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Economic Impacts Analysis: Fort Monroe Reuse

FMFADA Board

September 24, 2009

Today's Agenda

- **Purpose of Economic Benefits Study**
- **Baseline Army Employment**
- **Key Assumptions & Definitions**
- **Construction Impacts**
- **Ongoing Fort Monroe Impacts**
- **Comparison to Army Baseline**

Purpose of Analysis

- **Component of Economic Development Conveyance (“EDC”) Application**

- **EDC Parcels:**

- 4-1 (Marina and facing duplexes)
- 4-2 (North Gate and portion of Wherry District)

- **FMFADA must demonstrate:**

- Job generation
- Economic benefits to community

- **Strategy:**

Show how FMFADA needs both parcels 4-1 and 4-2 as part of an integrated and coordinated implementation of the Fort Monroe Reuse Plan that will generate significant economic benefits from the entirety of Fort Monroe

Key Definitions

- **IMPLAN (“IMPact analysis for PLANning”):**
 - Widely used regional and national input-output model
 - Developed by University of Minnesota
 - Uses national, state, county and city level data for 440 industries
- **Direct Impact:**
 - Dollar value of initial economic stimulus (budget or revenues)
- **Indirect Impact:**
 - Inter-industry or “business to business” non-labor payments for materials and supplies
- **Induced Impact:**
 - Impacts of expenditures of wage-earner households
- **Output:**
 - Total economic value of the project in the local economy
- **Employment:**
 - Number of employees needed to support the economic activity in the local economy

Army Employment Baseline

■ Employed 3,564 as of 2005 BRAC Recommendation

- Military personnel
- Civilian employees
- Contractors

■ Direct Job Relocations & Losses

- 2,551 jobs relocate to Fort Eustis
- 455 jobs relocate to outside Hampton Roads region
- Net loss of 558 direct Fort Monroe jobs

■ Indirect Job Loss

- DoD estimated at -1,061

■ Total Net Job Loss from Fort Monroe Closure

- -1,619 direct and indirect jobs
- Note: regional perspective, not immediate community
- Note: there have been some changes to original BRAC forecast

Key Assumptions

- **Reuse and new construction assumptions based upon adopted Reuse Plan**
- **Total capital investment of \$500 million**
- **25% of new residential units in resort setting**
(fractional ownership or resort condominiums with rental program)
- **Marina renovated and operating**
- **262,000 square feet of office** (rest converted to residential)
- **225,000 annual cultural and recreational visitors**
 - \$100 per day for cultural visitors
 - \$36 per day for recreational visitors
- **Six museums with combined staff of 48**

Construction Impacts

- Total construction economic output of \$864 million in Virginia
- Average of 402 construction jobs per year during 15-year build-out period

<u>Geography/Impacts</u>	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>Total</u>
City of Hampton				
Output	\$ 500,000,000	\$ 121,395,000	\$ 84,559,000	\$ 705,954,000
Employment	208	75	58	341
Virginia Beach-Norfolk-Newport News MSA				
Output	\$ 500,000,000	\$ 162,339,000	\$ 147,596,000	\$ 809,935,000
Employment	208	89	89	386
Virginia				
Output	\$ 500,000,000	\$ 192,629,000	\$ 171,575,000	\$ 864,204,000
Employment	208	95	99	402

Sources: IMPLAN 2007; BAE, 2009.

- Multiplier effect: Every dollar for construction results in \$1.73 in total economic activity in Virginia

Ongoing Fort Monroe Impacts

- **FMFADA and its tenants, attractions, and concessions will generate \$345 million in total economic output at build-out**
- **Over 3,000 permanent jobs created state-wide**

Geography/Impacts	Direct	Indirect	Induced	Total
City of Hampton				
Output	\$ 198,155,000	\$ 41,701,000	\$ 44,668,000	\$ 284,524,000
Employment	1,828	378	457	2,663
Virginia Beach-Norfolk-Newport News MSA				
Output	\$ 198,155,000	\$ 57,743,000	\$ 73,583,000	\$ 329,481,000
Employment	1,828	485	674	2,987
Virginia				
Output	\$ 198,155,000	\$ 62,001,000	\$ 84,875,000	\$ 345,031,000
Employment	1,828	516	733	3,077

Sources: IMPLAN 2007; BAE, 2009.

- **Multiplier effect: Every dollar spent at Fort Monroe will result in \$1.74 in total economic activity for Virginia**

Comparison to Army Baseline

- **Net loss of 1,619 Army-related direct and indirect jobs in region**
- **Net gain of 2,987 direct, indirect, and induced jobs with full implementation of Fort Monroe Reuse Plan**
- **Caveats:**
 - Different models used for Army and BAE analyses
 - Difference in time (2005 and 2007 data)
 - No Army data on sub-regional level (e.g., City of Hampton) to permit comparison
 - Numbers will be refined further in EDC process