

# 9<sup>TH</sup> Annual

## Vorys Economic Development Incentives Conference

Co-Presented by Vista Site Selection

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VORYS

VISTA SITE SELECTION

## Speaker Info

### **Chris Magill**

Managing Director  
Vista Site Selection

### **Prashant Shah**

Director of Finance  
City of Westlake

### **Kati Thompson**

Executive Director  
Bowling Green Economic  
Development

# Public Sector Perspective:

Key Considerations in How  
Governments Analyze an Economic  
Development Project

# Learning Objectives:

1. Know the various public revenue streams caused by an economic development project.
2. Understand how different revenues streams are prioritized in quantifying a return on investment to governments.
3. Learn the various ways governments monitor returns-on-investment and performance of an economic development project.


A detailed architectural wireframe of a modern multi-story building, rendered in light gray lines. The drawing shows the structural frame, including columns, beams, and floor slabs. A large, bold red question mark is superimposed over the center of the building. The background is white with faint dashed lines suggesting a grid or perspective.

# WHAT ARE THE MAJOR ASSETS IN YOUR COMMUNITY?

# Community Assets that Enhance ROI

## How do these enhance ROI?

How do these enhance ROI?	
<b>Higher Educational Institutions</b>	Enhances the value to businesses via talent, research and innovation. Creates a high degree of spending within the community.
<b>Industry Cluster/Supply Chain</b>	Reduces leakage of economic activity to other communities.
<b>Tourism &amp; Recreation</b>	Creates a high degree of imported spending and visibility to the community.
<b>Large Corporate HQ</b>	B2B spending, philanthropy and support to retail, dining and entertainment.
<b>Talent Ecosystem</b>	Allows for companies to find talent at market rates and agile skilling.
<b>Housing Quality &amp; Diversified Pricing</b>	Supports talent attraction, job retention and enhances buying power.
<b>Diversified Economy</b>	Creates economic stability and coverage.
<b>Collaborative Business &amp; Civic Environment</b>	Strengthens the retention probability of the business environment.
<b>Vibrant Downtown</b>	Creates spending and an asset for talent attraction.
<b>Progressive Incentives Toolbox</b>	Can provide for a higher degree of investment and employment commitments.
<b>Available Sites (Land and Buildings)</b>	Allows for expansion prospects for a locating business or supplier/co-location.
<b>Strong Utilities Infrastructure</b>	Generates revenue and creates a cost-friendly and resilient operating environment

The background of the slide is a light gray architectural wireframe of a multi-story building. The lines are thin and create a complex geometric pattern. The text is overlaid on this background.

**WHAT IS YOUR TYPICAL PROJECT INTAKE  
PROCESS AND HOW DOES IT VARY BY USE?**

**WHO IS BROUGHT IN FOR EXTRAORDINARY  
OPPORTUNITIES?**

# The Intake/Decision Process High, Medium or Low?

	Sophistication of Application	Meeting with Staff	Meeting with Leadership	Collaboration with Partners	Magnitude of Approvals
<b>Tenant-driven Commercial &amp; Industrial Site Selection</b>					
<b>Tenant-driven Retail Site Selection</b>					
<b>Speculative Commercial &amp; Industrial Development</b>					
<b>Multi-family Development</b>					
<b>Single Family Development</b>					
<b>Mixed-Use Development</b>					
<b>Public-Private Partnership</b>					





# WHAT OUTCOMES DOES YOUR CITY DESIRE FROM A PROJECT, WHAT DRIVES THOSE OUTCOMES?





# Community Outcomes

- ▶ Most commonly mentioned outcomes from our clients include **revenue**, **jobs** and **new residents**, while top emerging outcomes are **affordability**, education **sustainability** and **transportation** solutions.



A detailed architectural wireframe of a modern multi-story building, showing structural elements like columns, beams, and floor slabs. The drawing is rendered in light gray lines. A prominent red question mark is placed at the end of the main title text. The background is white with faint architectural lines and symbols like arrows and dashed lines.

# WHAT REVENUE STREAMS (AND COSTS) DO YOU LOOK AT FROM A PROJECT?

# Return on Investment

## Revenues

- + Property Tax
- + Income Tax
- + Utility Tax
- + Occupancy Tax
- + Admissions Tax
- + Real Estate Transfer Tax
- + Development Fees
- + Impact Fees
- + Special Assessments
- + Development Charges
- + Utilities Revenue

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## Costs

- Police & Fire Protection
- Emergency Medical Services
- Public Works
- Parks and Recreation
- Schools/Education
- Transportation
- Infrastructure
- Utilities
- Administrative Services
- Debt Service
- Economic Development Incentives

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ROI

# ROI Summary – Higher Level

Source: Vista Site Selection's Development Impact Model Tool

**Direct Taxes, Employment and Payroll**

## DIRECT IMPACT CALCULATOR

VISTA SITE SELECTION  
DATA. ANALYTICS. INCENTIVES.

Use Type  
Large Office

Estimated Square Footage  
50,000

Income Tax Rates

State Income Tax Rate  
2.50%

City Income Tax Rate  
2.00%

Sales Tax Rates

State Sales Tax Rate  
5.75%

County Sales Tax Rate  
1.25%

Transit Sales Tax Rate  
1.00%

Property Tax Rates

School District Property Tax Distribution  
83.00%

County Property Tax Distribution  
9.90%

City Property Tax Distribution  
4.30%

Other Property Tax Distribution  
2.60%

Other Parameters

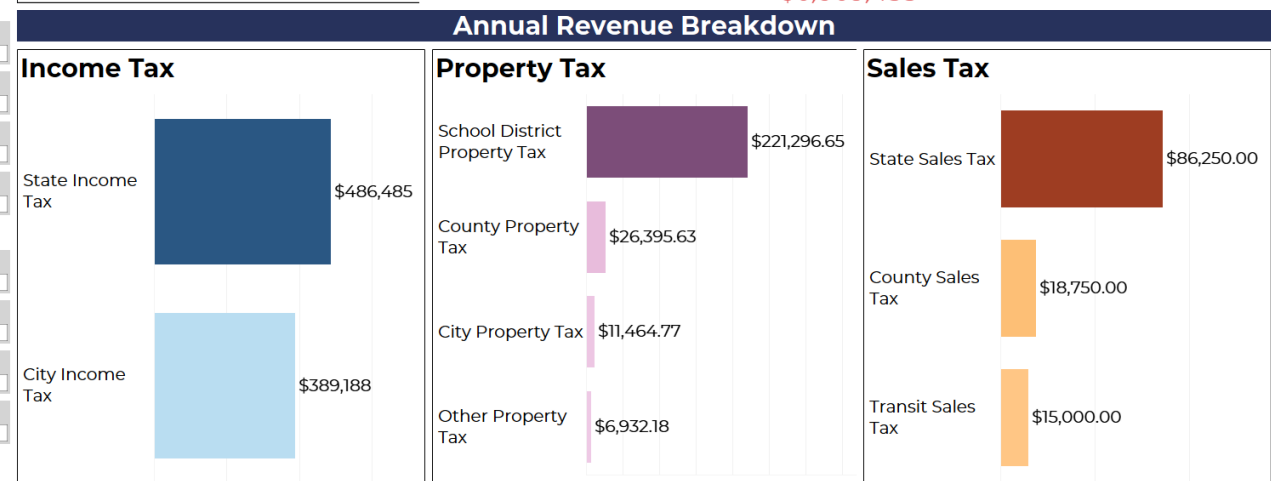
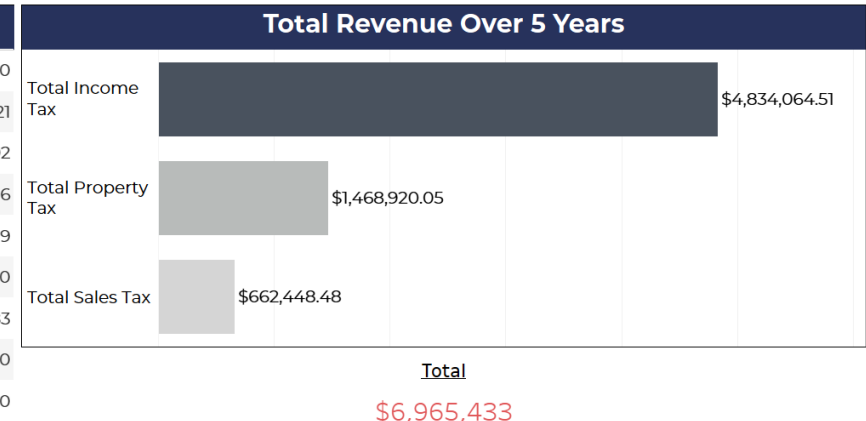
Number of Years  
5

Inflation  
2.00%

Assessment Rate  
35.00%

Property Tax Rate  
8.26%

Large Office	
Estimated Square Footage	50,000
Estimated SF per Employee	221
Estimated Jobs based Upon Square Footage	192
Service Population	96
Blended Wages based Upon Square Footage	\$101,189
Building Cost	\$10,850,000
Estimated Total Payroll	\$19,459,383
Estimated Total Sales/Purchases	\$1,500,000
Property Value	\$9,222,500



# ROI Summary – Higher Level

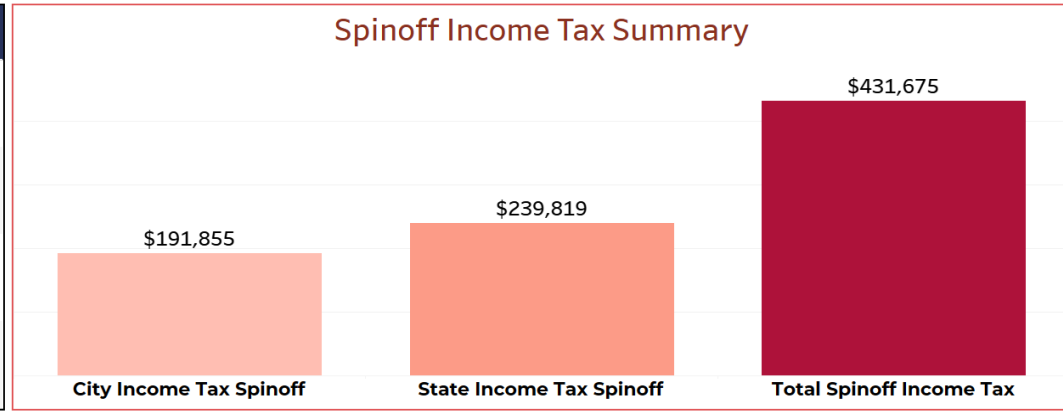
Source: Vista Site Selection's Development Impact Model Tool

## Spinoff Impacts

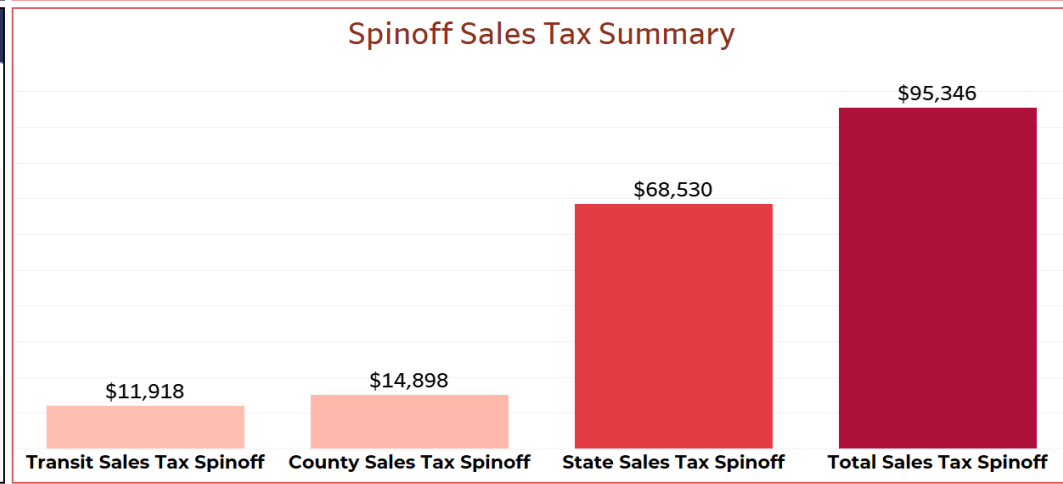
### MEASURING THE SPINOFF EFFECT

VISTA SITE SELECTION  
DATA. ANALYTICS. INCENTIVES.

Spinoff Jobs		Spinoff Sales	
Estimated Jobs based Upon Square Footage	192.3	Estimated Total Sales/Purchases	\$1,500,000
Avg. Indirect Jobs	11.33%	Avg. Indirect Sales	11.90%
Avg. Induced Jobs	64.27%	Avg. Induced Sales	67.56%
Spinoff Jobs	145.4	Spinoff Sales	\$1,191,826



Spinoff Summary	
Spinoff Jobs	145
Average Annual Spinoff Wage	\$65,982.09
Spinoff Annual Payroll	\$9,592,770.47
Spinoff Sales	\$1,191,826



# ROI Summary – Higher Level

Source: Vista Site Selection's Development Impact Model Tool

**Site Labor Analysis.** This informs governments what the talent atmosphere is in the community for the specific project type.

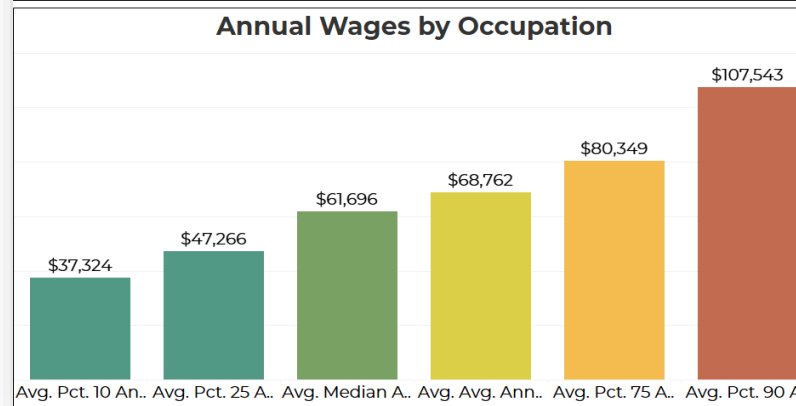
## SITE LABOR ANALYSIS

VISTA SITE SELECTION  
DATA ANALYTICS INCENTIVES

Use Type  
Large Office

Estimated Square Footage  
50,000

Labor Summary	
Estimated Jobs based Upon Square Footage	192
Labor Supply in Industry Around Site	6,902
Percent of Existing Labor Supply Seeking Employment	2.79%
Blended Wages based Upon Square Footage	\$101,189



Labor Supply and Average Annual Wage by Occupation			
Customer Service Representatives \$40,452 6.8% 1,419	Bookkeeping, Accounting, and Auditing Clerks \$46,385 4.6% 427	Accountants and Auditors \$81,870 4.5% 383	First-Line Supervisors of Office and
General and Operations Managers \$116,572 6.9% 906	Secretaries and Administrative Assistants, Except Legal, Medical, and Executive 1.3%	Registered Nurses \$73,960 1.3% 270	Laborers and Freight, Stock, and Material Movers, Human
Office Clerks, General \$41,569 4.7% 594	Software Developers \$108,648	Business Operations Specialists, All	Management Analysts \$99,034
	Sales	Market	Billing and Posting

# ROI Summary Detailed Level

Source:  
Vista Site Selection's Customized Development Impact Model Tool

### Short Description

500,000 SF Manufacturing Facility and 75,000 SF R&D Center

### Physical Impact

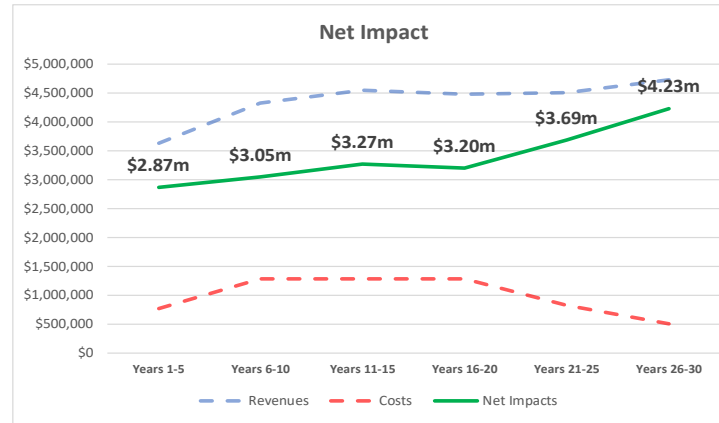
	Jobs	Added Service Population
Years 1-5	340	170
Years 6-10	340	
Years 10-20	340	Total SF Development
Years 20-30	340	100,000

### Infrastructure Fund Impacts

Assessment Fund	TIF Revenues
\$1.4m	\$5.4m
30-yr NPV	30-yr NPV
\$0.8m	\$1.3m

## Project Economic and Fiscal Impacts

VISTA SITE SELECTION



Net Impacts	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-25	Years 26-30
Revenues	\$3,638,997	\$4,334,602	\$4,555,711	\$4,485,666	\$4,507,785	\$4,737,727
Costs	\$767,638	\$1,281,957	\$1,285,299	\$1,288,811	\$817,334	\$504,435
<b>Net Impacts</b>	<b>\$2,871,359</b>	<b>\$3,052,645</b>	<b>\$3,270,412</b>	<b>\$3,196,855</b>	<b>\$3,690,451</b>	<b>\$4,233,292</b>

Municipal Tax Revenues	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-25	Years 26-30
Municipal Income Taxes	\$2,724,000	\$3,751,763	\$3,943,140	\$4,144,280	\$4,355,680	\$4,577,863
Property Taxes - City/Village	\$75,537	\$131,015	\$137,698	\$144,722	\$152,105	\$159,864
Annual Average	\$559,907	\$776,556	\$816,168	\$871,800	\$901,557	\$947,545
<b>Municipal Tax Revenue</b>	<b>\$2,799,537</b>	<b>\$3,882,778</b>	<b>\$4,080,839</b>	<b>\$4,289,002</b>	<b>\$4,507,785</b>	<b>\$4,737,727</b>

Other Tax Revenues	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-25	Years 26-30
State	\$5,219,678	\$5,596,289	\$5,881,756	\$6,181,785	\$6,497,118	\$6,828,536
County	\$480,829	\$346,825	\$364,517	\$483,341	\$576,498	\$351,167
School District	\$1,443,442	\$2,503,584	\$2,631,292	\$2,765,514	\$2,906,583	\$3,054,848
Library	\$45,017	\$78,080	\$82,063	\$86,249	\$90,648	\$95,272
Annual Average	\$611,901	\$643,114	\$643,114	\$695,965	\$745,167	\$732,230
<b>Total</b>	<b>\$2,044,824</b>	<b>\$3,059,504</b>	<b>\$3,215,570</b>	<b>\$3,479,827</b>	<b>\$3,725,835</b>	<b>\$3,661,151</b>

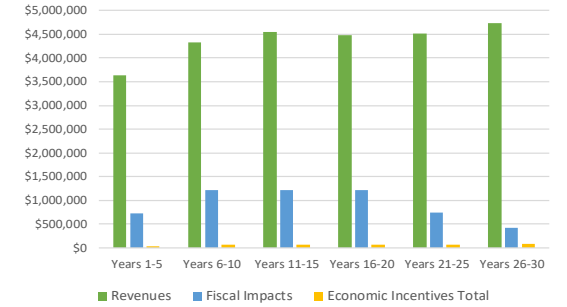
Construction Income Taxes	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-25	Years 26-30
Vertical	\$560,920	\$0	\$0	\$0	\$0	\$0
Infrastructure	\$18,040	\$0	\$0	\$0	\$0	\$0
Annual Average	\$115,792	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$578,961</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

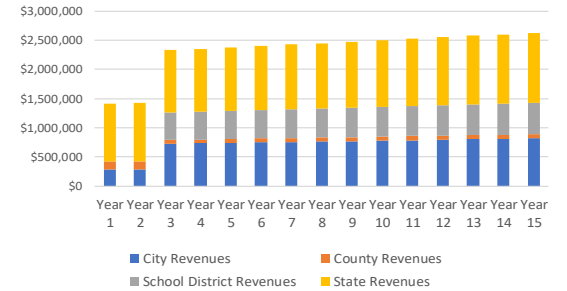
Fiscal Impacts	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-25	Years 26-30
Fiscal Impacts	\$254,702	\$424,503	\$424,503	\$424,503	\$424,503	\$424,503
Infrastructure Asset Cost	\$475,168	\$791,947	\$791,947	\$791,947	\$316,779	\$0
Annual Average	\$145,974	\$243,290	\$243,290	\$243,290	\$148,256	\$84,901
<b>Fiscal Impacts</b>	<b>\$729,870</b>	<b>\$1,216,450</b>	<b>\$1,216,450</b>	<b>\$1,216,450</b>	<b>\$741,282</b>	<b>\$424,503</b>

## Visualization Center

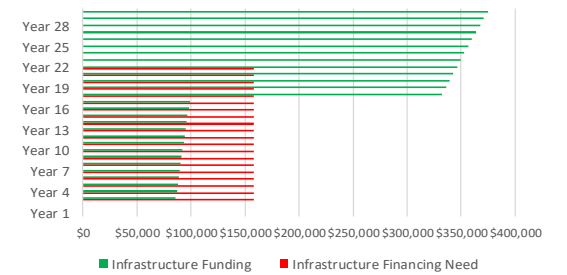
### ROI Components



### Taxes by Government Unit



### Infrastructure Financing Need and Infrastructure Revenue (TIF/Assessment)







# HOW DO YOU PRIORITIZE REVENUE STREAMS?



# Prioritizing Revenue Streams

A rule of thumb is some governments attempt to incent roughly **20%** of a company's capital investment, or **not more than 75%** of its tax revenues generated. Alternatively, governments may invest based on the **project's financial gap** or scale higher or lower **based on the alignment of outcomes.**

## REVENUE

1. Direct Tax Revenues
2. Development Fees
3. Levied Assessments/Charges



Includes property, municipal income/net profits, hotel taxes most commonly, combined with typical development fees.

4. Spinoff Tax Revenues
5. Spinoff Development Fees
6. Spinoff Levied Assessments/Charges



Economic impacts will drive additional spinoff revenues. These are often viewed as "icing on the cake", however have larger significance with certain industries.

## COSTS

1. Fiscal Impacts
2. Debt Service on Infrastructure Financing
3. Economic Incentives
  - Grants/Cash
  - Forgone Taxes from Tax Credits



Includes costs to service additional residents, employment or construction needs caused by the project.

# Degree of Indirect Impacts by Use

When might it make sense to place a higher weight on spinoff impacts?

Use	Spinoff Impact
Large Office	Medium
Small Office	Low
Manufacturing	High
Warehousing	Medium
Data Center	Medium
Neighborhood Retail	Low
Large Format Retail	High
Grocery Store	High
Multi-family	High
Singe family	Low
Tourism (Sports, Concert, Events)	High

A faint, light gray architectural wireframe of a building with multiple stories and a gabled roof is visible in the background. The lines are thin and create a grid-like structure.

**HOW DO YOU USE TAX REV. RETURNS IN  
INCENTIVES DECISION?**

**DO INCENTIVES OFFERS CHANGE WITH  
OTHER PARTICIPATION  
(IE COUNTY, STATE, ETC.)?**



A detailed architectural wireframe of a modern, multi-story building with a complex facade, including balconies and large windows. The drawing is rendered in light gray lines. A large, bold red question mark is superimposed on the right side of the building's facade. The background is white with faint dashed lines suggesting a grid or structural framework.

# HOW DO DECISIONS DIFFER PER USE (DO YOU HAVE TARGETED INDUSTRIES)?

# ROI/Impact Variance by Use (and Geography)

## Manufacturing *500 job plant*

	Dayton MSA	Toledo MSA	Columbus MSA	Athens MSA
<b>Jobs</b>	642	898	641	779
<b>Multiplier</b>	1.28	1.80	1.28	1.56
<b>Earnings</b>	\$17,194,130	\$54,010,034	\$17,152,510	\$42,524,398
<b>Multiplier</b>	1.92	1.76	2.15	1.38
<b>Taxes</b>	\$2,060,416	\$4,492,438	\$1,762,931	\$3,960,078

## Corporate Office *500 job office*

	Dayton MSA	Toledo MSA	Columbus MSA	Athens MSA
<b>Jobs</b>	635	933	1,028	631
<b>Multiplier</b>	1.70	1.87	2.42	1.26
<b>Earnings</b>	\$69,135,453	\$87,154,485	\$115,520,769	\$33,296,383
<b>Multiplier</b>	1.40	1.34	1.59	1.20
<b>Taxes</b>	\$3,514,019	\$4,071,938	\$6,524,225	\$1,519,537

# ROI/Impact Variance by Geography

**Restaurant**  
*\$4m in sales*

	Dayton MSA	Toledo MSA	Columbus MSA	Athens MSA
<b>Jobs</b>	82	83	82	102
<b>Multiplier</b>	1.31	1.29	1.45	1.16
<b>Earnings</b>	\$2,793,970	\$2,718,436	\$3,304,625	\$2,307,595
<b>Multiplier</b>	1.31	1.61	1.95	1.36
<b>Taxes</b>	\$455,487	\$423,033	\$497,954	\$420,467

**Supercenter**  
*\$50m in sales*

	Dayton MSA	Toledo MSA	Columbus MSA	Athens MSA
<b>Jobs</b>	694	705	736	693.
<b>Multiplier</b>	1.41	1.41	1.56	1.25
<b>Earnings</b>	\$30,547,594	\$30,512,728	\$35,475,209	\$25,415,382
<b>Multiplier</b>	1.63	1.63	1.90	1.36
<b>Taxes</b>	\$9,933,197	\$9,775,704	\$10,369,612	\$9,527,656



The background of the slide features a light gray architectural wireframe of a multi-story building. The lines are thin and create a sense of depth and structure. A large, bold red question mark is positioned at the end of the main text.

# HOW DO YOU MONITOR ROI FOR COMPLIANCE AND REPORTING AND WHAT IS DONE WITH PROJECT PERFORMANCE DATA?

# How is ROI Measured?

## ▶ The “Incentives Compliance Report” Method

- Companies are typically required to file annual reports on job, investment and wage performance for projects. Sometimes this may include sales data.
- The downside is this does not capture non-incented deals and not all incentive programs use the same reporting form.

## ▶ The “Division of Taxation” Method

- Cities collaborate with departments internally and use data reported to the City’s Tax Division.
- The downside is typically tax divisions consider tax information sensitive even when sharing internally.

## ▶ The “Aggregate” Method

- Cities may not want to share individual company performance to protect the company, or it may be easier/more efficient to report on aggregate job, investment and wage performance for all businesses.
- The downside is this may not illustrate a full picture of performance by industry or project type.

## ▶ The “When Needed” Method

- Project performance is not monitored; however performance is looked at retroactively associated with a policy, law or approach changes.
- The downside is Cities may not have an strong finger on the pulse of the performance of its deals prior to a “when needed” even occurring.



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