

A Report of the Economic Impact During Construction of CHRISTUS Spohn's New Addition in Corpus Christi, Texas

July 31, 2018

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Impact of Construction Activities of CHRISTUS Spohn's New Addition

Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, Austin, Texas. The analysis determined the estimated impact of construction activities of CHRISTUS Spohn's new addition in Corpus Christi, Texas.

Description of the Project

CHRISTUS Spohn plans a new addition to their Shoreline Blvd. campus.

An estimated \$315 million will be spent on the project using about 205 construction subcontractors.

Summary of the Economic Impact of the Construction of the Project

The project's development and construction will generate an estimated **\$401 million** in economic output from this construction activity (the amount of money that the project's construction will pump into the area's economy), support an estimate **873 direct and indirect construction jobs** each year during construction, and generate **\$129 million in direct and indirect construction salaries** for area workers.

This construction activity will generate revenues for the City of Corpus Christi, the Crime Control District and MTA as shown below.

Total Revenues for the City, Crime Control and MTA from the Facility's Construction Activities				
	City of Corpus Christi	Crime Control District	MTA	Total
Sales tax collections	\$76,672	\$10,455	\$69,702	\$156,829
Hotel occupancy taxes	\$707,215			\$707,215
Estimated development and building permits & fees	\$214,200			\$214,200
Total revenues for local taxing districts during construction	\$998,087	\$10,455	\$69,702	\$1,078,244

Details of this analysis follow.

Economic Impacts and Revenues for the City and Other Local Taxing Districts to be Generated During Construction

An estimated \$315 million may be spent constructing the facility of which about 85% or \$267.75 million may be considered local expenditures.

This construction activity at the facility will pump money into the area's economy including generating taxable sales and sales taxes for the city and other local taxing districts and hotel occupancy taxes for the city.

Since the facility is a non-profit taxable spending will be generated only by construction workers.

Economic Impacts

Contractors in the area will work on the project and they will hire workers and pay salaries. Plus, this activity will create and support spin-off or indirect revenues, jobs and salaries in other businesses in the area. In total, the project's development and construction activities will have the following impact on the area's economy:

Economic Impacts in the Area During Construction of the Facility			
	Direct	Indirect	Total
Economic output or revenues for businesses in the area	\$267,750,000	\$133,886,568	\$401,636,568
Average number of construction jobs created and supported during construction	595	278	873
Salaries paid to construction workers	\$80,325,000	\$26,908,172	\$107,233,172

As shown above, the project's development and construction will generate \$401 million in economic output from this construction activity (the amount of money that the project's construction will pump into the area's economy), support an average of 873 direct and indirect construction jobs each year during the construction period, and generate \$107 million in direct and indirect construction salaries for area workers.

Economic multipliers used in this analysis are discussed later in this report.

Taxable Sales to be Generated During Construction

Activities to construct the facility will generate the following estimated taxable spending in the community:

Taxable Spending During Construction of the Facility	
Purchases of construction materials:	
Total construction costs	\$267,750,000
Percent that are local costs	85%
Percent of local costs for materials	70%
Percent for materials purchases subject to sales tax	0%
Percent purchased locally	20%
Total local taxable construction materials	\$0
Taxable direct and indirect construction worker spending:	
Total direct and indirect construction salaries	\$107,233,172
Percent of salaries spent on taxable goods and services	26%
Percent of taxable spending in the city	50%
Total taxable construction worker spending in the county	\$13,940,312
Total taxable spending in the city	\$13,940,312

Sales Taxes Generated During Construction

The facility's construction activities may generate the following sales taxes for the city and other local taxing districts:

Sales Taxes to be Generated During Construction	
Sales tax rate for construction activities:	
City of Corpus Christi	1.375%
Corpus Christi Crime Control District	0.125%
Corpus Christi MTA	0.500%
Taxable sales in the city	\$13,940,312
Sales taxes collected:	
City of Corpus Christi	\$76,672
Corpus Christi Crime Control District	\$10,455
Corpus Christi MTA	\$69,702
Total sales tax collections	\$156,829

Taxable Lodging Sales to be Generated During Construction

Activities to construct the facility may generate the following estimated lodging sales in the area:

Taxable Spending During Construction of the Facility	
Estimated number of construction workers per year	873
Estimated percent that may stay in a local motel	40%
Average number of nights per worker per year	60
Number of room nights during the construction	62,864
Estimated average nightly room rate	\$125
Estimated total spending on lodging by construction workers	\$7,857,947

Hotel Occupancy Taxes to be Generated During Construction

The facility's construction activities may generate the following hotel occupancy taxes for the city:

Hotel Occupancy Taxes Generated During Construction	
Hotel occupancy rate:	
City of Corpus Christi	9.00%
Estimated lodging sales during construction in the city	\$7,857,947
Hotel occupancy taxes collected:	
City of Corpus Christi	\$707,215

Estimated City Building Permits and Fees

The facility's construction may generate the following estimated revenues form building permits and fees for the city:

Building Permits and Fees	
Estimated local construction costs	\$267,750,000
Estimated percent for city building permits and fees	0.08%
Estimated city building permits and fees	\$214,200

Total Revenues for the City and Other Local Taxing Districts Generated by Construction Activities

The total revenues for the city and other local taxing districts to be generated by construction activities are shown below.

Total Revenues for the City, Crime Control and MTA from the Facility's Construction Activities				
	City of Corpus Christi	Crime Control District	MTA	Total
Sales tax collections	\$76,672	\$10,455	\$69,702	\$156,829
Hotel occupancy taxes	\$707,215			\$707,215
Estimated development and building permits & fees	\$214,200			\$214,200
Total revenues during construction	\$998,087	\$10,455	\$69,702	\$1,078,244

Types of Economic Impacts that the Project Will Provide During its Construction

This analysis calculates the direct economic impact during the construction of facility, along with indirect impacts.

Three of the economic impacts calculated are economic output, jobs and salaries.

Economic Output

Economic outputs are the value of the goods and services produced by organizations or their revenues from construction activities and, at a local level, represent the increase in gross area product. This measure of economic activity is equivalent on a local level to our nation's gross domestic product -- the value of goods and services produced in our nation in a year.

Direct Economic Impacts

Direct economic impacts include the spending at the project on construction and direct construction jobs and salaries.

Indirect Economic Impacts

Indirect revenues, jobs and salaries are supported in new or existing firms in the area, such as service firms and materials suppliers that may supply goods and services during the construction of the facility.

To estimate the indirect economic impact of the facility on the area, regional economic multipliers were

used. Regional economic multipliers for Texas and the Corpus Christi area are included in the US Department of Commerce’s Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis: an output multiplier, an employment multiplier and an earnings multiplier.

An output multiplier was used to estimate the indirect output or revenues created and supported in the area. An employment multiplier was used to estimate the number of indirect jobs created and supported in the area. An earnings multiplier was used to estimate the amount of salaries paid to workers in these new indirect jobs.

The multipliers show the estimated indirect revenues of other businesses in the area for every dollar spent to construct the facility.

An employment multiplier shows the number of indirect jobs created for every direct construction job along with an earning multiplier that shows the salaries paid to these workers for every dollar paid to a direct construction worker. The indirect multipliers for the Corpus Christi area shown below were used in this analysis:

Indirect Multipliers Used in this Analysis	
	During Construction
Output multiplier:	
Indirect	0.5883
Total spin-off	1.0600
Employment multiplier:	
Indirect	0.4674
Total spin-off	0.8498
Earnings multiplier	
Indirect	0.3350
Total spin-off	0.6091

Conduct of the Analysis

This analysis was conducted by Impact DataSource using information supplied by project. In addition, Impact DataSource used certain estimates and assumptions.

Using this data, the economic impact from the facility's construction were calculated along with revenues that this activity may generate for the city and other local taxing districts.

About Impact DataSource

Impact DataSource is a 24-year-old Austin economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in Texas and 39 other states. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.