SERVICES SECTOR	
TERMINAL OPERATORS	30
ILWU	28
TOWING/PILOTS	3
MARITIME SERVICES/FORWARDERS/AGE	5
MARINE CONSTRUCTION/SHIP REPAIR	19
BARGE	15
GOVERNMENT	<u>11</u>
SUBTOTAL	111
PORT OF OLYMPIA SEAPORT	7
TOTAL	177

Direct Revenue By Impact Category

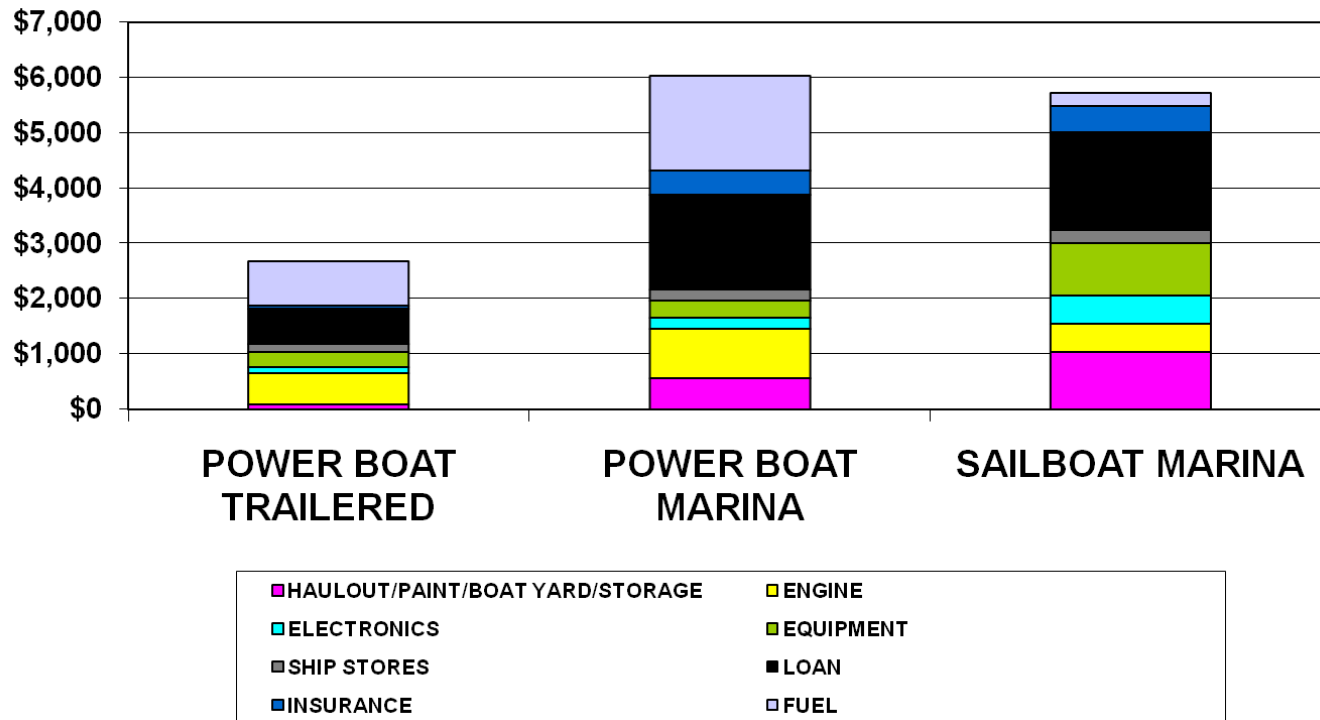
IMPACT CATEGORIES	REVENUE (\$1,000)
SURFACE TRANSPORTATION	
Rail	NA
Truck	\$158,079
SUBTOTAL	<u>\$158,079</u>
MARITIME SERVICES SECTOR	
Terminal Operator	\$27,438
ILWU	NA
Towing	\$53
Pilots	\$135
Matime Services	\$1,943
Marine Construction/Ship Repair	\$4,600
Government	NA
SUBTOTAL	\$34,169
PORT OF OLYMPIA	\$2,449
TOTAL	\$194,697

SWANTOWN MARINA AND BOATWORKS

Economic Impact of Swantown Marina and Boatworks

- Based on average expenditures by type of boat – Power vs. Sail:
 - Boat purchases
 - Repairs
 - Equipment
 - Storage
 - Supplies
 - Fuel
- Review of purchases from Marine Manufacturers Association
- 738 slip marina – 614 recreational boats moored
- Convert local purchases into direct impacts using ratios developed from internal data bases for supplying firms
- Development of induced impacts and re-spending from Olympia induced model
- Development of indirect impacts from RIMS II Model for Thurston County and Washington State and appropriate supplying firms
- Development of jobs to sales ratios and income metrics for service supplying firms

Expenditures by Recreational Boating, Moored Boats



Economic Impact of Swantown Marina and Boatworks

SWANTOWN MARINA AND BOATWORKS	
JOBS	
Direct	51
Induced	34
Indirect	<u>64</u>
TOTAL	149
PERSONAL INCOME (MILLIONS)	
Direct	\$2.5
Re-Spending/Local Consumption Expenditures	\$3.4
Indirect	<u>\$2.2</u>
TOTAL	\$8.1
BUSINESS REVENUE (MILLIONS)	\$2.8
LOCAL PURCHASES (MILLIONS)	\$10.5
STATE/LOCAL TAXES (MILLIONS)	\$0.7
FEDERAL TAXES (MILLIONS)	\$2.2

**REAL ESTATE TENANTS – OLYMPIA
REGIONAL AIRPORT AND
NEWMARKET INDUSTRIAL CAMPUS
AND PENINSULA PROPERTIES**

Real Estate Impact Methodology

- 100% survey of Port real estate tenants and tenants of the Olympia Regional Airport/NewMarket Industrial Campus and Peninsula Properties (197 interviews):
 - Direct impacts (jobs, wages, revenue)
 - Residency
 - Local purchases
 - Square footage
- Development of sensitivity model
 - New tenants/lost tenants
 - Alternative land use analysis
 - Targeted marketing strategies

Olympia Regional Airport/NewMarket Industrial Campus

- Olympia Regional Airport
 - General aviation activity:
 - Hangars
 - Fixed Base Operators
 - Government/ FAA
 - Real estate tenants
 - Light industrial
 - Restaurants
 - Office
 - Retail
 - Recreational
 - Farming

Olympia Regional Airport/NewMarket Industrial Campus

- NewMarket Industrial Campus
 - Light industrial
 - Office
 - Warehouse/distribution
 - Construction
 - School District
 - Manufacturing
 - Recreational
 - Library/Communications

Olympia Regional Airport/NewMarket Industrial Campus

	NewMarket Industrial Campus	Olympia Regional Airport	Total
JOBS			
Direct	2,036	227	2,263
Induced	838	97	935
Indirect	<u>1,955</u>	<u>198</u>	<u>2,153</u>
TOTAL	4,829	521	5,351
PERSONAL INCOME (MILLIONS)			
Direct	\$69.9	\$8.6	\$78.5
Re-spending/Local Consumption	\$48.4	\$6.0	\$54.3
Indirect	<u>\$104.4</u>	<u>\$9.4</u>	<u>\$113.8</u>
TOTAL	\$222.7	\$23.9	\$246.6
BUSINESS REVENUE (MILLIONS)	\$789.5	\$20.0	\$809.6
LOCAL PURCHASES (MILLIONS)	\$313.7	\$24.0	\$337.7
STATE/LOCAL TAXES (MILLIONS)	\$19.8	\$2.1	\$21.9
FEDERAL TAX REVENUE (MILLIONS)	\$59.9	\$6.4	\$66.3

Olympia Regional Airport/NewMarket Industrial Campus

	DIRECT JOBS	INDUCED JOBS	INDIRECT JOBS	TOTAL JOBS	DIRECT INCOME (\$1,000)	INDUCED INCOME (\$1,000)	INDIRECT INCOME (\$1,000)	TOTAL INCOME (\$1,000)	REVENUE (\$1,000)	LOCAL PURCHASES (\$1,000)	State/Local Taxes(\$1,000)	Federal Taxes(\$1,000)
NewMarket Industrial Campus												
Office	1,013	375	1,013	2,401	\$24,312.0	\$16,836.0	\$60,456.0	\$101,604.0	\$3,798.8	\$202,600.0	\$9,042.8	\$27,311.2
Warehouse/ Distribution/Storage	578	263	581	1,421	\$26,145.0	\$18,105.1	\$27,300.0	\$71,550.0	\$666,644.3	\$65,800.0	\$6,368.0	\$19,232.6
Library/Communications	139	67	76	282	\$7,253.6	\$5,023.4	\$3,579.0	\$15,856.0	\$42,911.1	\$9,435.0	\$1,411.2	\$4,262.1
Manufacturing	132	50	132	313	\$3,419.0	\$2,368.0	\$5,836.0	\$11,623.0	\$55,149.8	\$15,293.0	\$1,034.4	\$3,124.3
School District	94	46	95	235	\$4,908.8	\$3,399.2	\$4,376.0	\$12,684.0	NA	\$10,748.0	\$1,128.9	\$3,409.5
Construction	34	14	34	82	\$1,320.3	\$913.7	\$1,608.0	\$3,842.0	\$11,546.0	\$6,332.0	\$341.9	\$1,032.7
Light Industrial/Commercial	33	18	11	62	\$2,109.0	\$1,460.0	\$571.0	\$4,140.0	\$8,577.0	\$1,208.0	\$368.5	\$1,112.8
Recreation	<u>15</u>	<u>6</u>	<u>14</u>	<u>35</u>	<u>\$408.8</u>	<u>\$283.2</u>	<u>\$689.0</u>	<u>\$1,381.0</u>	<u>\$922.8</u>	<u>\$2,286.0</u>	<u>\$122.9</u>	<u>\$371.2</u>
Subtotal	2,036	838	1,955	4,829	\$69,876.4	\$48,388.6	\$104,415.0	\$222,680.0	\$789,549.8	\$313,702.0	\$19,818.5	\$59,856.4
Olympia Regional Airport												
Light Industrial	77	35	77	189	\$3,326.8	\$2,304.2	\$3,493.0	\$9,124.0	\$11,246.5	\$7,471.0	\$812.0	\$2,452.5
FBO	50	21	50	120	\$1,840.7	\$1,274.3	\$2,322.0	\$5,437.0	\$3,581.9	\$4,776.0	\$483.9	\$1,461.5
Restaurants	31	11	31	72	\$594.8	\$412.3	\$1,434.0	\$2,441.0	\$1,591.2	\$5,299.0	\$217.2	\$656.1
Hangars/Storage	19	8	2	28	\$622.0	\$431.0	\$117.0	\$1,170.0	\$1,256.4	\$355.0	\$104.1	\$314.5
Office	17	9	17	43	\$1,026.0	\$711.0	\$1,021.0	\$2,758.0	\$1,026.0	\$3,420.0	\$245.5	\$741.4
Gov't/FAA Tower	12	7	NA	19	\$850.0	\$589.0	NA	\$1,439.0	NA	NA	\$128.0	\$386.8
Farming	12	4	11	27	\$138.0	\$96.0	\$574.0	\$808.0	\$345.0	\$1,248.0	\$71.9	\$217.2
Retail	5	2	5	12	\$105.0	\$73.0	\$225.0	\$403.0	\$690.0	\$693.0	\$35.9	\$108.3
Recreation/Museum	5	2	5	11	\$89.9	\$62.1	\$208.0	\$162.0	\$296.0	\$765.0	\$14.4	\$43.5
Subtotal	<u>227</u>	<u>97</u>	<u>198</u>	<u>521</u>	<u>\$8,593.2</u>	<u>\$5,952.8</u>	<u>\$9,394.0</u>	<u>\$23,742.0</u>	<u>\$20,033.0</u>	<u>\$24,027.0</u>	<u>\$2,113.0</u>	<u>\$6,381.8</u>
Total	2,263	935	2,153	5,351	\$78,469.6	\$54,341.4	\$113,809.0	\$246,422.0	\$809,582.8	\$337,729.0	\$21,931.5	\$66,238.2

Peninsula Properties

- Downtown Olympia:
 - Market Centre
 - Market Place Buildings
 - Olympia Farmers Market
- Tenants include:
 - Retail
 - Restaurants
 - Office
 - Light Industrial
 - Recreation
 - Port of Olympia Offices

Peninsula Properties

Peninsula Properties	
JOBS	
Direct	553
Induced	240
Indirect	<u>550</u>
TOTAL	1,343
PERSONAL INCOME (MILLIONS)	
Direct	\$22.1
Re-spending/Local Consumption	\$15.3
Indirect	<u>\$25.4</u>
TOTAL	\$62.8
BUSINESS REVENUE (MILLIONS)	\$55.1
LOCAL PURCHASES (MILLIONS)	\$85.2
STATE/LOCAL TAXES (MILLIONS)	\$5.6
FEDERAL TAX REVENUE (MILLIONS)	\$16.9

Peninsula Properties

	DIRECT JOBS	INDUCED JOBS	INDIRECT JOBS	TOTAL JOBS	DIRECT INCOME (\$1,000)	INDUCED INCOME (\$1,000)	INDIRECT INCOME (\$1,000)	TOTAL INCOME (\$1,000)	REVENUE (\$1,000)	LOCAL PURCHASES (\$1,000)	State/Local Taxes(\$1,000)	Federal Taxes(\$1,000)
Peninsula Properties												
Retail/Farmers Market	171	62	171	404	\$3,777.4	\$2,615.6	\$7,692.0	\$14,085.0	\$9,808.6	\$23,713.0	\$1,253.6	\$3,786.0
Restaurants	146	57	146	349	\$4,204.7	\$2,911.3	\$5,779.0	\$12,895.0	\$8,775.0	\$19,418.0	\$1,147.7	\$3,466.2
Office	152	82	150	384	\$9,971.9	\$6,905.1	\$7,326.0	\$24,203.0	\$26,391.3	\$29,287.0	\$2,154.1	\$6,505.8
Light Industrial	44	19	43	106	\$1,799.6	\$1,246.4	\$2,367.0	\$5,413.0	\$3,954.6	\$6,820.0	\$482.0	\$1,455.0
Port of Olympia	35	18	35	89	\$2,199.6	\$1,523.4	\$1,920.0	\$5,643.0	\$6,004.9	\$5,243.0	\$502.2	\$1,516.8
Recreation	<u>6</u>	<u>2</u>	<u>5</u>	<u>13</u>	<u>\$148.2</u>	<u>\$102.8</u>	<u>\$271.0</u>	<u>\$522.0</u>	<u>\$197.8</u>	<u>\$743.0</u>	<u>\$46.5</u>	<u>\$140.3</u>
Total	553	240	550	1,343	\$22,101.3	\$15,304.7	\$25,355.0	\$62,761.0	\$55,132.2	\$85,224.0	\$5,585.7	\$16,870.2

COMPARISON WITH PREVIOUS IMPACT STUDIES

Comparison with Previous Economic Impact Studies

- 2004 Economic Impact study based on different methodology
 - 71 mailed sample responses (33% Response rate) and 25 interviews compared to 212 interviews completed in current study
 - Use of macro IMPLAN Input/Output Model
 - Comparisons can be made, but cautiously, with current study

Comparison of Impacts 2004-2009

- Total jobs increased from 5,105 in 2004 to 7,249 in 2009
- Personal income increased from \$144.8 million in 2004 to \$350.7 million (but may not include local consumption expenditures in 2004)
- Direct business revenue increased from \$429.7 million in 2004 to \$1.1 billion in 2009