

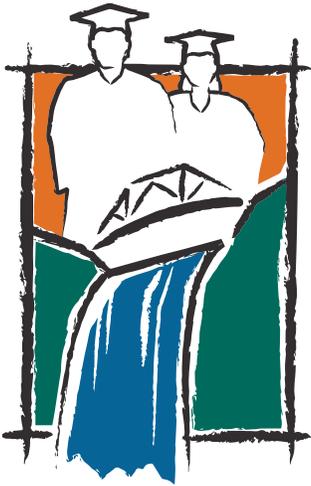


OLYMPIA TUMWATER

FOUNDATION

BREWERY PARK
ECONOMIC
IMPACT
REPORT





OLYMPIA TUMWATER
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Introduction

This economic impact analysis was conducted at the Thurston Economic Development Council and was simulated using the IMPLAN I/O model with trade data from 2018.¹ The regional boundary of analysis is Thurston County and all impacts measured are presented at the Thurston County level. The direct data for this analysis was provided by John Freedman of the Olympia Tumwater Foundation and is assumed to be accurate and provided in good faith.

Any questions on this analysis should be sent to Gene Angel, Director of Research and Evaluation at the Thurston Economic Development Council gangel@thurstonedc.com. Any errors found in this analysis are the responsibility of the Thurston Economic Development Council alone.

¹ This analysis does not use trade data inclusive of the COVID-19 year. It is the opinion of the research professionals at the Thurston Economic Development Council that the COVID-19 year represents an outlier in supply-chains and trade data and, as such, is not an effective model year to consider for long range economic analysis or planning.

² Economic impacts associated with construction activity is active for only as long as the construction project is active. Once construction ends, so does the associated economic impact.

³ Similar to total economic impacts, tax revenue generation for construction ends once the construction project finishes.





Summary

In total, the economic impact associated with the building construction effort at Brewery Park is estimated to create 40 new full-time jobs, \$4,533,744.75 in new labor income and \$11,143,631.42 in total economic output. These impacts represent one-time economic impacts and are not sustained year-over-year. (Table 1)²

However, the construction of the new facility will enable an increase of service offerings and is expected to generate additional tourism to Thurston County and event space revenue. These impacts are on-going and are only made possible

through the construction of the new facility.

The on-going (annual) economic impact associated with increases in tourism and event space revenue is estimated at **4.36 new full-time jobs, \$187,412.56 in labor income and \$506,075.57 in total economic output.** (Table 2)

This economic increase in economic output is estimated to generate a one-time impact of **\$510,187.15 in state and local tax revenue and \$27,508.37 in on-going state and local tax revenue.**³ (Table 4 and Table 14)

40 NEW FTE JOBS



Over **\$4.5M** in New Labor Income



Over **\$11M** in Total Economic Output



Construction Impacts

The total economic impact of the construction project at Brewery Park is valued at 40 new full-time jobs, \$4,533,744.75 in new labor income and \$11,143,631.42 in total economic output. The single largest industry sector was construction and is estimated at \$7,527,323.00 in new output. This economic output is also estimated to generate approximately \$510,187.15 in state and local tax revenue.

The economic impact of the construction portion of the Brewery Park expansion is notable and includes all costs and activities associated with construction. The direct spending on this construction is estimated to be approximately \$7,485,114.00 by the Olympia Tumwater Foundation. After multiplying through the regional supply-chain the total economic effect is estimated at \$11,143,631.42.

The economic multiplier for this construction project is then calculated at 1.49. Importantly, all economic impacts generated through construction are considered one-time impacts and do not continue once the construction project has finished.



Table 1 – Total one-time construction impacts by type in Thurston County

Impact	Employment	Labor Income	Output
Direct	17.00	\$3,314,096.14	\$7,485,114.00
Indirect	9.05	\$510,619.38	\$1,527,402.72
Induced	13.96	\$709,029.22	\$2,131,114.70
Totals	40.00	\$4,533,744.75	\$11,143,631.42

Source: Thurston EDC and IMPLAN I/O

Table 2 – Total on-going impacts by type in Thurston County

Impact	Employment	Labor Income	Output
Direct	3.20	\$126,153.61	\$333,160.12
Indirect	0.58	\$32,113.32	\$85,289.54
Induced	0.57	\$29,145.63	\$87,625.90
Totals	4.36	\$187,412.56	\$506,075.57

Source: Thurston EDC and IMPLAN I/O

Table 3 – Top 5 Industries Impacted by Output in Thurston County (Construction Impact)

Industry Display	Output
Construction	\$7,527,323.00
Real estate	\$600,633.18
Building Material, and Garden Equipment and Supplies Dealers	\$364,608.02
Wholesale Trade	\$357,643.68
Professional, Scientific and Technical Services	\$265,015.70
Ambulatory Health Care Services	\$167,518.49

Source: Thurston EDC and IMPLAN I/O

Table 4 – Tax Impacts by Jurisdiction, 2020 dollars (Construction Impact)

Public Entity	Tax Revenue
Municipal	\$59,240.96
Special Districts	\$102,408.55
County	\$52,713.98
State	\$295,823.65
Federal	\$960,508.55
Total	\$1,470,695.70

Source: Thurston EDC and IMPLAN I/O

Tourism Impact

A primary function of Brewery Park is the attraction of tourists to our region. Economic impact from tourism accrue when individuals from outside of the region travel and spend money local. This introduction of new money into the local economy acts as a cash injection and circulates the regional supply-chain similar to any traditional investment or economic activity.

To calculate the impact of tourism we use direct data provided by the Olympia Tumwater Foundation. As part of their operations, the foundation tracks the number of tourists originating from outside of Thurston County that come to visit the park as their primary destination. According to that data 7,370 out of region visitors traveled to Thurston County annually and indicated Brewery Park as the primary reason for their trip. Olympia Tumwater Foundation estimates this tourism spending totals an additional \$639,815 in direct spending to Thurston County.

Olympia Tumwater Foundation has estimated that the construction of the new building will attract 8,107 visitors annually to Thurston County with a direct spending value of \$703,797. Compared to the current tourism impact of the park the new construction is expected to generate a net tourism increase of 737 tourists and \$63,982 to Thurston County. (Table 5)

Table 5 – Net Increase in Tourism (annually)

Category	Current Impact	New Impact	Net Increase
Tourists	7,370	8,107	737
Direct Spending	\$639,815	\$703,797	\$63,982

Source: Thurston EDC and IMPLAN I/O

To understand the total supply-chain impact of tourism impacts we must understand the spending habits of a typical tourist visiting Thurston County. To achieve this we use the tourism spending data provided by the Thurston County Visitor and Convention Bureau, ‘Experience Olympia and Beyond’.⁴ Using this we can assign a spending coefficient for each industry category to the total expenditure. (Table 6)

Table 6 – Tourism Spending Profile in Thurston County (2019)

Industry	Spending	Coefficient
Transportation	\$67,600,000	14.715%
Recreation	\$78,400,000	17.066%
Accommodation	\$73,700,000	16.043%
Retail	\$106,800,000	23.248%
Food and Beverage	\$132,900,000	28.929%
Total	\$459,400,000	100%

Source: Experience Olympia and Beyond

Using this spending profile provided by Experience Olympia and Beyond we can estimate the total contribution of tourism generated by the Olympia Tumwater Foundation in each industry category. (Table 7) We do this by multiplying the total direct spend by the coefficient derived from the Experience Olympia and Beyond tourism spending profile.⁵

⁴ https://assets.simpleviewinc.com/simpleview/image/upload/v1/clients/olympia/20_EOB_Impact_of_Travel_One_Sheet_84ae4dd9-8640-4565-8623-9133237cea6d.pdf

⁵ For example: The total estimated impact to the transportation sector is estimated by multiplying the total impact by the coefficient. eg. \$639,185 x 0.14715 = \$94,147.79.



Table 7 – Olympia Tumwater Foundation Tourism Direct Spend by Industry

Industry	Existing	With Expansion
Transportation	\$94,147.79	\$103,562.64
Recreation	\$109,189.15	\$120,108.15
Accommodation	\$102,643.37	\$112,907.79
Retail	\$148,742.36	\$148,742.36
Food and Beverage	\$185,092.32	\$185,092.32
Total	\$639,815.00	\$703,979.00

Source: Experience Olympia and Beyond, Olympia Tumwater Foundation and Thurston EDC

The total economic impact of currently existing tourism activity associated with the existence of Brewery Park is estimated at 6.54 full-time jobs, \$232,596.85 in labor income and \$619,553.38 in total economic output. (Table 8)

Table 8 – Total Existing Tourism Impact of Brewery Park to Thurston County

Impact	Employment	Labor Income	Value Added	Output
Direct	5.28	\$165,763.19	\$280,836.11	\$415,479.47
Indirect	0.55	\$30,820.45	\$56,382.53	\$95,786.89
Induced	0.71	\$36,013.21	\$65,631.45	\$108,287.02
Totals	6.54	\$232,596.85	\$402,850.09	\$619,553.38

In total, the tourism impact enabled by the construction project is estimated at 8 full-time jobs, \$283,464 and \$744,078.99 in total economic output annually. (Table 9)

Source: Olympia Tumwater Foundation and Thurston EDC

Table 9 – Gross Tourism Economic Impact by Type to Thurston County

Impact	Employment	Labor Income	Output
Direct	6.48	\$202,900.90	\$498,639.59
Indirect	0.65	\$36,641.97	\$113,377.09
Induced	0.86	\$43,921.16	\$132,062.32
Totals	8.00	\$283,464.03	\$744,078.99

The net increase in tourism generated economic activity is then estimated in Table 10 and is valued at 1.46 full-time jobs, \$50,867.18 and \$124,525.62 in total economic output.

Source: Thurston EDC and IMPLAN I/O

Table 10 – Net Increase in Tourism Impact, Thurston County

Impact	Employment	Labor Income	Output
Direct	1.20	\$37,137.71	\$83,160.12
Indirect	0.10	\$5,821.52	\$17,590.20
Induced	0.16	\$7,907.95	\$23,775.30
Totals	1.46	\$50,867.18	\$124,525.62

This net increase in economic activity also generates an additional contribution to tax revenues valued at \$12,530.31 in additional state and local taxes, annually. (Table 11)

Source: Thurston EDC and IMPLAN I/O

Table 11 – Total Net Tax Revenue Increase Attributable to Tourism, Thurston County

Impact	Sub County General	Sub County Special Districts	County	State	Federal	Total
Direct	\$1,174.17	\$2,023.13	\$1,041.31	\$5,472.43	\$8,350.27	\$18,061.30
Indirect	\$128.34	\$221.36	\$113.94	\$614.11	\$1,327.48	\$2,405.22
Induced	\$209.23	\$360.67	\$185.64	\$986.00	\$1,815.12	\$3,556.65
Totals	\$1,511.74	\$2,605.15	\$1,340.88	\$7,072.54	\$11,492.87	\$24,023.18

Source: Olympia Tumwater Foundation and Thurston EDC

Events Impact

In addition to all of the impact categories listed above, new lines of business for Brewery Park are made available through the construction of the proposed building. While many new lines of business may ultimately become available, the addition of event space at the park is readily quantifiable and is estimated at \$250,000 in new annual revenues. The total economic impact of this additional line of business to Thurston County is estimated at 2.90 full-time jobs, \$136,545.38 in new labor income and \$381,549.95 in total economic impact. (Table 12)



Table 12 – Economic Impact of Event Revenue

Impact	Employment	Labor Income	Output
Direct	2.00	\$89,015.90	\$250,000.00
Indirect	0.48	\$26,291.81	\$67,699.34
Induced	0.42	\$21,237.68	\$63,850.61
Totals	2.90	\$136,545.38	\$381,549.95

The estimated increase in tax revenue associated with adding events as new line of business at Brewery Park is estimated at \$14,978.06 in state and local taxes. (Table 13)

Source: Thurston EDC and IMPLAN I/O

Table 13 – Tax Revenue Generated by Events to Thurston County

Impact	Sub County General	Sub County Special Districts	County	State	Federal	Total
Direct	\$757.05	\$1,312.54	\$675.68	\$4,053.97	\$18,420.08	\$25,219.31
Indirect	\$408.72	\$705.87	\$363.34	\$2,023.95	\$5,795.67	\$9,297.55
Induced	\$561.88	\$968.59	\$498.54	\$2,647.94	\$4,874.69	\$9,551.64
Totals	\$1,727.65	\$2,987.00	\$1,537.56	\$8,725.85	\$29,090.45	\$44,068.51

Source: Olympia Tumwater Foundation and Thurston EDC

Conclusion and Totals

In total the economic impact of the Brewery Park expansion including the construction, net increase in tourism and hosting events as new line of business is estimated at 40 new full-time jobs, \$4,533,744.75 in new labor income and \$11,143,631.42 in total economic output. These impacts represent one-time economic impacts and are not sustained year-over-year. (Table 1)

This economic activity generates a one-time impact to tax revenues detailed in Table 4.

Table 1 – Total one-time construction impacts by type in Thurston County

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State	\$295,823.65
Federal	\$960,508.55
Total	\$1,470,695.70

Source: Thurston EDC and IMPLAN I/O

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The largest sector impacted by this construction project is, appropriately, Construction. (Table 3)

Table 3 – Top 5 Industries Impacted by Output in Thurston County (Construction Impact)

Industry Display	Output
Construction	\$7,527,323.00
Real estate	\$600,633.18
Building Material, and Garden Equipment and Supplies Dealers	\$364,608.02
Wholesale Trade	\$357,643.68
Professional, Scientific and Technical Services	\$265,015.70
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Source: Thurston EDC and IMPLAN I/O

Table 2 – Total on-going impacts by type in Thurston County

Impact	Employment	Labor Income	Output
Direct	3.20	\$126,153.61	\$333,160.12
Indirect	0.58	\$32,113.32	\$85,289.54
Induced	0.57	\$29,145.63	\$87,625.90
Totals	4.36	\$187,412.56	\$506,075.57

Source: Thurston EDC and IMPLAN I/O

When assessing the industries impacted by on-going impacts attributable to net increases in tourism and the addition of event space we find that the sector most impacted is Administrative and Support Services. (Table 15)

Table 15 – Top 5 Industries Impacted by Output in Thurston County, 2021 dollars (On-going Impact)

Industry Display	Output
Administrative and Support Services	\$270,018.98
Transit and Ground Passenger Transportation	\$39,224.90
Real Estate	\$28,878.74
General Merchandise Stores	\$18,965.23
Professional, Scientific and Technical Services	\$16,927.18
Amusement, Gambling and Recreation Industries	\$11,739.81

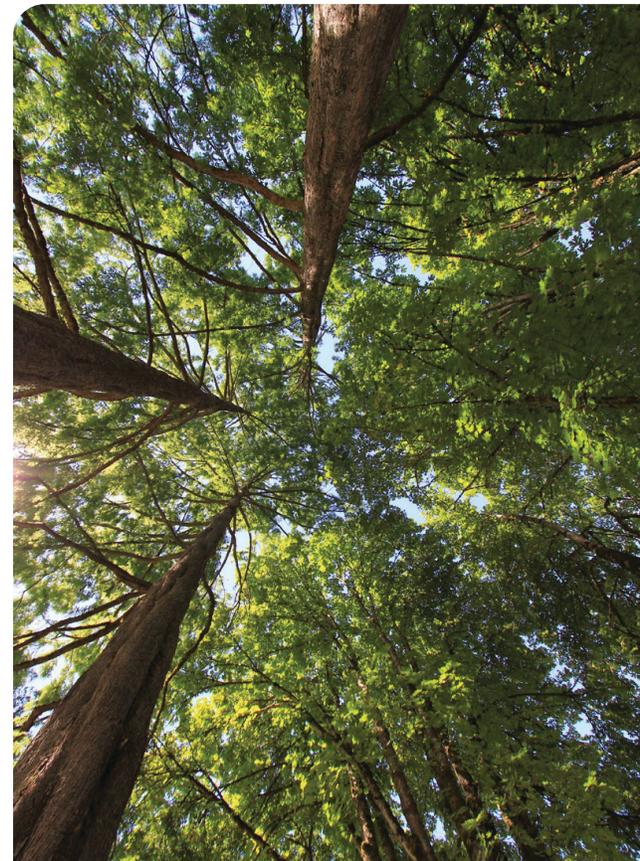
Source: Thurston EDC and IMPLAN I/O

When summing up the on-going impacts due to net increases in tourism and the addition of events as a new line of businesses the on-going impact is estimated at 4.36 new full-time jobs, \$187,412.56 in labor income and \$506,075.57 in total economic output. Table 14 shows the combined new, on-going tax revenue.

Table 14 – Tax Impacts by Jurisdiction, 2020 dollars (On-going Tax Impacts)

Public Entity	Tax Revenue
Municipal	\$3,239.39
Special Districts	\$5,592.15
County	\$2,878.43
State	\$15,789.39
Federal	\$40,583.32
Total	\$68,091.69

Source: Thurston EDC and IMPLAN I/O



Methodology

This economic impact analysis was conducted using the IMPLAN Input/Output model with the most recently available supply-chain data for 2018. Direct data was provided by Community Youth Services and included operational spending. Simulation of the supply-chain impacts were conducted at the Thurston County level and did include multi-regional analysis between the counties of Thurston, Mason, Lewis and Pierce. Community Youth Services has operations in Thurston, Mason, Lewis and Pierce Counties and, as such, impacts demonstrated as “Washington State” represent the summation of impacts in each of those individual counties.

Definitions

Though this report was designed with the intention of being accessible to any layperson, some terms used in technical economic analysis might be unfamiliar to readers. In the following section you will find definitions and explanations on the technical terms used throughout this report.

IMPLAN

Short for “Impact Analysis for Planning”, IMPLAN is input-output modeling software created specifically for assessing economic impacts. IMPLAN was originally created exclusively for use by the United States government and has been used for more than 30 years of economic planning. It is recognized as a global leader in economic analysis and is trusted by governments, non-profits, educational institutions and the private sector. IMPLAN uses government verified datasets to calculate economic impact. This is the modeling system that has been used by the Thurston Economic Development Council for this analysis.

Direct Impact

The direct impact of any organization is equal to the initial, “first round”, spending by that organization. This might include operational expenses like payroll and supplies or capital expenses like the construction of buildings.

Indirect Impact

Indirect impact measures the additional supply-chain purchasing that can be attributed to the direct spending. Whereas direct impact represents the initial spending of an organization, indirect impact represents the increase in supply-chain inputs that businesses must purchase to meet the needs of the organization’s direct spending.

Induced Impact

Induced impact measures the increase in personal consumption caused by increases in personal income from direct and indirect spending. Individuals and households purchase an increased number of goods and services such as healthcare, education, food and entertainment in response to increases in their own salary.

Total Impact

The total impact is the summation of additional economic activity caused by an organization.
Direct spending + indirect spending + induced spending = Total Impact.

Multiplier

The multiplier effect is a ratio of direct spending and the total economic impact. Economic impact with a value larger than its original spending is said to have a multiplier. Mathematically, it is written as $TOTAL\ IMPACT / DIRECT\ IMPACT$.

For example, if the direct impact is equal to \$100 and the total impact (direct + indirect + induced impacts) is equal to \$150, then the multiplier would be 1.5 (150/100) or \$1.50 in total economic impact for every \$1 in direct spending.





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