

Economic Impact Study: Blake Doyle Community Park



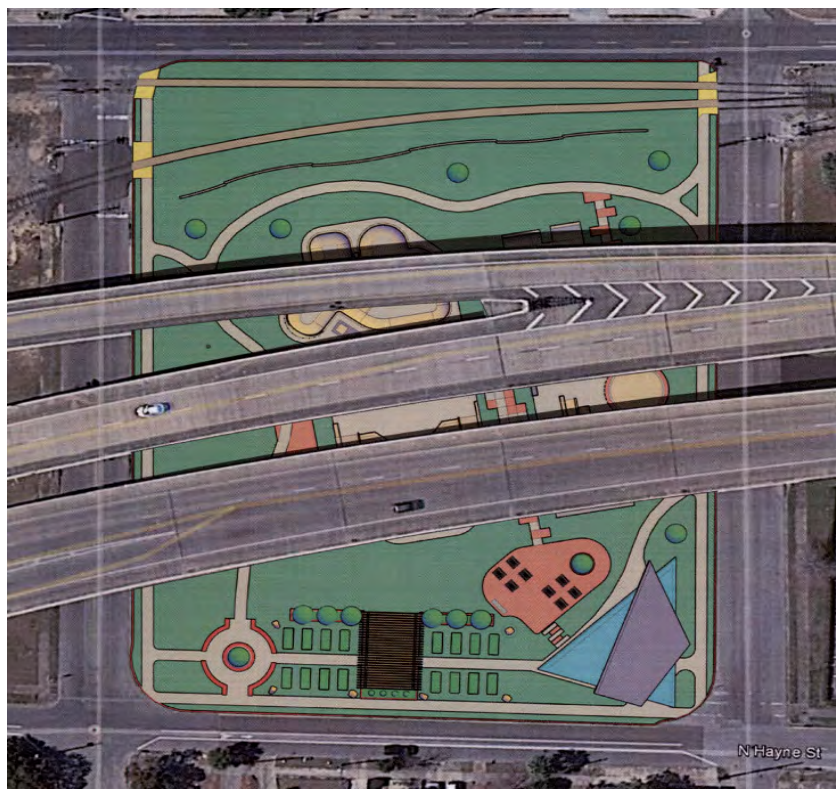
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Summary

The purpose of this study is to estimate the anticipated economic impact of constructing the Blake Doyle Skate Park and Community Gardens in Pensacola, Florida. For the purposes of this study, an estimated construction cost of two million dollars is used. The analysis focuses on the impact within Escambia and Santa Rosa counties using RIMS Type I estimates. In sum, the construction of this project will generate an estimated \$2,616,200.00 in economic output in the Pensacola area, resulting in \$843,200 in additional household earnings. The construction of this project will also support approximately 18 jobs.

Overview of the Blake Doyle Skate Park and Community Gardens

The proposed site for the Blake Doyle Community Park encompasses one city block, and is located under the Interstate 110, across the street from the Pensacola Police Department. The proposed site is currently owned by the City of Pensacola. On October 13, 2016, the City Council offered approval for the construction of the skate park at this site. The Florida Department of Transportation has also granted the permission necessary for construction. After construction of the park is completed, the City of Pensacola will assume responsibility for maintenance and upkeep of the park.



The Blake Doyle Community Park will offer world-class outdoor skate facilities for recreational purposes, which are free and open to the public. The site will also include walking trails, community gardens, and an amphitheatre. These additional amenities offer the opportunity for community members to utilize and interact with the space in ways other than skateboarding. Future plans include, but are not limited to, the use of these amenities for community events and early learning opportunities.



Estimates

The researchers were supplied with an estimated construction cost of two million dollars. At this time, a detailed breakdown of construction costs is not available; therefore, this study will use a general construction multiplier to estimate economic impact. It should be noted that using a general multiplier assumes an average assessment of impact for all types of construction related activities. A more accurate estimate can be produced with a detailed list of construction costs. Given that a general multiplier is used, the researchers opted to utilize RIMS Type I multipliers, which provides a more conservative estimate than RIMS Type II, to help mitigate the potential of overestimating the economic impact of this project. The final product of projected construction costs and RIMS multiplier is an overall economic output projection, an estimate of increased earnings associated with the project, and a relative change in employment.

Multipliers

In the 1970's, the Bureau of Economic Analysis (BEA) developed a method of estimating regional multipliers known as RIMS (Regional Industrial Multiplier System). The general idea behind the multipliers is as follows: Money is spent in successive rounds within a community; thus, creating an economic impact in excess of the original direct expenditures. These input-output multipliers are useful tools for conducting regional economic impact analysis. For a full accounting of the methodology employed by the BEA and the mechanism for calculating RIMS, please review the BEA's website at <http://www.bea.gov/bea/regional/rims/brfdesc.cfm>. In essence, money is spent in successive rounds within a community; therefore, creating an economic impact in excess of the original direct expenditures.

Analysis

Table 1 presents the results for the economic impact study of construction of the Blake Doyle Skate Park and Community Gardens. The paragraphs below highlight the adjustments to cost estimates and the overall findings of the analysis.

Table 1 Total Multipliers - Construction Industry Aggregations

Region: Pensacola (Type I)

Adjusted Costs \$1,945,928.42

	Expenditure Impacts	Earnings Impacts	Employment Impacts
Multiplier	1.3081	0.4216	9.2139
2015 dollars	\$2,545,468.97	\$820,40.42	17.93
2017 dollars	\$2,616,200.01	\$843.200.00	

Initial costs estimates of two million dollars were supplied to the researches. Per the requirements of the RIMS analysis, all costs must be adjusted to the timeframe of the multipliers. The most recent BEA estimates were conducted in 2015; therefore, the two million cost estimates were adjusted to 2015 dollars, resulting in an adjusted cost estimate of \$1,945,928.42.

The findings for the adjusted cost estimates are provided in the row titled “2015 dollars”. These estimates are then readjusted to 2017 dollars, and are located in the row labeled “2017 dollars”. The “Multiplier” row contains the information supplied by the Bureau of Economic Analysis to calculate the various impact measures within the Pensacola region. The multipliers are discussed in more detail below.

Expenditure Impact:

The total expenditure impact calculates the total amount of expenditures generated in an economy due to a change in an economic environment. In other words, this calculation will model the change in the Pensacola’s economic environment for every \$1 spent on the construction of the skate park.

The total economic impact of the construction project is derived by calculating the product of the adjusted estimated construction costs by the expenditure multiplier ($\$1,945,928.42 \times 1.3081$). The total final demand output, expressed in 2015 dollars, is estimated at \$2,545,468.97. This estimate includes the amount of money spent on the construction of the skate park plus the additional economic activity spurred by the construction efforts. Another way to consider this information is that for every \$1 spent on this project, roughly \$.31 of spending is generated elsewhere ($\$1,945,928.42 \times .3081$), for a total of \$599,540.55.

Converting these estimates to 2017 dollars, the total expenditure output for the Blake Doyle Skate Park and Community Garden is \$2,616,200.01 and will generate an additional \$616,200.01 in expenditure activity.

Earnings Impact:

A part of the initial expenditures and indirect impacts result in the payment of salaries and wages to local residents. The Employment Impact multiplier models the direct earnings of those working on the project and the earnings generated through work that supports the construction project and employees. The multiplier indicates that for every \$1 spent on this project, \$.42 cents is paid to regional households in earnings, for a total of \$820,40.42 expressed in 2015 dollars. Readjusting this calculation to 2017 dollars results in \$843,200.00 toward regional household earnings.

Employment Impact:

The employment multiplier represents the number of jobs that regional industries provide, both directly and indirectly, for each \$1 million of output (direct expenditures) of a given industry.

Therefore, for every \$1 millions dollars spent on the construction of the Blake Doyle Skate Park and Community Garden will directly or indirectly support roughly 9.2 jobs. Using the the 2015 adjusted cost estimates, this project will support approximately 18 jobs.

Limitations of this Analysis

A major limitation of this analysis lies in the assumption that the \$2 million dollars of construction costs is “new money”. RIMS analysis assumes that the moneys used for construction is “new money”, meaning money spent on construction is money that would not be spent in the area otherwise. Given that the money for the construction costs are being raised through charitable contributions, it is difficult to identify how donors would have spent their funds otherwise. For example, absent a donation to the skate park, would the donor have contributed to other causes in the Pensacola area, donated to causes outside of the area, spent their money on other goods or services, or retained the money.

It should be noted that this study only models the economic impact related to constructing the Blake Doyle Skate Park and Community Garden. Plans for this public space include skate competitions, educational programs, and other outdoor events, all of which hold the potential for additional economic impact on the Pensacola area community. Additionally, this project directly connects to a larger city vision of the Hollice T. Williams Greenway. The Greenway is a long term city plan to revitalize a 1.3 mile stretch of property adjacent to the skatepark. Thus, the construction of this project holds the intangible quality as serving as the catalyst for the larger Greenway project, which holds the potential for economic impact associated with revitalization of the area.

Also, not modeled in this analysis is the social impact related to this project. The motivating purpose for this project is to serve a community of youth interested in skateboarding. Providing a free public space to practice their sport holds the potential to reduce acts of mischief, such as trespassing, and property damage that can result from youth skateboard on restricted property; thus, reducing costs to the community. Additionally, there are plans to use the space for early learning activities. Research across multiple disciplines has found that a significant return on investments toward early learning activities.