

Economic Impact of Capital Investments

December 13, 2018





Study Purpose

- Determine economic impact of NVTA capital investments, building upon prior 2016 study, recapped in the Annual Report for that year.
- Include same benchmarks as 2016, with expanded detail on regional and statewide impacts.
- Prepare for inclusion in the 2018 Annual Report, supporting several Five Year Strategic Plan Goals.
- Induce confidence in results by use of well recognized, transparent, repeatable modeling techniques and assessment tools.



Study Structure

- Chmura Economics & Analytics (Richmond, VA) was engaged to undertake the study using IMPLAN Pro, which is one of the most widely used economic impact assessment modeling systems.
- Study focused on the impact of the Authority's project funding programs (70% funds) and revenue distribution (30% funds).
- No specific budget allocation for the study limited the scope and number of data points.



Study Perspective

- **\$3 Billion in Investments (30%/70%)**
 - Impacts Measured Only On Spending of Project Funds, Not Project Use.
- **Direct Impact** is economic activity generated (materials, labor, equipment)
- **Indirect Impact** is secondary economic activity generated (need for more rental equipment, design software, services)
- **Induced Impact** is payroll spending of people working on projects.



Economic Impact of NVTA Total Investment \$3 Billion

Spending	Direct	Indirect	Induced	Total
• NOVA	\$2.51B	\$647M	\$813M	\$3.97B
• Virginia	<u>\$2.53B</u>	<u>\$891M</u>	<u>\$957M</u>	<u>\$4.38B</u>
Difference	\$0.02B	\$244M	\$144M	\$0.41B
Employment	Direct	Indirect	Induced	Total
• NOVA	13,654	3,089	6,676	23,420
• Virginia	<u>13,758</u>	<u>4,052</u>	<u>8,211</u>	<u>26,021</u>
Difference	104	963	1,535	2,601

Source: Chmura Report Dated November 26, 2018 (Page8, Table 3)



Other Impacts for the NOVA Region

- Investment of \$1.9B in 95 regional (70%) projects through 122 Standard Project Agreements (contracts) is:
 - triggering another \$3.8B in additional funding, bringing the total to \$5.7B in projects coming to the NOVA region.
 - saving \$3.1B in value of time through 2030, assuming \$15/hour, throughout the NOVA region.

Source: NVTA Staff Analysis



Enhancements

- Economic Impact of Funding Matches (currently \$3.8B)
- Deeper dive into time value, benefits
- Further examination of mobility benefits:
 - Congestion Reduction
 - Safety
 - Environmental
 - Vehicle operating cost savings
- Expanded employment opportunity analysis
- Opportunity impacts for the region (business startups, relocations)
- Expand local tax analysis (Real Estate, Personal Property, Sales)
- Other ideas? Examples from other studies.