

A Lee County Economic Impact Study

Construction of the New Spring Training Baseball Stadium for Use by the Boston Red Sox



Prepared for



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Executive Summary

A new spring baseball stadium and training facility for the Boston Red Sox will be constructed off Daniels Road in Lee County, Florida with construction starting in August 2010 and ending in January 2012. The Stadium will have approximately 9,400 fixed seats, with 1,000 standing room and informal seating assignments. The majority of spring training parking will be accomplished with grass parking lots that will function as community soccer fields for most of the year. The total expenditures for the stadium are approximately \$54 million. This study estimates the overall economic impact on Lee County including the number of new jobs created, additional Value Added (Income), additional Labor Income, and additional expenditures in Lee County.

Information on the milestones and the expenditures were provided by the Lee County Sports Authority. The Regional Economic Research Institute at Florida Gulf Coast University used the economic model, IMPLAN, to estimate the overall additional economic impact on Lee County of the construction expenditures.

Lee County's present value of the Value Added from project construction only is forecast to be \$29.2 million (measured in 2010 dollars).¹

The economic impact in the primary construction year of 2011 is:

Economic Measure	Increase
Employment	396
Value Added	\$23.4 million
Labor Income	\$18.1 million
Expenditures	\$53.3 million

The project creates 396 full-time equivalent employees for 2011. Labor income increases by \$18.1 million and total expenditures in Lee County rise by \$53.3 million in 2011. The construction will be completed in January 2012. The economic impacts of the Spring Training on Lee County were estimated by an earlier study ².

¹Value added is the additional income created in Lee County plus indirect business taxes. The present value is calculated over the three years of the project using a discount rate based on the 30-year National Municipal Bond Yields of 4.2 percent, www.bloomberg.com/markets/rates/index.html as of October 12, 2010.

²"Lee County 2009 Spring Training Study," by Davidson-Paterson Associates completed for the Lee County Visitor and Convention Bureau, 2009.

Description of Baseball Stadium Construction Project

The new stadium and training facility for the Boston Red Sox is located on Daniels Parkway, East of Interstate 75 in Lee County, Florida. The Stadium will have approximately 9,400 fixed seats, with 1,000 standing room and informal seating assignments. The facilities will be located on a 126 acre site that includes a preserved wetland of approximately 20 acres and five out-parcels for future commercial development. The site has been planned for the stadium as well as state of the art major and minor league training facilities. The majority of spring training parking will be accomplished with grass parking lots that will function as community soccer fields for most of the year. The design and construction of the project will target a USGBC LEED certification. The project is scheduled to open for spring training in 2012.

The major phases of construction for the new spring training baseball stadium are shown in Figure One. The 2010 expenditures are projected to be \$9,680,000 and include construction work on:

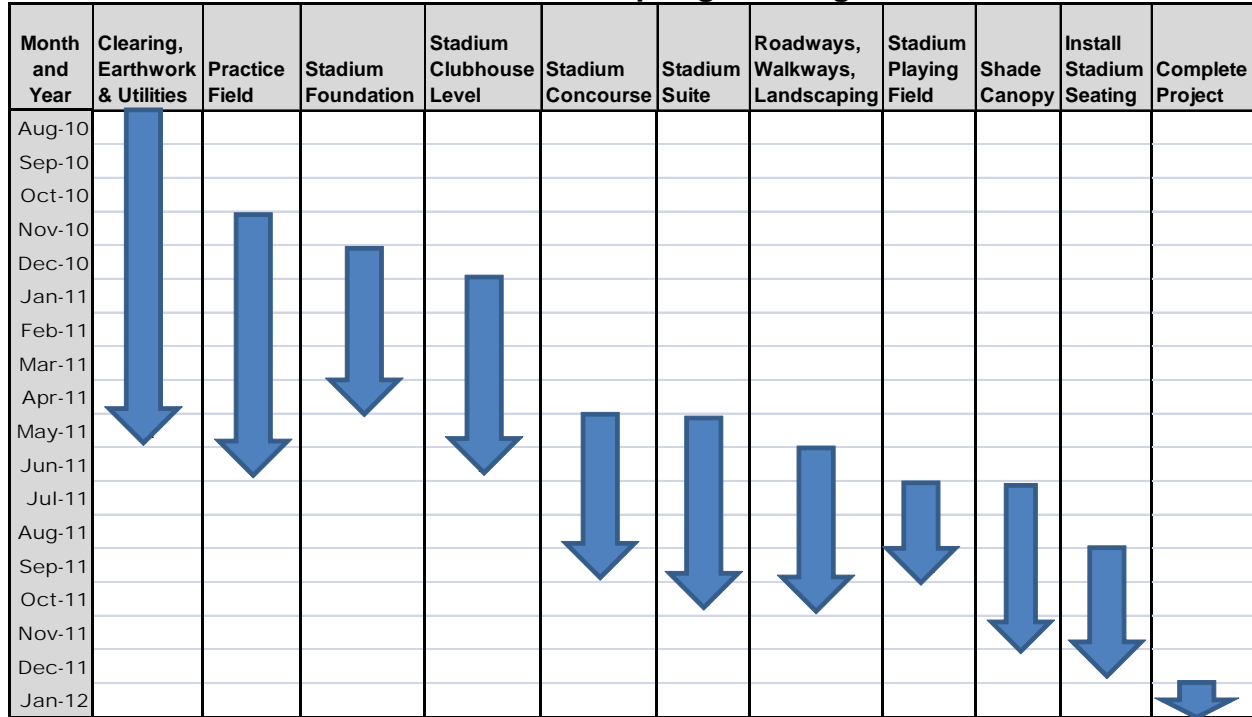
- Clearing, earthwork & utilities;
- Practice fields;
- Stadium Foundation; and
- Materials and soils testing.

The 2011 expenditures are projected to be \$41,561,499 and include construction work on:

- Stadium clubhouse;
- Stadium concourse;
- Stadium suite;
- Roadways, walkways, & landscaping;
- Stadium playing field;
- Shade canopy; and
- Installing stadium seating;
- Widening of Daniels Road

The 2012 expenditures are estimated to be \$2,620,000 for work completed in January 2012.

**Figure One
Construction Schedule for New Spring Training Baseball Stadium**



Study Results

The economic impact model, IMPLAN, provides four measures of economic impact for Lee County.

- **Expenditures** is a measure of additional expenditures made in Lee County resulting from the construction of the new baseball stadium.
- **Employment** represents the additional employment created in Lee County as a result of the construction of the new baseball stadium. These are measured in full-time equivalent employees for a year.
- **Value Added** represents the additional labor income, proprietary income, other property income, and indirect business taxes created within Lee County.
- **Labor income** represents the wage, salary, and benefits paid to workers in Lee County.

The model accounts not only for the expenditures for the construction of the stadium (direct), but also indirect impacts created by other firms which are suppliers of services and products to the construction firms (indirect) and the economic impact of expenditures by the construction employees (induced) for housing, food, and other goods and services.

Construction Economic Impacts

The construction impacts are the result of building the new baseball stadium and are provided in Tables One through Three for the years 2010 to 2012. The 2010 Lee County economic measures are shown in Table One. Direct construction expenditures in 2010 are predicted to be \$9.7 million with approximately 80 percent spent directly in Lee County or \$7.7 million. The total overall Lee County expenditures including the direct expenditures at \$7.7 million, indirect expenditures at \$2.5 million, and induced expenditures of \$2.1 million total \$12.4 million. The construction project is expected to have a direct economic impact of adding 56 full-time equivalent employees and an overall additional employment impact of 92 full-time equivalent employees due to the additional business-to-business activity and the expenditures created by the additional household income. Value added is \$2.8 million of direct construction economic impact and an overall economic impact of \$5.4 million. The labor income direct impact is \$2.6 million and the overall labor income impact is \$4.2 million for 2010.

Table One

Stadium Construction in 2010				
Impact Measure	Direct	Indirect	Induced	Total
Expenditures	\$7,744,000	\$2,544,425	\$2,128,810	\$12,417,235
Employment	56	18	18	92
Value Added	\$2,791,374	\$1,332,310	\$1,318,907	\$5,442,591
Labor Income	\$2,638,607	\$912,591	\$670,878	\$4,222,076

The Lee County economic impact measures for 2011 are shown in Table Two. Direct expenditures for construction are predicted to be \$41.6 million with 80 percent spent directly within Lee County or \$33.2 million. Total overall 2011 expenditures created by the construction of the stadium are \$53.3 million. The construction is expected to have a direct economic impact of adding 239 full-time equivalent employees and an overall employment impact of adding 396 full-time equivalent employees in Lee County. Value added is \$12.0 million of direct construction economic impact and an overall Lee County economic impact of \$23.4 million. The labor income direct impacts for 2011 are \$11.3 million and the overall labor income impacts are \$18.1 million.

Table Two

Stadium Construction in 2011				
Impact Measure	Direct	Indirect	Induced	Total
Expenditures	\$33,249,200	\$10,924,599	\$9,140,138	\$53,313,937
Employment	239	80	77	396
Value Added	\$11,984,885	\$5,720,331	\$5,662,784	\$23,368,001
Labor Income	\$11,328,974	\$3,918,249	\$2,880,444	\$18,127,666

The Lee County economic impact measures for 2012 are shown in Table Three. Direct expenditures for construction are predicted to be \$2.6 million with 80 percent spent

directly within Lee County or \$2.1 million as the stadium is completed in January 2012. Total overall 2012 expenditures created by the construction of the stadium are \$3.4 million. The construction is expected to have a direct economic impact of adding the equivalent of 15 full-time employees for 2012 and an overall employment impact of adding the equivalent of 25 full-time equivalent employees in Lee County. Value added is \$0.8 million of direct construction economic impact and an overall Lee County economic impact of \$1.5 million. The labor income direct impacts for 2012 are \$0.7 million and the overall labor income impacts are \$1.1 million.

Table Three

Stadium Construction in 2012				
Impact Measure	Direct	Indirect	Induced	Total
Expenditures	\$2,096,001	\$688,677	\$576,186	\$3,360,864
Employment	15	5	5	25
Value Added	\$755,517	\$360,605	\$356,977	\$1,473,099
Labor Income	\$714,169	\$247,003	\$181,581	\$1,142,752

The investments in the stadium and the widening of Daniels Road are expected to be completed in January 2012. An earlier study, "Lee County 2009 Spring Training Study," by Davidson-Peterson Associates was completed for the Lee County Visitor and Convention Bureau and provides estimates of spring training's economic impact.

Summary

This study has forecast the economic impact of constructing a new spring training baseball stadium in Lee County. The construction project began in 2010 and concludes in 2012 creating additional expenditures and jobs in Lee County.

The study uses a well-established model, IMPLAN, to estimate the overall economic impact on the county including the additional business-to-business economic activity and the increased income created by the stadium construction project.

Value Added (income) generated in Lee County is estimated to total:

- \$5.4 million in 2010;
- \$23.4 million in 2011; and
- \$1.5 million in 2012.

Additional full-time equivalent employment in Lee County is estimated to total:

- 92 full-time equivalent employees in 2010;
- 396 full-time equivalent employees in 2011; and
- 25 full-time equivalent employees in 2012.

Appendix A

IMPLAN Pro: An Economic Impact Analysis Model

This study was completed using an established and accepted economic impact model, IMPLAN, that is currently in use by over a thousand licensed model users in the United States including universities, government agencies, and private companies. The model is based on an understanding of inter-industry relationships and the work of Wassily Leontief . He developed the concept of multipliers from input-output tables and received the Nobel Prize in 1973 for his work.³ The model was originally developed for the United States Department of Agriculture and in the late 1980s was refined and enhanced with the assistance of the University of Minnesota.

The model includes a mathematical input-output (I-O) data set for Lee County that allows one to forecast the economic impacts of a construction project on other Lee County businesses. The construction companies and their employees will need various products and services leading to additional expenditures, jobs, value added, and labor income. The value added includes employee compensation, proprietary income, other property type income, and indirect business taxes. Indirect business taxes consist of excise taxes, property taxes, fees, licenses, and sales taxes paid by businesses.

The additional demand for goods and services in Lee County as a result of the construction project will lead to additional business-to-business activity. The additional household incomes will increase business activity for household goods and services.

³ "User's, Analysis, and Date Guide," IMPLAN Professional 2.0, Stillwater Minnesota, www.implan.com.