

Economic and Fiscal Impact of the Proposed Jeffersonville Golf Club Clubhouse Project

DRAFT

Submitted to:
West Norriton Township

Prepared by
URBAN PARTNERS
123 S. Broad Street, Suite 2042
Philadelphia, PA 19109

June 18, 2021

1. BACKGROUND

Urban Partners was retained by West Norriton Township to independently assess the economic impact of the proposed Jeffersonville Golf Club Clubhouse. The proposed project will provide a much-needed addition to the renowned municipal golf course designed by legendary architect Donald J. Ross. The golf course is rated by several publications as a top-10 municipal course in the state, booking as many as 42,000 rounds of golf annually and generating a significant stream of revenue for the Township. However, Jeffersonville’s full potential is currently stymied by the antiquated clubhouse and restaurant.

This project proposes to build a state-of-the-art, modern clubhouse that will serve as an event space to be utilized by all age groups for numerous types of community and life cycle events. The first floor of the proposed clubhouse will consist of a restaurant, kitchen, banquet area, pro shop, and restroom facilities. The lower level will consist of a second kitchen, locker rooms, storage/mechanical area, golf simulators, and additional golf cart storage. The proposed halfway house will include restrooms and a snack bar.

In total, the development cost for the Jeffersonville Golf Club Clubhouse project is \$10,653,735.



2. METHODOLOGY

To calculate the potential economic and fiscal impact of the proposed Jeffersonville Golf Club Clubhouse project on the Commonwealth of Pennsylvania, Urban Partners employed the IMPLAN (Impact analysis for PLANning) model. Developed by the U.S. Forest Service’s Land Management Planning Unit and the University of Minnesota, IMPLAN utilizes the quantitative economic technique called the input-output model to track the way a dollar injected into one sector is spent and re-spent in other sectors of the economy. Through the use of IMPLAN, the economic impact of this project can be traced over multiple rounds of spending in the economy.

The initial round of spending is referred to as the direct impact. This figure is limited to the portion of economic activity that occurs within the local economy. In other words, the expenditures that leave the local economy (e.g. purchases from an out-of-state vendor) are excluded from the figure. By inputting the initial round of spending into the IMPLAN model, additional effects can be measured in a local economy in two forms: indirect and induced. First, the changes in inter-industry purchases as a result of the direct effect are referred to as the indirect impact. For example, West Norriton Township will purchase goods and services for the Jeffersonville Golf Club Clubhouse project from suppliers and vendors, who in turn make purchases of goods and services. Second, the induced effect refers to the impact generated by increased wages as a result of direct and indirect impacts. These wages in turn will pay for local goods and services, creating another round of economic impact. This process continues until leakages eventually stop the cycle.

The magnitude or degree in which the direct impact triggers indirect and induced impacts is referred to as the “multiplier.” IMPLAN calculates different multipliers depending on the types of spending that comprises the direct impact, as well as the geographic region that’s being studied. For the purposes of this analysis, the study area is the Commonwealth of Pennsylvania.

3. DEVELOPMENT PERIOD IMPACT

The economic impact analyses in this section are limited to the construction/development period. As shown in Table 1 below, the total development budget for the Jeffersonville Golf Club Clubhouse project is \$10,653,735 of which \$9,194,866 is budgeted for hard construction costs, \$750,000 for fixtures, furniture, and equipment (FF&E), and \$708,869 for various soft costs.

Table 1: Total Development Budget

ITEM	SUBTOTAL	TOTAL
Construction		\$9,194,866
Fixtures, Furniture, and Equipment		\$750,000
Soft Costs		\$708,869
Architect	\$298,950	
Other Professional Fees	\$409,919	
TOTAL		\$10,653,735

Source: West Norriton Township

Total Outputs

Inputting these expenditures as the initial round of spending results in the following outputs for the development period:

Table 2: Industry Impact by Sector - Development Period

<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
1 Agriculture, Forestry, Fishing and Hunting	-	\$20,567	\$13,243	\$33,810
2 Mining, Quarrying, and Oil/Gas Extraction	-	\$78,882	\$7,749	\$86,631
3 Utilities	-	\$65,703	\$108,540	\$174,243
4 Construction	\$9,194,866	\$23,921	\$46,420	\$9,265,207
5 Manufacturing	\$750,000	\$469,683	\$160,469	\$1,380,152
6 Wholesale Trade	-	\$478,928	\$209,447	\$688,374
7 Retail Trade	-	\$456,361	\$422,287	\$878,648
8 Transportation and Warehousing	-	\$208,819	\$164,781	\$373,599
9 Information	-	\$157,061	\$253,246	\$410,307
10 Finance and Insurance	-	\$177,970	\$652,066	\$830,036
11 Real Estate and Rental and Leasing	-	\$342,696	\$863,067	\$1,205,762
12 Professional, Scientific, Technical Services	\$708,869	\$423,867	\$273,073	\$1,405,809
13 Management of Companies and Enterprises	-	\$128,704	\$79,839	\$208,544
14 Admin & Support, Waste Mgmt/Remed.	-	\$170,964	\$154,440	\$325,403
15 Educational Services	-	\$2,792	\$111,055	\$113,847
16 Health Care and Social Assistance	-	\$38	\$972,171	\$972,208
17 Arts, Entertainment, and Recreation	-	\$7,191	\$92,496	\$99,687
18 Accommodation and Food Services	-	\$29,784	\$250,520	\$280,304
19 Other Services (except Public Admin.)	-	\$53,434	\$299,814	\$353,248
20 Government Enterprises	-	\$29,077	\$69,831	\$98,908
21 Non NAICS	-	-	-	-
22 Administrative Government	-	-	-	-
Total	\$10,653,735	\$3,326,439	\$5,204,553	\$19,184,727

Source: IMPLAN, Urban Partners

- Direct investment in construction-related activities, estimated at \$10.65 million will generate additional outputs from other regional sectors in the range of \$3.33 million.
- Increased activities in construction and other sectors, which provide goods and services for the construction activities, will result in the creation of new jobs and labor income to otherwise unemployed local residents. This will lead to increased commercial activity induced by increases in wages and consumption in the amount of \$5.20 million.
- In total, the Commonwealth of Pennsylvania will enjoy a positive impact of \$19.18 million once the construction and wage payments for workers commence.

Wages

The impact of the Jeffersonville Golf Club Clubhouse project on wages appears in the table shown below:

Table 3: Wage Impact by Sector - Development Period

Description	Direct	Indirect	Induced	Total
1 Agriculture, Forestry, Fishing and Hunting	-	\$2,810	\$1,809	\$4,619
2 Mining, Quarrying, and Oil/Gas Extraction	-	\$9,139	\$898	\$10,036
3 Utilities	-	\$9,385	\$15,504	\$24,889
4 Construction	\$2,787,805	\$7,253	\$14,074	\$2,809,132
5 Manufacturing	\$125,900	\$78,844	\$26,937	\$231,681
6 Wholesale Trade	-	\$138,801	\$60,701	\$199,501
7 Retail Trade	-	\$150,524	\$139,285	\$289,809
8 Transportation and Warehousing	-	\$67,186	\$53,017	\$120,203
9 Information	-	\$22,074	\$35,592	\$57,666
10 Finance and Insurance	-	\$47,913	\$175,548	\$223,460
11 Real Estate and Rental and Leasing	-	\$13,392	\$33,727	\$47,119
12 Professional, Scientific, Technical Services	\$307,675	\$183,973	\$118,524	\$610,172
13 Management of Companies and Enterprises	-	\$74,324	\$46,105	\$120,429
14 Admin & Support, Waste Mgmt/Remed.	-	\$71,529	\$64,616	\$136,145
15 Educational Services	-	\$1,699	\$67,591	\$69,290
16 Health Care and Social Assistance	-	\$20	\$512,787	\$512,807
17 Arts, Entertainment, and Recreation	-	\$2,091	\$26,891	\$28,981
18 Accommodation and Food Services	-	\$10,876	\$91,479	\$102,355
19 Other Services (except Public Admin.)	-	\$20,943	\$117,509	\$138,452
20 Government Enterprises	-	\$13,797	\$33,135	\$46,932
21 Non NAICS	-	-	-	-
22 Administrative Government	-	-	-	-
Total	\$3,221,379	\$926,571	\$1,635,729	\$5,783,679

Source: IMPLAN, Urban Partners

- Direct investment in construction related activities will generate wages of \$3.22 million, of which 86.5% will be in the construction sector.
- The resulting indirect output is estimated at \$0.93 million of additional wages for those who would otherwise be unemployed.
- Increased activities in construction and other sectors, which provide goods and services for these construction activities will result in the creation of new jobs and labor income to otherwise unemployed local residents. This will lead to increased wages paid in other sectors in the amount of \$1.64 million.
- In total, the Commonwealth of Pennsylvania will enjoy a positive impact of \$5.78 million in wages during construction.

Employment

The impact of the Jeffersonville Golf Club Clubhouse project on job creation is detailed in the table shown below:

Table 4: Employment Impact by Sector - Development Period

<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
1 Agriculture, Forestry, Fishing and Hunting	-	0.2	0.1	0.4
2 Mining, Quarrying, and Oil/Gas Extraction	-	0.1	0.0	0.1
3 Utilities	-	0.1	0.1	0.2
4 Construction	56.6	0.2	0.3	57.0
5 Manufacturing	1.6	1.0	0.3	2.9
6 Wholesale Trade	-	1.5	0.7	2.1
7 Retail Trade	-	4.9	4.6	9.5
8 Transportation and Warehousing	-	1.5	1.2	2.7
9 Information	-	0.2	0.4	0.6
10 Finance and Insurance	-	0.6	2.2	2.8
11 Real Estate and Rental and Leasing	-	0.8	2.0	2.7
12 Professional, Scientific, Technical Services	3.7	2.2	1.4	7.4
13 Management of Companies and Enterprises	-	0.5	0.3	0.8
14 Admin & Support, Waste Mgmt/Remed.	-	1.8	1.6	3.4
15 Educational Services	-	0.0	1.3	1.3
16 Health Care and Social Assistance	-	-	8.3	8.3
17 Arts, Entertainment, and Recreation	-	0.1	1.0	1.1
18 Accommodation and Food Services	-	0.4	3.3	3.7
19 Other Services (except Public Admin.)	-	0.6	3.4	4.0
20 Government Enterprises	-	0.2	0.4	0.5
21 Non NAICS	-	-	-	-
22 Administrative Government	-	-	-	-
Total	61.9	16.8	32.6	111.3

Source: IMPLAN, Urban Partners

- Direct investment in construction will generate employment of 61.9 annualized fulltime equivalent jobs, of which 91.5% will be in the construction sector and the rest in manufacturing and profession/scientific, technical services. The surge in investment in the construction sector leads to an increase in new jobs in the Philadelphia region to meet the demands for goods and services for the Jeffersonville Golf Club Clubhouse project, thus yielding 16.8 annualized fulltime equivalent jobs for those who would otherwise be unemployed.
- Increased activities in construction and other sectors, which provide goods and services for construction activities, will result in the creation of new jobs which are estimated at 32.6 annualized fulltime equivalent positions, all across broad industrial sectors.
- In total, the Commonwealth of Pennsylvania will enjoy 111.3 annualized fulltime equivalent jobs due to the Jeffersonville Golf Club Clubhouse project.

Tax Impact

The impact of the Jeffersonville Golf Club Clubhouse project on taxes is detailed in the following table:

Table 5: Tax Impact - Development Period

<i>Description</i>	<i>Amount</i>
Taxes on Wages & Salaries	\$177,559
Sales Taxes	\$614,079
State Corporate & Other Business Taxes	\$116,944
Total Development Period Tax Benefits	\$908,582

Source: IMPLAN, Urban Partners

- The Jeffersonville Golf Club Clubhouse project will generate substantial tax revenues to the Commonwealth of Pennsylvania. The total is estimated to be \$908,582, of which \$614,079 is from sales taxes.

2. PERMANENT IMPACT

In addition to the one-time benefits associated with the development/construction activities, this project will result in sustained economic activity associated with the operation of the facility. The benefit on the region’s economy is multiplied by the fact that local vendors and service providers will supply a significant portion of the goods and services consumed in the operation of the Jeffersonville Golf Club Clubhouse. The incremental income generated by these businesses as a result of the Jeffersonville Golf Club Clubhouse will further extend the economic impact on the local economy by inducing these businesses and their employees to increase their overall level of consumption.

It is anticipated that in the first full year of operations, the Jeffersonville Golf Club Clubhouse will see an increase of \$2.63 million in gross revenue—in the form of additional catered events, increases in restaurant/golfer food sales, and revenue from golf simulators. Specifically, the new clubhouse is estimated to generate \$162,000 in space rental fees, \$1,428,000 in food service for catered events, \$890,000 in restaurant/golfer’s food sales, and \$153,000 in golf simulator fees.

Total Outputs

Inputting the economic activity of the Jeffersonville Golf Club Clubhouse in its first full year of operations (\$2.63 million in new activity added to the \$1.65 million in continuing operations) as the initial round of spending results in the following outputs:

Table 6: Industry Impact by Sector – Annual Operations

Description	Direct	Indirect	Induced	Total
1 Agriculture, Forestry, Fishing and Hunting	-	\$4,083	\$5,645	\$9,728
2 Mining, Quarrying, and Oil/Gas Extraction	-	\$5,850	\$3,303	\$9,153
3 Utilities	-	\$43,469	\$46,284	\$89,754
4 Construction	-	\$23,329	\$19,771	\$43,101
5 Manufacturing	-	\$44,035	\$68,403	\$112,437
6 Wholesale Trade	-	\$48,580	\$89,268	\$137,848
7 Retail Trade	-	\$8,135	\$179,993	\$188,128
8 Transportation and Warehousing	-	\$71,170	\$70,128	\$141,299
9 Information	-	\$94,438	\$107,938	\$202,375
10 Finance and Insurance	-	\$119,047	\$277,325	\$396,372
11 Real Estate and Rental and Leasing	-	\$290,477	\$367,616	\$658,093
12 Professional, Scientific, Technical Services	-	\$275,585	\$116,265	\$391,849
13 Management of Companies and Enterprises	-	\$69,092	\$33,997	\$103,089
14 Admin & Support, Waste Mgmt/Remed.	-	\$111,820	\$65,745	\$177,566
15 Educational Services	-	\$18,190	\$47,053	\$65,242
16 Health Care and Social Assistance	-	\$795	\$413,901	\$414,696
17 Arts, Entertainment, and Recreation	\$4,278,682	\$184,000	\$39,360	\$4,502,042
18 Accommodation and Food Services	-	\$43,855	\$106,632	\$150,487
19 Other Services (except Public Admin.)	-	\$28,249	\$127,569	\$155,818
20 Government Enterprises	-	\$35,672	\$29,754	\$65,426
21 Non NAICS	-	-	-	-
22 Administrative Government	-	-	-	-
Total	\$4,278,682	\$1,519,871	\$2,215,950	\$8,014,503

Source: IMPLAN, Urban Partners

- The economic activity in the first full year of operations, estimated at \$4.28 million, will generate additional outputs from other regional sectors in the range of \$1.52 million.

- Induced output includes increases in sales or production of goods and services at area businesses as a result of purchases made by direct and indirect employees with their wages. The total annual induced output impact resulting from the first full year of operations at the Jeffersonville Golf Club Clubhouse is estimated at \$2.22 million.
- The total annual output impact, which includes indirect and induced impacts, is estimated to be \$8.01 million.

Wages

The impact of the operations of the Jeffersonville Golf Club Clubhouse on wages appears in the table shown below:

Table 7: Wage Impact by Sector – Annual Operations

Description	Direct	Indirect	Induced	Total
1 Agriculture, Forestry, Fishing and Hunting	-	\$558	\$771	\$1,329
2 Mining, Quarrying, and Oil/Gas Extraction	-	\$678	\$383	\$1,060
3 Utilities	-	\$6,209	\$6,611	\$12,821
4 Construction	-	\$7,073	\$5,994	\$13,068
5 Manufacturing	-	\$7,392	\$11,483	\$18,874
6 Wholesale Trade	-	\$14,079	\$25,871	\$39,950
7 Retail Trade	-	\$2,683	\$59,368	\$62,051
8 Transportation and Warehousing	-	\$22,899	\$22,563	\$45,462
9 Information	-	\$13,273	\$15,170	\$28,442
10 Finance and Insurance	-	\$32,050	\$74,661	\$106,710
11 Real Estate and Rental and Leasing	-	\$11,351	\$14,366	\$25,717
12 Professional, Scientific, Technical Services	-	\$119,614	\$50,463	\$170,077
13 Management of Companies and Enterprises	-	\$39,899	\$19,633	\$59,532
14 Admin & Support, Waste Mgmt/Remed.	-	\$46,784	\$27,507	\$74,291
15 Educational Services	-	\$11,071	\$28,638	\$39,708
16 Health Care and Social Assistance	-	\$420	\$218,319	\$218,738
17 Arts, Entertainment, and Recreation	\$1,421,477	\$53,493	\$11,443	\$1,486,413
18 Accommodation and Food Services	-	\$16,014	\$38,938	\$54,951
19 Other Services (except Public Admin.)	-	\$11,072	\$50,000	\$61,072
20 Government Enterprises	-	\$16,926	\$14,118	\$31,044
21 Non NAICS	-	-	-	-
22 Administrative Government	-	-	-	-
Total	\$1,421,477	\$433,537	\$696,298	\$2,551,312

Source: IMPLAN, Urban Partners

- The economic activity in the first full year of operations will generate initial wages of \$1.42 million per year.
- The resulting indirect output is estimated at \$0.43 million of additional wages for those who would otherwise be unemployed.
- The total annual induced impact of the Jeffersonville Golf Club Clubhouse operations on employee earnings is projected to equal \$0.70 million in the Commonwealth.
- The total annual employee earnings impact, which includes indirect and induced impacts, is estimated to be \$2.55 million.

Employment

The impact of the operations of the Jeffersonville Golf Club Clubhouse on job creation is detailed in the table shown below:

Table 8: Employment Impact by Sector – Annual Operations

<i>Description</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
1 Agriculture, Forestry, Fishing and Hunting	-	0.0	0.1	0.1
2 Mining, Quarrying, and Oil/Gas Extraction	-	0.0	0.0	0.0
3 Utilities	-	0.0	0.0	0.1
4 Construction	-	0.1	0.1	0.3
5 Manufacturing	-	0.1	0.1	0.2
6 Wholesale Trade	-	0.2	0.3	0.4
7 Retail Trade	-	0.1	1.9	2.0
8 Transportation and Warehousing	-	0.5	0.5	1.0
9 Information	-	0.1	0.2	0.3
10 Finance and Insurance	-	0.4	0.9	1.3
11 Real Estate and Rental and Leasing	-	0.7	0.8	1.5
12 Professional, Scientific, Technical Services	-	1.5	0.6	2.1
13 Management of Companies and Enterprises	-	0.3	0.1	0.4
14 Admin & Support, Waste Mgmt/Remed.	-	1.2	0.7	1.9
15 Educational Services	-	0.2	0.6	0.8
16 Health Care and Social Assistance	-	0.0	3.5	3.5
17 Arts, Entertainment, and Recreation	40.4	2.1	0.4	42.9
18 Accommodation and Food Services	-	0.6	1.4	2.0
19 Other Services (except Public Admin.)	-	0.3	1.4	1.8
20 Government Enterprises	-	0.2	0.2	0.3
21 Non NAICS	-	-	-	-
22 Administrative Government	-	-	-	-
Total	40.4	8.5	13.9	62.7

Source: IMPLAN, Urban Partners

- The economic activity in the first full year of operations will result in 40.4 fulltime equivalent direct jobs.¹
- The total indirect employment impact resulting from the operations of the Jeffersonville Golf Club Clubhouse is 8.5 fulltime equivalent jobs.
- The total induced employment impact resulting from the operations of Jeffersonville Golf Club Clubhouse is 13.9 fulltime equivalent jobs.
- The total employment impact, which includes indirect and induced impacts, is estimated to be 62.7 fulltime equivalent jobs.

¹ Consisting of 18.5 current full-time equivalent positions and 21.9 new full-time equivalent positions.

Tax Impact

The impact of the Jeffersonville Golf Club Clubhouse’s annual operations on taxes is detailed in the following table:

Table 9: Tax Impact – Annual Operations

<i>Description</i>	<i>Amount</i>
Taxes on Wages & Salaries	\$78,325
Sales Taxes	\$1,203
State Corporate & Other Business Taxes	\$20,096
Total Operating Period Tax Benefits	\$99,625

Source: IMPLAN, Urban Partners

- The operations of the Jeffersonville Golf Club Clubhouse will generate \$99,625 in tax revenues to the Commonwealth of Pennsylvania.

3. AGGREGATE STATE TAX IMPACT

The aggregate tax impact of the development of the Jeffersonville Golf Club Clubhouse and the first year of operation is detailed in the following table:

Table 10: Tax Impact - Development Period/Year-1 Operations

<i>Description</i>	<i>Amount</i>
Taxes on Wages & Salaries	\$255,884
Sales Taxes	\$615,282
State Corporate & Other Business Taxes	\$137,041
Total Development Period Tax Benefits	\$1,008,207

Source: IMPLAN, Urban Partners

- The Jeffersonville Golf Club Clubhouse project will generate substantial tax revenues to the Commonwealth of Pennsylvania. The total is estimated to be \$1,008,207, of which \$615,282 is from sales taxes.²

² The tax impact prior to the project was \$41,962.