

ECONOMIC BENEFITS OF THE PORT OF OLYMPIA



*A PRESENTATION TO:
Port of Olympia Commission*

Prepared by:
Martin Associates
941 Wheatland Ave., Suite 203
Lancaster, PA 17603

www.martinassoc.net

February 8, 2016

Why Conduct Economic Benefit 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 benefits of the Port of Olympia by business unit:**
 - Marine Terminal
 - Swantown Marina and Boatworks
 - Olympia Regional Airport and NewMarket Industrial Campus
 - Peninsula Properties
- **Benefits from maritime and marina activity are *generated* by the investments and infrastructure investment by Port:**
 - Wharfs, channel, rail and highway, equipment, etc.
- **Benefits from tenants of industrial/commercial property developed by the Port are supported by the investments in property infrastructure by the Port. Final demand for the goods and services generates the employment and other impacts in the Port developed industrial and commercial properties, and the tenants generate the benefits**

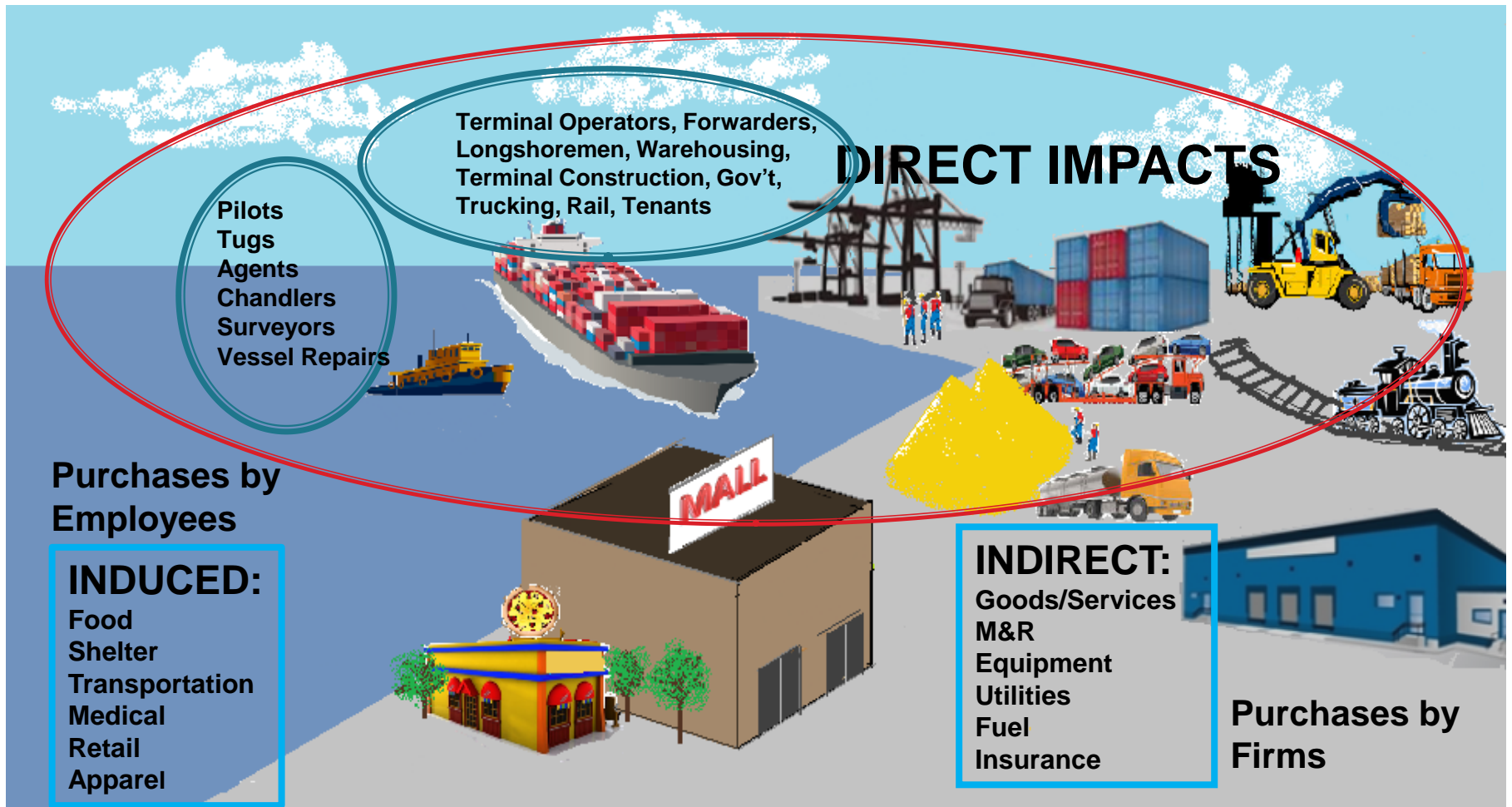
Study Purposes – Sensitivity Models

- **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

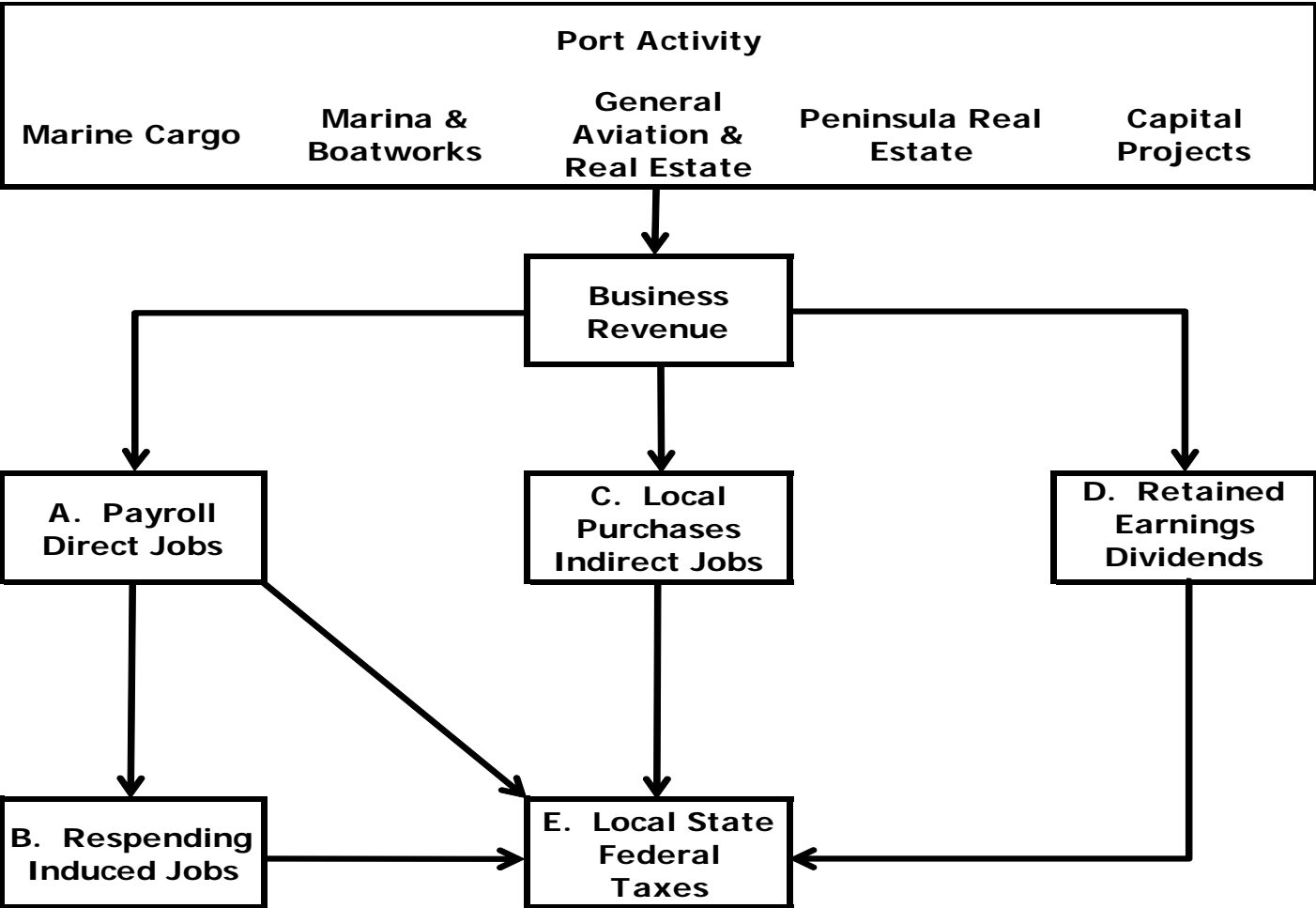
Sensitivity Models – Real Estate

- **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 - *Definitions*



Flow of Economic Impacts



Impacts Created

- **Jobs:**

- Direct
- Induced
- Indirect

- **Wages and salaries:**

- Direct
- Re-spending
- Indirect

- **Business revenue**

- **Taxes**

Methodology

- **237 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

Economic Benefits of the Port of Olympia

4,397 jobs supported
by maritime activity,
commercial development,
marinas, airport

- Direct Jobs: 2,400, 86% held by Thurston County Residents
- Induced Jobs: 1,168
- Indirect Jobs: 830

\$287.7 million direct
business revenue

- \$247.7 million: real estate tenants
- \$33.0 million: maritime operations
- \$7.0 million: marina operations

\$236.1 million total
personal income and local
consumption

- Direct: \$106.1 million (\$44,208 average wage)
- Re-spending/Local Consumption: \$96.0 million
- Indirect: \$34.0 million

\$65.4 million of federal,
state and local taxes

- State and Local: \$22.2 million
- Federal: \$43.2 million

* Totals may not add due to rounding

Distribution of State and Local Tax Revenue

TYPE OF TAX	STATE (MILLIONS)	LOCAL (MILLIONS)
Property	\$1.43	\$5.52
Sales	\$10.68	\$2.79
Motor Vehicle	\$0.36	\$0.03
Misc	<u>\$0.82</u>	<u>\$0.57</u>
Total	\$13.29	\$8.90

Economic Benefits by Line of Business

	MARITIME	SWANTOWN MARINA & BOATWORKS	OLYMPIA REGIONAL AIRPORT*	PENINSULA PROPERTIES	TOTAL
JOBS					
DIRECT	249	75	1,477	598	2,400
INDUCED	253	47	625	243	1,168
INDIRECT	<u>62</u>	<u>58</u>	<u>538</u>	<u>172</u>	<u>830</u>
TOTAL	564	180	2,640	1,013	4,397
PERSONAL INCOME (MILLIONS)					
DIRECT	\$15.5	\$3.5	\$63.7	\$23.4	\$106.1
RE-SPENDING/LOCAL CONSUMPTION	\$34.0	\$4.7	\$41.9	\$15.4	\$96.0
INDIRECT	<u>\$3.2</u>	<u>\$2.1</u>	<u>\$22.7</u>	<u>\$6.0</u>	<u>\$34.0</u>
TOTAL	\$52.6	\$10.4	\$128.3	\$44.7	\$236.1
BUSINESS REVENUE (MILLIONS)	\$33.0	\$7.0	\$202.4	\$45.3	\$287.7
LOCAL PURCHASES (MILLIONS)	\$6.8	\$4.2	\$67.4	\$11.9	\$90.3
STATE/LOCAL TAXES (MILLIONS)	\$4.9	\$1.0	\$12.1	\$4.2	\$22.2
FEDERAL TAX REVENUE (MILLIONS)	\$9.6	\$1.9	\$23.5	\$8.2	\$43.2

* Includes NewMarket Industrial Campus

Changes Since 2009 Economic Benefits Analysis

- **Operational changes since 2009:**

- Maritime:
 - Growth in log tonnage
 - Loss in high revenue wind energy cargo
- Swantown Marina and Boatworks:
 - Inclusion of Port of Olympia employees in 2014, not included in 2009
 - Inclusion of impact of 4,000 visitor nights for transient boaters in 2014
- Olympia Regional Airport:
 - Fire at the ACS call center reduced direct employment
 - Another tenant left the area
- Peninsula Properties:
 - Direct employment increased, but local purchases fell due to 1-time expenditures in 2009, reducing indirect jobs in 2014

Port-wide Changes Since 2009

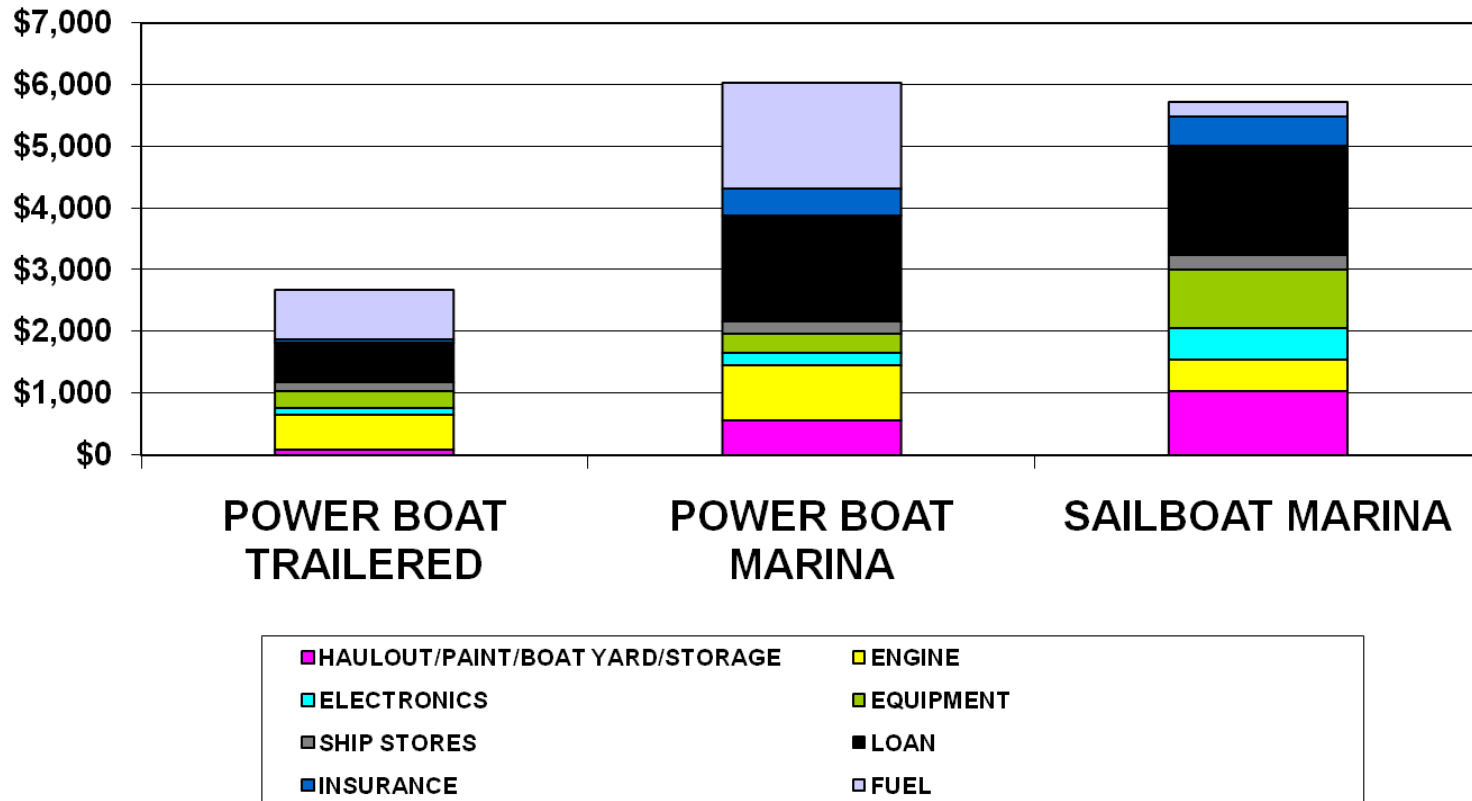
PORT OF OLYMPIA	2014 TOTAL	2009 TOTAL	TOTAL CHANGE
JOBS			
DIRECT	2,400	3,043	-643
INDUCED	1,168	1,390	-222
INDIRECT	<u>830</u>	<u>2,816</u>	<u>-1,986</u>
TOTAL	4,397	7,249	-2,852
PERSONAL INCOME (MILLIONS)			
DIRECT	\$106.1	\$112.5	-\$6.4
RE-SPENDING/LOCAL CONSUMPTION	\$96.0	\$94.5	\$1.5
INDIRECT	<u>\$34.0</u>	<u>\$143.7</u>	<u>-\$109.7</u>
TOTAL	\$236.1	\$350.7	-\$114.6
BUSINESS REVENUE (MILLIONS)	\$287.7	\$1,062.2	-\$774.5
LOCAL PURCHASES (MILLIONS)	\$90.3	\$439.7	-\$349.4
STATE/LOCAL TAXES (MILLIONS)	\$22.2	\$31.2	-\$9.0

SWANTOWN MARINA AND BOATWORKS

Economic Impact of Swantown Marina and Boatworks

- **733 slip Swantown Marina – 504 recreational boats moored – 77.5% occupancy rate**
- **An additional 37 boats trailered and stored on Port property**
- **Convert local purchases into direct impacts using ratios developed from internal data bases for supplying firms:**
 - Based on average expenditures by type of boat – Power vs. Sail:
 - Boat purchases
 - Repairs
 - Equipment
 - Storage
 - Supplies
 - Fuel
- **Additional 2,500 transient boat visits in 2014, or about 4,000 visitor nights**
- **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 and income for service supplying firms**

Expenditures by Recreational Boating, Moored Boats



Changes in Swantown Marina and Boatworks Economic Benefits

	2014 SWANTOWN MARINA & BOATWORKS	2009 SWANTOWN MARINA & BOATWORKS	SWANTOWN MARINA & BOATWORKS CHANGE
JOBS			
DIRECT	75	51	24
INDUCED	47	34	13
INDIRECT	<u>58</u>	<u>64</u>	<u>-6</u>
TOTAL	180	149	31
PERSONAL INCOME (MILLIONS)			
DIRECT	\$3.5	\$2.5	\$1.0
RE-SPENDING/LOCAL CONSUMPTION	\$4.7	\$3.4	\$1.3
INDIRECT	<u>\$2.1</u>	<u>\$2.2</u>	<u>-\$0.1</u>
TOTAL	\$10.4	\$8.1	\$2.3
BUSINESS REVENUE (MILLIONS)	\$7.0	\$2.8	\$4.2
LOCAL PURCHASES (MILLIONS)	\$4.2	\$10.5	-\$6.3
STATE/LOCAL TAXES (MILLIONS)	\$1.0	\$0.7	\$0.3

**REAL ESTATE TENANTS OF THE PORT
DEVELOPED INDUSTRIAL PROPERTIES –
OLYMPIA REGIONAL AIRPORT AND
NEWMARKET INDUSTRIAL CAMPUS; AND
PENINSULA PROPERTIES**

Methodology

- **100% survey of Port real estate tenants and tenants of the Port developed Olympia Regional Airport/NewMarket Industrial Campus and Peninsula Properties (222 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
 - Museum
 - Office
 - Retail
 - Recreational

Olympia Regional Airport/NewMarket Industrial Campus

- **NewMarket Industrial Campus:**

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

Impacts of the Tenants of the Port Developed Olympia Regional Airport/NewMarket Industrial Campus

	New Market Industrial Campus	Olympia Regional Airport	Total
JOBS			
DIRECT	1,273	204	1,477
INDUCED	537	87	625
INDIRECT	<u>444</u>	<u>94</u>	<u>538</u>
TOTAL	2,254	386	2,640
PERSONAL INCOME (MILLIONS)			
DIRECT	\$54.7	\$9.0	\$63.7
RE-SPENDING/LOCAL CONSUMPTION	\$36.0	\$5.9	\$41.9
INDIRECT	<u>\$18.2</u>	<u>\$4.5</u>	<u>\$22.7</u>
TOTAL	\$108.9	\$19.4	\$128.3
BUSINESS REVENUE (MILLIONS)			
	\$176.7	\$25.7	\$202.4
LOCAL PURCHASES (MILLIONS)			
	\$58.9	\$8.4	\$67.4
STATE/LOCAL TAXES (MILLIONS)			
	\$10.2	\$1.8	\$12.1
FEDERAL TAX REVENUE (MILLIONS)			
	\$19.9	\$3.6	\$23.5

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
JOB	
DIRECT	598
INDUCED	243
INDIRECT	<u>172</u>
TOTAL	1,013
PERSONAL INCOME (MILLIONS)	
DIRECT	\$23.4
RE-SPENDING/LOCAL CONSUMPTION	\$15.4
INDIRECT	<u>\$6.0</u>
TOTAL	\$44.7
BUSINESS REVENUE (MILLIONS)	\$45.3
LOCAL PURCHASES (MILLIONS)	\$11.9
STATE/LOCAL TAXES (MILLIONS)	\$4.2
FEDERAL TAX REVENUE (MILLIONS)	\$8.2

Changes in Economic Benefits of Tenants of Port Developed Industrial and Commercial Property

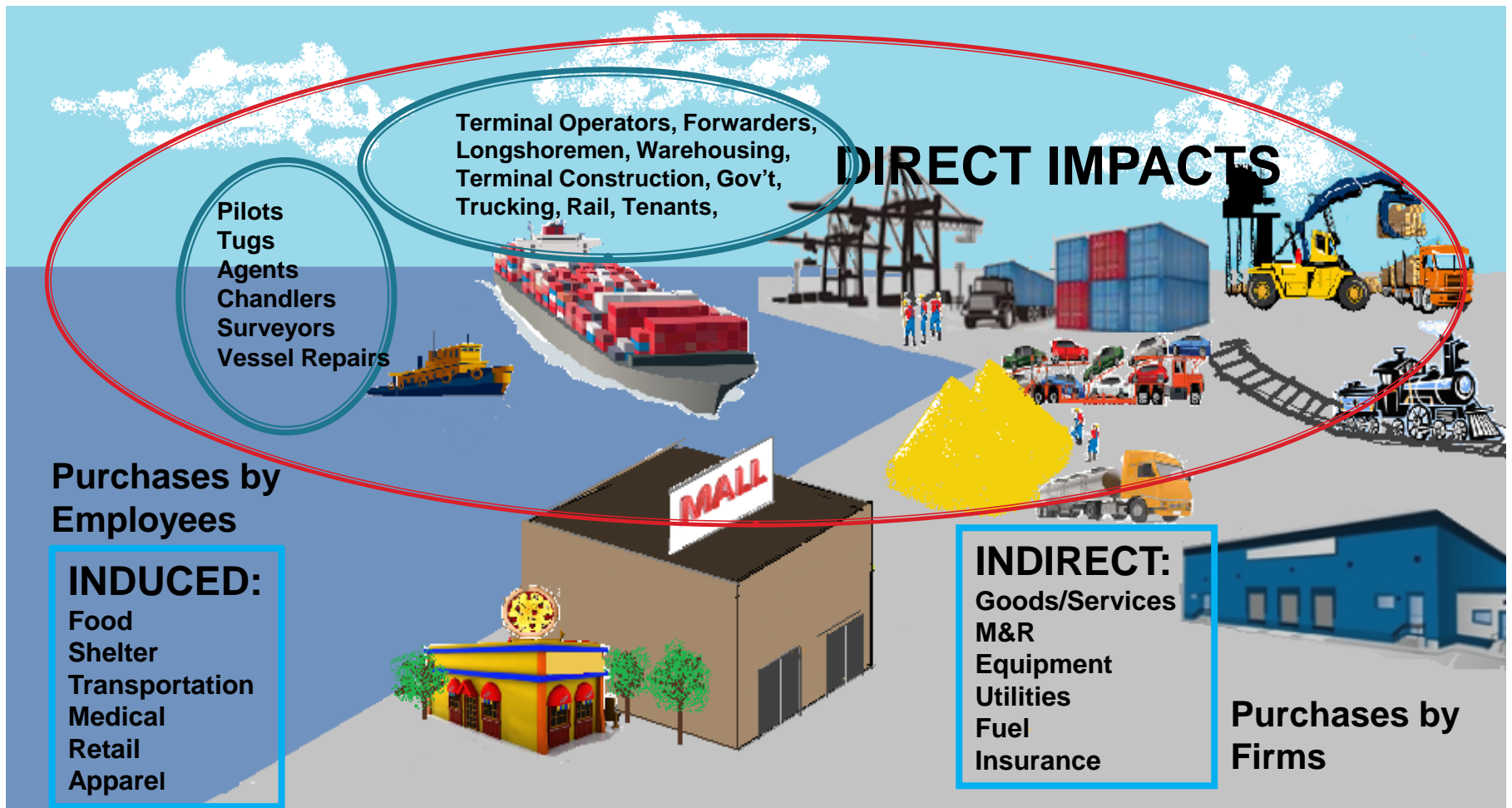
	2014 REAL ESTATE PROPERTIES	2009 REAL ESTATE PROPERTIES	REAL ESTATE PROPERTIES CHANGE
JOBS			
DIRECT	2,075	2,816	-741
INDUCED	868	1,175	-307
INDIRECT	<u>710</u>	<u>2,703</u>	<u>-1,993</u>
TOTAL	3,653	6,694	-3,041
PERSONAL INCOME (MILLIONS)			
DIRECT	\$87.1	\$100.6	-\$13.5
RE-SPENDING/LOCAL CONSUMPTION	\$57.3	\$69.6	-\$12.3
INDIRECT	<u>\$28.7</u>	<u>\$139.2</u>	<u>-\$110.5</u>
TOTAL	\$173.1	\$309.4	-\$136.3
BUSINESS REVENUE (MILLIONS)	\$247.7	\$864.7	-\$617.0
LOCAL PURCHASES (MILLIONS)	\$79.3	\$422.9	-\$343.6
STATE/LOCAL TAXES (MILLIONS)	\$16.3	\$27.5	-\$11.2

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)

Flow of Economic Impacts



Marine Cargo Methodology

- **Develop indirect model to convert expenditures into indirect jobs, income, and taxes – BEA RIMS II 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	249
INDUCED	253
INDIRECT	<u>62</u>
TOTAL	564
PERSONAL INCOME (MILLIONS)	
DIRECT	\$15.5
RE-SPENDING/LOCAL CONSUMPTION	\$34.0
INDIRECT	<u>\$3.2</u>
TOTAL	\$52.6
BUSINESS REVENUE (MILLIONS)	\$33.0
LOCAL PURCHASES (MILLIONS)	\$6.8
STATE/LOCAL TAXES (MILLIONS)	\$4.9
FEDERAL TAX REVENUE (MILLIONS)	\$9.6

Marine Terminal Direct Job Impacts by Category

IMPACT CATEGORIES	DIRECT JOBS
SURFACE TRANSPORTATION	
Rail	9
Truck	<u>97</u>
SUBTOTAL	106
MARITIME SERVICES SECTOR	
Terminal Employees	39
ILWU	46
Ship Assist/Pilots	4
Maritime Services/Forwarders	9
Marine Construction/Ship Repa	5
Government	<u>17</u>
SUBTOTAL	119
PORT OF OLYMPIA	24
TOTAL	249

An additional 2,306 jobs in the logging industry were *related* to the logs moving via the Port of Olympia

Direct Revenue by Impact Category

IMPACT CATEGORIES	REVENUE (MILLIONS)
SURFACE TRANSPORTATION	
Rail	\$3.9
Truck	<u>\$11.7</u>
SUBTOTAL	\$15.7
MARITIME SERVICES SECTOR	
Terminal	\$4.4
ILWU	NA
Ship Assist	\$1.1
Pilots	\$0.0
Maritime Services/Forwarders,	\$3.1
Marine Construction/Ship Repa	\$1.3
Government	<u>NA</u>
SUBTOTAL	\$9.9
PORT OF OLYMPIA	\$7.4
TOTAL	\$33.0

Changes in Maritime Benefits

	2014 MARITIME	2009 MARITIME	MARITIME CHANGE
JOBS			
DIRECT	249	177	72
INDUCED	253	182	71
INDIRECT	<u>62</u>	<u>48</u>	<u>14</u>
TOTAL	564	407	157
PERSONAL INCOME (MILLIONS)			
DIRECT	\$15.5	\$9.4	\$6.1
RE-SPENDING/LOCAL CONSUMPTION	\$34.0	\$21.4	\$12.6
INDIRECT	<u>\$3.2</u>	<u>\$2.3</u>	<u>\$0.9</u>
TOTAL	\$52.6	\$33.1	\$19.5
BUSINESS REVENUE (MILLIONS)	\$33.0	\$194.7	-\$161.7
LOCAL PURCHASES (MILLIONS)	\$6.8	\$6.2	\$0.6
STATE/LOCAL TAXES (MILLIONS)	\$4.9	\$3.0	\$1.9

THANK YOU !