THE ECONOMIC IMPACTS OF THE FAIRFAX COUNTY PARK AUTHORITY

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What is Economic Impact Analysis?

Economic impact IS:

• An estimate of how spending is associated with:
  • A particular event,
  • Project, or
  • Industry flows through a regional economy.

Economic impact IS NOT:

• It is not the same as fiscal impact analysis.
• It is not usually a risk-adjusted analysis.
• It is not cost-benefit analysis.
Why do we need impact analysis?

• Help allocate resources among competing projects.

• Assess the potential for an investment policy.

• Putting “hard numbers” on political strategies to test their veracity.
Types of impacts

• **Direct effects:**
  - The direct activity(s) of the project/activity in question
  - Usually defined the direct effects in terms of output or employment.

• **Indirect effects:**
  - Capture the impacts on firms that (directly and indirectly) supply the activity defined in the direct effect(s). (Type I multiplier)

• **Induced effects:**
  - Captures impacts of spending by households receiving income based on direct and indirect effects (Type II multiplier)
Impacts are measured in terms of:

- Output – measure of transactions
- Employment – headcount
- Labor income – wages, salaries, some benefits
- Value added – GRP equivalent
  - Proprietor’s income
  - Property income
  - Taxes on production and imports less subsidies
  - Gross operating surplus
Impacts by Endurance

• Temporary impacts of capital projects
  • Construction may last several months or several years (for some roads, never ending)
  • Once construction stops, impacts cease

• Recurring Impacts
  • Operations
  • Maintenance / repair
It’s all about the spending and who’s doing the spending?

<table>
<thead>
<tr>
<th>Building</th>
<th>Operations</th>
<th>Special Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridges</td>
<td>Personnel</td>
<td>Participants</td>
</tr>
<tr>
<td>Roads</td>
<td>Supplies</td>
<td>Media</td>
</tr>
<tr>
<td>Reservoirs</td>
<td>Services</td>
<td>Visitors</td>
</tr>
<tr>
<td>Buildings</td>
<td>Visitors (non local)</td>
<td>Sponsors</td>
</tr>
</tbody>
</table>
Un-Measurable Impacts

- Impacts that are real and have quantity, but are very difficult to assess.
  - Do these amenities have a long term impact on tourism, business attraction?
  - Do these amenities that enhance the value of nearby properties?
Intangible Impacts

- Impacts that are real, but are not practically observable or measurable.
  - Civic pride
  - Place bonding
  - Community cohesiveness
  - Other?
Assessing the Economic Significance of Local and Regional Parks

- Includes
  - Operations spending
  - Capital Spending (non-recurring)

- Does Not Include
  - Recurring Capital Spending
  - Visitor Spending
  - Impacts on Property Valuations
  - Value of Air Quality and Other Environmental Measures
  - Value of Improved Health
Economic Impact of FFX County Parks (2015)

<table>
<thead>
<tr>
<th>Description</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Impacts</strong>*</td>
<td></td>
</tr>
<tr>
<td>Spending</td>
<td>$73,605,000</td>
</tr>
<tr>
<td>Economic Activity (transactions)</td>
<td>$130,114,000</td>
</tr>
<tr>
<td>Labor Income (salaries, wages, benefits)</td>
<td>$52,444,000</td>
</tr>
<tr>
<td>Employment (FTE jobs)</td>
<td>916</td>
</tr>
<tr>
<td><strong>Capital Spending</strong></td>
<td></td>
</tr>
<tr>
<td>Spending</td>
<td>$34,428,000</td>
</tr>
<tr>
<td>Economic Activity (transactions)</td>
<td>$51,059,000</td>
</tr>
<tr>
<td>Labor Income (salaries, wages, benefits)</td>
<td>$24,459,000</td>
</tr>
<tr>
<td>Employment (FTE jobs)</td>
<td>343</td>
</tr>
<tr>
<td><strong>Total Impacts</strong></td>
<td></td>
</tr>
<tr>
<td>Spending</td>
<td>$108,033,000</td>
</tr>
<tr>
<td>Economic Activity (transactions)</td>
<td>$181,173,000</td>
</tr>
<tr>
<td>Labor Income (salaries, wages, benefits)</td>
<td>$76,903,000</td>
</tr>
<tr>
<td>Employment (FTE jobs)</td>
<td>1,260</td>
</tr>
</tbody>
</table>

Sources: IMPLAN (RIMS), Center for Regional Analysis

*Includes spending from 2015 salaries, benefits, general operating equipment and supplies

**Includes spending from Capital Outlay for 2015
Capital Spending Impacts of Fairfax County Parks (2013-2015)

<table>
<thead>
<tr>
<th>Description</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Activity (transactions)</td>
<td>$ 123,359,000</td>
</tr>
<tr>
<td>Labor Income (salaries, wages, benefits)</td>
<td>$ 61,478,000</td>
</tr>
<tr>
<td>Employment (person years of employment)</td>
<td>918</td>
</tr>
</tbody>
</table>

Sources: IMPLAN (RIMS), Center for Regional Analysis

*Includes spending from General Construction, Park Bond Construction, and the Park Improvement Fund
Thank You

Questions

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